

**COFNODION HEB EU CYMERADWYO O GYFARFOD Y PWYLLGOR CYLLID/  
UNAPPROVED MINUTES OF THE FINANCE COMMITTEE MEETING**

<b>Date and Time of Meeting:</b>	22 <sup>nd</sup> October 2020, 2.30 – 5.00pm
<b>Venue:</b>	Board Room, Ystwyth Building, St. David's Park, Carmarthen

<b>Present:</b>	Mr Michael Hearty, Associate Member, Committee Chair (VC) Mr Mike Lewis, Independent Member, Committee Vice Chair (VC) Mrs Judith Hardisty, Vice Chair, Hywel Dda University Health Board (VC) Mr Paul Newman, Independent Member (VC) Mr Maynard Davies, Independent Member (VC)
<b>In Attendance:</b>	Mr Huw Thomas, Director of Finance Mr Steve Moore, Chief Executive (VC) Mrs Lisa Gostling, Director of Workforce and Organisational Development Mr Andrew Carruthers, Director of Operations (VC) Ms Jill Paterson, Director of Primary Care, Community and Long Term Care Mr Keith Jones, Director, Secondary Care (VC) Mrs Joanne Wilson, Board Secretary (VC) Mrs Jennifer Thomas, Senior Finance Business Partner (VC) Mrs Eldeg Rosser, Senior Business Partner (VC) Mrs Rebecca Hayes, Senior Finance Business Partner Mr Anthony Tracey, Assistant Director of Digital Services (VC) Mr Alan Binks, Head of Procurement (VC) Mr Chris Williams, Senior Value Business Partner (VC) Mr Iwan Williams-Evans, Value Business Partner (VC) Ms Sonja Wright, Committee Services Officer (Secretariat)

<b>AGENDA ITEM</b>	<b>ITEM</b>	
<b>FC(20)142</b>	<b>INTRODUCTIONS AND APOLOGIES FOR ABSENCE</b>	<b>Action</b>
	The Chair, Mr Michael Hearty, welcomed all to the meeting. Apologies for absence were received from: <ul style="list-style-type: none"> <li>Miss Maria Battle, Chair, Hywel Dda University Health Board</li> </ul>	

<b>FC(20)143</b>	<b>DECLARATIONS OF INTERESTS</b>	
	There were no declarations of interest.	

<p><b>FC(20)144</b></p>	<p><b>MINUTES OF PREVIOUS MEETING HELD ON 29<sup>th</sup> SEPTEMBER 2020</b></p> <p>The minutes of the Finance Committee meeting held on 29<sup>th</sup> September 2020 were <b>ACCEPTED</b> as an accurate record.</p> <p><b>RESOLVED</b> – that the minutes of the Finance Committee meeting held on 29<sup>th</sup> September 2020 be <b>APPROVED</b> as an accurate record.</p>	
<p><b>FC(20)145</b></p>	<p><b>MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 29<sup>th</sup> SEPTEMBER 2020</b></p> <p>The Table of Actions from the meeting held on 29<sup>th</sup> September 2020 was reviewed, and confirmation received that all outstanding actions had been completed or were forward-planned for a future Finance Committee meeting.</p>	
<p><b>FC(20)146</b></p>	<p><b>FINANCE REPORT AND FINANCIAL FORECAST MONTH 6, 2020/21</b></p> <p>The Committee received the Month (M)6 2020/21 Finance Report and M6 Financial Forecast, the latter having previously been reviewed and discussed by Members in their In Committee session.</p> <p>Members noted the following key points with regard to the M6 position:</p> <ul style="list-style-type: none"> <li>• Without the additional WG funding confirmed in-month, the M6 variance to breakeven shows an improved position of £5.5m (M5, £6.5m).</li> <li>• The in-month reported position is £19.2m below breakeven after recognising additional WG funding to mitigate the Year to Date (YTD) unfunded costs resulting from the COVID-19 pandemic. The YTD variance to breakeven is therefore £12.5m, in line with the planned deficit.</li> <li>• Additional costs incurred in M6 due to the COVID-19 pandemic stand at £6.9m (compared with £10.7m for M5), which include Field Hospital (FH) set-up costs totalling £3.4m.</li> <li>• In-month savings delivery of £0.3m is slightly above plan due to timing, which is directly attributable to the COVID-19 pandemic.</li> </ul> <p>Members further noted the following key points relating to the financial forecast at M6:</p> <ul style="list-style-type: none"> <li>• Following confirmation of additional funding from WG, the Health Board (HB) is currently forecasting to deliver the planned deficit of £25m, and is planning to utilise funding streams already available to mitigate risks in respect of Winter Planning, reinstating elective services and any further impact of the COVID-19 pandemic, recognising that those funding streams shared with Local Authority (LA) partners also represent a level of risk.</li> <li>• Should the HB progress all the schemes identified to deal with implementing social distancing measures and other COVID-19 requirements, with no further funding available from WG, the potential over commitment against the Capital Resource Limit (CRL)</li> </ul>	

would be £14.8m. This risk is being actively managed; however there is a significant operational risk if these schemes are not progressed.

- £30.8m identified and as-yet-unidentified savings schemes included in the Financial Plan are not expected to deliver due to the diversion of operational focus to respond to COVID-19. Discussions are on-going for additional funding to support the non-delivery of the HB's savings target on a recurrent basis.
- The cost of maintaining Long Term Agreement block arrangements as a net commissioner is estimated to be £15.7m, compared to actual activity levels.

Mr Huw Thomas highlighted the assurance provided by current projections that the HB will deliver its planned deficit of £25m, while drawing Members' attention to risks to this forecast EoY position linked to potential increased demand over the winter period arising from:

- Additional winter planning schemes costs;
- Additional FH expenditure;
- Agency staff costs in acute sites and FHs.

Members were additionally advised of risks relating to EU exit, and costs associated with increased elective activity, if capacity allows.

Given that no financial values are attributed to potential EU exit costs, Mr Hearty queried how narrative relating to risk associated with EU exit will translate to ratings which will indicate whether the HB remains on target to achieve its planned deficit position. Mr Thomas advised that the HB's Quarter 3 and Quarter 4 (Q3/ Q4) forecast will be discussed at a Star Chamber meeting between the Director of Finance and WG, to be held on 2<sup>nd</sup> November 2020.

Members were further advised of a cap upon staffing spend over the winter period, which will mitigate risks associate with agency staff costs.

In response to queries from Mrs Hardisty regarding 'GMS True-Up' (listed as a risk to achieving the deficit target), and whether central funding will be made available to support the operation of the Penally MoD training camp accommodation for asylum seekers, Mr Thomas explained that the former refers to a General Medical Service contractual process of assessing expenditure against activity to ensure that GP practices receive an appropriate proportion of funding, and advised that the issue of funding to support the Penally camp accommodation is currently the subject of discussions with the Home Office. Mr Thomas assured Members that he would pursue the issue of central funding, and will declare this as an opportunity to WG.

With regard to the risk relating to benefit-in-kind liability for staff accommodation during the COVID-19 pandemic, Mr Michael Hearty noted the requirement for a decision indicated against this risk, recognising that the HB will need to accept liability for accommodation costs in order that staff do not incur them.

Mr Hearty summarised that, notwithstanding the risks described, the movement in the forecast EoY deficit of £121.5m at M1 to the planned target of £25m at M6 is impressive, and places the HB in a positive

	<p>position, while Mr Thomas anticipated that increasing levels of assurance regarding the organisation's ability to meet its deficit target would be provided over the coming months, and noted the possibility that future projections might indicate a reduction of the deficit figure.</p>	
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> the financial position and the End of Year Forecast for Month 6 2020/21.</p>	

<p><b>FC(20)147</b></p>	<p><b>CAPITAL FINANCIAL MANAGEMENT</b></p>	
	<p>Members received the Capital Financial Management report, providing the most recent update in regard to the All-Wales Capital Programme (AWCP), the Capital Resource Limit (CRL) for 2020/21 and the value of capital expenditure currently committed to deal with the COVID-19 pandemic for 2020/21.</p> <p>Mrs Eldeg Rosser highlighted the following key points:</p> <ul style="list-style-type: none"> <li>• The CRL has been reduced to accommodate in-year slippage of £3.5m (i.e. in the Women and Children Phase II scheme: £2.24m, and in Magnetic Resonance Imaging equipment: £1.26m);</li> <li>• A further AWCP allocation of £200k has been approved for an Integrated Care Fund scheme (a Health and Social Care Resource Centre, Sunderland Ward, South Pembrokeshire Hospital);</li> <li>• £13.76m of the CRL allocation of £26.6m for 2020/21 has been spent, of which £8.627m is related to COVID-19.</li> </ul> <p>Members were advised that, in addition to costs committed to date, there are capital schemes to the value of £11.97m which have been proposed in response to COVID-19 and social distancing requirements. Members were informed that although WG has advised that there is no funding for the majority of these schemes, it is in the process of considering the HB's bid for £0.72m of funding for Emergency Department (ED) Streaming Units, which the organisation is currently progressing using its Discretionary Capital Programme (DCP), in anticipation of receiving central funding.</p> <p>Mrs Rosser informed the Committee that a funding gap of £14.7m prevents the progression of feasibility schemes developed to support the organisation's response to COVID-19-related demand without agreed central funding, given that to do so will result in breach of the CRL.</p> <p>In response to a query by Mr Hearty regarding the potential impact of the HB's inability to progress its capital schemes, Mr Andrew Carruthers advised that the main risk relates to non-progression of items which will support the HB's resilience in providing Planned Care services and mitigate against cancellation of Cancer and Urgent Care treatments, citing as an example the implementation of isolation pods around beds in Intensive Care Units.</p> <p>Mrs Judith Hardisty requested details of progress in relation to the development of the Cross Hands Integrated Health and Care Centre, specifically regarding key issues and revenue costs, given that the scheme</p>	

	<p>is highlighted in the development of the new NHS Wales Planned Care Strategy.</p> <p>Responding to a query from Mr Paul Newman as to whether there is any indication from WG regarding the HB's ability to retain allocations of £1m relating to estate sales and underspends on completed AWCP schemes, Mrs Rosser advised that a ministerial report is being prepared by the HB, and that further information will be provided at a capital review meeting to be held on 26<sup>th</sup> October 2020.</p>	
	<p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>NOTED</b> the Capital Resource Limit for 2020/21;</li> <li>• <b>NOTED</b> the value of capital expenditure currently committed to deal with the COVID-19 pandemic for 2020/21 and funding released to date;</li> <li>• <b>NOTED</b> the financial risk associated with progressing COVID-19-related capital schemes at feasibility stage without confirmed funding;</li> <li>• <b>NOTED</b> the risk of being unable to progress COVID-19 schemes and other schemes to deal with the HB's equipment, statutory, infrastructure and digital backlog due to insufficient capital resource;</li> <li>• <b>NOTED</b> the updates on the Women and Children Phase II (GGH) scheme.</li> </ul>	

<b>FC(20)148</b>	<b>DIGITAL DELIVERY – GOVERNANCE</b>	
	<p>The Committee received a report detailing a proposal for the establishment of an Agile Digital Business Group (ADBG) as a Sub-Group of the Finance Committee, to take forward the digital response to the Strategic and Planning Objectives of the HB, together with draft Terms of Reference.</p> <p>Members were advised that as the HB faces a challenging list of development and implementation requirements to ensure the organisation has the systems and information necessary to support new ways of working, it will be necessary to ensure that there is an appropriate agile prioritisation mechanism to determine which initiatives are moved ahead and/ or scaled up and when, and which initiatives are pulled back as soon as it becomes apparent that no benefits will be realised from investment. It will also be crucial to ensure that initiatives are resourced appropriately in order that they can deliver anticipated benefits.</p> <p>Mr Maynard Davies referred to the membership of the ADGB, querying whether senior nursing representation should be included, and it was agreed by the Committee that the Informatics Lead Nurse (Judith Bowen) be added to the membership.</p> <p>Responding to a query from Mr Hearty regarding the linkage between Finance Committee and ADBG, Mr Thomas explained that while the Group will be in a position to apply the appropriate level of scrutiny to digital projects, and to provide an agile response in identifying which initiatives to progress and which to withdraw, Finance Committee will monitor any financial risk arising from the implementation of digital projects within the</p>	<b>HT/ SW</b>

	<p>HB. Members noted the requirement to amend the Finance Committee’s current Terms of Reference to reflect the linkage and line of reporting between the Committee and its Sub-Group, and to include the Group’s update reports in the Committee’s workplan.</p>	<p><b>HT/ SW</b></p>
	<p>The Committee <b>DISCUSSED</b> the establishment of the ADBG as a sub-Group of the Finance Committee, together with its role and remit, and <b>APPROVED</b> the Terms of Reference of the ADBG.</p>	

<p><b>FC(20)149</b></p>	<p><b>HDdUHB PROCUREMENT STRATEGY</b></p> <p>Members received a report outlining proposals to increase the efficiency of the HB’s procurement function, and to develop a local focus in the procurement of goods, equipment and services, which had been driven initially by opportunities born out of necessity in securing supply during the early phases of the COVID-19 pandemic, and which are subsequently being progressed by the HB to drive local supply chain strategies that complement WG policies relating to the Foundational Economy.</p> <p>Mr Davies referred to the rolling programme of devolving PPE inventory management and distribution to individual acute sites, which will be completed by the end of December 2020, and queried whether this process could be accelerated, given the second ‘spike’ in COVID-19 outbreaks across the HB. Mr Alan Binks explained that the phasing of the programme is dictated by resources within the NHS Wales Shared Services Partnership team, however assured Members that the HB Procurement Team will maintain a watching brief regarding progress.</p> <p>Responding to a query from Mr Davies in relation to Information Communications Technology (ICT) and Estates ‘hidden catalogues’, Mr Binks explained that as the HB’s ICT Department procures a wide range of products from various providers, it has sole access to a specialised goods catalogue, which provides a greater degree of transparency and control in monitoring the Department’s orders.</p> <p>Noting current established processes in relation to procurement under EU rules, Mr Davies further queried whether there is any indication of changes to these processes following EU exit. Mr Binks advised that there is no indication of changes to procurement obligations, and that the issue of tenders will continue to follow current processes.</p> <p>Mr Newman queried whether consideration has been given to reviewing terms and conditions included within the HB’s procurement policies in order to ensure that these do not disincentivise local producers in undertaking business with the organisation. Mr Binks advised that a central database will be established to record all business qualification processes in order to standardise these as far as possible, adding that a pragmatic approach will be applied in the HB’s approach to local suppliers, based upon the value of contacts. Members were further informed of the HB’s intention to introduce business tools such as Multiquote to local suppliers in order to facilitate procurement processes between the organisation and local providers.</p>	
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	<p>Mr Binks drew Members' attention to a recent event held with the HB and the Federation of Small Businesses with the aim of engaging with local suppliers, and encouraging new entrants into the Healthcare market. Members were informed that there is capability at local level to fulfil the HB's supply needs.</p> <p>Members were advised of a meeting held between Carmarthenshire County Council and the Centre for Local Economic Studies (CLES), to discuss opportunities to develop local businesses on an open book basis. Mr Thomas further informed the Committee that CLES has been engaged to work with the HB to review the organisation's non-pay spend breakdown to identify where there may be opportunities to extend local supply by matching spend categories with potential local suppliers. Mr Thomas advised that CLES will produce a report of their findings in March 2021, which will be shared with Finance Committee to enable Members to take a view on the development of a longer-term procurement strategy for the HB.</p> <p>Being advised that the HB has already spent £7m in the procurement of goods from local businesses, Mr Hearty queried whether there is an ambition to increase this figure. Mr Binks responded that the HB aims to increase target spend on local suppliers by 15% year-on-year. Mr Thomas added that, while the amount which the HB has available to spend upon local business is relatively small, once high-cost items such as drugs are factored in, there are opportunities to source items such as pharmaceuticals locally as part of a longer-term procurement strategy.</p>	<b>HT</b>
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> proposals to increase the efficiency of the HB's procurement function, and to develop a local focus in the procurement of goods, equipment and services.</p>	

<b>FC(20)150</b>	<p><b>LOCALITY EXPENDITURE ANALYSIS</b></p> <p>Members received a report and presentation detailing analysis undertaken by the HB of expenditure at GP cluster population level.</p> <p>Mr Chris Williams highlighted the following key points:</p> <ul style="list-style-type: none"> <li>• Allocation of HB expenditure is challenging; out of a total £831m, £620m has been allocated to cluster activity level; however activity relating to Swansea Bay University Health Board and Welsh Health Specialised Services Committee has not yet been included in the analysis;</li> <li>• Costs have necessarily been estimated for a number of areas, based upon a standard allocation approach e.g. Bronglais General Hospital and Ceredigion, where there is limited control of sites and services to which patients are directed;</li> <li>• Allocation of expenditure based exclusively on cluster population levels produces an unrepresentative result; this is addressed through the application of a weighted allocation methodology (General Medical Services – GMS – weighting), which includes details of age, sex, illness and deprivation, to produce weighted head of population figures.</li> </ul>	
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Members received a live demonstration of a data visualisation tool, based upon Microsoft PowerBI, which enables analysis of locality-based expenditure, and were informed that this tool allows a 'self-service' approach to analysing both the cost and volume of care at particular 'points of delivery' across the HB. Members were further informed that the analysis tool is currently based upon 2018/19 data, which will be updated with 2019/20 costing data following finalisation of costs in November 2020, and is intended to be published across the HB in order that managers and clinicians can undertake their own investigations into differences in cost and activity.

Mr Williams drew Members' attention to the likelihood that SBUHB activity will increase as a result of the proximity of Llanelli and Gwendraeth populations to Morriston Hospital, which serves to highlight the need to focus upon underlying reasons for relatively high levels of activity within certain areas. Mr Williams added that, while it is difficult to assess the healthcare needs of different populations, the weighting applied to analysis may provide an indication of factors influencing relative levels of activity across the HB area, and thereby identify unexplained variations.

Responding to a query from Mrs Hardisty regarding whether data produced by the analysis tool might usefully feed into workforce modelling applied to different areas, Mr Williams explained that, while it is difficult to link the two, it would be reasonable to assume that increased resourcing for Primary and Community Care within a particular area will translate to lower numbers of hospital admissions among those populations.

Mr Thomas advised Members that, while the analysis tool currently generates more questions than answers, the questions will become more precise over time, enabling them to be directed to specific counties and areas of service in order to align responses with financial data. Mr Thomas added that this analysis of activity will feed into longer-term planning, particularly in relation to a 'shift left' to increased use of community services, in order to alleviate demand and cost pressures upon acute hospitals.

Mr Hearty observed that, while the application of GMS weighting to activity analysis appears sensible, requirements to base decisions upon results will necessitate robust testing of the impact of the weighting methodology in order to provide assurance that the data produced is statistically sound. Mr Williams advised Members that alternative data will be developed for comparison with raw and GMS data, and expressed his anticipation that sensitivity analysis of the data produced by the tool will not reveal any significant variances in results.

With regard to sensitivity analysis, Mr Williams cautioned that, as the analysis tool is based upon pre-COVID-19 data, it is likely that different levels of impact will be represented, reflecting pre-pandemic activity, COVID-19 outbreaks, and increased activity created by post-pandemic demand for services.

Members were assured that these factors will be taken into account in the analysis of activity and costs, and agreed that the tool will be a valuable asset in illustrating differences in the level and cost of care between GP clusters and county areas. Mr Steve Moore further commented that HB

	<p>Directorates will wish to explore how the tool can be used to support financial and service planning.</p> <p><i>Mr Moore left the Committee meeting</i></p>	
	<p>The Committee <b>DISCUSSED</b> the methodology employed in the development of the Locality Expenditure Analysis tool, and <b>NOTED</b> benefits for the HB in terms of investigating differences in cost activity across different areas and services.</p>	

<b>FC(20)151</b>	<b>Q3/ Q4 PLAN, INCLUDING WINTER PLANNING 2020/21</b>	
	<p>Members received the HB’s Response to the COVID-19 NHS Wales Operating Framework for Quarters 3 and 4 (Q3/ Q4 Plan), together with a report detailing the development of the HB’s Regional Winter Protection Plan, noting that the latter is still at development stage.</p> <p>Mr Andrew Carruthers advised the Committee that the Q3/ Q4 Plan had been reviewed at Board Seminar session on 15<sup>th</sup> October 2020, and submitted to WG on 19<sup>th</sup> October 2020. Members were advised that while deadlines for submission to WG differed for the Winter Protection Plan (WPP) and the Q3/ Q4 Plan, there is alignment and read-across between the two plans, and informed that certain elements which WG have stipulated for inclusion in the WPP are covered in the Q3/ Q4 Plan.</p> <p>Mr Carruthers further advised Members that while there is some risk to the HB’s forecast deficit position relating to spend for winter planning, it is considered that this risk can be managed, based upon the implementation of winter planning schemes in previous years.</p> <p>In response to a request from Mr Hearty for assurance that there are sufficient funds to support HB services over the winter period, Mr Carruthers advised that assurance is increasing, notwithstanding a potential risk of requirements to increase FH capacity resulting from a surge in COVID-19-related demand, adding that, in terms of ‘usual’ winter planning processes, indications are that the HB has sufficient funding to support services.</p> <p>Mr Hearty queried whether the demand modelling used in the development of the WPP and Q3/ Q4 Plan has differed to that of previous years, given the exceptional circumstances arising from the COVID-19 pandemic. Mr Carruthers considered that while modelling for 2020/21 has been more uncertain, the HB’s development of a modelling system enabling projection of demand in Unscheduled Care has greatly assisted planning, notwithstanding some variables and unknown behaviours. Members were informed that the HB is tracking well against the median of demand level indicated by the model, and assured that, in terms of modelling capability, the organisation is in a stronger position than in previous years.</p> <p>Responding to a query from Mr Newman regarding the extent to which staff sickness absence rates might impact upon delivery of winter plans, Mr Carruthers advised that this element represented the greatest risk to delivery, and is considered an added complexity to demand modelling. As such, Members were assured that work undertaken by the Workforce Directorate is intrinsically linked to the WPP and Q3/ Q4 Plan, and that</p>	

	joint work between Acute and Community Bronze command groups with regard to staffing capacity within hospital and community services also feeds into winter planning.	
	The Committee <b>DISCUSSED</b> the Q3/ Q4 and WPP plans, <b>NOTING</b> risks to the delivery of the plans arising from workforce capacity and further COVID-19-related demand.	

<b>FC(20)152</b>	<p><b>WORKFORCE PLAN</b></p> <p>Members received a report detailing the most recent iteration of the Workforce Plan.</p> <p>Members were advised that the plan seeks to address workforce requirements to meet COVID-19 demand, as directed by WG, to support the delivery of essential services as per the National Framework, and also to manage the anticipated additional demand linked to winter pressures. Members were further informed that workforce demand represents not only the level of staffing required for additional beds but also the requirement to fill all recruitment gaps, some of which have been present for a number of years.</p> <p>Mrs Gostling explained that impacts and actions focus upon the three staffing areas where the greatest workforce deficits are known - Registered Nurses, Health Care Support Workers (HCSWs) and Hotel Facilities staff - and are predicated upon two models for surge beds requirements (assuming a worst-case scenario position):</p> <ul style="list-style-type: none"> <li>• An additional 501 beds required to support 613 COVID-19 inpatients;</li> <li>• The Swansea Bay University Health Board model, which indicates the worst case scenario for HDdUHB in terms of the need for an additional 180 beds.</li> </ul> <p>Members noted the figures in the plan relating to workforce requirements, presenting initial projections for staff numbers required to fill all vacancies and support Test, Trace and Prevent (TTP) and social distancing requirements, and to provide staffing cover for 501 FH beds. Members were informed that further revised staff shortfall projections are based upon the implementation of mitigations, including the introduction of Band 4 administrative staff and increased recruitment of HCSWs to enable redeployment of nursing capacity to surge beds, and directing services to provide cover using current fill rates. Members were advised that further modelling based upon a requirement for 180 surge beds further reduces the 'gap' in establishment and provides the following numbers of additional staff required:</p> <ul style="list-style-type: none"> <li>• 104 Registered Nurses</li> <li>• 208 HCSWs</li> <li>• 160 Hotel Facilities staff</li> </ul> <p>Members were further advised of the following key points:</p> <ul style="list-style-type: none"> <li>• All HCSWs and Facilities staff have been employed on bank contracts, therefore the only financial implication (until surge beds</li> </ul>	
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are opened and require staffing) is that relating to costs of induction, training and shadow shifts.

- Vaccination services have not been included in requirement assumptions, as the workforce required to provide these services is not currently known, and will be based upon when the COVID-19 vaccination becomes available, and in what quantities.
- An option to scope registered practitioners who are in specialist roles to determine the impact upon patient care if they were to be deployed to support surge requirements is under consideration.
- Efforts are underway to establish the work being undertaken by registered practitioners deployed to the Command Centre, recognising that it would be more prudent to use these in a professional capacity and back-fill with appropriate workforce.
- All corporate and support functions will be assessed to determine impact, if any areas are suspended, to enable the re-deployment of administrative support workforce to areas of requirements linked to the plan (e.g. the Command Centre, TTP, Band 4 ward roles or - if deemed appropriate - HCSW/ ancillary roles).

Members were advised that a broader focus is required in scoping medical workforce and Allied Healthcare Professions deficits, and this will be reported as patient acuity models are agreed for FHs.

Mrs Gostling drew Members' attention to the potential impact of sickness absence on the workforce, which is represented in the plan modelled upon a range of percentages relating to absence among the various staff groups. Mrs Gostling assured the Committee that absence rates will be closely monitored, with revisions made to the Workforce Plan, depending upon any change in current rates.

Responding to a query from Mr Davies regarding additional WG funding to support workforce requirements in the event of a second 'spike' in COVID-19 demand, Mr Thomas advised that the allocation of £47m already received covers an assumption of increased demand during Q3/ Q4, and informed Members that the HB's financial planning reflects the higher end of workforce assumptions.

Members agreed that the Workforce Plan represents robust work on the part of Workforce teams, and took assurance from the reduction in projected workforce requirements as a result of mitigations implemented, notwithstanding remaining variables, such as sickness absence, FH surge demand, and requirements to support vaccination programmes.

Mrs Gostling informed the Committee that a meeting between Finance and Workforce planning teams would be held on 27<sup>th</sup> October 2020, in order to link financial planning and workforce assumptions with regard to additional cost, scaling and phasing of the plan. Being advised that the next Finance Committee meeting would be held after the Public Board meeting in November, and that a further iteration of the plan would be submitted to the People, Planning and Performance Committee at its meeting on 29<sup>th</sup> October 2020, Members supported a proposal that the

**LG/  
Chair**

	plan receive Finance Committee's approval via Chair's Action for onward submission to Board for ratification.	
	The Committee <b>DISCUSSED</b> the latest draft of the Workforce Plan, agreeing that the paper would receive Finance Committee's approval via Chair's Action for onward submission to Board for ratification.	

<b>FC(20)153</b>	<b>DIGITAL PLAN</b>	
	<p>Members received a report providing an update regarding Digital Delivery for 2020-2024, building upon information provided at the previous Finance Committee meeting on 26<sup>th</sup> September 2020 with regard to progressing digital capability within the HB and the community, and incorporating digital projects within the organisation's infrastructure.</p> <p>Members noted details relating to the planned progression and implementation of individual programmes and projects for 2020/21 and the first Quarter of 2021/22, providing an indication of the pace of delivery. Members were informed that the adoption of an agile approach to project management, supported by the establishment of the ABDG, will be linked with the HB's financial and strategic ambitions.</p> <p>Mrs Hardisty referred to notification provided to HB Vice Chairs of a 'hold' upon further development of electronic prescribing (E-prescribing) across Wales, and queried whether there is an opportunity to progress this facility at a local level. Mr Anthony Tracey explained that implementation of the E-prescribing system within the HB had been planned for Q4 2021/22, and that readiness work was already being undertaken. Mr Tracey advised that in the event of further delay, consideration would be given to the development of a local system, adding that work undertaken by the ABDG will assist in this area, particularly given that the Director of Finance for NHS Wales Informatics Service is a member of the Group, and will be able to provide an indication regarding when the national E-prescribing system will be available for implementation.</p> <p>Responding to a query from Mrs Hardisty regarding the linkage between the Digital Home (DH) project and services provided by the Delta Wellbeing (DW) company, Mr Tracey explained that the concept for DH had originated with DW, and informed Members that the HB is working to progress joint delivery of the DH project with DW.</p> <p>Mr Thomas advised Members that a commissioning group will be established, to include lead clinicians, in order to support the HB's commissioning of digital interventions.</p>	
	The Committee <b>NOTED</b> the update regarding Digital Delivery for 2020-2024.	

<b>FC(20)154</b>	<b>EU EXIT RISKS</b>	
	Members received a report updating the Committee regarding the potential financial implications of the UK's exit from the European Union (EU), which had also been discussed by Members in their In Committee session.	

	<p>Key points noted by Members included:</p> <ul style="list-style-type: none"> <li>• An update regarding EU exit had been discussed at a NHS Wales Shared Services Partnership (NWSSP) Committee meeting in September 2020. Issues highlighted related to the arrangements for the supply of Medical Devices and Clinical Consumables.</li> <li>• A proposed approach to identifying ‘at risk’ devices and consumables in the context of a no-deal EU Exit detailed in a (<i>at present confidential</i>) paper from NWSSP is being submitted for agreement to the All Wales Medical Directors Group on 16<sup>th</sup> October 2020. The paper outlines the steps being taken by colleagues in the Department of Health &amp; Social Care, and proposals to build on these for NHS Wales.</li> <li>• UK migration policy and the potential impact upon the Welsh NHS and Social Care workforce of the introduction of the Health and Care Visa, ending free movement, and the introduction of the ‘points-based system’. Members were, however, assured by the Director of Workforce and Organisational Development that no concerns were currently anticipated in terms of recruitment challenges for the HB.</li> </ul> <p>Members were informed that certain contingency plans to address the impact of a no-deal EU Exit have already been developed and implemented in response to the COVID-19 pandemic, and were advised that risks relating to EU Exit are tracked via the HB’s Corporate Risk Register, which will be further reviewed in the event that the UK leaves the EU on World Trade Organisation (WTO) terms at the end of the calendar year.</p> <p>Mr Hearty reflected the Committee’s unease at the current lack of a clear understanding of potential financial risk for the HB associated with EU exit, recognising that further detail relating to quantum impact might be available at the end of October 2020. Members also noted that the financial impact of costs associated with EU exit will represent a significant element in the HB’s budget for 2021/22.</p>	
	<p>The Committee <b>NOTED</b> potential financial and workforce implications of the UK’s exit from the EU, and projections relating to the continuity of equipment and medicines supply.</p>	

<p><b>FC(20)155</b></p>	<p><b>FINANCIAL PLAN DEVELOPMENT</b></p> <p>Members received a report outlining the current status of the Financial Plan for 2021/22 in the context of the wider integrated Operational and Financial Plan.</p> <p>Members were advised that the financial planning process for 2021/22 has not followed the ‘regular’ framework in terms of WG formal guidance and submission deadlines and Finance Directorate’s engagement with HB colleagues, given the background of unprecedented demands resulting from the COVID-19 pandemic. Mr Mark Bowling nevertheless assured Members that discussions have been on-going with WG and the Finance Delivery Unit (FDU).</p>	
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Members were advised of an integrated planning cycle which aligns financial and operational planning processes, the latter being based upon 6 strategic objectives approved by the Board, and including both 'business as usual' processes and the development of infrastructure to support organisational transformation. Members were informed that financial planning will need to differentiate between processes which constitute 'business as usual', and elements which represent organisational responses to the COVID-19 pandemic.

Mr Bowling explained that HB planning is led by an internal Planning Steering Group which includes representation from all HB Directorates although excludes operational managers, given requirements to deal with COVID-19-related developments on a daily basis. Members were advised that the plan for 2022 reflects the context of the three years to FY 2024, in terms of 'firm', 'indicative' and 'outline' planning, and is based upon 2 assumptions:

- Continuing pandemic-related demand and response requirements;
- Recovery state post-COVID-19.

Miss Rebecca Hayes outlined the principles upon which a draft financial assessment has been completed, which will be further refined and aligned to operational priorities, informing Members that the assessment is based upon the financial forecast at M5 2020/21 in order to base scenario modelling upon a position which is understood.

Members were advised that the main test for the reliability of the financial assessment will be in explaining the variation between the opening financial position for the current year and the draft financial base position for the following year, which will include figures relating to costs, items and services which Directorates anticipate they will require in 2021/22.

Mr Thomas advised the Committee that while the UK Government has announced a 3-year spend upon NHS capital schemes, NHS Wales funding is based upon a block grant, which is likely to be determined on an annual basis.

Responding to a query from Mrs Hardisty regarding the inclusion of Transformation and Integrated Care funding in the financial assessment, and a request that Members be provided with an overview of services which are supported via different funding streams together with plans for these services once funding has ceased, Mr Thomas explained that further consideration is required regarding how best to provide assurance relating to the set-up and scrutiny of funding budgets, as these will need to be covered by one process. Mr Thomas added that a KPMG audit of Integrated Care Fund spending by the HB had identified areas for improvement in tracking the effectiveness of funding spend linking to requirements for robust governance, and confirmed that he would discuss these issues with Mrs Hardisty outside of the Committee meeting.

Mr Hearty was assured to note the integration of financial and transformational planning, as previously reflected in the Route Map to Financial Balance report which had been presented to the Finance Committee in its In Committee session on 29<sup>th</sup> September 2020, considering that it would be useful for Members to receive a further

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	iteration of the Route Map at the next Committee meeting on 30 <sup>th</sup> November 2020.	
	The Committee <b>NOTED</b> the financial planning process for 2021/22 and the principles upon which a draft financial assessment has been completed.	

<b>FC(20)156</b>	<b>BALANCE SHEET</b>	
	<p>The Committee received a report outlining the HB's balance sheet position as at Month 6, including an explanation of key movement, and outlining the monthly scrutiny of the balance sheet and further developments.</p> <p>Members were advised that discussions would be held with Mr Newman to determine which Committee should most appropriately review and scrutinise the monthly balance sheet.</p> <p>Mrs Jennifer Thomas highlighted the following key points:</p> <ul style="list-style-type: none"> <li>• Developments relating to the use of Power Bi to provide enhanced breakdown and scrutiny of the balance sheet will provide further assurance to the Committee of the robust processes developed within the Financial Accounts Team.</li> <li>• The HB is looking to procure a balance sheet closedown system which will eliminate non value-added activities and ensure that the balance sheet reconciliations can be undertaken with greater transparency, efficiency and completeness, and provide greater assurance that all controls and approvals are in place.</li> <li>• A significant proportion of the net movement of £6m from the year-end position is comprised of a decrease in assets and non-current liability provisions due to a change in the number and value of medical negligence cases as a result of updated information from the Welsh Risk Pool.</li> </ul> <p>Reflecting that the balance sheet is indicative of the financial health of the organisation, and recognising the value of a balance sheet closedown system in terms of enabling enhanced scrutiny and streamlining numerous and lengthy reconciliation processes currently undertaken by the Financial Accounting Team, Mr Hearty queried the cost of procuring the system. Mrs Thomas advised that further detail regarding cost would be available at the end of November 2020.</p>	
	The Committee <b>NOTED</b> the balance sheet as at Month 6 and developments to streamline monthly reconciliation processes and provide enhanced breakdown and scrutiny of the balance sheet.	

<b>FC(20)157</b>	<b>FINANCIAL PROCEDURES</b>	
	<p>Members reviewed and approved the following financial procedure:</p> <ul style="list-style-type: none"> <li>• FP0 03: Stock Procedure</li> </ul>	
	The Committee <b>APPROVED</b> the following financial procedure:	

- FP0 03: Stock Procedure

<b>FC(20)158</b>	<b>CHC FEE UPLIFT PAPER</b>	
	<p>The Committee received a report setting out 2 options relating to proposed fee uplifts in 2020/21 for clients who are in receipt of externally commissioned care within HDdUHB for:</p> <ul style="list-style-type: none"> <li>• Long Term Care (LTC) Services</li> <li>• Mental Health and Learning Disabilities (MHL) services</li> <li>• Children’s services</li> </ul> <p>Members were advised that there is an annual uplift for Continuing NHS Funded Health Care (CHC) and Funded Nursing Care (FNC). The current CHC fee structure and uplifts are based on an approved historical fee model which combines the FNC with the Local Authority (LA) inflationary rates, and the CHC fees are uplifted in line with the 3 LAs.</p> <p>Ms Jill Paterson explained that the current fee calculation methodology carries a level of risk, arising from the outcomes of a Judicial Review judgement in 2015 that Pembrokeshire County Council needed to update its fee structure after 5 years, resulting in a significant fee increase in 2020/21 as compared to previous years. Members were advised that the HB is working with Pembrokeshire County Council around the fee structure for 20/21; however, due to the COVID-19 pandemic, the final uplifts were not undertaken jointly and the HB is now actively reviewing the fee structure and methodology for 2021/22 with LA partners.</p> <p>Members’ attention was drawn to a potential legal risk inherent in the coupling of FNC with LA inflationary rates; Ms Paterson advised that the HB wishes to proceed in line with WG and legal advice to move to a model which decouples this arrangement, while adopting a rate which appropriately reflects costs of care, with a maximum uplift offer of 2% being made available to Domiciliary Care and bespoke care packages, upon request.</p> <p>Mrs Hardisty noted the complexities in the current fee structure, and queried whether it is anticipated that the HB will need to support the costs of Domiciliary Care, given that this care will be included in a WG review of the Social Care model within Wales. Ms Paterson responded that the HB is working with LAs to determine whether Domiciliary Care can be jointly commissioned, and informed Members that the issue of support for Domiciliary Care services and care homes is being considered through Regional Partnership Boards, based upon an expectation that support will be required for the winter period, and recognising that Health Boards will aim to be in a position to purchase care homes. Members were advised of work underway with the Workforce Directorate to ascertain whether HB staff may be deployed to assist in providing care within homes, and were assured that the HB will not support failing providers in its purchase of care homes.</p> <p>With regard to a risk presented against Option 2* that Ceredigion care homes have rejected this fee model for CHC patients in the past, resulting in a lack of local care provision within the county, Ms Paterson highlighted</p>	

	<p>the importance of establishing relationships with providers, adding that, given current limited care home provision in the county, and concerns relating to certain providers, it is essential to hold joined up discussions with Ceredigion LA with regard to increasing the number of homes, particularly given that additional funding is available from WG to address any voids in provision, noting, however, that this would be kept separate from discussions relating to fees.</p> <p>Mr Hearty commented upon the disparity in funding relationships across the 3 counties, and queried whether the HB has a plan to increase control in those areas where further work is required e.g. Pembrokeshire fee increases. Ms Paterson confirmed that control will be exercised through joint HB and LA commissioning groups and changes to current care commissioning arrangements, and cautioned that shortfalls in the provision of Domiciliary Care are likely to manifest in increased demand upon FH capacity.</p> <p>Mr Thomas highlighted the need for a disciplined process in the exercise of due diligence, if the HB is to adopt an approach of care home purchase, cautioning that this approach will lead to challenging discussions, given the lack of capital available to support the policy.</p> <p>Mr Thomas informed Members that the significant fee uplift in Pembrokeshire has provided an opportunity to establish a pilot study in 2021/22 to measure patient outcomes within the county, given increased financial resources available to support care provision, and advised that the measurement of outcomes will be based upon patients, carers and families. Ms Paterson recommended the development of quality indicators as an integral element of Patient Reported Outcome Measures.</p> <p>Members supported the allocation of budget for Option 2, noting that the total sum required is within the financial allocation held in the HB's reserves, as approved by the Board.</p> <p><i>* Calculation of fees by applying a percentage uplift to the Base Rate in line with LAs, and adding FNC and LA Elements.</i></p>	
	<p>The Committee <b>NOTED</b> the fee uplifts for 2020/21 for clients who are in receipt of externally commissioned care services, and <b>SUPPORTED</b> the allocation of HB budget for Option 2.</p>	

<p><b>FC(20)159</b></p>	<p><b>MONITORING RETURNS – MONTH 6</b></p>	
	<p>Members received, for information, the HB's Monitoring Returns for Month 6 as submitted to WG, noting a requirement from WG that the HB provide the monthly returns to a Board Sub-Committee for review.</p> <p>Mr Hearty acknowledged governance requirements to include the Monitoring Returns as a standing item for information on the Committee's agenda, and proposed that, if the monthly return indicates good financial governance on the part of the organisation, Members would formally note the return at future Finance Committee meetings.</p>	
	<p>The Committee <b>NOTED</b> the HB's Monitoring Returns to WG.</p>	

FC(20)160	<b>REFLECTIVE SUMMARY</b>	
	<p>Mr Thomas highlighted the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the November 2020 Public Board meeting:</p> <ul style="list-style-type: none"> <li>• Discussion in relation to the M6 financial position and forecast, noting assurance in terms of the projected delivery of the deficit position of £25m, and noting risks in respect of Winter Planning, reinstating elective services and any further impact of the COVID-19 pandemic;</li> <li>• Review of the HB's CRL, noting assurance that the HB will not breach its limit for 2020/21, however recognising that the progression of feasibility schemes is not possible without further central funding;</li> <li>• Agreement of the Terms of Reference for the Agile Digital Business group as a Sub-Group of the Committee;</li> <li>• Valuable discussion in relation to the HB's procurement strategies which complement WG policies on the Foundational Economy and reflect increased efficiency in the HB's procurement responses;</li> <li>• An informative demonstration of the functionalities of the Local Expenditure Analysis tool, leading to discussion regarding opportunities to integrate expenditure analysis within the HB's planning framework, whilst recognising that the tool currently generates more queries than answers;</li> <li>• A useful update in regard to the development of the HB's Workforce Plan, noting the modelling assumptions upon which the plan is based;</li> <li>• A review of the HB's Q3/ Q4 response and Winter Protection Plan, noting linkage with the HB Workforce Plan;</li> <li>• Discussion relating to proposed options in regard to 2020/21 fee uplifts for clients who are in receipt of externally commissioned care within the HB for Long Term Care and Mental Health and Learning Disabilities Services;</li> <li>• An overview of the development of the HB's Financial Plan, noting alignment of the Financial and Operational Planning processes.</li> </ul>	
	<p>The Committee <b>NOTED</b> the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the November 2020 Public Board meeting.</p>	

FC(20)161	<b>FINANCE COMMITTEE WORKPLAN</b>	
	<p>Members receive the Committee's annual work plan, for information, and were advised that a meeting will be held on 10<sup>th</sup> November 2020 between</p>	

	Mr Hearty, Mr Thomas and the Board Secretary in order to review the work plan in light of the resurgence of COVID-19-related pressures upon the HB.	
	The Committee <b>NOTED</b> its work plan for 2020/21, and a forthcoming review of items included.	

<b>FC(20)162</b>	<b>ANY OTHER BUSINESS</b>	
	No other business was raised.	

<b>FC(20)163</b>	<b>DATE OF NEXT MEETING</b>	
	30th November 2020, 1.30 - 4.30pm, Boardroom, Ystwyth Building, St. David's Park, Carmarthen	