

**PWYLLGOR CYLLID  
FINANCE COMMITTEE**

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	13 March 2020
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Draft Financial Plan 2020/21
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Executive Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Rhian Davies, Assistant Director of Finance (Financial Planning and Statutory Reporting) Eldeg Rosser, Senior Business Partner (Major Projects and Planning)

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Ar Gyfer Trafodaeth/For Discussion

**ADRODDIAD SCAA  
SBAR REPORT**

**Sefyllfa / Situation**

This report and the accompanying Interim Finance Enabling Plan which is attached at Appendix 2, have been prepared to provide the Finance Committee with an updated Financial Plan for 2020/21 which includes an assessment of the financial challenge for Hywel Dda University Health Board (HDdUHB).

**Cefndir / Background**

The presentation, attached as Appendix 1, and the Interim Finance Enabling Plan attached as Appendix 2 provide the Committee with an assessment of HDdUHB's Financial Position for 2020/21, which reflects the discussions at the Board Organisational Development sessions held in December 2019 and February and March 2020. The Interim Finance Enabling Plan also reflects comments received from the Finance Delivery Unit (FDU), following a draft submission to them made 3<sup>rd</sup> January 2020 and subsequent follow-up meetings held with them.

**Asesiad / Assessment**

HDdUHB's financial position for 2020/21 is based upon:

- The brought-forward underlying financial position from 2019/20;
- An assessment of Directorates' pressures;
- The additional allocations, as detailed in the Allocation Letter received on the 19<sup>th</sup> December 2019 from Welsh Government (WG).

## Summary Financial Position

	2020/21 £'m
<b>Control Total for 2019/20 (£10m removed)</b>	<b>25.0</b>
Operational overspend	16.0
Savings gap	7.0
<b>Underlying position brought forward</b>	<b>48.0</b>
Allocation uplift	(12.9)
Additional recurring £10m	(10.0)
A4C Funding	(5.3)
Other increases in allocation	(4.9)
National policy and decisions	33.9
Impact of prior year decisions	3.8
Health Board identified pressures	7.5
<b>Total position before savings</b>	<b>60.1</b>
Anticipated non-recurring gains	(9.1)
Savings	(26.0)
<b>Planned deficit</b>	<b>25.0</b>

## Allocation

The funding allocation from WG was notified on 19<sup>th</sup> December 2019. The Financial Plan includes the following key assumptions:

- 2% uplift to core allocations of £12.9m;
- Additional Agenda For Change (A4C) funding of £5.3m;
- Additional £10m funding;
- Inclusion of separately notified Strategic Support for Core Team and Programme Business Case Development for 'A Healthier Mid & West Wales' - £1.6m;
- The Health Board will not have to repay its historic deficit;
- Planned decisions on an all Wales basis will not have an adverse impact on the Health Board's financial position;
- Cost pressure associated with the increase in the employers pensions cost contribution will be managed centrally by WG;
- No costs or income assumptions are currently included for the impact of IFRS 16.

Any funding from WG for the following will have equating costs:

- Transformation Fund
- Digital Funds
- Prevention and Early Years Funding
- Clinical plans, Quality and Value-Based Healthcare

## Cost Pressures

A detailed assessment of cost pressures has been undertaken by Directorates and their Senior Finance Business Partners. These are detailed in the Interim Finance Enabling Plan.

The additional allocation of £10m has been used to fund the following:

<b>Area</b>	<b>£m</b>
Nurse Staffing	1.0
National Developments	2.1
Variable Pay	1.3
Balance of A4C costs	5.6
<b>TOTAL</b>	<b>10.0</b>

The costs of £5.9m, together with any anticipated income to deliver the 36 week RTT target, is not currently reflected in the Financial Plan.

### **Risks**

Directorate and Executive Directors have assessed known risks, totalling £8.1m, which may materialise in 2020/21. None of these are currently included within the Plan.

### **Financial Challenge**

Based on the current identification of cost pressures and allocation increase assumptions, the savings requirement facing HDdUHB for 2020/21 is £35.1m to achieve a position of £25m deficit.

This target has been split into £9.1m of non-recurring gains and £26m of recurring savings.

The local developments total of £7.5m will need to be funded via additional savings, a reallocation of resources or new sources of funding.

### **Opportunities**

Details of HDdUHB's Opportunity Framework are included in the Interim Finance Enabling Plan, including a description of the Opportunities Register which underpins the Framework. The Register consists of a summary of opportunities gleaned from all available sources, including analysis run by WG, NHS Wales Delivery Unit, HDdUHB FDU, KPMG, CHKS (a provider of healthcare intelligence, British Association of Day Surgery (BADs), NHS Benchmarking Network and other HDdUHB sources. Progress relating to the Framework is covered in the presentation at Appendix 1.

### **Governance**

The Accountability Agreement Letter, attached as Appendix 3, has been sent out to HDdUHB budget holders detailing the quantum of their opening budgets for 2020/21. Meetings have been arranged between the budget holders and the Executive Director of Finance during March 2020 to sign off these budgets. The detail of individual area budgets will be available to the budget holders via their Finance Business Partners.

### **Argymhelliad / Recommendation**

The Finance Committee is requested to

- Discuss the Financial Plan for 2020/21, and the Interim Finance Enabling Plan;

- Note the Accountability Agreement Letter sent out to HDdUHB budget holders.

<b>Amcanion: (rhaid cwblhau)</b>	
<b>Objectives: (must be completed)</b>	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.5 Provide assurance to the Board that robust arrangements are in place for financial planning, financial performance and financial forecasting.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Risk 630 - Ability to deliver the Financial Plan for 2019/20 – Current Risk Score 16
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners. 5. Deliver, as a minimum requirement, outcome and delivery framework work targets and specifically eliminate the need for unnecessary travel & waiting times, as well as return the organisation to a sound financial footing over the lifetime of this plan
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Improve efficiency and quality of services through collaboration with people, communities and partners  HDdUHB's financial plan will align with the organisational priorities and to HDdUHB's Well-being Objectives where applicable

<b>Gwybodaeth Ychwanegol:</b>	
<b>Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Draft interim financial plan and monitoring returns
Rhestr Termau: Glossary of Terms:	Included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Not Applicable

**Effaith: (rhaid cwblhau)**  
**Impact: (must be completed)**

<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial values noted within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Not Applicable
<b>Gweithlu: Workforce:</b>	Not Applicable
<b>Risg: Risk:</b>	Financial risk is highlighted within the report
<b>Cyfreithiol: Legal:</b>	Not Applicable
<b>Enw Da: Reputational:</b>	Not Applicable
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	Not Applicable