

Bundle Finance Committee 21 October 2019

- 1 13:30 - GOVERNANCE
- 1.1 Welcome and Apologies
Presenter: Chair
- 1.2 Declarations of Interest
Presenter: All
- 1.3 Unapproved Minutes of Previous Meeting Held on 24th September 2019
Presenter: Chair
 - 1 3 Unapproved Finance Committee Minutes 24 09 19
- 1.4 Matters Arising and Table of Actions from Meeting Held on 24th September 2019
Presenter: Chair
 - 1 4 FC Table of Actions 24 09 2019
- 2 13:40 - FOR DISCUSSION
- 2.1 Financial Performance Presentation
Presenter: Huw Thomas
 - 2 1 Financial Performance Presentation Month 6
- 2.1.a Financial Report Month 6
Presenter: Huw Thomas
 - 2 1 Finance Report Month 6
 - 2 1 Appendix 1 Finance Report Month 6
- 2.1.b Turnaround Report Month 6
Presenter: Andrew Carruthers
 - 2 1b Turnaround Report
 - 2 1b Appendix 1 Turnaround Report
- 2.2 RTT Month 6
Presenter: Keith Jones
 - 2 2 RTT Financial Plan Trajectory Month 6
 - 2 2 Appendix 1 RTT Month 6
- 2.3 Workforce Pay Controls: KPMG Grip and Control Action Plan Update and Establishment Control Project Update
Presenter: Lisa Gostling
 - 2 3 Workforce Pay Controls - KPMG Grip and Control Action Plan Update and Establishment Control Project Update
 - 2 3 Appendix 1 Grip and Control 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 Report
- 2.6 Draft Indicative Financial Plan 2020/21
Presenter: Huw Thomas
 - 2 6 Draft Indicative Financial Plan 2020-21
 - 2 6 Appendix 1 Draft Indicative Financial Plan 2020-21 Presentation
- 2.7 External Finance Review
Presenter: Huw Thomas (verbal)
- 2.8 KPMG Refresh Plan to Financial Delivery Unit
Presenter: KPMG (verbal)

- 2.9 Learning from Winter 2018/19 and Preparedness for 2019/20
Presenter: Joe Teape
2 9 Learning from Winter 2018-19 and Preparedness for 2019-20
2 9 Appendix 1 Winter Planning Model 2019-20
- 2.10 Efficiency Opportunities – Financial Delivery Unit Efficiency Framework
Presenter: Huw Thomas
2 10 Efficiency Opportunities FDU Efficiency Framework
- 2.11 Strategic Financial Planning Group Update Report to Strategic Enabling Group (SEG)
Item deferred to November 2019 Finance Committee meeting due to the Strategic Financial Planning Group not having met until 14th October 2019.
- 3 15:50 - FOR APPROVAL
- 3.1 Financial Procedures
3 1 Financial Procedures
3 1 Appendix 1 FP11 draft v1.1 7oct
- 4 16:00 - FOR INFORMATION
- 4.1 Wales Audit Office Public Spending Trends in Wales 1999-00 to 2017-18
Presenter: Huw Thomas
4 1 WAO Public-Spending-Trends-in-Wales-1999-00-to-2017-18-Eng
- 4.2 Finance Committee Update Report to Board from Previous Meeting
Presenter: Chair
4 2 Finance Committee Report - 24th September 2019
- 4.3 Finance Committee Annual Workplan
Presenter: Chair
4 3 Finance Committee Workplan 2019-20 v11
- 4.4 Reflective Summary
Presenter: Huw Thomas (verbal)
- 5 16:20 - ANY OTHER BUSINESS
- 6 DATE OF NEXT MEETING: Tuesday 26th November 2019, 9am - 12pm, Ystwyth Boardroom

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

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

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

AGENDA ITEM	ITEM	
FC(19)166	INTRODUCTIONS AND APOLOGIES FOR ABSENCE	Action
	The Chair, Mr Michael Hearty, welcomed all to the meeting. Apologies were received from: <ul style="list-style-type: none"> Miss Maria Battle, Chair of Hywel Dda University Health Board Mr Steve Moore, HDdUHB Chief Executive 	
FC(19)167	DECLARATIONS OF INTERESTS	
	There were no declarations of interest made.	
FC(19)168	MINUTES OF PREVIOUS MEETING HELD ON 22nd AUGUST 2019	
	RESOLVED – that the minutes of the Finance Committee meeting held on 22 nd August 2019 be APPROVED as a correct record.	
FC(19)169	MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 22nd AUGUST 2019	
	An update was provided on the Table of Actions from the meeting held on 22 nd August 2019 and confirmation received that all outstanding actions had been progressed or were forward planned for a future Committee	

meeting, with the exception of:

- **FC(19)70/71/144 Finance Month 1/Turnaround Report Month 1 – to include a timeline of when the Committee should begin to have concerns over the delivery of savings schemes –** Mr Andrew Carruthers confirmed that the action is now complete. Mr Carruthers has met with Mr David Powell to demonstrate the savings scheme tracker spreadsheet. Mr Powell confirmed that he has received assurance that the data is available and that a model is in place.

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

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

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

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

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

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

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

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measures in place to implement elements of the plan, however, there are ongoing issues with staffing and discussions need to be held with Local Authorities.

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

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

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

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

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

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

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

Mr Carruthers informed Members that KPMG have identified £4m of potential opportunities. Mr Carruthers advised that, in addition to the

KPMG work, the Executive Team has made the decision to realign Corporate resourcing for delivery of savings, with the key area being to improve the delivery of USC patient flow work.

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

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

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

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

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

FC(19)171 TURNAROUND REPORT MONTH 5

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

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

Mr Thomas commented that despite being £10m adrift in terms of projection, he was optimistic that the KPMG work and the alignment of Executive Team and Corporate staff would mobilise resource for the

	<p>remainder of 2019/20. However, Mr Thomas reiterated that he could not provide assurance on reaching the control total.</p> <p>Mrs Hardisty highlighted HDdUHB's clinical strategy and the investment in the team to enable the delivery of the strategy and sought assurance that this resource is helping to deliver and rebalance the system. Mr Carruthers advised that similar discussions have been raised at Executive Team, acknowledging the clinical strategy team's purpose to get to transformation and recognition of the need to focus on actions being achieved in year one of the strategy being implemented, which should have a positive impact on operational pressures.</p> <p>Mr Paul Newman queried the barriers to delivering the approximate 100 proposals which have not yet been progressed. Mr Carruthers responded that previously, there had been no resources or skills aligned to deliver these.</p> <p>Mr Newman commented that as the schemes are non-recurring schemes, these are focused upon delivery in year rather than long term. Mr Thomas emphasised the current work ongoing to identify opportunities around better grip and control, rostering, agency usage, patient flow, procurement, and service duplication. There is therefore £5m of recurrent opportunities being explored and it is the gap which is reliant on non-recurrent benefit.</p> <p>Mrs Taylor-Griffiths informed Members of rostering issues with clinical staff who are working hard despite being under-resourced, and that Enhanced Patient Support (ESP) requirements cannot be avoided if a patient fits the criteria, which has a significant impact on staffing resources. Mrs Gostling responded that the workforce team have reviewed and reformed the establishment of nurses and Health Care Support Workers (HCSW) to account for acuity and assured Members that increased resource has been established.</p> <p>In summary, Mr Hearty advised that the Committee would seek assurance in Month 6 that existing budget holders are not overspending on their budgets. Mr Hearty acknowledged the pace of converting KPMG's work to the delivery of savings, however, there is also requirement to tighten budgets in year. With regard to the £19.2m identified savings (green and amber schemes), which had already been included in the baseline plan, concerns remain over the gap. Mr Hearty reiterated that the Committee seek assurance on what is in place in order to get to a balanced position at the next meeting.</p>	HT
	The Committee NOTED the Turnaround Report Month 5.	

FC(19)172	<p>REFERRAL TO TREATMENT TIME (RTT) MONTH 5</p> <p>Members were presented with the RTT Month 5 report, providing progress in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times.</p> <p>Mr Keith Jones informed Members that the forecast cost of the RTT, Diagnostics and Therapy services delivery proposals for 2019/20 is £5.5m, with a savings target of £1.4m applied to Ophthalmology, Orthopaedics</p>	
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and other specialities. Mr Jones advised that, allowing for non-delivery of the Orthopaedic savings target due to the risks with Orthopaedic theatres in WGH, the total forecast cost of delivery stands at £4.6m.

Members were informed of the £5.8m allocation from the NHS Wales Performance Fund to support the cost of delivery of RTT, and that £3.5m is to be released from this fund to reduce the overall savings plan. Of the remaining £2.3m Performance Fund allocation, £0.5m will be allocated for delayed follow ups, £0.3m will address the achievement of a 32 week maximum waiting time target for Stage 1 outpatients, and the remainder will be used to develop more sustainable solutions for Ophthalmology and Dermatology and to account for new/emerging delivery risks for Orthopaedics, General Surgery and Urology.

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

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

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

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

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

Mr Jones informed Members that the aforementioned impact of pension arrangements is currently unknown and WG have been approached to provide their view of the implications, which will need consideration going forward.

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The Committee **DISCUSSED** and **NOTED** the progress to Month 5 in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times delivery for 2019/20.

FC(19)173 GRIP AND CONTROL

Members were presented with the Grip and Control report, providing an outline of the initial findings from the KPMG Grip and Control work stream. Mr Thomas advised Members that the assessment had only considered two limited areas. Firstly, it focused on Secondary Care with no consideration of Primary Care commissioning. Secondly, it only considered Pay and Non-Pay.

Mr Keith Jones left the Committee meeting

Highlights from the report included recognition of the high number of budgetary managers in place, some of which represent significantly small budgets. Work is ongoing to review who is authorised to manage a budget. Issues have also been identified within workforce, such as rostering and agency usage.

Referring to the appended report, Mr Powell highlighted that less than 10% of job plans are electronic and that a system to facilitate this should be implemented.

Mr Powell queried the statement from KPMG's assessment that HDdUHB had a high sickness rate for 2018/19 (4.86%) in comparison to other healthcare providers. Mr Powell believed that HDdUHB had been performing well against the all Wales average. Mrs Gostling confirmed that HDdUHB is the best performer in Wales for sickness absence and was therefore unsure where KPMG had benchmarked their data.

In regard to the assessment being acute care focused, Mrs Hardisty recalled from KPMG's update at the previous Committee meeting that a Primary Care workshop would be arranged. Mr Carruthers advised that KPMG are looking to set this up with the Director of Primary Care, Community and Long Term Care.

Mrs Hardisty queried the increasing use of Thornberry and whether local controls are being used. Mrs Gostling responded that a workforce group has been established to review the recommendations and resulting actions in the form of separate work streams, such as rota management, which have been established with identified leads.

Ms Taylor-Griffiths informed Members that Critical Care bank nurses are paid at a higher rate and that if staff are not able to be filled from the Critical Care bank, Thornberry will be used as the contract agencies do not have ITU nurses.

Mr Ben Garside joined the Committee meeting

Mrs Hardisty reiterated her previous point that areas in which the Health Board seemed to have control over have slipped, querying the rationale behind Thornberry usage for HCSWs. Mr Teape responded that under

	unique circumstances, operational dilemmas present, providing the example of a medium secure patient in the Psychiatric Intensive Care Unit (PICU) requiring 4:1 cover. Mr Teape raised the point that many front line staff would consider themselves to have a grip and control on their environment and stressed the need to deploy this work with the right message for staff currently dealing with significant pressures and patient safety issues.	
	The Committee NOTED the draft findings and action plans in the Grip and Control report.	

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

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

FC(19)176	WINTER PLAN MODEL 2019/20	
	Members were presented with a verbal update on the Winter Plan Model 2019/20. Mr Teape informed Members of the £2.6m funding from WG for	

	<p>2018/19, £0.25m of which was directly commissioned for Care at Home, £1m to keep beds open and £0.7m for surge beds.</p> <p>Mr Teape informed Members that a similar process will be in place for 2019/20 and that it remains a work in progress to work through the solutions to close the gap. Allocation of funds is anticipated from WG and through the RPB. Mr Teape advised Members that HDdUHB is further ahead than usual in terms of winter planning for this time of year and that a comprehensive report will be submitted to the October 2019 Committee meeting.</p>	
<p>The Committee NOTED the Winter Plan Model 2019/20 verbal update.</p>		

FC(19)177	<p>FINANCIAL PLAN DEVELOPMENT AND DRAFT FINANCIAL PLAN</p> <p>Item deferred to October 2019 Finance Committee meeting. Mr Thomas informed Members that the draft plan is available and would be presented to Executive Team prior to being submitted to the October 2019 Committee meeting.</p>	
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FC(19)178	<p>EXTERNAL FINANCE REVIEW</p> <p>Members were presented with a verbal update on the External Finance Review by Mr Ben Garside from KPMG, who began by commending the support received from the finance team. Mr Garside informed Members that KPMG meet weekly with Mr Thomas and the Finance Delivery Unit (FDU) who are satisfied with progress as set out by the FDU.</p> <p>Mr Garside summarised the key areas of work being undertaken by KPMG, as detailed at the previous Committee meeting. These included an understanding of the baseline of drivers of the underlying deficit. Mr Garside advised that the biggest driver is the increase in pay and agency spend and that KPMG are currently working with key personnel to describe these drivers by service, and not only by theme. The next stage of work had been to assess the controlled environment, for example the Grip and Control work, which had identified variability within the controlled environment and in compliance. The outcome of this work has been an organisational response to address the issues in the form of workplans and action plans.</p> <p>Mr Garside informed Members that support to deliver the workplans will be in the form of a Delivery Framework which will be aligned to delivery of critical components of objectives and identify areas where control is to be tightened.</p> <p>Mr Garside informed Members that a refresh of the 2020 plan, which will include an assessment of cost improvement plans and cost pressures forecast to land in year, has now been completed and will be submitted to the FDU. This will provide information on the extent to which the forecast outturn is mitigated and the opportunities to impact on the control total. It will also provide mitigating actions for Directorates as well as considering transformational work. Mr Thomas informed Members that the refresh plan will be submitted to the October 2019 Committee meeting.</p> <p>Mr Lewis queried the drivers for spend on pay and whether it is due to</p>	<p>HT/ KPMG</p>
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	<p>areas of the Health Board being inefficient. Mr Garside responded that KPMG use a four lever framework to map the drivers of the deficit including provider efficiency, the 'shift left' to models of care outside acute care to deal with activity, duplication of services, and the 'back office' duties and efficient use of Estates and non-clinical Support Services. Mr Garside assured Members that against the underlying deficit they are able to describe the drivers, what the quantum is, and the application to individual services. Mr Lewis confirmed he was content with this response.</p> <p>Mrs Hardisty queried the operating model for non-acute settings. Mr Garside advised that as KPMG work through the potential 'shift left', they will work through to Primary Care and packages of care. Mr Garside informed Members of a recent workshop held in Aberystwyth, which provided good examples of models of care.</p>	
	<p>The Committee NOTED the External Finance Review.</p>	

<p>FC(19)179</p>	<p>DEEP DIVE INTO RING-FENCED ALLOCATION WITHIN MENTAL HEALTH AND LEARNING DISABILITIES</p>	
	<p><i>Ms Liz Carroll and Ms Janine Billen joined the Committee meeting</i></p> <p>Members were presented with the report and presentation on a Deep Dive into Ring-fenced Allocation within Mental Health and Learning Disabilities.</p> <p>Ms Liz Carroll provided Members with an overview of the current situation in relation to budgets having been set that are cognisant of Welsh Government ring-fenced allocations. Members were advised that these budgets are still subject to HDdUHB's efficiency and improvement expectations and that plans are managed on a non-recurring basis.</p> <p>Mrs Janine Billen provided a snapshot of the ring-fenced funding and spend for 2017/18 for Mental Health and Learning Disabilities. Actual spend against the allocation is based upon the 2017/18 full year data, which reported expenditure as £83.5m on Mental Health services and £10m on Learning Disabilities.</p> <p>Ms Carroll informed Members that budgeting expenditure is, by design, condition based, takes a commissioning perspective, and costs are fully absorbed, i.e. combining the directly managed expenditure with use of the organisations shared clinical and administrative functions as well as overhead areas.</p> <p>Ms Billen informed Members that £107m was spent against the £94m allocation, due to the Continuing Health Care (CHC) element totalling £13m, which is a historic anomaly and is akin to other Health Boards. Mr Hearty queried if this element is budgeted for and Ms Billen confirmed that this is the case.</p> <p>Ms Billen provided Members with a detailed breakdown of the £107m, including Primary Care, Secondary Care and CHC. Mr Thomas advised that a breakdown of the allocation is complicated as it is in effect a notional figure that is to be spent on mental health conditions, not services, and therefore is largely an estimation.</p>	

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

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

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

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

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

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

Mr Hearty queried links with the ongoing contracting work. Mr Ayres confirmed that he has met with the Mental Health and Learning Disabilities Directorate and counties with a view to review historic agreements. Mr Ayres advised that the next stage is to discuss with stakeholders how expenditure is utilised and to determine the provision of outcomes and Key Performance Indicators (KPIs). Mr Ayres informed Members that contract managers are being allocated to support this piece of work.

Ms Carroll concluded by informing Members of the next stages and opportunities, which included potential efficiencies across HDdUHB such

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	<p>as working better with Primary Care, avoidance of duplication of service provisions, assisting with the future planning of services in line with service transformation, and assisting in cross directorate working.</p> <p>Mr Hearty offered the Directorate assistance from the finance team and Ms Billen thanked Mr Hearty for this offer advising that support is being received from Mr Mark Bowling and the team. Mr Hearty thanked Ms Carroll and Ms Billen for their presentation.</p> <p><i>Ms Liz Carroll and Ms Janine Billen left the Committee meeting</i></p>	
	<p>The Committee NOTED the Deep Dive into Ring-fenced Allocation within Mental Health and Learning Disabilities.</p>	

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

FC(19)181	<p>INTERNATIONAL FINANCIAL REPORTING STANDARD 16 UPDATE</p> <p>Members were presented with the International Financial Reporting Standard (IFRS) 16 Update report, providing an update on progress with regard to the steps being taken to prepare for the implementation of the International Financial Reporting Standard (IFRS) 16 Leases accounting standard.</p> <p>As part of this preparation, Welsh Government required all Health Boards to prepare an initial assessment of the impact of IFRS 16 by 6th September 2019. This initial assessment will allow Welsh Government to understand the potential impact of the standard on capital expenditure and depreciation for 2020/21.</p> <p>Members were informed that the main area of work undertaken to date has been to identify leases that are in existence within HDdUHB. The work undertaken has identified leases of properties, cars, photocopiers and franking machines. Once identified, these leases have been assessed to identify whether they are within the scope of IFRS 16 and should therefore</p>	
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	<p>be classified as right of use assets on the balance sheet.</p> <p>Mr Thomas informed Members that the finance team are working through the nuances and assessing the implications of adding any additional assets to the balance sheet.</p>	
	The Committee NOTED the International Financial reporting Standard (IFRS) 16 Update report.	
FC(19)182	<p>STRATEGIC FINANCIAL PLANNING GROUP UPDATE REPORT TO STRATEGIC ENABLING GROUP (SEG)</p> <p>No report available due to the Group not having met since 15th July 2019. The next scheduled Group meeting is 14th October 2019.</p> <p>Mr Hearty requested that this item be brought as a discussion item for the October 2019 Committee meeting.</p>	
FC(19)183	<p>FINANCE COMMITTEE UPDATE REPORT TO BOARD FROM PREVIOUS MEETING</p> <p>Members were presented with the Finance Committee Update Report to the Board from the meeting held on 22nd August 2019 for information.</p>	
	The Committee NOTED the Finance Committee Update Report to Board.	
FC(19)184	<p>FINANCE COMMITTEE ANNUAL WORKPLAN</p> <p>Members were presented with the Finance Committee Annual Workplan.</p>	
	The Committee NOTED the Finance Committee Annual Workplan.	
FC(19)185	<p>REFLECTIVE SUMMARY</p> <p>Mr Thomas outlined the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting:</p> <ul style="list-style-type: none"> • Significant risk in relation to the organisation's ability to deliver the required £15m control total. The financial recovery and management within available resources is critical in future months in order to assure delivery against the £15m control total. • Assurance received around the RTT plan 	
	The Committee NOTED the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting.	
FC(19)186	<p>ANY OTHER BUSINESS</p> <p>No other business was raised.</p>	
FC(19)187	<p>DATE OF NEXT MEETING</p> <p>Tuesday 24th September 2019, 9.30am - 12.30pm, Boardroom, Ystwyth Building, St. David's Park, Carmarthen</p>	
FC(19)188	<p>WORKSHOP SESSION: DEVELOPMENT AND IMPLEMENTATION OF VALUE BASED HEALTH CARE</p> <p><i>Ms Leanne Malough left the Committee meeting</i></p>	

Members were presented with the Development and Implementation of Value Based Health Care (VBHC) report, providing an overview of progress since the Intelligence and Value Strategy for the finance team was developed and presented to the June 2019 Finance Committee meeting.

Mr Bowling informed Members that VBHC and the Intelligence and Value Strategy is a key building block for finance, providing a prospective, rather than a retrospective, business support. In order to implement the Strategy, an education programme will run from October 2019 to April 2020 to ensure the core finance team is skilled up to support the organisation. Mr Bowling informed Members that the six hour introductory session will cover outcomes, activity, costing for value, and Business Intelligence. Mr Bowling advised that there will be support locally, for example the Aspiring Medical Leaders Programme, and nationally to develop materials on value more broadly, including producing packages for other Health Boards in Wales.

Mr Bowling provided an overview of Intelligence and Insight examples, including the deficit description work and a Locality and Age Analysis tool. The FDU will provide support for local level information on a condition based Programme Budgeting expenditure to gain insight into what to consider going forward to influence change. Mr Bowling advised that an initial version of the tool will be completed shortly and discussions are being held with the Director for Public Health and Carmarthenshire's Interim County Director and Commissioner to determine what the information can be used for. Mr Bowling undertook to present this to the December 2019 Committee meeting.

MB

Mr Bowling informed Members that a VBHC team and structure is in place and provided assurance that these will not be working in isolation but will be linking in with the Transformation team and the clinical strategy. There will be a mixture of local priorities, including hip and knee surgery, Respiratory and the fragility of Dermatology services, and national priorities including Stroke and Colorectal. Mr Newman advised that it would be useful to have worked examples of particular topic areas by condition basis within the December 2019 report.

MB

In relation to Orthopaedics issues in RTT, Mr Hearty suggested this is a pressing piece of work. Mr Powell queried which Committee/Sub-Committee has oversight of this and Mr Thomas undertook to confirm the governance arrangements of reporting VBHC.

HT

Mr Thomas informed Members of possible funding from WG if Health Boards are able to prove that functional patient outcomes can be produced from this work.

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

Mr Powell queried the intelligence in relation to rurality and remoteness and whether this had been covered by the Deloitte review. Mr Bowling responded that the Deloitte review had been somewhat lacking in this

respect and that the Strategy aims to consider the drivers of issues such as rurality, which will contribute to a framework in place to consider and understand the challenges more fully. Mr Bowling acknowledged that, when benchmarking against other areas, rurality can provide reasons for variances and that geographical factors will make HDdUHB different to other Health Boards.

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

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

**TABLE OF ACTIONS FROM
FINANCE COMMITTEE (FC) MEETING
HELD ON 24th SEPTEMBER 2019**

MINUTE REFERENCE	ACTION	LEAD	TIMESCALE	PROGRESS
FC(19)108/115	Financial Efficiency Framework – to provide an update on the Finance Delivery Unit’s Benchmarking Network Summary and HDdUHB opportunities identified by the Finance Delivery Unit to the Committee	HT	October 2019	Forward planned for inclusion on the Finance Committee agenda for October 2019
FC(19)128	Contracting Update – to present the project plan to a future Board Seminar once developed.	HT	February 2020	Forward planned for inclusion on the Board seminar agenda for 13 th February 2020
FC(19)170	Finance Report Month 5 – to discuss escalation of Delayed Transfer of Care (DToC) issues to the Regional Planning Board	JT/SM	October 2019	A verbal update will be provided at the October FC meeting; escalation on an operational level continues very regularly
FC(19)171	Turnaround Report Month 5 – to provide assurance to the Committee that existing budget holders are not overspending on their budgets	HT	October 2019	Forward planned for inclusion within the Finance Report Month 6 for the October 2019 Finance Committee
FC(19)172	RTT Report Month 5 – to incorporate both the original plan and tracking against the £5.8m allocation fund into future Finance Committee reports	KJ	October 2019	Forward planned for inclusion in future Committee reports
FC(19)178	External Finance Review – to present the KPMG Refresh Plan to the Financial Delivery Unit to the October 2019 Committee meeting	HT/KPMG	October 2019	Forward planned for inclusion on the Finance Committee agenda for October 2019

FC(19)179	Deep Dive into Ring-Fenced Allocation within Mental Health and Learning Disabilities – to provide feedback to Welsh Government on the ring-fenced allocation and their understanding of what the allocation should be used for	HT	October 2019	Complete; discussions held with Welsh Government colleagues
FC(19)180	Financial Procedures – to liaise regarding reference within the Patient Property and Monies procedure to patients receiving their money back in the form of a cheque	ATG/HT	October 2019	Complete; Finance have liaised with ATG and the procedure will be amended to reflect the reimbursement in the form of a cheque.
FC(19)188	Workshop Session: Development and Implementation of Value Based Health Care – to present the initial version of the Locality and Age Analysis tool to the December 2019 Committee meeting	MB	December 2019	Forward planned for inclusion on the Finance Committee agenda for December 2019
FC(19)188	Workshop Session: Development and Implementation of Value Based Health Care – to include worked examples of particular topic areas by condition basis within the report to the December 2019 Committee meeting	MB	December 2019	Forward planned for inclusion on the Finance Committee agenda for December 2019
FC(19)188	Workshop Session: Development and Implementation of Value Based Health Care – to confirm governance arrangements of reporting VBHC within HDdUHB	HT	October 2019	Complete; the Value Team will hold a formal Programme meeting monthly and produce a report for Finance Committee and QSEAC as the two formal reporting groups. In addition, a Value Sponsoring Group will meet on a quarterly basis as an interface between the programme and Executive Team



Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Financial Performance Month 6

Health Board confirmed control total of £15m; financial position under severe pressure

Month 6 position

- Month 6 YTD variance to breakeven £12.6m
- Month 6 position is £0.7m (Month 5, £1.0m) operational variance to plan, £3.8m YTD. Improvement includes release of £0.6m of in-year accruals in-month following a provision review.
 - Operational surge, vacancies covered by premium cost staff and drugs of £0.3m;
 - Medicines Management Prescribing £0.2m;
 - Local TB outbreak £0.2m;
 - Unidentified savings profile impact £0.2m.

Directorate Projections

- Operational forecasts in excess of budget of £7.4m; deterioration primarily due to Primary Care Prescribing following a price increase in August in Category M drugs and continued pressures in relation to NOACs.
- Projection including savings risk is an adverse variance to plan of £13.9m; would equate to a year end deficit of £28.9m.

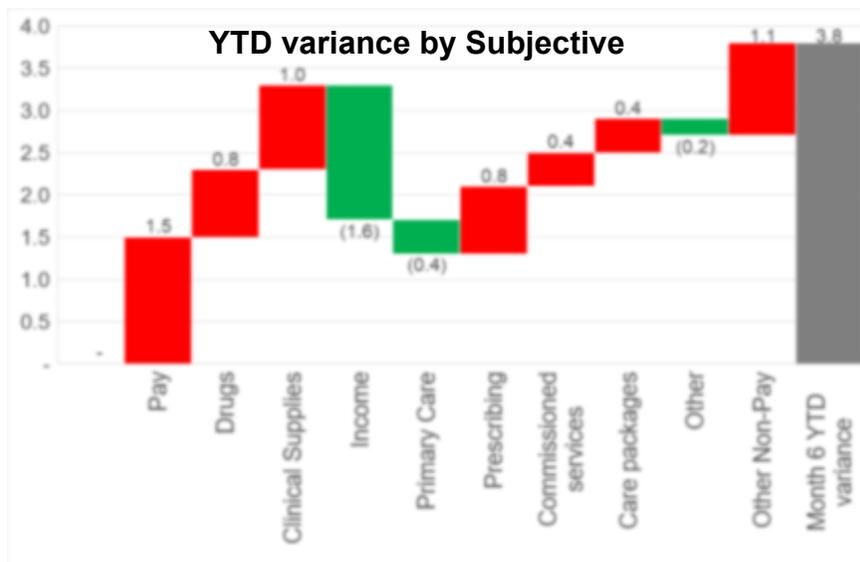
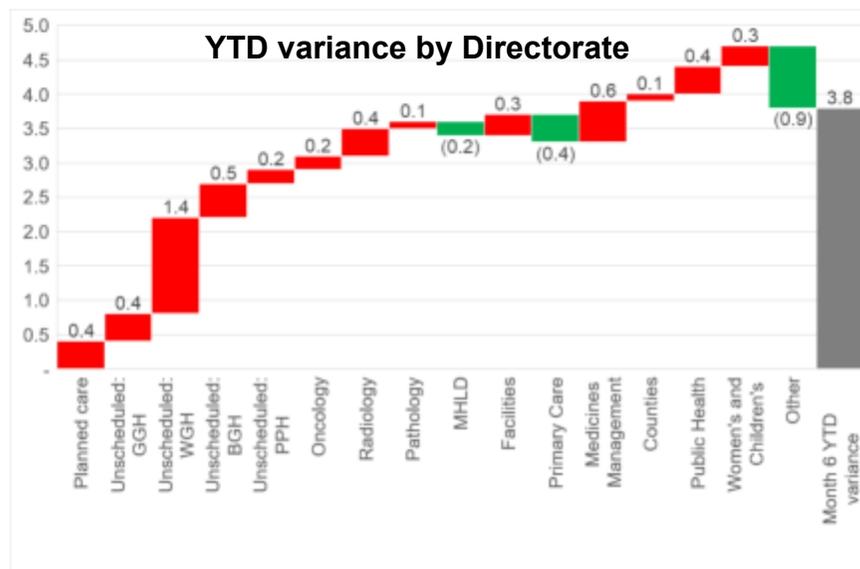
Summary

- £7.0m delivery to date against £25.2m total savings requirement. Pace of delivery requires significant acceleration.
- £16.6m of secure plans (green); £2.1m of plans with some risk to delivery (amber)
- Risk to delivery is therefore £6.5m, including projected slippage on identified schemes of £1.5m.

Conclusions

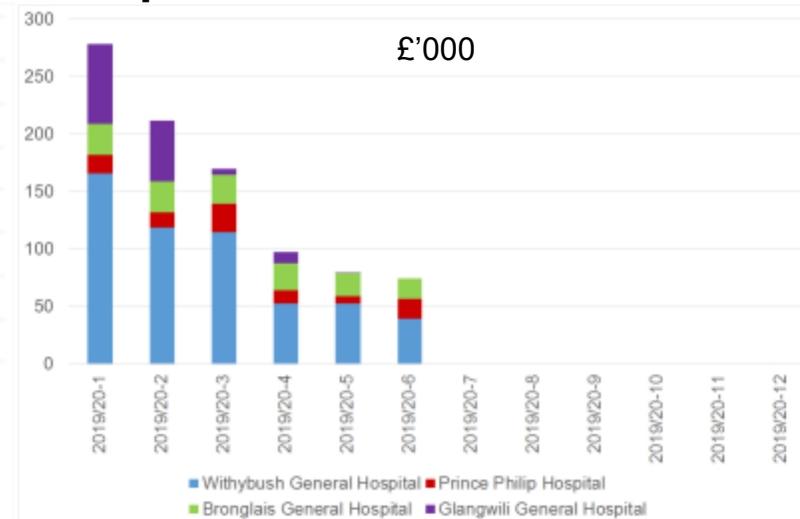
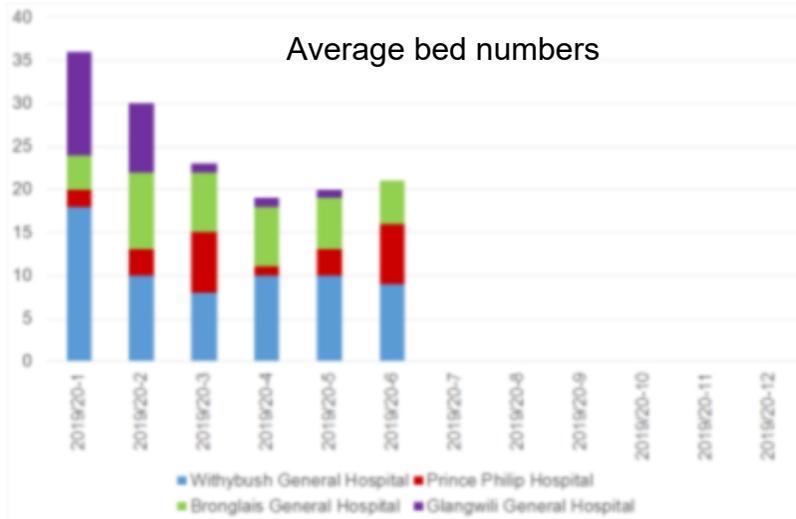
Key areas of concern:

- 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

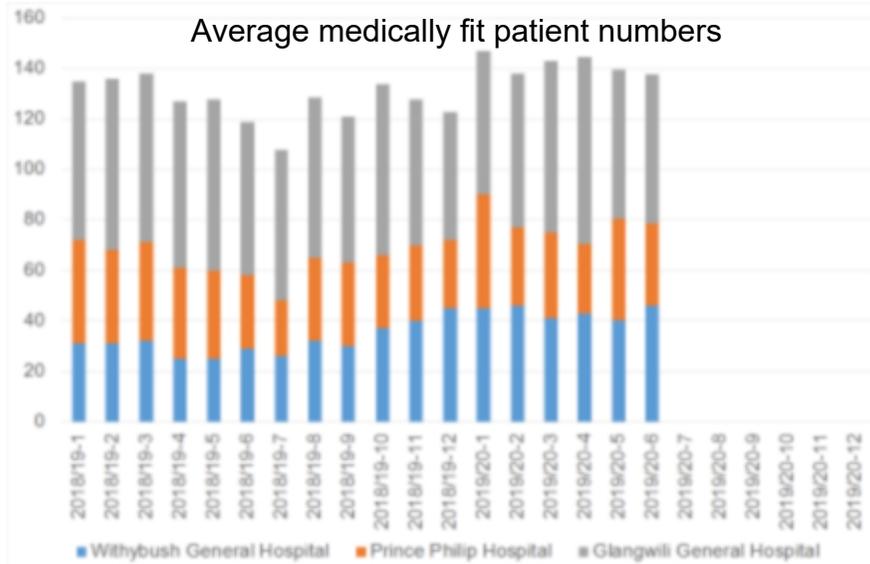


- Of the YTD deficit against plan:
 - £2.5m surge bed pressures, vacancies filled at premium rates and drugs in Unscheduled Care;
 - £0.4m Local TB outbreak in Public Health;
 - £0.6m Primary Care Prescribing due to price increases in Category M drugs and NOACs.
- Secondary Care Drugs pressures are in line with plan in the current month following reduction in melanoma drugs, however pressures continue with the Aseptics unit closure and TB outbreak.
- 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.
- Other Non-Pay includes increases in travel, recruitment fees, insurance, provisions, telephone costs and postage.

Bed pressures



Critical Care surged on 29 occasions in Month 6 (Month 5, 22), which was predominately driven by patient acuity rather than the number of beds.



Diagnostics – cost drivers – Unscheduled Care

£'000	BGH			GGH			PPH			WGH			Total		
	Bud	Var	%	Bud	Var	Var %	Bud	Var	Var %	Bud	Var	Var %	Bud	Var	Var %
Agency Nursing	12,454	487	4	22,284	237	1	15,041	-	-	16,479	687	4	66,258	1,411	2
Middle Grade Gen Med	1,932	53	3	3,008	140	5	3,663	115	3	2,693	801	30	11,296	1,109	10
Middle Grade A&E	865	68	8	2,039	60	3	-	-	-	1,579	523	33	4,483	651	15
Consultant Gen Med	1,905	48	3	2,801	-	-	2,083	52	2	2,040	-	-	8,829	100	1
Consultant A&E	138	-	-	825	45	5	-	-	-	566	26	5	1,529	71	5
Drugs	1,694	92	5	3,146	69	2	1,823	253	14	2,147	128	6	8,810	542	6
Cardiac and Infusion Pumps – consumables	1,069	34	3	3,320	85	3	726	-	-	402	17	4	5,517	136	2
	20,057	782	4	37,423	636	2	23,336	420	2	25,906	2,182	8	106,722	4,020	4

Performance

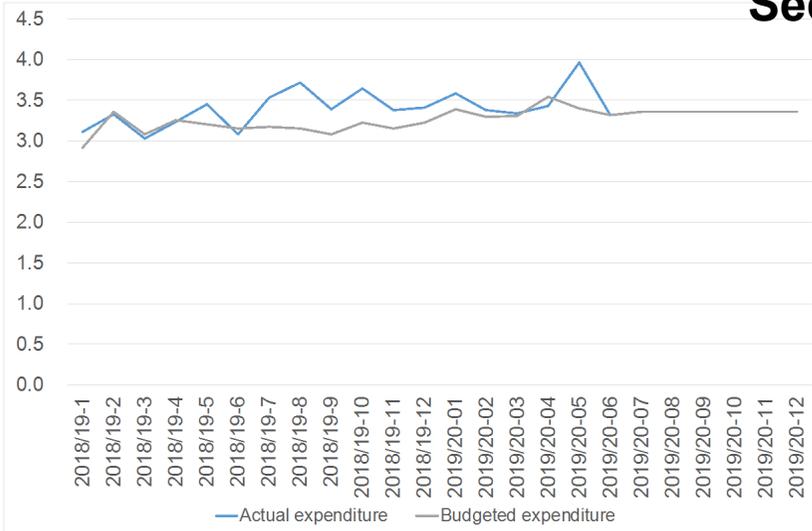
Diagnostics

Projections

Opportunities

Delivery

Secondary Care Drugs

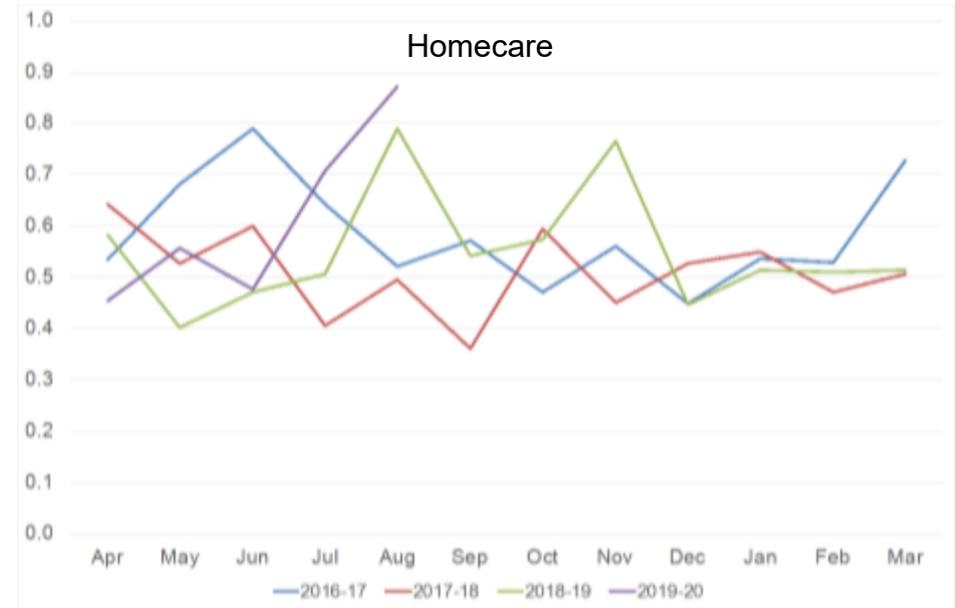
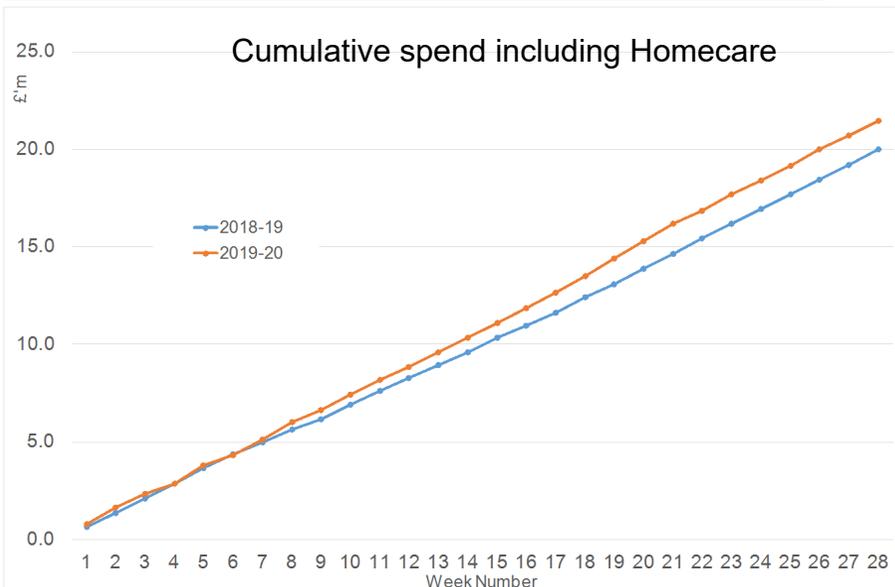


Growth in costs and issue volumes.

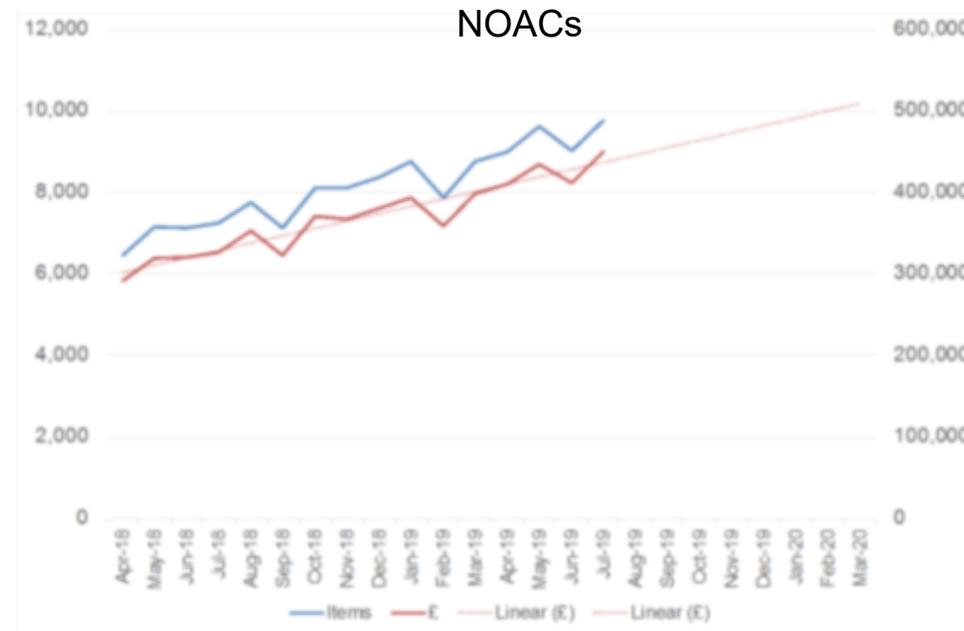
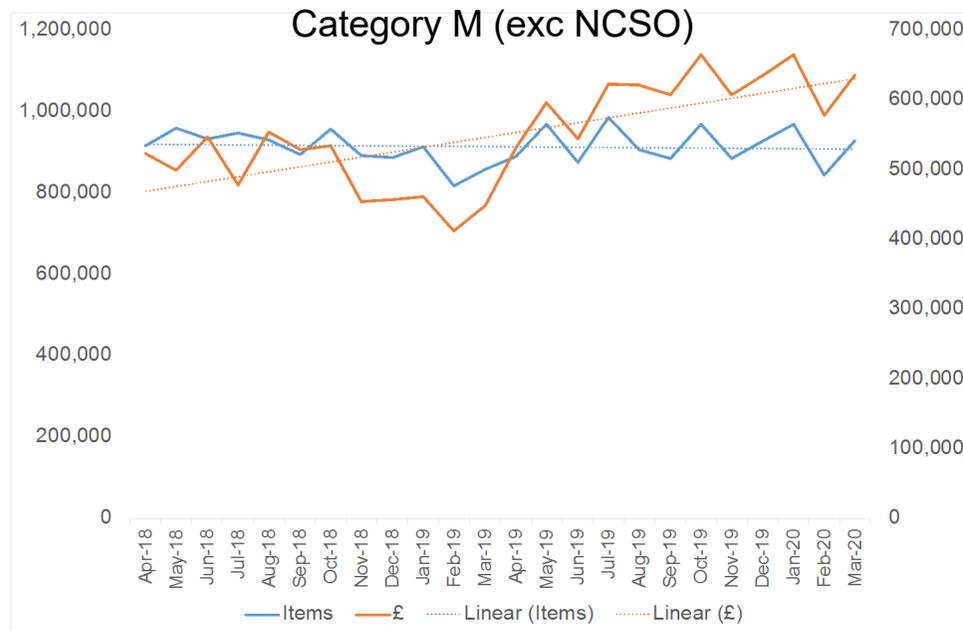
Key areas of growth:

- Oncology;
- Homecare, however this method of delivery delivers VAT savings, and has been strategically pursued;
- Hepatitis C.

The disruption to the local Aseptic service provision has also had an adverse impact.

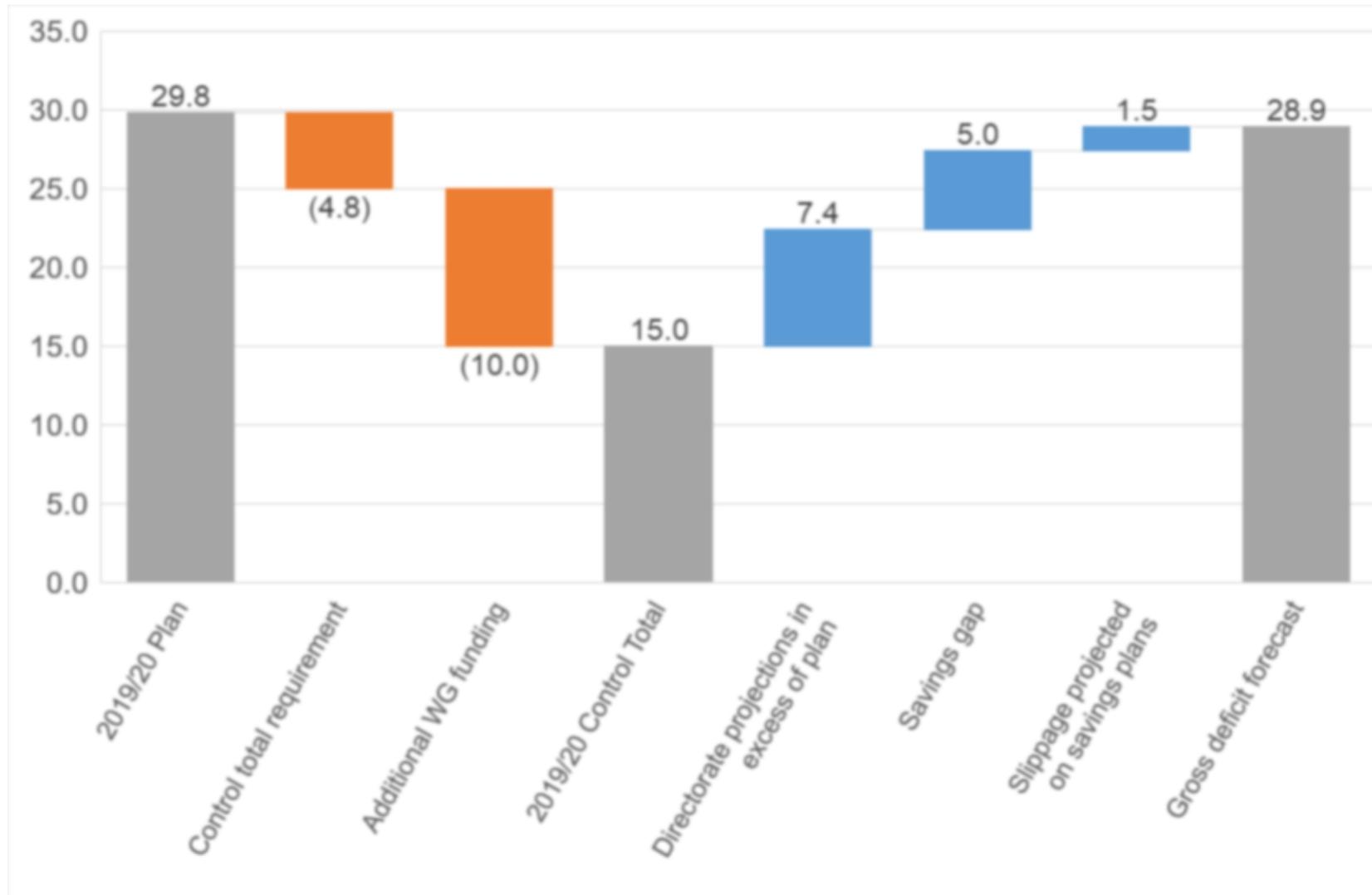


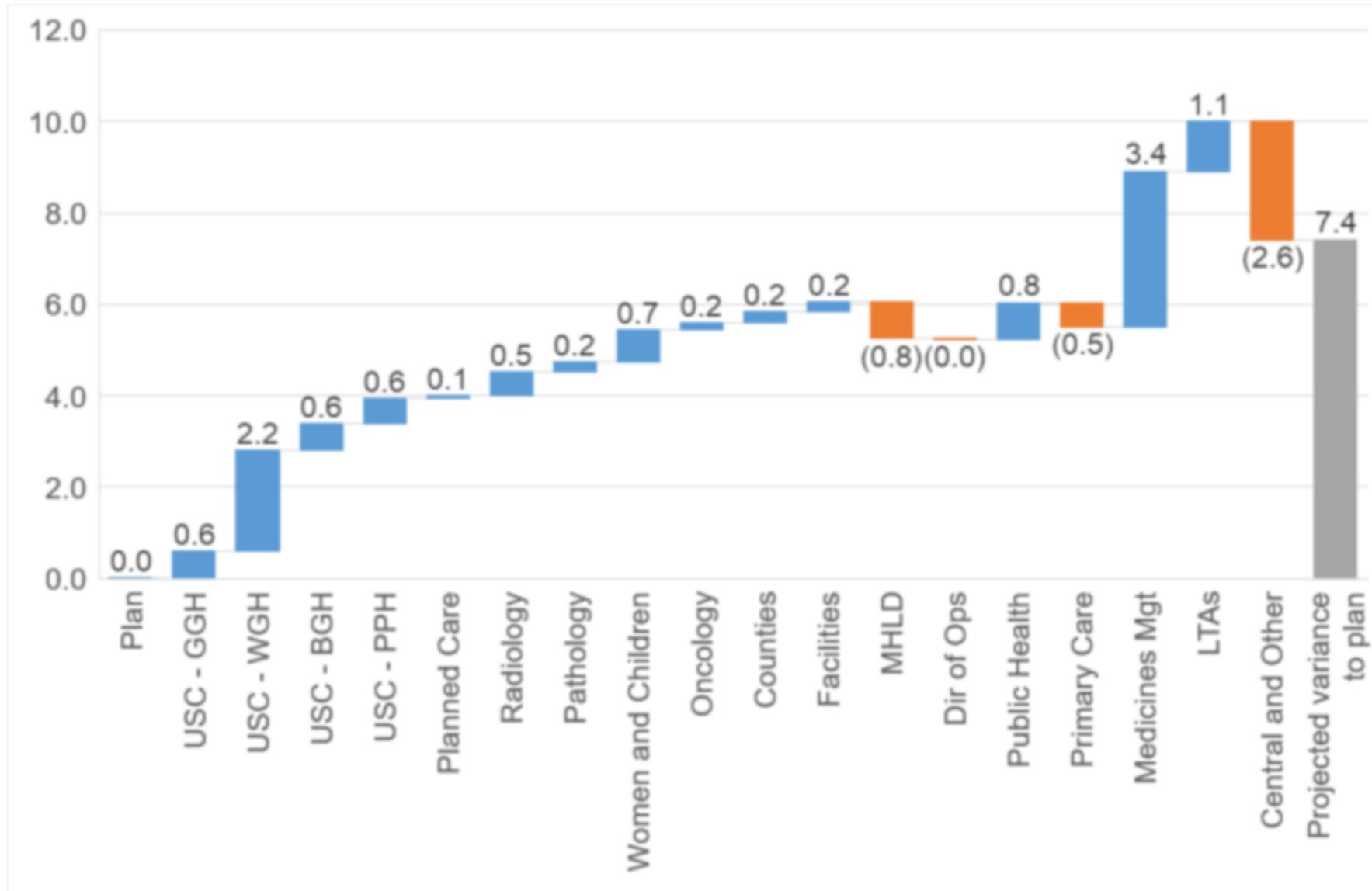
Primary Care Prescribing



- Increase in costs to July 2019
- Price increase from August 2019 of 17p per item.

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





Assured and Marginal Risk Savings Schemes

Summarised schemes (£'m)	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	336	-	1,529	1,416	2,063	1,245	339	6,928
Non-Pay	195	-	2,563	334	41	53	845	4,031
Commissioned Services and CHC	36	-	326	587	-	-	8	957
Medicines Management	382	2,333	-	-	335	497	-	3,547
Operational Effectiveness	963	-	218	122	793	630	-	2,726
Outpatients	440	-	-	-	10	23	-	473
Total delivery projected	2,352	2,333	4,636	2,459	3,242	2,448	1,192	18,662
Requirement								25,207
Savings gap								6,545

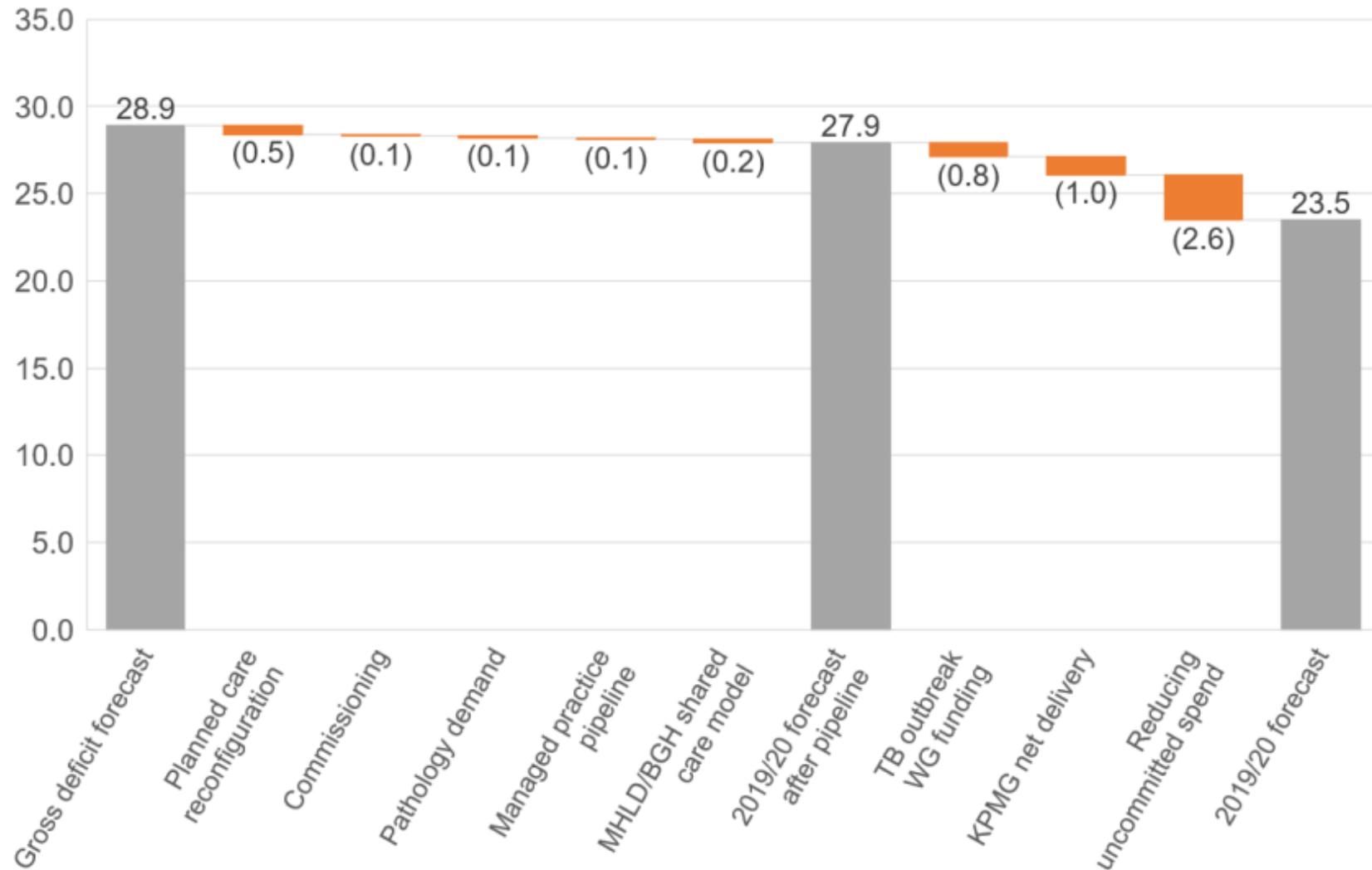
Performance

Diagnostics

Projections

Opportunities

Delivery



- Close working with KPMG as they have been reviewing the Delivery Framework.
- Key issue identified was the level of Project management support to drive savings actions in real time, meaning we were being reactive rather than proactive.
- Tracker now covers all Green, Amber, Red and Pipeline ideas. It enables us to track go green dates and go amber dates, as well as provides a savings delivery summary that highlights scheme under delivery.
- New weekly finance meetings at business partner level with triumvirates teams to be set up to track in month performance and savings scheme delivery, supported by a new dashboard that has been developed with KPMG.
- Executive team undertook a stock-take against delivery of the Health Boards 2019/20 plan and assessed that there needed to be a realignment of central resources to ensure that the key actions in the plan, if executed, will deliver our commitments on quality improvement, performance, accelerate implementation of the strategy and deliver the financial plan as a result.
- Those corporate teams are now being re deployed to support the priorities we have identified as an executive team.

Grip & Control

- Workforce – establishment control, nurse rostering, agency booking process and controls, increase nurse bank sign-up/usage, ban on direct off-contract agency booking, improved leaver controls, medical agency.
- Mitigate cost of Referral to Treatment Time delivery

Efficiency & Productivity

- Patient Flow – Length of Stay improvement plans
- Outpatients – Reduction in DNAs and Follow-ups, referral management, pathway redesign, text reminder service
- Theatres – re-organisation of elective activity, reduction in C-section rates, reduce INNUs/DNDs, maximize utilisation of core funded capacity, Theatre module I2S business case.
- Pathology and Radiology demand optimisation.

Accelerating the Strategy

- Patient Flow - Medically Fit model, Bridging services, Frailty Model, Ambulatory Care, Stranded patient review, OOH service configuration, Critical Care service model, developing primary and community services.
- Outpatients – Urology PSA management, virtual clinics, digital strategy opportunities.
- MHLD – bring forward TMH service model where possible, Learning Disabilities service model, shared care model BGH
- Commissioning and Contracting – Cardiology service model and pathway, Park House Court, Pembrokeshire Enhanced Recovery service, CHC complex care

Transitional Plan

Transformation

- Patient Flow – Transformation Fund bids, Stroke service reconfiguration

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Report – Month 6 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

<p><u>Sefyllfa / Situation</u></p> <p>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.</p>
<p><u>Cefndir / Background</u></p> <p>HDdUHB's confirmed control total is £15m; the financial position is under severe pressure.</p> <p>Month 6 position</p> <ul style="list-style-type: none"> • Month 6 YTD variance to breakeven is £12.6m. • Month 6 position is £0.7m (Month 5, £1.0m) operational variance to plan (£3.8m Year To Date). Improvement includes the release of £0.6m of in-year accruals in-month following a provision review. • Significant adverse variances against plan, in month, partly offset by favourable gains elsewhere: <ul style="list-style-type: none"> ○ Operational surge, vacancies covered by premium cost staff and drugs in Unscheduled Care impact of £0.3m; ○ Local Tuberculosis (TB) outbreak in Public Health impact of £0.2m; ○ Medicines Management Primary Care Prescribing £0.2m; ○ Unidentified savings profile impact of £0.2m. <p>Savings Summary</p> <ul style="list-style-type: none"> • £7.0m delivery to date against £25.2m total savings requirement. The pace of savings delivery requires significant acceleration in future months.

- £16.6m of Assured schemes.
- £2.1m of Marginal Risk schemes.
- Risk to delivery is therefore £6.5m; includes projected slippage on identified schemes of £1.5m.

Directorate Projections

- Operational forecasts in excess of budget of £7.9m. The deterioration from Month 5 is primarily due to Primary Care Prescribing following a price increase in August 2019. The effect of modelling and the continued pressures relating to New Oral Anticoagulants (NOAC) is an adverse £2.8m.
- Projection including savings risk is an adverse variance to plan of £14.4m; this would equate to a year end deficit position of £29.4m.
- After delivering pipeline schemes, there are discussions on-going with Welsh Government (WG) around the costs associated with the TB outbreak (£0.8m).

Conclusions

Key areas of concern:

- All of the savings plan has not yet been 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 in relation to the organisation's ability to deliver 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	8.8	12.6	High
Savings	£'m	25.2	7.5	7.0	High
Capital	£'m	38.4	16.7	16.7	Medium
Non-NHS PSPP	%	95.0	95.0	95.4	Low
Period end cash	£'m	4.0	4.0	3.0	Medium

Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the financial position for Month 6.

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 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
Partion / 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>The financial position is under severe pressure and will be discussed at the next Finance Committee</p>
Revenue	<ul style="list-style-type: none"> • Month 6 YTD variance to breakeven is £12.6m. • Month 6 position is £0.7m (Month 5, £1.0m) operational variance to plan (£3.8m YTD). Improvement includes the release of £0.6m of in-year accruals in-month following a provision review. • Significant adverse variances against plan, in month, partly offset by favourable gains elsewhere: <ul style="list-style-type: none"> ○ Operational surge, vacancies covered by premium cost staff and drugs in Unscheduled Care impact of £0.3m; ○ Local TB outbreak in Public Health impact of £0.2m; ○ Medicines Management Primary Care Prescribing £0.2m; ○ Unidentified savings profile impact of £0.2m.
Projection	<ul style="list-style-type: none"> • Operational forecasts in excess of budget of £7.9m; the deterioration from Month 5 is primarily due to Primary Care Prescribing following a price increase in August. The effect of modelling and the continued pressures relating to NOACs is an adverse £2.8m. • Projection including savings risk is an adverse variance to plan of £14.4m; this would equate to a year end deficit position of £29.4m. • After delivering pipeline schemes there are discussions on-going with WG around the costs associated with the TB outbreak (£0.8m).
Savings	<ul style="list-style-type: none"> • £7.0m delivery to date against £25.2m total savings requirement. The pace of savings delivery requires significant acceleration in future months. • £16.6m of Assured schemes. • £2.1m of Marginal Risk schemes. • Risk to delivery is therefore £6.5m; includes projected slippage on identified schemes of £1.5m.
Conclusions	<p>Key areas of concern:</p> <ul style="list-style-type: none"> • All of our savings plan has not yet been 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 in relation to the organisation's ability to deliver the required £15m control total.

Executive Summary

Summary of key financial targets

The Health Board's key targets are as follows:

- 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.

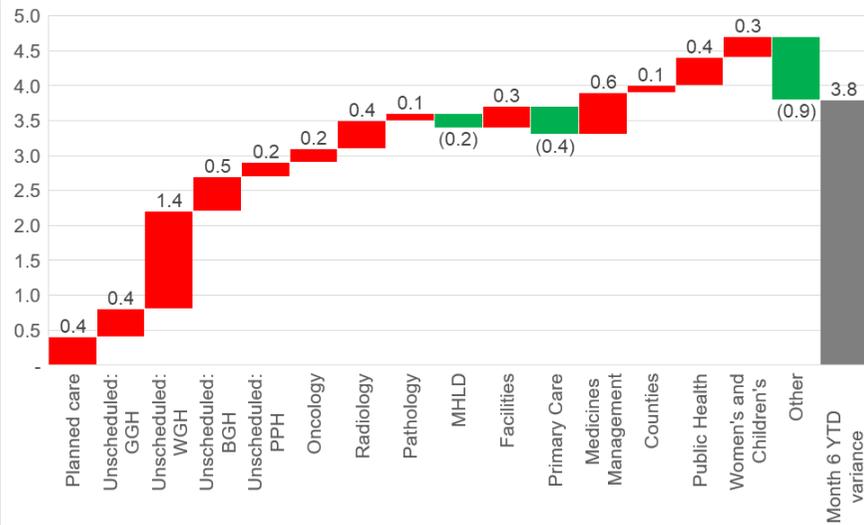
Key target		Annual limit	YTD limit	Actual delivery	Forecast Risk
Revenue	£'m	15.0	8.8	12.6	High*
Savings	£'m	25.2	7.5	7.0	High*
Capital	£'m	38.4	16.7	16.7	Medium
Non-NHS PSPP	%	95.0	95.0	95.4	Low
Period end cash	£'m	4.0	4.0	3.0	Medium**

* Inclusive of the Welsh Government Control Total requirement.

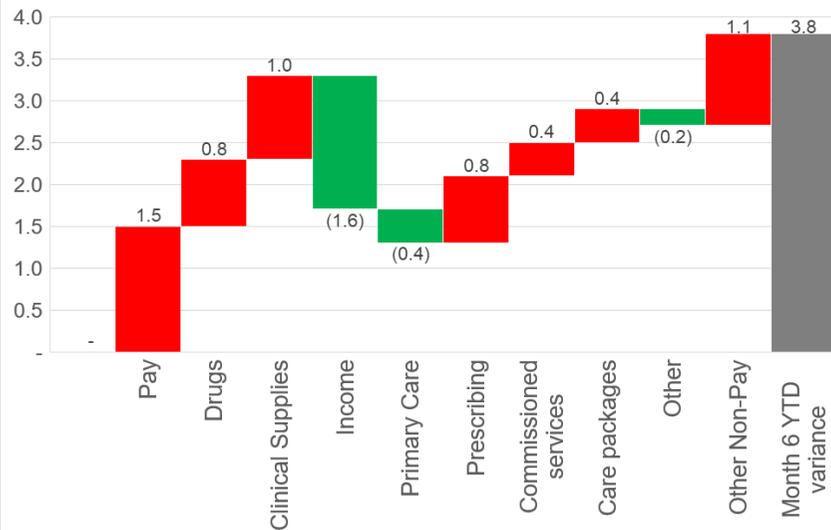
** Assumes Welsh Government strategic repayable support for the planned deficit position.

Revenue Summary

YTD variance by Directorate



YTD variance by Subjective



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.

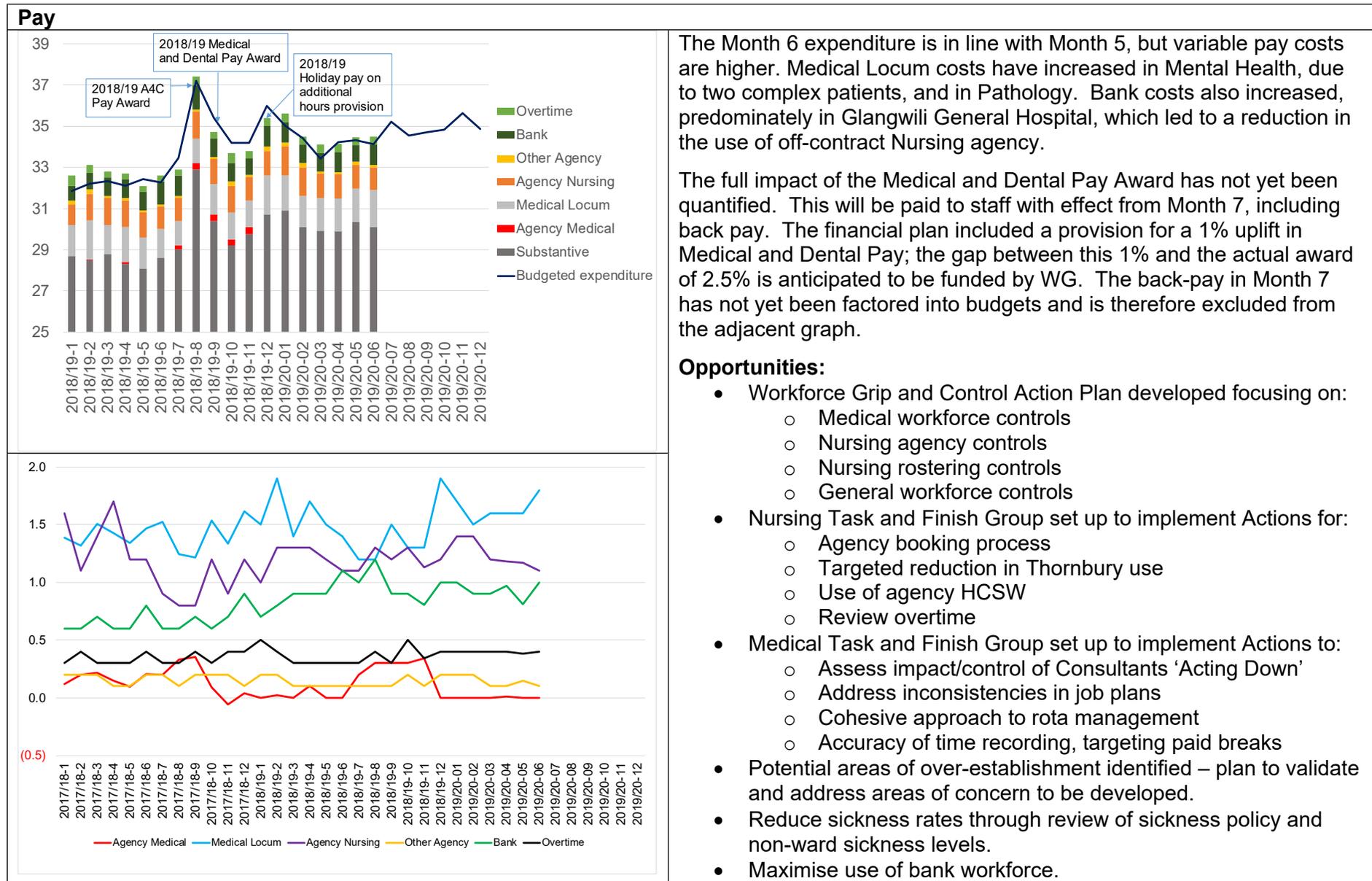
Concerns

- Of the YTD deficit against plan:
 - £2.5m Unscheduled Care;
 - £0.4m Local TB Outbreak;
 - £0.6m Medicines Management.

Next Steps

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

Key Subjective Summary



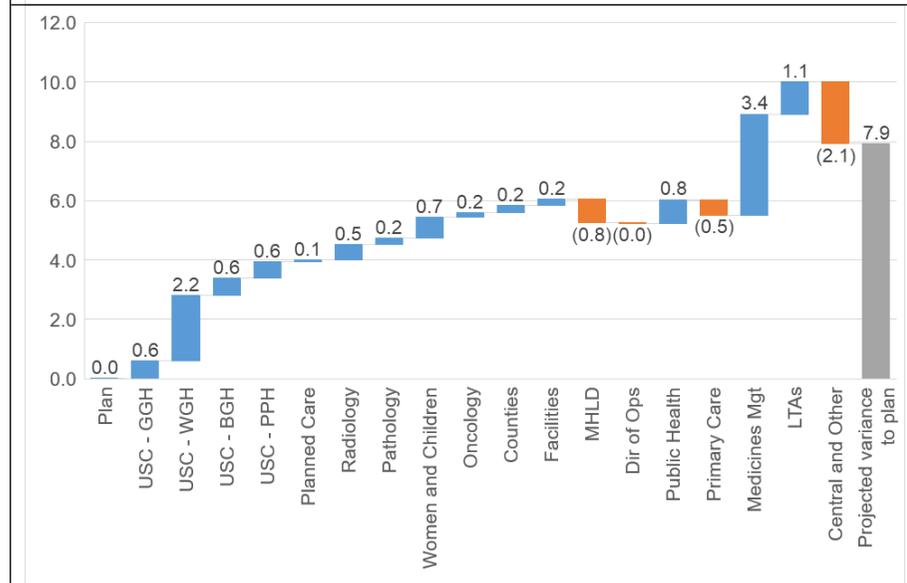
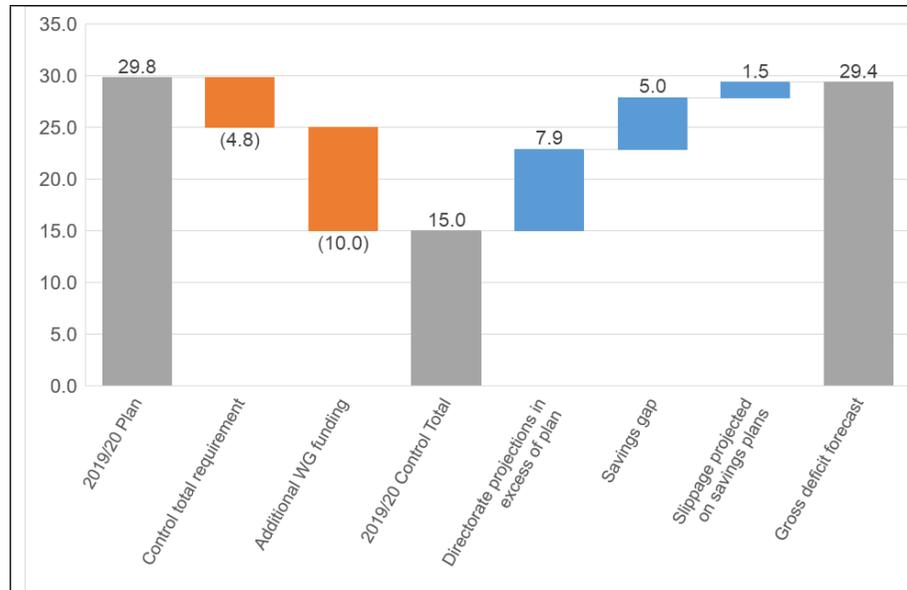
Key Subjective Summary

CHC																			
	<p>The total number of cases remained quite stable in month. The increase in budget from Month 7 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.</p>																		
	<table border="1"> <thead> <tr> <th>£'m</th> <th>Spend</th> <th>Over/(under) spend</th> </tr> </thead> <tbody> <tr> <td>FNC/CHC</td> <td>11.3</td> <td>(0.2)</td> </tr> <tr> <td>LD</td> <td>7.0</td> <td>0.5</td> </tr> <tr> <td>MH</td> <td>4.9</td> <td>0.2</td> </tr> <tr> <td>Children</td> <td>0.6</td> <td>(0.1)</td> </tr> <tr> <td>Total</td> <td>23.8</td> <td>0.4</td> </tr> </tbody> </table>	£'m	Spend	Over/(under) spend	FNC/CHC	11.3	(0.2)	LD	7.0	0.5	MH	4.9	0.2	Children	0.6	(0.1)	Total	23.8	0.4
£'m	Spend	Over/(under) spend																	
FNC/CHC	11.3	(0.2)																	
LD	7.0	0.5																	
MH	4.9	0.2																	
Children	0.6	(0.1)																	
Total	23.8	0.4																	
	<p>Opportunities:</p> <ul style="list-style-type: none"> • 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																			
	<p>Secondary Care Drugs pressures are in line with plan in the current month following a reduction in melanoma drug costs, however pressures continue with the Aseptics unit closure and TB outbreak.</p> <p>Continued support will be needed from the Pharmacy team to address this growth and a number of initiatives are in place to do this.</p> <p>Whilst specific savings schemes are delivering in-month, pressures are being seen in other areas, particularly Dermatology, Rheumatology and Ophthalmology.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • A Grip and Control workshop is scheduled with all Pharmacy Leads to develop an action plan and a benchmarking exercise is underway to identify focus areas. 																		

Key Subjective Summary

Clinical Supplies and Services	
<p>— Actual expenditure — Budgeted expenditure</p>	<p>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.</p> <p>Radiology are outsourcing reporting at a premium cost due to the level of vacancies caused by recruitment challenges.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • 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	
<p>— Budgeted expenditure — Actual expenditure</p>	<p>The Directorate reported a significant adverse variance to budget of £0.2m in-month. The projection is an adverse £3.4m to the end of the financial year based on modelling the Category M outturn following the price increase in 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.</p> <p>Item growth is in the range of -0.55% to -0.31% based on data for the months April to July.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • A Grip and Control workshop is scheduled with all Pharmacy Leads to develop an action plan and 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

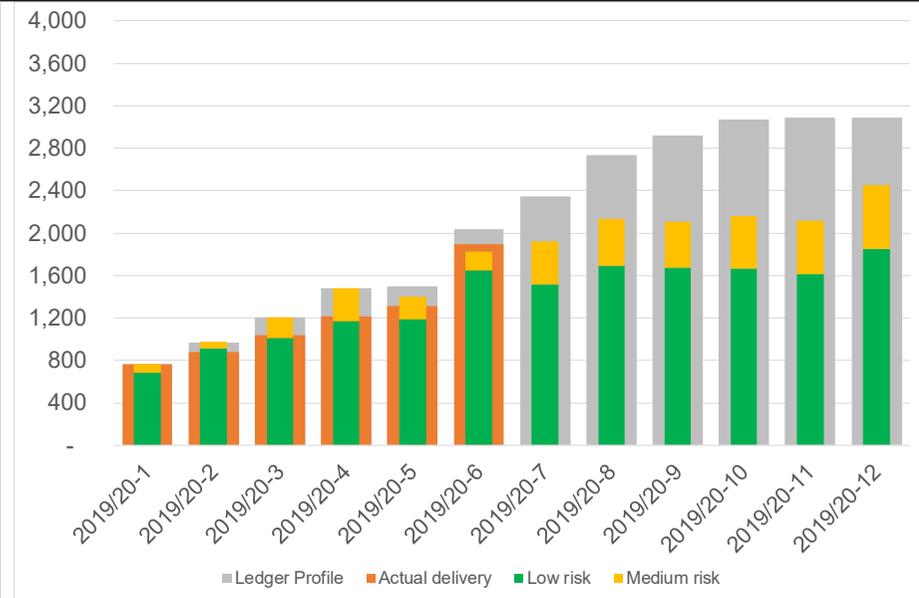
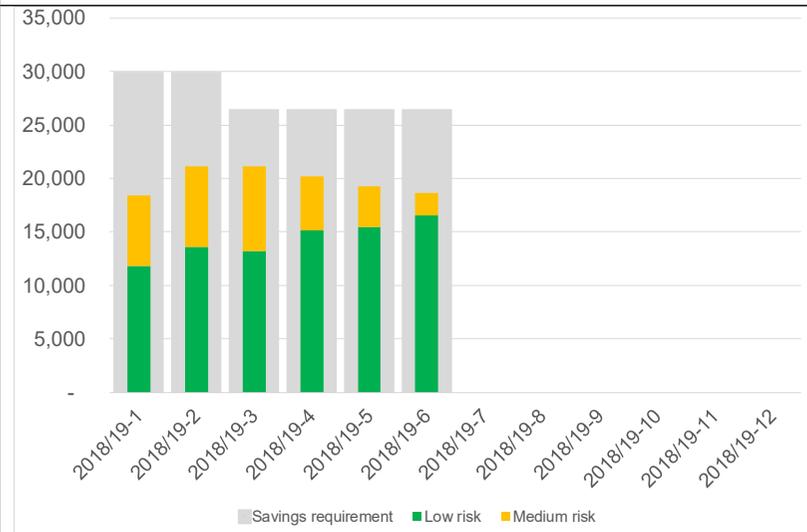
- While the financial position in Month 6 represents a significant risk to the Health Board, and there are significant risks to savings delivery and operational cost management, the Health Board's financial forecast is to achieve the required Control Total of £15.0m.
- Current projections indicate: 1) a gap of £5.0m in fully identified savings schemes; 2) operational forecasts in excess of budget of £7.9m plus projected slippage on identified schemes of £1.5m, giving a projection of £14.4m adverse variance to plan. This would equate to a year end deficit position of £29.4m. This is subject to discussion at our forthcoming Finance Committee, recognising the growing risks to delivery.

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.
- KPMG opportunities to be developed into Pipeline schemes, with assessment of potential in-year benefit and patient quality outcomes to allow prioritisation.

Savings and turnaround actions

Risk-assessed directorate savings profile, delivery and forecast



Assurance

- Green and Amber forecast delivery of £18.7m identified to Month 6, of which £16.6m are Assured (Green).
- Deterioration from Month 5 in relation to £0.5m of Amber schemes in PPH for Community Intermediate Care Services connected to Length of Stay savings.
- In-month delivery of £1.9m, which is an improvement of £0.6m on Month 5, and £0.1m above plan. However, this includes a one-off benefit for secondary care drugs schemes of £0.4m to recognise Months 1-5 delivery following validation in Month 6.

Concerns

- The full identification of savings and the delivery of those plans is also 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 £0.2m in Month 6. The pace of savings delivery requires significant acceleration in future months.
- Cumulative slippage in delivery of Green and Amber schemes is £0.5m; total slippage projected in delivery of savings £1.5m.

Next Steps

- Working with KPMG, 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.
- Identified Pipeline schemes for conversion total £2.1m. The KPMG draft opportunities identified to date, prior to any risk adjustments are:
 - Lever 0: Grip and Control £1.7m
 - Lever 1: Efficiency and Productivity £2.1m
 - Lever 2: Shift Left £0.1m
 - Lever 3: Duplication £0.9m

Directorate financial performance

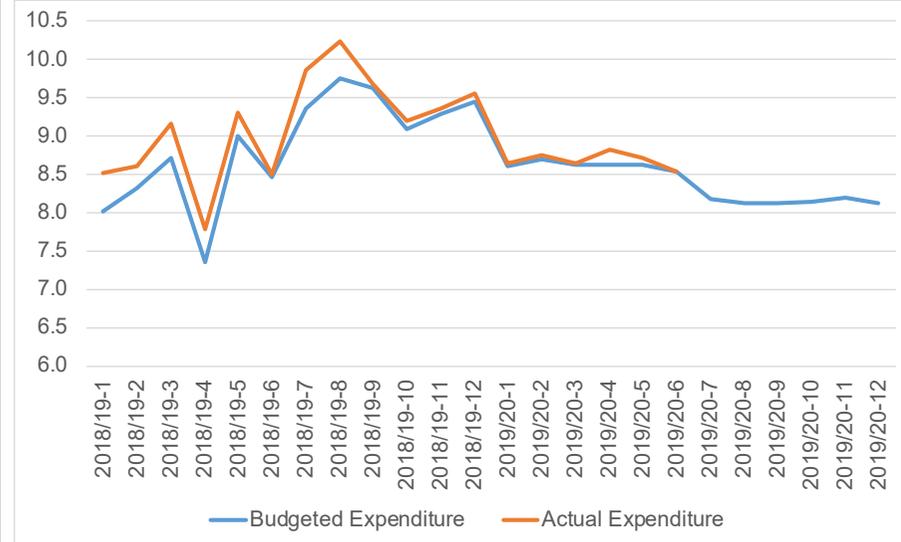
Year to date

	Month 6 YTD Actual £'m	Month 6 YTD Variance £'m	%
Planned Care	52.1	0.4	0.8
Unscheduled - GGH	21.5	0.4	1.9
Unscheduled - PPH	13.2	0.2	1.6
Unscheduled - WGH	15.4	1.4	10.0
Unscheduled - BGH	11.4	0.5	4.6
Radiology	8.2	0.4	5.1
Pathology	10.6	0.1	1.0
Women and Children	18.9	0.4	2.2
Oncology	7.0	0.2	2.9
Carmarthen County	11.7	0.0	0.0
Pembrokeshire County	10.2	0.3	3.0
Ceredigion County	5.4	(0.1)	(1.8)
MHLD	37.0	(0.3)	(0.8)
Facilities	18.2	0.3	1.7
Medicines Management	38.3	0.7	1.9
Primary Care	54.8	(0.5)	(0.9)
Corporate	18.4	0.0	0.0
Commissioning	52.7	0.1	0.2
Other	31.2	(0.8)	(2.5)
Total	436.2	3.8	0.9

- The current month was over spent by £0.7m due to surge bed pressures and vacancies filled at premium rates and drugs in Unscheduled Care, the local TB outbreak in Public Health, a deterioration in 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 (£2.5m, especially pronounced in WGH, driven by bed capacity, medical staffing in medical specialities and A&E).

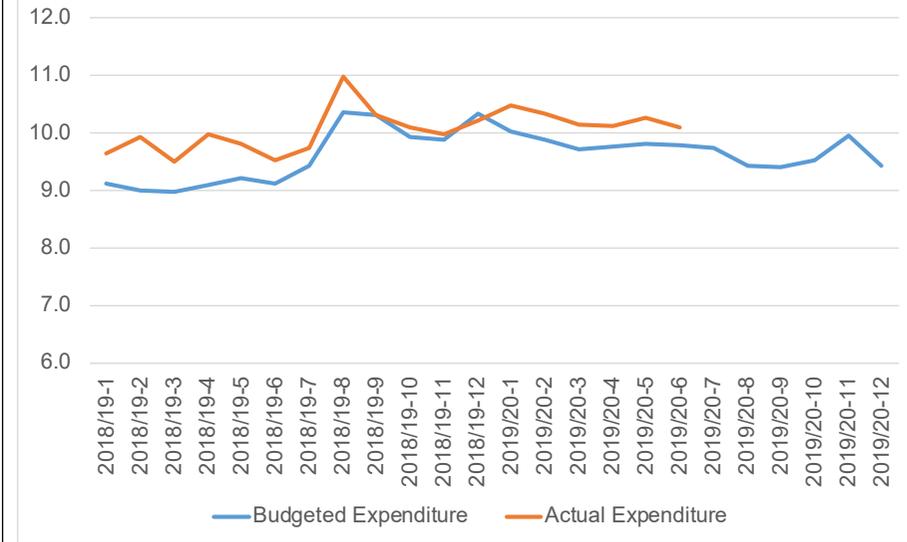
Material directorate area deficits

Planned Care



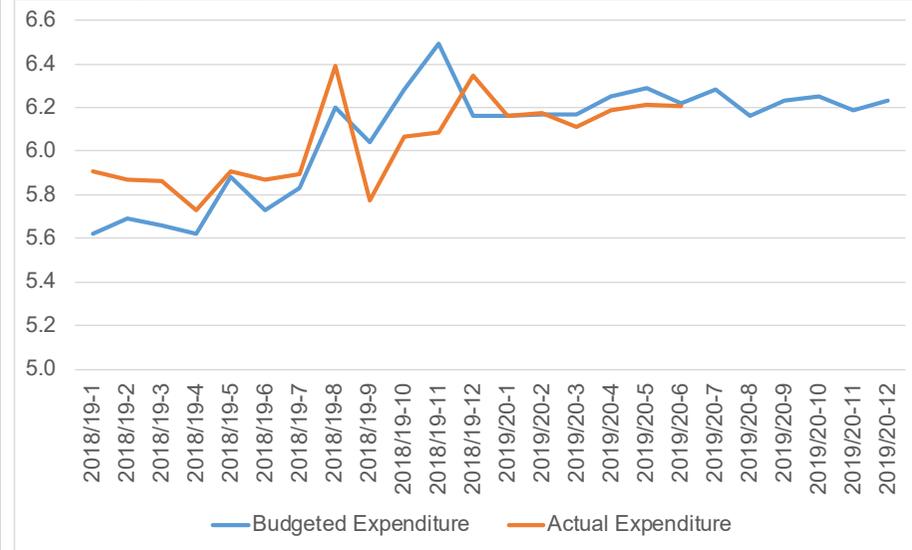
- The in-month position was a breakeven to budget; further slippage on a referral management savings scheme was offset by a delayed appointment in Urology and additional funding for NICE drugs.
- The Directorate is expecting a significant benefit in efficiency and productivity, which will support the maintaining of our Referral to Treatment performance for the financial year.

Unscheduled Care (USC)



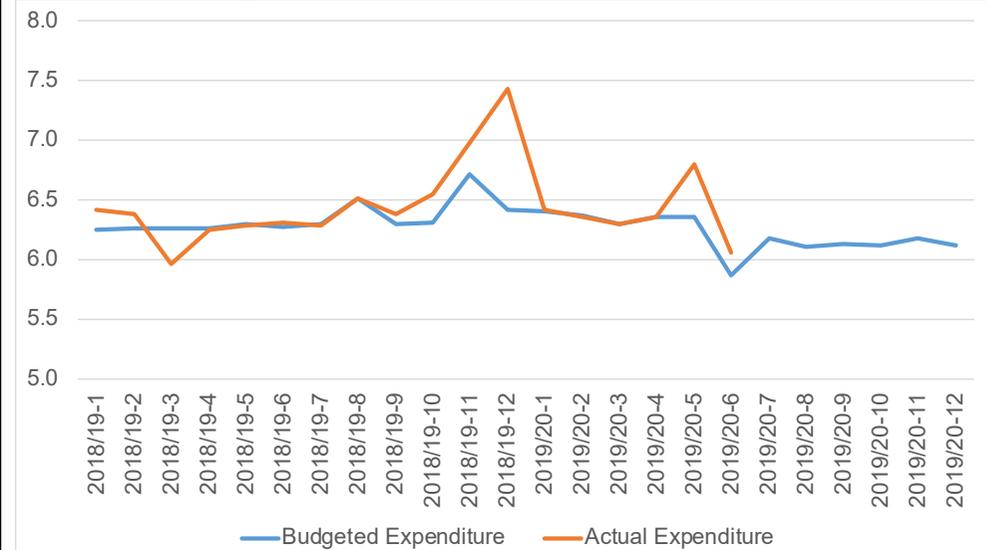
- BGH reported an overspend of £92k in-month. The impact of surge beds and high cost agency workers was partly offset by vacancies. WGH reported a significant £163k over-spend in-month, driven by premium rate Qualified Nursing and Medical locums spend to cover surge and vacancies and one off community respiratory kit purchase. A task and finish group has been established to address the issues at WGH. Glangwili General Hospital (GGH) reported an in-month overspend of £2k following a reduction in off-contract Nursing Agency use and cost of drugs. PPH reported an overspend of £51k in-month; increased Medical Locum costs, surge costs and a small growth in Hepatitis C patients.
- 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.

MHLD expenditure



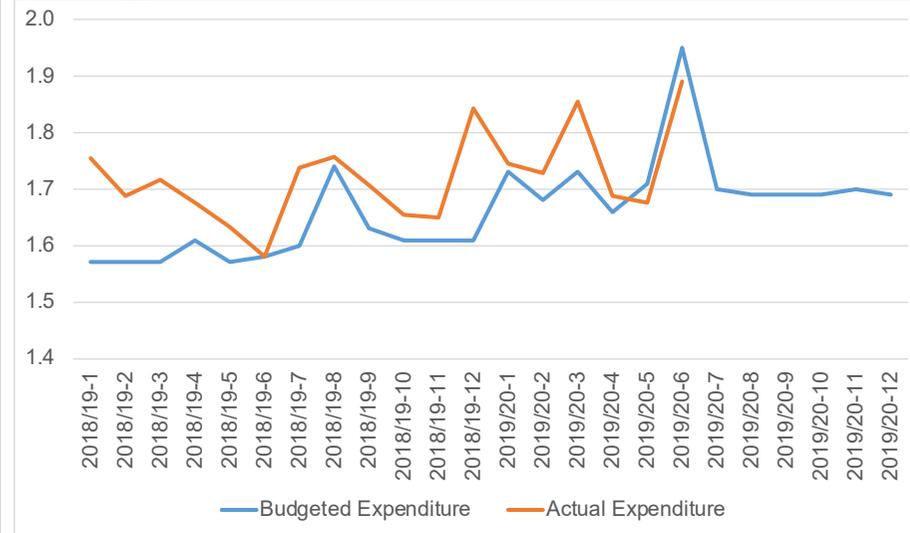
- The Directorate has reported an under-spend of £13k in-month, predominately due to a high level of staff vacancies offsetting the pressures in CHC costs.
- There continues to be difficulty recruiting into medical posts resulting in extra locum sessions being incurred.
- The greatest YTD pressure within MHLD is the continued growth in CHC placements and their associated costs, especially for complex packages of care. Client numbers reduced 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



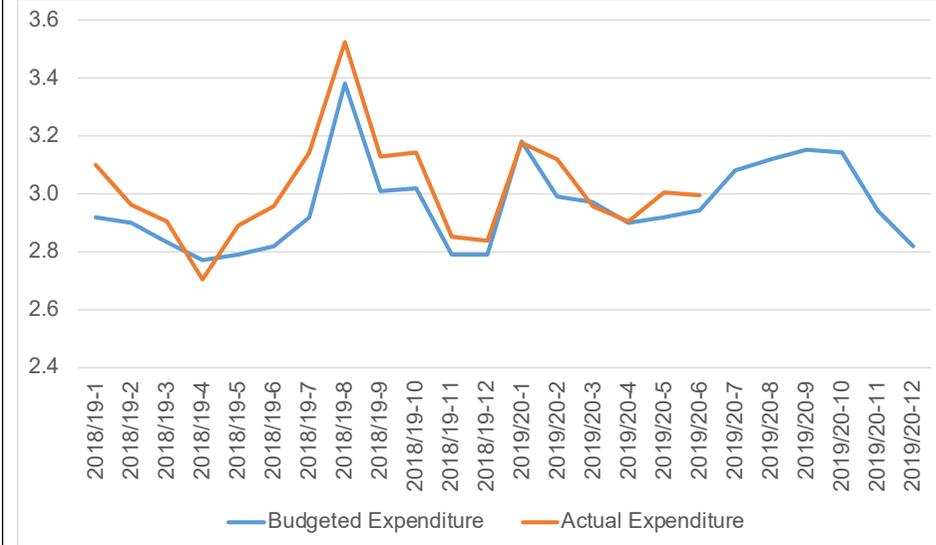
- The Directorate reported a significant adverse variance to budget of £0.2m in-month. The projection is an adverse £3.4m to the end of the financial year based on modelling the Category M outturn following the price increase in August 2019. The Health Board has also seen a significant increase in the use of NOACs as a result of the operation of the new NOAC Enhanced Service in GMS.
- Item growth is in the range of -0.55% to -0.31% based on data for the months April to July.

Pathology



- The Directorate reported a favourable variance of £62k in-month.
- This was driven by a budget virement from Oncology in relation to Lenalidimide drugs, which provided a one-off 'catch up' benefit to the Directorate.
- The Directorate is reviewing ways of working with services to reduce demand through ensuring only appropriate test requests and through avoiding duplication.

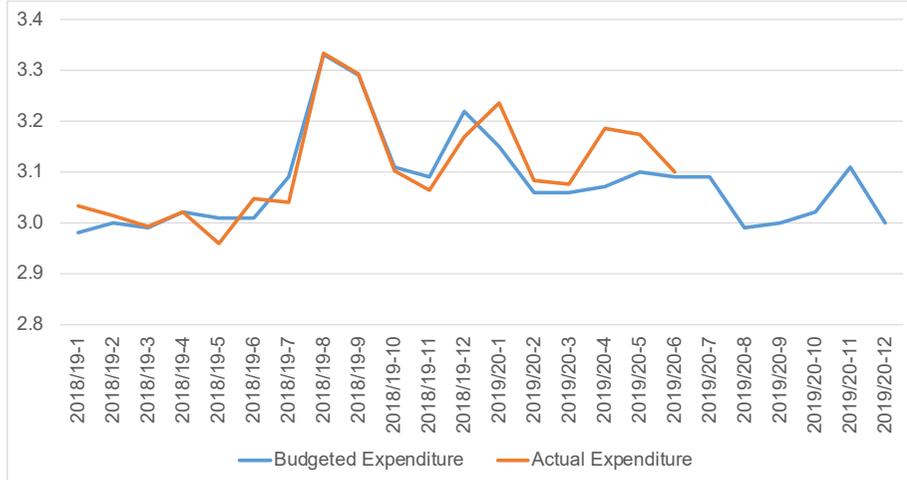
Facilities



The Directorate reported an over-spend in-month of £53k.
The main areas of YTD variance are:

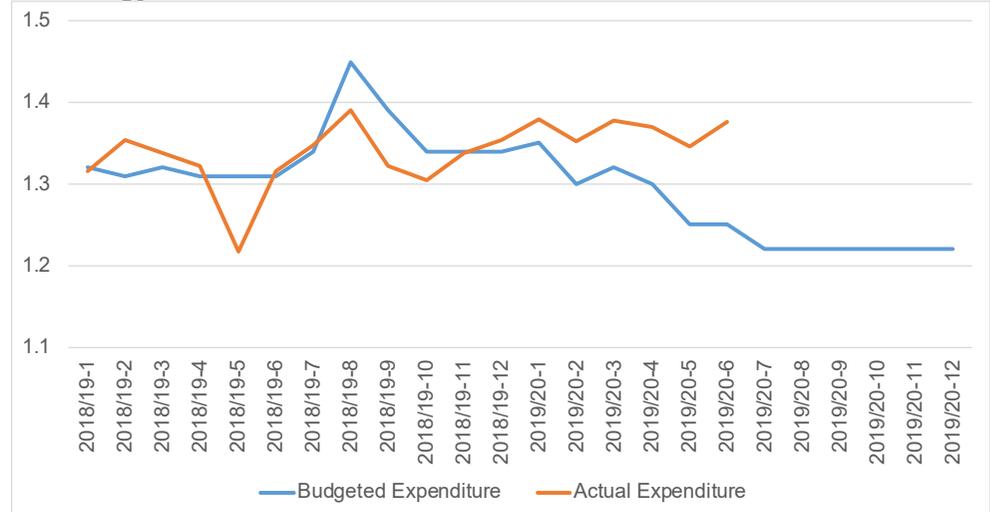
- Operations – over spend of £0.3m due to postage and stationary costs, cleaning and engineering materials and bank Pay costs.
- Property – under-spend of £0.2m due to gas and biomass fuel consumption.
- Specialist Services – an over-spend of £0.1m driven by Bank usage in Pay and Catering Provisions in Non-Pay. Again, some reductions in bank usage in-month has been achieved at BGH with close rota management; this is to be rolled out across all acute sites.

Women and Children



- The Directorate reported an in-month over-spend of £14k.
- The main driver was further over-spends in relation to diabetic pumps and associated consumables offset by an increase in budget for screening costs.
- 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 £121k.
- 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.
- The Directorate is also outsourcing reporting due to the level of vacancies due to recruitment challenges.

Risks

Potential Risk	£'m	Risk management approach
Restated budget deficit	15.0	
Operational projection	2.0	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.
Primary Care Prescribing	3.4	
WGH staffing issues	1.7	
Local TB outbreak	0.8	
Total Operational projection	7.9	
Savings gap	6.5	
Risk to delivery on Amber schemes	0.4	Forecast delivery value currently £2.1m, assume 20% risk
Welsh Risk Pool potential risk share	0.4	A meeting is scheduled with NWSSP in October where this will be discussed.
Total deficit forecast and risks	30.2	

Reserves

£'m	Month 6 close
ICF Bids	8.0
Performance Fund	2.0
CHC Inflation	1.5
Mental Health Improvement	0.7
Hosted Allocation – Critical Care	1.0
Medical and Dental Pay Award	1.0
Winter Pressure reserve	1.0
RCCS	0.5
Planned Care – Critical Care	0.4
Eye Care Sustainability	0.4
Nursing Standards	0.3
Single Cancer Pathway	0.3
LTAs – Pay Award, WHSSC	0.2
Cancer Pathway	0.2
Other	0.3
Total	17.8

- 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. As Plans are not yet agreed, the reserve has been phased based on draft plans and historical indicators.
- CHC and FNC inflation have been phased according to the timeframes in which costs are anticipated to impact.
- The Health Board holds funding of £1.0m 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.
- 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.

Transformation Fund allocations

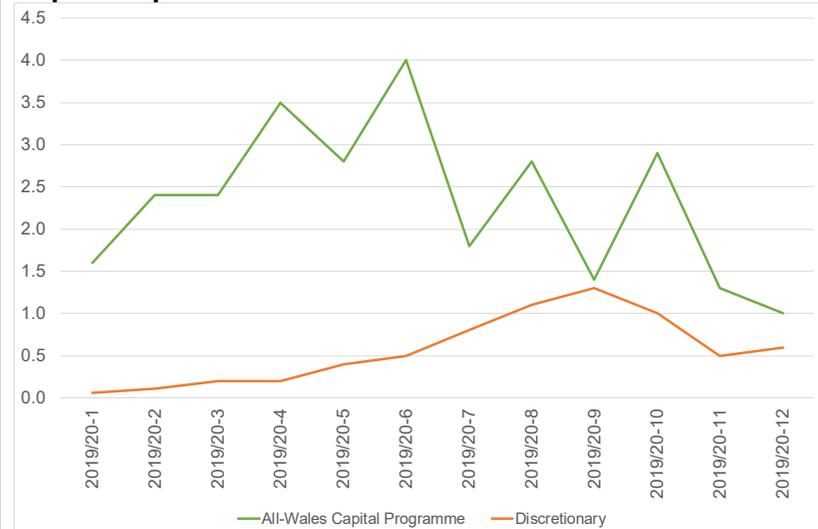
Transformation Fund allocations received or anticipated, are being fully utilised for the purpose they have been awarded and that this funding is not supporting the outturn positions. The YTD expenditure against the Plan is currently £nil, however the recruitment process is currently underway in line with Plans in place.

Ring-fenced allocations

Ring Fenced Allocations	£'m
Learning Disabilities	8.7
Depreciation	20.1
Mental Health Services	76.2
Renal Services	6.7
Palliative care funding	0.7
Integrated Care Fund (Older People)	5.5
Integrated Care Fund (Learning Disabilities, children with complex needs, carers)	2.4
Integrated Care Fund (Children at the edge of care/in care)	1.8
Integrated Care Fund (Autism Allocations)	0.4
Delivery plan funding	1.4
Paramedic banding	0.7
Clinical Desk enhancements	0.1
Genomics for Precision Medicine Strategy	0.5
Total 2019-20 HCHS Ring Fenced Allocation	125.2

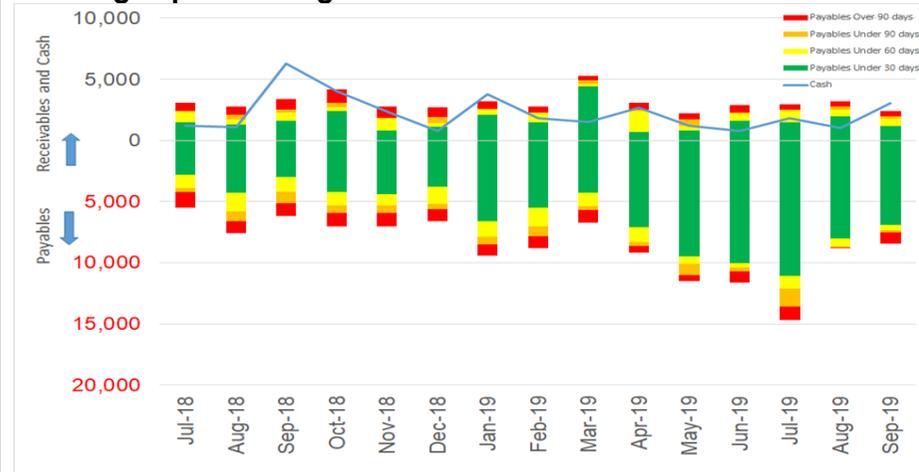
- The table shows the ring-fenced allocation. There is no flexibility about the use of this funding although Health Boards can choose to invest more in these areas.
- The ring-fenced allocation for Integrated Care Fund has been increased by £3.7m compared with 2018/19.
- The largest element of the ring-fence is mental health. The funding forms a floor below which spend must not fall. However, this does not exclude mental health services from making efficiencies but these savings must be re-invested to meet cost increases and new developments. The ring-fence is measured annually via the programme budgeting process where possible.
- As at Month 6, it is projected that all ring-fence funds will be fully utilised.

Capital expenditures



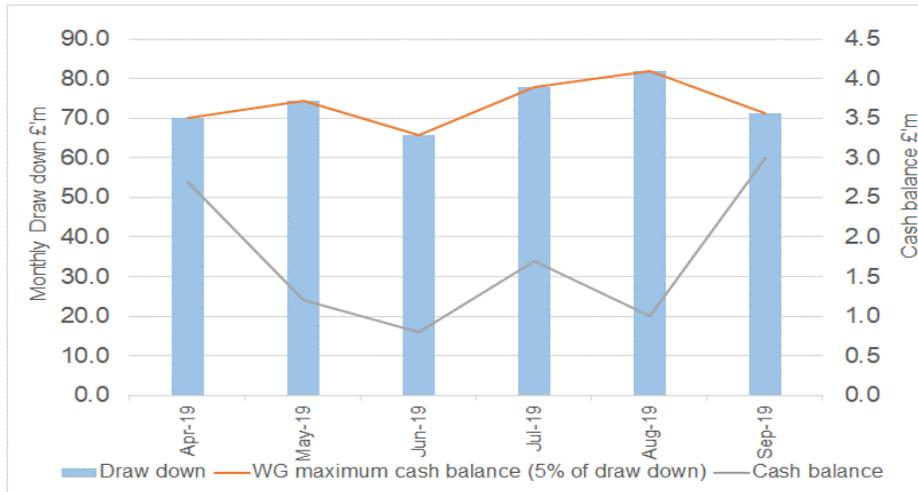
- The Health Board has an approved Capital resource limit of £38.4m for 2019/20.
- Capital expenditure against the £38.4m total funding allocation was £18.2m to Month 6.
- The graph shows Actual expenditure to Month 6, and Plan for future months.

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 £2.4m in Month 6.
- It is also important that the Health Board pays its suppliers promptly. At the end of Month 6, £8.4m was owed to suppliers, of which £7.0m are less than 30 days old. Ongoing work with colleagues in NHS Wales Shared Services continues to address older balances through improving the purchase-to-pay cycle.

Cash



- The closing balance of £3.0m did not exceed 5% of the total monthly draw down from Welsh Government.
- The Health Board has an approved cash limit of £866.1m split between revenue £827.8m and capital £38.4m.
- Total cash drawn down up to Month 6 is £437.9m.
- The Health Board requested emergency draw down of revenue cash for £3.5m in September. This was due to high value additional payments for Medical Negligence, Pension charges and HMRC – Settlement for GP Out of Hours Liability.
- The cash forecast deficit for 2019/20 is estimated at £15.0m, which is the current forecast financial deficit.
- No movement in working balances has been factored into the cash forecast in September. However, the amount of £12.9m has been included as an adjustment to the trade payables figure for Month 6 to reflect the initial assessment of the requirement for cash support as per the reply letter.
- The initial assessment for the request for repayable cash support for 2019-20 is £10.8m. This amount is our current deficit reduced by management of year end creditors.

Statement of Financial Position

	2019-20 Opening balance £m	30 Sept 2019 £'m	Movement £'m
Non Current assets			
Fixed Assets	268	273	5
Other non current assets	43	53	10
	311	326	15
Current Assets			
Inventories	8	9	1
Trade and other Receivables	34	40	6
Cash	1	3	2
Total Assets	354	378	24
Liabilities			
Trade and other Payables	-93	-102	-9
Provisions	-67	-83	-16
Total Liabilities	-160	-185	-25
Net Assets less Liabilities	194	193	-1
Financed by:			
General Fund	168	162	-6
Revaluation Reserve	27	31	5
Total Funding	194	193	-1

The movement since the end of 2018/19 in non-current assets of £15m is due to an increase of £5m in fixed assets and £10m in other assets. The fixed assets increase is due to capital expenditure of purchases and donated assets. These have been offset by the quarterly depreciation and the first time impairment of three capital schemes. 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 £9m. This is mainly due to an increase in the value of trade and other receivables of £6m. This is attributable mainly to an increase in non-NHS receivables of £1.6m, Welsh Risk pool redress recivables of £0.8m and an increase of prepayments of £1.5m (primarily Informatics, £0.8m, and Radiology, £0.4m).

The movement since the end of 2018/19 in liabilities is £25m. This is due to an increase of £9m in trade and other payables and £16m in provisions. The main areas which have increased in trade and other payables are prescribing accruals of £3.4m, community pharmacy £1.3m and trade payables (0 to 30 days) £2.2m. The provisions increase of £16m 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 £5m. This is due to indexation (in line with the District valuer rates) which has been applied to properties and land from 1st April 2019.



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Turnaround Update – Month 6, 2019/20
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Andrew Carruthers, Turnaround Director
SWYDDOG ADRODD: REPORTING OFFICER:	Andrew Carruthers, Turnaround Director

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 6.

Cefndir / Background

The Turnaround Programme was established in 2017 to provide a robust process for the delivery of savings to ensure that the Health Board 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 6 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. In September 2019, Mental Health and Learning Disabilities were de-escalated from the CEO HTA process.

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 25th October 2019.

Section 2 - Provides a summary of the 2019/20 Month 6 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.

The next Turnaround Director Holding to Account meetings will be held on 18th October 2019.

Section 3 – provides an update against each of the Turnaround Delivery Groups as at Month 6.

Executive stock-take on In-Year 2019/20 Plan Delivery

Following the workshop held on 18th September 2019, the Executive Team has worked through the in-year priority areas and considered the level and type of resource required to progress projects at pace to deliver the annual plan for 2019/20.

Project Teams have been identified for each of the priority areas as follows:

Priority	Executive Lead	Project Team
Workforce	Lisa Gostling	Lead Officer x 1, Clinical Support x 2, Project Managers x 2, Project Support x 1
Patient Flow – Length of Stay	Joe Teape/Andrew Carruthers	Lead Officers x 5, Clinical Support x 3, Project Managers x 3, Project Support x 1, Analysts x 3, Improvement x 5
Patient Flow – Critical Care	Joe Teape	Lead Officer x 1, Clinical Support x 3, Project Managers x 3, Project Support x 1, Analysts x 3, Improvement x 5
Patient Flow - OOH	Joe Teape	Lead Officer x 1, Clinical Support x 4, Project Managers x 3, Project Support x 1, Communications Support x 1
Patient Flow – Primary Care	Jill Paterson	Lead Officers x 2, Clinical Support x 3, Project Managers x 3, Project Support x 1, Analysts x 2, Improvement x 1
Outpatients	Andrew Carruthers	Lead Officer x 1, Clinical Support x 1, Improvement x 1, Project Support x 1, Analysts x 3
Theatres	Joe Teape	Lead Officer x 1, Analysts x 2
Mental Health and Learning Disabilities (MHLD)	Joe Teape	Lead Officer x 1, Clinical Support x 3, Project Managers x 3, Project Support x 1, Analysts x 2
Demand Optimisation – Pathology & Radiology	Karen Miles	Lead Officer x 2, Clinical Support x 2, Project Manager x 1, Analysts x 2
Commissioning & Contracting	Karen Miles/Huw Thomas	Lead Officer x 1, Project Manager x 1
Stroke Pathway	Alison Shakeshaft	Lead Officer x 1, Clinical Support x 1, Project Managers x 3, Project Support x 1, Analysts x 2
Dementia Action Plan	Alison Shakeshaft	Lead Officer x 1, Clinical Support, Project Managers x 2, Project Support x 1

Chronic Conditions /Community	Alison Shakeshaft/Jill Paterson	Lead Officer x 1, Clinical Support x 2, Project Managers x 3, Project Support x 1
Efficiency Opportunities	Huw Thomas/Joe Teape	Lead Officer x 1, Project Managers x 3
Medicines Management	Jill Paterson	Lead Officer x 1, Project Managers x 3
Programme Business Case	Karen Miles/Phil Kloer	Lead Officers x 2, Clinical Support x 3, Project Managers x 2, Project Support x 1
Portfolio Milestones/Actions	Phil Kloer/Ros Jervis	Lead Officer x 1, Clinical Support x 2, Project Managers x 4, Project Support x 1
Turnaround Corporate Support	Andrew Carruthers	Project Manager x 1, Project Support x 1

In the majority of cases, Project Team members are assigned to more than one priority area.

On behalf of the Executive Team, the Turnaround Director will link with key Senior Managers to oversee and co-ordinate the ongoing resource allocation and management of the priority areas as the work progresses. If new urgent priorities emerge in that time, the Executive Team will consider how they are supported.

Project Managers will be arranging initial project scoping meetings with the identified Executive Lead, Lead Officer(s), and other member of the project team to determine the scope of the project in terms of the key priority areas to progress in 2019/20 with the greatest opportunity for impact. This work will be undertaken at pace and an update will be provided at the next Committee meeting.

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
Partion / 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

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 6 position as at 8th October 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.

	19/20 target saving £'000s	1,385	Total of saving plans £'000s			917 [831]	450 [536]	0	1,367	Variance £'000s	18	Idea in-year potential	125
Facilities	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(438)	(412)	26	Water management scheme will now deliver a 10% (£44k) reduction rather than 20% (£86k), partly due to an improvement in Health Board processes. Carbon credit settlement was £8k less than anticipated.								
	Amber schemes	(6)	(0)	6	Re-introduction of Borehole in WGH has not delivered savings to date.								
	Red schemes	0	0	0	Facilities management savings are dependent on delivery of ward closure programmes. Further benchmarking savings have not been identified.								
	Total	(444)	(412)	32	<u>Other actions agreed</u> <ul style="list-style-type: none"> A formal risk assessment on all held vacancies to be undertaken. Recurrent actions that will cover the 19/20 non-recurrent scheme value to be identified. 								

	19/20 target £'000s	741	Total plans £'000s			289 [239]	140 [190]	321	750	Variance £'000s	(9)	Idea in-year potential	63
Pathology	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(102)	(106)	(4)	N/A								
	Amber schemes	(16)	(21)	(5)	Secondary Care Demand Optimisation savings starting to come through. Total of £100k planned for 19/20.								
	Red schemes	0	0	0	£321k demand optimisation scheme. £100k was de-risked to amber in Month 4. Service Manager to agree a dashboard roll-out plan with lead clinicians by 25 th October 19. Project Team identified to support this work.								
	Total	(118)	(127)	(9)	<u>Other actions agreed</u> <p>Provide an outline plan for moving Out of Hour Blood Sciences from a 4 to a 3 site model by the next CEO HTA on 25th October 2019.</p>								

Scheduled Care	19/20 target £'000s	3,682	Total plans £'000s		2,031 [1,948]	575 [658]	646	3,252	Variance £'000s	430	Idea in-year potential	1,325
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(786)	(700)	86	Delivery of reduced outsourcing of cataract activity and review of Ophthalmology on-call scheme is delayed due to the current medical workforce position. Directorate are working closely with medical recruitment and campaigns team to bridge these gaps and being supported by Swansea Bay UHB on an ad hoc basis for our OOH rota. Conclusion of HR issues scheme is being progressed although planned delivery has slipped from June 19 to Feb 20.. One-off transactions against loss of patent schemes in September 19 have mitigated some of the impact of the above schemes.							
	Amber schemes	(195)	(10)	185	Referral management planned savings of £58k per month from July 19 have not delivered. The referral management programme is being progressed through the fortnightly Turnaround Outpatients Delivery Group. Value Based Healthcare team to support Service Delivery Managers to identify opportunities to cash-out savings from reduced appointments.							
	Red schemes	(191)	0	191	The Orthopaedic activity scheme planned saving of £125k by September 19 has not delivered. General Managers to look at how an additional £500k can be taken out from RTT to support this. Reduction in inefficient procedures scheme has not delivered to date (£66k).							
All schemes	(1,172)	(710)	462	<u>Other actions agreed</u> A summary of the work done in Scheduled Care over the last 6-12 months to be produced for next the Performance Review meeting, to include performance improvements and efficiencies as well as well as savings delivered.								

BGH USC	19/20 target £'000s	786	Total plans £'000s		801	0	162	963	Variance £'000s	(177)	Idea in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(409)	(392)	17	Roster efficiency scheme not delivering in line with profiled savings. £89k delivered out of a total planned £126k as at Month 6. Following an analysis of HCSW Enhanced Patient Support shifts, further controls have been put in place and a reduction in shifts has been seen in Month 6.							
	Red schemes	0	0	0	Collaborative Care Scheme – on track to start delivering from January 20. Scheme to be de-risked to green from Month 7.							
Total	(409)	(392)	17	<u>Other actions agreed</u> <ul style="list-style-type: none"> Income generation – a clear position on the opportunities of this scheme to be brought back to the next meeting on 25th October 2019, including potential activity and income and what actions will be required to de-risk this scheme. By next meeting, have a clear overview of actions that are being taken to avoid surge and reduce LOS. 								

GGH USC	19/20 target £'000s	1,557	Total plans £'000s		732	373	339	1,444	Variance £'000s	113	Idea in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(364)	(375)	(11)	Cumulative under-delivery of roster efficiency savings (£54k) at Month 6. A one-off transaction against the loss of patent scheme in September 19 has mitigated the year to date impact of this.							
	Amber schemes	0	0	0	<ul style="list-style-type: none"> Length of Stay – planned savings from Oct 19. Clarity needed on the impact that improvement actions will have on delivering a benefit for the Directorate in 19/20. Carmarthenshire-wide bed issues need to be worked through as a priority and before the next CEO HTA meeting on 25th October 19. Thornbury reduction – planned savings from Nov 19 							
	Red schemes	(154)	0	154	The three planned schemes to deliver a reduction in variable pay are being reviewed to understand the relationship between fill rate, nurse on-boarding and vacancies to establish how greater control over variable pay costs will deliver the savings originally identified.							
	Total	(518)	(375)	143								

PPH USC	19/20 target £'000s	931	Total plans £'000s		263	526	0	789	Variance £'000s	142	Idea in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(21)	(192)	(171)	Green schemes delivering. A one-off saving of £170k has been transacted in September 19 against the loss of patent scheme.							
	Amber schemes	(0)	(0)	0	Length of Stay – planned savings from Oct 19; however, Carmarthenshire-wide bed issues need to be worked through as a priority over the next few weeks. Worked up plans to for both community and acute hospital bed reconfiguration to be brought back to next CEO HTA meeting on 25 th October 19.							
	Total	(21)	(192)	(171)	<u>Other actions agreed</u> Consider how the demand management approach adopted by Pathology could be applied to generic drug prescribing to address cost pressures in this area.							

WGH USC	19/20 target £'000s	1,125	Total plans £'000s		1,125	0	0	1,125	Variance £'000s	0	Idea in-year potential	125
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(550)	(457)	93	Middle Grade appointments - this scheme delivered £5k against a planned £65k as at Month 6. The site are experiencing a significant vacancy rate for Middle Grade substantive posts, resulting in expensive overnight cover. 3 Middle Grade doctors are expected to be in place by the end of the year, leaving 4 vacancies. Ambulatory Care scheme continues to be progressed through the wider Improvement Collaborative work.							
	Total	(550)	(457)	93	<u>Other actions agreed</u> A clearer position on flow and confirmation that the Frailty Assessment Unit is in progress to be brought back to next CEO HTA meeting on 25 th October 19.							

Oncology & Cancer	19/20 target £'000s	438	Total plans £'000s		284	0	0	284	Variance £'000s	154	Idea in-year potential	15
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(146)	(122)	24	<ul style="list-style-type: none"> Homecare opportunities scheme is not being fully realised (£32k delivered against a planned saving of £83k at at Month 6). Women's Pharmacist has started in post - initial focus will be on Homecare opportunities with the benefits being seen during the next financial year. Directorate to consider what benefits the Homecare prescribing initiative could be delivered in year and the timelines for this. Trastuzumab Invest to Save scheme has delivered £32k more than planned as at Month 6. 							
	Total	(146)	(122)	24	<u>Other actions agreed</u> <ul style="list-style-type: none"> Refurbishment of WGH unit has been delayed from Nov until Jan 20. Potential income generation opportunities for this period to be explored before next meeting CEO HTA meeting on 25th October 19. 							

Section 2 – Summarises 19/20 Directorate savings plans against required savings target of 3.7% for Directorates that are monitored through the Turnaround Director Holding to Account meetings. The figures included in this section are based on the known Month 6 position as at 8th October 2019 and will be subject to change with the identification of further savings opportunities.

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	(276)	(230)	46	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	(48)	(3)	45	A number of amber schemes have not delivered as planned. Approval has been granted to invest capital to deliver the Medicine Locker scheme.								
	Total	(324)	(233)	91	<u>Other agreed actions</u> <ul style="list-style-type: none"> Carmarthenshire-wide bed issues need to be worked through as a priority over the next few weeks. Worked up plans to for both community and acute hospital bed reconfiguration to be brought back to next CEO HTA meeting on 25th October 19. Review current accommodation arrangements. Savings gap to be mitigated in 19/20 through Transformation Fund and Wanless slippage. 								

Ceredigion County	19/20 target £'000s	415	Total plans £'000s			355	60	0	415	Variance £'000s	0	Idea in-year potential	None
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(159)	(159)	0	N/A								
	Amber schemes	0	0	0	N/A								
	Total	(125)	(125)	0									

Pembrokeshire County	19/20 target £'000s	729	Total plans £'000s			351 [323]	53	388	792	Variance £'000s	(63)	Idea in-year potential	None
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(220)	(210)	10	CHC scheme slippage of £10k to Month 6 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	(18)	0	18	This variance represents slippage on the Enhanced Recovery service scheme.								
	Total	(238)	(210)	28	<u>Other agreed actions</u> To address their savings gap, the Directorate have been tasked with Identifying slippage on new monies due to be received in 19/20, reviewing areas where spend had not been incurred so far this year with a view to holding the position for the remainder of this financial year only and reviewing any new spend planned over the second half of the year with a view to whether it could be stopped, delayed or held for the remainder of the financial year.								

Women & Children	19/20 target £'000s	1,359	Total plans £'000s		421	0	108	529	Variance £'000s	830	Idea in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(94)	(89)	5	Slippage on 5 schemes in April. All schemes now delivering.							
	Red schemes	(36)	(24)	12	C sections – improvements in performance are now being transacted. Forecasting full delivery of savings by year-end.							
	Total	(130)	(113)	17	<u>Other agreed actions</u> <ul style="list-style-type: none"> Control total to be set of £600k 							

Primary Care	19/20 target £'000s	790	Total plans £'000s		1,058	227	400	1,685	Variance £'000s	(895)	Idea in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(272)	(349)	(77)	Locum cost scheme delivering earlier than planned.							
	Amber schemes	(52)	0	52	<ul style="list-style-type: none"> GP Hub likely to deliver only £51k - saving to be re-profiled. The savings from the Salaried GPs have yet to be identified or transacted. 							
	Red schemes	0	0	0	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	(324)	(349)	(25)								

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	(120)	(60)	60	Reduction in outsourcing costs not delivered in Month 3, 4 or 6.							
	Amber schemes	(101)	0	101	24 hour provision of Radiology services – proposed rota changes currently out to consultation. Savings re-profiled for revised delivery date of January.							
	Total	(221)	(60)	161								

Mental Health	19/20 target £'000s	2,691	Total plans £'000s		2,521	56	112	2,689	Variance £'000s	2	Idea in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions							
	Green schemes	(915)	(958)	(43)	The under-delivery of a number of schemes has been mitigated through one-off slippage of £155k transacted in Months 5 & 6. Slippage on the delayed recruitment to non-medical posts has delivered a £199k saving against the planned saving of £238k as at Month 6.							
	Amber schemes	(43)	(0)	43	Non-recurrent element of the roster review and nursing KPIs scheme did not deliver the planned £36k saving by Month 2. No further savings are planned in relation to this scheme.							

	Red schemes	0	0	0	Collaborative Care Scheme - Estates are due to complete works just before Christmas. Slippage as a result of delayed delivery from Nov 19 to Jan 20 is to be built into the forecast position.
	Total	(958)	(958)	(0)	<u>Other actions agreed</u> To develop a plan for the delivery of 19/20 schemes recurrently along with maintaining current performance. Recurrent plan to include plans to cover the £1.5m of 19/20 non-recurrent actions.

Section 3 – Turnaround Delivery Groups

3.1 The table below provides an update against each of the Turnaround Delivery Groups (TDGs) as at Month 6.

Operational Effectiveness	19/20 target £'000s	2,678 [2,631]	885 [932]	1,041	Total	4,604
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(993)	(664)	329	Patient Flow/Length of Stay has been identified as an Executive Team priority for the next 6 months. A centrally resourced project team has been allocated to this workstream to support Directorates to deliver their schemes over the next 6 months. County workshops have been delivered and KPMG have started to follow these up with hospital General Managers to incorporate ideas into action plans.	
	Amber schemes	(16)	(21)	(5)		
	Red schemes	(161)	(24)	137		
	Total	(1,170)	(709)	461		

Outpatients	19/20 target £'000s	75 [25]	575 [625]	146	Total	796
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(32)	(30)	2	Work continues to focus on specialty pathways with the aim of improving referral management and reducing follow-up appointments. Outpatients has been identified as an Executive Team priority for the next 6 months. A centrally resourced project team has been allocated to the Outpatient workstream to support the Scheduled Care Directorate to deliver their schemes over the next 6 months.	
	Amber schemes	(195)	(10)	185		
	Red schemes	(66)	0	66		
	Total	(293)	(40)	253		

CHC	19/20 target £'000s	30	0	388	Total	418
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(15)	(5)	10	All schemes relate to Pembrokeshire County. An update is provided in the table above.	
	Amber schemes	0	0	0		
	Red schemes	0	0	0		
Total	(15)	(5)	10			

Patient Communications	19/20 target £'000s	TBC	TBC	TBC	Total	TBC
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes				No meetings have taken place since the last report. Update to be provided at next meeting.	
	Amber schemes					
	Red schemes					
Total						

Medicines Management	19/20 target £'000s	2,810	258	792	Total	3,860
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(1,004)	(1,410)	(406)	Medicines Management has been identified as an Executive Team priority for the next 6 months. Project Management resource has been allocated to this workstream to support delivery over the next 6 months.	
	Amber schemes	(0)	(0)	0		
	Red schemes	(85)	(0)	85		
Total	(1,089)	(1,410)	(321)			

Workforce	19/20 target £'000s	7,389 [6,666]	1,005 [1,728]	851	Total	9,245
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(3,391)	(3,032)	359	A centrally resourced project team has been allocated to the Workforce workstream to support the delivery of both Directorate and Health Board wide/corporately driven schemes which may deliver results in workforce efficiency and effectiveness savings over the next 6 months. The initial project scoping meeting is scheduled for 16 th October.	
	Amber schemes	(225)	(16)	209		
	Red schemes	(154)	0	154		
Total	(3,770)	(3,048)	722			

Commissioning	19/20 target £'000s	534 [506]	133	150	Total	817 [788]
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(273)	(365)	(92)	£275k additional savings identified for delivery before March 2020 have been identified through the Commissioning Group.	
	Amber schemes	(24)	0	24		
	Red schemes	0	0	0		
Total	(297)	(365)	68			

Non-Pay	19/20 target £'000s	3,441 [3,186]	508 [604]	0	Total	3,949 [3,790]
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(1,326)	(1,452)	(126)	Memberships of the Non-Pay delivery group has been expanded to include the membership of the previous Travel & Subsistence 60 Day Cycle Group. Next meeting will be held on 11 th October 19.	
	Amber schemes	(31)	(0)	31		
	Red schemes	0	0	0		
Total	(1,357)	(1,452)	(95)			



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Referral to Treatment Time (RTT) Financial Plan & Trajectory 2019/20– Month 6 Update
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Joe Teape, Deputy Chief Executive
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 report provides the Finance Committee with progress to Month 6 (September 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.

Cefndir / Background

For 2019/20, total funding provision of £6.95m has 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	Sustainability:		334,662	
	Ophthalmology Dermatology	100,000 234,662		
	New / Emerging Delivery Risks:		1,164,000	

Allocation	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		
	Sub-Total			2,298,662
	Total Allocation			6,950,972

For 2019/20, this funding was released in two separate tranches as described in Appendix 1. As agreed at the September 2019 Finance Committee, progress reports from Month 6 onwards will monitor expenditure against the total allocation. As reported to the September 2019 Finance Committee, £3.5m has previously been released from the total £5.8m Performance Fund allocation to reflect the level of RTT funding previously planned in the opening budgets for 2019/20.

Asesiad / Assessment

RTT, Diagnostics & Therapies Delivery Financial Plan 2019/20 – Progress as at Month 6

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 6 is based on actual invoices received together with accruals for planned activity not yet invoiced and contracts with external parties confirmed.

Progress to Month 6 (September 2019) in respect of the financial plan and planned expenditure trajectory is summarised below.

RTT, Diagnostic & Therapy Waiting Times Expenditure Plan 2019/20					
	Delivery Element	Plan (£)	Expenditure Committed to Month 6 (£)	2019/20 Forecast Expenditure (£)	Forecast Variance (£)
Provision within 2019/20 Annual Plan	Forecast cost of delivery	4,652,310	2,360,500	4,652,310	nil
Additional NHS Performance Fund Allocation	Sustainability:				
	Ophthalmology	100,000	0	100,000	0
	Dermatology	234,662	0	234,662	0
	New / Emerging Delivery Risks:				
	Orthopaedics	924,000	0	424,000	(500,000)
	General Surgery	40,000	0	40,000	0
	Urology	200,000	0	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	2,565,500	6,450,972	(500,000)

Activity to Month 6 demonstrates targeted expenditure, above core budgeted levels, of £2.36m

plus 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 has been revised to £6.45m, noting the following issues and assumptions:

- **Orthopaedics** – the previously forecast plan of £6.9m included an initial forecast of £924k to recover lost activity associated with the temporary closure of Orthopaedic theatre capacity at Withybush Hospital during the Summer period 2019. As a consequence of operational plans to mitigate the full extent of reduced activity levels during the period, this forecast has been reduced by £500k to £424k.
- **NHS Performance Fund Allocation** – the majority of expenditure to support additional activity in respect of sustainability, new/emerging delivery risks and enhanced performance requirements shown above will be committed from October 2019 onwards, reflecting the time lags associated with the planning and commissioning of this additional activity/capacity since the allocation was confirmed.

Based on the above, as verbally reported to the September 2019 Finance Committee, a further £500k can be released from the forecast 2019/20 expenditure plan of £6.95m. As at Month 6, the revised projected expenditure plan is £6.45m.

RTT Performance

HDdUHB reported 452 36 week + breaches as at the end of September 2019, representing an improvement of the position reported in August 2019. 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.

Argymhelliad / Recommendation

The Finance Committee is requested to note progress to Month 6 (September 2019) in respect of the Financial Plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times delivery for 2019/20.

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: <ul style="list-style-type: none"> • 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 performance target.
Rhestr Termau: Glossary of Terms:	Included within the body of the report
Partion / 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 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 requested the HDdUHB to reflect the cost of delivery of these targets into 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 / 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 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 plan 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 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, therapies and delayed follow-ups Tier 1 targets for 2019/20 and to address the following additional priorities:

- Develop more sustainable solutions for Ophthalmology & 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 Welsh Government, 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 Welsh Government.

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 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 initial findings from 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.

Cefndir / Background

KPMG Grip and Control Action Plan Update

KPMG have been 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 attached at Appendix 1.

Establishment Control Project Update

The ECP tool continues to be produced monthly and distributed by working day 5. The tool has been updated in September 2019 to also include the reasons for booking bank/agency. Data from TempRE is also now included which shows temporary staff usage for the Allied Health Profession and Healthcare Scientist staff groups.

The development of a tool to monitor compliance against the Nurse Staffing Act (Wales) 2016 and to assist Senior Nurses monitoring the rostering of staff substantive/bank/agency has been completed and issued to the Nursing team.

Work is ongoing to review the vacancy figures held within TRAC and the Establishment Control tool. Medical and Dental vacancies reported from TRAC is 54.5 Whole Time Equivalents (WTE) and in the ECP tool at 203.0wte.

Initial responses have confirmed that there is further work to be undertaken between the service and Finance to confirm the current establishment.

Allied Health Professions staff group confirmed the vacancy figures held in TRAC as 39.61wte and in the ECP tool as 47.1wte to be broadly accurate, with any variance being due to posts being held for reconfiguration, slippage or vacancy management.

Argymhelliad / Recommendation

The Finance Committee is asked to note the progress against the KPMG Grip and Control Action Plan and 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 the HDdUHB's financial reporting system.
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:	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	<ul style="list-style-type: none"> 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	We are aware that this term in national terms and conditions is being mis-applied for Internal Ad Hoc Locum duties on occasion. This is driven by market forces and the volume of gaps which need to be covered on our SAS rotas. A discussion paper is in draft form to consider the key issues and current practice across the Directorates. When the paper is completed it 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.
Action Open or Closed	Open

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 since workshop held on 5.9.19	Helen Williams, Revalidation & Appraisal Manager is working with Senior Medical Staffing Manager, on a roll out plan for electronic job planning. Support is being provided to Clinical Leads and SDM's including supporting during job planning meetings. Both postholders are working together to review consistency across job plans.
Action Open or Closed	Open

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	<ul style="list-style-type: none"> • Consider piloting a single rota for A&E across health boards to reduce significant agency spend. • Assess the benefits of managing rotas centrally. • Develop a database of medical staff to allow off site managers to access contact information and see previous rates paid.
Impact sought	<ul style="list-style-type: none"> • Ensure a cohesive approach to rota management.
Health Board Lead	Annmarie Thomas, Programme Lead for Medical Workforce Utilisation
Progress Update since workshop held on 5.9.19	<p>There are four themes here:</p> <ul style="list-style-type: none"> • Electronic rostering system for M&D staff group; • Medical bank model to manage demand and supply for roster gaps; • Rate control; • Suggestion that we need a single medical rota for A&E. <p>All four have different stakeholders and vary in complexity to deliver.</p> <p>Electronic rostering system for M&D staff group</p> <p>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>Medical bank model to manage demand and supply for roster gaps</p> <p>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</p> <p>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> <p>Suggestion that we need a single medical rota for A&E</p> <p>John Evans, Assistant Director – Medical Directorate, is leading on this.</p>
Action Open or Closed	Update to follow.

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	<ul style="list-style-type: none"> • Check Medacs M1 report for any travel costs on a monthly basis. • Use findings of Medacs report to undertake audit of high risk areas in order to identify any illegitimate agency mileage claims.
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.
Action Open or Closed	Closed

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	Annamarie 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>
Action Open or Closed	Open

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.

	<ul style="list-style-type: none"> 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>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.</p> <p>Draft paper prepared on Refer A Friend scheme.</p> <p>Looking to pick up the issue relating to conference attendance through consultant study leave approval process and Medical Director newsletter.</p>
Action Open or Closed	Open

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

	<p>nurse 6-12 weeks authorised by head of nursing 12 weeks+ authorised by Nursing AD and Director.</p> <ul style="list-style-type: none"> • 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 since workshop held on 5.9.19	Currently working through changes – 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.
Action Open or Closed	Open

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>
Action Open or Closed	Open

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. • 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.
Action Open or Closed	Open

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 since workshop held on 5.9.19	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.
Action Open or Closed	Open

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 – Bank & eRostering
Progress Update since workshop held on 5.9.19	Overtime breakdown provided weekly to all Senior Operational Managers.
Action Open or Closed	Closed

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. • 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.

	<ul style="list-style-type: none"> 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 since workshop held on 5.9.19	Demand and Capacity meeting to be arranged.
Action Open or Closed	Open

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 since workshop held on 5.9.19	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.
Action Open or Closed	Open

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. 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 is now on wellbeing with a new All Wales attendance at work policy. Training is being rolled out to manager 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 direct and discussed at hold to account meetings
Action Open or Closed	Open

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 since workshop held on 5.9.19	Initial meeting held 23 rd September between Operational Workforce, Payroll and Finance to discuss staff overpayments and process to reduce overpayments. A further meeting was held between ESR and Payroll to agree an action plan:-

	<p>Further analysis of the data to be carried out to identify the main current cause of overpayments.</p> <p>Regular ESR reminders to be sent out to managers of the process for terminating staff.</p> <p>ESR guidance, payroll forms and guidance to be held in one location and communication to be sent to managers informing them where resources can be found.</p> <p>Overpayment policy to be reviewed including the standard letter sent out to staff who are in receipt of an overpayment.</p> <p>A report on overpayments to be included in the Performance Review meetings highlighting poor performance.</p>
Action Open or Closed	Open

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 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)

Er Gwybodaeth/For Information

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	31.088
Discretionary Programme	7.271
Balance	38.359

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

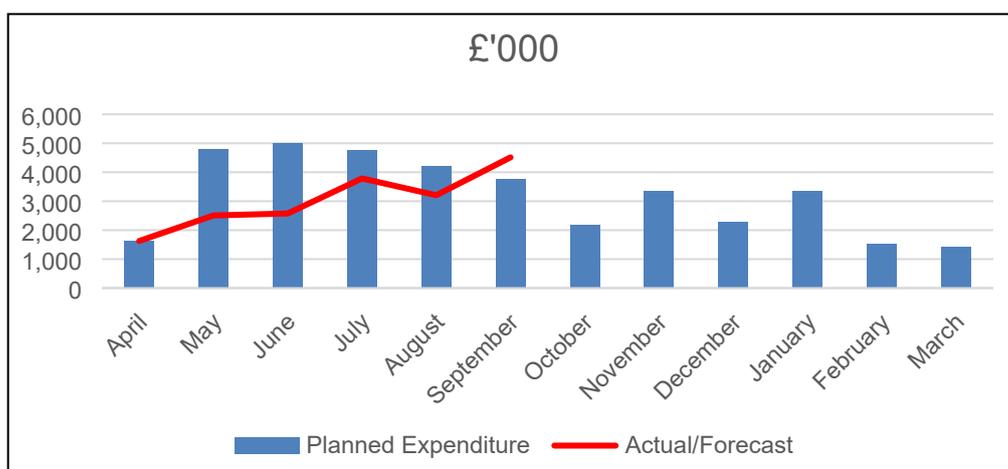
The following split of the discretionary allocation for 2019/20 has been discussed at the Business Planning and Performance Assurance Committee (BPPAC) in August 2019.

Expenditure	£m	£m
Pre-commitments		2.750
• Withybush Data Centre	0.300	
• Autoclaves	0.500	
• Autoclaves(works)	0.400	
• Penlan Development	0.700	
• Telepath DCX payback	0.444	
• Asbestos W&C payback	0.065	
• W&C provision	0.341	
Equipment		0.533
IM and T		0.667
Estates Infrastructure		0.500
Estates Statutory		0.700
Capital Support		0.173
Business Case Development		0.350
Contingency		0.300
Estates Development		0.760
• Residential Accommodation	0.200	
• Enlli Ward	0.280	
Aseptic Works	0.200	
Llanion House	0.080	
Total Commitments		6.733
Capital Resource Limit Discretionary Capital Programme (DCP)		7.271
Balance available for allocation		0.538
Plus VAT recovery & accruals		0.576
Return of Cross Hands scheme fees		0.165
Total balance available for allocation		1.279

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

Recommended Priorities	2019/20	2020/21
	£m	£m
Pathology, GGH	0.168	0.400
Gorwellion, Aberystwyth	0.160	
RTT capital	0.034	
Business Case Fees	0.120	
Equipment	0.050	
Ophthalmology, North Road	0.075	
Fire Compliance, Withybush Hospital	0.280	
Lifts, Bronglais Hospital	0.040	
Additional 'Credits 4 Cleaning' and HIW	0.080	
Cylch Caron contribution	0.100	
Additional Digital	0.080	
Contingency	0.092	
Total	1.279	0.400

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. Discussions have been held with Welsh Government to utilise this underspend for other key identified priorities in 2019/20.

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 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 Welsh Government and will be 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 £38.359m allocation as at the end of Month 6 was £18.220m.

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 Welsh Government and NHS Wales Shared Services Partnership (NWSSP) on scheme progress. This process has identified the financial re-profiling requirement on Women and Children Phase II as a result of the physical resequencing of works.

Interserve update

At the time of preparing this report, there have been no further Cabinet Office updates. The contractor is progressing well with the delivery of the 2 schemes currently on site. HDdUHB

continues to receive regular Dun and Bradstreet (D&B) credit rating reports from NWSSP-Specialist Estates Services.

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

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:	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	Improve efficiency and quality of services through collaboration with people, communities and partners All business cases for capital investment require alignment to HDdUHB's Well-being Objectives where applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termau: Glossary of Terms:	Included within the body of the report
Partion / 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
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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 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 6 current and forecast position in relation to Long Term Agreements (LTAs). 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-performance is predominately driven within high cost drugs in Swansea Bay University Health Board (SBUHB). However, this is predicated and forecasted on the Quarter 1 high cost drugs data submissions. Consequently, this presents a risk to HDdUHB as it is 3 months out of date, however it is the most recent information available.

There has been an increase in activity within Cardiff and Vale University Health Board (C&VUHB) between Month 5 and 6. The key drivers are high cost drugs, Orthopaedics and Critical Care

Welsh Health Specialised Services Commission (WHSSC) is financially under-plan mainly due to the release of reserves. This is a result of schemes which are delayed, have not started yet, and under-performance with English providers.

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 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:	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 financial over performance is £371k

Ansawdd / Gofal Claf: Quality / Patient Care:	
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

Staff and Resources – NHS external providers – direct patient care

Lead Committee: Finance Committee

Executive Lead: Huw Thomas

Senior Responsible Officer: Shaun Ayres

Latest data

Month 6 - Current and Forecast Position – Financial Position – All Providers

Direct Patient Care Summary	Annual Budget £'000	M6 YTD Budget £'000	YTD Expenditure £'000	YTD Variance £'000
Swansea Bay	33,004	16,502	16,899	397
Cardiff & Vale	5,293	2,646	2,839	193
WHSSC - Specialised Services	71,865	35,932	35,552	(380)
WHSSC - EASC	22,596	11,298	11,298	0
Aneurin Bevan	266	133	141	7
Betsi Cadwaladr	271	136	118	(18)
Cwm Taf	451	226	241	16
Powys	182	91	92	1
Velindre	964	482	457	(25)
Welsh Ambulance	1,080	540	540	0
Public Health Wales	60	30	30	(0)
Other UK NHS Trusts	930	465	495	30
NCA	812	406	461	55
IPC	650	325	421	96
TOTAL - Direct Patient Care	138,424	69,212	69,583	371

The main providers of Health Care for Hywel Dda University Health Board are Swansea Bay and Cardiff & Vale University Health Boards, their performance is highlighted in table A overleaf, alongside the smaller health care agreements with other Health Organisations in both Wales and England. The other area of substantial expenditure is the risk share arrangements with the Welsh Health Specialised Services Commission (WHSSC) who contract on an all Wales basis for high cost or specialised treatments not contracted on an individual Health Board basis.

• Swansea Bay:

The Long Term Agreement activity (August) is under-performing to the value of £0.200m (net benefit £140k) this is demonstrated in table A overleaf. Despite the underperformance in activity, there is currently a projected over performance against plan of £1.5m (£0.206m at Month 6) in respect of NICE and High Cost Drugs (estimated costs based on quarter 1) and therefore the overall position is £0.397m over-spent at Month 6 with a forecast outturn estimated at £0.793m.

The activity and prescribing of high drug costs within the contract will be scrutinised and monitored due to the financial risk. This will be in-conjunction with the Medicines Management Team within Hywel Dda University Health Board.

• Cardiff and the Vale:

Activity within the LTA has increased between Months 5 and 6, which has resulted in a net movement of £0.47m. The main driver is Orthopaedics, which has increased over the last month and has resulted in the slow-down of the underperformance to £0.666m. This coupled with High Cost Services, which are above the LTA plan to the sum of £0.471m. This is due to a Critical Care Patient (Pembrokeshire) and High Cost Drugs. Overall, the Cardiff and Vale LTA is over-performing at Month 6 by £0.047m. Consequently, the forecast outturn is a £0.386m overspend.

Contract Area	Activity Variance	Forecast Marginal Cost £k
Main LTA	(39)	242
Orthopaedics		(666)
High Cost Services (ie. ICU & NICE/HCD)		471
Total	(39)	47

Table A : Current and Forecast Position: Activity (to Month 05 2019/20)

Organisation	Agreed Activity	Activity to Month 5	Actual Activity	Variance
Swansea Bay				
Elective Inpatients	1,316	548	466	(82)
Emergency Inpatients	3,116	1,298	1,344	46
<i>Total Inpatients</i>	<i>4,432</i>	<i>1,847</i>	<i>1,810</i>	<i>(37)</i>
Day Cases	2,035	848	870	22
Regular Day Attendances	1,123	468	328	(140)
Neurology Patient Days	439	183	445	262
Total Outpatients	28,738	11,974	11,627	(347)
<i>Other</i>	<i>25,306</i>	<i>10,543</i>	<i>10,551</i>	<i>8</i>
Total Activity	62,073	25,863	25,631	(232)
Cardiff & the Vale				
Elective Inpatients	348	145	113	(32)
Emergency Inpatients	324	135	127	(8)
<i>Total Inpatients</i>	<i>672</i>	<i>280</i>	<i>240</i>	<i>(40)</i>
Day Cases	300	560	480	(80)
Regular Day Attendances	48	20	193	173
New Outpatients	1,152	480	415	(65)
Follow Up Outpatients	3,864	1,610	1,438	(172)
Outpatient Procedures	168	70	53	(17)
Total Outpatients	5,184	2,160	1,906	(254)
Orthopaedics	255	106	48	(58)
Mental Health Daycare	36	15		(15)
Mental Health Beddays			92	92
Total Activity	6,495	3,141	2,867	(274)
Aneurin Bevan				
Elective Inpatients	8	3	7	4
Emergency Inpatients	48	20	33	13
<i>Total Inpatients</i>	<i>56</i>	<i>23</i>	<i>40</i>	<i>17</i>
Day Cases	55	23	11	(12)
New Outpatients	44	18	34	16
Total Activity	155	65	85	20
Betsi Cadwaladr				

Total Inpatients	51	21	6	(15)
Day Cases	16	7		(7)
New Outpatients	152	63	16	(47)
Critical Care - Days	95	40		(40)
Excess Bed days	49	20	11	(9)
Total Activity	363	151	33	(118)
Cwm Taf				
Elective Inpatients	74	31	6	(25)
Emergency Inpatients	37	15	38	23
<i>Total Inpatients</i>	<i>111</i>	<i>46</i>	<i>44</i>	<i>(2)</i>
Day Cases	98	41	23	(18)
New Outpatients	300	125	152	27
Follow Up Outpatients	195	81		(81)
Outpatient Procedures	66	28		(28)
Total Activity	770	321	219	(102)
Powys				
Total Inpatients	5		4	4
Day Cases	164	68	33	(35)
New Outpatients	188	68	66	(2)
Allied Health Professionals (AHP)	1,545	644	405	(239)
Total Activity	1,902	780	508	(272)
Velindre				
Inpatient Admissions	63	26	20	(6)
Chemo Daycases	189	79	36	(43)
Day Cases Procedures	72	30	13	(17)
Outpatient Attendances	565	235	169	(66)
Oral Chemotherapy	14	6	26	20
Radiotherapy (Outpatients)	883	368	241	(127)
Total Activity	1,786	744	505	(239)

Welsh Health Specialised Services Commission (WHSSC) and
Emergency Ambulance Services Committee (EASC)

WHSSC and EASC Long Term Agreements (LTA) are agreed through the all Wales lead commissioner process. The change in the risk share agreement has been enacted in 2019/20. The risk share is financially volatile, due to the range of specialist services commissioned on behalf of the Health Boards in Wales.

For the purposes of forecasting, the Healthcare Contracting team is using the information provided by WHSSC to ascertain a year end forecast. This is due to the volatility in using an internal model during 2018/19, which resulted in a significant adverse variance at year-end. The Contracting Team are working closer with Welsh Health Specialised Services Commission to try to understand and pre-empt any additional swings in the activity/performance of specialised contracts managed by WHSSC.

The month 6 risk share forecast from WHSSC shows a net underspend of £0.547m at September. However, this is due mainly to the release of non-recurring reserves relating to 2018/19 with the year-end forecast underspend increasing to £0.856m. Although there is a forecast outturn underspend, due to the construction of the contracts and budgets the year-end position is likely to be an under-spend of circa £0.380m. The drivers affecting the forecast are:

Adverse Issues - £372k deterioration in C&V provider position, particularly in specialised cardiology for AB, immunology, spinal implants and ALAC; £231k deterioration in Swansea Bay provider position mainly related to renal activity; £288k further deterioration of the Velindre drugs forecast (Melanoma Drug).

Positive Issues -£272k England forecast related to North Wales commissioned activity; £461k improvement in Mental Health forecast as medium secure placements continue to underspend.

The position in M6 also includes anticipated slippage of £850k from assessed CIAG schemes (Genetics and PET new indications) and further secured reserves of £2.3m are released into the position relating to NHS England contract settlements and IPC provisions.

Table B: WHSSC Risk Share Analysis

	Allocation of Variance	End Of Year Forecasts
	£'000	£'000
Income		
Welsh Local Health Boards		
Hywel Dda Health Board	0	0
Total Income Position	0	0
Expenditure		
NHS Wales		
Cardiff & Vale University Health Board	51	180
Swansea Bay University Health Board	(174)	(235)
Cwm Taf Morgannwg University Health Board	(40)	(12)
Aneurin Bevan Health Board	(13)	(12)
Hywel Dda Health Board	29	29
Betsi Cadwaladr University Health Board Provider	(12)	(12)
Velindre NHS Trust	19	38
Sub-total NHS Wales	(141)	(26)
Non Welsh SLAs	46	36
IPFR	62	35
IVF	(2)	(3)
Mental Health	(121)	(162)
Renal	(40)	(33)
Prior Year Developments	(57)	(124)
2019/20 Plan Developments	(69)	(140)
Direct Running Costs	11	36
2018/19 Reserves	(237)	(473)
Phasing adjustment for Developments not yet implemented	0	0
EASC (incl WAST and EASC/QAT team costs)	0	0
Total Expenditure	(547)	(856)
Grand Total - WHSSC Month 5	(547)	(856)
Distance to Plan	165	476
WHSSC movement	(382)	(380)

What are the challenges?

- The information contained within this report is based upon Month 5 2019/20 for activity and Month 6 for the financial position. The LTA Activity is currently showing an underperformance but given the additional requirements of NICE or High Cost Drugs, there is a current year-end forecast deficit position of £1.1m at September 2019.
- The 2019/20 LTAs were agreed in line with the Welsh Government target date of 31st May 2019. All Welsh LTAs have been uplifted by to 2% for inflation but an additional 1% uplift for 'A Healthier Wales' has been included within the financial quantum, but the application of this additional funding is to be agreed based on the Provider's ability to demonstrate a positive impact for the relevant commissioner population.

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;
- 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.

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:	21 October 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Draft Indicative Financial Plan 2020/21
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Rhian Davies, Assistant Director of Finance (Corporate Finance) Eldeg Rosser, Senior Business Partner (Major Projects and Planning)

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Ar Gyfer Trafodaeth/For Discussion

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

This report and the accompanying presentation, attached at Appendix 1, have been prepared to provide the Finance Committee with a draft indicative financial plan for 2020/21 which includes an assessment of the financial challenge for the organisation for 2020/21.

Cefndir / Background

Work has progressed on the preparation of Hywel Dda University Health Board's (HDdUHB's) Financial Plan for 2020/21 - 2022/23. The presentation provides the Committee with an initial assessment and summary of this work undertaken for 2020/21

Asesiad / Assessment

The initial assessment of the HDdUHB's financial position for 2020/21 is based upon:

- The opening underlying financial position from 2019/20
- Detailed assessment of Operational Directorates pressures which are:
 - recurring for 2020/21
 - cost increases for 2020/21
- An assessment of currently known and likely cost pressures
- An assessment of additional allocations that may be received from Welsh Government (WG).

Underlying position

The opening underlying position for 2020/21 has been calculated at £43.2m. A breakdown of this position is provided overleaf.

	£'m
Underlying Deficit b/f 2019/20	47.8
Recurring Savings in 2019/20	(17.9)
Month 3 Directorate Forecasts	6.5
Full year impact of recurring savings	(4.2)
Non-recurring savings	4.9
Non-recurring income	3.5
Non-recurring costs	(1.4)
Unidentified savings	5.9
Recurring expenditure that will require funding in 2020/21	
Dental recurring funding for 2019/20 agreement	0.9
Implications of recruitment	3.0
RTT – recurring appointments	1.0
RTT – other costs to be confirmed	3.1
£10m recurring income assumed	(10.0)
Opening underlying deficit 2020/21	43.2

Cost Pressures

A detailed assessment of cost pressures has been undertaken by Directorates and their Senior Finance Business Partners. Details of the £9.1m pressures (£1.8m Directorate Step Up pressures and £7.3m Directorate New Cost pressures identified within the appended presentation) have been shared with the Executive Team and a joint letter has been issued by the Director of Finance and Director of Planning, Performance, Informatics and Commissioning asking Directorates to review the cost pressures submitted, with a view to the costs being avoided where possible.

Other pressures identified include:

- Impact of pay awards - £16.1m
- Additional cost of Welsh Health Specialised Services Committee (WHSSC) contract and Long Term Agreement (LTA) - £10.4m
- Increase in Continuing Health Care costs - £2.4m
- Developments already agreed by the Executive Team - £2.9m
- Continued roll out of the Nurse Staffing Act (Wales) 2016 - £1m
- Increase in reserves of £2.3m, including £1m for winter pressures

Further work is being undertaken to refine and review the quantum of these costs as further information becomes available from other organisation's progress with their planning cycle.

Allocation

An assumption has been made for this initial assessment that HDdUHB will receive a 2% increase on the discretionary revenue allocation from WG.

Assumed income of £11.3m has been earmarked against Agenda for Change pay costs.

The current assumption is that the total cost of the Major Trauma Centre development, both local and WHSSC, are fully funded at £4.2m.

An assumption has been made that the cost and funding of the increase in employer's pension costs will have a net zero impact on HDdUHB's financial position in 2020/21.

No funding is currently assumed in this initial assessment from WG for the following:

- Transformation Fund
- Digital Funds
- Prevention and Early Years
- Clinical plans, quality and value based healthcare

Financial Challenge

Based on the current identification of cost pressures and allocation increase assumptions, the financial challenge facing HDdUHB for 2020/21 is £63.2m.

Therefore, £63.2m of savings need to be identified to achieve a breakeven position.

Developments

Directorates have listed a total of £15.2m of developments in their financial plans and they have been asked to identify the source of funding for any developments that they wish to progress as part of the preparation of the 3 year plan. There is currently no funding or costs assumed within this assessment for any enabling costs associated with HDdUHB's Health and Care Strategy, 'A Healthier Mid and West Wales', or the funding of new local service developments.

Risks

Directorate and Executive Directors have assessed known risks totalling £17.4m, which may materialise in 2020/21. None of these are currently included within this version of the plan.

Argymhelliad / Recommendation

The Finance Committee is requested to note the current assessment of the financial challenge for HDdUHB for 2020/21

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.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Risk 630 - Ability to deliver the Financial Plan for 2019/20 – Current Risk Score 16
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply

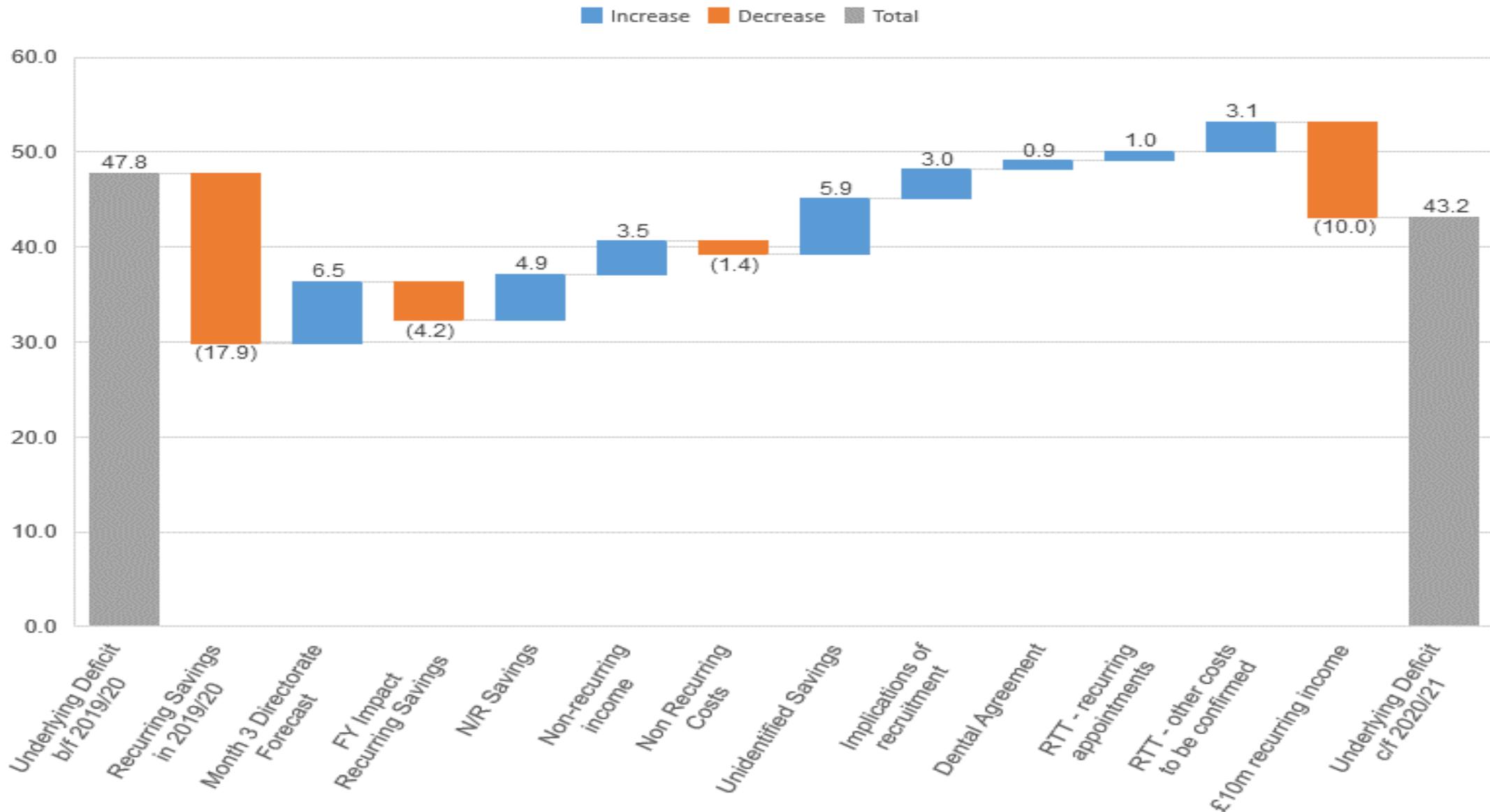
Amcanion Strategol y BIP: UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners. 5. Deliver, as a minimum requirement, outcome and delivery framework work targets and specifically eliminate the need for unnecessary travel & waiting times, as well as return the organisation to a sound financial footing over the lifetime of this plan
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve efficiency and quality of services through collaboration with people, communities and partners HDdUHB's financial plan will align with the organisational priorities and to HDdUHB's Well-being Objectives where applicable

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

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial values noted within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Financial risk is highlighted within the report
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Not Applicable
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

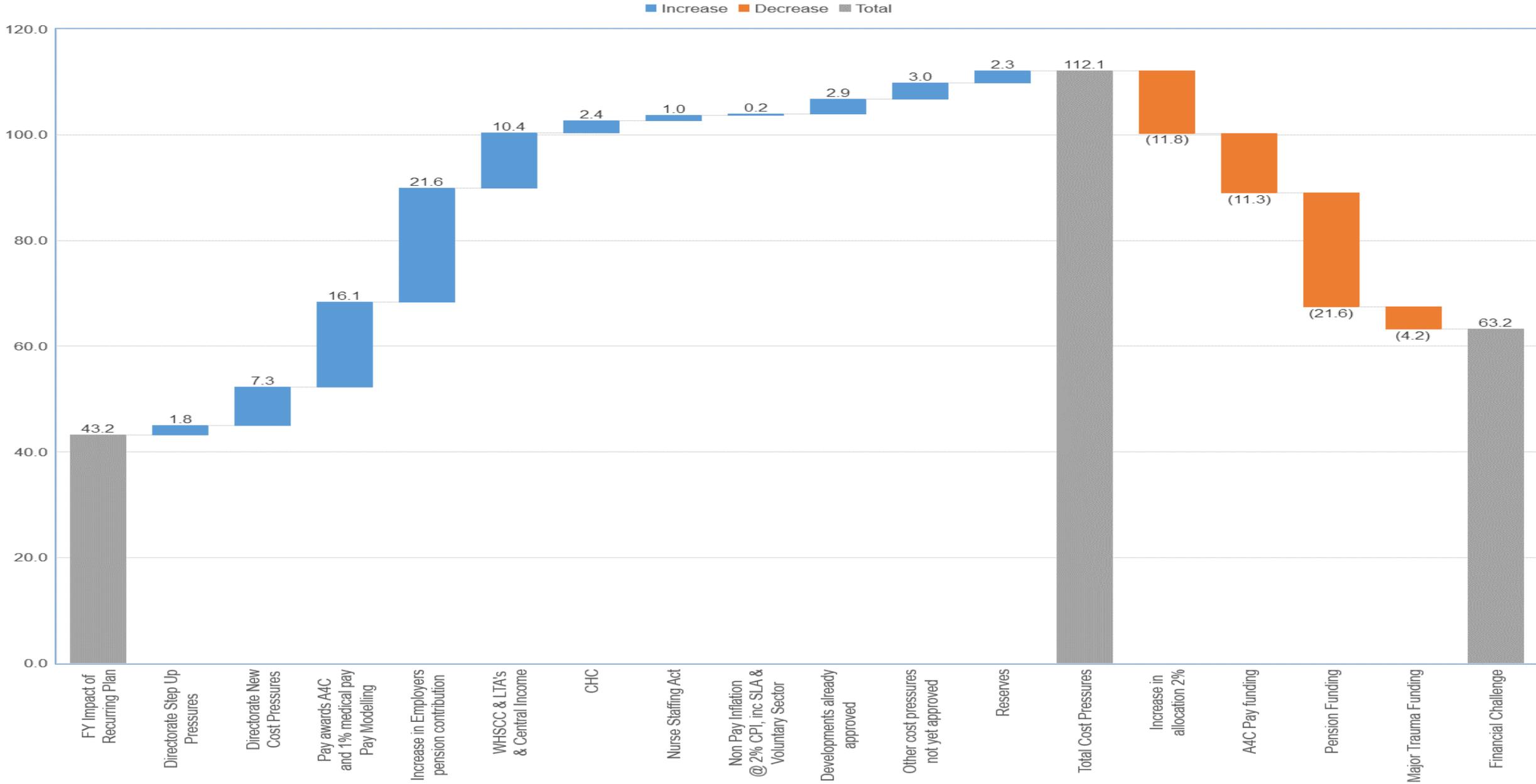
Draft Indicative Financial Plan, 2020/21

Draft Indicative Opening Underlying Deficit Assessment for 2020/21



	£m
Underlying Deficit brought forward	47.8
Recurring Savings in 2019/20	(17.9)
Month 3 Directorate Forecast	6.5
FY Impact Recurring Savings	(4.2)
N/R Savings	4.9
Non-recurring income	3.5
Non Recurring Costs	(1.4)
Unidentified Savings	5.9
Recurring Expenditure that will require funding in 2020/21	
Implications of recruitment	3.0
Dental Agreement recurring funding for the 19/20 agreement	0.9
RTT - recurring appointments	1.0
RTT - other costs to be confirmed	3.1
£10m recurring income	(10.0)
Underlying Deficit carried forward into 2020/21	43.2

Draft Indicative Planning Assessment for 2020/21



Area	£m
Full year impact of recurring plan	43.2
Directorate Step Up Pressures	1.8
Directorate New Cost Pressures	7.3
Pay awards A4C, 1% medical pay and Pay Modelling	16.1
Increase in employers pension contribution	21.6
WHSCC,LTA's and Central Income	10.4
CHC	2.4
Nurse Staffing Act	1.0
SLA & Voluntary Sector inflationary increases	0.2
Developments already approved	2.9
Other cost pressures not yet approved	3.0
Reserves	2.3
Increase of 2% on Welsh Government allocation	(11.8)
A4C Pay funding	(11.3)
Pension Funding	(21.6)
Major Trauma Funding	(4.2)
Financial Challenge	63.2

Directorate pressure costs include items where it was deemed the HB has a

- choice to include or exclude,
- inevitable costs and
- compliance costs.

Directorate Summary 2020/21

Directorate	Division	Step Up/Down Costs for 2020-21	New - Future changes +/- 2020-21
Carmarthenshire County			0.489
CEO Dept		0.020	0.016
Ceredigion County			0.336
Facilities			0.820
Finance		0.005	
Medical Director		0.024	0.080
Mental Health & LD		0.131	
Nursing Directorate		0.103	0.067
Oncology		0.190	0.057
Operations Director			0.075
Pathology			0.100
Pembrokeshire County			0.205
Planned Care		0.543	
Planning, Performance & ICT		0.090	
Prim. Care Management			
Primary, Community & Long term Care	Dental		0.944
	GMS		
	EHEW		
	Medicine Management	0.250	3.750
Primary, Community & Long term Care Total		0.250	4.694
Public Health Director		0.200	
Radiology			0.100
Strategic Partnerships			
Therapies Director		0.171	0.024
Unscheduled Care	USC - GGH		0.038
	USC - PPH		0.047
	USC - WBH		
	USC - BGH		
Unscheduled Care Total			0.085
Women & Children		0.025	0.050
Workforce & OD		0.025	0.057
Grand Total		1.777	7.255

Initial assessment of Cost Pressures, 2020/21

Area	£m	Assumption
Cost Growth		
Pay inflation	16.1	A4C circular & 1% medical pay award, pay modelling
Employers Pension	21.6	Increase from 14.8% to 21.68%
Demand Growth		
WHSSC, LTA's & Central Income	10.4	Based on WHSSC current plan and estimated growth, 2% inflation on LTA's
SLA	0.2	2% inflation
CHC/FNC/Packages of Care	2.4	Assessment of growth & inflation for 2020/21
Local Issues		
Directorate Pressures	9.0	Bottom up assessment
Nurse Staffing	1.0	Continued roll-out
Reserves	2.3	£1m Winter Pressures & full year impact 19/20 agreements
Agreed Developments	2.9	Detail on separate slide
Other Cost pressures not yet agreed	3.0	Detail on separate slide
TOTAL COST PRESSURES	68.9	

These cost pressures currently include an assessment of new Directorate cost pressures

Area	£m
Microsoft 365	0.6
Revenue consequences of capital schemes	0.6
Making Malnutrition Matter	0.3
Patient Flow	0.2
Lymphodema	0.2
LINC	0.2
ASD Development	0.2
Eye Care Business Case	0.1
WCCIS	0.1
Welsh Pharmacy & Medicines Management System rollout	0.1
E-docs national project	0.1
Block 8 Funding	0.1
Other	0.1
TOTAL	2.9

Area	LTA pressures £m	Other Pressures not yet agreed £m
Major Trauma Centre - HB Costs		1.7
Major Trauma Centre - HB share of WHSSC costs over and above what is currently included in WHSCC IPC		1.3
Major Trauma Centre - HB share of WHSSC costs currently included in WHSCC IPC & LTA cost pressures	1.2	
TOTAL	1.2	3.0

Welsh Government funding assumed for this Development

Financial Risks and Pressures not included in the plan	£m
Directorate Identified Risks	11.5
Equipment Store	1.0
Digital	1.0
Beds & Mattresses	0.8
Integrated Care Fund being used to fund different priorities	0.7
Enhanced PMO support	0.6
Holiday pay on overtime	0.5
Changes to Major Conditions Funding	0.5
Birthrate Plus	0.3
SAS Doctors Women & Children	0.2
Risk & Assurance Officers	0.1
Other	0.2
Stroke pathway changes	TBC
Genetic Testing - Pathology	TBC
111 IT System Replacement	TBC
Tax on high earners pensions	TBC
Enablers for 'A Healthier Mid and West Wales'	TBC
Local Service Developments	TBC
Neuro Rehab Pathway	TBC
Sickness enhancement payment	TBC
Top sliced allocations	TBC
TOTAL	17.4

These risk **are not** currently included in the draft indicative plan for 2020/21.

Other Risks not yet quantifiable

Inability to identify and deliver savings to the required level

Costs unfunded cannot be contained e.g. incremental drift

Inflation growth not contained

All Nationally agreed developments to be contained within budget

Welsh Risk Pool

Directorate Pressures 2020/21

Directorate Summary 2020/21

Directorate	Division	Rcurring items in M3 2019-20 Forecast	Step Up/Down Costs for 2020-21	New - Future changes +/- 2020-21
Carmarthenshire County				0.489
CEO Dept		0.038	0.020	0.016
Ceredigion County		0.148		0.336
Facilities				0.820
Finance			0.005	
Medical Director			0.024	0.080
Mental Health & LD		0.259	0.131	
Nursing Directorate			0.103	0.067
Oncology			0.190	0.057
Operations Director		0.210		0.075
Pathology		0.063		0.100
Pembrokeshire County		0.075		0.205
Planned Care		0.733	0.543	
Planning, Performance & ICT		0.049	0.090	
Prim. Care Management				
Primary, Community & Long term Care	Dental			1.888
	GMS	0.102		
	Medicine Management		0.250	3.750
Primary, Community & Long term Care Total		0.102	0.250	5.638
Public Health Director			0.200	
Radiology				0.100
Strategic Partnerships		0.035		
Therapies Director		0.151	0.171	0.024
Unscheduled Care	USC - GGH	0.215		0.038
	USC - PPH	0.197		0.047
	USC - WBH	0.099		
Unscheduled Care Total		0.511		0.085
Women & Children		0.942	0.025	0.050
Workforce & OD			0.025	0.057
Grand Total		3.316	1.777	8.199

Directorate Pressures have been categorised as follows

- Choice
- Inevitable
- Compliance
- Directorate to Consume

Only the cost of the first 3 items have been reflected in this version of the financial plan. Directorates have been asked to revisit their pressures and consider if they are able to mitigate or avoid these costs.

**NO DEVELOPMENTS, RISKS OR
OPPORTUNITIES ARE CURRENTLY
INCLUDED IN THE DRAFT FINANCIAL
PLAN**

Summary of Directorate Developments, Risks and Opportunities 2020/21

Directorate	Division	Developments	Risks	Opportunities
Carmarthenshire County		1.086		(0.018)
CEO Dept				
Ceredigion County		1.190		
Facilities				(0.100)
Finance				
Medical Director			1.766	
Mental Health & LD		2.285	0.423	(6.006)
Nursing Directorate			0.213	
Oncology		0.245		
Operations Director		0.134	0.980	(0.198)
Pathology		0.246	0.028	
Pembrokeshire County		1.102		(0.060)
Planned Care		0.985	1.679	
Planning, Performance & ICT		0.963	2.404	
Prim. Care Management				
Primary, Community & Long term Care	Dental	0.174		
	GMS		0.526	
	EHEW		0.020	
	Medicine Management	0.667	0.850	(0.150)
Primary, Community & Long term Care Total		0.842	1.396	(0.150)
Public Health Director		1.297		
Radiology			0.600	
Strategic Partnerships		0.066		
Therapies Director		1.424	0.576	
Unscheduled Care	USC - GGH		0.111	
	USC - PPH	0.112		
	USC - WBH			
	USC - BGH	1.881		
Unscheduled Care Total		1.993	0.085	0.085
Women & Children		0.444	0.338	(0.074)
Workforce & OD		0.890	0.955	
Grand Total		15.192	11.470	(6.607)

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Learning from Winter 2018/19 and Preparedness for 2019/20
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Joe Teape, Director of Operations/Deputy Chief Executive
SWYDDOG ADRODD: REPORTING OFFICER:	Alison Bishop, Unscheduled Care Lead

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 briefing paper provides the Finance Committee with a list of costed winter planning 2019/20 additionality actions that can be put in place in Hywel Dda University Health Board (HDdUHB) to ensure safe navigation through winter.

The report is provided to the Committee for discussion and information purposes as finalisation of plans is still under discussion with partners and subjective to agreement of the Executive Team and Board.

Cefndir / Background

The process of planning for winter 2018/19 commenced with an analysis of bed demand and capacity outturn positions for winter 2017/18. This was a new approach to identifying the bed gap and allowed the acute and community to focus actions on those initiatives best placed to close this gap.

This methodology has been utilised again for this year and the bed gap has been derived from the actual January to March 2019 position. The gap consists of surge beds, plus medical patients on surgical wards (outliers), plus patients lodging overnight in Accident and Emergency Departments or Minor Injuries Units (MIUs). This overall gap equates to 158 beds, which need to be accommodated if HDdUHB are to safely navigate through winter 2019/20.

Asesiad / Assessment

Bed Capacity

Considering the 158 medical bed deficit opening position, allowance has been made for what is considered tolerable but largely unavoidable capacity impacts arising from emergency department lodgings and general outlying; both without significant detriment to clinical safety or patient experience. 49 beds have been assumed in the plan to be utilised in this way this winter.

The analysis assumes that medical bed closures, mainly reductions in surge beds and outliers, already achieved through improvement actions since last winter can be maintained over the winter period. Further bed closures included in savings plans are then added, as these are assumed in the annual plan, as well as any lost capacity from winter 2019. For example, community care beds that are not open and the reduction in beds from the ward 9/10 reconfiguration at Wthybush General Hospital (WGH).

These adjustments produce an overall bed deficit of 155 medical beds, which need to be addressed with winter actions to give assurance that HDdUHB has a plan to safely navigate through winter 2019/20.

Applying the impact of actions planned for 2019/20, including the opening of surge beds and delaying the closure of beds from savings plans, would mitigate this gap and result in a final bed deficit of **9** medical beds. It is proposed that this residual gap of -9 beds, which is the same bed gap that HDdUHB faced going into last winter, is within a reasonable level of tolerance.

This information is summarised in the table below;

2019/20 Winter Gap (Bed Equivalent)	
2018/19 Gap	-158
Current Tolerance for ED lodgers	25
Current Tolerance for outliers (i.e. no impact on electives)	24
Flow Improvements in 2019	18
Lost Capacity in 2019	-21
Further bed closures included in savings plans	-43
Total Winter Gap	-155

2019/20 Winter Plan	
Corporate Schemes	14
Community Flow Improvements	25
Acute Flow Improvements	35
Acute Bed Capacity	72
Total Winter Plan	146

Residual Bed Gap	-9
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Welsh Government Targeted Financial Support

In September 2019, Welsh Government, (WG) confirmed the winter funding package to support delivery of health and social care services. In contrast to the previous year, 2019/20 funding has been allocated to Health Boards and Regional Partnership Boards (RPBs), with RPBs being identified as a key vehicle to support the integrated planning and delivery. £17m of the funding package has been allocated across Wales. The West Wales RPB has received a total of £2.062m.

Health Boards across Wales received a total funding package of £10m, of which HDdUHB's allocation is £1.213m.

HDdUHB has allocated £1m recurrently, to support new/additional initiatives across the acute sites.

In addition, there is the opportunity to bid for specific Primary Care schemes over and above the funding outlined above.

The total HDdUHB funding support for winter, within HDdUHB's direct control is therefore £2.213m, of which £1m has been allocated recurrently, and £1.213m on a non-recurrent basis. In addition to this, the RPB and Primary Care funds are both additional areas of potential support.

Funding Streams

The additional initiatives within the winter plan have been costed and funding streams have been identified from the above sources. A summary of schemes is attached at Appendix 1. Where funding is being sought outside of HDdUHB, discussions are being held in the forthcoming weeks to obtain approval of funds.

The details are summarised in the table below and are as follows:-

- £184,000 non-recurrent funds to support Primary Care initiatives. More may emerge from clusters which remains a work in progress
- £648,000 will be bid for through the RPB.
- The balance of £2,742,000 to be funded from the HDdUHB allocation of £2,213,000. At this stage in the planning process, these schemes are £530,000 more than the funding available.

It should be noted that circa £875,000 of the £2,742,000 of local schemes relates to planned bed closures, which will need to be delayed until April 2020. This will need to be carefully monitored over the winter period as, if these beds cannot be closed by 2020/21, this will present as a recurring pressure.

Funding Stream		Total	
		Recurrent full year	Winter
Primary Care		£ -	£ 25,000
GP Out Of Hours core budget		£ -	£ 69,000
WG / 111 project		£ -	£ 90,000
RPB allocation		£ -	£ 647,643
HDdUHB Winter Monies	Acute additionality	£ 1,035,603	£ 1,037,640
	Delay closing bed capacity	£ -	£ 875,096
	Open winter surge beds	£ -	£ 616,832
	Extreme pressures run rate spend	£ -	£ 213,352
		£ 1,035,603	£ 3,574,562

HDdUHB Winter Monies	variance	-£ 35,603	-£ 529,919
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Recurrent Investments

Current planning has allocated £1m recurrently to support new/additional initiatives across the acute sites. These are all subject to approval, and business cases where required. These are included above for the winter period, however will have a recurrent cost and are summarised overleaf:-

- additional therapy support at Glangwili, Prince Philip and Withybush Hospitals
- additional pharmacy support at the front door at all 4 sites
- continuation and expansion of the Home Support Team in WGH to facilitate discharge
- New co-ordinator for the treat and repatriate Acute Coronary Syndrome (ACS) service, which was piloted in winter 2018/19.

This proposed allocation of HDdUHB winter monies is being discussed with the Executive Team for agreement.

Argymhelliad / Recommendation

The Finance Committee is asked to discuss and note the content of this report.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.1 To scrutinise and provide oversight of financial and the revenue consequences of investment planning (both short term and in relation to longer-term sustainability).
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Corporate Risk 629- Unscheduled Care (score 16)
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	3.1 Safe and Clinically Effective Care 3.3 Quality Improvement, Research and Innovation 5.1 Timely Access 6.1 Planning Care to Promote Independence
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	Improve efficiency and quality of services through collaboration with people, communities and partners

Gwybodaeth Ychwanegol:

Further Information:

Ar sail tystiolaeth: Evidence Base:	Welsh Government Winter Planning directives
Rhestr Termiau: Glossary of Terms:	Included within the body of the report
Partion / Pwyllgorau â	Unscheduled Care Board

ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Executive Team
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Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	There will be significant financial costs associated with winter planning. These are currently being evaluated and a decision on tactical investment will need to be considered by the Executive Team
Ansawdd / Gofal Claf: Quality / Patient Care:	Robust winter plans will ensure patient care continues to be provided throughout the winter period.
Gweithlu: Workforce:	Use of agency resources to mitigate internal human resource capacity limitations details are contained within the winter plans.
Risg: Risk:	<p>The winter period presents heightened risk to the Health Board with increased demand across the unscheduled care system. The risk issues associated with the unscheduled care system and across winter are recorded on existing risk registers.</p> <p>Due to bed reconfigurations and overspends on the acute sites some of the escalation capacity opened during 2018/19 will not be available for this year. This remains a significant risk at this point.</p>
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	There could be significant reputational risks for HDdUHB and partners in the event of major incident.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Bespoke winter plans are in place for the three counties which reflect the needs of the population within each of these counties.

Reducing Demand	Managing Demand	Reducing Length of Stay
<p>WAST Development of a non-injured fallers service in partnership with Fire Service & St Johns Ambulance Manchester triage of patients on the ambulance stack Analysis of the Carmarthenshire conveyance rate</p> <p>Primary Care Extended opening hours; Community pharmacies 'walk in' services, GMS extended opening hours & urgent dental care arrangements</p> <p>OOH Telephone triage training for MDT clinicians Integrated nursing approach with ART teams</p> <p>Community Continue bridging initiatives in Carmarthenshire & Pembrokeshire Crisis response teams offering alternative pathways and virtual ward Integrated fallers pathway in Pembrokeshire</p> <p>Secondary Care Development of geriatrician review of care home patients across all counties Additional evening 'Hot Clinics' at Glangwili Hospital Improved use of Ambulatory Care Units Clinical Redirection from A&E – joint project with primary care, OOHs, community & WAST Pilot project with ANP for long term conditions working across front door & community</p> <p>Public Health Improved vaccination for flu – focused proactive call & recall service across all 7 primary care clusters Partnership working with community midwives to target pregnant women Focused campaign for 'super spreaders' 2/3 year olds to improve vaccination rates</p> <p>Mental Health Crisis response service Llanelli drop in centre</p>	<p>WAST HALO for Glangwili & Withybush Hospitals Management of WAST stack by HALO/APPs</p> <p>Community Commission additional step down / care home beds Additional community nursing & ART resource New leadership model for community beds in Pembrokeshire</p> <p>Secondary Care Pharmacy at the 'front door' & extended weekend opening Introduction of Pitstop model into ED at Withybush Additional A&E staff to cover peaks in demand Extended MIU opening times 24/7 at Glangwili Extension British Red Cross 'Home from Hospital' ED streaming/redirection at Withybush Hospital Development of Hospital @ night model in Glangwili Daily frailty / hot clinics to support frailty assessment teams at the front door Scheduling of GP patients to AEC - avoiding batching</p> <p>Mental Health Escalation protocol for admitted patients</p> <p>Public Health Focus on long stay patients & outpatients to improve Flu vaccination rates Provide in house flu testing at all acute sites</p> <p>Enhancing Operational Grip Development of on-line SITREP reporting and on call arrangements Annual leave management Robust on-call management - doubling up on call/senior support/management lead for the day Establish Control centre with named manager of the day - WAST manager to attend during periods of high escalation Director of Operations acting as Executive on-call & chairing daily conference calls during Jan 2019 Embargo on all meetings during first 3 weeks in January- release resource to support acute sites</p>	<p>Community Implement D2AR pathways & commission D2AR care home placements Purchase additional community equipment Additional discharge planning support Dedicated social worker for Bronglais Hospital & cross border discharges Appointment of 3rd sector co-ordinators to support complex discharge planning in Carmarthenshire Additional weekend working for 'front door' turnaround team in Withybush Hospital Additional flow co-ordinators for community hospital beds in Pembrokeshire Integrated working with housing department in Carmarthenshire</p> <p>Secondary Care Additional 'home support team' to work across acute beds in Withybush Hospital Additional weekend capacity to support discharges – medical, therapy, pharmacy & support staff, discharge vehicle Additional echocardiography clinics / support Additional frailty support worker on CDU in Glangwili Extended discharge lounge opening times – weekends & evenings 'Perfect week' – 4 & 2 weeks prior to and 2 weeks post-Christmas Intensive review of stranded patients Extension of 'care & repair' service to Pembrokeshire</p> <p>Mental Health Liaison teams working in partnership with front door</p> <p>Improving Patient Experience Phased implementation of Nurse staffing act-enhanced capacity in HCSW's & Band 6 leadership roles Dedicated co-ordinator for ACS patients and 'treat & repatriate service' Safer staffing extra nursing hours in ACU/ED Delivery of respite & palliative care services in the community by 3rd sector Proactive messaging for respiratory patients</p>

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Efficiency Opportunities – Financial Delivery Unit Efficiency Framework
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

The Finance Delivery Unit (FDU) supports Health Boards to identify financial opportunities. Through comparative analysis of all-Wales financial data, Health Boards can identify and assess particular areas for further analysis, with a view to developing detailed savings plans. The latest summary of the FDU analysis is included in this report for consideration.

The Finance Committee is asked to discuss these proposed savings opportunities and promote their onward cascade throughout Hywel Dda University Health Board (HDdUHB).

The Finance Committee is also asked to note the significant amount of work underway across HDdUHB to improve the financial and business intelligence capabilities.

Cefndir / Background

As noted in previous reports, the finance department has been working with the FDU and the NHS Benchmarking Network to identify opportunities to improve the financial performance of HDdUHB. Previous reports to the Committee have noted the areas suggested through reviewing the detailed NHS Benchmarking comparisons, some of which have been developed into service change proposals. Work is currently underway to submit data to the NHS Benchmarking Network as part of the current year's programme, with initial outputs anticipated to be released commencing December 2019.

In respect of FDU analysis, the Committee has previously noted the four main areas of analysis under the Efficiency Framework, namely:

- Population Health
- Technical Efficiency
- Whole Systems Intelligence
- Shared Opportunities

There are currently 31 separate areas of analysis, with 27 of these previously reported to

Committee. 2018/19 data is not yet available at an all-Wales level. It is anticipated that as soon as final costing returns are submitted by Health Boards, updated comparisons are likely to be constructed and published. This report sets out the key areas of potential improvement identified by the FDU and a commentary on their likelihood of delivery.

Asesiad / Assessment

Comparative data produced by the FDU is based on 'raw' population i.e. it is not weighted for age, sex, morbidity and prevalence of illness, deprivation or other factors that determine population health. Consequently, a high degree of caution must be used in interpreting all-Wales financial data to prevent misleading or incorrect conclusions being drawn.

Recognising this, the FDU has agreed to undertake a pilot process of analysing expenditure using more in-depth measures, such as locality specific data, age/sex, and prevalence.

In addition, the FDU has undertaken Wales-specific benchmarking, most recently examining continuing health care and funded nursing care. This benchmarking is still being validated with a final product yet to be published. However, the process has yielded some important insights into the management of patients with continuing healthcare needs and service managers are progressing refinements to service delivery.

The identified areas where performance is below the average of other Welsh Health Boards is mainly focussed on:

Programme budgeting

- Expenditure on cancers and tumours is approximately £9.5m higher than the average spend when considering per head of population. This is, however, a factor of the older than average population within HDdUHB where higher rates of cancer are to be expected
- Musculoskeletal problems also show a higher than average spend, which again is likely to be driven by an older population
- 'Other' expenditure shows significantly higher than average expenditure; this is mainly due to higher than average costs of provision of primary care services, such as General Medical Services (GMS) and Community Pharmacy provision

Technical efficiency – non-elective length of stay

- Major hip procedures – longer than average duration
- Trauma & Orthopaedic – 1.3 day longer stay than the average of other Welsh Health Board performance (this and the line above may be explained by the fact that rehabilitation figures are not reported separately)
- Respiratory disorders – longer duration length of stay than peer group

Technical efficiency – elective length of stay/admitted on day of procedure/day surgery

- Longer than average length of stay in Cardiology and Ophthalmology
- Lower than average admissions on day of procedure in Gynaecology and Urology
- Lower than average rates of day case procedures for Breast Surgery

Delayed discharges

- Higher than average number and duration of delayed discharges for Stroke and Myocardial Infarction

Ward based nursing

- Significantly higher than average nurse and Health Care Support Worker (HCSW) vacancies

Estates and Facilities Management

- Higher than average energy consumption and other Facilities Management costs

Medicines Management

- Reductions in prescribed quantities of long acting insulin versus intermediate/long acting insulin

Mental Health

- Significantly higher than average number of psychiatrists per acute bed
- Significantly higher than average bed day cost per acute bed, mainly due to high psychiatrist costs

There are a number of areas where HDdUHB is able to demonstrate that it is performing efficiently. For example, in areas such as length of stay, readmission rates and direct costs, HDdUHB is at or below the Welsh average in terms of cost per unit, or has a lower than average length of stay. In many performance benchmarks, the direct costs of provision are comparable to other health boards. However, it is in areas such as building costs, overheads, and crucially, the volume of treatment, where HDdUHB is incurring significant additional cost. By providing care and treatment at four acute sites, and a much higher than average number of primary and community based facilities, substantial additional cost is incurred.

Further costing and other data is being produced by all Welsh Health Boards as part of the annual costing cycle. Once the submissions have been made to Welsh Government and the FDU, there may be further insights into areas of opportunity for HDdUHB to pursue over the coming months.

Argymhelliad / Recommendation

The Finance Committee is asked to:

- discuss these proposed savings opportunities and promote their onward cascade throughout HDdUHB.
- note that there is a significant amount of work underway across HDdUHB to improve the financial and business intelligence capabilities.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.2 Provide assurance in respect of short, medium and long term financial performance and financial planning.
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):	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 efficiency and quality of services through collaboration with people, communities and partners

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	FDU Efficiency Framework
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:	None

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	No direct financial impact
Ansawdd / Gofal Claf: Quality / Patient Care:	No direct quality/patient care impact
Gweithlu: Workforce:	No direct workforce impact
Risg: Risk:	Through identifying and pursuing efficiency opportunities, this enhances the health board's ability to sustain services operationally and financially
Cyfreithiol: Legal:	No direct legal impacts
Enw Da: Reputational:	By demonstrating the willingness to improve service delivery and financial sustainability, this report seeks to enhance the health board's reputation as being prudently and efficiently run
Gyfrinachedd: Privacy:	No direct privacy impacts
Cydraddoldeb: Equality:	No direct equality impacts



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 October 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Procedures
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 Penderfyniad/For Decision

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

Each year, planned reviews are undertaken of the financial procedures operated by Hywel Dda University Health Board (HDdUHB). The procedures, which set out the main financial system controls, are reviewed in terms of:

- Relevance
- Best practice
- Audit recommendations
- System change
- Health Board policy

A proposal for review was presented to the Finance Committee in February 2019.

Cefndir / Background

The following procedure, attached at Appendix 1, has been reviewed and is presented to the Finance Committee for approval:

- FP11 Financial Management System (FMS) – System Access & General Ledger Security Procedure

Asesiad / Assessment

The revised financial procedure covering the FMS system has been reviewed by key personnel within Finance and Counter Fraud.

The procedure has been updated to reflect current arrangements and any changes since it was last reviewed in August 2017. Deletions made are indicated in strikethrough and any additions made are indicated by red font.

The procedure is covered by a specific Financial Procedures Equality Impact Assessment (EqIA) with no negative impact.

Argymhelliad / Recommendation

The Finance Committee is asked to approve the appended revised financial procedure.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.7 Review and approve financial procedure on behalf of the Health Board.
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 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 efficiency and quality of services through collaboration with people, communities and partners

Gwybodaeth Ychwanegol:

Further Information:

Ar sail tystiolaeth: Evidence Base:	Previous procedures, internal audit report recommendations, standing financial instructions
Rhestr Termiau: Glossary of Terms:	Included within the body of the report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	HDdUHB Finance Team HDdUHB Management Team Executive Team Finance Committee NHS Wales Shared Services Partnership (NWSSP)

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:	Not applicable

Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Financial procedures are required to ensure good governance and sound financial control
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	<p>EqIA has been undertaken with no negative impacts on those with protected characteristics</p> <p>Changes to the majority of financial policies and procedures to date have been assessed as having a low relevance to equality duties and have been mainly in relation to systems and responsibilities with no direct or indirect impact on individuals in relation to equality, diversity or human rights.</p> <p>Where policies and procedures have a more direct impact on patients, staff and service users in relation to their protected characteristics, e.g. those addressing the handling of patients monies, etc, more detailed EqIAs have been undertaken and are published alongside the relevant document.</p>

HYWEL DDA LOCAL HEALTH BOARD



GIG
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NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

FP11 ORACLE E BUSINESS SUITE - SYSTEM ACCESS & LEDGER SECURITY PROCEDURE

Procedure Number:		Supersedes:	FP 11/01a FP 11/01b FP11	Classification	Financial
Version No:	Date of EqIA:	Approved by:	Date Approved:	Date made active:	Review Date:
1.1	04/10/19	Finance Committee			3 years

Brief Summary of Document:	This document is one in a series of financial procedures providing clear processes to be followed.
Scope	Health Board wide procedure

To be read in conjunction with:	Standing Orders Standing Financial Instructions Other Financial Procedures Information Security Policy Disciplinary Policy
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Owning group	Finance Team
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HYWEL DDA LOCAL HEALTH BOARD

Reviews and updates		
Version no:	Summary of Amendments:	Date Approved:
1.1	Full review	

Glossary of terms

Term	Definition

Keywords	Oracle
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HYWEL DDA LOCAL HEALTH BOARD

Contents

1. INTRODUCTION.....	4
2. RESPONSIBILITIES SCOPE.....	4
3. AIM.....	5
4. OBJECTIVES.....	5
5. ACCESS TO THE ORACLE E BUSINESS SUITE	5
6. GENERAL LEDGER MAINTENANCE	6
7. GENERAL LEDGER INPUT PROCEDURES	6
7.1 Journal Processing.....	6
7.2 Journal Postings.....	7
8. MONTH END PROCEDURES	7
9. YEAR END PROCEDURES	7
10. GENERAL LEDGER RECONCILIATION	7
11. ORACLE E BUSINESS SUITE BACK UP PROCEDURES.....	7
12. ORACLE E BUSINESS SUITE DISASTER RECOVERY.....	8
13. TRAINING.....	8
14. FURTHER INFORMATION	8
15. APPENDIX A REQUEST TO SET UP/UPDATE USER ON ORACLE FINANCIALS/PROCUREMENT MODULES.....	9
16. APPENDIX B REQUEST TO SET UP ORACLE SELF SERVICE PROCUREMENT (IPROC) USER 13	
17. APPENDIX C FINANCE DEPARTMENT - COST CENTRE/ANALYSIS/OTHER ANALYSIS CODE SET UP/UPDATE REQUEST FORM	15
18. APPENDIX D ALL WALES FMS CONSORTIUM SUBJECTIVE CODE SET UP REQUEST FORM.....	16
19. APPENDIX E POSTING CONTROL SHEET	18

HYWEL DDA LOCAL HEALTH BOARD

1. INTRODUCTION

This procedure details the controls relating to the Health Board's financial accounting and procurement system - **management system** - the Oracle E Business Suite. The purpose of this procedure is to set out controls which manage access to the system and controls for managing the integrity, validity and accuracy of the data held on the system.

2. RESPONSIBILITIES **SCOPE**

The Director of Finance will be responsible for ensuring that proper financial controls and segregation of duties exists for the integrity, validity and accuracy of the data fed into the general ledger and the resulting output.

The Assistant Director of Finance (~~Financial & Management Accounting~~) **for Statutory Reporting** will have delegated responsibility for the system administration function to ensure the integrity of the system is maintained and remains compliant with the Common Operating Model (COM). This includes day to day management of the overall system, maintenance of all standing data sets on the system. ~~with the following exceptions:~~

~~The Assistant Director of Finance (Planning & Governance) will have delegated responsibility for updating and maintaining supplier sites, supplier bank accounts and customer information.~~

~~The Assistant Director of Finance (Financial Planning & Governance) will have delegated responsibility for the day to day operation of the Accounts Payable, Accounts Receivable, and Financial Accounting elements of the General Ledger.~~

~~The Assistant Director of Finance (Service Cost Improvement/Performance) will have delegated responsibility for the day to day operation of the Purchasing, Inventory and Order Management elements of the system~~

It should be noted that managerial responsibility for the Procure to Pay Depts is due to transfer to Shared Services imminently and the current managerial arrangements (~~Procurement Dept managed by Assistant Director of Finance (Service Cost Improvement/Performance) and Creditor Dept managed by the Assistant Director of Finance (Planning & Governance)~~) will cease.

~~The Assistant Director of Finance (Financial & Management Accounting) is responsible for implementing this procedure and for ensuring it is followed.~~

Responsibility for accessing the system applies to all users of Oracle and in accordance with the Information Security Policy. All Oracle user accounts are unique to each user and it is not permitted for an individual to use another person's user id or to log on to allow another individual to gain access to the system. Passwords must be kept confidential and never disclosed to others. Any security breaches will be taken seriously and dealt with in accordance with the Information Security Policy and may also include **criminal and** disciplinary procedures.

~~Where this document specifically refers to System Administration, Financial and Procurement functions, these tasks are to be carried out by those groups of staff.~~

SCOPE

HYWEL DDA LOCAL HEALTH BOARD

This procedure applies to all permanent, temporary or contracted staff employed by the Health Board, and to students and volunteers and third party staff that use and access Hywel Dda Health Board's Oracle E Business Suite.

This includes Shared Services staff who will require access to Hywel Dda's Oracle set of books to enable them to carry out their duties, and this will be provided in accordance with agreed Oracle Consortium governance arrangements.

~~This procedure will be reviewed once the Shared Services Procure to Pay managerial arrangements come into place to take account of any changes which may impact on this procedure.~~

3. AIM

The aim of this procedure is to outline the access and security procedure for the Oracle E Business Suite system within the Health Board.

4. OBJECTIVES

The objective of this procedure is to set out controls which manage access to the system and controls for managing the integrity, validity and accuracy of the data held on the system.

5. ACCESS TO THE ORACLE E BUSINESS SUITE

There will be nominated System Administrators who will be responsible for adding new users and their relevant responsibilities to the system and updating these records for authorised changes and end dating old users (users who have left, no longer use the system etc).

Levels of access to the financial and procurement (excluding iProcurement) elements of the system for each user will be determined and authorised by the user's line manager/Head of Dept, using the form in **Appendix A**.

Access to the iProcurement (iProc) element of the system for ordering goods and services will be determined and authorised by the manager with responsibility for the relevant cost centre(s), using the form in **Appendix B**.

Oracle user names are unique to each user and access to the system is protected by password control. The system prompts users to reset their password every ~~30~~ 60 days. Users only have 3 attempts to login before being "locked" out of the system. Users must contact the ~~System Administration Dept~~ Shared Services Helpdesk Department (contact details noted in section 14) to unlock ~~reset~~ their user account, users can then reset their own passwords using the "forgotten password" link on the system, which uses end users e mail addresses to provide temporary passwords. The "forgotten password" process relies on end users having a valid e mail account; in instances where an end user does not have an e mail address, or uses a generic e mail address eg for a ward; the System Administrator will reset their password for them. **password**.

~~Once a temporary password is provided or the System Administrator resets a password, the end user is prompted to set and save a password of their own.~~

HYWEL DDA LOCAL HEALTH BOARD

The System Administrators will under no circumstances use the system administration function to access databases of other Consortium members. Abuse of this may lead to disciplinary action.

6. GENERAL LEDGER MAINTENANCE

The Chart of Accounts structure consists of five elements:

- Entity (3 characters)
- Cost Centre (4 characters)
- Subjective (5 characters)
- Analysis (4 characters)
- Other Analysis (6 characters)

All these elements when linked together form a valid financial code. There are coding validation rules in place to ensure only allowable code combinations are used. The system does not allow invalid codes to be posted to the general ledger, and it is the responsibility of the user to correct any invalid coding errors to allow posting to take place.

All requests for new/amendments to cost centres, analysis and other analysis codes are to be made using the form attached in **Appendix C**. ~~The approver must be an appropriate senior finance officer.~~ It is only the System Administrators who have responsibility for creating/amending these data sets. The System Administration Dept will be responsible for maintaining records of all changes made to these data sets.

Requests for new/amendments to subjective codes will be made using the form attached in **Appendix D**. The approver must be an appropriate senior finance officer. Completed forms are to be forwarded to the Systems Administration Dept who will forward them to the Oracle Central Team for action. The Central Team require the approval of all members of the Oracle Consortium prior to creating/amending any subjective code requests.

7. GENERAL LEDGER INPUT PROCEDURES

7.1 Journal Processing

~~Journals may be entered onto Oracle follows:~~

- ~~Manual journal entry direct to an Oracle form~~
- ~~Application Desktop Integrator (ADI) via excel spreadsheet templates~~
- ~~Imported for automated feeds~~

Journals may be entered onto Oracle by manual journal entry direct to an Oracle form, Application Desktop Integrator (ADI) via excel spreadsheet templates or imported for automated feeds.

~~Controls for managing the import and uploading of feeds into the general ledger for posting will be the responsibility of the Assistant Director of Finance (Planning & Governance).~~

Appropriate control records ~~will be maintained by the Financial Accounting Dept~~ **for managing the import and uploading of feeds into the general ledger will be maintained by the System Administrators** to provide a clear audit trail of these processes, **an example**

- format of this record is noted in Appendix E.** The feeder systems are as follows:
- ~~Accounts Receivable~~
-
-

HYWEL DDA LOCAL HEALTH BOARD

- Accounts Payable
- Inventory
- Order Management
- WHS
- Pharmacy
- Payroll
- Travel

7.2 Journal Postings

The Systems Administration Dept post all balance type “Actuals” to the general ledger, including the feeders noted **referred to** above. ~~The Systems Administration Dept will be responsible for maintaining a record of all postings, an example of the format of this record is noted in **Appendix E** and they will also retain a record of the posting output form in electronic format~~ **Other finance staff may have posting functionality and this is agreed by Finance Managers and controlled via system access controls.**

Each quarter the System Administration Dept will extract a list of all manual and ADI “Actuals” journals posted in the period and select a number at random for retrospective approval by the originator’s line manager.

8. MONTH END PROCEDURES

A timetable will be produced for every period which will identify all monthly processing and reporting deadlines for financial and management accounting, to meet internal and external Corporate requirements. The timetable will specify lead responsible officers for every identified task and deadlines for their completion.

9. YEAR END PROCEDURES

The yearend procedure will operate in the same way as the month end procedure noted in point 8 above and will be supported by a separate timetable which will detail any other additional requirements and deadlines for annual accounting purposes.

10. GENERAL LEDGER RECONCILIATION

The Assistant Director Finance (~~Planning & Governance~~) **for Statutory Reporting** will be responsible for ensuring adequate and timely control account reconciliation processes are in place ~~by the Financial Accounting Dept~~, to provide assurance that the integrity of the ledger is maintained.

11. ORACLE E BUSINESS SUITE BACK UP PROCEDURES

As part of the managed service provision for the Oracle Consortium, ~~Patech~~ **the managed service provider** performs regular backups of the NHS Wales Oracle E Business Suite environments, databases and associated software.

Backups are performed to an LT03 multi cartridge backup device supplied by Patech and is located in the Cardiff and Vale (CVT) LHB Data Centre.

The tapes are swapped on a weekly basis by the CVT operatives and collected by the Oracle Central Team on a weekly basis for offsite retention.

HYWEL DDA LOCAL HEALTH BOARD

12. ORACLE E BUSINESS SUITE DISASTER RECOVERY

Disaster recovery is the process of recovering the live Oracle system and all information held within the system should something go seriously wrong.

Disaster recovery is included in the Patech managed service provision, which states the recovery of Oracle should be tested on an annual basis.

This means that should something go wrong the system can be reinstated with data that will be accurate to within 24 hours of the collapse with no more than one day down time.

Each finance and procurement dept. at the Health Board is responsible for the creation of local plans to manage any system down time.

13. TRAINING

~~The Assistant Directors of Finance (as specified in sections 2,3,6,and 9)~~ **The Systems Team is** responsible for ensuring staff in finance have detailed desk top instructions which support deployment of this procedure and that they are appropriately trained to use the system. ~~The Assistant Director of Finance (Financial & Management) is responsible for ensuring staff that use the system to purchase goods and services (iProcurement) are appropriately trained to use it.~~ **NWSSP E-enablement team deliver training for iProcurement users on behalf of the Health Board.**

IMPLEMENTATION

~~This procedure will be implemented by staff within the relevant finance and procurement depts. who will have detailed desk top instructions which support the deployment of this procedure in an appropriate manner which ensures proper controls and segregation of duties exists for the integrity, validity and accuracy of the data in the financial accounting and procurement system and for system access.~~

14. FURTHER INFORMATION

The Health Board's System Administration Department is based in ~~Ty Cadell, Finance Dept, Glangwili Hospital,~~ **Ty Gorwel, St. David's Park**, Carmarthen. The main contact telephone number for the Dept is 01267 248624/WHTN 01827 8624 **and the helpdesk e mail at:** Finance.SystemsTeam.HDD@wales.nhs.uk

The System Administration Department provides Oracle Helpdesk support on the ~~above telephone number for password resets,~~ system administration **set up** queries and technical problems in using Oracle. ~~Operational matters relating to purchases, contracts, receipting goods are the responsibility of the Procurement Dept, the main contact telephone numbers for this are:~~ Glangwili Hospital 01267 227977; Prince Philip Hospital 01554 783283; Withybush Hospital 01437 773763; Bronglais Hospital (contracts) 01970 635837.

Shared Services provide iprocurement support and queries, training requests and invoice queries. The main contact telephone number is 02920 904131/01796 4131 and by e mail on: NWSSP.ProcurementServiceDesk@wales.nhs.uk

HYWEL DDA LOCAL HEALTH BOARD

There is also an intranet page: <http://howis.wales.nhs.uk/sitesplus/862/page/43499> where all user set up forms, contact information and other helpful information is noted.

HYWEL DDA LOCAL HEALTH BOARD

15. APPENDIX A REQUEST TO SET UP/UPDATE USER ON ORACLE FINANCIALS/PROCUREMENT MODULES

Date	
Oracle User Name (for existing user)	
User's Full Name	
Full work telephone number	
Work e mail address	
Name(s) _____ of responsibility to be added (full list in Appendix A)	
Name(s) _____ of responsibility to be removed (full list in Appendix A)	
Request approved by	

Notes

1. ~~Users are set up on Oracle in accordance with the Information Security Policy. Oracle user accounts are unique to each user and it is not permitted for an individual to use another person's user id or to log on to allow another individual to gain access to the system and passwords must be kept confidential and never disclosed to others~~
2. ~~Access to financial and procurement responsibilities should be appropriate to end users roles and responsibilities. If you are unclear on what responsibility to provide a user please contact the Oracle Systems Team for advice, as follows:
E mail: adel.mcmahon@wales.nhs.uk
Telephone: 01267 248624/extension 8624~~
3. ~~Full list of finance and procurement responsibilities attached in Appendix A for information~~
4. ~~Line manager to forward completed request form to adel.mcmahon@wales.nhs.uk in the Oracle Systems Team, Ty Cadell, Glangwili Hospital, Carmarthen~~

**HYWEL DDA UHB – FINANCE DEPT
ORACLE FINANCIAL SYSTEM AND FINANCE SHARED DRIVE USER FORM**

HYWEL DDA LOCAL HEALTH BOARD

Details of User

Full Name:	
Job Title:	
Nadex (Cymru) No:	
Work Tel No:	
Work E mail:	
Date:	

Details of Oracle Responsibilities Required: Please ensure you maintain segregation of duties when selecting responsibilities for members of staff. Contact System Administrator for further details if required.

RESPONSIBILITY NAME	NEW USER/LEAVER/AMENDMENT TO EXISTING (N to add / R to remove / A to amend)
HDT AP Enquiry	
HDT AP Manager	
HDT AP Payments	
HDT AP Superuser	
HDT AR Cashiers	
HDT AR Enquiry	
HDT AR Invoices	
HDT AR Manager	
HDT AR Superuser	
HDT Collections Administrator	
HDT Collections Agent	
HDT Collections Manager	
HDT CRM Resource Manager	
HDT Funds Disbursement Process Manager	
HDT GL ENQUIRY (AUDIT)	
HDT GL Enquiry (inc Payroll)	
HDT GL Financial Accounting Manager	
HDT GL Financials User	
HDT GL Management Accounts	
HDT GL Superuser	
HDT INV Superuser	
HDT Inventory Manager	
HDT iProc	
HDT iPROC VIEW ONLY	
HDT OM Manager	
HDT OM Superuser	
HDT PO Buyer	
HDT PO Enquiry	
HDT PO NWSSP E Enablement	

HYWEL DDA LOCAL HEALTH BOARD

HDT PO NWSSP Service Desk	
HDT PO Superuser	
HDT Purchasing Manager	
HDT Receiver	
HDT Report Manager Super user	
HDT Report Manager User	
HDT Stock Manager	
HDT Stores Clerk	
HDT Tax Managers	
HDT Web ADI Superuser	
Qlikview	

Details of Finance Shared Drive Folders required – please allow up to 5 days for IT dept to complete set up

FOLDER DESCRIPTION	FOLDER IT NAME	ACCESS Y OR N
DOF (Protected)	hdd_findof	
ADF (Protected)	hdd_finadf	
DOF PA	hdd_findofpa	
Financial Accounting	hdd_finacc	
Management Accounting	hdd_finmgtacc	
Continuing Care_FNC_IPC (Protected)	hdd_finccfncipc	
Service Modernisation	hdd_finsrvmod	
Financial Planning & Governance	hdd_finplan	
Patient Services Contracting & Performance (Protected)	hdd_finpatientserv	
Service & Cost Improvement	hdd_finsrvimp	
General	hdd_finance	
WAG	hdd_finwag	
Senior Finance Team (Protected)	hdd_sft	
Counter Fraud (Protected)	hdd_fincountfrd	
Joint Management Accs & Planning	hdd_jointmgtaccs&finplan	
Joint Management Accounting & Fin Accounting	hdd_jointmgtacc&finacc	
Procurement	hdd_Procurement	
WAO 1213 Audit	hdd_wao	
Corporate Reporting	Hdd_fincorrep	
Shared Services - Accounts Payable	hdd_nwsspap	
Shared Services - Accounts Payable	hdd_rr6_fin-toact	
Shared Services - Accounts Payable	hdd_rr6_fin-ooH	

Approval

Manager Name:	
Manager Signature:	
Date:	

HYWEL DDA LOCAL HEALTH BOARD

To be completed by System Administrator

User Name:	
User informed of id/ password on date:	
Nadex (Cymru) No:	
System Administrator confirms segregation of duties is in place for Oracle:	
Actioned by (System Administrator Name:	
Date:	

**PLEASE FORWARD COMPLETED FORMS BY E MAIL TO:
Finance.SystemsTeam.HDD@wales.nhs.uk**

APPENDIX B LIST OF ORACLE E BUSINESS SUITE RESPONSIBILITIES

Responsibility Name
HDT AP Enquiry
HDT AP Invoices
HDT AP Payments
HDT AP Manager
HDT AP Superuser
HDT AP Supplier Set Up
HDT AR Cashiers
HDT AR Enquiry
HDT AR Invoices
HDT AR Manager
HDT AR Superuser
HDT GL Enquiry (inc Payroll)
HDT GL Financials User
HDT GL Management Accounts
HDT GL Financial Accounting Manager
HDT GL Superuser
HDT Inventory Manager
HDT INV Superuser
HDT iProc
HDT iProc Catalog Admin
HDT OM Manager
HDT OM Superuser
HDT PO Buyer

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HDT PO Enquiry
HDT Purchasing Setups
HDT Purchasing Superuser
HDT Purchasing Manager
HDT Receiver
HDT Stock Manager
HDT Stores Clerk
HDT XML Gateway
HDT_Discoverer_Report_Reader
HDT_Discoverer_Report_Writer

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16. APPENDIX B REQUEST TO SET UP ORACLE SELF SERVICE PROCUREMENT (IPROC) USER

Date	
User's Full Name (as detailed on user's payslip)	
Job Title	
Dept	
Work Base	
Full work telephone number	
Work e mail address	
Transfer Point number	
Cost Centre	
Level of Access Required	Requisitioner/Approver (please specify)
Authorised by (This request should be approved by an officer with responsibility for the cost centre specified above)	

Notes

- Users are set up on Oracle in accordance with the Information Security Policy. Oracle user accounts are unique to each user and it is not permitted for an individual to use another person's user id or to log on to allow another individual to gain access to the system and passwords must be kept confidential and never disclosed **or allowed to be used by** others
- ~~For advice/guidance on completing this form please contact the Oracle Systems Team as follows:~~
E mail: adel.mcmahon@wales.nhs.uk
Telephone: 01267 248624/WHTN 01827 8624
The form should be emailed by the Authorising line manager to Finance.SystemsTeam.HDD@wales.nhs.uk
- ~~Line manager to forward completed request form to adel.mcmahon@wales.nhs.uk in the Oracle Systems Team, Ty Cadell, Glangwili Hospital, Carmarthen~~

To be completed by the System Administrator

Oracle User Name	
------------------	--

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Hierarchy Position Name	
Date user received iProc training	
Set up actioned by (name of System Administrator)	
Date completed	

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17. APPENDIX C FINANCE DEPARTMENT - COST CENTRE/ANALYSIS/OTHER ANALYSIS CODE SET UP/UPDATE REQUEST FORM

Complete Section A for a new code request

Complete Section B for an existing code update

Section A - New Code Request	To be completed by requester
Name of requisitioner	
Date	
Code Type	Cost centre/Analysis/Other Analysis
Code Description	
Parent Code	
Name of budget holder/Manager	
Request approved by	
Section B – Existing Code Update Request	To be completed by requester
Name of requisitioner	
Date	
Code Type	
Update From/To details (provide full details of changes required)	
Change required to Parent Code? If yes, provide full details of changes	
Provide details of any code(s) to be end dated	
Provide date of final code closure	
Name of budget holder/Manager	
Request approved by	
Section C	To be completed by Systems Admin Team
Date	
Oracle Record Updated	
For code closures, all data sets checked and updated where required	
Reports Database Administrator Notified	
HR Informed re ESR	
Actioning Officer	

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PARENT /COST CENTRE /ANALYSIS /OTHER ANALYSIS CODE SET UP/ AMENDMENT & END DATE REQUEST FORM

Section A - New Code Request	All parts of Section A to be completed for new code request
Code Type	Cost centre/Analysis/Other Analysis /Parent (please specify)
Code Description	
Provide details of the immediate parent code & parent code description	
Provide details of purchasing hierarchy approvers: Level 1 budget holder Level 2 budget holder Level 3 budget holder Level 4 budget holder Level 5 budget holder	
Provide details of who should Qlikview report access	
Will the code generate pay costs – Y/N (please specify)	
Who will be the: Level 3 (executive) Budget Holder Level 4 Budget Holder Level 5 Budget Holder	
Who will be the Finance Business Partner (Band 8a)	

HYWEL DDA UNIVERSITY HEALTH BOARD

18. APPENDIX D ALL WALES FMS CONSORTIUM SUBJECTIVE CODE SET UP REQUEST FORM



Last updated: 05/02/10

Version: 1.2

Section A	To be completed by Organisation
Organisation	
Name of requisitioner	
Date	
Code required	
Description	
Parent?	Yes/No
If Yes, which children to be attached?	
Includes	Parent Values Only/Child Values Only
Qualifiers	
• Allow budgeting	Yes/No
• Allow posting	Yes/No
• Account type	Asset/Expense/Liability/Ownership/Stock hold/Revenue
Level of code requested	
Parent code	

Section B	To be completed by Central Control Body
Date	
Search carried out by	
Found	Yes/No

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Subjective/category set up	Yes/No
Requestor informed	Yes/No
Other comments	

Subjective Code Request Form

SECTION A	TO BE COMPLETED BY ORGANISATION
Organisation	
Name of Requestor	
Date	
Code required	
Description	
Parent?	Yes/No
If Yes, which children to be attached?	
Includes	Parent Values/Child Values Only
Qualifiers Allow budgeting Allow posting Account type	Yes/No Yes/No Asset/Expense/Liability/Ownership/Revenue
Parent Code	
Level of code requested	Child/Parent
SECTION B	TO BE COMPLETED BY THE CENTRAL TEAM
Date	
Search carried out by	
Found	Yes/No
Subjective/category setup	Yes/No
Requestor informed	Yes/No
Service Point call number	

HYWEL DDA UNIVERSITY HEALTH BOARD

Other comments	
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October 2019

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Public Spending Trends in Wales 1999-00 to 2017-18



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU



This report has been prepared for presentation to the National Assembly under the Government of Wales Act 2006

The Wales Audit Office study team comprised Mark Jeffs, Christine Nash, Mark Stuart-Hamilton, under the direction of Matthew Mortlock.

Adrian Crompton
Auditor General for Wales
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The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Contents

1	Summary report	4
	Auditor General's foreword	4
	Background and summary	6
2	Spending analysis 1999-00 to 2017-18	11
	Total identifiable expenditure	11
	Mostly devolved areas	12
	Health	12
	Education	14
	Economic Affairs: Transport	16
	Economic Affairs: Enterprise and Economic Development	17
	Economic Affairs: Agriculture, Fisheries and Forestry	18
	Housing and Community Amenities	19
	Environment Protection	20
	Recreation, Culture and Religion	21
	General Public Services	22
	Mostly non-devolved areas	24
	Social Protection (including social care)	24
	Public Order and Safety	28
	Economic Affairs: Employment Policies	29
	Economic Affairs: Science and Technology	30
3	Appendices	
	Appendix 1 – Country and Regional Public Finances dataset	31

Summary report

Auditor General's foreword

- 1 In July 2019, devolved government in Wales celebrated its 20th birthday. As well as 20 years of devolved policy making, we have had 20 years where key decisions on aspects of Wales' public finances have been made in Wales rather than Westminster. For much of that period, the decisions made in Wales have mostly been about how to spend the money passed on from the UK government. But with new tax raising powers, that is no longer the case. Wales now holds more of its fiscal destiny in its own hands. Crucially, the performance of the Welsh economy and its ability to generate tax income has more real and immediate consequences for Welsh public services.
- 2 This 20-year anniversary is a good moment to reflect on what has happened to public spending in Wales. One of the promises of devolution was for Wales to do things differently and to do different things from other parts of the UK. Therefore, we should not be surprised to see different priorities, policies and approaches to public services being reflected in different trends in spending in Wales compared to other parts of the UK.
- 3 Decisions on spending priorities in Wales are ultimately a matter for government¹. I hope the longer-term analysis of public spending in Wales presented in our data tool and this commentary will help to put those budget decisions into a wider context. It also complements the recent detailed report on Welsh taxes and public expenditure by the Wales Governance Centre².
- 4 The analysis sheds light on how the public funds spent in Wales have been deployed and the relative levels of spending on broad policy areas. There are some striking findings for public services, policy makers and politicians to consider as they scrutinise the current budget round and for the longer term.

1 All public bodies make decisions on priorities. However, this commentary focuses on high level spending categories such as 'health' and 'transport'. For bodies other than the UK Government, devolved administrations and local government, priority setting would largely be within rather than between such categories. For example, NHS bodies generally prioritise within 'health', rather than deciding between health and other areas of spending.

2 [Wales Governance Centre, **Government Expenditure and Revenue in Wales, August 2019**](#)

- 5 Over the two decades of devolution the relative levels of public spending per head in the four nations of the UK have remained consistent – Wales has consistently seen a higher level of per capita spending than England but lower levels than Scotland and Northern Ireland. But if one looks at individual policy areas, some interesting, and perhaps unexpected, variations can be seen in the pattern and relative levels of funding. In health, for example, until very recently spending per head in Wales had been converging to the lower level seen in England, despite the higher levels of need and overall public funding in Wales. A similar pattern can be observed in education where the consistently higher per capita spending in Wales relative to England seen in the early years of devolution is now far less clear cut. There are also some key differences in areas like culture and recreation, agriculture and economic development where spending in Wales has been significantly higher than in England.
- 6 In Wales, decision-making in the public sector is seen through the lens of the Well-being of Future Generations (Wales) Act 2015, which requires public bodies to think and act in ways that take account of the longer term. I hope that by shedding some light on the past, this analysis informs decision making for the future and so will assist those charged with taking forward the next 20 years of devolved government and public spending in Wales.



Adrian Crompton
Auditor General for
Wales

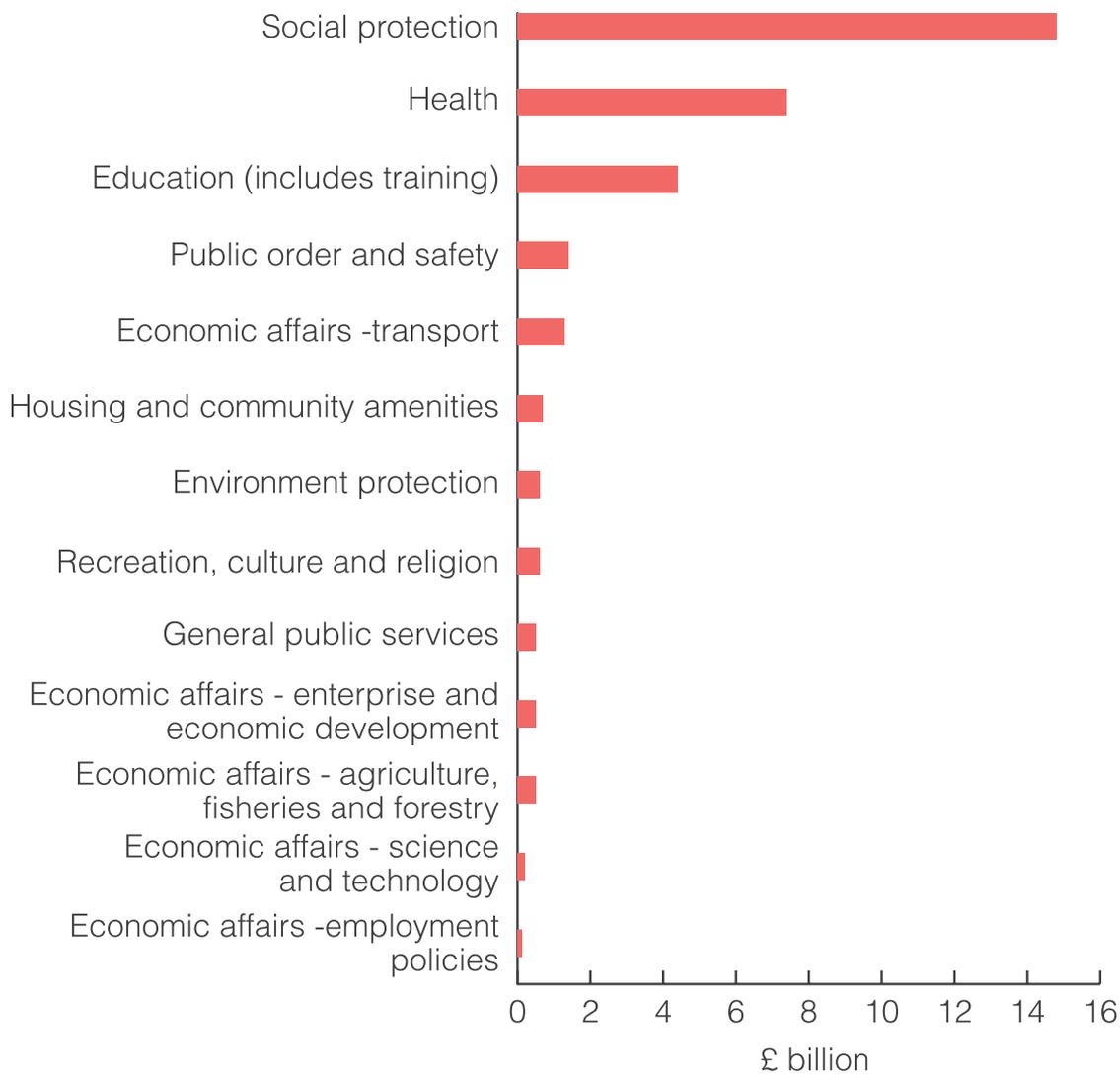
Background and summary

- 7 Over half of the public money spent in Wales comes from the budgets of the Welsh Government or local government³. But a significant proportion is spent directly by the UK government on non-devolved areas, like social security benefits, justice, policing and defence. Our 2018 Guide to Public Finances⁴ sets out the key areas of devolved policy and how public spending works in Wales. Counting exactly how much is spent on public services in Wales and by whom is complicated and there are different approaches. [Appendix 1](#) sets out some important information about the data we used for our data tool and this commentary that should be borne in mind when interpreting the data.
- 8 Our analysis shows that the story of public spending in Wales since 1999-00 is a tale of two halves. The period between 1999-00 and 2009-10 saw spending grow on average at almost 4% a year in real terms. The public sector austerity that followed saw spending gradually fall in real terms. If the pattern of the first 10 years of real-terms increases had continued, public spending per head would have been around 40% higher in 2017-18 than was the case.
- 9 [Figure 1](#) shows how the £32.5 billion of ‘identifiable expenditure’ in Wales in 2017-18 breaks down by the various spending categories.

3 The exact proportion depends on which definition of public expenditure is used.

4 [Auditor General for Wales, **Guide to Welsh Public Finances**, July 2018](#)

Figure 1: Identifiable expenditure in Wales by spending category, 2017-18



Note: **Identifiable expenditure** includes expenditure on services that can be identified as having been for the benefit of individuals or enterprises for a particular region. **Non-identifiable expenditure** is that which cannot be allocated to a particular region as it is incurred to benefit the UK as a whole, such as military defence spending. Nonetheless, the ONS allocates a notional proportion of non-identifiable expenditure to each country and region. In 2017-18, total non-identifiable expenditure allocated to Wales was £8.3 billion. Identifiable and non-identifiable expenditure together make up what the ONS calls Total Managed Expenditure, which in 2017-18 amounted to £40.8 billion.

Source: ONS Country and Regional Public Finances 2017-18

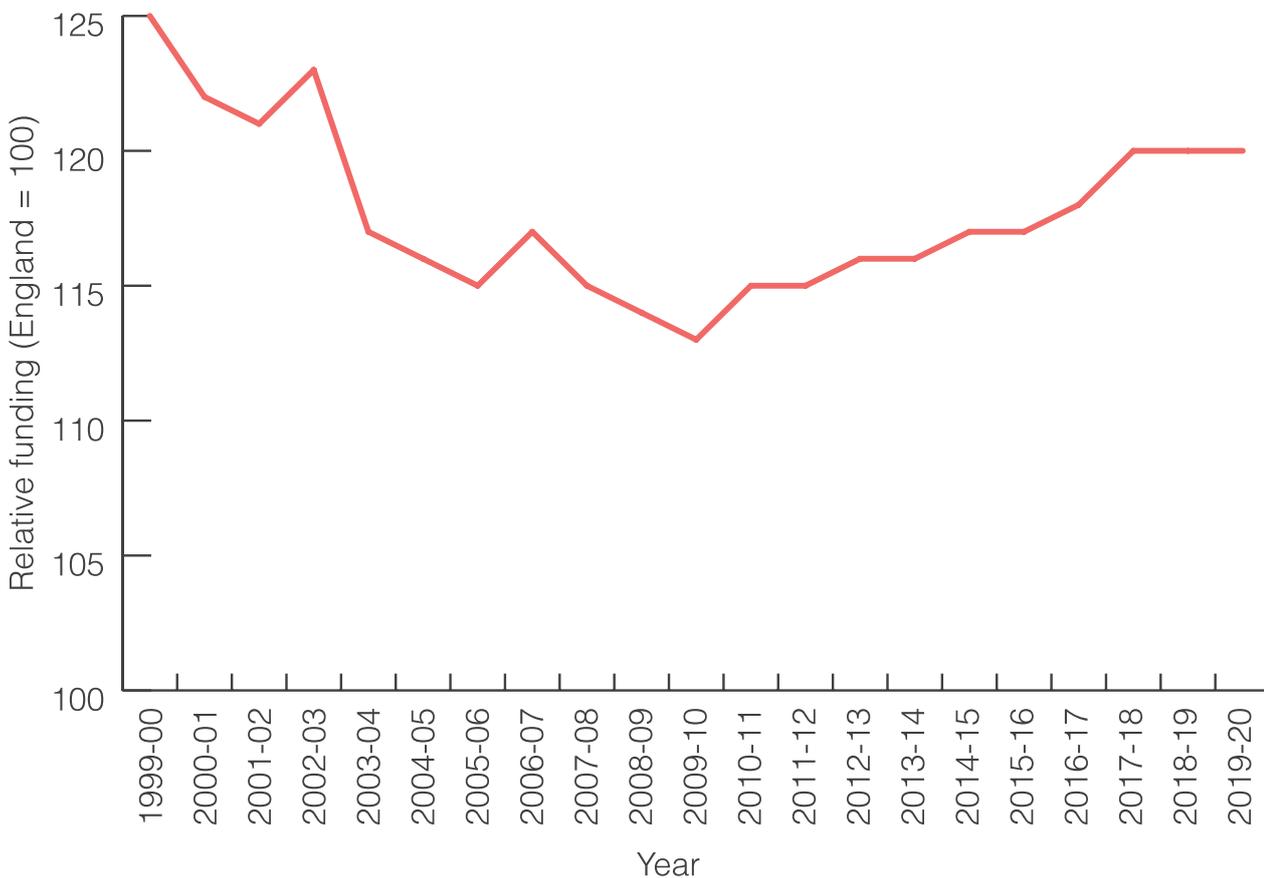
- 10 Looking at how Wales compares to the rest of the UK, there has been a consistent pattern whereby total identifiable expenditure per head in Wales is higher than England but lower than Scotland and Northern Ireland. This overall difference is important context in understanding why in many service areas spending per head is higher in Scotland and Northern Ireland. However, some differences will also reflect different priorities and policies in the four nations.
- 11 **Figure 2** sets out some of the key issues from our analysis in terms of how this overall pattern on expenditure has translated into specific services and how those trends compare across the UK. This longer-term analysis shows how relatively minor differences in annual spending changes between different parts of the UK lead to significant changes over time. In some cases historic gaps have closed and in others they have grown.

Figure 2: Key issues from our spending analysis

	<p>While for most of the period covered spending on health has risen, the pace of growth in Wales has at times lagged the rest of the UK and spending per head fell below the UK average (but remained slightly higher than England) in 2013-14. Since 2015-16, Wales has increased spending per head more sharply than the other parts of the UK.</p> <p>The Welsh Government prefers to present figures on health and social care together. We provide further detail on social care spending, over the period 2013-14 to 2017-18 in paragraph 31</p>
	<p>Over the period of devolution, spending per head on education has broadly matched that of England. For the first decade it was slightly ahead. During the period of austerity, spending started to converge with England and fell below the UK average in 2010-11 and 2014-15 but was slightly higher in 2017-18.</p>
	<p>Spending on economic development has consistently been much higher than in England, and for the early years of devolution was higher than anywhere else in the UK. While it remains significantly higher than in England it is now below the levels in Scotland and Northern Ireland.</p>
	<p>Spending on culture and recreation grew faster than most other parts of the UK until 2007-08. Over much of that period Wales vied with Northern Ireland for the highest spending per head of population. While expenditure has been below Scotland and Northern Ireland for the period since 2009-10, it remained significantly higher in Wales than in England.</p>

- 12 It is important to emphasise that the figures on identifiable public spending in Wales are different from figures setting out the funding the Welsh Government receives through the block grant from the UK government. In 2017-18, for every £1 spent in England, the Welsh Government got £1.20 for equivalent devolved services through the block grant (Figure 3)⁵. The ONS dataset shows that in the same year, there was £1.15 identifiable expenditure in Wales per head for each £1 spent in England.
- 13 The Wales Governance Centre’s recent report suggests that the difference between the £1.15 figure for total identifiable expenditure and £1.20 funding for devolved services is largely explained by lower UK government expenditure in Wales on non-devolved functions.

Figure 3: Funding per head for devolved services relative to England, 1999-00 to 2019-20



Source: The agreement between the Welsh Government and the UK government on the Welsh Government’s fiscal framework (generally known as The Fiscal Framework)

5 Our Guide to Welsh Public Finances sets out in more detail how the block grant and the Barnett formula which determines the level of funding for devolved public services works. The National Audit Office has also produced a report on the funding of the UK devolved administrations: [National Audit Office, Investigation into Devolved Funding, March 2019.](#)

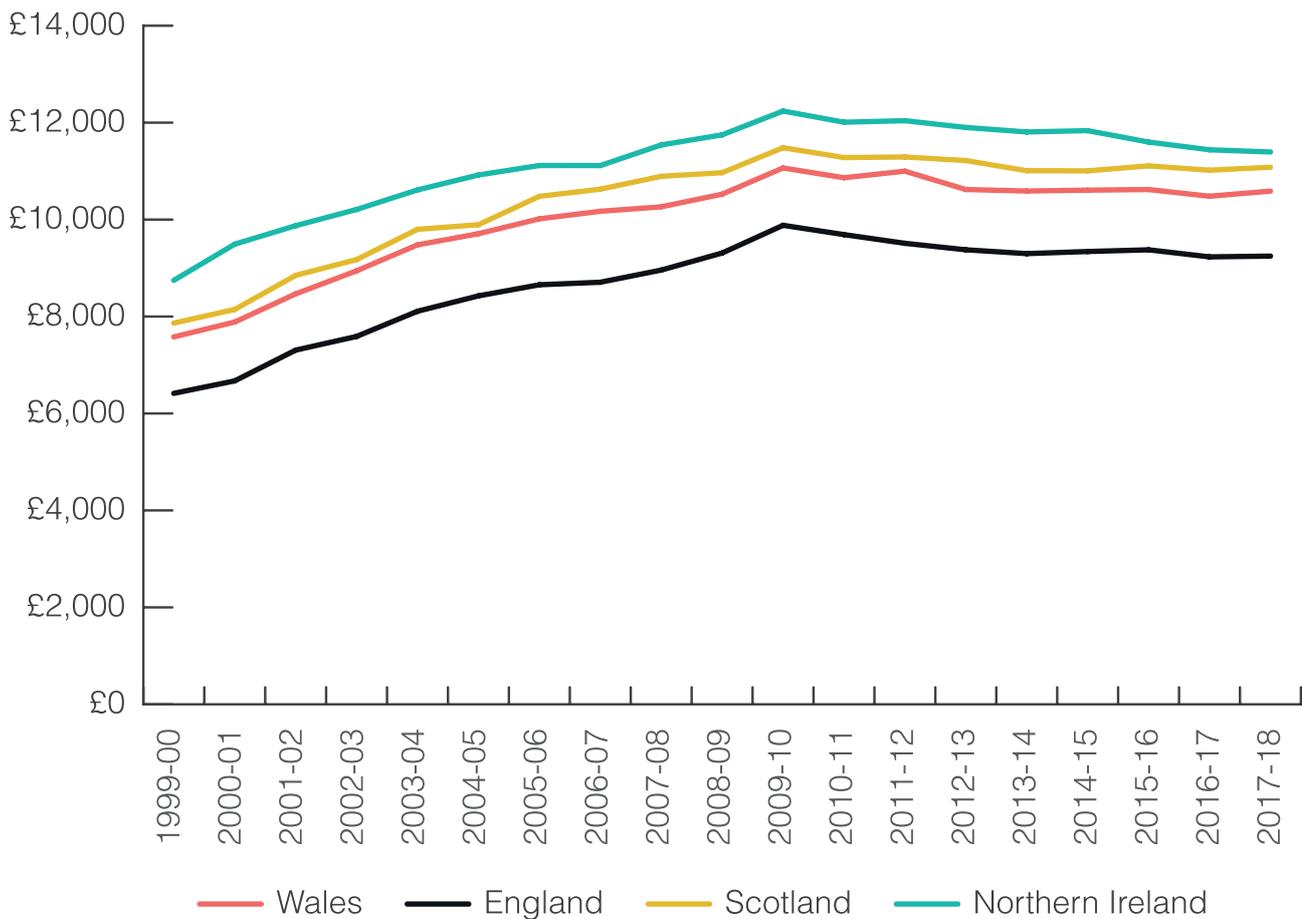
- 14 The Welsh Government is responsible for prioritising how it spends the money it receives through the Barnett formula and other sources. There is no obligation on it to match spending in England, even though that is the basis for the Barnett formula. For example, although Wales gets £1.20 per head for every £1 for equivalent services in England there is no requirement that the Welsh Government will spend £1.20 per £1 on each devolved policy area. Our analysis shows that there is significant divergence between Wales and England. Spending on some devolved areas in Wales, notably health and education, has consistently been below the overall level of funding per head for devolved services in Wales relative to equivalent spending in England. Other areas, including economic development and culture and recreation have been consistently and significantly above.

Spending analysis 1999-00 to 2017-18

Total identifiable expenditure

15 Spending on public services in Wales has risen significantly since 1999-00. However, all of the growth happened in the first decade. Between 1999-00 and 2009-10 spending per head of population rose from £7,580 to £11,065 (Figure 4). That equates to an average rise of almost 4% a year. Since 2009-10, the period of austerity has seen spending per head fall to £10,587 in 2017-18. Had it risen in line with the previous 10 years, public spending in Wales would have been around 40% higher, at £15,000 per head in 2017-18. Since 1999-00, the pattern, where Northern Ireland has the highest amount of spending, followed by Scotland, Wales and then England, has continued.

Figure 4: Total identifiable spending per head between 1999-00 and 2017-18 in real terms (2018-19 prices)



[View in Wales Audit Office data tool here](#)

Mostly devolved areas

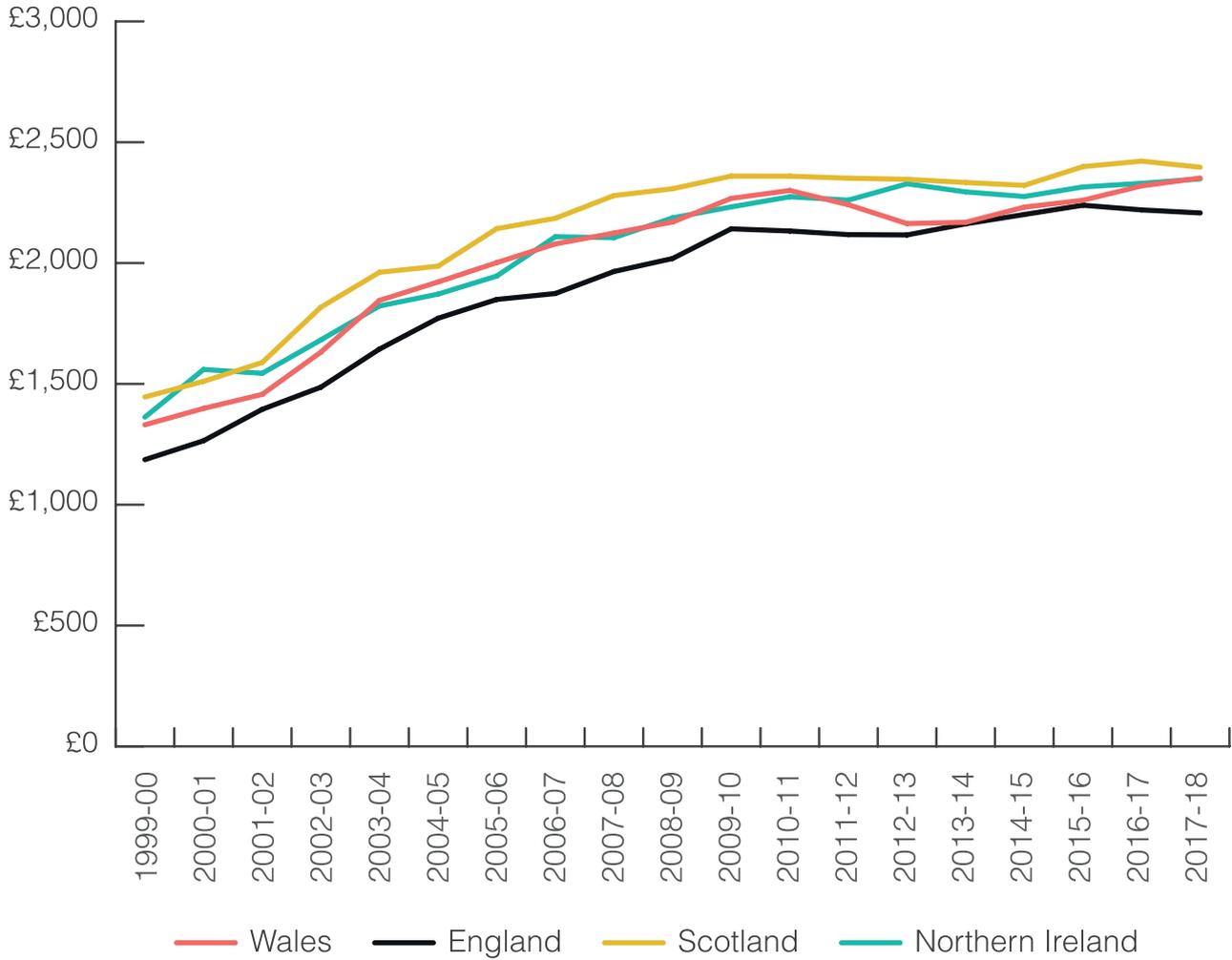
Health

- 16 Before the period of austerity, spending in Wales on health increased significantly from £1,331 in 1999-00 to £2,300 in 2010-11 ([Figure 5](#)). However, between 2010-11 and 2012-13 spending per head on health in Wales diverged from the other devolved nations and converged with that in England. Spending per head in Wales decreased to £2,163 by 2012-13, equivalent to a decrease of almost 3% on average per year between 2010-11 and 2012-13. In comparison, spending per head in Scotland largely remained static over the same period. More recently, spending per head in Wales has steadily increased to £2,352 in 2017-18, bringing Wales back in line with Scotland and Northern Ireland.
- 17 There are concerns that the NHS is taking up an increasing proportion of the Welsh Government's budget. Nonetheless, our analysis suggests that health spending is relatively low given Wales' higher levels of need and funding compared to England. Various commentators have estimated that Wales' health needs are higher than those in England^{6 7}. At no point in the period of devolution has spending on health relative to England matched the levels of relative need.

6 The Holtham Commission suggested that Wales' overall needs were 115% of those in England, based in part on the higher health needs in Wales. [Independent Commission on Funding & Finance for Wales \(Holtham Commission\), **Final Report - Fairness and accountability: a new funding settlement for Wales**, July 2010](#)

7 In 2012, the National Audit Office conducted some exploratory analysis in its report [Healthcare across the UK: A comparison of the NHS in England, Scotland, Wales and Northern Ireland](#), June 2012. Using this analysis we estimate Wales' health needs may have been around 118% of those in England at that time, based on the difference between the average need figures estimated for England and Wales, although the NAO notes that the analysis in the report was limited by a lack of comparable data, in particular on the breakdown of healthcare spending in each area and on aspects of the quality of care. Alongside its main report, the NAO published details of the methodology it applied. [National Audit Office, **Healthcare across the UK: A comparison of the NHS in England, Scotland, Wales and Northern Ireland**, June 2012.](#)

Figure 5: Spending per head on health between 1999-00 and 2017-18 in real terms (2018-19 prices)

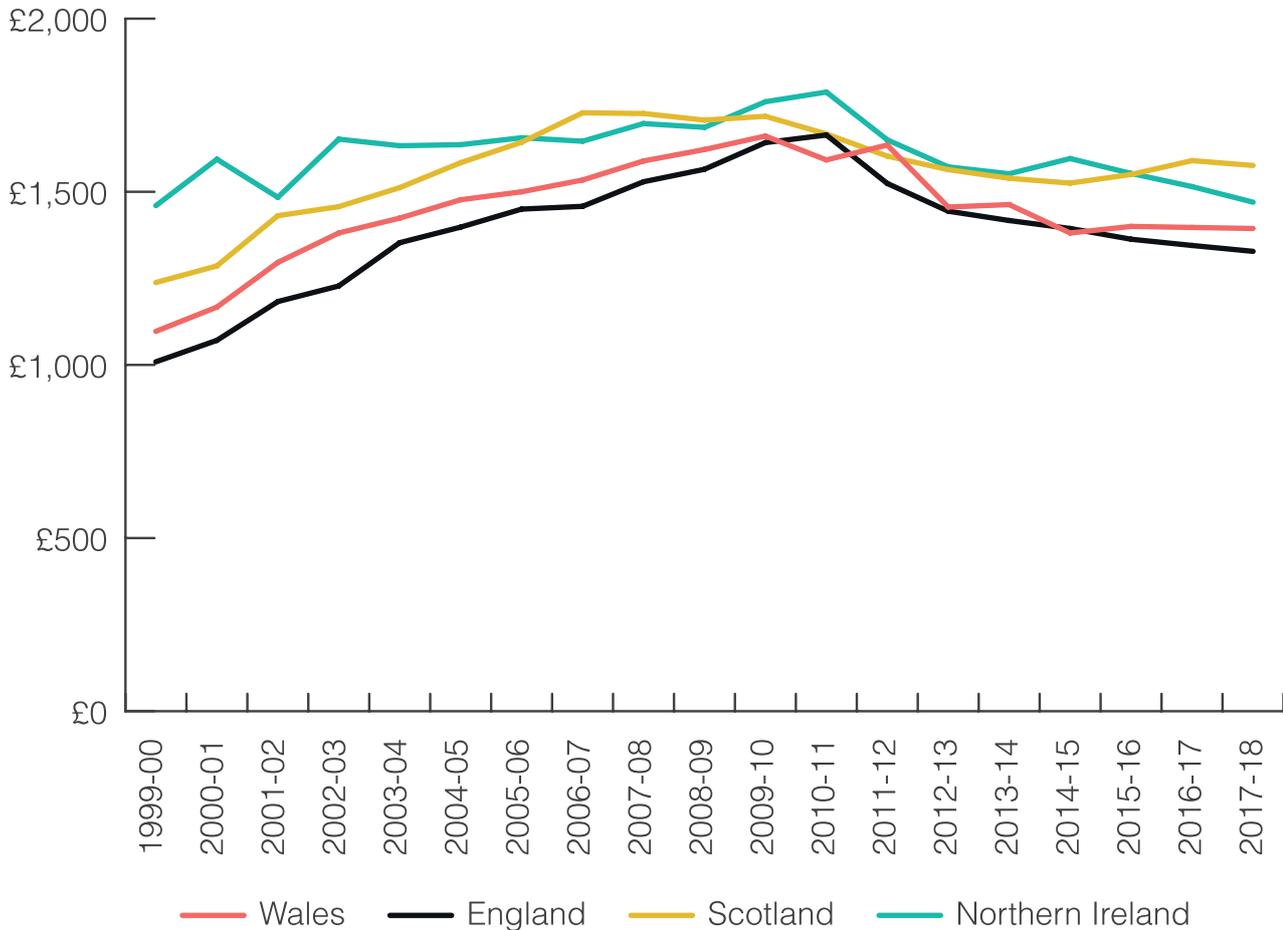


[View in Wales Audit Office data tool here](#)

Education

18 Our analysis showed that spending per head in Wales increased considerably between 1999-00 and 2009-10 from £1,097 to £1,661 (Figure 6), which equates to an increase just above 5% on average per year. However, since 2009-10, spending per head on education in Wales has reduced significantly to £1,394 in 2017-18. The gap between spending per head in England and Wales has narrowed and in 2010-11, for the first time since devolution in 1999, spending per head on education was lower in Wales than England. Since 2014-15, spending in Wales has increased and was higher than England in 2017-18 but remained lower than Scotland and Northern Ireland.

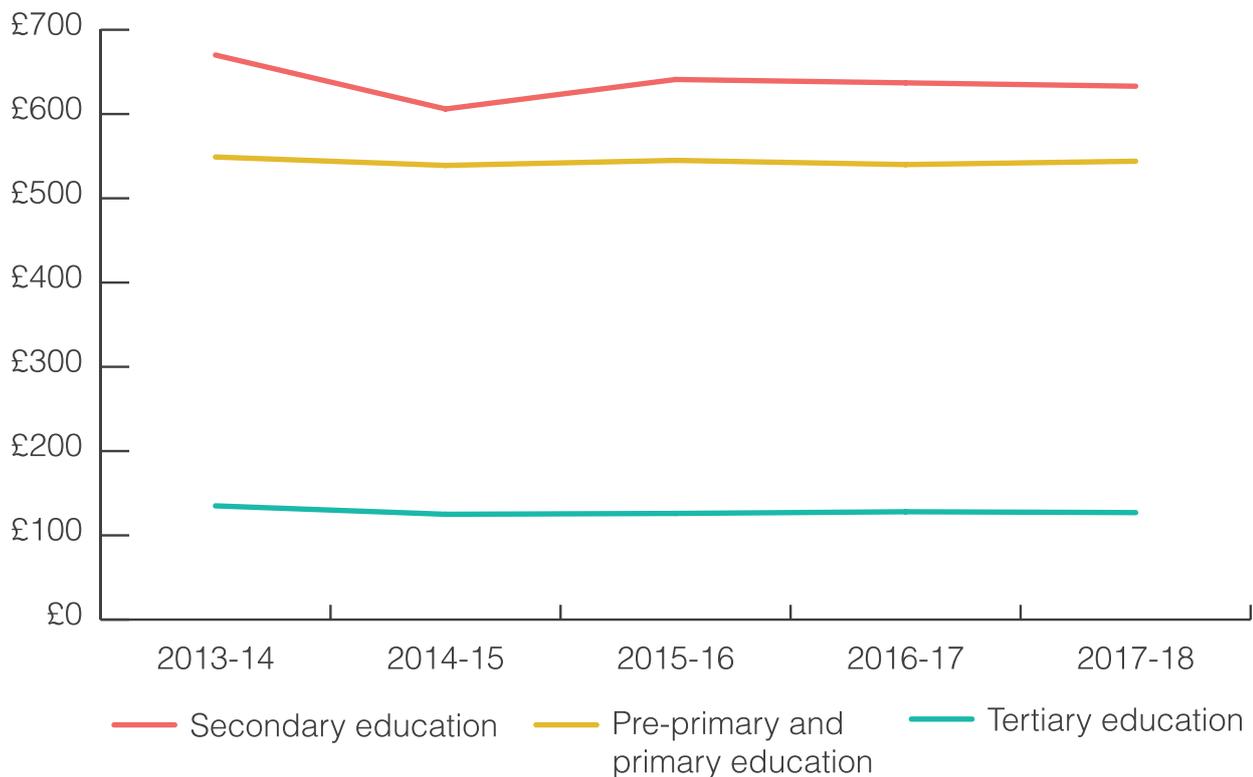
Figure 6: Spending per head on education between 1999-00 and 2017-18 in real terms (2018-19 prices)



[View in Wales Audit Office data tool here](#)

19 Further analysis of spending per head in Wales by education level shows that between 2013-14 and 2017-18 spending on secondary education has experienced the largest decrease from £670 to £633 per head (Figure 7). However, the pattern whereby secondary education has the highest level of spending, followed by pre-primary and primary and then tertiary education, has continued across the five-year period.

Figure 7: Spending per head on education in Wales by category in real terms (2018-19 prices)



Source: [HM Treasury Country and Regional Analysis 2018: B Tables](#)

20 The picture of spending on specific elements of education across the UK is complex as the funding structure and provision of education services differ significantly. An example is the exclusion of academies in England from local authority data and the greater role of local authorities in education funding in Wales. However, recent analysis undertaken by the Institute for Fiscal Studies (IFS)⁸ adjusted for these differences.

8 [Institute for Fiscal Studies, Comparing school spending per pupil in England and Wales, July 2018](#)

- 21 The IFS found that despite England historically spending more per pupil than Wales, spending per pupil in Wales has fallen more slowly than in England between 2009-10 and 2016-17. As a result, the gap in spending per pupil between England and Wales has fallen from £300 to £100 in 2016-17. However, as noted in the report, the fall in spending per pupil in Wales has been driven by a fall in total spending as opposed to an increase in pupil numbers. The faster cuts to spending per pupil in England have been driven by a significant increase in the number of pupils and a static level of total spending on education.

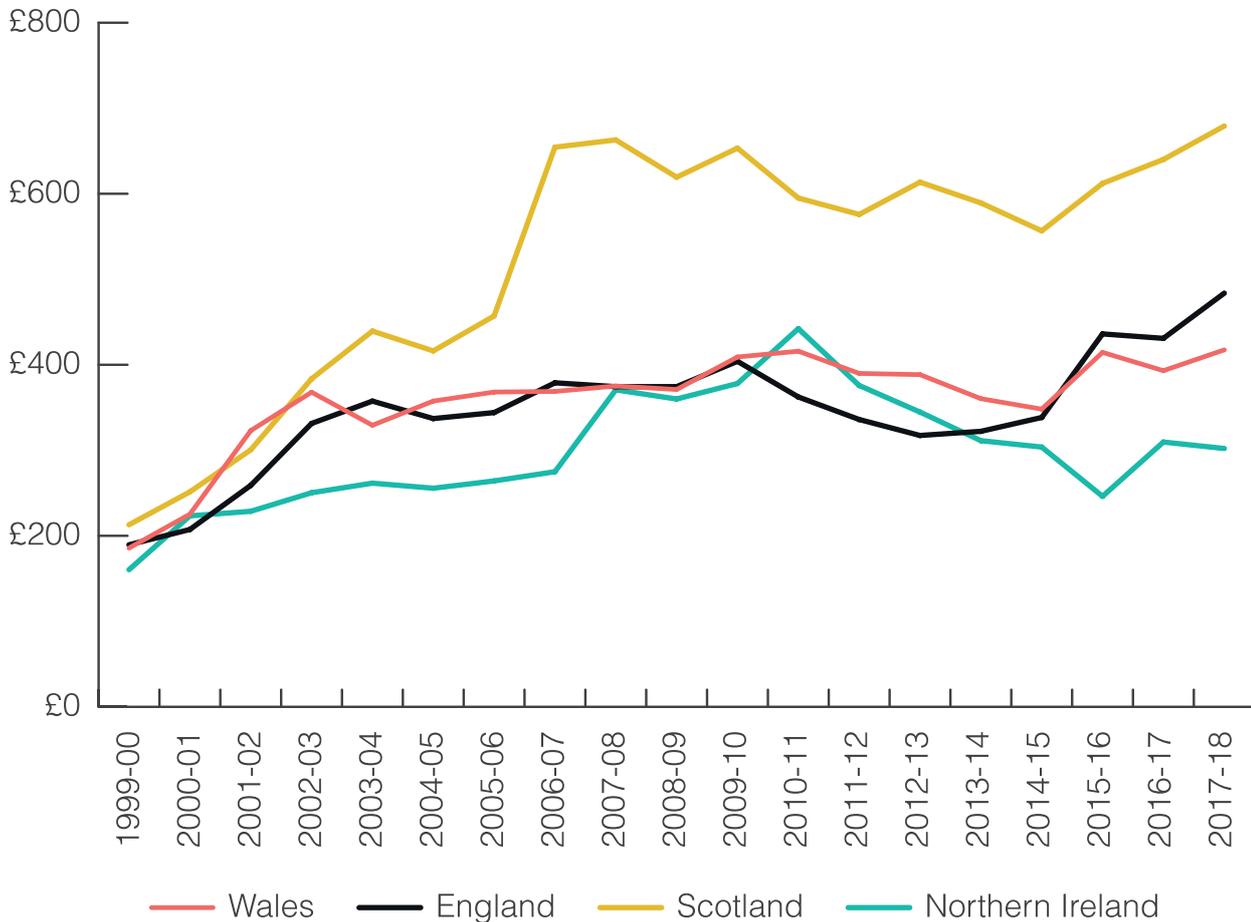
Economic Affairs: Transport

- 22 Wales has experienced significant growth in spending on transport since 1999-00: spending per head has increased from £186 in 1999-00 to £417 in 2017-18 (Figure 8). This equates to an increase of just below 7% on average per year over the period. Despite spending in Wales rising significantly, spending per head has increased at a faster rate in Scotland and England over recent years.
- 23 The spending data used in our analysis for transport includes funding for rail infrastructure which is largely driven by policy decisions made in Westminster⁹. A recent Welsh Government report¹⁰, found that investment in rail infrastructure in Wales has lagged behind that in England for a number of years.

9 While responsibility for rail infrastructure is not devolved, the Welsh Government has the power to invest in rail infrastructure and has done so. There is more detail on these arrangements in our 2016 report [Welsh Government Investment in Rail Services and Infrastructure](#)

10 [Welsh Government, The Rail Network in Wales: The Case for Investment, September 2018](#)

Figure 8: Spending per head on transport between 1999-00 and 2017-18 in real terms (2018-19 prices)

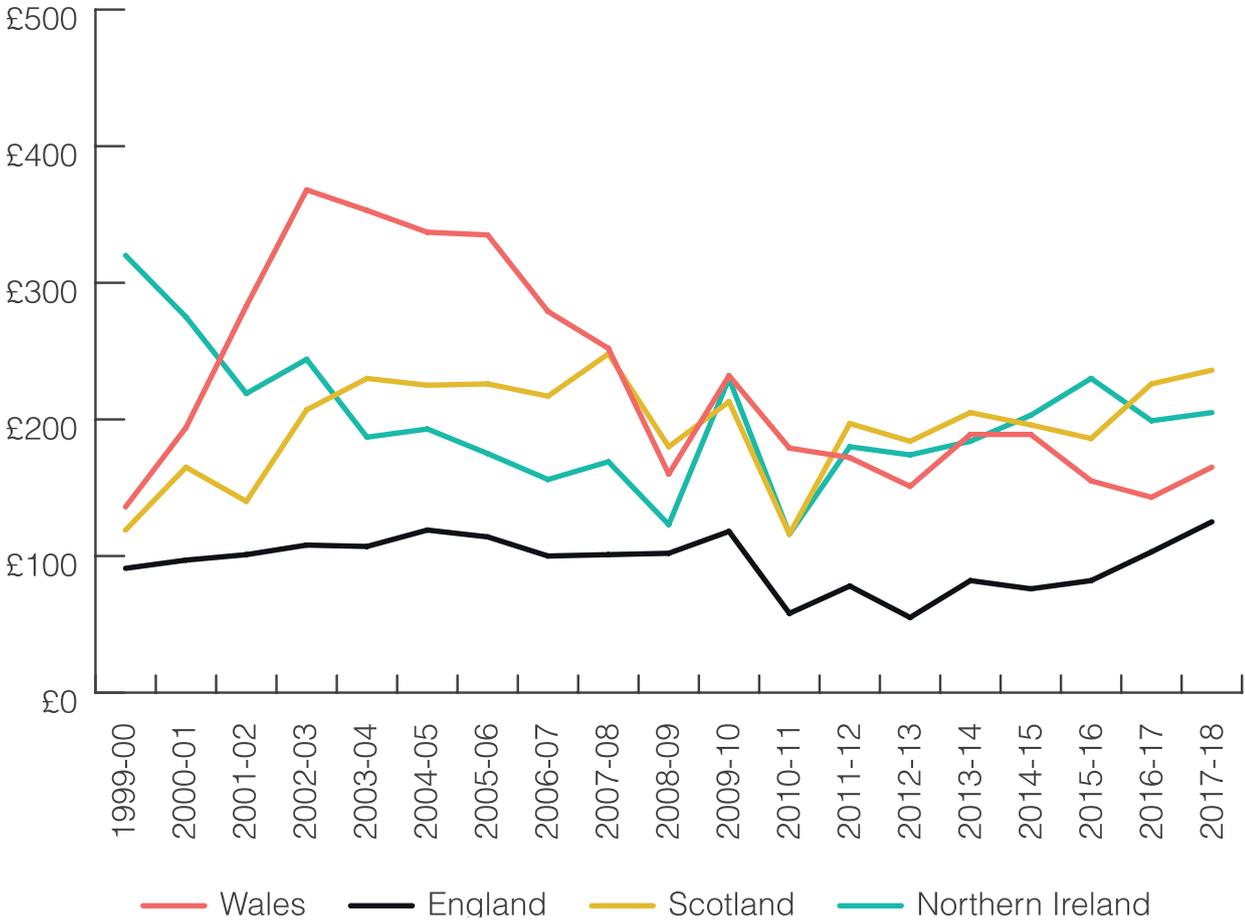


[View in Wales Audit Office data tool here](#)

Economic Affairs: Enterprise and Economic Development

24 Spending on enterprise and economic development in Wales has risen since 1999-00. However, much of this increase in spending took place between 1999-00 and 2002-03 when spending per head increased significantly from £136 to £368, equivalent of approximately a 57% increase on average per year (Figure 9). Since 2002-03, spending per head in Wales has decreased steadily to £165 in 2017-18. Throughout the period England spent considerably less per head than the rest of the UK. However, the gap between Wales and England has reduced in recent years as spending in Wales fell more sharply than the rest of the UK.

Figure 9: Spending per head on enterprise and economic development between 1999-00 and 2017-18 in real terms (2018-19 prices)

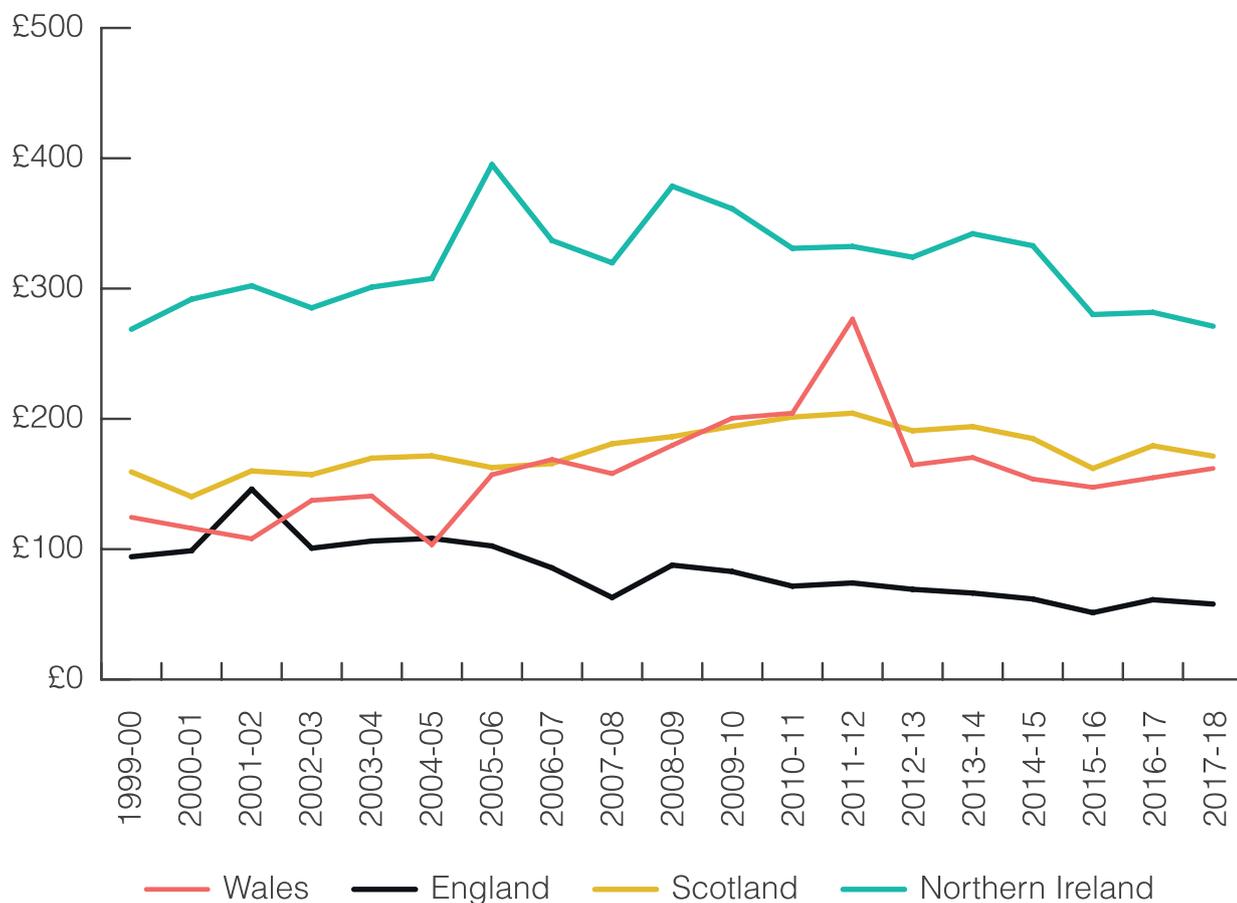


[View in Wales Audit Office data tool here](#)

Economic Affairs: Agriculture, Fisheries and Forestry

25 Spending per head on agriculture, fisheries and forestry increased significantly in Wales from £124 in 1999-00 to a peak of £277 in 2011-12, equivalent to 10% per year on average (Figure 10). However, since 2011-12 spending per head has fallen back to £162 per head in 2017-18. Despite starting out with similar levels of spending in 1999-00 there has been a growing gap in comparison to England, with spending per head in Wales more than double that of England in 2017-18.

Figure 10: Spending per head on agriculture, fisheries and forestry between 1999-00 and 2017-18 in real terms (2018-19 prices)

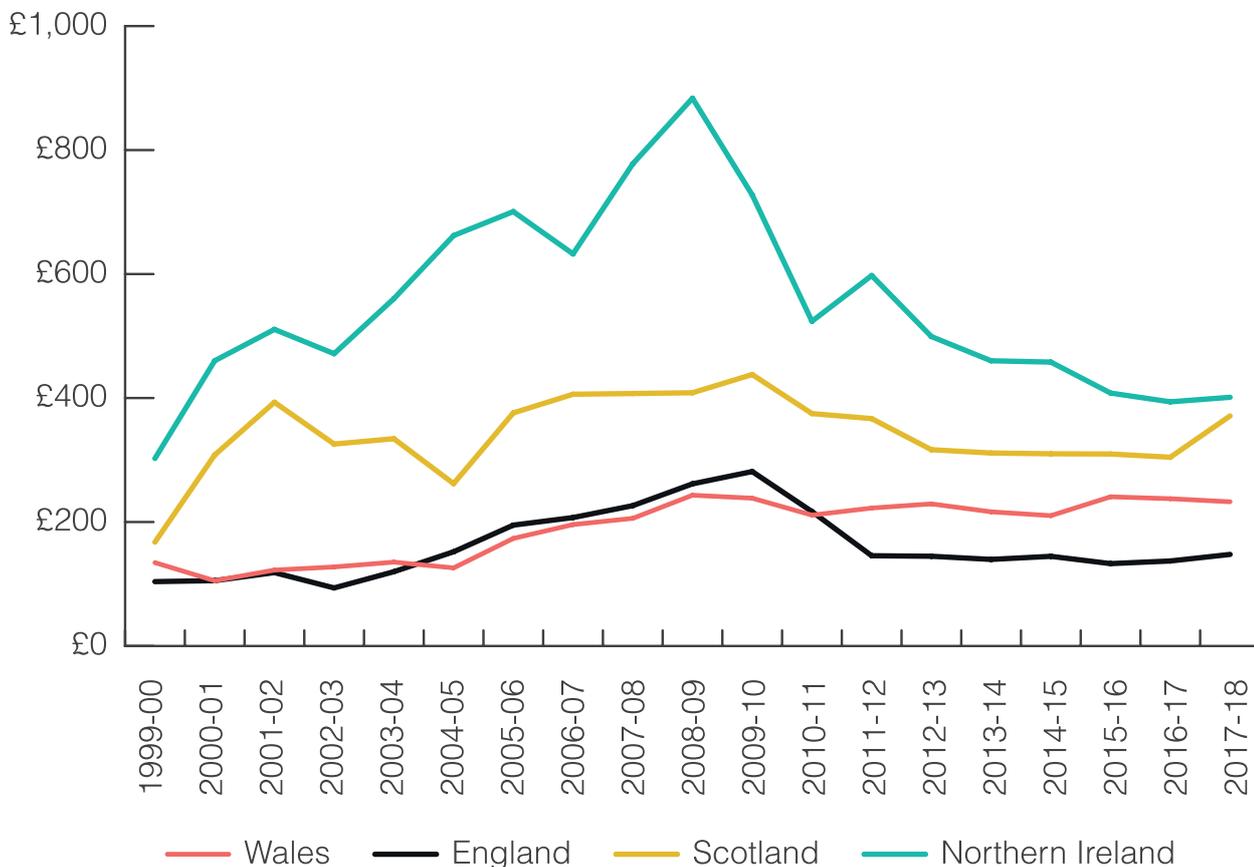


[View in Wales Audit Office data tool here](#)

Housing and Community Amenities

26 Spending per head in Wales on housing and community amenities has increased considerably since 1999-00. Between 1999-00 and 2017-18 spending per head has increased from £134 to £233 (Figure 11). This equates to an increase on average of just over 4% per year. However, compared to spending in both Scotland and Northern Ireland, Wales has consistently spent less per head of population since 1999-00. Over the period, Wales has largely followed the spending pattern in England until after the financial crisis when spending per head in England decreased considerably compared with Wales.

Figure 11: Spending per head on housing and community amenities between 1999-00 and 2017-18 in real terms (2018-19 prices)

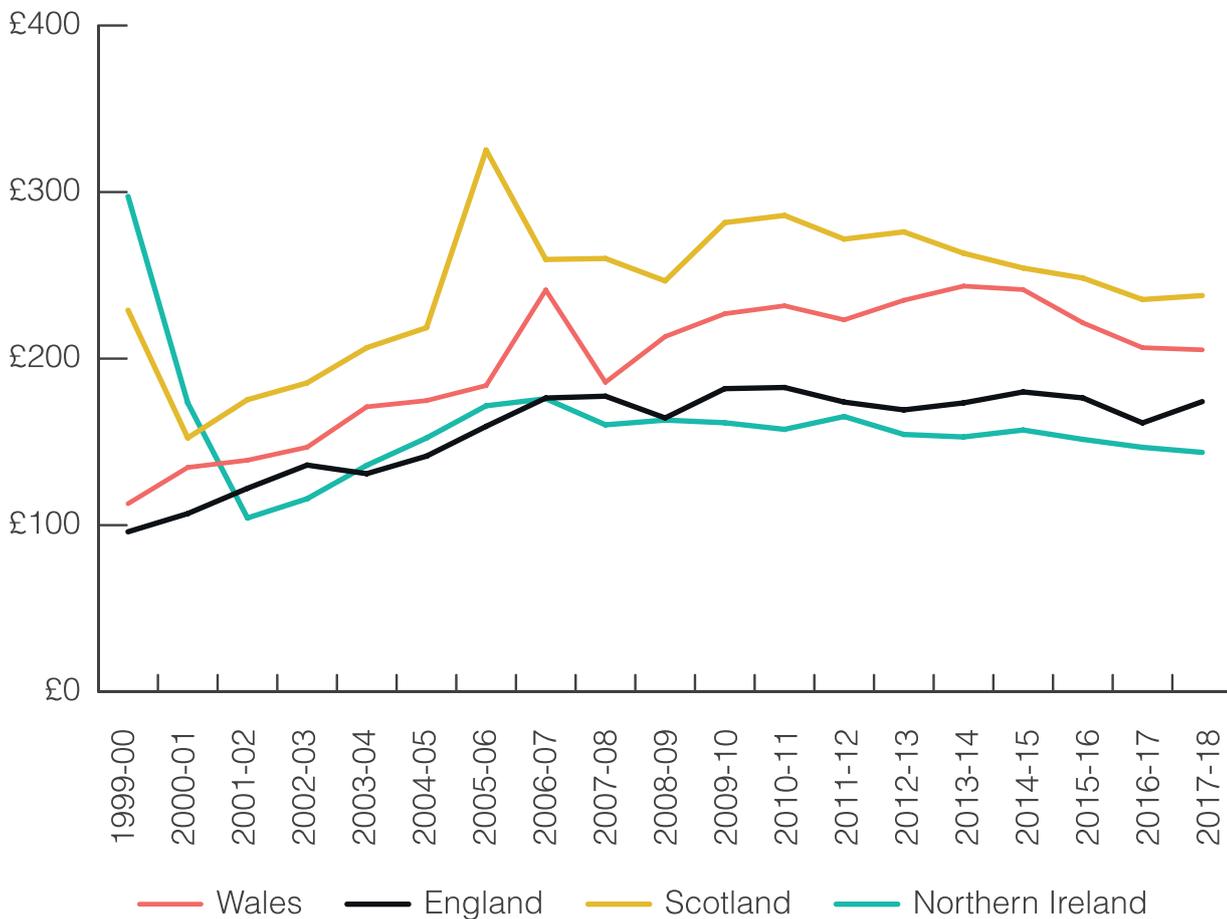


[View in Wales Audit Office data tool here](#)

Environment Protection

27 In Wales, spending per head on environment protection has risen significantly from £113 in 1999-00 to £205 in 2017-18 (Figure 12). This represents a rise of 81% across the period and equates to an average increase of 4.5% per year. Spending per head of population in Scotland has been consistently higher than in Wales across the period, while spending in England and Northern Ireland has been lower.

Figure 12: Spending per head on environment protection between 1999-00 and 2017-18 in real terms (2018-19 prices)

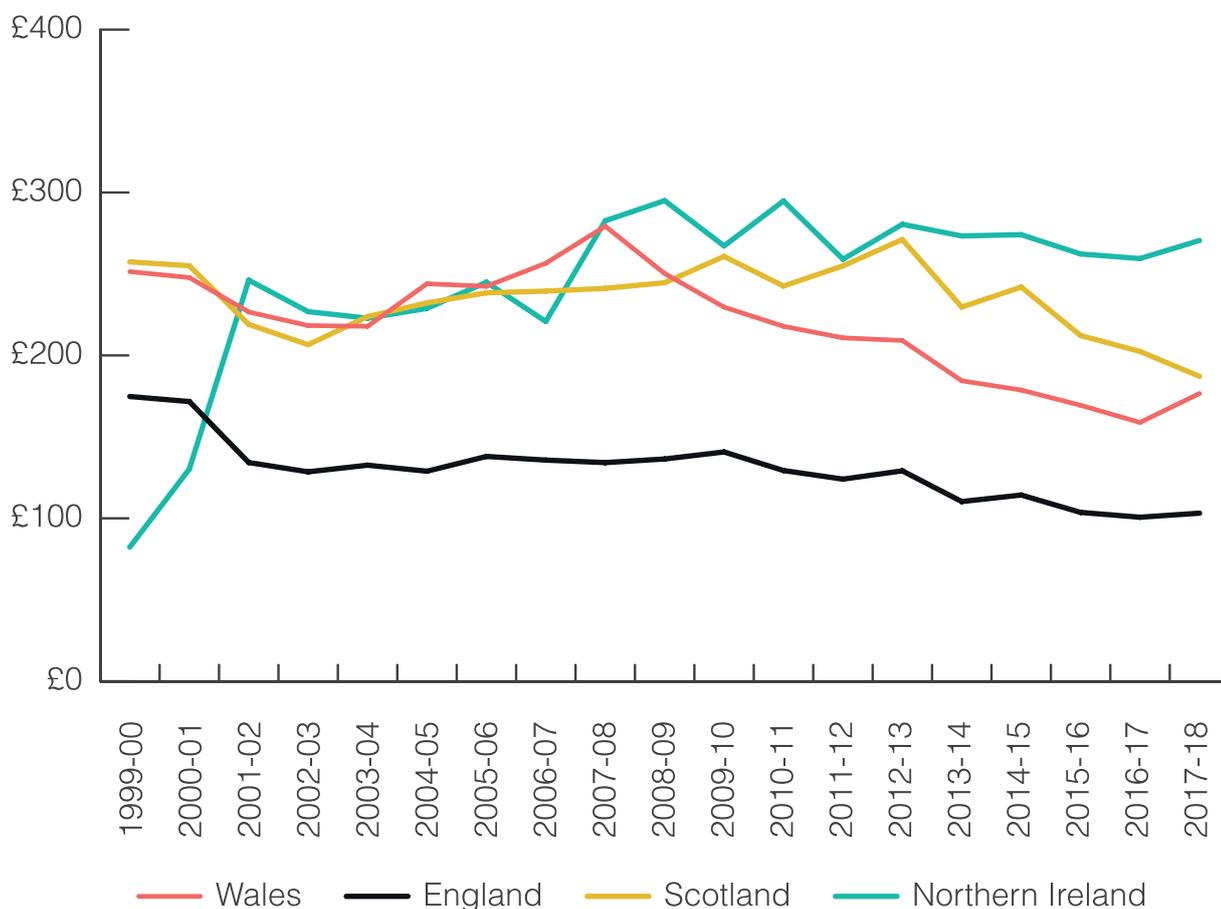


[View in Wales Audit Office data tool here](#)

Recreation, Culture and Religion

28 Spending per head on recreation, culture and religion in Wales has fallen considerably since 1999-00 despite gradually rising before the financial crisis (Figure 13). Between 1999-00 and 2007-08 spending per head in Wales increased from £251 to £279, before falling to £177 by 2017-18. Although this spending pattern was largely mirrored in Scotland, spending in Northern Ireland has continued to increase despite austerity such that in 2017-18 spending per head in Northern Ireland was £271.

Figure 13: Spending per head on recreation, culture and religion between 1999-00 and 2017-18 in real terms (2018-19 prices)



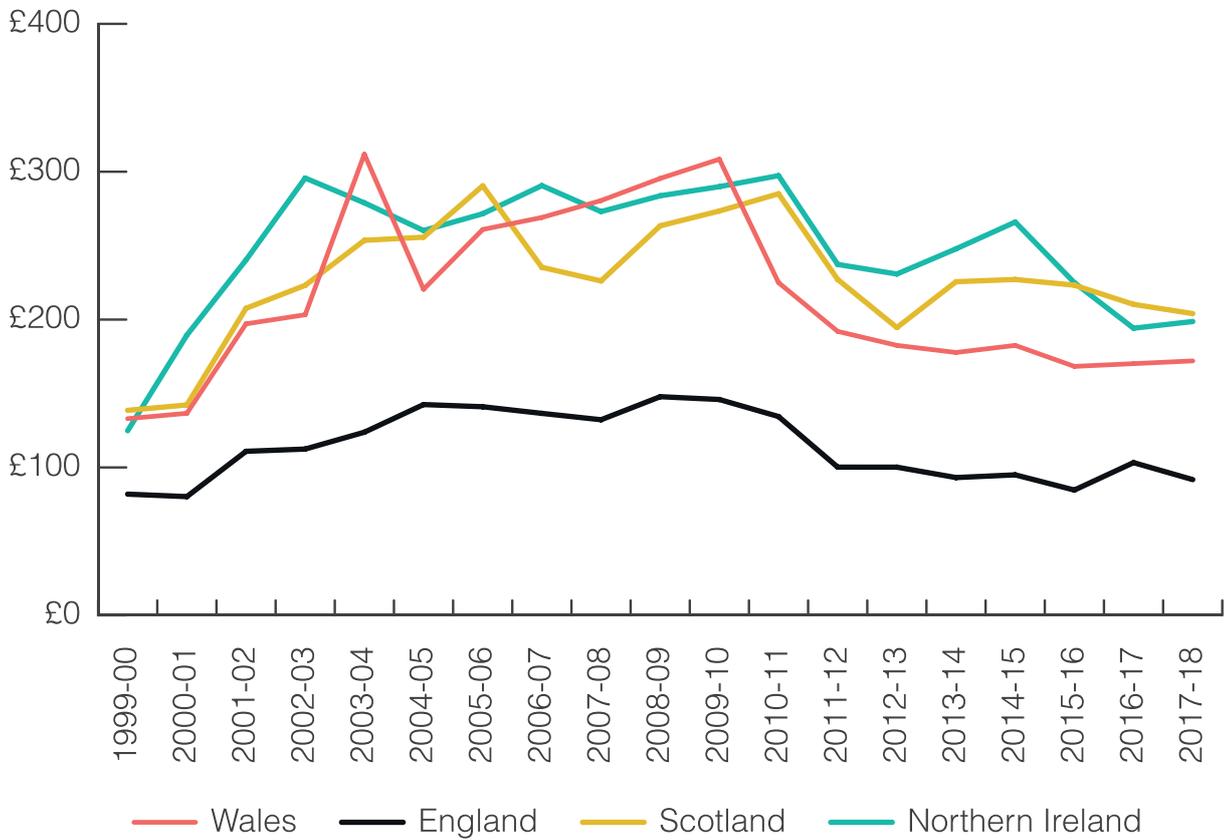
[View in Wales Audit Office data tool here](#)

General Public Services

29 The general public services category includes the administrative costs of running the National Assembly for Wales, the Welsh Government and local government¹¹. Per head expenditure on general public services in Wales has fallen the most since the financial crisis in 2008-09 compared with the rest of the UK, from £308 in 2009-10 to £172 in 2017-18 (Figure 14). This equates to a 44% decrease in spending per head in Wales on general public services since 2009-10 compared with a fall of 25% and 31% in Scotland and Northern Ireland respectively. Between 1999-00 and 2017-18, expenditure per head in Wales has been consistently above that in England and mostly remained in line with both Scotland and Northern Ireland prior to the financial crisis.

¹¹ It also includes the costs of some other publicly funded bodies, including the Wales Audit Office.

Figure 14: Spending per head on general public services between 1999-00 and 2017-18 in real terms (2018-19 prices)



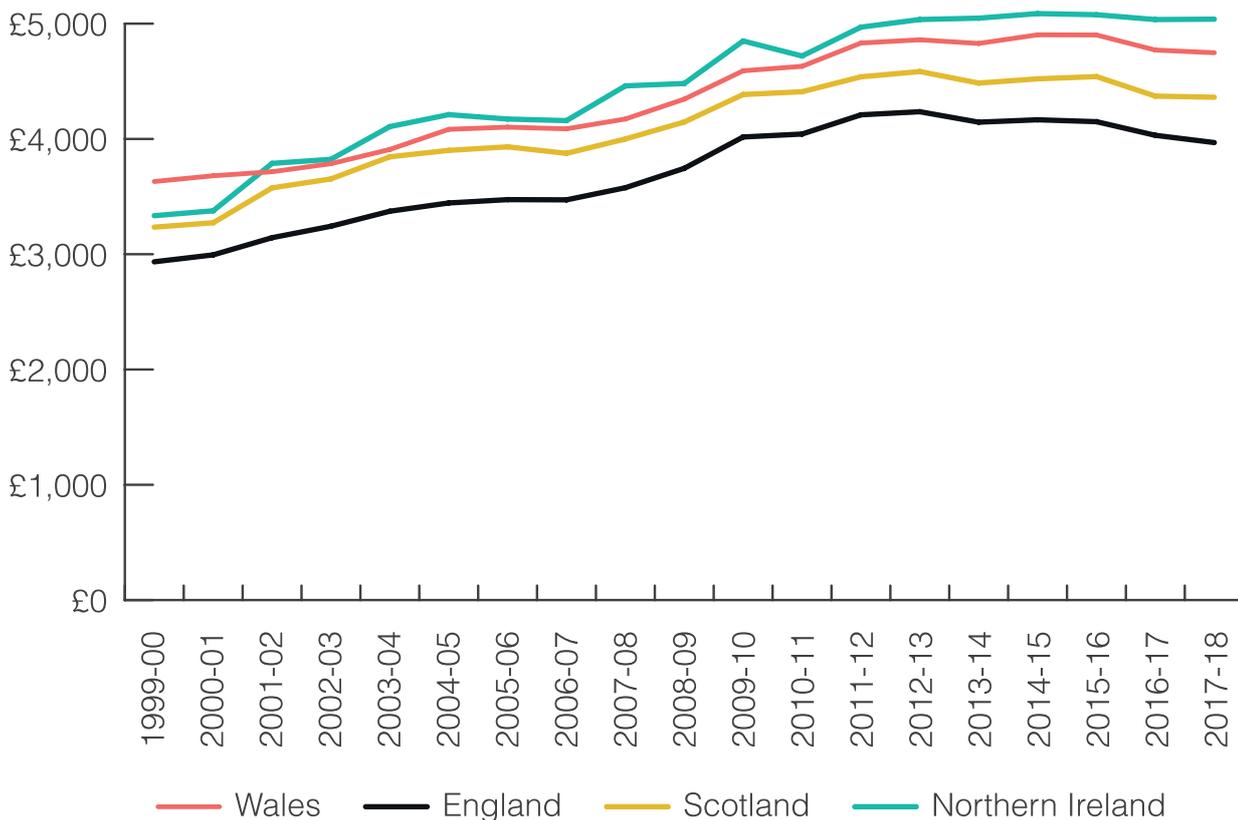
[View in Wales Audit Office data tool here](#)

Mostly non-devolved areas

Social Protection (including social care)

30 Spending per head in Wales on social protection¹² has increased significantly since 1999-00 in line with the rest of the UK (Figure 15). Between 1999-00 and 2017-18, spending per head has increased from £3,631 to £4,748. Similar to the other UK nations, growth in spending per head on social protection slowed from 2009-10. Between 2015-16 and 2017-18, Wales has experienced negative growth in social protection spending. While most of this social protection expenditure covers social security benefits, it also includes personal social services which we have analysed in more detail below.

Figure 15: Spending per head on social protection between 1999-00 and 2017-18 in real terms (2018-19 prices)

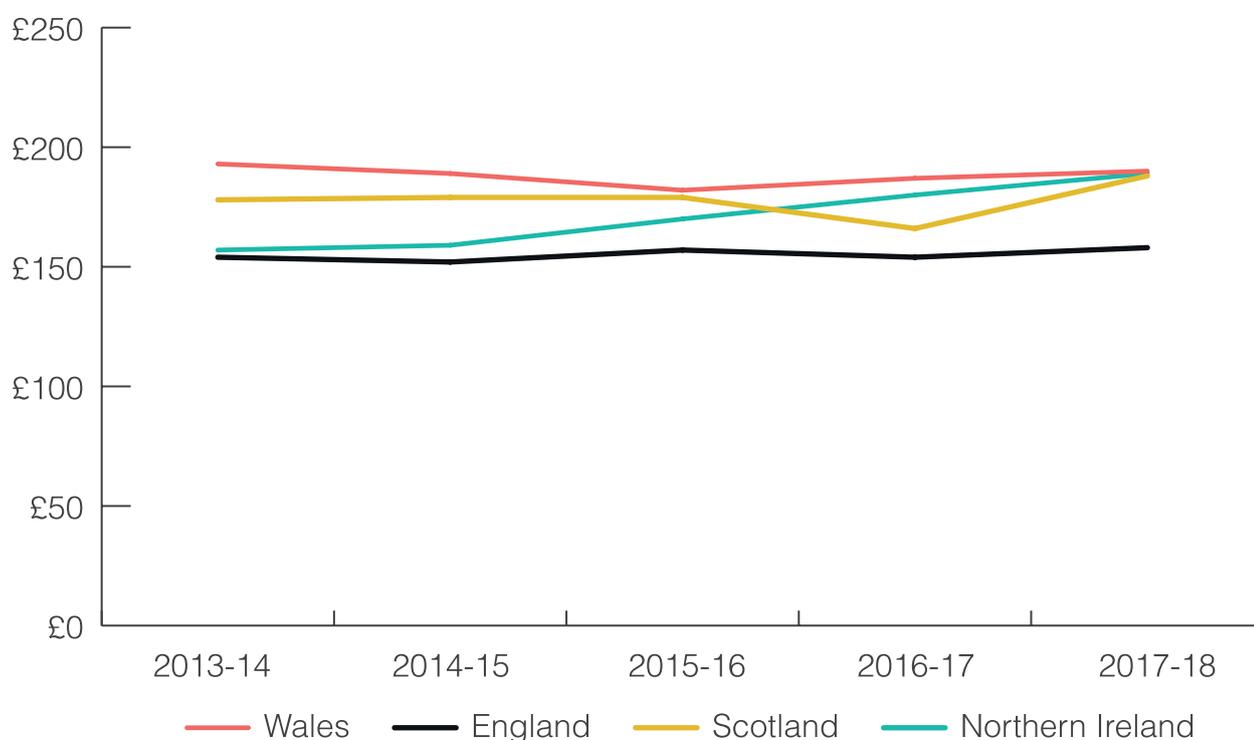


[View in Wales Audit Office data tool here](#)

12 While social security is not devolved in Wales, some benefits were devolved in Scotland in 2018 and the Scottish Government will become responsible for all social security benefits from April 2020. Social security has always been a devolved function in Northern Ireland.

31 **Figures 16,17 and 18** show that, spending on personal social services has risen more for the areas of family and children than sickness and disability and old age between 2013-14 and 2017-18. Our analysis shows that spending on social services for family and children is higher than any other part of the UK and has been rising faster over the period. There are well-established pressures on social care for older people as a result of longer-term demographic changes¹³. Nonetheless, spending per head on old age in Wales has decreased over the period and is considerably below that in Scotland and Northern Ireland, although higher than England.

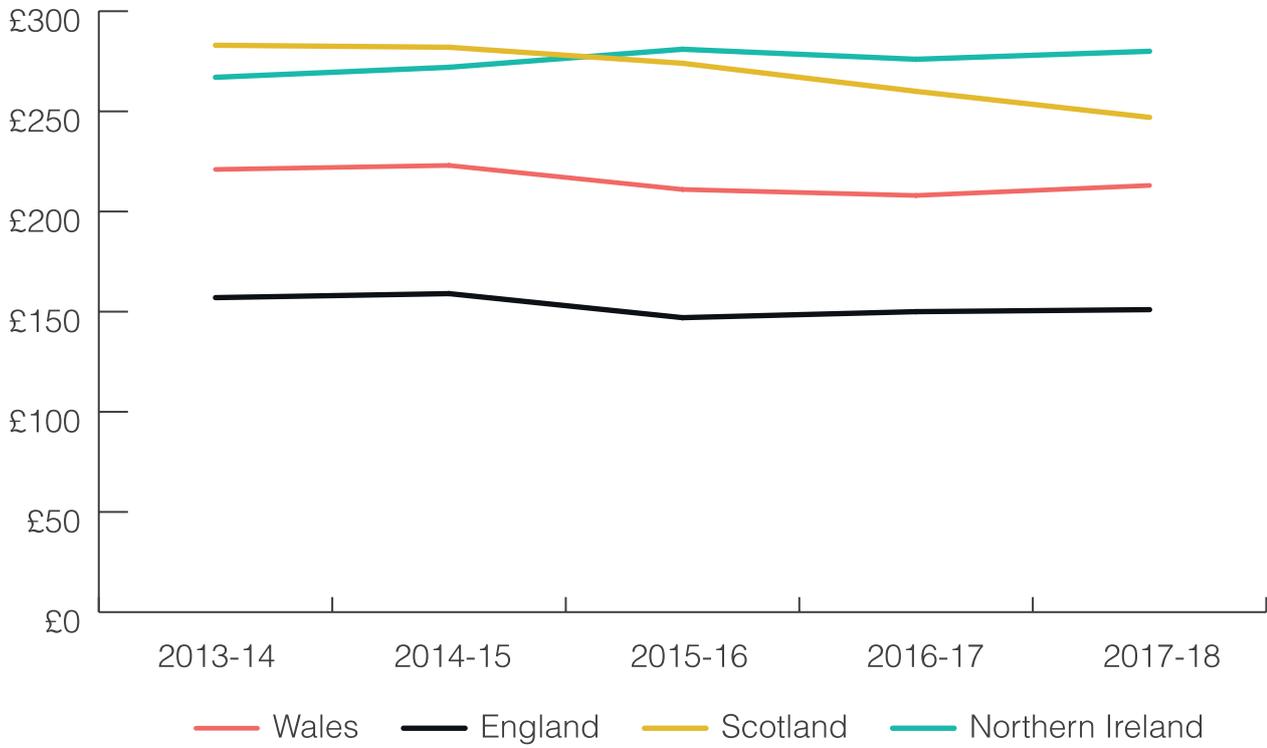
Figure 16: Spending per head on sickness and disability personal social services in real terms (2018-19 prices)



Source: [HM Treasury Country and Regional Analysis 2018: B Tables](#)

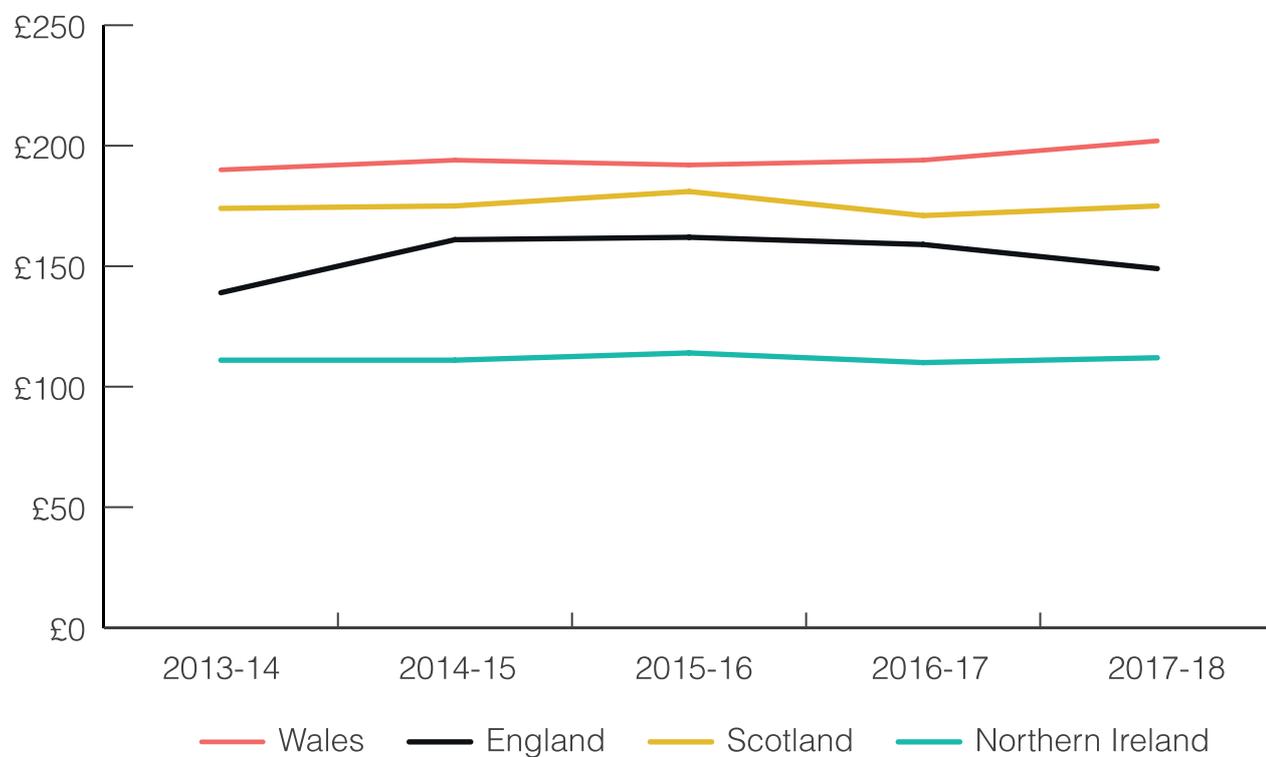
13 [Wales Public Services 2025. A delicate balance? Health and social care spending in Wales, March 2017](#)
[Health Foundation, The Path to Sustainability, Funding Projections for the NHS in Wales to 2019/20 and 2030/31, October 2016](#)

Figure 17: Spending per head on old age personal social services in real terms (2018-19 prices)



Source: [HM Treasury Country and Regional Analysis 2018: B Tables](#)

Figure 18: Spending per head on family and children personal social services in real terms (2018-19 prices)

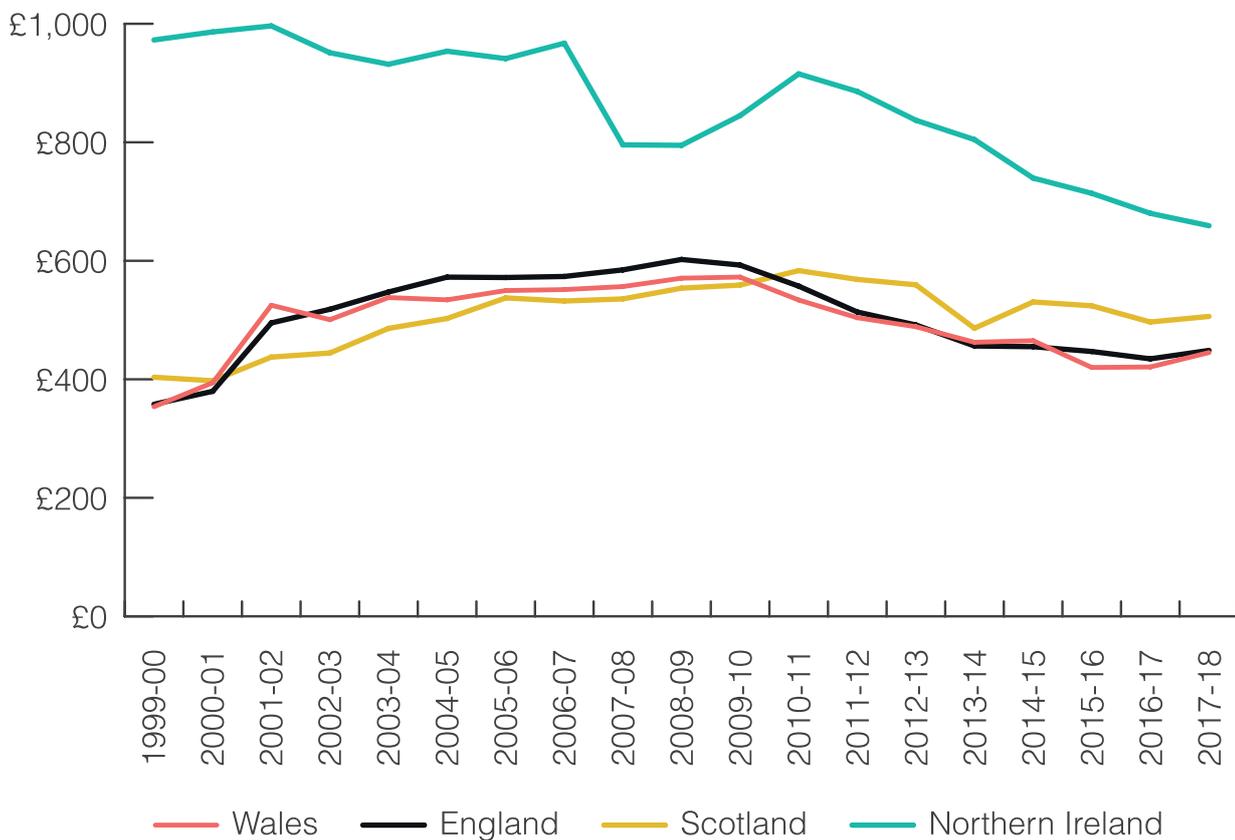


Source: [HM Treasury Country and Regional Analysis 2018: B Tables](#)

Public Order and Safety

32 Spending per head in Wales on public order and safety has followed closely, as expected for a mostly non-devolved area, to that in England for the period between 1999-00 and 2017-18 (Figure 19). Spending per head in Wales has increased from £354 in 1999-00 to £445 in 2017-18. This equates to an increase of just over 1% on average per year. Throughout the period Northern Ireland has spent significantly more than the rest of the UK on public order and safety, however, since 2010-11 spending in Northern Ireland has decreased rapidly leading to greater convergence across the UK.

Figure 19: Spending per head on public order and safety between 1999-00 and 2017-18 in real terms (2018-19 prices)

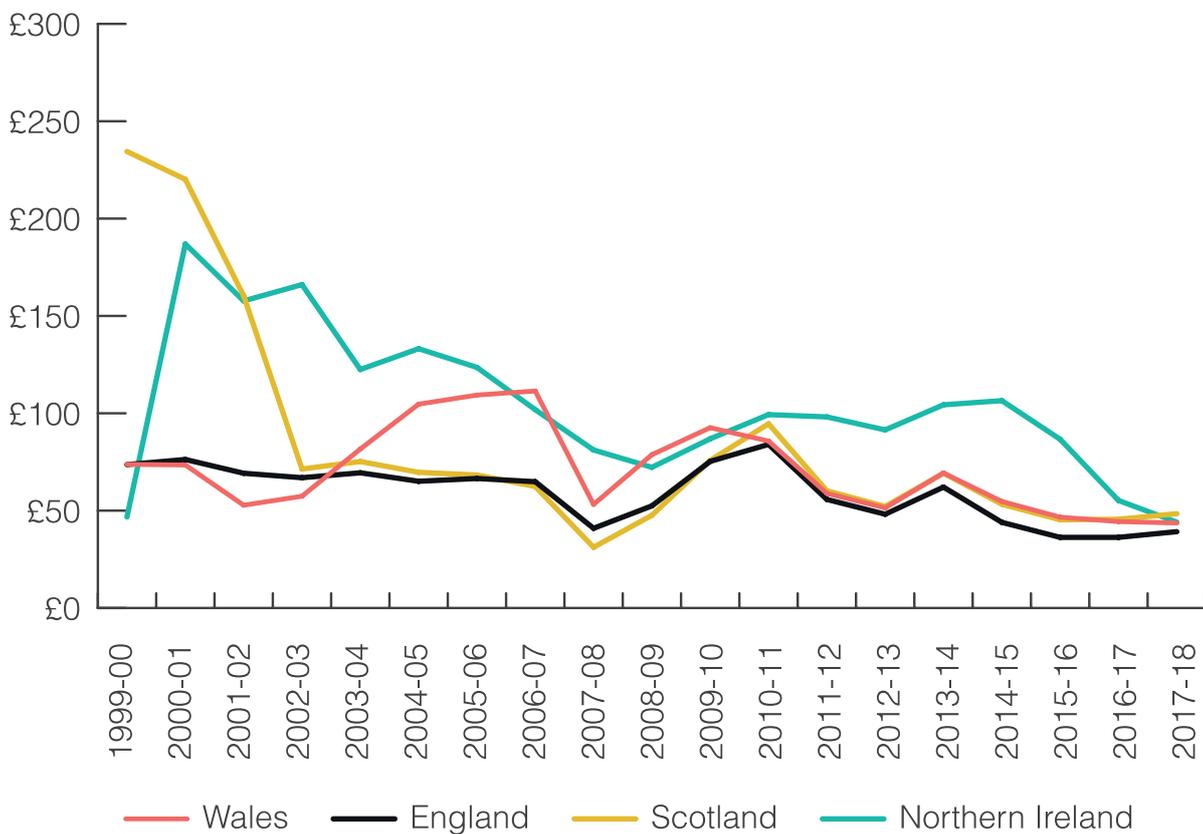


[View in Wales Audit Office data tool here](#)

Economic Affairs: Employment Policies

33 Spending per head on employment policies in Wales has decreased significantly over the period from £74 in 1999-00 to £44 in 2017-18 (Figure 20). Wales experienced increased spending per head on employment policies prior to the financial crisis, however, during the period of austerity spending per head has decreased by more than 6% each year on average since 2009-10. All four nations appear to have converged towards the end of the period, including England, such that the difference between spending per head in 2017-18 in Wales compared with England was less than £5.

Figure 20: Spending per head on employment policies between 1999-00 and 2017-18 in real terms (2018-19 prices)

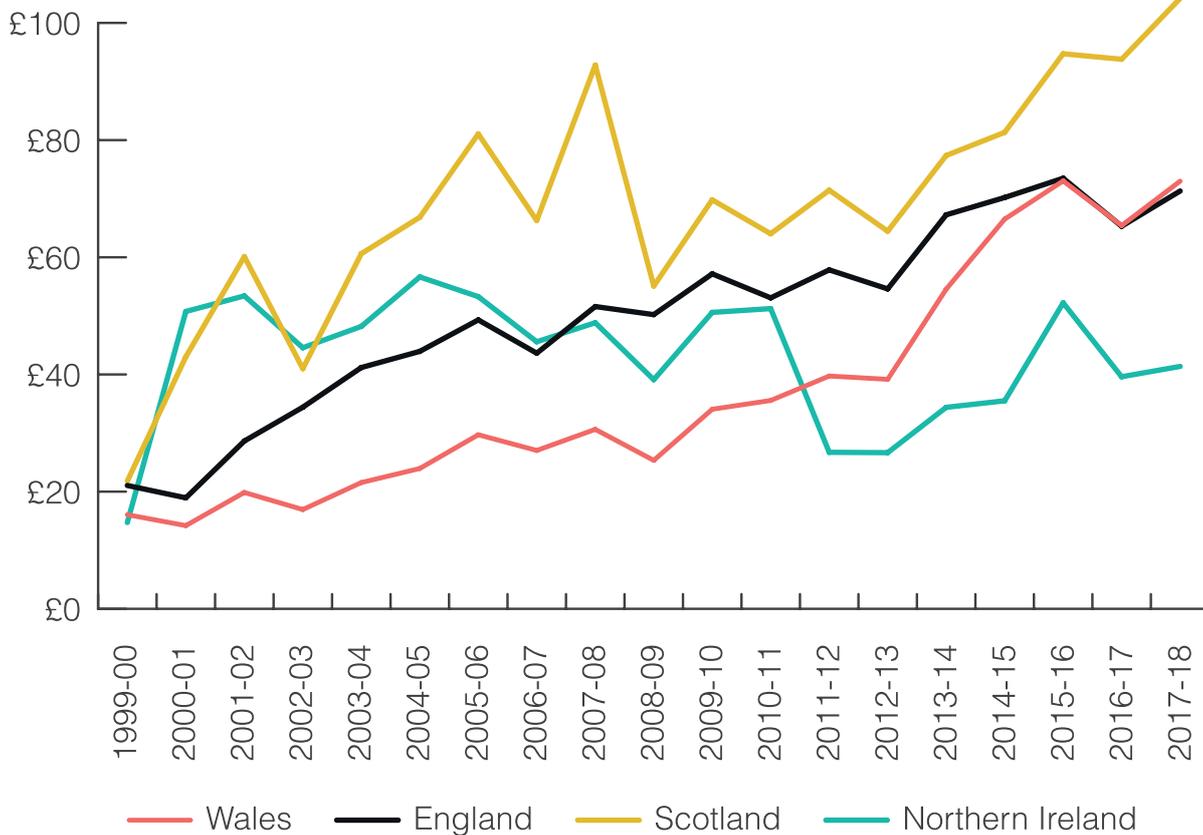


[View in Wales Audit Office data tool here](#)

Economic Affairs: Science and Technology

34 Spending per head on science and technology in Wales has increased considerably since 1999-00. In particular, spending per head has almost doubled from £39 in 2012-13 to £73 in 2017-18 (Figure 21). Until 2011-12, however, spending per head in Wales was consistently lower than the rest of the UK and has lagged Scotland for the entire period. Interestingly, the impact of austerity does not appear to have had an adverse impact on the level of spending on science and technology, in contrast to most other areas of expenditure.

Figure 21: Spending per head on science and technology between 1999-00 and 2017-18 in real terms (2018-19 prices)



[View in Wales Audit Office data tool here](#)

Appendix 1 – Country and Regional Public Finances dataset

What data did we use?

We used the Office for National Statistics' (ONS) Country and Regional Public Finances dataset. It is the most comprehensive official dataset on public spending. Since 2018, the ONS has been publishing a consistent time-series of data going back to 1999-00. The dataset is based on the HM Treasury Country and Regional Analysis data. The HM Treasury publications only set out data for five years, and longer-term comparisons were complicated by changes in what was included under different categories. The latest ONS dataset covers the period 1999-00 to 2017-18 and will be updated in spring 2020.

What spending is included?

The dataset includes two types of spending, which together make what the ONS describes as the **Total Managed Expenditure** for Wales (amounting to £40.8 billion in 2017-18):

Identifiable expenditure includes expenditure on services that can be identified as having been for the benefit of individuals or enterprises for a particular region. In 2017-18, total identifiable expenditure in Wales was £32.5 billion.

Non-identifiable expenditure is that which cannot be allocated to a particular region as it is incurred to benefit the UK as a whole, such as military defence spending. Nonetheless, the ONS allocates a notional proportion of non-identifiable expenditure to each country and region. In 2017-18, total non-identifiable expenditure allocated to Wales was £8.3 billion.

This commentary and our data tool are based on the identifiable expenditure data.

The categories of spending

The ONS dataset uses international definitions of spending categories, which makes it consistent with international datasets¹⁴. The time series dataset we use is only broken down to high-level categorisations, such as ‘health’, ‘education’ or ‘transport’. More detailed data is available over a shorter time period. While it is not included in our data tool, we do provide a more detailed breakdown of education and social care in this commentary using the HM Treasury Country and Regional Analysis data for the most recent five-year period.

The spending data does not distinguish between spending by the Welsh Government, UK government and local government. In this commentary we have classified spending categories into ‘mostly devolved’ and ‘mostly non-devolved’. For example, almost all expenditure categorised as ‘health’ will be Welsh Government spending whereas almost all spending on public order and safety will have been incurred by the UK government. Some areas are complicated: for example, the majority of ‘social protection’ spending is on welfare benefits, which is not a devolved area, but it also includes social care, which is devolved. Where there is ambiguity, we make this clear.

The spending data is based on information provided by the departments of the UK government and the devolved administrations. This means that the comparability of the data depends on the extent to which those organisations have interpreted the categories consistently between each other and over time. Further details about the data can be found in the ONS [Country and Regional Public Finances: Methodology Guide](#).

¹⁴ The categories are known as the Classification of the Functions of Government (COFOG). More detail can be found on the Organisation for Economic Cooperation and Development (OECD) website at <https://www.oecd.org/gov/48250728.pdf>

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ffôn yn Gymraeg a Saesneg.

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Gwefan: www.archwilio.cymru

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 24 th September 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 24th September 2019, with the following highlighted:</p> <ul style="list-style-type: none"> Finance Report Month 5 – the Month 5 Finance Report was presented to Committee. The Committee was advised that the Health Board's Control Total requirement is a deficit of £15m, following receipt of £10m Welsh Government (WG) funding in Month 4, subject to achieving this control total by the end of the financial year. The Committee was further advised that the Health Board's financial position at the end of Month 5 represented an adverse variance against plan of £1m, which brings the cumulative Year to Date (YTD) variance to £3.1m. The Month 5 YTD variance to breakeven is £10.6m. The Committee was informed that the total savings requirement is £25.2m, which has been reduced by £3.5m due to funds released from the NHS Wales Performance Fund to support the cost of delivery of Referral to Treatment Time (RTT). £15.5m of these savings are associated with green schemes, £3.7m are for amber schemes, and therefore risk to delivery is £6m. Operational Directorate projections are at a variance to plan of £5.5m. Therefore, the total impact on the underlying deficit is £26.5m. Turnaround Report Month 5 – the Month 5 Turnaround Report Month 5 was presented to Committee. The Committee was advised that that there are two significant challenges to delivery of savings schemes, one being the delivery of plans already in place, including green, amber and converting red schemes; the other is how to address the £4m savings gap. With regard to the £4m savings gap, the Committee was assured that Executive Team discussions with the Corporate teams to support delivery include how best to deploy resources, skills and expertise centrally to deliver the plan. The Committee requested assurance be provided in the Month 6 report that existing budget holders are not overspending on their budgets Referral to Treatment Time (RTT) Month 5 Report – the Month 5 Referral to Treatment Time (RTT) Report was presented to Committee. The Committee was advised that the forecast cost of the RTT, Diagnostics and Therapy services 	

delivery proposals for 2019/20 is £5.5m, with a savings target of £1.4m applied to Ophthalmology, Orthopaedics and other specialities. Allowing for non-delivery of the Orthopaedic savings target, due to the risks with Orthopaedic theatres in Withybush General Hospital, the total forecast cost of delivery stands at £4.6m. Members were informed of the £5.8m allocation from the NHS Wales Performance Fund to support the cost of delivery of RTT, with £3.5m to be released from this fund to reduce the overall savings plan. Of the remaining £2.3m Performance Fund allocation, £0.5m will be allocated for delayed follow ups, £0.3m will address the achievement of a 32 week maximum waiting time target for Stage 1 outpatients, and the remainder will be used to develop more sustainable solutions for Ophthalmology and Dermatology and to account for new/emerging delivery risks for Orthopaedics, General Surgery and Urology. The Committee was informed of a potential opportunity arising from the bid to WG to secure the £5.8m, which included provision for £0.9m towards the delayed cost of lost work which may require consideration of recovery for up to 50 Orthopaedic job sessions; work on this is scheduled to be completed by mid-October 2019

- **Grip and Control** – the Grip and Control report was presented to Committee, advising that KPMG had been asked to assess the control environment operating within HDdUHB to identify areas for improvement. The draft findings indicate a reasonable level of assurance around Non-Pay controls and make a number of recommendations in respect of Pay controls. Action plans have been developed to address the weaknesses identified in KPMG’s assessment which focus upon medical workforce controls, nursing agency controls, nursing rostering controls, and general workforce controls.
- **Capital Financial Management** – the Capital Financial Management report was presented to Committee. The Committee was advised that a draft Full Business Case (FBC) is being progressed for submission to WG and a bid for Integrated Care Fund (ICF) monies has been submitted to the Minister for approval.
- **Long Term Agreement Governance** – the Long Term Agreement (LTA) Governance report was presented to Committee, highlighting the steps currently being undertaken to align the contracts/Long Term Agreements (LTAs) across HDdUHB. The Committee approved the inclusion of a LTA/Contracts Update to feature as a standing item on the Committee’s agenda, and to ensure the Committee is sighted on any contracts over £0.5m to enable any concerns to be reported to Board.
- **Winter Plan Model 2019/20** – a verbal update on the Winter Plan Model 2019/20 was presented to Committee, where it was noted that the funding process would be similar to 2018/19. A comprehensive Winter Plan report will be submitted to the October 2019 Finance Committee meeting.
- **External Finance Review** – the Committee received a verbal update on KPMG’s work, and noted that a refresh of the 2020 plan, which will include an assessment of cost improvement plans and cost pressures forecast to land in year, has now been completed and will be submitted to the Finance Delivery Unit (FDU). This will provide information on the extent to which the forecast outturn is mitigated, and the

opportunities to impact on the control total. It will also provide mitigating actions for Directorates as well as considering transformational work. The refresh plan will be submitted to the October 2019 Finance Committee meeting.

- **Deep Dive into Ring-fenced Allocation within Mental Health and Learning Disabilities** - the Committee received a presentation and report on a Deep Dive into Ring-fenced Allocation within Mental Health and Learning Disabilities (MH&LD). The Committee was presented with a snapshot of the ring-fenced funding and spend for 2017/18 for Mental Health and Learning Disabilities, which reported expenditure as £83.5m on Mental Health services and approximately £10m on Learning Disabilities. The Committee was advised that £107m was spent against the £94m allocation, due to the Continuing Health Care (CHC) element totalling £13m. The Committee was informed of next steps and opportunities, which included potential efficiencies across HDdUHB such as working better with Primary Care, avoidance of duplication of service provisions, assisting with the future planning of services in line with service transformation, and assisting in cross directorate working.
- **Financial Procedures** – the Committee approved the Patient Property and Monies procedure, subject to addressing a query in relation to the repayment of patient monies in the form of a cheque.
- **International Financial Reporting Standard (IFRS) 16 Update** – the International Financial Reporting Standard (IFRS) 16 Update report was presented to Committee for information, highlighting the progress made in regard to the steps being taken to prepare for the implementation of the International Financial Reporting Standard (IFRS) 16 Leases accounting standard. The main area of work undertaken to date has been to identify leases that are in existence within HDdUHB. The finance team is working through the nuances and assessing the implications of adding any additional assets to the balance sheet.
- **Workshop Session: Development and Implementation of Value Based Health Care** – the Committee received a presentation and report on the Development and Implementation of Value Based Health Care (VBHC), noting that the Intelligence and Value Strategy is designed to outline the journey and key components toward developing the necessary skills in research and application of Business Intelligence and VBHC within the finance team to more widely support VBHC across HDdUHB. In order to implement the Strategy, an education programme will operate from October 2019 to April 2020 to ensure the core finance team is skilled up to support the organisation. A further update will be provided to the December 2019 Finance Committee meeting

Materion y mae angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd are u cyfer / Matters Requiring Board Level Consideration or Approval:

No matters requiring Board level consideration or approval.

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
- Delivery of 2019/20 Savings Plan

**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 next Finance Committee meeting will include reports relating to Financial Plan Development and Draft Financial Plan, KMPG's Refresh Plan to the FDU, Winter Planning Model 2019/20 and Opportunities Identified by the FDU. The Committee will also receive financial procedures for review and approval.

Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:

21st October 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	2 nd March 2020	24 th March 2020
GOVERNANCE													
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FOR DISCUSSION													
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



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	2 nd March 2020	24 th March 2020
Contracting Update	HT			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Workshop Session:				✓			✓			✓			✓
• Finance Team Strategy	HT			✓									
• Implementing Contracting	HT			✓									
• Implementing Value	HT			✓			✓						
• Turnaround Programme Structure	AC				✓								
External Finance Review*	HT		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Year End Debrief	HT		✓										
Addressing Recommendations from the Deloitte ZBR	HT		✓										
Development and Implementation of Value Based Health Care (VBHC)	HT			✓			✓			✓			✓
Financial Delivery Unit Presentation	HJ			✓									
Opportunities Identified by the Financial Delivery Unit	HT							✓					
Underlying Deficit (included within External Finance Review)	HT					✓							
KPMG Refresh Plan to Financial Delivery Unit								✓					
ASSURANCE													
Corporate Risks	HT		✓			✓			✓			✓	



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	2 nd March 2020	24 th March 2020
Finance Operational Risks	HT		✓			✓			✓			✓	
Winter Planning 2019/20	JT		✓					✓					
Deep Dive into Medicines Management/Aseptic Unit	JPJ		✓										
Deep Dive into Continuing Health Care													
• Counties	JP					✓							
• MH&LD	LC					✓							
Deep Dive into Withybush Hospital	JT				✓								
Deep Dive into Ring-fenced Allocations in MH&LD	LC						✓						
FOR APPROVAL													
Annual Financial Plan/Enabling Plan	HT									✓			
Financial Procedures	HT				✓	✓	✓	✓					
FOR INFORMATION													
Scheme of Delegation	HT		✓										
Finance Committee Annual Workplan*	MH	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Update Reports to Board*	MH	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic Financial Planning Group Update Report to IEG	HT			✓		✓			✓	✓	✓	✓	✓
Draft Annual Accounts 2018/19	HT		✓										

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	2 nd March 2020	24 th March 2020
Benchmarking Network Summary Report	HT			✓									
International Financial Reporting Standard (IFRS) 16 Update	HT		✓				✓						
WAO Public Spending Trends in Wales 199/00 – 2017/18	HT							✓					
Any Other Business*		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ADMINISTRATION													
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

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

including standing agenda items (denoted by *).

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