

2.9

Financial Plan Development

Presenter: Mark Bowling

2.9 Financial Plan Development 2020-21 Month 6 SBAR Final.docx

2.9 Appendix 1 Month 6 Financial Plan Development.pptx

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	22 October 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Plan Development – Month 6 2020/21
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Rebecca Hayes, Senior Finance Business Partner

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

ADRODDIAD SCAA SBAR REPORT
<u>Sefyllfa / Situation</u>
The purpose of the report, attached at Appendix 1, is to outline the current status of the Financial Plan for next year (FY22) in the context of the wider integrated Operational and Financial Plan.
<u>Cefndir / Background</u>
Due to the COVID-19 pandemic, Welsh Government (WG) has confirmed that the All-Wales expectation for FY22 is for organisations to submit an Annual Plan. Confirmation of the submission deadline, formal guidance and templates have not yet been received from WG, although discussions have been on-going with WG and the Finance Delivery Unit (FDU).
<u>Asesiad / Assessment</u>
The Health Board's objective is to accelerate the delivery of its long-term plan wherever possible, and it is therefore important to retain a longer-term focus and ensure that the FY22 Plan is aligned to this context.
<u>Argymhelliad / Recommendation</u>
The Finance Committee is asked to note and discuss the update.

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:	856 (score 20) Ability to deliver the Financial Plan for 2020/21 646 (score 12) Ability to achieve financial sustainability over medium term
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve Population Health through prevention and early intervention

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the main report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee:	Finance Team Executive Team

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

Financial and Operational Plan FY22 Development

Alignment of the Financial and Operational Planning processes, communications and timetable are key deliverable for the FY22 cycle.

The Board recently approved a refreshed set of strategic objectives setting out the long term aims of the organisation:



Under each strategic objective is a set of planning objectives, which are specific and measurable, to drive achievement of the strategy.

A three year focus (due to the impact of COVID-19) and early engagement with Executive Directors to identify which objectives will be delivered by when, which are impacted by COVID-19 and why, and which require robust programme management and TPO management.

The Objectives will be mapped to Welsh Government (WG) requirements.

The FY22 Annual Plan will reflect the context of the three years to FY24:

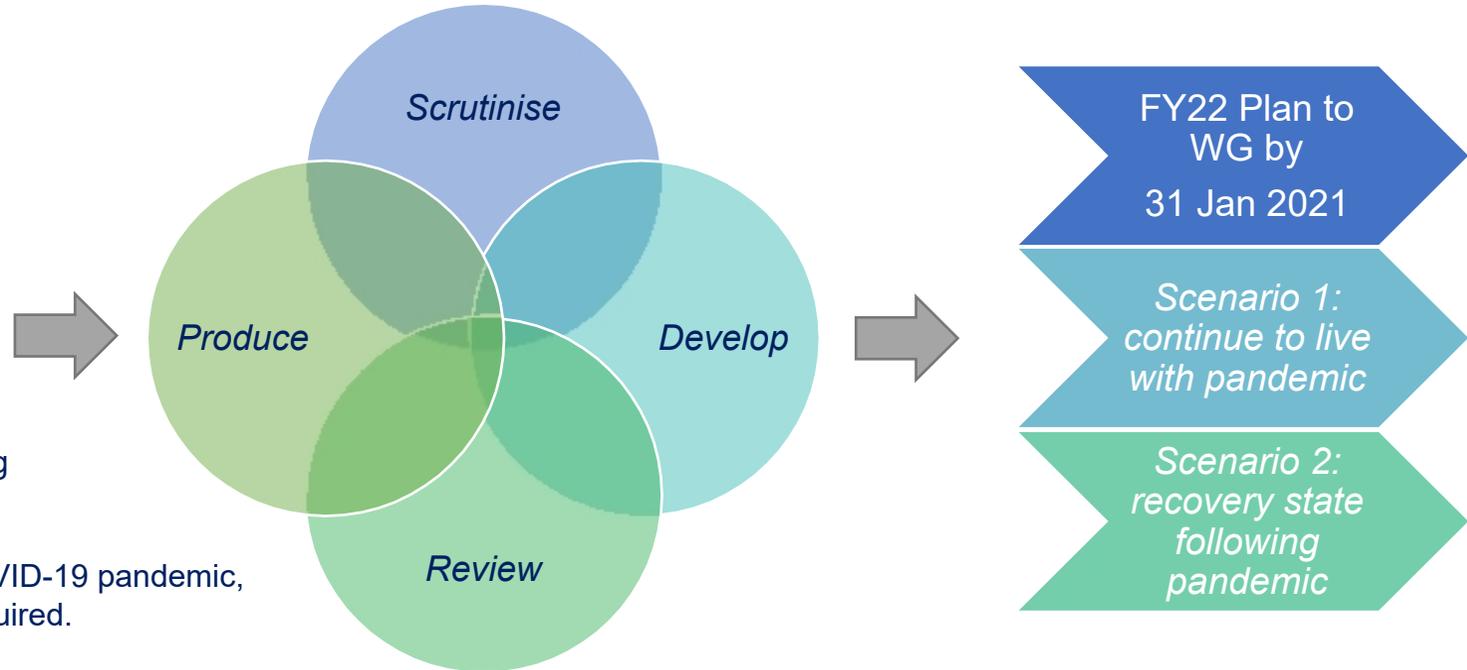
- FY22: Firm
- FY23: Indicative
- FY24: Outline

Planning Steering Group

Representation from:

- Assurance and risk
- Capital Planning
- Communications
- Finance
- Informatics
- Strategic Partnerships and Equality/Inclusion
- Performance
- Transformation and Planning
- Workforce

Due to the situation with the COVID-19 pandemic, no operational members are required.



Integrated communication is key to ensure wide engagement and to avoid duplication of effort.

Finance Business Partners will be pivotal in facilitating consistency and clarity between the operational priorities and resources.

In preparation for integrated Planning cycle, Finance have already developed draft Principles, a timetable and templates, which have been shared with the Planning Steering Group.

Two iterations of a draft financial assessment have been completed, which will be refined and aligned to the operational priorities.

Draft Financial Principles:

- Base financial forecast at Month 5 FY21:
 - less non-recurrent items not expected to repeat in FY22
 - plus new items for FY22 (demand driven)
 - plus development plans for prioritisation (to be processed through Investments Framework)
 - FYE step up/down for FY22
 - plus Health Board wide items such as Pay Awards, inflation etc
 - plus new development plans already approved by Board/appropriate committee
 - assessment of Month 5 forecast direct COVID-19 expenditure, identifying any disinvestment choices
 - assumption regarding WG funding to be discussed, given FY21 COVID-19 funding is non-recurrent
 - decision required regarding level of deficit Board wish to plan to deliver, determining savings requirement appetite
- Identify Risks and Opportunities
- Identify Savings opportunities, linking with Opportunities Framework
- “Acid Test” will be explaining the variation between the opening financial position for the current year with the draft Base for next year
- Higher level of scrutiny and independent challenge from ADoFs and Corporate Reporting team before decision-making process
- Scenario Planning will take Base plan and adjust for
 - recovery state following pandemic
 - further option to scenario plan for a higher prevalence of COVID-19 in FY22 than experienced in FY21