

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

Date and Time of Meeting:	Tuesday 24 th September 2019, 9.30am – 12.30pm
Venue:	Boardroom, Ystwyth Building, St. David's Park, Carmarthen

Present:	Mr Michael Hearty, Associate Member (Committee Chair) Mrs Judith Hardisty, Vice Chair of Hywel Dda University Health Board (HDdUHB) Mr Paul Newman, Independent Member Mr Mike Lewis, Independent Member (Committee Vice Chair) 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 Mrs Ann Taylor-Griffiths, Union Representative Mrs Lisa Gostling, Director of Workforce & Organisational Development
In Attendance:	Mr Keith Jones, Assistant Director of Acute Services Mr Ben Garside, KPMG LLP (part) Mrs Leanne Malough, Wales Audit Office Mr Shaun Ayres, Interim Contracting Manager Ms Liz Carroll, Interim Director of Mental Health & Learning Disabilities (part) Ms Janine Billen, Senior Business Finance Partner (part) Mrs Joanne Wilson, Board Secretary Mrs Sarah Bevan, Committee Services Officer (Secretariat)

AGENDA ITEM	ITEM	
FC(19)166	INTRODUCTIONS AND APOLOGIES FOR ABSENCE	Action
	The Chair, Mr Michael Hearty, welcomed all to the meeting. Apologies were received from: <ul style="list-style-type: none"> Miss Maria Battle, Chair of Hywel Dda University Health Board Mr Steve Moore, HDdUHB Chief Executive 	
FC(19)167	DECLARATIONS OF INTERESTS	
	There were no declarations of interest made.	
FC(19)168	MINUTES OF PREVIOUS MEETING HELD ON 22nd AUGUST 2019	
	RESOLVED – that the minutes of the Finance Committee meeting held on 22 nd August 2019 be APPROVED as a correct record.	
FC(19)169	MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 22nd AUGUST 2019	
	An update was provided on the Table of Actions from the meeting held on 22 nd August 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)70/71/144 Finance Month 1/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 confirmed that the action is now complete. Mr Carruthers has met with Mr David Powell to demonstrate the savings scheme tracker spreadsheet. Mr Powell confirmed that he has received assurance that the data is available and that a model is in place.

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

FC(19)170 FINANCIAL PERFORMANCE PRESENTATION/ FINANCE REPORT MONTH 5

Members were presented with the Financial Performance Presentation and the Finance Report Month 5.

Mr Huw Thomas informed Members that the Month 5 position is £1m operational variance to plan and £3.1m Year to Date (YTD). The Month 5 YTD variance to breakeven is £10.6m. Mr Thomas highlighted the significant adverse variances against plan, including operational surge with the resultant vacancies covered by premium cost staff, drugs in Unscheduled Care (USC), the local Tuberculosis (TB) outbreak, and the deteriorating trend of Medicines Management Primary Care prescribing.

Mr Thomas drew Members attention to the presentation and the position regarding Withybush General Hospital (WGH), which continues to be a challenge, however, there are issues with all USC sites. Mr Thomas assured Members that an impact on savings is expected to take effect with the work on referral management which is currently on-going.

Mr Thomas highlighted nurse staffing costs and the increased reliance on agency nursing and staffing compared to 2018/19. Mr Thomas also highlighted the significant deterioration of Secondary Care drugs in Month 5 in areas such as Oncology, Home Care, and Hepatitis C drugs due to the growth in high cost drugs.

In relation to USC pressures, Mrs Judith Hardisty queried whether Delayed Transfers of Care (DToC) have been costed, suggesting there is more work that could be undertaken with Local Authorities. Mr Thomas responded that DToC activity is not currently tracked, however, bed numbers are included within the diagnostics cost drivers slide of the presentation. Mr Joe Teape informed Members that September 2019 has seen the highest number of DToC cases which remains a national issue. Mr Teape further informed Members that he participated in a business continuity call with Chief Operating Officers across Wales on 23rd September 2019 and highlighted that wider discussion is needed with the Chief Executive in order to escalate this issue to the Regional Planning Board (RPB). Mrs Hardisty confirmed that she had requested this issue be placed on the agenda for the next RPB meeting. Mr Hearty queried if there

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is a need to accelerate the DToC plan. Mr Teape responded that there are measures in place to implement elements of the plan, however, there are ongoing issues with staffing and discussions need to be held with Local Authorities.

In relation to the KPMG findings, Mrs Hardisty queried the slippage of control in areas such as sickness absence and the Health Board's approach to authorising agency requests. Mr Thomas advised that the Grip and Control report on the agenda would address these issues. With regards to sickness absence, Mrs Lisa Gostling assured Members that regular audits are undertaken.

Mrs Hardisty queried the impact of pension changes, which had been raised at the previous Committee meeting, and whether this has been tracked to determine its effect on the numbers of staff retiring. Mrs Gostling responded that whilst there is evidence of staff accessing their pension, there is a high number of staff retiring and returning. Mrs Gostling informed Members that although medical staff are reluctant to work additional shifts, there have been no formal requests to reduce sessions as yet. Mr Thomas assured Members that this position is being monitored.

With regard to projections, Mr Thomas drew Members attention to the operational pressures slide, illustrating the continuation of pressures with USC in WGH. Mr Thomas also highlighted pressures associated with Long Term Agreements (LTAs) with Swansea Bay University Health Board (SBUHB) and Welsh Health Specialised Services Committee (WHSSC). Mr Thomas assured Members that work is ongoing to mitigate these pressures. Members were advised that the £0.9m attributed to Mental Health is a non-recurrent gain for 2019/20 as a result of additional funding. Members were advised that there is £1.7m from income over performance, which is being offset by costs seen elsewhere. Mr Thomas advised Members that the Directorate level projections currently indicate cost pressures of £5.5m, which excludes savings.

Mr Thomas informed Members that £19.2m savings have been identified and that the Finance Team is working with KPMG to validate the risk assessment. Mr Carruthers advised Members that KPMG's initial assessment of savings has been rigorous and that risk to delivery of green and amber schemes has consequently reduced by £3m.

Mr Thomas outlined for Members that there are £15.5m assured savings (green), £3.7m marginal risk (amber) and £2.5m pipeline schemes (red).

Mr Hearty clarified that, as the risk to delivery is £6m against the £25.2m savings requirement and including the assured and marginal risk schemes being delivered, the Health Board would need to find schemes that generate £0.5m per month to meet the risk of £3.5m.

The £6m risk to delivery combined with operational forecasts in excess of budget of £5.5m provides an adverse variance to plan of £11.5m, which would equate to a year end deficit position of £26.5m.

Mr Carruthers informed Members that KPMG have identified £4m of potential opportunities. Mr Carruthers advised that, in addition to the KPMG work, the Executive Team has made the decision to realign Corporate resourcing for delivery of savings, with the key area being to improve the delivery of USC patient flow work.

In relation to the gross risk of £10m to breakeven and the potential identified savings of £4m, which still leaves a gap of £6m, Mr Mike Lewis requested assurance on delivery considering there remains 6 months of the financial year. Mr Thomas reiterated that there is a significant risk to delivery although the possibility of additional funding can make inroads, in addition to further opportunities that may arise in the form of slippage. Mr Thomas assured Members that Executive Team is now aligned and providing Corporate resource to realise the opportunities identified.

Acknowledging that the control total is posing a real challenge, Mr Thomas advised that more work is to be completed before taking action to formally change the forecast.

Mr Powell queried when the Committee can expect to start seeing an improvement in position month on month. Mr Thomas responded that, in order to reach the control total, the trend will have to be reversed in Month 7 or Month 8 at the latest, which will be a challenge.

Mrs Ann Taylor-Griffiths informed Members that USC admissions in Bronglais General Hospital (BGH) have almost doubled to approximately 30 admissions per day and that pressures at the front door are increasing each day and are unlikely to reduce in the run up to winter. In relation to winter monies, Mr Teape informed Members that Welsh Government (WG) expect plans to be agreed in partnership for 2019/20. Separate monies are being provided to Local Authorities and it will be interesting to see where this money is being spent. Money is also being allocated to RPBs, which may pose a challenge in terms of tracking where the money goes.

The Committee **NOTED** and **DISCUSSED** the financial position for Month 5.

FC(19)171 TURNAROUND REPORT MONTH 5

Members were presented with the Turnaround Report Month 5. Mr Carruthers advised Members that there are two significant challenges to delivery of savings schemes. One is the delivery of plans already in place, including green, amber and converting red schemes. The other is how to address the £4m savings gap.

Mr Carruthers assured Members that the tracker has identified a list of approximately 100 proposals which have not yet been progressed. The challenge going forward will be how to prioritise this list and drive up the conversion rate into delivery. With regard to the £4m savings gap, Mr Carruthers informed Members that Executive Team discussions with the Corporate teams to support delivery include how best to deploy resources, skills and expertise centrally to deliver the plan.

Mr Thomas commented that despite being £10m adrift in terms of projection, he was optimistic that the KPMG work and the alignment of Executive Team and Corporate staff would mobilise resource for the remainder of 2019/20. However, Mr Thomas reiterated that he could not provide assurance on reaching the control total.

Mrs Hardisty highlighted HDdUHB's clinical strategy and the investment in the team to enable the delivery of the strategy and sought assurance that this resource is helping to deliver and rebalance the system. Mr Carruthers advised that similar discussions have been raised at Executive Team, acknowledging the clinical strategy team's purpose to get to transformation and recognition of the need to focus on actions being achieved in year one of the strategy being implemented, which should have a positive impact on operational pressures.

Mr Paul Newman queried the barriers to delivering the approximate 100 proposals which have not yet been progressed. Mr Carruthers responded that previously, there had been no resources or skills aligned to deliver these.

Mr Newman commented that as the schemes are non-recurring schemes, these are focused upon delivery in year rather than long term. Mr Thomas emphasised the current work ongoing to identify opportunities around better grip and control, rostering, agency usage, patient flow, procurement, and service duplication. There is therefore £5m of recurrent opportunities being explored and it is the gap which is reliant on non-recurrent benefit.

Mrs Taylor-Griffiths informed Members of rostering issues with clinical staff who are working hard despite being under-resourced, and that Enhanced Patient Support (ESP) requirements cannot be avoided if a patient fits the criteria, which has a significant impact on staffing resources. Mrs Gostling responded that the workforce team have reviewed and reformed the establishment of nurses and Health Care Support Workers (HCSW) to account for acuity and assured Members that increased resource has been established.

In summary, Mr Hearty advised that the Committee would seek assurance in Month 6 that existing budget holders are not overspending on their budgets. Mr Hearty acknowledged the pace of converting KPMG's work to the delivery of savings, however, there is also requirement to tighten budgets in year. With regard to the £19.2m identified savings (green and amber schemes), which had already been included in the baseline plan, concerns remain over the gap. Mr Hearty reiterated that the Committee seek assurance on what is in place in order to get to a balanced position at the next meeting.

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The Committee **NOTED** the Turnaround Report Month 5.

FC(19)172 REFERRAL TO TREATMENT TIME (RTT) MONTH 5

Members were presented with the RTT Month 5 report, providing progress in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times.

Mr Keith Jones informed Members that the forecast cost of the RTT, Diagnostics and Therapy services delivery proposals for 2019/20 is £5.5m, with a savings target of £1.4m applied to Ophthalmology, Orthopaedics and other specialities. Mr Jones advised that, allowing for non-delivery of the Orthopaedic savings target due to the risks with Orthopaedic theatres in WGH, the total forecast cost of delivery stands at £4.6m.

Members were informed 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 remaining £2.3m 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 and to account for new/emerging delivery risks for Orthopaedics, General Surgery and Urology.

Mr Jones highlighted a potential opportunity arising from the bid to WG to secure the £5.8m, which included provision for £0.9m towards the delayed cost of lost work. This may require consideration of recovery for up to 50 Orthopaedic job sessions and work on this is scheduled to be completed by mid-October 2019.

In relation to tracking spend, Mr Jones assured Members that the Health Board is on course to spend £4.6m of the original plan and that tracking against the £5.8m allocation fund will also be in place. Mr Jones undertook to incorporate both of these elements into the Finance Committee reports going forward.

Mr Hearty queried whether RTT is on track for performance. Mr Jones responded that the Month 6 report should show an improved figure of where performance is expected to be. Mr Jones further advised that whilst consideration would need to be given to changes in year, he remained confident in delivering a zero position.

Mr Hearty queried the impact of winter pressures and Mr Jones responded that these have been accounted for with a certain level of cancellations assumed.

Mrs Hardisty queried a variance in figures relating to non-delivery of Orthopaedic savings in the RTT report compared to figures in the Turnaround report. Mr Carruthers advised that the savings scheme originally included opportunities associated with undertaking increased activity at Prince Philip Hospital (PPH). However, upon further exploration, it had been identified that there would be a large cost attached to this as an in year action rather than a long term solution and therefore this particular savings scheme has been discounted. Mr Carruthers assured Members that there are alternative opportunities to increase activity, such as recruitment to maximise capacity, which are included within the Turnaround figures.

Mr Jones informed Members that the aforementioned impact of pension arrangements is currently unknown and WG have been approached to

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	provide their view of the implications, which will need consideration going forward.	
	The Committee DISCUSSED and NOTED the progress to Month 5 in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times delivery for 2019/20.	

FC(19)173	GRIP AND CONTROL	
	<p>Members were presented with the Grip and Control report, providing an outline of the initial findings from the KPMG Grip and Control work stream. Mr Thomas advised Members that the assessment had only considered two limited areas. Firstly, it focused on Secondary Care with no consideration of Primary Care commissioning. Secondly, it only considered Pay and Non-Pay.</p> <p><i>Mr Keith Jones left the Committee meeting</i></p> <p>Highlights from the report included recognition of the high number of budgetary managers in place, some of which represent significantly small budgets. Work is ongoing to review who is authorised to manage a budget. Issues have also been identified within workforce, such as rostering and agency usage.</p> <p>Referring to the appended report, Mr Powell highlighted that less than 10% of job plans are electronic and that a system to facilitate this should be implemented.</p> <p>Mr Powell queried the statement from KPMG’s assessment that HDdUHB had a high sickness rate for 2018/19 (4.86%) in comparison to other healthcare providers. Mr Powell believed that HDdUHB had been performing well against the all Wales average. Mrs Gostling confirmed that HDdUHB is the best performer in Wales for sickness absence and was therefore unsure where KPMG had benchmarked their data.</p> <p>In regard to the assessment being acute care focused, Mrs Hardisty recalled from KPMG’s update at the previous Committee meeting that a Primary Care workshop would be arranged. Mr Carruthers advised that KPMG are looking to set this up with the Director of Primary Care, Community and Long Term Care.</p> <p>Mrs Hardisty queried the increasing use of Thornberry and whether local controls are being used. Mrs Gostling responded that a workforce group has been established to review the recommendations and resulting actions in the form of separate work streams, such as rota management, which have been established with identified leads.</p> <p>Ms Taylor-Griffiths informed Members that Critical Care bank nurses are paid at a higher rate and that if staff are not able to be filled from the Critical Care bank, Thornberry will be used as the contract agencies do not have ITU nurses.</p> <p><i>Mr Ben Garside joined the Committee meeting</i></p>	

	<p>Mrs Hardisty reiterated her previous point that areas in which the Health Board seemed to have control over have slipped, querying the rationale behind Thornberry usage for HCSWs. Mr Teape responded that under unique circumstances, operational dilemmas present, providing the example of a medium secure patient in the Psychiatric Intensive Care Unit (PICU) requiring 4:1 cover. Mr Teape raised the point that many front line staff would consider themselves to have a grip and control on their environment and stressed the need to deploy this work with the right message for staff currently dealing with significant pressures and patient safety issues.</p>	
	<p>The Committee NOTED the draft findings and action plans in the Grip and Control report.</p>	

FC(19)174	CAPITAL FINANCIAL MANAGEMENT	
	<p>Members were presented with the Capital Financial Management report, providing the latest update on the Capital Resource Limit (CRL) for 2019/20. Mr Thomas informed Members that there were no concerns from the report to highlight to Members and Members were content to note the update.</p>	
	<p>The Committee:</p> <ul style="list-style-type: none"> • NOTED the Capital Resource Limit for 2019/20 together with expenditure allocations and profile; • NOTED the work being undertaken to manage the financial risks identified. 	

FC(19)175	LONG TERM AGREEMENT GOVERNANCE	
	<p>Members were presented with the Long Term Agreement (LTA) Governance report, highlighting the steps currently being undertaken to align the contracts/LTAs across HDdUHB.</p> <p>Mr Shaun Ayres informed Members of the proposal to include an update on contracts/LTAs as a standing item on the Committee's agenda and requested that the Committee ratify any contracts over £0.5m.</p> <p>Mr Powell queried the use of the wording 'ratification' as Finance Committee is an assurance Committee and cannot take a decision on such matters. Mr Hearty advised that, although the Committee cannot ratify such contracts, it would be beneficial to have sight of these and that the Committee could then report any concerns up to Board.</p> <p>Mrs Hardisty informed Members of recent changes to the constitution of WHSSC and voting arrangements, which provides an imbalance for Health Boards and suggested there may be some changes to processes ahead.</p>	
	<p>The Committee NOTED the content of the Long Term Agreement Governance report and took assurance that the steps taken are in line with the Finance Committee's expectations. The Committee APPROVED the inclusion of a LTA/Contracts Update to feature as a standing agenda item for the Finance Committee.</p>	

FC(19)176	WINTER PLAN MODEL 2019/20	
	<p>Members were presented with a verbal update on the Winter Plan Model 2019/20. Mr Teape informed Members of the £2.6m funding from WG for 2018/19, £0.25m of which was directly commissioned for Care at Home, £1m to keep beds open and £0.7m for surge beds.</p> <p>Mr Teape informed Members that a similar process will be in place for 2019/20 and that it remains a work in progress to work through the solutions to close the gap. Allocation of funds is anticipated from WG and through the RPB. Mr Teape advised Members that HDdUHB is further ahead than usual in terms of winter planning for this time of year and that a comprehensive report will be submitted to the October 2019 Committee meeting.</p>	
	The Committee NOTED the Winter Plan Model 2019/20 verbal update.	
FC(19)177	FINANCIAL PLAN DEVELOPMENT AND DRAFT FINANCIAL PLAN	
	Item deferred to October 2019 Finance Committee meeting. Mr Thomas informed Members that the draft plan is available and would be presented to Executive Team prior to being submitted to the October 2019 Committee meeting.	
FC(19)178	EXTERNAL FINANCE REVIEW	
	<p>Members were presented with a verbal update on the External Finance Review by Mr Ben Garside from KPMG, who began by commending the support received from the finance team. Mr Garside informed Members that KPMG meet weekly with Mr Thomas and the Finance Delivery Unit (FDU) who are satisfied with progress as set out by the FDU.</p> <p>Mr Garside summarised the key areas of work being undertaken by KMPG, as detailed at the previous Committee meeting. These included an understanding of the baseline of drivers of the underlying deficit. Mr Garside advised that the biggest driver is the increase in pay and agency spend and that KPMG are currently working with key personnel to describe these drivers by service, and not only by theme. The next stage of work had been to assess the controlled environment, for example the Grip and Control work, which had identified variability within the controlled environment and in compliance. The outcome of this work has been an organisational response to address the issues in the form of workplans and action plans.</p> <p>Mr Garside informed Members that support to deliver the workplans will be in the form of a Delivery Framework which will be aligned to delivery of critical components of objectives and identify areas where control is to be tightened.</p> <p>Mr Garside informed Members that a refresh of the 2020 plan, which will include an assessment of cost improvement plans and cost pressures forecast to land in year, has now been completed and will be submitted to the FDU. This will provide information on the extent to which the forecast outturn is mitigated and the opportunities to impact on the control total. It will also provide mitigating actions for Directorates as well as considering</p>	<p style="text-align: right;">HT/ KPMG</p>

transformational work. Mr Thomas informed Members that the refresh plan will be submitted to the October 2019 Committee meeting.

Mr Lewis queried the drivers for spend on pay and whether it is due to areas of the Health Board being inefficient. Mr Garside responded that KPMG use a four lever framework to map the drivers of the deficit including provider efficiency, the 'shift left' to models of care outside acute care to deal with activity, duplication of services, and the 'back office' duties and efficient use of Estates and non-clinical Support Services. Mr Garside assured Members that against the underlying deficit they are able to describe the drivers, what the quantum is, and the application to individual services. Mr Lewis confirmed he was content with this response.

Mrs Hardisty queried the operating model for non-acute settings. Mr Garside advised that as KPMG work through the potential 'shift left', they will work through to Primary Care and packages of care. Mr Garside informed Members of a recent workshop held in Aberystwyth, which provided good examples of models of care.

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

FC(19)179

DEEP DIVE INTO RING-FENCED ALLOCATION WITHIN MENTAL HEALTH AND LEARNING DISABILITIES

Ms Liz Carroll and Ms Janine Billen joined the Committee meeting

Members were presented with the report and presentation on a Deep Dive into Ring-fenced Allocation within Mental Health and Learning Disabilities.

Ms Liz Carroll provided Members with an overview of the current situation in relation to budgets having been set that are cognisant of Welsh Government ring-fenced allocations. Members were advised that these budgets are still subject to HDdUHB's efficiency and improvement expectations and that plans are managed on a non-recurring basis.

Mrs Janine Billen provided a snapshot of the ring-fenced funding and spend for 2017/18 for Mental Health and Learning Disabilities. Actual spend against the allocation is based upon the 2017/18 full year data, which reported expenditure as £83.5m on Mental Health services and £10m on Learning Disabilities.

Ms Carroll informed Members that budgeting expenditure is, by design, condition based, takes a commissioning perspective, and costs are fully absorbed, i.e. combining the directly managed expenditure with use of the organisations shared clinical and administrative functions as well as overhead areas.

Ms Billen informed Members that £107m was spent against the £94m allocation, due to the Continuing Health Care (CHC) element totalling £13m, which is a historic anomaly and is akin to other Health Boards. Mr Hearty queried if this element is budgeted for and Ms Billen confirmed that this is the case.

Ms Billen provided Members with a detailed breakdown of the £107m, including Primary Care, Secondary Care and CHC. Mr Thomas advised that a breakdown of the allocation is complicated as it is in effect a notional figure that is to be spent on mental health conditions, not services, and therefore is largely an estimation.

Mrs Hardisty queried whether General Medical Services (GMS) formed part of the allocation and whether GMS is paid for aspects of work, informing Members that there is evidence that Learning Disability checks are not undertaken in General Practice. Mrs Hardisty also queried the drug prescribing element for Primary Care and whether the ring-fenced allocation is being used in the way it should be or as a result of historical arrangements.

Mrs Hardisty queried how much of the WHSSC spend is for Child and Adolescent Mental Health Services (CAMHS), informing Members that Cardiff and Vale University Health Board (CVUHB) are operating a different model rather than via WHSSC. Mr Thomas responded that as the allocation is notional it is difficult to link spend back to cash received. Based upon estimations, HDdUHB is spending more on mental health conditions than the notional allocation provided from WG. Actual spend cannot be determined until 6 months after the year end.

Whilst commending the very helpful report and presentation, Mr Lewis requested it be clarified in the minutes that the SBAR reports the allocation on Learning Disabilities as £10m and that the actual total spend is £23.6m, of which the variance is attributable to the £13m CHC element.

Mr Newman queried the level of reconciliation between how the formula is calculated and actual spend, as there may be a number of anomalies within the figures. Ms Billen advised that it is a historical formula and does not contain this level of detail. Mr Thomas assured Members that these figures represent a starting point and that the next step would be to have a better grip on tracking spend with new allocations.

Mr Hearty reiterated that earlier stages of analysis will assist in making better decisions going forward. Mr Thomas advised that it will broaden opportunities to look at mental health conditions rather than services provided if resources are reallocated into different models. Ms Carroll agreed that this will be possible in light of cross directorate working and exploration of the duplication of services.

Mrs Hardisty suggested that WG may be unaccustomed to receiving feedback on the ring fenced allocation from Health Boards and that it would be useful to determine their understanding of the ring fence in terms of where the money should be spent. Mr Thomas undertook to pick this action up with Welsh Government.

Mr Hearty queried links with the ongoing contracting work. Mr Ayres confirmed that he has met with the Mental Health and Learning Disabilities Directorate and counties with a view to review historic agreements. Mr Ayres advised that the next stage is to discuss with stakeholders how expenditure is utilised and to determine the provision of outcomes and Key

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	<p>Performance Indicators (KPIs). Mr Ayres informed Members that contract managers are being allocated to support this piece of work.</p> <p>Ms Carroll concluded by informing Members of the next stages and opportunities, which included potential efficiencies across HDdUHB such as working better with Primary Care, avoidance of duplication of service provisions, assisting with the future planning of services in line with service transformation, and assisting in cross directorate working.</p> <p>Mr Hearty offered the Directorate assistance from the finance team and Ms Billen thanked Mr Hearty for this offer advising that support is being received from Mr Mark Bowling and the team. Mr Hearty thanked Ms Carroll and Ms Billen for their presentation.</p> <p><i>Ms Liz Carroll and Ms Janine Billen left the Committee meeting</i></p>	
	<p>The Committee NOTED the Deep Dive into Ring-fenced Allocation within Mental Health and Learning Disabilities.</p>	

<p>FC(19)180</p>	<p>FINANCIAL PROCEDURES</p> <p>Members were presented with the Financial Procedures report, highlighting that the following procedures have been reviewed for presentation to the Finance Committee for approval as one overarching procedure; the Patient Property and Monies procedure:</p> <ul style="list-style-type: none"> • 10/04 Patients Property - Disposal of Patients Property (All services) • 10/02 Patients Property - Handling of Cash • 10/03 Patients Property - Patients Income, Benefits and Investments (All services) • 10/01 Patients Property – Receipt of Patients Private Cash and Property into Safekeeping <p>Ms Taylor-Griffiths drew Members attention to page 5 of the policy where there is no reference to patients receiving their money back in the form of a cheque, as opposed to cash, when leaving the hospital. Mr Thomas and Ms Taylor-Griffiths undertook to liaise to resolve this outside of the Committee meeting.</p>	<p>HT/ ATG</p>
	<p>The Committee APPROVED the Patient Property and Monies financial procedure, subject to addressing the action described above in regard to the repayment of patient monies in the form of a cheque.</p>	

<p>FC(19)181</p>	<p>INTERNATIONAL FINANCIAL REPORTING STANDARD 16 UPDATE</p> <p>Members were presented with the International Financial Reporting Standard (IFRS) 16 Update report, providing an update on progress with regard to the steps being taken to prepare for the implementation of the International Financial Reporting Standard (IFRS) 16 Leases accounting standard.</p> <p>As part of this preparation, Welsh Government required all Health Boards to prepare an initial assessment of the impact of IFRS 16 by 6th September 2019. This initial assessment will allow Welsh Government to understand the potential impact of the standard on capital expenditure and depreciation for 2020/21.</p>	
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	<p>Members were informed that the main area of work undertaken to date has been to identify leases that are in existence within HDdUHB. The work undertaken has identified leases of properties, cars, photocopiers and franking machines. Once identified, these leases have been assessed to identify whether they are within the scope of IFRS 16 and should therefore be classified as right of use assets on the balance sheet.</p> <p>Mr Thomas informed Members that the finance team are working through the nuances and assessing the implications of adding any additional assets to the balance sheet.</p>	
	The Committee NOTED the International Financial reporting Standard (IFRS) 16 Update report.	
FC(19)182	STRATEGIC FINANCIAL PLANNING GROUP UPDATE REPORT TO STRATEGIC ENABLING GROUP (SEG)	
	<p>No report available due to the Group not having met since 15th July 2019. The next scheduled Group meeting is 14th October 2019.</p> <p>Mr Hearty requested that this item be brought as a discussion item for the October 2019 Committee meeting.</p>	
FC(19)183	FINANCE COMMITTEE UPDATE REPORT TO BOARD FROM PREVIOUS MEETING	
	Members were presented with the Finance Committee Update Report to the Board from the meeting held on 22 nd August 2019 for information.	
	The Committee NOTED the Finance Committee Update Report to Board.	
FC(19)184	FINANCE COMMITTEE ANNUAL WORKPLAN	
	Members were presented with the Finance Committee Annual Workplan.	
	The Committee NOTED the Finance Committee Annual Workplan.	
FC(19)185	REFLECTIVE SUMMARY	
	<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"> • Significant risk in relation to the organisation's ability to deliver the required £15m control total. The financial recovery and management within available resources is critical in future months in order to assure delivery against the £15m control total. • Assurance received around the RTT plan 	
	The Committee NOTED the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting.	
FC(19)186	ANY OTHER BUSINESS	
	No other business was raised.	
FC(19)187	DATE OF NEXT MEETING	
	Tuesday 24 th September 2019, 9.30am - 12.30pm, Boardroom, Ystwyth Building, St. David's Park, Carmarthen	

FC(19)188	WORKSHOP SESSION: DEVELOPMENT AND IMPLEMENTATION OF VALUE BASED HEALTH CARE	
	<p><i>Ms Leanne Malough left the Committee meeting</i></p> <p>Members were presented with the Development and Implementation of Value Based Health Care (VBHC) report, providing an overview of progress since the Intelligence and Value Strategy for the finance team was developed and presented to the June 2019 Finance Committee meeting.</p> <p>Mr Bowling informed Members that VBHC and the Intelligence and Value Strategy is a key building block for finance, providing a prospective, rather than a retrospective, business support. In order to implement the Strategy, an education programme will run from October 2019 to April 2020 to ensure the core finance team is skilled up to support the organisation. Mr Bowling informed Members that the six hour introductory session will cover outcomes, activity, costing for value, and Business Intelligence. Mr Bowling advised that there will be support locally, for example the Aspiring Medical Leaders Programme, and nationally to develop materials on value more broadly, including producing packages for other Health Boards in Wales.</p> <p>Mr Bowling provided an overview of Intelligence and Insight examples, including the deficit description work and a Locality and Age Analysis tool. The FDU will provide support for local level information on a condition based Programme Budgeting expenditure to gain insight into what to consider going forward to influence change. Mr Bowling advised that an initial version of the tool will be completed shortly and discussions are being held with the Director for Public Health and Carmarthenshire's Interim County Director and Commissioner to determine what the information can be used for. Mr Bowling undertook to present this to the December 2019 Committee meeting.</p> <p>Mr Bowling informed Members that a VBHC team and structure is in place and provided assurance that these will not be working in isolation but will be linking in with the Transformation team and the clinical strategy. There will be a mixture of local priorities, including hip and knee surgery, Respiratory and the fragility of Dermatology services, and national priorities including Stroke and Colorectal. Mr Newman advised that it would be useful to have worked examples of particular topic areas by condition basis within the December 2019 report.</p> <p>In relation to Orthopaedics issues in RTT, Mr Hearty suggested this is a pressing piece of work. Mr Powell queried which Committee/Sub-Committee has oversight of this and Mr Thomas undertook to confirm the governance arrangements of reporting VBHC.</p> <p>Mr Thomas informed Members of possible funding from WG if Health Boards are able to prove that functional patient outcomes can be produced from this work.</p>	<p>MB</p> <p>MB</p> <p>HT</p>

Mr Bowling provided an overview of next steps including participation in NHS Benchmarking Network exercises, regional collaboration on heart failure, and exploring a patient communication system.

Mr Powell queried the intelligence in relation to rurality and remoteness and whether this had been covered by the Deloitte review. Mr Bowling responded that the Deloitte review had been somewhat lacking in this respect and that the Strategy aims to consider the drivers of issues such as rurality, which will contribute to a framework in place to consider and understand the challenges more fully. Mr Bowling acknowledged that, when benchmarking against other areas, rurality can provide reasons for variances and that geographical factors will make HDdUHB different to other Health Boards.

In relation to the Locality and Age Analysis tool, Mr Hearty suggested it would be useful to be able to break data down to cluster level. Mrs Hardisty advised that as part of risk strategy segmentation, a bid has been submitted via the Primary Care Board for £2.1m to roll out this work. Mrs Hardisty queried how the Locality and Age Analysis tool could assist with the requirement for the development of cluster level Integrated Medium Term Plans (IMTP).

Mr Thomas informed Members that new allocation levels will be based upon Local Authority data, which will be disaggregated to cluster level, and that it will be useful to have this comparison available.