

Bundle Finance Committee 19 December 2019

- 1 GOVERNANCE
 - 1.1 Welcome and Apologies
Presenter: Chair
 - 1.2 Declarations of Interest
Presenter: All
 - 1.3 Unapproved Minutes of Previous Meeting Held on 26th November 2019
Presenter: Chair
 - 1 3 Unapproved Finance Committee Minutes 26 11 19
 - 1.4 Matters Arising and Table of Actions from Meeting Held on 26th November 2019
Presenter: Chair
 - FC Table of Actions 26 11 19
- 2 FOR DISCUSSION
 - 2.1 Financial Performance Presentation
Presenter: Huw Thomas
 - 2 1 Finance Committee Month 8
 - 2.1.a Finance Report Month 8
Presenter: Huw Thomas
 - 2.1 a Finance Report Month 8 SBAR
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 - 2.1.b Supplementary Finance Report Month 8
Presenter: Huw Thomas
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 - 2.1.c Turnaround Report Month 8
Presenter: Andrew Carruthers
 - 2 1c Turnaround SBAR
 - 2 1c Appendix 1 Turnaround Report
 - 2.2 RTT Month 8
Presenter: Keith Jones
 - 2 2 SBAR RTT Financial Plan Trajectory Month 8 Final
 - 2.3 Workforce Pay Controls
Presenter: Lisa Gostling
 - 2 3 Workforce Pay Controls
 - 2 3 Appendix 1 Workforce Pay Controls Action Plan
 - 2.4 Capital Financial Management
Presenter: Huw Thomas
 - 2 4 Capital Financial Management
 - 2.5 Contracts Update
Presenter: Huw Thomas
 - 2 5 Contracts Update
 - 2 5 Appendix 1 Healthcare Contracting December 2019 IPAC Report
 - 2.6 External Finance Review
Presenter: Ben Garside (verbal)
 - 2.7 Development of a Locality Resource Tool as part of the Intelligence and Value Strategy
Presenters: Mark Bowling/Lisa Powell
 - 2 7 Development of a Locality Resource Tool as part of the Intelligence and Value Strategy Final.docx
 - 2 7 Appendix 1 LocalityPerspective Presentation

- 2.8 Strategic Cash Assistance
Presenter: Huw Thomas
2 8 Finance Committee SBAR Dec 2019 Strategic Cash
2 8 Appendix 1 Cash Request Letter 2019-20
- 3 FOR INFORMATION
- 3.1 KPMG Reports
Presenter: Ben Garside
3 1 Financial Grip and Control
3 1a Assessment of 1920 Financial Plan
3 1 b Delivery Framework
3 1 c Recovery Plan Hywel Dda UHB
- 3.2 Strategic Financial Planning Group Update Report to Strategic Enabling Group
Presenter: Huw Thomas
3 2 SFPG Update Report to SEG
- 3.3 Finance Committee Update Report to Board from Previous Meeting
Presenter: Chair
3 3 Finance Committee Report - 26th November 2019
- 3.4 Finance Committee Annual Workplan
Presenter: Chair
3 4 Finance Committee workplan 2019-20 v13
- 3.5 Reflective Summary
Presenter: Huw Thomas (verbal)
- 4 ANY OTHER BUSINESS
- 5 DATE OF NEXT MEETING: Monday 27th January 2020, 9.00am - 12.00pm, Boardroom, Ystwyth Building, St David's Park

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

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| Date and Time of Meeting: | Tuesday 26 th November 2019, 10.00am – 12.00pm |
| Venue: | Boardroom, Ystwyth Building, St. David's Park, Carmarthen |

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| Present: | Mr Michael Hearty, Associate Member (Committee Chair) Mr Mike Lewis, Independent Member (Committee Vice Chair) Mr Paul Newman, Independent Member Mr David Powell, Independent Member Mr Huw Thomas, Director of Finance Mr Steve Moore, HDdUHB Chief Executive Mr Andrew Carruthers, Turnaround Director Mrs Lisa Gostling, Director of Workforce & Organisational Development (part) |
| In Attendance: | Miss Maria Battle, Chair of Hywel Dda University Health Board Mr Ben Garside, KPMG LLP (part) Mr Shaun Ayres, Assistant Director of Value Based Contracting Mrs Joanne Wilson, Board Secretary Mrs Sarah Bevan, Committee Services Officer (Secretariat) |

| AGENDA ITEM | ITEM | |
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| FC(19)210 | 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"> Mrs Judith Hardisty, Vice Chair of Hywel Dda University Health Board (HDdUHB) | |

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| FC(19)211 | DECLARATIONS OF INTERESTS | |
| | There were no declarations of interest made. | |

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| FC(19)212 | MINUTES OF PREVIOUS MEETING HELD ON 21st OCTOBER 2019 | |
| | RESOLVED – that the minutes of the Finance Committee meeting held on 21 st October 2019 be APPROVED as a correct record. | |

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| FC(19)213 | MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 21st OCTOBER 2019 | |
| | An update was provided on the Table of Actions from the meeting held on 21 st October 2019 and confirmation received that all outstanding actions had been progressed or were forward planned for a future Committee meeting, with the exception of: <ul style="list-style-type: none"> FC(19)199 Draft Indicative Financial Plan 2020/21 – to ascertain the cost of the Major Trauma Unit and costs relating to Localities and Primary Care funding, and to feedback to the Committee. Mr Huw Thomas requested that this action rolls over to the December | |

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| | <p>2019 Committee meeting as the finance team are currently working through the costs. Members were happy with this request.</p> <p>It was noted that all remaining items on the Table of Actions are reflected on the agenda for today's Committee meeting.</p> <p>In terms of any Matters Arising, Mr Mike Lewis highlighted that, in relation to minute reference FC(19)198 Contracts Update, he had queried the use of the term 'over-performance', which he noted was still used within this month's Contracts Update report. Mr Shaun Ayres undertook to remedy this for future Contracts Update reports to Committee.</p> | SA |
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| FC(19)214 | <p>FINANCIAL PERFORMANCE PRESENTATION/ FINANCE REPORT MONTH 7</p> <p>Members were presented with the Financial Performance Presentation and the Finance Report Month 7.</p> <p>Mr Thomas informed Members of the proposal to revise the forecast from the previous £15m control total to an interim forecast position of £25m, highlighting the significant risk of this to the £10m additional Welsh Government (WG) funding as this was predicated on delivery of the required £15m control total. Mr Thomas advised that although this has not been formally confirmed, this was the basis of the additional £10m from WG, and would serve to move the forecast position to £35m. Members were reminded that the change in forecast is interim, pending completion of normal governance process through today's Finance Committee meeting and the Public Board meeting on 28th November 2019.</p> <p>Mr Thomas informed Members that the Month 7 position is £0.9m operational variance to plan and £4.7m Year to Date (YTD). The Month 7 YTD variance to breakeven is £14.5m. Mr Thomas highlighted the significant adverse variances against plan, including operational surge with the resultant vacancies covered by premium cost staff, drugs within Unscheduled Care (USC), and the deteriorating trend of Medicines Management Primary Care prescribing.</p> <p>Mr Thomas advised Members of the Welsh Risk Pool (WRP) risk sharing agreement being invoked, which is now expected to total £1.6m, and is a risk affecting all Health Boards in Wales.</p> <p>Mr Thomas provided an overview of the presentation slides in relation to the key cost drivers of bed pressures, USC Directorates, and Secondary Care drugs. Mr Thomas highlighted that rebates have benefited the position in Oncology and the growth of homecare has delivered VAT savings, however Mr Thomas also highlighted the recent surges within Critical Care, driven by patient acuity rather than the number of beds.</p> <p>In relation to the graph demonstrating the numbers of medically fit patients, Mr Paul Newman queried the absence of Bronglais Hospital data. Mr Thomas responded that this data is unable to be captured on a daily basis, and confirmed that its inclusion would serve to increase the numbers involved.</p> | |
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With regard to Primary Care prescribing, Mr Thomas advised that the Category M price increase has disproportionately hit HDdUHB due to its relative reliance on Primary Care compared to Secondary Care. There is also continued pressure as a result of New Oral Anticoagulants (NOAC)

The projection, including savings risk, is an adverse variance to plan of £14.8m; this would equate to a year end deficit position of £27.8m. Operational forecasts are in excess of budget of £7.9m, together with recognition of the Health Board's £1.6m WRP share.

Mr Thomas provided Members with an update from the Joint Executive Team (JET) meeting held on 22nd November 2019, at which there was an agreement to fund the core team to £1.6m. A decision was also made to not pursue a contract with KPMG of £0.9m. These changes, when taken together, have no overall net change effect on the forecast.

Comments were invited from Members on both the report and presentation. Mr Lewis referred to the potential £2m savings identified by KPMG and queried whether these savings could still be delivered without further external support. Mr Thomas acknowledged that the core team's focus of work would need to be reprioritised. Mr Andrew Carruthers informed Members that the workforce schemes all have an effective team in place, with momentum on patient flow and USC schemes. However, schemes relating to Theatres and Endoscopy may be more challenging.

Whilst acknowledging that many of the cost drivers are outside of HDdUHB's control, Mr Lewis queried the level of confidence in achieving the proposed revised forecast. Mr Thomas responded that a control total approach is being taken with Directorates. Mr David Powell enquired whether a higher forecast position should be proposed to limit the need to make further revisions in the future. Mr Thomas emphasised the need to strike a balance of risks between being prudent and containing costs to reduce the deficit. Mr Moore suggested that the ability to forecast has improved over the previous two years and that whilst remaining a risk at this stage, the recommended forecast position is the best attempt at balancing prudence and reducing costs. Mr Moore also highlighted the risks associated with increasing costs over the coming winter due to the level of medically fit patients and pressures at the front door.

Miss Battle queried the rationale behind JET's decision not to support further working with KPMG and Mr Thomas advised that he would be having a discussion with Mr Alan Brace on 27th November 2019 in order to provide an update to the Board.

Miss Battle further enquired whether, if HDdUHB did go for a contract with KPMG, would there be a clause that KPMG would only be paid if the savings are delivered. Mr Thomas responded that this is not likely and that the contract would involve taking a project management approach with weekly performance meetings to monitor delivery of the contract.

Mr Newman queried the Committee's confidence in containing the £5.9m savings gap. Mr Thomas responded that the level of savings is set to

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| | <p>increase in the second part of the year. Mr Newman commented that previous performance has not always ensured delivery of savings and queried the worst case scenario. Mr Thomas responded that further work is being undertaken with regard to trajectories, and that the Holding To Account (HTA) process maintains focus on delivery of the schemes.</p> <p>Mr Hearty highlighted that savings from Month 6 were broadly on plan and that being behind at Month 7 should be of concern. Mr Carruthers advised that Month 7 is undergoing a change around workforce savings tying in with USC pressures, therefore the ability to deliver variable pay savings has had to be reassessed.</p> <p>Mr Moore commented that whilst it is hugely disappointing to have to revise the forecast position, there are many factors that could not be foreseen such as the cost pressures associated with Primary Care prescribing and Category M prices (£4.4m) and Welsh Risk Pool. Compared to delivery last year, HDdUHB would remain marginally better than the previous deficit position and would therefore not want the teams involved to lose sight of the fact that the work they are doing is having a positive impact. Mr Moore advised that HDdUHB is still able to demonstrate improvement across the organisation and that plans need to be in place for 2020/21. There will be work to be undertaken over the following year to transform systems such as domiciliary care and rehabilitation placements.</p> <p>Mr Thomas informed Members that he would bring to the Board's attention that the £4.4m and £1.6m associated with Primary Care prescribing and Welsh Risk Pool costs respectively are new costs compared to two months ago.</p> <p>Members approved the request to recommend to the Board a change in the forecast deficit position from £15m to £25m. This would allow the change to be discussed and ratified at the Board meeting on 28th November 2019.</p> | |
| | <p>The Committee:</p> <ul style="list-style-type: none"> • DISCUSSED the financial position for Month 7 • NOTED the key drivers to the increased deficit and the expected gap in savings delivery for the year • APPROVED the recommendation to the Board to a change in the forecast deficit position from £15m to £25m. | |

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| FC(19)215 | SUPPLEMENTARY FINANCE REPORT MONTH 7 | |
| | Members were presented with the Supplementary Finance Report Month 7. Mr Thomas advised that the purpose of the report is to provide Committee with the granular detail of the Directorates spend. | |
| | The Committee NOTED the Supplementary Finance Report Month 7 report. | |
| FC(19)216 | TURNAROUND REPORT MONTH 7 | |
| | Members were presented with the Turnaround Report Month 7. | |

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| | Mr Newman highlighted the absence of an indication of the timescales for change within the appendix and suggested it would be useful to include this within future reports. Mr Carruthers undertook to provide this information for future Committee meetings. | AC |
| | Mr Carruthers informed Members that, in terms of realigning central resources particularly in regard to workforce and USC, by focusing on appropriate actions the mitigation of cost pressures, if not savings, is anticipated. These actions are also in alignment with KPMG's recommendations and the Committee should take an assurance from the fact that KPMG did not uncover many more opportunities than those already identified by HDdUHB. | |
| | Mrs Joanne Wilson requested that an update on the procurement process of the KPMG contract is included within the Table of Actions for the December 2019 Committee meeting. | HT |
| | The Committee NOTED the Turnaround Report Month 7. | |

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| FC(19)217 | REFERRAL TO TREATMENT TIME (RTT) MONTH 7 | |
| | Members were presented with the RTT Month 7 report, providing progress in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times. | |
| | Mr Newman highlighted the increase in 36 week breaches by 20 cases for Month 7 and queried how a zero target could be assured. Mr Newman also highlighted the imposition of fines by WG fines on breaches which would pose a further financial risk to HDdUHB. Mr Hearty responded that this would be discussed as part of the RTT Month 8 agenda item at the December 2019 Committee meeting, if necessary. | |
| | The Committee DISCUSSED and NOTED the progress to Month 7 in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times delivery for 2019/20. | |

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| FC(19)218 | WORKFORCE PAY CONTROLS | |
| | Members were presented with the Workforce Pay Controls report, providing an outline of the KPMG Grip and Control work stream, together with a progress update on agreed actions against the Action Plan in the accompanying appendix. Mrs Lisa Gostling advised that estimated dates of completion had now been assigned to each action as recommended at the previous Committee meeting. | |
| | Mrs Gostling expressed disappointment regarding delays to the implementation of a new centralised rostering system, which would increase the capacity on Bank and result in financial savings. Whilst HDdUHB had been given the go ahead to proceed, this is currently on hold as there is the anticipation that an all-Wales deal is in the pipeline. Mr Hearty queried the timeline for an all-Wales solution and Mrs Gostling responded that although NHS Wales Shared Services Partnership (NWSSP) did not want to slow HDdUHB's plans down, NWSSP have not approved the procurement to enable HDdUHB to purchase the system. | |

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| | Mr Hearty enquired whether there is an interim solution and Mrs Gostling responded that HDdUHB is still able to continue with the preparatory work to transfer to the new system and that the existing system can be utilised in the interim. | |
| | Miss Battle suggested that she could raise the issue of delay at her meeting with other Health Board Chairs and the Minister on 2 nd December 2019. Miss Battle added that it would be useful to have an estimate of how much the delay is costing the Health Board per day, which Mrs Gostling undertook to establish and share with Miss Battle. | LG |
| | Mr Powell queried progress against the action to create a review process, carried out by a central team, to ensure consistency against job plans. Mrs Gostling undertook to liaise with the Medical Director & Director of Clinical Strategy for an update to be provided at the next Committee meeting. | LG |
| | Mr Powell also queried the discrepancy in the action plan where it states that HDdUHB has a high sickness absence rate, when HDdUHB is in fact below the average rate for Wales. Mrs Gostling confirmed that this action is now closed and that HDdUHB is the strongest performer in Wales in terms of managing attendance. | |
| | In relation to the action to target reduction in Thornbury usage and the specific action that no direct bookings are to be made with Thornbury, Mr Lewis queried why this has been implemented in only one hospital to date. Mrs Gostling responded that since preparing the report direct booking has ceased in all sites and assured Members that where instances of direct bookings are identified, these are raised with the service directly. | |
| | Mr Lewis also queried the reasons for staff not signing up to undertake Bank work and Mrs Gostling responded that results from a recent survey conducted with staff suggests that weekly pay remains a factor; consequently an in-month pay system has been introduced. Other factors include staff joining the Bank but not being offered shifts. Mrs Gostling advised that in some wards, social media platforms such as WhatsApp groups, are used within teams to arrange staffing rather than using the Bank Office. Mrs Gostling informed Members that the new rostering system will flag available shifts directly with staff and enable them to book on to these directly. | |
| | Mr Hearty enquired whether KPMG assign a financial value to each of the workforce schemes. Mrs Gostling confirmed that financial values are provided and undertook to include these within future Committee reports. | LG |
| | Mr Hearty queried what would be required to enable the Thornbury action to be closed. Mrs Gostling responded that eradicating the use of Thornbury in its entirety would constitute this action being closed. | |
| | The Committee NOTED the Workforce Pay Controls report. | |

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| FC(19)219 | CAPITAL FINANCIAL MANAGEMENT | |
| | Members were presented with the Capital Financial Management report, providing the latest update on the Capital Resource Limit (CRL) for | |

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| | <p>2019/20. Mr Thomas advised that there were no concerns from the report to highlight to Members.</p> <p>However, Mr Thomas drew Members' attention to the update on Project Bank Accounts (PBA) and a policy which had been implemented via Welsh Health Circular (2018)043, to support supply chains on capital programmes. All WG construction and infrastructure contracts valued at £2m or more (excluding VAT), which are funded through the All Wales Capital Programme (AWCP), must comply with PBA policy. This also includes funding through discretionary programmes. PBAs will not be required for schemes such as equipment replacements or where the associated works costs are below £2m, the aim being to alleviate cash flow pressures which can have a considerable impact on smaller companies in a supply chain. Members noted that further guidance is expected shortly from WG on the use of PBAs.</p> <p>Mr Lewis suggested that the sentence in relation to the impact upon smaller companies represents a sweeping statement and that it would also be a reputational risk for the Health Board. Mr Thomas noted that the aim of the PBA policy is to support the whole supply chain and acknowledged that how this will be implemented would be critical. Mr Thomas assured Members that a procedure outlining the implementation of the PBA policy would be brought to a future Committee meeting for approval.</p> | HT |
| | <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)220 | <p>CONTRACTS UPDATE</p> <p>Members were presented with the Contracts Update report, providing the Month 7 and forecast position in relation to Long Term Agreements (LTA).</p> <p><i>Mr Huw Thomas left the Committee meeting</i></p> <p>Mr Shaun Ayres apologised to Members regarding the continued use of under and over performance terminology within the report and clarified that over performance in contracting terms is a negative value.</p> <p>Mr Ayres informed Members that the contract with Swansea Bay University Health Board (SBUHB) is currently under plan. Activity has accelerated and, although still under plan, the situation has worsened due to high cost drugs within SBUHB. Mr Ayres advised that this has been driven by emergency inpatient and outpatient procedures, which are currently being reviewed to ascertain whether cases can be redirected into HDdUHB.</p> <p>Mr Ayres informed Members that the key drivers for Cardiff and Vale University Health Board (CVUHB) are high cost drugs and Critical Care. Further work is required to commence discharge planning at an earlier stage. Mr Ayres informed Members that a meeting has been held with CVUHB to discuss rebasing of the contract.</p> | |

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| | <p><i>Mr Benjamin Garside joined the Committee meeting</i> <i>Mr Huw Thomas re-joined the Committee meeting</i></p> <p>Mr Ayres further informed Members that the Welsh Health Specialised Services Commission (WHSSC) contract has seen an improvement from previous months, which has been driven by being financially under plan due to the release of reserves.</p> <p><i>Mrs Lisa Gostling left the Committee meeting</i></p> <p>Mr Ayres queried whether Members would wish the report to consider RTT by provider. Mr Powell responded that whilst it would be helpful to have sight of this, it may be better placed within the RTT report to Committee. Mr Moore recognised that there are issues with how RTT is allocated on a provider basis and that a provider perspective be considered. Mr Hearty requested that Mr Ayres works with Mr Keith Jones to take this action forward.</p> <p>Mr Thomas highlighted to Members that the consequence of non-delivery of RTT by providers is a financial risk for the providers. However, if this activity is diverted it would then pose a financial risk for HDdUHB.</p> <p>Mr Newman commented upon the RTT target of zero breaches by end March 2020 and recognised that the RTT report does not currently include numbers of RTT by other providers.</p> | SA/KJ |
| | <p>The Committee NOTED the content of the Contracts Update report and took assurance that the steps taken are in line with expectations.</p> | |

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| FC(19)221 | <p>EXTERNAL FINANCE REVIEW</p> <p>Members were presented with a verbal update on the External Finance Review by Mr Benjamin Garside, KPMG.</p> <p>Mr Garside summarised the work undertaken to date in relation to Grip and Control and the strength of the support structure, to deliver opportunities. Mr Garside commended the Executive Team decision to provide specialised support to operational teams for the delivery of savings.</p> <p>Mr Garside informed Members that the current update focuses upon the baseline drivers of the deficit with the accompanying presentation outlining the Directorate expense growth from 2014/15 to 2018/19, mainly attributable to USC, Planned Care and LTA cost pressures. Pay and Non-Pay as a driver was also discussed, of which inflation has had a significant impact.</p> <p>Mr Garside informed Members of the need for a methodology in place to determine drivers and that a number of datasets are used across Wales. KPMG are currently working with the Finance team to assess the extent of disaggregating the financial impact of volume of activity and the cost of meeting this demand.</p> <p>The graphs and table in the presentation demonstrate that the majority of the excess cost of care in HDdUHB, when compared to the Welsh</p> | |
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| | <p>average, is driven by excess activity, and that volume variance as opposed to cost variance is driving the excess expenditure.</p> <p>Members discussed the content of the graphs within the presentation.</p> <p>Mr Moore queried whether it is possible to analyse this data in terms of strategic direction to envisage how far the strategy will allow HDdUHB to deliver efficiencies. Mr Thomas responded that the key is to identify patient costing and to consider the level of activity that can be addressed in the community or whether there is an expectation and acceptance of pressures within HDdUHB due to its demography.</p> <p>Mr Hearty commended the value of the report and acknowledged the need to discuss at Board the shift in approach from the focus of Turnaround to a focus on how care is to be provided differently, linking in with the Health and Care Strategy. Mr Moore suggested discussions need to be held with WG on the amount of money allocated to support demography and whether historically this has been adequate. Mr Moore further suggested that efficiency still needs to increase, however transformation is anticipated to address this.</p> <p>Mr Garside informed Members that the KPMG reports are to be finalised and will be submitted to the December 2019 Committee meeting.</p> <p><i>Mr Benjamin Garside left the Committee meeting</i></p> | BG |
| | The Committee NOTED the External Finance Review. | |
| FC(19)222 | <p>EFFICIENCY OPPORTUNITIES: FINANCIAL DELIVERY UNIT EFFICIENCY FRAMEWORK</p> <p>Members were presented with the Efficiency Opportunities: Financial Delivery Unit Efficiency Framework report, for noting, identifying the ways in which the analysis provided by the Finance Delivery Unit (FDU) has been used to shape the financial strategy.</p> <p>Mr Thomas highlighted that the report reflects issues relating to population health and that this work shifts the focus beyond efficiency and into demand management.</p> | |
| | The Committee NOTED the Efficiency Opportunities: Financial Delivery Unit Efficiency Framework report. | |
| FC(19)223 | <p>WINTER PREPAREDNESS 2019/20 REPORT TO BOARD ON 28TH NOVEMBER 2019</p> <p>Members were presented with the Winter Preparedness 2019/20 Report to Board on 28th November 2019, for information.</p> <p>Mr Thomas drew Members' attention to the over commitment of funding, however provided assured that plans would be managed within the funding available. Slippage is anticipated, however cannot be quantified as yet. Mr Thomas also referred to additional schemes to mitigate the impact upon bed capacity. Mr Thomas informed Members that this represents a</p> | |

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| | <p>planned approach to dealing with an unplanned issue and that there is the ability within the budget to flex accordingly.</p> <p>Mr Hearty concluded that from a Finance Committee perspective, there is recognition of the budget and pressures and that assurance has been noted in terms of additional money and ability to flex in response to any emerging pressures.</p> | |
| | The Committee NOTED the Winter Preparedness 2019/20 Report to Board on 28th November 2019. | |

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| FC(19)224 | STRATEGIC FINANCIAL PLANNING GROUP UPDATE REPORT TO STRATEGIC ENABLING GROUP | |
| | Members were presented with the Strategic Financial Planning Group Update Report to Strategic Enabling Group (SEG) from the meeting held on 14 th October 2019, for information. | |
| | The Committee NOTED the Strategic Financial Planning Group Update Report to Strategic Enabling Group. | |

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| FC(19)225 | CORPORATE RISKS | |
| | <p>Members were presented with the Corporate Risks report identifying 3 risks aligned to the Committee from the 30 currently on the corporate risk register in the accompanying appendix:</p> <ul style="list-style-type: none"> - 730: Failure to realise all the efficiencies and opportunities from the Turnaround Programme in 2019/20 - 735: Ability to deliver the Financial Plan for 2019/20 affecting the whole Health Board - 646: Ability to achieve financial sustainability over medium term <p>Mr Thomas informed Members that once the revised forecast is agreed by the Board, this will be reflected within risk 735. Mrs Wilson advised that all risks would need to be revised in light of the recommendations to Board on 28th November 2019.</p> <p>In relation to risk 646, Mr Thomas informed Members that the Health Board is about to enter this year's funding round, however, in terms of a medium plan, the focus will need to be volume related, as identified by the KPMG work.</p> <p><i>Mrs Lisa Gostling re-joined the Committee meeting</i></p> | HT |
| | The Committee NOTED the Corporate Risks report. | |

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| FC(19)226 | FINANCE OPERATIONAL RISKS | |
| | <p>Members were presented with the Finance Operational Risks report providing a summary of 9 operational risks. Members noted that the Finance Directorate has also undertaken a review of the Finance 'themed' risk register, reducing the risks from 100 previously submitted in August 2019, to 7 risks for this submission.</p> <p>Mr Thomas informed Members that risks 693 <i>Withybush Hospital will exceed the financial budget</i>, and 525 <i>Scheduled care financial pressure</i></p> | |

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| | <p><i>due to continuation of the BGH theatres compensatory rest policy</i>, are related to allocated budgets and therefore cannot be mitigated over the medium term. Members discussed what prevents the organisation generating risk as a budget bidding exercise. Mrs Wilson responded that Executive Team reviews the risks to determine which go onto the risk register. Mr Moore added that risks are also discussed at Performance Review meetings prior to appearing on the risk register. Mr Carruthers assured Members that the impact on finance would also be covered as part of the Turnaround process.</p> <p>Mrs Wilson informed Members that the Finance Directorate, through business partnership arrangements, would discuss and agree the level of risk, and work with operational services to ensure these risks are reflected on individual service risk registers and are provided with the appropriate support to manage these effectively.</p> <p>Members were presented with two template risk assessment forms to note prior to being shared with operational services.</p> | |
| | The Committee NOTED the Financial Operational Risks report. | |

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| FC(19)227 | FINANCIAL PROCEDURES | |
| | <p>Members were presented with the Financial Procedures report, highlighting that the following procedures have been reviewed and are presented to the Finance Committee for approval as one overarching procedure covering Income and Cash Collection:</p> <ul style="list-style-type: none"> • 02/01 – Income and Cash Collection • 02/02 – Credit Control & Debt Recovery • 02/04 – Income from Surgical Appliances • 02/05 – Hospital Cafeteria System Procedure | |
| | The Committee APPROVED the Income and Cash Collection procedure. | |

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| FC(19)228 | 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 21 st October 2019 for information. | |
| | The Committee NOTED the Finance Committee Update Report to Board. | |

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| FC(19)229 | FINANCE COMMITTEE ANNUAL WORKPLAN | |
| | Members were presented with the Finance Committee Annual Workplan. | |
| | The Committee NOTED the Finance Committee Annual Workplan. | |

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| FC(19)230 | 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"> • Discussion on the financial position and the requirement to submit an interim forecast position to Board | |

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| | <ul style="list-style-type: none"> • Debate around the level of forecast in the likely event that WG will retract their additional £10m funding as a result of not meeting the £15m control total • Risk for the remainder of 2019/20 in relation to Primary Care prescribing, USC, and the ability to deliver savings • Workforce Pay Controls update and the issues identified by KPMG • The delay in the new rostering system for nurses in HDdUHB as a result of pending implementation of an all Wales system • External Finance Review – impact on HDdUHB particularly around cost and volume variance compared to the rest of Wales • Winter preparedness – recognise the over allocation of funding with the ability to flex in response to pressures which might emerge. | |
| | 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)231 | ANY OTHER BUSINESS | |
| | No other business was raised. | |

| | | |
|------------------|---|--|
| FC(19)232 | DATE OF NEXT MEETING | |
| | Thursday 19 th December 2019, 2pm – 5pm, Boardroom, Ystwyth Building, St. David's Park, Carmarthen | |

**TABLE OF ACTIONS FROM
FINANCE COMMITTEE (FC) MEETING
HELD ON 26th NOVEMBER 2019**

| MINUTE REFERENCE | ACTION | LEAD | TIMESCALE | PROGRESS |
|---------------------|---|------|---------------|--|
| FC(19)213 | Matters Arising and Table of Actions from the Meeting Held on 21st October 2019 – FC(19)199 <i>Draft Indicative Financial Plan 2020/21 – to ascertain the cost of the Major Trauma Unit and costs relating to Localities and Primary Care funding, and to feedback to the Committee</i> | HT | December 2019 | Update to be provided at the December 2019 Finance Committee meeting |
| FC(19)213 | Matters Arising and Table of Actions from the Meeting Held on 21st October 2019 – to address the comments in relation to the use of over-performance and under-performance terminology within the Contracts Update reports to Committee | SA | December 2019 | Forward planned for consideration within future reports to the Committee |
| FC(19)216 | Turnaround Report Month 7 – to include an indication of timescales for change within future reports to Committee | AC | December 2019 | Forward planned for inclusion within future reports to the Committee |
| FC(19)216 | Turnaround Report Month 7 – to provide an update on the procurement of the KPMG contract to Committee at the December 2019 meeting | HT | December 2019 | Update to be provided at the December Finance Committee meeting |
| FC(19)218 | Workforce Pay Controls – to provide an estimate of how much the delay to implementation of the new rostering system is costing the Health Board per day to Miss Maria Battle | LG | ASAP | Update to be provided at the December Finance Committee meeting |
| FC(19)218 | Workforce Pay Controls – to liaise with the Medical Director and Director of Clinical Strategy to provide an update to Committee on the action to create a review process to ensure consistency against job plans | LG | December 2019 | Update to be provided at the December Finance Committee meeting |

| | | | | |
|------------------|--|-------|---------------|--|
| FC(19)218 | Workforce Pay Controls – to provide financial values against each of the actions on the KPMG Grip and Control Action Plan in future reports to Committee | LG | December 2019 | Forward planned for inclusion within future reports to the Committee |
| FC(19)219 | Capital Financial Management – to submit a procedure outlining the implementation of Project Bank Accounts (PBA) policy to a future Committee meeting for approval. | HT | TBC | Forward planned for inclusion on the Finance Committee agenda once policy received from Welsh Government |
| FC(19)220 | Contracts Update – to work with Mr Keith Jones to include detail on Referral to Treatment Times on a provider basis within future RTT reports to Committee | SA/KJ | December 2019 | Forward planned for inclusion within future reports to the Committee |
| FC(19)221 | External Finance Review – to provide a written report to Committee in December 2019 | BG | December 2019 | Forward planned for inclusion on the Finance Committee agenda for December 2019 |
| FC(19)225 | Corporate Risks – to revise risks 730, 735 and 646 in light of recommendations to Board on 28 th November 2019 of a revised forecast position | HT | December 2019 | Update to be provided at the December 2019 Finance Committee meeting |

Financial Performance Month 8

Health Board confirmed control total of £15m.

Forecast position £25m given cumulative financial position and on-going operational pressures.

Month 8 position

- Month 8 YTD variance to breakeven £17.5m.
- Month 8 position is £2.0m (Month 7, £0.9m) operational variance to plan, £6.7m YTD. Unidentified savings profile impact £0.4m.

Directorate Projections

- Operational forecasts in excess of budget of £5.5m (£2.7m after Control Total requirement) plus recognition of £1.1m share of Welsh Risk Pool; improvement on Month 7 reflects WG funding of the Core Team of £1.6m and removal of KPMG fees.
- Projection including savings risk is an adverse variance to plan of £10.0m; this would equate to a year end deficit position of £25.0m, which is in line with the current forecast.

Summary

- £10.6m delivery to date against £25.2m total savings requirement. Pace of delivery requires acceleration.
- £18.0m of secure plans (green); £1.0m of plans with some risk to delivery (amber)
- Risk to delivery is therefore £6.2m, including projected slippage on identified schemes of £1.7m.

Conclusions

Key areas of concern:

- Savings plans not fully identified;
- Grip and Control highlighted as an area of concern, especially in workforce management;
- Significant pressures on drugs manifesting in both Primary and Secondary Care;
- Significant risk to £10m additional WG funding as this was predicated on delivery of the required £15m control total.

Change in forecast was ratified by the Board in the November meeting.

Financial Position Month 8 2019/20: Key drivers in-month

In Month variance to breakeven £3m; variance to Plan £2m.

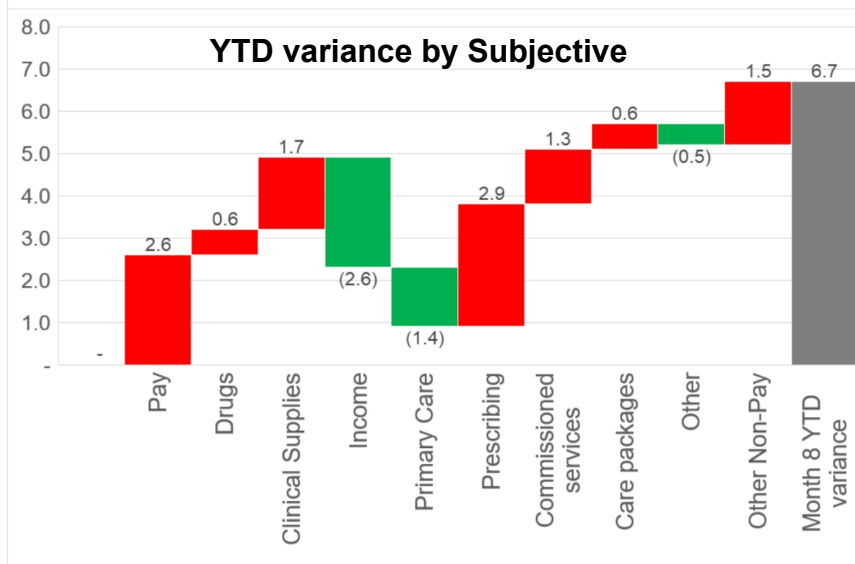
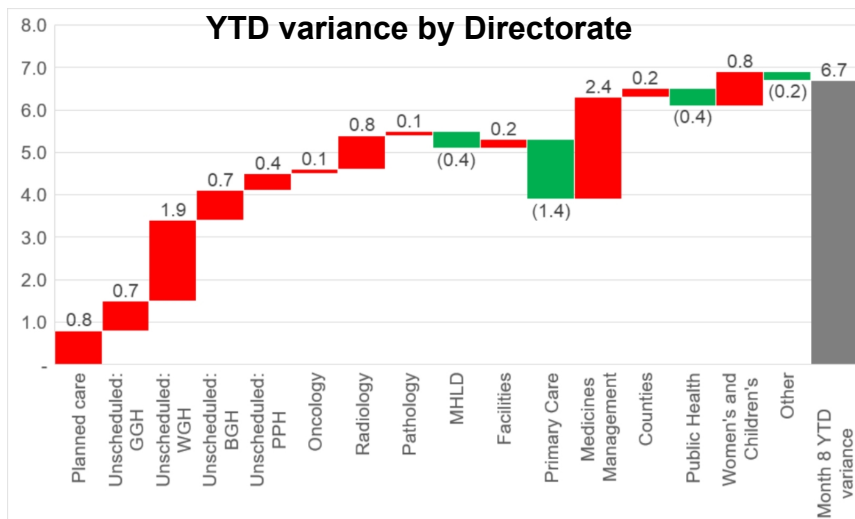
In line with forecast result (no Control Total target).

- Key drivers of variation to Plan:

| Area | £'m |
|--|------------|
| Welsh Risk Pool (8/12ths) risk share* | 1.1 |
| GGH – Surge, A&E Medical staffing and nursing premium cover | 0.3 |
| WGH – Surge above Winter funding and Drugs | 0.2 |
| BGH – Variable pay for Medical staffing and Nursing | 0.1 |
| PPH – Drugs | 0.1 |
| Radiology – MRI scanner at BGH and premium outsourcing | 0.2 |
| Women and Children – CHC, medical rotation costs, diabetic consumables | 0.4 |
| Medical Directorate – Core Team WG funding for YTD costs | (0.4) |
| | 2.0 |

* This in-month Welsh Risk Pool impact was based on the estimation of the Health Board's share of the pressures (£1.649m). On 11th December, we received notification that this estimate has been reduced to £1.056m. This will mean that no further costs will be recognised in future months, unless the estimate is revised again.

Performance – YTD financial position



- Of the YTD deficit against plan:
 - £3.7m surge bed pressures, vacancies filled at premium rates and drugs in Unscheduled Care;
 - £2.4m Primary Care Prescribing due to price increases in Category M drugs and NOACs;
 - £0.8m Planned Care;
 - £0.8m Women and Children;
 - £0.8m Radiology.
- Secondary Care Drugs pressures continue with the Aseptics unit closure and higher than expected activity treating Wet AMD.
- Clinical Supplies includes significant over-spends in relation to diabetic pumps and associated consumables. Radiology outsourcing at premium cost due to level of vacancies caused by recruitment challenges. Planned Care Theatres higher than average expenditure in relation to prosthetics and surgical equipment.
- Other Non-Pay includes increases in travel, recruitment fees, insurance, provisions, telephone costs and postage and the impact of unidentified savings.

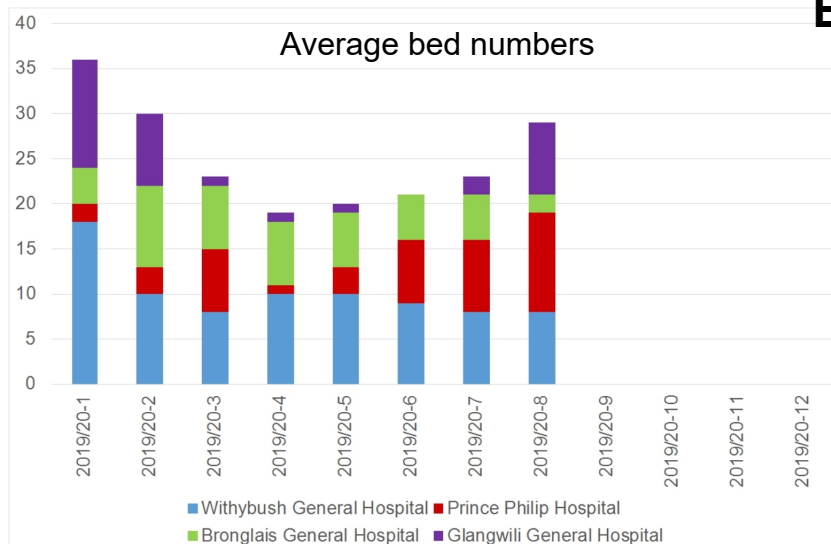
Welsh Risk Pool (WRP)

- WRP arrangements require Health Board to meet first £25,000 of any claim or loss. WRP meets the cost of financial losses greater than £25,000.
- The most significant element of expenditure relates to clinical negligence matters.
- Where annual revenue allocation from WG is not sufficient to meet the value of the forecast in-year expenditure then the excess can be subject to an agreed risk sharing arrangement with NHS bodies.
- At Month 8, the forecast excess was £9.851m in total; the Health Board's share is 10.72%, creating a pressure of £1.056m.
- Since Month 7, this is an increase of £0.096m.

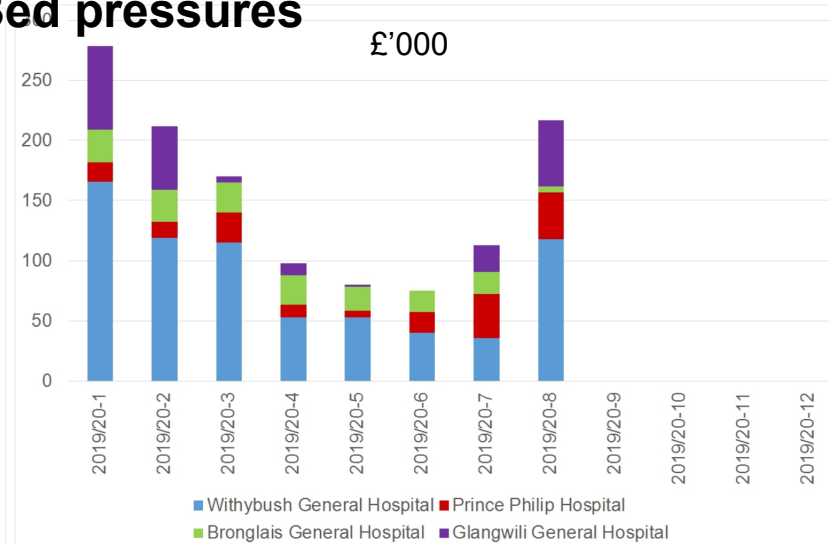
Diagnostics – cost drivers

Bed pressures

Average bed numbers

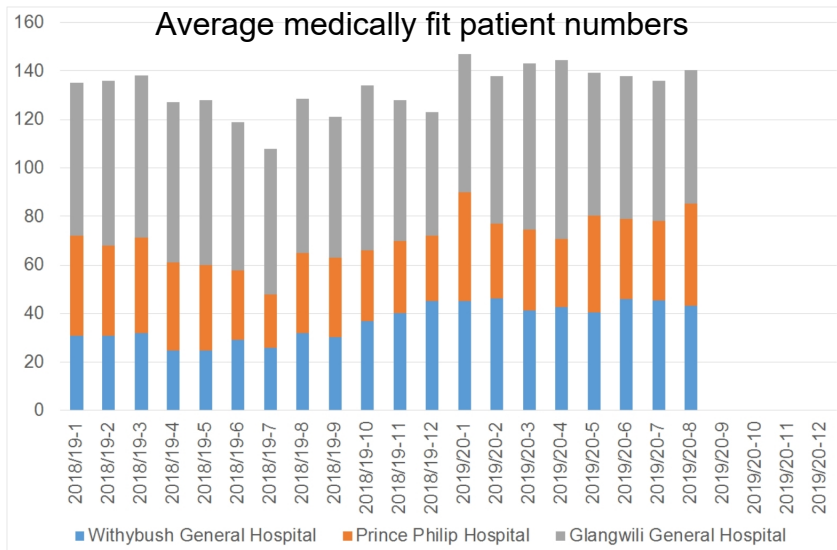


£'000

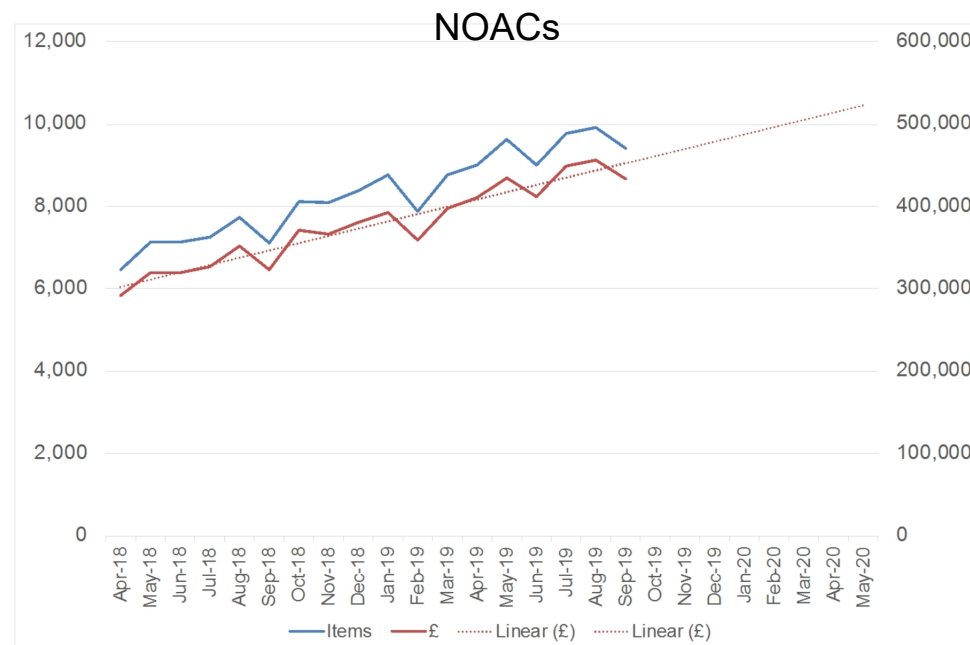
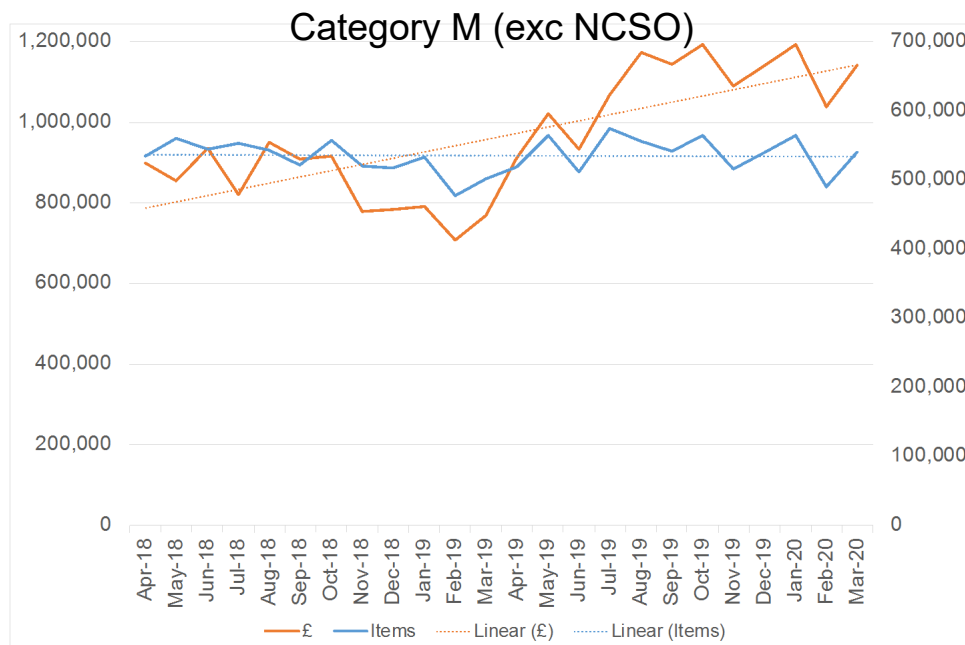


Critical Care surged on 10 occasions in Month 8 (Month 7, 48), which was predominately driven by patient acuity rather than the number of beds.

Average medically fit patient numbers



Primary Care Prescribing

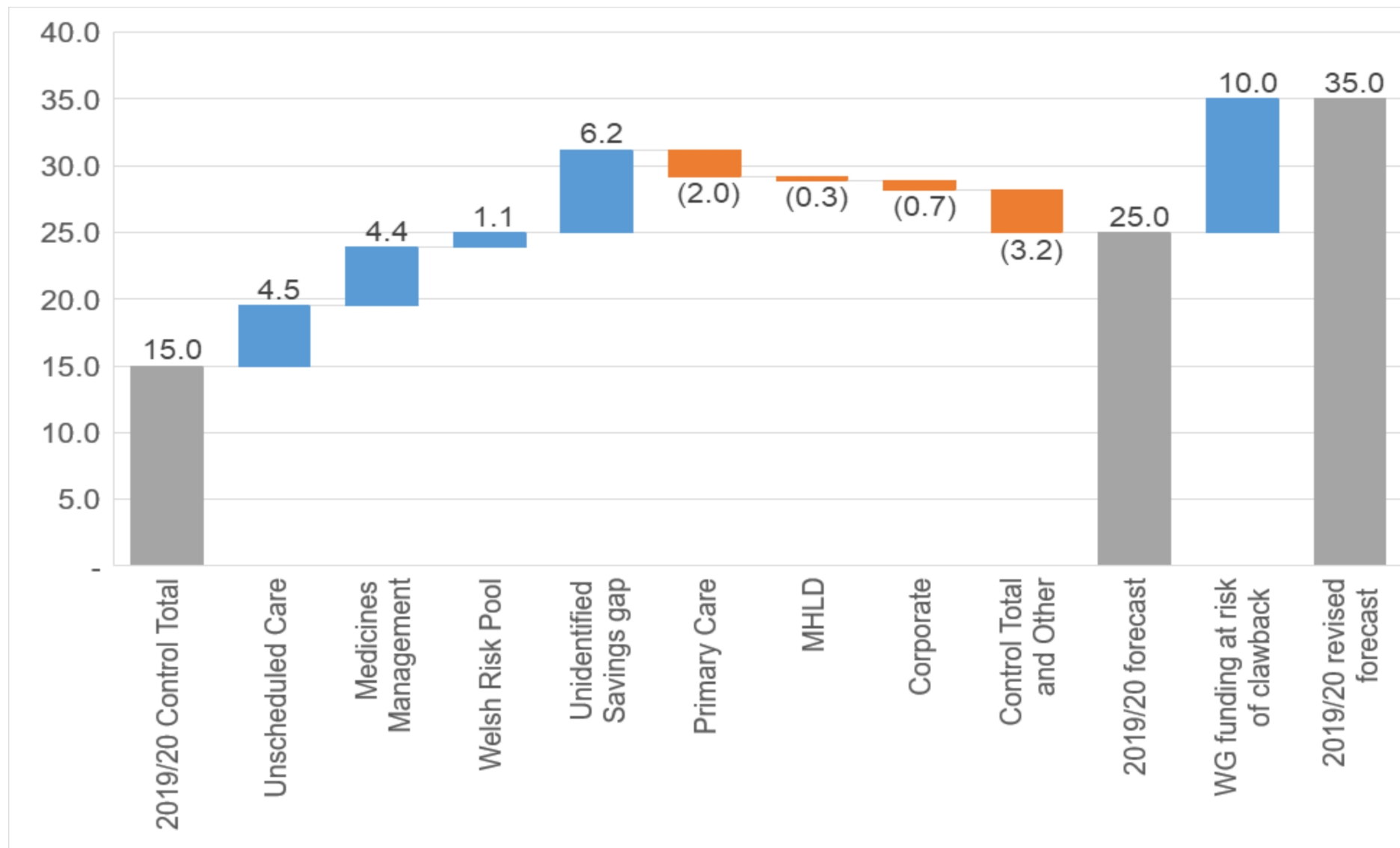


- Price increase from August 2019 of 34p per item in Month 8 (same as Month 7).

- New Enhanced Service has driven growth in items of 32%.
- Price growth 2%.
- BCU, C&V and Powys also reporting large cost pressures (C&V 30%, BCUHB 34% (at Month 6))

| Item | £'m |
|---|-------------|
| Deficit forecast at Month 7 | 25.0 |
| Remove KPMG savings | 2.0 |
| Remove KPMG fees | (1.0) |
| WG funding of Core Team | (1.6) |
| Dental inflation WG clawback | 0.5 |
| Worsening of Welsh Risk Pool risk share | 0.1 |
| Deficit forecast at Month 8 | 25.0 |
| WG clawback of additional funding | 10.0 |
| Deficit forecast at Month 8* | 35.0 |

*Risk of £0.7m in relation to Dental slippage due to potential WG clawback of funding.



Assured and Marginal Risk Savings Schemes

| Summarised schemes (£'000) | Planned Care | Medicines Management | MHLD, Facilities and Dir Ops | Primary Care and Community | Unscheduled Care | Specialist and Support Services | Across Service Areas/ Other | Total |
|-------------------------------|--------------|----------------------|------------------------------|----------------------------|------------------|---------------------------------|-----------------------------|--------|
| Workforce | 299 | - | 1,520 | 1,355 | 1,929 | 1,245 | 339 | 6,687 |
| Non-Pay | 214 | - | 2,481 | 319 | 41 | 53 | 862 | 3,970 |
| Commissioned Services and CHC | 36 | - | 333 | 572 | 60 | - | 100 | 1,101 |
| Medicines Management | 485 | 2,292 | - | - | 508 | 497 | - | 3,782 |
| Operational Effectiveness | 1,389 | - | 201 | 72 | 1,135 | 531 | - | 3,328 |
| Outpatients | 81 | - | - | - | 10 | 23 | - | 114 |
| Total delivery projected | 2,504 | 2,292 | 4,535 | 2,318 | 3,683 | 2,349 | 1,301 | 18,982 |
| Requirement | | | | | | | | 25,207 |
| Savings gap | | | | | | | | 6,225 |

Projections – Control Totals

Requirement of
£2.8m
improvement to
Directorate
projections –
Control Totals
assigned to
Directorates to
deliver end of
year
projections.

| | YTD Variance £'m | EOY Projection £'m | RAG | Key Actions/Themes to deliver Control Total |
|--|---------------------|-----------------------|-----|--|
| Planned Care | 0.8 | 0.6 | | Theatres review/stock |
| GGH | 0.8 | 0.8 | | Temporary pay holds |
| WGH | 1.9 | 2.3 | | Defer opening Ward 10 |
| BGH | 0.7 | 0.8 | | Income opportunities |
| PPH | 0.4 | 0.5 | | Income opportunities |
| Radiology | 0.8 | 1.1 | | RROL, PPH demand mgt |
| Pathology | 0.1 | 0.2 | | Roche credits, radiometer |
| Oncology | 0.1 | (0.2) | | Drug rebates |
| Women's and Children | 0.8 | 1.0 | | CHC, vacancy holds |
| Counties | 0.2 | 0.0 | | Discretionary spend hold |
| Primary Care | (1.4) | (1.9) | | Cluster slippage |
| Public Health | (0.4) | (0.2) | | Delivered in Month 8 |
| Medicines Management | 2.4 | 4.2 | | No change to price/volume |
| Facilities | 0.2 | 0.0 | | Reduce bank usage |
| Mental Health | (0.4) | (0.6) | | Avoid, stop, defer. Income. |
| Director of Ops | (0.1) | (0.2) | | Avoid, stop, defer. |
| Corporate and Other | (2.9) | (4.4) | | Vacancy holds |
| Commissioning | 0.4 | 0.5 | | WHSSC slippage. Referrals |
| Welsh Risk Pool | 1.1 | 1.1 | | No change in risk-share |
| Unidentified Savings gap | 1.2 | 4.4 | | No identified schemes closed |
| Total variation in excess of Plan | 6.7 | 10.0 | | |

PWYLLGOR CYLLID FINANCE COMMITTEE

| | |
|--|---|
| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Finance Report – Month 8 2019/20 |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Mark Bowling, Assistant Director of Finance |

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

The purpose of the report, attached at Appendix 1, is to outline Hywel Dda University Health Board's (HDdUHB) financial position to date against the Annual Plan and Control Total requirement and assess the key financial projections and risks for the financial year 2019/20.

Cefndir / Background

HDdUHB's confirmed control total is £15m. The forecast position is now £25m given the cumulative financial position and on-going operational pressures. This position was ratified by the Board in the November 2019 meeting.

This places a significant risk to the £10m additional Welsh Government (WG) funding received in year, as this was predicated on delivery of the required £15m control total.

Month 8 position

- Month 8 position is £2.0m (Month 7, £0.9m) operational variance to plan (£6.7m Year To Date).
- Month 8 YTD variance to breakeven is £17.5m.
- Significant adverse variances against plan, in month, partly offset by YTD Core Team funding of £0.4m and favourable gains elsewhere:
 - Recognition of share of Welsh Risk Pool (8 months) £1.1m;
 - Medicines Management Primary Care Prescribing £0.7m;
 - Operational surge, vacancies covered by premium cost staff and drugs in Unscheduled Care impact of £0.7m;
 - Unidentified savings profile impact of £0.3m.
- Recovery and management within available resources is critical in future months.

Directorate Projections

- Operational forecasts in excess of budget of £5.5m (before Control Total requirement), plus recognition of £1.1m share of Welsh Risk Pool; the improvement on Month 7 reflects the WG funding of the Core Team of £1.6m and the removal of the KPMG fees from the Directorate projections. In order to deliver the end of year projection, Directorates have been issued with a £2.8m Control Total requirement; action plans are undergoing a validation review to assess the level of assurance.
- Projection including savings risk is an adverse variance to plan of £10.0m; this would equate to a year end deficit position of £25.0m, which is in line with the current forecast.
- After delivering pipeline schemes there are discussions on-going with WG around the further costs associated with the TB outbreak beyond the confirmed funding of £0.8m.

Savings Summary

- £10.6m delivery to date against £25.2m total savings requirement. The pace of savings delivery requires acceleration in future months.
- £18.0m of Assured schemes; £1.0m of Marginal Risk schemes.
- Savings gap of £6.2m comprises £4.5m unidentified schemes and £1.7m slippage on identified schemes.

Conclusions

Key areas of concern:

- Savings requirement plan has not yet been fully identified;
- Grip and Control has been highlighted as a key area of concern, especially in workforce management;
- Significant pressures on drugs are manifesting in both Secondary and Primary Care;
- Significant risk to £10m additional Welsh Government (WG) funding as this was predicated on delivery of the required £15m control total.

Asesiad / Assessment

Summary of key financial targets

HDdUHB's key targets are as follows:

- Revenue: to contain the overspend within HDdUHB's planned deficit
- Savings: to deliver savings plans to enable the revenue budget to be achieved
- Capital: to contain expenditure within the agreed limit
- Public Sector Payment Policy (PSPP): to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice
- Cash: While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and a rule of thumb of 5% of monthly expenditure is applied. For HDdUHB, this is broadly £4.0m.

| Key target | | Annual limit | YTD limit | Actual delivery | Forecast Risk |
|-----------------|-----|--------------|-----------|-----------------|---------------|
| Revenue | £'m | 15.0 | 10.8 | 17.5 | High |
| Savings | £'m | 25.2 | 11.7 | 10.6 | High |
| Capital | £'m | 37.2 | 20.5 | 20.5 | Medium |
| Non-NHS PSPP | % | 95.0 | 95.0 | 95.4 | Low |
| Period end cash | £'m | 4.0 | 4.0 | 3.5 | Medium* |

*Assumes Welsh Government strategic repayable support for the planned deficit position.

Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the financial position for Month 8.

| Amcanion: (rhaid cwblhau) Objectives: (must be completed) | |
|--|---|
| Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor: | 4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern. |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | 735 (score 16) Ability to deliver the Financial Plan for 2019/20 646 (score 12) Ability to achieve financial sustainability over medium term |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | 5. Timely Care 7. Staff and Resources |
| Amcanion Strategol y BIP: UHB Strategic Objectives: | All Strategic Objectives are applicable |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Improve Population Health through prevention and early intervention |

| Gwybodaeth Ychwanegol: Further Information: | |
|--|--|
| Ar sail tystiolaeth: Evidence Base: | Monitoring returns to Welsh Government based on HDdUHB's financial reporting system. |
| Rhestr Termau: Glossary of Terms: | BGH – Bronglais General Hospital CHC – Continuing Healthcare FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili General Hospital GMS – General Medical Services MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence |

| | |
|---|---|
| | OOH – Out of Hours PPH – Prince Philip Hospital PSPP– Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics WG – Welsh Government WGH – Worthybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee YTD – Year to date |
| Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee: | Finance Team Management Team Executive Team Finance Committee |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|---|
| Ariannol / Gwerth am Arian: Financial / Service: | Financial implications are inherent within the report. |
| Ansawdd / Gofal Claf: Quality / Patient Care: | The impact on patient care is assessed within the savings schemes. |
| Gweithlu: Workforce: | The report considers the financial implications of our workforce. |
| Risg: Risk: | Financial risks are detailed in the report. |
| Cyfreithiol: Legal: | HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year. |
| Enw Da: Reputational: | Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, the Wales Audit Office, and with external stakeholders |
| Gyfrinachedd: Privacy: | Not applicable |
| Cydraddoldeb: Equality: | Not applicable |

Executive Summary

| | |
|--------------------|--|
| | <p>Health Board's confirmed control total is £15m.</p> <p>Forecast position £25m, given on-going operational pressures, was ratified by the Board in the November 2019 meeting.</p> |
| Revenue | <ul style="list-style-type: none"> Month 8 YTD variance to breakeven is £17.5m. Month 8 position is £2.0m (Month 7, £0.9m) operational variance to plan (£6.7m YTD). Significant adverse variances against plan, in month, partly offset by YTD Core Team funding of £0.4m and favourable gains elsewhere: <ul style="list-style-type: none"> Recognition of share of Welsh Risk Pool (8 months) £1.1m; Medicines Management Primary Care Prescribing £0.7m; Operational surge, vacancies covered by premium cost staff and drugs in Unscheduled Care impact of £0.7m; Unidentified savings profile impact of £0.3m. |
| Projection | <ul style="list-style-type: none"> Operational forecasts in excess of budget of £5.5m (before Control Total requirement) plus recognition of £1.1m share of Welsh Risk Pool; the improvement on Month 7 reflects the WG funding of the Core Team of £1.6m and the removal of the KPMG fees from the Directorate projections. In order to deliver the end of year projection, Directorates have been issued with a £2.8m Control Total requirement; action plans are undergoing a validation review to assess the level of assurance. Projection including savings risk is an adverse variance to plan of £10.0m; this would equate to a year end deficit position of £25.0m, which is in line with the current forecast. After delivering pipeline schemes there are discussions on-going with WG around the further costs associated with the TB outbreak beyond the confirmed funding of £0.8m. |
| Savings | <ul style="list-style-type: none"> £10.6m delivery to date against £25.2m total savings requirement. The pace of savings delivery requires acceleration in future months. £18.0m of Assured schemes; £1.0m of Marginal Risk schemes. Savings gap of £6.2m comprises £4.5m unidentified schemes and £1.7m slippage on identified schemes. |
| Conclusions | <p>Key areas of concern:</p> <ul style="list-style-type: none"> Savings requirement plan has not yet been fully identified; Grip and Control has been highlighted as a key area of concern, especially in workforce management; Significant pressures on drugs are manifesting in both Secondary and Primary Care; Significant risk to £10m additional WG funding as this was predicated on delivery of the required £15m control total. |

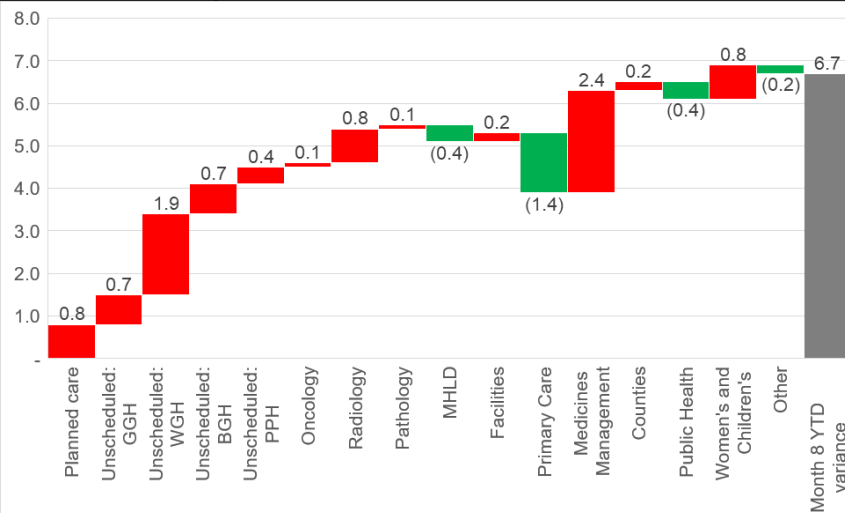
Executive Summary

| Summary of key financial targets | | | | | |
|---|-----|--------------|-----------|-----------------|---------------|
| <p>The Health Board's key targets are as follows:</p> <ul style="list-style-type: none"> Revenue: to contain the overspend within the Health Board's planned deficit Savings: to deliver savings plans to enable the revenue budget to be achieved Capital: to contain expenditure within the agreed limit PSPP: to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice Cash: While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and a rule of thumb of 5% of monthly expenditure is used. For the Health Board, this is broadly £4.0m. | | | | | |
| Key target | | Annual limit | YTD limit | Actual delivery | Forecast Risk |
| Revenue | £'m | 15.0 | 10.8 | 17.5 | High |
| Savings | £'m | 25.2 | 11.7 | 10.6 | High |
| Capital | £'m | 37.2 | 20.5 | 20.5 | Medium |
| Non-NHS PSPP | % | 95.0 | 95.0 | 95.4 | Low |
| Period end cash | £'m | 4.0 | 4.0 | 3.5 | Medium* |

* Assumes Welsh Government strategic repayable support for the planned deficit position.

Revenue Summary

YTD variance by Directorate



Assurance

- The Turnaround and Holding to Account (HTA) process provides a high level of scrutiny and challenge to Directorates in terms of adherence to assigned budget and delivery and identification of robust savings schemes.

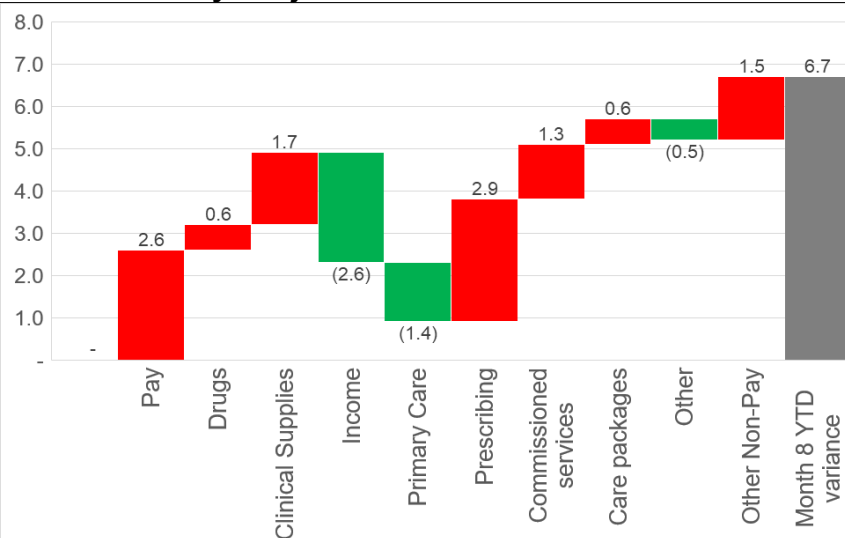
Concerns

- Of the YTD deficit against plan:
 - £3.7m Unscheduled Care;
 - £2.4m Medicines Management;
 - £0.8m Planned Care;
 - £0.8m Radiology;
 - £0.8m Women and Children.

Next Steps

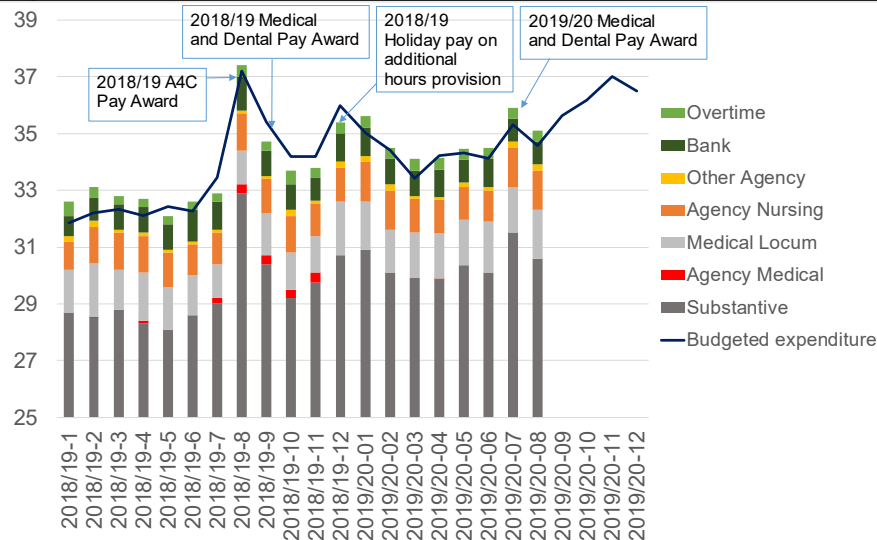
- Core team support to key proposals.
- Embedding output from KPMG Grip and Control Workshops.
- Embed Nursing Establishment Control triangulation of WTEs between financial ledger, ESR/payroll and rostering. Further work commenced on Medical staffing and reconciliation to job plans.
- Further work to identify and convert opportunities.
- Re-assessment of budget manager responsibilities.
- Executive Team weekly drum beat on control governance, supported by suitable metrics.
- Pursue opportunities on key subjectives on following pages.

YTD variance by Subjective



Key Subjective Summary

Pay

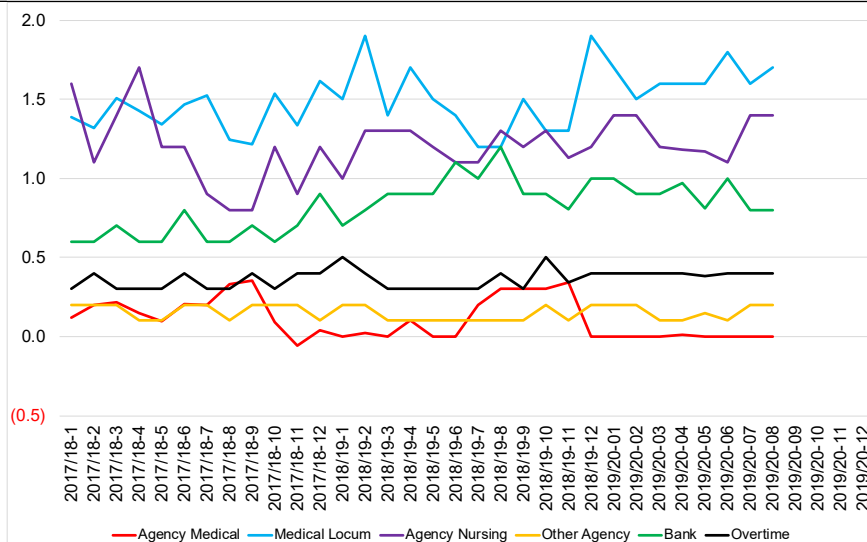


Month 8 substantive pay is slightly higher than Month 7 (after excluding the impact of Medical and Dental back pay in Month 7). This is primarily driven by an increase in pharmacists in Medicines Management.

Month 8 variable pay is broadly in line with Month 7, however Medical Locum has increased due to the significant demand issues in Unscheduled Care.

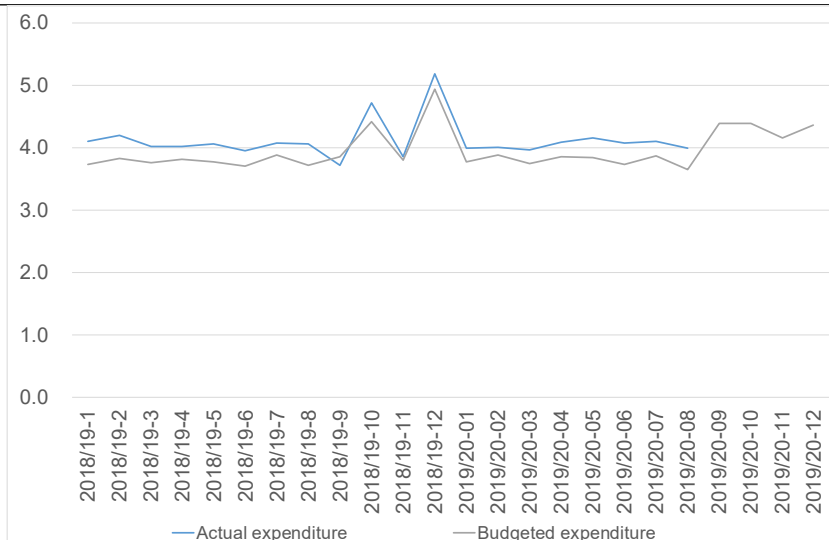
Opportunities:

- Workforce Grip and Control Action Plan developed focusing on:
 - Medical workforce controls
 - Nursing agency controls
 - Nursing rostering controls
 - General workforce controls
- Nursing Task and Finish Group set up to implement Actions for:
 - Agency booking process
 - Targeted reduction in Thornbury use
 - Use of agency HCSW
 - Review overtime
- Medical Task and Finish Group set up to implement Actions to:
 - Assess impact/control of Consultants 'Acting Down'
 - Address inconsistencies in job plans
 - Cohesive approach to rota management
 - Accuracy of time recording, targeting paid breaks
- Reduce sickness rates through review of sickness policy and non-ward sickness levels.
- Maximise use of bank workforce.



Key Subjective Summary

CHC



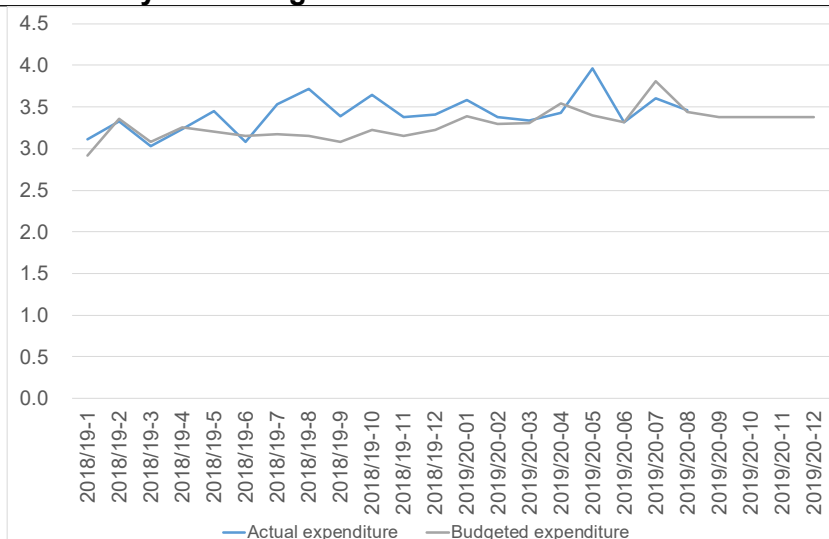
The total number of cases remained unchanged in month. The increase in budget from Month 9 relates to the recognition of expected FNC rate changes and CHC inflation. Full confirmation is awaited, and remains a risk to the position. The complexity of cases remains a key cost driver.

| £'m | Spend | Over/(under) spend |
|--------------|-------------|--------------------|
| FNC/CHC | 15.1 | (0.1) |
| LD | 9.3 | 0.7 |
| MH | 6.4 | 0.1 |
| Children | 0.9 | (0.1) |
| Total | 31.7 | 0.6 |

Opportunities:

- Transfer of placement contracts to national framework.
- Scrutiny of existing and new packages, moving to less restrictive and community based cost effective options.
- Joint working with Local Authority to reduce reliance on residential care and increase use of Supported community living.

Secondary Care Drugs



A breakeven position was achieved in month. However, Secondary Care Drugs pressures continue with the Aseptics unit closure and the higher than expected activity treating Wet AMD.

Continued support will be needed from the Pharmacy team to address this growth and a number of initiatives are in place to do this.

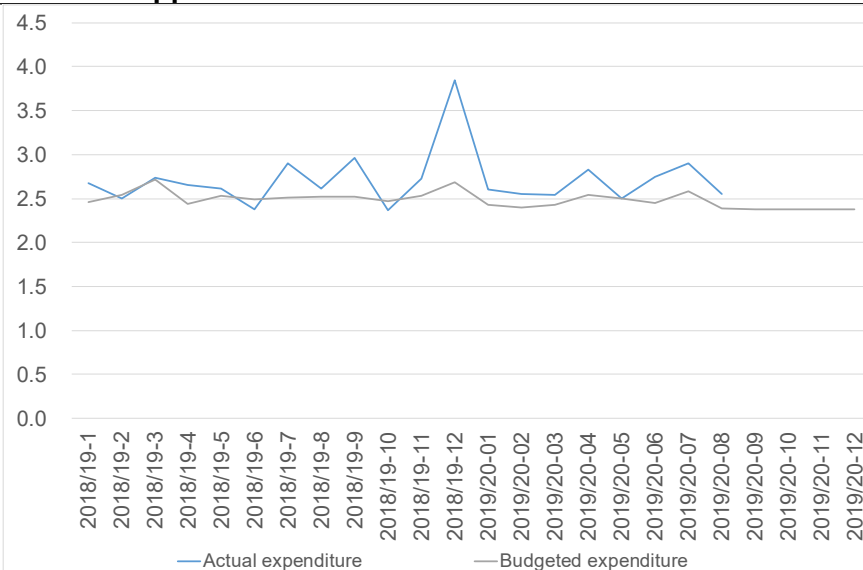
Whilst specific savings schemes are delivering in-month, pressures are being seen in other areas, particularly Dermatology, Rheumatology and Ophthalmology.

Opportunities:

- A benchmarking exercise is underway to identify focus areas.

Key Subjective Summary

Clinical Supplies and Services



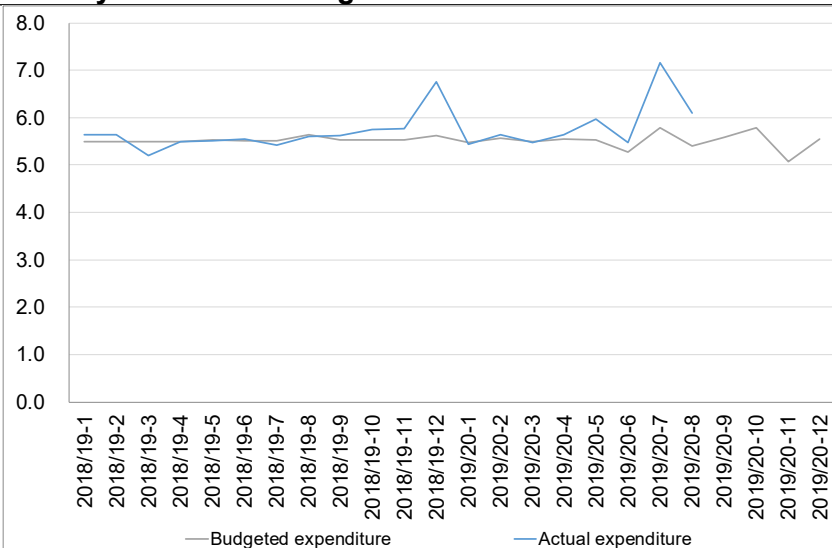
The YTD position includes significant over-spends in relation to diabetic pumps and associated consumables due to a supplier ceasing to trade resulting in the need to replace existing pumps with available alternatives which are more costly. This is primarily manifesting within GGH, Children's Services and WGH Directorates.

Radiology are outsourcing reporting at a premium cost due to the level of vacancies caused by recruitment challenges.

Opportunities:

- Non-Pay and Procurement Turnaround Assurance group are assessing the opportunities and identifying a Health Board relationship lead with key suppliers in an effort to improve terms and drive a reduction in costs.

Primary Care Prescribing

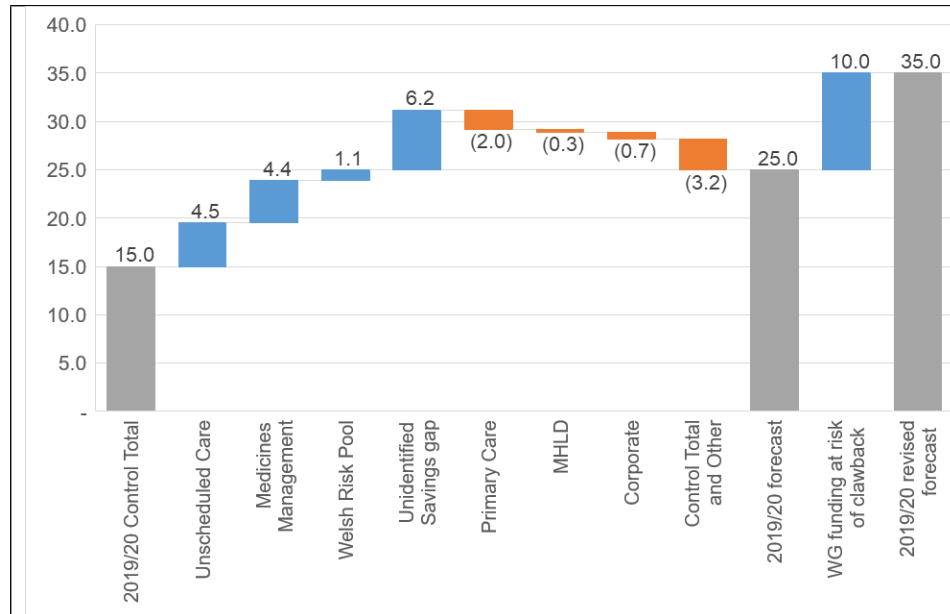


The Directorate reported a significant adverse variance to budget of £0.9m in-month. The projection is an adverse £4.4m to the end of the financial year based on modelling the Category M outturn following the price increase from August 2019. The Health Board has also seen a significant increase in the use of NOACs as a result of the operation of the new NOAC Enhanced Service in GMS.

Opportunities:

- A benchmarking exercise is underway to identify focus areas.

Directorate Projections



Assurance

- The Turnaround and Holding to Account process provides a high level of scrutiny and challenge to Directorates in terms of adherence to assigned budget and delivery and identification of robust savings schemes.

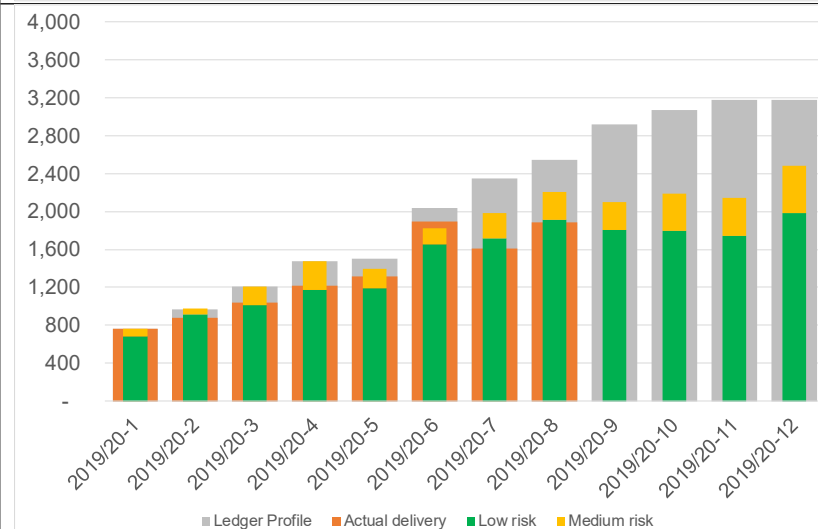
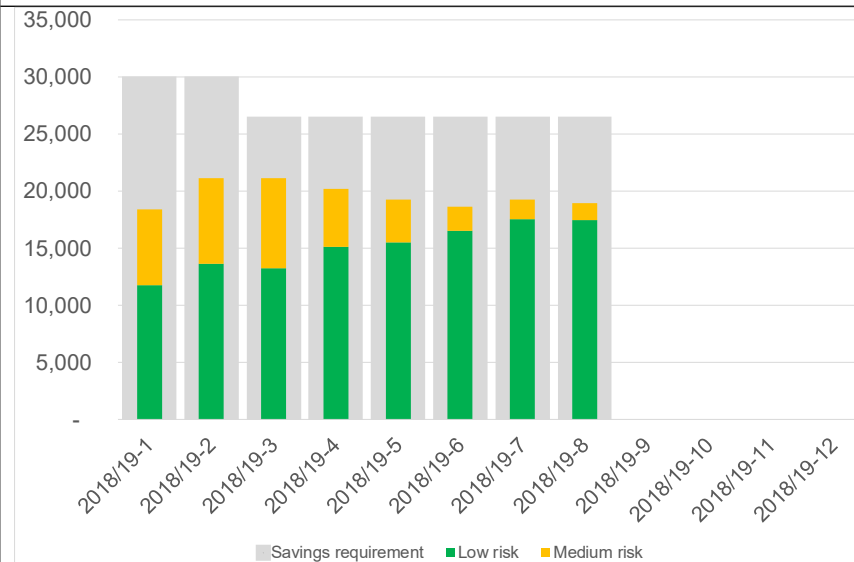
Concerns

- Current projections indicate: 1) a gap of £6.2m in fully identified savings schemes; 2) operational forecasts in excess of budget of £5.5m (before Control Total requirement of £2.8m), plus recognition of £1.1m share of Welsh Risk Pool, giving a projection of £10.0m adverse variance to plan. This would equate to a year end deficit position of £25.0m.
- The financial position is under severe pressure and, as a result of the cumulative position and trajectory, the reported forecast is now £25.0m. This change in forecast was ratified by the Board on 28 November 2019 following completion of the Health Board's normal governance process.
- There is a risk to the additional WG funding of £10.0m as this was dependent on the Health Board achieving the required Control Total of £15.0m.

Next Steps

- Grip and Control workshops:
 - Workforce conducted in September, now being translated into Action Plans with pace;
 - Pharmacy scheduled to include all Lead Pharmacists;
 - Further workshops to be scheduled to cover other material opportunity categories.

Risk-assessed directorate savings profile, delivery and forecast



Assurance

- Green and Amber forecast delivery of £19.0m identified to Month 8, which is a deterioration of £0.3m from Month 7 (further detail in Appendix 1). Of the annual forecast, £18.0m are Assured (Green).
- In-month delivery of £1.9m, which is in line with forecast and £0.3m higher than Month 7, however £0.3m below plan.

Concerns

- The revised forecast deficit of £25.0m does not require delivery of the full savings requirement of £25.2m, however the full identification of savings and the delivery of those plans is an area of concern, and one which remains subject to our accountability process.
- The gap between identified plans and the ledger profile of the savings requirement has led to an adverse variance of £0.3m in Month 8. The pace of savings delivery requires acceleration in future months.
- Cumulative slippage in delivery of Green and Amber schemes is £1.2m; total slippage projected in delivery of savings £1.7m.

Next Steps

- There are certain areas where we are seeking to increase the level of focus to address the weekly metrics we have available as the lead indicators of delivery in order to better focus our efforts.

PWYLLGOR CYLLID FINANCE COMMITTEE

| | |
|--|--|
| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Supplementary Finance Report – Month 8 2019/20 |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Mark Bowling, Assistant Director of Finance |

| |
|--|
| Pwrpas yr Adroddiad (dewiswch fel yn addas) Purpose of the Report (select as appropriate) |
| Ar Gyfer Trafodaeth/For Discussion |

| |
|--|
| ADRODDIAD SCAA SBAR REPORT |
| <u>Sefyllfa / Situation</u> |
| The purpose of the report is to supplement the main Finance Report for Month 8. |
| <u>Cefndir / Background</u> |
| This report provides additional details to inform the Committee of Directorate issues, Risks, Reserves and key items from the Statement of Financial Position. |
| <u>Asesiad / Assessment</u> |
| The year to date pressure has been particularly pronounced in Unscheduled Care (£3.7m, especially in WGH, driven by bed capacity, medical staffing in medical specialities and A&E) and Medicines Management (£2.4m Primary Care Prescribing primarily due to price increases for Category M drugs). |
| <u>Argymhelliad / Recommendation</u> |
| The Finance Committee is asked to note and discuss the content of the report for Month 8. |

| Amcanion: (rhaid cwblhau) Objectives: (must be completed) | |
|---|---|
| Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor: | 4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the |

| | |
|--|---|
| | financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern. |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | 735 (score 16) 646 (score 12) |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | 5. Timely Care 7. Staff and Resources |
| Amcanion Strategol y BIP: UHB Strategic Objectives: | All Strategic Objectives are applicable |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Improve Population Health through prevention and early intervention |

| Gwybodaeth Ychwanegol: Further Information: | |
|---|--|
| Ar sail tystiolaeth: Evidence Base: | Monitoring returns to Welsh Government based on HDdUHB's financial reporting system. |
| Rhestr Termau: Glossary of Terms: | BGH – Bronglais General Hospital CHC – Continuing Healthcare GGH – Glangwili General Hospital MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OOH – Out of Hours PPH – Prince Philip Hospital WG – Welsh Government WGH – Withybush General Hospital YTD – Year to date |
| Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee: | Finance Team Management Team Executive Team Finance Committee |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|--|
| Ariannol / Gwerth am Arian: | Financial implications are inherent within the report. |

| | |
|--|---|
| Financial / Service: | |
| Ansawdd / Gofal Claf: Quality / Patient Care: | The impact on patient care is assessed within the savings schemes. |
| Gweithlu: Workforce: | The report considers the financial implications of our workforce. |
| Risg: Risk: | Financial risks are detailed in the report. |
| Cyfreithiol: Legal: | HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year. |
| Enw Da: Reputational: | Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, the Wales Audit Office, and with external stakeholders |
| Gyfrinachedd: Privacy: | Not applicable |
| Cydraddoldeb: Equality: | Not applicable |

Revenue Summary by Directorate

Directorate financial performance

Year to date

| | Month 8 YTD Actual £'m | Month 8 YTD Variance £'m | % |
|----------------------|---------------------------------|-----------------------------------|------------|
| Planned Care | 70.4 | 0.7 | 1.0 |
| Unscheduled - GGH | 28.8 | 0.7 | 2.5 |
| Unscheduled - PPH | 17.5 | 0.4 | 2.0 |
| Unscheduled - WGH | 20.7 | 1.9 | 10.1 |
| Unscheduled - BGH | 15.2 | 0.7 | 4.5 |
| Radiology | 11.1 | 0.8 | 7.8 |
| Pathology | 14.0 | 0.1 | 0.7 |
| Women and Children | 25.6 | 0.8 | 3.2 |
| Oncology | 9.3 | 0.2 | 1.6 |
| Carmarthen County | 15.4 | 0.0 | 0.0 |
| Pembrokeshire County | 13.5 | 0.3 | 1.9 |
| Ceredigion County | 7.2 | (0.1) | (1.4) |
| MHLD | 49.4 | (0.4) | (0.8) |
| Facilities | 24.4 | 0.2 | 0.8 |
| Medicines Management | 52.5 | 2.4 | 4.8 |
| Primary Care | 71.9 | (1.4) | (1.9) |
| Corporate | 24.7 | (0.8) | (3.1) |
| Commissioning | 70.3 | 0.0 | 0.0 |
| Other | 45.5 | 0.4 | 0.9 |
| Total | 587.4 | 6.7 | 1.2 |

- The current month was over spent against plan by £2.0m due to the recognition of the Health Board's share of Welsh Risk Pool (8 months) £1.1m, surge bed pressures and vacancies filled at premium rates and drugs in Unscheduled Care and Critical Care, Primary Care Prescribing due to price increases, plus the impact of the phasing of unidentified savings.
- The year to date pressure has been particularly pronounced in Unscheduled Care (£3.7m, especially in WGH, driven by bed capacity, medical staffing in medical specialities and A&E) and Medicines Management (£2.4m, Primary Care Prescribing primarily due to price increases for Category M drugs).

Revenue Summary by Directorate

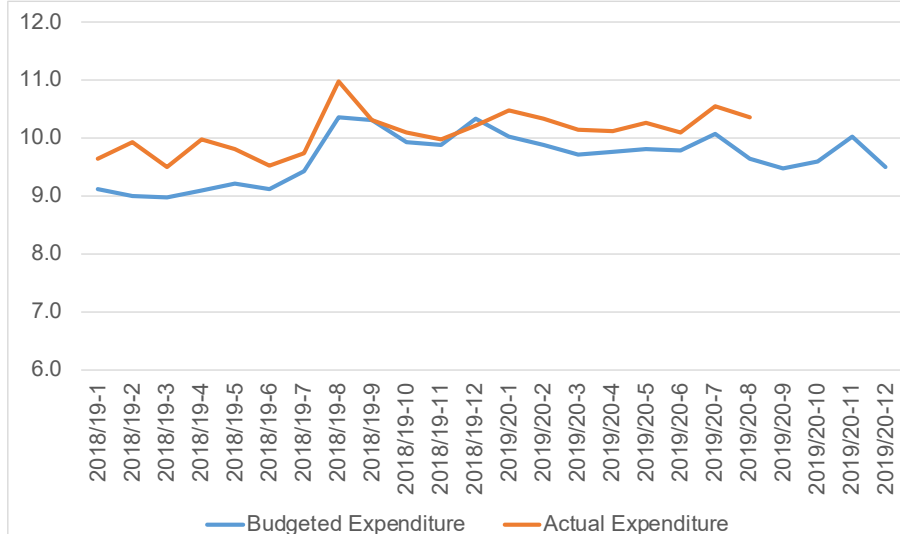
Material directorate area deficits

Planned Care



- The in-month position was an adverse variance to budget of £0.1m; Theatres variable pay increased due to covering leavers in Nursing, patient appliances expenditure in Theatres was significantly above average, partially due to a custom made implant, and General Surgery required additional medical locums due to demand issues.
- The Directorate is expecting a significant benefit in efficiency and productivity, which will support the maintaining of our Referral to Treatment performance for the financial year.

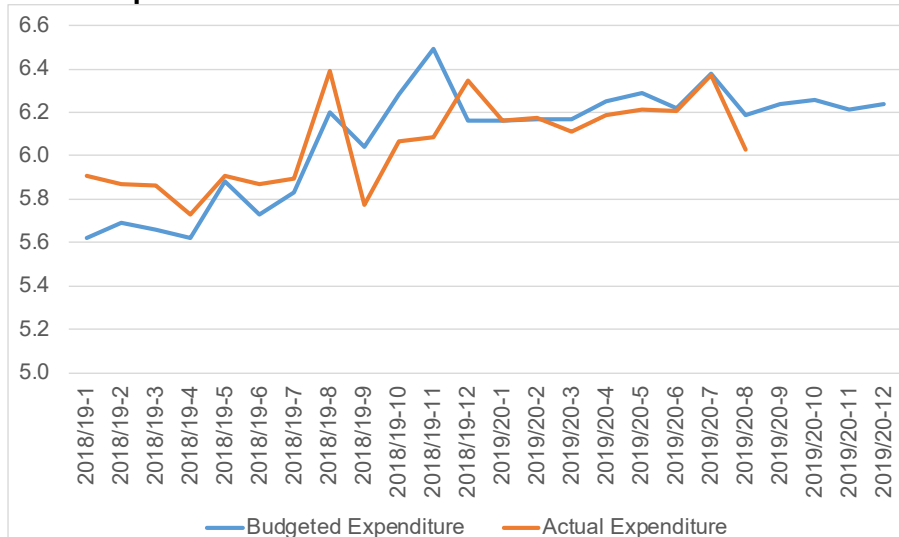
Unscheduled Care (USC)



- Bronglais General Hospital (BGH) reported an overspend of £82k in-month due to patient acuity and surge leading to the use of high cost nursing agency. Wylfa General Hospital (WGH) reported a significant £242k over-spend in-month, driven by premium rate Qualified Nursing and Medical locums spend to cover surge and winter pressures in excess of pla. A task and finish group has been established to address the issues at WGH. Glangwili General Hospital (GGH) reported a significant in-month overspend of £314k following a A&E pressures due to demand and cover of staff sickness; insulin pump consumable expenditure was also high. Prince Philip Hospital (PPH) reported an overspend of £59k in-month due to use of off-contract nursing agency due to patient acuity.
- Delayed discharges of medically fit patients, unfunded surge capacity, medical staffing in medical specialities and A&E remain key drivers to the costs, which requires a system-wide focus.

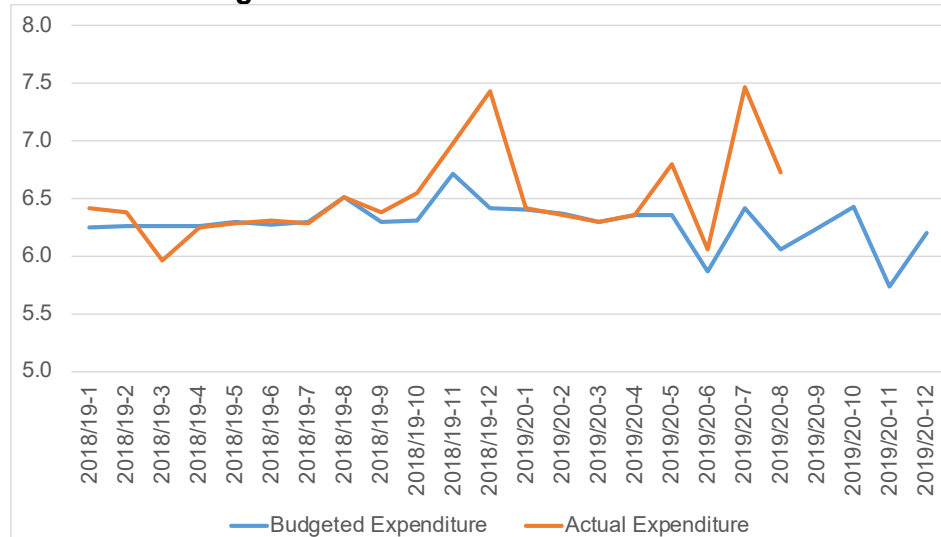
Revenue Summary by Directorate

MHLD expenditure



- The Directorate has reported an under-spend of £158k in-month, predominately due to a high level of staff vacancies offsetting the pressures in CHC costs.
- There continues to be difficulty recruiting into medical posts resulting in extra locum sessions being incurred.
- The greatest YTD pressure within MHLD is the continued growth in CHC placements and their associated costs, especially for complex packages of care. Client numbers increased slightly in month. Careful control of CHC, within its growth assumptions, will be key to deliver an improvement in the expenditure run rate.
- Robust care review processes have been implemented in order to manage the risks arising under CHC.

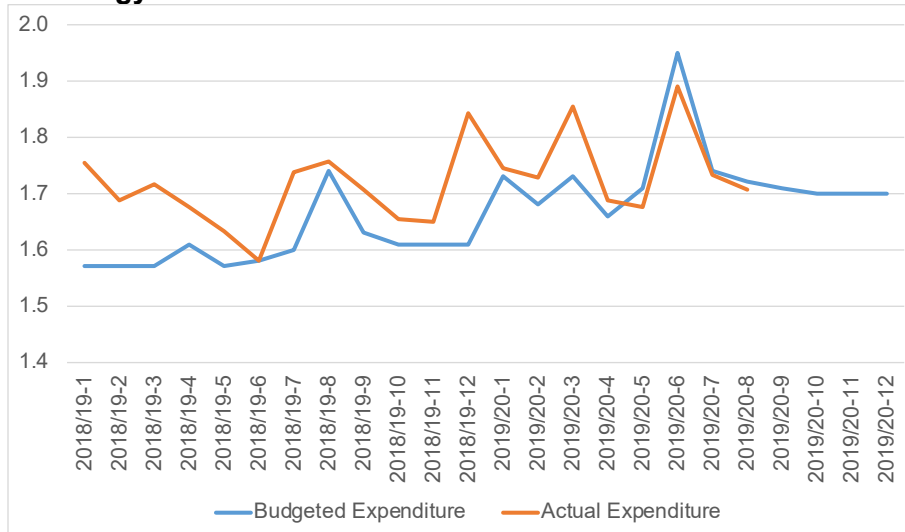
Medicines Management



- The Directorate reported a material adverse variance to budget of £0.7m in-month. The end of year projection is an adverse £4.4m, based on modelling the Category M outturn following the price increase from August 2019.
- The Health Board has also seen a significant increase in the use of NOACs as a result of the operation of the new NOAC Enhanced Service in GMS.

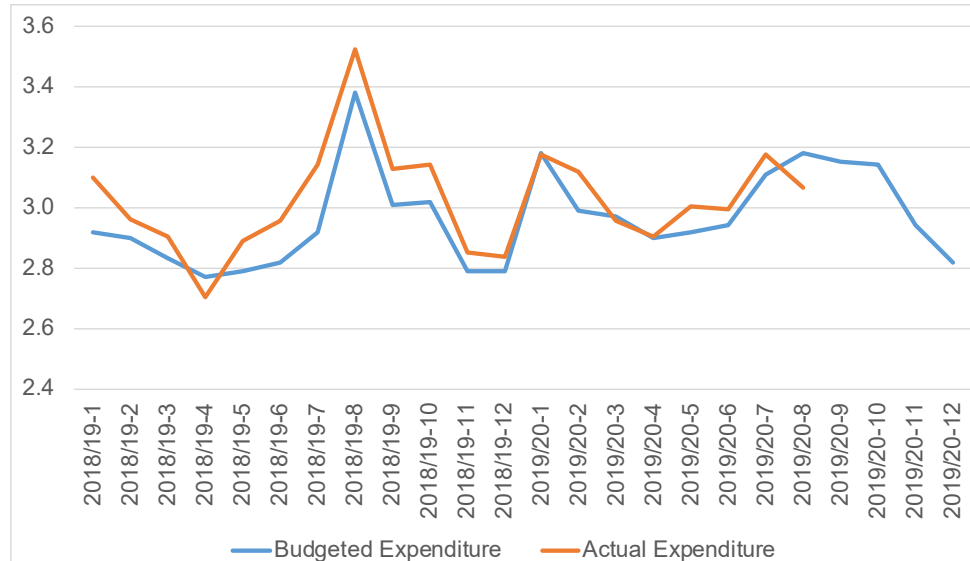
Revenue Summary by Directorate

Pathology



- The Directorate reported a favourable variance of £14k in-month.
- This was driven by an increase in drug rebate income, which was partially offset by Medical pay in lieu of locum claims.
- The Directorate is reviewing ways of working with services to reduce demand through ensuring only appropriate test requests and through avoiding duplication.

Facilities



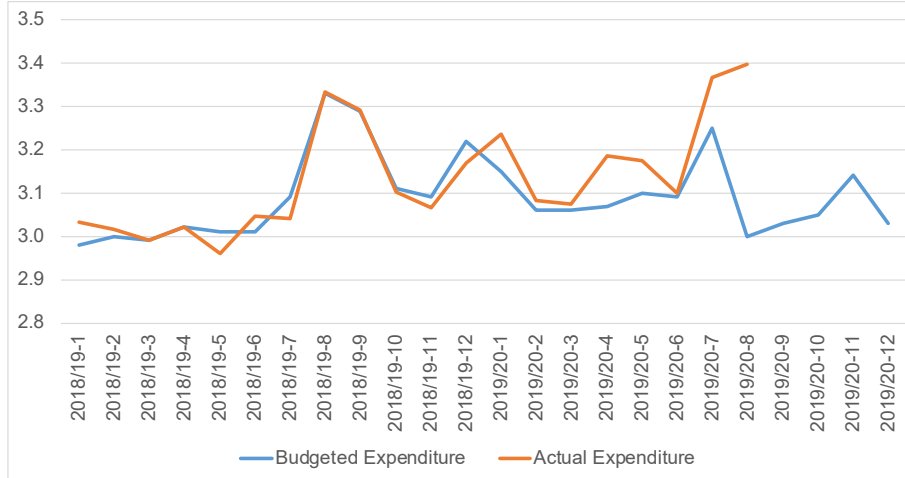
The Directorate reported an under-spend in-month of £117k.

The main areas of YTD variance are:

- Operations – over spend of £0.5m due to postage and stationary costs, cleaning and bank Pay costs.
- Property – under-spend of £0.4m due to biomass fuel consumption and CHP downtime, especially in PPH due to essential repair work.
- Specialist Services – an over-spend of £0.1m driven by Bank usage in Pay and Catering Provisions in Non-Pay. This was partially offset by increased canteen income across all sites and additional income from external catering services.

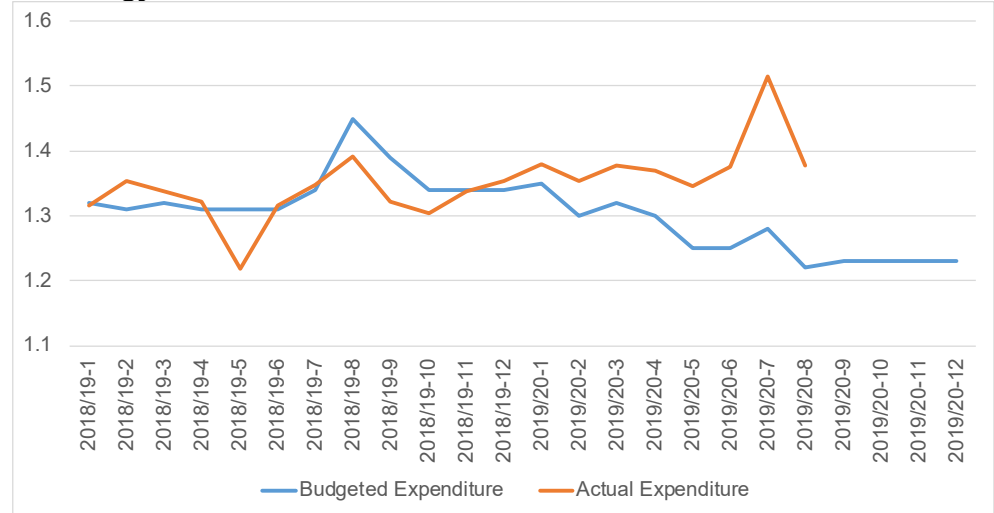
Revenue Summary by Directorate

Women and Children



- The Directorate reported a significant in-month over-spend of £0.4m.
- The main driver was further over-spends in relation to diabetic pumps and associated consumables and a one-off continuing care retrospective charge.
- Variable pay has driven the worsening in comparison to previous months due to premium nursing and medical locum cover of staff sickness.
- The YTD position includes significant over-spends in relation to diabetic pumps and associated consumables due to a supplier ceasing to trade resulting in the need to replace existing pumps with available alternatives which are more costly.

Radiology



- The Directorate's in-month position was an over-spend of £154k.
- This is due to the need to provide MRI scanning at a premium cost using outsourcing and a temporary vehicle at BGH until the in-house scanner is replaced in February 2020.
- Savings schemes in relation to a review of the 24-hour service provision also failed to deliver in month.
- The Directorate is also outsourcing reporting due to the level of vacancies due to recruitment challenges.

Risks and Opportunities

Risks

| Potential Risk | £'m | Risk management approach |
|---|-------------|---|
| Current projection | 25.0 | |
| WG funding clawback | 10.0 | Risk of clawback as this was predicated on delivery of the £15m Control Total which the Health Board is not forecasting will be met. |
| Non-delivery of savings to sufficient level (40% Amber schemes) | 0.4 | Escalated Holding to Account meetings are being held with all Directorates to convert pipeline into robust schemes and identify additional recovery actions and additional opportunities. |
| Control Total requirement non-delivery (50%) | 1.4 | |
| Clawback of Dental underspends | 0.7 | Discussions between the Health Board and Chief Dental Officer are pending. |
| Total deficit forecast and risks | 37.5 | |

Opportunities

- The focus is now being narrowed by considering the key drivers of the cost base identified through benchmarking with other Health Boards via national costing returns. Detailed information has been shared with Directorates and is being utilised as part of the Recovery Plan refinement in-year. We will continue to use this in conjunction with the Efficiency Framework to translate the opportunities identified into detailed Savings Plans in support of our Financial Plan. The Finance Committee has reviewed and endorsed this approach.
- Opportunities available via Invest to Save, Integrated Care Fund and deferring uncommitted funding are being explored. Key areas of operational inefficiency being targeted are: CHC and packages of care, unfunded escalation beds and patients awaiting tertiary referral.

Reserves

| Reserves | | Month 8 close | |
|--------------------------------------|--|------------------|--|
| £'m | | | |
| ICF Bids | | 7.4 | <ul style="list-style-type: none"> The Health Board's centrally-retained reserves are committed and all relate to specific anticipated cost pressures or schemes that are underway. ICF funds will be distributed based on finalised plans for utilisation of the funds across Healthcare and Local Authority. CHC and FNC inflation have been phased according to the timeframes in which costs are anticipated to impact. The Health Board holds funding of £0.9m on behalf of Welsh Government to support costs incurred on behalf of the Critical Care network across Wales. Nursing Standards reserve will be further distributed following agreement and approval by the Executive Team. Winter Pressure Support will be allocated to Directorates based on finalised plans for utilisation of the funds. At present the assumption is that this Reserve will be drawn over Months 9 to 12. The Health Board holds funding of £2.1m on behalf of Welsh Government to support costs incurred on behalf of the Winter Pressures plans across Wales. Performance funds will be allocated to Directorates based on finalised plans for utilisation of the funds. Reserves held for future cost pressures will be carefully managed and work is ongoing to ensure future cost pressures are minimised wherever possible. |
| Hosted allocation – Winter Pressures | | 2.1 | |
| Winter Pressure reserve | | 1.9 | |
| Performance Fund | | 1.5 | |
| CHC Inflation | | 1.4 | |
| Hosted Allocation – Critical Care | | 0.9 | |
| Mental Health Improvement | | 0.7 | |
| Digital Strategy | | 0.5 | |
| Eye Care Sustainability | | 0.4 | |
| RCCS | | 0.3 | |
| Planned Care – Critical Care | | 0.2 | |
| Prevention | | 0.2 | |
| Hospital to Home | | 0.2 | |
| Single Cancer Pathway | | 0.2 | |
| LTAs – WHSSC | | 0.2 | |
| Children and Young People MHL D | | 0.2 | |
| Nursing Standards | | 0.1 | |
| CAHMs in reach | | 0.1 | |
| Other | | 0.5 | |
| Total | | 19.0 | |

Statement of Financial Position

Statement of Financial Position

| | 2019-20 Opening balance £m | 30 Nov 2019 £'m | Movement £'m |
|------------------------------------|----------------------------------|--------------------|--------------|
| Non Current assets | | | |
| Fixed Assets | 268 | 277 | 9 |
| Other non current assets | 43 | 59 | 16 |
| | 311 | 336 | 25 |
| Current Assets | | | |
| Inventories | 8 | 9 | 1 |
| Trade and other Receivables | 34 | 44 | 10 |
| Cash | 1 | 3 | 2 |
| Total Assets | 354 | 392 | 38 |
| Liabilities | | | |
| Trade and other Payables | -93 | -94 | -1 |
| Provisions | -67 | -91 | -24 |
| Total Liabilities | -160 | -185 | -25 |
| Net Assets less Liabilities | 194 | 207 | 13 |
| Financed by: | | | |
| General Fund | 168 | 179 | 12 |
| Revaluation Reserve | 27 | 28 | 2 |
| Total Funding | 194 | 207 | 13 |

The movement since the end of 2018/19 in non-current assets of £25m is due to an increase of £9m in fixed assets and £16m in other assets. The fixed assets increase is due to capital expenditure of purchases and donated assets revised indexation rates applied in month. The increase in other assets is attributable to an increase in the Welsh Risk Pool debtor as a result of medical negligence claims.

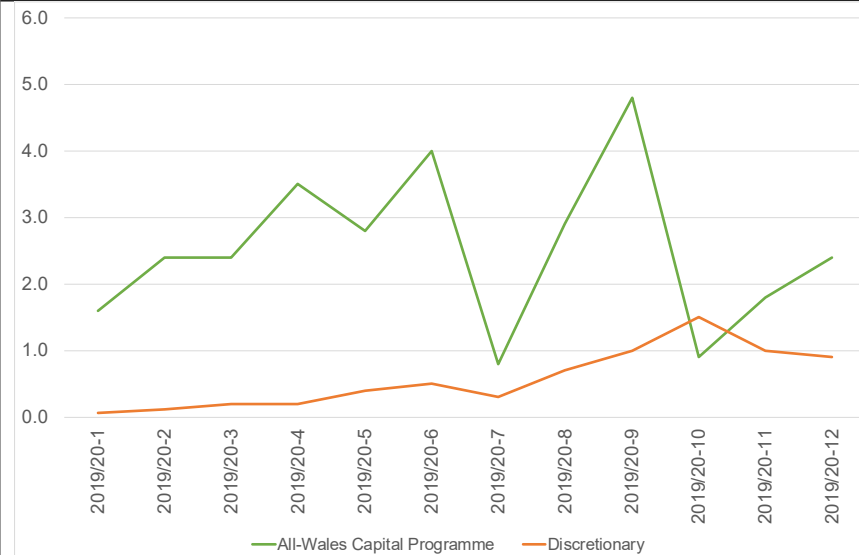
The movement since the end of 2018/19 in current assets is £13m. This is mainly due to an increase in the value of trade and other receivables of £10m. The main areas which has increased is Welsh Risk pool £9m.

The movement since the end of 2018/19 in liabilities is £25m. This is mainly due to an increase of £24m in provisions. This increase is for clinical negligence cases based on information provided by the Welsh Risk Pool.

The movement since the end of 2018/19 in the revaluation reserve is £2m. This is due to indexation (in line with the District valuer rates) which has been applied to properties and land from 1st April 2019 and revised indexation rates applied in month.

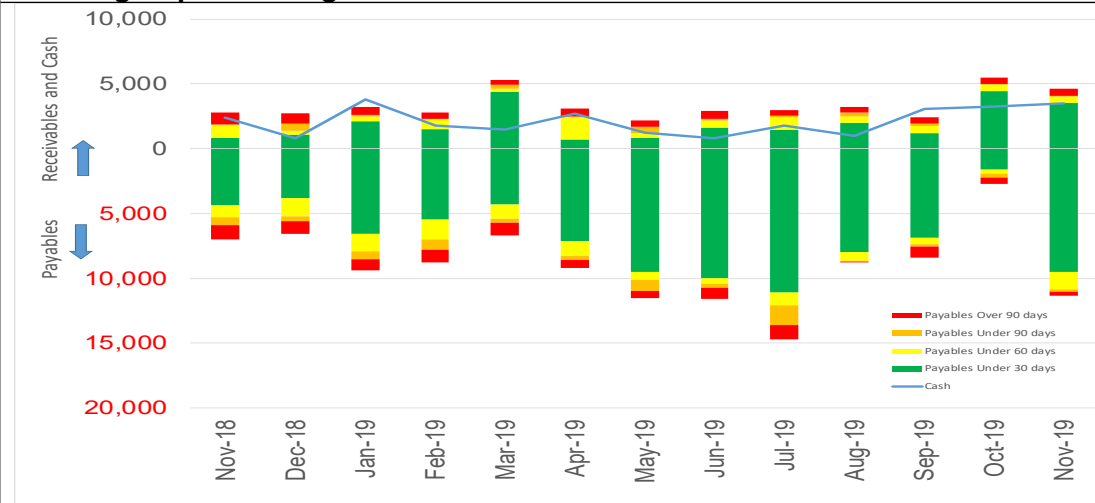
Statement of Financial Position

Capital Expenditure



The Health Board has an approved Capital resource limit of £37.2m for 2019/20. Capital expenditure against the £37.2m total funding allocation was £23.0m to Month 8. The above graph shows Actual expenditure to Month 8, and Plan for future months.

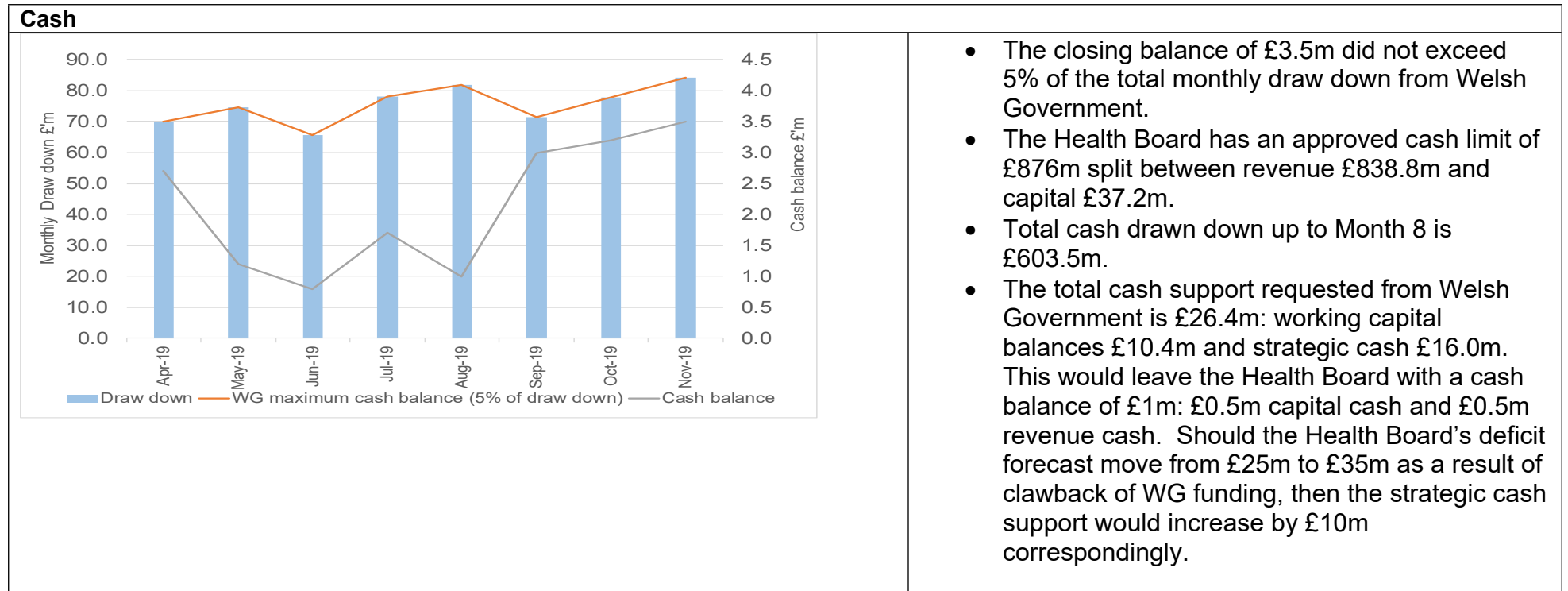
Working Capital Management



Income collected from sources other than Welsh Government is collected through the invoicing process. It is imperative that this is collected promptly to reduce reliance on cash support from WG. Balances owed to the Health Board are £8.1m in Month 8.

It is also important that the Health Board pays its suppliers promptly. At the end of Month 8, £11.3m was owed to suppliers, of which £10m are less than 30 days old. £4.5m of which were larger invoices received in November.

Statement of Financial Position





PWYLLGOR CYLLID FINANCE COMMITTEE

| | |
|--|--|
| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Turnaround Update – Month 8, 2019/20 |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Andrew Carruthers, Executive Director of Operations Huw Thomas, Executive Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Andrew Carruthers, Executive Director of Operations Huw Thomas, Executive Director of Finance |

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 provides an update to the Finance Committee on the Turnaround Programme as at Month 8.

Cefndir / Background

The Turnaround Programme was established in 2017 to provide a robust process for the delivery of savings to ensure that Hywel Dda University Health Board (HDdUHB) meets its statutory duty to break-even over a three-year rolling basis.

This report provides an update on Turnaround activities including a savings position, recovery actions agreed, and achievements.

Asesiad / Assessment

The report, attached at Appendix 1, comprises four sections:

Section 1 – Provides a summary of the 2019/20 Month 8 position for Directorates who are being monitored through the Chief Executive Holding to Account meetings. These Directorates are at an escalated status due to the assessed risk of them delivering their financial plans.

Schemes are RAG rated, in accordance with the approach agreed at Targeted Intervention:

- Green – Delivering
- Amber – Some risk to manage but will deliver
- Red – Opportunities that require more scoping and work up before moving to delivery and Amber.
- Idea – potential future ideas that require working up to identify opportunities.

The Chief Executive Officer (CEO) has made it clear that schemes cannot impact on quality and safety of patient care or performance. Directorates are also asked to identify all risks and mitigating actions.

The next CEO Holding to Account meetings will be held on 20th December 2019.

Section 2 - Provides a summary of the 2019/20 Month 8 position for Directorates being monitored through the Turnaround Director Holding to Account meetings. These Directorates were considered to be on track with delivery of their financial plans.

All Directorates are now being asked to consider their savings plans for 2020/21.

Section 3 – provides an update against each of the Executive Team priorities with associated savings as at Month 8.

Section 4 – provides an update against each of the Executive Team priority areas that do not yet have any identified savings as at Month 8.

Good progress has been made to take forward the Executive Team priorities and an update against each of the workstreams has been provided by each of the Project Leads, including objectives and actions for the next period.

Following their recent review, KPMG will deliver a workshop session to staff in the New Year to share good practice and provide training on forecasting/routes to cash for Finance and Service leads. The session will also provide an opportunity for HDdUHB to share its Project Management process, including the revised Project Initiation Document (PID) and electronic Project Management system.

Argymhelliad / Recommendation

The Finance Committee is asked to discuss and note the Turnaround Programme update report.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y
Pwyllgor:

5.5.1 Undertaking detailed scrutiny of the organisation's overall:

- Monthly, quarterly and year to date financial performance;
- Performance against the savings delivery and the cost improvement programme; assurance over performance against the Capital Resource Limit and cash flow forecasts;
- Oversee and monitor the Health Board's turnaround programme.

Cyfeirnod Cofrestr Risg Datix a
Sgôr Cyfredol:
Datix Risk Register Reference and
Score:

Not Applicable

Safon(au) Gofal ac Iechyd:
Health and Care Standard(s):

All Health & Care Standards Apply

| | |
|--|---|
| Amcanion Strategol y BIP: UHB Strategic Objectives: | All Strategic Objectives are applicable |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Not Applicable |

| Gwybodaeth Ychwanegol: Further Information: | |
|--|--|
| Ar sail tystiolaeth: Evidence Base: | Not Applicable |
| 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) | |
|---|----------------|
| Ariannol / Gwerth am Arian: Financial / Service: | Not Applicable |
| Ansawdd / Gofal Claf: Quality / Patient Care: | Not Applicable |
| Gweithlu: Workforce: | Not Applicable |
| Risg: Risk: | Not Applicable |
| Cyfreithiol: Legal: | Not Applicable |
| Enw Da: Reputational: | Not Applicable |
| Gyfrinachedd: Privacy: | Not Applicable |
| Cydraddoldeb: Equality: | Not Applicable |

Appendix 1 - Turnaround Update

Section 1 – Summarises 19/20 Directorate savings plans against required savings target of 3.7% for Directorates that are escalated to the Chief Executive Holding to Account meetings. The figures included in this section are based on the known Month 8 position as at 6th December 2019 and will be subject to change with the identification of further savings opportunities. Figures in square brackets represent the position in the previous month, where different to current month.

| | | | | | | | | | | | | |
|------------|----------------------------|-------------|------------------------------|--------------|---|--------------|---|------------------|-----------------|------------|------------------------|-----|
| Facilities | 19/20 target saving £'000s | 1,385 | Total of saving plans £'000s | | 917 | 432 [450] | 0 | 1,349 [1,367] | Variance £'000s | 36 [18] | Idea in-year potential | 125 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (578) | (591) | (13) | One-off capital to revenue transfer of £50k has offset under-delivery against a number of schemes. | | | | | | | |
| | Amber schemes | (100) | (0) | 100 | Re-introduction of Borehole in WGH and non-domestic rates are not delivering. Borehole scheme has been closed. | | | | | | | |
| | Total | (678) | (591) | 87 | <u>Other actions agreed</u> <ul style="list-style-type: none"> A paper on electronic advertising opportunities to come back to the December CEO HTA. Review current specification of sheets and agree tendering process/availability from the Procurement Framework Develop the Business Case/ Invest to Save documents for future energy plans A robust Delivery Plan to be presented at next CEO HTA meeting that provides confidence in meeting the 2019/20 savings target. A robust Delivery Plan to be produced for 20/21 | | | | | | | |

| | | | | | | | | | | | | |
|-----------|------------------------|----------------|--------------------|-----------------|--|-----|------------|--------------|--------------------|--------------|---------------------------|----|
| Pathology | 19/20 target £'000s | 741 | Total plans £'000s | | 289 | 140 | 0 [321] | 429 [750] | Variance £'000s | 312 [(9)] | Idea in-year potential | 63 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (164) | (178) | (14) | N/A | | | | | | | |
| | Amber schemes | (24) | (49) | (25) | Secondary Care Demand Optimisation savings starting to come through. Total of £100k planned for 19/20 – on track for delivery. | | | | | | | |
| | Total | (188) | (227) | (39) | <u>Other actions agreed</u> <ul style="list-style-type: none"> Demand optimisation work being progressed with Project Management support – see update in Section 3 of this report. Growth issue in drugs spend – explore what is driving increase in volume. 20/21 savings opportunities to come to December meeting. | | | | | | | |

| | | | | | | | | | | | | |
|----------------|---------------------|-------------|--------------------|--------------|---|----|------------|------------------|-----------------|----------------|------------------------|-------|
| Scheduled Care | 19/20 target £'000s | 3,682 | Total plans £'000s | | 2,531 | 50 | 0 [671] | 2,581 [3,252] | Variance £'000s | 1,101 [430] | Idea in-year potential | 1,325 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (1,452) | (1,195) | 257 | Reorganisation of elective orthopaedic activity has slipped and has under-delivered by £200k as at Month 8. Transactions against loss of patent schemes in the last 3 months have | | | | | | | |

| | | | | | |
|--|--------------------|----------------|----------------|------------|---|
| | | | | | mitigated some of the impact against the orthopaedic and other schemes that are under-delivering. |
| | Amber schemes | (30) | (11) | 19 | This relates to the Urology Medical Staffing (PSA monitoring) scheme. |
| | All schemes | (1,482) | (1,206) | 276 | <u>Other actions agreed</u> 20/21 savings opportunities to come to December meeting. |

| | | | | | | | | | | | | |
|---------|------------------------|----------------|--------------------|-----------------|---|----|-----------|--------------|--------------------|-----------------|---------------------------|---|
| BGH USC | 19/20 target £'000s | 786 | Total plans £'000s | | 851 | 68 | 0 [44] | 919 [963] | Variance £'000s | (13) [(177)] | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (592) | (580) | 12 | Roster efficiency scheme is under-delivering although this has been offset by an over-delivery against the Nurse Agency scheme. | | | | | | | |
| | Amber schemes | 0 | 0 | 0 | Collaborative MH Shared Care Model Enlli/Y Banwy (amber elements) due to deliver from January 2020. | | | | | | | |
| | Total | (592) | (580) | 12 | <u>Other actions agreed</u> <ul style="list-style-type: none"> Workshop to be held between the Site and Community Team to look at efficiency opportunities for 20/21. Explore opportunities for closer working between acute and community nursing. | | | | | | | |

| | | | | | |
|--|---------------|--------------|--------------|----------|--|
| | Green schemes | (193) | (192) | 1 | N/A |
| | Total | (193) | (192) | 1 | <u>Other actions agreed</u> <ul style="list-style-type: none"> At the next meeting, provide an update on Drug Rebate Values, Aseptic Unit, opportunities with new drugs, drug stockpiling 20/21 savings opportunities to come to December meeting. |

| | | | | | | | | | | | | |
|---------------------------|------------------------|----------------|--------------------|-----------------|--|-----|---|-----|--------------------|----|---------------------------|---|
| Carmarthenshire County | 19/20 target £'000s | 884 | Total plans £'000s | | 683 | 121 | 0 | 804 | Variance £'000s | 80 | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (406) | (334) | 72 | Slippage against a number of schemes, including nurse recruitment, Chronic Disease Management and AVH ambulatory care, has been partly offset by delivery against the CHC and Palliative Care schemes. | | | | | | | |
| | Amber schemes | (72) | (6) | 66 | A number of amber schemes have not delivered as planned. Sickness absence and accommodation schemes have not delivered and have been closed. | | | | | | | |
| | Total | (478) | (340) | 138 | | | | | | | | |

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|----------------------|------------------------|----------------|--------------------|-----------------|--|----|-----|-----|--------------------|------|---------------------------|------|
| Pembrokeshire County | 19/20 target £'000s | 729 | Total plans £'000s | | 351 | 53 | 388 | 792 | Variance £'000s | (63) | Idea in-year potential | None |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (263) | (250) | 13 | CHC scheme slippage of £13k to Month 8 due to delays in reviewing a number of cases. Assurance has been given that robust processes are in place locally to ensure reviews are | | | | | | | |

| | | | | | |
|--|---------------|--------------|--------------|-----------|--|
| | | | | | being undertaken in a timely way, and that new cases are being assessed in line with Health Board policy. |
| | Amber schemes | (29) | 0 | 29 | This variance represents slippage on the Enhanced Recovery service scheme. |
| | Total | (292) | (250) | 42 | <u>Other agreed actions</u> Explore wider opportunities such as Pathway redesign. Hospital and Community teams to identify, explore and report possible realistic and feasible opportunities. |

| | | | | | | | | | | | | |
|------------------|------------------------|----------------|--------------------|-----------------|--|---|-------------|-----|--------------------|-----|---------------------------|----|
| Women & Children | 19/20 target £'000s | 1,359 | Total plans £'000s | | 332 [421] | 0 | 89 [108] | 421 | Variance £'000s | 938 | Idea in-year potential | 70 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (159) | (144) | 15 | Withybush General Hospital Maternity-led Unit staff costs saving of £10k per month from November 19 has not delivered. £5k relates to other schemes that slipped on delivery in Month 1. | | | | | | | |
| | Red schemes | (30) | (0) | 30 | £30k relates to the review of the visiting Anti-natal Clinic – this was due to start delivering from October 19. | | | | | | | |
| | Total | (189) | (144) | 45 | | | | | | | | |

| | | | | | | | | | | | | |
|--------------|------------------------|----------------|--------------------|-----------------|---|-------------|-----|-------|--------------------|-------|---------------------------|---|
| Primary Care | 19/20 target £'000s | 790 | Total plans £'000s | | 1,215 [1,058] | 70 [227] | 400 | 1,685 | Variance £'000s | (895) | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (621) | (445) | 176 | Locum cost scheme has under-delivered by £105k as at month 8. Total planned 19/20 savings are £670k. GP Commissioning Hub has started to deliver from Month 8, although not to the level planned. | | | | | | | |
| | Amber schemes | (22) | (0) | 22 | The savings from the Salaried GPs have yet to be identified or transacted. | | | | | | | |
| | Red schemes | (122) | 0 | 122 | Steps are being taken to return one managed practice to independent contractor status by December 19. This may deliver £36k in quarter 4. There has been no interest in the other two managed practices. Work to continue on an alternative model to reduce costs by a further £50k over the second half of the year. | | | | | | | |
| | Total | (765) | (445) | 320 | | | | | | | | |

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|-----------|------------------------|----------------|--------------------|-----------------|--|-----|---|-----|--------------------|-------|---------------------------|---|
| Radiology | 19/20 target £'000s | 584 | Total plans £'000s | | 390 | 405 | 0 | 795 | Variance £'000s | (211) | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (210) | (110) | 100 | Reduction in outsourcing costs are not delivering as planned. | | | | | | | |
| | Amber schemes | (202) | 0 | 202 | 24 hour provision of Radiology services – proposed rota changes currently out to consultation. Savings re-profiled for revised delivery date of January. | | | | | | | |
| | Total | (412) | (110) | 302 | | | | | | | | |

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|---------------|------------------------|----------------|--------------------|-----------------|--|-------------|----|-------|--------------------|----|---------------------------|---|
| Mental Health | 19/20 target £'000s | 2,691 | Total plans £'000s | | 2,521 | 88 [124] | 44 | 2,653 | Variance £'000s | 38 | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Mitigating actions | | | | | | | |
| | Green schemes | (1,332) | (1,380) | (48) | The under-delivery of a number of schemes has been mitigated through slippage transacted in Months 5 to 8. | | | | | | | |
| | Amber schemes | (11) | (0) | 11 | Relates to slippage on ICF bid. | | | | | | | |
| | Total | (1,343) | (1,380) | (37) | | | | | | | | |

Section 3 – Executive Team priority areas

3.1 The table below provides an update against each of the Executive Team priority areas with associated savings plans for 19/20, as at Month 8.

| | | | | | | | | |
|---|---|----------------|---------------|-----------------|--|------------------|---------------------------|-------|
| Workforce | 19/20 target £'000s | 5,900 | 797 | 339 | Total | 7,036 [9,245] | Idea in-year potential | 1,863 |
| | Schemes | YTD planned | YTD actual | YTD variance | Progress | | | |
| | <u>Objectives:</u> | | | | | | | |
| | <ul style="list-style-type: none">Support schemes developed by other Directorates which have a workforce element to their delivery;Monitor expenditure on variable pay across all staff groups; andIdentify Health Board wide/corporately driven schemes which may deliver results in workforce efficiency and effectiveness. | | | | | | | |
| | Green schemes | (3,951) | (3,316) | 635 | Progress last month: | | | |
| | Amber schemes | (394) | (10) | 384 | <ul style="list-style-type: none">Scope of Workforce Control Panel agreed and work ongoing. | | | |
| | Red schemes | (216) | 0 | 216 | <ul style="list-style-type: none">All Directorates with workforce-related schemes have been offered Workforce and/or Project Management support. | | | |
| | Total | (4,561) | (3,326) | 1,235 | <ul style="list-style-type: none">Potential benefits for improved rota management & associated efficiencies with A&E are being explored.Electronic job planning roll-out plans on target for completion by the end March 2020. Job plans are being entered in real time and the MDT approach, inclusive of SDM, Support managers, Medical Directorate and Workforce Manager is providing greater consistency and opportunity for efficiency/productivity.Electronic Roster Management system procured.Workforce elements of the CIP Guidance have been reviewed and revised.Dashboard in progress. | | | |
| Actions for December: | | | | | | | | |
| <ul style="list-style-type: none">Commence review of Workforce Control Panel effectiveness.Provide Workforce and Project support to Directorates to deliver identified savings plans.Continue to review aspects of variable expenditure e.g. overtime, agency usage.Explore options to establish banks for other staff groups. | | | | | | | | |

| | | | | | | | | |
|------------------------------------|--|----------------|---------------|-----------------|---|-------|---------------------------|-----|
| Patient Flow – Unscheduled Care | 19/20 target £'000s | 1,141 [991] | 219 [369] | 0 | Total | 1,360 | Idea in-year potential | 525 |
| | Schemes | YTD planned | YTD actual | YTD variance | Progress | | | |
| | <u>Objectives:</u> <ul style="list-style-type: none">Undertake review of current activity underway/ planned and agree actions to be carried out within USC with aim to improve overall LOSAgree and undertake short term changes to service(s)/ site(s) that will bring demonstrable improvements within 2019/20Acknowledge and plan (if appropriate) the required longer term changes | | | | | | | |
| | Green schemes | (592) | (360) | 232 | Progress last month: <ul style="list-style-type: none">USC Improvement/ patient flow metrics/ dashboard agreed and in development.Scoping discussion completed and agreed focus on GGH & WGH sites with frailty & ambulatory care noted as a starting point.Allocated PMO/ TPO resource to support Frailty model development at WGH | | | |
| | Amber schemes | (73) | 0 | 73 | Actions for December: <ul style="list-style-type: none">Increase support to key project areas to show demonstrable improvements with 2019/20Adopt/ improve implementation of Discharge to Recover then Assess Pathways (D2RA)Analyse GGH & WGH frailty and ambulatory care plans – provide additional support where appropriate/ possible to drive actions within said plans | | | |
| | Total | (665) | (360) | 305 | | | | |
| Patient Flow – Critical Care | 19/20 target £'000s | 338 | 0 | 0 | Total | 338 | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Progress | | | |
| | <u>Objectives:</u> <ul style="list-style-type: none">Undertake review of current Critical care service noting overall baseline/ flagging areas of concern and/ or areas for improvementPlan required longer term changesAgree and undertake short term changes to service that will bring demonstrable improvements within 2019/20 | | | | | | | |
| | Green schemes | (210) | (199) | 11 | Progress last month: <ul style="list-style-type: none">Short term actions to improve flow/ management of critical care service will include potential upskilling on wards sitting outside critical care – areas of care being investigated include Tracheostomy, NIV, High flow oxygen, Epidural care.Standards of care for Tracheostomy, NIV, High flow oxygen, Epidural care have been reviewed.Agreed short term focus to be on GGH & WGH. Specifically agreed to focus on piloting use of High Flow Oxygen at GGH and NIV at WGH. | | | |
| | Total | (210) | (199) | 11 | Actions for December: <ul style="list-style-type: none">Agree and progress short term improvements/ changes that can be carried out during financial year 2019/20 i.e. potential upskilling on wardsPlan & undertake wider engagement with critical care (and linked services) to agree overall way forward regarding service redesign for the longer term (Potential re-design would <u>not</u> take place with financial year 2019/20) | | | |
| | | | | | | | | |
| Pa tie | 19/20 target £'000s | 380 | 120 | 0 | Total | 500 | Idea in-year potential | 375 |

| nt Flow I Out | Schemes | YTD planned | YTD actual | YTD variance | Progress |
|------------------------|--|----------------|---------------|-----------------|---|
| | <u>Objectives:</u> <ul style="list-style-type: none"> To overcome multi-faceted issues affecting the current Out of Hours service in Hywel Dda and agree a vision for a future service model. Address the current service fragility affecting Out of Hours sites caused through workforce pressures. Develop a future workforce plan taking into account recruitment opportunities, flexible working and the growing concept of multi-disciplinary teams. Measure and analyse identified weaknesses of the current service in relation to the patient flow through 111 call centre and clinical support hub. Assess opportunities to re-brand the service in light of the need to readdress patient expectations and behaviours in relation to urgent primary care. In noting links to other projects, develop an integrated 24/7 approach to urgent primary care. | | | | |
| | Green schemes | (190) | (190) | 0 | Progress last month: <ul style="list-style-type: none"> Plans for winter contingencies and base rationalisation stepped down due to purdah and operational risk. Workforce plan to be initiated w/c 9th December 2019. Actions for December: <ul style="list-style-type: none"> Ratify project plan for 2020 which will include revisiting the base rationalisation proposal. Completion of specific communication activities to support key messages. |
| | Amber schemes | (63) | (63) | 0 | |
| | Total | (253) | (253) | 0 | |

| | | | | | | | | |
|--------------------------------|---|------------------|---------------|-----------------|---|-------|---------------------------|---|
| Patient Flow – Primary Care | 19/20 target £'000s | 1,215 [1,058] | 70 [227] | 400 | Total | 1,685 | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Progress | | | |
| | Objectives: | | | | | | | |
| | <ul style="list-style-type: none">Explore all factors that currently influence patient flow in Primary Care as part of a wider context of improving performance in unscheduled careTake a demand management focused approach, to explore the different components of demand that impact on Primary CareUse the Primary Care model for Wales and the National Strategic Programme for Primary Care to act as a key “lens” for the project.Act and build on the Primary Care access guidance issued by the Health Minister.Consider urgent primary care in the round and to note cause and effect from different components of the urgent primary care systemExamine local innovation at a locality level and explore standardisation of good practice where possible i.e. control room approach to triage.Develop a communications plan for Primary Care building on successful examples elsewhereDevelop quick wins as an early output for the project where there is a known requirement. i.e. communications support for patient education, improving health literacy etc.Develop further projects with community pharmacy to reduce demand on clinician’s time in Primary Care.Quickly note the numerous links and dependencies in other projects to avoid duplication. | | | | | | | |
| | Green schemes | (621) | (445) | 176 | Progress last month: <ul style="list-style-type: none">Projects initiated around pacesetter evaluation and communications in primary care.Transformation fund project plans received and currently being reviewed for alignment with Transforming our Communities programme to ensure links & dependencies are mapped. Actions for December: <ul style="list-style-type: none">Link with primary care and nominated colleagues to commence evaluation process. Process will be enriching as possible to ensure that benefits are assessed across a wider range of stakeholder groups, not necessarily just the impact on primary care / clusters or GP’sLink with communications to receive advice on how best to initiate a project in primary care. | | | |
| | Amber schemes | (22) | (0) | 22 | | | | |
| | Red schemes | (122) | 0 | 122 | | | | |
| | Total | (765) | (445) | 320 | | | | |

| | | | | | | | |
|---|----------------|---------------|-----------------|--|--------------|---------------------------|-----|
| 19/20 target £'000s | 198 | 50 | 525 [325] | Total | 773 [573] | Idea in-year potential | 425 |
| Schemes | YTD planned | YTD actual | YTD variance | Progress | | | |
| <u>Objectives:</u> To oversee an Efficiency and Productivity plan that could release core capacity in to the system, including; <ul style="list-style-type: none"> Improve new to follow-up ratios Improve outcome form compliance Reduce new and follow-up DNA rates Improve patient pathways Reduce follow-ups and follow-ups not booked; Establish a process for managing Seen on Symptoms (SOS) patients Increase uptake of electronic referrals Improve referral management processes | | | | | | | |
| Green schemes | (84) | (68) | 16 | Progress last month: | | | |
| Amber schemes | (30) | (11) | 19 | <ul style="list-style-type: none"> 69% of all referral received electronically from GP in October | | | |
| Red schemes | (292) | 0 | 292 | <ul style="list-style-type: none"> Compendium of clinical conditions completed for both referral criteria and standard follow up protocols. This will be shared within the Primary Care GP community shortly. | | | |
| Total | (406) | (79) | 327 | | | | |

| | | | | |
|--|--|--|--|--|
| | | | | <ul style="list-style-type: none"> • Outcome form review underway and pilot to test effectiveness initially within ENT to commence in January 2020. • Total delayed follow up cohort reduced from 43,853 in Sept 2019 to 31,367 in December 2019 • Total 100% delayed follow up cohort reduced to 17,392 in December 2019 (Nov 2019 21,476) • Hywel Dda response to the National NHS benchmarking has been received and identifies new areas of opportunity. <p>Actions for December:</p> <ul style="list-style-type: none"> • 2 further services due to live with electronic referrals (CMATS & T&O). • Skype clinic pilot to commence to work with Urology (post radiology patients) and diabetic new referrals in Pembrokeshire. • Savings in clinic utilisation to be agreed. • Further reduction in the volume of delayed follow ups. New specialist validation team to focus on delayed follow ups. • Confirm the plan to support financial benefits realisation. • Provide plan for rollout of outcome form improvement across HB. • Feedback and action is required for the National Seen on Symptoms/Patient initiated follow ups with the wider service teams to identify plans to deliver. • Investigate reasons for DNA rate increase in November 2019 |
|--|--|--|--|--|

| | | | | | | | | |
|---------------------------------------|---|----------------|---------------|-----------------|---|-----|---------------------------|---|
| Mental Health & Learning Disabilities | 19/20 target £'000s | 596 | 0 | 88 | Total | 684 | Idea in-year potential | 0 |
| | Schemes | YTD planned | YTD actual | YTD variance | Progress | | | |
| | Objectives: | | | | | | | |
| | <ul style="list-style-type: none">Shared Care project for Older Adults Mental HealthDeveloping plan for Transformation of Learning Disability ServicesMoving forward TMH programme deliverables | | | | | | | |
| | Green schemes | (385) | (385) | 0 | Progress last month: | | | |
| | Red schemes | 0 | 0 | 0 | <ul style="list-style-type: none">Shared Care model – staffing model has started to be implemented. Staff drop in and workshop session was well attended. Work on the estates work has commenced with minimal impact on the ward. Standard Operating Procedure and Medical model were circulated for comments.LD programme - one long-stay patient has been resettled within the community. Draft process map which outlines how the Service and third sector organisations can formally support engagement and consultation has been developed.Transforming Mental Health - Programme Business Case submitted to Executive Team for approval prior to being submitted to Welsh Government, visit to Cardiff and Vale to support the Primary Mental Health Practitioner in GP surgeries for baselining/ benchmarking. | | | |
| | Total | (385) | (385) | 0 | Actions for December: <ul style="list-style-type: none">Shared Care model - Sign off of SOP and Medical Model | | | |

| | | | | | |
|--|--|--|--|--|---|
| | | | | | <ul style="list-style-type: none">• LD programme – Explore opportunities for three long-stay patients to be resettled within the community, determine scope and resource requirement for the TLD programme, determine engagement and consultation requirements for designing the future model for specialist LD care.• Transforming Mental Health – capital funding for estates work approved, staff engagement workshops planned for 9th December. |
|--|--|--|--|--|---|

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|--|---|----------------|----------------|--------------|--|
| | <ul style="list-style-type: none"> Excess medicine stock – reduction in stock days to average to reduce obsolescence and disposal costs (£225k). To scope opportunities in for benefits realisation in relation to Biosimilar insulin (£74k), Lio-thryonine (£15K), repeat prescribing process (£650K), PODs (£150K cost avoidance if 75% use of Patient's own drugs), Aspirin in VTE (£38k). | | | | <p>Progress last month:</p> <ul style="list-style-type: none"> Key opportunity areas have been identified and individual business cases developed for all key areas. Stakeholder identification, mapping and assessment completed and working relationships established to progress opportunities. Stakeholder communications and engagement plan completed. Stakeholder cost benefits and benefits realisation cases developed. Work commenced with Finance to detail business case and opportunities realisation. Established work stream with Diabetes to identify and detail opportunities for improvement <p>Actions for December:</p> <ul style="list-style-type: none"> Embed Partnership approach within relevant executive work stream groups to champion medicines management opportunities. Embed Partnership approach with service delivery leads, managerial leads and clinical leads to champion medicines management opportunities. Further develop monitoring and evaluation mechanisms in partnership with Finance and covering multiple work streams. Develop Quality assurance plan. Develop reporting mechanisms. |
| | Green schemes | (1,606) | (2,311) | (705) | |
| | Amber schemes | (83) | (42) | 41 | |
| | Total | (1,689) | (2,353) | (664) | |

| | | | | | | | | |
|---------|---|----------------|---------------|-----------------|--|-------|---------------------------|-----|
| Non-Pay | 19/20 target £'000s | 3,564 | 508 | 0 | Total | 4,072 | Idea in-year potential | 395 |
| | Schemes | YTD planned | YTD actual | YTD variance | Progress | | | |
| | <u>Objectives:</u> | | | | | | | |
| | <ul style="list-style-type: none">Seek assurance that managers are effectively managing non-pay claimsIdentify opportunities for positive communication with staff to raise awareness of, and support a reduction in, non-pay expenditureIdentify and promote alternative options to individual private travelMonitor the delivery of all non-pay saving schemes | | | | | | | |
| | Green schemes | (1,859) | (1,713) | 146 | Progress last month: | | | |
| | Amber schemes | (146) | (1) | 145 | <ul style="list-style-type: none">A number of potential savings opportunities identified and scoping commenced.Opportunities to implement an electronic pool car booking system, electronic key cabinets and a travel hierarchy are being explored.Review of contracts with suppliers continued – 40 interviewed to date.Options to standardise knee prostheses are being progressed. | | | |
| | Total | (2,005) | (1,714) | 291 | Actions for December: <ul style="list-style-type: none">Agree action plan for 19/20 priorities – next meeting 17th December.Commence work to conduct a feasibility study on Community Nurse scheduling software.Continue with review of top 100 contracts.Complete review of Endoscopy consumables. | | | |

Section 4 – Executive Team priority areas – new workstreams

4.1 The table below provides an update against each of the Executive Team priority areas which do not yet have any identified savings as at Month 8.

| | |
|---------------------------------|---|
| Demand Optimisation - Radiology | <p><u>Objectives:</u></p> <ul style="list-style-type: none"> • Develop a data tool to enable assessment of radiology test request activity and costs. • Use the data tool (and other data sources and evidence) to investigate potential areas of demand optimisation focussed on reducing unwarranted variation and/or optimising overall care through better use of radiology. • Work with clinicians and clinical teams to develop, agree and implement demand optimisation interventions <p>Progress last month:</p> <ul style="list-style-type: none"> • Initial data tool development completed (note that continuous development required over lifetime of this priority area work). • SBAR and pathway developed and consulted on for CTPA. <p>Actions for December:</p> <ul style="list-style-type: none"> • Sign off and implement CTPA demand optimisation pathway. • Start scoping and development of out of hours demand optimisation intervention for orthopaedics. • Develop long list of other potential radiology demand optimisations. |
| Patient Empowerment | <p><u>Objectives:</u></p> <p>To develop and deliver a programme of work to modernise the way we communicate with our patients, allowing patients to have a choice on how the UHB communicates with them and to provide a future proofed platform, based around the following;</p> <ul style="list-style-type: none"> • Attendance Optimisation (i.e. patient reminder, on-line booking, text reminder services) • Patient Feedback • A full communications platform, including a hybrid mail approach, allowing patient choice on how they wish to be communicated with. • A full citizen / patient portal to allow patients to access their results, letters, appointment details and any other applications or messaging that the Health Board wishes to adopt, and providing the ability to provide health education messages, medication alerts, and service improvements. <p>Progress last month:</p> <ul style="list-style-type: none"> • Ongoing discussions with Welsh Government in respect of the introduction of a citizen portal. • Draft Digital Plan in development. <p>Actions for December:</p> <ul style="list-style-type: none"> • Scope a roll-out plan to extend the Text Reminder Service to appointments made outside the Contact Centre. • Analyse postage data to identify reasons for fluctuations in postage costs and volumes. |
| Chronic Conditions & Community | <p><u>Objectives:</u></p> <ul style="list-style-type: none"> • Completion of a 'whole system' review of current practice and resources associated with the management of chronic conditions in Hywel Dda. Specifically, the review will focus on diabetes, respiratory disease and heart failure. • Produce a 'current state' baseline. • Develop and agree a 'whole system integrated pathway framework. • Test the 'whole system' integrated pathway framework as an organising and planning tool to redesign clinical and preventative care pathways to improve outcomes in the 'future state' in the identified • Propose transformational care pathways that align to our 'Healthier Mid and West Wales' strategy for consideration by the Executive Team • Preparation for roll-out of framework in other disease areas |

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| | <p>Progress last month:</p> <ul style="list-style-type: none"> • Baseline exercise due to be completed early Dec and presented to project team. • Early / soft evaluation to take place with engagement of wider project team. • Anecdotal evidence to support re-design of diabetes services in line with a “chronic conditions framework” • Continued engagement of service leads in diabetes pathway in how they will enact the vision of the project. <p>Actions for December:</p> <ul style="list-style-type: none"> • Implement actions agreed at the project team meeting on 13th December. Likely to focus on greater evidence needed to initiate change, the development of the framework as a product of the project. • Scope a winter workshop to allow stakeholders to fully input into pathway re-design. • Specify what pilot projects can be created. • Ensure alignment to IMTP processes. |
| Stroke Pathway | <p><u>Objective:</u> To redesign the stroke pathway for Hywel Dda University Health Board (HDdUHB) to align with the Health Board’s Health and Care Strategy “A Healthier Mid and West Wales”, National guidance, best practice and regional planning for Hyper Acute Stroke Unit (HASU) at Morriston Hospital.</p> <p>Progress last month:</p> <ul style="list-style-type: none"> • Analysis was completed on the Long Term scoring options, 3 preferred scenarios identified. • 2 catchment flows to the Morriston HASU agreed following SWOT analysis. <p>Actions for December:</p> <ul style="list-style-type: none"> • Stroke workshop 11th December, which will explore the medium term options for repatriation for acute and rehabilitation and further high level finance modelling. • Further analysis of Workforce and Finance modelling is required on the 3 preferred model. • Exploration into rehabilitation at the New Hospital site. • Further analysis in terms of the Finance modelling for services provided by other NHS bodies. |
| Efficiency Opportunities | <p><u>Objective:</u> Undertake a review of efficiency opportunities as identified by KPMG review and provide support where appropriate.</p> <p>Progress last month:</p> <ul style="list-style-type: none"> • Various efficiency opportunities (time limited projects) task and finish work-stream/ group activity underway. • Filtering/ review of master list of ‘various efficiency opportunities’ undertaken to flag those projects that are more appropriate to sit within an alternative work-stream. Said opportunities have in turn been accepted by other Executive Priority work-stream areas e.g. workforce, medicines management etc. • Review of WARP IT (recycling scheme) to note improvements/ possible additional savings – PID developed for service lead to progress. <p>Actions for December:</p> <ul style="list-style-type: none"> • Confirm projects that have been filtered into other groups will be taken forward by said group(s) or are not appropriate to be progressed within this financial year. |



PWYLLGOR CYLLID FINANCE COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Referral to Treatment Time (RTT) Financial Plan & Trajectory 2019/ 20 – Month 8 Update |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Andrew Carruthers, Director of Operations |
| SWYDDOG ADRODD: REPORTING OFFICER: | Keith Jones, Assistant Director of Acute Services |

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 paper provides the Finance Committee with progress to Month 8 (November 2019) in respect of the Financial Plan and planned expenditure trajectory to support Referral to Treatment (RTT), Diagnostic and Therapy Service waiting times delivery for 2019/20.

From Month 9 onwards, this report will also reflect financial performance in respect of externally delivered activity contracts commissioned from other Health Boards.

Cefndir / Background

For 2019/ 20, total funding provision of £6.95m had been made available to support overall delivery of RTT, Diagnostic and Therapy Service waiting times objectives. This is summarised below:

| RTT, Diagnostic & Therapy Waiting Times Expenditure Plan 2019/ 20 (£) | | | | |
|--|--|-----------|------------------|--|
| Provision within 2019/20 Annual Plan | Forecast Cost of Delivery | | 5,552,310 | |
| | Stage 1 additional activity | 719,052 | | |
| | Stage 2&3 additional activity | 60,000 | | |
| | Stage 4 additional activity | 3,690,258 | | |
| | Supporting investments | 1,083,000 | | |
| | Less Savings Target | | 1,400,000 | |
| | Sub Total | | 4,152,310 | |
| | Savings Plan Non-Delivery | | 500,000 | |
| | Risk of non-delivery of Orthopaedic savings target | 500,000 | | |

| | | | | |
|---|--------------------------------------|---|------------------------------|------------------|
| | Sub Total | | | 4,652,310 |
| Additional NHS Performance Fund Allocation | Sustainability: | Ophthalmology Dermatology | 100,000 234,662 | 334,662 |
| | New/ Emerging Delivery Risks: | Orthopaedics General Surgery Urology | 924,000 40,000 200,000 | 1,164,000 |
| | Enhanced Performance: | 32 week Stage 1 RTT maximum wait Delayed Follow-Ups Improvement Plan | 300,000 500,000 | 800,000 |
| | Sub-Total | | | 2,298,662 |
| | Total Allocation | | | 6,950,972 |

Asesiad / Assessment

RTT, Diagnostics & Therapy Service Delivery Financial Plan 2019/ 20 – Progress as at Month 8

A monthly tracker to monitor detailed progress against the Financial Plan has been jointly developed between the Planned Care Directorate and supporting Finance Team. Funding released up to Month 8 is based on actual invoices received together with accruals for planned activity not yet invoiced and contracts confirmed with external parties.

Progress to Month 8 (November 2019) in respect of the Financial Plan and planned expenditure trajectory is summarised below:

| RTT, Diagnostic & Therapy Waiting Times Expenditure Plan 2019/ 20 Month 8 | | | | | |
|--|----------------------------------|--------------------|---|--|------------------------------|
| | Delivery Element | Plan (£) | Expenditure Committed to Month 8 (£) | 2019/ 20 Forecast Expenditure (£) | Forecast Variance (£) |
| Provision within 2019/20 Annual Plan | Forecast Cost of Delivery | 4,652,310 | 3,226,200 | 4,652,310 | nil |
| Additional NHS Performance Fund Allocation | Sustainability: | | | | |
| | Ophthalmology Dermatology | 100,000 234,662 | 72,300 0 | 100,000 234,662 | 0 0 |

| | | | | | |
|--|--------------------------------------|------------------|------------------|------------------|------------------|
| | New/ Emerging Delivery Risks: | | | | |
| | Orthopaedics | 924,000 | 0 | 424,000 | (500,000) |
| | General Surgery | 40,000 | 0 | 40,000 | 0 |
| | Urology | 200,000 | 81,600 | 200,000 | 0 |
| | Enhanced Performance: | | | | |
| | 32 week Stage 1 | 300,000 | 0 | 300,000 | 0 |
| | Delayed Follow-Ups | 500,000 | 205,000 | 500,000 | 0 |
| | Total Allocation | 6,950,972 | 3,585,100 | 6,450,972 | (500,000) |

Activity to Month 8 demonstrates targeted expenditure, above core budgeted levels, of £3.58m (which includes contractual commitments of £205k to support additional validation capacity).

Based on current and future projected expenditure patterns, the total projected expenditure for 2019/ 20 against the overall financial plan is £6.45m.

RTT Performance

HDdUHB reported 564 36-week + breaches, as at the end of November 2019. The increase within the month reflects the impact of cancelled operations due to Unscheduled Care-related pressures and the norovirus outbreak at Prince Philip Hospital. Details by specialty are available in the latest Integrated Performance Assurance Report (IPAR). Delivery plans are in place to support achievement of zero 36-week breaches by March 2020, including recovery plans for those specialties where increased breaches were reported.

Argymhelliad / Recommendation

The Finance Committee is requested to note progress to Month 8 (November 2019) in respect of the Financial Plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy Service waiting times delivery for 2019/ 20.

As reflected above, from Month 9 onwards, this report will also reflect financial performance in respect of externally delivered activity contracts commissioned from other Health Boards.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y
Pwyllgor:

5.5.1 Undertaking detailed scrutiny of the organisation's overall:

- Monthly, quarterly and year-to-date financial performance

| | |
|--|---|
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | Not Applicable |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | 3.1 Safe and Clinically Effective Care |
| 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: Hyperlink to HDdUHB Well-being Statement | Support people to live active, happy and healthy lives |

| Gwybodaeth Ychwanegol: Further Information: | |
|---|--|
| Ar sail tystiolaeth: Evidence Base: | Paper reflects delivery plan in support of a key Welsh Government Tier 1 performance target. |
| Rhestr Termiau: 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: | Welsh Government Delivery Unit Planned Care Directorate |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|---|
| Ariannol / Gwerth am Arian: Financial / Service: | Outlined within the body of the report |
| Ansawdd / Gofal Claf: Quality / Patient Care: | Improved waiting times is a key component for patient experience and service quality. |
| Gweithlu: Workforce: | Outlined within the body of the report |
| Risg: Risk: | Outlined within the body of the report |

| | |
|------------------------------------|--|
| Cyfreithiol: Legal: | External outsourcing activity commissioned in accordance with NHS Wales Shared Services guidance and procedures. |
| Enw Da: Reputational: | Reduced waiting times impacts directly on HDdUHB's service and delivery reputation. |
| Gyfrinachedd: Privacy: | Not Applicable |
| Cydraddoldeb: Equality: | Paper reflects plans to reduce waiting times for all patients. |

Referral to Treatment (RTT), Diagnostic and Therapy Service Waiting Times
Funding 2019/ 20

For 2019/ 20, the total funding provision to support overall delivery of Referral to Treatment (RTT), Diagnostic and Therapy Service waiting times objectives has been released in two separate tranches:

Tranche 1 - Initial Delivery Plan (as reflected in Annual Plan 2019/ 20)

The initial Financial Plan (as reflected in the Health Board's Annual Plan for 2019/ 20) to support RTT, Diagnostics and Therapy Service delivery proposals for 2019/ 20, above core operational Directorate service-specific budgets is summarised as below:

| Total Forecast Cost of Delivery 2019/ 20 (as reflected in Annual Plan) | | |
|---|------------|-------------------|
| Stage 1 additional activity | £719,052 | |
| Stage 2&3 additional activity | £60,000 | |
| Stage 4 additional activity | £3,690,258 | |
| Sub Total | | £4,469,310 |
| Supporting investments | £1,083,000 | |
| Sub Total | | £1,083,000 |
| Total | | £5,552,310 |

In return, Hywel Dda University Health Board (HDdUHB) is required to deliver:

- RTT – zero 36 weeks + breaches
- Diagnostics – zero 8 week + breaches in all disciplines
- Therapies – zero 14 week + breaches

Unlike previous years, Welsh Government (WG) requested the HDdUHB to reflect the cost of delivery of these targets in the overall Annual Plan and supporting Financial Plan for 2019/ 20. The above sum has therefore been built into recurrent operational financial plans for 2019/ 20. However, this sum has held for monitoring purposes as a separate RTT, Diagnostics and Therapy Services reserve to be drawn down into individual service budgets as agreed costs are incurred, and is subject to a savings and efficiency and productivity improvement challenge in a similar manner to all operational budgets.

With specific regard to the RTT, Diagnostics and Therapy Service delivery plan for 2019/ 20, a savings target to the value of £1.4m has been applied spanning the following service areas:

- **Ophthalmology** – improvements to internal core capacity levels, which will reduce the dependency (and cost) of planned outsourcing via the private sector through Quarters 3 & 4 2019/ 20;
- **Orthopaedics** – proposals to further increase the volume of elective patients treated at Prince Philip Hospital and reduce forecast backfill and Waiting List Initiative (WLI) costs;
- **Other Specialities (including Breast Surgery)** – proposals to reduce operating costs for 2019/ 20.

The Orthopaedic (£500k) element of the above £1.4m savings is now considered to be at significant risk due to the need to mitigate separate risks associated with the temporary closure of orthopaedic theatre capacity at Withybush Hospital during the Summer period 2019.

Based on the above, the forecast cost of the RTT, Diagnostics and Therapy Service delivery proposals for 2019/ 20 (as outlined in the HDdUHB Annual Plan), is expected to be as follows:

| Forecast Delivery Plan Expenditure 2019/20 | £ |
|--|------------------|
| Forecast Cost of Delivery | 5,552,310 |
| Less Savings Target | 1,400,000 |
| Sub Total | 4,152,310 |
| Risk of non-delivery of Orthopaedic Savings Target | 500,000 |
| Total | 4,652,310 |

Tranche 2 - NHS Performance Fund

In June 2019, HDdUHB received confirmation that a total allocation of £5.8m from the NHS Wales Performance Fund was to be made available to HDdUHB to support the cost of delivery of RTT, Diagnostic and Therapy Service and delayed follow-ups Tier 1 targets for 2019/ 20, and to address the following additional priorities:

- Develop more sustainable solutions for Ophthalmology and Dermatology;
- Cover the closure of orthopaedic theatres at Withybush Hospital through extended working at Prince Philip Hospital;
- Address other service priorities and risks highlighted in discussion with WG, including achievement of a 32 week maximum waiting times target for all Stage 1 outpatients by March 2020;
- Deliver a reduction in delayed follow-ups, reflecting new improvement targets recently agreed by WG.

Following confirmed approval from WG of the HDdUHB delivery plans in respect of the supporting Delayed Follow-Ups Improvement Plan in August 2019, the latest Forecast Additional Expenditure Plan to address the above priorities is summarised in the table below:

| NHS Performance Fund – Additional Expenditure Plan 2019/ 20 (£) | | | |
|--|-------------------------------------|---------|------------------|
| Sustainability: | | | 334,662 |
| | Ophthalmology | 100,000 | |
| | Dermatology | 234,662 | |
| New/ Emerging Delivery Risks: | | | 1,164,000 |
| | Orthopaedics | 924,000 | |
| | General Surgery | 40,000 | |
| | Urology | 200,000 | |
| Enhanced Performance: | | | 800,000 |
| | 32 week Stage 1 RTT maximum wait | 300,000 | |
| | Delayed Follow-Ups Improvement Plan | 500,000 | |

| | | |
|--------------|--|------------------|
| Total | | 2,298,662 |
|--------------|--|------------------|

As reflected in the September 2019 Finance Committee report, whilst the above Forecast Expenditure Plan is subject to ongoing review, a forecast £3.5m has been released from the £5.8m Performance Fund allocation as a consequence of the level of RTT funding previously planned in the opening budgets for 2019/ 20.



PWYLLGOR CYLLID FINANCE COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Workforce Pay Controls – KPMG Grip and Control Action Plan Update and Establishment Control Project Update |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Lisa Gostling, Director of Workforce and Organisational Development |
| SWYDDOG ADRODD: REPORTING OFFICER: | Annmarie Thomas, Programme Lead for Medical Workforce Utilisation |

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 provides the Finance Committee with an outline of the KPMG Grip and Control work stream together with a progress update on agreed actions. The report also provides an update on the Establishment Control Project (ECP).

The Finance Committee is asked to note the progress against the KPMG Grip and Control Action Plan and the ECP.

At the previous Finance Committee meeting held on 26th November 2019, a request was made for the following information to be included in the content of the Action Plan, attached at Appendix 1.

- Financial savings estimated by KPMG for each recommendation;
- Financial savings estimated in the Invest to Save bid for the e-job planning implementation.

Cefndir / Background

KPMG Grip and Control Action Plan Update

KPMG were asked to assess the control environment operating in Hywel Dda University Health Board (HDdUHB) to identify areas for improvement.

Establishment Control Project Update

Establishment control is the formal process for matching information on funded posts on the General Ledger to the details of staff currently employed in those posts, as held on the Electronic Staff Record (ESR) system, which ultimately links to E-Rostering.

Asesiad / Assessment

KPMG Grip and Control Action Plan Update

The draft findings make a number of recommendations in respect of pay controls. Following a workshop held on 5th September 2019, attended by a range of key stakeholders, a number of

initial actions were developed to address the recommendations. An update of progress against the Action Plan is included at Appendix 1.

Establishment Control Project Update

A Task and Finish Group has been set up to review the Medical and Dental staff group variance between the Establishment Control Project (ECP) tool and TRAC. The coding elements within ESR, which allow the number of additional sessions paid to be easily identified and matched to job plans, will be reviewed.

KPMG are working with Workforce and Finance to develop various dashboards to assist with monitoring and reporting, including modifying the ECP Tool to allow for ease of reporting and to add a headcount tracker to provide increased visibility to changes in the workforce.

The rostering tool devised to monitor compliance against the Nurse Staffing Levels Act (Wales) 2016 to assist Senior Nurses monitoring the rostering of staff substantive/bank/agency has been circulated for comment before implementation by Senior Nurses to monitor compliance in the S25B wards.

Argymhelliad / Recommendation

The Finance Committee is asked to:

- note the progress against the KPMG Grip and Control Action Plan;
- note the progress against the Establishment Control Project.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

| | |
|--|---|
| Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor: | 4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern. |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | 735 (score 16) 646 (score 12) |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | 5. Timely Care 7. Staff and Resources |
| Amcanion Strategol y BIP: UHB Strategic Objectives: | All Strategic Objectives are applicable |

| | |
|--|---|
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Improve Population Health through prevention and early intervention |
|--|---|

| Gwybodaeth Ychwanegol: Further Information: | |
|---|--|
| Ar sail tystiolaeth: Evidence Base: | Monitoring returns to Welsh Government based on HDdUHB's financial reporting system. |
| Rhestr Termiau: 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) | |
|---|---|
| Ariannol / Gwerth am Arian: Financial / Service: | Financial implications are inherent within the report. |
| Ansawdd / Gofal Claf: Quality / Patient Care: | The impact on patient care will be assessed when each action is progressed. |
| Gweithlu: Workforce: | The report considers the financial implications of our workforce. |
| Risg: Risk: | Financial risks are detailed in the report. |
| Cyfreithiol: Legal: | HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year. |
| Enw Da: Reputational | Adverse variance against HDdUHB's financial plan will affect the reputation with Welsh Government, Wales Audit Office, and with external stakeholders. |
| Gyfrinachedd: Privacy: | Not applicable |
| Cydraddoldeb: Equality: | Not applicable |

Appendix 1

The Grip and Control Workshop held in September 2019 identified specific action plans to address the weaknesses described in KPMG's initial assessment.

Medical workforce controls

| Control area | 1.1 Acting down |
|---|--|
| Weakness to overcome | Consultants have been required to "act down" at 3 times their rate, which should only be the case if the SAS is unable to cover at short-notice. |
| Actions required | <ul style="list-style-type: none"> Analyse the data to ensure rates are not being mis-applied i.e. ensure consultants are not being paid at this rate for planned cover. Review the policy and test impact of changes. |
| Impact sought | Ensure proper procedures are followed and appropriate rates are paid. |
| Health Board Lead | Bethan Griffiths, Senior Medical Staffing Manager |
| Progress Update since workshop held on 5.9.19 | <p>Work is on-going with reviewing current practices across the Directorates and an analysis of the shifts where Consultants have acted down and identifying if terms and conditions have been applied consistently.</p> <p>Following this a paper will be presented to the Director of Operations, Medical Director and Director of W&OD in the first instance to explore the options for resolution and recommendations.</p> |
| Estimated Date for Completion | 31 st December 2019 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £0.1m |

| Control area | 1.2 Job plans |
|----------------------|--|
| Weakness to overcome | Inconsistencies within specialities and sites means resources are not being managed as effectively and efficiently as possible. Less than 10% of job plans are electronic. |
| Actions required | <ul style="list-style-type: none"> Create a review process carried out by a central team to ensure consistency across job plans. Enable electronic job planning across all teams. Include job planning as part of the revalidation process for medical staff to ensure compliance with job plans and increase productivity. |
| Impact sought | <ul style="list-style-type: none"> Improve the efficiency of job planning. |
| Health Board Lead | John Evans, Assistant Director – Medical Directorate |
| Progress Update | This action is now implemented - the e-job planning roll-out plans, trajectories for full completion by the 31 st March 2020 and joint workshops have been arranged and are currently underway. There has been an immediate impact in the areas covered to date. Job |

| | |
|---|---|
| | plans are being entered in real time and the MDT approach, inclusive of SDM, Support managers, Medical Directorate (Revalidation officer) and Workforce Manager is providing greater consistency and opportunity for efficiency/productivity. |
| Estimated Date for Completion | 31 st March 2020 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £1.0-2.0m |
| Financial savings predicted as set out in the invest to save bid. | £1,230,548 |

| Control area | 1.3 Rota Management |
|---|---|
| Weakness to overcome | Decentralised rota management system is a driver of high agency spend. No current database or alert process to inform medical staff of available shifts to cover rota gaps. No easy method for managers to access contact/rate information for medical staff. |
| Actions required | <p>1.3.1 Consider piloting a single rota for A&E across health boards to reduce significant agency spend.</p> <p>1.3.2 Assess the benefits of managing rotas centrally.</p> <p>1.3.3 Develop a database of medical staff to allow off site managers to access contact information and see previous rates paid.</p> |
| Impact sought | <ul style="list-style-type: none"> Ensure a cohesive approach to rota management. |
| Health Board Lead | <p>1.3.1 John Evans, Assistant Medical Director</p> <p>1.3.2 Bethan Griffiths, Senior Medical Workforce Manager</p> <p>1.3.3 Annmarie Thomas, Programme Lead for Medical Workforce Utilisation</p> |
| Progress Update since workshop held on 5.9.19 | <p>1.3.1 Single rota for A&E Conversations with the GM's and HD's at WGH and GGH have been had about the potential benefits for improved rota management and associated efficiencies within ED. This initiative has, however, been escalated further by the recent additional fragility in both the Consultant and Middle grade rotas at these two sites, resulting from recent reductions in substantive staff members. An Urgent Response Group has been created to respond to this additional fragility with a single rota proposal as one option being considered. This piece of work will continue within the A&E URG group.</p> <p>1.3.2 Centralised Rota Management / Electronic rostering system for M&D staff group It is recommended that this is a medium term objective. We are looking to upgrade our current nurse rostering system and we are currently focussing on e-job planning for the M&D staff group. These two programmes of work need to be the initial priorities.</p> <p>1.3.3</p> |

| | |
|-------------------------------------|---|
| | <p>Medical bank model to manage demand and supply for roster gaps Health Board representatives will shortly attend an NHS Wales workshop to look at options for Health Board, Regional or NHS Wales Medical Bank models.</p> <p>Rate Control Standardised Rate Card already implemented in October 2017. Any breaches of the rate card must be requested for approval by the Workforce Expenditure Control Panel.</p> |
| Estimated Date for Completion | <p>1.3.1 31st December 2019</p> <p>1.3.2 Timescales influenced by capacity linked to roll out of new rostering system for Nursing and implementing e-job planning successfully.</p> <p>1.3.3 Timescales influenced by NHS Wales work. Will need to reassess in the New Year. Discussion held with representative from WG who indicated that a workshop would be arranged for the New Year to assess baseline provision across NHS Wales and the options for collaborative working.</p> |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £1.0-2.0m |

| | |
|---|---|
| Control area | 1.4 Agency mileage |
| Weakness to overcome | Some of the medical agency are claiming mileage, however this should only be allowed for inter-site travel. |
| Actions required | <p>2 Check Medacs M1 report for any travel costs on a monthly basis.</p> <p>3 Use findings of Medacs report to undertake audit of high risk areas in order to identify any illegitimate agency mileage claims.</p> |
| Impact sought | <ul style="list-style-type: none"> Prevent future illegitimate expenses being paid. |
| Health Board Lead | Annmarie Thomas, Programme Lead for Medical Workforce Utilisation |
| Progress Update since workshop held on 5.9.19 | Data audited. One example of 'home to assignment' mileage claimed in error by Agency Worker and approved in error by the Authoriser of the timesheet. Error addressed and refund being processed. Guidelines for authorisers of timesheets re-issued to stress that only internal mileage from base site of assignment to another Health Board site can be claimed. |
| Estimated Date for Completion | 30.09.19 |
| Action Open or Closed | Closed |
| Financial Savings predicted by KPMG | N/a |

| | |
|---------------------|--------------------------|
| Control area | 1.5 Unpaid breaks |
|---------------------|--------------------------|

| | |
|---|---|
| Weakness to overcome | Unlike medical agency workers, rest breaks for internal doctors are not automatically deducted. Current controls surrounding rest breaks are able to be 'worked around' on timesheets. |
| Actions required | <ul style="list-style-type: none"> • Re-issue guidance note to explain the responsibility of time-sheet authorisers. • Review whether current time-sheet authorisers are appropriate for grip and control. • Consider introducing online timesheets for medical staff. • Issue letter to agencies explaining issues around unpaid breaks being paid and if this is invoiced to the Health Board they will be sent back for ratification. |
| Impact sought | <ul style="list-style-type: none"> • Improve accuracy of time recording. |
| Health Board Lead | Annmarie Thomas, Programme Lead for Medical Workforce Utilisation |
| Progress Update since workshop held on 5.9.19 | <p>The actions will be different depending on whether the finding relates to medical agency or internal ad hoc locum. Need clarity from KPMG.</p> <p>No action required if it relates to Medical Agency as rest breaks are deducted automatically using an electronic system for timesheet approval. If internal ad hoc locum this links to a much bigger piece of work of introducing a medical bank model and we would need a lot of capacity if we were to do this at pace this financial year. Further discussion needed linked to the vision for a Medical Bank Model and the pace of developments at NHS Wales level relating to this matter.</p> |
| Estimated Date for Completion | Timescales influenced by NHS Wales work. Will need to reassess in the New Year. Discussion held with representative from WG who indicated that a workshop would be arranged for the New Year to assess baseline provision across NHS Wales and the options for collaborative working. |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £0.05-0.10m |

| Control area | 1.6 Long term temporary staff |
|----------------------|--|
| Weakness to overcome | Medical staff recruitment and retention is a challenge for the Health Board. For the first 14 weeks of the year, there were 7 agency medical workers who worked in excess of 30 hours per week. Visibility regarding the extent to which locums are working regularly at the Health Board is limited. |
| Actions required | <ul style="list-style-type: none"> • Give ownership to consultants to have conversations re recruitment at conferences etc. • Introduce a 'refer a friend' scheme with financial incentive for participants. • Introduce a referral system between specialities/wards where if a candidate meets the application threshold but the position is filled, they are recruited through another area rather than being turned away. |
| Impact sought | <ul style="list-style-type: none"> • Increase recruitment numbers. |

| | |
|---|--|
| Health Board Lead | Annmarie Thomas, Programme Lead for Medical Workforce Utilisation |
| Progress Update since workshop held on 5.9.19 | <p>A) Meeting has taken place to improve tracking of the exit strategies for agency workers to include progress since last update and tracker against recruitment. Also have a vision for this to be presented at holding to account meetings with variable pay metrics for medical staffing due to the Urgent Response Group being disbanded. KMPG dashboard will include metrics on medical agency workers.</p> <p>B) Draft paper prepared on Refer A Friend scheme.</p> <p>C) Looking to pick up the issue relating to conference attendance through consultant study leave approval process and Medical Director newsletter.</p> |
| Estimated Date for Completion | 31.01.20 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £1.0-2.0m |

Nursing Agency controls

| Control area | 2.1 Agency booking process and control |
|----------------------|--|
| Weakness to overcome | Current controls allow senior sisters on wards to request agency cover without further checks and previous controls requiring Nursing Director signoff for Thornbury bookings have been removed. |
| Actions required | <ul style="list-style-type: none"> Letter to be sent to agencies addressing the limited access to agency on weekends. Review contracts with agencies to ensure the proper procurement process is being followed. Issue an e-mail to try and stop wards from circumventing the process by booking directly with the agency. Undertake a risk assessment of hours worked after 8pm (Bank Office Close). Tier the availability of shifts to Agency e.g. 12 week roster publication 4-12 weeks only permanent/Bank/Part Time staff can apply for the vacant shift under 4 weeks on contract agency notified. Discussions around block booking agreed when planned WTE not being fulfilled agreement 0-6 weeks authorised by Senior nurse 6-12 weeks authorised by head of nursing 12 weeks+ authorised by Nursing AD and Director. Pilot longer term rostering plans. |
| Impact sought | <ul style="list-style-type: none"> Reduce use of agency workers. |
| Health Board Lead | Dan Owen, Senior Workforce Manager – Bank & eRostering |
| Progress Update | Letter drafted with legal team for sign off before being sent – contract agencies being reviewed meeting with them – Email sent from nurse directorate around agency booking – currently undergoing bank opening time work – publication of shifts to 12 week long term goal – blocked booking process live from 16 th September. |

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| Progress Update | Letter to Agencies sent – 23/10/2019 Direct booking in GGH not allowed – other hospitals haven't changed Risk assessment still with Nursing to finalise. Tier – Trial with Richmond Agency block booking and cover requests ongoing. Block booking ahead with Heads of Nursing in all hospitals. Pilot Long Term Rostering – in line with allocate rollout. |
| Estimated Date for Completion | Completed |
| Action Open or Closed | Closed |
| Financial Savings predicted by KPMG | £1.0-2.0m |

| Control area | 2.2 Target reduction in Thornbury Usage |
|---|---|
| Weakness to overcome | A high number of agency shifts have been fulfilled by Thornbury, which typically charges double other agencies. |
| Actions required | <ul style="list-style-type: none"> No direct booking to be made with Thornbury, all request will be sent through bank office in hours with authorisation. Authorisation of Thornbury needs to be agreed by Assistant Director or Director of Nursing. On call Executive – provide Thornbury with authorisation list of Executives that can authorise Thornbury spend out of hours. Extend specialist roles to CDU as this would improve cover with bank and contract agency. Review policy on nursing staff returning as agency. Agreed 6 month ban to be managed through bank office with any issues discussed with heads of nursing. |
| Impact sought | <ul style="list-style-type: none"> Reduce cost of agency. |
| Health Board Lead | Dan Owen, Senior Workforce Manager – Bank & eRostering |
| Progress Update since workshop held on 5.9.19 | <p>CDU specialist role to be confirmed discussions with nursing directorate – Bans live around leavers from HB bank to agency 6 months.</p> <p>Direct booking stopped in Glangwili Hospital only.</p> <p>Large gap in CDU establishment – recruitment drive to support CDU.</p> |
| Estimated Date for Completion | 31 st March 2020 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £0.3-0.4m |

| Control area | 2.3 Health Care Support Worker (HCSW) agency |
|----------------------|--|
| Weakness to overcome | There were approximately 100 HSCW shifts worked to Month 3 this financial year, including 15 through Thornbury. |
| Actions required | <ul style="list-style-type: none"> Develop a mechanism in conjunction with Mental Health Directorate to utilise bank staff. Explore ways to promote bank recruitment for HCSW staff. HCSW agency requests to be approved by Director/Deputy Director of Nursing to discourage agency use. |

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|---|---|
| | <ul style="list-style-type: none"> Temporary ban on use of HCSW with Mental Health – discussions around level 4 assessments (action to monitor level 4 assessments). |
| Impact sought | <ul style="list-style-type: none"> Reduce use of agency. Promote use of bank staff. |
| Health Board Lead | Dan Owen, Senior Workforce Manager – Bank & eRostering |
| Progress Update since workshop held on 5.9.19 | Mental Health HCSW need level 4 training – spoken to recruitment team planning intake early 2020 – meantime offer to existing staff. |
| Progress | <p>Issues with Mental Health Recruitment – new plan for 2020/2021 to ensure HCSW for mental health prioritised for bank and then Level 4 RSI Training.</p> <p>Issue raised around communications – in contact with Comms team to look into settings up Facebook page for vacant shifts for HCSW.</p> <p>Plan discussed around need for mental specific HCSW recruitment – new plan for HCSW recruitment in 2020 in draft.</p> <p>Discussions around moving variable pay into substantive posts average FTE for bank cover for band 2's 12FTE per month since April (until end of November).</p> |
| Estimated Date for Completion | 31 st March 2020 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £0.01m |

| Control area | 2.4 Promote bank sign-up/usage |
|----------------------|--|
| Weakness to overcome | Sign-up of substantive nurse staff is low in comparison to other health providers. |
| Actions required | <ul style="list-style-type: none"> Training – linking with nursing. Advertise internally by writing out to all nurses. Consider moving from 'opt in' to 'opt out' for all nursing staff. Explore changes required to the roster system in order to promote bank usage. Invest to Save scheme with Welsh Government to procure system fit for purpose e.g. Allocate. Recruitment campaigns managed without WOD team. Letter to be drafted to all staff who do not currently work overtime and are not on the bank to offer them chance to sign up. Approach staff to join bank during induction – ensure process is easier for substantive staff – no additional interviews required etc... making it simple to join. |
| Impact sought | <ul style="list-style-type: none"> Reduce total agency use/cost. |
| Health Board Lead | Dan Owen, Senior Workforce Manager – Bank & eRostering |

| | |
|-------------------------------------|--|
| Progress Update | <p>Process changed for substantive nursing – now able to get secondary assignment within 72hrs working with recruitment and payroll – business case to support new roster system to improve bank functionality and ease of use.</p> <p>As at 3 December 2019 Allocate has been procured and contract signed waiting on final sign off to move to plan project – Opt out of bank discussed not viable at the moment – Letter drafted to all band 2 HCSW about bank.</p> <p>Facebook page plan drafted awaiting feedback from governance to go live.</p> |
| Estimated Date for Completion | 31 st March 2020 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | None provided but likely to be covered by the figures already stated for roster efficiency in other actions |

| Control area | 2.5 Overtime/additional hours |
|---|---|
| Weakness to overcome | Overtime bill is contributing significantly to the total staffing charge. |
| Actions required | <ul style="list-style-type: none"> • Use the establishment control tool that is in place to extract data relating to staff overtime. • Identify and inspect hot spot areas. |
| Impact sought | <ul style="list-style-type: none"> • Identify areas where overtime charges are high. |
| Health Board Lead | Dan Owen, Senior Workforce Manager – Nurse Bank & eRostering Annmarie Thomas, Programme Lead for Medical Workforce Utilisation – all other staff groups |
| Progress Update since workshop held on 5.9.19 | <p>Overtime breakdown provided weekly to all Senior Operational Managers.</p> <p>PMO team leading a review of overtime trends across all staff groups with a focus on alternative solutions.</p> |
| Estimated Date for Completion | 31 st March 2020 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £0.5-1.0m |

Nursing Rostering controls

| Control area | 3.1 Rostering |
|----------------------|--|
| Weakness to overcome | Over-establishment identified in wards based on a sample tested. |
| Actions required | <ul style="list-style-type: none"> • Explore whether it is possible to automate the rostering process. • Tracker to be shared with exec team around continual roll out of E-Roster to all wards. • Task and Finish group to submit / review / authorise all roster changes. |

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|-------------------------------------|--|
| | <ul style="list-style-type: none"> Abstraction tracking to be used to track correct allocation of planned and unplanned activity e.g. peak sickness/annual leave etc. Key roster issues to be factored into the HTA process. Guidelines required to ensure managers use the tools/reports available. Review moving the publication date from 6 weeks to 12 weeks with Assistant Director of Nursing. |
| Impact sought | <ul style="list-style-type: none"> Improve rostering efficiency. |
| Health Board Lead | Dan Owen, Senior Workforce Manager – Bank & eRostering |
| Progress Update | Demand and Capacity meeting to be arranged. |
| Estimated Date for Completion | Difficult to estimate a date as will run concurrently with the introduction of Allocate. |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £2.3-4.6m |

| Control area | 3.2 Rostering Policy |
|-------------------------------------|--|
| Weakness to overcome | Policy was last updated in 2015 and that a revised version has been in draft since mid-2018. |
| Actions required | <ul style="list-style-type: none"> Review the rostering policy to ensure that swapping shifts, TOIL etc. is clear. Create procedures for booking annual leave/ swapping shifts to support policy. Look into appendices to support specific staffing groups Nursing/Medic etc. |
| Impact sought | <ul style="list-style-type: none"> Improve rostering efficiency. |
| Health Board Lead | Dan Owen, Senior Workforce Manager – Bank & eRostering |
| Progress Update | Overarching policy to be reviewed with specific nursing appendix to provide guidance on efficient staffing of wards in line with nursing staffing levels in Wales. |
| Progress | Nursing Roster Guidance ready to be signed off and will then be complete. Overarching policy for Health Board in draft. |
| Estimated Date for Completion | 31 st March 2020 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | None provided but likely to be covered by the figures already stated for roster efficiency in other actions |

General workforce controls

| Control area | 4.1 Sickness |
|----------------------|---|
| Weakness to overcome | High sickness absence rate for 18/19 (4.86%) in comparison to other health providers has cost an estimated £12.6m. |
| Actions required | <ul style="list-style-type: none"> A formal review of sickness policy is already underway to focus on reducing sickness rates. |

| | |
|---|---|
| | <ul style="list-style-type: none"> Analyse non-ward based sickness levels by directorate and carry out checks on the top 'red' areas. Review sickness policy to ensure that there is no incentive for staff to take additional sick days i.e. ensure staff are not able to abuse the sickness policy. |
| Impact sought | <ul style="list-style-type: none"> Reduce sickness rates. Reduce cost of sickness absence. |
| Health Board Lead | Kim Warlow, Head of County Workforce (West) |
| Progress Update since workshop held on 5.9.19 | Focus to be on wellbeing with events being planned for early next year. Training is being rolled out to managers focusing on the compassionate leadership element. HDUHB continues to have the lowest sickness absence rates of the larger Health Boards. Sickness absence data regularly issued to directorates and discussed at holding to account meetings. Sickness absence data regularly reviewed at W&OD Sub-Committee meetings. |
| Estimated Date for Completion | A range of measures to support a reduction in sickness absence are in place on a rolling basis. |
| Action Open or Closed | Closed – action plans already in place to address this finding. |
| Financial Savings predicted by KPMG | £1.0-2.0m |

| Control area | 4.2 Staff overpayments |
|----------------------|--|
| Weakness to overcome | A weakness in controls over leavers has been identified with 154 instances of staff overpayments paid in 18/19. The current outstanding overpayment balance is £120k. |
| Actions required | <ul style="list-style-type: none"> Emphasis to be placed on individuals to inform ESR of their resignation. HR and payroll to be notified automatically when the request is placed by the individual and again when approved by the line manager. Use Workforce Control Panel (WCP) to map leaver resignation dates and feed the information to HR to improve the speed of recruitment. Analyse the data of the current overpayments to identify any trends that can be used to prevent future overpayments. Capture any instances where a line manager agrees a shorter notice period than contracted. Undertake a review of overpayment policy to identify whether overpayments are being paid back at the appropriate rate. Explore the benefits of invoicing for overpayments, ensuring that financial help in the form of a payment plan is clearly offered on any invoice requesting payment from an individual. |
| Impact sought | <ul style="list-style-type: none"> Claw back overpayments due. Prevent future leavers from receiving overpayments. |
| Health Board Lead | Michelle James, Head of Workforce Intelligence |
| Progress Update | A task and finish group has been set up and met 29 th November with representation from Finance, Payroll, ESR and Counter Fraud. |

| | |
|-------------------------------------|---|
| | <ul style="list-style-type: none"> • An All Wales overpayment policy is being developed, Payroll to link in to ensure the changes required to strengthen the process are included. • A resource pack to be developed to ensure all forms / links to forms are easily accessed, there is clear signposting and clarity around the termination process. • Communication to be sent to managers via the Global Email system and a manager's communication list to be developed comprising of managers with Manager Self Service (MSS) in ESR to allow reminders to be distributed. • Work is ongoing between Hywel Dda and NWSSP with developing electronic forms to roll out in March 2019, an issue has been identified with regard to the Health Boards roll out of Office 365. IT to be contacted to identify if this will impact the roll out of the electronic forms. • Overpayments are in future to be reported to the Directorate Performance Reviews to ensure there is increased accountability. |
| Estimated Date for Completion | 31 st January 2020 |
| Action Open or Closed | Open |
| Financial Savings predicted by KPMG | £0.2-0.5m |



PWYLLGOR CYLLID FINANCE COMMITTEE

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|--|---|
| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Update on All-Wales Capital Programme - 2019/20 Capital Resource Limit and Capital Financial Management |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Huw Thomas, Director of Finance |

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 update report is presented to the Finance Committee to note the Capital Resource Limit for 2019/20 expenditure allocations and profile, and to note the work being undertaken to manage the financial risks identified.

Cefndir / Background

Further to previous update reports to Finance Committee and the Capital, Estates and Information Management & Technology Sub-Committee (CEIM&TSC), this report provides the latest update on the Capital Resource Limit (CRL) for 2019/20.

Asesiad / Assessment

Capital Resource Limit 2019/20

The CRL for 2019/20 has been issued with the following allocations:

| Expenditure | £m |
|-----------------------------|---------------|
| All Wales Capital Programme | 29.943 |
| Discretionary Programme | 7.271 |
| Balance | 37.214 |

The All Wales Capital Programme (AWCP) schemes being funded in 2019/20 are:

- Bronglais Hospital Magnetic Resonance Imaging (MRI) Scanner
- Women and Children Phase II Scheme, Glangwili Hospital
- Cardigan Integrated Care Centre
- Aberaeron Integrated Care Centre
- Wards 9 and 10 Refurbishment, Withybush Hospital
- Fees for the development of the Cross Hands Integrated Care Centre Business Case
- Imaging Equipment

- Pharmacy Equipment
- Statutory Fire and Estates

Discretionary Capital Funding

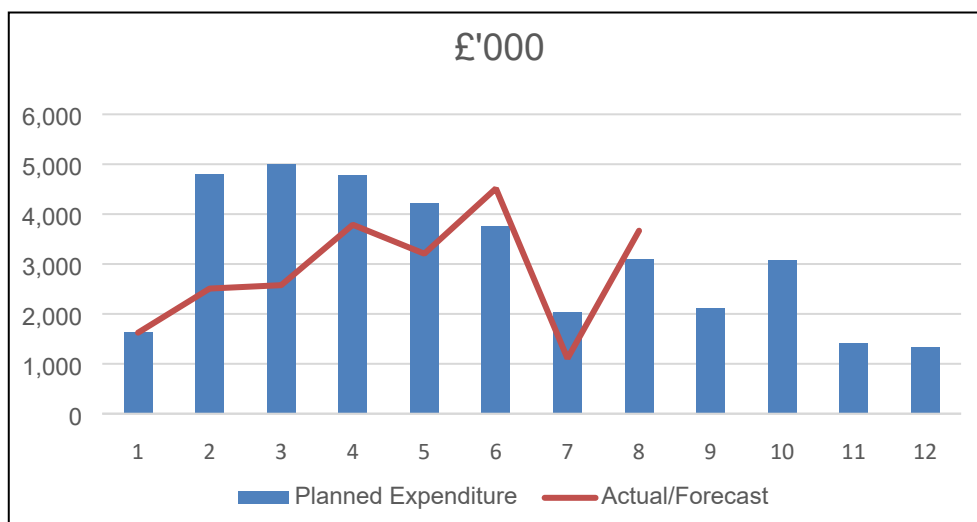
The following split of the discretionary allocation for 2019/20 will be discussed at the Business Planning and Performance Assurance Committee (BPPAC) on 17th December 2019.

| Expenditure | £m |
|---|--------------|
| AWCP Payback (Womens & Children) | 0.890 |
| Equipment | 1.778 |
| IM&T | 1.081 |
| Estates Infrastructure | 0.33 |
| Estates Statutory | 0.822 |
| Capital Support | 0.173 |
| Business Case Development | 0.470 |
| Contingency | 0.300 |
| Estates Development | 1.140 |
| Total Commitments | 6.984 |
| Capital Resource Limit Discretionary Capital Programme (DCP) | 7.271 |
| Plus: VAT recovery & accruals | 0.576 |
| Return of Cross Hands scheme fees | 0.165 |
| BGH MRI Sale Receipt | 0.023 |
| Imaging Slippage (AWCP) | 0.400 |
| Equipment DCP allocation not yet committed | 0.111 |
| Disposal Aberaeron Hospital | 0.110 |
| Cross Hands H&WBC slippage (AWCP) | 0.105 |
| Total available | 8.761 |
| Balance available for allocation | 1.775 |

Recommended priorities for the available balance for allocation are as follows:

| Recommended Priorities | 2019/20 |
|---|----------------|
| | £m |
| PPH decontamination washers (b/f from pre-commitments for 2020/21) | 0.400 |
| Contingency | 0.039 |
| Brynmair and Cwm Seren HIW refurbishments | 0.061 |
| Estates infrastructure (incl roof repairs) | 0.187 |
| Statutory Health and Safety | 0.300 |
| Stryker Equipment | 0.152 |
| Endoscopy stack system for WGH | 0.093 |
| Ophthalmology field analysers x2, Glangwili and Bronglais Hospitals | 0.065 |
| Hysteroscope x 4, Withybush Hospital | 0.032 |
| Colposcopy scope | 0.015 |
| CTG scanners x 2 | 0.026 |
| Block 8 moves | 0.150 |
| Replacement PC / laptop stock | 0.075 |
| Endoscopy system | 0.168 |
| Total | 1.763 |

The expenditure profile for 2019/20 is shown below:



The variance reported against the planned expenditure profile is mainly attributable to a lower level of expenditure than anticipated on the AWCP Schemes, both on Cardigan and Women and Children's Phase II.

Hywel Dda University Health Board's (HDdUHB's) cost advisors have advised of a scheme underspend of £576k for Cardigan.

The expected scheme slippage for Women & Children's Phase II in 2019/20, based on updated schedules of works provided by the supply chain partner and scrutinised by HDdUHB's cost advisors and signed off by the Project Group is £3.0m. This re-profiling of expenditure between financial years is due to a delay in the completion of the first phase of works. Significant work has recently been undertaken by the Health Board's Project Manager, Cost Advisor and Supply Chain partner to review sub-contractor forecasts of work packages to be delivered by 31st March 2020 to ensure that the profile of expenditure is robust and realistic. This reduction in expenditure has been reported to WG and has been reflected in an in year adjustment to the CRL.

The discretionary capital profile will continue to be reviewed with Estates, Information Management & Technology (IM&T), and the Deputy Director of Operations.

Expenditure against the £37.214m allocation as at the end of Month 8 was £22.991m. This equates to expenditure of 36.24% of the Discretionary Capital Programme allocation and 67.61% of the All Wales Capital Allocation.

Financial Risks

During 2019/20, the quarterly reviews of resource usage profiles are being undertaken with the cost advisors on the AWCP schemes and regular updates are being provided for WG and NHS Wales Shared Services Partnership (NWSSP) on scheme progress. This process has identified the financial re-profiling requirement on Women and Children's Phase II as a result of the physical resequencing of works.

Interserve update

Further guidance was issued by the Cabinet Office regarding Interserve on the 15th November 2019. The detailed briefing is attached at Appendix 1 of this report.

The contractor has handed over the Cardigan Scheme and is progressing with delivery of the Women and Children's Phase II. HDdUHB continues to receive regular Dun and Bradstreet (D&B) credit rating reports from NHS Wales Shared Services Partnership (NWSSP) - Specialist Estates Services. In the previous reports issued, the following was reported:

The Finance Committee, along with the CEIM&TSC, will be provided with any update in the company status.

International Financial Reporting Standard 16 Update

International Financial Reporting Standard (IFRS) 16 leases supersedes International Accounting Standards (IAS) 17 leases and is effective in the public sector from 1 April 2020. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise right-of-use assets and liabilities for leases with a term of more than 12 months unless the underlying asset is of low value. Detailed work has been undertaken to identify all contracts which may contain leases and estimations have been made of the impact on the Balance Sheet as of 1st April 2020 along with the impact on depreciation charges.

Due to their complex nature, further work is being undertaken in conjunction with other Health Boards on the treatment and impact of the Picture Archiving Communication System (PACS) contract and General Practice Information Management & Technology (IM&T) contract. Valuations on peppercorn leases are expected from the District Valuer.

Further guidance is expected from Welsh Government (WG) with regards to the budgeting treatment of IFRS 16. Further returns on the impact of IFRS 16 are expected to be submitted to WG by February 2020.

Argymhelliad / Recommendation

The Finance Committee is requested to:

- Note the Capital Resource Limit for 2019/20 together with expenditure allocations and profile;
- Note the work being undertaken to manage the financial risks identified.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

| | |
|--|--|
| 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. 5.13 Provide assurance to the Board that arrangements for Capital, Estates and IM&T are robust. |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | Capital priorities included within service risk registers. Risk 624 - Ability to maintain and address backlog maintenance and develop infrastructure to support long term strategic objectives – 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: | <p>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.</p> <p>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</p> |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | <p>Improve efficiency and quality of services through collaboration with people, communities and partners</p> <p>All business cases for capital investment require alignment to HDdUHB's Well-being Objectives where applicable</p> |

| Gwybodaeth Ychwanegol: Further Information: | |
|--|--|
| Ar sail tystiolaeth: Evidence Base: | Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance. |
| Rhestr Termiau: 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: | Capital Monitoring Forum Capital Planning Group Individual Project Boards of Capital Schemes Welsh Government Capital Review Meeting Capital, Estates and IM&T Sub-Committee |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|--|
| Ariannol / Gwerth am Arian: Financial / Service: | Capital values noted within the report. Included within individual business cases and Capital prioritisation process. |
| Ansawdd / Gofal Claf: Quality / Patient Care: | Included within individual business cases and Capital prioritisation process |
| Gweithlu: Workforce: | Included within individual business cases and Capital prioritisation process |
| Risg: Risk: | Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB |

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|------------------------------------|---|
| Cyfreithiol: Legal: | Included within individual business cases and Capital prioritisation process |
| Enw Da: Reputational: | Included within individual business cases and Capital prioritisation process |
| Gyfrinachedd: Privacy: | Included within individual business cases and Capital prioritisation process |
| Cydraddoldeb: Equality: | Equality assessments are included within individual business cases and Capital prioritisation process when required |



PWYLLGOR CYLLID FINANCE COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Contracts Update |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Shaun Ayres, Assistant Director of Value Based Contracting |

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Gwybodaeth/For Information

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This report provides the Finance Committee with the Month 8 current and forecast position in relation to Long Term Agreements (LTA's). The report, attached at Appendix 1, highlights the key drivers of expenditure and activity within the LTAs.

The Committee is asked to note the report and the steps being taken to mitigate the financial risk in the LTAs.

Cefndir / Background

There are significant opportunities to improve the governance around how additional investments are ratified within the LTAs. LTA expenditure is increasing year on year and poses a significant risk to Hywel Dda University Health Board's (HDdUHB) financial control total

The Finance Committee needs to be fully abreast and sighted on any material changes affecting the increase in external spend and briefed on external contracts.

Asesiad / Assessment

The financial over-spend is predominantly driven within Swansea Bay University Health Board (SBUHB). Critical Care, Neurology and High Cost Drugs are the key drivers of expenditure within SBUHB.

For Cardiff and Vale University Health Board (CVUHB) the key drivers remain high cost drugs and Critical Care, which have decreased compared to Month 7, however an improvement in the financial position is reported due to Orthopaedic activity falling below plan

Welsh Health Specialised Services Commission (WHSSC) is financially under-plan mainly due to the release of reserves.

Argymhelliad / Recommendation

The Committee is asked to note the report and the steps being taken to mitigate the financial risk in the LTAs.

| Amcanion: (rhaid cwblhau) Objectives: (must be completed) | |
|--|---|
| Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor: | 5.5.9 Commissioning regular reviews of key contracts, suppliers and partners to ensure they continue to deliver value for money |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | Not Applicable |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | Governance, Leadership and Accountability |
| 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. |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Improve Population Health through prevention and early intervention |

| Gwybodaeth Ychwanegol: Further Information: | |
|---|---|
| Ar sail tystiolaeth: Evidence Base: | Report, attached at Appendix 1 |
| Rhestr Termiau: 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: | This report goes to Finance Committee and Business, Planning and Performance Assurance Committee. |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|---|
| Ariannol / Gwerth am Arian: Financial / Service: | The year to date position is £355k above the financial plan |

| | |
|--|---|
| Ansawdd / Gofal Claf: Quality / Patient Care: | Not Applicable |
| Gweithlu: Workforce: | Not Applicable |
| Risg: Risk: | Included within the report |
| Cyfreithiol: Legal: | Not Applicable |
| Enw Da: Reputational: | Possible impact upon relationship with Swansea Bay University Health Board (SBUHB) and Cardiff and Vale University Health Board (CVUHB) |
| Gyfrinachedd: Privacy: | Not Applicable |
| Cydraddoldeb: Equality: | Not Applicable |

Appendix 1

Staff and Resources – NHS external providers – direct patient care

Lead Committee: IPAC

Executive Lead: Huw Thomas

Senior Responsible Officer: Shaun Ayres

Latest data

Month 8 - Current and Forecast Position – Financial Position – All Providers

| Direct Patient Care Summary | Annual Budget | M8 YTD Budget | YTD Expenditure | YTD Variance |
|------------------------------------|----------------|---------------|-----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Swansea Bay | 33,004 | 22,003 | 22,531 | 528 |
| Cardiff & Vale | 5,270 | 3,513 | 3,656 | 143 |
| WHSSC - Specialised Services | 72,091 | 48,061 | 47,341 | (720) |
| WHSSC - EASC | 22,596 | 15,064 | 15,064 | 0 |
| Aneurin Bevan | 266 | 178 | 186 | 8 |
| Betsi Cadwaladr | 271 | 181 | 151 | (30) |
| Cwm Taf | 451 | 301 | 299 | (2) |
| Powys | 182 | 121 | 125 | 4 |
| Velindre | 964 | 642 | 610 | (32) |
| Welsh Ambulance | 1,080 | 720 | 720 | (0) |
| Public Health Wales | 60 | 40 | 40 | 0 |
| Other UK NHS Trusts | 930 | 760 | 1,099 | 339 |
| NCA | 812 | 541 | 634 | 93 |
| IPC | 650 | 433 | 458 | 25 |
| TOTAL - Direct Patient Care | 138,628 | 92,559 | 92,914 | 355 |

Swansea Bay:

- Swansea Bay as of Month 7 is above the contract plan to the sum of £190,649, £133,455 after the marginal rate is applied. This is a step change between months of £195,833 at marginal cost. The key drivers are Critical Care, Cardiology, Neurology, Vascular Surgery and Spinal Surgery
- The additional cost pressures remain within High Cost Drugs leading to a total spend above planned amounts of £528k.
- Swansea Bay is still forecasted to be the highest contract overspend in 19/20

Cardiff and the Vale:

- Cardiff and Vale year to date position is above the financial plan by £143k. This is an improvement of £63k compared to the month 7 report. This is due to activity being below plan in Orthopaedics, the general LTA and a reduction in Adult Critical Care utilisation.
- HIV activity is above the YTD plan, this run rate is forecasted to continue for the remainder of 19/20
- As at Month 7 High Cost Drugs are £80,000 above the financial plan
- Haematology day-cases remain above plan by 2540%. However, this area is to be re-modelled as part of the 20/21 LTA, as the run rate has been consistently high for several years.

Welsh Health Specialist Services Committee

- The forecast position includes £473,000 of Non-Recurrent reserve releases related to 18/19
- £324,000 is related to slippage from developments
- Excluding the reserves and developments slippage, this approximates to a position on plan at year-end for HDdUHB across the main portfolio of services. This is with a forecast £174,000 over plan position with Welsh providers balanced off by a £175,000 under planned spend from out of area Mental Health services. All other areas are broadly breakeven cumulatively. As at Month 8 the cumulative position against the WHSSC budget stands at £720,000 under plan with a forecast spend under plan of £542,000 at year end.

Table A : Current and Forecast Position: Activity (to Month 07 2019/20)

| Organisation | Agreed Activity | Activity to Month 7 | Actual Activity | Variance |
|-------------------------|-----------------|---------------------|-----------------|-------------|
| Swansea Bay | | | | |
| Elective Inpatients | 1,316 | 768 | 633 | (135) |
| Emergency Inpatients | 3,116 | 1,818 | 1,878 | 60 |
| <i>Total Inpatients</i> | <i>4,432</i> | <i>2,585</i> | <i>2,511</i> | <i>(74)</i> |
| Day Cases | 2,035 | 1,187 | 1,260 | 73 |
| Regular Day Attendances | 1,123 | 655 | 429 | (226) |
| Outpatient Procedures | 2,340 | 1,365 | 2,215 | 850 |

Appendix 1

| | | | | |
|-------------------------------|---------------|---------------|---------------|--------------|
| Total Outpatients | 28,738 | 16,764 | 16,628 | (136) |
| Other | 25,306 | 14,761 | 15,084 | 323 |
| Total Activity | 62,073 | 36,208 | 36,520 | 312 |
| Cardiff & the Vale | | | | |
| Elective Inpatients | 348 | 203 | 161 | (42) |
| Emergency Inpatients | 324 | 189 | 154 | (35) |
| <i>Total Inpatients</i> | <i>672</i> | <i>392</i> | <i>315</i> | <i>(77)</i> |
| Day Cases | 300 | 175 | 56 | (154) |
| Regular Day Attendances | 48 | 28 | 283 | 255 |
| New Outpatients | 1,152 | 672 | 582 | (90) |
| Follow Up Outpatients | 3,864 | 2,254 | 2,043 | (211) |
| Outpatient Procedures | 168 | 98 | 69 | (29) |
| Total Outpatients | 5,184 | 3,024 | 2,694 | (330) |
| Orthopaedics | 255 | 149 | 96 | (53) |
| Mental Health Daycare | 36 | 21 | | (21) |
| Mental Health Beddays | | | 153 | 153 |
| Total Activity | 6,495 | 3,789 | 3,444 | (380) |

What are the challenges?

- The information contained within this report is based upon Month 7 2019/20 for activity and Month 8 for the financial position. The LTA Activity is currently showing activity below plan but given some budget shortfalls and additional requirements for NICE or High Cost Drugs, there is a current year-end forecast deficit position of **£1.070 m** at November 2019.

What is being done?

- Regular communications with WHSSC to understand the potential future impact of the Risk Sharing Arrangements for the services managed on the Health Board's behalf;
- Regular LTA meetings with Providers to review activity, resolve any capacity or service issues and to develop better working relationships;
- Working with Swansea Bay to get real time data analytics for Mental Health and Neurology.
- More detailed analysis of the NICE/High Cost Drug costs at

Swansea Bay, Cardiff & Vale and Velindre.

- Greater liaison with the Referral Management Centre in respect of Individual Patient Funding Requests.
- Validation of LTA performance activity and Non Commissioned Activity (NCA) invoices backing information to identify and challenge inappropriate charges.
- Reviewing Minimum Data Sets to ensure accuracy of coding

When can we expect improvement and by how much?

Direct patient care is closely monitored by both the Health Board and the providers under the LTA contract mechanisms, which regulate costs and service developments. In order to achieve any significant reductions in costs over and above what has already been achieved, there needs to be a significant reduction in referrals to out of area providers. To deliver this, a fundamental review of the referral processes is needed in collaboration with the Referral Management Centre, Primary and Secondary Care Clinicians.



PWYLLGOR CYLLID FINANCE COMMITTEE

| | |
|--|--|
| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Development of a Locality Resource Tool as part of the Intelligence and Value Strategy |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Mark Bowling, Assistant Director of Finance |

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The conversation around Value Based Health Care (VBHC), as both a concept and practical way of working, has grown in recent years. Organisations, including Hywel Dda University Health Board (HDdUHB), and countries, including Wales, grapple with what this means for their population and services, and how to effectively implement.

As part of HDdUHB's local and regional development of VBHC, an Intelligence and Value Strategy for the finance team was developed and presented to the June 2019 Finance Committee meeting. Progress since has focused upon education and the practical development of supporting tools and techniques to deliver this strategy.

VBHC requires fresh perspectives that complement traditional functionally and departmentally focused management information. Programme Budgeting data has been in place for decades and offers a condition based perspective of the organisation. However, in its own right, particularly as a broad measure of expenditure and only being expressed financially, this data has been of limited practical use across the UK. It has been proposed that, through combining with other data, to begin allocating this expenditure to GP practices, clusters and localities. Support from the Financial Delivery Unit (FDU) is being provided to develop a pilot model.

The accompanying presentation, attached at Appendix 1, provides an overview of progress in developing a condition based perspective of expenditure at GP cluster and locality levels. The Committee is asked to note and comment upon progress.

Cefndir / Background

The concept of VBHC is based upon the following:

- Bevan Commission: development of prudent healthcare since 2013
- Welsh Government: Healthier Wales: our Plan for Health and Social Care 2018. Specifically one of the quadruple aims: higher value health and social care

This strategy seeks to support:

- HDdUHB's own strategy: A Healthier Mid and West Wales, Our Future Generations Living Well
The local VBHC Group (HDdUHB) as well as a regional partnership with Swansea Bay University Health Board (SBUHB), established through Welsh Government funding to develop VBHC.

Asesiad / Assessment

National strategy generates expectation of local and regional progress in implementing VBHC, representing a key organisational risk if progress is not made.

HDdUHB's VBHC strategy was agreed by Executive Team in November 2018. A VBHC Group was established in January 2019 and chaired by the Medical Director and Director of Clinical Strategy. The finance team are represented amongst the membership of this Group. In common with many other organisations, nationally and internationally, HDdUHB is at a relatively early stage in exploring and implementing VBHC.

This strategy is designed to outline the journey and key components towards developing the necessary skills in research and application of Business Intelligence and VBHC, within the finance team to more widely supporting effective VBHC delivery across HDdUHB.

Argymhelliad / Recommendation

The Committee is asked to consider and comment upon the progress and proposed further development of a Locality Resource Tool.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

| | |
|--|--|
| Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor: | 5.5.2 Receiving assurances in respect of directorate performance against annual budgets, capital plans and the cost improvement programme and innovation and productivity plans. |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | Not Applicable |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | 3.1 Safe and Clinically Effective Care 3.3 Quality Improvement, Research and Innovation 7. Staff and Resources |
| 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. |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Improve Population Health through prevention and early intervention Improve efficiency and quality of services through collaboration with people, communities and partners Develop a sustainable skilled workforce |

Gwybodaeth Ychwanegol:

| Further Information: | |
|---|--|
| Ar sail tystiolaeth: Evidence Base: | Prudent Healthcare, Bevan Commission Welsh Government VBHC, Profs Tiesberg, Porter and Kaplan (USA) Triple Value and Programme Budgeting, Prof Sir Muir Gray (UK) Programme Budgeting, Dr Peter Brambleby |
| Rhestr Termiau: 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: | Senior levels of finance team, 8C and above, both in person and in writing. Colleagues formally now appointed into the VBHC programme for HDdUHB. |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|---|
| Ariannol / Gwerth am Arian: Financial / Service: | As an overview of a strategic intent, there is no expected separable impact in and of itself |
| Ansawdd / Gofal Claf: Quality / Patient Care: | As an overview of a strategic intent, there is no expected separable impact in and of itself |
| Gweithlu: Workforce: | As an overview of a strategic intent, there is no expected separable impact in and of itself |
| Risg: Risk: | As an overview of a strategic intent, there is no expected separable impact in and of itself |
| Cyfreithiol: Legal: | As an overview of a strategic intent, there is no expected separable impact in and of itself |
| Enw Da: Reputational: | As an overview of a strategic intent, there is no expected separable impact in and of itself. However HDdUHB failure to demonstrate progress in VBHC may harm its reputation with Welsh Government. |
| Gyfrinachedd: Privacy: | As an overview of a strategic intent, there is no expected separable impact in and of itself |
| Cydraddoldeb: Equality: | As an overview of a strategic intent, there is no expected separable impact in and of itself |

Creating a condition, locality and allocatively focused perspective of spend for Hywel Dda UHB

Presentation to Finance Committee

19th Dec 2019

Mark Bowling

Assistant Director of Finance

Hywel Dda University Health
Board

Lisa Powell

Head of Business Intelligence

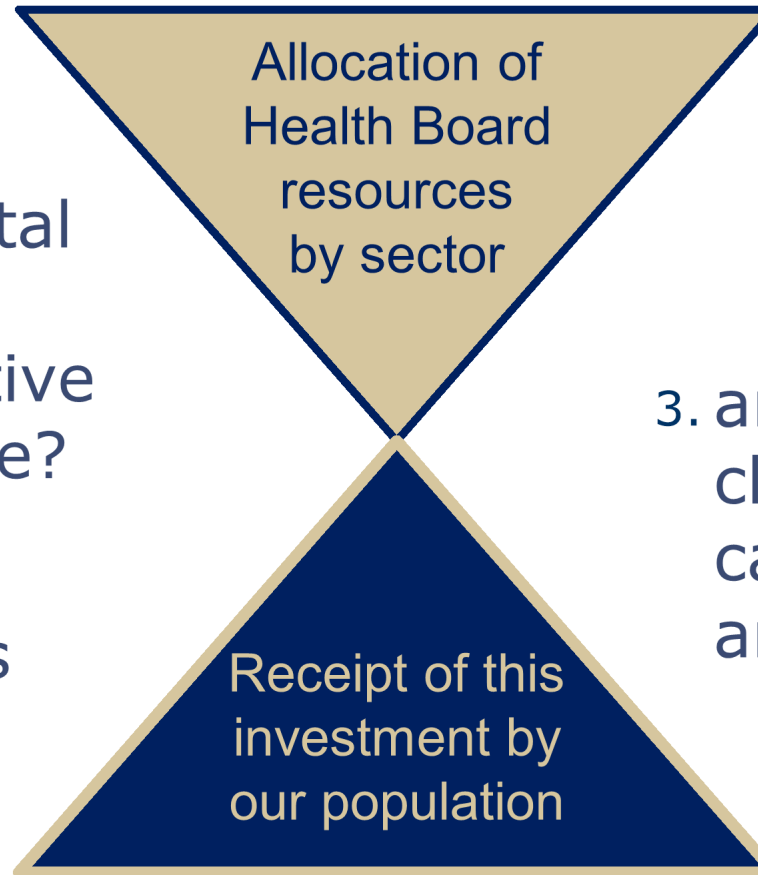
Finance Delivery Unit

The Broad Concept

The challenge – produce a fresh and different perspective of resource use within the organisation.

Three specific challenges:

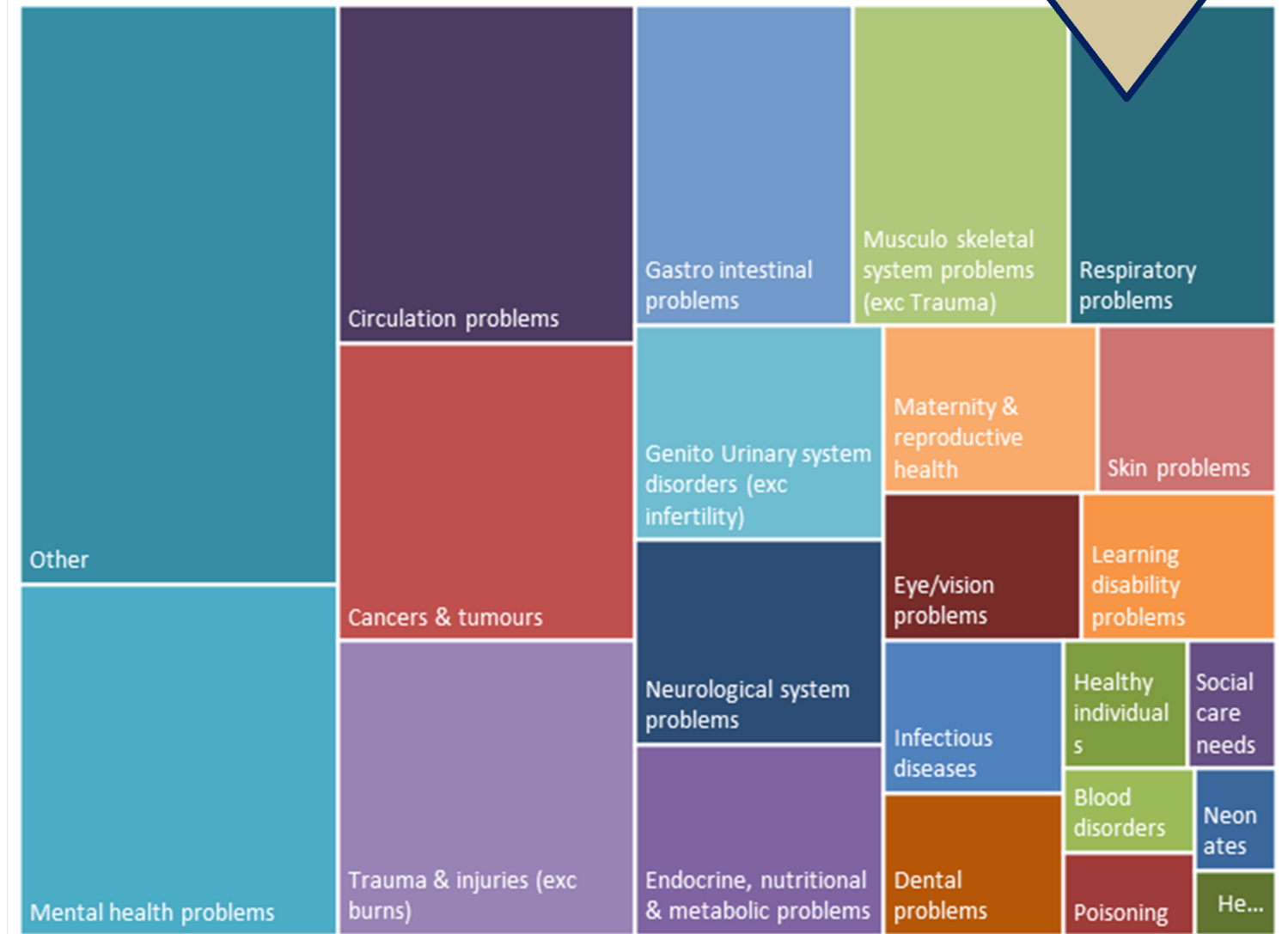
1. (*top*) To move from a functional, departmental and specialty focused management perspective – what else can we use?
2. (*bottom*) Look at the distribution of services across our population



3. and connect them, so clinicians and managers can start from either and look into the other

Programme Budgeting exists, a starting point

- Produced annually
- Takes a 'commissioner' perspective of the Health Board
- Also a condition perspective (23)
- Only reports the expenditure
- A limited depth of information
- Our latest return



Draft 2018 / 19



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University Health Board

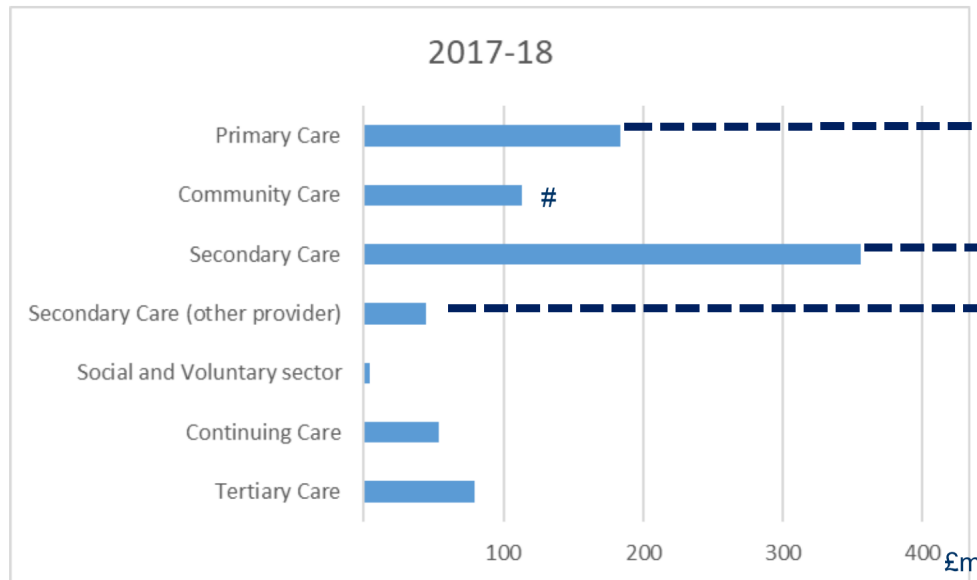


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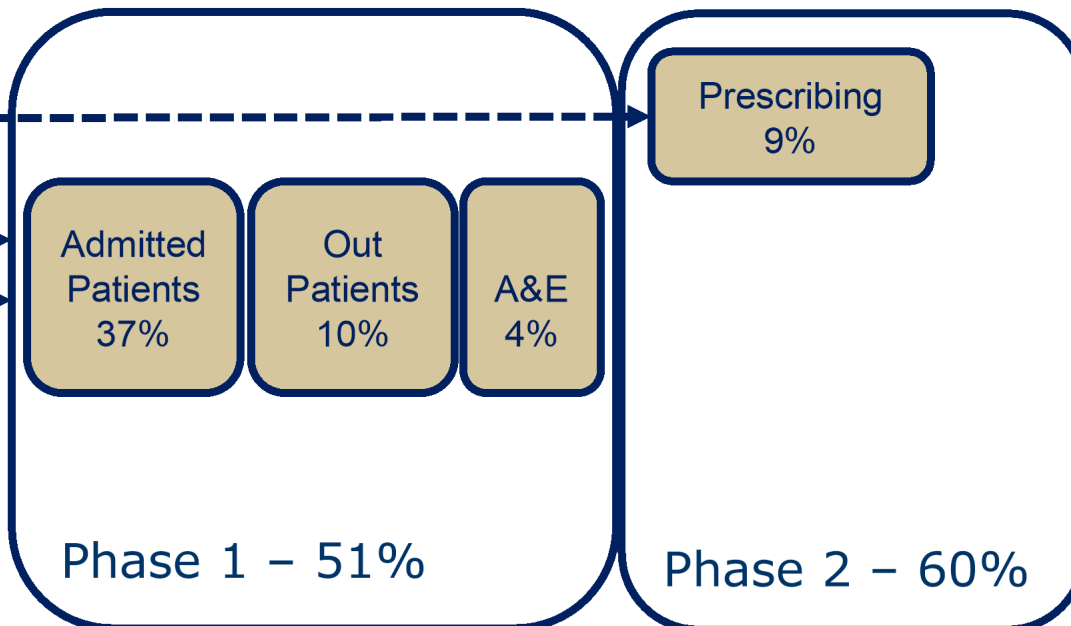
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Uned Gyflawni Cyllid

Allocation of Health Board resources by sector

- From condition we can trace back to source of the expenditure.
- However limited ability to usefully analyse some aspects at present.
- For this (externally supported) pilot two phases:
 1. Use available secondary care data or methods
 2. Use existing prescribing analysis for part of primary care



Manual adjustment of HDd provision from secondary care figure



Community
14%

GP
13%

CHC
6%

*Activity
will be a
key barrier*

Phase 3
- tba



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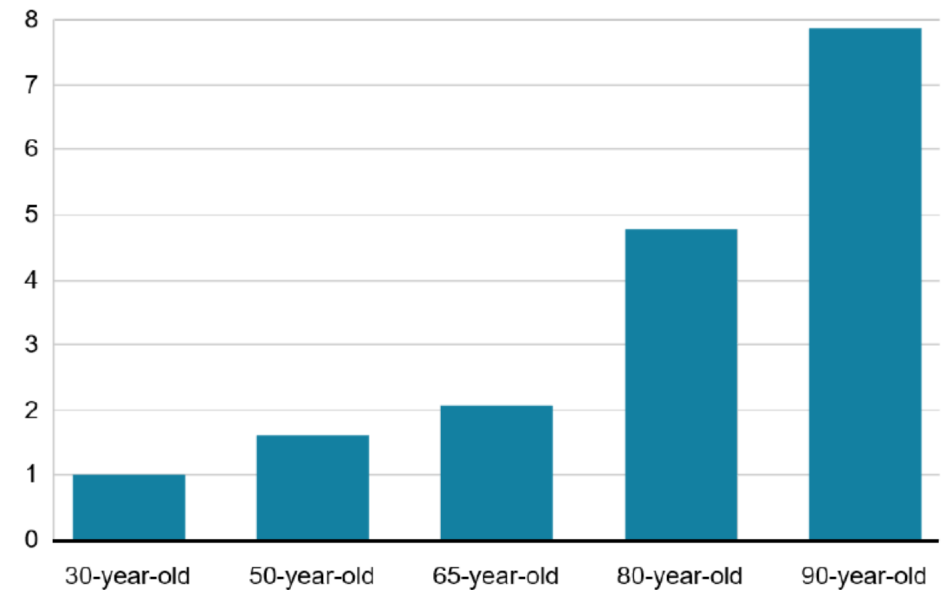
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Uned Gyflawni Cyllid

Our Approach to then allocate to Localities

- However Programme Budgeting does not include activity, so need a way to standardise and compare:
 - Registered population a natural choice (per 10K population).
 - the dimension of age (band) also introduced as a factor of relative resource use.
 - Utilising registered practice, but also summarise to GP Cluster 'locality' level (7) and geographic 'local authority' level (3).
- Recognising that this takes a commissioning perspective, all Hywel Dda Residents regardless of HB providing treatment.

Relative cost of treating a 90-year-old compared to a 30-year-old

Relative cost in £



Source: Institute for Fiscal Studies

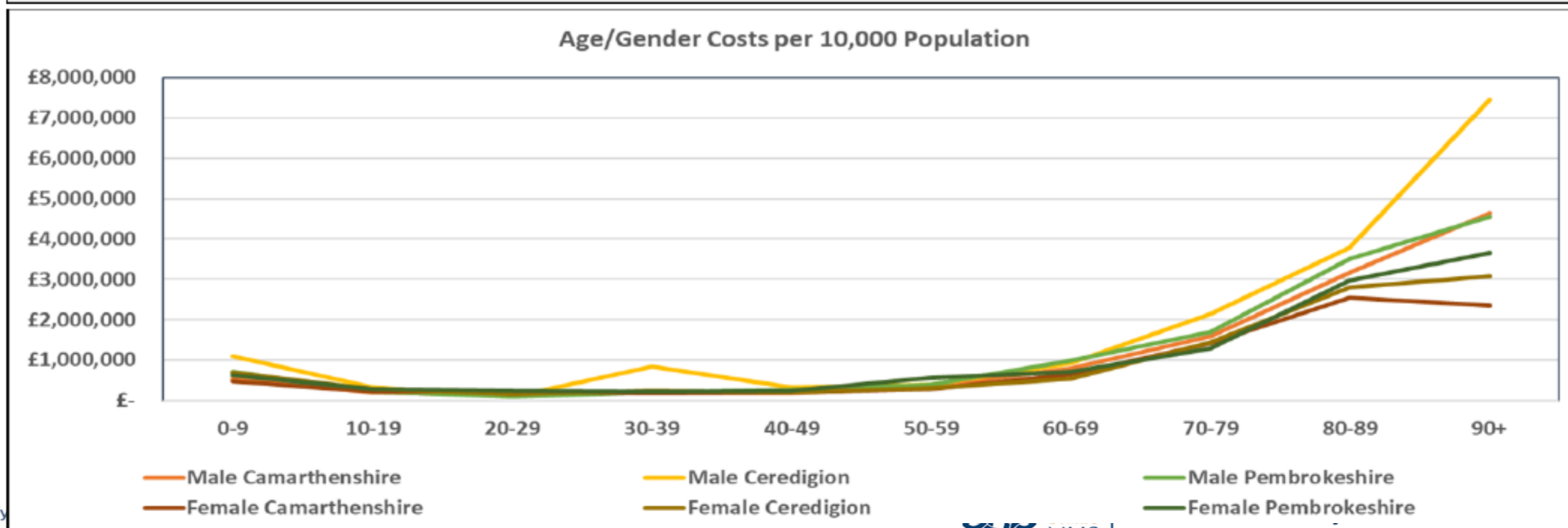
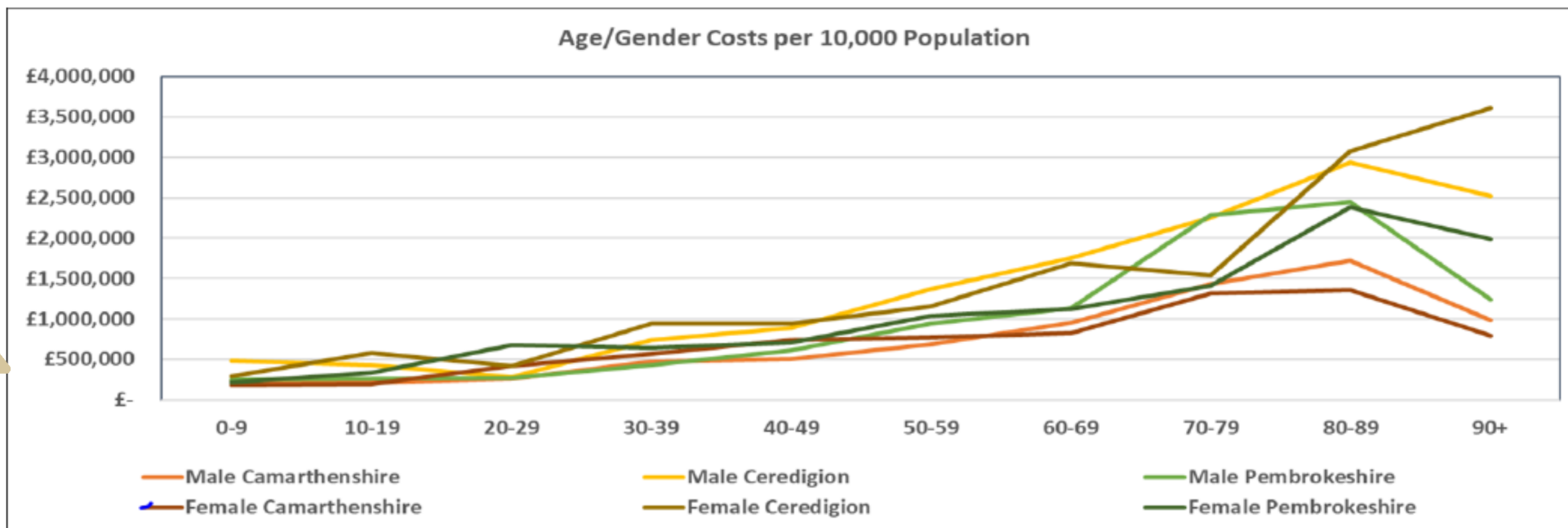
BBC

source "11 charts on why the NHS matters in this election" BBC News, 05/11/2019

Spend by Age Band

Gastro Intestinal Conditions →

Respiratory Conditions →



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Receipt of this investment by our population

Using Respiratory examples

- Phase 1, so secondary care data only, but all providers →
- Analysis utilises:
 - Registered Practice to summarise to cluster or locality →
 - Age bands & Sex
 - Registered & Resident populations

| Provider Expenditure | | |
|----------------------|-------|------------|
| Health Board | Value | |
| ABUHB | £ | 13,367 |
| ABMUHB | £ | 1,556,480 |
| BCUHB | £ | 8,740 |
| CVUHB | £ | 694,339 |
| CTUHB | £ | 11,565 |
| HDUHB | £ | 28,107,299 |
| PTHB | £ | 2,530 |
| RQF | £ | 122 |

| Clusters | Total | Expenditure per 10,000 Population |
|---------------------|-------------|-----------------------------------|
| Amman/Gwendraeth | £ 4,060,763 | £ 677,166 |
| Llanelli | £ 4,990,152 | £ 806,385 |
| North Ceredigion | £ 3,205,087 | £ 678,699 |
| North Pembrokeshire | £ 5,294,980 | £ 805,112 |
| South Ceredigion | £ 2,905,078 | £ 631,910 |
| South Pembrokeshire | £ 4,277,968 | £ 786,941 |
| Taf / Tywi | £ 3,997,844 | £ 681,656 |
| Non-HD Clusters | £ 1,662,569 | N/A |



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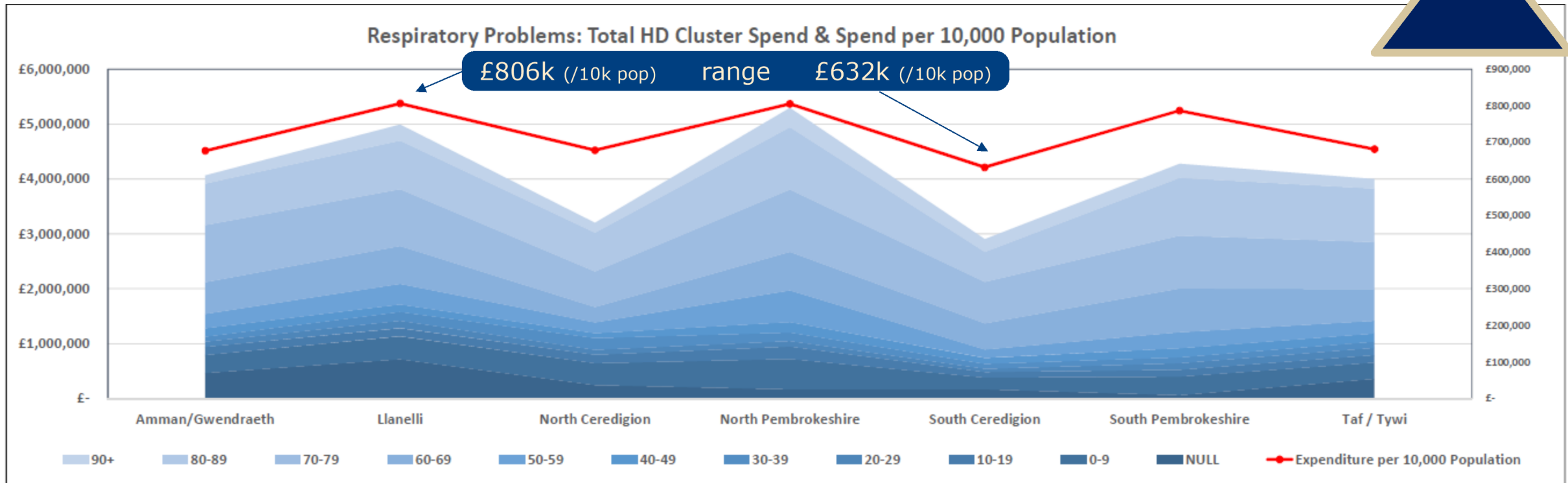
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Receipt of Investment – Respiratory continued



*As noted this is only around half of our expenditure and **Acute Secondary Care only** at this point, but at a crude population level indicates variation in accessing secondary care services.*



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Secondary Care Expenditure per 10k Population

| Condition group | Total Expenditure £'000 | North Ceredigion £'000 | South Ceredigion £'000 | Taf / Tywi £'000 | Amman / Gwendraeth £'000 | Llanelli £'000 | North Pembrokeshire £'000 | South Pembrokeshire £'000 |
|----------------------------------|----------------------------|---------------------------|---------------------------|---------------------|-----------------------------|-------------------|------------------------------|------------------------------|
| Cancers & Tumours | 50,206 | 1,167 | 1,114 | 1,135 | 1,024 | 1,072 | 1,307 | 1,272 |
| Circulation problems | 42,186 | 756 | 939 | 998 | 930 | 1,015 | 1,014 | 1,040 |
| Trauma & injuries (inc burns) | 41,142 | 1,141 | 974 | 834 | 734 | 890 | 1,098 | 1,173 |
| Gastro intestinal problems | 35,482 | 1,032 | 840 | 740 | 735 | 772 | 945 | 1,038 |
| Respiratory problems | 30,394 | 679 | 632 | 682 | 677 | 806 | 805 | 787 |
| MSK system problems (exc Trauma) | 28,929 | 554 | 721 | 628 | 593 | 655 | 824 | 861 |
| Neurological system problems | 24,130 | 540 | 531 | 487 | 541 | 684 | 536 | 540 |
| Genito Urinary system disorders | 22,204 | 553 | 508 | 457 | 430 | 478 | 575 | 528 |
| Maternity & reproductive health | 20,258 | 486 | 474 | 442 | 453 | 503 | 610 | 503 |
| Infectious diseases | 14,210 | 313 | 255 | 369 | 304 | 480 | 282 | 286 |
| Eye/vision problems | 12,757 | 360 | 391 | 304 | 296 | 321 | 286 | 302 |

- Secondary Care only but all providers for Hywel Dda resident population
- e.g. Circulation costs range from £76 to £104 per (registered) individual per year
- Top 11 of 23, excluding mental health (6th) due to data issues



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Next Steps & Proposed Pilot Areas

- FDU – update to 2018/19 data and bring in prescribing data
- Locally – explore proxies for core GP allocation and develop pilots to validate, challenge and test the proposal:

Beginning at the top

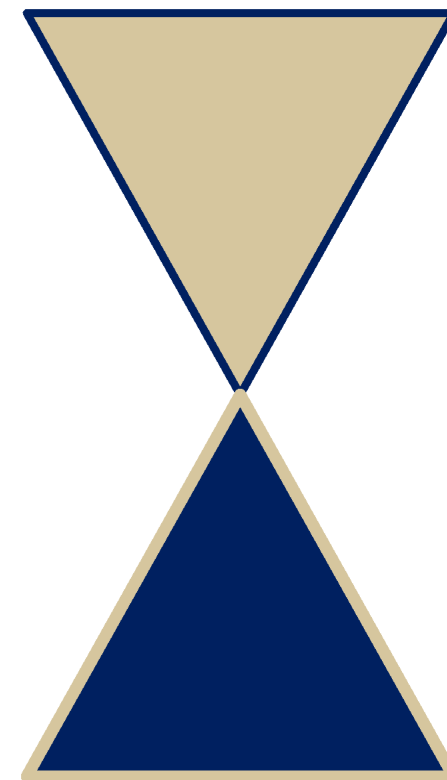
- A focused condition perspective – Respiratory & Mental Health (data issues)

Beginning at the bottom

- A broader (perhaps individual) locality (or cluster) perspective

A broader exploration

- A population health perspective





PWYLLGOR CYLLID FINANCE COMMITTEE

| | |
|--|--|
| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 19 December 2019 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Strategic Cash Assistance |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Jennifer Thomas, Senior Finance Business Partner |

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 paper sets out the process for requesting Strategic Cash Support for 2019/ 20 and the reason for the request.

The Committee is asked to note the process and the amount to be requested.

Cefndir / Background

Welsh Government (WG) receives no additional cash resource from HM Treasury for Strategic Cash Support for organisations in deficit. The assistance is provided by WG from existing budget resources.

The process to request Strategic Cash Support is for the Board to approve the requirement, be apprised of the cumulative cash assistance the Health Board has sought since April 2014, the reasons behind the support and the actions taken to manage and mitigate the need for cash assistance.

Formal notification by the Health Board's Chief Executive to the Chief Executive NHS Wales is required by 18th December 2019.

Asesiad / Assessment

The request for Strategic Cash Support is £16m for 2019/ 20.

This figure represents the current forecast deficit of £25m reduced by £9m due to management of year-end creditors. However, should WG funding of £10m not be provided this will increase to £26m.

A review of creditor types has been undertaken to identify different payment policies that could be adopted should strategic cash assistance not be made available. Priority creditors

would need to be paid to maintain service levels. If no strategic cash assistance is made available and restrictions on creditor payments is not undertaken, the Health Board will fully utilise its approved cash resource limits on the 1st March 2020.

Adopting the above measures is not without risk, as follows:

- Suppliers would not supply goods and services – this would mean services would have to be curtailed;
- Local Authorities/ other bodies not paying the Health Board invoices;
- Breach of contract leading to legal action;
- Removal of credit facilities and difficulty in opening credit facilities with new suppliers;
- Potential interest charge for late payments;
- Increased costs where discounts will not be realised from early payments;
- Impact of the prompt payment policy;
- Reputation.

Clearly, given the level of cash assistance required, any shortfall will impact services.

Since April 2014 the cumulative cash support received up to 2018/19 is £160.9m.

Discussion was held at the Board Organisational Development session on 12th December 2019 outlining the process to be followed and the amount of assistance to be requested.

Argymhelliad / Recommendation

The Committee is requested to note the request for Strategic Cash Support for 2019/ 20.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y
Pwyllgor:

4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning of potential performance issues, making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.

Cyfeirnod Cofrestr Risg Datix a
Sgôr Cyfredol:
Datix Risk Register Reference and
Score:

735 (score 16)
646 (score 12)

| | |
|--|--|
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | 7. Staff and Resources 7. Staff and Resources |
| Amcanion Strategol y BIP: UHB Strategic Objectives: | Not Applicable |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Improve efficiency and quality of services through collaboration with people, communities and partners |

| Gwybodaeth Ychwanegol: Further Information: | |
|--|--|
| Ar sail tystiolaeth: Evidence Base: | Monitoring returns to WG based on HDdUHB's financial reporting system. |
| Rhestr Termiau: Glossary of Terms: | WG – Welsh Government |
| Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee: | Board OD Session – 12 th December 2019 |

| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|--|
| Ariannol / Gwerth am Arian: Financial / Service: | Financial implications are inherent within the report. |
| Ansawdd / Gofal Claf: Quality / Patient Care: | Stop of supply of goods and services could lead to services being curtailed. |
| Gweithlu: Workforce: | Not applicable. |
| Risg: Risk: | Financial risks are detailed in the report. |
| Cyfreithiol: Legal: | Late payment of invoices could lead to legal challenge. |
| Enw Da: Reputational: | Failure to pay creditors on a timely basis could affect the UHB's reputation with WG, the Wales Audit Office and with external stakeholders. |
| Gyfrinachedd: Privacy: | Not applicable |
| Cydraddoldeb: Equality: | Not applicable |

To: Dr Andrew Goodall

Dear Andrew

Strategic Cash Assistance 2019/ 20

I refer to Jaqueline Salmon's e-mail to Directors of Finance on the 5th December, which requested Chief Executives, as Accountable Officers, formally to notify the Chief Executive of NHS Wales of requests for repayable Strategic Cash assistance by the 18th December 2019.

Hywel Dda University Health Board is requesting Strategic Cash assistance for 2019/ 20 of £16m. This request is based on the Health Board achieving its forecast deficit of £25m. However, should Welsh Government funding of £10m not be provided, this will increase to £26m.

A review of creditor types has been undertaken to identify different payment policies that could be adopted should Strategic Cash assistance not be made available. Priority creditors would need to be paid to maintain service levels. If no assistance is made available and restrictions on creditor payments is not undertaken, the Health Board will fully utilise its approved cash resource limits on the 1st March 2020.

Adopting the above measures is not without risk. Given the level of cash assistance required, any shortfall will impact services.

I can confirm that members of the Board were briefed of the cash assistance requirement for 2019/ 20 at the Board Organisational Development session held on 12th December.

I look forward to receiving confirmation that Strategic Cash assistance as set out above will be made available to the Health Board.

Yours sincerely

Steve Moore
Chief Executive

cc Jaqueline Salmon, Welsh Government



Financial Grip & Control

06 December 2019



Important notice

This report ('the Report') has been prepared for Welsh Government ('WG') on the basis set out in the call off order signed 31 July 2019 ('Letter of Appointment'). This Report is for the benefit of Welsh Government only, and has been released to them on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. Any disclosure of this Report beyond what is permitted under the Letter of Appointment will prejudice substantially this firm's commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If Welsh Government receive a request for disclosure of the product of our work or this Report under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, having regard to these actionable disclosure restrictions, Welsh Government should let us know and should not make a disclosure in response to any such request without first consulting KPMG LLP and taking into account any representations that KPMG LLP might make.

This Report is not suitable to be relied on by any party wishing to acquire rights against KPMG (other than WG) for any purpose or in any context. Any party, other than the WG, that obtains access to this Report or a copy (under the Freedom of Information Act 2000 or otherwise) and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG does not assume any responsibility and will not accept any liability in respect of this Report to any party other than WG.

The fieldwork commenced on 29 July 2019 and was completed on 31 October 2019. We have not undertaken to update our report for events or circumstances arising after that date.

In preparing this Report, the primary source of information has been obtained from HDUHB. KPMG does not accept responsibility for such information which remains the responsibility of the HDUHB. We have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Letter of Appointment. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

This engagement is not an assurance engagement conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed. Nothing in this Report constitutes a valuation or legal advice.

KPMG emphasises that the realisation of the prospective quality and performance and other information set out within the Report is dependent on the continuing validity of the assumptions on which it is based. The assumptions will need to be reviewed and revised to reflect such changes in service/delivery trends, workforce, cost structures or the strategic intentions of existing services as they emerge. KPMG accepts no responsibility for the realisation of the prospective quality and performance and financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

The contents of our Report have yet to be reviewed in detail by the directors of HDUHB for the purposes of factual accuracy. All recommendations made are subject to Health Board governance processes (including QIA) and the responsibility for quality, safety and patient experience rests with the Health Board

Executive summary

| Area | Findings |
|-------------------------|---|
| Grip and Control | <p>An experienced turnaround and financial governance team from KPMG reviewed the standard financial improvement controls across Hywel Dda University Health Board. During the course of this review a number of areas of concern were identified relating to both design and deployment of the controls environment as well as compliance with established controls, specifically:</p> <ul style="list-style-type: none"> — There are significant areas of enhancement within pay controls which we would expect to have a substantial impact on financial performance. — Although there could be improvements in non-pay controls, for example we would always suggest a 'discretionary spend' challenge the financial impact will be smaller, due to lower levels of addressable spend. — There are improvements required to the planning process (which HDUHB is aware of and working towards implementing). — Improvements to financial recovery governance have been identified will be covered in a separate pack (Delivery Framework). <p>We have identified 13 direct actions (and a series of enabling/driver actions) which should enable the Health Board to deliver the equivalent of £1.0M-£2.0M of financial run rate improvements (albeit the impact will be seasonal, rather than on a flat monthly basis). These 13 actions are summarised on the next page.</p> <p>The pay opportunities represent £8-16M (which is between 2-4% of addressable spend), this is to be achieved through changes to processes, technological solutions enhancing/changing some existing processes and controls, reporting and compliance testing.</p> <p>The balance being non pay (delivered through tighter financial performance management in month 12 and targeting reduction against a series of discretionary spend areas through education, control, reducing options to spend and financial reporting.</p> <p>Note: these savings may contain double-counts with CIPs and are subject to PIDs, QIA and formal sign off by the Health Board.</p> |
| Observations | <p>The University Health Board does have evidence of policies, standard operating procedures (SOPs) and controls that in some cases are necessary and sufficient to provide assurance. Through the course of the review it was apparent that this was not universally consistent and as a consequence there are opportunities to strengthen the controls environment to provide much greater potential for financial grip. Each instance has been discussed with the Health Board and an immediate remedial action list documented in this paper.</p> <p>Where the pre-existing controls were sufficiently tight and would be sufficient, the review identified areas of sub-optimal compliance with the control, with 'custom and practice' appearing to be outside of the documented control. Again this provides scope to strengthen the compliance environment within the Health Board and as a consequence deliver a positive financial contribution in the remainder of the year.</p> |
| Next Steps | <p>The UHB Executive Leadership to work with KPMG to sign-off remedial actions that will drive the necessary augmentation in both the environment and compliance framework where current deficiencies make controlling expenditure more difficult.</p> |

Executive summary – actions with financial quantifications

| Control | Description of changes proposed | Annualised financial impact (£M) | Page ref |
|----------------------------------|---|----------------------------------|----------|
| Rostering | Change rostering processes, restart rostering meetings and accelerate e-rostering roll out (tracking impact by ward) | 2.3 – 4.6 | 7 |
| Discretionary spend | Targeted campaign to deselect catalogue choices, educate and communicate with users, apply central challenge (procurements and finance) and report on compliance through dashboards | 1.9 – 3.3 | 12 |
| M12 spike | Review and remove budget (plus finance challenge of orders for M11 and M12) to reduce all spend (defer or cancel) and maintain or better M11 averages | 1.8 – 3.5 | 12 |
| Agency booking | Changes to booking controls including documenting and confirming revised processes to safely reduce agency spend | 1.0 – 2.0 | 5 |
| Sickness | HR to continue and accelerate actions around sickness reporting and actions to reduce in hot spot areas | 1.0 – 2.0 | 5 |
| Job plans | Electronic job planning and reviewing all job plans – starting with oldest / areas of most likely financial benefit | 1.0 – 2.0 | 10 |
| Rota management | Electronic rota management and reporting of compliance with policies and advanced visibility to flexibly work around issues to reduce reliance on temporary workers | 1.0 – 2.0 | 10 |
| Long term Temps | Target conversion of temporary workers to substantive, including communicating reduced use of temporary staff and developing exit/transition plans (including seeking skills transfer from temporary workers not converting to substantive) | 1.0 – 2.0 | 10 |
| Overtime | Policy changes around granting and what overtime is approved. This control will be supported by roster management and other actions to reduce need for staffing | 0.5 – 1.0 | 8 |
| Thornbury | Centralising and raising sign-off requirements through to consideration of outright ban (except when facing exceptional operational pressures) | 0.3 – 0.4 | 8 |
| Exit controls | Changing process to inform HR/payroll earlier (to reduce time to replace and overpayments) and ensuring decisions are not being taken by line manager which adversely impact health board by requiring further temporary workforce cover by offering shorter notice periods | 0.2 – 0.5 | 6 |
| HCSW | Raising seniority of sign off controls and reporting of use of HCSW agency as target should be for zero use | 0.1 – 0.1 | 8 |
| Acting down / paid breaks | Change in approach to acting down and quarterly/ad-hoc reviews of breaks being paid to agency (plus communications to timesheet approvers) | 0.1 – 0.1 | 10 |
| Total | | 12.2 – 23.5 | |

Grip and control – pay opportunity

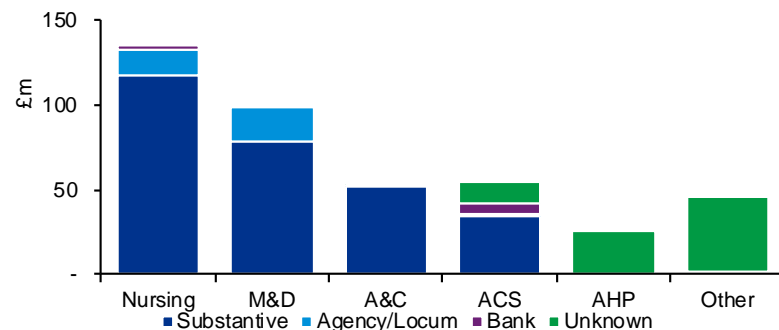
Our comments largely relate to pay as the area of highest opportunity, though some non-pay opportunities are identified. We have estimated a grip and control pay opportunity of £8-16m, across all staff groups. This represents 2-4% of total pay spend, with the detailed opportunities being set out in the following pages.

| Staff group | Pay spend type (18/19) | | | | Assessed annualised opportunity | | | | |
|--------------|------------------------|----------------|-----------|-----------|---------------------------------|------------|-------------|-------------|-------------|
| | Substantive | Agency / Locum | Bank | Unknown | Total | Min | Max | Min | Max |
| Nursing | 118 | 14 | 3 | - | 135 | 3.8 | 7.4 | 2.8% | 5.5% |
| M&D | 79 | 19 | - | - | 98 | 3.2 | 6.2 | 3.2% | 6.3% |
| A&C | 52 | 0 | 0 | 2 | 55 | | | | |
| ACS | 35 | 0 | 7 | 13 | 54 | | | | |
| AHP | - | 1 | 0 | 24 | 26 | | | | |
| Other | - | 0 | 2 | 44 | 46 | | | | |
| Unallocated | | | | | | 1.2 | 2.5 | | |
| Total | 284 | 35 | 12 | 82 | 414 | 8.2 | 16.1 | 2.0% | 3.9% |

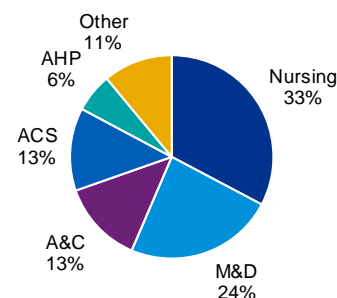
The assessed opportunity is a high level indication of the estimated potential savings based on our analysis of available data and our experience.

The actual potential savings could be higher or lower depending on the Health Board's appetite and further work to validate and quantify the identified opportunities. This would need to take place through a structured process to ensure that risks are identified and assessed.

18/19 pay spend by type and category (per ledger)



Pay spend by staffing category (per ledger)



We have focussed on Nursing and Medical as these have high levels of variable spend, though other staff groups should be reviewed too for savings opportunities.

The "unknown" spend categories are unknown as it is unclear from the ledger description if it relates to agency/bank/substantive etc.

Grip and control key recommendations – Pay: General

RAG Key

- To be addressed urgently
- To be addressed as a matter of importance
- Room for improvement

| Area | RAG | Current situation/issue | Recommendation | Estimated value |
|--|---------------------------------------|---|---|-----------------|
| Sickness Compliance with existing control | ● | <p>The sickness absence rate for 18/19 is 4.86%, with an estimated absence cost of £12.6M.</p> <p>Compared to the other health boards, HDUHB has the second lowest sickness rate of 4.95% in 17/18. Powys teaching leads with 4.61% whilst Abertawe Bro Morgannwg is the worst at 5.92%.</p> <p>Within the Health Board, "Pemb's director and commissioner" directorate has the highest absence rate of 6.8% in 18/19, while "Mental health and learning disabilities" represent the highest sickness absence cost.</p> <p>As a staff group, ACS has the highest average rate, of c.7% against a Health Board average of c.5%.</p> | Reducing sickness rates can take time with benefits likely to be primarily in the next financial year. Focus on reducing sickness rates in areas which are significantly above average through identification of long term sick individuals, ensuring the relevant procedures have been followed and ensuring appropriate support to enable accelerated return to work is provided. | £1.0-2.0M |
| Agency booking process and control Environment and compliance failures | ● | <p>Senior sisters on wards are able to request agency cover from the bank office without further checks. The head nurse of each site is notified of shifts which have not been filled one day out and given the option of offering to Thornbury. A previous control requiring Nursing Director sign-off for Thornbury has been removed.</p> <p>Wards are circumventing the process, with 23% of agency nurse bookings going direct to the nurse, and a further 8% going direct to the agency.</p> <p>As a consequence, retrospective bookings are high (21%), with 45 of the 199 wards who used agency YTD only making bookings retrospectively.</p> <p>We would expect nearly all of substantively unfilled shifts to be advertised through the Nurse bank between 35 and 42 days from the shift if the 6 week time limit is being adhered to, with a much smaller number 0-3 days away due to unforeseen sickness etc. The proportion at HDUHB advertised between 3 and 35 days is 40%.</p> | <p>Communicate to agencies that only bookings made through the bank office will be paid for and put in place procedure to ensure this is adhered to.</p> <p>Holding to Account meetings to be held for those who circumvent the process (e.g. retrospective bookings) or who have unacceptably high agency spend.</p> <p>Introduce a cascade system for bookings based on time to shift, e.g.:</p> <ul style="list-style-type: none"> — anything more than 15 days away is only visible to bank staff — 0-15 days is visible to bank and contract agencies <p>Ensure that unfilled shifts which need to be filled are sent to the Bank Office >35 days from the date of the shift (i.e. within a week of the roster being completed).</p> <p>Refresh and re-issue to all requesters and bookers the revised agency booking processes (along with seasonal reminders and kit-card/help cards)</p> | £1.0-2.0M |

Grip and control key recommendations – Pay: General (cont.)

| Area | RAG | Current situation/issue | Recommendation | Estimated value |
|---|-----|---|--|-----------------|
| Controls over staff leaving the Health Board ('exit controls') Compliance failure | ● | <p>Since 13/14, the number of instances of staff overpayments have increased 9x to 154 in 18/19. The current outstanding overpayment balance is £120k. The current process for leaving HDUHB is a sign off by the employee's line manager which leads to several issues, including:</p> <ol style="list-style-type: none"> 1. Any delay in notifying HR results in a delay in the recruitment process which may need to be filled with agency/overtime. 2. Where payroll is not notified of the employee's final date in a timely manner salary overpayments will arise which then lead to significant time recouping the balance by Finance (not always possible) 3. There is the potential for line managers to agree a shorter notice period than what has been contracted. This also leads to the possibility of backfilling at a higher cost. | <p>Whilst responsibility for exit date should remain with line managers, there needs to be (i) immediate communication to HR and payroll (to reduce time to start recruiting to required roles and to reduce the risk of any staff overpayments) and (ii) an independent check that a decision is not unduly made to release staff early which places increased burden on remaining staff, as well as the need for agency staff – which will increase the financial cost to the health board.</p> <p>HR should ideally review the exit date of the employee after discussion and update payroll accordingly. Saving will largely relate to agency.</p> | £0.2-0.5M |
| WTE budgets Control and compliance failure | ● | <p>Ten directorates and 195 cost centres appear to have a contracted workforce which is higher than the establishment, before factoring in overtime/bank/agency. For the directorates, 50% of the over-establishment is in 'Carms – director and commissioner' and 'medical director corporate'.</p> <p>This suggests that either the establishment figures are incorrect or that the recruitment/temporary staff controls require tightening.</p> | <p>Undertake a rapid establishment review (demand/capacity) of those areas which are over-budget. Focus on over-established directorates first, as over-established cost centres may be matched by an off-setting under-established cost centre.</p> <p>Where establishment is inappropriate, rectify in the financial system.</p> <p>Where genuinely over established, ensure the relevant parts of the Health Board which should challenge external recruitment/internal transfers (VCP, HR, Finance) are sufficiently robust to block requests which would result in over establishment. Ensure no variable pay is being incurred and exit or transfer the excess staff.</p> <p>Review how Executives are held to account for their areas of the Health Board to ensure they are adequately challenged.</p> | Driver |

Grip and control key recommendations – Pay: Nursing

| Area | RA G | Current situation/issue | Recommendation | Estimated value |
|------------|---------|--|--|--------------------|
| Rostering | ● | At present there are 167 wards on e-rostering, with approximately 25 awaiting transition to e-rostering. | Re-start the rostering efficiency meetings to review rosters for the next week and cancel excess temporary staffing. | £2.3-4.6M |
| Compliance | | <p>In terms of rostering, HDUHB's 'Roster Matrix' assesses 6 KPIs for ward rosters and would indicate that rosters are generally in good health. It considers 66 of the approximately 200 wards and, in relation to these 66, indicates the following in relation to rostering 6 weeks in advance:</p> <ul style="list-style-type: none"> — 48 are green. — 12 of the wards are orange. — 6 are red. <p>The other measures are for management of annual leave, hours owed etc. which are broadly assessed as green.</p> | <p>Extend and accelerate e-rostering to all wards (and monitor impact on agency usage after changes made).</p> <p>We understand that there is a feature within the rostering system which requires the roster planner to sign off that their roster meets the policy. This should be switched on.</p> <p>Cease short duration agency bookings where possible by improving roster management. Ensure the balance of shift times is spread evenly across the workforce where possible.</p> | |
| Compliance | ● | <p>A sample of wards (BGH Ceredig; BGH Dyfi; CAR Amman Valley; GGH ITU; PPH Ward 9; WGH A&E; WGH Theatres) were reviewed for over-establishment. The data indicated that there were numerous examples of over-establishment in these areas, in some cases by more than 50%. This is before overtime and additional basic hours are factored in.</p> <p>Analysis of the agency shifts shows that:</p> <ul style="list-style-type: none"> — 50% of shifts were nights, 30% were long day; 10% were early and 10% were late. This indicates that substantive staff are potentially not being rostered onto unpopular (more expensive) shifts. — There were 244 shifts worked of fewer than 6 hours, in some cases as short as one hour. | | |

Grip and control key recommendations – Pay: Nursing (cont.)

| Area | RAG | Current situation/issue | Recommendation | Estimated value |
|--|-----|--|--|-----------------|
| Overtime / additional hours Potential to strengthen control | ● | There 22,000 instances of nursing overtime (£3M) in 18/19. There were 30 wards where the overtime bill to P3 was more than 5% of the total staffing charge in the same period (it was 12% at PPH – Theatres). | Change the policy such that overtime will not be granted except in extraordinary circumstances where it will need to be approved by the Director of Nursing or their deputy and it will not be granted for less than 2 hours. Additional hours to be worked through bank. Will need to be planned and implemented properly with management holding the line. If management yield to staff pressure to reinstate overtime there is a risk that an increase in spend will have been achieved as agency are likely to be used in an initial period until bank uptake reaches a critical threshold. | £0.5-1.0M |
| Target reduction Thornbury usage Potential to strengthen control | ● | Thornbury usage is high, with 10% of agency shifts YTD fulfilled by Thornbury, which typically charges double other agencies. A high proportion of Thornbury usage is across 5 wards (GGH: Teifi, A&E, CDU; WGH: A&E Ward 3). Beyond the financial implication of using an off framework supplier, there are potential legal / contractual implications that the Board need to consider. | Thornbury shifts to be approved by exception by Director of Nursing or Deputy Director of Nursing. Targeted focus on wards using significant Thornbury to ensure rosters are developed in a timely fashion, unfilled shifts are advertised to the Bank Office in a timely fashion, hours owed have been utilised, vacancy is well managed. We are aware some Health Boards have completely banned the use of agency, however this may have safety and operational impacts. We believe that the controls above should be implemented as a first step and then seek a full ban if levels are still high (except where safety issue or in exceptionally high activity periods/ exceptionally severe staffing issues). | £0.3-0.4M |
| HCSW agency | ● | There were approximately 100 HCSW shifts worked to M3, including 15 through Thornbury. | HCSW agency requests to be approved by Director of Nursing or Deputy Director of Nursing. Along with dashboard reporting (and change in policy communicated to not use HCSW) | £0.01M |
| Paid breaks | ● | It is unclear whether agency nurses should receive paid breaks, though if not there are a number of shifts which are 8 or 12 hours, suggesting that breaks are being paid in some circumstances. | Ensure that agency breaks are in line with contracts and review compliance. | Not quantified |

Grip and control key recommendations – Pay: Nursing (cont.)

| Area | RAG | Current situation/issue | Recommendation | Estimated value |
|---|-----|---|--|-----------------|
| High usage agency Control | ● | There are a number of agency staff with high usage over the period from 1 April 2019. The top 10 each work in excess of 50 hours per week on average (top Thornbury worker has averaged 37 hours per week). | Targeted recruitment programme for agency staff, implementing a pause for top ten agency workers where alternative cover is available and seek to recruit substantively, or other innovative strategies as determined by the Health Board. If successful repeat. | |
| Policy on nursing staff returning as agency Control | ● | The current policy permits substantive staff to return to work at HDUHB after 6 months. Anecdotal evidence suggests there have been an increasing number of instances of staff who have left and then returned as agency. | Make bank more attractive to existing staff (see below). Understand drivers for leaving and put in place a retention programme. Ensure 6 month policy is enforced to make it less attractive to leave for agency. | Driver |
| Promote Bank sign up Opportunity | ● | There are currently 1,653 workers signed up to the bank, split roughly 50/50 between those who also have a substantive contract and those who are only on the bank (typically former staff who have retired). We understand that there are approximately 4,000 nurse WTEs at the Health Board, which indicates that the sign up of substantives is approximately 20% which is low in comparison to other health providers we have reviewed (40%+). The bank sign up is concentrated at the band 2 level, which accounts for 55% of total people on the bank. Bank work is paid at current spine point except for in one location where band 5 is paid at band 7. | Concerted recruitment campaign to bank. Implement other recommendations noted herein to make agency less attractive relative to bank. Consider paying bank staff at a high rate than current band (e.g. at Trusts we have seen payment to band 5 at band 6 rate). Although the financial impact and knock-on impact for substantive shifts needs to be considered and modelled. In line with other healthcare providers, the Health Board should consider auto-enrollment of all new staff onto the bank (with an opt-out rather than opt-in approach adopted) to maximise availability of the bank. | Driver |
| Promote Bank usage Opportunity | ● | The level of activity of the bank of those with a substantive contract is low, with 80 WTEs worked in aggregate (11% of the substantive WTE). Amongst those without a substantive contract activity is also low, with 169 WTEs worked out of the 787 population (21%). Bank shifts are currently notified by text message but given the high number of shifts requested (approximately 9,000/month) it is likely that this system is reasonably ineffective at enabling staff to identify and book on to shifts. | Bank notification systems should be enhanced to ensure that bank users can easily see what shifts are available and book on. (We understand that there is a setting within Roster Pro which can be enabled (R Roster Plus) which would allow staff to view and sign up for available shifts but that it has not yet been approved by IT). It is possible for shifts booked by agency staff to be bumped by Board bank staff. At present, shifts which have been booked by agency staff are not visible to bank staff. | Driver |
| Rostering policy Control | ● | We understand that the rostering policy was last updated in 2015 and that a revised version has been in draft since mid-2018. | Draft rostering policy to be reviewed and approved as appropriate. To include recommendations from this report and a review of the compliance (including swapping shifts, annual leave booking etc.) | Driver |





Grip and control key recommendations – Pay: Medical

| Area | RAG | Current situation/issue | Recommendation | Estimated value |
|--|-----|---|--|-----------------|
| Job plans Compliance | ● | <p>The majority of job plans are paper based. <10% is electronic (Allocate). Plans are to run a training in Sep/Oct on electronic job planning but to date there has been reluctance from the medical community. Where electronic job planning has been enabled it has helped identify improvements in productivity.</p> <p>The total number of medical consultants is 250. For 30% of these, their job plan was reviewed more than 2 years ago.</p> <p>There are 8 job plans that were last reviewed more than 5 years ago and it is unclear why they have not been reviewed more recently.</p> | <p>Enable electronic job planning across all areas.</p> <p>Review all job plans (old ones as a priority) to ensure they are appropriate, efficient, in line with best practice and delivering best value for the Health Board.</p> <p>This is expected to reduce demand from agency/locum medical staff and from substantive.</p> | £1.0-2.0M |
| Rota management Control and Compliance | ● | <p>Rotas are managed in a decentralised fashion with limited central oversight/review. They are typically prepared by the rota co-ordinator/service manager/doctor and are manual (e.g. paper/Excel). Typically we have found when performing detailed reviews of paper based rotas that there are numerous discrepancies to the job plans.</p> | <p>Transition to electronic rota preparation which offers improved visibility, control and assurance and would be expected to lead to a reduction in run-rate. They are also simpler to prepare and there is a drive across the NHS towards electronic rotas/rosters.</p> <p>This is expected to reduce demand from agency/locum medical staff and from substantive.</p> | £1.0-2.0M |
| Long term temporary staff | ● | <p>For the first 14 weeks of the year, there were 7 agency medical workers who worked in excess of 30 hours per week.</p> <p>We do not have visibility on the extent to which locums are working regularly at HDUHB but given the size of the locum spend compared to the agency spend we expect it is a significant opportunity.</p> | <p>Approach agency medical and locums who are working extensively at HDUHB to seek to bring them on as substantive staff / communicate that the Health Board is actively reducing reliance on temporary workforce and therefore they may not have an on-going role unless it is substantive.</p> <p>Develop exit and succession plans for all long term agency / fixed term contractors – and require skill transfer and handover for any temporary workers not converting to substantive.</p> | £1.0-2.0M |
| Acting down and unpaid breaks Control and Compliance | ● | <p>Consultants have been required to “act down”, at three times their rate, 100 times over the year from August 2018. A&E WGH, General Medicine BHS and Radiology account for 72% of this usage.</p> <p>We understand that breaks are unpaid. However, 13% of the spend to Medacs relates to shifts which are either 4, 8 or 12 hours, suggesting that breaks may be being paid in some instances</p> | <p>Use middle grade agency or substantive in place of consultants acting down, at approximately 25% of the cost.</p> <p>Review instances where hours were 4, 8 or 12 to ensure that breaks were not claimed. Communicate with relevant agencies and communicate with all timesheet approvers (and specific emails to any who have not spotted unpaid breaks being paid)</p> | £0.1M |


Grip and control key recommendations – Pay: Medical (cont.)

| Area | RAG | Current situation/issue | Recommendation | Estimated value |
|---|---------------------------------------|--|---|-----------------|
| Agency mileage Control | ● | Some of the medical agency are claiming mileage. It is not clear why this is though we would only expect mileage to be claimable if the worker was required to be at one site in the morning and a different site in the afternoon. | Review terms of agreement with agency workers to remove mileage costs if material and being paid for travel from home. If arising due to work required at two sites in one day, seek to manage rotas so as to remove this requirement. | Unquantified |
| On call rates | ● | On-call rate for agency is supposed to be 60% of the agreed rates but we have not had a response to confirm that this is actually being applied in practice. We have been unable to confirm what on-call rates are applied to locums as this is managed. It is difficult to identify what the on-call spend was but within the Medacs data there was £600k of spend for shifts of >10 hours, 30% of the total. There was approximately £19m of medical agency spend in 18/19. | On call rates at Trusts in England we have reviewed have been agreed at 50%. Seek to reduce the agreed pay for non-resident on-call to 50% in discussions with Medacs. | Unquantified |
| Agency authorisation process Compliance | ● | Over the past year there were 735 shifts where there is no record of submission for authorisation to the workforce control panel, in addition to 21 retrospectively approved shifts. The primary areas of shifts without a record of going to panel are: General Medicine WGH and BGH, A&E WGH, Mental Health and LD. These four areas represent 65% of the total unauthorised shifts. | Hold to Account meetings to challenge Directorates as to why there are any shifts without approval. Monthly report of instances to be sent to the Executive. | Driver |
| Locum authorisation process Control | ● | We understand that there is limited central data on locum shifts or authorisation and that it is largely devolved. | Considering this is the main driver of medical temporary spend, this should be controlled so that there is much greater visibility and control being exercised centrally to enable effective monitoring. | Driver |
| Agency requests Control | ● | Agency staff are requested where there is a gap in the rota. Requests are passed to the workforce team which seeks to fill the request from the 0 hour doctor pool and if this is unsuccessful, and AG1 form is completed and it is passed to Medacs, the staffing provider. Medacs then present the potential candidates to the workforce panel. At times the rota co-ordinator would seek to source directly from the 0 hour pool. Where a shift date is too soon to wait for the next workforce panel, approval should be sought from an Exec and this approval can be sought retrospectively. It is not clear how many such instances there are. | The AG1 form at present does not include a requirement to specify the establishment and contracted position of the cost centre – this should be included. | Driver |

Grip and control key recommendations – Non-pay

| Area | | Current situation/issue | Recommendation | Estimated value |
|---|---|--|--|-----------------|
| General | RAG | | | |
| Discretionary spend |  | We have identified £33.2M of discretionary spend areas in FY19 which we believe could be reduced through a series of actions (see recommendations) and have successfully delivered between 20-30% sustainable reductions in other healthcare providers. We also note that this is £1.9M ahead of budget. | Targeted campaign to reduce these key spend areas through: deselection of catalogue choices on procurement, targeted email to users of these items, removing relevant budgets (and finance to monitor compliance), dashboard reporting of non-compliance, providing guidance (and escalation channels) to reduce spend areas and procurement/finance to challenge requisitions in these areas. | £1.9M-£3.3M |
| Month 12 spike Compliance |  | Month 12 non pay spend has been significantly higher in at least the last 4 years, although we note that often some of this is in relation to catch up payments (e.g. integrated care fund payments from local authorities) however it is also common for some spending to budgets. | Close financial performance management in month 11 and month 12 (potentially including centralisation of historical underspends) to seek to defer, reduce or cancel spend which is outside of budgets or above normal run rate of spend. | £1.8M – £3.5M |
| Reduce clinical preference |  | In addition to discretionary spend (above), HDUHB procure similar supplies from different manufacturers at the moment largely down to historic reasons and clinical preference. | Standardise supplies such that the number of suppliers for the same product are reduced to as few as possible. Setup clinical preference meetings (hosted by MD or similar) to make clinical preference decisions – supported by Procurement. | Included above |
| Enforce no PO no pay policy Compliance |  | Over the past year the number per month has averaged 147, though this is largely due to a spike in January to March 2019, which peaked at 396. The top 10 suppliers without a PO represent 44% of the total instances, with one alone representing 20% though this was primarily in January to March and has since dropped off to nearly nil, suggesting the policy is effective. | Continue the no-PO no-pay policy and monitor effectiveness on an ongoing basis to ensure suppliers in breach on a regular basis are identified at an early stage. As we are not able to identify the amount of 'inappropriate' POs or lost VFM without reviewing all non-PO items, we recommend the Health Board monitors and seeks to identify improvements in compliance and then determine any financial benefit to be quantified. | Un-quantified |
| Business cases – post-implementation on review | | We understand there is limited post implementation effectiveness review in relation to business cases. | Ensure that benefits in relation to business cases are tracked and where they materially deviate from expectations, reviews are performed to identify if the benefits can be improved. | Un-quantified |

Grip and control key recommendations – Pharmacy

| Area | | Current situation/issue | Recommendation | Estimated value |
|------------------|---|---|--|-----------------|
| Stock management |  | Stock days are currently at 29-44 days depending on the location, against a UK average of 24 days. This represents an opportunity to obtain a one off benefit by reducing stock levels and potentially to assist in reducing wastage. | <p>Update relevant policy to ensure that stock levels are brought into line with UK average and kept there.</p> <p>This benefit may affect working capital by reducing inventory levels (i.e. less cash tied up) but may also reduce stock wastage. The impact on wastage cannot be easily quantified as it is highly dependent on inventory changes throughout the year. We recommend the health board track these changes through wastage reports and then reduce the costs in the relevant budgets next year.</p> | Un-quantified |

Grip and control – opportunity quantification assumptions

| Area | | Estimated value |
|---|---|-----------------|
| Cost saving analysis | | |
| Pay – general | | |
| Sickness | In 18/19, the total estimated absence cost by the Health Board was £12m with an average absence rate of 4.9% across staff groups. The lower bound saving is based on reducing those staffing groups with above average sickness (ACS (6.8%), Estates (5.8%), Nursing (5.0%)) to the average. The upper bound is based on the average excluding ACS and Estates, which are outliers, and then reducing sickness levels to this level (4.2%). | £1.0-2.0M |
| Controls over staff leaving the Health Board | The saving is calculated based only on the Nursing sub-group and is based on an attrition rate of 9.6%, 4,000 WTEs and an assumed delay of one month in notifying HR. The saving is based on the incremental cost of agency against substantive if the recruitment process had started sooner. A lower bound of 50% of the above calculation has been used to give a range. No other staff groups have been included on the basis that A&C staff are unlikely to receive agency cover for a vacancy, though there are likely to be benefits, particularly in relation to the medical workforce and overtime in Estates. This does not include potential savings from ensuring employees work their notice or from stopping salary overpayments. | £0.2-0.5M |
| Pay – nursing | | |
| Rostering | Rostering opportunity has been calculated as a percentage of the total nursing substantive spend of £118m (as agency spend reduction is covered elsewhere), with a range of 2-4% of the 18/19 spend used. | £2.3-4.6M |
| Contract agency booking process and control | In the first 4 months of 19/20, there were 116k hours of contract agency staff shifts (£27.49 per hour). If this is reduced by a total of 30%, with 10% due to demand reduction from better planning and 20% replaced by bank staff (assumed £21.68 per hour) this indicates a potential saving of £2.0M. The lower bound has been estimated as half of the upper bound. | £1.0-2.0M |
| Overtime /additional hours | In the 18/19, there was overtime spend of c.£3.1m, with overtime paid at rates starting from 1.5x base. The upper bound assumes that all overtime is 1.5x and that it can all be covered by bank (i.e. it disregards 2x overtime and overtime shifts which can simply be stopped). The lower bound assumes that only 50% of the overtime can be stopped. | £0.5-1.0M |
| Target reduction Thornbury usage | There were 11k hours of Thornbury shifts between M1-M4 of 19/20, making up 9% of total agency shifts. The savings range is based on assuming that Thornbury shifts can be reduced to 2%. The upper bound is based on filling the shifts with bank, the lower bound based on filling the shifts with contract agency. | £0.3-0.4M |
| HCSW agency | There were 110 agency shifts by HCSW between M1-M4 19/20, of which 15 was Thornbury. Savings have been calculated assuming 8 hours/shift and based on the saving between the bank and 2 rate and the agency rate. | £0.01M |

Grip and control – opportunity quantification assumptions

| Area | Cost saving analysis | Estimated value |
|----------------------------------|--|-----------------|
| Pay – Medical | | |
| Job plans | Job plans have been estimated as 1-2% of the total medical spend in 18/19 (agency, locum and substantive). | £1.0-2.0M |
| Rota management | Rota efficiency opportunity has been estimated as 1-2% of the total medical spend in 18/19 (agency, locum and substantive). | £1.0-2.0M |
| Long term temporary staff | Medacs data identifies 7 agency workers who have worked in excess of 30 hours per week, on average, in 19/20 at a cost of £287k for the first 14 weeks of the year. Assuming that agency costs c.30% more than a fully loaded substantive, and scaling to the full year, gives a potential opportunity of £250k just in relation to these 7 agency medical. Given locums (not in the Medacs data) represent a more significant additional spend than agency, we have estimated the lower bound as four times the £250k, and the upper bound as eight times the £250k. | £1.0-2.0M |
| Acting down | This is estimated based upon 100 shifts over the past year, with an assumed duration of 8 hours. The base consultant hourly rate is assumed as £50, with 30% on-costs. This is compared to the fully loaded middle grade hourly rate estimated at £46 or agency at £53, representing the upper and lower savings bounds, respectively. | £0.1M |
| Unpaid breaks | Calculated based on information from Medacs, which sets out that there were 428 agency medical shifts in Q1 of 19/20 of an 8 hour duration. Taking one sixteenth of the cost of the 8 hour shifts (to account for a 30 minute break) was £1,555 and then the proportion of this compared to the total spend on medical agency in the period (£269k) was applied to the total medical agency and locum spend in 18/19 to determine an upper bound. The lower bound was taken as 50% of this value. We have not factored in potential breaks for 4 hour and 12 hour shifts. | £0.0-0.1M |
| Non pay | | |
| Discretionary spend | Taken as the overspend last year (low end) and 10% of prior year budget (high end) | £1.9M-£3.3M |
| Month 12 spend spike | The incremental non-pay spend in M12 is c. £7.0m. Assuming this can be transitioned into the following year's spend, there is a one off opportunity to reduce spend. We have taken the lower bound to be 25% of this figure and the upper bound to be 75%. | £1.8-5.3m |



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Assessment of HDUHB financial plan

10 December 2019



Important notice

This report ('the Report') has been prepared for Welsh Government ('WG') on the basis set out in the call off order signed 31 July 2019 ('Letter of Appointment'). This Report is for the benefit of Welsh Government only, and has been released to them on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. Any disclosure of this Report beyond what is permitted under the Letter of Appointment will prejudice substantially this firm's commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If Welsh Government receive a request for disclosure of the product of our work or this Report under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, having regard to these actionable disclosure restrictions, Welsh Government should let us know and should not make a disclosure in response to any such request without first consulting KPMG LLP and taking into account any representations that KPMG LLP might make.

This Report is not suitable to be relied on by any party wishing to acquire rights against KPMG (other than WG) for any purpose or in any context. Any party, other than the WG, that obtains access to this Report or a copy (under the Freedom of Information Act 2000 or otherwise) and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG does not assume any responsibility and will not accept any liability in respect of this Report to any party other than WG.

The fieldwork commenced on 29 July 2019 and was completed on 31 October 2019. We have not undertaken to update our report for events or circumstances arising after that date.

In preparing this Report, the primary source of information has been obtained from HDUHB. KPMG does not accept responsibility for such information which remains the responsibility of the HDUHB. We have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Letter of Appointment. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

This engagement is not an assurance engagement conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed. Nothing in this Report constitutes a valuation or legal advice.

KPMG emphasises that the realisation of the prospective quality and performance and other information set out within the Report is dependent on the continuing validity of the assumptions on which it is based. The assumptions will need to be reviewed and revised to reflect such changes in service/delivery trends, workforce, cost structures or the strategic intentions of existing services as they emerge. KPMG accepts no responsibility for the realisation of the prospective quality and performance and financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

The contents of our Report have yet to be reviewed in detail by the directors of HDUHB for the purposes of factual accuracy. All recommendations made are subject to Health Board governance processes (including QIA) and the responsibility for quality, safety and patient experience rests with the Health Board

Summary

| Area | Findings |
|--|---|
| Scope | <p>Welsh Government has tasked Hywel Dda University Health Board (HDUHB) with setting a clear and deliverable 2019/20 financial plan to deliver a £15 million deficit (based on a revised control total deficit of £25 million). The plan and associated savings required, need to be informed by the work already undertaken for the 2018/19 baseline assessment with a specific focus on addressing the key identified drivers of the deficit.</p> <p>This document assesses the 2019/20 planning assumptions and YTD trading to August (month 5) to identify cost pressures and required actions to mitigate them. In addition, we have worked with HDUHB to prepare a risk adjusted full year forecast at August (month 5).</p> |
| Important notice | <p>At the point of this assessment, the risk adjusted forecast for HDUHB at the end of August (month 5) is a downside deficit of £(30.9) million prior to any further recovery actions. This excludes the withdrawal of WG funding of £10.0 million as a consequence of HDUHB not achieving its £(15.0) million control total deficit. The recovery actions are outlined in the Financial Recovery Plan and aligned to an opportunities log.</p> |
| 2019/20 Planning and YTD M5 performance | <p>HDUHB's full year forecast assumes cost pressures & demand growth of £36.4 million. We have reviewed these assumptions together with HDUHB to identify areas of high risk of potential overspend as well as to identify opportunities to limit spend where this is in the control of HDUHB, not committed and where it will not have a significant adverse impact on patients or BAU.</p> <p>In reviewing the planning assumptions and in-year YTD performance, we note that:</p> <ul style="list-style-type: none"> ▪ The original 19/20 plan of £(29.8) million deficit needed to be adjusted in-year to align with the agreed Welsh Government control deficit of £(25.0) million. ▪ The original plan was predicated on savings delivery of £23.9 million (increased to £28.7 million on alignment to the control total) although the current value of plans identified was only £21.3 million in April 2019 with savings plans also flat phased. ▪ There is risk of understatement for non pay inflation for utilities, rates, estate maintenance and medical equipment contracts given this was only 0.5%: 2018/19 Welsh Costing Framework guidance and 19/20 English Foundation Trust planning assumptions indicate that 2% to 2.5% would have been more realistic (substantiated by the in-year YTD M5 adverse variance for 'other' non pay); ▪ Cost uplifts were mainly applied to 18/19 YTD month 6 extrapolated performance. This raises the risk that increased spend in months 7 to 12 (particularly Q4), was not taken into account in setting the 19/20 baseline with cost uplifts then understated. This would then also impact the ability of the HB to understand the drivers of 19/20 monthly variances to plan and to identify corrective actions i.e. understated baseline vs. in-year unplanned cost pressures). Examples include: <ul style="list-style-type: none"> - LTA cost growth (Swansea Bay and Cardiff): actual performance for Q3 to Q4 18/19 was £1.7 million higher than Q1 and Q2; - CHC growth: actual spend for Q3 to Q4 18/19 was £1.4 million higher than Q1 to Q2 (with Q4 increased spend being £1.6 million above Q1 and Q2 average); - Primary care prescribing: Q3 to Q4 18/19 spend was £2.2 million higher than Q1 to Q2 (Q4 increased spend being £2.1 million above Q1 and Q2 average); - NICE and High cost drugs: actual spend for Q3 to Q4 18/19 was £1.7 million higher than Q1 and Q2. <p>We note that each of the above items have an in-year adverse spend to plan at 19/20 YTD.</p> <ul style="list-style-type: none"> ▪ Pay and non pay spend is predominately flat phased despite monthly volatility and an increasing overall run rate spend in Q3 to Q4 18/19. ▪ Review of YTD month 5 performance identifies a key risk of overspend against plan for: LTA over performance (Swansea Bay and Cardiff); demand on acute services (primarily for unscheduled care and Withybush General Hospital A&E); NICE and High Cost drugs (mainly Oncology drugs); primary care prescribing drug costs; and Continuing Health Care costs (due to both increased demand and complexity of cases). Given CHC was the most significant cost driver (£2.7m), followed by Drugs (£2.3m) in 18/19, these pressures should have been foreseeable and appropriately planned for in 19/20. <p>To ensure more robust financial planning in future years as well as understanding of consequent in-year performance, we would recommend that:</p> <ul style="list-style-type: none"> - The approved HB plan aligns with the agreed WG control total and that assumptions are clearly understood across the HB prior to the new financial year; - Cost uplift assumptions are tested for reasonableness against prior year run rates, identified pressures and available benchmarks; - Assumptions are appropriately phased based on prior year run rates and known seasonality; - Savings plans are identified and developed over a three year time horizon to ensure appropriate focus on transformation and to enable plans for the forthcoming year to be fully identified, developed and phased prior to the commencement of the new year. We note that savings delivery was £26.6 million for 18/19 which highlights the need for ongoing transformational planning to ensure this level of saving requirement can be maintained. |

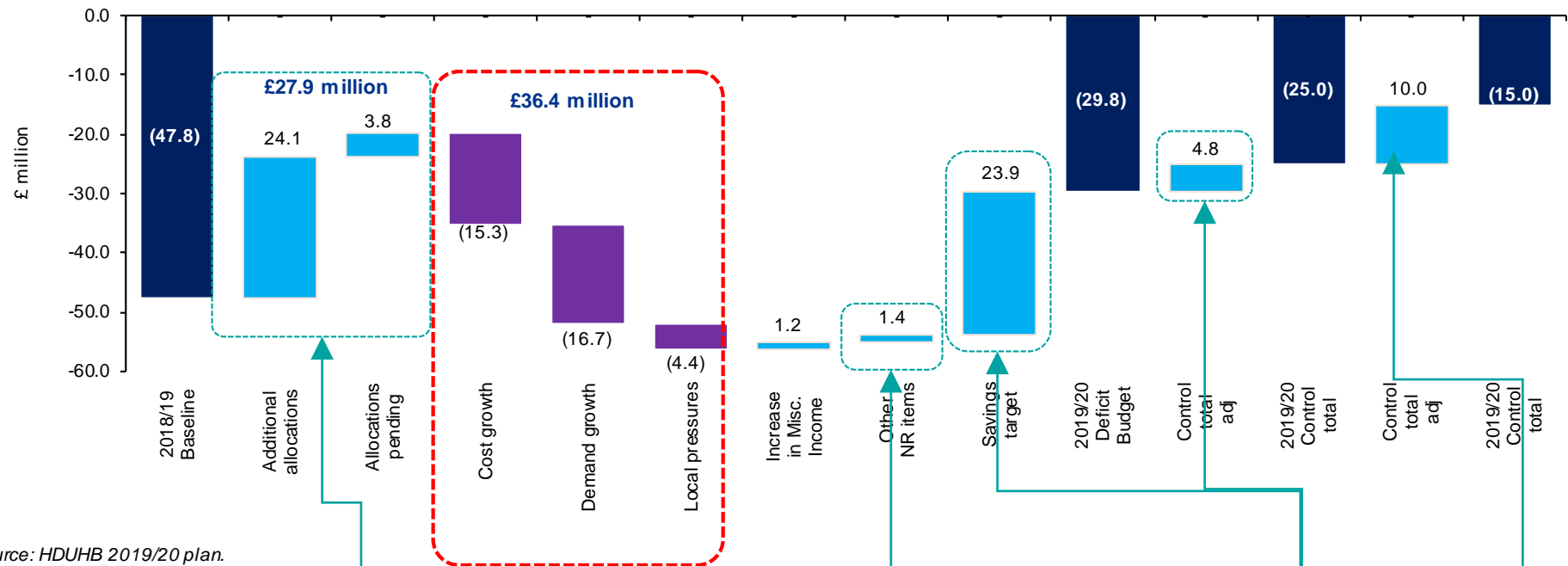
Summary (continued)

| Area | Findings |
|---|--|
| 2019/20 risk assessed forecast outturn at month 5 (August) | <p>We have worked with HDUHB to develop a 19/20 risk adjusted forecast deficit range of £(30.9) million (downside) to £(26.4) million (upside). Significant assumptions include:</p> <ul style="list-style-type: none"> ▪ Adjustment for £10 million of in-year Welsh Government funding to reduce the control total deficit of £25 million to a £15 million deficit plan; ▪ Extrapolation of the month 5 YTD adverse variance to plan adjusted for savings under-delivery and non-recurrent items; ▪ Risk adjusted savings gap of £10.5 million based on our review in August (being a risk adjustment of £14.0 million against required savings of £28.7 million which has subsequently been reduced by notified non recurrent RTT funding of net £3.5 million). An additional £3 million of savings for green/amber schemes is now also reflected in the bridge to reflect reduced delivery risk as a consequence of the rigour from the Hold To Account meetings. This would increase in-year delivery from £14.7 million to £17.2 million (before RTT of £3.5 million). <p>Significant assumptions in the upside case of £36.4 million are:</p> <ul style="list-style-type: none"> ▪ Planned mitigations of £2.1 million based on identified actions developed by Directorates to mitigate in year pressures and saving shortfalls; ▪ Conversion of £2.5 million of red saving schemes to delivery (reducing the saving's gap to £8.0 million). <p>The risk adjusted forecast range excludes withdrawal of WG funding of £10.0 million should HDUHB not achieve its £(15.0) million control total deficit – refer page 10.</p> |
| Next steps – immediate and high priority actions | <p>To achieve the best possible outturn for 19/20, including trying to achieve the control total of £15.0 million deficit, it is imperative that HDUHB:</p> <ol style="list-style-type: none"> 1. Implements effective grip and control over spend (particularly for opportunities highlighted in our Grip & Control report). 2. Planned spend is reduced or deferred where this is within the control of HDUHB and there is no adverse clinical quality or BAU impact (refer pages 5 to 9). This needs to include cessation of approvals for all future business case approvals where there is risk that planned benefits will not be delivered unless such business cases are predicated on urgent required improvements for clinical quality. 3. There needs to be robust tracking of in-year cost pressures so that early action can be taken to mitigate in-year overspends, particularly for unscheduled care. This needs to include the development of improved forecasting capability (with demand/ activity linked to required resources to deliver and identification of leading operational indicators). 4. Identified savings schemes rated as red or amber/green need to be fully developed into green schemes with schemes successfully implemented through adequate assessment of required resources for delivery, robust benefits tracking and investigation of drivers for unsuccessful delivery. In addition, there needs to be continued focus on identification and implementation of new schemes and continued development of planned mitigating actions. |

18/19 to 19/20 original plan bridge (income & expenditure)

The original 19/20 plan of £29.8 million deficit was based on a 18/19 baseline of £47.8 million, additional allocations from Welsh Government of £27.9 million, cost pressures of £36.4 million and savings requirement of £23.9 million. The plan was then adjusted to reflect a control total deficit of £25.0 million with a revised savings requirement of £28.7 million. Welsh Government has subsequently committed to additional funding of £10.0m if HDUHB is able to deliver its control total of £25.0 million resulting in a revised deficit plan of £15.0 million deficit.

2019/20 Deficit budget



Source: HDUHB 2019/20 plan.

Increased Welsh Government recurrent allocation of £24.1M.
Additional recurrent allocations still to be approved by the Welsh Government (£1.9 million for substance misuse and £1.9 million for Treatment Fund) to offset corresponding cost pressures.
Total revenue resource allocation of £828.8 million.

Refer following pages for detail

Multiple NR items

Aggregated savings gap of £28.7 million

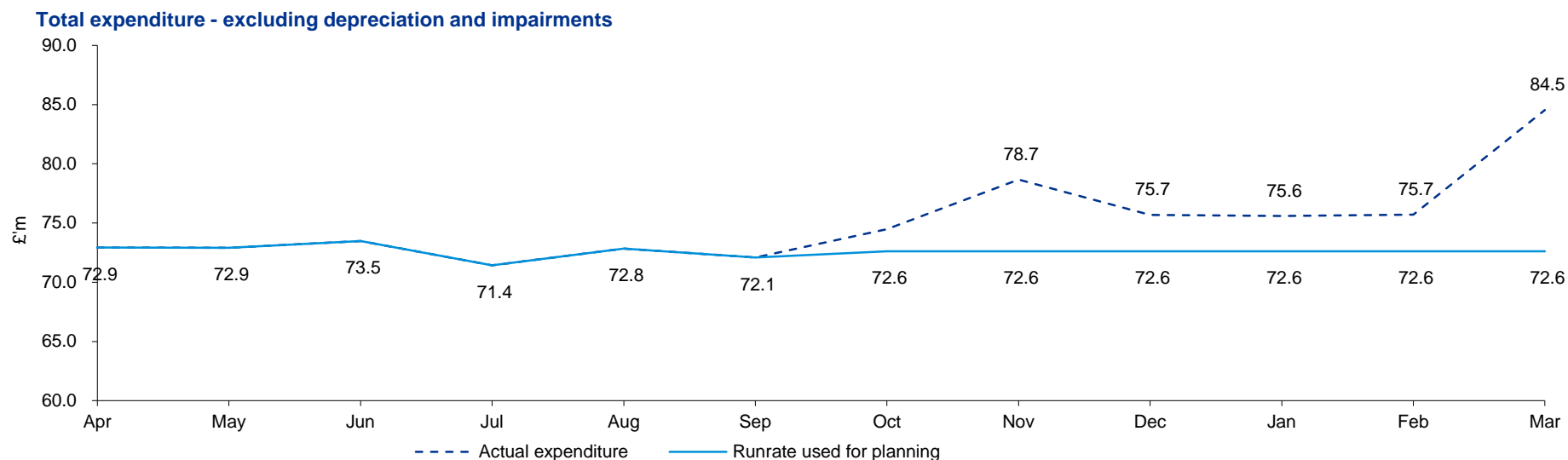
WG has committed additional funding of £10.0 million if HDUHB delivers its control total of £25.0 million.

Net and gross funding

The health board's financial plan was based on cost pressures applied to the 18/19 outturn, based on simple extrapolation of YTD (month 6) results, without taking into account factors affecting second half of the year. As a result, the extrapolated spend (excluding impairments and depreciation) was £29.0 million lower than actual expenditure for 18/19. Part of this was due to pay award and changes in provision for holiday entitlement announced in month 8 of 18/19.

However, excluding pay costs, the financial plan expenditure baseline was underfunded by £16.7 million. Had the health board used seasonality trend of actual 17/18 spend for the extrapolation, the expenditure baseline (excluding depreciation, impairments and pay costs) would have been underfunded by only £0.4 million, which the health board could have managed in-year with an increased focus on savings delivery.

The planning process primarily underfunded assumptions related to primary care contracting, primary care prescribing, non pay spend excluding drugs, spend on secondary care drugs, spend on LTAs with other bodies and CHC spend.



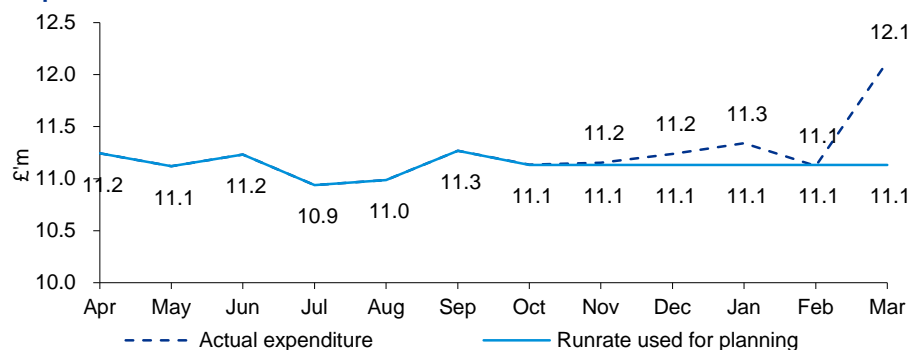
Source: KPMG Analysis on month 12 monitoring returns for 17/18 and 18/19.

Net and gross funding (cont.)

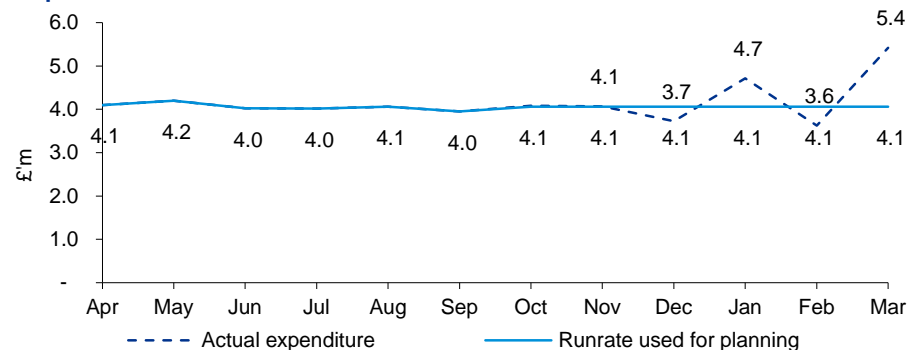
Had the health board used 17/18 seasonality to extrapolate these expenses, in-year pressures on CHC spend would have been fully mitigated, with increased assumption by £1.1 million as compared to a pressure of £0.2 million. NICE and high cost drugs in-year pressure of £1.6 million would have been mitigated by increased funding assumption by £1.2 million. Primary care prescribing in-year pressure of £1.2 million would also have been mitigated by additional funding assumption of £1.0 million.

While extrapolating spend on LTAs based on 17/18 trend would result in further underfunding, this would have been overcompensated by overfunding on general non-pay spend. LTAs represent an in-year pressure of £1.1 million. Finally we note that setting budgets in this way would have set a much larger requirement for savings than was planned in order to hit the £25m control total.

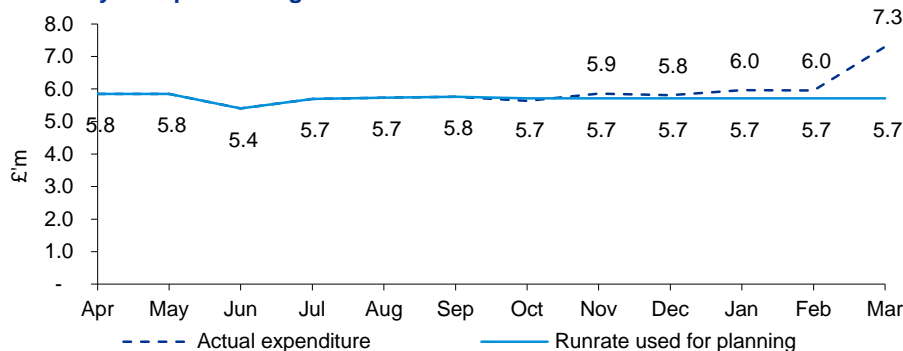
Spend on LTAs



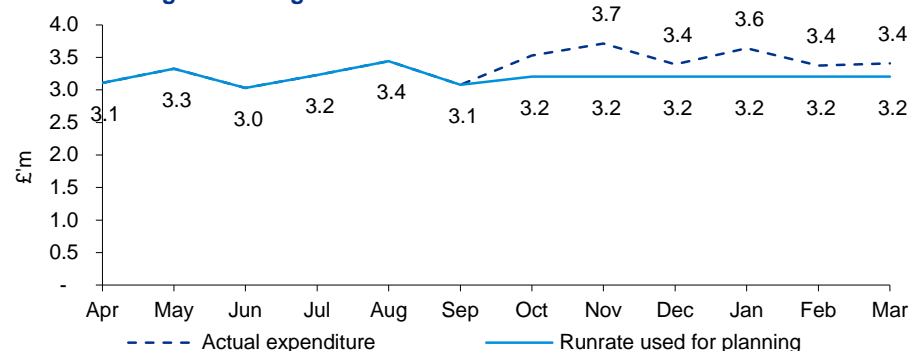
Spend on CHC



Primary care prescribing






NICE and high cost drugs



Source: KPMG Analysis on month 12 monitoring returns for 17/18 and 18/19.

Cost pressures, pre-commitments and inflation, growth & service demand

HDUHB's total forecast cost pressures of £36.4 million are described below. We have reviewed these with HDUHB based on YTD M5 performance to identify opportunities to reduce the spend where such spend is within the control of HDUHB, is not committed and will not have a significant adverse consequence on quality of patient care or operations. Where there is opportunity to reduce costs, we have provided recommendations for next steps.

| Cost growth | £M | Assumption/ evidence base | Full year impact if not mitigated | Within HB control | Committed | Impact/ risk of reduced spend | Opportunity | Recommended next steps |
|---|-----|--|--|--|-----------|---|--|--|
| Pay Inflation | 6.5 | Impact of A4C and other pay settlements ('Out of Hours' holiday entitlement) as per national framework (average 1.86% uplift and 1% medical pay inflation). |  No significant variation identified | No | N/a | N/a | No | <ul style="list-style-type: none"> None |
| Non pay Inflation | 3.3 | Anticipated inflationary impact of 0.54% and additional cost pressures (provided by Directorates in Sept.18), mainly for utilities, rates, estate maintenance and medical equipment contracts for service and repair. Additional spend for Office 365 rollout. |  Risk of in-year overspend given other non pay YTD M6 adverse variance of £1.1 million. <i>Prior year uplifts, 2018/19 Welsh Costing Framework guidance and 19/20 English Foundation Trust planning assumptions indicate that 2% to 2.5% would have been a more realistic assumption. 2% assumption would have increased assumptions by £8.9M, mitigating in-year pressures.</i> | Yes | No | Limited risk of adverse consequence | Yes (price, deferred spend and alternative consumables/ equipment) | <ul style="list-style-type: none"> HDUHB to conduct a review by the end of November to identify opportunities to negotiate reduced prices (to include benchmarking) - to be incorporated into savings programme/ opportunities identification. To include identification of opportunities to defer spend (post impact assessment) for maintenance and medical equipment and alternative more affordable equipment and consumables. |
| Continuing Health Care (community and mental health patients) | 3.1 | Inflation estimate of £2.0M assumed (subject to negotiation later in the year) and activity growth of £1.0M - based on analyses of activity trends for past 5 years (prepared by CHC team in Sept. 2018). |  No growth variation Potential full year inflation saving of £0.8M based on YTD performance | Partly – activity growth and use of packages | Partly | Low impact - refer recommended next steps | Yes | <ul style="list-style-type: none"> Continued monitoring of potential £0.8M inflation benefit. HDUHB review of potential for transfer of patients to lower cost care packages on transfer from healthcare setting to nursing home/ at home care needs to be expedited (deadline set for end of October with reviews to become BAU) - to be incorporated into savings programme/ opportunities identification. |



Cost pressures, pre-commitments and inflation, growth & service demand

HDUHB's total forecast cost pressures of £36.4 million are described below. We have reviewed these with HDUHB to identify opportunities to reduce the spend where such spend is within the control of HDUHB, is not committed and will not have a significant adverse consequence on quality of patient care or operations. Where there is opportunity to reduce costs, we have provided recommendations for next steps.

| Cost growth | £M | Assumption/ evidence base | Full year impact if not mitigated | Within HDUHB control | Committed | Impact/ risk of reduced spend | Opportunity | Recommended next steps |
|--------------------------|-----|---|---|----------------------|-----------|-------------------------------|---|--|
| Statutory Compliance | 0.5 | Implementation of external review recommendations for Shared Services Fire team (£0.1M) & Health & Safety Executive Compliance team (£0.4M) – provided by Directorates in Sept. 18. | ● Recruitment delays in M1-M2 but posts now filled | No - regulated | Yes | Medium to high | No | ▪ None |
| General Medical Services | 0.9 | Cost increases provided by GMS team based on 18/19 YTD M6 extrapolation for: - HDUHB Managed Practices (£0.3M) and transfer of previous GMS practice (£0.2M impact); - Direct Enhanced Services for Care Homes and NOAC (anti-coagulation) of £0.4M. | ● No significant variation identified | Yes | No | Low (unless in rural areas) | Yes (transfer managed practices to GMS contract or potentially reduce number of practices). | ▪ Continued development of plan to support savings target of £0.8M based on transfer to GMS contract. ▪ If not successful, to include: - Review of potential to close (to be completed by November) - Targeted campaign to convert locums to substantive. |
| Quality & Safety | 0.3 | All pay related to predominantly county schemes to address known quality and safety concerns e.g. vision screening. Provided by Directorate teams in Sept 18. | ● No significant variation identified | Yes | Yes | Medium to high | Limited | ▪ Review whether quality and safety concerns are still present to identify whether potential to reduce spend. To be concluded in November. |
| Other | 0.7 | Wide range of cost pressures provided by Directorates in Sept. 18 with values of less than £0.1 million (e.g. Unfilled GP shifts £0.1M, Equipment stores £0.1M, critical care & outreach £76k, ART – Part fund mainstream workforce £65k, Telemedicine £50k). | ● No significant variation – not tracked individually as immaterial | Yes | No | Low given materiality | Yes | ▪ Even though these are small values, there needs to be a review conducted in October/November to identify opportunities to cease expenditure where it is not committed - to be incorporated into savings programme/ opportunities identification. |
| Total cost | | 15.3 | | | | | | |

RAG: ● High impact on FOT; ● Low impact on FOT; ● No impact on FOT




Cost pressures, pre-commitments and inflation, growth & service demand

HDUHB's total forecast cost pressures of £36.4 million are described below. We have reviewed these with HDUHB to identify opportunities to reduce the spend where such spend is within the control of HDUHB, is not committed and will not have a significant adverse consequence on quality of patient care or operations. Where there is opportunity to reduce costs, we have provided recommendations for next steps.

| Demand growth | £M | Assumption/ evidence base | Full year impact if not mitigated | Full year impact if not mitigated | Committed | Impact/ risk of reduced spend | Opportunity | Recommended next steps |
|---|-----|---|--|--|-------------------------------|------------------------------------|----------------------------------|--|
| Welsh Health Specialised Services Committee (WHSSC), Emergency Ambulance Services Committee (EASC) and LTAs | 6.1 | Assumes 2% inflation (£1.9M) and growth (£4.2M) based on: <ul style="list-style-type: none"> 18/19 YTD M6 extrapolated performance and known 19/20 service dev.'s, supported by notification from WHSSC & WG and EASC; Changes to risk share allocation assumed cost neutral. £1.7m risk of understatement due to increased 18/19 M6-M12 LTA activity (Swansea Bay and Cardiff and WHSSC). | ● YTD LTA cost pressure of £0.4M for M1 to M6 and £1.1M full year (being mainly Swansea Bay: £0.8M and Cardiff: £0.4M) | Yes for LTAs only | Yes, majority are contractual | Consider medium for LTAs | Yes for LTAs | <ul style="list-style-type: none"> Swansea Bay and Cardiff LTA performance review required over period October/ November with focus on: <ul style="list-style-type: none"> Referral authorisation controls; HDUHB available capacity checks prior to authorisation. Review to be conducted by end November to analyse LTA activity being performed by other HBs together with the potential for HDUHB to perform such activity if capacity was available. |
| NICE and High Cost Drugs | 3.0 | Forecast based on provisional estimates which subsequently aligned to the Horizon Scanning report released in November / December. | ● Secondary drug cost pressures mainly for Oncology of £0.8M YTD M5 and £1.6M full year | Limited – some patients on pathway which cannot be changed | No | Low if alternatives can be sourced | Yes | <ul style="list-style-type: none"> Analyse opportunity to reduce costs over period by end of November through review and benchmarking of type and volume of drugs used based on patient conditions i.e. identify opportunity for alternative lower cost drugs and/or reduced usage. To be incorporated into savings programme/ opportunities identification. |
| Demand on Acute Services | 5.4 | Relates mainly to non delivery of 18/19 saving schemes to reduce Unscheduled Care activity of £3M (e.g. planned bed reductions). Additional pay establishment investment of £1.2M for Pathology agency consultant (£0.2M); Dermatology (£0.2M); Urology (£0.3M); Orthopaedics (£0.1M); Unscheduled Care (£0.2M); Radiology (£0.2M). | ● Overspend of £3.6M YTD M5 with significant full year overspend of £7.6M: £3.1M Unscheduled Care (mainly WGH of £2.0M); £0.6M for Radiology and £0.7M Women & Children's. | Yes for both pressures and pay establishment | No | Low | Significant for demand reduction | <ul style="list-style-type: none"> Continued focus on demand reduction to decrease variable pay issues arising on surge – to be incorporated into emerging clinical strategy. Consider pay establishment freeze if individuals not in post and long standing vacancy not being filled by agency. |

Cost pressures, pre-commitments and inflation, growth & service demand




HDUHB's total forecast cost pressures of £36.4 million are described below. We have reviewed these with HDUHB to identify opportunities to reduce the spend where such spend is within the control of HDUHB, is not committed and will not have a significant adverse consequence on quality of patient care or operations. Where there is opportunity to reduce costs, we have provided recommendations for next steps.

| Demand growth | £M | Assumption/ evidence base | Full year impact if not mitigated | Within HDUHB control | Committed | Impact/ risk of reduced spend | Opportunity | Recommended next steps |
|---------------------------|-------------|---|---|----------------------|-----------|-------------------------------------|---|---|
| Primary care developments | 1.2 | Includes £0.3M for pacesetter, £0.2M for GP and paramedic increases and £0.6M for primary care contract increases as notified by Directorates based on 18/19 YTD M6 extrapolation & known full year impact of 18/19 developments. |  No significant variation | Yes | Yes | Low | Yes, but limited in short term (due to GMS contracts) | <ul style="list-style-type: none"> Contracting team to review all 3rd party contracts (LTAs, SLAs, GMS and Other) over next 3 months for cost reduction opportunities and to introduce a contracts register and contract framework for improved grip - to be incorporated into savings programme/ opportunities identification. |
| Primary Care Prescribing | 0.7 | Budgeted price increase for NCSO (No Cheaper Source Obtainable) – only one supplier therefore limited bargaining potential Based on average growth in 17/18 and 18/19. |  M5 YTD overspend of £0.5M for revised prices for primary care drugs by Pharmaceutical Services Negotiating Committee (PSNC). Full year impact of £1.2M. | Limited | No | Can be mitigated | Yes | <ul style="list-style-type: none"> Explore ability to use alternative drugs based on patient condition/ need – to be incorporated into savings programme/ opportunities identification. |
| Continuing Health Care | 0.3 | Known demand increase for Mental Health from 2018/19 fully budgeted for based on 18/19 YTD M6 extrapolated. |  M5 YTD and full year cost pressure of £0.2M. | Partially | No | Medium to high given patient impact | Limited in short term | <ul style="list-style-type: none"> Continue the development of Core and Community based services for MH & LD Transformation – to be incorporated into emerging clinical strategy. Develop Joint Funding Guidance. |
| Total cost | 16.7 | | | | | | | |

RAG:  High impact on FOT;  Low impact on FOT;  No impact on FOT

Cost pressures, pre-commitments and inflation, growth & service demand

HDUHB's total forecast cost pressures of £36.4 million are described below. We have reviewed these with HDUHB to identify opportunities to reduce the spend where such spend is within the control of HDUHB, is not committed and will not have a significant adverse consequence on quality of patient care or operations. Where there is opportunity to reduce costs, we have provided recommendations for next steps.

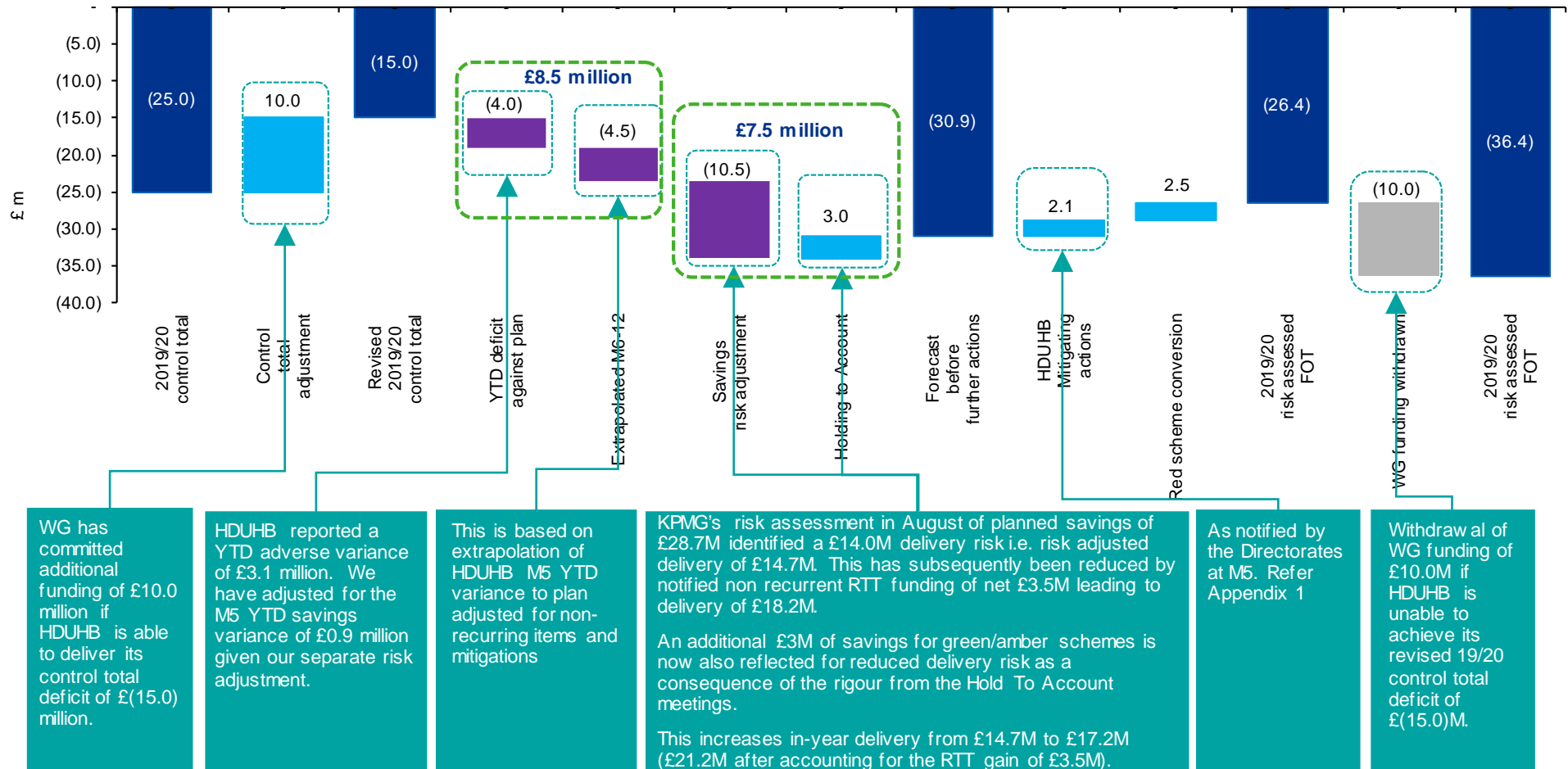
| Local pressures | £M | Assumption/ evidence base | Full year impact if not mitigated | Within HDUHB control | Committed | Impact/ risk of reduced spend | Opportunity | Recommended next steps |
|----------------------|-----|--|---|-----------------------------------|------------------------------|---------------------------------------|---|--|
| Nurse Staffing Act | 1.0 | Phased implementation over 2018/19 to 2020/21 (3 years) at £1m per year. Budget for 2019/20 has been allocated in M5 for implementation from M6. |  No significant variation identified | Yes but regulatory guidelines | Not completely | Potential risk needs to be understood | Potentially if costs can be deferred | ▪ Review potential to defer costs in October/ November.2019/20. |
| Winter Pressures | 1.0 | HDUHB has assumed costs of £1.0M (based on a potential winter plan forecast range of £1.5M to £2.5M). We note that HDUHB has not assumed any winter funding given this still to be announced. |  No significant variation identified | Yes, if proper planning conducted | Only £0.1M committed to date | Patient access | Limited – likely to be a risk given 2018/19 spend was £3M | ▪ Continue to develop and test winter plan to reduce costs where possible. |
| Integrated Care Fund | 2.4 | Pass through spend to match increase in ICF allocation for dementia and therapies. |  No significant variation identified | Linked with regional partners | Yes | Low | Limited and pass through | ▪ N/a |
| Total cost | | 4.4 | | | | | | |

RAG:  High impact on FOT;  Low impact on FOT;  No impact on FOT

19/20 Risk adjusted forecast outturn at August (YTD M5)

Our analysis projects a risk adjusted deficit outturn range of £(30.9) million to £(26.4) million at M5 YTD. The downside increases to £(36.4) million if WG funding of £10.0 million is withdrawn as a consequence of HDUHB not achieving it's £(15.0) million control total deficit.

Risk assessed forecast outturn - 2019/20



Source: KPMG Analysis



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Performance by directorate at M5 YTD

Month 5 YTD overspend of £3.1 million is primarily due to overspend in Unscheduled care of £2.2 million (4.4%) as per previous months as a consequence of additional agency spend across all sites. The ability to mitigate this overspend (particularly over winter) is a risk to HDUHB achieving its control total and needs to be addressed through planned grip and control and other initiatives.

| Performance by Directorate | | | | | | | | |
|---------------------------------------|---------------|---------------|------------------|-----------------|-------------------|---------------------|----------------------|---------------|
| £ '000 | Annual budget | M5 YTD Budget | M5 YTD Net spend | M5 YTD Variance | M5 YTD Variance % | M6-12 extrapolation | FY over/ under spend | FY Variance % |
| Unscheduled care | 116.3 | 49.2 | 51.3 | 2.2 | 4.4% | 0.9 | 3.1 | 2.6% |
| Facilities | 36.1 | 14.9 | 15.2 | 0.2 | 1.5% | (0.1) | 0.2 | 0.5% |
| Primary care and Medicines Management | 188.3 | 79.3 | 79.4 | 0.1 | 0.1% | 0.9 | 0.9 | 0.5% |
| Mental health & learning disabilities | 73.5 | 31.0 | 30.8 | (0.2) | -0.6% | (0.6) | (0.8) | -1.1% |
| LTA's with other NHS providers | 135.5 | 56.5 | 56.6 | 0.1 | 0.2% | 1.0 | 1.1 | 0.8% |
| Oncology & cancer services | 13.6 | 5.7 | 5.8 | 0.2 | 3.2% | 0.1 | 0.3 | 2.1% |
| Pathology | 20.3 | 8.5 | 8.7 | 0.2 | 2.0% | 0.3 | 0.5 | 2.4% |
| Planned care | 100.3 | 43.2 | 43.5 | 0.4 | 0.9% | (0.5) | (0.1) | -0.1% |
| Radiology | 15.1 | 6.5 | 6.8 | 0.3 | 4.7% | 0.3 | 0.6 | 3.9% |
| Corporate | 135.4 | 40.7 | 40.2 | (0.5) | -1.2% | (0.2) | (0.7) | -0.5% |
| Other | (31.1) | (13.0) | (13.1) | (0.1) | 1.1% | (0.1) | (0.3) | 0.8% |
| County teams | 53.8 | 22.7 | 22.7 | (0.0) | -0.1% | 0.1 | 0.1 | 0.2% |
| Women & children | 36.7 | 15.5 | 15.8 | 0.3 | 1.9% | 0.4 | 0.7 | 1.9% |
| Total | 893.8 | 360.7 | 363.8 | 3.1 | 0.9% | 2.4 | 5.5 | 0.6% |

Source: FY20 Month 5 ledger



Appendices

Appendix 1

HDUHB Mitigating actions at Month 4

The table below provide the basis of mitigating actions identified by HDUHB reflected in our 19/20 risk adjusted bridge on page 10.

| Mitigating actions | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Total |
| Planned care | | | | | | | | | |
| Expected slowdown in Critical Care pressure in summer | 20,000 | 20,000 | 20,000 | | | | | | 60,000 |
| Appointment into Vacancies Critical Care | 10,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 150,000 |
| Exit strategy high cost locum | | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 91,000 |
| Reduction in locum/ ad hoc fees | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 80,000 |
| Orthopaedic Vacancy Appointment | | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 7,000 |
| Orthopaedic Vacancy Appointment | 13,000 | - | - | - | - | - | - | - | 13,000 |
| Orthopaedic Vacancy Appointment | - | - | 1,720 | 1,720 | - | - | - | - | 3,440 |
| Critical Care Outreach Funding | 55,556 | 55,556 | 55,556 | 55,556 | 55,556 | 55,556 | 55,556 | 55,556 | 444,448 |
| | 108,556 | 119,556 | 121,276 | 101,276 | 99,556 | 99,556 | 99,556 | 99,556 | 848,888 |
| BGH | | | | | | | | | |
| Band 8B replace by Band 7 | - | - | - | 1,851 | 1,851 | 1,851 | 1,851 | 1,851 | 9,255 |
| Job planning opportunities (GB) | - | - | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 9,000 |
| Band 4 seconded no backfill 0.8wte | 1,367 | - | - | - | - | - | - | - | 1,367 |
| Establishment Control - HCSW reduction to funded establishment | 20,010 | 20,010 | 20,010 | 20,010 | 20,010 | 20,010 | 20,010 | 20,010 | 160,080 |
| Rota Coordinator (Band 4 to band 3) | - | 336 | 336 | 336 | 336 | 336 | 336 | 336 | 2,352 |
| A&E over establishemnt (night 1.5wte) | 6,330 | 6,330 | 6,330 | 6,330 | 6,330 | 6,330 | 6,330 | 6,330 | 50,640 |
| Patient Flow removal of weekend work | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 4,800 |
| Medical Pay - Reduction due to 4 new starters (from zero contract) | 12,565 | 12,565 | 12,565 | 12,565 | 12,565 | 12,565 | 12,565 | 12,565 | 100,520 |
| Non Pay - review (red scheme £10k pm) | - | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 70,000 |
| Meurig ward long term sick resolution | - | 3,911 | 3,911 | 3,911 | 3,911 | 3,911 | 3,911 | 3,911 | 27,377 |
| Meurig recruitment 2 x RN (1 new 1 return from sick) | - | 3,713 | 3,713 | 3,713 | 3,713 | 3,713 | 3,713 | 3,713 | 25,991 |
| Dyfi long term sick terminating | - | 2,882 | 2,882 | 2,882 | 2,882 | 2,882 | 2,882 | 2,882 | 20,174 |
| New starters 6.4 wte (y Banwy, Caredig, Ystwyth & Rhiannon), risk adjus | - | 5,570 | 5,570 | 5,570 | 5,570 | 5,570 | 5,570 | 5,570 | 38,987 |
| A&E of site storage of patient records SLA price reduction | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 1,944 |
| Agency reduction due to bed reconfiguration (4 wte) | - | - | - | - | - | 7,426 | 7,426 | 7,426 | 22,278 |
| | 41,115 | 66,160 | 67,660 | 69,511 | 69,511 | 76,937 | 76,937 | 76,937 | 544,765 |
| Oncology | | | | | | | | | |
| Aseptic Outsourcing ceases December | | | | | 20,000 | 40,000 | 40,000 | 40,000 | 140,000 |
| | - | - | - | - | 20,000 | 40,000 | 40,000 | 40,000 | 140,000 |

Appendix 1

HUHB Mitigating actions (cont.)

| Mitigating actions (cont.) | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Total |
| Facilities | | | | | | | | | |
| Gap analysis minimum savings due to recruitment | | | 25,000 | 25,000 | 25,000 | | | | 75,000 |
| Min Aeron Capital Credit | | | | | | | | 60,000 | 60,000 |
| Retirement of senior staff | | | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 45,000 |
| | - | - | 32,500 | 32,500 | 32,500 | 7,500 | 7,500 | 67,500 | 180,000 |
| Therapies | | | | | | | | | |
| Reduction in Agency costs | 11,808 | 11,808 | 21,408 | 21,408 | 21,408 | 21,408 | 21,408 | 21,408 | 152,064 |
| | 11,808 | 11,808 | 21,408 | 21,408 | 21,408 | 21,408 | 21,408 | 21,408 | 152,064 |
| WGH | | | | | | | | | |
| Nurse Recruitment - 14 Nurses (Green recovery plan) | - | - | 27,336 | 27,336 | 27,336 | 27,336 | 27,336 | 27,336 | 164,016 |
| General Medicine Middle Grade locum reduction (NP) | - | 5,849 | 5,849 | 5,849 | 5,849 | 5,849 | 5,849 | 5,849 | 40,943 |
| | - | 5,849 | 33,185 | 33,185 | 33,185 | 33,185 | 33,185 | 33,185 | 204,959 |
| Total mitigating actions | 161,479 | 203,373 | 276,029 | 257,880 | 276,160 | 278,586 | 278,586 | 338,586 | 2,070,676 |



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Delivery Framework – HDUHB

Welsh Government

CONFIDENTIAL

06/12/2019



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This report ('the Report') has been prepared for Welsh Government ('WG') on the basis set out in the call off order signed 31 July 2019 ('Letter of Appointment'). This Report is for the benefit of Welsh Government only, and has been released to them on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. Any disclosure of this Report beyond what is permitted under the Letter of Appointment will prejudice substantially this firm's commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If Welsh Government receive a request for disclosure of the product of our work or this Report under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, having regard to these actionable disclosure restrictions, Welsh Government should let us know and should not make a disclosure in response to any such request without first consulting KPMG LLP and taking into account any representations that KPMG LLP might make.

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The fieldwork commenced on 29 July 2019 and was completed on 31 October 2019. We have not undertaken to update our report for events or circumstances arising after that date.

In preparing this Report, the primary source of information has been obtained from HDUHB. KPMG does not accept responsibility for such information which remains the responsibility of the HDUHB. We have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Letter of Appointment. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

This engagement is not an assurance engagement conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed. Nothing in this Report constitutes a valuation or legal advice.

KPMG emphasises that the realisation of the prospective quality and performance and other information set out within the Report is dependent on the continuing validity of the assumptions on which it is based. The assumptions will need to be reviewed and revised to reflect such changes in service/delivery trends, workforce, cost structures or the strategic intentions of existing services as they emerge. KPMG accepts no responsibility for the realisation of the prospective quality and performance and financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

The contents of our Report have yet to be reviewed in detail by the directors of HDUHB for the purposes of factual accuracy. All recommendations made are subject to Health Board governance processes (including QIA) and the responsibility for quality, safety and patient experience rests with the Health Board

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Executive summary

| | |
|------------------------------|--|
| Purpose of the report | <p>The purpose of this report is to review the delivery framework in place within Hywel Dda UHB and provide recommendations that will enable the Health Board to achieve their control total in 19/20 and achieve a sustainable financial trajectory going forward. The existing arrangements were reviewed at various management levels and across various functions and recommendations have been provided to enhance and strengthen delivery of the financial position at various points during this programme. This was undertaken through a mix of interviews, surveys and observations at meetings and working group meetings with the senior Finance team, Workforce manager, PMO project manager and Turnaround Director and review of key documentation. The key meetings that were observed included the HTA meetings, Finance Committee, Audit Committee, directorate finance meetings.</p> <p>It must be noted that the Health Board has been on an improvement journey and has started putting in place some of the building block of good governance over the past two years, however there are significant improvements that can be made and this report will build on the work to date to enable the organisation to step up their performance</p> |
| Overall findings | <p>Overall, the delivery arrangements that are in place are good building blocks for the organisation however the accountability arrangements has become a process to follow and has lost some of its effectiveness. This has been compensated by increasing central control from the Exec team which is unsustainable for an organisation of this size and complexity. This is very similar to findings in other financially distressed organisations.</p> <p>The recommendations in this report will help rebalance and rejuvenate the delivery framework and is a mixture of process, capacity/capability and content recommendations</p> <ul style="list-style-type: none"> • More frequent directorate accountability and performance management will be key to improving the performance culture of the organisation. One of the primary enablers is ownership of the weekly forecasts of schemes and turning the dial of performance indicators of various cost drivers by the core directorate team. • Although the planning of schemes to address the financial challenge can be improved; there has been a significant step up in this area from previous years and the main challenge is delivery of the schemes. Related to this point, the capacity and capability to support delivery within the service and by the PMO is constrained and therefore the pace and momentum is limited. The proposed structure and capacity of the PMO has been included in Section 6 • On reviewing the information that was presented at the various fora, it was clear that in many instances data was available but it needs to be presented in a way that enables effective decision making i.e. avoiding information overload, using prioritisation criteria, using relevant and prioritised drivers and indicators that reveal the underlying issues. • The level between the Execs and the directorates also needs to be reviewed i.e. assistant director level and aggregation of directorates as the complexity of the operating model with the number of directorates compounded by capacity and some capability challenges at directorate level makes it difficult for the escalation process to be effective. • The organisation would benefit from rolling out a business partnering approach in other corporate functions particularly HR given the scale of the workforce change that needs to happen through the turnaround and transformation programme. |

Executive summary

Section 1,2 – Turnaround governance, accountability and planning

Section 1 and 2 details the current turnaround governance structure and provides recommendations to strengthen it. We attended the HTA meetings, exec turnaround meeting some workstream meetings where available, interviews with finance and PMO and reviewed documentation. Some of the key themes include the following

- Accountability and performance management of the financial position is not sufficiently robust at directorate level as its mainly delivered through the monthly HTA meetings (Holding to Account) and month end meetings rather than a weekly cycle. The escalation arrangements (HTA meetings) which have been embedded within the organisation has helped provide a process to detect and mitigate risk to the savings plans however the lack of weekly rigour and accountability at directorate level has resulted in issues being escalated that could have been dealt with at a directorate level and also impacts on the pace of delivery. Therefore its recommended that weekly directorate financial performance are embedded into the governance process
- The Health Board did not have one version of the truth for its pipeline schemes with ideas and opportunities at various stages in various action logs of various fora. Since we flagged this at an early stage of the programme, it has now been pulled together into the main tracker. The next step is ensuring through the weekly sessions and a programme of workshops, a healthy pipeline is maintained with a flow through the maturity stages..
- The HB wide schemes need to be strengthened at a workstream level through capacity and capability support to ensure cross cutting schemes are operationalised at a directorate level. This is a significant gap currently within the delivery framework of the organisation in terms of implementation.

Section 3,4,5 – Financial planning, budgeting, management

Section 3, 4, 5 details observations and views of the financial planning and management within the organisation. This was based on a survey of budget holders and observation at key finance meetings as well as finance committee, audit committee and review of documentation.

- Although there has been work by the Finance team to improve the budget setting processes, our work has identified a number of significant improvements required. These include:
 - The need to strengthen the process in terms of: commencing planning earlier in the year; (which is taking place for 2020/21); workshops with budget holders (to agree expectations, standardise the process, challenge plans and ensure budgets are owned by budget holders); ensuring budgets are signed off prior to commencement of the year;
 - Critically, there needs to be a much greater focus on triangulating HDUHB demand, what is required to service that demand and planned outcomes (quality, access, workforce, transformational savings and finance). This triangulation also needs to take account of prior year performance (key pressures and drivers of underperformance), new year cost pressures and testing the quantum of planned savings to ensure plans are realistic and appropriately phased. At the moment there is a risk that annual planning is finance led.
 - *We note that HDUHB is currently undertaking a review of budget holders and employees with budget responsibility to ensure appropriate spans and layers of authority/ delegation*

Executive summary

| | |
|--|--|
| Section 3,4,5 – Financial planning, budgeting, management | <ul style="list-style-type: none"> • Finance reports and in-year performance management focus on variances to budget for YTD and full year outturn rather than the recommended actual run rate trend and forecast outturn. • Opportunities for improved business partnering has been highlighted in the report (e.g. the ability to be a critical but challenging friend) and the need for forecasting to be underpinned by operational drivers, lead indicators and associated tolerances/ early warning signs for required action as well as continued demand & capacity modelling. This extends to Informatics/ Business Intelligence and Workforce planning, • We note that Finance has recently started to input operational metrics into Directorate Finance dashboards to support services in understanding the impacts of operational performance on their financial performance so that they can then make more informed decisions and/or plan better. This however needs to be supported by input from Informatics/ Business Intelligence and Workforce planning teams. |
| Section 6 – Capacity and Capability | <p>Section 6 provides a view of the capacity and capability of the organisation as a whole to deliver the financial challenge and recommendations to flexibly use resource to support priority areas. It is based on interviews with the PMO, observations at various finance and HTA meetings.</p> <ul style="list-style-type: none"> • There is limited delivery support capacity and capability for the cross cutting workstreams and directorates in terms of project management and delivery support as the turnaround PMO serves mainly a governance function. Delivery support is required for an organisation at this stage in its improvement journey so they can embed bottom up change. The organisation has project management support in other areas such as the Service improvement team and transformation team and this resource needs to be used flexibly to support the immediate need of the organisation which is achieving the control total. (To note, the Health Board is in the process of redeploying its resource as a response to this recommendation) • The clinical leadership and ownership of the financial position needs to be strengthened at directorate and workstream levels. This currently is variable as observed at the HTA meetings and at the workstreams. • Workforce does not have the capacity to support the themes and directorates in true 'business partnering' style and therefore the skills and expertise that the HR function bring to support the financial position is not embedded at a local level although they do support specific projects |

Additional information

Glossary

1. HTA – Holding to Account
2. ETT – Executive Turnaround Team
3. TD – turnaround Director
4. DoF – Director of Finance
5. CEO – Chief Executive Officer
6. COO – chief Operating officer
7. MD – Medical Director
8. HB – Health Board
9. HDUHB – Hywel dda University health Board
10. ED – Executive Director
11. ARAC – Audit, risk and assurance Committee

RAG rating for observations – based on urgency which is driven by the significance of weakness in terms of impact



To be addressed urgently



To be addressed as a matter of importance



Room for improvement



Section 1

Turnaround Governance and accountability

Turnaround programme governance

This chart illustrates the Turnaround programme governance arrangements as at September 2019. The observations and recommendations of the various fora are outlined in Slide 12-15.

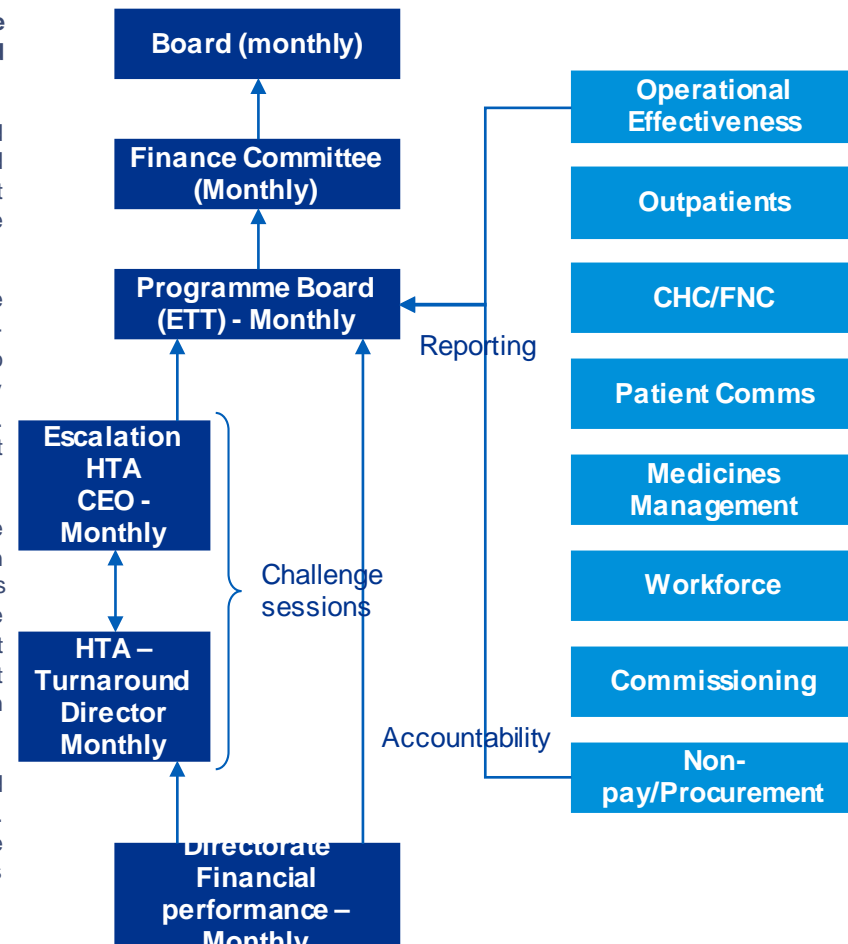
The Health Board have an Executive Turnaround Team Programme Board which is monthly and oversees the Turnaround Programme and is supposed to have updates from the HTA meetings and the workstreams. Although most of the Execs attended the observed meeting, there was no update from the workstreams and the forum would benefit from focussing on key themes.

The Execs commit a significant proportion of their time every month to the Holding To Account meetings (two tiers of HTA with TD/FD and with CEO) - 16 directorates of 39 were at the HTA meetings. A number of these need to be de-escalated by embedding robust challenge at directorate level so only those that require Exec team support to unblock issues are escalated. Control at a central level for an organisation of this size and complexity is not effective and unsustainable.

The frequency of workstreams meetings is variable with some areas like Outpatients meeting on a more regular basis than others. Theatres was taken out of the Turnaround programme and a separate operational meeting was set up at the time of drafting this report. It is also early days for some of the others like non pay and procurement and Workforce which form significant proportions of the savings programme. The workstreams don't report consistently into the Exec Turnaround team partly due to the variability in holding the meetings.

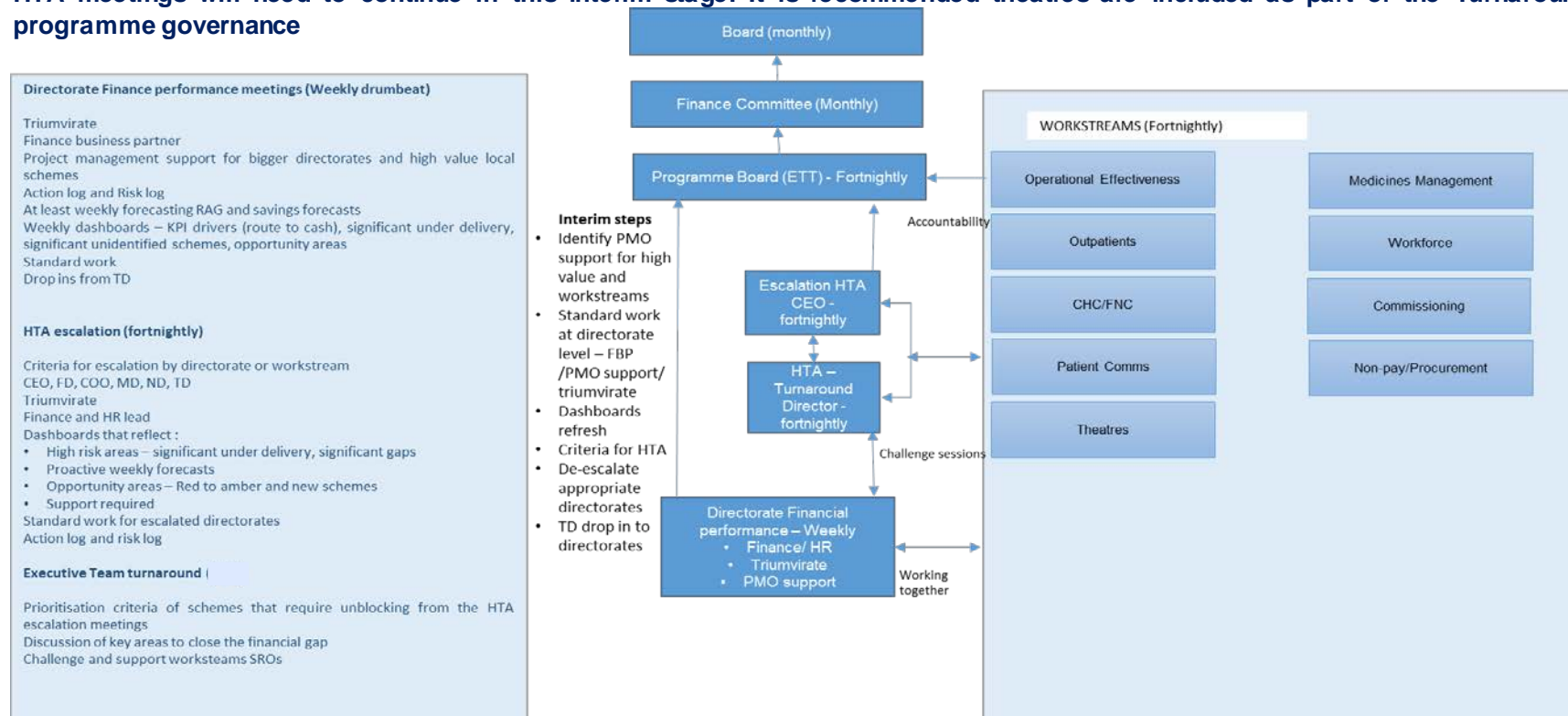
The month end directorate financial performance meetings have a standard agenda and will benefit from greater challenge from the business partners. Directorates, generally do not have weekly standardised meetings to drive delivery of schemes and update forecasts on a live basis (although business partners may have informal sessions with leads as and when)

The level of delivery support for priority areas (directorates and workstreams) is severely limited and this includes insufficient PMO, HR, analytics support



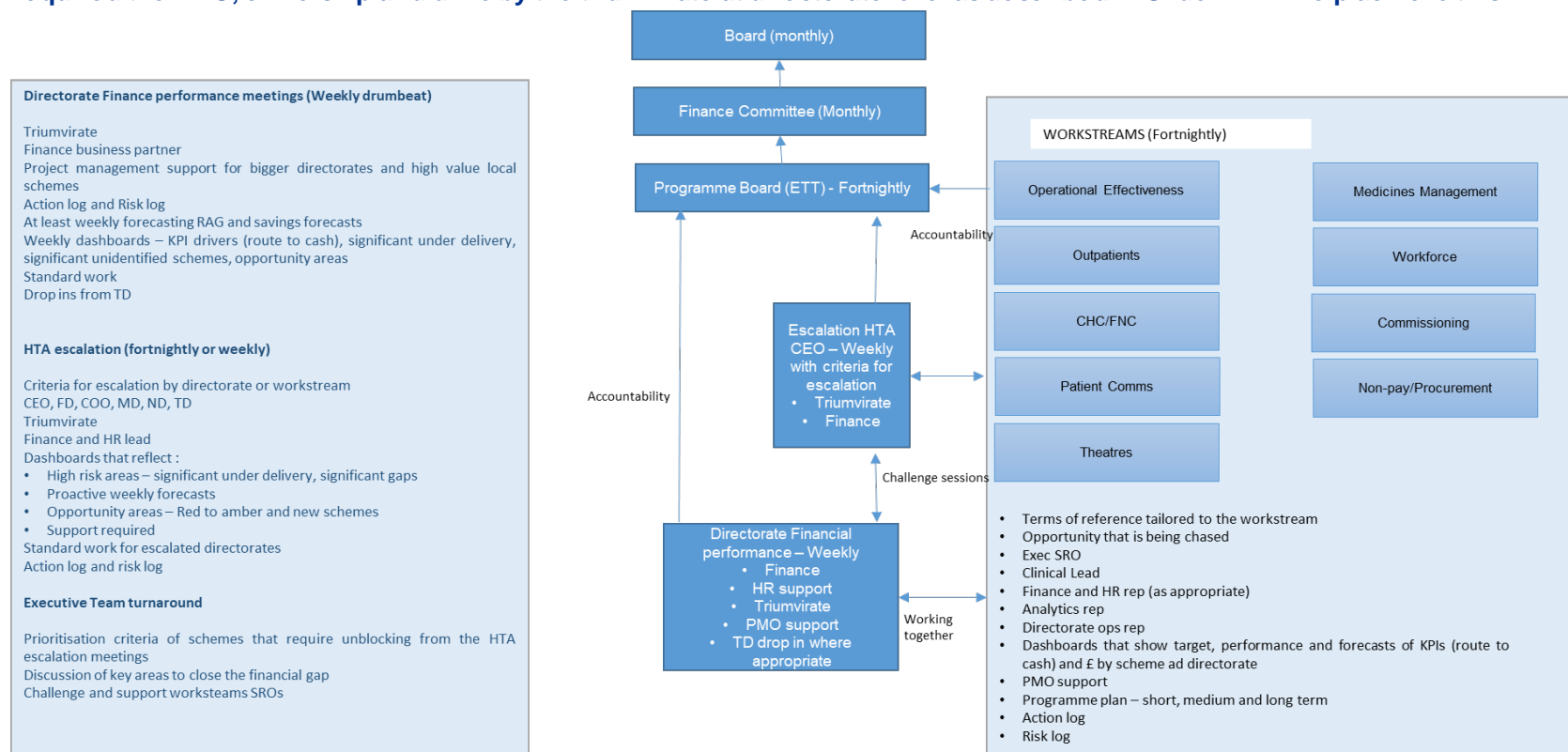
Turnaround governance – Proposed interim

This chart outlines the proposed interim changes to the turnaround governance structure. It is suggested that the strengthening of the programme governance happens in a phased manner to provide confidence to the Execs that changes are effective at a directorate level. The 3 main changes include 1) Embedding weekly directorate financial performance and challenge meetings to review savings and key indicators 2) Strengthen the workstreams with a regular fortnightly drumbeat and increased capacity and capability support and 3) Fortnightly HTA meetings focused only on priority areas and key indicators so they are truly escalation meetings. As the weekly directorate meetings take time to get embedded, there will be a period of time where the two tier TD and CEO HTA meetings will need to continue in this interim stage. It is recommended theatres are included as part of the Turnaround programme governance








Turnaround governance – Proposed target

This chart outlines the proposed target turnaround governance structure. The target stage assumes the implementation of the 3 main changes highlighted in the previous slide which would require the embedding of the directorate weekly meetings and strengthening of the workstreams and allowing de-escalation of a number of directorates. At the point of drafting this report, based on discussions with the Turnaround Director, it was thought 4-5 directorates could be de-escalated provided there was confidence from the Execs that there would be robust challenge at directorate level. The weekly challenge and support by the business partners and where required the PMO, ownership and drive by the triumvirate at directorate level as described in Slide 12 will help achieve this







Turnaround governance

The following section outlines the findings and recommendations of a review of the arrangements supporting the monitoring and challenge of the savings plans, risk assessment of the plans and reporting arrangements. The objective is to strengthen the delivery framework to support delivery of the savings plans. Most of the issues relate to effectiveness of the process; where it is a compliance issue, its has been flagged as such.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|--|---|---|-------------|
| 1. Turnaround governance and accountability | | | | |
| Directorate financial performance meetings | 1.1 Monthly directorate financial performance meetings are held at Month end. Weekly meetings to discuss operational finance and CIP performance may be held during the month and is variable in content and frequency. [Process issue] | <ul style="list-style-type: none"> Weekly Directorate meetings with the triumvirate, finance business partner, HR and PMO (where appropriate) to be established with agreed agenda so actions to progress savings are turned around quicker and pace increases, use of leading indicators to take timely corrective action. Proactive ideas generation and closing the gap actions at the weekly meetings |  | DoF/ COO/MD |
| | 1.2 The attendance includes the Clinical Director, General manager, Nursing lead and Finance. The teams report on the financial performance however the level of proactive planning, challenge and support to close the gap is variable as is the weekly forecasting | <ul style="list-style-type: none"> Information for the meetings to be agreed to ensure constructive challenge and support. Forecasts to be updated on a weekly basis as agreed with the service. |  | |
| | 1.3 The schemes and reporting are more transactional rather than transformational. This appears to be due to capacity and capability (project management and understanding of CIP delivery) gaps. | <ul style="list-style-type: none"> FBP and PMO to provide challenge, support and coaching to develop more transformational schemes with the rigour of project management tools. |  | |
| | 1.4 The level of constructive challenge provided by the Finance Business partners at these monthly meetings is variable | <ul style="list-style-type: none"> Prioritised areas KPIs and dashboards to track delivery of schemes to be used by FBPs and appropriate training on tools for route to cash and operationalising schemes |  | |
| | 1.5 Ownership and engagement from clinical directors is variable at the various observed for a. | <ul style="list-style-type: none"> Clinical engagement and ownership to be consistently strengthened through coaching and carve out of protected time |  | |





Turnaround governance (cont.)

The following section outlines the findings and recommendations of a review of the arrangements supporting the monitoring and challenge of the savings plans, risk assessment of the plans and reporting arrangements. The objective is to strengthen the delivery framework to support delivery of the savings plans

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|--------------------------|
| 1. Turnaround governance and accountability | | | | |
| Holding to Account meetings | 1.6 Currently 8 directorates are with the HTA process chaired by the Turnaround Director, DoF and the COO attending whenever possible and 8 that are escalated to the CEO. The CEO HTA are for the directorates that require further escalation (also attended by the COO, DoF, TD, Nurse Director). The number of directorates in escalation suggests a push upwards of responsibility to problem solve. [Process issue] | <ul style="list-style-type: none"> Strengthen directorate performance and accountability sessions so majority of schemes are proactively managed and issues resolved in a timely manner with only those that require Exec support escalated to HTA meetings. The HTA meetings need to be weekly/fortnightly for high risk areas and higher value schemes. The de-escalation will need to be introduced in a phased manner as the Directorate level governance becomes more robust. Consider aggregating directorates to units/divisions for more effective management |  | Turnaround Director/ CEO |
| | 1.7 The attendances at the meetings observed seemed to be good with the operational lead and finance lead attending however engagement from clinical leads was variable [Compliance issue] | <ul style="list-style-type: none"> Triumvirate attendance at the HTA meetings needs to be mandatory so it is being driven by the clinical lead. |  | |
| | 1.8 There is an escalation process and the HTA meetings have a drumbeat and Execs carve out the time to attend showing it is a priority for the organisation, however it can be strengthened. [Process issue] | <ul style="list-style-type: none"> Increase frequency and focus on fewer high risk areas so majority are being resolved at Directorate and workstream level |  | |
| | 1.9 There wasn't a link to the workstreams within the observed HTA meetings although there were themes that came through as issues. [Process issue] | <ul style="list-style-type: none"> Themes need to be supported and resolved at the Workstream meetings that are led by Exec SROs in a proactive and timely manner and only if unable to resolve should be escalated to HTA. Regular feedback loop to workstreams from HTA meetings. |  | |





Turnaround governance (cont.)

The following section outlines the findings and recommendations of a review of the arrangements supporting the monitoring and challenge of the savings plans, risk assessment of the plans and reporting arrangements. The objective is to strengthen the delivery framework to support delivery of the savings plans

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|--------------------------|
| 1. Turnaround governance and accountability | | | | |
| Holding to Account meetings (cont.) | 1.10 There are standard dashboards supporting these meetings and prep sessions by the directorates. However, a number of the directorates did not come prepared with worked up ideas to close the gap and the discussion for new ideas happened at the HTA level rather than directorate level. Therefore some of the issues discussed were not material in value. [Compliance issue] | — Strengthening the weekly directorate and workstream meetings will help filter the issues discussed at the HTA meetings. Prioritisation criteria for the HTA meetings to be agreed example schemes in delivery that are slipping by value, amber/red schemes that should have turned green and plans to close the gap. |  | Turnaround Director/ CEO |
| Workstreams | 1.11 The workstreams have generic terms of reference that need to be customised to the workstream. They are led by an Exec SRO who oversees and drives the programme and effectiveness is variable depending on the workstream. It is attended by operational representatives from the directorates however they do not have a Clinical lead. [Process issue] | — Workstream governance to be strengthened with clear roles and responsibilities and accountability/ reporting arrangements to the Programme Board and fortnightly formal meetings with clinical lead, project management tools and PMO support. Feedback loops required to directorate and HTA meetings. |  | Workstream Exec SROs |
| | 1.12 Theatres productivity has been stood down as a turnaround workstream. The intention is to run it as an operational workstream and there has been an initial meeting but the risk is that it does not get the required focus of the turnaround programme. [Process issue] | — It is suggested theatres productivity is monitored and reported as part of the turnaround programme as the Values work has identified a significant opportunity. |  | |
| | 1.13 There was minimal PMO support, HR, Finance and IMT support which is a contributing factor to lack of pace. [Process issue] | — PMO, HR, Finance and IMT lead to be assigned to main workstreams eg theatres, OP, Ops effectiveness |  | |

Turnaround governance (cont.)

The following section outlines the findings and recommendations of a review of the arrangements supporting the monitoring and challenge of the savings plans, risk assessment of the plans and reporting arrangements. The objective is to strengthen the delivery framework to support delivery of the savings plans

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|---|---|---|--------------------------|
| 1. Turnaround governance and accountability | | | | |
| Workstreams (cont.) Executive Turnaround Programme Board | 1.14 There is no consistency in the use of dashboards and KPIs reflecting performance on a timely basis. At the observed meetings there was a lack of robust project management tools and processes such as programme plans, KPIs, proactive forecasting and risk logs. There was an action log however there was insufficient pace and work in between meetings potentially reflecting the lack of capacity. [Process issue] | — Refresh of dashboards and responsibility to be assigned for circulating the dashboards and KPIs for the meeting. Programme plan, KPIs, forecasts and risk logs to be used as standard tools in addition to action logs with leads and deadlines. |  | DoF/ Turnaround Director |
| | 1.15 The route to cash was also not clear from the work being discussed | — Route to cash to be agreed for all schemes at PID stage |  | |
| Executive Turnaround Programme Board | 1.16 There was good attendance from most Execs at the observed Turnaround Programme Board but the effectiveness can be enhanced. This is a monthly forum where Execs provide oversight of the programme and a level of challenge to SROs. [Process issue] | — It is suggested that the challenge and associated actions have greater rigour and pace with deadlines in between the formal meetings and frequency is increased to fortnightly meetings. |  | CEO |
| | 1.17 With regard to content, the group went through all the ambers schemes and assigned Exec leads to progress them. The agenda can be amended to be more effective as it does not have the prioritisation of schemes that have maximum benefit. [Process issue] | <ul style="list-style-type: none"> — It is suggested that the amber and red schemes are progressed at workstream and directorate level and summary updates are provided at the programme Board with high risk areas and decisions required being raised at the Programme Board based on scheme value. — It is also suggested focus of the group needs to be weighted towards closing the gap from the directorates and workstreams rather than existing schemes as the HTA meetings should deal with these. |  | |

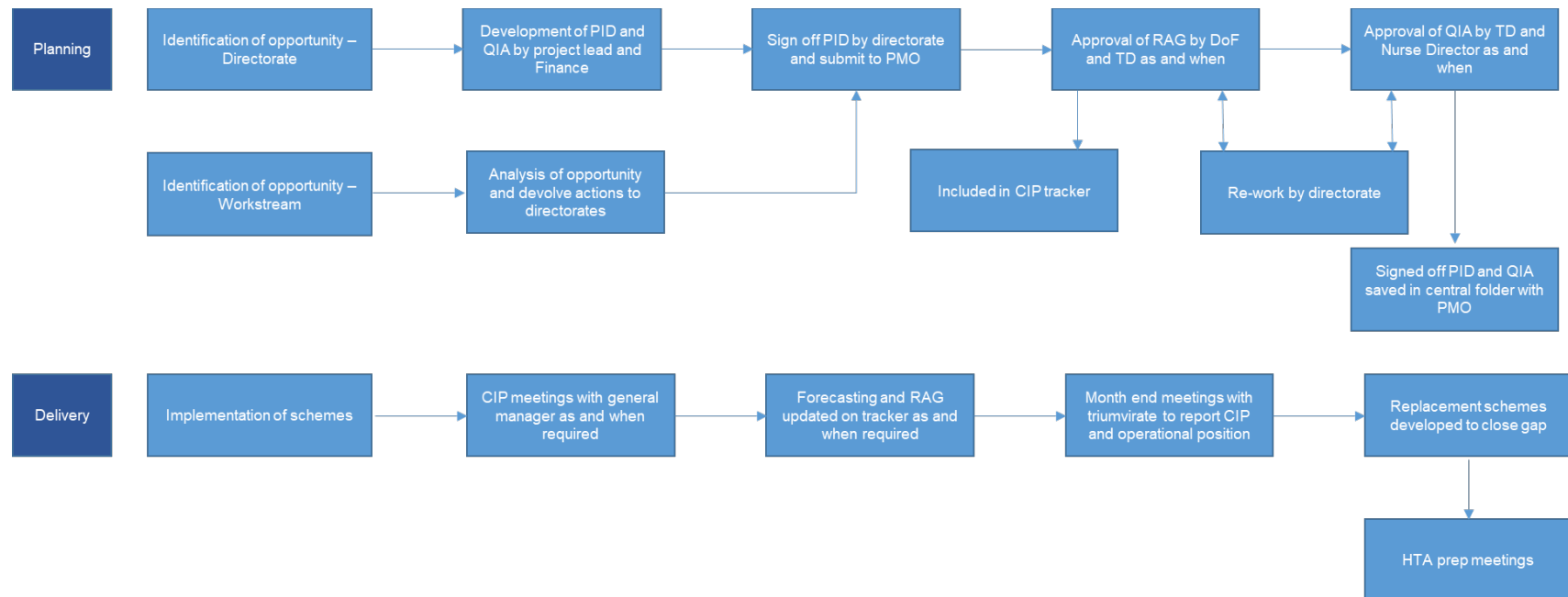


Section 2

Savings planning

Savings plans

This slide outlines the current CIP approval process during the planning stage and the monitoring and reporting process at Delivery stage. The process has been helpful in providing consistency and structure and can be strengthened further as outlined on the points in the next slide





Savings plans (cont.)

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|----------------------------|---|--|-----|---------------------|
| 2. Savings planning | | | | |
| Process | 2.1 There is a PID and QIA process that has been established as part of the Turnaround programme | — This is the first year that PIDs and QIAs have been developed and approved | | Turnaround Director |
| | 2.2 The identification of schemes is undertaken annually at year end for the following year and therefore the new year starts with a gap in addition to slippage of schemes. The continuous planning of savings opportunities is not robust within workstreams and at best is variable eg Outpatients is more advanced than other workstreams.[Process issue] | — The identification of schemes and PIDs development needs to be a continuous cycle through the weekly directorate sessions and regular workshops so there are sufficient schemes coming through the pipeline to cover slippage as well as being proactive for the following year. — Workstream agenda to include a continuous cycle of planning and provide the steer and challenge to deliver savings | | |
| | 2.3 The quality of PIDs is variable and the RAG rating is variable with a strong optimism bias and route to cash not clearly articulated. [Compliance issue] | — The directorates need further coaching on PIDs completion so there is consistency of key aspects like KPIs and route to cash identified and RAG rating in the tracker reflective of the planning stage or/and delivery risk. | | |
| | 2.4 The PIDs are submitted to the PIA to quality check and hold centrally, There is insufficient capacity within the PMO to perform this function for over 100 PIDs all coming through over a similar time period (1 PMO manager) | — Capacity within the PMO needs to be increased to support the governance and project management support/ challenge of the schemes. | | |
| Content | 2.5 There is no differentiation between high and low value PIDs.[Process issue] | — Consider having a threshold for PID requirement c25k. | | |
| | 2.6 The quality of PIDs is variable and the RAG rating is variable with a strong optimism bias and route to cash not clearly articulated. In addition there is inconsistency in articulating key milestones and action plans. [Compliance issue] | — The directorates need further coaching on PIDs completion so there is consistency of key aspects like KPIs, milestones and route to cash identified and RAG rating in the tracker reflective of the planning stage or/and delivery risk. | | |

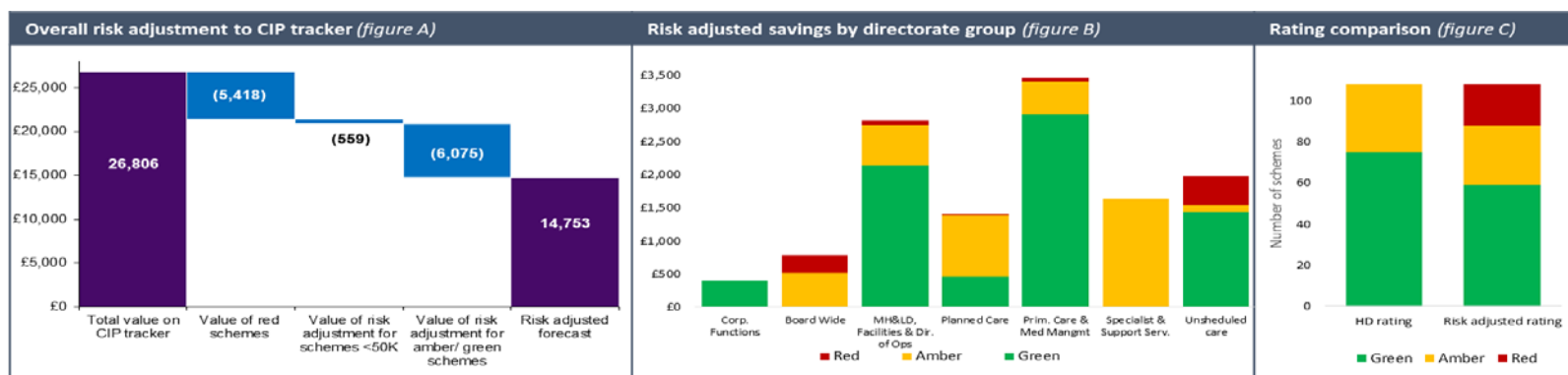
Savings plans (cont.)

The following section outlines the findings and recommendations of a review of the arrangements supporting the monitoring and challenge of the plans, CIP planning process, reporting arrangements and risk assessment of plans. The objective is to strengthen the delivery framework to support delivery of the savings plans

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|----------------------------|---|---|---|---------------------|
| 2. Savings planning | | | | |
| Governance | 2.6 Of the 107 amber/green schemes over 50k, 43 did not have PIDs, these were mainly corporate and medicines management although there were a few other directorates as well. [Compliance issue] | — There needs to be consistency for PIDs requirement for schemes over an agreed threshold value. |  | Turnaround Director |
| | 2.7 The PIDs were approved by the DoF and TD and Nurse director. The Medical director was not involved in reviewing the QIA. The schemes did not have formal QIA approval although they were all reviewed and feedback provided. [Compliance issue] | — Consider having an electronic approval process. The QIA needs to be signed off by the Medical director as well. QIAs to be formally approved for schemes. |  | |

Risk assessment of savings plans

The following slide provides a summary of the risk assessment of the savings plans that was undertaken based on desktop review of schemes >50k and interviews with business partners and service teams (wherever possible). It reflects planning delivery risks of the programme. This is currently being validated by the finance team and the teams will update their forecasts where appropriate.



Background & Insights

The risk assessment has been developed using a tailored framework assessment based on Welsh government regulations. It has been tailored to reflect Hywel Dda's specific circumstances and background. The framework assessment enables the overall RAG rating which in turn dictate the adjustment to the forecasted savings.

Risk adjustments were applied where realistic forecasts were not available; green rated schemes incur 80% adjustment, amber rated schemes incur 60% adjustment and red rated schemes incur 20% adjustment.

Specific adjustments to individual savings initiatives were documented based on discussion with the relevant finance business partner. For example, where a green rated scheme relies on maintaining vacancies unfilled the scheme would have incurred no adjustment as this is fully within the control of the Board. Conversely, where the finance business partner has indicated that the scheme is likely to be delayed to the following year, the full value has been adjusted.

Figure A: Provides the overall risk adjusted savings forecasted for 2019-20 is £14.7m. Note that additional schemes outside the CIP tracker have been initiated and will add to this value.

Under Welsh regulation red schemes are not reportable (£5.4m).

Review of the CIP tracker identified 271 amber and green schemes, of which 108 relate to schemes over £50K. The above described framework has been applied to these 108 schemes, and a high level risk assessment has been done for the remaining ones. There is an unidentified gap of c£2.1m on the tracker to bring it to the £29m savings target

- The 108 schemes identify £18.5m of savings. Review of evidence identified £6m of these are at risk of not being delivered. This represents a 33% risk factor.
- The remaining 163 schemes identified £2.8m of savings. A review these identified £559K of these are at risk of not being delivered. This represents 20% risk factor.

Figure B: Shows the risk adjusted value of savings per directorate group split by RAG rating. Note that, unscheduled care has the highest value of savings schemes rated red due to the inherently unpredictable nature of the work. This is followed by those schemes which are Health Board wide, which could suggest these schemes might lack ownership to drive implementation.

Figure C: Shows a comparison of the RAG rating between the original Board assessment for amber and green schemes valued above £50K, and the risk adjusted assessment for these schemes. This reflects in part the timing difference between the two assessments, but also that the risk adjusted figures account for the uncertainty attached to the fact that year to date actual savings include up to month three only.




Section 3

Planning and budget setting

Planning & budget setting

The following section outlines the findings and recommendations of a review of the 19/20 financial planning and budget setting arrangements


Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix 1 for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|--|---|---|-------|
| 3. 19/20 Planning and Budget setting | | | | |
| 19/20 Annual planning and budget setting | <p>3.1 The 19/20 Annual planning and budget setting commenced in August 2018 with the approach and plan detailed in a Finance Committee paper tabled in Sept 18.</p> <p>3.2 Finance BPs initially worked with budget holders to populate a budget template (using month 5 18/19 outturn, adjusted for non- recurrent items, existing cost pressures, new unavoidable cost pressures, new developments and investments, savings plans, capital investments and workforce). These were then sent to general managers for review, approval and final submission to the finance planning team for aggregation. The Planned Care Directorate template was only partially completed for cost pressures with some marked as TBC.</p> <p>3.3. The Directorate returns were then aggregated by the Finance planning team with overlay of national planning assumptions e.g. increased income allocations and pay awards and HDUHB strategic service developments;</p> | <p>The KPMG review and budget survey has identified significant improvements required to strengthen the annual planning and budget setting process. Recommendations include:</p> <ul style="list-style-type: none"> — An executive hosting a budget setting workshop to set out the planning process with all Directorate budget holders/ employees with budget holder responsibility and their supporting Finance Business Partners to confirm accountability and need for collaboration. — Finance challenge sessions to be hosted to ensure completion of templates and to test the robustness of assumptions made to support the preparation of robust plans, including: — Alignment with HDUHB strategy; — Focus on addressing the drivers of the deficit; — Testing triangulation of demand/ activity forecasts and workforce (including capacity modelling and setting budgets based on actual establishment i.e. not prior year spend); |  | DoF |

Planning & budget setting (cont.)

The following section outlines the findings and recommendations of a review of the 19/20 financial planning and budget setting arrangements



Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix 1 for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|---|---|---|-------|
| 3. 19/20 Planning and Budget setting | | | | |
| 19/20 Annual planning and budget setting | <p>3.4 The aggregated HDUHB 19/20 plan for income and expenditure was then reviewed on a high level basis by Finance focusing on the bottom line deficit position.</p> <p>3.5 A uniform percentage cost reduction target was then applied to all directorates to deliver a planned deficit of £29.8M.</p> <p>Survey results - The results highlight low %'s for:</p> <ul style="list-style-type: none"> Confirmed budget holder involvement: Overall = 49%; £3M - £10M = 89% BUT >£10M = 50% Setting of realistic budgets: Overall = 43%; £3M - £10M = 33% and >£10M = 14% Integrated budget informed by operational plans: Overall = 37%; £3M - £10M = 45% and >£10M = 21% | <ul style="list-style-type: none"> Testing the robustness of assumptions, including completeness of cost pressures, supporting evidence for new cost pressures, approvals for new service developments and completeness of risks and opportunities identified, taking into account key learnings from the current year (e.g. unplanned cost pressures and known demand changes); Honest and transparent conversations regarding savings targets to develop realistic and achievable plans owned by Directorates and budget holders (supported by analysis and benchmarking). Any gaps to planned deficit should be highlighted to enable CIPs to close the gap. |  | DoF |

Planning & budget setting

The following section outlines the findings and recommendations of a review of the 19/20 financial planning and budget setting arrangements


Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix 1 for survey results

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|---|---|--|-------|
| 3. 19/20 Planning and Budget setting | | | | |
| 19/20 Annual planning and budget setting (cont.) | 3.6 Base budget deficit of £29.8M (including CIPs) was flat phased equally into 12 months in the original plan submitted to WG. Survey results - The results show a high % for appropriately phased budgets across all budget holder groups: Overall = 76% | — Budgets (including supporting savings targets) should be appropriately phased and take into account key learnings from the current year (e.g. seasonality trends, M12 accounting adjustments, number of working days and expected timing of key events to allow meaningful variance analysis as the year progresses. |  | DoF |
| | 3.7 The budget was then updated for full year forecast outturn at M9. The overall budget deficit of £29.8M was however maintained despite run rate cost pressures of £1.4M through pay assumptions (for example the Agenda for Change pay award) being reduced by a corresponding amount. | — To maintain the integrity of budget assumptions and consequent performance reporting and forecasting for the budget year, new cost pressures based on review of existing run rates should be investigated and accounted for (where not capable of being mitigated prior to the budget year commencing) with savings targets updated accordingly. The planned introduction of Power BI will enable HDUHB to plan on 'run rates' which are activity driven. |  Given materiality | DoF |

Planning & budget setting (cont.)

The following section outlines the findings and recommendations of a review of the 19/20 financial planning and budget setting arrangements


Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix 1 for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|--|---|---|-------|
| 3. 19/20 Planning and Budget setting | | | | |
| Budget approval and signoff process | <p>3.8 A 'draft interim' plan was presented to the Board on 28th March 2019 and approved for onward submission to the Welsh Government.</p> <p>3.9 The finance team then retrospectively initiated the process of signing off budgets from the Directorates with a letter sent to 52 budget holders on 10 April 2019, to be returned back by 23 April 2019. However, there are approximately 182 budget holders and 200 individuals with budget responsibilities in the Board. As at month 5, signed accountability letters are still outstanding for the CEO and Primary Care (due to some historic discrepancies to be concluded during September). Letters were not sent to all budget holders as there was not capacity in finance to explain budgets at that level to all budget holders.</p> <p>3.10 The plan was then revised to a control total deficit of £25M (approved by the HDUHB Board in May) to reflect control total agreement with Welsh Government with the additional savings requirement of £4.8M back end loaded. (compliance issue)</p> | <p>The KPMG review and budget survey has identified significant improvements required to strengthen the budget approval and signoff process. Recommendations include:</p> <ul style="list-style-type: none"> — A review of budget holders and employees with budget responsibility to be undertaken to ensure appropriate spans and layers of authority/ delegation — All budget holders and those with budget responsibility to be required to agree to their budgets prior to submission and approval by the Board and prior to submission to Welsh Government before the start of the new year (the annual planning cycle needs to allow sufficient time for this while budget preparation monitoring arrangements need to escalate non compliance to the Executive). |  | DoF |

Planning & budget setting (cont.)

The following section outlines the findings and recommendations of a review of the 19/20 financial planning and budget setting arrangements

Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix 1 for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|--|--|---|-------|
| 3. 19/20 Planning and Budget setting | | | | |
| Budget approval and signoff process | <p>3.11 We note that:</p> <ul style="list-style-type: none"> — There is no cascade process in place that requires lower level budget holders to agree that they will adhere to their budget and the required procedures. — The current system is email based which is less robust and more time consuming and prone to errors than a policy management system. — Budget holders have up to 45 active cost centres to manage. <p>Survey results - The results show a low % for signoff of budgets: Overall = 37%; £3M - £10M = 44% and >£10M = 57%</p> | <ul style="list-style-type: none"> — Consider the possibility of an electronic signoff system. Such systems can be used for multiple issues (e.g. that other policies have been read and will be adhered to). |  | DoF |

Planning & budget setting (cont.)

The following section outlines the findings and recommendations of a review of the 19/20 financial planning and budget setting arrangements

Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix 1 for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|--|---|---|-------|
| 3. 19/20 Planning and Budget setting | | | | |
| Alignment of planning, finance, workforce and Transformation | <p>3.12 In developing the financial plan, there is a lack of robust alignment between operational, workforce, activity and financials. This is reflected in the relative silo working of the various teams.</p> <p>3.13 This lack of alignment is also reflected in having two separate committees for finance and performance and therefore the decision making process is not aligned.</p> <p>3.14 In addition to the above there is no clear roadmap from the current state (operationally, financially and workforce) to the Transforming clinical services strategy that is aligned to the annual plans</p> | <ul style="list-style-type: none"> — There needs to be closer working between HR, finance and Operations in developing the operational and financial plan with clear links in how the plans impact on each other. — Consider having a Performance and Finance committee — Develop a robust roadmap to Transformation with Transformation teams supporting the priorities of the organisation at every stage of its improvement journey including Turnaround. |  | |



Section 4

Financial management/reporting

Financial management/reporting

The following section outlines the findings and recommendations of a review of financial management and reporting arrangements.


Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|--|---|---|-------|
| 4. Financial management/Reporting output | | | | |
| Monthly reporting on Health Board performance to Board and committees | <p>4.1 Reports showing financial performance against budget are prepared on a monthly basis for the Health Board as a whole.</p> <p>4.2 The Finance & Turnaround Update and Finance Committee papers are in a consistent reporting format for month 1 with the same level of detail provided to each. This raises the risk of duplicate discussion and ability of the Finance Committee to provide assurance / complete its remit.</p> <p>4.3 Papers presented to the Health Board report historic positions and are focussed on telling the story of the YTD and savings delivery, for example, no cash flow forecasts are provided. There is also limited view of the medium / long term in the papers which could inhibit completeness and accuracy of risks reported in risk registers.</p> <p>4.4 As there are a significant number of Directorates (38), the Finance and Turnaround Update report shows only the largest 14 Directorates, with others grouped together. This reporting shows Directorate YTD financial performance against budget without any further specialty split or full year financial forecast for HDUHB or Directorates.</p> | <ul style="list-style-type: none"> Review the information provided to ensure that it enables the user to identify where areas of challenge are to take appropriate action. Report by speciality in addition to Directorate as this is likely to result in additional challenges/opportunities being identified. Include appropriate financial and non financial KPI and workforce and activity information to triangulate performance. Reports should also include required actions, dates for completion and progress made. A summary page which shows the position by Directorate – YTD Actual, YTD Variance, Forecast, Forecast Variance, Savings YTD (Act vs Target), Savings (Forecast vs Target), Risk would link it all together and could be RAG rated to provide clarity on key items. Reports need to focus on analyses of actual run rate trend and forecast outturn as opposed to variances of actual to budget for YTD and full year. Ensure the reports are aligned to the savings tracker and ledger. |  | DoF |

Financial management/reporting

The following section outlines the findings and recommendations of a review of financial management and reporting arrangements.


Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|--|---|---|-------|
| 4. Financial management/ Reporting output | | | | |
| Monthly reporting on Health Board performance to Board and committees (cont.) | <p>4.5 The papers present results at a Directorate level and then consider specific HDUHB line items such as pay expenditure, non pay expenditure, income and savings. This creates a fragmented report which can make it difficult for a user of the report to identify consistent messages and trends.</p> <p>4.6 The lack of consistency throughout the papers makes it difficult to identify specific trends or themes, for example, through the reporting is not possible to identify which Directorates have an improving or worsening position over time. This clarity would assist in highlighting areas of concern or potential future risks earlier in the reporting cycle.</p> <p>4.7 In the ledger, HDUHB offsets the planned deficit for the year through a corresponding reserve 'income' adjustment to set a balanced budget. This reserve can then be rephased in the year to 'smooth out' actual performance for aggregated Health Board performance.</p> | <ul style="list-style-type: none"> — A rolling 12 month cash position forecast (i.e. past year end) should be prepared to support the I&E forecast. — The Board should not smooth out any monthly fluctuations in YTD or full year budget phasing through release of central reserves – as this impacts the robustness of the monthly variance analysis. The planned introduction of Power BI and activity profiling will help inform understanding and forecasting of monthly performance. |  | DoF |

Financial management/reporting

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Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|--|---|---|-------|
| 4. Financial management/Reporting output | | | | |
| Monthly reporting on Health Board performance to Board and committees (cont.) | <p>4.8 HDUHB monitors in-year performance for each directorate, comparing actual performance versus budget. However, the budgets being compared are the updated budgets, with no comparison of actual performance against original plan / budget.</p> <p>4.9 Additionally, HDUHB reports the 'variances' to these revised budgets in their management reports, and comments on month on month changes to variance to plan - real performance against plan is therefore difficult to understand if the budget has been changed or reserves have been re-profiled.</p> | <ul style="list-style-type: none"> — HDUHB should compare actual YTD performance with the original plan. If there are material changes to circumstances which warrant updates to the budget, the management reports should compare actual YTD performance with the revised plan, as well as show the original plan as part of the analysis, supported by commentary. — Reports and in-year performance management need to focus on actual run rate trend and forecast outturn as opposed to variances to budget for YTD and full year outturn. By being forward looking, the capability of Finance and BI functions can support the front line to take corrective, timely action to improve forecast performance (particularly given variance analyses is backward looking with budget assumptions often outdated). The quality of reporting for Board members and the WG to understand likely full year outturn and actions required to improve is also significantly increased. |  | DoF |

Financial management/reporting

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Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|--|---|--|-------|
| 4. Financial management/Reporting output | | | | |
| Financial reporting to Directorates | 4.10 A monthly finance dashboard for each Directorate is produced and provided to budget holders. This details in- month performance against plan, actual and normalised expenditure trend, saving plan performance, pay trend (by type of staff and nature of spend e.g. substantive, bank and agency), non pay trend (drugs, clinical and other) and projected outturn. In addition, the dashboard highlights some operational indicators (e.g. surge pressures), key required actions together with responsibility and due dates. | <ul style="list-style-type: none"> — This is a strong start to increasing grip on Directorate performance and addresses some of the development points raised above. In addition, we would recommend: — Expanding the current forecast model to reflect 12 month actuals and 18 months forward look which is then underpinned by statistical analyses, demand and capacity modelling, operational 'business' drivers (together with agreed in-year tolerances/ early warning indicators to highlight when action is required) and planned outcomes (financial and non financial). |  | DoF |
| Financial reporting to budget holders | 4.11 Financial information is not provided to budget holders of individual cost centres. Budget holders are able to review their financial position through QlikView though it is unclear how extensive use of this functionality is. | <ul style="list-style-type: none"> — Training for budget holders to use QlikView and/or monthly emails to budget holders of the financial performance against budget, with appropriate follow up by the relevant BP where adverse. — Update QlikView if required to ensure the reporting is user-friendly and enables effective management. |  | DoF |

Financial management/reporting

The following section outlines the findings and recommendations of a review of financial management and reporting arrangements.



Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|---|---|--|-------|
| 4. Financial management/ Reporting output | | | | |
| Financial reporting to budget holders | <p>4.11 (Cont.) Survey results - The results show :</p> <ul style="list-style-type: none"> — A high % of budget holders have access to monthly management accounts or budget reports: Overall = 96% — Most budget holders report within 2 weeks of month- end (36% of budget holders however responded with 'not applicable' which implies that they are not involved in month-end reporting). — A high % do not undertake validation of the monthly management accounts: Overall = 46%; £3M - £10M = 33% and >£10M = 29% | <ul style="list-style-type: none"> — Training for budget holders to use QlikView and/or monthly emails to budget holders of the financial performance against budget, with appropriate follow up by the relevant BP where adverse. — Update QlikView if required to ensure the reporting is user-friendly and enables effective management. |  | DoF |
| Financial reporting to HTA (Holding to Account meetings) | <p>4.12 There are a standard set of reports for the monthly HTA meetings which highlight YTD variances to plan and full year forecast outturn on a Directorate level based on forecast run rate, risks identified, mitigations (where developed) and opportunities. However the forecast savings do not match the CIP tracker forecast that is reported in the monitoring returns. (compliance issue)</p> | <ul style="list-style-type: none"> — There needs to be one version of the truth between the CIP tracker and HTA documentation with an owner reconciling the two information sets — Reports need to focus on analyses of actual run rate trend and forecast outturn as opposed to variances of actual to budget for YTD and full year. |  | DoF |

Financial management/reporting

The following section outlines the findings and recommendations of a review of financial management and reporting arrangements.




Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|-------|
| 4. Financial management/ Reporting output | | | | |
| Workforce reporting | 4.13 Ensure workforce reporting focuses on key elements of variable pay spend (agency, bank, overtime etc.) and supports the financial reporting. | <ul style="list-style-type: none"> Weekly/monthly reporting as appropriate to areas of the Health Board (including directorates) in relation to staffing based on agreed metrics and covering all staffing groups but focused on variable spend. Establish a headcount tracker and reconcile to workforce information systems, underlying data sets and all reports to ensure 'one version of the truth' for reported establishment |  | DoF |
| Savings Tracker | 4.14 Forecasts are not consistently updated on the tracker although it is updated in the HTA documentation. Therefore monitoring returns do not have an updated savings forecast. (compliance issue) | — Savings tracker must be kept updated on a 'live' basis and as a minimum weekly with owners for the schemes and overall tracker. There needs to be one version of the truth between the tracker and HTA documentation |  | DoF |
| | 4.15 RAG rating for schemes that are not expected to deliver is also not updated | — The RAG rating on the tracker need to reflect the status of the PIDs with expected Go green dates that are monitored weekly | | |
| | 4.16 There is inconsistency of recording of pipeline and red schemes in the CIP tracker with a number of ideas that are being worked not being recorded on the tracker. This means there is no visible central repository of a continuous savings pipeline. | — Pipeline schemes need to be recorded on a tracker and monitored with a go green date on a weekly basis/ live basis. | | |

Financial management/reporting

The following section outlines the findings and recommendations of a review of financial management and reporting arrangements.

Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|--|--|---|-------|
| 4. Financial management/ Reporting output | | | | |
| Reporting locations | 4.17 While we recognise that Finance do know which sites cost centres relate to (though some are Health Board wide), HDUHB's ledger codes do not have corresponding locations tagged, making it difficult to track budget or spend by location. This is particularly relevant in relation to spend where there are controls at a site level (e.g. nursing agency). | — Include mapping of cost centres to locations to assist in internal cost and efficiency benchmarking, identifying opportunities for efficient utilisation of resources across sites, consistent monitoring of financial performance across locations, and engaging with relevant frontline staff to collaboratively address budget variances. |  | DoF |
| Reports preparation | 4.18 We note that Finance prepares monthly reports from an extract of the ledger taken out from Oracle, processed in Qlikview, manually processed in MS Excel and subsequently copied into MS Word with commentary added on to it. | — Review reporting processes to identify opportunities for automation and self-serve, to free Finance resource to deliver more value add activity. |  | DoF |
| WG Monitoring returns | 4.19 Savings forecasts in the monitoring returns did not reflect the risk associated with green/amber schemes. This is due to the risks being considered as operational pressures in the returns and netted off against mitigating actions (compliance issue) | — It is suggested that savings forecasts are updated on a weekly basis with programme risks reflected in the returns and actions separately identified. |  | DoF |




Section 5

Financial performance management

Financial performance management

The following section outlines the findings and recommendations of a review of financial management and reporting arrangements.


Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|-------|
| 5. Financial performance management | | | | |
| Month end HTA performance meetings | <p>5.1 Any Directorate with an adverse variance to assigned budget, or a projected adverse variance to assigned budget of £200k or more, is escalated into the Holding to Account (HTA) process</p> <p>Although the month end HTA meeting which we attended, was well chaired, it highlighted opportunities for improved business partnering (e.g. the ability to be a critical but challenging friend) and the need for forecasting to be underpinned by operational drivers and associated tolerances/ early warning signs for required action as well as continued demand & capacity modelling.</p> <p>Survey results - The results show:</p> <ul style="list-style-type: none"> — That the % of budget holders having regular monthly meetings with their finance manager to clarify or explain variances is low at HDUHB = 54% BUT high for £3M - £10M = 89% and >£10M = 93% — A high proportion of budget holders do not keep a documented audit trail of actions being taken to address any variances (and their impact). Overall = 47%; £3M - £10M = 33% and >£10M = 36% | <ul style="list-style-type: none"> — There needs to be an increased focus on development of Finance Function capability, including effective corporate service business partnering through a potential finance function review and through provision of appropriate training. It is important that Finance transforms from a back office scorekeeper to a front line enabler for driving improvement. — This can be achieved through a continued shift to a financial forecast management system. — By being forward looking ('mindset') and developing forecasts that are underpinned by an understanding of demand, what is required to service that demand and key operational 'business' drivers (together with their non financial and financial impacts), corporate business partners (Finance, BI and workforce) can then develop the 'skillset' to support the front line to plan effectively and to take corrective, timely action to improve actual forecast performance (including in-month). |  | DoF |

Financial performance management


The following section outlines the findings and recommendations of a review of financial management and reporting arrangements.

Basis of preparation: Findings and recommendations are based on interviews with HDUHB finance staff and review of available documentation. In addition, they have been triangulated with a budget survey completed by 70 budget holders/ employees with budgetary responsibilities (35% completion rate based on population of 200) – refer Appendix for survey results.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|-------|
| 5. Financial performance management | | | | |
| Month end HTA performance meetings | <ul style="list-style-type: none"> — A high proportion of budget holders are not asked to report a projected year end budget position. Overall = 52%; £3M - £10M = 33% BUT >£10M = Nil% — A high proportion of budget holders felt they would benefit from receiving regular training on budget setting and monitoring. Overall = 77%; £3M - £10M = 78% and >£10M = 64% | <ul style="list-style-type: none"> — It will also require a change in toolset i.e. timely, visual system data and dashboards for operational drivers and in- month leading indicators to highlight deviation from budget/ forecast. — All budget holders with significant budgets should receive budget holder setting and monitoring training to improve the capability of HDUHB for improving non financial and consequent financial performance (quality, access, workforce, productivity and value). It is pleasing to see that a high number of respondents are seeking such training. |  | DoF |


Financial performance management

The following section outlines the findings and recommendations of a review of the financial performance management arrangements within the Health Board

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|-------|
| 5. Financial performance management | | | | |
| Business cases | <p>5.2 HDUHB has revised its approval process (effective autumn 2018) for revenue business cases to improve grip on:</p> <ul style="list-style-type: none"> — Preparation, particularly evidence for alignment to HDUHB's and Directorate strategy, options testing, planned financial and non financial benefits and pay and non pay investment. — Required approvals • Consideration through the relevant management (and accountability) structure and corporate functions including Finance and Workforce. This includes signoff from Director, Directorate manager, Other affected managers, Finance Business Partner; • Executive approval at fortnightly meeting (documented in minutes); • Finance Committee approval for all cases above £100k. | <ul style="list-style-type: none"> — Whilst the process for preparation and signoff of revenue business cases has been strengthened, its important that the focus now shifts to monthly monitoring of actual post implementation costs and benefits realisation for newly approved cases so that corrective action can be identified where required and key individuals held to account. This should include disinvestment if required. — Given reviews are not currently taking place, we would recommend that the performance for all business cases (approved in the past 12 months and with significant planned benefits and investments costs) is analysed and a decision made on potential disinvestment where these are underperforming. |  | DoF |


Financial performance management

The following section outlines the findings and recommendations of a review of the financial performance management arrangements within the Health Board

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--------------------------------------|--|--|---|---------------------------------|
| 5. Financial performance management | | | | |
| Finance Committee observation | <p>5.3 Our observations highlighted the following:</p> <ul style="list-style-type: none"> — There was appropriate challenge from the Chair and Independent Members ('IM') throughout the agenda. Responses from Executive Directors ('EDs') and officers were clear and addressed the questions. For example: <ul style="list-style-type: none"> • IMs pressing for a completion date for outstanding action. • Clarification of whether surge beds were included within the forecast position and how this could be linked to DTOC. • Requesting a report to come back to the committee on grip and control following challenge around the management of bank and agency. — The Chair focused on the need for assurance to be provided to the committee, in line with the objectives outlined in the Terms of Reference. For example, the need to provide assurance on the balance of transactional vs transformational saving schemes, certainty of the pipeline and assurance over 2021 plan. | <ul style="list-style-type: none"> — The meeting ran over time with a large volume of papers to review prior to the Committee, despite a number of items being deferred to later committees. Whilst the discussions summarised key papers and the presentation of the finance report highlighted key items, we recommend that the agenda is streamlined to reduce the volume of reports provided to each committee: — RTT, establishment control and capital projects were not discussed due to time pressures – the reports did not appear to be key requirements and therefore may not be required each month. We recommend that such papers should be staggered over a three month period, with RTT being provided in month 1, establishment in month 2 and capital in month 3 to spread the volume of reports across the periods). — The Turnaround report was not discussed in detail as key items were already discussed in the financial report. Given the inherent links between the items, we recommend that the reports are merged so reducing the detail included in papers. |  | DoF/ Chair of Finance Committee |


Financial performance management

The following section outlines the findings and recommendations of a review of the financial performance management arrangements within the Health Board

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|--|---|---|---------------------------------|
| 5. Financial performance management | | | | |
| Finance Committee observation (cont.) | <ul style="list-style-type: none"> Although the majority of the Committee was looking at the current financial position and focussed on the short term, this reflected the timing in the financial year. There was discussion around the medium term, including the expected financial targets for the 2021 financial year. Detailed presentations were provided in relation to the financial position. This included detail of the Directorate positions and YTD and forecast position. The presentation clearly noted the 'risk' of £7.1m to forecast and £5m of savings and there was discussions around plans to mitigate the £12.1m gap. The close period at the meeting was used to reflect on the meeting and agree key items to be reported to the Board. | <ul style="list-style-type: none"> The Finance Report contained a presentation and detailed report for committee members. The detailed report could be moved to a 'for information' section of the agenda, or provided as an accompanying paper, as the presentation picks out the key items for discussion. This will allow members with limited time to focus on other papers which are not presented in as much detail. |  | DoF/ Chair of Finance Committee |


Financial performance management

The following section outlines the findings and recommendations of a review of the arrangements financial reporting and management in the Health Board at Board and sub-committee level and to WG

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|---------------------------------|
| 5. Financial performance management | | | | |
| Finance Committee observation (cont.) | <ul style="list-style-type: none"> Each member of the committee was given appropriate opportunity to present reports, with time also available for relevant challenge. Our analysis noted a relatively even split of discussion time between IMs and Health Board management. The Deep Dives gave useful information and background to the relevant areas, but the sessions lasted over one hour in total and it was not clear how the content discussed helped the committee to address the objectives. For example, there was limited discussion over the savings plans or future financial challenges in the relevant areas. | <ul style="list-style-type: none"> Given the heavy agenda for the Committee, it may not be beneficial to allocate such large portions of meetings to the Deep Dives. The Committee may also benefit from providing a template for Deep Dives to ensure the relevant information is provided and key areas addressed. |  | DoF/ Chair of Finance Committee |


Financial performance management

The following section outlines the findings and recommendations of a review of the arrangements financial reporting and management in the Health Board at Board and sub-committee level and to WG

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|--|---|---------------------------------|
| 5. Financial performance management | | | | |
| Finance Committee observation (cont.) | <ul style="list-style-type: none"> — There was limited reporting from HTA meetings or the Programme Board directly, with the Committee challenging ED's to provide assurance from these meetings. — All reporting provided in the meeting focussed on financial performance. Whilst this satisfies the remit of the Committee, the challenge from IM's often related to how this linked to performance, such as surge beds, DTOC, use of agency / bank. | <ul style="list-style-type: none"> — There is a need for a reporting mechanism for HTA or the Programme Board to the Committee so that it can be assured that the meetings achieve their objectives and there is robust challenge and discussion. — The Committee may benefit from increased integration with the relevant Performance Committees so that finance and performance can be reviewed as one integrated report to ensure members see the full picture. — From the observed meeting, there are limited links to other committees. The Finance Committee has an objective to review financial control and therefore needs to ensure appropriate links to the Audit and Risk Assurance Committee (ARAC). For example, where finance related internal audit reports are reported to ARAC, the actions are referred across to be followed up by the relevant committee. — The Committee currently holds the ED's to account for the performance of the Directorates – the Committee should look to hold Directorates to account directly, for example, through the Deep Dives, to ensure accountability takes effect at relevant levels within the UHB. |  | DoF/ Chair of Finance Committee |


Financial performance management

The following section outlines the findings and recommendations of a review of the arrangements financial reporting and management in the Health Board at Board and sub-committee level and to WG

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|-------------------------------------|--|----------------|---|-------------------------------|
| 5. Financial performance management | | | | |
| Audit Committee observation | <p>5.4 Our observations highlighted the following:</p> <ul style="list-style-type: none"> — The Chair and Independent Members ('IM') provided appropriate challenge throughout the agenda. Responses from Executive Directors ('EDs') and officers were generally clear and addressed the questions. — The Chairman made it clear that Financial Performance was the remit of the Finance Committee and that the role of the ARAC was to provide assurance on wider financial matters via the Financial Assurance Report. — The Chair focused on the need for assurance to be provided to the committee. For example, the need to provide assurance on the productivity and efficiency of UHB's estate, with a clear plan for how that could be achieved requested for the next meeting. Our analysis of agenda items identified that the majority of the meeting was spent on items providing assurance rather than items for note or discussion. — Each member of the committee was given appropriate opportunity to present reports, with time also available for relevant challenge. Our analysis noted a relatively even split of discussion time between IMs and UHB management. | — N/A |  | DoF/ Chair of Audit Committee |


Financial performance management

The following section outlines the findings and recommendations of a review of the arrangements financial reporting and management in the Health Board at Board and sub-committee level and to WG

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|---|---|---|-------------------------------|
| 5. Financial performance management | | | | |
| Audit Committee observation (cont.) | <ul style="list-style-type: none"> From the observed meeting, there were clear links made to other committees. The Chair summarised clearly at the end of each item the actions that were required. For example, if a report needed to be presented at another committee or if an update to a later meeting was required. The meeting kept largely to time and lasted 3.5 hours. The volume of papers was large but members attending had clearly read papers beforehand and provided relevant comment and challenge. For example one member when referring to the Clinical Audit Annual Report questioned how plans would need to change in line with the UHB's transition plans. The Committee's Audit Tracker brings together and tracks recommendations from a wide range of external bodies, such as internal and external audit, but also Health Improvement Wales, Wales Audit Office and the Coroner. A closed period at the end of the agenda was used to reflect on the meeting's effectiveness and agree key items to be reported to the Board.. | <ul style="list-style-type: none"> The Audit Committee should streamline the audit tracker to enable more focus on the most high risk outstanding actions. |  | DoF/ Chair of Audit Committee |

Financial performance management

The following section outlines the findings and recommendations of a review of the arrangements financial reporting and management in the Health Board at Board and sub-committee level and to WG

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|--|--|--|---|-------------------------------|
| 5. Financial performance management | | | | |
| Audit Committee observation (cont.) | <ul style="list-style-type: none"> — The committee reviews audit recommendations via an Audit Tracker. The Tracker is very long (over 20 pages) and contains a lot of historic information. Many deadlines in action plans and audit trackers show evidence of slippage, despite tough challenge from lay members. For example, recommendations related to consultant job planning remain outstanding from a review in 2016. — The quality of papers and their delivery by managers varied. For example the paper on Primary Care Applications Committee was clear and succinct and provided the committee with the assurance they needed on progress. Whereas the Estates progress report, while succinct, did not provide the committee with sufficient information to demonstrate assurance and prompted hard challenge from IMs. Some reports also contained unnecessary levels of detail, such as the management response to the WAO job planning report with an appendix that ran to 21 pages listing the 23 original recommendations, although only two recommendations remained outstanding. | <ul style="list-style-type: none"> — The quality of papers and level of detail contained in them should be appropriate to provide the committee with sufficient assurance |  | DoF/ Chair of Audit Committee |

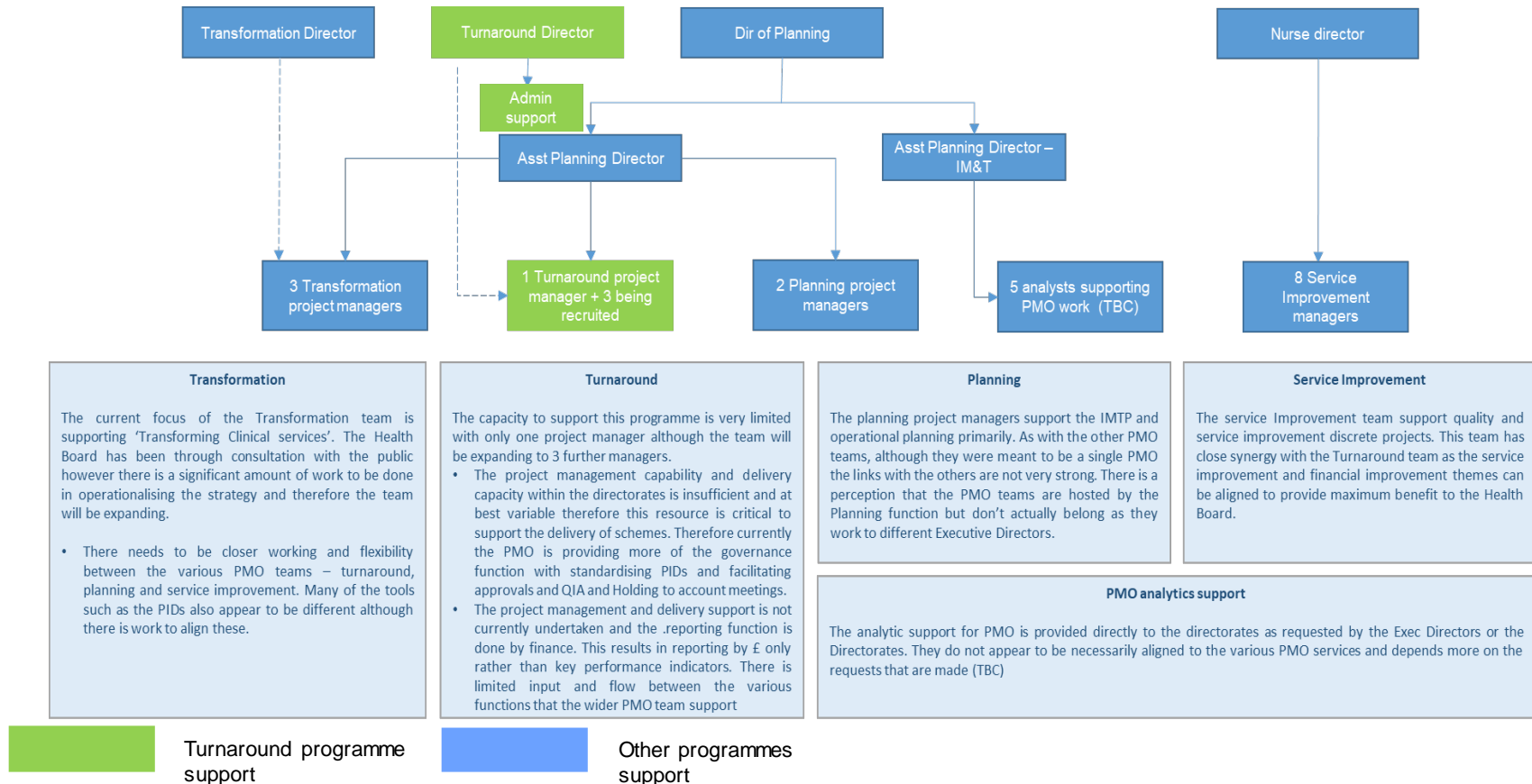


Section 6

Capacity and capability

Current PMO

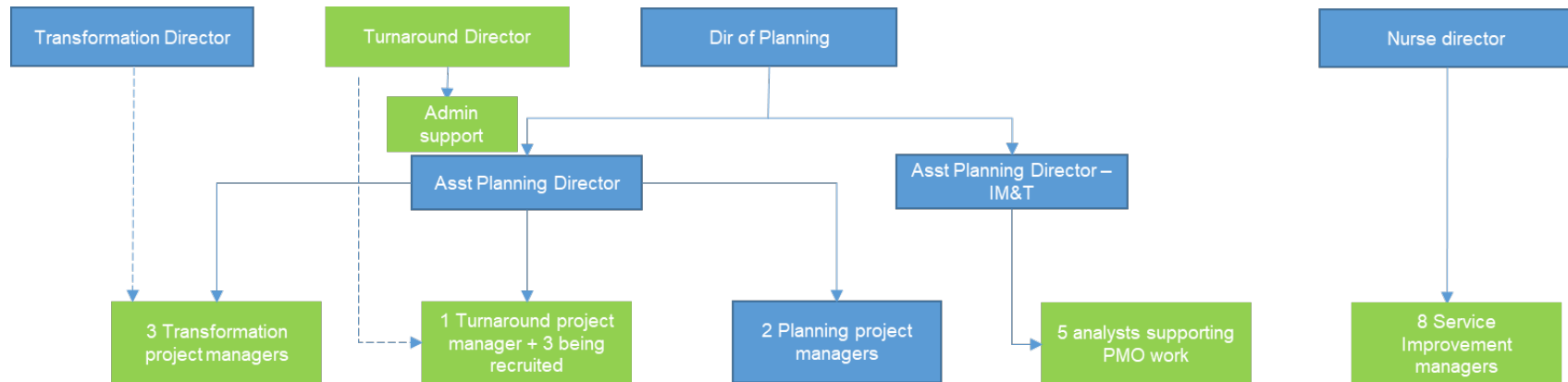
The following slide outlines the current structure of the PMO. There are a number of teams providing project management support for the Transformation programme, Service/Quality improvement, Planning, Analytics and Turnaround. The boxes in green highlight the limited support to the Turnaround programme. The following slides provide an option to strengthen the PMO for discussion




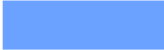
Proposed PMO

The following slide outlines an option for the use of the PMO to strengthen the component supporting the Turnaround Programme and financial position. This includes using the Transformation and Service improvement teams to work flexibly across the priority programmes of work for the organisation. Ideally the organisation would have one PMO that it can use flexibly across, the planning, turnaround, service improvement and transformation programmes.

Since the drafting of this report the organisation has identified priority areas that will support the organisation achieve its financial control total in its journey from Turnaround to Transformation and is starting to deploy its project management resource across these areas.






 Work flexibly across priority programmes including Turnaround programme

 Other programmes support

Capacity and capability

The following section outlines the findings and recommendations of a high level review of the CIP capacity and capability and the culture and leadership observations over a 3 week period.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|--|---|--|---------------------|
| 6. CIP Capacity and capability, Culture and Leadership | | | | |
| Capacity | 6.1 The capacity within the Directorates to progress schemes at pace is limited. Although there are actions that can be taken by having weekly directorate CIP meetings, the scale of change required within tight timescales is significant. | — Project management support for larger schemes/directorates. Increase PMO/ Finance challenge at directorate meetings |  | Turnaround Director |
| | 6.2 The capacity within the Turnaround PMO is severely limited (1 project manager) and therefore it cannot support project management, challenge and delivery within the directorates. To be noted that the organisation is recruiting 3 additional project managers to support turnaround.. | — The turnaround PMO for an organisation this size and in distress needs to be at least 6-7 people working alongside Finance with a project management, challenge, governance and monitoring function. Ideally there will be a central PMO function which can be used flexibly across Turnaround, Transformation, planning and Service Improvement depending on the stage of the organisation in its journey. |  | Turnaround Director |
| | 6.3 The capacity within Finance seems to be sufficient as per the new business partnering arrangement that have been put in place recently | — The business partners are aligned to directorates however there also needs to be Finance input into the Workstreams |  | DoF |



Capacity and capability

The following section outlines the findings and recommendations of a high level review of the CIP capacity and capability and the culture and leadership observations over a 3 week period.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|--|--|---|-------------------------------------|
| 6. CIP Capacity and capability, Culture and Leadership | | | | |
| Capacity | 6.4 Workforce does not have a business partnering model and therefore does not have the capacity to embed within directorates to support the drive for savings schemes. They provide a level of support for specific projects | — Review the capacity and structure of the Workforce function to ensure there is sufficient capacity to support the significant workforce changes required to be implemented by the organisation |  | Workforce Director |
| Capability | 6.5 The project management capability within the directorates is variable but may also be impacted by capacity constraints | — Coaching in specific areas on an ongoing basis within the department will help upskill and maintain skills within the team. |  | Turnaround Director |
| | 6.6 The senior finance business partners have experience and capability to support the directorates. There are some coaching requirements for the business partners in areas such as weekly forecasting, risk assessment and providing challenge to the triumvirate. | — Coaching in specific areas on an ongoing basis within the department will help upskill and maintain skills within the team. |  | DoF |
| Clinical Engagement | 6.6 The engagement of clinical leads at the HTAs is variable. This could indicate a reliance on Finance and operational leads to solve the financial challenge | — Commitment is required from the clinical leads with time carved out to support the programme and may require backfill support. Coaching for clinical leads by the PMO and finance to drive the programme |  | Medical Director/ Nurse Director |

Capacity and capability

The following section outlines the findings and recommendations of a high level review of the CIP capacity and capability and the culture and leadership observations over a 3 week period.

| Area | Current situation/Issue | Recommendation | RAG | Owner |
|---|---|---|---|-------|
| 6. CIP Capacity and capability, Culture and Leadership | | | | |
| Operational engagement | 6.7 The capacity (in terms of financial savings) of the operational leads appear to be limited although they do attend the HTA regularly (which shows willingness). The capability gaps relate to project management/delivery of savings. | — Coaching for operational leads by the PMO and finance to drive the programme |  | COO |
| Executive leadership | 6.8 The executives are committed to the Turnaround programme and have made time for the HTA meetings however there has been a softer approach with directorates and workstreams. The slowness of pace of more complex transformational schemes could also be due to the political context in which the Health board operates. | — To step up performance, Execs need to prioritise high value and high risk areas with a greater appetite towards more challenging options to close the gap |  | CEO |



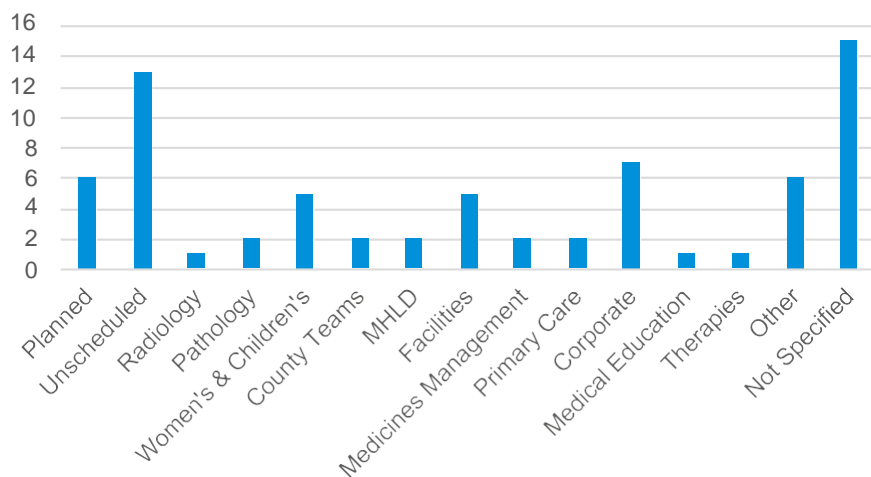
Appendix – Budget holder survey findings

Context

Budget holder survey

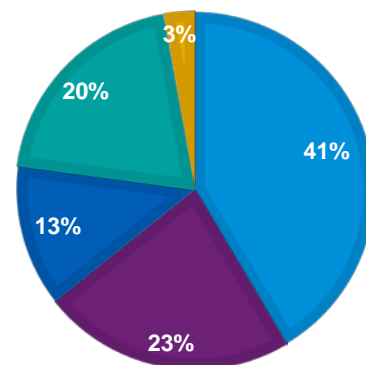
- 70 surveys were completed from a population of 200 (35%) budget holders and/or colleagues with budget responsibility. Due to this low response rate there is a risk of selection bias having a significant skewing influence on the responses, with the most compliant members of staff returning the survey thereby giving a more positive view than maybe the case in the general population of budget holders.
- Some participants noted that they were part of several directorates, while 15 did not specify which Directorate they were in.
- Almost two thirds of respondents (64%) managed budgets of £3m or less, 13% budgets of £3-10m and 20% budgets > £10m.

Responses per Directorate



1.1 SIZE OF BUDGET

■ <£1m ■ £1-3m ■ £3-10m ■ >£10m ■ Did not answer



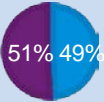
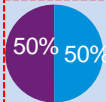
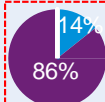
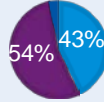
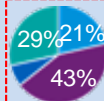
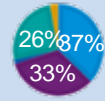
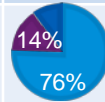
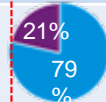
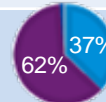
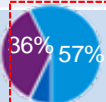
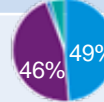
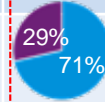
Budget Holder survey - context

The table below summarises survey results for HDUHB as a whole and for budget holders with budgets greater than £10M. Further detail is provided on supporting pages

Index

No Yes

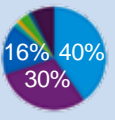
>£10m

| Category | Significant opportunity | Opportunity | Relatively strong | Strong | Comments |
|---|---|--|---|---|---|
| Involvement in budget setting | |   | | | The results highlight a low % for confirmed budget holder involvement: Overall = 49%; £3M - £10M = 89% BUT >£10M = 50% |
| Realistic budget |  |  | | | The results highlight a low % for setting of realistic budgets: Overall = 43%; £3M - £10M = 33% incorporated into and >£10M = 14% |
| Integrated budget - informed by operational plans | |   | | | The results show a low % for integrated budgets informed by operational plans: Overall = 37%; £3M - £10M = 45% and >£10M = 21% |
| Appropriately phased budget | | | |   | The results show a significant number of budget holders believe their budgets are appropriately phased. |
| Budget signoff |  | |  | | The results show a low % for signoff of budgets: Overall = 37%; £3M - £10M = 44% and >£10M = 57% |
| Validation of budget reports | |  | |  | The results show a reasonably high % for validation of budget reports, particularly for those >£10M = 71% |

Budget Holder survey - context

Index

| | |
|-------|-----|
| No | Yes |
| >£10m | |

| Category | Significant improvement required | Improvement required | Relatively strong | Strong | Comments |
|---------------------------------|----------------------------------|---|---|---|--|
| In year variations | |  |  | | The results show that the majority of budgets remained unchanged and/or that there were only minor variations to budget in the year |
| Meetings to discuss performance | | |  |  | The % of budget holders having regular monthly meetings with their finance manager to clarify or explain variances is low = 54% BUT high for £3M - £10M = 89% and >£10M = 93% |
| Noting of actions from meetings | |  | |  | A high proportion of budget holders do not keep a documented audit trail of actions being taken to address any variances (and their impact). Overall = 47%; £3M - £10M = 33% and >£10M = 36% |
| Forecasting a year end position | |  | |  | A high proportion of budget holders are not asked to report a projected year end budget position. Overall = 52%; £3M - £10M = 33% BUT >£10M = Nil% |

Budget Holder survey – involvement in budget setting

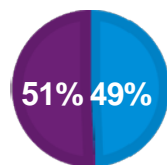
Budget holder survey

- On an overall Health Board basis, just under half of budget holders were involved in the budget setting process. **This highlights the risk that budgets have been prepared in isolation by finance and that budgets are not owned by budget holders.**

Overall basis

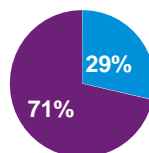
INVOLVEMENT IN BUDGET SETTING

■ Yes ■ No



Budget holders holding <£1M

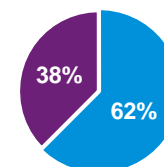
Involvement in Budget Setting



■ Yes ■ No

Budget holders holding £1M - £3M

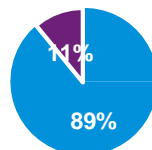
Involvement in Budget Setting



■ Yes ■ No

Budget holders holding £3M - £10M

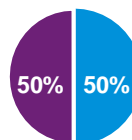
Involvement in Budget Setting



■ Yes ■ No

Budget holders holding >£10M

Involvement in Budget Setting



■ Yes ■ No

Recommendations:

- The list of budget holders is currently being reviewed by HDUHB to refine to a more manageable number
- Budget setting workshops need to be held to support annual planning with further work then conducted by corporate service partners with budget holders to develop robust budgets which take into account prior year performance and operational plans (including savings) for the following year

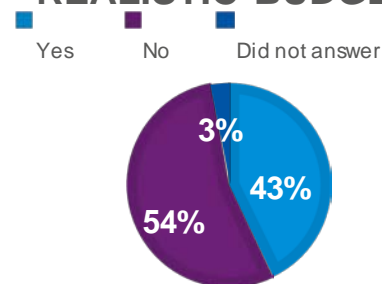
Budget Holder survey – realistic budget

Budget holder survey

- 54% of budget holders on the Health Board basis felt their budget was unrealistic. This highlights the risk that budgets have been prepared in isolation by finance and that budgets are not owned by budget holders

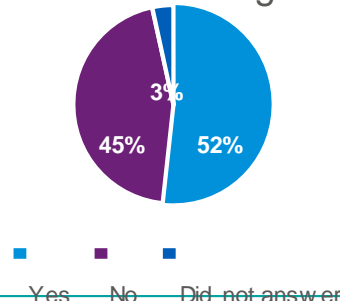
Overall basis

REALISTIC BUDGET



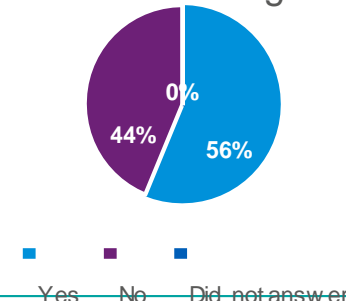
Budget holders holding <£1M

Realistic Budget



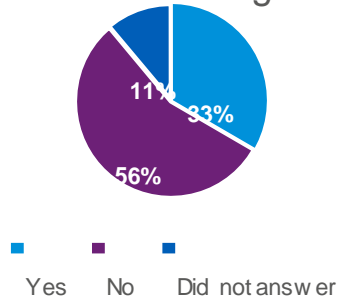
Budget holders holding £1M - £3M

Realistic Budget



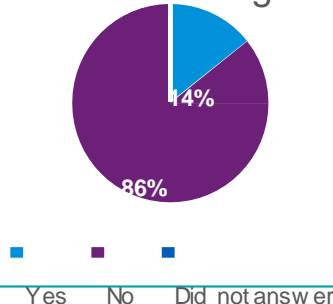
Budget holders holding £3M - £10M

Realistic Budget



Budget holders holding >£10M

Realistic Budget



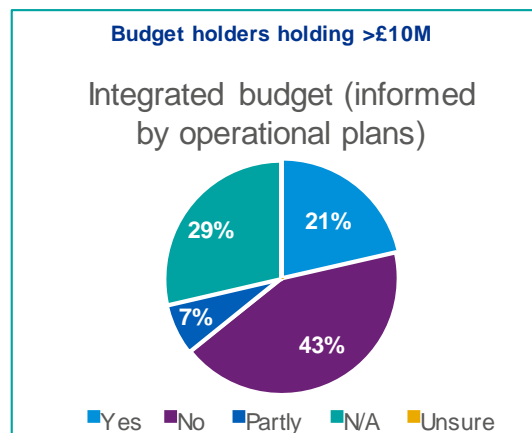
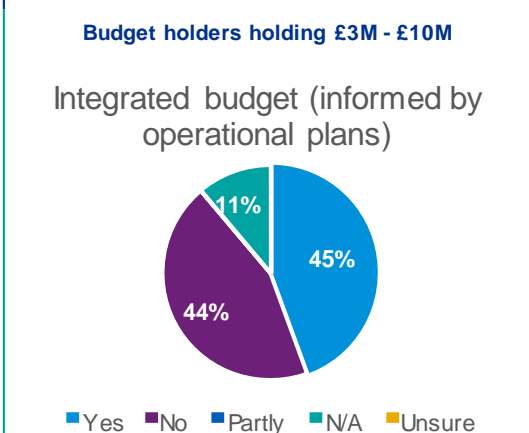
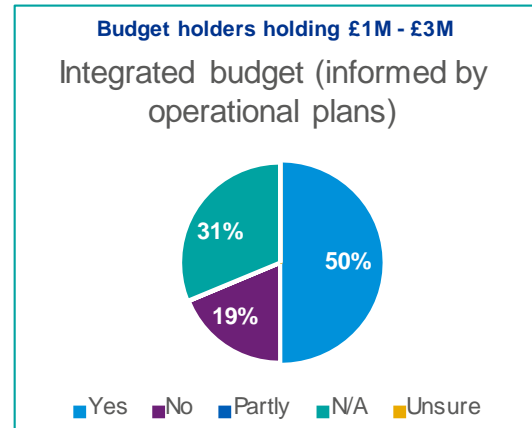
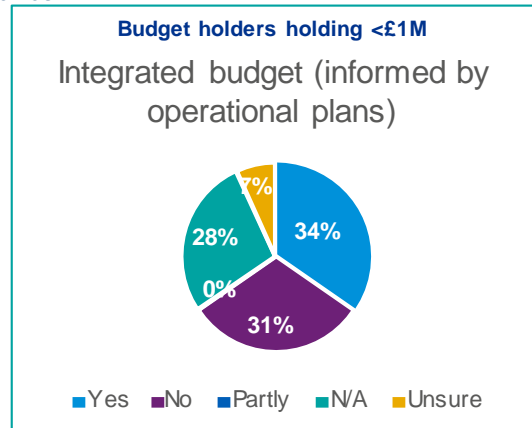
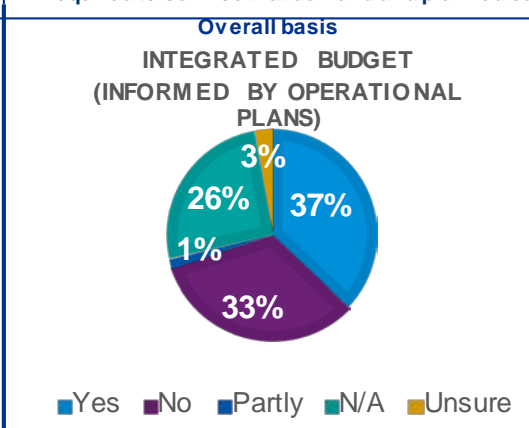
Recommendations:

- Budget setting workshops need to be held to support annual planning with further work then conducted by corporate service partners with budget holders to develop robust budgets
- Budgets need to take into account prior year performance and operational plans (including savings) for the following year. These need to be predicated on an understanding of demand, what is required to service that demand and planned outcomes for quality, access, productivity, workforce and finance

Budget Holder survey – integrated budget

Budget holder survey

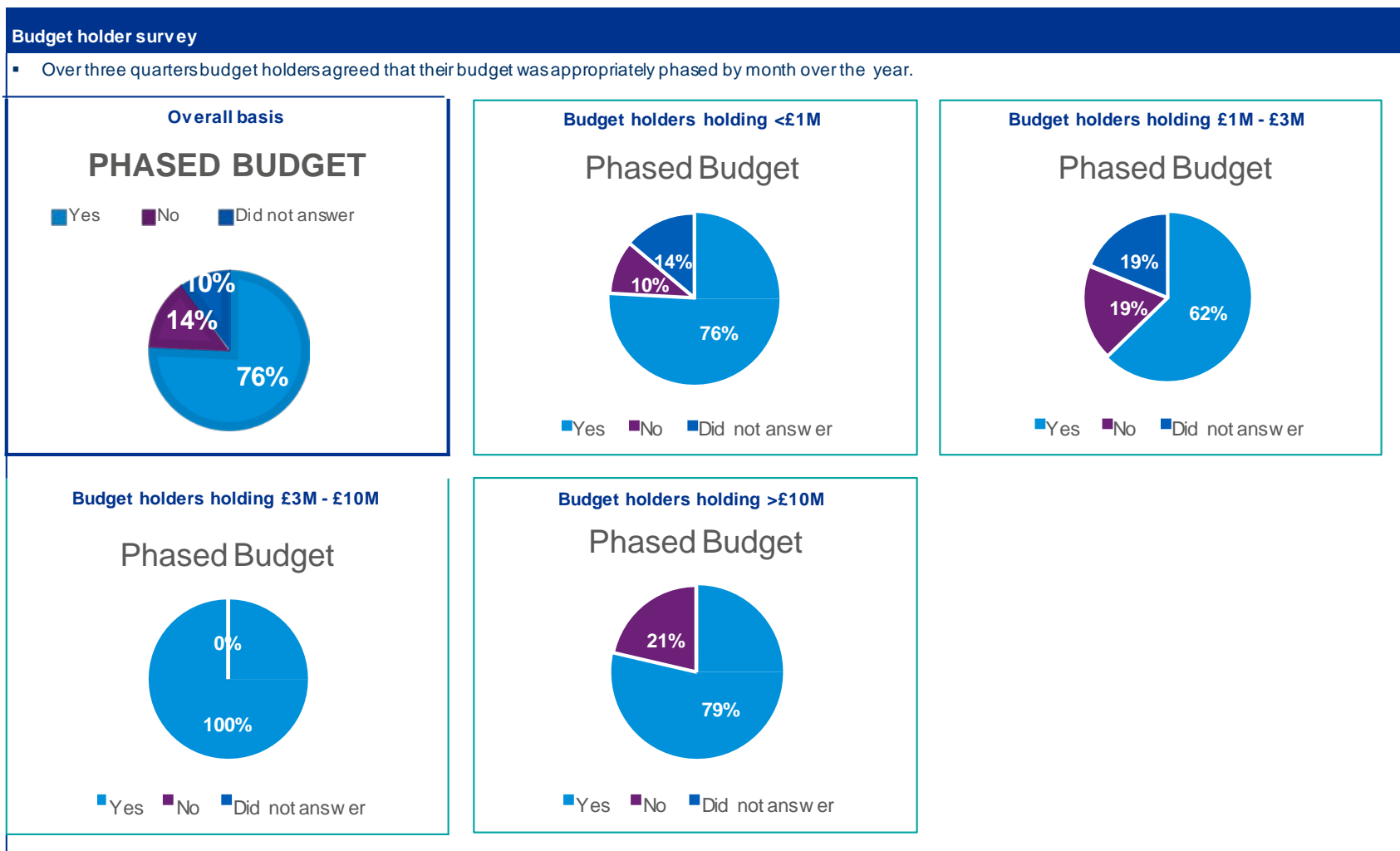
- Although 37% of budget holders felt their budgets were informed by/triangulated with operational plans, a third said they weren't and a 26% felt integration was not applicable. This highlights the risk that budgets are being prepared in isolation by finance and not through working with the front line to understand demand, what is required to service that demand and planned outcomes



Recommendations:

- Budget setting workshops need to be held to support annual planning with further work then conducted by corporate service partners with budget holders to develop robust budgets
- Budgets need to take into account prior year performance and operational plans (including savings) for the following year. These need to be predicated on an understanding of demand, what is required to service that demand and planned outcomes for quality, access, productivity, workforce and finance

Budget Holder survey – phased budget



Budget Holder survey – budget signoff

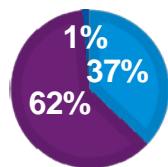
Budget holder survey

- On an overall basis, and 62% of budget holders did not sign off the final agreed budget. This highlights a significant lack of financial governance with risk that budgets are not owned with subsequent underachievement/ overspends.

Overall basis

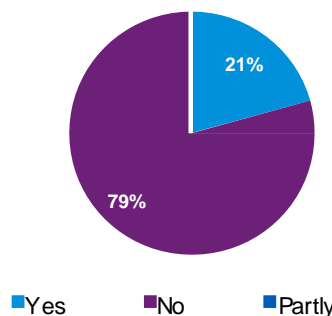
SIGN OFF OF FINAL BUDGET

■ Yes ■ No ■ Partly



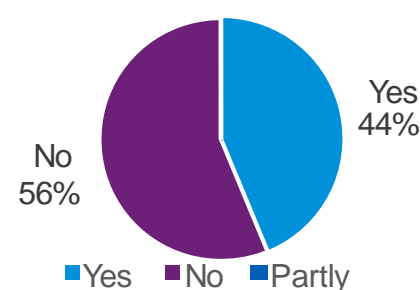
Budget holders holding <£1M

Sign off of final budget



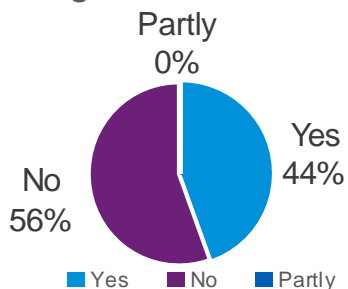
Budget holders holding £1M - £3M

Sign off of final budget



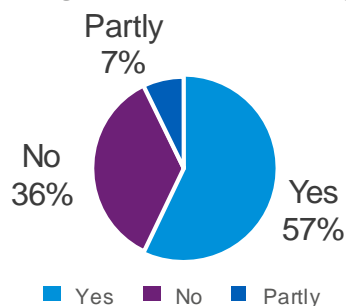
Budget holders holding £3M - £10M

Sign off of final budget



Budget holders holding >£10M

Sign off of final budget



Recommendations:

- Financial governance arrangements need to be strengthened to focus on:
 - Early annual planning
 - Mandatory signoff of budgets prior to commencement of the financial year
 - Where budgets are not signed off, this needs to be escalated to the Director of Finance and the Finance Committee for resolution

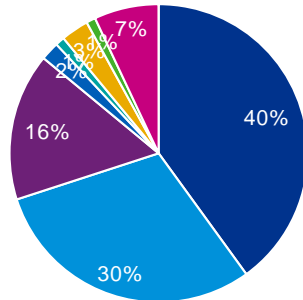
In year variations

Budget holder survey

— The majority of budgets remained unchanged or with only minor variation (<5%) during the year.

Overall basis

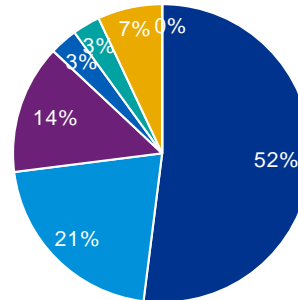
In-year variations



- Unchanged
- Changed with minor variations (<5% change)
- Changed with moderate variations (5-20% change)
- Changed with major variations (>20% change)
- Changed with % Variation Unknown
- Unsure
- N/A
- Did Not Answer

Budget holders holding <£1M

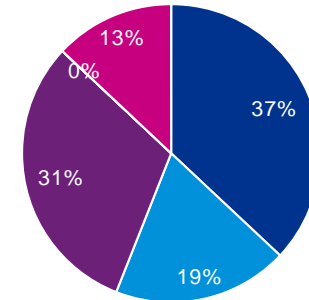
In-year variations



- Unchanged
- Changed with minor variations (<5% change)
- Changed with moderate variations (5-20% change)
- Changed with major variations (>20% change)
- Changed with % Variation Unknown
- Unsure
- N/A
- Did Not Answer

Budget holders holding £1M - £3M

In-year variations



- Unchanged
- Changed with minor variations (<5% change)
- Changed with moderate variations (5-20% change)
- Changed with major variations (>20% change)
- Changed with % Variation Unknown
- Unsure
- N/A
- Did Not Answer

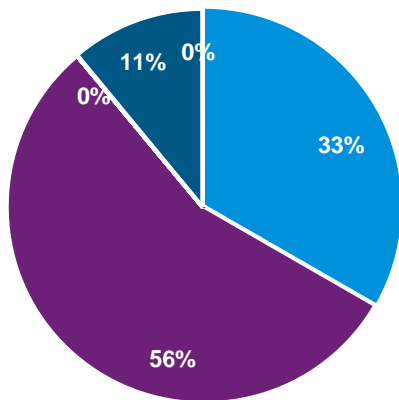
Budget Holder survey – in year variations (cont.)

Budget holder survey

Budget holders holding £3M - £10M

In-year variations

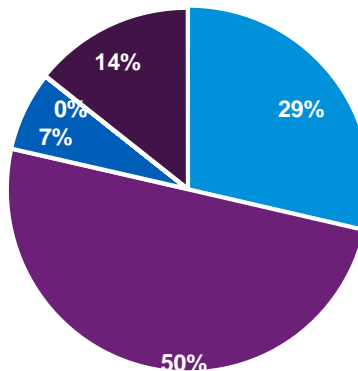
- Unchanged
- Changed with minor variations (<5% change)
- Changed with moderate variations (5-20% change)
- Changed with major variations (>20% change)
- Changed with % Variation
- Unknown
- Unsure
- N/A



Budget holders holding >£10M

In-year variations

- Unchanged
- Changed with minor variations (<5% change)
- Changed with moderate variations (5-20% change)
- Changed with major variations (>20% change)
- Changed with % Variation
- Unknown
- Unsure
- N/A



Recommendations:

- Realistic budgets need to be set for the year
- There then needs to be a transition to in-year forecasting (underpinned by leading indicators linked to operational drivers, demand and supply) so that action can be taken to improve planned performance. By reallocating budget in the year (outside of new service developments not planned for), there is a risk that adverse operational and financial performance is masked with the key drivers not addressed.

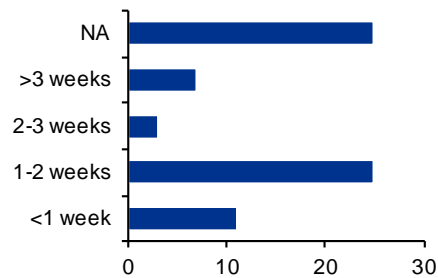
Timing of reporting

Budget holder survey

- Most budget holders report within 2 weeks of month-end.
- However, 36% of budget holders responded with 'not applicable' which implies that they are not involved in month-end reporting.

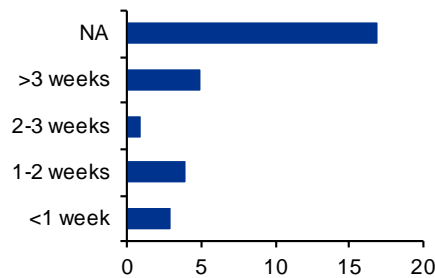
Overall basis

Timing of Reporting



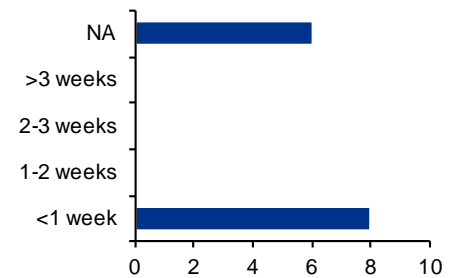
Budget holders holding <£1M

Timing of Reporting



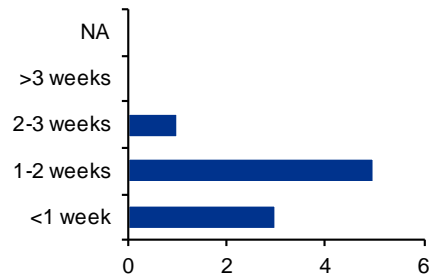
Budget holders holding £1M - £3M

Timing of Reporting



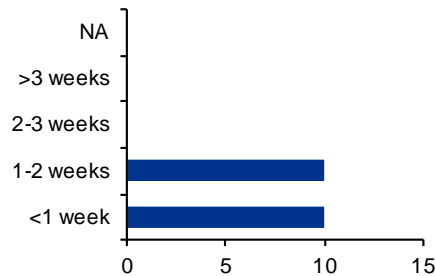
Budget holders holding £3M - £10M

Timing of Reporting



Budget holders holding >£10M

Timing of Reporting



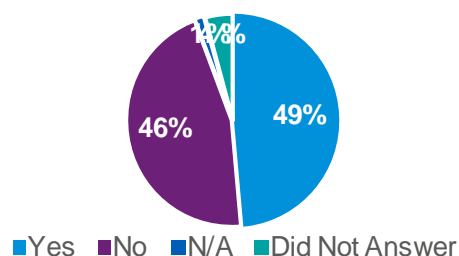
Budget Holder survey – validation of budget reports

Budget holder survey

- 46% of respondents do not undertake validation of the monthly management accounts. This highlights a risk that performance is not understood and that corrective actions will not be taken by budget holders where these are required.

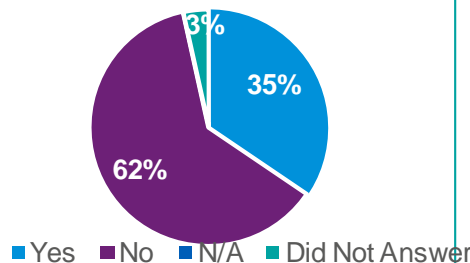
Overall basis

Validation of Budget Reports



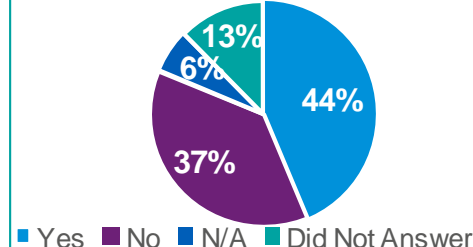
Budget holders holding <£1M

Validation of Budget Reports



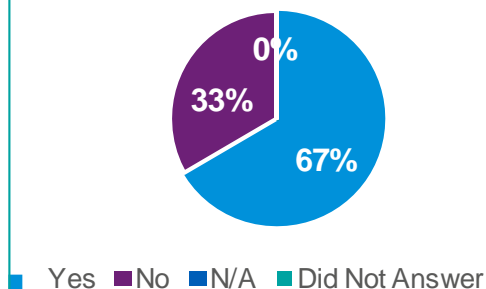
Budget holders holding £1M - £3M

Validation of Budget Reports



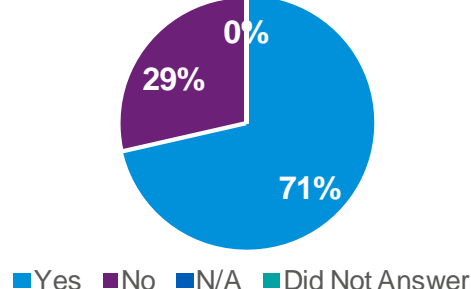
Budget holders holding £3M - £10M

Validation of Budget Reports



Budget holders holding >£10M

Validation of Budget Reports



Recommendations:

- Financial governance procedures need to be strengthened so that all budget holders validate their monthly budget reports together with their corporate service business partners post month end.
- At these meetings, there needs to be constructive review from business partners of actual performance with support then provided to agree key actions to improve performance where this is required.

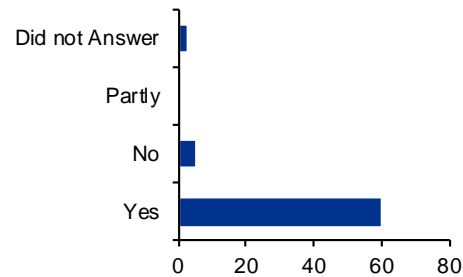
Identification of variances

Budget holder survey

— 84% of management account papers highlight both income and expenditure variances.

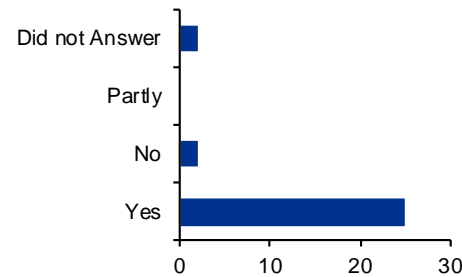
Overall basis

Identification of Variances



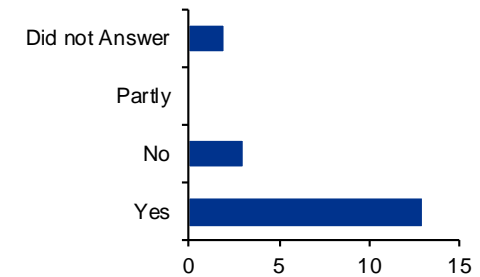
Budget holders holding <£1M

Identification of Variances



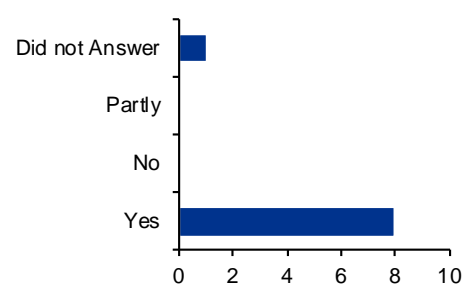
Budget holders holding £1M - £3M

Identification of Variances



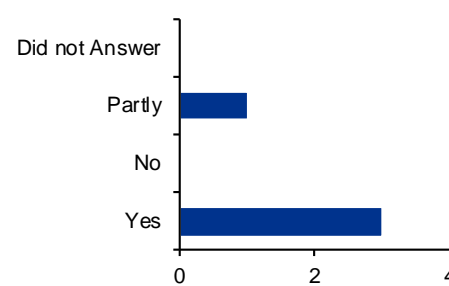
Budget holders holding £3M - £10M

Identification of Variances



Budget holders holding >£10M

Identification of Variances



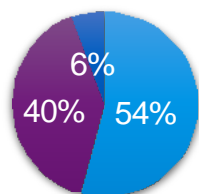
Budget Holder survey - meetings to discuss performance

Budget holder survey

- 40% of budget holders do not have regular monthly meetings with their finance manager to clarify or explain variances. And almost half (47%) do not keep a documented audit trail of actions being taken to address any variances (and their impact). **This highlights risk for review of performance and corrective actions required although meetings for budget holders with budgets in excess of £3m is high.**

Overall basis

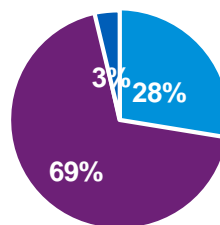
Meetings to Discuss Performance



■ Yes ■ No ■ Did Not Answer

Budget holders holding <£1M

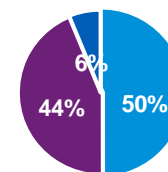
Meetings to Discuss Performance



■ Yes ■ No ■ Did Not Answer

Budget holders holding £1M - £3M

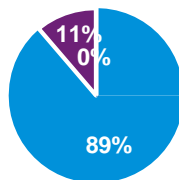
Meetings to Discuss Performance



■ Yes ■ No ■ Did Not Answer

Budget holders holding £3M - £10M

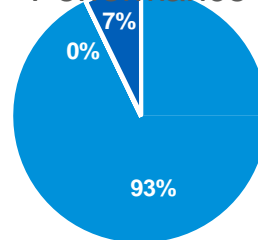
Meetings to Discuss Performance



■ Yes ■ No ■ Did Not Answer

Budget holders holding >£10M

Meetings to Discuss Performance



■ Yes ■ No ■ Did Not Answer

Recommendations:

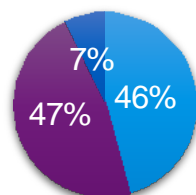
- The list of budget holders is currently being reviewed by HDUHB to refine to a more manageable number
- Financial governance procedures need to be strengthened to make this mandatory.
- That said, monthly performance meetings with budget holders with budgets greater than £3m is high

Budget Holder survey – notice of actions from meetings

Budget holder survey

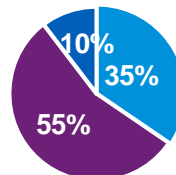
- Almost half of respondents (47%) do not keep a documented audit trail of actions being taken to address any variances (and their impact). **This highlights risk for review of performance and identification, agreement and tracking of required actions to improve performance.**

Overall basis Noting of actions from meetings



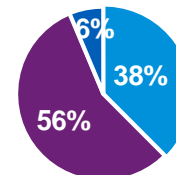
■ Yes ■ No ■ Did Not Answer

Budget holders holding <£1M Noting of actions from meetings



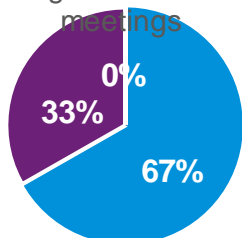
■ Yes ■ No ■ Did Not Answer

Budget holders holding £1M - £3M Noting of actions from meetings



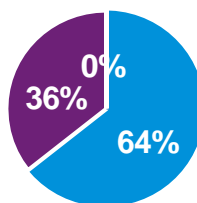
■ Yes ■ No ■ Did Not Answer

Budget holders holding £3M - £10M Noting of actions from meetings



■ Yes ■ No ■ Did Not Answer

Budget holders holding >£10M Noting of actions from meetings



■ Yes ■ No ■ Did Not Answer

Recommendations:

- Financial governance procedures need to be strengthened to make this mandatory.
- A summary of actions need to be integrated into monthly performance review meetings and papers.

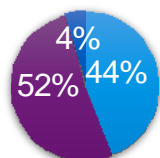
Budget Holder survey – forecasting a year end position

Budget holder survey

- Over half of budget holders are not asked to report a projected year end budget position. This highlights a significant risk in being able to deliver the planned full year financial deficit together with limited assurance that the correct actions are being taken to address operational pressures impacting financial performance. We note that even though the response rate for budget holders with budgets over £3m is high, forecasts need to be predicated on operational drivers.

Overall basis

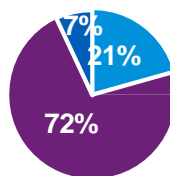
Forecasting a Year End Position



■ Yes ■ No ■ Did Not Answer

Budget holders holding <£1M

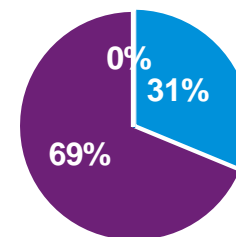
Forecasting a Year End Position



■ Yes ■ No ■ Did Not Answer

Budget holders holding £1M - £3M

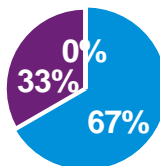
Forecasting a Year End Position



■ Yes ■ No ■ Did Not Answer

Budget holders holding £3M - £10M

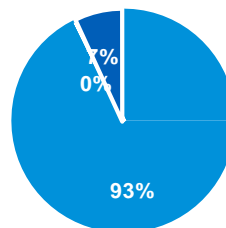
Forecasting a Year End Position



■ Yes ■ No ■ Did Not Answer

Budget holders holding >£10M

Forecasting a Year End Position



■ Yes ■ No ■ Did Not Answer

Recommendation

- Finance function capability and forecasting needs to be strengthened to transform from a back office scorekeeper to a front line enabler for driving improvement.
- This needs to be achieved through the development of the following capability:
 - “Mindset”: understanding demand, resources to service demand, planned outcomes and key operational drivers.
 - “Skillset”: business partnering skills (collaboration, trend analysis & analytics) to support the front line to manage performance
 - “Toolset”: visual system data and dashboards to highlight need for action

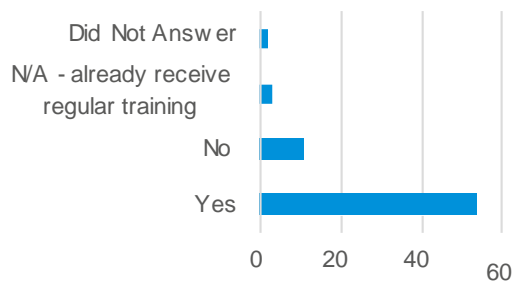
Budget Holder survey – regular training

Budget holder survey

- Most respondents (77%) felt they would benefit from receiving regular training on budget setting and monitoring. This raises a risk in that budget holders are saying they are not adequately equipped to manage their budgets. At the same time, it should be seen as a positive in that they are actively seeking to improve their capability.

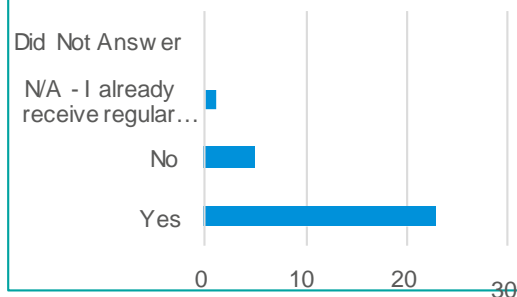
Overall basis

Regular Training



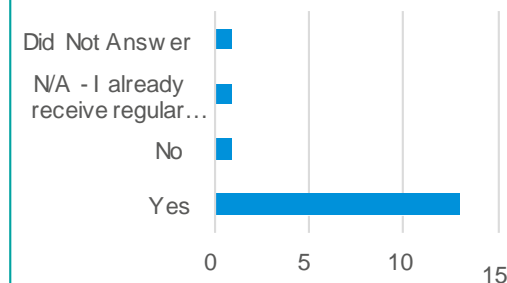
Budget holders holding <£1M

Regular Training



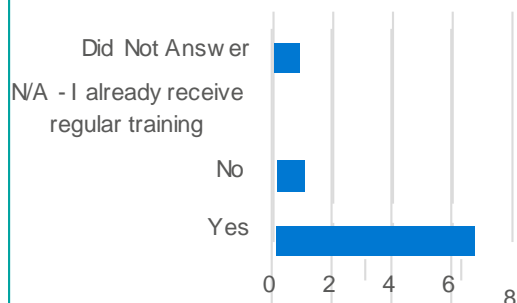
Budget holders holding £1M - £3M

Regular Training



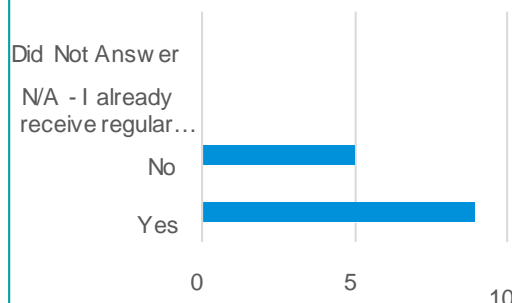
Budget holders holding £3M - £10M

Regular Training



Budget holders holding >£10M

Regular Training



Recommendation

- This needs to be prioritised immediately by the HDUHB

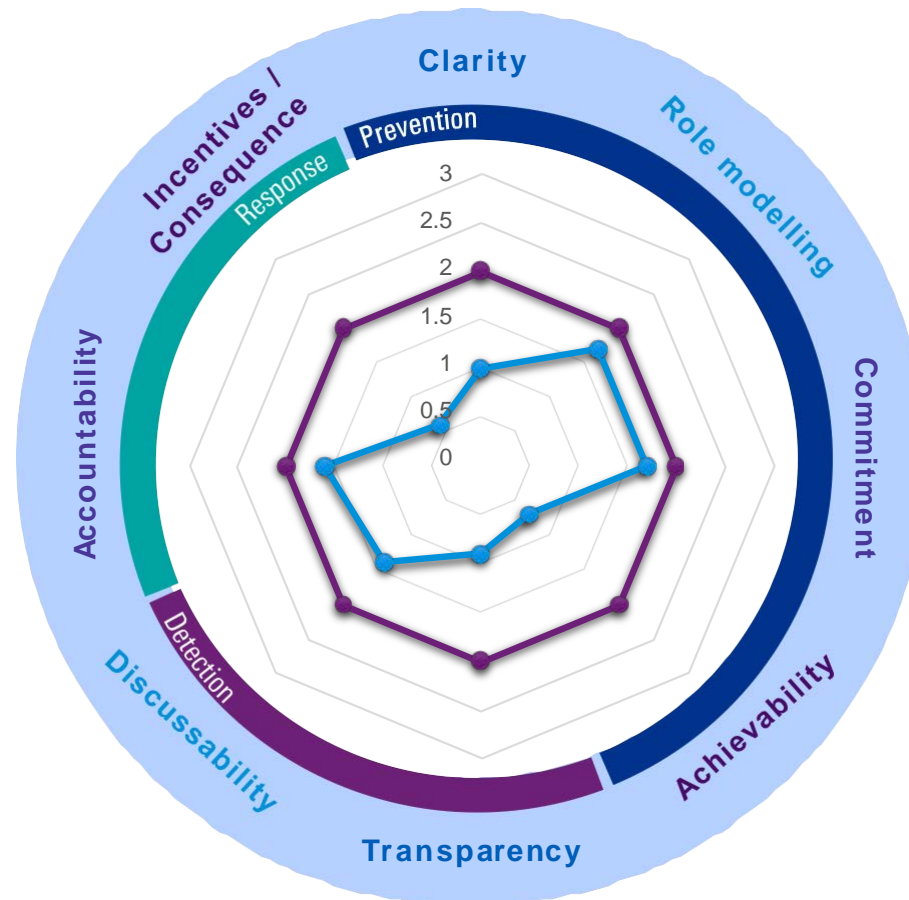
Budget Holder survey – soft controls

Strengths

- ✓ **Role-modelling:** Budget holders comment that managers are good role models in promoting compliance with budget setting and monitoring policies.
- ✓ **Commitment:** Respondents are committed to applying UHB's budget setting and monitoring approach
- ✓ **Accountability:** through sufficient senior manager challenge, and confidence in actions to address breaches in policy

Areas for development:

- **Enforcement/ motivation:** Most respondents felt there was no incentive or reward for following budget setting or monitoring guidance appropriately
- **Achievability/ robustness:** Respondents pointed to insufficient time, training, means or support to ensure effective budget setting and monitoring.
- **Transparency:** Though budget holders felt their actions regarding budgets were transparent to others, they were often not aware of actions taken by colleagues



The ideal level of soft controls represents a balance between too little and too much control, such as excessive challenge compared to inadequate or no challenge

Key:

Ideal = score of 2 (3 being a top score)

Survey responses



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Recovery Plan

15 November 2019



Important notice

This report ('the Report') has been prepared for Welsh Government ('WG') on the basis set out in the call off order signed 31 July 2019 ('Letter of Appointment'). This Report is for the benefit of Welsh Government only, and has been released to them on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. Any disclosure of this Report beyond what is permitted under the Letter of Appointment will prejudice substantially this firm's commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If Welsh Government receive a request for disclosure of the product of our work or this Report under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, having regard to these actionable disclosure restrictions, Welsh Government should let us know and should not make a disclosure in response to any such request without first consulting KPMG LLP and taking into account any representations that KPMG LLP might make.

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The fieldwork commenced on 29 July 2019 and was completed on 31 October 2019. We have not undertaken to update our report for events or circumstances arising after that date.

In preparing this Report, the primary source of information has been obtained from HDUHB. KPMG does not accept responsibility for such information which remains the responsibility of the HDUHB. We have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Letter of Appointment. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

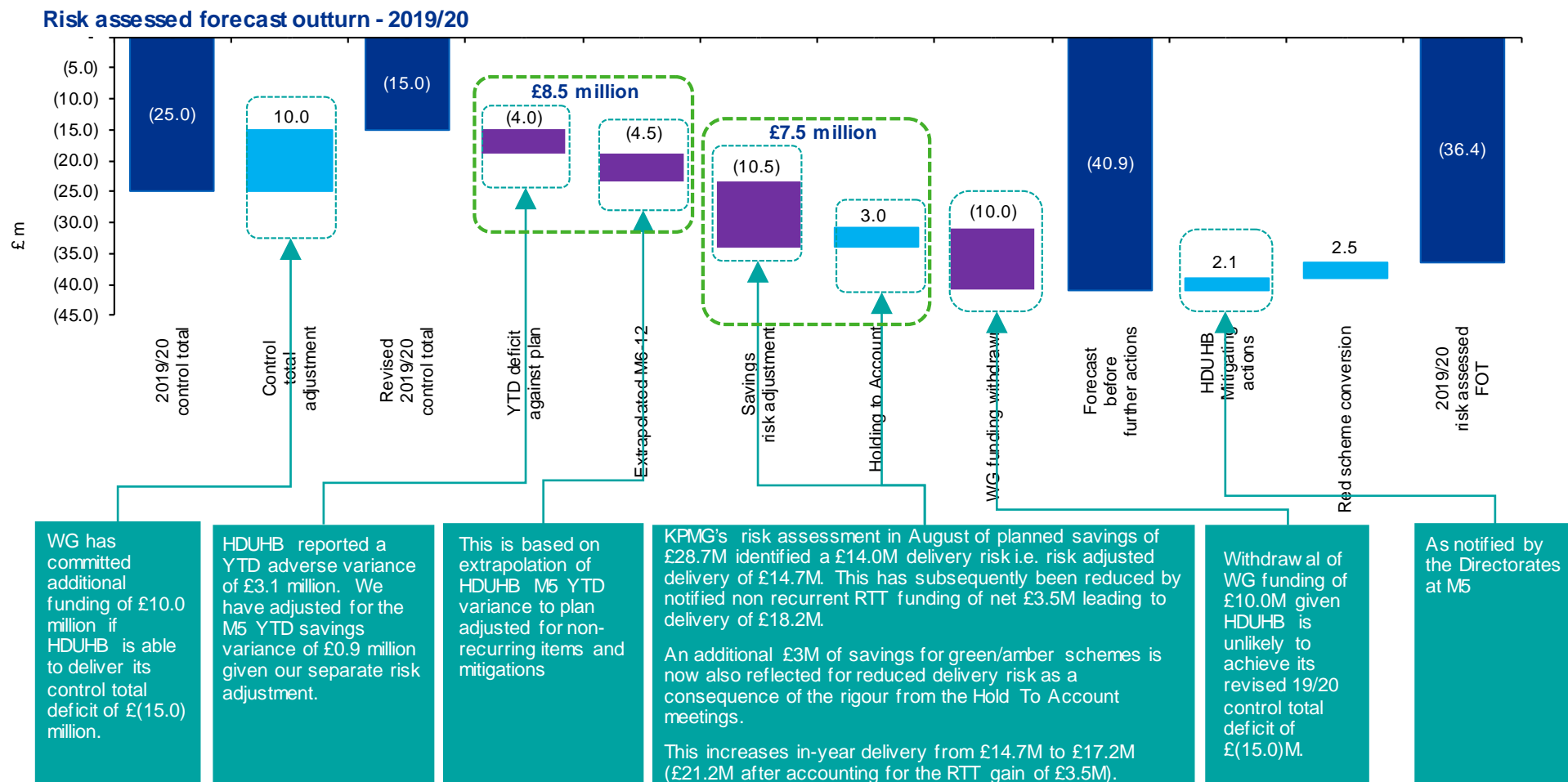
This engagement is not an assurance engagement conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed. Nothing in this Report constitutes a valuation or legal advice.

KPMG emphasises that the realisation of the prospective quality and performance and other information set out within the Report is dependent on the continuing validity of the assumptions on which it is based. The assumptions will need to be reviewed and revised to reflect such changes in service/delivery trends, workforce, cost structures or the strategic intentions of existing services as they emerge. KPMG accepts no responsibility for the realisation of the prospective quality and performance and financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

The contents of our Report have yet to be reviewed in detail by the directors of HDUHB for the purposes of factual accuracy. All recommendations made are subject to Health Board governance processes (including QIA) and the responsibility for quality, safety and patient experience rests with the Health Board

19/20 Risk adjusted forecast outturn at September (YTD M5)

Our analysis projects a risk adjusted deficit outturn range of £(40.9) million to £(36.4) million at M5 YTD. Additional opportunities to improve the FY20 risk assessed FOT are shown on the following page.



Source: KPMG Analysis

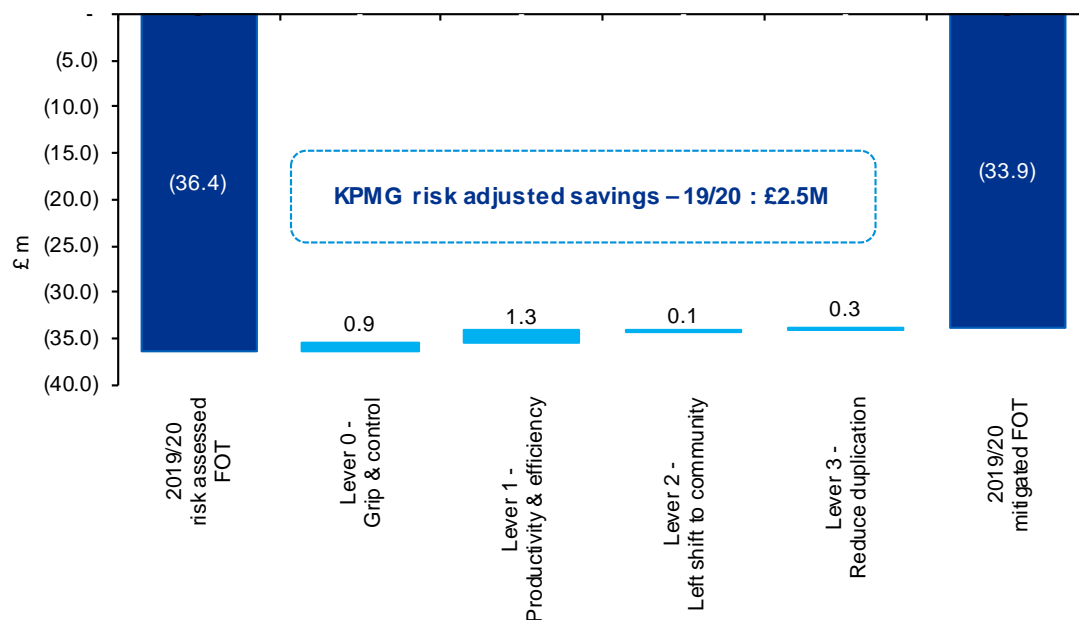


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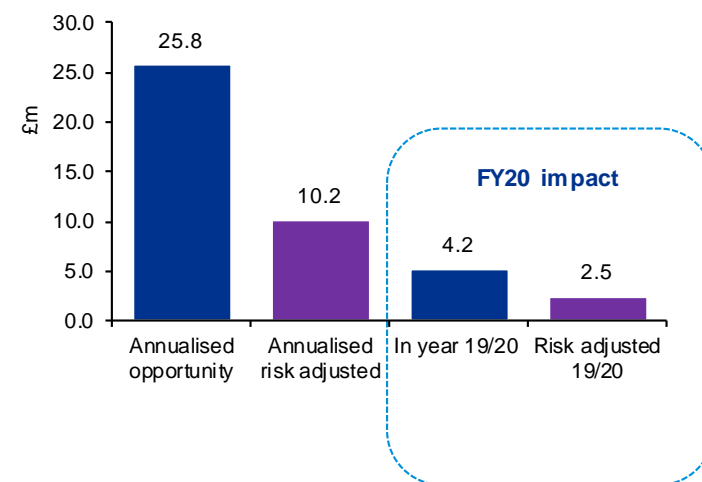
KPMG identified opportunities

Working collaboratively with the Health Board, we have identified and quantified new ideas and savings schemes which for 19/20 could deliver up to £5.2m. However due to a lack of implementation support and capacity of key operational staff, this has a risk adjusted part year effect of £2.5 million and an annualised value of £10.2 million. This improves the FY20 risk adjusted FOT to a deficit of £(33.9) million. Details of the opportunities are provided on the next slides. Clearly it is incumbent upon the Board to push to deliver as much of the stretch value up to £5.2m as possible.

Risk assessed forecast outturn - 2019/20



Impact of additional KPMG opportunities



Unplanned cost pressures within/partly within HDUHB's control

The table below summarises the key cost pressures above plan together with their impact prior to mitigation. We have highlighted the required action to be taken by HDUHB.

| Cost pressures | Within HDUHB control/ outside of control | M5 YTD spend vs plan | Full year impact if not mitigated | Recommended next steps |
|--------------------------|--|--|---|--|
| LTAs | Yes, for LTAs | Net cost pressure of £0.4M for Swansea Bay and Cardiff | ● Net cost pressure of £1.1M (being mainly Swansea Bay: £0.8M and Cardiff: £0.4M) – included in run rate | <ul style="list-style-type: none"> Swansea Bay and Cardiff LTA performance review required over period October/ November with focus on: <ul style="list-style-type: none"> Referral authorisation controls; HDUHB available capacity checks prior to authorisation. Review to be conducted by end November to analyse LTA activity being performed by other HBs together with the potential for HDUHB to perform such activity if capacity was available. |
| Demand on Acute Services | Yes | Significant overspend of £3.6M: £2.2M for unscheduled care across all four sites, Radiology = £0.3M; Woman & Children £0.3M; Planned Care of £0.4M; Pathology of £0.2M and Oncology of £0.2M | ● Significant overspend of £7.6M: £3.1M Unscheduled Care (mainly WGH of £2.0M); £0.6M for Radiology and £0.7M Women & Children's. | <ul style="list-style-type: none"> Continued focus on demand reduction to decrease variable pay issues arising on surge – to be incorporated into emerging clinical strategy. Consider pay establishment freeze if individuals not in post and long standing vacancy not being filled by agency. |
| NICE and High Cost Drugs | Limited – some patients on pathway which cannot be changed | Secondary drug cost pressures mainly for Oncology of £0.8M | ● Full year impact of £1.6M | <ul style="list-style-type: none"> Explore ability to use alternative drugs based on patient condition/ need – to be incorporated into savings programme/ opportunities identification. |
| Primary Care Prescribing | Limited | YTD overspend of £0.5M for revised prices for primary care drugs by Pharmaceutical Services Negotiating Committee (PSNC) | ● Cost pressure greater than £1.2M | <ul style="list-style-type: none"> Explore ability to use alternative drugs based on patient condition/ need – to be incorporated into savings programme/ opportunities identification. |
| Continuing Health Care | Partially | Cost pressure due to increased demand and complexity of cases of £0.2M | ● Cost pressure of £0.2M (note: pressure is partly mitigated by increased investment of £3.4M) | <ul style="list-style-type: none"> Continue the development of Core and Community based services for MH & LD Transformation – to be incorporated into emerging clinical strategy. Develop Joint Funding Guidance. |

RAG:



High impact on FOT;



Low impact on FOT;



No impact on FOT

Unplanned cost pressures not within the control of HDUHB

There are a number of cost pressures impacting the forecast outturn that were unplanned for and are outside the control of HDUHB. The table below summarises them together with their impact prior to mitigation. We have highlighted the required action to be taken by HDUHB.

| Cost pressures | Full year impact if not mitigated | Recommended next steps |
|--------------------------|--|---|
| Prescribing – category M | ● Estimated at £3.4M based on notified price increases in August 2019. | <ul style="list-style-type: none"> Explore ability to use alternative drugs based on patient condition/need – to be incorporated into savings programme/ opportunities identification. |
| TB costs | ● Estimated at £0.8 million. Potential for costs to increase to c.£1m based on extended screening programme. Expectation of funding from WG. | <ul style="list-style-type: none"> Regular meetings being held with Public Health Wales to monitor the number of active cases. Currently being managed by HDUHB internal resources. |
| Final pension charges | ● Full year impact of £0.4M based on 3 cases | <ul style="list-style-type: none"> Seek advice on managing pensions risk, including discussion with WG. |
| Continuing Health Care | ● Cost pressure of £0.2M due to increased activity and complexity (note: pressure is partly mitigated by increased investment of £3.4M) | <ul style="list-style-type: none"> Continue the development of Core and Community based services for MH & LD Transformation – to be incorporated into emerging clinical strategy. Develop Joint Funding Guidance. |

RAG:



High impact on FOT;



Low impact on FOT;



No impact on FOT

19/20 Opportunities by category

Financial values are subject to Exec approval to proceed, project initiation document (PID) sign off and QIA. Values are in £000s; Annualised value is the assessed opportunity for 12 months, PYE is value in 19/20.

We have worked with the Health Board to identify and quantify new ideas and schemes that have not been included in the financial forecast (at a high level) and savings with an in year impact on both the CIP programme and the projected run rate challenges/risk. We have identified c77 ideas of which 34 have indicative opportunity values (c£26m) and 18 have in year 19/20 potential £2.5m - £4.2m in year with a FYE £10.2m - £17.1m. The range is due to a risk adjustment being applied to take account of the schemes planning maturity, complexity and timescale to deliver. Some of the schemes have had a level of sign off within the organisation while others have had initial discussions with further PID development required (significant schemes listed below). We have also identified in Slide 10 schemes that have potential to deliver in year and require further work up or/and strategic choices to be made (annualised c£2m). Further ideas in the pipeline for 20/21 and beyond are outlined in Slide X and needs to be explored with service leads £6.5m.

| Category | Description | Next steps | Annualised opportunity | Annualised risk adjusted | In year 19/20 | Risk adjusted 19/20 |
|---|---|---|------------------------|--------------------------|---------------|---------------------|
| Lever 0 – Grip and Control | | | | | | |
| Agency | Enhancements to agency processes, increasing availability and access to bank, and discouraging/reducing use of high cost agency workers | PIDs developed and submitted to Director of Workforce HB to implement actions that are a response to the Grip and control report | 1,250 | 800 | 305 | 200 |
| Rostering | Rostering process enhancements, system changes, re-introduction of challenge meetings and associated policies to reduce use of temporary workforce | | 1,075 | 600 | 270 | 150 |
| Pay | Changes to overtime controls, reducing overpayments and time to recruit and review of unpaid breaks | | 695 | 400 | 175 | 100 |
| Electronic rota and long term temp staff | Transition to electronic rota preparation which offers improved visibility, control and assurance and would be expected to lead to a reduction in run-rate. They are also simpler to prepare and there is a drive across the NHS towards electronic rotas/rosters. Challenge and conversion of posts from locum to bank, including working with agencies to minimise reliance on temporary workers | | 1,000 | 600 | 250 | 150 |
| Non Pay | Enhancing processes and controls to increase approach to challenging spend and ensuring value for money (through training, education, deselecting catalogue items, increased challenge and reporting by Procurement and Finance and creating a culture of cost-consciousness) | PIDs developed and submitted to Head of management accounts HB to implement actions that are a response to the Grip and control report | 2,500 | 1500 | 450 | 250 |
| Other | Sickness (£1.0M per report, already being covered), Annual leave (validation required), Month 12 spike (£1.8M per report, need to determine overlap with non pay), job plans (£1.0M per report, already being covered) and other actions have not been quantified | | | | | |
| Sub Total lever 0 | | | 6,520 | 3,900 | 1,450 | 850 |

19/20 Opportunities by category

Financial values are subject to Exec approval to proceed, project initiation document (PID) sign off and QIA. Values are in £000s; Annualised value is the assessed opportunity for 12 months, PYE is value in 19/20.

| Category | Description | Next steps | Annualised opportunity | Annualised risk adjusted | In year 19/20 | Risk adjusted 19/20 |
|--|---|--|------------------------|--------------------------|---------------|---------------------|
| Lever 1 – Productivity and Efficiency | | | | | | |
| Theatres productivity | <p>Board Wide Theatres Improvement Programme to reduce WLIs by specialty and site and rebase capacity where appropriate, which aims to improve use of funded capacity from 59% to 90% (i.e. utilisation of funded sessions) and in session utilisation from 69% to 85% (i.e. utilisation of actual sessions that ran), example focus areas include:-</p> <ul style="list-style-type: none"> • Booking and scheduling (ie improved management of planned Surgeon absence, grip on capacity use of operating time) • Reduction turnaround time and late starts/early finishes • Improved pre-operative assessment service to reduce cancellations • Efficient end to end process on the day of surgery • Workforce scheduling and kit availability • KPIs and enablers such as management information to enable service leads identify service improvement opportunities, track and monitor initiatives | <ul style="list-style-type: none"> • PID developed and total potential opportunity agreed with Ops lead – Theatres manager • PID submitted to Scheduled Care GM, Turnaround Director • FBPs to finalise financial assumptions • Establish governance and delivery support • Further detail on action plans so benefits are realised in Q4 • Start implementation • Further opportunity to reschedule lists between specialties to be explored | 3,000 | 2,000 | 750 | 500 |
| Patient flow | <p>Patient flow improvement programme opportunities by site to reduce escalation/surge spend and increase income from patients from neighbouring Health Boards. Initial focus on frailty and ambulatory pathways</p> <ul style="list-style-type: none"> • Reducing average length of stay compared to Welsh average by HRG by improved discharge and in hospital processes • Top down opportunity worked up to reflect overall LoS opportunity • Bottom up opportunity identified through discussions with the site GMs to ensure feasibility of recommendations and specific pathways identified by site for short term opportunity/immediate focus | <ul style="list-style-type: none"> • PID developed for the 4 sites including both top down (long term) and bottom up (immediate focus) opportunities • Bottom up opportunity was calculated to be £8.1m across BGH, GGH and WGH, PPH and submitted to Service Improvement team | 2,800 | 1,400 | 700 | 350 |

19/20 Opportunities by category

Financial values are subject to Exec approval to proceed, project initiation document (PID) sign off and QIA. Values are in £000s; Annualised value is the assessed opportunity for 12 months, PYE is value in 19/20.

| Category | Description | Next steps | Annualised opportunity | Annualised risk adjusted | In year 19/20 | Risk adjusted 19/20 |
|--|---|---|------------------------|--------------------------|---------------|---------------------|
| Lever 1 – Productivity and Efficiency | | | | | | |
| Patient flow (contd) | <ul style="list-style-type: none"> Ambulatory Sensitive Conditions identified as opportunity across the 4 sites for admission avoidance Frailty identified as LoS efficiency opportunity across all 4 sites, accompanied by Respiratory Medicine and Cardiology at BGH, Stroke and T&O at GGH, Cardiology, Stroke and T&O at WGH, TBC at PPH DTOC identified as an opportunity but not quantified – it is part of LoS efficiency. Discharge to assess model and use of community pathways recommended across all sites with focus on the specific specialty areas identified as opportunities. | <ul style="list-style-type: none"> Top down opportunity was calculated to be £15.6m Further detail on action plans to be taken forward by each site and to be built into overall unscheduled care plan for Q4 and phased across years. Also to be linked to Transforming clinical services strategy | | | | |
| Outpatients productivity | Board Wide Outpatients improvement programme to release benefits through rebasing capacity (WLLs have reduced significantly in the last 12 months) : <ul style="list-style-type: none"> improve clinic utilisation reduction in N:Fup in line with benchmarks standardise consultant templates (incl. review start & finish times, review activity against job plans) improved booking and scheduling across the Board | <ul style="list-style-type: none"> PID developed and signed off with OP steering group Detailed actions to be further developed by specialties and implementation to be started to realise benefits in Q4 | 1,000 | 750 | 250 | 188 |
| Endoscopy productivity | Increase endoscopy productivity to reduce WLLs and release benefits through rebasing capacity in Q4 <ul style="list-style-type: none"> Improve utilisation from X% to Y% Target 12 points per list Improved booking and scheduling Income from other health Boards? | <ul style="list-style-type: none"> PID developed and initial discussion with service lead Follow up discussion to agree in year opportunity, data cleanse and actions to be further developed and implementation to be started to realise benefits in Q4 | 500 | 250 | 125 | 63 |
| Other | Various – Estates allocation of staff on projects, procurement, medical job plans | | 770 | 445 | 283 | 201 |
| Sub Total lever 1 | | | 8,070 | 4,845 | 2,108 | 1,302 |

19/20 Opportunities by category

Financial values are subject to Exec approval to proceed, project initiation document (PID) sign off and QIA. Values are in £000s; Annualised value is the assessed opportunity for 12 months, PYE is value in 19/20.

| Category | Description | Next steps | Annualised opportunity | Annualised risk adjusted | In year 19/20 | Risk adjusted 19/20 |
|---|---|--|------------------------|--------------------------|---------------|---------------------|
| Lever 2 – Left shift to community and closer to home where appropriate | | | | | | |
| Sub acute care | Appropriate targeted care for sub-acute patients – step up/ step down/ reablement with appropriate primary care, social care, therapy input. | <ul style="list-style-type: none"> Undertake rapid bed audit to quantify % of sub-acute patients in acute beds Development of PID for reablement beds in GGH and step up/step down beds in PPH Explore potential in WGH and BGH | 250 | 200 | 100 | 50 |
| Sub Total lever 2 | | | 250 | 200 | 100 | 50 |
| Lever 3 – Reduce duplication | | | | | | |
| Strategic choices | Reduce duplication of services across specific areas subject to detailed workup and Board level risk discussion. Safety, Quality and sustainability concerns driving this process – with financial position as consequence. | <ul style="list-style-type: none"> Further detailed planning and impact assessment Development of detailed action plan and decision to be taken by Board | 2,250 | 1,250 | 563 | 313 |
| Sub Total Lever 3 | | | 2,250 | 1,250 | 563 | 313 |
| Opportunities targeted in 19/20 | | | 17,090 | 10,195 | 4,221 | 2,515 |

Potential initiatives 19/20

The following pipeline schemes will require further work to quantify and plan the changes. Where possible, we have identified where schemes may be accelerated to start in 19/20

| Category | Initiative | Indicative annualised value £'000 | Actions to accelerate |
|---|--|-----------------------------------|---|
| Commissioning | Mobile cath lab to repatriate activity from neighbouring Health Boards and reduce spend and potential to sell capacity. | 300 | Value to be quantified and PID finalised Q4 19/20 |
| Commissioning | Cardiology - Pacing - 3 months of local provision and reduce spend | 200 | Discussion with service lead and quantification for Q4 19/20 |
| Radiology | MRI capacity issues – review utilisation to reduce outsourcing costs | 200 | Discussion with service lead and quantification for Q4 19/20 |
| Medicines management | Pharmacy / medicine spend - Low priority funding treatment expenditure reduction | 150 | Discussion with service lead and quantification for Q4 19/20 |
| Medicines management | One off reduction in stockholdings. Excess medicine stock - Reduce stock days to average to reduce obsolescence and disposal costs. (Non recurrent) | 100 | Discussion with service lead and quantification |
| Planned care | Theatres: Out of hours provision BGH | To be quantified as a priority | Further discussion with Planned care service leads and finance required if it can be accelerated in 19/20 |
| Planned care | Theatres: Standardisation / bulk ordering schemes extension | | |
| Planned care | Waiting List: Centralisation of WL across HB, increased flexibility and use across sites | | |
| Planned care | OPD: Apprentices in OPD bringing potential to re-evaluate the current B2 roles and B4/5 roles | | |
| Planned care | OPD: Linking with Phlebotomy re nurses currently undertaking blood tests in OPD | | |
| Planned care | OPD: Collaboration with Primary Care regarding location of clinics in HB | | |
| Planned care | Urology: SKYPE clinics | | |
| Planned care | Urology: Patient knows best | | |
| Planned care | Rheumatology: 1 stop ERA pathway on 1 or 2 sites | | |
| Planned care | Orthopaedics: Reduction WL / Backfill costs by employing movable consultant | | |
| Planned care | Ophthalmology: AMD in non-NHS setting | | |
| Planned care | Ophthalmology: Pre-assessment model review | | |
| Non pay inflation assumptions | Anticipated inflationary impact of 0.54% Mainly for utilities, rates, estate maintenance and medical equipment contracts for service and repair. Reduce prices and defer spend | 500 | |
| CHC | Review of CHC packages for community and MH patients | 500 | |
| Ward staffing review | Review of ward staffing - Nurse staffing act impact | 200 | |
| Potential initiatives that can be accelerated (some schemes not quantified) | | 2,150 | |

Ideas list 20/21 and beyond

The following ideas require service changes and are likely to have a longer lead time and require further work to quantify and plan the changes.

| Category | Initiative | Indicative annualised value £'000 | Actions to accelerate |
|---|--|---|---|
| Learning disabilities | Service review to transform learning disabilities | 1,500 | <ul style="list-style-type: none">Discussions required with service to test idea, route to cash and develop action plansOpportunities based on interviews and benchmarking and efficiency documents but require testing and work up with ops leadsLikely 20/21 and beyond |
| Community | New models of district nursing care which make use of mobile technology could increase productivity and deploy remote monitoring services whilst increasing the number of patient contacts. | 500 | |
| Mental Health | Service modernisation - To review adult mental health packages of care (£275k), to increase supported living provision (£20k) and to review contract arrangements (£38k) | 333 | |
| Rationalise - Medical coding | Medical coding - follow above aggregation per medical records. | 200 | |
| Commissioning | Review SLA with Swansea for termination of pregnancies | 120 | |
| Commissioning | The Board does not currently recover income from Mental Health patients that are not theirs (eg English patients or from the catchment areas of the other Welsh Boards). (e.g. Powys THB and BCU UHB) | 100 | |
| Rationalise - Medical records | Medical records - shift first from 5 repositories, to one, then moving to electronic records. | 100 | |
| Procurement | Review spend on equipment across 3 areas - hypothesis that there is opportunity to standardise | To be quantified by the HB | |
| Procurement | Podiatry - patients appliance budget - working with procurement and outside to find cheaper stock. | | |
| Service redesign | Palliative care opportunity - overarching strategy and approach across 3 areas | | |
| Facilities | Maintenance contracts - increase use of in-house provision | | |
| Commissioning | LTAs/SLAs - To review current Long Term Agreements and Service Level Agreements | | |
| Planned care | Ophthalmology: ENP for RACE does this mean reduction of medical posts | | |
| Planned care | Ophthalmology: Extended roles in nursing | | |
| Workforce | Transforming our hospitals: Align with TCS pathway review / workforce redesign for the future - introduction of Physicians Associates on the medical wards and Emergency Department, Advanced Nurse Practitioners, Emergency Nurse Practitioners and Care of the Elderly / Rehab departments and initiate service redesign in line with our strategy | | |
| Sub Total ideas 20/21 (some schemes not quantified) | | 2,853 | |

Ideas list 20/21 and beyond

The following ideas require service changes and are likely to have a longer lead time and require further work to quantify and plan the changes

| Category | Initiative | Indicative annualised value £'000 | Actions to accelerate |
|---|--|--------------------------------------|---|
| Service redesign | Transforming our hospitals: Withybush General Hospital: Improve Cardiology services commissioned to neighbouring Health Boards Develop and enhance the frailty Model within Withybush (subject to Business Case approval) Review and enhance day surgery services | To be quantified by the health Board | <ul style="list-style-type: none"> Discussions required with service to test idea, route to cash and develop action plans Opportunities based on interviews and benchmarking and efficiency documents but require testing and work up with ops leads Likely 20/21 and beyond |
| Service redesign | Standardise community care pathways including a revised model for assessment of ADHD patients to support reduction of current waiting times and achievement of the 26 week Neuro-developmental assessment target | | |
| Workforce | Theatres: Flexible job planning for surgeons, run surgeons as a group rather than in portfolios | | |
| Service redesign | Waiting List: Telephone hub for endoscopy | | |
| Service redesign | Orthopaedics: Robotic knee surgery development | | |
| Service redesign | Ophthalmology: Hub and spoke model | | |
| Service redesign | Ophthalmology: Day surgery centre | | |
| Facilities | Benchmarking - specific areas: Areas identified from corporate services / facilities benchmarking eg high energy costs, staffing numbers and mix in support services etc | | |
| Mental Health | Introduce liaison officers at each acute hospital to reduce pressure on mental health care. | 2,280 | |
| Back office | Reduce the overhead of support services, "back office" | | |
| Sub Total ideas 20/21 (some ideas not quantified) | | 2,280 | |

Ideas list 20/21 and beyond

The following pipeline schemes will require further work to quantify and plan the changes. These schemes have been identified separately as they are strategic choices and will require additional consideration

| Category | Initiative | Indicative annualised value £'000 | Actions to accelerate |
|---|---|--------------------------------------|---|
| Rationalise on call Paediatrics | Implement Paediatric Task & Finish Group proposals to rationalise on-call consultant cover in the south of the UHB on to one site (Glangwili) | To be quantified by the health Board | <ul style="list-style-type: none"> Discussions required with service to test idea, route to cash and develop action plans Opportunities based on interviews and benchmarking and efficiency documents but require testing and work up with ops leads Likely 20/21 and beyond |
| Rationalise Stroke | Reduce numbers of admitting stroke units from 4 to 2 | | |
| Rationalise Breast | Breast: New model to reduce sites | | |
| Service redesign | Decommissioning - To decommission services provided by the LA, including day care services for people with dementia (£30k) and EMI Social Worker (£30k) | | |
| Community | Review community pharmacies service and enhanced service provision | 800 | |
| Primary care | Review and aggregate admin and management functions for 4 managed practices | 300 | |
| Rationalise - Sterile services | Sterile services - have 4 departments - short term operational improvement opportunities; medium and longer term potential to rationalise services | 300 | |
| Sub Total ideas 20/21 (some ideas not quantified) | | 1,400 | |

Total Ideas 20/21 and beyond (some ideas not quantified)

6,533

Total pipeline (only quantified schemes) 19/20 schemes + 19/20 potential + ideas list 20/21 and beyond

25,773



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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|---|--|
| Enw'r Pwyllgor/Name of Committee: | Strategic Financial Planning Group |
| Cadeirydd y Pwyllgor/Chair of Committee: | Huw Thomas, Director of Finance |
| Cyfnod Adrodd/Reporting Period: | Meeting held on 11 th November 2019 |
| Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor/Key Decisions and Matters Considered by the Group: | |
| <ul style="list-style-type: none"> • SFPG Risk Register – The risk register was reviewed and a progress report was requested for the development of an integrated financial planning timetable (risk two) and a user friendly financial planning model which is integrated with the Strategic Financial Plan (risk three). • Strategic Enabling Group (SEG) – The Group received feedback from the SEG meeting held on the 24th October 2019 and were informed that the £750k capital fund to support the work up of the Transformation business case was under review. • Transformation Fund Review – A paper was presented and the Group discussed the three programmes approved for funding: Programme 1: Proactive Technology-Enabled Care, £7.4m Programme 3: Fast tracked consistent integration, £3.2m Programme 7: Creating Connections for All, £1.2m The Strategic Change Finance Director will review and identify costs which are sustainable and requested validation on achievable savings. The three counties have submitted Transformation Fund bids to support the fast track model (programme 3) which will bring the three counties together. As there is no major capital requirement in the Bronglais Strategy early implementation should be easier. <p>The Group was briefed of the outcomes and benefits realisation Framework arrangements of the transformation programme in West Wales. The Framework should support strategic planning for sustainability across the whole system by ensuring system improvement priorities and investment enable achievement of the outcomes.</p> <p>ICF funded schemes in place for some time now present challenges. The Group discussed the need to establish whether benefits have been delivered and are measurable in cash terms and to assess the risks, if savings have not been recycled to fund future ICF projects and the risk should funding be withdrawn from projects.</p> <ul style="list-style-type: none"> • A Healthier Mid and West Wales – Financial Modelling Update – The Horizon modelling update report and a presentation to be delivered to clinicians on the 15th November 2019 were shared with the Group. | |

The presentation is to reinforce the design assumptions which are not up for renegotiation in totality although there is an expectation there will be a need for exceptions to the design assumptions to be identified. The presentation also highlights the uses and limitations of the model.

- **A Healthier Mid and West Wales – Strategic Partner Tender** – The Group were advised on the current state of the tender which is not yet complete.
- **Strategic Financial Plan – Progress Update** – Directorates have submitted narrative plans which have been reconciled where possible to the financial plans.

WG met with Executives on 7th November 2019 and discussed the plan process and the need to identify additional savings as WG will only recognise a balanced IMTP or an annual plan. However, the Board are keen to develop a three year plan. The benefit of a ten year plan from which an annual and three year plan can be extracted was discussed.

- **Other Business** – Members discussed there should be a wider involvement in the Group and agreed to use a more targeted / proactive approach to using the facility to co-op additional team members for specific issues.

Risgiau Allweddol a Materion Pryder/Key Risks and Issues/Matters of Concern:

- There were no risks, issues or matters of concern.

Materion y mae angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd ar eu cyfer/Matters Requiring Strategic Enabling Group Level Consideration or Approval:

- The Group request SEG to approve the Terms of Reference which have been amended to reflect the following:
 - Rhian Davies to lead as Assistant Director or Finance
 - Mark Bowling to attend SFPG meetings when required
 - SFPG formal meetings to be held bi-monthly (starting 13th January 2020)

Busnes Cynlluniedig y Pwyllgor ar gyfer y Cyfnod Adrodd Nesaf/Planned Group Business for the Next Reporting Period:

Adrodd yn y Dyfodol/Future Reporting:

- The Group will follow up the various actions identified at the SFPG meeting.

Dyddiad y Cyfarfod Nesaf/Date of Next Meeting:

13th January 2020

| | |
|---|--|
| Enw'r Pwyllgor / Name of Committee | Finance Committee |
| Cadeirydd y Pwyllgor/ Chair of Committee: | Michael Hearty, Associate Member |
| Cyfnod Adrodd/ Reporting Period: | Meeting held on 26 th November 2019 |
| Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor / Key Decisions and Matters Considered by the Committee: | |
| <p>The Finance Committee has been established to advise the Board on all aspects of finance and the revenue implications of investment decisions. Hywel Dda University Health Board's (HDDUHB's) Finance Committee's primary role is, as such, to provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation.</p> <p>This report summarises the work of the Finance Committee at its meeting held on 26th November 2019, with the following highlighted:</p> <ul style="list-style-type: none"> • Finance Report Month 7 – the Month 7 Finance Report was presented to Committee, advising of the proposal to revise the forecast from the previous £15m control total to an interim forecast position of £25m. The Committee was advised of the significant risk to the £10m additional Welsh Government (WG) funding as this had been predicated on delivery of the required £15m control total. The Committee was further advised that the Health Board's financial position at the end of Month 7 represented an adverse variance against plan of £0.9m, bringing the cumulative Year to Date (YTD) variance to £4.7m. The Month 7 YTD variance to breakeven is £14.5m. Operational forecasts are in excess of budget of £7.9m, together with recognition of the Health Board's £1.6m WRP share. The Committee was advised of the impact of Category M price increases on Primary Care prescribing and the impact of high cost Secondary Care drugs. Projection, including savings risk, is an adverse variance to plan of £14.8m, equating to a year end deficit position of £27.8m. • Turnaround Report Month 7 – the Turnaround Report Month 7 was presented to Committee, advising of progress to date against each of the schemes. The Committee requested that an indication of the timescales for change be included within future reports. • Referral to Treatment Time (RTT) Month 7 Report – the Month 7 Referral to Treatment Time (RTT) Report was presented to Committee providing progress in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times. • Workforce Pay Controls – the Workforce Pay Controls report was presented to Committee, providing an update of progress against KPMG's action plan. Estimated dates of completion had been added to the action | |

plan and future reports will include financial values against each action as requested by the Committee. The Committee was advised of delays to the proposed centralised rostering system for nurses within HDdUHB in light of WG's plans for the implementation of an all-Wales system.

- **Capital Financial Management** – the Capital Financial Management report was presented to Committee advising of the implementation of a Project Bank Account (PBA) policy by WG. Further guidance is expected from WG and a procedure outlining the implementation of the policy will be brought to a future Finance Committee meeting for approval.
- **Contracts Update** – the Contracts Update report was presented to Committee, providing the Month 7 and forecast position in relation to Long Term Agreements (LTA).
- **External Finance Review** – an update on KPMG's work was presented to Finance Committee, summarising the work undertaken to date with the current focus on the baseline drivers of the deficit. The Committee received a presentation demonstrating that the majority of the excess cost of care in HDdUHB, when compared to the Welsh average, is being driven by excess activity and that volume variance as opposed to cost variance is driving the excess expenditure. The Committee acknowledged that whilst efficiency needs to increase, transformation is anticipated to address this.
- **Efficiency Opportunities: Financial Delivery Unit Efficiency Framework** – the Efficiency Opportunities: Financial Delivery Unit Efficiency Framework report was presented to Committee, identifying the ways in which the analysis provided by the Finance Delivery Unit has been used to shape the financial strategy. The Committee noted that the report reflects issues relating to population health and that this work shifts the focus beyond efficiency and into demand management.
- **Winter Preparedness 2019/20 Report to Board on 28th November 2019** – the Winter Preparedness 2019/20 Report to Board on 28th November 2019 was presented to Committee. The Committee's attention was drawn to the over-commitment of funding, however assurance was provided that plans would be managed within the funding available with the ability within the budget to flex accordingly in response to any emerging pressures.
- **Strategic Financial Planning Group Update Report to Strategic Enabling Group** – the Strategic Financial Planning Group Update Report to Strategic Enabling Group was presented to Committee for information.
- **Corporate Risks** – the Corporate Risks report was presented to Committee, identifying 3 risks aligned to the Committee from the 30 currently on the corporate risk register: *730 Failure to realise all the efficiencies and opportunities from the Turnaround Programme in 2019/20; 735 Ability to deliver the Financial Plan for 2019/20 affecting the whole Health Board; and 646 Ability to achieve financial sustainability over*

medium term. The Committee noted that all risks would need to be revised in light of the recommendations to Board on 28th November 2019 regarding the proposed revised forecast position.

- **Finance Operational Risks** – the Finance Operational Risks report was presented to Committee, providing a summary of 9 operational risks. The Committee was advised that the Finance Directorate, through its business partnership arrangements, will discuss and agree the level of risk and work with operational services to ensure that these risks are reflected on individual service risk registers and are provided with the appropriate support to manage these effectively.
- **Financial Procedures** – the Committee approved the Income and Cash Collection Procedure.

Materion y mae angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd are u cyfer /

Matters Requiring Board Level Consideration or Approval:

Proposed revision of the forecast position from £15m to £25m.

Risgiau Allweddol a Materion Pryder /

Key Risks and Issues/ Matters of Concern:

- The significant risk in relation to the organisation's ability to deliver the required £15m control total and the recommendation to the Board of a change in the forecast deficit position from £15m to £25m
- Delivery of 2019/20 Savings Plan
- Significant financial pressures on drugs manifesting in both Secondary and Primary Care, particularly following a price increase in August 2019 in Category M drugs
- Delays to the proposed centralised rostering system for nurses and the financial impact upon HDdUHB, pending implementation of an all Wales system
- Risks relating to £4.1m Primary Care prescribing and £1.6m Welsh Risk Pool

Busnes Cynlluniedig y Pwyllgor ar gyfer y Cyfnod Adrodd Nesaf /

Planned Committee Business for the Next Reporting Period:

Adrodd yn y Dyfodol / Future Reporting:

In addition to the standing agenda items, the December 2019 Finance Committee meeting will include reports relating to the Development and Implementation of Value Based Health Care and the Annual Financial Plan/Enabling Plan.

Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:

19th December 2019

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

including standing agenda items (denoted by *).

| Agenda Item/Issue | Lead | 25 th April 2019 | 20 th May 2019 | 25 th June 2019 | 22 nd July 2019 | 22 nd Aug 2019 | 24 th Sept 2019 | 21 st Oct 2019 | 26 th Nov 2019 | 19 th Dec 2019 | 27 th Jan 2020 | 13 th March 2020 |
|---|------|-----------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Apologies* | MH | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Declarations of interests* | All | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Minutes from previous meeting* | MH | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Matters Arising and Table of Actions* | MH | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Annual Review of TORs/membership | MH | ✓ | | | | | | | | | | |
| Finance Committee Outcome of Self-Assessment of Performance | MH | | ✓ | | | | | | | | | |
| Finance Committee Annual Report | MH | ✓ | | | | | | | | | | |
| Reflective Summary | HT | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Finance Report Month* | FP | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Financial Projections Report | HT | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Financial plan development and draft financial plan | HT | | | | ✓ (draft) | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Turnaround Report/ Savings Plan Month* | AC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| RTT Month* | KJ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Establishment Control* | LG | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Capital Financial Management | HT | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Contracting Update | HT | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Workshop Session: | | | | ✓ | | | ✓ | | | ✓ | | ✓ |

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

including standing agenda items (denoted by *).

| Agenda Item/Issue | Lead | 25 th April 2019 | 20 th May 2019 | 25 th June 2019 | 22 nd July 2019 | 22 nd Aug 2019 | 24 th Sept 2019 | 21 st Oct 2019 | 26 th Nov 2019 | 19 th Dec 2019 | 27 th Jan 2020 | 13 th March 2020 |
|---|----------------------|-----------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| <ul style="list-style-type: none"> Finance Team Strategy Implementing Contracting Implementing Value Turnaround Programme Structure | HT HT HT AC | | | R R R | R | | R | | | R | | |
| External Finance Review* | HT | | R | R | R | R | R | R | R | R | R | R |
| Year End Debrief | HT | | R | | | | | | | | | |
| Addressing Recommendations from the Deloitte ZBR | HT | | R | | | | | | | | | |
| Development and Implementation of Value Based Health Care (VBHC) | HT | | | R | | | R | | | R | | R |
| Financial Delivery Unit Presentation | HJ | | | R | | | | | | | | |
| Opportunities Identified by the Financial Delivery Unit | HT | | | | | | | R | R | | | |
| Underlying Deficit (included within External Finance Review) | HT | | | | | R | | | | | | |
| KPMG Refresh Plan to Financial Delivery Unit | | | | | | | | R | R | | | |
| Corporate Risks | HT | | R | | | R | | | R | | | R |
| Finance Operational Risks | HT | | R | | | R | | | R | | | R |
| Winter Planning 2019/20 | JT | | R | | | | | R | | | | |



HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

including standing agenda items (denoted by *).

| Agenda Item/Issue | Lead | 25 th April 2019 | 20 th May 2019 | 25 th June 2019 | 22 nd July 2019 | 22 nd Aug 2019 | 24 th Sept 2019 | 21 st Oct 2019 | 26 th Nov 2019 | 19 th Dec 2019 | 27 th Jan 2020 | 13 th March 2020 |
|---|------|-----------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Deep Dive into Medicines Management/Aseptic Unit | JPJ | | R | | | | | | | | | |
| Deep Dive into Continuing Health Care | | | | | | | | | | | | |
| • Counties | JP | | | | | R | | | | | | |
| • MH&LD | LC | | | | | R | | | | | | |
| Deep Dive into Withybush Hospital | JT | | | | R | | | | | | | |
| Deep Dive into Ring-fenced Allocations in MH&LD | LC | | | | | | R | | | | | |
| Annual Financial Plan/Enabling Plan | HT | | | | | | | | | R | | |
| Financial Procedures | HT | | | | R | R | R | R | R | | | |
| Scheme of Delegation | HT | | R | | | | | | | | | |
| Finance Committee Annual Workplan* | MH | R | R | R | R | R | R | R | R | R | R | R |
| Update Reports to Board* | MH | R | R | R | R | R | R | R | R | R | R | R |
| Strategic Financial Planning Group Update Report to IEG | HT | | | R | | R | | | R | R | R | R |
| Draft Annual Accounts 2018/19 | HT | | R | | | | | | | | | |
| Benchmarking Network Summary Report | HT | | | R | | | | | | | | |
| International Financial Reporting Standard (IFRS) 16 Update | HT | | R | | | | R | | | | | |



HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

including standing agenda items (denoted by *).

| Agenda Item/Issue | Lead | 25 th April 2019 | 20 th May 2019 | 25 th June 2019 | 22 nd July 2019 | 22 nd Aug 2019 | 24 th Sept 2019 | 21 st Oct 2019 | 26 th Nov 2019 | 19 th Dec 2019 | 27 th Jan 2020 | 13 th March 2020 |
|---|------|-----------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| WAO Public Spending Trends in Wales 199/00 – 2017/18 | HT | | | | | | | ℞ | | | | |
| Any Other Business* | | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ |
| Agenda setting meeting with Chair & Exec Lead (at least 4 weeks before the meeting) | SB | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ |
| Draft agenda to go to Executive Team prior to issue | SB | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ |
| Call for papers (at least 4 weeks before the meeting to receive papers at least 14 days before the meeting) | SB | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ |
| Disseminate agenda & papers 7 days prior to the meeting | SB | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ |
| Type up minutes and TOA within 7 days of the meeting | SB | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ | ℞ |

Chair: Michael Hearty

Vice-Chair: Mike Lewis

Lead Executive: Huw Thomas

Committee Secretary: Sarah Bevan

| | | | | | |
|-----------|-----------------------|-----------|--------------------------|-----------|----------------------|
| MH | Michael Hearty | FP | Fiona Powell | JT | Joe Teape |
| HT | Huw Thomas | AC | Andrew Carruthers | LG | Lisa Gostling |



HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

including standing agenda items (denoted by *).

| | | | | | |
|-----------|-----------------------|-----------|--------------------------|-----------|---------------------|
| KJ | Keith Jones | SB | Sarah Bevan | MB | Mark Bowling |
| SA | Shaun Ayres | HJ | Hywel Jones (FDU) | LC | Liz Carroll |
| JP | Jill Patterson | | | | |