

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

<b>Date and Time of Meeting:</b>	Thursday 22 <sup>nd</sup> August 2019, 9.00am – 12.00pm
<b>Venue:</b>	Boardroom, Ystwyth Building, St. David's Park, Carmarthen

<b>Present:</b>	<p>Mr Michael Hearty, Associate Member (Committee Chair)  Miss Maria Battle, Chair of Hywel Dda University Health Board (HDdUHB)  Mrs Judith Hardisty, Vice Chair of HDdUHB  Mr Mike Lewis, Independent Member (Committee Vice Chair)  Mr Paul Newman, Independent Member  Mr Huw Thomas, Director of Finance  Mr David Powell, Independent Member  Mr Joe Teape, Director of Operations/Deputy Chief Executive  Mr Andrew Carruthers, Turnaround Director  Mr Steve Moore, HDdUHB Chief Executive  Mrs Ann Taylor-Griffiths, Union Representative  Mrs Lisa Gostling, Director of Workforce &amp; Organisational Development (part)</p>
<b>In Attendance:</b>	<p>Ms Rebecca Hayes, Senior Finance Business Partner  Ms Kavita Gnanaolivu, KPMG LLP (part)  Mr Rees Batley, KPMG LLP (observer)  Mr Shaun Ayres, Interim Contracting Manager  Ms Jill Paterson, Director of Primary Care, Community and Long Term Care (part)  Ms Vicki Broad, Head of Long Term Care (part)  Ms Rhian Dawson, Interim County Director and Commissioner (part)  Ms Jean Reynolds, Head of Financial Accounting (part)  Ms Liz Carroll, Interim Director of Mental Health &amp; Learning Disabilities (part)  Mr Matthew Richards, Head of Commissioning, MH&amp;LD (part)  Mr Philip Jones, Wales Audit Office (observer)  Ms Alison Gittins, Head of Corporate and Partnership Governance  Mrs Sarah Bevan, Committee Services Officer (Secretariat)</p>

<b>AGENDA ITEM</b>	<b>ITEM</b>	
<b>FC(19)141</b>	<b>INTRODUCTIONS AND APOLOGIES FOR ABSENCE</b>	<b>Action</b>
	The Chair, Mr Michael Hearty, welcomed all to the meeting. No apologies for absence were received.	
<b>FC(19)142</b>	<b>DECLARATIONS OF INTERESTS</b>	
	There were no declarations of interest made.	
<b>FC(19)143</b>	<b>MINUTES OF PREVIOUS MEETING HELD ON 22<sup>nd</sup> JULY 2019</b>	
	<b>RESOLVED</b> – that the minutes of the Finance Committee meeting held on 22 <sup>nd</sup> July 2019 be <b>APPROVED</b> as a correct record.	
<b>FC(19)144</b>	<b>MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 22<sup>nd</sup> JULY 2019</b>	
	An update was provided on the Table of Actions from the meeting held on 22 <sup>nd</sup> July 2019 and confirmation received that all outstanding actions had	

been progressed or were forward planned for a future Committee meeting, with the exception of:

- **FC(19)70/71 Finance Report/Turnaround Report Month 1 - to include a timeline of when the Committee should begin to have concerns over the delivery of savings schemes.** Mr Andrew Carruthers assured Members that, although not included within the Turnaround report for today's meeting, an amber tracker has been developed in conjunction with KPMG. This will be presented within future reports once finalised. Mr Hearty requested that Mr Carruthers liaise with Mr David Powell before the September 2019 Committee meeting to provide further assurance.
- **FC(19)27 Capital Financial Management – to liaise with the Director of Planning, Performance and Commissioning regarding Cylch Caron and the risk of expiration of the next best tender price.** Mr Huw Thomas informed Members that a draft Full Business Case (FBC) is being progressed for submission to Welsh Government (WG) and a bid for Integrated Care Fund (ICF) monies has been submitted to the Minister for approval. Mr Paul Newman queried where this leaves the Health Board in terms of the next best tender price. Mr Thomas assured Members that the Health Board is engaged with the alternative provider and this price is being held. In light of the ICF funding being non-recurrent, Mrs Judith Hardisty enquired how this will impact going into 2020/21. Mr Thomas assured Members that the effect on capital can be managed between years.
- **FC(19)82 Finance Operational Risks Report – to scrutinise and review the operational risks for propriety and to enable the Committee to gain assurance that all relevant controls and mitigating actions are in place.** Mr Thomas advised Members that work is underway with Mr Carruthers and KPMG regarding a suite of training provided to budget managers to ensure a consistent understanding of financial risks within the organisation to address the current situation. Further work will be required over the medium term. Mr Steve Moore commented that this is about both risks and opportunities.

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It was noted that all remaining items on the Table of Actions are reflected on the agenda for today's Committee meeting.

There were no other Matters Arising.

<b>FC(19)145</b>	<b>FINANCE REPORT MONTH 4</b> Members were presented with the Finance Report Month 4. Mr Thomas informed Members that HDdUHB's control total requirement is a deficit of £15m following receipt of £10m new WG funding in Month 4. The financial trajectory included in the plan for Month 4 includes the implication of the additional £10m in order to deliver the £15m control total. Mr Thomas stressed the requirement on HDdUHB to deliver the new control total, otherwise the £10m will be withdrawn. There will then be an expectation that HDdUHB delivers down to a balanced position when moving into the 2020/21 financial planning cycle. Mr Thomas advised that the planning cycle is shifting given the political environment in central Government,	
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which provides little clarity for WG until later on in the year or early next year. It is therefore difficult to plan around assumptions for income.

Working on previous assumptions in the financial planning work, a savings requirement of £40m is expected to deliver breakeven. Mr Hearty queried whether the Committee would be sighted on the position by September 2019. Mr Thomas responded that as a result of KPMG's work, an understanding of HDdUHB's underlying deficit and key drivers is to be confirmed to provide a better understanding of the baseline deficit and to identify opportunities. Mr Thomas advised that this will likely be presented to a future In-Committee meeting due to its draft nature and the sensitivities involved. Mr Hearty stressed that the Finance Committee would require assurance that this increased challenge can be managed in 2020/21, whilst acknowledging the levers that are in place to deal with this.

*Mr David Powell joined the Committee meeting*

Mr Joe Teape informed Members that each of the 3 counties are developing statements for funding, which will identify benefits and legacy costs should the benefits not be realised. These statements will be submitted to Executive Team and can be presented to one of the Board's Committees once finalised. Mr Teape agreed to circulate the letter from the Minister regarding a possible extension of the transformation fund duration over 3 years.

Mr Carruthers advised that an assessment has been undertaken of schemes over the next 18 months with a view to break even. The schemes can be funded currently, however, the benefit to the savings line is limited. The first tranche of transformation funding is focused on how schemes can be built upon to generate benefit and to understand how they will operate and move from a transactional to a transformational nature. Mr Thomas assured Members that work on the opportunities framework with KPMG will contribute to this process.

Mr Thomas informed Members that Month 4 identifies the continuation of surge and vacancies pressures, particularly in Wthybush General Hospital (WGH). The total savings requirement is £25.2m, which has been reduced by £3.5m due to funds released from the NHS Wales Performance Fund received to support the cost of delivery of Referral to Treatment Time (RTT). £15.2m of these savings are associated with green schemes, £5m are for amber schemes, and therefore risk to delivery is £5m. Operational Directorate projections are at a variance to plan of £7.1m.

Opportunities include funding from WG for the recent Tuberculosis (TB) outbreak and bids for Winter pressures funding. However, there is a necessity to focus on delivering and improving areas of flow, and employing staff to shift activity via the transformation fund.

Mr Hearty queried the plan for the £5m gap, suggesting that the focus needs to be on not spending. Examples were provided relating to Mental Health & Learning Disabilities (MH&LD) and RTT as areas that are reducing spend. It was suggested that further work could be undertaken around the Workforce Control Panel and reducing reliance on agency

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staffing. Agency costs are under scrutiny, however pressures have grown, especially in WGH. It was agreed to present a report to outline the grip and control to the next Committee meeting.

Members acknowledged the need to accelerate and realise the benefit of the Establishment Control work currently being undertaken. Mr Carruthers advised that a key area is how regulation is strengthened around agency nursing and the process of approving agency usage on a daily basis. Mr Thomas advised that further work could be undertaken regarding bank usage. Mr Hearty took an assurance that levers are being accelerated earlier than in previous years, however there is still a £7.1m savings gap.

Mr Thomas informed Members that final pension charges are beginning to have a greater impact on the Health Board, whereby staff in receipt of increments or promotion in the last 3 years of employment will incur a charge from the Pensions Agency to recognise additional pension costs. This is an unplanned cost pressure, which has resulted in a cost of approximately £0.5m to date and will therefore continue to be monitored throughout the year.

In relation to bed pressures, Mr Newman queried why this is described as surge when it represents a constant theme. Mr Teape responded that the pressures are classed as surge as the beds are not funded as part of HDdUHB's baseline establishment. This could indicate that the level of bed base is not correct, nevertheless this represents a level of surge against funded bed capacity. Mr Moore added that nursing costs are still at a premium. Mr Teape advised that work is underway to consider different bed models to influence a change to a more appropriate bed base. Questions have been raised as to what could be reconfigured over the winter period, which would help planning for 2020/21. Mr Teape undertook to bring a winter planning model back to the next Committee meeting.

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Miss Maria Battle queried the lack of inclusion of Delayed Transfer of Care (DToC) figures and Mr Thomas undertook to include the impact of medically optimised patients within the financial report for the next Committee meeting.

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Mr Thomas provided an overview of the pipeline opportunities, previously classified as red risk schemes. Mr Mike Lewis suggested there is currently no perception of the likelihood of these schemes happening and that it would help to understand when these opportunities are realistically likely to transpire. Mr Thomas assured Members that the Holding To Account (HTA) meetings scheduled for 23<sup>rd</sup> August 2019 will focus on the £7.1m operational pressures and the testing of actions in order to gain assurance on the delivery of the schemes. A timetable will then be put in place of anticipated delivery.

Mr Hearty reiterated that Members require a level of certainty over the schemes being delivered. Mr Carruthers assured Members that in addition to the aforementioned development of an amber tracker, KPMG are developing a comprehensive list of both amber and red schemes. KPMG are also considering ideas that may turn into opportunities and anything that may have been missed in year. Mr Carruthers advised that additional

	<p>project management support is required to drive these opportunities forward and KPMG recognise that HDdUHB is not at capacity to enable this.</p> <p>Mr Moore reiterated that the purpose of the tracker is to determine what needs to be done and by when and that Executive Turnaround meetings are now held fortnightly in order to monitor this.</p> <p>In relation to bank management, Mrs Hardisty commented that the system which had been implemented for the approval of bank usage requires assurance that it can be sustained and has the capacity to be maintained. Mr Thomas noted that the general usage of variable nursing capacity is increasing. Mrs Ann Taylor-Griffiths added that this is an all-Wales issue.</p> <p>Mr Teape suggested that a more comprehensive response regarding Heads of Nursing accountability in this regard is required and undertook to provide a report to the next Committee meeting. Mr Thomas suggested that this could be included within the grip and control report for submission to the next meeting. Miss Battle requested that the report includes plans on how to improve the bank process.</p> <p>Mr Thomas concluded by presenting to Members the year to date slippage against planned delivery, highlighting that the delivery of pipeline work needs to accelerate from Month 6.</p>	JT/HT
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> the financial position for Month 4.</p>	

<b>FC(19)146</b>	<p><b>FINANCIAL PROJECTIONS REPORT MONTH 4</b></p> <p>Mr Thomas presented the Financial Projections Report Month 4, demonstrating that HDdUHB appears to have performed well in Month 4 due to the receipt of £10m WG funding.</p> <p>Directorate level projections are currently indicating cost pressures of £7.1m. Mr Thomas presented a slide illustrating each Directorate's variance from plan, the largest areas being WGH, Radiology and Pathology, which are demand led. Other notable areas of concern include Public Health, as a result of the TB outbreak, and Long Term Agreements (LTAs).</p> <p>Mrs Hardisty noted that the Women &amp; Children's Directorate is also significantly adrift from plan and queried the reasons for this. Mr Thomas responded that this is due to issues with insulin pumps and with staffing within the Directorate. Mr Carruthers advised of the difficulties in the Directorate being able to deliver their savings without strategic changes made. Mr Teape added that there are limited funds to put a full service in place as their budget has been set differently to other Directorates due to the Directorate traditionally being underspent. Mr Hearty queried whether this was included within the £5m risk to delivery figure, which Mr Thomas confirmed was the case.</p> <p>Members noted that the total impact on the underlying deficit is £41.5m, which poses a significant risk going into 2020/21.</p>	
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	<p>Mr Thomas informed Members of the key actions being taken to address in year performance including the work with KPMG, establishment of assurance groups to support the delivery of savings, establishment of a Recovery Task &amp; Finish Group at WGH, and continuation of the escalated status through the Holding to Account process. Mr Thomas also informed Members of the grip and control work underway in conjunction with the Financial Assurance Framework.</p> <p>Mr Newman queried overspend due to drug cost increases, particularly in planned care and oncology, and whether this is forecast to continue. Mr Thomas confirmed that this is a recurring pressure and that work is ongoing with Medicines Management to mitigate this.</p> <p>Miss Battle queried the percentage of savings that are non-recurrent. Mr Thomas responded that £14.5m of the total £20.2m savings are recurrent, with £5.7m being non-recurrent.</p> <p>Miss Battle queried Mr Thomas' confidence in the delivery of the control total. Mr Thomas acknowledged that it is high risk and heavily reliant on further non-recurrent opportunities throughout the year. Mr Hearty assured Members that the Committee update report to the Board in September 2019 will highlight the high risk involved in reaching the control total. Mr Hearty queried whether the Board is required to approve the new control total. Mr Thomas responded that whilst the plan itself does not change, the Board would need to be advised of the new control total.</p> <p><i>Mrs Lisa Gostling joined the Sub-Committee meeting</i></p> <p>Mr Thomas informed Members that the £10m funding from WG is non-recurrent. If HDdUHB manages to deliver against the £15m control total <i>and</i> provide a credible plan to WG to break even in 2020/21, this will become a recurrent £10m allocation, which will be absorbed into the baseline. Discussions will need to be held with WG on how to breakeven, however a £40m savings target for 2020/21 would not be considered a credible plan.</p>	MH/SB
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> the financial projection for the year.</p>	

<b>FC(19)147</b>	<p><b>TURNAROUND REPORT MONTH 4</b></p> <p>Members were presented with the Turnaround Report for Month 4. As the majority of key areas of the report had been covered within the Finance presentation, Mr Carruthers highlighted to Members that the green schemes have risen from £13.2m to £15.2m in Month 4. This is slightly behind on delivery of savings in terms of referral management. Mr Carruthers assured Members that the frequency of Executive Team HTA meetings had been increased, with KPMG attending to observe and identify how the process could be strengthened. The frequency of the Triumvirate team meetings are also increasing with effect from September 2019.</p>	
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	<p>Mr Carruthers informed Members that certain Directorates, such as Mental Health &amp; Learning Disabilities and Facilities, are close to being able to be removed from Executive HTA status.</p> <p>Key work stream areas going forward include:</p> <ul style="list-style-type: none"> <li>- variable pay;</li> <li>- the shift from acute to community health care provision, especially coming into the winter period;</li> <li>- duplication of services across the 4 sites;</li> <li>- identifying what opportunities are available to drive the strategic agenda over the next 18months/2 years.</li> </ul> <p>Mr Powell enquired when the tracker is able to determine when green schemes are delivering, given that some green schemes are showing as under-delivering, and whether this is due to actual under-delivery or that they are not yet due to take effect. Mr Powell suggested that some form of narrative would be useful to differentiate in terms of expected trajectory. Mr Carruthers agreed to include this going forward. Mr Carruthers assured Members that any schemes which are not delivering are picked up as part of the HTA process.</p> <p>Mr Hearty welcomed the new format of Section 3 of the Turnaround Report at Appendix 1 and provided thanks to Mr Carruthers on its inclusion.</p>	<b>AC</b>
	<p>The Committee <b>DISCUSSED</b> and <b>NOTED</b> the Turnaround Programme update report.</p>	

<b>FC(19)148</b>	<p><b>REFERRAL TO TREATMENT TIME (RTT) MONTH 4</b></p> <p>Members were presented with the RTT Month 4 report, highlighting the key areas for discussion.</p> <p>Mr Teape informed Members of the £4.1m original budget for RTT following delivery of £1.4m savings. The £0.5m Orthopaedic element of the £1.4m savings plan is now considered to be at significant risk due to the necessity to mitigate separate risks associated with the temporary closure of Orthopaedic theatre capacity at WGH during the Summer period 2019. Based on current and future projected expenditure patterns the current total projected expenditure for 2019/20 has been revised to £4.65m, allowing for non-delivery of the Orthopaedic savings target.</p> <p>Mr Teape further informed Members of the £5.8m allocation from the NHS Wales Performance Fund to support the cost of delivery of RTT, and that £3.5m is to be released from this fund to reduce the overall savings plan. Of the Performance Fund allocation, £0.5m will be allocated for delayed follow ups, £0.3m will address the achievement of a 32 week maximum waiting time target for Stage 1 outpatients, and the remainder will be used to develop more sustainable solutions for Ophthalmology and Dermatology.</p> <p>Mr Hearty queried whether this information is discussed at the Business, Planning and Performance Assurance Committee (BPPAC). Mr Powell confirmed that it is included within the Integrated Performance Assurance Report (IPAR) which is presented to BPPAC.</p>	
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	The Committee <b>NOTED</b> the progress to Month 4 in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times delivery for 2019/20.	
<b>FC(19)149</b>	<b>ESTABLISHMENT CONTROL</b>	
	Due to time constraints, Mrs Gostling agreed to circulate her update on Establishment Control to Members following the meeting.	<b>LG</b>
<b>FC(19)150</b>	<b>CAPITAL FINANCIAL MANAGEMENT</b>	
	Members were presented with the Capital Financial Management Report noting that an update in relation to Cylch Caron had been provided earlier in the meeting.  Mr Thomas added that whilst the trend on spend has increased, given the current profile, this is not overly concerning as there is time to consider the impact. Mr Thomas assured Members that Capital financial management is also reported to BPPAC.	
	The Committee: <ul style="list-style-type: none"> <li>• <b>NOTED</b> the Capital Resource Limit for 2019/20 together with expenditure allocations and profile;</li> <li>• <b>NOTED</b> the work being undertaken to manage the financial risks identified.</li> </ul>	
<b>FC(19)151</b>	<b>CONTRACTS PROJECT IMPLEMENTATION PLAN</b>	
	Members were presented with the Contracts Project Implementation Plan, requested by Members at the previous Committee meeting, advising of the steps currently being undertaken to align the contracts/LTAs across HDdUHB.  Mr Shaun Ayres informed Members of the timetable of actions to turn the contracts strategy into deliverables. The report provides an overview of what HDdUHB commissions externally, with a view to reducing variations in current contracts. Mr Ayres advised that this information has not previously been shared with operational teams. Members were informed of the key schemes currently being developed.  Mr Powell queried the significance of the black triangles on the action plan. Mr Ayres responded that these are checkpoints to provide an indication of at what point the tracker would be revised as opposed to milestones.  Mr Teape welcomed Mr Ayres' input and the work completed to date.	
	The Committee <b>NOTED and DISCUSSED</b> the content of the Contracts Project Implementation Plan and took assurance that the steps taken are in line with the Finance Committee's expectations.	
<b>FC(19)152</b>	<b>EXTERNAL SECONDARY CARE CONTRACTS</b>	
	Members were presented with the External Secondary Care Contracts report, providing an update on the contractual position of external	



	<p>secondary care and Welsh Health Specialised Services Committee (WHSSC) contracts as at 31st July 2019.</p> <p>Mr Thomas advised of nuances that may have been historical and that work is underway to look at underlying trends/run-rates to establish what could be repatriated. Management of this process will be a challenge in terms of building and maintaining a constructive partnership with Swansea Bay University Health Board (SBUHB) whilst scrutinising the contracts in place. There is a need to ensure that services, which can be provided locally, are delivered locally and services which require external commissioning are appropriately done so. This process should in turn benefit both Health Boards. Mr Lewis noted from the report that HDdUHB's activity is less than SBUHB and Cardiff and Vale University Health Board (CVUHB) activity, however HDdUHB spend is higher. Mr Ayres informed Members that contracts in place with CVUHB, predominantly for haematology and immunology, would be reviewed.</p>	
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> the financial position on the main external contracts as at July 2019 and the work underway in respect of stabilising wider health/patient care contracts and key risks/related activity.</p>	

<p><b>FC(19)153</b></p>	<p><b>EXTERNAL FINANCE REVIEW</b></p> <p>Mr Hearty welcomed Ms Kavita Gnanaolivu to the Committee, who provided Members with an update on the work of KPMG to date with the external finance review.</p> <p>Ms Gnanaolivu informed Members of the 3 key pieces of work being undertaken:</p> <ul style="list-style-type: none"> <li>• To determine a baseline of drivers – a first draft has been shared with the Finance team. The drivers have been mapped to the 4 levers framework. Ms Gnanaolivu informed Members of the 4 levers.</li> <li>• How to achieve the control total/opportunities for improvement – an initial risk assessment of current savings plans has been performed and schemes which can be accelerated have been identified. This piece of work is currently being validated. Working group sessions are being held via the Integrated Medium Term Plan (IMTP) meetings with Directorates. Over the next few weeks, KPMG will be holding several workshops to network with business partners and services around the challenges they face. This will provide an opportunity to understand from a grass roots level the issues involved and the solutions that can be developed. Work is also underway with operational teams and the finance team to identify opportunities, with consideration of minimum disruption to service provision. All of this combined work will help to populate the opportunities framework.</li> <li>• What is needed to deliver the programme – this piece of work will assess controls, processes, and capacity to generate a Delivery Framework for the organisation. A draft report has been prepared collating all of the factors together to identify the appropriate tools for delivery.</li> </ul>	
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Ms Gnanaolivu updated Members on the key messages arising from savings programme observations, including recognition of capacity issues and also the need to get the balance right in terms of strengthening accountability at Directorate level, acknowledging that accountability can be held at a grass roots level, not only an Executive level. Ms Gnanaolivu recognised that this will require a cultural change and therefore a phased approach may be necessary.

Mrs Hardisty queried whether the workshop for Primary Care would include GP and Community Pharmacy input. Ms Gnanaolivu responded that the aim would be to open up the workshop to as wide an audience as possible. Ms Paterson noted that this would represent a good opportunity to engage with and support potential changes.

Mrs Hardisty referred back to Ms Gnanaolivu's comments on Directorate accountability capacity and whether this also referred to capability. Ms Gnanaolivu responded that consideration should be given to some level of project management capability and project management skills in addition to the capacity to deliver this.

Mr Lewis queried the external benchmarks that are being applied and the support that may be available if HDdUHB seems to be an outlier. Ms Gnanaolivu responded that the starting point is the national benchmarks in place which pointed to significant opportunity upon analysis of HDdUHB's dataset with national guidelines. Consideration is also being given to the different drivers for each of the 4 sites. An independent analysis by KPMG has identified opportunities which can be actioned and work will be undertaken with individual Directorates to progress these.

Mr Moore highlighted the difference in addressing the delivery model on the ground rather than at a theoretical level. This bottom up approach to problem solving will enable thinking to be tested on what can be changed.

Ms Taylor-Griffiths reiterated that it is helpful to understand what is happening at ground level and not only at a management level.

Mr Teape advised that although there will be opportunities that can be actioned, a joint view of the information and some validation will be needed before it is shared more widely. Mr Teape also advised that context needs to be considered, referring to the example of HDdUHB recently losing 2 ophthalmic consultants.

Mr Hearty acknowledged that whilst KPMG would need to have time to validate the information, positive opportunities are available. Mr Moore advised that the challenge will be on how quickly these opportunities can be actioned and accelerated. Ms Gnanaolivu informed Members that she would also be attending Turnaround meetings to provide input.

*Ms Kavita Gnanaolivu left the Committee meeting.*

The Committee **NOTED** the External Finance Review Update.

Members were presented with the Deep Dive into Long-term Care: Counties report by Ms Jill Paterson, accompanied by Ms Jean Reynolds, Ms Rhian Dawson, and Ms Vicki Broad.

Ms Paterson provided Members with an overview of the policy context which is significantly complex. As part of Long-term Care requirements, an assessment of eligibility is carried out and scrutinised by a panel in place to deal with disputes and appeals. Retrospective claims are also required to be covered within the Directorate's expenditure. In the early stages, retrospective claims could extend back over a number of years, however a 12 month cut off point is now applied for retrospective claims. 531 claims have been paid to date at a cost of approximately £12m.

The Long-term Care system is subject to a fragile market, particularly as a result of 4 agencies exiting the market in 2018/19. This resulted in HDdUHB having to absorb the additional cost of care provision. Governance issues within care home settings can also reduce beds where homes are under embargo or under escalating concerns.

Ms Broad provided an overview of the work completed to transform the pathway over previous months, advising that the regional Long-term Care pathway is the first in Wales. It consists of a whole system approach with the aim to develop a single end to end system from admission through to discharge and through to annual review. Ms Broad informed Members of the newly created Long-term Care Specialist Nurse posts, which are able to carry out all aspects of the pathway, providing sustainability and efficiency of service.

Pathway efficiencies and savings had been assisted by the Turnaround process, where a target of £1.1m savings had been set for 2018/19. £1.08m savings were delivered in 2018 through proactive working and without additional funding. An overview of approaches to budget-setting was provided to Members, highlighting that the nature of Community Health Care (CHC) is volatile and that small changes in numbers can have a dramatic impact.

Ms Dawson provided an overview of the client groups involved. The ageing demographic indicates an additional 3.4% growth each year, which will be slightly different in each county area. Governance surrounding the commissioning of care has been improved with quality assurance ensuring that all avenues of care are being considered prior to commissioning cases. Governance has also been improved as a result of 2 out of the 3 counties investing in and delivering services in-house.

Ms Reynolds informed Members that there is no control over what demand to the service and that with the trauma network pathway, improved recovery rates bring associated growth. Dementia/Elderly Mentally Infirm (EMI) represents a considerable challenge in terms of activity and spend. However Palliative Care has seen an improving position with patients being identified for appropriate services at the right point in time.

Ms Dawson stressed the importance of working seamlessly with Local Authorities and the independent sector, given that care at home is more

efficient than use of the independent sector. However, community nursing remains under pressure.

The presentation concluded with an overview of key risks and opportunities for the service. In summary, implementation of the Long-term Care pathway in 2018/19 absorbed the anticipated annual growth in CHC. Despite this, there continues to be significant cost pressures on the budget, which will impact on the ability to deliver continued efficiencies both in-year and into following years.

Mr Powell queried the disparity of commissioning figures within Pembrokeshire, noting the high costs involved despite a lower number of cases in comparison to the other counties. Ms Paterson advised of the inability to reduce certain historically commissioned cases in the county. However, Ms Paterson assured Members that a member of the Long-term Care team regularly meets with families to discuss the appropriateness of packages and their rightsizing.

Whilst acknowledging clinical need and recognising that behind every number is an individual, Mr Lewis queried from a financial perspective what is understood to be the most efficient way of delivering packages, internally or externally, and what can be done to reduce risks. Ms Paterson responded that the most efficient method of delivering the service is in-house as there is a greater control over governance. In considering more creative ways to deliver care differently, there will always be cases where specialised care is needed.

The Committee **NOTED** and **DISCUSSED** the Deep Dive into Continuing Health Care: Counties report and presentation.

**FC(19)155 DEEP DIVE INTO MENTAL HEALTH AND LEARNING DISABILITIES COMMISSIONING**

Members were presented with the Deep Dive into Mental Health and Learning Disabilities (MH&LD) Commissioning report.

Ms Liz Carroll provided an overview of the Directorate and the services it provides, where £22m of the budget sits with commissioning. Demand is growing, with an additional 5000 cases per year since 2013/14.

Mr Matthew Richards provided an overview of the Commissioning team, which also includes a safeguarding and quality assurance post. 474 individuals have a package of care, of which 239 are Adult Mental Health and 235 are Learning Disability placements. 82% of packages are jointly funded with Local Authorities. Of these placements, 77% are within the HDdUHB area, 4% are outside of Wales, and the remainder are out of area but within Wales. In comparison with Wales, HDdUHB has a significantly higher reliance on joint funded placements than 100% healthcare funded placements. This is a historic position which is difficult to address with Local Authorities. Mr Richards advised that there is currently no eligibility criteria in place for joint funded placements and that work is underway to draft guidance and clarify the position with other Health Boards.

The financial position is predominantly overspent due to high cost patients and increased growth. In 2019/20, the budget was increased from £20.5m to £22.4m. Commissioned care packages represent the biggest overspend of the Directorate with the highest spend attributed to residential services for both Mental Health and Learning Disabilities. The over-reliance on residential care would indicate a need to consider community options.

*Ms Rebecca Hayes left the Committee meeting*

Mr Richards provided an overview of the savings delivery schemes in place for 2018/19 and 2019/20. An overview of challenges and risks was also provided highlighting the increased demand faced by the service and the increased complexities of Learning Disability patients. Local Authority cost pressures are also significant to the budget and savings delivery forecast, and resources are required to sustain safeguarding and quality assurance.

*Mr Phillip Jones left the Committee meeting*

An overview of opportunities and progress was presented to Members, including:

- the MH&LD Transformation Programme and the development of core and community based services;
- the transformation funding to increase team capacity to deliver efficiencies,
- support from the National Collaborative Commissioning Unit (NCCU)
- the Bespoke Repatriation and Community Rehabilitation Project.

Ms Carroll concluded that the growth of supported living would make a significant difference.

Miss Battle enquired how quality of care is assured for out of area placements. Ms Carroll responded that each individual is assigned a care coordinator who reviews the package and that the Commissioning team assess the governance of the package. Work is also undertaken with regulators and Local Authorities to gain assurance, providing a network of intelligence.

Mr Moore commented that the Transformation work will focus on improvements over the next 3 years rather than only in year positions.

Mr Newman queried the direction of travel to increase supported living placements and the supervision in place to enable scrutiny of these places. Mr Richards responded that the supported living service is already monitored, albeit at a lower level, and it will need to be led by Local Authorities.

Mrs Hardisty referred to HDdUHB's recent signing of the Learning Disabilities Charter, recognising the importance of listening to patients in regard to what they want, which is the future direction of travel.

*Ms Liz Carroll and Mr Matthew Richards left the Committee meeting*

	The Committee <b>NOTED</b> and <b>DISCUSSED</b> the Deep Dive into Continuing Health Care: Mental Health & Learning Disabilities report and presentation.	
<b>FC(19)156</b>	<b>DEEP DIVE INTO RING_FENCED ALLOCATION WITHIN MENTAL HEALTH AND LEARNING DISABILITIES</b>	
	Deferred to September 2019 Finance Committee meeting	
<b>FC(19)157</b>	<b>CORPORATE RISK REPORT</b>	
	Due to time constraints, and discussions held earlier in the meeting regarding the further work required around the monitoring and management of financial risks, Members agreed that the Risk reports be deferred to the October 2019 Committee meeting.	
<b>FC(19)158</b>	<b>FINANCE OPERATIONAL RISK REPORT</b>	
	Due to time constraints, and discussions held earlier in the meeting regarding further work required around the monitoring and management of financial risks, Members agreed that the Risk reports be deferred to the October 2019 Committee meeting.	
<b>FC(19)159</b>	<b>FINANCIAL PROCEDURES</b>	
	Members were presented with the Financial Procedures report, identifying the following procedures that have been reviewed and are presented for Finance Committee approval: <ul style="list-style-type: none"> <li>• Budgetary Control Procedure – Mr Thomas advised Members that the previous version had been considerably out of date and has been revised following feedback received from KPMG and the Financial Delivery Unit.</li> <li>• Losses and Special Payments Procedure</li> </ul> Members were in agreement to approve the two financial procedures.	
	The Committee <b>APPROVED</b> the revised Budgetary Control Procedure and the Losses and Special Payments Procedure.	
<b>FC(19)160</b>	<b>STRATEGIC FINANCIAL PLANNING GROUP UPDATE REPORT TO STRATEGIC ENABLING GROUP (SEG)</b>	
	Members were presented with the Strategic Financial Planning Group Update Report to Strategic Enabling Group (SEG). No questions or comments were received.	
	The Committee <b>NOTED</b> the Strategic Financial Planning Group Update Report to Strategic Enabling Group (SEG).	
<b>FC(19)161</b>	<b>FINANCE COMMITTEE UPDATE REPORT TO BOARD FROM PREVIOUS MEETING</b>	
	Members were presented with the Finance Committee Update Report to the Board from the meeting held on 22 <sup>nd</sup> July 2019 for information. No questions or comments were received.	
	The Committee <b>NOTED</b> the Finance Committee Update Report to Board.	
<b>FC(19)162</b>	<b>FINANCE COMMITTEE ANNUAL WORKPLAN</b>	
	Members were presented with the Finance Committee Annual Workplan. No questions or comments were received.	



	The Committee <b>NOTED</b> the Finance Committee Annual Workplan.	
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<b>FC(19)163</b>	<b>REFLECTIVE SUMMARY</b>	
	<p>Mr Thomas outlined the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting:</p> <ul style="list-style-type: none"> <li>• Financial position and key drivers, highlighting the high risk to achieving the revised control total, following the £10 allocation from Welsh Government</li> <li>• Projections, recovery actions and how to fill the savings gap; a report on grip and control to be presented to the next Committee meeting</li> <li>• Turnaround actions</li> <li>• Contracts implementation with positive feedback received from the Committee around the right direction of travel</li> <li>• Update from KPMG on work in progress</li> <li>• Deep Dives into Long-term Care in counties and commissioning in MH&amp;LD</li> <li>• Approval of two Financial Procedures</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)164</b>	<b>ANY OTHER BUSINESS</b>	
	No other business was raised.	

<b>FC(19)165</b>	<b>DATE OF NEXT MEETING</b>	
	Tuesday 24 <sup>th</sup> September 2019, 9.30am - 12.30pm, Boardroom, Ystwyth Building, St. David's Park, Carmarthen	