



## PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	18 October 2022
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Financial Assurance Report
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Tim John, Senior Finance Business Partner (Accounting & Statutory Reporting)

**Pwrpas yr Adroddiad** (dewiswch fel yn addas)

**Purpose of the Report** (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

### ADRODDIAD SCAA SBAR REPORT

#### Sefyllfa / Situation

The Audit & Risk Assurance Committee (ARAC) requires assurance on a number of financial areas as outlined in the body of the report.

#### Cefndir / Background

The Standing Orders require that ARAC provides assurance to the Board that the University Health Board's assurance processes are operating effectively. Critical to this is Financial Assurance, which cannot be measured only by the UHB's main finance report and requires further information in order to assess the control environment in place; the risk assessment and management process; and the control activities.

#### Asesiad / Assessment

This report outlines the assurances which can be provided to the Committee.

#### Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to:

- Discuss and note the report
- Approve the Scheme of delegation changes noted within (see **2.1**)
- Approve the write-off of Losses and Special Payments over £5k noted within (see **2.4**)

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	2.4 The Committee's principal duties encompass the following: 2.4.2 Seek assurance that the systems for financial reporting to Board, including those of budgetary control, are effective, and that financial systems processes and controls are operating. 3.14 Approve the writing-off of losses or the making of special payments within delegated limits. 3.16 Receive a report on all Single Tender Actions and extensions of contracts.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	BAF SO9-PR20 BAF SO10-PR33
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	6K_22 workforce, clinical service and financial sustainability
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system. Activity recorded in the AR and AP modules of the Oracle business system and activity recorded in the procurement Bravo system.
Rhestr Termiau: Glossary of Terms:	AP-Accounts Payable AR –Accounts Receivable BGH – Bronglais General Hospital BT PSBA – British Telecom Public Sector Broadband Aggregation CF – Counter Fraud COS – Contracted Out Service VAT COVID-19 – Coronavirus COP – Confirmation of Payee

	<p>ECN – Error Correction Notice</p> <p>EOY – End of Year</p> <p>ERs NI – Employers National Insurance</p> <p>GGH – Glangwili General Hospital</p> <p>HMRC – Her Majesty’s Revenue and Customs</p> <p>HOLD – Invoices that cannot be paid, as there is a query with the price or quantity or validity</p> <p>IFRS – International Financial Reporting Standards</p> <p>NWSSP – NHS Wales Shared Services Partnership</p> <p>NIC – National Insurance Contribution</p> <p>PID – Patient Identifiable Data</p> <p>PO – Purchase Order</p> <p>POL – Probability of Loss</p> <p>PPH – Prince Philip Hospital</p> <p>PSPP – Public Sector Payment Policy</p> <p>RTI – Real Time Information (transmitted to HMRC from the Payroll system)</p> <p>SFI – Standing Financial Instructions</p> <p>SLA – Service Level Agreement</p> <p>STA – Single Tender Action</p> <p>VAT – Value Added Tax</p> <p>WGH – Withybush General Hospital</p> <p>WRP – Welsh Risk Pool</p>
<p>Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg:</p> <p>Parties / Committees consulted prior to Audit and Risk Assurance Committee:</p>	<p>UHB’s Finance Team</p> <p>UHB’s Management Team</p>

<b>Effaith: (rhaid cwblhau)</b> <b>Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian:</b> <b>Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf:</b> <b>Quality / Patient Care:</b>	Risk to our financial position affects our ability to discharge timely and effective care to patients.
<b>Gweithlu:</b> <b>Workforce:</b>	Overpayments are reported within this report.
<b>Risg:</b> <b>Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol:</b> <b>Legal:</b>	The UHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
<b>Enw Da:</b> <b>Reputational:</b>	Adverse variance against the UHB’s financial plan will affect our reputation with Welsh Government, Audit Wales and with external stakeholders.
<b>Gyfrinachedd:</b> <b>Privacy:</b>	Not Applicable
<b>Cydraddoldeb:</b> <b>Equality:</b>	Not Applicable

# Financial Assurance Report

## 1.1 Purpose

- The purpose of this report is to outline the financial assurances which the Audit & Risk Assurance Committee requires.
- The framework agreed is included below in Figure 1, and the remainder of the report is based on this.

<b>Figure 1: Compliance requirements for the Audit and Risk Assurance Committee</b>		
<b>Compliance requirement</b>	<b>Reporting</b>	<b>Frequency</b>
Scheme of delegation changes	<ul style="list-style-type: none"> <li>• Exception reporting for approval</li> </ul>	As and when
Compliance with Purchase to Pay requirements	<ul style="list-style-type: none"> <li>• Breaches of the No PO, No Pay policy</li> <li>• Instructions for noting</li> <li>• Public Sector Payment Policy (PSPP) compliance</li> <li>• Tenders awarded for noting</li> <li>• Single tender action</li> </ul>	Bi-monthly
Compliance with Income to Cash requirements	<ul style="list-style-type: none"> <li>• Overpayments of staff salaries and recovery procedures for noting</li> </ul>	Bi-monthly
Losses & Special payments and Write offs	<ul style="list-style-type: none"> <li>• Write off schedule</li> <li>• Approval of losses and special payments</li> </ul>	Bi-monthly
Compliance with Capital requirements	<ul style="list-style-type: none"> <li>• Scheme of delegation approval for capital</li> </ul>	Following approval of annual capital plan
Compliance with Tax requirements	<ul style="list-style-type: none"> <li>• Compliance with VAT requirements</li> <li>• Compliance with employment taxes</li> </ul>	Bi-monthly
Compliance with Reporting requirements	<ul style="list-style-type: none"> <li>• Changes in accounting practices and policies</li> <li>• Agree final accounts timetable and plans</li> <li>• Review of annual accounts progress</li> <li>• Review of audited annual accounts and financial statements</li> </ul>	Annually

# Financial Assurance Report

## 2.1 Scheme of delegation changes

### a) Leases

IFRS 16 is a financial standard which changes the accounting treatment of leases. It was implemented within the Health Board from the 1 April 2022. Some changes are required to the leases section within the financial scheme of delegation to reflect additional disclosure and approval requirements. The specific scheme of delegation is detailed in Appendix 1 for approval by the Committee.

### b) Non-Welsh Government sourced income generation from research and development activities

Each research and development project undertaken by the Health Board, which is funded by an external partner requires a contract between both parties. These contracts commit the Health Board to delivering the project and are scrutinised by Legal & Risk and Innovation Governance prior to acceptance in conjunction with additional scrutiny of the activities for assurance by R&ISC and PODCC.

A new scheme of delegation has been developed to ensure appropriate governance is in place given the increasing value of the funding being secured. The specific scheme of delegation is detailed in Appendix 1 for approval by the Committee.

There are no other changes to report.

## 2.2 Compliance with Purchase to Pay Requirements

### 2.2.1 Breaches of the No PO, No Pay Policy

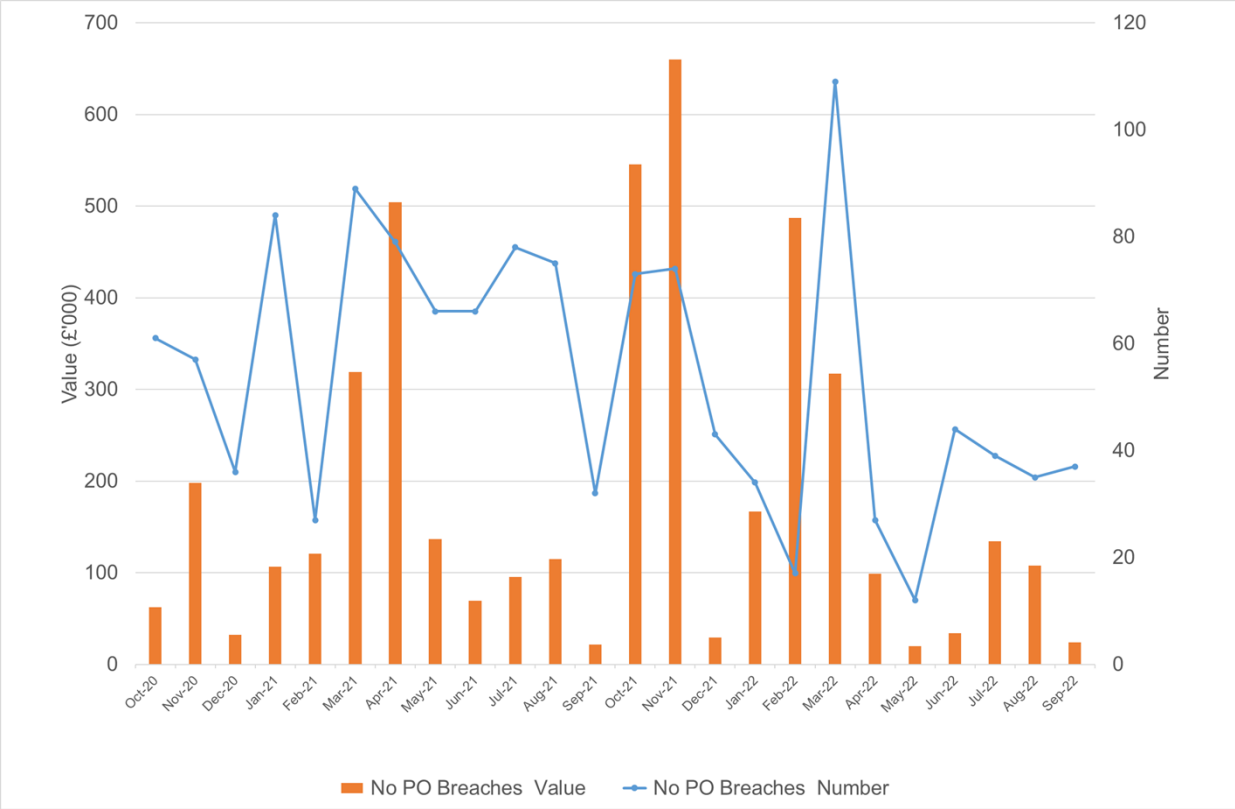
The Health Board has adopted the All Wales No PO, No Pay Policy, which will ensure that all non-pay expenditure (unless listed as an exception) is procured and receipted through the Oracle system.

Figure 1 below illustrates the numbers and value of breaches against the No PO, No Pay policy. For the months of August and September 2022 there were a total of 72 breaches with a combined value of £132k. The cumulative position as at end of September was a total of 405 breaches with a combined value of £435k. This compares to the cumulative position of 330 breaches in total with a combined value of £407k as at the end of July

The local P2P (Procure to Pay) group have put in place measures to ensure that Purchase Order numbers are identified on the invoices and not created retrospectively and are also tracking noncompliance with suppliers and departments.

# Financial Assurance Report

Figure 1: No PO No Pay Breaches



## 2.2.2 Public Sector Payment Policy (PSPP) Compliance

The Health Board achieved its PSPP target of paying 95% of its Non-NHS invoices within 30 days for August with 96.60% but failed to achieve this target in September with 87.27%. Regarding the payment of NHS invoices, the Health Board failed to achieve its target in both August and September with 90.77% and 92.36% respectively.

The failure to achieve the Non-NHS target in September was mainly due to the late processing by the Bank Office of 2,500 invoices relating to nursing agencies. This was as a result of staffing constraints within the team and reducing a backlog of historical invoices.

The failure to achieve the NHS target in both months was due to a delay in the approval of LTA invoices. This was as a result of annual leave in the Contracting team and a request has been made for appropriate processes and controls to be put in place for future annual leave absences.

## 2.2.3 Single Tender Actions

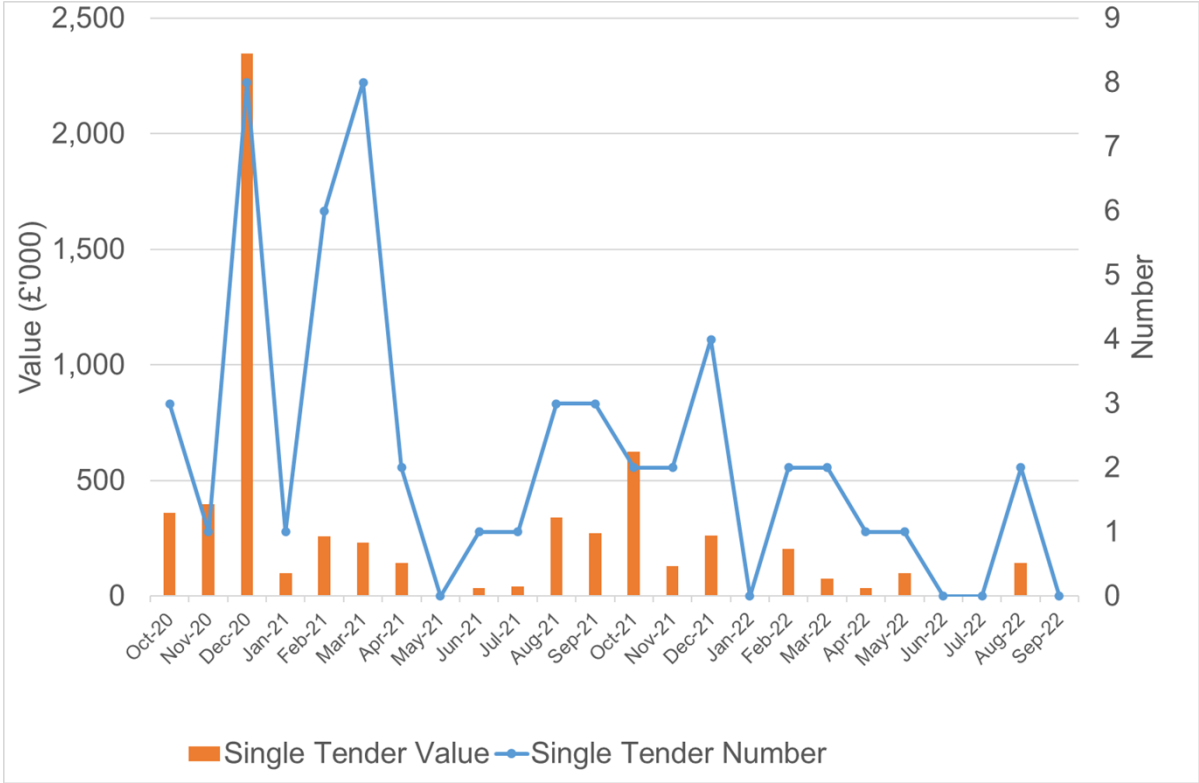
The use of single tender waivers is carefully managed and controlled by the Health Board.

There were 2 Single Tender Actions awarded during the period 1 August to 30 September totalling £141,880. This is detailed in Appendix 2.

The graph below (Figure 2) shows the trend of all Single Tender Actions (STA) approved from 1 October 2020 to 30 September 2022.

# Financial Assurance Report

Figure 2: Numbers and value of Single Tender Actions



## 2.2.4 Tenders Awarded

There were 5 contracts awarded, including direct awards through framework (in excess of £25,000) during the period from 1 August 2022 to 30 September 2022, totalling £690,262, details of which can be seen in Appendix 3.

## 2.2.5 Consultancy contracts

There was 1 consultancy contract awarded from 1 August 2022 to 30 September 2022 totalling £13,391, details of which can also be seen in Appendix 3.

## 2.2.6 Blackline Update

**Account reconciliations module** – this is fully implemented. The Internal Audit team have commenced work in this area, with the first historical walkthroughs scheduled for 21st October.

**Transaction matching module** – we are still in the project phase of implementation and continue to have support from the project manager as we expand our knowledge in this area. This area will also form part of the historical walkthroughs scheduled for 21st October.

The scope of this element has now been widened to include matching Nurse Agency shifts to the ledger. The Core Processing team have been working with Blackline to look at the potential of using this module to match shifts and calculate the monthly accrual. The quote has recently been received and the team are currently assessing it for value for money.

**Task Manager module** - work will commence on this once the bank accounts on the task manager implementation has been live for a few months.

# Financial Assurance Report

## 2.3 Compliance with Income to Cash

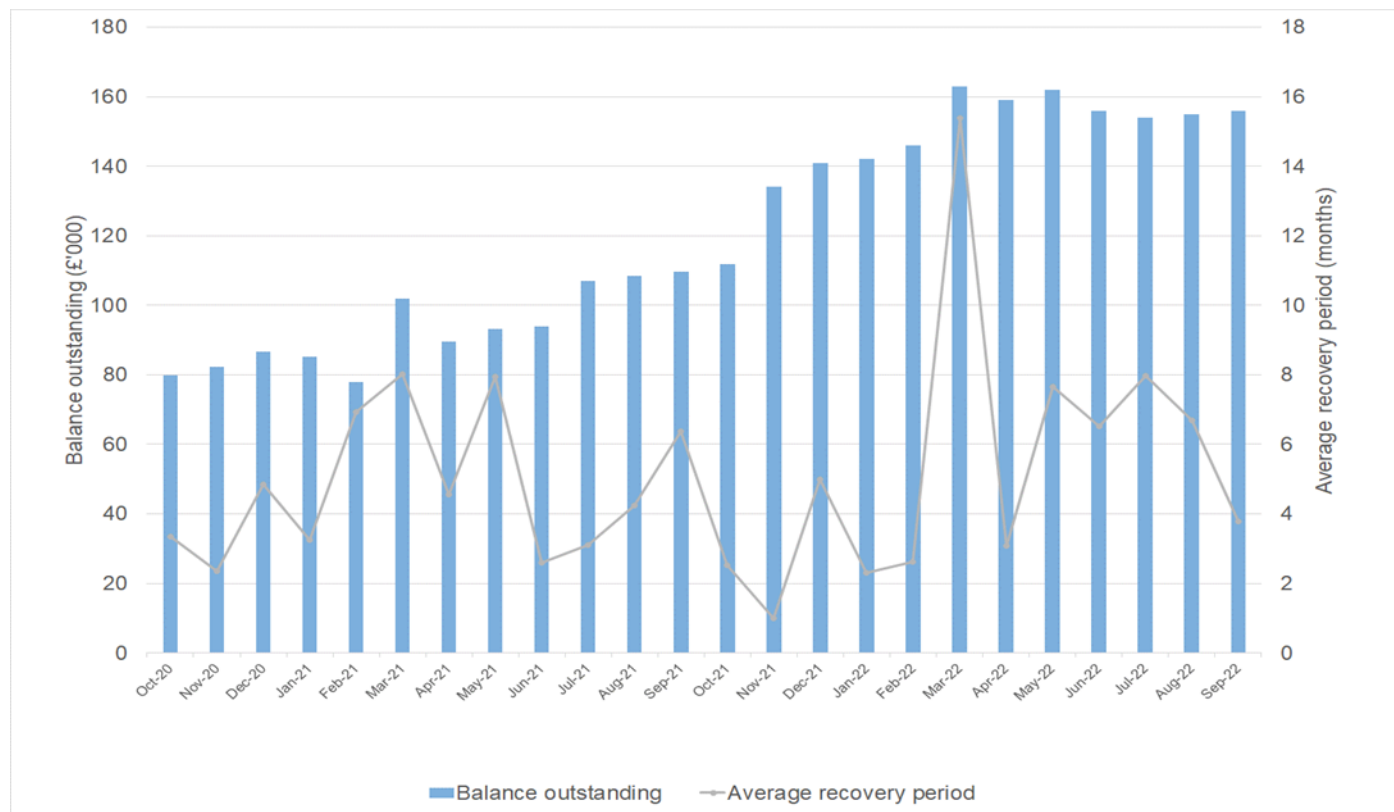
### 2.3.1 Overpayment of Salaries

The Health Board has a duty to ensure that staff are paid appropriately, and that overpayments are not incurred.

Appendix 4 shows the volume and value of invoices raised in respect of overpayments for the period 1st August to 30th September 2022; 38 cases totalling £37,849.08.

The graph below (Figure 3) demonstrates the total balance outstanding against the average recovery period. The average recovery period reflects the number of debts settled in the current period only. The volume & value of invoices raised in the period August to September 2022 was greater than in the previous period, with a total value raised of £38k compared to £21k in the previous period. The overall debt balance has increased slightly to £156k in September 2022 compared to £155k at the end of July 2022, with the average recovery period decreasing to 4 months at the end of this period, compared to 8 months at the end of July 2022.

Figure 3: Trend of aged overpayments and recoveries



2.3.2 The Overpayments Task & Finish group consists of representatives from Finance, Payroll, Workforce and Counter Fraud. The update on actions is highlighted below:



# Financial Assurance Report

- Include in manager passport training – Counter Fraud (CF) will include a section on this issue within their Managers Passport input.

*In progress – Learning and Development are introducing a new managers passport programme, however, arrangements are currently being finalised. In the interim, the CF department are currently developing a dedicated Manager Passport Resource page on their intranet site, providing a digital presentation, which will include a section on overpayments of salary, highlighting the new Over / Under payments policy and CF involvement*

The use of digitalisation in the process has also been considered and the update on that area is noted below:

## **Digitalisation of Payroll Forms**

A review of the current progress into the digitalisation of commencement, change and termination forms was undertaken and the following identified:

- IT are in discussions with a Robotics Process Automation (RPA) provider (Northampton NHS Trust), who have undertaken a similar piece of work relating to both Oracle and ESR, with a view to establishing/identifying other means of automating the procedure.
- At the beginning of 2022, IT met with the NWSSP interim Head of Payroll and HDdUHB's Regional Payroll Manager to discuss current options. It was agreed that further work was required, as the current HDdUHB Office365 approach may not be compatible with NWSSP processes, due to licencing issues associated with various applications and the need for a co-ordinated national approach to developing a new solution. NWSSP Payroll advised IT that they would explore potential options. HDdUHB offered NWSSP access to their newly developed dashboard application, with a view to developing it further across Wales.
- NWSSP Payroll have since confirmed that it is their ambition to digitalise and improve the current processes associated with new starters, staff changes and leavers, with a goal of establishing one process for all Health Boards, automating a number of the processes, and making it easier for all concerned. NWSSP Payroll have undertaken a review and have commenced a tendering process to identify a supplier who can develop such a system. The specification has been agreed and is in the process of being sent out for tender.

*September update from NWSSP: The tendering process is underway and a request for funding has been made to Welsh Government.*

- In the interim, HDdUHB will explore the possibility of improving the systems currently in place; however, we cannot discount the fact that managers will still be required to submit relevant information associated with a change of circumstances or termination of an employee's employment to Payroll in a timely manner. Workforce have issued guidance to supervisors via the global messaging system, which have included information on the new over and underpayments policy, the need for accurate submission of termination forms and the need to conduct exit interviews. In addition, a Fraud Awareness week is scheduled for the first week of November during which, the Counter Fraud Department will be raising awareness of economic crime and fraud in NHS Fraud, including Overpayments.
- The overriding issue remains that the required documents are not being completed and delivered to Payroll in a timely fashion, resulting in overpayments due to untimely

# Financial Assurance Report

adjustments to the employee's payroll user profile / account. In view of this, options to improve this element have been considered and:

- a new reminder / notification process will be introduced, utilising the current finance dashboards (linked to budgets), with finance sending out a monthly email to all budget holders, reminding them to check their payroll spend and ensure that all those paid that given month are current employees, whose details are correct and up to date.

*Actioned*

- a reminder notification on the dashboard system itself will also be included, reminding managers that any adjustments to an employee's assignment, or details of any leavers / terminations need to be sent to Payroll ASAP.

*Actioned*

The Counter Fraud Department will undertake two pro-active exercises during the forthcoming financial year, looking at overpayments associated with leavers and movers. The first will take place in Quarter 1 and the second in Quarter 3; any system weaknesses will be reported to the Committee.

*Actioned – Both exercises are nearing completion. Counter Fraud have provided an update to the Committee via the Counter Fraud paper. A completed Pro-active exercise report is scheduled to be presented to the committee in Q3.*

## 2.3.3 Underpayment of salaries

As per the request made by ARAC members at the June-22 meeting, details were sought regarding the underpayment of salaries. NWSSP have provided details of emergency payments requested and paid in August and September for underpaid salaries, the total of which was £23,547. Reasons for these underpayments included:

- A payment of TOIL not actioned
- Accommodation deducted in error.
- Employee returned from maternity leave/late notification received from manager
- Wrong bank account details provided
- Bank holiday enhanced hours missed
- Duplicate deduction of bike disposal fee

## 2.4 Losses and Special Payments for Approval

### 2.4.1 General Losses and Special Payments

Losses and special payments require the Audit & Risk Assurance Committee's approval given their contentious nature. These are outlined in Appendix 5.

There was one write-off in excess of £5k during the period between 1 August 2022 and 30 September 2022 for £11,586.86. This was in relation to expired drugs at the Glangwili site. The drugs were ordered for a haematology patient who is no longer receiving the treatment. Every effort was made to utilise the drugs within the Health Board but this was not successful.

# Financial Assurance Report

Losses and write offs under £5k, as per requirement under FP02 – Income and Cash Collection, have been presented and approved by Director of Finance and Chief Executive; in total these amounted to £49,661.75

## **2.5 Compliance with Capital Requirements**

The Health Board is now required to make payments for new major capital schemes through a Project Bank Account (PBA).

No new project bank accounts were required during the period covered by this report.

## **2.6 Compliance with Tax Requirements**

On 6 October 2022, HMRC communicated to the Health Board the result of the Health Board's Business Risk Review along with a supporting report.

The Finance Department is pleased to report that the Health Board has been assigned a risk rating of "Low Risk", the lowest of four possible risk ratings.

The supporting document will be analysed and a summary of HMRC's findings will be provided to the Committee within the next Financial Assurance Report.

### **2.6.1 Compliance with VAT Requirements**

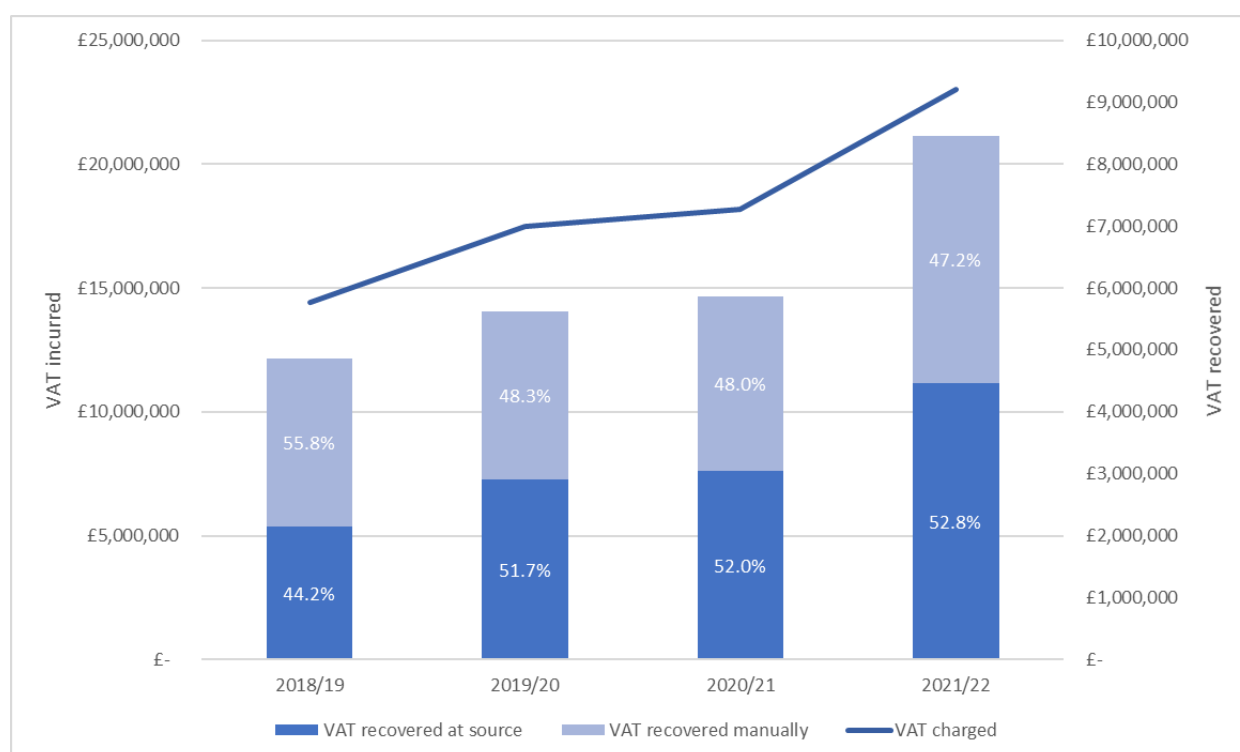
VAT recovery reviews and the submission of all VAT returns impacting the 2021/22 financial year was completed in August 2022. Figure 4 illustrates the summary result for the financial year compared with the previous three financial years.

Total VAT recovered increased substantially in 2021/22 as a consequence of significantly increased underlying expenditure and therefore VAT incurred.

The % of VAT being recovered "at source" via the Purchase to Pay process continues to increase year-on-year, thereby continually decreasing the proportion of VAT being recovered less-efficiently by way of manual reviews and subsequent VAT adjustment journals. The Finance Department continues to engage with Procurement Services with a view of continuing to increase the proportion of VAT recovered at source.

# Financial Assurance Report

**Figure 4: VAT recovery summary 2018/19 to 2021/22**



Updates regarding existing matters are set out in the following table:

Key VAT issue	Update
<b>Pharmacy rebates VAT reclaim</b>	The Health Board has instructed its VAT advisors to submit a claim to HMRC on the Health Board's behalf for the repayment of VAT which it had incorrectly accounted for on invoices raised to a pharmaceutical supplier for the purpose of requesting the payment of volume rebates. As the requesting of rebates is not considered a "supply" for VAT purposes, VAT was not accountable. The total amount of VAT being claimed is £96k. The claim was submitted to HMRC in May 2022, a response has yet to be received.
<b>BT PSBA network – VAT recovery non-statutory clearance request</b>	The Health Board continues to await HMRC's conclusion on the recoverability of the VAT being incurred on the Health Board's service charges for the BT PSBA network. An update was received in May 2022 confirming that the matter is still under consideration. The Health Board continues to recover the VAT in question in full. VAT potentially repayable to HMRC amounts to circa. £120k, which is provided for.
<b>Pembrokeshire field hospital VAT recovery clearance request</b>	In October 2021, the Health Board was informed by HMRC that it does not consider the VAT incurred on the Licence to Occupy agreement entered into with Bluestone Resorts Ltd to be recoverable. Based on the advice of its VAT advisors, the Health Board requested a reconsideration by an independent HMRC officer. This reconsideration continues to progress. VAT incurred to date under the contract amounts to £1.030m, none of which has yet been recovered.

# Financial Assurance Report

Key VAT issue	Update
<b>Capital Front of House Scheme (Bronglais Hospital)</b>	The Health Board continues to await HMRC's decision on whether to accept the Health Board's current VAT recovery position in respect of this scheme or raise a formal assessment for VAT which it believes has been over-claimed by the Health Board. Any VAT which may become repayable to HMRC has been fully provided.
<b>HMRC 2018-19 COS VAT recovery review</b>	Data requested by HMRC for the purpose of this review was successfully transferred to HMRC in October 2020. The Health Board continues to await further correspondence from HMRC.

## 2.6.2 Compliance with Employment Tax Requirements

No updates or issues to report.

## 2.7 Compliance with reporting requirements

**IFRS 17** – Insurance Contracts. Following the deferred implementation of the standard, we await advice from Welsh Government. This will be issued once the IFRS 17 working group at Treasury reconvenes. There is no further update on this.

**Annual Accounts 2022/23** – We await a submission date from Welsh Government for the draft and audited accounts.

## 2.8 Welsh Risk Pool

In response to ARAC members' concern regarding the Health Board's ability to accurately assess its future liabilities in respect of clinical negligence and personal injury cases, additional information has been sought from Welsh Risk Pool regarding the process used to calculate organisations shares of the total Wales quantum. Details are shown in Appendix 6.

## 3.1 Recommendations

The Committee is asked:

- to note the report
- Approve the Scheme of delegation changes (see **2.1**)
- Approve the write-off of Losses and Special Payments over £5k (see **2.4**)

# Financial Assurance Report

## Appendix 1: Scheme of delegation changes

### Scheme of delegation changes:

#### IFRS 16

IFRS 16 is a financial standard which changes the accounting treatment of leases. It was implemented within the Health Board from the 1st April 2022. Some changes are required to the leases section within the financial scheme of delegation to reflect additional disclosure and approval requirements. Amendments have been made to the specific commentary, Welsh Government and Board approval limits.

The proposed revision is highlighted in red in the below table.

Version	Description	Specific	Approval limits				
			Welsh Government	Board (following CEO / ET approval)	Chief Executive (and Executive team)	Chief Executive Officer (CEO)	Director of Finance (DOF)
<b>Proposed</b>	Leases	<p>All leases which are covered under the scope of IFRS 16, to include land and buildings, equipment, managed service contracts, business use vehicles.</p> <p><b><u>Lease renewals</u></b> Leases between £0.5m and £1m notification to WG ministers of intention to enter into a contract. Leases &gt;£1m approval required from WG ministers</p> <p><b><u>New leases</u></b> Leases greater than £0.5m, discussion required with WG Capital Estates and Facilities Team regarding required approval process.</p>	<p>Lease renewals &gt;£1.0m</p> <p>New leases &gt;£0.5m</p>	>£0.5m (plus any that need signing under seal) Reservation of Power	>£0.25m≤£0.5m	>£0.1m≤£0.25m	>£0.1m≤£0.25m

# Financial Assurance Report

Previous	Leases	Property or equipment leases		>£0.5m (plus any that need signing under seal) Reservation of Power	>£0.25m≤£0.5m	>£0.1m≤£0.25m	>£0.1m≤£0.25m
----------	--------	------------------------------	--	--	---------------	---------------	---------------

**Recommendation:** The Committee is asked to approve the Scheme of delegation change noted above.

# Financial Assurance Report

## Appendix 1: Scheme of delegation changes (Continued)

### Scheme of delegation changes:

#### Non-Welsh Government sourced income generation from research and development activities

Each research and development project undertaken by the Health Board, which is funded by an external partner requires a contract between both parties. These contracts commit the Health Board to delivering the project and are scrutinised by Legal & Risk and Innovation Governance prior to acceptance in conjunction with additional scrutiny of the activities for assurance by R&ISC and PODCC.

Description	Specific	More information	Welsh Government	Board (following CEO/ET approval)	Charitable Funds Committee	Charitable Funds Sub-Committee	Capital Estates and IM&T Sub-Committee	Chief Executive (and Executive Team)	CEO (or Deputy CEO) and DoF	Chief Executive Officer (CEO)	Director of Finance (DoF)	Executive Directors	Other Officers as delegated by Executive Directors	Notes
Non Welsh Government sourced income generation from research and development activities	Each project undertaken by HDdaUHB, which is funded by an external partner requires a contract between both parties. These contracts commit HDdaUHB to delivering the project and are scrutinised by Legal & Risk and Innovation Governance prior to acceptance (additional scrutiny of activities - R&ISC and PODCC for assurance).			>£1m				>£0.5m≤£1m		>£0.1m≤£0.5m	>£0.1m≤£0.5m	≤£0.1m	≤£0.1m	Other Officers as delegated by Executive Directors refers specifically to the Director of Research, Innovation and University Partnerships.

**Recommendation:** The Committee is asked to approve the Scheme of delegation change noted above.



# Financial Assurance Report

## **Appendix 2: Single tender actions awarded**

Ref	Period covered by this report:		Aug-22	Sept-22	Justification
	Supplier	Value (£)	One-off or Period	Request submitted by/Dept:	
HDD-STA-617	Croeso Care, provision of care package for individual vulnerable young person	£91,000.00	12 Months August 2022 to August 2023	Tracey Bucknell, Women & Children's Directorate	Notice received from current contracted care provider Adferiad of withdrawal of care for one particular care package. Consideration made to re-tender for this package, however to our knowledge there is currently no other care provider who can care for children under the age of 18yrs. We only require care for this young person for just over 12 months, until she transitions to Adult Services. With consideration made to continuity into adult services for this young person, Croeso Care have been recommended by our Adult colleagues. Croeso Care are able to realign their statement of purpose to include children over 16yrs of age and have confirmed their intention to do so. They can provide immediate care provision and have confirmed they would continue to support into Adult services to ensure continuity for this young person and family, alleviating some of the stressors of Transition. This young person is particularly vulnerable if her assessed needs are not met in the community.
HDD-STA-608	Action For Children, provide a community-based Children's Centre, Key Worker and Family Support Service	£50,880.00	12 Months 01 April 2022 to 31 March 2023	Tracey Bucknell, Women & Children's Directorate	Action for Children (AfC) are the only organisation locally who can provide the Key Worker service in an integrated approach for children and their families who are disabled or have complex needs. There is evidence of good partnership working and consistent positive patient outcomes. The reasons for specifically using AfC are as follows: The continuity of key workers for a vulnerable cohort of children. This is particularly relevant in the aftermath of the pandemic. Due to the reasons above, it is proposed that the community-based Children's Centre, Key Worker and Family Support Service is commissioned through a Single Tender Action: MH&LD are in the process of working with Procurement to create a framework which this service will sit under, it is planned to be in place by 2022.

# Financial Assurance Report

## **Appendix 3: Contracts awarded (including direct awards through framework)**

	Period covered by this report:		1 August 2022	30 September 2022	
<b>Tender/Contract Reference</b>	<b>Supplier</b>	<b>Value (£) exc. VAT</b>	<b>One-off or Period</b>	<b>Department</b>	<b>Tender Description</b>
<b>Direct Awards via Framework Agreement</b>					
HDD-DCO-22-07	JLA LTD	£73,248.00	8 Years	Estates	Provision of Managed Laundry Service GGH
HDD-DCO-22-15	Optum Health Solutions	£321,582.00	3 years	Pharmacy	Software Support & Licence of Scriptswitch System
HDD-DCO-22-21	James Harvard Ltd	£80,000.00	3 months	Digital Services	Cyber Security Programme
HDD-DCO-22-23	Knowles Fleet Management	£114,750.00	3 years	Finance	Lease Car Management
	<b>Total</b>	<b>£589,580.00</b>			
<b>Awarded post competitive tender process</b>					
HDD-ITT-50170	Haverfordwest Specsavers / Llanelli Specsavers	£100,682.40	9 Months (Option to extend by further 4 Months)	Primary Care	Provision of Glaucoma Ophthalmic Diagnostic Treatment Centres (ODTC) Framework
	<b>Total</b>	<b>£690,262.40</b>			

### **Consultancy Contract awarded:**

	Period covered by this report:		1 August 2022	30 September 2022	
<b>Tender/Contract Reference</b>	<b>Supplier</b>	<b>Value (£) exc. VAT</b>	<b>One-off or Period</b>	<b>Department</b>	<b>Tender Description</b>
HDD-DCO-22-22	Philip Charles Click	£13,391.00	1 month	Mental Health	Transforming Mental Health Programme
	<b>TOTAL</b>	<b>£13,391.00</b>			

# Financial Assurance Report

## **Appendix 4: Overpayment of Salaries**

	Period covered by this report: 1 August – 30 September 2022		
Ref	Reason for Overpayment	Value (£)	Number of invoices
1	Late Notification of Reduction / Shortfall in Hours	£2,924.51	2
2	Payment Processed in error	£8,335.70	4
3	Overpayment of Shifts / Hours / Unauthorised Leave	£26,368.17	32
		<b>£37,849.08</b>	<b>38</b>

# Financial Assurance Report

## **Appendix 5: Losses and Special Payments over £5,000**

	Period covered by this report:		1 August – 30 September 2022
Ref	Losses and Special Payments Category	Value (£)	Explanation
1	EX GRATIA	£11,586.86	Expired Drugs for August Pharmacy GGH
	<b>Total Losses (for approval)</b>	<b>£11,586.86</b>	

**Recommendation:** The Committee is asked to approve the losses in excess of £5k noted above.

# **Appendix 6a: Welsh Risk Pool**

## **1 Overview**

### **1.1 Funding Arrangements**

The WRP receives two funding streams:

- Departmental Expenditure Limit (DEL) to meet in year costs associated with settled claims.

Expenditure above the annual allocation is recouped from Health Boards and Trusts using a **risk sharing agreement** approved by the NWSSP Partnership Committee for core claim growth

- Annually Managed Expenditure (AME) to meet the cost of accounting for the long-term liabilities of claims. This budget is based on estimates provided directly to the Welsh Government (WG) by the WRP.

## **2 Departmental Expenditure Limit (DEL)**

The annual DEL charge comprises a number of types of expenditure as well as the inclusion of the creditor movement since the previous yearend date:

- WRP committee approved Clinical Negligence, Personal Injury, Redress and General Medical Practice Indemnity (GMPI) reimbursements to Health Boards and Trusts
- WRP direct payments for old Health Authority claims
- Annual Structured Settlement expenditure, using a Periodical Payment Order (PPO), to claimants
- Creditor Movement since the yearend date with NHS Wales for outstanding reimbursements

There are a number of factors which can influence the DEL materially, either negatively or positively.

### **2.1 Forecast Influencing Factors**

#### **2.1.1 The Personal Injury Discount Rate (PIDR) – within lump sum settlements**

Since 2017, the Ministry of Justice Personal Injury Discount Rate (PIDR) which is applied to *future losses* within quantum valuations has increased the value of claims by over 40%. The PIDR was changed from a positive 2.5% to a negative 0.75% in March 2017 before being pulled back to a negative 0.25% in August 2019. Travel from a positive to a negative direction in the rate causes the underlying multipliers (using actuarial Ogden tables) to increase. The multipliers are applied to annual payment values over the claimant's individually agreed life expectancy, to calculate the Net Present Value (NPV) for each claim.

For high value cases over £1m, this causes inherent uncertainties for forecasting. If the claimant preference is for a lump sum only, (rather than a smaller lump sum and

annual payment arrangement), then the increased value of *future losses* is part of annual expenditure when the case settles.

Quite often, claimant preference isn't known until the onset of negotiation to settlement. The solicitor may be quite confident that a PPO arrangement will be agreed, only to find at the Round Table meeting (RTM), that the claimant has changed their mind, which has a material effect on the in-year forecast.

### **2.1.2 Structured Settlements (PPOs) - ASHE – (Annual Survey of Hours & Earnings) - Carers' Wages Annual Uplift Indices – Office for National Statistics**

The majority of annual payments from structured settlement arrangements are subject to 'ASHE' uplifts in November each year because the relating payments are usually to cover the cost of care over the lifetime of the claimant. The remainder are subject to Retail Price Indices (RPI) and comprise approximately 30% of the number of claimants.

Total PPO costs increase each year. PPOs cost NHS Wales £4.61m in 2011/12 and £16.6m in 2021/22, an increase of over 360%. This year's annual payment total is forecast to reach £19.2m following the release of the 2022/23 HM Treasury rate changes for inflationary uplifts to be applied in December. These are expected to increase significantly this year.

In percentage terms, an increasing proportion of the DEL budget is utilised on PPOs. This reduces the funding available for in-year payments and reimbursements and increases the probability of risk share increases to cover the additional costs.

In 2011/12, PPOs accounted for 8.2% of the available allocation when the WG DEL allocation was £75m. In 2021/22 the percentage increased to 12.8% despite a 43% increase in core funding from £75m to £107m in 2017. (The core funding increase was provided to accommodate the effect of the Personal Injury Discount change from a positive 2.5% in March 2017 to a minus 0.25% in August 2019).

### **2.1.3 HM Treasury December Public Expenditure System (PES) paper – RPI/CPI inflation and discount changes**

HM Treasury release a Public Expenditure System (PES) paper each December which sets out the changes for Consumer Price Index (CPI) and RPI for those PPO provisions not subject to ASHE uplifts. Given the current inflationary environment, these are expected to impact future year annual payments significantly, causing further pressure on the DEL, and hence the Risk Share charges.

### **2.1.4 Estimated settlement dates**

Estimated settlement dates on the database are dependent on the timely receipt of information from various external sources, including Health Boards, claimant solicitors, expert witnesses and barristers. Subsequent findings can either cause further delays or accelerate the settlement date.

This can have material impacts on the forecast if even one or two high value cases are either delayed or brought forward from future years compared to the forecasted profile.

## **2.2 DEL Forecast Assumptions**

2.2.1 The assumptions in the DEL forecast are based on trend analysis as follows:

- 100% provided for cases with Round Table Meetings planned or highly likely
- 40% provided for less certain high value cases
- 40% for cases with cashflows in year less than £0.2m
- 50% PPO assumption for high value cases

High value cases with cashflows on the Legal & Risk Service (LARS) database for 2021/22 over £0.2m are reviewed individually to track case progressions.

Variances to the forecast occur when actual settlement values are materially different to the above. The WRP Finance Business Partner manages these variances by flagging a range of forecasted values around the IMTP value until the final quarter, when the profile of case settlements become much easier to anticipate to the end of the year. The forecast range can be narrowed at this point. This allows management of in year expenditure to available resource.

### **2.2.2 Influencing factors – Numbers of Cases vs Financial Adjustments affecting WRP provisions**

The number of cases in the current caseload has remained relatively constant over the past 12 months despite the large £296m increase in WRP clinical negligence provisions in 2021/22. Provisions have risen to £1,430m in 2021/22 and are forecast to reach £1,565m by the end of this financial year, compared with a total provision value of just £682m in 2015/16, a 129% increase.

The increase in 2021/22 was more related to financial adjustments for HM Treasury inflation and discounting changes, than an increase in the number of cases, which have actually reduced slightly.

This provides some indication of the expected increases in the DEL and Risk Share charges over the next few years as cases become even more expensive.

### **2.2.3 Future Year DEL - Conversion rates from Remote and Possible status to Probable or Certain (from contingent liabilities to provisions)**

The conversion rate from a Possible status to a Probable or Certain status prompts the transfer of a case value from contingent liabilities which are not provided for, to provisions in the balance sheet which are expected to progress to settlement.

Whilst the conversion rate, particularly for high value claims has remained fairly constant over the past few years, the Possible contingent of cases continues to rise in value in line with provisions. This provides a good indication of future year DEL and Risk Share charges which are expected to continue to increase incrementally over the next few years.

## **2.3 Risk Share Agreement**

The current Risk Share methodology was approved by the Welsh Risk Pool Committee and Directors of Finance in March 2017. The overarching principles

(based on the English NHS LA model) incorporated into the Welsh Risk Pool model and amended for local relevance where appropriate are:

- a risk-based contribution, based on size and activity levels
- a contribution based on paid claims experience over five years and
- a contribution based on known outstanding claims.

2.3.1 The component elements of the Risk Share Agreement are set out below

Area	No. of Measures	Weighting
<b>A</b> Hospital and Community Health Services (HCHS) and Prescribing Allocation	1	<b>30%</b>
<b>B</b> Claims History	1	<b>20%</b>
<b>C</b> New Claims transferred from the Service to LARS	1	<b>10%</b>
<b>D</b> Claims potentially affecting next years spend	2	<b>25%</b>
<b>E</b> Management of Concerns and Learning from Events	2	<b>15%</b>
		<b>100%</b>

2.3.2 These have been weighted according to the significance placed on each in terms of driving claims expenditure. The table below sets out further detail:

Measure	Detail	Weighting
<b>A</b> HCHS and Prescribing Allocation	<i>Current measure</i>	<b>30%</b>
<b>B</b> Claims History	<i>Last 3 years – rolling basis</i>	<b>20%</b>
<b>C</b> New Claims transferred from the Service to LARS: Number of New Cases < £0.025m	<i>Last 12 months</i>	<b>10%</b>
<b>D</b> Claims potentially affecting next years spend: 1. Cases with cash flows < 1 yr 2. PPO Allocation Utilisation	<i>From Clinical Negligence database : 15% Actual Costs : 10%</i>	<b>25%</b>
<b>E</b> Management of Concerns and Learning from Events 1. Management of Concerns 2. Learning from Events	<i>Annual Audit : 7.5% Annual Audit : 7.5%</i>	<b>15%</b>



## **HCHS and Prescribing Allocation**

Takes account of the annual revenue allocation per Health Board as a relevant measure of the size and complexity of each organisation.

### **A. Claims History**

Allows historic large settlements over the past 3 years to affect the overall rating. Whilst claims history is important and should have an impact on the risk weighting of each organisation it is also vital to ensure that the majority of the weighting relates to current and future impacts on the allocation.

### **B. New Claims <£0.025m Transferred from the Service to LARS**

This element reflects the impact of cases passed to LARS over the last year that otherwise would have been managed by the Health Board under the Putting Things Right (PTR) scheme. PTR cases are typically managed at a local level when damages are estimated at less than £0.025m and negotiations can result in the avoidance of costly litigation. In financial terms the difference between the costs once the case enters full litigation as opposed to PTR is approximately £0.044m per case.

### **C. Claims Potentially Affecting Next Year's Spend**

This element is comprised of two measures. The first measure takes account of the financial burden each health organisation places on the NHS in the future:

#### **i. Cases with estimated cash flows within a year**

- All Remote and Possible cases are ignored, includes Probable and Certain cases only
- All cases with estimated cash flows within the next year to March 2023 on the LARS database are included.
- The risk weightings have been skewed to ensure cases settling sooner have a bigger impact than those that are not at such an advanced stage of negotiation/settlement.

Whilst not all cases predicted to settle will actually settle as forecast, as there will inevitably be delays in many cases, this provides a robust estimate of the imminent pressures faced by NHS Wales and is therefore deemed a robust, current and relevant measure. It therefore generates a high-risk weighting.

The second measure takes account of the increasing call on the DEL for annual Periodical Payment Order expenditure.

#### **ii. Periodical Payment Orders (PPO)**

PPOs are increasingly utilising a larger percentage of the in-year budget as set out in section 2.2.1 above. This year's annual payment total is forecast to reach **£19.2m** following the release of the 2022/23 HMT rate changes for inflationary uplifts to be applied in December.

As this is the first call on the allocation each year then the relevant percentage of the budget used by each organisation is used in the risk sharing agreement.

## **D. Management of Concerns & Learning from Events**

The Concerns and Compensation Claims Standard is a framework to support compliance by health bodies with the NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 (the Regulations) and the Welsh Government's Guidance on Putting Things Right (the Guidance).

The Standard is drafted by the Welsh Risk Pool Service in conjunction with the Welsh Government and colleagues from the service to ensure that it properly reflects the spirit of the Regulations and Guidance. It is assessed annually by a joint team from the Welsh Risk Pool Service and LARS.

The Standard is broadly split into the following distinct areas:

- 1. Management of Concerns**
2. Management of Redress cases
3. Claims Management
- 4. Learning From Events**

The risk sharing agreement focuses on the Management of Concerns and the Learning from Events areas as the most appropriate and relevant in determining a risk weighting.

### **Management of Concerns**

The key timescales for the management of concerns are:

- Acknowledgment within 2 working days
- Initial response within 30 working days
- Final report within 6 months if the matter cannot be concluded within 30 working days and no qualifying liability in tort is identified
- An offer of Redress within 12 months if a qualifying liability in tort is present.

### **Learning from Events**

The need to learn from events is critical to ongoing improvements in quality and safety across NHS Wales. The Evans review highlighted the significant challenges being experienced by NHS Wales and recognised that it is a complex area and the basis of Putting Things Right is predicated on learning.

This is a key part of the assessment as the success of the PTR Regulations is predicated upon learning from concerns. The assessments consider how each health body states that it learns from events and then how this is evidenced from concerns (incidents, complaints and claims) and all other events at all levels including provision of Board level assurance.

The two elements above have not been updated since 2016. The two scores are derived from inspections led by the Welsh Risk Pool Safety & Learning Team.

Welsh Government requested a pause to the annual assessments in 2017 as the methodology was deemed out of date. It was agreed a period of time was required to establish the new Learning From Events process before commencing inspections again in 2020. The pause was approved by the WRP committee in 2017.

The inspections planned for the 2020/21 financial year were delayed due to the impact of the Coronavirus pandemic.

Obtaining updated measures for 2021/22 was also problematic. Delays arising from the necessary relaxation of timescales for submissions during the pandemic lockdown period would have resulted in skewed results. It was not appropriate to measure Health Boards and Trusts on the usual metrics for timescales when they were given authority to submit beyond the usual deadlines.

Normal timescales for inspections and submission dates will resume from autumn 2022. Therefore, the scores will remain the same for the financial year 2022/23 for the Audit/Lessons Learned principle, ie from 2016 with a resumption of inspections and data collection in 2022/23 for the 2023/24 Risk Share apportionments.

#### 2.3.3 The current Risk Share methodology,

- weights various contributory factors in order to provide a balanced and equitable system
- is transparent and auditable in its application
- does not rely heavily on past events
- provides emphasis on activity and behaviour of the last year
- measures the impact of short-term cash flows (within 12 months)
- accounts for the percentage of the allocation (PPO) that is utilised before any in-year settlements
- provides reward for managing Putting Things Right effectively
- can be updated every year to reflect recent activity and progress
- allows the inclusion of NHS Trusts that impact on the allocation usage but which were ignored from the previous formula
- utilises systems and databases that can be easily manipulated and analysed in a timely manner to derive the formula for forthcoming years to meet organisations IMTP submissions

2.3.4 Risk Share allocations for 2022/23 have been refreshed after including complete 2021/22 data as part of the 3 year rolling period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2022 upon which the cost drivers are based. These have been updated for four of the five cost drivers which allocate costs per NHS Wales organisation.

The Lessons Learned element remains at 2016 indicators for 2022/23 due to no more recent activity information being available resulting from the suspension of the audits during Covid. These are recommencing in 2022/23 which will allow all cost drivers to be updated from 2023/24.

For 2022/23 the split by health organisation is set out in the table.

	<b>RSA 2021/22</b>	<b>2021/22</b>	<b>Planned RSA 2022/23 - IMTP</b>	<b>RSA 2022/23 Updated %</b>	<b>RSA 2022/23 Updated £</b>	<b>Moveme nt from forecast</b>
<b>ANEURIN BEVAN</b>	16.25%	2,680,121	4,118,077	16.80%	4,261,419	143,342
<b>SWANSEA BAY</b>	16.05%	2,646,987	4,067,165	16.38%	4,150,433	83,268
<b>BETSI CADWALA DR</b>	19.02%	3,139,429	4,823,814	19.71%	4,997,106	173,292
<b>CARDIFF &amp; VALE</b>	16.07%	2,649,989	4,071,778	14.43%	3,657,387	-414,391
<b>CTM</b>	12.49%	2,059,857	3,165,025	13.15%	3,332,279	167,254
<b>HYWEL DDA</b>	10.61%	1,749,439	2,688,059	10.74%	2,721,884	33,825
<b>POWYS</b>	4.74%	781,717	1,201,128	4.51%	1,142,601	-58,527
<b>PHW</b>	1.39%	229,682	352,912	1.34%	338,627	-14,285
<b>VELINDRE</b>	1.11%	183,221	281,524	1.10%	277,640	-3,884
<b>WAST</b>	2.27%	374,558	575,518	1.84%	465,624	-109,894
<b>TOTAL</b>	<b>100.00 %</b>	<b>16,495,000</b>	<b>25,345,000</b>	<b>100%</b>	<b>25,345,000</b>	<b>0</b>

The percentages above will only apply for 2022/23. Behaviours and patterns will change over the course of the next year and each of the areas will be recalculated as outlined.

Over the longer term, successful strategies will yield lower risk weightings whilst health organisations that continue to yield high and expensive caseloads will incur a larger proportion of the risk weighting.

### 3 Reported Position at Month 5

#### 3.1 DEL Forecast 2022/23

Cashflows for 2022/23 on the database currently indicate a potential forecast range between a minimum yearend DEL charge of **£127.019m** to a maximum of **£142.281m**, compared with the IMTP forecast of **£134.780m**. There are, however, a number of cases which could potentially settle for a higher value than currently estimated. There are also some cases which are likely to qualify as an accrual at the yearend date where estimated settlement dates are currently in the next quarter of the financial year but which are likely to be brought forward.

The above reflects the inherent uncertainty in the forecast at this point in the year due to the number of cases remaining to settle.

The risk factor also increases as the financial year progresses, due to the potential for Round Table Meeting delays, or from eventual settlements above or below forecast values. High value cases continue to be monitored individually with frequent discussions with case solicitors to identify any potential impact on the year end outturn.

The WG core allocation for the year is £109.435m, necessitating the risk share contribution of £25.345m.

<b>DEL Forecast as at Month 5</b>	<b>£000s 2021/22</b>	<b>£000s 2022/23</b>
Actual spend to August (21/22 excludes Redress)	<b>20,174</b>	<b>20,964</b>
Settled cases – awaiting payment	8,687	9,441
Joint Settlement Meeting/Round Table Meeting/Offer	33,622	40,813
Periodical Payment Orders to March 2023	14,786	18,262
<b>Sub Total</b>	<b>77,269</b>	<b>89,480</b>
Personal Injury – estimate to March 2023	2,042	2,042
Highly likely – Round Table Meeting planned	20,538	12,234
Possible settlements before 31/03/2023	8,162	10,628
Estimate - 40% of Probable Claims <£200K	1,891	1,751
Estimate – 40% of Certain Claims <£200K	7,047	6,928
Estimate – Managed Claims	1,750	1,750
Legal & Risk – Clinical Negligence Salary costs	321	321
Nosocomial Claims estimate	583	583
Redress – estimate to March 2023	1,284	1,167
WRP charges	82	135
<b>Month 5 DEL forecast</b>	<b>120,969</b>	<b>127,019</b>
<b>IMTP DEL Forecast</b>	<b>123,495</b>	<b>134,780</b>
<b>Actual Outturn 2021/22; Maximum Forecast 2022/23</b>	<b>129,615</b>	<b>142,281</b>

### 3.2 Annually Managed Expenditure (AME)

Total provisions have been refreshed following the receipt of the first AME returns for 2022/23 from NHS Wales Organisations. The table shows provisions have increased by a further £75m to M5 in 2022/23. This follows a £296m increase in 2021/22. The significant increase in provisions last year related mainly to financial adjustments for the movement in discount and inflationary rates rather than an increase in case numbers. This upward trend continues in 2022/23.

	<b>Closing Provision @ M12 2021/22 £m</b>	<b>Closing Provision @ M5 2022/23 £m</b>	<b>Movemen t to M5 £m</b>	<b>Forecast 31/3/202 3 2022/23</b>	<b>Forecast Movemen t 2022/23</b>
Probable or certain	796.41	863.572	<b>67.162</b>	<b>892.29</b>	<b>95.88</b>
Structured Settlements/PPOs	633.177	640.949	<b>7.772</b>	<b>672.774</b>	<b>39.597</b>
	<b>1,429.587</b>	<b>1,504.521</b>	<b>74.934</b>	<b>1565.064</b>	<b>135.477</b>

With reference to the LARS database, case numbers have reduced slightly since the year end from 1,792 to 1,763 open cases at the end of August, although the number of Probable & Certain cases on the LARS database has remained relatively stable since the year end.

There were 635 cases with a net quantum of £817m at the end of March 2022, compared with 633 cases with a net quantum of £855m at the end of August. Case valuations continue to rise as they near settlement.

The number of >£1m cases has also remained stable. There were 107 (£720m) cases at the end of March 2022 compared with 106 (£772m) at the end of August.

These values differ slightly from Health Board return values due to local adjustments for payment timings and case closures.

### 3.3 Five Year Forecast

#### 3.3.1 DEL

<b>FORECAST DEL CHARGES £'m 2023/24 - 2027/28</b>					
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Month 4 2022/23</b>	<b>136.944</b>	<b>138.339</b>	<b>139.554</b>	<b>140.778</b>	<b>142.009</b>
<b>Month 9 2021/22</b>	<b>136.138</b>	<b>137.505</b>	<b>137.874</b>	<b>138.248</b>	
<b>Increase since 2021/22 IMTP</b>	<b>0.806</b>	<b>0.834</b>	<b>1.681</b>	<b>2.529</b>	

The table above sets out the refreshed forecast DEL charges for the next 5 years following receipt of the first Health Board and Trust returns at the beginning of August.

The latest modelling shows further increases in the estimated charges for future years since the 2021/22 forecast. These will partially relate to inflationary uplifts since the December HMT Treasury paper was released but is also due to a slight increase in the trend for high value case settlements year on year.

### 3.3.2 Risk Share

RISK SHARE CHARGES £'m 2023/24 - 2027/28					
	2023/24	2024/25	2025/26	2026/27	2027/28
Month 4 2022/23	27.509	28.904	30.119	31.343	32.574
Month 9 2021/22	26.703	28.070	28.439	28.813	
Increase since 2021/22 IMTP	0.806	0.834	1.681	2.529	

The Risk Share forecast directly correlates with DEL expenditure and will increase at the same value as the DEL charge for any excess over the current £109.435m WG allocation.

### 3.3.3 AME

AME MOVEMENTS £'m 2023/24 - 2027/28					
	2023/24	2024/25	2025/26	2026/27	2027/28
Gross Increase	269.289	269.29	234.29	234.29	234.29
	-				
DEL Utilisation	136.944	-138.34	-139.55	-140.78	-142.01
Month 4 2022/23	132.345	130.950	94.734	93.511	92.279
Month 7 2021/22	93.719	92.35	91.98	91.61	
Increase since 2021/22 IMTP	38.625	38.60	2.75	1.90	

Provisions are expected to continue to increase over the next few years although the rate of increase should reduce. Inflation is expected to fall back from its current levels over the longer term compared to the significant increases expected in 2022/23 HM Treasury forecasts.

## 3.4 Clinical Negligence – Analysis of Ongoing Claims

A high-level analysis of claims by probability and gross value at month 5 shows the scale of the financial challenge faced by NHS Wales. Overall, case numbers and the total quantum value have *decreased* by 3% and 2.5% respectively since August 2021, whilst average case values over the total caseload have *increased* by 0.54% over the past 12 months.

Overall, quantum valuations have remained relatively stable over the 12 month period, but within this total, Probable & Certain cases have risen from £849m to £937m, and average case values have increased by **11%**. This reflects the upward trend in case valuations as they near settlement.

Within the first table, 53% of the total number of cases have a 'Possible' status with a combined liability of **£1,200m**. These cases are not currently provided for in the forecast or accounted for as a provision in the accounts because of the level of uncertainty regarding the liability and value of claim.

Assessment of probability	Number of claims @ Aug 2021	Estimated value £m	Number of claims @ Aug 2022	Estimated value £m
Unspecified	56	<b>31.72</b>	38	<b>22.99</b>
Remote	54	<b>38.50</b>	92	<b>101.08</b>
Possible	967	<b>1,417.66</b>	933	<b>1,222.19</b>
Probable	126	<b>160.43</b>	129	<b>175.56</b>
Certain	513	<b>688.34</b>	504	<b>761.43</b>
Finalised	103	<b>29.18</b>	67	<b>22.12</b>
<b>Total</b>	<b>1,819</b>	<b>2,365.83</b>	<b>1,763</b>	<b>2,305.37</b>

The second table shows the distribution of the number of cases across a range of values:

	Number of cases						
Probability of loss	<£0.025m	<£0.100m	<£1m	<£5m	<£15m	>£15m	Total
<b>Unspecified</b>	<b>30</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>38</b>
<b>Remote</b>	<b>63</b>	<b>11</b>	<b>9</b>	<b>1</b>	<b>6</b>	<b>2</b>	<b>92</b>
<b>Possible</b>	<b>174</b>	<b>271</b>	<b>324</b>	<b>71</b>	<b>78</b>	<b>15</b>	<b>933</b>
<b>Probable</b>	<b>11</b>	<b>44</b>	<b>53</b>	<b>8</b>	<b>10</b>	<b>3</b>	<b>129</b>
<b>Certain</b>	<b>94</b>	<b>178</b>	<b>147</b>	<b>45</b>	<b>30</b>	<b>10</b>	<b>504</b>
<b>Finalised</b>	<b>67</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>
<b>Total Aug 2022</b>	<b>439</b>	<b>504</b>	<b>539</b>	<b>125</b>	<b>126</b>	<b>30</b>	<b>1,763</b>
<b>Total Aug 2021</b>	<b>535</b>	<b>472</b>	<b>530</b>	<b>117</b>	<b>132</b>	<b>33</b>	<b>1,819</b>

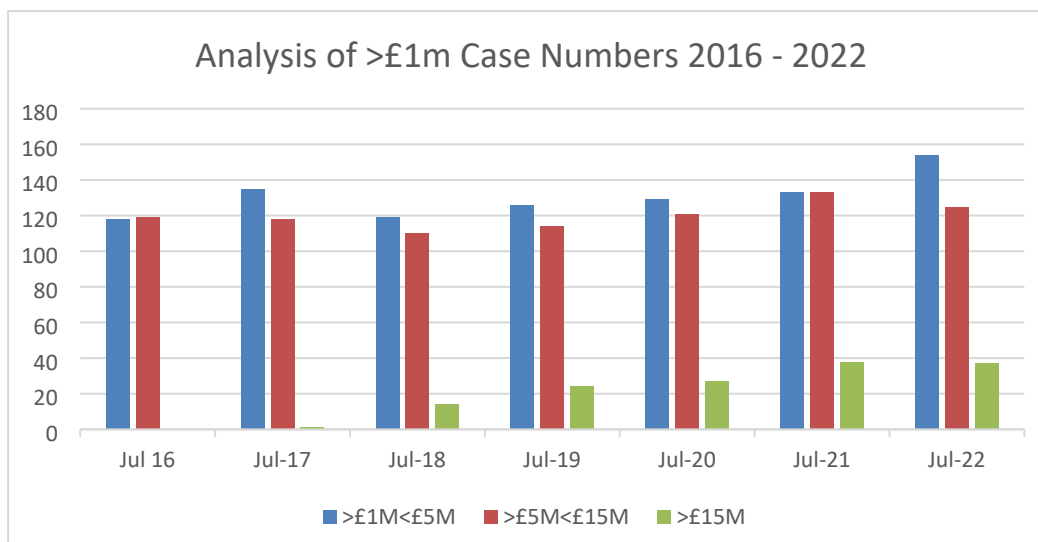
The August 2021 comparator shows that overall case numbers have *decreased* by 56 or 3% over the last 12 months.

There are 55 less cases under £1m and 1 less case valued above £1m. There are 8 more cases in the £1m to <£5m range and 9 less above £5m compared with this point last year.

Within the under £1m cohort, there are 96 less cases valued <£0.025m compared with last year, and 41 more cases in the >£0.100m to £1m range.

The table shows the change in value and volume of cases since 2016.





## 4 Hywel Dda

### 4.1 Caseload

The following table shows the number of cases and gross quantum value (before excess and after interim payments already paid) for the Hywel Dda case load over the past few years. These values have been taken from the LARS database reports as at each date and will differ slightly for payment timing differences and local adjustments compared to the quantum reports and AME returns.

The large quantum increase at the end of 2021/22 can be seen below compared to the significantly lower value quantum for 2020/21 with a similar number of cases.

		No of Cases	Gross Quantum before excess) £M's
<b>Jul-22</b>	All HD cases	200	210
	HD provisions	72	91
<b>Mar-22</b>	All HD cases	213	219
	HD provisions	73	90
<b>Mar-21</b>	All HD cases	206	159
	HD provisions	74	85
<b>Mar-20</b>	All HD cases	212	184
	HD provisions	73	78

Every Health Board is experiencing the same significant uplifts in quantum values compared to stagnant or reducing case numbers due to inflationary and discount uplifts.

Health Boards' DEL expenditure is limited to the first £0.025m excess for each case (with the remainder reimbursed by WRP committee) and their share of the Risk Share charge.

Each HB will be affected by the value of every Health Boards total annual clinical negligence spend when the WRP annual allocation for DEL is breached. The excess expenditure over the WRP allocation is charged to Health Boards via the Risk Share agreement, using a number of activity drivers to apportion the cost, rather than a charge for the actual overspend per Health Board. The DEL charge is forecasted at an All Wales level, and therefore, it is not possible to identify the actual overspend element per Health Board above the WG allocation.

## 4.2 Change in risk share apportionment

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Hywel Dda	<b>10.74%</b>	3.75%	2.96%	1.02%	1.12%	0.32%	1.57%
<b>2021/22</b>	Hywel Dda	<b>10.61%</b>	3.75%	3.16%	0.79%	0.86%	0.48%	1.57%

The Hywel Dda table shows the percentage has increased since last year. The overall increase from 10.61% to 10.74% relates to two elements, 'PTR' and 'Cashflow <1 year'. These are partially offset via decreases in percentage for the 'Claims History' and 'PPO' elements.

**PTR** – this element is based on the number of claims with damages estimated at less than £0.025m passed to LARS in the previous financial year instead of being managed locally under the PTR scheme. Hywel Dda have passed more claims proportionately and numerically, to LARS compared to last year.

1. **Cashflow < 1 Year** refers to the value of 2022/23 forecast cashflows for case settlements on the LARS database. A greater proportion of forecast expenditure on the LARS database relates to Hywel Dda than in 2021/22.

**The Claims History** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Hywel Dda's proportion has decreased from 3.16% in the previous 3 year rolling period (2018/19 to 2020/21) to 2.96% for 2019/20 to 2021/22.

The total value of reimbursements paid to Hywel Dda for the 3 year rolling period to 2021/22 was **£2.3m** lower than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6m to March 2021 and £234.2m to March 2022. Therefore, the decrease relates more to the absolute reduction in the Hywel Dda value, rather than any proportional impact from a changed total reimbursement value.

**PPO** – Annual PPO expenditure for Hywel Dda settled cases in 2021/22 was lower proportionately than in the previous year.

### **4.3 Accounting entries**

The Health Board's DEL expenditure is limited to the first £0.025m excess for each case.

The accounting entries to reflect this are:

The total value of each case is posted to the provisions balance sheet code. This provision is then used for all payments relating to each case.

The excess of £0.025m is posted to the relevant losses expenditure code. This is shown in the Annual Accounts as a charge to operating expenses at the end of the financial year.

The net value of each case (the total less the excess) is posted to the Welsh Risk Pool Debtor balance sheet code until reimbursement from Welsh Risk Pool is received.

## **5. Summary**

The document outlines the basis of the risk quantum and the elements affecting the Health Board's exposure to the risk share. Whilst a number of factors are outside the scope of the Health Board to influence eg the total quantum, its proportion of the risk share can be influenced by its behaviours and learning.

Copies of the Welsh Risk Pool Committee September Financial Update, Risk Sharing Agreement and Hywel Dda specific data are attached for additional information.

## **The DEL forecast – Influencing Factors**

The annual DEL charge comprises a number of types of expenditure as well as the inclusion of the creditor movement since the previous yearend date:

- WRP committee approved Clinical Negligence, Personal Injury, Redress and GMPI reimbursements to Health Boards and Trusts
- WRP direct payments for old Health Authority claims
- Annual Structured Settlement expenditure (PPOs) to claimants
- Creditor Movement since the yearend date with NHS Wales for outstanding reimbursements

There are a number of factors which can influence the DEL materially, either negatively or positively.

## **The Personal Injury Discount Rate (PIDR) – within lump sum settlements**

Since 2017, the MOJ Personal Injury Discount Rate (PIDR) which is applied to *future losses* within quantum valuations has increased the value of claims by over 40%. The PIDR was changed from a positive 2.5% to a negative 0.75% in March 2017 before being pulled back to a negative 0.25% in August 2019. Travel from a positive to a negative direction in the rate causes the underlying multipliers (using actuarial Ogden tables) to increase. The multipliers are applied to annual payment values over the claimant's individually agreed life expectancy, to calculate the NPV value for each claim.

For high value cases over £1M, this causes inherent uncertainties for forecasting. If the claimant preference is for a lump sum only, (rather than a smaller lump sum and annual payment arrangement), then the increased value of *future losses* is part of annual expenditure when the case settles. Quite often, claimant preference isn't known until the onset of negotiation to settlement. The solicitor may be quite confident that a PPO arrangement will be agreed, only to find at the Round Table meeting, that the claimant has changed their mind! With the material effect on the in year forecast this presents.

## **Structured Settlements (PPOs) - ASHE – (Annual Survey of Hours & Earnings) - Carers's Wages Annual Uplift Indices - ONS**

The majority of annual payments from structured settlement arrangements are subject to 'ASHE' uplifts in November each year, because the relating payments are usually to cover the cost of care over the lifetime of the claimant. The remainder are subject to RPIs and comprise approximately 30% of the number of claimants.

Total PPO costs increase each year. PPOs cost NHS Wales £4.61m in 2011/12 and £16.6m in 2021/22, an increase of over 360%. This year's annual payment total is forecast to reach £19.2M following the release of the 2022/23 HMT rate changes for inflationary uplifts to be applied in December. These are expected to increase significantly this year.

In percentage terms, an increasing proportion of the DEL budget is utilised on PPOs. This reduces the funding available for in-year payments and reimbursements and increases the probability of risk share increases to cover the additional costs. In 2011/12, PPOs accounted for 8.2% of the available allocation when the WG DEL allocation was £75m. In 2021/22 the % increased to 12.8% despite a 43% increase in core funding from £75m to £107m in 2017. (The core funding increase was provided to accommodate the effect of the Personal Injury Discount change from a positive 2.5% in March 2017 to a minus 0.25% in August 2019).

### **HM Treasury December PES paper – RPI/CPI inflation and discount changes**

HM Treasury release a 'Public Expenditure System (PES) paper each December which sets out the changes for CPI and RPI for those PPO provisions not subject to ASHE uplifts. Given the current inflationary environment, these are expected to impact future year annual payments significantly, causing further pressure on the DEL, and hence the Risk Share charges.

### **Estimated settlement dates**

Estimated settlement dates on the database are dependent on the timely receipt of information from various external sources, e.g Health Boards, claimant solicitors, expert witnesses and barristers. Subsequent findings can either cause further delays or accelerate the settlement date.

This can have material impacts on the forecast if even one or two high value cases are either delayed or brought forward from future years compared to the forecasted profile.

### **DEL Forecast Assumptions**

The assumptions in the DEL forecast are based on trend analysis as follows:

- 100% provided for cases with RTM's planned or highly likely
- 40% provided for less certain high value cases
- 40% for cases with cashflows in year less than £200K
- 50% PPO assumption for high value cases

High value cases with cashflows on the L&RS database for 2021/22 over £200K are reviewed individually to track case progressions.

Variances to the forecast occur when actual settlement values are materially different to the above. The WRP Finance Business Partner manages these variances by flagging a range of forecasted values around the IMTP value until the final quarter, when the profile of case settlements become much easier to anticipate to the end of the year. The forecast range can be narrowed at this point. This allows management of in year expenditure to available resource.

### **Influencing factors - Nos of Cases vs Financial Adjustments affecting WRP provisions**

The number of cases in the current caseload has remained relatively constant over the past 12 months despite the large £296M increase in WRP clinical negligence provisions in 2021/22. Provisions have risen to £1.430M in 2021/22 and are forecast to

reach £1.565B by the end of this financial year, compared to a total provision value of just £682M in 2015/16, a 129% increase.

The increase in 2021/22 was more related to financial adjustments for HM Treasury inflation and discounting changes, than an increase in the number of cases, which have actually reduced slightly.

This provides some indication of the expected increases in the DEL and Risk Share charges over the next few years as cases become even more expensive.

### **Future Year DEL - Conversion rates from Remote and Possible status to Probable or Certain (from contingent liabilities to provisions).**

The conversion rate from a Possible Status to a Probable or Certain status prompts the transfer of a case value from contingent liabilities which are not provided for, to provisions in the balance sheet which are expected to progress to settlement.

Whilst the conversion rate, particularly for high value claims has remained fairly constant over the past few years, the Possible contingent of cases continues to rise in value in line with provisions. This provides a good indication of future year DEL and Risk Share charges which are expected to continue to increase incrementally over the next few years.

### **Hywel Dda caseload**

The table below shows the number of cases and gross quantum value (before excess and after interim payments already paid) for the Hywel Dda case load over the past few years. These values have been taken from the L&Rs database reports as at each date, and will differ slightly for payment timing differences and local adjustments compared to the quantum reports and AME returns.

The large quantum increase at the end of 2021/22 can be seen below compared to the significantly lower value quantum for 2020/21 with a similar number of cases.

		No of Cases	Gross Quantum before excess) £M's
<b>Jul-22</b>	All HD cases	200	210
	HD provisions	72	91
<b>Mar-22</b>	All HD cases	213	219
	HD provisions	73	90
<b>Mar-21</b>	All HD cases	206	159
	HD provisions	74	85
<b>Mar-20</b>	All HD cases	212	184
	HD provisions	73	78

Every Health Board is experiencing the same significant uplifts in quantum values compared to stagnant or reducing case numbers due to inflationary and discount uplifts.

Health Boards' DEL expenditure is limited to the first £25K excess for each case (with the remainder reimbursed by WRP committee) and their share of the Risk Share charge.

Each HB will be affected by the value of every Health Boards total annual clinical negligence spend when the WRP annual allocation for DEL is breached. The excess expenditure over the WRP allocation is charged to Health Boards via the Risk Share agreement, using a number of activity drivers to apportion the cost, rather than a charge for the actual overspend per Health Board. The DEL charge is forecasted at an All Wales level, and therefore, it is not possible to identify the actual overspend element per Health Board above the WG allocation.



WRP PAPER  
 4.2

CIRCULATION:	Welsh Risk Pool Committee
DATE:	21st September 2022
PREPARED BY:	Sue Saunders L&Rs Finance Business Partner
RESPONSIBLE HEAD OF SERVICE:	Linsay Payne Deputy Director of Finance & Corporate Services
TITLE OF REPORT	Risk Sharing Agreement 2022/23
PURPOSE OF REPORT:	Seek approval for the NHS Wales Risk Sharing charges for 2022/23  Outline the underlying cost drivers and significant changes compared to the 2021/22 charges
ACTION REQUIRED:	The Committee are asked to <b>APPROVE</b> the updated Risk Share charges to NHS Wales for 2022/23

## 1. Introduction

The purpose of this report is to confirm the NHS Wales Risk Share charges for 2022/23 arising from excess expenditure above the Welsh Government annual allocation for Clinical Negligence and Personal Injury claims.

The Welsh Risk Pool receives an annual funding stream to meet in year costs associated with settled claims, the Departmental Expenditure Limit (DEL). When expenditure rises above the DEL allocation, the excess is recouped from Health Boards and Trusts via a Risk Sharing Agreement approved by the Shared Services Partnership Committee.

The core DEL allocation is currently **£109.435M** per annum for Clinical Negligence, Personal Injury and Redress claims. The 2022/23 IMTP DEL forecast is **£134.780M** and therefore the estimated Risk Share charge for 2022/23 is **£25.345M**.



The significance of annual Risk Share apportionments has increased in recent years. A **£3.974M** charge was levied on NHS Wales for the first time in 2019/20. The charge increased to **£13.779M** in 2020/21, **£16.495M** in 2021/22 and is forecast to increase to **£25.345M** in 2022/23. This reflects the continuous increasing pressure on the DEL budget year on year.

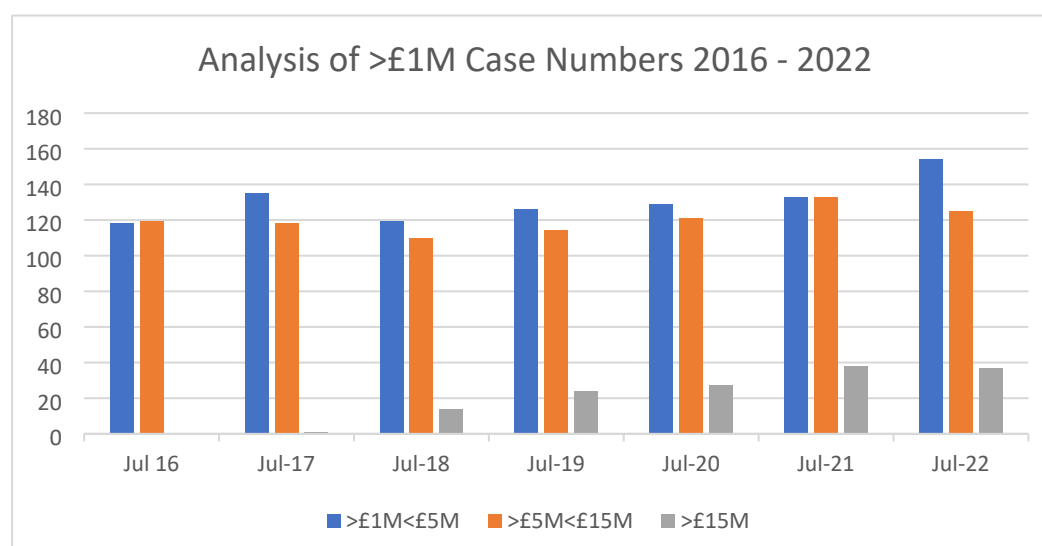
The high level IMTP DEL forecast shows Risk Share charges are expected to rise significantly over the next few years:

#### Risk Share Forecast 2022/23 to 2026/27

	22/23 £M	23/24 £M	24/25 £M	25/26 £M	26/27 £M
<b>M4 2022/23 Refresh</b>	<b>25.345</b>	<b>27.509</b>	<b>28.904</b>	<b>30.119</b>	<b>31.343</b>
<b>2021/22 IMTP</b>	<b>25.345</b>	<b>26.703</b>	<b>28.070</b>	<b>28.439</b>	<b>28.813</b>

The figures above for 2023/24 to 2026/27 have been refreshed in August 2022 following the M4 AME returns from Health Boards and Trusts. The forecasts will be updated again following receipt of the M7 returns in early November and shared with Health Boards and Trusts for inclusion in their 2023/24 planning process.

The graph below shows the increase in the number of high value cases over the past few years. In July 2016, there were no cases valued above £15M compared to 38 cases in July 2022. The trend continues to rise for >£1M cases with the subsequent impact on the DEL and Risk Share charges.



## 2. The Risk Share Mechanism

The current Risk Share methodology was approved by the Welsh Risk Pool Committee and Directors of Finance in March 2017. Prior to this, charges were based on each Health Board's share of the NHS Wales core Hospital, Community and Health Services and Prescribing (HCHSP) allocation only and Trusts were outside the scope.

The current model encompasses principles based on the English NHSLA model. Draft principles were developed from the English analysis and were shared with;

- Directors of Finance
- Deputy Directors of Finance Group
- Senior Welsh Government Finance Officials
- WRPS Technical Accounting Group

The overarching principles from the NHSLA model are set out below and have been incorporated into the Welsh Risk Pool model and amended for local relevance where appropriate.

- a risk-based contribution, based on size and activity levels
- a contribution based on paid claims experience over five years and
- a contribution based on known outstanding claims

The 5 areas for the Welsh version which determine how much of the excess expenditure above the Welsh Government allocation is apportioned to each Health Board or Trust is set out in the tables below:

Area		No. of Measures	Weighting
A	HCHS and Prescribing Allocation	1	30%
B	Claims History	1	20%
C	New Claims transferred from the Service to LARS	1	10%
D	Claims potentially affecting next years' spend	2	25%
E	Management of Concerns and Learning from Events	2	15%
			100%

These have been weighted according to the significance placed on each in terms of driving claims expenditure. The table below sets out further detail:

Measure		Detail	Weighting
A	HCHS and Prescribing Allocation	Current measure	30%
B	Claims History	Last 3 years – rolling basis	20%
C			

<b>New Claims transferred from the Service to LARS:</b>		
Number of New Cases < £25k	<i>Last 12 months</i>	<b>10%</b>
<b>D Claims potentially affecting next years' spend:</b>		
3. Cases with cash flows < 1 yr	<i>From CN database : 15%</i>	<b>25%</b>
4. PPO Allocation Utilisation	<i>Actual Costs : 10%</i>	
<b>E Management of Concerns and Learning from Events</b>		
3. Management of Concerns	<i>Annual Audit : 7.5%</i>	<b>15%</b>
4. Learning from Events	<i>Annual Audit : 7.5%</i>	

## E. HCHS and Prescribing Allocation

Takes account of the annual revenue allocation per Health Board as a relevant measure of the size and complexity of each organisation.

## F. Claims History

Allows historic large settlements over the past 3 years to affect the overall rating. Whilst claims history is important and should have an impact on the risk weighting of each organisation it is also vital to ensure that the majority of the weighting relates to current and future impacts on the allocation.

## G. New Claims <£25K Transferred from the Service to L&Rs

This element reflects the impact of cases passed to Legal and Risk Services over the last year that otherwise would have been managed by the Health Board under the Putting Things Right (PTR) scheme. PTR cases are typically managed at a local level when damages are estimated at less than £25K and negotiations can result in the avoidance of costly litigation. In financial terms the difference between the costs once the case enters full litigation as opposed to PTR is approximately £44K per case

## H. Claims Potentially Affecting Next Year's Spend

This element is comprised of two measures. The first measure takes account of the financial burden each Health Organisation places on the NHS in the future:

- i. **Cases with estimated cash flows within a year**
  - All Remote and Possible cases are ignored, includes Probable and Certain cases only
  - All cases with estimated cash flows within the next year to March 2023 on the LARS database are included.

- The risk weightings have been skewed to ensure cases settling sooner have a bigger impact than those that are not at such an advanced stage of negotiation/settlement.

Whilst not all cases predicted to settle will actually settle as forecast, as there will inevitably be delays in many cases, this provides a robust estimate of the imminent pressures faced by NHS Wales and is therefore deemed a robust, current and relevant measure. It therefore generates a high risk weighting.

The second measure takes account of the increasing call on the DEL for annual Periodical Payment Order expenditure.

## ii. Periodic Payment Orders (PPO)

PPO's are increasingly utilising a larger percentage of the in-year budget. The cost of PPOs has more than trebled since 2011/12. PPOs cost NHS Wales **£4.61m** in 2011/12 and **£16.6m** in 2021/22, an increase of over 360%. This year's annual payment total is forecast to reach **£19.2M** following the release of the 2022/23 HMT rate changes for inflationary uplifts to be applied in December.

In percentage terms an increasing proportion of the DEL budget is utilised on PPOs which reduces the funding available for in-year payments. In 2011/12, PPOs accounted for **8.2%** of the available allocation when the WG DEL allocation was £75m. In 2021/22 the % increased to **12.8%** despite a 43% increase in core funding from **£75m to £107m** in 2017. (The core funding increase was provided to accommodate the effect of the Personal Injury Discount change from a positive 2.5% in March 2017 to a minus -0.25% in August 2019).

As this is the first call on the allocation each year then the relevant percentage of the budget used by each organisation is used in the risk sharing agreement.

## iii. Management of Concerns & Learning from Events

The Concerns and Compensation Claims Standard is a framework to support compliance by health bodies with the NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 (the Regulations) and the Welsh Government's Guidance on Putting Things Right (the Guidance).

The Standard is drafted by the Welsh Risk Pool Service in conjunction with the Welsh Government and colleagues from the service to ensure that it properly reflects the spirit of the Regulations and Guidance. It is assessed annually by a joint team from the Welsh Risk Pool Service and Legal & Risk Services.

The Standard is broadly split into the following distinct areas:

- 5. Management of Concerns**
- 6. Management of Redress cases**
- 7. Claims Management**
- 8. Learning From Events**

The risk sharing agreement focuses on the Management of Concerns and the Learning from Events areas as the most appropriate and relevant in determining a risk weighting.

## **Management of Concerns**

The key timescales for the management of concerns are:

- Acknowledgment within 2 working days
- Initial response within 30 working days
- Final report within 6 months if the matter cannot be concluded within 30 working days and no qualifying liability in tort is identified
- An offer of Redress within 12 months if a qualifying liability in tort is present.

## **Learning from Events**

The need to learn from events is critical to ongoing improvements in quality and safety across NHS Wales. The Evans review highlighted the significant challenges being experienced by NHS Wales and recognised that it is a complex area and the basis of Putting Things Right is predicated on learning.

This is a key part of the assessment as the success of the PTR Regulations is predicated upon learning from concerns. The assessments consider how each health bodies states that it learns from events and then how this is evidenced from concerns (incidents, complaints and claims) and all other events at all levels including provision of Board level assurance.

The two elements above have not been updated since 2016. The two scores are derived from inspections led by the Welsh Risk Pool Safety & Learning Team. Welsh Government requested a pause to the annual assessments in 2017 as the methodology was deemed out of date. It was agreed a period of time was required to establish the new Learning From Events process before commencing inspections again in 2020. The pause was approved by the WRP committee in 2017.

The inspections planned for the 2020/21 financial year were delayed due to the impact of the Coronavirus pandemic.

Obtaining updated measures for 2021/22 was also problematic. Delays arising from the necessary relaxation of timescales for submissions during the pandemic lockdown period would have resulted in skewed results. It was not appropriate to measure Health Boards and Trusts on the usual metrics for timescales when they were given authority to submit beyond the usual deadlines.

Normal timescales for inspections and submission dates will resume from autumn 2022. Therefore, the scores will remain the same for the financial year 2022/23 for the Audit/Lessons Learned principle, ie from 2016 with a resumption of inspections and data collection in 2022/23 for the 2023/24 Risk Share apportionments.

### 3. Risk Share Charges 2022/23

The Risk Share Agreement was invoked for the first time in 2019/20 with a **£3.974M** charge to NHS Wales. The 2020/21 and 2021/22 charges were **£13.779M** and **£16.495m** respectively, and the forecast charge for 2022/23 is **£25.345m**.

The table below sets out the apportionment %'s and charges for 2022/23 per Health Board and Trusts with the 2021/22 comparatives:

	2021/22	2022/23	% change	2021/22	2022/23	£ change
<b>Risk Share %'s</b>				<b>Risk Share £'s</b>		
Aneurin Bevan Health Board	16.25%	16.80%	0.55%	£2,680,121	£4,261,419	£1,581,298
Swansea Bay Health Board	16.05%	16.38%	0.33%	£2,646,987	£4,150,433	£1,503,446
Betsi Cadwaladr Health Board	19.02%	19.71%	0.69%	£3,139,429	£4,997,106	£1,857,677
Cardiff & Vale University Health Board	16.07%	14.43%	-1.64%	£2,649,989	£3,657,387	£1,007,398
Cwm Taf Morgannwg Health Board	12.49%	13.15%	0.66%	£2,059,857	£3,332,279	£1,272,422
Hywel Dda Health Board	10.61%	10.74%	0.13%	£1,749,439	£2,721,884	£972,445
Powys NHS Trust	4.74%	4.51%	-0.23%	£781,717	£1,142,601	£360,884
Public Health Wales NHS Trust	1.39%	1.34%	-0.05%	£229,682	£338,627	£108,945
Velindre University NHS Trust	1.11%	1.10%	-0.01%	£183,221	£277,640	£94,419
WAST	2.27%	1.84%	-0.43%	£374,558	£465,624	£91,066
NWSSP	0.00%	0.00%	-0.00%	£0	£0	£0
	100.00%	100.00%	0.00%	16,495,000	25,345,000	8,850,000

The Risk Share for 2022/23 excludes any charges for Health Education and Improvement Wales (HEIW) or Digital Health Care Wales (DHCW). Neither organisation incurred the relevant costs during the 3 year period to 2021/22 which trigger the cost drivers. These organisations do not typically incur negligence costs but there is the potential for property and personal injury claims from either and both have access to Welsh Risk Pool funds.

The table shows the expected increase in the total Risk Share charge from **£16.495m** in 2021/22 to **£25.345m** at the end of 2022/23.

Although some Health Boards percentage share has reduced compared to last year, the expected 2022/23 monetary charge has increased for all, due to the substantial overall increase in the total charge to be apportioned.

#### Detailed analysis of the movement on the Risk Share elements from 2021/22 to 2022/23

The table above, identifies Cardiff & Vale UHB as the only Health Board with either a positive or negative movement above 1% compared to last year. The other organisations have movements below 0.7% either positively or negatively.

The detailed change for all organisations is set out below.

These identify the underlying causes of the percentage movements year on year.

## SWANSEA BAY RISK SHARING AGREEMENT FOR 2022/23

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Swansea Bay UHB	<b>16.38%</b>	3.80%	3.65%	2.05%	2.08%	3.06%	1.74%
<b>2021/22</b>	Swansea Bay UHB	<b>16.05%</b>	3.78%	3.48%	1.59%	2.57%	2.89%	1.74%

Swansea Bay's share has increased since last year from 16.05% to 16.38%. The main drivers for the increase relate to the Claims History, PTR and PPO elements which have been partially offset by a decrease in the Cashflow <1 Year element.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Swansea Bay's proportion has increased from 3.48% in the previous 3 year rolling period (2018/19 to 2020/21) to 3.65% for 2019/20 to 2021/22.

The total value of reimbursements paid to Swansea Bay for the 3 year rolling period to 2021/22 was **£2M** higher than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the increase relates more to the absolute increase in the SBU value rather than any proportional impact, from a changed total reimbursement value.

**The PTR %** – is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. SBU have passed more claims proportionately and numerically to L&RS compared to last year.

**PPO %** – Annual PPO expenditure for SBU settled cases in 2021/22 was higher proportionately than in the previous year.

**Cashflow < 1 Year** refers to the value of 2022/23 forecast cashflows for case settlements on the L&Rs database. A lesser proportion of forecast expenditure on the L&Rs database relates to SBU than in 2021/22.

**ANEURIN BEVAN  
RISK SHARING AGREEMENT FOR 2022/23**

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Aneurin Bevan UHB	<b>16.80%</b>	5.59%	1.65%	2.29%	3.53%	2.59%	1.16%
<b>2021/22</b>	Aneurin Bevan UHB	<b>16.25%</b>	5.59%	1.50%	1.88%	3.82%	2.30%	1.16%

Aneurin Bevan's share has increased since last year from 16.25% to 16.80%. The main drivers for the increase relate to the Claims History, PTR and PPO elements which have been partially offset by a decrease in the Cashflow <1 Year element.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Aneurin Bevan's proportion has increased from 1.50% in the previous 3 year rolling period (2018/19 to 2020/21) to 1.65% for 2019/20 to 2021/22.

The total value of reimbursements paid to Aneurin Bevan for the 3 year rolling period to 2021/22 was **£1.7M** higher than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the increase relates more to the absolute increase in the Aneurin Bevan value rather than any proportional impact, from a changed total reimbursement value.

**The PTR %** – is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. Aneurin Bevan have passed more claims proportionately and numerically to L&RS compared to last year.

**PPO %** – Annual PPO expenditure for Aneurin Bevan settled cases in 2021/22 was higher proportionately than in the previous year.

**Cashflow < 1 Year** refers to the value of 2022/23 forecast cashflows for case settlements on the L&Rs database. A lesser proportion of forecast expenditure on the L&Rs database relates to Aneurin Bevan than in 2021/22.



## CARDIFF & VALE

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Cardiff & Vale Health Board	<b>14.43%</b>	4.14%	4.45%	0.73%	2.90%	0.99%	1.22%
<b>2021/22</b>	Cardiff & Vale Health Board	<b>16.07%</b>	4.14%	5.32%	1.46%	2.84%	1.09%	1.22%

The Cardiff & Vale table shows the % has reduced since last year. The overall reduction from 16.07% to 14.43% mostly relates to two elements, 'Claims History' and 'PTR' with a smaller reduction in the PPO element.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Cardiff & Vale's proportion has reduced from 5.32% in the previous 3 year rolling period (2018/19 to 2020/21) to 4.45% for 2019/20 to 2021/22.

The total value of reimbursements paid to Cardiff & Vale for the 3 year rolling period to 2021/22 was **£10M** lower than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the decrease relates more to the absolute reduction in the Cardiff & Vale value rather than any proportional impact, from a changed total reimbursement value.

**The PTR %** – is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. C&V have passed less claims proportionately and numerically to L&RS compared to last year.

**PPO %** – Annual PPO expenditure for Cardiff & Vale settled cases in 2021/22 was slightly lower proportionately than in the previous year.

## BETSI CADWALADR

### SUMMARY: NEW RISK SHARING AGREEMENT FOR 2022/23

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Betsi Cadwaladr Health Board	<b>19.71%</b>	6.93%	3.64%	2.15%	3.06%	1.80%	2.14%
<b>2021/22</b>	Betsi Cadwaladr Health Board	<b>19.02%</b>	6.93%	4.01%	2.13%	2.00%	1.81%	2.14%

The Betsi Cadwaladr table shows an increase overall compared to last year from 19.02% to 19.71%.

The overall increase mostly relates to increases for Cashflow < 1 year' element, partially offset by a decrease in the Claims History element.

**Cashflow < 1 Year** refers to the value of 2022/23 forecast cashflows for case settlements on the L&Rs database. A greater proportion of forecast expenditure on the L&Rs database relates to BCU than in 2021/22.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Betsi Cadwaladr's proportion has reduced from 4.01% in the previous 3 year rolling period (2018/19 to 2020/21) to 3.64% for 2019/20 to 2021/22.

The total value of reimbursements paid to Betsi Cadwaladr for the 3 year rolling period to 2021/22 was **£4.5M** lower than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the decrease relates more to the absolute decrease in the Betsi Cadwaladr value rather than any proportional impact, from a changed total reimbursement value.

## CWM TAF MORGANNWG HEALTH BOARD

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Cwm Taf Health Board	<b>13.15%</b>	4.47%	3.19%	1.41%	1.88%	0.87%	1.33%
<b>2021/22</b>	Cwm Taf Health Board	<b>12.49%</b>	4.47%	1.62%	1.92%	2.37%	0.78%	1.33%

The Cwm Taf Morgannwg table shows the % has increased since last year. The overall increase from 12.49% to 13.15% mostly relates to one element, 'Claims History' with a smaller increase in the PPO %. These have been partially offset via decreases in % for the PTR and Cashflow <1 year elements, but not sufficiently to avoid an overall increase in the apportionment.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Cwm Taf Morgannwg's proportion has increased from 1.62% in the previous 3 year rolling period (2018/19 to 2020/21) to 3.19% for 2019/20 to 2021/22.

The total value of reimbursements paid to Cwm Taf Morgannwg for the 3 year rolling period to 2021/22 was **£18M** higher than for the previous 3 year period to 2020/21. This follows a catch up of reimbursements following a backlog of submitted claims for

reimbursement in 2021/22. These had been delayed due to outstanding lessons learned submissions prior to reimbursement.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the increase relates more to the absolute increase in the Cwm Taf Morgannwg value rather than any proportional impact, from a changed total reimbursement value.

**PTR** – this element is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. Cwm Taf Morgannwg have passed less claims proportionately and numerically, to L&RS compared to last year.

**Cashflow < 1 Year** refers to the value of 2022/23 forecast cashflows for case settlements on the L&Rs database. A lesser proportion of forecast expenditure on the L&Rs database relates to Cwm Taf Morgannwg than in 2021/22.

## HYWEL DDA

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Hywel Dda Health Board	<b>10.74%</b>	3.75%	2.96%	1.02%	1.12%	0.32%	1.57%
<b>2021/22</b>	Hywel Dda Health Board	<b>10.61%</b>	3.75%	3.16%	0.79%	0.86%	0.48%	1.57%

The Hywel Dda table shows the % has increased since last year. The overall increase from 10.61% to 10.74% relates to two elements, 'PTR' and 'Cashflow <1 year'. These are partially offset via decreases in % for the 'Claims History' and 'PPO' elements.

**PTR** – this element is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. Hywel Dda have passed more claims proportionately and numerically, to L&RS compared to last year.

**Cashflow < 1 Year** refers to the value of 2022/23 forecast cashflows for case settlements on the L&Rs database. A greater proportion of forecast expenditure on the L&Rs database relates to Hywel Dda than in 2021/22.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Hywel Dda's proportion has decreased from 3.16% in the previous 3 year rolling period (2018/19 to 2020/21) to 2.96% for 2019/20 to 2021/22.

The total value of reimbursements paid to Hywel Dda for the 3 year rolling period to 2021/22 was **£2.3M** lower than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the increase relates more to the absolute reduction in the Hywel Dda value, rather than any proportional impact from a changed total reimbursement value.

**PPO %** – Annual PPO expenditure for Hywel Dda settled cases in 2021/22 was lower proportionately than in the previous year.

## POWYS

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Powys Health Board	<b>4.51%</b>	1.33%	0.02%	0.10%	0.25%	0.31%	2.50%
<b>2021/22</b>	Powys Health Board	<b>4.74%</b>	1.34%	0.00%	0.08%	0.23%	0.59%	2.50%

The Powys table shows the % has decreased since last year. The overall reduction from 4.74% to 4.51% relates mainly to the PPO element.

**PPO %** – Annual PPO expenditure for Powys settled cases in 2021/22 was lower numerically and proportionately than in the previous year. The decrease is due to two factors;

- one claimant mortality in 2021/22.
- Proportionately, the other Health Boards typically settle cases with a Periodical Payment Order far more frequently, and therefore, Powys payments have a diminishing proportion of the total payments year on year.

## PUBLIC HEALTH WALES

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Public Health Wales	<b>1.34%</b>	0.00%	0.26%	0.05%	0.11%	0.00%	0.92%
<b>2021/22</b>	Public Health Wales	<b>1.39%</b>	0.00%	0.33%	0.04%	0.10%	0.00%	0.92%

The Public Health Wales table shows the % has decreased slightly since last year. The overall decrease from 1.39% to 1.34% mainly relates to the 'Claims History' element.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Public Health Wales proportion has reduced from 0.33% in the previous 3 year rolling period (2018/19 to 2020/21) to 0.26% for 2019/20 to 2021/22.

The total value of reimbursements paid to Public Health Wales for the 3 year rolling period to 2021/22 was **£830K** lower than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the decrease relates more to the absolute reduction in the Public Health Wales reimbursement value rather than any proportional impact, from a changed total reimbursement value.

### VELINDRE UNIVERSITY NHS TRUST

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Velindre NHS Trust	<b>1.10%</b>	0.00%	0.05%	0.00%	0.00%	0.00%	1.05%
<b>2021/22</b>	Velindre NHS Trust	<b>1.11%</b>	0.00%	0.06%	0.00%	0.00%	0.00%	1.05%

The Velindre table shows the % has remained relatively stable since last year. The 'Claims History' element has reduced marginally due to a slight reduction in the value of reimbursements for the 3 year period to 2021/22 compared to the 3 year period to 2020/21.

### WELSH AMBULANCE SERVICE TRUST

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
<b>Risk Weightings</b>			<b>30%</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>
<b>2022/23</b>	Welsh Ambulance NHS Trust	<b>1.84%</b>	0.00%	0.15%	0.20%	0.06%	0.07%	1.36%
<b>2021/22</b>	Welsh Ambulance NHS Trust	<b>2.27%</b>	0.00%	0.54%	0.08%	0.21%	0.08%	1.36%

The Welsh Ambulance Trust table shows the % has decreased since last year. The overall reduction from 2.27% to 1.84% relates to two elements, 'Claims History' and 'Cashflow <1 year. These are being partially offset via increases in % for the 'PTR' element.

**The Claims History %** relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, the Welsh Ambulance Service's proportion has reduced from 0.54% in the previous 3 year rolling period (2018/19 to 2020/21) to 0.15% for 2019/20 to 2021/22.

The total value of reimbursements paid to the Welsh Ambulance Service for the 3 year rolling period to 2021/22 was **£4.5M** lower than for the previous 3 year period to 2020/21.

The value of total reimbursements across NHS Wales for both 3 year periods was very similar; £234.6M to March 2021 and £234.2M to March 2022. Therefore, the decrease relates more to the absolute reduction in the Welsh Ambulance reimbursement value rather than any proportional impact, from a changed total reimbursement value.

**Cashflow < 1 Year** refers to the value of 2022/23 forecast cashflows for case settlements on the L&Rs database. A lesser proportion of forecast expenditure on the L&Rs database relates to the Welsh Ambulance Service than in 2021/22.

**PTR** – this element is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. WAST have passed more claims proportionately and numerically, to L&RS compared to last year.

## CONCLUSION

The current Risk Share methodology,

- weights various contributory factors in order to provide a balanced and equitable system
- is transparent and auditable in its application
- does not rely heavily on past events
- provides emphasis on activity and behaviour of the last year
- measures the impact of short-term cash flows (within 12 months)
- accounts for the percentage of the allocation (PPO) that is utilised before any in-year settlements
- provides reward for managing Putting Things Right effectively
- can be updated every year to reflect recent activity and progress
- allows the inclusion of NHS Trusts that impact on the allocation usage but which were ignored from the previous formula
- utilises systems and databases that can be easily manipulated and analysed in a timely manner to derive the formula for forthcoming years to meet organisations IMTP submissions

The percentages above will only apply for 2022/23. Behaviours and patterns will change over the course of the next year and each of the areas will be recalculated as outlined in this report.

Over the longer term, successful strategies will yield lower risk weightings whilst health organisations that continue to yield high and expensive case loads will incur a larger proportion of the risk weighting.

## RECOMMENDATION

The Welsh Risk Pool Committee are asked to **APPROVE** the updated Risk Share charges to NHS Wales for 2022/23



## Appendix 6b: Welsh Risk Pool

<b>CIRCULATION:</b>	Welsh Risk Pool Committee
	Directors of Finance
	Welsh Government
<b>DATE:</b>	21 <sup>st</sup> September 2022
<b>AGENDA ITEM:</b>	
<b>PREPARED BY:</b>	Sue Saunders – WRP/L&Rs Finance Business Partner
<b>RESPONSIBLE HEAD OF SERVICE:</b>	Linsay Payne – Deputy Director of Finance & Corporate Services
<b>TITLE OF REPORT</b>	Welsh Risk Pool – Finance Update
<b>PURPOSE OF REPORT:</b>	To provide an update on year to date expenditure and to highlight any significant risks to the outturn forecast.

The Welsh Risk Pool Committee is requested to **NOTE:**

1. The DEL forecast update for 2022/23
2. The increases in the updated forecast DEL charges for future years
3. The increases in the updated forecast AME charges for 2022/23 and future years
4. The increases in the updated forecast Risk Share charges and apportionments for 2022/23 and future years



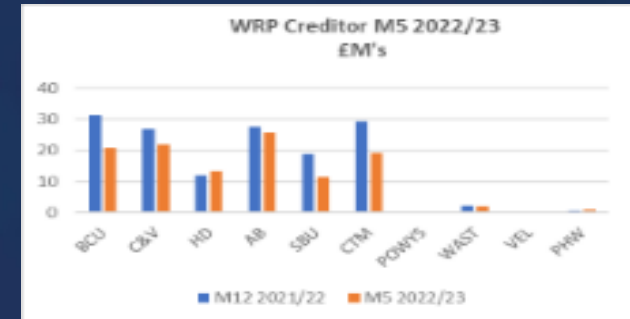
## WRPC DASHBOARD SUMMARY 1<sup>st</sup> APRIL 2022 TO 31<sup>st</sup> AUGUST 2022

Month 5 2022/23	£000s
Actual spend to August 2022	20,963
Settled cases – awaiting payment	9,441
Joint Settlement/Round Table Meeting/Offer	40,813
Periodical Payment Orders to March 2023	18,263
<b>Sub Total</b>	<b>89,480</b>
Future Estimated Settlements	37,539
Month 5 2022/23 DEL forecast - MIN	127,019
Month 5 2022/23 DEL forecast - MAX	142,281
IMTP DEL Forecast 2022/23	134,780

DEL expenditure to M5 is **£20.963m** compared to £20.798m to M5 in 2021/22. The M5 forecast is currently within a range of **£127.019m-£142.281m** with the £134.780m IMTP forecast remaining in the middle of this range. The forecast therefore remains within a manageable range to achieve the IMTP position.

Expenditure To Date	2021/22 £M	2022/23 £M
Reimbursements & Directly Managed Claims	54.087	52.735
Periodical Payments made to date	0.521	0.916
Redress Reimbursements	0.965	0.95
EIDO (Patient Information Leaflets) /Clinical Negligence Salary Subsidy/Welsh Risk Pool Charges	0.367	0.324
Movement on Claims Creditor	-35.142	-33.961
Year to date expenditure	20.798	20.964

The M5 position is approximately the same as at M5 in 2021/22. The similarity in expenditure at this point, between the two years will relate more to coincidence than any correlation. The profile for settlements is not linear. Cases do not settle with similar values at regular intervals in each year.



The majority of health bodies have reduced creditor balances since the year end. Hywel Dda and PHW are the only health bodies with an increased creditor balance.

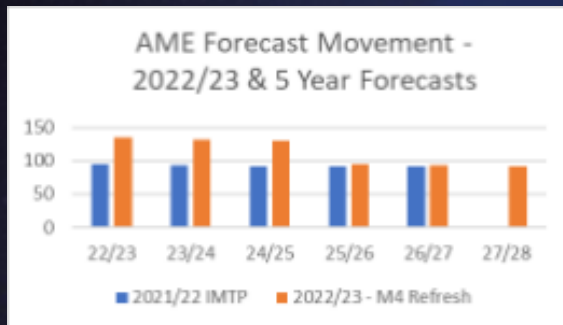


DEL forecasts include the aggregation of the Redress and Clinical Negligence budgets from 2022/23. Following receipt of the M4 returns, the future year forecasts have been updated and have increased slightly from the forecast values in the 2022/23 IMTP.



The increase in Risk Share forecasts directly correlate with the increases in the DEL forecasts. The current trend shows charges are likely to increase significantly over the medium term. The Risk Share forecast for 2022/23 is **£25.345M** as forecast in our IMTP. The forecast was reviewed again in early August which reconfirmed this requirement to be funded under the risk share.

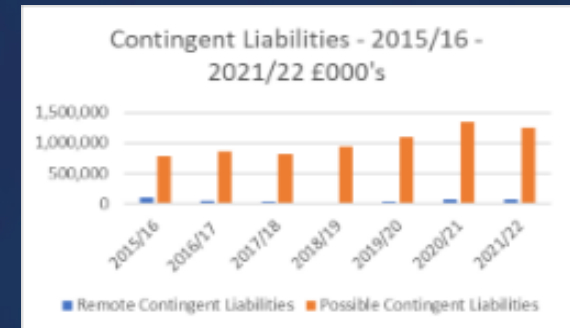
The 2022/23 risk share apportionment was revised to reflect the updated cost driver information from the 2021/22 outturn position. This resulted in some sizeable changes to the contributions from Organisations as a result of movements in the actual 2021/22 data.



Long term (AME) provisions have increased by **£75M** following receipt of the M4 returns from NHS Wales. The refreshed forecast shows provisions are likely to continue to increase over the next few years with smaller increases expected in later years for inflationary adjustments.



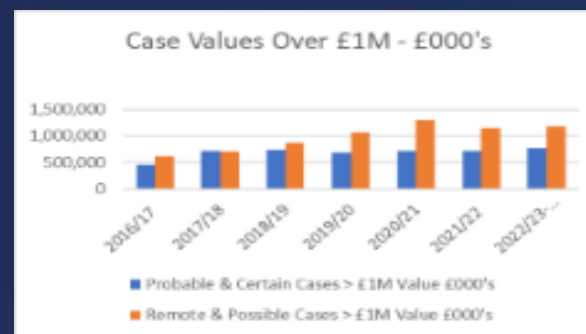
The forecast has been refreshed following receipt of the first Health Board returns in early August. Provisions have increased by a further **£75M** at M4 following the **£296M** increase in 2021/22. Provisions increased by 112% from £673million to £1.43billion from 2015/16 to 2021/22.



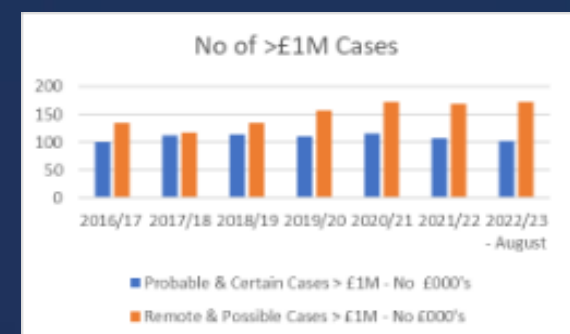
These cases have a probability of settlement of less than 50% and are classified as contingent liabilities. The trend acts as a signpost for future activity as a substantial % of these convert to a Probable or Certain status when more information becomes available.



Case numbers have decreased over the past 12 months from 1,819 to 1,763 cases at the end of August, a decrease of 56 cases. Within this total, there are 96 fewer cases <£25K and 32 more cases in the >£25K to <£100K range. There are 55 fewer cases below £1M (mainly in the <£25K cohort) and case less above £1M than at this point last year.



Total liabilities for cases valued over a £1M have increased significantly over the past few years. The total value of Remote & Possible cases has increased by 88% whilst Probable & Certain cases have increased by 69% over the same period.



The number of >£1M cases has plateaued over the past 12 months. There are approximately 16% more cases valued over £1M than in 2016/17. This compares to the significantly higher case value increases over the same period.

## Welsh Risk Pool Funding Arrangements

The WRP receives two funding streams:

- Departmental Expenditure Limit (DEL) to meet in year costs associated with settled claims. Expenditure above the annual allocation is recouped from Health Boards and Trusts using a risk sharing agreement approved by the NWSSP Partnership Committee for core claims growth.
- Annually Managed Expenditure (AME) to meet the cost of accounting for the long term liabilities of claims. This budget is based on estimates provided directly to the Welsh Government by the WRP.

### DEPARTMENTAL EXPENDITURE LIMIT (The 'DEL')

The WRP utilises DEL resource through the following expenditure headings:

- Reimbursements to members
- Movement on the WRP Claims Creditor
- Payments in respect of a WRP managed claim (former HA claims)
- Payments in respect of claims settled using a Periodical Payment Order (PPO)

The Welsh Government (WG) core allocation for the year is **£109.435M** for clinical negligence, personal injury and redress claims.

As at the end of Month 5 a total of **£20.964m** has been utilised and a detailed breakdown is provided below with the 2021/22 comparator.

ExpenditureType	Position as at M5 21/22	Position as at M5 22/23
Claims reimbursed & WRP ManagedExpenditure	54.087	52.735
Periodical Payments made to date	0.521	0.916
RedressReimbursements	0.965	0.950
EIDO – Patientconsent	0.062	0
Clinical Negligence Salary Subsidy	0.229	0.229
WRP Transfers, Consent, Prompt, CTG	0.076	0.095
Movementon ClaimsCreditor	-35.142	-33.961
<b>Year to date expenditure</b>	<b>20.798</b>	<b>20.964</b>

The position is approximately the same as the M5 position in 2021/22.

Case settlements, however, do not follow a linear trend and the similarity between the two years at this point is coincidental. Cases do not settle at similar values and regular intervals in each year.

## Movement on Claims Creditor

As at the beginning of the financial year, the claims creditor was **£149.289M** and this has decreased to **£115.328M** at the end of August. This figure represents the total of all cases that have been settled/interim payments agreed where:

- The Health Organisation has paid the claimant but not yet sought reimbursement from the WRP.
- Settlement has been reached in year but no payment has yet been made to the claimant.

The creditor will also include a backlog of deferred cases where the Health Board or Trust has not yet met the Learning from Events requirements placed on individual cases.

## Creditor Movement to M5

	Movement on Creditors		
	2021/22- M12	2022/23- M5	Movement
	£M	£M	£M
<b>SWANSEABAY</b>	18.753	11.449	-7.304
<b>ANEURINBEVAN</b>	27.717	25.813	-1.904
<b>BETSI CADWALADR</b>	31.331	20.635	-10.696
<b>CARDIFF &amp; VALE</b>	26.923	21.977	-4.946
<b>CWM TAF MORGANNWG</b>	29.224	19.157	-10.067
<b>HYWELDDA</b>	12.052	13.215	1.163
<b>POWYS</b>	0.171	0.173	0.002
<b>PHW</b>	0.745	0.830	0.085
<b>WAST</b>	2.364	2.070	-0.294
<b>VELINDRE</b>	0.009	0.009	0
	<b>149.289</b>	<b>115.328</b>	<b>-33.961</b>

Most Health Organisations have reduced creditor balances since the beginning of the financial year. The largest relates to the Betsi Cadwaladr creditor which has reduced by £10.7M. Hywel Dda and PHW have increased creditor balances since the yearend date.

## DEL Forecast 2022/23

The forecast is based on the Legal & Risk database and the solicitor estimates within this regarding the value and timing of cashflows required for cases due to settle this year.

These are reviewed in detail by the WRP Finance Manager with ongoing discussions with the case solicitor to track case progression where cases have estimated cashflows on the database above £200K for 2022/23.

Cashflows for 2022/23 on the database currently indicate a potential minimum yearend DEL charge of **£127.019M**, compared to the IMTP forecast of **£134.780M**. There are, however, a number of cases which could potentially settle for a higher value than currently estimated. There are also some cases which are likely to qualify as an accrual at the yearend date where estimated settlement dates are currently in the next quarter of the financial year but which are likely to be brought forward.

The current maximum forecast at M5 is **£142.281M**. The table also shows the minimum DEL forecast at this point last year was **£120.969M** with an eventual actual outturn of **£129.615M**.

The above reflects the inherent uncertainty in the forecast at this point in the year due to the number of cases remaining to settle.

The risk factor also increases as the financial year progresses, due to the potential for Round Table Meeting delays, or from eventual settlements above or below forecast values. High value cases continue to be monitored individually with frequent discussions with case solicitors to identify any potential impact on the year end outturn.

The current DEL forecast is set out in the table below following receipt of the Month 5 Health Board and Trust returns and following a detailed review of high value cases expected to settle this year.

DEL Forecastas at Month5	£000s 2021/22	£000s 2022/23
Actual spend to August (21/22 excludes Redress)	20,174	20,964
Settled cases – awaiting payment	8,687	9,441
Joint Settlement Meeting/Round Table Meeting/Offer	33,622	40,813
Periodical Payment Orders to March 2023	14,786	18,262
<b>Sub Total</b>	<b>77,269</b>	<b>89,480</b>
Personal Injury – estimate to March 2023	2,042	2,042
Highly likely – Round Table Meeting planned	20,538	12,234
Possible settlements before 31/03/2023	8,162	10,628
Estimate - 40% of Probable Claims <£200K	1,891	1,751
Estimate – 40% of Certain Claims <£200K	7,047	6,928
Estimate – Managed Claims	1,750	1,750
Legal & Risk – Clinical Negligence Salary costs	321	321
Nosocomial Claims estimate	583	583
Redress – estimate to March 2023	1,284	1,167
WRP charges	82	135
<b>Month 5 DEL forecast</b>	<b>120,969</b>	<b>127,019</b>
<b>IMTP DEL Forecast</b>	<b>123,495</b>	<b>134,780</b>
<b>Actual Outturn 2021/22; Maximum Forecast 2022/23</b>	<b>129,615</b>	<b>142,281</b>

## Risks and Assumptions - DEL Forecast 2022/23

Estimated settlement dates on the database are dependent on the timely receipt of information from various external sources, including Health Boards, claimant solicitors, expert witnesses and barristers, and subsequent findings can either cause further delays or accelerate the settlement date.

The typical risks inherent in the forecast are set out below:

- Claimant preference might not yet be known or can change quite late in negotiations so there remains the risk of a significant overspend if even two or three cases settle with a higher lump sum than estimated or on a lump sum basis only.
- The timing of settlements is dependent on the receipt of timely information from claimant solicitors, claimant medical assessment appointments and expert and barrister availability.
- Inflation is expected to have a material impact on the DEL position this year and the forecast includes uplift assumptions for periodical payments and their subsequent impact on provisions. The current assumptions may be higher or lower than the indices reported in the HM Treasury paper to be released in December.

The assumptions in the forecast are as follows::

- 100% provided for cases with Round Table Meetings, planned or highly likely
- 40% provided for less certain high value cases
- 40% for cases with cashflows in year less than £200K
- 50% Periodical Payment Orders - assumption for high value cases

Individual high value cases over £200K are reviewed individually on a monthly basis to track case progression.



## Annually Managed Expenditure (AME)

Total provisions have been refreshed following receipt of the first AME (Annually Managed Expenditure) returns for 2022/23 from NHS Wales Organisations.

The table shows provisions have increased by a further **£75M** to M5 in 2022/23. This follows a £296M increase in 2021/22. The significant increase in provisions last year related mainly to financial adjustments for the movement in discount and inflationary rates rather than an increase in case numbers. This upward trend continues in 2022/23.

With reference to the Legal & Risk database, case numbers have reduced slightly since the yearend from 1,792 to 1,763 open cases at the end of August, although the number of Probable & Certain cases on the L&Rs database has remained relatively stable since the yearend.

There were 635 cases with a net quantum of £817M at the end of March, compared to 633 cases with a net quantum of £855M at the end of August. Case valuations continue to rise as they near settlement.

The number of >£1M cases has also remained stable. There were 107 (£720M) cases at the end of March compared to 106 (£772M) at the end of August.

These values differ slightly from Health Board return values due to local adjustments for payment timings and case closures.

## AME Movement as at M5 and 2022/23 Forecast

	Closing Provision @ M12 2021/22 £m	Closing Provision @ M5 2022/23 £m	Movement to M5 £m	Forecast 31/3/2023 2022/23	Forecast Movement 2022/23
Probable or certain	796.41	863.572	<b>67.162</b>	<b>892.29</b>	<b>95.88</b>
Structured Settlements/ PPOs	633.177	640.949	<b>7.772</b>	<b>672.774</b>	<b>39.597</b>
	<b>1,429.587</b>	<b>1,504.521</b>	<b>74.934</b>	<b>1565.064</b>	<b>135.477</b>

The 2022/23 forecast has been refreshed following receipt of the M4 returns from Health Boards and Trusts.

The table shows provisions are forecast to increase by a further **£135M** this year from the **£75M** increase at M5.

The estimate is based on trend analysis and inflationary assumptions. These may be higher or lower than this year's updated inflationary factors published in the next HM Treasury Public Expenditure paper to be released in December 2022.

## DEL & Risk Share Agreement - 5 Year Forecast

	FORECAST DEL CHARGES 2023/24 - 2027/28				
	2023/24	2024/25	2025/26	2026/27	2027/28
Month 4 2022/23	136.944	138.339	139.554	140.778	142.009
Month 9 2021/22	136.138	137.505	137.874	138.248	
Increase since 2021/22 IMTP	0.806	0.834	1.681	2.529	

The table above sets out the refreshed forecast DEL charges for the next 5 years following receipt of the first Health Board and Trust returns at the beginning of August.

The latest modelling shows further increases in the estimated charges for future years since the 2021/22 forecast. These will partially relate to inflationary uplifts since the December HMT Treasury paper was released, but is also due to a slight increase in the trend for high value case settlements year on year.

	RISK SHARE CHARGES 2023/24 - 2027/28				
	2023/24	2024/25	2025/26	2026/27	2027/28
Month 4 2022/23	27.509	28.904	30.119	31.343	32.574
Month 9 2021/22	26.703	28.070	28.439	28.813	
Increase since 2021/22 IMTP	0.806	0.834	1.681	2.529	

The Risk Share forecast directly correlates with DEL expenditure and will increase at the same value as the DEL charge for any excess over the current £109.435m WG allocation.

## AME (Annually Managed Expenditure) - 5 year forecast

	AME MOVEMENTS 2023/24 - 2027/28				
	2023/24	2024/25	2025/26	2026/27	2027/28
Gross Increase	269.289	269.29	234.29	234.29	234.29
DEL Utilisation	-136.944	-138.34	-139.55	-140.78	-142.01
Month 4 2022/23	132.345	130.950	94.734	93.511	92.279
Month 7 2021/22	93.719	92.35	91.98	91.61	
Increase since 2021/22 IMTP	38.625	38.60	2.75	1.90	

Provisions are expected to continue to increase over the next few years although the rate of increase should reduce. Inflation is expected to fall back from it's current levels over the longer term compared to the significant increases expected in 2022/23 HM Treasury forecasts.



## Risk Share Agreement 2022/23

Four of the five cost drivers underpinning the Risk Share percentages have been updated to take account of performance data for the three years to 2021/22.

The 2016 scores will continue to be used for the Audit/Lessons Learned 2022/23 risk share drivers. These will be updated for 2023/24 Risk Share values following the resumption of inspections later in the year.

The risk share values will be apportioned across NHS Wales including for the first time, DHCW and HEIW from 2022/23 if they trigger any of the cost drivers other than the revenue measure.

The first table shows the updated final Risk Share values (with 2021/22 comparative) for the **£134.780M** IMTP forecast for 2022/23.

The second table shows the updated indicative 2023/24 Risk Share values (using 2021/22 apportionments pending 22/23 complete data).

## 2022/23

	RSA 2021/22	2021/22	Planned RSA 2022/23 - IMTP	RSA 2022/23 Updated %	RSA 2022/23 Updated £	Movement from forecast
ANEURIN BEVAN	16.25%	2,680,121	4,118,077	16.80%	4,261,419	143,342
SWANSEA BAY	16.05%	2,646,987	4,067,165	16.38%	4,150,433	83,268
BETSI CADWALADR	19.02%	3,139,429	4,823,814	19.71%	4,997,106	173,292
CARDIFF & VALE	16.07%	2,649,989	4,071,778	14.43%	3,657,387	-414,391
CTM	12.49%	2,059,857	3,165,025	13.15%	3,332,279	167,254
HYWEL DDA	10.61%	1,749,439	2,688,059	10.74%	2,721,884	33,825
POWYS	4.74%	781,717	1,201,128	4.51%	1,142,601	-58,527
PHW	1.39%	229,682	352,912	1.34%	338,627	-14,285
VELINDRE	1.11%	183,221	281,524	1.10%	277,640	-3,884
WAST	2.27%	374,558	575,518	1.84%	465,624	-109,894
<b>TOTAL</b>	<b>100.00%</b>	<b>16,495,000</b>	<b>25,345,000</b>	<b>100%</b>	<b>25,345,000</b>	<b>0</b>

## 2023/24

	RSA 2022/23	2022/23 Final	RSA 2023/24	Indicative 2023/24	Movement compared to 2022/23
ANEURIN BEVAN	16.80%	4,261,419	16.80%	4,625,266	363,847
SWANSEA BAY	16.38%	4,150,433	16.38%	4,504,804	354,371
BETSI CADWALADR	19.71%	4,997,106	19.71%	5,423,768	426,662
CARDIFF & VALE	14.43%	3,657,387	14.43%	3,969,661	312,274
CTM	13.15%	3,332,279	13.15%	3,616,795	284,516
HYWEL DDA	10.74%	2,721,884	10.74%	2,954,283	232,399
POWYS	4.51%	1,142,601	4.51%	1,240,159	97,558
PHW	1.34%	338,627	1.34%	367,539	28,912
VELINDRE	1.10%	277,640	1.10%	301,345	23,705
WAST	1.84%	465,624	1.84%	505,380	39,756
<b>TOTAL</b>	<b>100%</b>	<b>25,345,000</b>	<b>100%</b>	<b>27,509,000</b>	<b>2,164,000</b>

## Clinical Negligence – Analysis of Ongoing Claims

A high-level analysis of claims by probability and gross value at month 5 shows the scale of the financial challenge faced by NHS Wales. Overall, case numbers and the total quantum value have *decreased* by 3% and 2.5% respectively since August 2021, whilst average case values over the total caseload have *increased* by 0.54% over the past 12 months.

Overall, quantum valuations have remained relatively stable over the 12 month period, but within this total, Probable & Certain cases have risen from £849M to £937M, and average case values have increased by **11%**. This reflects the upward trend in case valuations as they near settlement.

Within the first table, 53% of the total number of cases have a 'Possible' status with a combined liability of **£1.2Bn**. These cases are not currently provided for in the forecast or accounted for as a provision in the accounts because of the level of uncertainty regarding the liability and value of claim.

The second table shows the distribution of the number of cases across a range of values:

The August 2021 comparator shows that overall case numbers have *decreased* by 56 or 3% over the last 12 months.

There are 55 less cases under £1M and 1 less case valued above £1M. There are 8 more cases in the £1M to <£5M range and 9 less above £5M compared to this point last year.

Within the under £1M cohort, there are 96 less cases valued <£25K compared to last year, and 41 more cases in the >100K to £1M range.

## Legal & Risk Database Analysis of Open Claims as at 31<sup>st</sup> August 2022

Assessment of probability	Number of claims @ Aug 2021	Estimated value £M's	Number of claims @ Aug 2022	Estimated value £M's
Unspecified	56	<b>31.72</b>	38	<b>22.99</b>
Remote	54	<b>38.50</b>	92	<b>101.08</b>
Possible	967	<b>1,417.66</b>	933	<b>1,222.19</b>
Probable	126	<b>160.43</b>	129	<b>175.56</b>
Certain	513	<b>688.34</b>	504	<b>761.43</b>
Finalised	103	<b>29.18</b>	67	<b>22.12</b>
<b>Total</b>	<b>1,819</b>	<b>2,365.83</b>	<b>1,763</b>	<b>2,305.37</b>

Probability of loss	Number of cases						Total
	<£25K	<£100K	<£1M	<£5M	<£15M	>£15M	
Unspecified	30	0	6	0	2	0	38
Remote	63	11	9	1	6	2	92
Possible	174	271	324	71	78	15	933
Probable	11	44	53	8	10	3	129
Certain	94	178	147	45	30	10	504
Finalised	67	0	0	0	0	0	67
<b>Total Aug 2022</b>	<b>439</b>	<b>504</b>	<b>539</b>	<b>125</b>	<b>126</b>	<b>30</b>	<b>1,763</b>
<b>Total Aug 2021</b>	<b>535</b>	<b>472</b>	<b>530</b>	<b>117</b>	<b>132</b>	<b>33</b>	<b>1,819</b>

## Total Number of Cases per Month

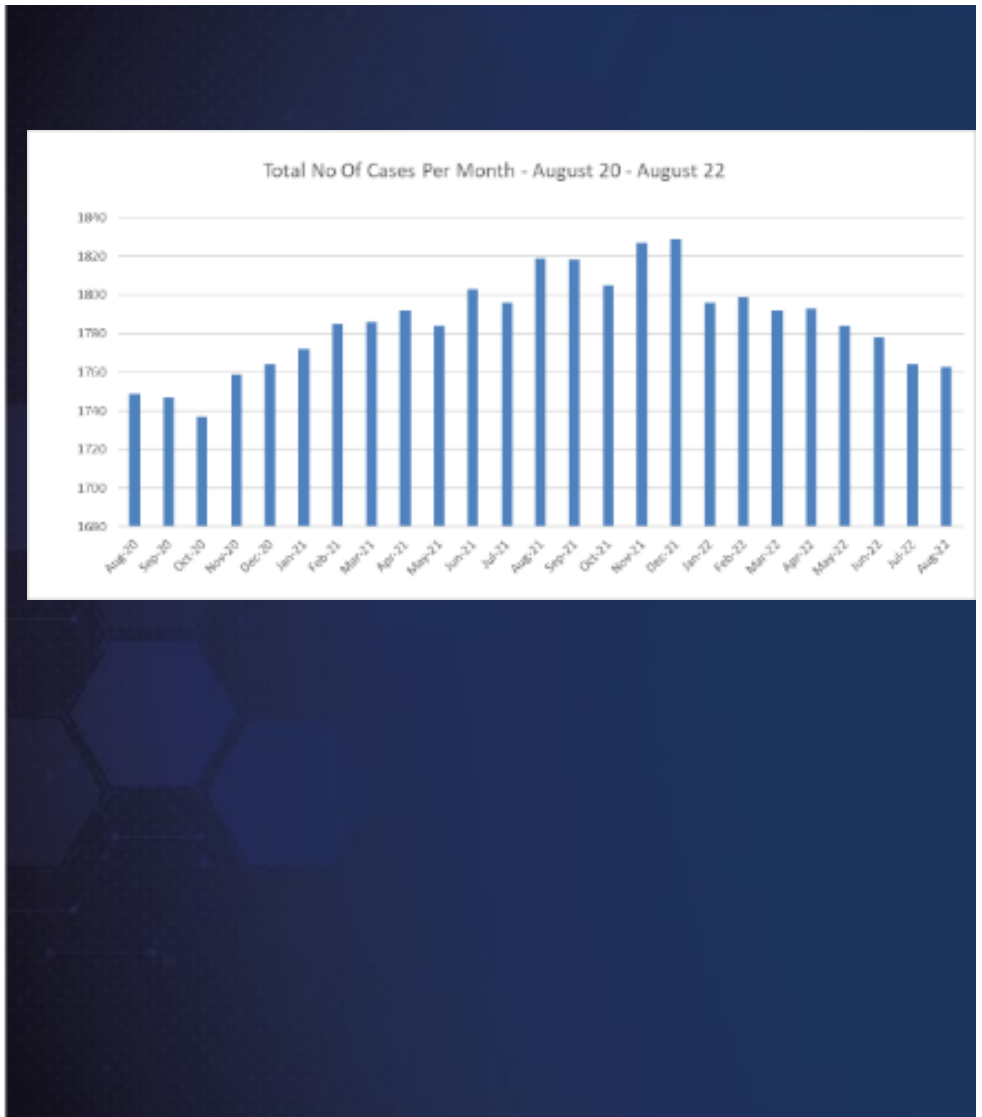
The number of new matters opened since 1<sup>st</sup> April 22 is 225 compared to 219 for the first 5 months of 21/22. The number of closed matters is 254 compared to 186 for the first quarter of 2021/22

The graph shows case number fluctuations over the previous 24 month period.

Numbers have increased over the last two years but have reduced over the past 12 months by 3% or 56 cases; this is mainly due to the higher closure rate than at this point in 2021/22.

However, the number of Probable and Certain cases within overall case numbers has remained relatively constant; 633 cases compared to 639 cases at this point last year and this is where the focus on case management is most concentrated.

**Appendix 1** sets out the movement on the number of cases during the year by Health Board.



## GMPI (General Medical Practice Indemnity)

The GMPI covers claims for compensation arising from the care, diagnosis and treatment of a patient following incidents that happen on or after 1 April 2019 in relation to General Medical Practice work.

Claims are reimbursed without application of the £25K excess applied to clinical negligence claims and the total value of claims will be met by Welsh Government. The current caseload consists of the following to 2<sup>nd</sup> August 2022:-

**GMPI CASELOAD 2019/20 2022/23 YTD**

	2019/20	2020/21	2021/22	2022/23	Total
<b>General Queries</b>	1,293	1,568	1,173	576	<b>4,610</b>
<b>Concerns &amp; Complaints</b>	96	121	124	81	<b>422</b>
<b>Potential claims</b>	34	35	68	38	<b>175</b>
<b>Letter of Claim Received</b>	3	9	17	6	<b>35</b>

## Professional Impact of Legal & Risk Services

Legal and Risk Services have reported professional influence savings of **£44.361M** compared to **£33.977M** to M5 in 2021/22 and compared to the full year total of **£74M** for 2021/22. The table below provides an overview of the professional influence savings recorded for 2022/23 to M5 and reflects significant achievements in reducing the final settlements from that of the claimant's initial estimate.

<b>Legal &amp; Risk Professional Savings to M5</b>		
	<b>2021/22 to M5</b>	<b>2022/23 - M5</b>
	<b>£M</b>	<b>£M</b>
Claims below £100K	<b>1.309</b>	<b>1.409</b>
Claims above £100k	<b>29.020</b>	<b>39.235</b>
Savings in relation to costs	<b>0.950</b>	<b>2.417</b>
Repudiated Claims	<b>2.698</b>	<b>1.299</b>
Miscellaneous Savings	<b>0.000</b>	<b>0.000</b>
<b>TOTAL</b>	<b>33.977</b>	<b>44.361</b>

## WRP Finance Activity

During the next few months, NWSSP Finance staff will undertake the following:

- Hold the bi-annual sub-TAG WRPS group with NHS Wales representatives in October and February.
- Report the refreshed 5 year forecast charges and movements to Welsh Government for DEL and AME from 2023/24 to 2027/28 following receipt of the M4 returns from Health Boards and Trusts. This will be confirmed following receipt of M7 returns.
- Report the refreshed 5 year Risk Share charges to Welsh Government from 2023/24 to 2027/28 following receipt of the M4 returns from Health Boards and Trusts. To be confirmed following receipt of M7 returns.
- Confirm the GMPI forecasting of liabilities and annual charges to Welsh Government for 2022/23.
- Refresh Periodical Payments and provisions in December for inflationary and discount changes published in the annual HM Treasury Public Expenditure (PES) paper.

The WRP Committee is asked to **NOTE:-**

- The DEL forecast update for 2022/23
- The increases in the updated forecast DEL charges for future years.
- The increases in the updated forecast AME charges for 2022/23 and future years,
- The increases in the updated forecast Risk Share charges and apportionments for 2022/23 and future years.

**Appendix 1 – Analysis of caseload and activity for clinical negligence matters to 31st August 2022 by Health Board with 2021/22 comparative**

2022/23	SBU	BCU	AB	CTM	HD	C&V	Powys	WAST	Velindre	PHW	Grand Total
Opening Month 1	326	347	339	260	209	222	9	41	23	16	1792
Closing M5	301	336	342	271	195	225	9	45	23	16	1763
Movement	-25	-11	3	11	-14	3	0	4	0	0	-29

Total opened 2022/2023	21	32	45	57	17	34	2	8	4	2	222
Total closed 2022/2023	-46	-43	-42	-46	-31	-31	-2	-4	-4	-2	-251

2021/22	SBU	BCU	AB	CTM	HD	C&V	Powys	WAST	Velindre	PHW	Grand Total
Opening Month 1	320	331	334	263	206	255	10	31	23	13	1786
Closing Month 12	326	347	339	260	209	222	9	41	23	16	1792
Movement	6	16	5	-3	3	-33	-1	10	0	3	6

Total opened 2021/2022	81	101	97	80	56	61	3	19	11	5	514
Total closed 2021/2022	-75	-85	-92	-83	-53	-94	-4	-9	-11	-2	-508