



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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	20 April 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Committee Assurance Report around the Discharge of their Terms of Reference
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

To aid Audit & Risk Assurance Committee (ARAC) to achieve one of the Committee's principal duties of establishing and maintaining an effective system of good governance, risk management and internal control, Lead Directors of Board level Committees are invited to attend ARAC at least annually to provide assurance that they are effectively discharging their Terms of Reference and ensuring that principal risks are being managed effectively.

This report provides ARAC with assurance in respect of how the Finance Committee has discharged its terms of reference over the past 12 months and the principal risks it monitors are managed effectively.

ARAC is asked to discuss and take assurance from the content of the report, highlighting any issues for consideration by the Finance Committee in respect of its future work plan.

Cefndir / Background

In line with its Standing Orders, the University Health Board has appointed a number of committees to undertake specific functions on the Board's behalf or to provide advice and assistance to the Board in the exercise of its functions. The Finance Committee has been established as a formal Committee of the Board and constituted from 1st October 2018.

Each Committee has detailed Terms of Reference which are formally approved by the Board. The Terms of Reference of the Finance Committee were reviewed and approved by the Board on 25th March 2021. Changes reflected the establishment of two sub-groups of the Committee namely the Commissioning Group and the Agile Digital Business Group and the Committee's scrutiny of the Health Board's investment in its Digital Programme to ensure benefits realisation. The Terms of Reference set out the purpose of the Finance Committee as follows:

- To scrutinise and provide oversight of financial and revenue consequences of investment planning (both short term and in relation to longer term sustainability).

- Review financial performance, review any areas of financial concern, and report to the Board.
- Conduct detailed scrutiny of all aspects of financial performance, the financial implications of major business cases, projects, and proposed investment decisions on behalf of the Board.
- Regularly review contracts with key delivery partners.
- Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, give early warning of potential performance issues, making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.

Asesiad / Assessment

The following information sets out how the Finance Committee has discharged its Terms of Reference over the past 12 months, to provide ARAC with assurance that it is operating effectively. In year, a significant part of the work of the Committee focused on the financial governance and resource impacts of the COVID-19 pandemic.

Purpose	Evidence
To scrutinise and provide oversight of financial and revenue consequences of investment planning (both short term and in relation to longer term sustainability).	<p>Capital Financial Management Report presented monthly to Committee.</p> <p>Draft Financial Plan 2021/22 presented to the Committee as it progressed over the course of the year with details of cost pressures and savings requirements identified and considered. The challenges of developing a plan during a period of uncertainty due to the on-going impact of the pandemic were noted.</p>
Review financial performance, review any areas of financial concern, and report to the Board.	<p>Financial performance (including projections and risks) together with a copy of the Monitoring Returns sent to Welsh Government reported monthly to Committee.</p> <p>Significant amounts of expenditure in-year related to COVID-19 and the Committee was regularly informed of the costs, funding, workforce implications, contracting and governance systems put in place to support this spend.</p>
Conduct detailed scrutiny of all aspects of financial performance, the financial implications of major business cases, projects, and proposed investment decisions on behalf of the Board.	<p>Procurement Strategy – the Committee received several reports looking at ways to improve the efficiency of the Health Board’s procurement function and develop a local focus in the procurement of goods and services in accordance with WG policies relating to the Foundational Economy. This included reports commissioned from the Centre for Local Economic Strategies (CLES) with the intention to develop a longer-term procurement strategy for the Health Board (HB) by Quarter 1 2021/22.</p> <p>Digital Programme Plan – following the approval to resource the development of digital capacity and the</p>

	<p>acceleration of the Digital Programme Plan, the Committee received regular reports to allow scrutiny of the financial benefits realised through this investment of resources. The Committee established the Agile Digital Business Group as a sub-group in-year to take forward the digital response to the HB's Strategic and Planning Objectives. The Group will apply the appropriate level of scrutiny to digital projects and provide an agile response with the Finance Committee monitoring any financial risk to the HB arising from the implementation of the digital projects.</p> <p>Funding the Programme Business Case (PBC) to support <i>A Healthier Mid & West Wales</i> – Members agreed to the commitment of internal funds to progress the PBC.</p> <p>Scrutiny was also provided to a number of other proposals including Telehealth Business Case; Digitisation of Health Records Business Case; Enhanced Cleaning Standards; Haematology and Coagulation Managed Service Agreement.</p> <p>Strategic Workforce & Long-Term Financial Model – presentations from PWC were given to the Committee to demonstrate how the model commissioned could support high level financial forecasting and strategic decision making.</p>
<p>Regularly review contracts with key delivery partners.</p>	<p>Healthcare Contracting Updates regularly reported to the Committee. The Committee established the Commissioning Group as a sub-group in-year receiving updates from the Group's monthly meetings. This included updates regarding the revised arrangements for NHS contracting during the pandemic and concerns regarding value for money not being demonstrated; and information regarding WG financial support for Continuing Health Care (CHC) providers directed via HBs.</p> <p>The Committee also considered the proposed fee uplift for 2020/21 for clients in receipt of externally commissioned long-term care, mental health and learning disabilities and children's services.</p>
<p>Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, give early warning of potential performance issues, making recommendations for action to continuously improve the</p>	<p>Corporate and Operational Financial Risks – scrutinised regularly. Financial risks associated with the COVID-19 pandemic relating to the uncertainty of Welsh Government funding for both capital and revenue; impact on achievement of Capital Resource Limit; delivery of deficit position and savings delivery and field hospital contracts were highlighted to the Board during the year. Due to the need for expediting some decisions early on during the pandemic the requirement to</p>

financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.

demonstrate value for money and the regulation of expenditure through governance processes was identified. Costs of recovery from the pandemic were also highlighted. EU exit potential financial risks were also noted.

Financial Procedures – updated and new financial procedures approved in year.

Development and Implementation of Value Based Healthcare (VBHC) – update shared with Committee that informed Members that the HB is the first in Wales to run a dedicated education programme to support the implementation of VBHC. The Committee was told that VBHC has a part to play in all areas of Healthcare provision, in terms of identifying the efficacy of resources to ensure timely patient diagnosis and to understand patients' needs, with examples shared in which a VBHC tool (DrDoctor) has been used to collate patient outcomes data which has in turn been used as a basis for suggested options for treatment, and evaluation of existing services, thereby translating knowledge into practice. It was recommended that VBHC be added to the Committee's work plan in order to reflect the organisation's aim to integrate VBHC principles and the use of Patient Reported Outcome Measures (PROMs) into core business processes.

Opportunities Framework – updates have been provided in-year on the development of the Opportunities Framework. The original purpose had been to challenge the HB to improve financial performance mainly focused on the identification of technical and operational efficiencies. Its scope has now widened to focus upon allocative efficiency, given that the organisation's medium-term strategy includes a step-change in the dedication of resources, based, for example, upon out-of-hospital care. Members were advised that whilst operational and other efficiency measures will continue to be identified and disseminated, emphasis will now shift to those areas of greatest potential for transformative change.

Route Map to Financial Balance - Members received reports and schematic representations outlining the key drivers of the HB's deficit, together with proposed solutions and associated service and financial implications and summarising the organisation's plans to achieve financial balance for the HB over the medium-to-long term. Members were advised of the dual purpose of the Route Map, in terms of assuring WG that HB plans are in place to achieve financial balance, and in forming part of the Programme Business Case to support the

	building of the new hospital. The Route Map will be subject to ongoing development.
--	---

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to note the content of this report and take assurance that the Finance Committee has operated effectively during 2020/21, and to highlight any issues for consideration by the Committee in respect of its future work plan.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	5.8 Invite Lead Directors of Board level Committees to attend the Audit and Risk Assurance Committee at least annually to receive assurance that they are effectively discharging their Terms of Reference and ensuring that principal risks are being managed effectively.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners.
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	10. Not Applicable

Gwybodaeth Ychwanegol:

Further Information:

Ar sail tystiolaeth: Evidence Base:	Finance Committee Terms of Reference
Rhestr Termau: Glossary of Terms:	Included in body of report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	Not applicable

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Not applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Not applicable
Cyfreithiol: Legal:	Not applicable
Enw Da: Reputational:	Not applicable
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable