



## 4.2. Update on the Financial Plan

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14:00 - 14:00 **5. AOB**  
0 min

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14:00 - 14:00 **6. Review and Final Closure**  
0 min

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14:00 - 14:00 **7. Items to be deferred to Board / Committee**  
0 min

*Rhian Thomas*

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14:00 - 14:00 **8. Date, time and venue of the next Committee meeting**  
0 min

Wednesday 18th January 2023 via MS Teams

Mohamed Sarah  
06/12/2022 17:15:50

**Unconfirmed Minutes of the Public Finance Committee Meeting  
Held On 16 November 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
Nicola Foreman	NF	Director of Corporate Governance
Robert Mahoney	RM	Deputy Director of Finance (Operational)
Jason Roberts	JR	Executive Nurse Director
Mike Bond	MB	Managing Director – Acute Services
Kris Prosser	KP	Assistant Head of Finance - Financial Planning & Transformation
Geoff Walsh	GW	Director of Capital, Estates and Facilities
<b>Observers:</b>		
Tim Davies	TD	Head of Corporate Business
Marcia Donovan	MD	Head of Corporate Governance
<b>Secretariat</b>		
Sarah Mohamed	SM	Corporate Governance Officer
<b>Apologies:</b>		
Paul Bostock	PB	Chief Operating Officer

Item No	Agenda Item	Action
<b>FC 16/11/001</b>	<b>Welcome &amp; Introduction</b>  The Committee Chair (CC) welcomed everyone to the meeting.	
<b>FC 16/11/002</b>	<b>Apologies for Absence</b>  <b>The Finance Committee resolved that:</b>  a) Apologies were noted.	
<b>FC 16/11/003</b>	<b>Declarations of Interest</b>  <b>The Finance Committee resolved that:</b>  a) No Declarations of Interest were noted.	
<b>FC 16/11/004</b>	<b>Minutes of the meeting Held on 19 October 2022</b>	

	<p>The minutes of the meeting held on 19 October 2022 were received.</p> <p><b>The Finance Committee resolved that:</b></p> <p>a) The minutes of the meeting held on 19 October 2022 were held as a true and accurate record of the meeting.</p>	
<b>FC 16/11/005</b>	<p><b>Action Log following the meeting held on 19 October 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>	
<b>FC 16/11/006</b>	<p><b>Chairs Action since previous meeting</b></p> <p>There had been no Chair's Actions taken since the last meeting.</p>	
<b>Items for Review and Assurance</b>		
<b>FC 16/11/007</b>	<p><b>Financial Report – Month 7</b></p> <p>The Deputy Director of Finance Operations (DDFO) presented the Financial Report Month 7 and highlighted the following:</p> <p>At month 7, the Health Board reported an overspend of £15.430m against the submitted draft plan. That comprised of £5.455m of operational overspend and the planned deficit of £9.975m (seven twelfths of the annual planned deficit of £17.1m set out in 2022/23 financial plan).</p> <p>The Health Board had assumed that Covid and exceptional costs incurred to date (ie £45.725m) would be funded by Welsh Government (WG) and that further costs would continue to be funded to the end of the financial year.</p> <p><u>Table 4: Financial Performance for the period ended 31st October 2022</u></p> <ul style="list-style-type: none"> <li>• It was noted that consistent cost pressures were being experienced by the Health Board.</li> <li>• The largest operational overspends were in the (i) Medicine Clinical Board (£3.175m deficit) where the main pressure areas were nursing and medical staffing, (ii) Mental Health Clinical Board (£2.192m deficit) where there were nursing and continuing healthcare (CHC) placement pressures, and (iii) Capital Estates &amp; Facilities (£2.169m deficit) where there were pressures against security costs, Patient catering in EU and commercial income.</li> </ul>	

- The performance of the Clinical Boards was being reviewed regularly with the relevant Executives.

Table 5 Key Cost pressures and risks within delegated positions as at Month 7

In the covering report (i) the blue line showed the planned deficit and (ii) the red line indicated that the Health Board could be heading towards a £30m deficit. There were mitigations in place to get reduce that to £26m.

The UHB Chair requested an explanation regarding why the Health Board was exceeding the trajectory.

The UHB Chair also added that page 5 stated “the risks will potentially lead to a further increase in the Forecast Deficit to £26.9m following Board approval.” This was incorrect because the Board had not signed that off yet.

The DDFO responded that there was a trend at the moment which was above the £17.1m. The trend would change to £19.850m following the approval of the Winter Plan. The Finance Team was now concerned about the other cost pressures and the ability to “reign in” those cost pressures.

The UHB Chair stated it was “subject to Board approval” and not “following Board approval”.

The UHB Chair asked the DDFO to highlight the main causes of the operational overspend.

The DDFO responded that a report would be presented in the Private session of the Committee and would go into more detail.

The UHB Chair stated that he was worried that the “drift” was being accepted too readily.

The DDFO responded that table 5 showed the pressures. There was no one issue that had caused the £1.1m increase. It was broadly “on trend” to what had previously happened in the past 5 months. It was not hugely out of sync and was still in line with previous trends.

The UHB Chair responded that he was uncomfortable with the trend and queried what actions were being taken to alleviate the trend.

The DDFO stated that the Finance Team was meeting monthly with the Clinical Boards to discuss actions and improvement plans.

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The UHB Chair stated that he was looking for the terms “grip and control” to alleviate the trend.

The EDF stated it may seem that the trend was being accepted but assured the Committee that it definitely was not. There were items that had caused cost pressures which were not funded under Covid response costs which had included food prices and income shortfalls that were being experienced. That was subject to a review at the moment.

The EDF added that the biggest pressure was the capacity in terms of bed base and the cost of manning the bed base. That included CHC placements following the Covid response and trying to expedite delays into the community. This was not accepted and there were certain levels of “grip”.

The Managing Director – Acute Services (MDAS) stated that each Clinical Board was considering where it could reduce expenditure quickly. For example, more could be done around utilising workforce, and the high sick rate and agency spend.

The Independent Member – ICT (IMI) queried how confident the Finance team was in relation to the green line on the graph based on assumptions and getting a “grip” of the Clinical Boards’ expenditure.

The DDFO responded that there were aspects that could help with the green line. A detailed discussion would be had in the Private meeting.

The EDF stated there was a level of improvement needed to get to the position required.

#### Table 6 – Exceptional Cost forecast for 2022-23

It was noted that energy costs had gone down. The energy forecast would remain a live piece of work involving the Health Board’s Capital and Estates Team and Shared Services’ market intelligence, in light of the volatility of market intelligence.

#### Covid 19 Expenditure and Funding

It was noted that this had remained consistent overall. There was a slight change in some of the bed base closing down. There had also been a slight increase in costs. That would be discussed further in the Private session of the Committee.

#### Table 9: Risk Register at October 2022

It was noted that the top risk was 25. The top three would align with the Corporate Risk Register.

The sub-risks were the assessment of the additional risks within Finance.

#### Savings programme

- There were still additional savings identified in the saving programme to be achieved.
- It was a high risk as there was now less time to deliver those.
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The sub-risks were the assessment of the additional risks within Finance. At month 7, the Health Board was forecasting £17.467m of savings to deliver against the revised £19.400m savings target which left a further £1.933m of schemes to identify. That represented a marginal increase in identified schemes of £0.010m in month. Delegated budget holders were being pressed to close the remaining gap through the established internal review process.

The Committee was informed that there was still some way to go to achieve the last savings before year end. As the months were diminishing towards year end, there would be less time to deliver those savings.

The CC queried that the red column was looking empty. The CC queried whether the Committee should be worried about the lack of red options.

The DDFO responded that it was of concern. The Finance team was going to look at procurement savings with Procurement team and the Clinical Boards.

The EDF stated that the Finance team did not accept that the savings target would not be met. The Finance team would need to commit to the elements of the plan that could be delivered. During conversations with the Clinical Boards help with corporate elements, such as procurement, had been requested.

The EDF added that it was important to start planning next year's savings.

#### Balance sheet

It was noted that there was an impact on cash flow because of the deficit.

#### Public Sector compliance

	<p>The Health Board’s Public Sector payment compliance performance had remained below the target of 95%. Performance for the 7 months to the end of October was 94.3%. Whilst that had remained below the target, it was an improvement of 0.4% in month.</p> <p>Performance was expected to improve in the coming months as newer “holds” would be cleared, and then paid, within the 30 days target. Work was ongoing with departments, including training, to address the level of orders not receipted, and the high number of workforce and nursing holds, which should improve the Health Board’s position.</p> <p><b>The Finance Committee resolved that at Month 7:</b></p> <ol style="list-style-type: none"> <li>a) The reported overspend of £15.430m due to £5.455m of operational pressures and a planning deficit of £9.975m was noted.</li> <li>b) The financial impact of COVID 19 which was assessed at £35.494m, was noted.</li> <li>c) The additional Welsh Government COVID 19 funding of £35.494m assumed within the position was noted.</li> <li>d) The financial impact of Exceptional Inflationary Pressures which was assessed at £10.231m was noted.</li> <li>e) The additional Exceptional Inflationary Pressures funding of £10.231m assumed within the position was noted.</li> <li>f) The forecast deficit of £19.850m, which comprised of the £17.1m planned deficit identified in the Final Financial plan and £2.850m of additional winter planning costs approved by the UHB Board 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> </ol>	
<p><b>FC 16/11/008</b></p>	<p><b>2022-23 Strategic Cash Request Submission</b></p> <p>The DDFO presented the 2022-23 Strategic Cash Request Submission Paper and highlighted the following:</p> <ul style="list-style-type: none"> <li>• Cash was needed to fund the forecasting deficit.</li> <li>• The Health Board had submitted the assessment of the balance sheet movement to Welsh Government (WG).</li> <li>• A confirmation of the year end forecast would need to be sent to WG. That would need to be covered by WG and an Accountable Officer’s letter would be required.</li> </ul> <p>The UHB Chair requested that the wording in the recommendation should be changed to “the Committee</p>	<p><b>EDF</b></p>

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	<p>recommend to the Board” because the Committee could not approve the recommendation itself.</p> <p><b>The Finance Committee resolved that:</b></p> <ul style="list-style-type: none"> <li>a) The UHB’s working cash balance requirement of £4.234m identified in the October 2022 Welsh Government Monitoring return, was noted; and</li> <li>b) the UHB’s application to Welsh Government for Strategic Cash Support of in support of its 2022/23 forecast deficit was recommended to Board for approval.</li> </ul>	
<p><b>FC 16/11/009</b></p>	<p><b>Financial performance of Clinical Boards – Verbal</b></p> <p>The MDAS updated the Committee on the following:</p> <ul style="list-style-type: none"> <li>• The biggest movement in the Clinical Boards was money spent on agency and medical expenditures.</li> <li>• Following conversations with the People and Culture team, vacancies were being filled and turnover rates were reducing which should help to drive down the premium agency costs.</li> <li>• Medical staffing costs – thought was required about how to use medical staff in the best way.</li> </ul> <p>The CC queried what was practically being done to improve the situation.</p> <p>The MDAS responded that they did have systems and mechanisms in place. They needed to find out ways to be able to share it with the Committee.</p> <p>The UHB Chair suggested that a deep dive on how the clinical boards were following through with their actions to improve the situation would be useful.</p> <p><b>The Finance Committee resolved that:</b></p> <ul style="list-style-type: none"> <li>a) The Financial performance of Clinical Boards verbal update was noted.</li> </ul>	<p><b>COO/EDF</b></p>
<p><b>FC 16/11/010</b></p>	<p><b>Board Assurance Framework – Financial Risk</b></p> <p>The Director of Corporate Governance (DCG) stated that she had reviewed the BAF with the EDF, following which the financial risk had increased from 15 to 20. The BAF set out the narrative around that and also included the actions being taken to mitigate the risk.</p>	

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	<p>This would be reported through the full BAF which would go to the Board meeting.</p> <p><b>The Finance Committee resolved that:</b></p> <p>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.</p>	
<p><b>FC</b> <b>16/11/011</b></p>	<p><b>Operational Pressures</b></p> <p>The MDAS advised the Committee on the following:</p> <ul style="list-style-type: none"> <li>• The Health Board was coming to a challenging part of year. The Winter Plan and additional capacity would need to be implemented.</li> <li>• There was an additional ward in UHW A5.</li> <li>• There was good progress in the EU and assessment footprint. The Clinical teams were managing to hand over ambulances in 4 hours. They previously lost 600-700 hours a week and that had now dropped to 350-400 hours.</li> <li>• A lot of it was down to changing the way the teams work.</li> <li>• Acute short stay beds in A1 had been ring fenced.</li> <li>• A new Frail service had been introduced. The plan was to see every frail person within an hour of hospital admittance. That was managed through senior clinicians.</li> <li>• Medical SDEC had also been moved out of the EU into first floor.</li> <li>• The clinical teams were also looking to triage GP referrals.</li> </ul> <p>The UHB Chair stated that the operational pressures update was not required at the finance committee.</p> <p><b>The Finance Committee resolved that:</b></p> <p>a) The Operational Pressures Update was noted. b) It was agreed that the Operational Pressures Update would not be brought to the Finance Committee.</p>	
	<b>Items for Information and Noting</b>	
<p><b>FC</b> <b>16/11/012</b></p> <p><i>Mohammed Sarah 06/12/2022 17:15:50</i></p>	<p><b>Tertiary Tower Long term solution – Business Case</b></p> <p>The Director of Capital, Estates and Facilities (DCEF) presented the Tertiary Tower Long term solution – Business Case and highlighted the following:</p>	

- There was a power failure in the Tertiary Tower building 12 months ago.
- As a result of there being no local generator backup for the Tertiary Tower building, the power failure had drastically affected Clinical services within the building during that period.
- The Tertiary building hosted several significant services.
- Having identified the deficiency of maintaining the critical infrastructure, it was necessary to design and upgrade the electrical infrastructure to ensure its compliance with HTM-06-01 and thereby ensure continuity of supply in the event of a mains failure.
- The scheme would include installation of a new switchboard and local generator to provide 100% electrical supply in the event of any failure.
- A summary of the projected capital costs was shown in the paper.
- The revenue implication for this scheme related to the annual maintenance of the new plant and equipment and was estimated at £1k which would be managed within the existing allocation.

**The Finance Committee resolved that:**

- a) Recommendation from the Committee would be made to the Board to approve:
  - i. The submission of the electrical infrastructure upgrade for the UHW Tertiary Tower – Business Justification Case be submitted to Welsh Government for capital funding support.
  - ii. The awarding of the construction contract, subject to Welsh Government approval of the BJC, to Amberwell Engineering Services Ltd at a value of £1.647m (inclusive of VAT) under the terms and conditions of the NEC short form contract.
  - iii. The appointment of Gleeds Management Services as the Project Manager, subject to Welsh Government approval of the BJC, at the cost of £50.435k (inclusive of VAT) under the terms and conditions of the SBS Framework.
  - iv. The appointment of Gleeds Cost Management as the Cost Advisor, subject to Welsh Government approval of the BJC, at the cost of £38.572k (inclusive of VAT) under the terms and conditions of the SBS Framework
- b) Recommendation would be made from the Committee to the Board that it approves that the Health Board enters into the said contracts, subject to recommendation 2,3&4 being satisfied.

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<p><b>FC</b> <b>16/11/013</b></p>	<p><b>FNC Rate</b></p> <p>The Executive Nurse Director (END) presented the FNC Rate Paper and highlighted the following:</p> <ul style="list-style-type: none"> <li>• The rate was set annually by Health Boards.</li> <li>• The Supreme Court judgement led to lots of discussion regarding funded nursing care.</li> <li>• The FNC rate was set to increase from £194 to over £200. That was different to the England rate.</li> <li>• There was a request from Clinical Boards to continue to retain the rate because it was derived from a calculated method.</li> </ul> <p>The CC queried how problematic it was in practice.</p> <p>The END stated that a number of Welsh Health Board were adopting the same approach and it made sense to adopt an approach which was consistent with the other Welsh Health Boars.</p> <p><b>The Finance Committee resolved that:</b></p> <ol style="list-style-type: none"> <li>a) The update provided in the paper was noted.</li> <li>b) The recommendation of HB Chief Executives that the IUM extended to 2022/23, and beyond, thus providing the opportunity to respond to requirements in future financial years in a timely manner using a tried and tested methodology was noted and supported. This would allow time for WG to formulate revised FNC Policy Guidance that may impact on the way the FNC rate is calculated in future; a review of the mechanism to set the rate that complies with any future policy requirement would then be necessary.</li> <li>c) The proposal that, should the anticipated updated policy guidance not be forthcoming, the IUM will be reviewed after three years to ensure it remained an appropriate mechanism to set the FNC rate, was noted and supported.</li> <li>d) Recommendation from the Committee would be made to Board to approve the recommended uplift to the HB component of the weekly FNC rate to £193.88, backdated to 1 April 2022.</li> </ol>	
<p><b>FC</b> <b>16/11/014</b></p> <p>Mohamed Sarah 06/12/2022 17:15:59</p>	<p><b>Development of the Hybrid/Major Trauma theatres at UHW - Business Case</b></p> <p>The DCEF presented the paper and highlighted the following:</p> <ul style="list-style-type: none"> <li>• The scheme was ongoing for a number of years.</li> </ul>	

- The scheme provided two fully operational hybrid theatres which would link into the main theatre facility and support the vascular network and major trauma work.
- The costs associated with the hybrid theatres were significant.
- It required a capital investment of £40.611m to be funded from the All Wales Capital Programme.

The UHB Chair queried whether there was any future proofing of the costs.

The DCEF responded that there was no future proofing because it would take place over a long period. WG would fix it at an industry rate and then look to market test it.

The EDF stated that there was a commitment on the Health Board to fund the revenue as a commissioner of the service. It was important that the Board understood the pre-commitment on the Health Board revenue commissioning strategy.

**The Finance Committee resolved that:**

- a) Recommendation would be made from the Committee to the Board to approve:
  - i. The submission of the Development of the Hybrid/Major Trauma theatres at UHW Full Business Case to Welsh Government for capital funding support.
  - ii. The award of the contract to the Supply Chain Partner, Willmott Dixon Construction Ltd, subject to WG approval of the FBC, under the terms and conditions of the NEC Option 3 contract, as required by the Building For Wales Programme with an anticipated target cost of £28.075m (Inclusive of VAT) and a commencement date to be agreed.
  - iii. The award of the contract to the Project Manager, Gleeds Management Services, subject to WG approval of the FBC, under the terms and conditions of the NEC Professional Services contract, as required by the Building For Wales Programme at a cost of £0.156m (Inclusive of VAT) and a commencement date to be agreed.
  - iv. The award of the contract to the Cost Advisor, Gleeds Cost Management, subject to WG approval of the FBC, under the terms and conditions of the NEC Professional Services contract, as required by the Building For Wales Programme at a cost of £0.130m (Inclusive of VAT) and a commencement date to be agreed.
  - v. The appointment of an NEC Supervisor to be procured under the SBS Framework, subject to WG approval of

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	<p>the FBC, at a cost of £0.125m (Inclusive of VAT) and a commencement date to be agreed.</p> <p>b) Recommend from the Committee to Board that the Health Board enter into the said contracts, subject to recommendation 2,3,4 &amp; 5 being approved.</p>	
	<b>Items for Information and Noting</b>	
<b>FC 16/11/015</b>	<p><b>Financial Monitoring Return – Month 7</b></p> <p>The Financial Monitoring Return – Month 7 was received.</p> <p><b>The Finance Committee resolved that:</b></p> <p>a) The extract from the UHB’s Monthly Financial Monitoring Return was noted.</p>	
	<b>Agenda for Private Finance Committee Meeting</b>	
<b>FC 16/11/016</b>	<p>i. Approval of Private Minutes</p> <p>ii. High Level Resource Map</p> <p>iii. Forecast Outturn</p> <p>iv. Adult Fracture Clinic</p>	
<b>FC 16/11/017</b>	<p><b>Any Other Business</b></p> <p>No Other Business was discussed.</p>	
	<b>Review and Final Closure</b>	
<b>FC 16/11/018</b>	<p><b>Items to be referred to Board / Committee</b></p> <p>No Items to be referred to Board / Committee.</p>	
	<p><b>Date &amp; time of next Meeting</b></p> <p>Wednesday 14th December 2022 at 2pm Via MS Teams</p>	

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## Public Action Log

Following Finance Committee Meeting  
16 November 2022  
(For the Meeting 14 December 2022)

Completed actions						
REF	SUBJECT	AGREED ACTION	ACTIONED TO	DATE	STATUS/COMMENTS	
FC 19/10/007	Clinical Boards financial position	COO will share the outcome of the meeting with the Clinical Boards at next month's finance meeting.	Paul Bostock/Robert Mahoney	16 November 2022	<b>Complete</b>  Discussed at November meeting.	
FC 19/10/007	BAF	BAF would go to the next Finance Committee meeting and to cross reference the Corporate Risk Register for consistency	Nicola Foreman	16 November 2022	<b>Complete</b>  Discussed at November meeting.	
Actions in progress						
REF	SUBJECT	AGREED ACTION	ACTIONED TO	DATE	STATUS/COMMENTS	
FC 16/11/007	2022-23 Forecast deficit	A confirmation of the year end forecast and an Accountable Officer's letter to be sent to WG.	Catherine Phillips	March 2023	Update by March 2023	

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<b>FC 16/11/009</b>	Financial performance of Clinical Boards	Deep dive on how the clinical boards are following through with their actions.	Paul Bostock/Catherine Phillips	January 2023	Update by January 2023
<b>Actions referred to Board/Committees</b>					
<b>FC 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	23 February 2023	Now scheduled to go to Board Development Session in February 2023 as the Board Development Session planned for December was rescheduled.
<b>FC 28/9/008</b>	Items referred to Board	BAF Risk – Financial Sustainability	Nicola Foreman	24 November 2022	<b>Completed</b>  This item went to Board on 24 November 2022.

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