

**COFNODION CYMERADWYO O GYFARFOD Y PWYLLGOR CYLLID/  
APPROVED MINUTES OF THE FINANCE COMMITTEE MEETING**

<b>Date and Time of Meeting:</b>	9.30 am 20 <sup>th</sup> May 2019
<b>Venue:</b>	Boardroom, Ystwyth Building, St. David's Park, Carmarthen

<b>Present:</b>	Mr Michael Hearty, Associate Member (Chair) Mr Steve Moore, HDdUHB Chief Executive Mrs Judith Hardisty, Interim Chair of HDdUHB Mr Paul Newman, Interim Vice Chair, HDdUHB Mr Mike Lewis, Independent Member (Vice Chair) Mrs Lisa Gostling, Director of Workforce & OD Mr Huw Thomas, Director of Finance Mr David Powell, Independent Member Mr Joe Teape, Director of Operations/Deputy CEO Mr Andrew Carruthers, Turnaround Director Mrs Ann Taylor-Griffiths, Union Representative
<b>In Attendance:</b>	Mrs Sarah Bevan, Committee Services Officer (Secretariat) Mrs Fiona Powell, Assistant Director of Finance

<b>AGENDA ITEM</b>	<b>ITEM</b>	
<b>FC(19)65</b>	<b>INTRODUCTIONS AND APOLOGIES FOR ABSENCE</b> The Chair Mr Michael Hearty welcomed everyone to the meeting. Apologies were received from: <ul style="list-style-type: none"> <li>Mr Keith Jones, Directorate General Manager</li> </ul>	<b>Action</b>
<b>FC(19)66</b>	<b>DECLARATIONS OF INTERESTS</b> There were no declarations of interest made.	
<b>FC(19)67</b>	<b>MINUTES OF PREVIOUS MEETING HELD ON 25<sup>TH</sup> APRIL 2019</b> <b>RESOLVED</b> – that the minutes of the Finance Committee meeting held on 25 <sup>th</sup> April 2019 be <b>APPROVED</b> as a correct record, subject to the following amendment: <ul style="list-style-type: none"> <li><b>FC(19)52 Finance Report Month 12 2018/19</b> – to amend ‘This review will be presented to the May 2018 Committee meeting’ to This review will be presented to the May <b>2019</b> Committee meeting.</li> </ul>	
<b>FC(19)68</b>	<b>MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 25<sup>TH</sup> APRIL 2019</b> An update was provided on the Table of Actions from the meeting held on 25 <sup>th</sup> April 2019 and confirmation received that all outstanding actions had been progressed.	

<p><b>FC (19)69</b></p>	<p><b>FINANCE COMMITTEE OUTCOME OF SELF-ASSESSMENT OF PERFORMANCE 2018/19</b></p> <p>Members were presented with the Finance Committee Outcome of Self-Assessment of Performance 2018/19 report. Mr Huw Thomas highlighted two issues; the first in relation to differences in the nature of the information presented during Committee meetings between the slide presentations in advance of the meetings and the written reports. Mr Thomas advised that this is often intentional as the aim of the presentation is to provide more informative physicals that are driving the financial position. Mr Thomas informed Members that effort is being applied to more closely align the links between presentations and the written reports.</p> <p>The second issue is in relation to the lateness of papers for distribution. Mr Thomas explained that this can be a challenge when meetings fall relatively early within the month however assured Members that the Finance team would work with the Corporate Governance team to ensure the prompt distribution of papers 7 days in advance of Committee meetings.</p> <p>A comment was made that only 2 In-Attendance member responses had been submitted. Mr Mike Lewis queried whether the views from this group could be teased out informally. Mr Thomas and Mr Hearty both welcomed feedback from In-Attendance members regarding the process or the effectiveness of the Finance Committee.</p> <p>Whilst noting that responses from In-Attendance members were more critical than Members' responses, it was agreed that having only received 2 responses did not necessarily provide a consensus view of all In Attendance Members.</p> <p>Mr Hearty acknowledged the observation was that the Committee had been focused on short term financial delivery during 2018/19 and recognised that the focus in 2019/20 would be on progressing the Health Board's underlying deficit, which would inform the development of a longer term strategy.</p> <p>Mr Thomas advised that a focus on strategic items would feature on the Finance Committee agenda for 2019/20, commencing with a workshop session at the June 2019 Finance Committee meeting. Mr Steve Moore suggested there is an immediate issue to focus upon in the medium term in terms of the Integrated Medium Term Plan (IMTP) and that the Committee would need to consider its role in testing the IMTP through the next 6 months. Mr Hearty and Mr Thomas undertook to meet to discuss how to shape the Finance Committee's engagement with medium term strategic planning.</p>	<p><b>MH/HT</b></p>
	<p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>DISCUSSED</b> the findings of the Finance Committee self-assessment exercise 2018/19;</li> <li>• <b>SUPPORTED</b> the suggested actions by the Corporate Governance Team and the Finance Team;</li> </ul>	

- **CONSIDERED** any further improvements that could be made to increase the Committee's effectiveness.

**FC (19)70**

**FINANCE REPORT MONTH 1**

Members were presented with the Finance Report Month 1. Mr Thomas informed Members that Hywel Dda University Health Board's (HDdUHB) control total is £25m. The £24m savings to deliver has now increased to a £28.8m total savings plan requirement for the year. The identified savings total of assured schemes with marginal risk to delivering is £18.5m to month 1; of which £11.9m are assured. Mr Thomas informed Members that there has been a shift from the RAG status rating to the identification of schemes as assured schemes (green), schemes with marginal risk (amber) and pipeline opportunities (red).

Mr Thomas referred to the budgeting issues from the previous year with the closure of the Aseptic Unit in Glangwili General Hospital (GGH) having a twofold impact on immediate costs and opportunity costs. This has been identified as a £0.5m risk.

Mr Thomas informed Members that the month 1 deficit is £2.9m which is a £0.4m adverse position against plan. This is mainly due to surge bed pressures in unscheduled care, notably in Wthybush General Hospital (WGH) and Critical Care.

The current gap in identified assurance savings schemes is £10.3m, against which pipeline opportunities of £8.3m have been identified and are actively being pursued. Opportunities will need to be developed into actionable plans in order to close this gap in savings.

Whilst acknowledging the change in classification of the RAG rating system, Mr Lewis enquired if there are assured schemes of £11.9m and schemes with some risk of £6.6m, whether this would bring the risk to delivery to approximately £17m. Mr Thomas responded that some risk is around the margin and some schemes have measures in place to de-risk; the £6.6m plan is to be delivered in year. Mr Thomas assured Members that the Holding To Account (HTA) meetings held the previous week focused upon how many schemes could be de-risked to assured schemes.

Ms Ann Taylor-Griffith queried whether the £0.4m adverse against plan attributed by surge pressures had been as a result of staffing issues during the Easter bank holiday. Mr Thomas confirmed that this had been largely due to staffing and that it had been an issue throughout the month of April and not only contributed to by the Bank Holiday period.

Mr Thomas advised that HDdUHB is £0.6m adrift on pay at month 1, mainly due to bed pressures within unscheduled and critical care. Mrs Judith Hardisty queried the alternative to not opening surge beds if HDdUHB is unable to access staff. Mr Teape advised that the Accident and Emergency Service within WGH had been consistently full for the month of April and that there had been an extraordinary growth observed in ambulance activity. Ms Hardisty suggested that if HDdUHB were adrift

to this extent in month 1 then perhaps the demand in April had not been foreseen.

Mr Paul Newman enquired whether the data is comparable to previous years. Mr Teape responded that a number of beds had since been closed and have therefore become surge beds. Mr Teape went on to confirm that comparisons can be applied from an activity perspective, with a 7% increase observed, and from a length of stay perspective with an increase to 3 days in the month. Members agreed that this could potentially be an area of deep dive at a future Committee meeting. Members recognised the need to gain a perspective on the analytics involved and the identification of any lead indicators or trigger indicators.

Ms Taylor-Griffiths informed Members that the number of admissions to Out of Hours services, which has recently increased 3 fold, had a majority age profile of 80 years. This in turn impacted upon the length of time to improve the patient condition to enable discharge. Whilst acknowledging this, Mr Andrew Carruthers advised that admissions across HDdUHB had reduced and Mr Hearty commented that this is an example of classic demand management territory.

Mr Newman queried whether, as the winter planning debrief suggests, the ambition to close beds was ever considered deliverable. Mr Teape responded that the situation is different across the different sites, i.e. the use of surge beds in Prince Philip Hospital (PPH), is low compared to WGH where all such beds have been opened.

Mr Thomas presented the key run rate charts. The impact of month 1 in surge pressures did not show within pay due to an issue in how the budget had been set. Regardless of reliance on agency, an underspend/neutral position was reflected. Mr Thomas assured Members that the budget for 2019/20 reflects establishment and where staff are located on the pay scale. There will also be more tracking applied between pay overspend and bed base.

Mr Thomas highlighted that Continuing Health Care (CHC) is difficult to forecast and that growth will need to be controlled for 2019/20. Mr Newman queried whether this provokes any discussion with Welsh Government. Mr Thomas assured Members of the work currently ongoing with commissioning groups and the National Collaborative Commissioning Unit (NCCU) to review care packages.

Mr Thomas highlighted the issue of No Cheaper Stock Obtainable (NCSO). Mr Thomas also highlighted that there had been a significant uplift in the drugs budget for 2019/20 with an increase in drugs related to oncology. Mr Hearty recognised that the impressive achievements currently on-going on with drug related work.

With regard to savings delivery, Mr Thomas highlighted the level of growth and the anticipation to deliver within the budget profile for 2019/20. This includes the impact of the additional £5m savings to deliver in the control total.

	<p>Mr Thomas informed Members that the forecast delivery for the remainder of the year is in line with the total requirement of £28.8m. There is a risk to outturn of £10.3m although there are a number of identified pipeline opportunities to deliver this gap. The residual gap stands at £2m.</p> <p>Mr Moore informed Members that at the last Targeted Intervention meeting, the Director General requested a formal update following the HTA meetings to note progress each month. Mr Moore acknowledged the realistic optimism observed from the directorates.</p> <p>Mr Thomas was positive in the delivery of the original £28.9m deficit position. However the control total had not yet been reached. Mr Carruthers remarked that the pipeline model will now enable a more continuous process to be applied.</p> <p>Mr Hearty requested clarity on at what point within the year the Finance Committee should be concerned should the gap remain. The Finance Committee would want to see the gap decreasing in order to provide assurance to the Board. Mr Newman agreed with the need to see delivery of targets achieved. Mr Carruthers confirmed that this would be included in the Turnaround and Savings updates.</p> <p>Mr Thomas continued with the Finance Projections report, presenting an overview of what the in-month position needs to look like to enable delivery of the £25m control total requirement. Members noted that a large reduction will be required from month 6 onwards when the control total requirement has been planned in.</p> <p>Variance to breakeven requires a £2.5m against budget in month. With the addition of operational pressures and the impact of the Aseptic Unit closure, the total variance is £2.9m in month. The end of year projection represents a risk of £39.6 re the control total of £25m.</p> <p>Mr Hearty queried whether the £2m residual gap included the £0.5m end of year projection assigned to the Aseptic Unit closure. Mr Thomas responded that a recovery plan is required for the £0.5m and that, due to the overspend in month 1 totalling £1.9m, the residual gap risk stands at £3m. Mr Thomas undertook to provide an update on progress with the Aseptic Unit to the Committee in June 2019.</p>	<p>AC</p> <p>HT</p>
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> the financial position for Month 1 and the Financial Projections report.</p>	
<p><b>FC (19)71</b></p>	<p><b>TURNAROUND REPORT MONTH 1 AND SAVINGS PLAN</b></p> <p>Members were presented with the Turnaround Report Month 1 and Mr Carruthers invited questions on the detail within the report.</p> <p>Mrs Judith Hardisty queried whether the Scheduled Care Directorate's savings plan includes outpatient improvement. Mr Carruthers confirmed that this is included and that £0.5m in the plan is for referral follow up plans. Mr Carruthers also provided assurance that pathway redesign and changes to service delivery feature within the plans.</p>	

	<p>Mrs Hardisty enquired whether consultants had been involved in discussions around this work otherwise plans may be vested in the few people involved.</p> <p>Mr Teape commented that there is a need to understand the specialties, with all those involved being required to consistently perform well in order to be able to expect a significant reduction in the follow up backlog.</p> <p>Ms Taylor-Griffiths referenced the Bronglais General Hospital (BGH) Unscheduled Care Directorate's savings plan and the action to reduce the deficit through close monitoring of Health Care Support Worker (HCSW) spend. Ms Taylor-Griffiths informed Members that BGH is exhibiting an increasing amount of Enhanced Patient Care (EPC) and that there is insufficient HCSWs in the bank to supplement those in substantive roles.</p> <p>Mr Carruthers informed Members that discussions had been held with the Directorate the previous week highlighting that a focus on HCSW rostering had lapsed with more being rostered than required; the Directorate wished to re-focus on this. Mrs Gostling acknowledged the link to the Establishment Control work that is currently ongoing.</p> <p>Mr Hearty commended the clarity of the report and queried whether the schemes detailed in section 3 were less mature schemes. Mr Carruthers confirmed that these are more pan-organisational themes with the expectation that, with the attribution of Director level leadership, these schemes would look different going forward.</p> <p>Mr Hearty identified the common themes running through each of the schemes, whilst suggesting these should be viewed from an overall perspective in order to gain oversight of cost and efficiency. This may in turn require objectives to be reshaped.</p> <p>Whilst acknowledging that the schemes detailed in section 3 provide some clarity on how they will be phased, Mr Powell queried when the Finance Committee should begin to be concerned over their delivery. Mr Carruthers undertook to include a narrative on this in future reports.</p>	<b>AC</b>
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> the Turnaround Programme update report.</p>	

<b>FC (19)72</b>	<b>FINANCIAL PROJECTIONS REPORT (CONSOLIDATED RISKS FROM HTA PROCESS)</b>	
	<p>Members were presented with the Financial Projections Report, which was discussed and noted as part of the Finance Report Month 1 agenda item.</p>	

<b>FC (19)73</b>	<b>RTT MONTH 1</b>	
	<p>Members were provided with the RTT Month 1 report which Mr Teape presented in Mr Keith Jones' absence.</p>	

	<p>The total forecast cost of delivery 2019/20 is approximately £5.5m which will compose of a mix of outsourcing and internal spend. The appended report illustrated that HDdUHB are currently within plan at Month 1 spend with 1.3m agreed for orthopaedics and ophthalmology.</p> <p>A savings target to the value of £1.4m had been agreed spanning ophthalmology, orthopaedics and breast surgery. Activity to Month 1 illustrated total additional expenditure of £244.5k. This was below expected levels during Month 1 due to the impact on activity levels of the Easter holiday period, reduced Ophthalmology outsourced activity and the absence of externally provided Neurology clinics during the month. Mr Teape assured Members that the finance team will be tracking delivery of £1.4m through savings plans</p> <p>Mr Teape highlighted the breaches resulting from the effects of end of year annual leave and the Bank Holiday period which reduced activity levels. Mr Powell enquired whether a profile had been applied to anticipate the 213 breaches. Mr Teape noted that this is reported to Welsh Government and that the aim is to return to zero breaches by the end of June 2019 and to maintain this throughout the year. Mr Teape added that the 213 breaches were across services however the majority of these occurred within orthopaedics and ophthalmology due to a reduction in activity.</p> <p>Mr Teape informed Members that the MRI scanner at BGH is out of service indefinitely. Mitigations in place include the commissioning of a mobile scanner at BGH and activity being sent to Werndale to maintain capacity. 40 breaches were incurred throughout April 2019.</p> <p>Mrs Hardisty enquired whether Bank Holidays could be factored in to provide extra allocation within 2019/20 as Easter 2020 may also fall within the 2019/20 financial year. Mr Teape confirmed that this is predicted and accounted for within current figures.</p>	
	<p>The Committee <b>NOTED</b> progress to Month 1 (April 2019) in respect of the financial plan and planned expenditure trajectory to support Referral to Treatment (RTT), Diagnostic and Therapy service waiting times delivery for 2019/20.</p>	

<b>FC (19)74</b>	<b>ESTABLISHMENT CONTROL</b>	
	Deferred to June 2019 Finance Committee meeting.	

<b>FC (19)75</b>	<b>CAPITAL FINANCIAL MANAGEMENT</b>	
	<p>Members were presented with the Capital Financial Management Report.</p> <p>Acknowledging its presentation early on in the year, no questions were raised by Members.</p>	
	<p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>NOTED</b> the Capital Resource Limit for 2019/20, along with expenditure allocations and profile</li> <li>• <b>NOTED</b> the work being done to manage the financial risks</li> </ul>	

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<b>FC (19)76</b>	<b>CONTRACTING UPDATE</b>	
	Deferred to June 2019 Finance Committee meeting.	
<b>FC (19)77</b>	<b>FINANCE TEAM STRATEGY</b>	
	Deferred to June 2019 Finance Committee meeting.	
<b>FC (19)78</b>	<b>YEAR END DEBRIEF</b>	
	<p>Mr Thomas provided a verbal update on the Year End Debrief which had been recently arranged to deliver a summary of the directorates which were overspent in 2018/19 and therefore in escalation. The debrief panel consisted of the Chair of the Finance Committee, HDdUHB's Director of Finance, HDdUHB's Chief Executive and members of the Finance Delivery Unit. The focus of the exercise was to establish lessons learned from the previous year to define processes and budget setting for 2019/20. Mr Thomas noted that it had been a positive exercise where assurance had been gained and detailed scrutiny and attention applied by those present. However, Mr Thomas suggested that although he had chaired this debrief it may have been more appropriate to have had an independent chair.</p> <p>Mr Hearty commented that he had found it very interesting as he had not previously been involved with all of the HTA meetings. Mr Hearty singled out the review of work undertaken within medicines management which had been excellent in its recognition of greater use of analytics in managing cost and demand which contributed to live management of the situation.</p> <p>Mr Hearty also acknowledged that the feedback on business partnering had been positive to reflect upon.</p> <p><i>Mr Teape left the Committee meeting.</i></p>	
	The Committee <b>NOTED</b> the verbal update on the Year End Debrief report.	
<b>FC (19)79</b>	<b>EXTERNAL FINANCE REVIEW</b>	
	<p>Mr Thomas presented Members with a verbal update on the External Finance Review.</p> <p>Members were informed that Welsh Government and HDdUHB are commissioning external advisors to prepare a report on the deficit position, similar to that already carried out in Betsi Cadwalader University Health Board. The review will focus on the underlying deficit and, if a control total is imposed, will be followed up with external scrutiny to provide assurance regarding delivery of the control total.</p> <p>The review will commence with underlying deficit resulting in the outcome of a deliverable action plan. This will allow insight into what can be</p>	

	<p>targeted in the short term and what will need to wait until the strategy is fully implemented in a few years' time.</p> <p>Mr Thomas informed Members that the draft specification for the external finance review indicates that a report is required, which includes an action plan, to be submitted to Welsh Government by the end of August 2019. A HDdUHB representative will be on the panel to appoint the firm of consultants to carry out the review.</p> <p>Ms Hardisty queried what would make this review different to the Deloitte review. Mr Thomas explained that part of the tender specification is to review how the recommendations of the Deloitte review are to be implemented. Mr Thomas also noted that many of the key recommendations from the Deloitte review have been implemented as part of developing the finance strategy. Mr Thomas clarified that, where the Deloitte review focussed on high level efficiency in HDdUHB, the external review will make specific recommendations for actioning.</p> <p>Mr Newman noted that the deadline stated in the Corporate Risk Register is December 2019. Mr Thomas assured Members that this would be updated accordingly.</p>	
	<p>The Committee <b>NOTED</b> the External Finance Review verbal update.</p>	

<p><b>FC (19)80</b></p>	<p><b>ADDRESSING RECOMMENDATIONS FROM THE DELOITTE ZERO BASED REVIEW</b></p> <p>Members were presented with the recommendations from the Deloitte Zero Based Review which had been commissioned by Welsh Government as a review of acute healthcare services.</p> <p>The review made four recommendations on what needs to be implemented to progress opportunities to improve efficiencies in the short, medium and long term. The recommendations are summarised below, together with their status of implementation:</p> <ul style="list-style-type: none"> <li>• To consider the extent to which unavoidable costs are accounted for in the current allocation formula - Completed;</li> <li>• To consider the way the clinical strategy can support by providing the right care to a changing population - Strategy now being developed;</li> <li>• To continue to develop further efficiency areas and drive these forward - Process is in place to identify pipeline opportunities;</li> <li>• To consider what temporary measures may be appropriate in areas where costs are avoidable only in the medium or long term - Mr Thomas highlighted that this recommendation predates the Turnaround process that has been implemented since the Deloitte review was published; therefore, all recommendations have been implemented and will continue on an ongoing basis.</li> </ul> <p>Mr Thomas assured Members that the external finance review, as detailed in the preceding agenda item, will determine whether these recommendations have been implemented.</p>	
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	The Committee <b>DISCUSSED</b> the actions being taken to progress opportunities highlighted in the Review.	
<b>FC (19)81</b>	<p><b>CORPORATE RISKS</b></p> <p>Members were presented with the Corporate Risks Report. Mr Thomas informed Members that risk 630 will be changed to be replaced with a new risk which is currently in draft form. Mr Thomas assured the Committee that there are no significant changes from 2018/19.</p> <p>Mr Newman enquired whether all directorates had signed the accountability letters as part of the HTA process. Mr Thomas confirmed that there are still some areas outstanding; however, most of the major directorates had now signed. Mr Thomas undertook to provide an update position on the signing of the accountability letters to the June 2019 Finance Committee meeting and assured Members that those that had not yet signed would be escalated to the Chief Executive.</p>	<b>HT</b>
	<p>The Committee <b>NOTED</b>:</p> <ul style="list-style-type: none"> <li>• The identified controls are in place.</li> <li>• The actions to be implemented within the stated timescales which will reduce the risk further and/or mitigate the impact, if the risk materialises.</li> <li>• The challenges where assurances are inadequate.</li> </ul>	
<b>FC (19)82</b>	<p><b>FINANCE OPERATIONAL RISKS</b></p> <p>Members were presented with the Finance Operational Risks report.</p> <p>Mr Thomas informed Members that the finance team had received risk management training from the Assurance and Risk team which has enabled finance colleagues to scrutinise how finance risks are being logged. Further work is required to ensure consistency in the logging of risks against the Finance impact domain. Mr Thomas highlighted that the logging of risks under the Finance domain should not be perceived by services as a way of bidding for further cash.</p> <p>Mr Powell queried the rationale given to risk 525 within the report, regarding scheduled care financial pressures due to continuation of the BGH theatres compensatory rest policy, as it states that progress is at an impasse with staff side relations; Mr Powell requested further detail as to the next steps to address this risk. Mrs Hardisty noted that there is further detail on the additional risk action required in Appendix 4.</p> <p>Ms Taylor-Griffiths commented that this issue is due to staffing and the requirement to ensure safety. Mr Hearty noted that this risk is not for the Committee and Members agreed that it is not a financial risk but an operational risk.</p> <p>Members noted that the recommendation at end of the report is for the Committee to provide the necessary assurance to the Board that these risks are being managed effectively. Mr Hearty remarked that this is a challenging request based on the information currently available. Members discussed putting a framework in place to further scrutinise the detail and appropriateness of the risks assigned against the finance</p>	

	<p>domain. Mrs Gostling informed Members that this approach had been successfully applied within the Workforce &amp; Organisational Development Directorate and was happy to share the mechanism used with Mr Thomas.</p> <p><i>Mr Teape re-joined the Committee meeting.</i></p> <p>Mr Hearty acknowledged the improved report to those previously received by the Committee in terms of the information provided. However, Directorates need to understand the organisational risk appetite compared to the local risk appetite. The example given was the highest ranked risk, 519, in relation to the health records risk of the inability to balance their budget in 2018/19 affecting the whole of HDdUHB. Mr Newman accepted that the risk score of 20 was applicable in terms of medical operational risk but not applicable for a finance risk.</p> <p>Mr Hearty requested that the risks identified within the report are reframed. Mr Thomas assured Members that further work would be undertaken to scrutinise and review the risks for propriety and to enable the Committee to gain assurance that all relevant controls and mitigating actions are in place.</p>	<p>LG</p> <p>HT</p>
	<p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>REVIEWED</b> and <b>SCRUTINISED</b> the risks included within the report to seek assurance that all relevant controls and mitigating actions are in place.</li> <li>• <b>DISCUSSED</b> whether the planned action will be implemented within stated timescales and will reduce the risk further and/or mitigate the impact should the risk materialises.</li> </ul>	
<p><b>FC (19)83</b></p>	<p><b>WINTER PLANNING 2018-19</b></p> <p>Members were presented with the Winter Planning 2018-19 report.</p> <p>Mr Teape advised that the intent of the report is not to provide an evaluation of the work that occurred as part of winter planning 2018/19 but rather to detail the processes that were put in place.</p> <p>HDdUHB's initial allocation, confirmed in November 2018, amounted to £1.9m. This formed part of a broader NHS Wales allocation of £20m and was determined based on a direct needs formula applied by Welsh Government. Of the £20m, a sum amounting to £4m was top sliced from the allocation and directed to nationally agreed priorities promoted by the National Programme for Unscheduled Care. HDdUHB's benefit from these initiatives was valued at approximately £0.4m.</p> <p>Mr Teape provided details of the approach to demand and capacity centred on a baseline bed model. There was agreement to suspend bed closure plans designed into HDdUHB's annual plan and to direct an equivalent amount of money, which would have been gained from activating bed closure plans, from the winter allocation into the bottom line. This figure amounted to £1 million towards the overall recovery plan.</p>	

Members were assured that a system had been established with the finance team, where weekly meetings were held to review what was spent, what had happened and to determining the diversion of funds, for example, to surge beds. This enabled the curtailment of other planned spending in order to manage within resource.

Mr Teape highlighted that the outturn of expenditure on acute bed capacity surpassed planned expenditure, particularly in January, February and March 2019. However a source of funds was available on which to charge spending on surge beds against.

Mr Teape summarised that there had been good processes in place for 2018/19 which were well supported by the finance team to ensure that HDdUHB lived within its allocation and available funding. A comprehensive winter review document regarding the wider plan would be presented to Board on 30<sup>th</sup> May 2019.

Mr Powell queried whether the increased spend on acute bed capacity had impacted upon other areas. Mr Teape confirmed that this had not been the case and that community services received funding for the first time which went towards services such as Care At Home in Pembrokeshire.

Mr Newman commented that short term decisions can have long term impact, for example the investment in community equipment.

Mrs Hardisty enquired as to what constitutes winter in terms of service demand, as there is a requirement to look at how services are managed despite the weather being cold. Consideration should be given to what can be planned in the immediate term to be utilised all year round. Mrs Hardisty queried whether feedback could be provided to Welsh Government that funds are required earlier on the year, rather than in November, and that perhaps investment earlier on in the year could have an improved impact. Consideration also needs to be given on what could be embedded permanently to increase efficiency and reduce pressures.

Mr Carruthers commented that, from a Welsh Government perspective, consideration needs to be given to managing the unscheduled care system throughout the year. Mr Carruthers acknowledged that winter is a busy period which has a different demand to summer. Mr Carruthers also acknowledged that RTT and unscheduled care need to sit within the plan rather than requiring the need to request additional funding.

Mr Thomas advised that funding had not been announced until September 2018, however, HDdUHB will be in a better position going into 2019/20 with £1m identified as part of this budget settlement. Mr Thomas also suggested there may be further opportunities identified as winter 2019 approaches.

The Committee **RECEIVED** and **NOTED** the content of the Winter Planning 2018/19 report.

Ms Jenny Pugh-Jones introduced the Deep-dive into Medicines Management and Aseptic Unit presentation:

- Horizon Scanning & NICE/HED Modelling: allows the NHS to prepare for cost impact and implementation of guidance well in advance of change. Public Health will use Horizon Scanning to produce a booklet to provide a rough estimation per 100,000 population. Local intelligence will be utilised to provide a Welsh perspective and cost modeling is currently underway to determine part year cost implications. The process will also provide a high level profile on what to expect next year. Ms Pugh-Jones informed Members that the 2019/20 allocation for secondary care is £2.6m; mainly allocated to oncology and haematology. Ms Pugh-Jones assured Members that the Horizon Scanning and Finance Group will be reporting directly to the Medicines Management Sub-Committee to enable the further review and development of actions.
- NCSO: over the previous 2 year there has been a significant increase to over £0.3m per month; either due to the global market or to Brexit. This has had a significant impact on community pharmacies especially in relation to repeat prescriptions. In the hospital sector, it has been difficult to source drugs from other areas. Ms Pugh-Jones commented that the position is getting critical and that the position can change overnight. Difficulties in mitigating risks involve the impracticalities of switching drugs within short timescales; this is particularly difficult for primary care. Ms Pugh-Jones informed Members that Department of Health (DoH) legislation changes to accommodate pressures associated with Brexit arrangements will allow community pharmacy to change to a drug within a similar drug group rather than having to be referred back to the GP for authorisation. Although this has not yet been enacted, it is in place. Members acknowledged the significant and unpredictable cost pressures associated with this issue. Mr Newman queried the underlying factor and whether this was UK wide. Ms Pugh-Jones responded that shortages of some drugs are worldwide but this is possibly UK specific. A leap in shortages was previously observed in March 2017 which may be as a result of a number of large pharmaceutical companies producing their own generics and therefore buying out generic companies. This has in turn reduced the number of facilities producing generics.
- Medicines Management CIP 2019/20 (Primary Care): Ms Pugh-Jones informed Members that the target for Pharmacy and Medicines Management is £2.9m. The growth in items dispensed has increased year on year by 1-2% for the past 5 years, with the exception of 2018/19 where a decrease was demonstrated. Ms Pugh-Jones advised that a review of the repeat prescription process is underway. With the support of 1,000 Lives, 5 practices within HDdUHB have been targeted and have seen a 1% reduction in repeat prescribing. The aim to replicate this across other practices has the potential to reduce costs to approximately £1.09m. Ms Pugh-Jones reiterated however that this is dependent on Cat M, NCSO and capacity. There is also a review of the

polypharmacy process with the aim to validate whether all of a patient's medications are still necessary.

*Mr Teape left the Committee meeting.*

- Provision of Aseptic Technical Services – Ms Pugh-Jones informed Members that standards have been increasing over the years and that 3 units no longer meet critical criteria. The unit in GGH closed in December 2018 and the remaining 2 units in WGH and BGH require refurbishment; the anticipation is to repatriate all those outsourced in September 2019. The long term solution is to build a standalone unit, aligned with Transforming Access to Medicines (TRAMS), with the aim of being in place by June 2021. Ms Pugh-Jones highlighted the separate risk of radio-pharmacy and that the closure of the unit in WGH would result in patients being diverted to Singleton Hospital which is already at capacity. This in turn will present implications for the Single Cancer Pathway.

Questions were invited from Members. Mr Lewis enquired when the new legislation regarding NCSO would be enacted and whether discussions were taking place with Community Pharmacy. Mrs Pugh-Jones confirmed that the legislation has been passed, however the DoH is reluctant to enact it until Brexit is implemented. Ms Pugh-Jones confirmed that Community Pharmacy have been engaged at a high level and assured Members that Medicines Management will be working with GPs and community pharmacists locally to consider how they work together.

Mrs Hardisty enquired who inspects the Aseptic Units and who signs off the assurance work involved. Ms Pugh-Jones informed Members that they are inspected by the National Health Regulatory Authority (NHRA) and by an all Wales inspector. HDdUHB is working in collaboration with inspectors to establish what is acceptable. Once the refurbishment is complete, approval will be sought on their acceptability.

Mrs Hardisty queried whether the work with the 5 practices had been rolled out to other practices. Ms Pugh-Jones confirmed that the work would be shared with other practices, however there are 50 practices and only a small Medicines Management workforce. A toolkit has been developed to inform practices on how to implement reductions with the anticipation that sharing news of reductions would build momentum across HDdUHB. Mr Thomas highlighted the challenge of bringing unidentified savings into the savings plan and how this will be monitored.

Mr Powell enquired in relation to Aseptic Units, whether TRAMS would determine the location of the proposed standalone unit. Ms Pugh-Jones responded that TRAMS have identified a way forward for Welsh Government and that, within this remit, they have identified HDdUHB as a high priority to be allocated resources for continuation.

Mr Hearty thanked Ms Pugh-Jones, on behalf of Members, for the presentation.

	<i>Mr Moore left the Committee meeting.</i>	
	The Committee <b>NOTED</b> the Medicines Management and Aseptic Unit presentation.	
<b>FC (19)85</b>	<b>DEEP-DIVE INTO CONTINUING HEALTH CARE</b>	
	Deferred to July 2019 Finance Committee meeting.	
<b>FC (19)86</b>	<b>DRAFT ANNUAL ACCOUNTS 2018/19</b>	
	Members were presented with the Draft Annual Accounts 2018-19.  Mr Thomas informed Members that the draft Annual Accounts 2018/20 had been submitted to Audit and Risk Assurance Committee (ARAC) at its meeting held on 7 <sup>th</sup> May 2019 and were being presented to Finance Committee for information. As Chair of ARAC, Mr Newman commented that the auditors did not present the accounts which he would have perhaps anticipated.	
	The Committee <b>NOTED</b> the draft annual accounts 2018/19.	
<b>FC (19)87</b>	<b>IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 16</b>	
	Mr Thomas presented members with the Impact of International Financial Reporting Standard (IFRS) 16 report for information.  IFRS 16 is a new accounting standard which will be effective from 1 <sup>st</sup> April 2020. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces previous accounting standards related to leases. Under IFRS 16, items currently being leased and classed as revenue expenditure, which are not required to be disclosed on the balance sheet, will in future have to be classed as capital assets and accounted for on this basis.  Mr Thomas informed Members that the biggest impact will be on the number of operational leases which will be tested to see if there is an underlying asset or borrowing against the asset. Rather than a flat line lease over the life of the lease term, the interest will be frontloaded meaning that the expense is higher at the start of the lease term and will reduce as the lease progresses. This may affect managed service contracts, for example pathology, which encompasses consumables in addition to equipment values. Significant work is currently being carried out by the finance team to identify relevant contracts/regular financial payments in order for an assessment to be made as to whether they would be classified as capital items and placed onto the balance sheet.  Further work on the impact of IFRS 16 is being co-ordinated at an all Wales level by the Capital Technical Accounting Group. Welsh Government will require HDdUHB's assessment of the impact of IFRS 16 by early August 2019 in order to understand the impact on capital expenditure and depreciation for 2020/21.	

	The Committee <b>NOTED</b> the work being undertaken in relation to the Impact of International Financial Reporting Standard (IFRS) 16.	
<b>FC (19)88</b>	<p><b>DEFINING VALUE-BASED HEALTHCARE IN THE NHS – CEBM</b></p> <p>The Defining Value-based Healthcare (DVBC) in the NHS report was presented to Members for information. The Centre for Evidence Based Medicine (CEBM) report provides an overview of progress made across the UK and assists in providing the Committee with an overview and background of HDdUHB’s financial role to effectively support the development of VBHC. HDdUHB’s VBHC strategy was agreed by Executive Team in November 2018. A VBHC Group was then established in January 2019, chaired by the Medical Director and Director of Clinical Strategy, of which there is finance team representation within its membership.</p>	
	The Committee <b>NOTED</b> the content of the Defining Value-based Healthcare (DVBC) in the NHS report for information.	
<b>FC (19)89</b>	<p><b>FINANCIAL EFFICIENCY FRAMEWORK</b></p> <p>Members were presented with the Financial Efficiency Framework. Mr Thomas informed Members that all health boards across Wales are required to engage with this framework and incorporate the outcomes of the framework into their planning processes. Improved use of business intelligence will identify good practice and promote better use of resources. Significant work is underway to identify areas of highest opportunity and to refresh analysis undertaken in 2018/19. Mr Thomas provided an overview on the themes adopted for further analysis.</p> <p>Mr Lewis queried whether this work superseded the work being undertaken by HDdUHB and noted there were no timescales for output within the report. Mr Thomas advised that as outputs come through, for example the letters published and provided in appendices 3 and 4, they will be reviewed to determine opportunities for the finance team.</p> <p>Mr Thomas assured Members that this will tie in with the Turnaround process with a procedure in place to flag up any opportunities. Mr Thomas noted that a bespoke report setting out key messages has been commissioned by the Financial Delivery Unit (FDU) and the finance team is working to convert the messages within that report into actionable opportunities for change. This Benchmarking Network summary report will be presented to the Finance Committee in June 2019, for information.</p> <p>Mr Carruthers raised the need to ensure that the Turnaround report details how opportunities coming through are being scoped or discounted.</p> <p>With reference to the letter received from Welsh Government in April 2019, Mr Newman highlighted Welsh Government’s concern over the progress of minimum requirements for clinical coding completeness. An audit report has since been published and Mr Newman queried how this can be utilised to improve outcomes. Mr Thomas stated that outcomes are difficult to determine but assured Members that this will be considered via the Efficiency, Healthcare Value and Improvement Group. Mr Thomas</p>	<b>HT</b>

	<p>added that this is being successfully applied in lung cancer but not so successfully in other areas. Mr Carruthers remarked that performance measures are very acute and secondary care focused as opposed to primary care focused.</p> <p>Mrs Hardisty acknowledged the need to benchmark against similar models although was in agreement that efficiency measures are very acute focused and therefore may be hard to measure.</p> <p>Mr Carruthers highlighted that the Value-based Healthcare work and work being undertaken with Swansea Bay University Health Board (SBUHB) will provide an opportunity to be at the forefront of reshaping this.</p>	
	The Committee <b>DISCUSSED</b> the approach adopted and <b>NOTED</b> the work currently underway in advance of the 2020/21 planning round.	
<b>FC (19)90</b>	<b>FINANCE COMMITTEE UPDATE REPORT TO PREVIOUS BOARD</b>	
	Members were presented with the Finance Committee Update Report to the previous Board meeting for information.	
	The Committee <b>NOTED</b> the Finance Committee Update Report to Board.	
<b>FC (19)91</b>	<b>SCHEME OF DELEGATION</b>	
	<p>Members were presented with the Financial Scheme of Delegation. Mr Hearty noted that this agenda item calls for the Finance Committee to recommend proposed changes to the Corporate Scheme of Financial Delegation to Board for consideration and approval.</p> <p>Mr Thomas informed Members that the change proposes the limits for the Director of Finance under Charitable Funds to be increased from £5,000 to £25,000 in line with the current limits assigned to Executive Directors.</p> <p>Members agreed to the recommendation of the proposed change for Board approval.</p>	
	The Committee <b>DISCUSSED</b> and <b>RECOMMENDED</b> the proposed change to the Corporate Scheme of Financial Delegation to the Board for approval.	
<b>FC (19)92</b>	<b>WELSH GOVERNMENT MONITORING RETURNS MONTH 1</b>	
	<p>Mr Thomas presented Members with the Welsh Government Monitoring Returns report Month 1 to illustrate and provide assurance that consistent information is provided both internally and externally to Welsh Government.</p> <p>Mr Thomas highlighted that Mr Teape is Mr Moore's delegate for signing off reports for submission to Welsh Government and requested the Finance Committee approve the notion that Ms Fiona Powell be Mr Thomas' delegate for sign off for submission to Welsh Government. Members were happy to approve this delegation structure.</p>	

	The Committee <b>NOTED</b> the Welsh Government Monitoring Returns report Month 1 and <b>APPROVED</b> the delegation structure of sign off of reports to Welsh Government	
<b>FC (19)93</b>	<b>FINANCE COMMITTEE ANNUAL WORKPLAN</b> Members were presented with the Finance Committee Annual Workplan.  Members considered that in light of the outcome of the Finance Committee Self-Assessment of Performance 2018/19, the workplan could illustrate the shift in emphasis from short term focus to medium/long term focus. Going forward, consideration to the agenda setting process will consider a quarterly review of strategic items as a solution to this outcome.	<b>SB</b>
	The Committee <b>NOTED</b> the Finance Committee Annual Workplan.	
<b>FC (19)94</b>	<b>REFLECTIVE SUMMARY</b> Mr Thomas outlined the key topics discussed during the meeting for inclusion in the Finance Committee update report to the next Public Board meeting: <ul style="list-style-type: none"> <li>• The identified action to focus on strategy, which will feature in the June 2019 Finance Committee meeting;</li> <li>• Month 1 report highlighted the continuation of surge bed pressures;</li> <li>• The identified action to update the Operational Risk Register following further investigation of risks to determine which are financial risks as opposed to operational risks which are being reported against a financial impact;</li> <li>• The discussions around Winter planning 2018/19 processes and opportunities arising from lessons learned for 2019/20</li> <li>• The deep dive into Medicines Management and Aseptic Unit which was well received and deemed very informative;</li> <li>• The upcoming External Finance Review.</li> </ul>	
	The Committee <b>NOTED</b> the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting.	
<b>FC (19)95</b>	<b>ANY OTHER BUSINESS</b>  No other business was raised.	
<b>FC(19)96</b>	<b>DATE OF THE NEXT MEETING</b> 2.00pm, Tuesday 25 <sup>th</sup> June 2019, Boardroom, Ystwyth Building, St. David's Park, Carmarthen	