

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

Date and Time of Meeting:	Thursday 29 th April 2021, 9.45 am – 12.00 noon
Venue:	Board Room, Ystwyth Building, St. David's Park, Carmarthen

Present:	<p>Mr Michael Hearty, Associate Member, Committee Chair (VC) Mr Maynard Davies, Independent Member, Committee Vice Chair (VC) Mrs Judith Hardisty, Vice Chair, HDdUHB (VC) Mr Paul Newman, Independent Member (VC) Mrs Delyth Raynsford, Independent Member (VC) Mr Winston Weir, Independent Member, (VC) Cllr. Gareth John, Independent Member, (VC)</p>
In Attendance:	<p>Mr Huw Thomas, Director of Finance (VC) Ms Rebecca Hayes, Senior Finance Business Partner (VC) Mrs Sarah Welsby, Finance Business Partner (VC) Mr Shaun Ayres, Assistant Director of Value Based Contracting Mr Chris Williams, Senior Value Business Partner (VC) Ms Sonja Wright, Committee Services Officer (Secretariat)</p>

AGENDA ITEM	ITEM	Action
FC(21)66	INTRODUCTIONS AND APOLOGIES FOR ABSENCE	
	<p>The Chair, Mr Michael Hearty, welcomed all to the meeting, particularly Mr Winston Weir, Cllr. Gareth John and Mrs Delyth Raynsford, who have joined as new Independent Members of the Finance Committee.</p> <p>Apologies for absence were received from:</p> <ul style="list-style-type: none"> • Mr Steve Moore, Chief Executive • Miss Maria Battle, HDdUHB Chair • Mrs Joanne Wilson, Board Secretary • Mr Andrew Carruthers, Director of Operations 	

FC(21)67	DECLARATIONS OF INTERESTS	
	<p>Mr Michael Hearty declared an interest in regard to item FC(21)82 Post-Brexit VAT and Custom Duty Accounting, as a Non-Executive Director of HMRC.</p>	

FC(21)68	MINUTES OF PREVIOUS MEETING HELD ON 23rd MARCH 2021	
	The minutes of the Finance Committee meeting held on 23rd March 2021 were ACCEPTED as an accurate record.	
	RESOLVED – that the minutes of the Finance Committee meeting held on 23rd March 2021 be APPROVED as an accurate record.	
FC(21)69	MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 23rd MARCH 2021	
	The Table of Actions from the meeting held on 23rd March 2021 was reviewed, and confirmation received that all outstanding actions had been completed, were being progressed, or were forward-planned for a future Finance Committee meeting.	
FC(21)70	FINANCE COMMITTEE ANNUAL REPORT 2020/21	
	Members received the Finance Committee’s Annual Report to the Board for 2020/21, being informed that the purpose of the report is to provide assurance in respect of the work that has been undertaken by the Committee during 2020/21, and to demonstrate that the Committee’s Terms of Reference, as set by the Board, are being appropriately discharged.	
	The Committee REVIEWED the Finance Committee Annual Report for 2020/21 for onward submission to the June 2021 Public Board.	
FC(21)71	FINANCE REPORT AND FINANCIAL FORECAST MONTH 12, 2020/21	
	<p>The Committee received the Month (M)12 2020/21 Finance Report, outlining the Health Board’s (HB) year-end financial position against the Annual Plan and providing an analysis of key drivers of the in-month position.</p> <p>Mr Huw Thomas informed Members that HDdUHB’s year-end figures had been finalised by Working Day 3 of Month 1 2021/22, and thanked the Finance Team for this achievement, which had served to place the Health Board (HB) in a favourable position with Welsh Government (WG). Mr Winston Weir also congratulated the Finance Team, remarking upon the scale of co-ordination required to finalise figures for a £1bn organisation in a relatively short period of time, while Mr Hearty reflected that achieving a final End of Year position of a £24.9m deficit against a forecast deficit of £25m demonstrated the effectiveness of the HB’s financial forecasting, particularly given the degree of variation which had been seen in the monthly position at the beginning of 2020/21.</p> <p>Members’ attention was drawn to the following amendments to the year-end position which had been made subsequent to the close-down process:</p> <ul style="list-style-type: none"> • Field Hospital (FH) payments – Mr Thomas explained that, apart from Ysbyty Enfys Selwyn Samuel, the HB’s FHs will be unoccupied 	

in 2021/23, thereby representing 'onerous' contracts i.e. providing no value to the HB in return for ongoing rental costs and maintenance payments which the HB must cover. Members were informed that a WG allocation of £925k made in M12 to cover the costs associated with onerous contracts is included in the year-end accounts.

- Late central notification in regard to PPE equipment - the impact of the accounting treatment for goods and services to the value of £3.1m received 'free of charge' by the HB during 2020/21 through NHS Wales Shared Services Partnership (NWSSP)/ Velindre Trust is reflected in the Annual Accounts, which disclose a donated asset income stream and higher non-pay costs.
- A significant increase in non-pay costs - the corporate in-month position includes the year end provisions for carry-over of Annual Leave (£12.0m) and Medical Study Leave carry-over (£1.5m), both of which may result in requirements for increased use of agency staff, or Leave to be taken in 2021/22

Mr Thomas explained that the HB's planned deficit position for 2021/22 of £57.4m had been notified to the Board on a number of occasions, chiefly through budget-setting processes. Members were informed that all COVID-19 funding in 2020/21 was non-recurrent, and noted that the greatest impact of COVID-19 – in financial terms – had been upon the HB's ability to deliver required savings.

While noting costs associated with the increased usage of agency staff to cover the carry-over of Annual Leave, Members recognised the benefits of this provision in terms supporting staff morale and wellbeing. Mr Thomas explained that the greatest impact of Annual Leave carry-over would likely be seen in 2021/22, adding that allowing staff to take payment of up to 5 days in lieu of leave (funded by WG) would provide a level of mitigation against increased agency costs and a potential impact upon effective service delivery associated with leave absence and the use of temporary staff. With regard to this potential impact upon services, Mr Thomas cautioned, however, that it might prove difficult to differentiate between the results of agency staff usage and continuing requirements to implement social distancing in acute sites, adding that in either case, many HB services - particularly in Planned Care - would be inherently challenged in 2021/22.

In response to a query from Mr Paul Newman regarding whether there is a time limit by which staff must take carried over holiday entitlement and a plan as to how that is to be taken, Ms Rebecca Hayes confirmed that 20 days annual leave can be taken over a 2-year period, the working assumption being that this leave allowance would be split evenly between the 2 years, thereby levelling out any associated impact.

The Committee **NOTED** and **DISCUSSED** the M12 and 2020/21 year-end financial position.

FC(21)72

CAPITAL FINANCIAL MANAGEMENT

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 committed to deal with the COVID-19 pandemic for 2020/21.

Drawing Members' attention to a significant increase in capital spend at M12 (£12.07m), Mr Thomas expressed his thanks to a core collective of teams across the HB – notably in Estates, Procurement and Digital departments – in ensuring that the HB's capital resource was spent as effectively and usefully as possible, recognising late allocations from WG of nearly £10m.

With regard to the unaudited expenditure position for the year of £35.483m, representing an under-spend of £0.06m against the CRL, Members noted that the greatest area of expenditure related to the Women and Children Phase 2 Scheme, and were informed that the revised programme for this scheme has moved the expected completion date to the financial year 2022/23. Members also noted additional costs of £2.2m for the scheme due to the implementation of social distancing legislation, together with the HB's assumption that WG funding would be available to cover this additional cost.

Members were advised that due to the phasing of some schemes which were approved in 2020/21 and slippage on All Wales Capital schemes, there are a significant amount of pre-commitments on the HB's Discretionary Capital Programme (DCP), currently estimated to be £3.5m, leaving a balance remaining of £3.9m to be allocated within the DCP for all Estates (Statutory and Infrastructure), IT replacement, contingencies, Business Case Development and medical/ non-medical equipment replacement costs. Mr Maynard Davies informed Members that this issue had also been raised by the Capital Estates and Information Management and Technology Sub-Committee and discussed at the meeting of the People, Planning and Performance Assurance Committee (PPPAC) held on 27th April 2021.

In response to a query from Mr Hearty regarding whether the risks relating to additional costs for the Women and Children Phase II Scheme and significant pre-commitments on the DCP are reflected in the Corporate Risk Register, Mrs Welsby undertook to check and confirm this.

Responding to a query from Mr Davies regarding how much of the £12m expenditure upon COVID-19 costs for 2020/21 would be of benefit to the HB in future, and how much had been allocated to one-off costs, Mrs Welsby assured Members that the majority of this capital spend would benefit the organisation in the longer term.

Referring to COVID-19 expenditure, and recognising the late WG allocations made, Mr Weir queried how much of this spend related to recurrent costs in terms of depreciation and maintenance of sites and equipment, and whether these costs are budgeted. Mr Weir further

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queried whether the HB's original budget (i.e. prior to late central funding allocations) had included any contingency for this level of spending on COVID-19 costs.

Mr Thomas confirmed that depreciation is fully funded once capital funding is approved, acknowledging however that it might be advisable to give further consideration to the HB's maintenance budget. Mrs Welsby advised Members that there is a contingency sum of around £300k in the HB's capital funding for 2021/22 to cover maintenance costs.

Members were informed that the HB's Discretionary Capital does not meet all the requirements in terms of running services, and were advised that the HB would therefore need to submit further bids for central funding.

In regard to capital costs and funding Mrs Judith Hardisty queried:

- The degree of certainty in the HB's assumption that WG funding will be available for additional costs in the Women and Children Phase 2 Scheme;
- Whether the CRL and funding for Fire Safety compliance relates to the major capital funding bid for Withybush General Hospital, or to all Fire Safety costs;
- Whether costs relating to South Pembrokeshire (S Pembs) Hospital should be included in the HB's accounts, given that these have already been declared in Integrated Care Funding (ICF) accounts.

Mr Thomas explained that the HB is as confident as it can be of WG funding for additional Women and Children Scheme costs, adding that the HB's costings reflect an increased understanding of COVID-19-related risks, and assuring Members that further clarity regarding funding for this scheme would be sought from WG.

Members were informed that, while the HB has received positive assurances that central funding for Fire Compliance work across the HB sites is in place, this cannot be formally approved until a new Minister is in office.

With regard to S Pembs Hospital ICF funding and accounting, Members were informed that as WG had transferred the relevant ICF funding to the HB, this must be reflected in the HB's accounts, and were assured that this funding had been consolidated out in the final expenditure figures.

Concluding discussions, Mr Hearty reflected upon the complexity of capital management, and commended the clarity with which the relevant elements are presented and reported to the Committee.

The Committee:

- **NOTED** the 2020/21 Capital Resource Limit and unaudited out-turn position
- **NOTED** the CRL for 2021/22
- **NOTED** the risks being managed.

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Members received a presentation providing the latest financial appraisal of the 2021/22 financial year and describing the key operational and clinical commitments that have been made during the COVID-19 pandemic which will continue during the first half of the financial year.

Members were advised that the 2021/22 financial view is based upon modelling which assumes COVID-19 costs within the system for the first half of the financial year, and underlying COVID-19 costs for the full year. Members were assured that, on the basis of forecasts based upon both non-COVID-19 spending and COVID-19 spending, it is anticipated that the HB will achieve its planned deficit position of £57.4m at the end of 2021/22, while recognising significant risks to the delivery of this position.

Mr Thomas cautioned, however, that the HB is not recurrently addressing its savings requirements, explaining that if savings are not addressed, the HB's position at the end of 2022/23 would be impacted by a further £16m.

Drawing Members' attention to comments made by the Director General that Health Boards should consider their entire budgets and not only ring-fenced funding to address Mental Health (MH) treatment needs, Mrs Hardisty noted that while the full impact of COVID-19 upon MH services is as yet unknown, it is beginning to be seen, particularly upon Children and Young People's MH services. Given the likelihood of significant future demand upon MH services, Mrs Hardisty sought assurance that financial support for these services would be factored in to the HB's financial planning.

Mr Thomas explained that the challenge to MH service provision lay not so much with finance as in securing the staff required to deliver these services, recognising that the impact of the pandemic upon the mental health of local populations would be likely to manifest within every tier of complexity.

Given the relatively unknown nature of future demand upon the HB's MH services, which may be comparable to that facing Planned Care services, although less quantifiable, Members agreed that this should be raised as a concern at Board, particularly the potential demand for Children's MH services.

With reference to the analysis of COVID-19 costs for the period between December 20th 2020 and February 21st 2021, Mr Davies queried why this period had been chosen as a basis for the modelling of ongoing COVID-19 costs, given that it covered the 'second wave' of infections, and that lower costs could therefore be expected following the roll-out of the mass vaccination programme. Mr Thomas explained that costs are less variable than might be expected, and that the greatest proportion of COVID-19 cost related to pathway duplication in maintaining 'Red' and 'Green' patient streams at acute sites. Members were further advised that once this

duplication is removed, the bulk of COVID-19 costs would be reduced accordingly.

Highlighting drug cost increases of £579k, with a significant price increase in Primary Care drugs in April 2020, Mr Davies queried whether a similar increase is anticipated in 2021. Mr Thomas advised Members that a risk relating to increases in drugs costs had been recorded, adding that there was certainly a risk to the drugs supply chain. Ms Hayes confirmed that cost modelling for 2021/22 factored in a price increase in Category M drugs in October 2020, while a further price increase in January 2021 would impact upon 2022/23. Members were cautioned regarding challenges in differentiating COVID-19 and non-COVID-19-related drugs costs, given that there had been 3 price increases within a short time period.

Remarking upon a useful set of slides, particularly those relating to the quantification of average COVID-19 costs committed per month and the respective costs of key decisions made to support the HB's response, Mr Weir highlighted the sums presented in relation to investments and service development and queried whether these would be sustainable (given the delay in development within many services during the pandemic), and whether increased incentives for staff within specific service areas would be required. Mr Thomas highlighted year-on-year increases in cost bases, adding that the slides would be used to inform 'the story of COVID-19' from a cost perspective in the Board report, to be presented in the Board meeting on 27th May 2021, particularly given current levels of public interest in the costs associated with FHs.

In regard to service investments within the system, Mr Thomas advised Members of his intention to present conservative forecasts, given the requirement to deliver savings. Members were also informed that the HB's capacity to recruit staff would be likely to restrict service development to a greater degree than financial constraints.

Mr Hearty highlighted the 'latest financial view', as presented in the slides, querying both WG's view of the HB's ability to deliver its planned deficit position at the end of the current financial year and the assurance that could be provided to the Board in relation to meeting the savings target. Mr Thomas explained that the concern relates more to the underlying position than to the in-year position.

Members requested that assurance be taken directly from the Chief Executive in regard to the corporate will to achieve the savings required, given that the chief proportion of the work required to achieve this would necessarily be undertaken during 2021/22, and that full Executive involvement would be required.

Responding to a query from Cllr. John as to whether the HB is aware of the UK-wide 'Levelling Up Fund', and whether this would apply to healthcare services, Mr Thomas confirmed that the HB is working with LAs to clarify what this might mean for the organisation, and highlighted the importance of this funding to the foundational economy.

Mr Thomas drew Members' attention to the benefit that Wales has derived from cost-effective PPE and Test, Trace and Protect (TTP) systems, and

	undertook to circulate a WG paper relating to the position regarding TTP and PPE in Wales to Members.	HT
	The Committee NOTED the latest financial appraisal of the 2021/22 financial year, together with committed COVID-19 costs and key operational and clinical commitments that have been made during the pandemic.	

FC(21)74	RISK TO DELIVERY OF THE FINANCIAL PLAN FOR 2021/22	
	<p>Members received a report detailing the rationale for the current and target risk scores assigned to an emerging risk to the delivery of the HB's Financial Plan for 2021/22 and providing the relevant controls and assessment of control gaps. Members were informed that one of the controls is the issue on behalf of the Chief Executive of an Accountability Letter to Budget Managers, a copy of which was also presented to the Committee for assurance.</p> <p>Mr Thomas thanked Ms Hayes for her work in developing the assessment and controls applied to this new Corporate Risk (<i>Risk to the delivery of the HB's draft interim Financial Plan for 2021/22 of a £57.4m deficit</i>), informing Members that the current risk score of 12 which has been assigned reflects the fact that the identified trajectory to achieve the planned M12 position would place further pressure on the HB's underlying deficit. Mr Thomas explained that the target risk score of 8 recognises that while further work is required to refine the forecast, there is a pathway to delivering the position.</p> <p>Commenting upon a well-constructed assessment of the new risk, Mr Davies highlighted an amendment to be made (a reference to <i>BPPAC</i> under 'Sources of Assurance').</p> <p>In response to a query from Mr Newman regarding the deadline for responses to the Accountability Letter, Mr Thomas explained that the letter had recently been issued (on 23rd April 2021), and that Financial Business Partners are working with Budget Managers and Directorate teams to develop and submit responses.</p> <p>Highlighting the key controls assigned to the new risk, Mr Hearty noted that while four of these refer to monitoring and forecasting rather than to mitigation and a further two are aspirational and long-term, only one (<i>accountability statements in relation to the Opening Directorate Budgets underpinning the draft interim Financial Plan for 2021/22 issued to all budget holders</i>) may be considered to represent a control, and queried whether there is evidence to demonstrate that issue of the Accountability Letter would be effective in mitigating risk to the delivery of the Draft Interim Financial Plan.</p> <p>Mr Thomas explained that there is a governance requirement for budget holders to provide details of plans to manage their services within their allocated budgetary envelope and to assess non-recurrent benefits with a view to converting these opportunities recurrently wherever possible, and confirmed that the key controls would be further developed to include</p>	RH

	additional elements, such as the System Engagement meetings with HB Directorates and Directors of the 3 counties.	HT/ RH
	The Committee NOTED and DISCUSSED the new Corporate Risk to delivery of the HB's draft interim Financial Plan for 2021/22, together with risk scores allocated and key controls assigned.	

FC(21)75	<p>HEALTHCARE CONTRACTING AND CONTRACT VALUES</p> <p>Members received a report detailing arrangements for NHS contracting and payment during 2021/22.</p> <p>Introducing the paper, Mr Thomas explained that, following all-Wales negotiations and discussion relating to the approach to contracting to be adopted in 2021/22, it is now envisaged that the HB's Long Term Agreements (LTAs) would be likely to remain on a block arrangement for the whole year. Members were advised that this represents a simplified approach which provides opportunities to allow operational issues, rather than exclusively financial considerations, to inform and direct the development of future contracting arrangements.</p> <p>Members were advised that this approach mitigates the risk that the HB's move from block arrangements at the end of Quarter (Q)1 to variable contract mechanisms would coincide with an increase in activity (and therefore cost), given that the HB is a net commissioner of services.</p> <p>Mr Shaun Ayres informed Members that, upon reflection, it was considered that remaining on block contracting arrangements for the year would provide an opportunity to explore qualitative issues, which must form an integral element of future contracting arrangements, including development of an understanding of patient flow and access in order to reduce treatment waiting lists wherever possible. Mr Ayres added that an agreement to remain upon block arrangements for the year is predicated upon the expectation that contracts between Welsh Health Boards would be reviewed in their entirety following this period, with a focus upon data-sharing arrangements.</p> <p>Mr Ayres confirmed that a report proposing alternative contracting approaches would be brought to a future Finance Committee meeting, and advised Members that the Board will be asked to provide its approval for 'sign off' of the contract values presented in this report at its meeting on 27th May 2021, these values having been agreed in principle by all parties concerned within the respective Health Boards.</p> <p>Recognising the overarching aim to focus upon the qualitative aspects of LTAs, and agreeing that the proposal to retain block contracts would allow this, particularly given current uncertainties relating to future demand and service development, Mr Weir reflected that this approach is a sensible one, and provides some latitude to gather intelligence relating to activity and to improve data-sets. Mr Weir cautioned, however, that the retention of block arrangements may induce a degree of complacency in the scrutiny</p>	
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and management of existing contracts, and requested that a quarterly analysis of block activity be provided to Finance Committee.

Mr Ayres agreed with this observation, explaining that while contracting arrangements between Welsh Health Boards do not align with the NHS England contracting model (which utilises the HRG4+ payment grouping system, and healthcare activity and income data management systems such as the Secondary Users Service (SUS) and 'SLAM' software), there are limitations in this model which have the potential to create significant tensions between commissioners and providers. In developing models for NHS Wales, Mr Ayres highlighted the opportunity and the ambition to focus upon the development of effective mechanisms to scrutinise the outcomes and quality of services commissioned, and confirmed that a quarterly review of waiting lists for Hywel Dda patients receiving treatment in other Welsh Health Boards, and the outcomes of treatments commissioned by the HB, would be provided to the Committee.

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Mr Thomas commented upon opportunities to consider how system-wide data analysis supported by the HB's work with Lightfoot Solutions could assist in developing an understanding of patient flow across the HB's borders, using this data to inform contracting decisions in order to develop LTAs which improve outcomes for patients.

Responding to a query from Mr Hearty regarding how momentum may be maintained in discussions relating to moving off block contracting arrangements, Mr Thomas explained that Cardiff and Vale University Health Board and Powys Teaching Health Board are working jointly to develop a contracting model for the future, and confirmed that he would ensure that the Assistant Director of Commissioning is fully apprised of these developments.

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Mr Thomas informed Members of his support for proposals that £100m WG funding to support recovery is allocated on a commissioner, rather than a provider, basis to provide some leverage for commissioning bodies in ensuring that their LTAs provide the best outcomes for their patients, adding that the development of contracting approaches is also discussed at the all Wales Directors of Finance (DoFs) Forum.

On behalf of Members, Mr Hearty thanked Mr Ayres for his work, recognising that while the proposal outlined in this meeting represents a departure from the approach to LTA arrangements which had previously been advocated, it would provide opportunity to develop a contracting model which ensures high standards of patient care.

Members also took assurance from the focus upon contracts by all Wales DoFs, which would serve to maintain an impetus within the system to develop a contracting approach which best supports the HB's needs.

Mr Paul Newman left the Committee meeting.

The Committee **DISCUSSED** the contracting approach advocated for 2021/22, **NOTING** opportunities provided to develop a future contracting model which supports qualitative outcomes for patients and **NOTING** that the Board will be asked to provide its approval for 'sign off' of the contract values presented in the report at its meeting on 27th May 2021.

Members received a report describing the improvements in patient outcomes and operational and financial performance arising from investment in SMART medical devices, and requesting Finance Committee's support for plans to roll out the use of networked medical devices which might solve operational health challenges within the HB and support the development of care models that are proactive, digitally enabled and deliver better care and value for patients.

Mr Thomas drew Members' attention to the work undertaken with LA partners to adopt technology-enabled health and care systems within core elements of care pathways, which had been outlined in a report presented to the Committee in its meeting on 25th February 2021, and explained that the HB's plans to develop the use of SMART medical devices represents a further element in realising the benefits afforded by technology-enabled health care solutions to improve the well-being of local populations and to radically change the way in which services are delivered to patients.

Members were provided with specific examples of the use within the HB of these medical devices, such as SMART infusion devices which prevent errors in the dispensing of dangerous drugs, and were informed of work undertaken by the Head of Clinical Engineering and the Deputy Director of Research and Innovation in conjunction with the Life Sciences Hub and the Bevan Commission to identify opportunities for the adoption of technology-enabled devices, such as a blood monitoring device which enables the transfer of observation data directly to the Electronic Nursing Record.

Mr Thomas explained that opportunities to use non-recurrent funding to stimulate investment in SMART equipment would be explored.

Mr Davies commented upon a historic tendency among organisations adopting SMART devices to use bespoke, rather than generic interfaces to support connectivity, and queried whether the HB had engaged with Digital Health and Care Wales with regard to developing a generic interface to support the use of these devices. Mr Thomas assured Members that this would be followed up.

Responding to query from Mrs Hardisty regarding the role of the Welsh Community Care Information System (WCCIS) in supporting the roll-out of technology-enabled care across the HB, Mr Thomas explained that WCCIS is linked in with the rapid roll-out of the Electronic Nursing Record System (ENRS) within the HB, which would commence in South Pembrokeshire Hospital and reach Bronglais General Hospital by May 2021, being operational in all ward areas apart from Emergency Departments (EDs).

Members were advised that the next steps in this roll-out would include the development of an interface with WCCIS and EDs, and were informed that the development of data connectivity between patient monitors and nursing records would transform the way in which nurses work.

In response to a query from Mr Hearty as to whether there would be any security issues arising from the increased facility for transfer of patient

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	<p>data, Mr Thomas assured Members that the Digital Team's involvement in the roll-out of the ENRS would ensure that any security risks are identified and addressed.</p> <p>Concluding discussions, Mr Hearty commended the HB's exemplary work in promoting the adoption of technology enabled healthcare and confirmed the Committee's support for the initiatives described and the HB's ambitions to develop medical device connectivity.</p>	
	<p>The Committee DISCUSSED and SUPPORTED recommendations to develop early-stage medical device connectivity within the HB, recognising benefits in terms of the delivery of better care and value for patients.</p>	

FC(21)77	STRATEGY FOR SOCIAL VALUE IMPACT	
	<p>Members received a report summarising the various elements comprising the HB's Social Value strategy, which is currently being finalised and which articulates the HB's ambition to target its nearly £1bn of annual expenditure to improve wider social impacts, such as the impact which the organisation has on the environment, local employment opportunities and economic growth.</p> <p>Members were advised that the concept of Social Value represents a new line of thinking across the wider public sector, and that, while the HB has previously utilised traditional and fairly narrow definitions of value based upon price, definitions have been broadened and extended to incorporate value to patients and to society in general, particularly within the context of supporting economic recovery post-pandemic.</p> <p>Mr Chris Williams informed Members that the HB has commissioned the Social Value Portal (SVP) to support improvements through undertaking a detailed needs analysis of the HB's three localities, including assessment of the socio-economic features of the wards in each of the three LA areas, and through engaging with a range of colleagues both within and beyond the HB (including with NWSSP procurement colleagues) in order to identify current policies and working practices that have the greatest impact upon driving social value.</p> <p>Mr Williams confirmed that a further report would be presented to the Committee providing details of the HB's strategy for implementing Social Value. Welcoming a future report, Mr Davies suggested that it would be helpful to include details of successes and achievements articulated in terms of outcomes.</p> <p>Reflecting that the integration of social value principles would enable the HB to adopt a local approach in its policies, Mr Thomas highlighted plans to focus the HB's recruitment and apprenticeship schemes upon economically deprived areas.</p> <p>Members were informed of discussions being held with Aberystwyth University regarding the establishment of a Professorial Chair in Rural Health Economics and plans to set up joint funding with Betsi Cadwaladr and Powys Teaching Health Boards to support in-depth studies into</p>	

aspects of economic analysis to better understand the ways in which the HB can deliver improved social and economic value.

In response to a query from Mr Hearty as to whether the HB's recruitment policy in support of social value principles would be discussed at PPPAC, Mr Thomas explained that this had been brought to the Finance Committee in the first instance in recognition of the need to focus initially upon social impact within the context of leveraging organisational spend.

Observing a commonality of language across public sectors which reflects the key status of promoting community wealth and wellbeing, Cllr. John commented that while this would greatly assist joint conversations between partner agencies, it may be advisable to begin the process of engagement and buy-in to key strategic elements such as the new hospital with discussions regarding the foundational economy.

Mr Thomas agreed with this view, informing Members that conversations relating to the new site would be based upon how this can be used as a foundation and enabler for local economic wealth, albeit the starting point for discussions regarding the role of the local economy in the building and running of the new hospital would be of a more granular nature.

Responding to a query from Cllr. John regarding the allocation of a lower value limit of £100k for contracts to implement circular economy solutions, Mr Thomas explained that the rationale for this value reflected the need to achieve a balance between the administrative costs of managing low value contracts relative to their size and the overarching aim of progressing local procurement.

The Committee **NOTED** the work that is underway to improve the social value of the HB's expenditure.

FC(21)78

SCHEDULE OF COSTS AND DECISIONS – BLUESTONE AND PARC Y SCARLETS

Members received a report providing a Schedule of Costs relating to both Bluestone and Parc-Y-Scarlets FHs which have attracted the most significant and notable financial liabilities, noting that this report had been requested by Members at their In Committee Finance Committee session on 23rd March 2021.

Mr Thomas explained that he wished to bring this schedule of costs into the public domain in the interests of transparency, given that costs relating to Bluestone and Parc-Y-Scarlets have been the subject of some contention.

Mr Ayres advised Members that costs have been grouped under four main elements, with direct costs to the site providers articulated separately and some complexities removed, such as the VAT on direct payments for Bluestone deconstruction costs:

- Commissioning/ Construction Costs
- Rental Payments
- Decommissioning Costs

	<ul style="list-style-type: none"> Other Material Cost (with descriptor) <p>Responding to a query from Mrs Hardisty as to how the costs for Parc-y-Scarlets and Bluestone compare with those for other FHs, Mr Thomas explained that as the background context relating to each FH differs, it was unclear what value a benchmarking exercise relating to costs would offer, and assured Members that the HB had done its best to secure appropriate FH capacity, given the pressures and circumstances existing at the outbreak of the pandemic.</p> <p>Mr Hearty observed that the HB did not appear to have received any significant level of criticism from Audit Wales, or from the findings of various reviews which have been undertaken of the HB’s commissioning decisions, and commended the work undertaken and time invested by the Assistant Director of Commissioning to secure the Bluestone site, given the need to work at pace.</p> <p>Mr Hearty confirmed that the Update Report to the Board, summarising discussions in this meeting, would highlight the presentation of FH costs to members.</p>	SW
	<p>The Committee NOTED costs relating to both Bluestone and Parc-Y-Scarlets Field Hospitals.</p>	

FC(21)79	BALANCE SHEET	
	<p>Members received a report detailing the HB’s Balance Sheet position at the end of the financial year 2020/21, together with a Power BI analysis of the M12 position.</p> <p>Responding to a query from Mr Weir relating to a difference in figures linked to movement in Taxpayers Equity, Mr Thomas explained this difference in terms of income received by the HB coming directly from a general fund rather than via Income and Expenditure (I&E), and confirmed that he would share the year-end accounts with Mr Weir.</p> <p>Referring to a Finance training session for Members to be held on 14th May 2021, Mr Maynard observed that this would be useful in explaining core accounting terminology. Mr Thomas queried whether the subjects covered in Members’ training sessions would benefit from review as the HB transitions from a COVID-19 response to a recovery stage. Ms Alison Gittins undertook to raise this issue with the Board Secretary.</p> <p>Mr Hearty reflected that the Balance Sheet had previously been presented to the Audit and Risk Assurance Committee, and queried what the Finance Committee had learned from scrutinising the HB’s accounts, and whether the data included was used to monitor the financial performance of individual Directorates.</p> <p>Mr Thomas explained that Balance Sheet data was not routinely shared with Directorates but is used within the Finance Team, which monitors elements such as Aged Payable and Aged Receivables to ensure that the HB is collecting all sums due, while Invoices on Hold data is used to inform</p>	HT AG/ JW

	<p>staff communications relating to the checking of goods and services received.</p> <p>Commenting upon regular central enquiries regarding the HB's reserves, Mr Hearty queried whether WG is content with the Balance Sheet position at M12, and suggested a focus upon the utilisation of reserves in future Finance Committee meetings. Mr Thomas confirmed that there is increased assurance on the part of WG regarding the HB's control of its reserve position, as compared with its assurance 18 months previously, based upon the letters received in response to the HB's monitoring returns.</p>	
	<p>The Committee NOTED the HB's Balance Sheet position at the end of the financial year 2020/21, together with an analysis of key variances.</p>	

FC(21)80	MINISTERIAL DIRECTIONS	
	<p>Members received a report providing the Committee with a status update and assurance that all NHS Non-Statutory Instruments (NSIs), otherwise known as Ministerial Directions (MDs), received from WG in 2020/21 have been implemented or adopted by the HB.</p>	
	<p>The Committee NOTED that the HB is compliant with the NSIs (MDs) issued by WG between 14th January 2021 and 31st March 2021.</p>	

FC(21)81	MONTHLY MONITORING RETURNS AND HDdUHB COMMENTARY	
	<p>Members received, for information, the M12 Monthly Monitoring Returns submitted to WG.</p> <p>Being advised that the full Returns are presented separately from the monthly Finance Report, which summarises the contents and key elements of the Returns, Mr Weir commented that the current format of the monthly Finance Report is appropriate in terms of providing key information to Members.</p>	
	<p>The Committee NOTED the HB's M12 Monitoring Returns to WG.</p>	

FC(21)82	POST BREXIT VAT AND CUSTOMS DUTY ACCOUNTING	
	<p>Members received a report outlining the implications of the UK's withdrawal from the EU for import VAT purposes, and describing how changes relating to new special arrangements that Her Majesty's Revenue & Customs (HMRC) has put in place to ease the potential administrative burden on UK organisations would impact the HB and its VAT accounting processes.</p> <p>Members were advised that this report had been presented in order to provide assurance that the HB has arrangements in place to address VAT issues and that the inclusion within the HB's Finance Team of a Tax Accounting expert has greatly assisted in terms of improving the</p>	

	organisation's relationship with HMRC, and in precluding requirements to engage with external consultants in relation to tax accounting matters.	
	The Committee NOTED an overview of the implications for the HB of the UK's withdrawal from the EU for import VAT purposes.	

FC(21)83	FINANCE COMMITTEE WORK PLAN	
	The Finance Committee's annual work plan for 2021/ 22 was presented to the Committee for information.	
	The Committee NOTED the items included on its annual work plan for 2021/22.	

FC(21)84	REFLECTIVE SUMMARY	
	<p>Mr Thomas highlighted 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"> • Confirmation of the End of Year position, recognising the impact of non-delivery of savings and the impact of pressures relating to service recovery during 2021/22 and 2022/23. • Review of the description, score and key controls assigned to the new Corporate Risk to delivery of the Draft Interim Financial Plan 2021/22, noting the Accountability Letter issued to HB Budget Holders. • Review of the latest financial appraisal of the 2021/22 financial year including key operational and clinical commitments made during the COVID-19 pandemic, highlighting concerns relating to future demand upon the HB's MH services • Discussion and agreement of the recommended position that the HB's LTAs remain on block for the remainder of the year in order to provide opportunity to focus upon the development of quality controls and data-sharing within a new contract model. • Support expressed for the HB's plans to develop the use of SMART Medical Equipment, recognising benefits in terms of delivering better care and value for patients. • Presentation of costs relating to Bluestone and Parc y Scarlets Field Hospitals, which would be highlighted to the Board at its meeting on 27th May 2021. 	
	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(21)84	ANY OTHER BUSINESS	
	<p>Mutual Aid</p> <p>Mr Thomas informed Members of a request for Mutual Aid to support the response to the COVID-19 crisis in India made via the NWSSP. Members were advised that HB Executives had agreed to provide 450 Oxygen Concentrators (to the value of £592k) and were assured of the probability that WG would support the HB in demonstrating the exercise of due diligence and due governance in its response.</p> <p>Members were further informed of the possibility that CPAP (Continuous Positive Airway Pressure) machines would also be made available by the HB and were advised that these donations would be discussed at the Public Board meeting to be held on 27th May 2021.</p>	
FC(21)85	DATE OF NEXT MEETING	
	Tuesday 25th May 2021, 9.30am - 12.30pm, via Microsoft Teams	