

Bundle Finance Committee 24 September 2019

- 1 09:30 - GOVERNANCE
- 1.1 Welcome and Apologies
Presenter: Chair
- 1.2 Declarations of Interest
Presenter: All
- 1.3 Unapproved Minutes of Previous Meeting Held on 22nd August 2019
Presenter: Chair
 - 1 3 Unapproved Finance Committee Minutes 22 08 19
- 1.4 Matters Arising and Table of Actions from Meeting Held on 22nd August 2019
Presenter: Chair
 - 1 4 FC Table of Actions 22 08 19 v4
- 2 09:40 - FOR DISCUSSION
- 2.1 Financial Performance Presentation
Presenter: Huw Thomas
 - 2.1 Financial Performance Presentation
 - 2.1.a Financial Report Month 5
Presenter: Huw Thomas
 - 2 1a Finance Report Month 5 SBAR
 - 2 1a Appendix 1 Finance Report Month 5
 - 2.1.b Turnaround Report Month 5
Presenter: Andrew Carruthers
 - 2 1b Turnaround SBAR
 - 2 1b Appendix 1 Turnaround Report
- 2.2 RTT Month 5
Presenter: Keith Jones
 - 2 2 RTT Financial Plan Trajectory Month 5
- 2.3 Grip and Control
Presenters: Huw Thomas/Lisa Gostling
 - 2 3 Grip and Control SBAR
 - 2 3 Appendix 1 Grip and Control Report
 - 2 3 PowerPoint Appendix to Grip and Control Report
- 2.4 Capital Financial Management
Presenter: Huw Thomas
 - 2 4 Capital Financial Management
- 2.5 Long Term Agreement Governance Update
Presenter: Huw Thomas
 - 2 5 LTA Governance
 - 2 5 Appendix 1 Governance around LTAs
- 2.6 Winter Plan Model 2019/20
Presenter: Joe Teape (verbal)
- 2.7 Financial Plan Development and Draft Financial Plan
Deferred to October 2019 Committee meeting
- 2.8 External Finance Review
Presenter: Huw Thomas (verbal)
- 3 11:10 - FOR ASSURANCE
- 3.1 Deep Dive into Ring-fenced Allocation within Mental Health & Learning Disabilities
Presenters: Liz Carroll/Janine Billen

3 1 Deep Dive into Ring-fenced Allocation within MHLD

3 1 Appendix 1

3 1 Appendix 2 Mental Health and Learning Disabilities Ring Fence Funding Presentation

4 11:30 - FOR APPROVAL

4.1 Financial Procedures

Presenter: Jennifer Thomas

4 1 Financial Procedures SBAR

4 1 Appendix 1 Patient Property and Monies - DRAFT FOR APPROVAL

5 11:40 - FOR INFORMATION

5.1 International Financial Reporting Standard (IFRS) 16 Update

Presenter: Huw Thomas

5 1 IFRS 16 Update

5.2 Strategic Financial Planning Group Update Report to Strategic Enabling Group (SEG)

No report available due to no further meeting held since 15th July 2019. The next meeting is scheduled for 14th October 2019

5.3 Finance Committee Update Report to Board from Previous Meeting

Presenter: Chair

5 3 Finance Committee Report - 22nd August 2019

5.4 Finance Committee Annual Workplan

Presenter: Chair

Finance Committee workplan 2019-20 v10

5.5 Reflective Summary

Presenter: Huw Thomas (verbal)

6 12:00 - ANY OTHER BUSINESS

7 DATE OF NEXT MEETING: Monday 21st October 2019, 1.30pm - 4.30pm, Boardroom, Ystwyth Building

8 12:05 - WORKSHOP SESSION

8.1 Development and Implementation of Value Based Health Care (VBHC)

Presenters: Huw Thomas/Mark Bowling

8 1 Development and Implementation of VBHC

8 1 Appendix 1 Financial Value Strategy Presentation

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

Date and Time of Meeting:	Thursday 22 nd August 2019, 9.00am – 12.00pm
Venue:	Boardroom, Ystwyth Building, St. David's Park, Carmarthen

Present:	Mr Michael Hearty, Associate Member (Committee Chair) Miss Maria Battle, Chair of Hywel Dda University Health Board (HDdUHB) Mrs Judith Hardisty, Vice Chair of HDdUHB Mr Mike Lewis, Independent Member (Committee Vice Chair) Mr Paul Newman, Independent Member 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 Mr Steve Moore, HDdUHB Chief Executive Mrs Ann Taylor-Griffiths, Union Representative Mrs Lisa Gostling, Director of Workforce & Organisational Development (part)
In Attendance:	Ms Rebecca Hayes, Senior Finance Business Partner Ms Kavita Gnanaolivu, KPMG LLP (part) Mr Rees Batley, KPMG LLP (observer) Mr Shaun Ayres, Interim Contracting Manager Ms Jill Paterson, Director of Primary Care, Community and Long Term Care (part) Ms Vicki Broad, Head of Long Term Care (part) Ms Rhian Dawson, Interim County Director and Commissioner (part) Ms Jean Reynolds, Head of Financial Accounting (part) Ms Liz Carroll, Interim Director of Mental Health & Learning Disabilities (part) Mr Matthew Richards, Head of Commissioning, MH&LD (part) Mr Philip Jones, Wales Audit Office (observer) Ms Alison Gittins, Head of Corporate and Partnership Governance Mrs Sarah Bevan, Committee Services Officer (Secretariat)

AGENDA ITEM	ITEM	
FC(19)141	INTRODUCTIONS AND APOLOGIES FOR ABSENCE	Action
	The Chair, Mr Michael Hearty, welcomed all to the meeting. No apologies for absence were received.	
FC(19)142	DECLARATIONS OF INTERESTS	
	There were no declarations of interest made.	
FC(19)143	MINUTES OF PREVIOUS MEETING HELD ON 22nd JULY 2019	
	RESOLVED – that the minutes of the Finance Committee meeting held on 22 nd July 2019 be APPROVED as a correct record.	
FC(19)144	MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 22nd JULY 2019	
	An update was provided on the Table of Actions from the meeting held on 22 nd July 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 Finance Report/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 assured Members that, although not included within the Turnaround report for today's meeting, an amber tracker has been developed in conjunction with KPMG. This will be presented within future reports once finalised. Mr Hearty requested that Mr Carruthers liaise with Mr David Powell before the September 2019 Committee meeting to provide further assurance.
- **FC(19)27 Capital Financial Management – to liaise with the Director of Planning, Performance and Commissioning regarding Cylch Caron and the risk of expiration of the next best tender price.** Mr Huw Thomas informed Members that a draft Full Business Case (FBC) is being progressed for submission to Welsh Government (WG) and a bid for Integrated Care Fund (ICF) monies has been submitted to the Minister for approval. Mr Paul Newman queried where this leaves the Health Board in terms of the next best tender price. Mr Thomas assured Members that the Health Board is engaged with the alternative provider and this price is being held. In light of the ICF funding being non-recurrent, Mrs Judith Hardisty enquired how this will impact going into 2020/21. Mr Thomas assured Members that the effect on capital can be managed between years.
- **FC(19)82 Finance Operational Risks Report – to scrutinise and review the operational risks for propriety and to enable the Committee to gain assurance that all relevant controls and mitigating actions are in place.** Mr Thomas advised Members that work is underway with Mr Carruthers and KPMG regarding a suite of training provided to budget managers to ensure a consistent understanding of financial risks within the organisation to address the current situation. Further work will be required over the medium term. Mr Steve Moore commented that this is about both risks and opportunities.

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

There were no other Matters Arising.

FC(19)145 FINANCE REPORT MONTH 4

Members were presented with the Finance Report Month 4. Mr Thomas informed Members that HDdUHB's control total requirement is a deficit of £15m following receipt of £10m new WG funding in Month 4. The financial trajectory included in the plan for Month 4 includes the implication of the additional £10m in order to deliver the £15m control total. Mr Thomas stressed the requirement on HDdUHB to deliver the new control total, otherwise the £10m will be withdrawn. There will then be an expectation that HDdUHB delivers down to a balanced position when moving into the 2020/21 financial planning cycle. Mr Thomas advised that the planning

cycle is shifting given the political environment in central Government, which provides little clarity for WG until later on in the year or early next year. It is therefore difficult to plan around assumptions for income.

Working on previous assumptions in the financial planning work, a savings requirement of £40m is expected to deliver breakeven. Mr Hearty queried whether the Committee would be sighted on the position by September 2019. Mr Thomas responded that as a result of KPMG's work, an understanding of HDdUHB's underlying deficit and key drivers is to be confirmed to provide a better understanding of the baseline deficit and to identify opportunities. Mr Thomas advised that this will likely be presented to a future In-Committee meeting due to its draft nature and the sensitivities involved. Mr Hearty stressed that the Finance Committee would require assurance that this increased challenge can be managed in 2020/21, whilst acknowledging the levers that are in place to deal with this.

Mr David Powell joined the Committee meeting

Mr Joe Teape informed Members that each of the 3 counties are developing statements for funding, which will identify benefits and legacy costs should the benefits not be realised. These statements will be submitted to Executive Team and can be presented to one of the Board's Committees once finalised. Mr Teape agreed to circulate the letter from the Minister regarding a possible extension of the transformation fund duration over 3 years.

Mr Carruthers advised that an assessment has been undertaken of schemes over the next 18 months with a view to break even. The schemes can be funded currently, however, the benefit to the savings line is limited. The first tranche of transformation funding is focused on how schemes can be built upon to generate benefit and to understand how they will operate and move from a transactional to a transformational nature. Mr Thomas assured Members that work on the opportunities framework with KPMG will contribute to this process.

Mr Thomas informed Members that Month 4 identifies the continuation of surge and vacancies pressures, particularly in Wthybush General Hospital (WGH). The total savings requirement is £25.2m, which has been reduced by £3.5m due to funds released from the NHS Wales Performance Fund received to support the cost of delivery of Referral to Treatment Time (RTT). £15.2m of these savings are associated with green schemes, £5m are for amber schemes, and therefore risk to delivery is £5m. Operational Directorate projections are at a variance to plan of £7.1m.

Opportunities include funding from WG for the recent Tuberculosis (TB) outbreak and bids for Winter pressures funding. However, there is a necessity to focus on delivering and improving areas of flow, and employing staff to shift activity via the transformation fund.

Mr Hearty queried the plan for the £5m gap, suggesting that the focus needs to be on not spending. Examples were provided relating to Mental Health & Learning Disabilities (MH&LD) and RTT as areas that are reducing spend. It was suggested that further work could be undertaken

JT

around the Workforce Control Panel and reducing reliance on agency staffing. Agency costs are under scrutiny, however pressures have grown, especially in WGH. It was agreed to present a report to outline the grip and control to the next Committee meeting.

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Members acknowledged the need to accelerate and realise the benefit of the Establishment Control work currently being undertaken. Mr Carruthers advised that a key area is how regulation is strengthened around agency nursing and the process of approving agency usage on a daily basis. Mr Thomas advised that further work could be undertaken regarding bank usage. Mr Hearty took an assurance that levers are being accelerated earlier than in previous years, however there is still a £7.1m savings gap.

Mr Thomas informed Members that final pension charges are beginning to have a greater impact on the Health Board, whereby staff in receipt of increments or promotion in the last 3 years of employment will incur a charge from the Pensions Agency to recognise additional pension costs. This is an unplanned cost pressure, which has resulted in a cost of approximately £0.5m to date and will therefore continue to be monitored throughout the year.

In relation to bed pressures, Mr Newman queried why this is described as surge when it represents a constant theme. Mr Teape responded that the pressures are classed as surge as the beds are not funded as part of HDdUHB's baseline establishment. This could indicate that the level of bed base is not correct, nevertheless this represents a level of surge against funded bed capacity. Mr Moore added that nursing costs are still at a premium. Mr Teape advised that work is underway to consider different bed models to influence a change to a more appropriate bed base. Questions have been raised as to what could be reconfigured over the winter period, which would help planning for 2020/21. Mr Teape undertook to bring a winter planning model back to the next Committee meeting.

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Miss Maria Battle queried the lack of inclusion of Delayed Transfer of Care (DToC) figures and Mr Thomas undertook to include the impact of medically optimised patients within the financial report for the next Committee meeting.

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Mr Thomas provided an overview of the pipeline opportunities, previously classified as red risk schemes. Mr Mike Lewis suggested there is currently no perception of the likelihood of these schemes happening and that it would help to understand when these opportunities are realistically likely to transpire. Mr Thomas assured Members that the Holding To Account (HTA) meetings scheduled for 23rd August 2019 will focus on the £7.1m operational pressures and the testing of actions in order to gain assurance on the delivery of the schemes. A timetable will then be put in place of anticipated delivery.

Mr Hearty reiterated that Members require a level of certainty over the schemes being delivered. Mr Carruthers assured Members that in addition to the aforementioned development of an amber tracker, KPMG are developing a comprehensive list of both amber and red schemes. KPMG are also considering ideas that may turn into opportunities and anything

	<p>that may have been missed in year. Mr Carruthers advised that additional project management support is required to drive these opportunities forward and KPMG recognise that HDdUHB is not at capacity to enable this.</p> <p>Mr Moore reiterated that the purpose of the tracker is to determine what needs to be done and by when and that Executive Turnaround meetings are now held fortnightly in order to monitor this.</p> <p>In relation to bank management, Mrs Hardisty commented that the system which had been implemented for the approval of bank usage requires assurance that it can be sustained and has the capacity to be maintained. Mr Thomas noted that the general usage of variable nursing capacity is increasing. Mrs Ann Taylor-Griffiths added that this is an all-Wales issue.</p> <p>Mr Teape suggested that a more comprehensive response regarding Heads of Nursing accountability in this regard is required and undertook to provide a report to the next Committee meeting. Mr Thomas suggested that this could be included within the grip and control report for submission to the next meeting. Miss Battle requested that the report includes plans on how to improve the bank process.</p> <p>Mr Thomas concluded by presenting to Members the year to date slippage against planned delivery, highlighting that the delivery of pipeline work needs to accelerate from Month 6.</p>	JT/HT
	<p>The Committee NOTED and DISCUSSED the financial position for Month 4.</p>	

FC(19)146	<p>FINANCIAL PROJECTIONS REPORT MONTH 4</p> <p>Mr Thomas presented the Financial Projections Report Month 4, demonstrating that HDdUHB appears to have performed well in Month 4 due to the receipt of £10m WG funding.</p> <p>Directorate level projections are currently indicating cost pressures of £7.1m. Mr Thomas presented a slide illustrating each Directorate's variance from plan, the largest areas being WGH, Radiology and Pathology, which are demand led. Other notable areas of concern include Public Health, as a result of the TB outbreak, and Long Term Agreements (LTAs).</p> <p>Mrs Hardisty noted that the Women & Children's Directorate is also significantly adrift from plan and queried the reasons for this. Mr Thomas responded that this is due to issues with insulin pumps and with staffing within the Directorate. Mr Carruthers advised of the difficulties in the Directorate being able to deliver their savings without strategic changes made. Mr Teape added that there are limited funds to put a full service in place as their budget has been set differently to other Directorates due to the Directorate traditionally being underspent. Mr Hearty queried whether this was included within the £5m risk to delivery figure, which Mr Thomas confirmed was the case.</p> <p>Members noted that the total impact on the underlying deficit is £41.5m,</p>	
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	<p>which poses a significant risk going into 2020/21.</p> <p>Mr Thomas informed Members of the key actions being taken to address in year performance including the work with KPMG, establishment of assurance groups to support the delivery of savings, establishment of a Recovery Task & Finish Group at WGH, and continuation of the escalated status through the Holding to Account process. Mr Thomas also informed Members of the grip and control work underway in conjunction with the Financial Assurance Framework.</p> <p>Mr Newman queried overspend due to drug cost increases, particularly in planned care and oncology, and whether this is forecast to continue. Mr Thomas confirmed that this is a recurring pressure and that work is ongoing with Medicines Management to mitigate this.</p> <p>Miss Battle queried the percentage of savings that are non-recurrent. Mr Thomas responded that £14.5m of the total £20.2m savings are recurrent, with £5.7m being non-recurrent.</p> <p>Miss Battle queried Mr Thomas' confidence in the delivery of the control total. Mr Thomas acknowledged that it is high risk and heavily reliant on further non-recurrent opportunities throughout the year. Mr Hearty assured Members that the Committee update report to the Board in September 2019 will highlight the high risk involved in reaching the control total. Mr Hearty queried whether the Board is required to approve the new control total. Mr Thomas responded that whilst the plan itself does not change, the Board would need to be advised of the new control total.</p> <p><i>Mrs Lisa Gostling joined the Sub-Committee meeting</i></p> <p>Mr Thomas informed Members that the £10m funding from WG is non-recurrent. If HDdUHB manages to deliver against the £15m control total <i>and</i> provide a credible plan to WG to break even in 2020/21, this will become a recurrent £10m allocation, which will be absorbed into the baseline. Discussions will need to be held with WG on how to breakeven, however a £40m savings target for 2020/21 would not be considered a credible plan.</p>	MH/SB
	<p>The Committee NOTED and DISCUSSED the financial projection for the year.</p>	

<p>FC(19)147</p>	<p>TURNAROUND REPORT MONTH 4</p> <p>Members were presented with the Turnaround Report for Month 4. As the majority of key areas of the report had been covered within the Finance presentation, Mr Carruthers highlighted to Members that the green schemes have risen from £13.2m to £15.2m in Month 4. This is slightly behind on delivery of savings in terms of referral management. Mr Carruthers assured Members that the frequency of Executive Team HTA meetings had been increased, with KPMG attending to observe and identify how the process could be strengthened. The frequency of the Triumvirate team meetings are also increasing with effect from September 2019.</p>	
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	<p>Mr Carruthers informed Members that certain Directorates, such as Mental Health & Learning Disabilities and Facilities, are close to being able to be removed from Executive HTA status.</p> <p>Key work stream areas going forward include:</p> <ul style="list-style-type: none"> - variable pay; - the shift from acute to community health care provision, especially coming into the winter period; - duplication of services across the 4 sites; - identifying what opportunities are available to drive the strategic agenda over the next 18months/2 years. <p>Mr Powell enquired when the tracker is able to determine when green schemes are delivering, given that some green schemes are showing as under-delivering, and whether this is due to actual under-delivery or that they are not yet due to take effect. Mr Powell suggested that some form of narrative would be useful to differentiate in terms of expected trajectory. Mr Carruthers agreed to include this going forward. Mr Carruthers assured Members that any schemes which are not delivering are picked up as part of the HTA process.</p> <p>Mr Hearty welcomed the new format of Section 3 of the Turnaround Report at Appendix 1 and provided thanks to Mr Carruthers on its inclusion.</p>	AC
	<p>The Committee DISCUSSED and NOTED the Turnaround Programme update report.</p>	

FC(19)148	<p>REFERRAL TO TREATMENT TIME (RTT) MONTH 4</p> <p>Members were presented with the RTT Month 4 report, highlighting the key areas for discussion.</p> <p>Mr Teape informed Members of the £4.1m original budget for RTT following delivery of £1.4m savings. The £0.5m Orthopaedic element of the £1.4m savings plan is now considered to be at significant risk due to the necessity to mitigate separate risks associated with the temporary closure of Orthopaedic theatre capacity at WGH during the Summer period 2019. Based on current and future projected expenditure patterns the current total projected expenditure for 2019/20 has been revised to £4.65m, allowing for non-delivery of the Orthopaedic savings target.</p> <p>Mr Teape further informed Members 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 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.</p> <p>Mr Hearty queried whether this information is discussed at the Business, Planning and Performance Assurance Committee (BPPAC). Mr Powell confirmed that it is included within the Integrated Performance Assurance Report (IPAR) which is presented to BPPAC.</p>	
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	The Committee NOTED the progress to Month 4 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)149	ESTABLISHMENT CONTROL	
	Due to time constraints, Mrs Gostling agreed to circulate her update on Establishment Control to Members following the meeting.	LG
FC(19)150	CAPITAL FINANCIAL MANAGEMENT	
	Members were presented with the Capital Financial Management Report noting that an update in relation to Cylch Caron had been provided earlier in the meeting. Mr Thomas added that whilst the trend on spend has increased, given the current profile, this is not overly concerning as there is time to consider the impact. Mr Thomas assured Members that Capital financial management is also reported to BPPAC.	
	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)151	CONTRACTS PROJECT IMPLEMENTATION PLAN	
	Members were presented with the Contracts Project Implementation Plan, requested by Members at the previous Committee meeting, advising of the steps currently being undertaken to align the contracts/LTAs across HDdUHB. Mr Shaun Ayres informed Members of the timetable of actions to turn the contracts strategy into deliverables. The report provides an overview of what HDdUHB commissions externally, with a view to reducing variations in current contracts. Mr Ayres advised that this information has not previously been shared with operational teams. Members were informed of the key schemes currently being developed. Mr Powell queried the significance of the black triangles on the action plan. Mr Ayres responded that these are checkpoints to provide an indication of at what point the tracker would be revised as opposed to milestones. Mr Teape welcomed Mr Ayres' input and the work completed to date.	
	The Committee NOTED and DISCUSSED the content of the Contracts Project Implementation Plan and took assurance that the steps taken are in line with the Finance Committee's expectations.	
FC(19)152	EXTERNAL SECONDARY CARE CONTRACTS	
	Members were presented with the External Secondary Care Contracts report, providing an update on the contractual position of external secondary care and Welsh Health Specialised Services Committee	

	<p>(WHSSC) contracts as at 31st July 2019.</p> <p>Mr Thomas advised of nuances that may have been historical and that work is underway to look at underlying trends/run-rates to establish what could be repatriated. Management of this process will be a challenge in terms of building and maintaining a constructive partnership with Swansea Bay University Health Board (SBUHB) whilst scrutinising the contracts in place. There is a need to ensure that services, which can be provided locally, are delivered locally and services which require external commissioning are appropriately done so. This process should in turn benefit both Health Boards. Mr Lewis noted from the report that HDdUHB's activity is less than SBUHB and Cardiff and Vale University Health Board (CVUHB) activity, however HDdUHB spend is higher. Mr Ayres informed Members that contracts in place with CVUHB, predominantly for haematology and immunology, would be reviewed.</p>	
	<p>The Committee NOTED and DISCUSSED the financial position on the main external contracts as at July 2019 and the work underway in respect of stabilising wider health/patient care contracts and key risks/related activity.</p>	

<p>FC(19)153</p>	<p>EXTERNAL FINANCE REVIEW</p> <p>Mr Hearty welcomed Ms Kavita Gnanaolivu to the Committee, who provided Members with an update on the work of KPMG to date with the external finance review.</p> <p>Ms Gnanaolivu informed Members of the 3 key pieces of work being undertaken:</p> <ul style="list-style-type: none"> • To determine a baseline of drivers – a first draft has been shared with the Finance team. The drivers have been mapped to the 4 levers framework. Ms Gnanaolivu informed Members of the 4 levers. • How to achieve the control total/opportunities for improvement – an initial risk assessment of current savings plans has been performed and schemes which can be accelerated have been identified. This piece of work is currently being validated. Working group sessions are being held via the Integrated Medium Term Plan (IMTP) meetings with Directorates. Over the next few weeks, KPMG will be holding several workshops to network with business partners and services around the challenges they face. This will provide an opportunity to understand from a grass roots level the issues involved and the solutions that can be developed. Work is also underway with operational teams and the finance team to identify opportunities, with consideration of minimum disruption to service provision. All of this combined work will help to populate the opportunities framework. • What is needed to deliver the programme – this piece of work will assess controls, processes, and capacity to generate a Delivery Framework for the organisation. A draft report has been prepared collating all of the factors together to identify the appropriate tools for delivery. <p>Ms Gnanaolivu updated Members on the key messages arising from savings programme observations, including recognition of capacity issues</p>	
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and also the need to get the balance right in terms of strengthening accountability at Directorate level, acknowledging that accountability can be held at a grass roots level, not only an Executive level. Ms Gnanaolivu recognised that this will require a cultural change and therefore a phased approach may be necessary.

Mrs Hardisty queried whether the workshop for Primary Care would include GP and Community Pharmacy input. Ms Gnanaolivu responded that the aim would be to open up the workshop to as wide an audience as possible. Ms Paterson noted that this would represent a good opportunity to engage with and support potential changes.

Mrs Hardisty referred back to Ms Gnanaolivu's comments on Directorate accountability capacity and whether this also referred to capability. Ms Gnanaolivu responded that consideration should be given to some level of project management capability and project management skills in addition to the capacity to deliver this.

Mr Lewis queried the external benchmarks that are being applied and the support that may be available if HDdUHB seems to be an outlier. Ms Gnanaolivu responded that the starting point is the national benchmarks in place which pointed to significant opportunity upon analysis of HDdUHB's dataset with national guidelines. Consideration is also being given to the different drivers for each of the 4 sites. An independent analysis by KPMG has identified opportunities which can be actioned and work will be undertaken with individual Directorates to progress these.

Mr Moore highlighted the difference in addressing the delivery model on the ground rather than at a theoretical level. This bottom up approach to problem solving will enable thinking to be tested on what can be changed.

Ms Taylor-Griffiths reiterated that it is helpful to understand what is happening at ground level and not only at a management level.

Mr Teape advised that although there will be opportunities that can be actioned, a joint view of the information and some validation will be needed before it is shared more widely. Mr Teape also advised that context needs to be considered, referring to the example of HDdUHB recently losing 2 ophthalmic consultants.

Mr Hearty acknowledged that whilst KPMG would need to have time to validate the information, positive opportunities are available. Mr Moore advised that the challenge will be on how quickly these opportunities can be actioned and accelerated. Ms Gnanaolivu informed Members that she would also be attending Turnaround meetings to provide input.

Ms Kavita Gnanaolivu left the Committee meeting.

The Committee **NOTED** the External Finance Review Update.

FC(19)154	DEEP DIVE INTO LONG-TERM CARE: COUNTIES	
	Members were presented with the Deep Dive into Long-term Care: Counties report by Ms Jill Paterson, accompanied by Ms Jean Reynolds,	

Ms Rhian Dawson, and Ms Vicki Broad.

Ms Paterson provided Members with an overview of the policy context which is significantly complex. As part of Long-term Care requirements, an assessment of eligibility is carried out and scrutinised by a panel in place to deal with disputes and appeals. Retrospective claims are also required to be covered within the Directorate's expenditure. In the early stages, retrospective claims could extend back over a number of years, however a 12 month cut off point is now applied for retrospective claims. 531 claims have been paid to date at a cost of approximately £12m.

The Long-term Care system is subject to a fragile market, particularly as a result of 4 agencies exiting the market in 2018/19. This resulted in HDdUHB having to absorb the additional cost of care provision. Governance issues within care home settings can also reduce beds where homes are under embargo or under escalating concerns.

Ms Broad provided an overview of the work completed to transform the pathway over previous months, advising that the regional Long-term Care pathway is the first in Wales. It consists of a whole system approach with the aim to develop a single end to end system from admission through to discharge and through to annual review. Ms Broad informed Members of the newly created Long-term Care Specialist Nurse posts, which are able to carry out all aspects of the pathway, providing sustainability and efficiency of service.

Pathway efficiencies and savings had been assisted by the Turnaround process, where a target of £1.1m savings had been set for 2018/19. £1.08m savings were delivered in 2018 through proactive working and without additional funding. An overview of approaches to budget-setting was provided to Members, highlighting that the nature of Community Health Care (CHC) is volatile and that small changes in numbers can have a dramatic impact.

Ms Dawson provided an overview of the client groups involved. The ageing demographic indicates an additional 3.4% growth each year, which will be slightly different in each county area. Governance surrounding the commissioning of care has been improved with quality assurance ensuring that all avenues of care are being considered prior to commissioning cases. Governance has also been improved as a result of 2 out of the 3 counties investing in and delivering services in-house.

Ms Reynolds informed Members that there is no control over what demand to the service and that with the trauma network pathway, improved recovery rates bring associated growth. Dementia/Elderly Mentally Infirm (EMI) represents a considerable challenge in terms of activity and spend. However Palliative Care has seen an improving position with patients being identified for appropriate services at the right point in time.

Ms Dawson stressed the importance of working seamlessly with Local Authorities and the independent sector, given that care at home is more efficient than use of the independent sector. However, community nursing remains under pressure.

The presentation concluded with an overview of key risks and opportunities for the service. In summary, implementation of the Long-term Care pathway in 2018/19 absorbed the anticipated annual growth in CHC. Despite this, there continues to be significant cost pressures on the budget, which will impact on the ability to deliver continued efficiencies both in-year and into following years.

Mr Powell queried the disparity of commissioning figures within Pembrokeshire, noting the high costs involved despite a lower number of cases in comparison to the other counties. Ms Paterson advised of the inability to reduce certain historically commissioned cases in the county. However, Ms Paterson assured Members that a member of the Long-term Care team regularly meets with families to discuss the appropriateness of packages and their rightsizing.

Whilst acknowledging clinical need and recognising that behind every number is an individual, Mr Lewis queried from a financial perspective what is understood to be the most efficient way of delivering packages, internally or externally, and what can be done to reduce risks. Ms Paterson responded that the most efficient method of delivering the service is in-house as there is a greater control over governance. In considering more creative ways to deliver care differently, there will always be cases where specialised care is needed.

The Committee **NOTED** and **DISCUSSED** the Deep Dive into Continuing Health Care: Counties report and presentation.

<p>FC(19)155</p>	<p>DEEP DIVE INTO MENTAL HEALTH AND LEARNING DISABILITIES COMMISSIONING</p> <p>Members were presented with the Deep Dive into Mental Health and Learning Disabilities (MH&LD) Commissioning report.</p> <p>Ms Liz Carroll provided an overview of the Directorate and the services it provides, where £22m of the budget sits with commissioning. Demand is growing, with an additional 5000 cases per year since 2013/14.</p> <p>Mr Matthew Richards provided an overview of the Commissioning team, which also includes a safeguarding and quality assurance post. 474 individuals have a package of care, of which 239 are Adult Mental Health and 235 are Learning Disability placements. 82% of packages are jointly funded with Local Authorities. Of these placements, 77% are within the HDdUHB area, 4% are outside of Wales, and the remainder are out of area but within Wales. In comparison with Wales, HDdUHB has a significantly higher reliance on joint funded placements than 100% healthcare funded placements. This is a historic position which is difficult to address with Local Authorities. Mr Richards advised that there is currently no eligibility criteria in place for joint funded placements and that work is underway to draft guidance and clarify the position with other Health Boards.</p> <p>The financial position is predominantly overspent due to high cost patients and increased growth. In 2019/20, the budget was increased from £20.5m to £22.4m. Commissioned care packages represent the biggest overspend</p>	
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of the Directorate with the highest spend attributed to residential services for both Mental Health and Learning Disabilities. The over-reliance on residential care would indicate a need to consider community options.

Ms Rebecca Hayes left the Committee meeting

Mr Richards provided an overview of the savings delivery schemes in place for 2018/19 and 2019/20. An overview of challenges and risks was also provided highlighting the increased demand faced by the service and the increased complexities of Learning Disability patients. Local Authority cost pressures are also significant to the budget and savings delivery forecast, and resources are required to sustain safeguarding and quality assurance.

Mr Phillip Jones left the Committee meeting

An overview of opportunities and progress was presented to Members, including:

- the MH&LD Transformation Programme and the development of core and community based services;
- the transformation funding to increase team capacity to deliver efficiencies,
- support from the National Collaborative Commissioning Unit (NCCU)
- the Bespoke Repatriation and Community Rehabilitation Project.

Ms Carroll concluded that the growth of supported living would make a significant difference.

Miss Battle enquired how quality of care is assured for out of area placements. Ms Carroll responded that each individual is assigned a care coordinator who reviews the package and that the Commissioning team assess the governance of the package. Work is also undertaken with regulators and Local Authorities to gain assurance, providing a network of intelligence.

Mr Moore commented that the Transformation work will focus on improvements over the next 3 years rather than only in year positions.

Mr Newman queried the direction of travel to increase supported living placements and the supervision in place to enable scrutiny of these places. Mr Richards responded that the supported living service is already monitored, albeit at a lower level, and it will need to be led by Local Authorities.

Mrs Hardisty referred to HDdUHB's recent signing of the Learning Disabilities Charter, recognising the importance of listening to patients in regard to what they want, which is the future direction of travel.

Ms Liz Carroll and Mr Matthew Richards left the Committee meeting

The Committee **NOTED** and **DISCUSSED** the Deep Dive into Continuing Health Care: Mental Health & Learning Disabilities report and presentation.

FC(19)156	<p>DEEP DIVE INTO RING_FENCED ALLOCATION WITHIN MENTAL HEALTH AND LEARNING DISABILITIES</p> <p>Deferred to September 2019 Finance Committee meeting</p>	
FC(19)157	<p>CORPORATE RISK REPORT</p> <p>Due to time constraints, and discussions held earlier in the meeting regarding the further work required around the monitoring and management of financial risks, Members agreed that the Risk reports be deferred to the October 2019 Committee meeting.</p>	
FC(19)158	<p>FINANCE OPERATIONAL RISK REPORT</p> <p>Due to time constraints, and discussions held earlier in the meeting regarding further work required around the monitoring and management of financial risks, Members agreed that the Risk reports be deferred to the October 2019 Committee meeting.</p>	
FC(19)159	<p>FINANCIAL PROCEDURES</p> <p>Members were presented with the Financial Procedures report, identifying the following procedures that have been reviewed and are presented for Finance Committee approval:</p> <ul style="list-style-type: none"> • Budgetary Control Procedure – Mr Thomas advised Members that the previous version had been considerably out of date and has been revised following feedback received from KPMG and the Financial Delivery Unit. • Losses and Special Payments Procedure <p>Members were in agreement to approve the two financial procedures.</p> <p>The Committee APPROVED the revised Budgetary Control Procedure and the Losses and Special Payments Procedure.</p>	
FC(19)160	<p>STRATEGIC FINANCIAL PLANNING GROUP UPDATE REPORT TO STRATEGIC ENABLING GROUP (SEG)</p> <p>Members were presented with the Strategic Financial Planning Group Update Report to Strategic Enabling Group (SEG). No questions or comments were received.</p> <p>The Committee NOTED the Strategic Financial Planning Group Update Report to Strategic Enabling Group (SEG).</p>	
FC(19)161	<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 July 2019 for information. No questions or comments were received.</p> <p>The Committee NOTED the Finance Committee Update Report to Board.</p>	
FC(19)162	<p>FINANCE COMMITTEE ANNUAL WORKPLAN</p> <p>Members were presented with the Finance Committee Annual Workplan. No questions or comments were received.</p> <p>The Committee NOTED the Finance Committee Annual Workplan.</p>	
FC(19)163	<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"> • Financial position and key drivers, highlighting the high risk to achieving the revised control total, following the £10 allocation from Welsh Government • Projections, recovery actions and how to fill the savings gap; a report on grip and control to be presented to the next Committee meeting • Turnaround actions • Contracts implementation with positive feedback received from the Committee around the right direction of travel • Update from KPMG on work in progress • Deep Dives into Long-term Care in counties and commissioning in MH&LD • Approval of two Financial Procedures 	
	<p>The Committee NOTED the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting.</p>	

FC(19)164	ANY OTHER BUSINESS	
	No other business was raised.	

FC(19)165	DATE OF NEXT MEETING	
	Tuesday 24 th September 2019, 9.30am - 12.30pm, Boardroom, Ystwyth Building, St. David's Park, Carmarthen	

**TABLE OF ACTIONS FROM
FINANCE COMMITTEE (FC) MEETING
HELD ON 22nd AUGUST 2019**

MINUTE REFERENCE	ACTION	LEAD	TIMESCALE	PROGRESS
FC(19)70/71	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	AC	August 2019	Forward planned for inclusion within the Turnaround Report for future meetings commencing at the 22 nd August 2019 Committee meeting
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)116	Implementing Value Presentation – to provide an update on the development and implementation of Value Based Health Care (VBHC) at a future Committee meeting	MB	September 2019	Forward planned for inclusion on the Finance Committee agenda for September 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)144	Matters Arising and Table of Actions from the Meeting Held on 22nd July 2019 – to liaise with Mr David Powell to provide further assurance on when the Committee should begin to have concerns over the delivery of savings schemes	AC	September 2019	Meeting to be scheduled prior to 24 th September 2019 Committee meeting
FC(19)145	Finance Report Month 4 – to provide a report around grip and control, in relation to workforce and agency to the next Committee meeting	HT/JT	September 2019	Forward planned for inclusion on the Finance Committee agenda for 24 th September 2019

FC(19)145	Finance Report Month 4 – to provide a report on the Winter Planning model to the next Committee meeting	JT	September 2019	Forward planned for inclusion on the Finance Committee agenda for 24 th September 2019
FC(19)145	Finance Report Month 4 – to include the impact of medically optimised patients within the financial report for the next Committee meeting.	HT	September 2019	Forward planned for inclusion within the Financial Performance Presentation for 24 th September 2019
FC(19)146	Financial Projections Report Month 4 – to highlight the high risk involved in reaching the revised control total to Board within the Finance Committee Update Report to the Board in September 2019	MH/SB	September 2019	Complete
FC(19)147	Turnaround Report Month 4 - to include narrative on anticipated delivery of green schemes to differentiate in terms of expected trajectory into future Turnaround reports	AC	September 2019	Forward planned for inclusion within the Turnaround Report Month 5 for 24 th September 2019
FC(19)148	RTT Report Month 4 – to circulate to Members the letter from the Minister regarding possible extension of the transformation fund duration	JT	September 2019	Complete
FC(19)149	Establishment Control – to circulate the Establishment Control update to Members following the meeting	LG	September 2019	Complete



Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Financial Performance Month 5

Health Board confirmed control total of £15m

Month 5 position

- Month 5 position is £1.0m (Month 4, £0.7m) operational variance to plan, £3.1m YTD. Deterioration mainly unidentified savings profile.
- YTD variance to breakeven £10.6m
 - Operational surge, vacancies covered by premium cost staff and drugs of £0.4m;
 - Planned Care due to drugs and slippage on referral management savings scheme £0.1m;
 - Medicines Management Prescribing £0.5m;
 - Local TB outbreak £0.1m.

Savings summary

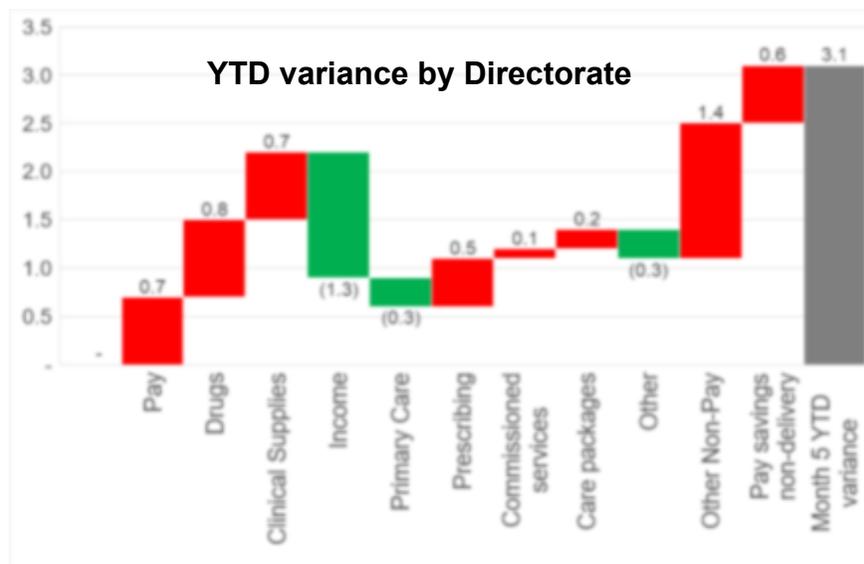
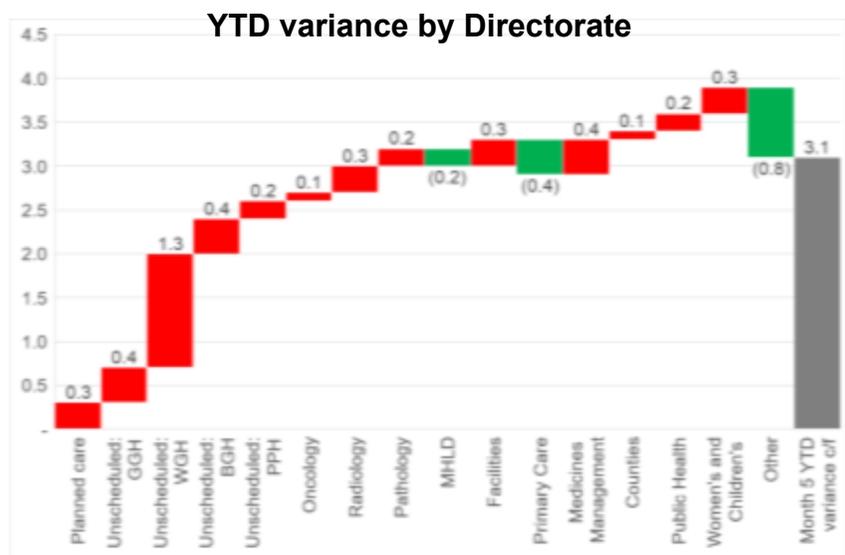
- £25.2m total savings requirement to meet control total following reduction of £3.5m as a result of additional WG funding, the cost of which had already been included within our baseline plan.
 - £15.5m of secure plans (green)
 - £3.7m of plans with some risk to delivery (amber)
 - Risk to delivery is therefore £6.0m, including projected slippage on identified schemes of £0.9m.
- Pace of delivery requires significant acceleration from Month 6.

Directorate Projections

- Operational forecasts in excess of budget of £5.5m.
- Projection including savings risk is an adverse variance to plan of £11.5m. This would equate to a year end deficit position of £26.5m.

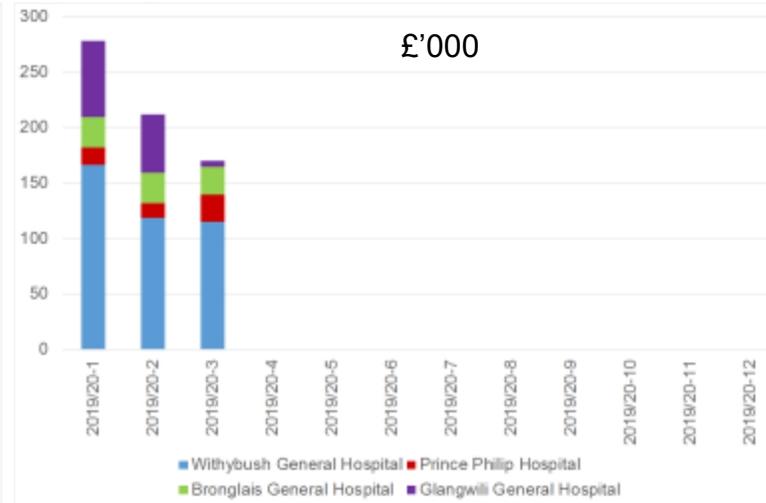
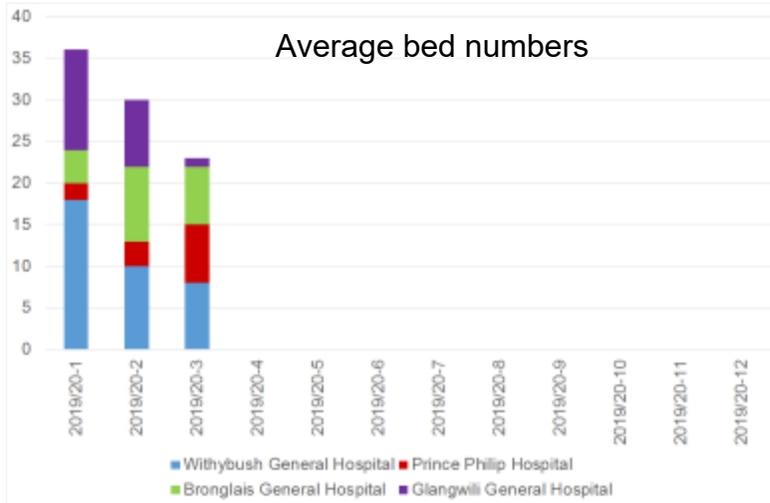
Further actions

- Opportunity pipeline of needs to be actively pursued and developed into actionable plans.
- Recovery actions from identified Opportunities required of £5.5m to recover YTD position and cost pressures in Directorate projections.

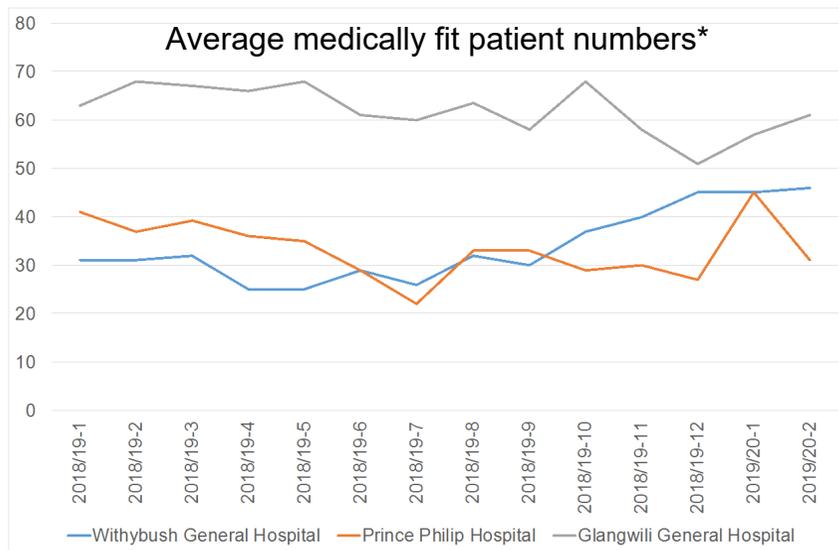


- The current month was over spent by £1.0m due to surge bed pressures, vacancies filled at premium rates and drugs in Unscheduled Care, the local TB outbreak in Public Health, a deterioration in Primary Care Prescribing due to price increases plus the impact of the phasing of unidentified savings.
- The year to date pressure has been particularly pronounced in Unscheduled Care (£2.3m, especially pronounced in WGH, driven by bed capacity, medical staffing in medical specialities and A&E).
- Secondary Care Drugs pressures are higher than previous months in PPH and GGH Medical Specialities, and continue with the Aseptics unit closure and TB outbreak.
- Clinical Supplies includes significant over-spends in relation to diabetic pumps and associated consumables.
- Other Non-Pay includes the impact of Final Pension Charges, increases in travel, recruitment fees, insurance, provisions, telephone costs and postage.

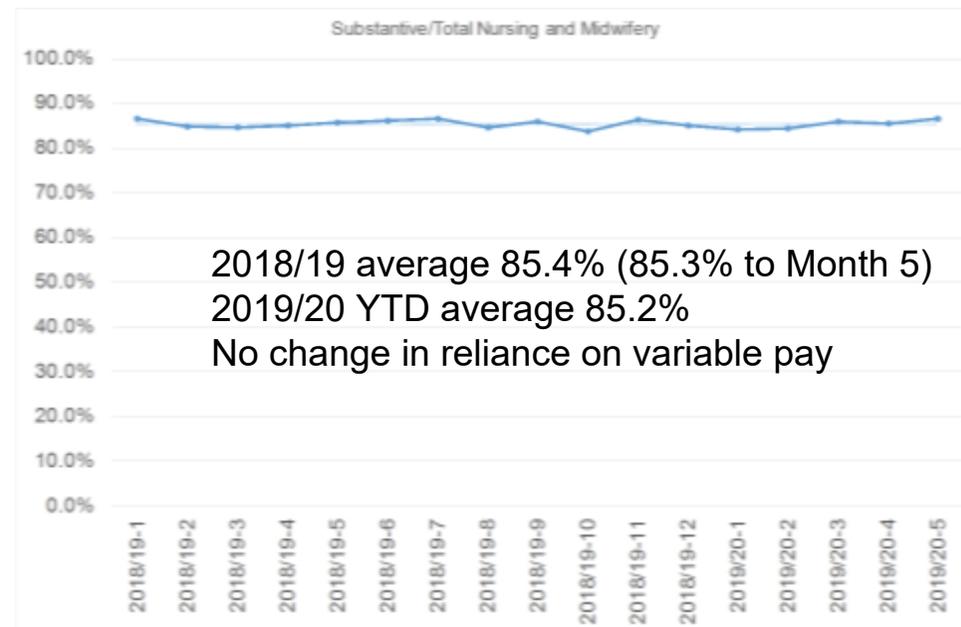
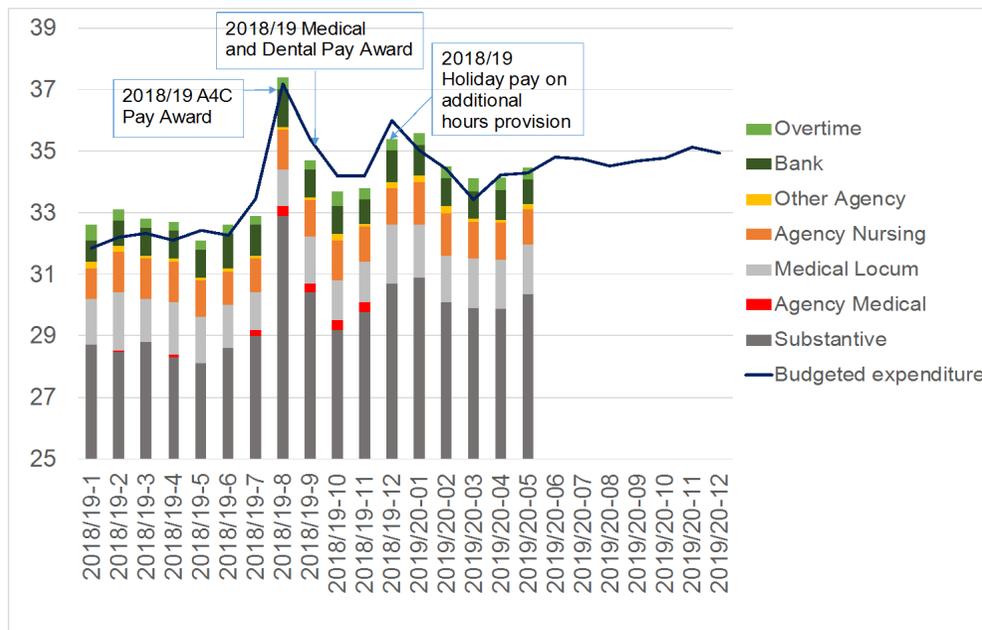
Bed pressures



Critical Care surged on 22 occasions in Month 5 (Month 4, 22), which was predominately driven by patient acuity rather than the number of beds.



*this data is not yet available for Bronglais General Hospital



Bank and Agency fill rate of requested Registered Nursing shifts 89.3% YTD

Nursing and Midwifery WTE's	Vacancy	Additional hours and Overtime	Bank	Contract Agency	Thornbury	Cover utilised
Month 2	410.7	52.9	63.2	166.0	15.5	297.7
Month 3	428.5	54.8	59.9	150.8	16.1	281.6
Month 4	397.2	58.5	67.0	163.1	12.0	300.5
Month 5	451.0	56.3	65.6	164.3	12.0	298.3

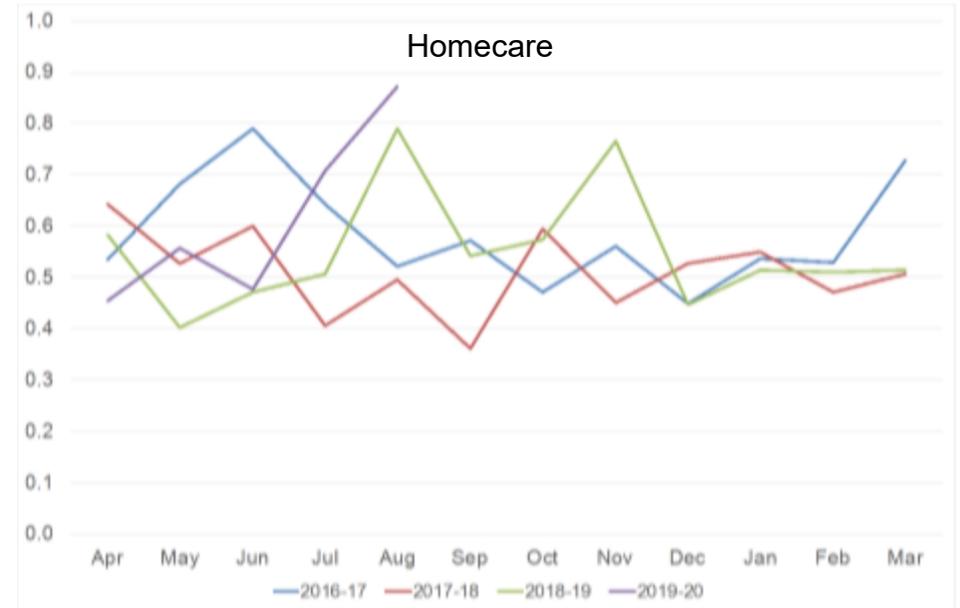
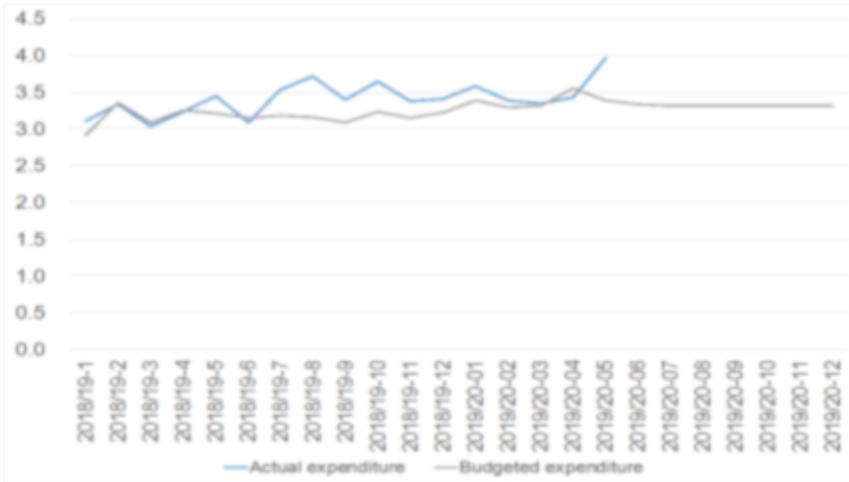
Secondary Care Drugs

Growth in costs and issue volumes.

Key areas of growth:

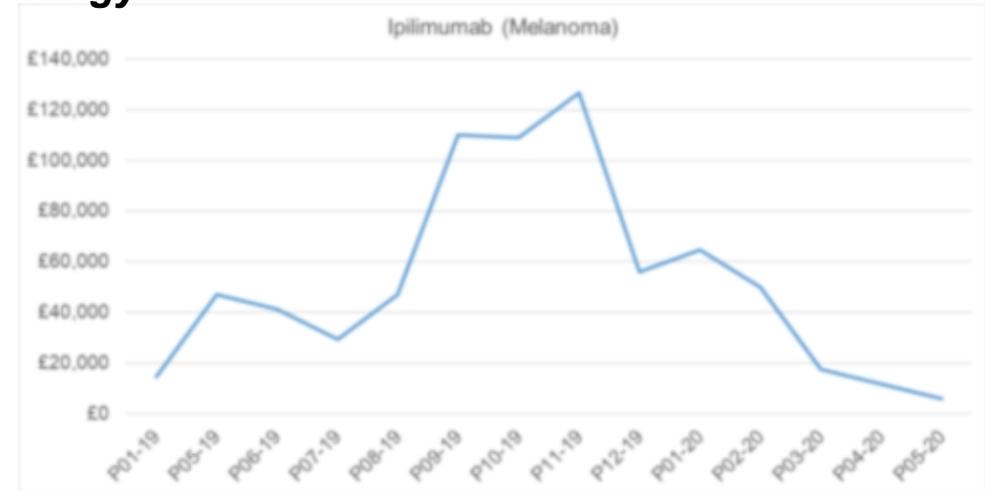
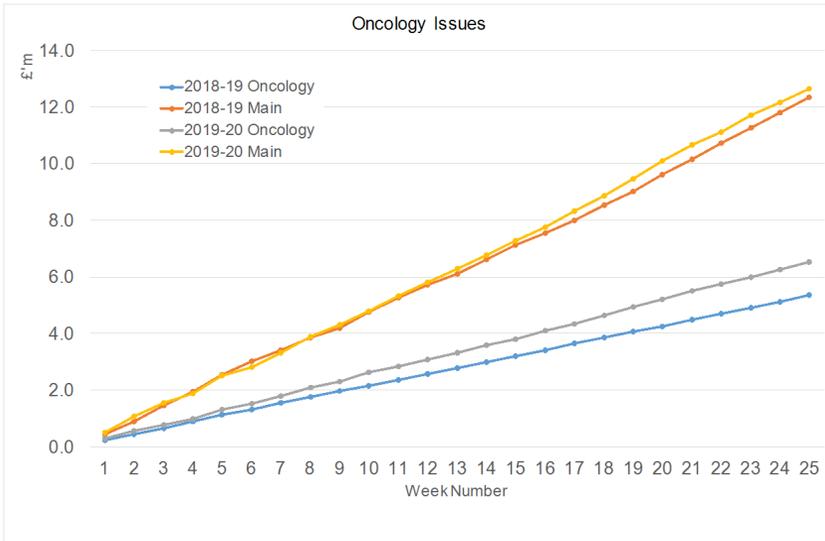
- Oncology (see next slide).
- Homecare, however this method of delivery delivers VAT savings, and has been strategically pursued.
- Hepatitis C.

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



Secondary Care Drugs

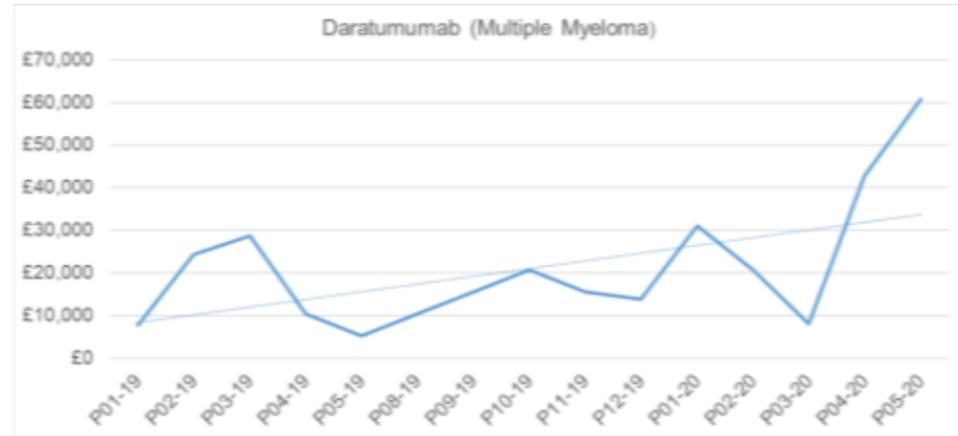
Oncology



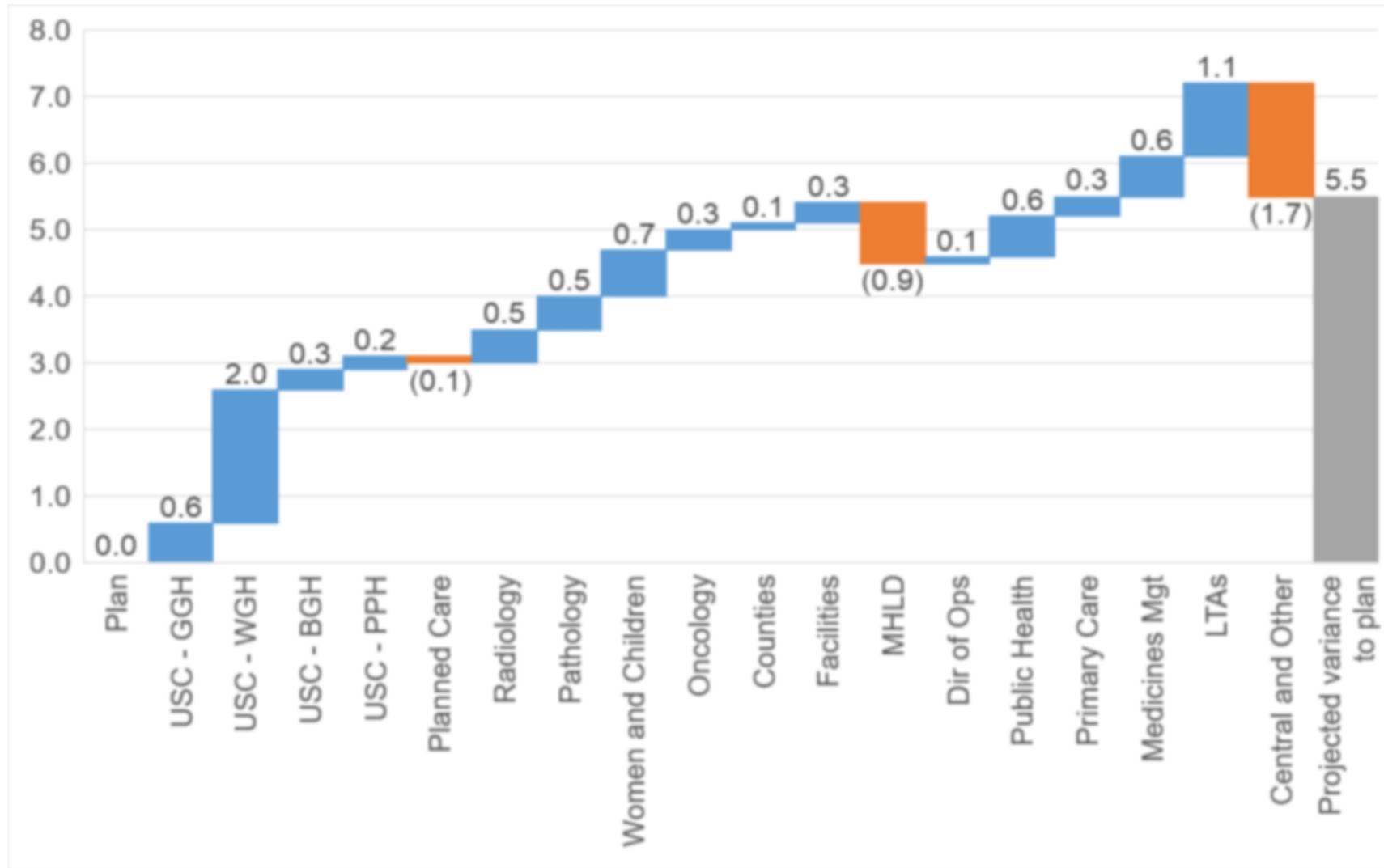
Pembrolizumab accounts for majority of increase (£0.5m) due to vast licence range and strong NICE approval. Mostly used for Lung Cancer, but also melanomas and urothelial cancer.

Above: Incredibly expensive (upwards of £12k/dose). New patient cohort (adjuvant therapy).

Below: Second line NICE approval; continually increasing patient numbers.



- Draft interim Annual Plan for 2019/20 approved by Board March 2019 with deficit of £29.8m; Welsh Government have since confirmed that the Health Board's Control Total requirement is a deficit of £15.0m following receipt of £10.0m WG funding.
- The savings requirement has been reduced from £28.7m to £25.2m as a result of additional Welsh Government funding, the cost of which had already been included within our baseline plan.
- Directorate level projections are currently indicating cost pressures of £5.5m (see below).
- To achieve the Control Total requirement additional actionable savings plans will need to be urgently identified, which will rely on both Corporate and Directorate level delivery.



Savings type	Assured (£'m)	Marginal risk (£'m)	Total (£'m)
Non-recurrent	4.3	0.9	5.2
Recurrent	11.2	2.8	14.0
Total	15.5	3.7	19.2

- Total requirement reduced from £28.7m to £25.2m as a result of Welsh Government funding, the cost of which had already been included in our baseline plan.

Health Board Pipeline schemes	Total (£'m)
Planned Care reconfiguration	0.5
Commissioning	0.1
Medicines Management	0.6
Pathology demand	0.1
Managed practices	0.1
Primary Care funding	0.5
Secondary Care drugs	0.4
MHLD/BGH shared care model	0.2
Total	2.5

- Pipeline schemes actively pursued to convert to Assured status.

- Further work to identify savings schemes and opportunities on-going; now in conjunction with KPMG;
- Assurance groups to support delivery of savings;
- Delivering output from KPMG Grip and Control Workshops;
- Recovery Task and Finish Group in Withybush General Hospital;
- Embed Nursing Establishment Control triangulation of WTEs between financial ledger, ESR/payroll and rostering. Further work to be completed on Medical staffing.
- Re-assessment of budget manager responsibilities;
- Maintaining escalated status through Holding to Account.

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Report – Month 5 2019/20
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Andrew Spratt, Assistant Director of Finance

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

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

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

Cefndir / Background

HDdUHB's confirmed control total of £15m, following receipt of £10m new Welsh Government (WG) funding in Month 4

Month 5 position

The Month 5 position is £1.0m (Month 4, £0.7m) operational variance to plan (£3.1m Year To Date). Deterioration from Month 4 mainly unidentified savings profile impact of £0.2m. The Month 5 Year To Date (YTD) variance to breakeven is £10.6m.

Significant adverse variances against plan, in month, partly offset by favourable gains elsewhere:

- Operational surge, vacancies covered by premium cost staff and drugs in Unscheduled Care: impact of £0.4m;
- Planned Care due to increased Ophthalmology and Rheumatology drugs costs and slippage on a referral management savings scheme: £0.1m;
- Local Tuberculosis (TB) outbreak in Public Health: impact of £0.1m;
- Medicines Management Primary Care Prescribing: £0.5m.

The financial recovery and management within available resources is critical in future months in order to assure delivery against the £15m control total.

Savings Summary

£25.2m total savings requirement is included to meet the control total following reduction of £3.5m as a result of additional WG funding, the cost of which had already been included within the baseline plan.

- £15.5m of Assured schemes
- £3.7m of Marginal Risk schemes
- Risk to delivery is therefore £6.0m
- Month 5 delivery £1.3m; improvement of £0.1m on Month 4
- YTD slippage on identified schemes is £0.6m

Directorate Projections

- Operational forecasts in excess of budget of £5.5m
- Projection including savings risk is an adverse variance to plan of £11.5m; this would equate to a year end deficit position of £26.5m

Further actions

- Opportunities and savings pipeline needs to be actively pursued and developed into actionable plans
- Recovery actions from identified opportunities required of £5.5m to recover YTD position and cost pressures in Directorate projections

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	7.5	10.6	High
Savings	£'m	25.2	5.7	5.2	High
Capital	£'m	38.4	12.7	12.7	Medium
Non-NHS PSPP	%	95.0	95.0	95.4	Low
Period end cash	£'m	4.0	4.0	1.0	Medium

Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the financial position for Month 5.

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

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termiau: Glossary of Terms:	Included within the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Finance Team Management Team Executive Team Finance Committee

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

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

Executive Summary

Health Board's confirmed control total of £15m, following receipt of £10m new WG funding in Month 4	
<p>Month 5 position</p> <p>Month 5 position is £1.0m (Month 4, £0.7m) operational variance to plan (£3.1m YTD). Deterioration from Month 4 relates mainly to unidentified savings profile impact of £0.2m.</p> <p>Month 5 YTD variance to breakeven is £10.6m.</p> <p>Significant adverse variances against plan, in month, partly offset by favourable gains elsewhere:</p> <ul style="list-style-type: none"> • Operational surge, vacancies covered by premium cost staff and drugs in Unscheduled Care impact of £0.4m; • Planned Care due to increased Ophthalmology and Rheumatology drugs costs and slippage on a referral management savings scheme £0.1m; • Local TB outbreak in Public Health impact of £0.1m; • Medicines Management Primary Care Prescribing £0.5m; <p>The financial recovery and management within available resources is critical in future months in order to assure delivery against £15m control total.</p>	<p>Savings Summary</p> <p>£25.2m total savings requirement is included to meet control total following reduction of £3.5m as a result of additional Welsh Government funding, the cost of which had already been included within our baseline plan.</p> <ul style="list-style-type: none"> • £15.5m of Assured schemes. • £3.7m of Marginal Risk schemes. <p>• Risk to delivery is therefore £6.0m; includes projected slippage on identified schemes is £0.9m.</p> <p>Month 5 delivery £1.3m; improvement of £0.1m on Month 4.</p> <p>The pace of savings delivery requires significant acceleration from Month 6.</p>
<p>Directorate Projections</p> <ul style="list-style-type: none"> • Operational forecasts in excess of budget of £5.5m. • Projection including savings risk is an adverse variance to plan of £11.5m; this would equate to a year end deficit position of £26.5m. • After delivering pipeline schemes there are discussions on-going with WG around the costs associated with the TB outbreak (£0.7m) and WGH staffing issues (£1.7m). 	
<p>Further actions</p> <ul style="list-style-type: none"> • Opportunities and savings pipeline needs to be actively pursued and developed into actionable plans. • Recovery actions from identified Opportunities required of £5.5m to recover YTD position and cost pressures in Directorate projections. 	
<p>Conclusions</p> <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.

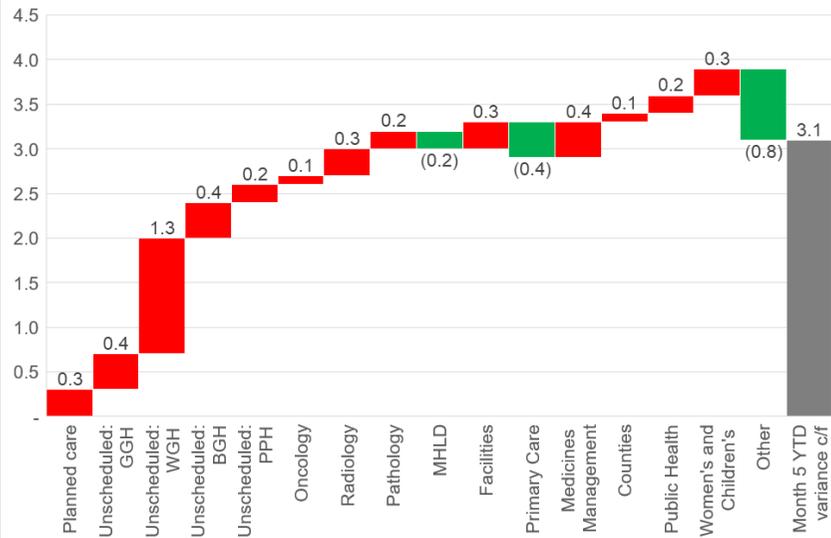
Key target		Annual limit	YTD limit	Actual delivery	Forecast Risk
Revenue	£'m	15.0	7.5	10.6	High*
Savings	£'m	25.2	5.7	5.2	High*
Capital	£'m	38.4	12.7	12.7	Medium
Non-NHS PSPP	%	95.0	95.0	95.4	Low
Period end cash	£'m	4.0	4.0	1.0	Medium**

* 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



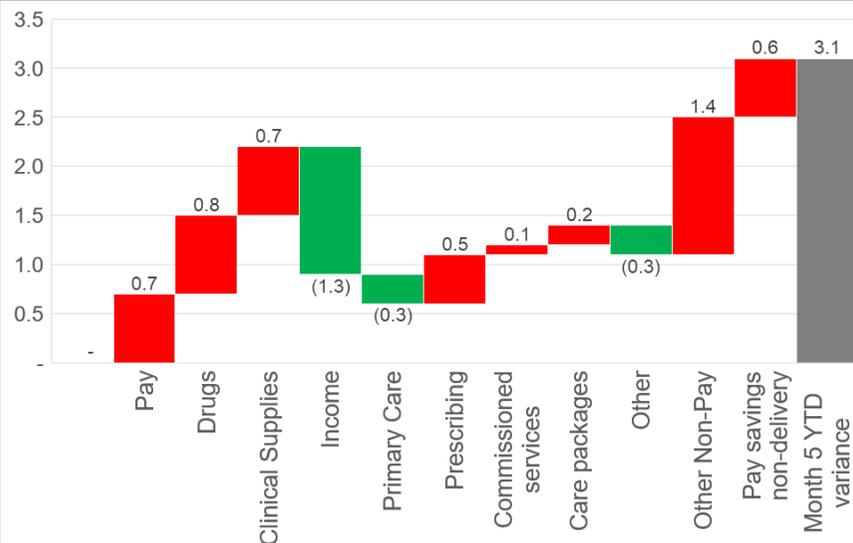
Assurance

- 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

- Operational surge and vacancies covered by premium cost staff, predominately in Unscheduled Care.
- Slippage on identified savings schemes
- Grip and Control work by KPMG highlighted concerns in 1) Roster management, 2) Agency controls for Nursing and Medical staff and 3) Medical workforce job planning.
- Other Non-Pay includes Establishment and Transport adverse variance of £0.8m.

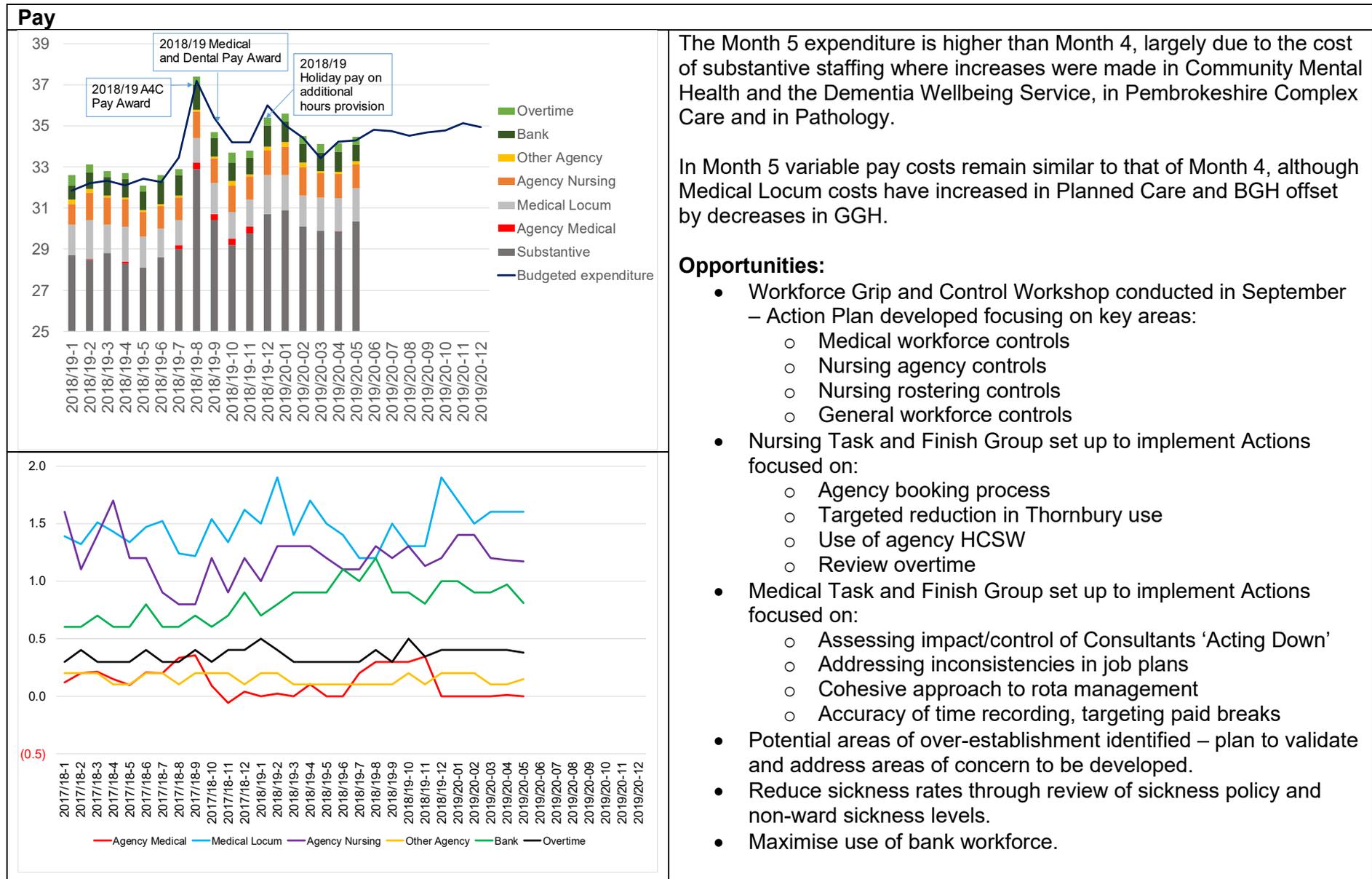
YTD variance by Subjective



Next Steps

- Further strengthen support for Withybush General Hospital (WGH).
- Maintaining escalated status through HTA.
- Assurance groups support delivery of savings.
- 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



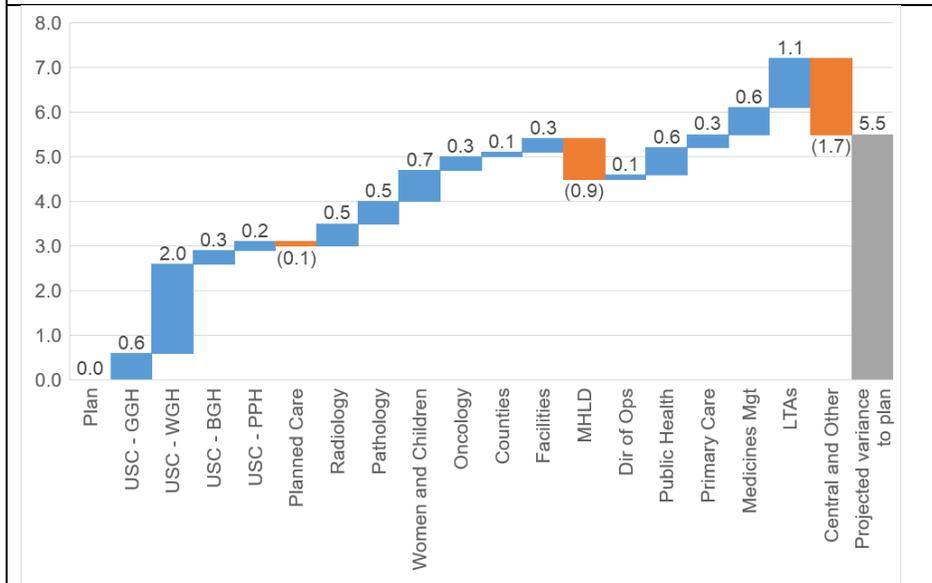
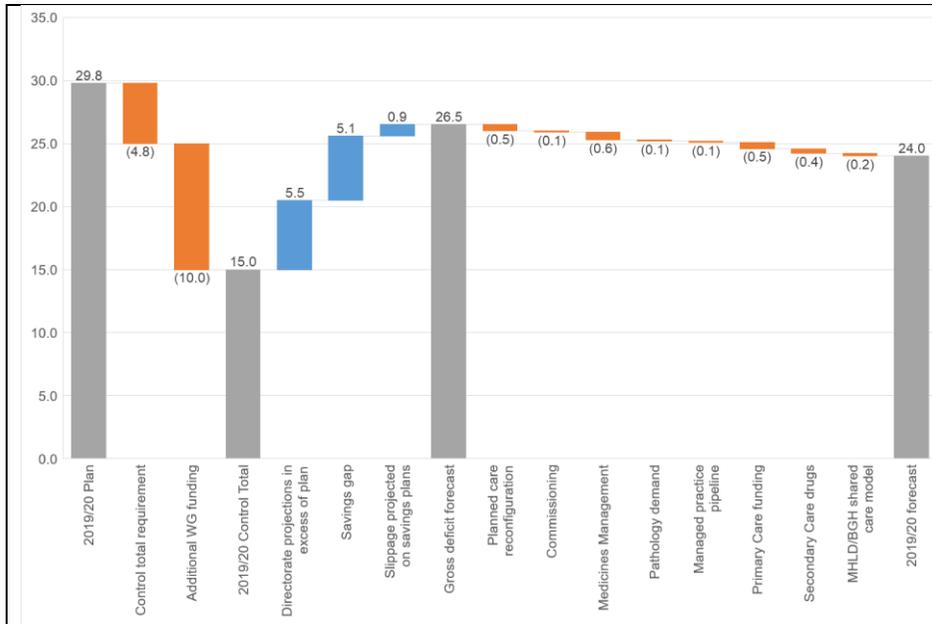
Key Subjective Summary

CHC																			
	<p>The total number of cases increased quite significantly in month. The increase in budget from Month 6 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" data-bbox="1115 422 1953 619"> <thead> <tr> <th>£'m</th> <th>Spend</th> <th>Over/(under) spend</th> </tr> </thead> <tbody> <tr> <td>FNC/CHC</td> <td>9.4</td> <td>(0.3)</td> </tr> <tr> <td>LD</td> <td>5.8</td> <td>0.4</td> </tr> <tr> <td>MH</td> <td>4.1</td> <td>0.2</td> </tr> <tr> <td>Children</td> <td>0.5</td> <td>(0.1)</td> </tr> <tr> <td>Total</td> <td>19.8</td> <td>0.2</td> </tr> </tbody> </table> <p>Opportunities:</p> <ul style="list-style-type: none"> MH & LD Transformation – Development of Core and Community based services Development of Joint Funding Guidance 	£'m	Spend	Over/(under) spend	FNC/CHC	9.4	(0.3)	LD	5.8	0.4	MH	4.1	0.2	Children	0.5	(0.1)	Total	19.8	0.2
£'m	Spend	Over/(under) spend																	
FNC/CHC	9.4	(0.3)																	
LD	5.8	0.4																	
MH	4.1	0.2																	
Children	0.5	(0.1)																	
Total	19.8	0.2																	
Secondary Care Drugs																			
	<p>Secondary Care Drugs pressures are higher than previous months in PPH and GGH Medical Specialties, and 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

<h3>Clinical Supplies and Services</h3> <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.
<h3>Primary Care Prescribing</h3> <p>— Budgeted expenditure — Actual expenditure</p>	<p>The Directorate reported a significant adverse variance to budget of £0.5m in-month. The projection is an adverse £2.7m to the end of the financial year based on modelling the outturn and assuming that Category M prices return to the average level seen in 2018/19. The Health Board has also seen a significant increase in the use of NOACs in the first quarter of the year as a result of the operation of the new NOAC Enhanced Service in GMS.</p> <p>Item growth is in the range of -0.2% to -0.6% based on data for the months April to June.</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

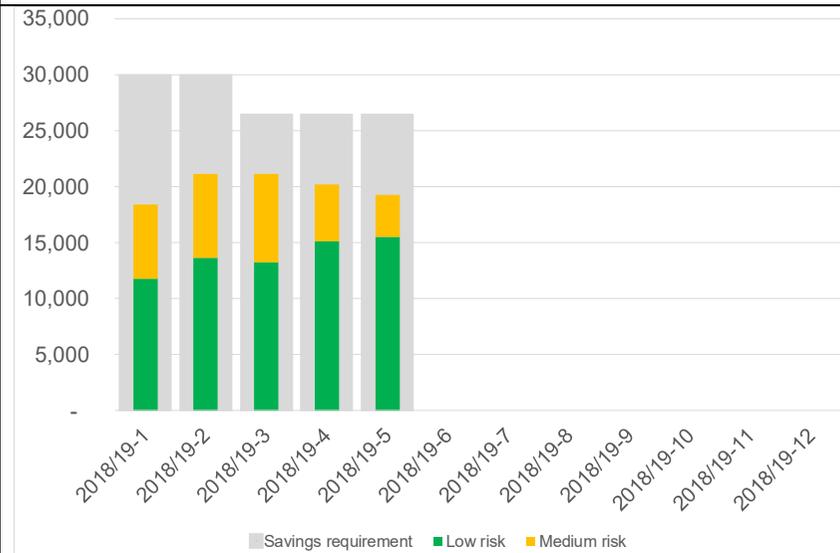
- While the financial position in Month 5 represents a significant risk to the Health Board, and there are significant risks to savings delivery and operational cost management, the Health Board's financial forecast is to achieve the required Control Total of £15.0m.
- Current projections indicate: 1) a gap of £5.1m in fully identified savings schemes; 2) operational forecasts in excess of budget of £5.5m plus projected slippage on identified schemes of £0.9m, giving a projection of £11.5m adverse variance to plan. This would equate to a year end deficit position of £26.5m.

Next Steps

- Grip and Control workshops:
 - Workforce conducted in September, now being translated into Action Plans with pace;
 - Pharmacy scheduled for September, 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

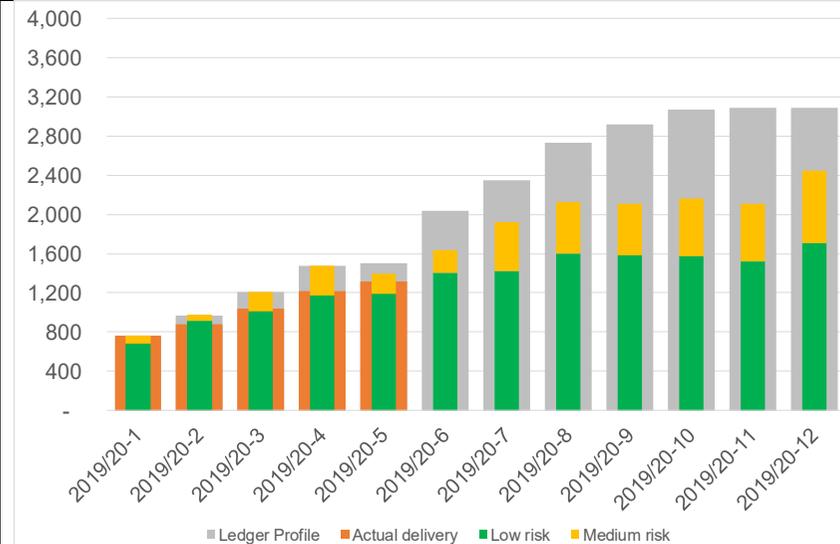


Assurance

- Green and Amber forecast delivery of £19.2m identified to Month 5, of which £15.5m are Assured (Green).
- In-month delivery of £1.3m which is an improvement of £0.1m on Month 4, but £0.1m behind plan.

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 5.
- The pace of savings delivery requires significant acceleration from Month 6.



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.

Appendix 1: Supplementary information

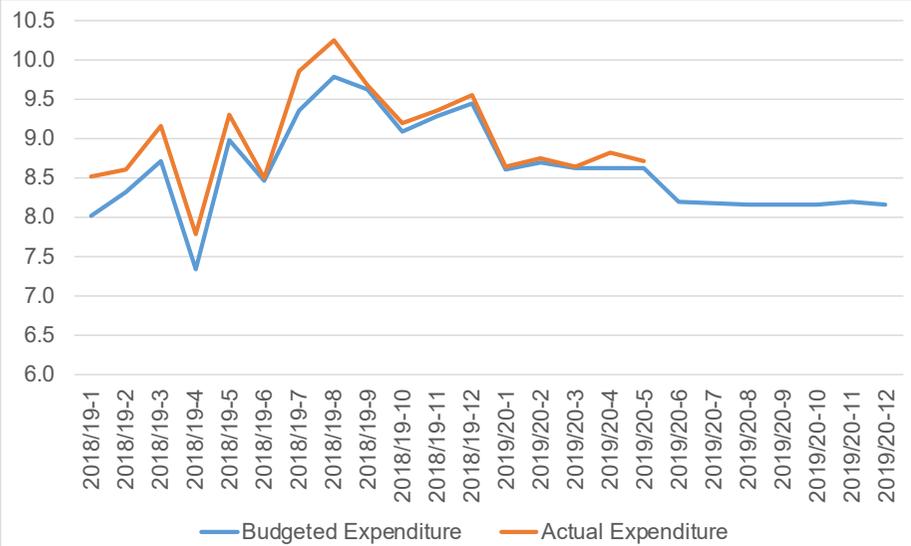
Directorate financial performance			
Year to date			
	Month 5 YTD Actual £'m	Month 5 YTD Variance £'m	%
Planned Care	43.5	0.3	0.7
Unscheduled - GGH	18.0	0.4	2.3
Unscheduled - PPH	10.9	0.2	1.9
Unscheduled - WGH	13.0	1.3	11.1
Unscheduled - BGH	9.5	0.4	4.4
Radiology	6.8	0.3	4.6
Pathology	8.7	0.2	2.4
Women and Children	15.8	0.3	1.9
Oncology	5.8	0.1	1.8
Carmarthen County	9.8	0.0	0.0
Pembrokeshire County	8.5	0.2	2.4
Ceredigion County	4.5	(0.1)	(2.2)
MHLD	30.8	(0.2)	(0.6)
Facilities	15.2	0.3	2.0
Medicines Management	32.3	0.4	1.3
Primary Care	45.7	(0.4)	(0.9)
Corporate	15.9	0.4	2.6
Commissioning	43.5	0.0	0.0
Other	25.7	(1.0)	(3.7)
Total	363.8	3.1	0.9

- The current month was over spent by £1.0m 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 (£2.3m, especially pronounced in WGH, driven by bed capacity, medical staffing in medical specialities and A&E).

Appendix 1: Supplementary information

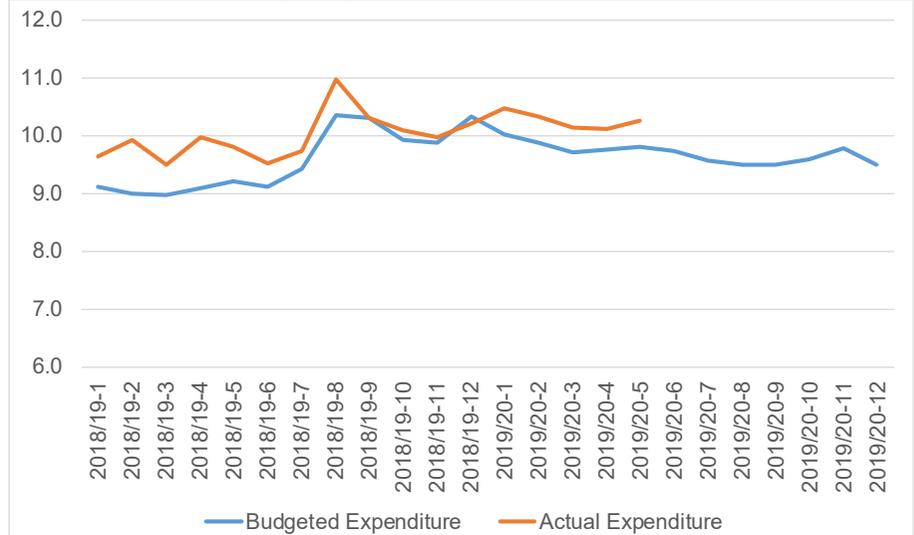
Material directorate area deficits

Planned Care



- The in-month position showed an adverse variance to budget of £0.1m due to increased drugs costs in relation to Rheumatology homecare and further slippage on a referral management savings scheme.
- 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.

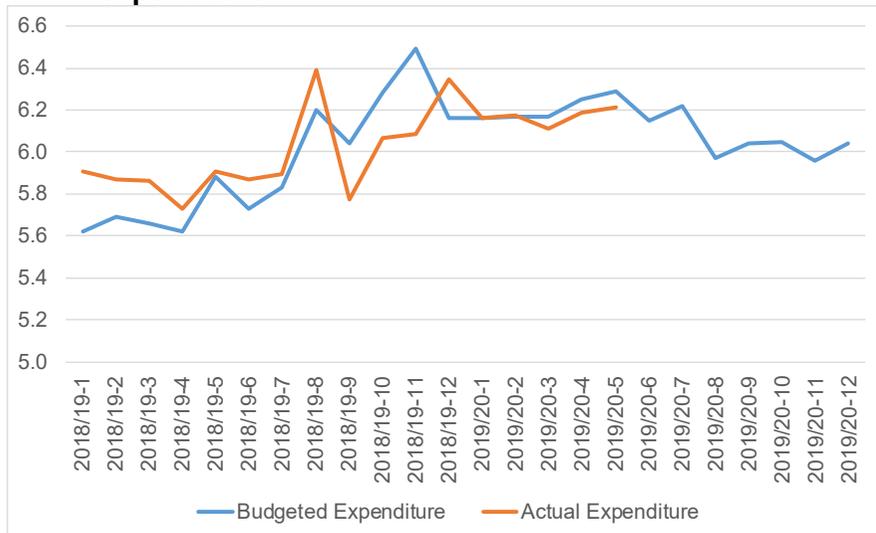
Unscheduled Care (USC)



- BGH reported an overspend of £99k in-month. The impact of surge beds and high cost agency workers was partly offset by vacancies. WGH reported a significant £232k over-spend in-month, driven by premium rate Qualified Nursing and Medical locums spend to cover surge and vacancies and increased costs of drugs and insulin consumables. A task and finish group has been established to address the issues at WGH. Glangwili General Hospital (GGH) reported an in-month overspend of £68k mainly due to insulin pumps, drug costs and a final pension charge offset by a reduction in Nursing Agency use. PPH reported an overspend of £46k in-month; an over-spend on Homecare drugs and increased Medical Locum costs offset by an under-spend on Nursing due to vacancies.
- 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.

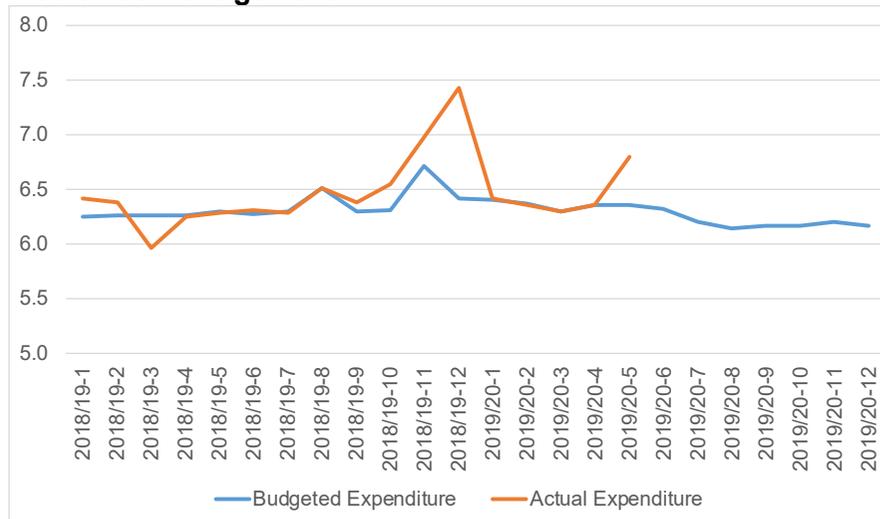
Appendix 1: Supplementary information

MHLD expenditure



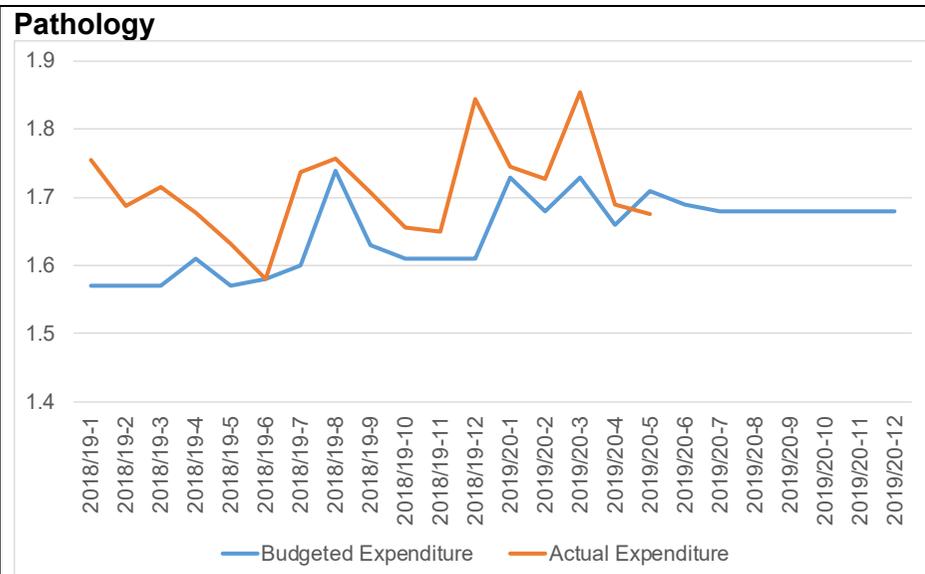
- The Directorate has reported an under-spend of £72k in-month, predominately due to a high level of staff vacancies offsetting the pressures in CHC costs.
- There continues to be difficulty recruiting into medical posts resulting in extra locum sessions being incurred.
- The greatest YTD pressure within MHLD is the continued growth in CHC placements and their associated costs, especially for complex packages of care. Client numbers increased slightly in month. Careful control of CHC, within its growth assumptions, will be key to deliver an improvement in the expenditure run rate.
- Robust care review processes have been implemented in order to manage the risks arising under CHC.

Medicines Management

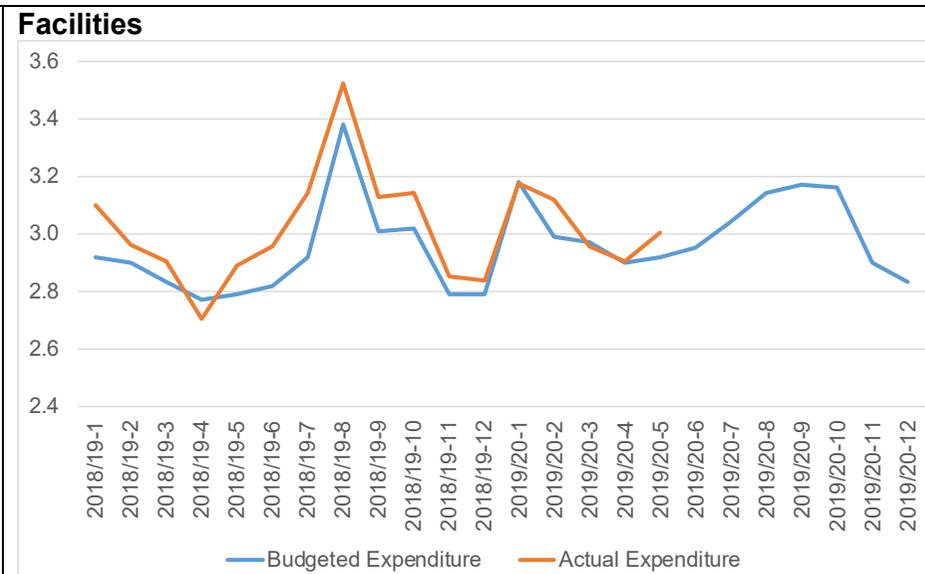


- The Directorate reported a significant adverse variance to budget of £0.5m in-month. The projection is an adverse £2.7m to the end of the financial year based on modelling the outturn and assuming that Category M prices return to the average level seen in 2018/19. The Health Board has also seen a significant increase in the use of NOACs in the first quarter of the year as a result of the operation of the new NOAC Enhanced Service in GMS. The outturn is reliant on delivering the £2.9m savings requirement; the assured and marginal risk schemes of £2.3m are delivering on plan to Month 5, however further work is urgently required to address the unidentified balance of schemes.
- Item growth is in the range of -0.2% to -0.6% based on data for the months April to June.

Appendix 1: Supplementary information



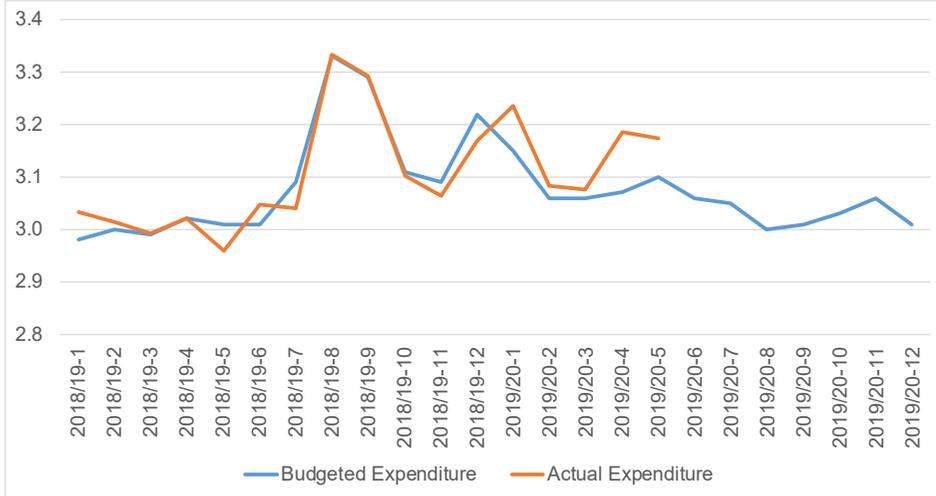
- The Directorate reported a favourable variance of £40k in-month.
- This was driven by a reduction in over-performance in an SLA and a reduction in computer maintenance and recruitment costs.
- The Directorate is reviewing ways of working with services to reduce demand through ensuring only appropriate test requests and through avoiding duplication.



- The Directorate reported an over-spend in-month of £90k.
- 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.

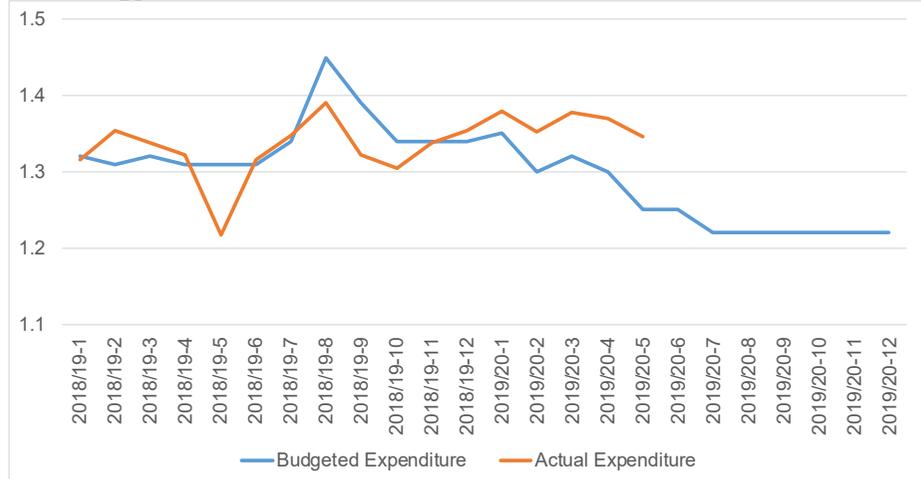
Appendix 1: Supplementary information

Women and Children



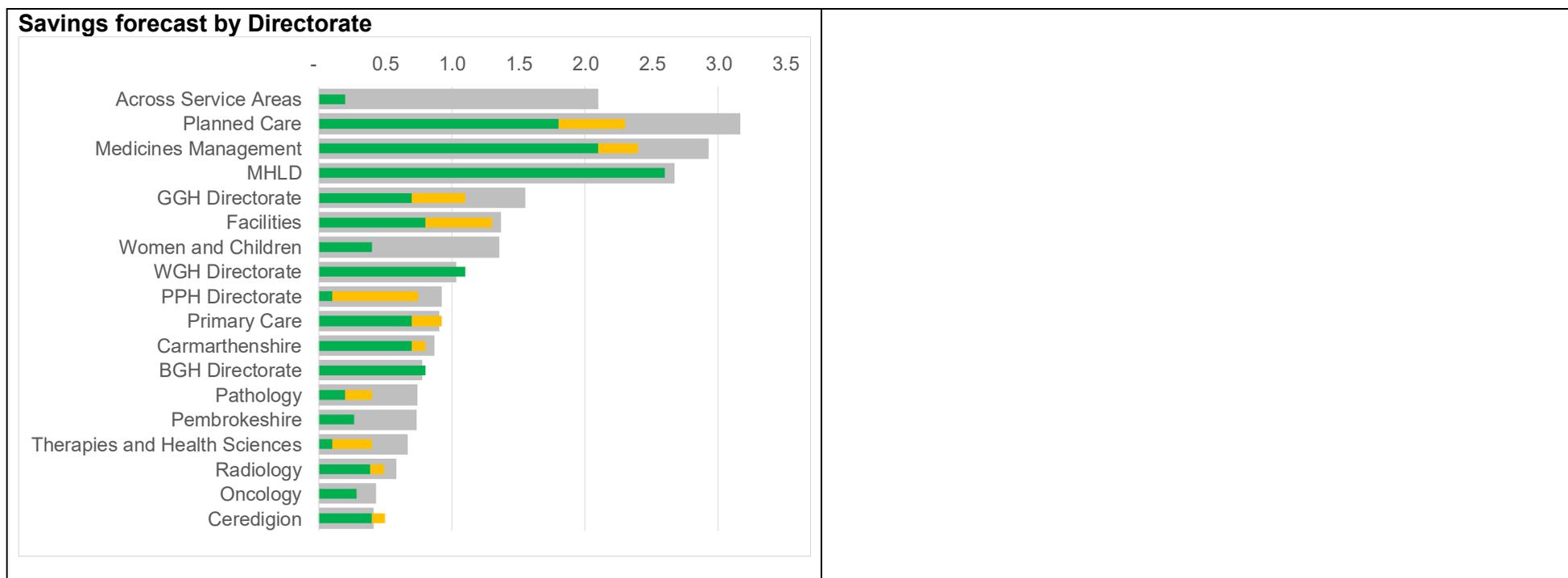
- The Directorate reported an in-month over-spend of £70k.
- The main driver was sickness cover at premium cost, mostly Agency Nursing, in BGH Obstetrics and Gynaecology.
- The YTD position includes significant over-spends in relation to diabetic pumps and associated consumables due to a supplier ceasing 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 £94k.
- 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.

Appendix 1: Supplementary information



Risks and risk management strategy

Potential Risk	£'m	Risk management approach
Restated budget deficit	15.0	
Operational projection	3.1	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.
WGH staffing issues	1.7	
Local TB outbreak	0.7	
Total Operational projection	5.5	
Savings gap	6.0	
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	26.9	

Appendix 1: Supplementary information

Reserves	
£'m	Month 5 close
ICF Bids	8.4
CHC Inflation	2.2
Performance Fund	2.2
Mental Health Improvement	1.7
Hosted Allocation – Critical Care	1.0
Medical and Dental Pay Award	1.0
Winter Pressure reserve	1.0
LTAs – Pay Award, WHSSC	1.0
Planned Care – Critical Care	0.4
RCCS	0.5
Eye Care Sustainability	0.4
Nursing Standards	0.3
Single Cancer Pathway	0.3
Other	0.7
Total	20.9

- The Health Board’s centrally-retained reserves are committed and all relate to specific anticipated cost pressures.
- 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 Plans in place.

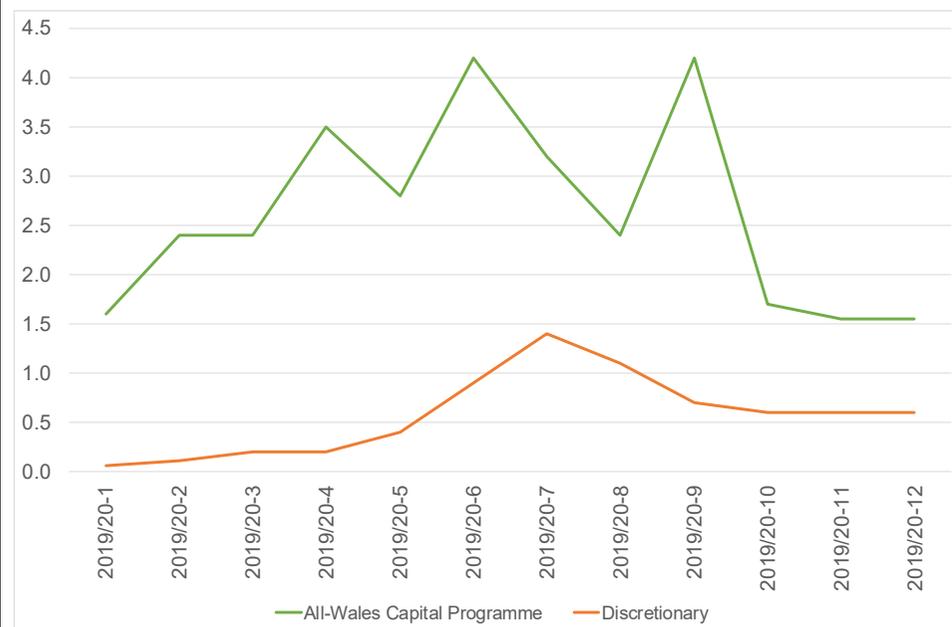
Appendix 1: Supplementary information

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 allocations. 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.
- As at Month 5, it is projected that all ring-fence funds will be fully utilised.

Appendix 1: Supplementary information

Capital expenditure

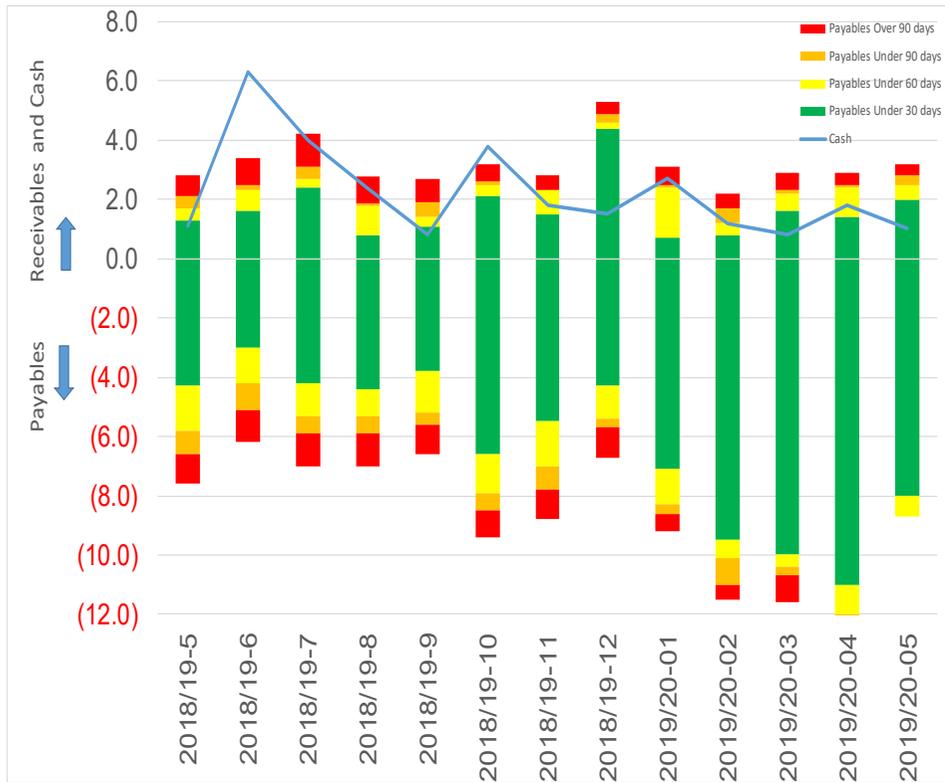


- The Health Board has an approved Capital resource limit of £38.4m for 2019/20.
- Capital expenditure against the £38.4m total funding allocation was £12.7m to Month 5.
- The above graph shows Actual expenditure to Month 5, and Plan for future months.

Provisional capital expenditure plan	£'m	£'m
Bronglais MRI	4.4	
Women and Children Phase II	13.4	
Wards 9 and 10 Witybush	1.7	
Aberaeron Integrated Care Centre	0.9	
Cardigan Integrated Care Centre	10.1	
Fees for development of Cross Hands	0.9	
Total all-Wales funded schemes		31.5
Medical equipment	1.5	
Estates	3.5	
IM&T	1.0	
Other	0.9	
Total discretionary		6.9
Total capital		38.4

Appendix 1: Supplementary information

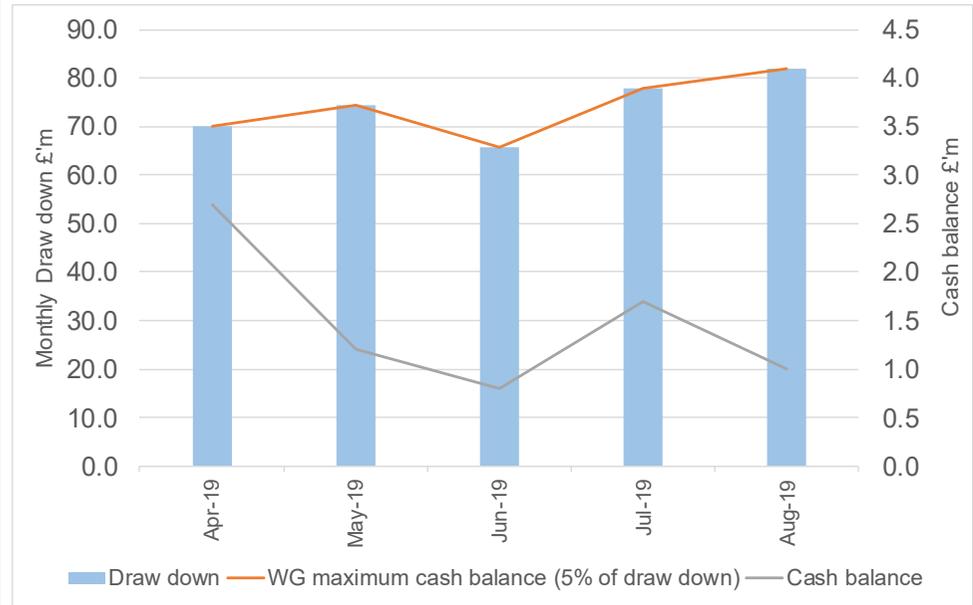
Working capital management



- 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 £3.2m in Month 5.
- It is also important that the Health Board pays its suppliers promptly. At the end of Month 5, £8.7m was owed to suppliers, of which £8.0m 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.
- There has been an improvement in relation to the invoices for Nurse Agency and Homecare Drugs. Work continues to be undertaken in this area.
- Cash at the end of Month 5 was £1m.

Appendix 1: Supplementary information

Cash



- The closing balance of £1.0m did not exceed 5% of the total monthly draw down from Welsh Government.
- The Health Board has an approved cash limit of £861.7m split between revenue £823.4m and capital £38.4m.
- Total cash drawn down up to month 5 is £370.1m.
- The Health Board requested an emergency draw down of revenue cash for £4.0m in August. This was mainly due to an increase in clinical negligence and LTA payments.
- 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 August.
- The cash forecast will be monitored and updated monthly. The movement of Working Balances and Strategic Cash Assistance will be calculated in line with Welsh Government deadlines.

Appendix 1: Supplementary information

Statement of Financial Position			
	2019-20 Opening balance £m	31 August 2019 £'m	Movement £'m
Non Current assets			
Fixed Assets	268	274	6
Other non current assets	43	48	5
Current Assets	311	322	11
Inventories	8	9	1
Trade and other Receivables	34	38	4
Cash	1	1	0
Total Assets	354	370	16
Liabilities			
Trade and other Payables	-93	-98	-5
Provisions	-67	-74	-7
Total Liabilities	-160	-172	-12
Net Assets less Liabilities	194	198	4
Financed by:			
General Fund	168	166	-2
Revaluation Reserve	27	32	6
Total Funding	195	198	4

- The movement since the end of 2018/19 in non-current assets of £11m is due to an increase of £6m in fixed assets and £5m 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 £5m. This is mainly due to an increase in the value of trade and other receivables £4m. This increase relates to an increase of £2.5m in prepayments.
- The movement since the end of 2018/19 in liabilities is £12m. This is due to an increase of £5m in trade and other payables and £7m in provisions. The main reason for the increase in trade and other payables is prescribing accruals of £3.6m. The provisions increase of £7m 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 £6m. 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:	19 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Turnaround Update – Month 5, 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 5.

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 5 position for Directorates who are being monitored through the Chief Executive Holding to Account meetings. These Directorates are at an escalated status due to the assessed risk of them delivering their financial plans.

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

- Green – Delivering
- Amber – Some risk to manage but will deliver
- Red – Opportunities that require more scoping and work up before moving to delivery and Amber.
- Pipeline – 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 tier 1 performance. Directorates are also asked to identify all risks and mitigating actions.

The next CEO Holding to Account meetings will be held on 4th October 2019.

Section 2 - Provides a summary of the 2019/20 Month 5 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 17th and 18th September 2019.

Section 3 – provides an update against each of the Turnaround Delivery Groups (TDGs) as at Month 5.

KPMG Review

Outcomes to date from the KPMG review include:

- A review of the existing savings plan and further in-year opportunities.
- The development of a single tracker including all Green, Amber, Red and Pipeline schemes.
- A review of the delivery assurance framework in order to strengthen operational delivery of schemes locally and to ensure the Holding to Account escalation process continues to add value, with changes planned for implementation by the end of September 19.

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

The Executive Team recently reviewed delivery progress against this year's plan as a number of areas, including performance and finance, are off-track at Month 5.

A workshop will be held on 18th September 2019 with central teams to agree how to better support operational delivery over the remainder of the year.

The purpose is to ensure that the Health Board executes the plan it set itself at the start of the year and delivers on the commitments made to the Board and Welsh Government.

A verbal update on the outcome will be provided at the Finance Committee meeting.

Argymhelliad / Recommendation

The Finance Committee is asked to discuss 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 Termiau: Glossary of Terms:	Not Applicable
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 position of Month 5 as at 9th September 2019 and will be subject to change with the identification of further savings opportunities. Figures in square brackets represent the position in the previous month, where different to current month.

Facilities	19/20 target saving £'000s	1,385	Total of saving plans £'000s			831	536	0	1,367	Variance £'000s	18	Pipeline in-year potential	318
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(358)	(341)	17	Reduction in engineer on-call rota has delivered £8k less than planned as at Month 5. Carbon credit settlement £8k less than anticipated.								
	Amber schemes	(4)	(0)	4	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	(362)	(341)	21	<u>Other actions agreed</u> <ul style="list-style-type: none"> To recruit to H&S posts to support a gap analysis. This will increase pay costs over the final quarter and result in the postponement of the Gap Analysis scheme until 20/21. Pipeline saving identified as £75k. To produce a detailed catering plan based on catering analysis data that will deliver a £50k saving in 19/20 by the next CEO HTA meeting on 4th Oct 19. To work up an advertising proposal for consideration by the Executive Team in late September. 									

Mental Health	19/20 target £'000s	2,691	Total plans £'000s			2,521	56	112	2,689	Variance £'000s	2	Pipeline in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(802)	(843)	(41)	The under-delivery of a number of schemes has been mitigated through one-off slippage of £134k transacted in Month 5. Slippage on the delayed recruitment to non-medical posts has delivered a £189k saving against the planned saving of £228k as at Month 5. The roster review and Nursing KPIs scheme has yet to deliver savings from Month 3 as planned, a total of £43k as at Month 5.								
	Amber schemes	(40)	(0)	40	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	(842)	(843)	(1)	<u>Other actions agreed</u> <ul style="list-style-type: none"> 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. 									

												<ul style="list-style-type: none"> Directorate to be de-escalated from the CEO HTA process, given the in-year forecast position and the fact that there is a plan in place to deliver their savings and a break-even position in 19/20.
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Pathology	19/20 target £'000s	741	Total plans £'000s			239	190 [90]	321 [421]	750	Variance £'000s	(9)	Pipeline in-year potential	200
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(78)	(78)	0	N/A								
	Amber schemes	(12)	(12)	0	N/A								
	Red schemes	0	0	0	£400k demand optimisation scheme has been reassessed with £100k of savings anticipated to deliver between Sept 19 – March 20. Project is being led by the Director of Planning, Performance, Informatics and Commissioning. Next steps are to understand the limiting factors to delivery, the end vision and when the remaining savings can be delivered.								
Total	(90)	(90)	0	<u>Other actions agreed</u> <ul style="list-style-type: none"> To update the forecast following the appointment of a Locum consultant which will deliver a saving of £84k. To explore opportunities for joint-working with Swansea Bay UHB for the provision of haematology sessions. 									

Scheduled Care	19/20 target £'000s	3,682	Total plans £'000s			1,948 [1,710]	658	646 [884]	3,252	Variance £'000s	430	Pipeline in-year potential	497
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(572)	(398)	174	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 from June 19 has slipped. Critical Care reconfiguration delivering from Month 5.								
	Amber schemes	(157)	(30)	127	The referral management scheme 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. Service Delivery Managers have been tasked with reviewing waiting lists to ensure the appropriacy of referrals. Clarity on how these savings will be delivered across the specialties to be presented at the next CEO HTA on 4 th October.								
	Red schemes	(116)	0	116	The Orthopaedic activity scheme planned saving of £63k in August 19 has not delivered. Paper outlining plans to save £300k against the original £1.25m RTT plan to be considered by the Executive Team on 18 th Sept 19.								
All schemes	(845)	(428)	417	<u>Other actions agreed</u> <p>Plans to address the £130k that remains as a risk to be worked through by the next CEO HTA meeting on 4th October.</p>									

BGH USC	19/20 target £'000s	786	Total plans £'000s			801	0	162	963	Variance £'000s	(177)	Pipeline in-year potential	389
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(328)	(303)	25	<ul style="list-style-type: none"> Roster efficiency scheme not delivering in line with profiled savings. £65k delivered out of a total planned £102k as at Month 5. This is being driven by the volume of Healthcare Support Worker (HCSW) shift requests for Enhanced Patient Support (EPS) shifts. Analysis of HCSW EPS shifts requested and provided to be undertaken and HCSW roster to be monitored for 6 weeks. 								
	Red schemes	0	0	0	Collaborative Care Scheme - Estates due to complete works just before Christmas. Slippage of delivery from Nov 19 to Jan 20 to built into position.								
	Total	(328)	(303)	25	<u>Other actions agreed</u> <ul style="list-style-type: none"> Weekly Holding to Account process to be put in place until next CEO HTA meeting. Opportunities to provide more cost-effective medical shifts to be worked through for next CEO HTA meeting. 								

GGH USC	19/20 target £'000s	1,557	Total plans £'000s			732 [1,348]	373 [383]	339 [0]	1,444 [1,559]	Variance £'000s	113 (2)	Pipeline in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(301)	(283)	18	Cumulative under-delivery of roster efficiency savings (£19k) at Month 5. Nurse on-boarding scheme is also not delivering. The three planned schemes to deliver a reduction in variable pay be 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.								
	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. Medical Director and Hospital Director to attend next CEO HTA meeting to discuss how the Health Board can drive clinical change. Thornbury reduction – planned savings from Nov 19 (action as above) 								
	Red schemes	(123)	0	123	Nurse on-boarding (action as above)								
Total	(424)	(283)	141										

PPH USC	19/20 target £'000s	931	Total plans £'000s			144	645	0	789	Variance £'000s	142	Pipeline in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(11)	(11)	0	N/A								
	Amber schemes	(6)	(7)	(1)	Intermediate Care Service - planned delivery from October 19. Opportunities to maximise the benefit from this service by supporting Swansea Bay activity are being actively explored.								

					Meeting to be held to look at a system-wide approach to managing demand and capacity to generate further benefit beyond that currently expected.
	Total	(17)	(18)	(1)	<u>Other actions agreed</u> Improvement Team to evaluate GGH reablement model to identify how successes could be applied to PPH.

WGH USC	19/20 target £'000s	1,125	Total plans £'000s			1,125	0	0	1,125	Variance £'000s	0	Pipeline in-year potential	1,705
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(433)	(354)	79	Middle Grade appointments - the site are experiencing a significant vacancy rate for Middle Grade substantive posts, resulting in expensive overnight cover. Actions being taken to alleviate cost pressures within general medicine and A&E to be considered, including the implications of these and impact on the recurrent position by the next CEO HTA meeting on 4 th October. Ambulatory Care scheme continues to be progress through the the wider Improvement Collaborative work.								
	Total	(433)	(354)	79	<u>Other actions agreed</u> <ul style="list-style-type: none"> • Proposal for a new frailty model has been developed and recently shared with the Director of Operations for consideration. • Drug spend is a main driver of the overspend position. Work has started with the Pharmacy to understand if there is a relationship between antibiotic prescribing/clostridium difficile and length of stay. • A system-wide proposal to improve patient flow to be developed jointly by the site and community for consideration at the next CEO HTA meeting on 4th October, • Plans to meet control total to be worked through for next CEO HTA meeting on 4th October. 								

Oncology & Cancer	19/20 target £'000s	438	Total plans £'000s			284	0	0	284	Variance £'000s	154	Pipeline in- year potential	15
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(122)	(88)	34	Homecare opportunities scheme is not being fully realised (£25k delivered against a planned saving of £69k). 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.								
	Total	(122)	(88)	34	<u>Other actions agreed</u> <ul style="list-style-type: none"> Usage of specific drugs over the last quarter to be analysed and potential rebate opportunities to be identified. 								

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 position of Month 1 as at 10th May 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 [636]	121 [189]	0	804 [825]	Variance £'000s	80 [59]	Pipeline in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(213)	(182)	31	The year to date position has improved from the previous month as new schemes has started to deliver savings. Nurse recruitment slippage has reduced in Month 5, delivering £6k more that planned..								
	Amber schemes	(36)	(2)	34	A number of amber schemes have not delivered as planned. Investment is required to deliver a PYE recurrent saving of £13k against the Medicine Locker scheme. Opportunites for capital funding are being explored. The relocation scheme will start to deliver from Spetember 19 and the slippage on this scheme will be mitigated by new schemes coming on line from September 19.								
	Total	(249)	(184)	65	<u>Other agreed actions</u> Explore opportunities to develop a community Hub in North Carmarthenshire as an alternataive community model.								

Ceredigion County	19/20 target £'000s	415	Total plans £'000s			355	60	0	415	Variance £'000s	0	Pipeline in-year potential	No pipeline schemes
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(125)	(125)	0	N/A								
	Amber schemes	0	0	0	N/A								
	Total	(125)	(125)	0									

Pembrokeshire County	19/20 target £'000s	729	Total plans £'000s			323	53	388	764	Variance £'000s	(35)	Pipeline in-year potential	No pipeline schemes
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(176)	(167)	9	CHC scheme slippage of £7k to Month 5 due to delays in reviewing a number of cases. Confirmation of when all reviews will be completed by to be provided at the next HTA meeting on 18 th September 19.								
	Amber schemes	(12)	0	12	This variance represents slippage on the Enhanced Recovery service scheme.								
	Total	(188)	(167)	21	<u>Other agreed actions</u> Paper outlining options for the provisioni of community beds to be produced for next HTA meeting on 18 th September.								

Women & Children	19/20 target £'000s	1,359	Total plans £'000s			421 [360]	0 [61]	108	529	Variance £'000s	830	Pipeline in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(73)	(68)	5	Slippage on 5 schemes in April. All schemes now delivering.								
	Red schemes	(24)	0	24	C sections – work is being progressed to identify how the improvement in C-section rate performance transacts as a saving.								
	Total	(97)	(68)	29	<u>Other agreed actions</u> <ul style="list-style-type: none"> Control total to be set of £600k Service to review the costs and activity around the Dedicated Ambulance Vehicle 								

Primary Care	19/20 target £'000s	790	Total plans £'000s			1,058	227	400	1,685	Variance £'000s	(895)	Pipeline in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(141)	(249)	(108)	Locum cost scheme delivering earlier than planned.								
	Amber schemes	(35)	0	35	<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. Timeline to be produced by next HTA meeting on 18th September. 								
	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	(176)	(249)	(73)										

Radiology	19/20 target £'000s	584	Total plans £'000s			390	405	0	795	Variance £'000s	(211)	Pipeline in-year potential	0
	Schemes	YTD planned	YTD actual	YTD variance	Mitigating actions								
	Green schemes	(100)	(60)	(40)	Reduction in outsourcing costs not delivered in Month 3 or 4.								
	Amber schemes	(51)	0	0	24 hour provision of Radiology services – proposed rota changes currently out to consultation. Savings re-profiled for revised delivery date of September.								
	Total	(151)	(60)	(40)									

Section 3 – Turnaround Delivery Groups

3.1 The table below provides an update against each of the Turnaround Delivery Groups (TDGs) as at Month 5.

Operational Effectiveness	19/20 target £'000s	2,631 [2,491]	932 [832]	1,041 [1,879]	Total	4,604 [5,202]
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(714)	(499)	215	Workshop facilitated by KPMG held on 10 th September 19 to agree approach to County Workshops being held during the rest of the month. Aims of the workshops are to understand what is driving the deficit and to use that information to help inform financial improvement plans to meet the control total. Workshops will focus on four key areas: <ul style="list-style-type: none"> • Avoiding admissions and readmissions • Enhancing Primary and Community Care • Reducing length of stay – in hospital pathway • Reducing Delayed Transfers of Care and delays of Medically Fit for Discharge patients Current good practice will be collated and fed back through a follow-up session once all workshops have taken place.	
	Amber schemes	(24)	(25)	(1)		
	Red schemes	(87)	0	87		
	Total	(825)	(524)	301		

Outpatients	19/20 target £'000s	25	625	146	Total	796
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(10)	(8)	2	Over the last month, work has focused on improving pathways across all specialities with the aim of reducing follow-up appointments. Alongside this, work continues to improve outcome form completion compliance and reduce the level of inappropriate referrals for 'Interventions Not Normally Undertaken' and 'Do Not Do's' to reduce waiting lists and improve 'Referral to Treatment' times. Draft Terms of Reference to be considered at next meeting on 25 th September 2019.	
	Amber schemes	(147)	(20)	127		
	Red schemes	(53)	0	53		
	Total	(210)	(28)	182		

CHC	19/20 target £'000s	30	0	388	Total	418
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(12)	(5)	7	<p>The CHC Cost Improvement Programme Group was established in 2013 to hold County and Corporate Directorates to account for the planning, implementation and delivery of CIP programmes, wider financial and efficiency programmes and budget delivery. In 2018/19, a number of Turnaround schemes were progressed through this group. 19/20 priorities are:</p> <ul style="list-style-type: none"> To continue with the implementation of the Pathway (which was implemented in 2018/19). Permanent Pathway lead post will be appointed into during the coming weeks. To develop the strategic approach/plan for Domiciliary Care. To further develop Regional policies (linked to the pooled funds work). Specific focus on the Quality Framework and joint monitoring arrangements. <p>Any future Turnaround schemes will be progressed and reported on through this group. The £7k slippage against the CHC planned savings relates to the scheme referred to in the above update for Pembrokeshire County.</p>	
	Amber schemes	0	0	0		
	Red schemes	0	0	0		
	Total	(12)	(5)	7		

Patient Communications	19/20 target £'000s	TBC	TBC	TBC	Total	TBC
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes				<p>The objectives of the Patient Communications Delivery Group are to develop and deliver a programme of work to modernise the way we communicate with our patients, allowing patients to have a choice on how the UHB communicates with them and to provide a future proofed platform, based around the following;</p> <ul style="list-style-type: none"> Attendance Optimisation (i.e. patient reminder, on-line booking, text reminder services) Patient Feedback (i.e. Patient Reported Outcome Measures (PROMs) and Patient Reported Experience Measures (PREMs), NHS style "Friends & Family Test") A full communications platform, including a hybrid mail approach, which will address the Welsh Language Act 1993, Equality Act 2010, and those patients with sensory loss, allowing patient choice on how they wish to be communicated with. A full citizen / patient portal to allow patients to access their results, letters, appointment details and any other applications or messaging that the Health Board wishes to adopt, and providing the ability to provide health education messages, medication alerts, and service improvements <p>Terms of Reference were agreed at the meeting held on 10th September 19.</p> <p>Over the last 12 months, the Health Board has been piloting a patient text reminder service. Data from this pilot has shown a positive impact on patient DNA behaviour (Appendix A).</p>	
	Amber schemes					
	Red schemes					
	Total					

				DNA reduction and savings achieved to date			
					2017/2018	2018/2019	2019/2020*
				DNA rate	10.38%	8.94%	7.09%
				Efficiency savings full cost		£315,244	£163,520
				Efficiency savings 40% cost		£126,098	£65,408
*based on 4 months							
Approval to move from the pilot stage into implementation across Health Board services is being sought from the Executive Team.							

Medicines Management	19/20 target £'000s	2,810 [1,904]	258 [1,164]	792	Total	3,860
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(808)	(775)	33	The existing monthly meeting with the Medicines Management Team will be formalised as a Turnaround Delivery Group to be chaired by the Director of Primary Care, Community and Long-term Care.	
	Amber schemes	(0)	(0)	0		
	Red schemes	(68)	(0)	68		
	Total	(876)	(775)	(101)		

Workforce	19/20 target £'000s	6,666 [6,548]	1,728 [1,916]	851 [1,747]	Total	9,245 [10,211]
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(2,546)	(2,344)	202	KPMG will be facilitating a workshop on 12 th September 19, focusing on workforce controls. Key findings will be used to inform the priorities for this group. Draft Terms of Reference will be considered at the first Workforce Delivery Programme meeting on 16 th October 2019.	
	Amber schemes	(360)	(223)	127		
	Red schemes	0	0	0		
	Total	(2,906)	(2,567)	329		

Commissioning	19/20 target £'000s	506	133	150 [1,050]	Total	788 [1,689]
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(206)	(265)	(59)	£275k additional savings identified for delivery before March 2020 have been identified through the Commissioning Group.	
	Amber schemes	(16)	0	16		
	Red schemes	0	0	0		
	Total	(222)	(265)	43		

Non-Pay	19/20 target £'000s	3,186 [3,789]	604 [663]	0	Total	3,790 4,452
	Schemes	YTD planned	YTD actual	YTD variance	Progress	
	Green schemes	(838)	(949)	(111)	Contract review process is underway. £143k one-off slippage on contracts was transacted in Month 5.	
	Amber schemes	(27)	(4)	23		
	Red schemes	0	0	0		
	Total	(865)	(953)	(88)		

APPENDIX A

DNA rates for the time period prior to the piloting of the appointment reminder service to July 2019 for those specialties which are monitored through the Outpatient Turnaround process.

Speciality	KPI	% April 2017/March 18 (cumulative)	% April 2018/March 19 (cumulative)*	% April 2019/July 2020 (cumulative)**
General Surgery	New OPD DNA Rate	8.70%	6.37%	4.41%
	FU OPD DNA Rate	9.54%	8.41%	5.94%
Urology	New OPD DNA Rate	15.49%	10.55%	10.53%
	FU OPD DNA Rate	9.09%	7.28%	5.21%
Ophthalmology	New OPD DNA Rate	10.44%	7.30%	5.77%
	FU OPD DNA Rate	9.59%	9.19%	8.05%
Dermatology	New OPD DNA Rate	11.46%	6.99%	5.26%
	FU OPD DNA Rate	9.29%	7.70%	5.28%
ENT	New OPD DNA Rate	9.29%	9.10%	7.72%
	FU OPD DNA Rate	8.89%	9.71%	8.88%
T&O	New OPD DNA Rate	8.33%	7.56%	6.93%
	FU OPD DNA Rate	11.58%	7.20%	6.03%
Cardiology	New OPD DNA Rate	6.66%	7.13%	3.50%
	FU OPD DNA Rate	7.84%	8.54%	6.33%
Diabetes	New OPD DNA Rate	16.50%	12.00%	9.35%
	FU OPD DNA Rate	12.19%	9.35%	8.75%
Pain Management	New OPD DNA Rate	11.97%	19.09%	10.59%
	FU OPD DNA Rate	12.22%	10.45%	7.61%

Gynae	New OPD DNA Rate	7.99%	6.84%	6.24%
	FU OPD DNA Rate	9.85%	8.38%	6.60%
Neurology	New OPD DNA Rate	19.77%	9.46%	9.62%
	FU OPD DNA Rate	11.48%	6.73%	6.39%
Respiratory	New OPD DNA Rate	10.24%	15.44%	9.23%
	FU OPD DNA Rate	8.77%	9.11%	6.63%
Rheumatology	New OPD DNA Rate	7.24%	6.14%	3.91%
	FU OPD DNA Rate	10.01%	8.08%	5.76%
Geriatric Medicine	New OPD DNA Rate	8.03%	8.03%	7.74%
	FU OPD DNA Rate	8.18%	8.18%	10.20%



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Referral to Treatment Time (RTT) Financial Plan & Trajectory 2019/20– Month 5 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 paper provides the Finance Committee with progress to Month 5 (August 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

In August 2019, the Finance Committee received a progress report to Month 4 (July 2019) in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times delivery for 2019/20.

For 2019/20, funding provision to support overall delivery of 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 and 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 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 Wwithybush 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 and Dermatology
- Cover the closure of orthopaedic theatres at Wwithybush 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

Whilst the above forecast expenditure plan is subject to ongoing review, a forecast £3.5m can be 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.

Asesiad / Assessment

RTT, Diagnostics & Therapies Delivery Financial Plan 2019/20 – Progress as at Month 5

Progress to Month 5 (August 2019) in respect of the financial plan and planned expenditure trajectory, and any changes to previous assumptions, are described below.

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 5 is based on actual invoices received together with accruals for planned activity not yet invoiced. This is summarised below:

- Activity to Month 5 demonstrates targeted expenditure, above core budgeted levels, of £1.872m
- Based on current and future projected expenditure patterns, the total projected expenditure for 2019/20 against the financial plan reflected in the HDdUHB Annual Plan has been revised to £4.65m, allowing for non-delivery of the Orthopaedic savings target.

In considering the above, the Finance Committee is requested to note the following:

- **Ophthalmology outsourcing** – current expenditure to Month 5 totals £846k. This rate of external activity and expenditure will reduce during Quarters 3 & 4 to within a total limit of £1.9m as a consequence of the planned improvements to internal core capacity referred to above. This would facilitate the targeted saving of £400k against the originally forecast expenditure level of £2.3m as reflected in the 2019/20 Delivery Plan considered by the Finance Committee in April 2019.

- **Orthopaedics** - current expenditure to Month 5 totals £561k. Forecast year end expenditure is expected to total an approximate £1.35m. This contrasts with the previously projected expenditure level of £750k, after application of the orthopaedic savings target of £500k. As reflected above, the previously forecast savings target delivery of £500k is now considered to be at significant risk as a consequence of the need to mitigate separate risks associated with the temporary closure of orthopaedic theatre capacity at Withybush Hospital during the Summer period 2019.

Monitoring of additional expenditure in respect of the NHS Performance Fund additional expenditure plan described above will be shown in monthly updates to the Finance Committee from October 2019.

RTT Performance

HDdUHB reported 506 36 week + breaches as at the end of August 2019. Details by specialty are available in the latest Integrated Performance Assurance Report (IPAR).

Argymhelliad / Recommendation

The Finance Committee is requested to note progress to Month 5 (August 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.

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
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Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Paper reflects delivery plan in support of a key Welsh Government Tier 1 performance target.
Rhestr 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:	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.



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Grip and Control – KPMG initial assessment
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Andrew Spratt, Assistant Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The report, attached at Appendix 1, provides the Finance Committee with an outline of the initial findings from the KPMG Grip and Control work stream.

Cefndir / Background

KPMG have been asked to assess the control environment operating in the Health Board to identify areas for improvement. This may also lead to a financial benefit in many cases.

Asesiad / Assessment

The draft findings indicate a reasonable level of assurance around Non-Pay controls and make a number of recommendations in respect of Pay controls.

Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the draft findings and Action Plans.

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:	735 (score 16) 646 (score 12)

Datix Risk Register Reference and Score:	
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
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 will be assessed by the Task and Finish Group.
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

1. Summary

KPMG Grip and Control Initial Assessment

The majority of the KPMG report focuses on Pay areas as this was concluded to be the area of greatest opportunity. The Non-Pay control environment was assessed as being reasonable.

The below is an extract of KPMG's **draft findings for discussion purposes only**:

Area	Control	Description
Pay		
Nursing	Rostering	Not all wards are on e-rostering with lack of evidence of sign off within six weeks, making booking of temporary resource more difficult. Some wards appear to be over-established (in some cases with substantive staff being over budget).
Nursing	Agency	Bookings can be made by a significant number of individuals across the Health Board without requiring further approval, including the use of high cost agency.
Nursing	Bank	Sign up and usage is very low and action could be taken to reduce reliance on agency workers.
Nursing	Overtime	Overtime spend is high with low control over approval.
Medical	Rotas	Currently decentralised with a low degree of oversight and prepared manually.
Non-Pay and Other controls		
Inventory	Rationalising suppliers	For historic and clinical preference reasons, there remains multiple suppliers for the same/similar product.
Financial controls	SFIs	Budget holders are not required to sign off budgets and do not receive reporting to help them manage to budget. This is currently being reviewed by the Health Board.
Payroll controls	Exit controls	The process for staff leaving the Health Board requires only the line manager to agree the exit date with the employee.
Financial controls	Month 12	Each year for the past 4 (at least) has seen a noticeable spike in spend in Month 12. Removing excess budgets from cost centres at an early stage may help reduce some of this year end spike.
Pharmacy	Stock management	Stock days are higher than the UK average. The current policy should be updated to ensure that stock levels are reduced.
Discretionary spend	Reduction	Discretionary spend is monitored but increasing items classified as 'discretionary spend' and having a 10% challenge usually yields results.
Business Cases	Post implementation review	There is limited post implementation effectiveness review. Benefits should be tracked and reviewed where there is any material deviation from plan.

2. Workforce Action Plans

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

2.1 Medical workforce controls

Control area	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 middle grade 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.

Control area	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 revaluation 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.

Control area	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.

2. Workforce Action Plans

Control area	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.

Control area	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.

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

2. Workforce Action Plans

2.2 Nursing Agency controls

Control area	Agency booking process and control
Weakness to overcome	Current controls allow senior sisters on wards to request agency cover without further checks and previous controls requiring Nursing Director signoff for Thornbury bookings have been removed.
Actions required	<ul style="list-style-type: none"> • Letter to be sent to agencies addressing the limited access to agency on weekends. • Review contracts with agencies to ensure the proper procurement process is being followed. • Issue an e-mail to try and stop wards from circumventing the process by booking directly with the agency. • Undertake a risk assessment of hours worked after 8pm (Bank Office Close). • Tier the availability of shifts to Agency e.g. 12 week roster publication 4-12 weeks only permanent/Bank/Part Time staff can apply for the vacant shift under 4 weeks on contract agency notified. • Discussions around block booking agreed when planned WTE not being fulfilled agreement 0-6 weeks authorised by Senior nurse 6-12 weeks authorised by head of nursing 12 weeks+ authorised by Nursing AD and Director. • Pilot longer term rostering plans.
Impact sought	<ul style="list-style-type: none"> • Reduce use of agency workers.

Control area	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.

2. Workforce Action Plans

Control area	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.

Control area	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.

Control area	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.

2. Workforce Action Plans

2.3 Nursing Rostering controls

Control area	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. • 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.

Control area	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.

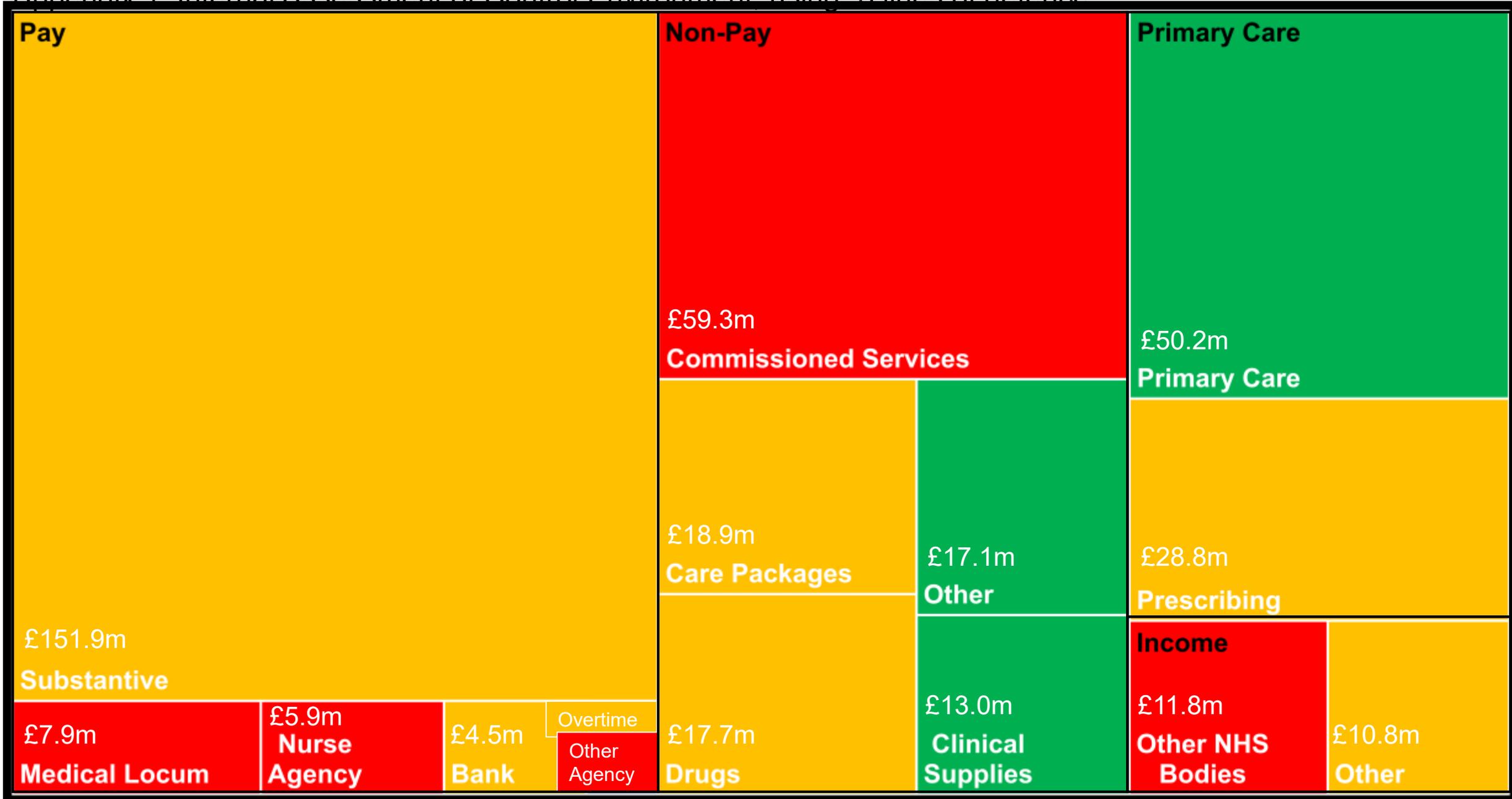
2. Workforce Action Plans

2.4 General workforce controls

Control area	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.

Control area	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.

Appendix 1: Internal Assessment of Control Environment using "3 lines of defence"



Appendix 1: Internal Assessment of Control Environment, using “3 lines of defence”

Area	Controls		Oversight	External/Internal Audit	Overall RAG rating
	Preventative	Detective			
Pay – Substantive	Red	Green	Green	Green	Yellow
Pay – Medical Locum	Red	Yellow	Red	Yellow	Red
Pay – Nurse Agency	Red	Yellow	Red	Yellow	Red
Pay – Bank	Red	Yellow	Yellow	Yellow	Yellow
Pay – Overtime	Red	Yellow	Yellow	Yellow	Yellow
Pay – Other Agency	Red	Yellow	Red	Yellow	Red
Non-Pay – Commissioned Services	Red	Red	Red	Red	Red
Non-Pay – Care Packages	Yellow	Yellow	Yellow	Yellow	Yellow
Non-Pay – Drugs	Yellow	Yellow	Yellow	Yellow	Yellow
Non-Pay – Clinical Supplies	Yellow	Green	Green	Green	Green
Non-Pay – Other	Yellow	Green	Green	Green	Green
Primary Care – Primary Care	Yellow	Green	Green	Green	Green
Primary Care – Prescribing	Red	Yellow	Yellow	Red	Yellow
Income – Other NHS Bodies	Red	Yellow	Red	Yellow	Red
Income – Other	Yellow	Green	Yellow	Green	Yellow

A key driver of weakness in preventative controls is the appropriateness of Budget Managers’ span of control, training and holding to account process. An assessment of these factors is currently underway.



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Update on All-Wales Capital Programme - 2019/20 Capital Resource Limit and Capital Financial Management
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

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, this report provides the latest update on the Capital Resource Limit for 2019/20.

Asesiad / Assessment

Capital Resource Limit (CRL) 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, Wityhush Hospital
- Fees for the development of the Cross Hands Integrated Care Centre Business Case

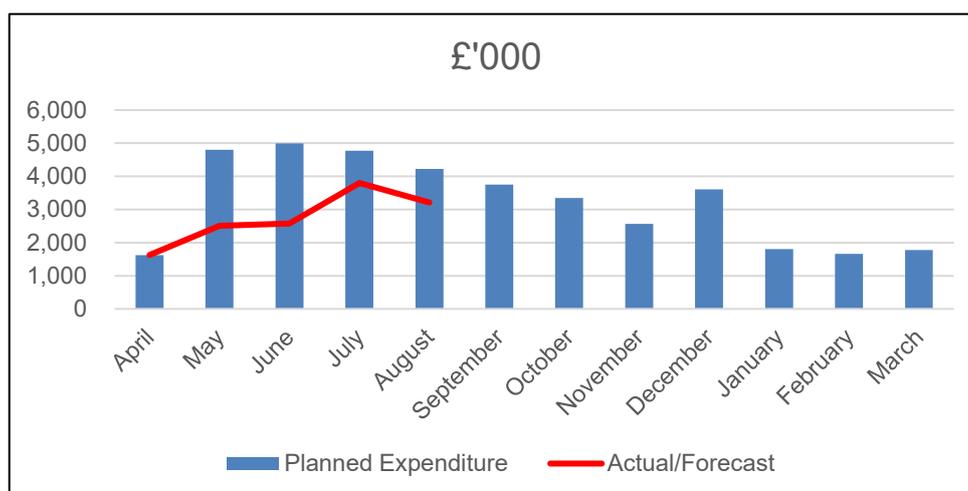
The following split of the discretionary allocation for 2019/20 has been discussed at the Business Planning and Performance Assurance Committee (BPPAC) in August 2019.

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. Further work to update the cash flow profiles for Cardigan and Women & Children's Phase II is being undertaken by Hywel Dda University Health Board's (HDdUHB's) cost advisors based on updated schedules of work provided by the supply chain partner. Her Majesty's Revenue and Customs (HMRC) have agreed the Value Added Tax (VAT) recovery % for Women & Children's Phase I and the impact of this will be reflected in the re-profiling of revised cash flow forecasts.

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 5 was £13.729m.

Financial Risks

During 2019/20, the quarterly reviews of resource usage profiles are being undertaken with the cost advisors on the All Wales Capital Programme schemes and regular updates are being provided for Welsh Government and NHS Wales Shared Services 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. Further work is being undertaken with Cost Advisors to fix capital requirements for the All Wales Capital Programme schemes for 2019/20 by the end of September 2019.

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.

Cylch Caron update

Integrated Care Fund (ICF) capital funding of £1.000m has been approved for this scheme, which will be drawn down over 2 financial years as follows

Project Ref	Project	Funding (£)	Year
	Cylch Caron	£0.305	2019/20
	Cylch Caron	£0.695	2020/21
	TOTAL	£1.000	

The £0.305 will be used to progress the design of the building with WRW Construction in order that the full capital cost of the scheme is confirmed and a Full Business Case can be completed and reviewed by all parties and submitted to Welsh Government.

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;
- Note the ICF funding received.

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 the UHB's Well-being Objectives where applicable
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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
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Capital Monitoring Forum Capital Planning Group Individual Project Boards of Capital Schemes Welsh Government Capital Review Meeting Capital, Estates and IM&T Sub-Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Capital values noted within the report. Included within individual business cases and Capital prioritisation process.
Ansawdd / Gofal Claf: Quality / Patient Care:	Included within individual business cases and Capital prioritisation process
Gweithlu: Workforce:	Included within individual business cases and Capital prioritisation process
Risg: Risk:	Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB
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:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Long Term Agreement (LTA) Governance
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Shaun Ayres, Interim Healthcare Contracting Consultant

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

The report, attached at Appendix 1, highlights the current approach to the governance around Long Term Agreements (LTAs).

The Committee is being asked to adopt the recommendations within the report. Namely that any investment above £50k within the LTAs should be ratified through the Finance Committee.

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 cited of any material changes affecting the increase in external spend and briefed on our external contracts

Asesiad / Assessment

The current assessment of the Health Board's governance around LTAs needs improvement.

Consequently, the current position is deemed high risk, as the Finance Committee need to understand all levels of potential financial exposure, both internally and externally.

Understanding potential external commitments/cost pressures will allow the Finance Committee to make more informed decisions around any internal investments and/or financial proclamations across the Health Board.

Argymhelliad / Recommendation

The Finance Committee is asked to have Contracts/LTAs as a standing agenda item on the Finance Committee agenda.

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):	3.4 Information Governance and Communications Technology
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	Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Report, 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:	Not Applicable

Effaith: (rhaid cwblhau) Impact: (must be completed)Improved Governance	
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

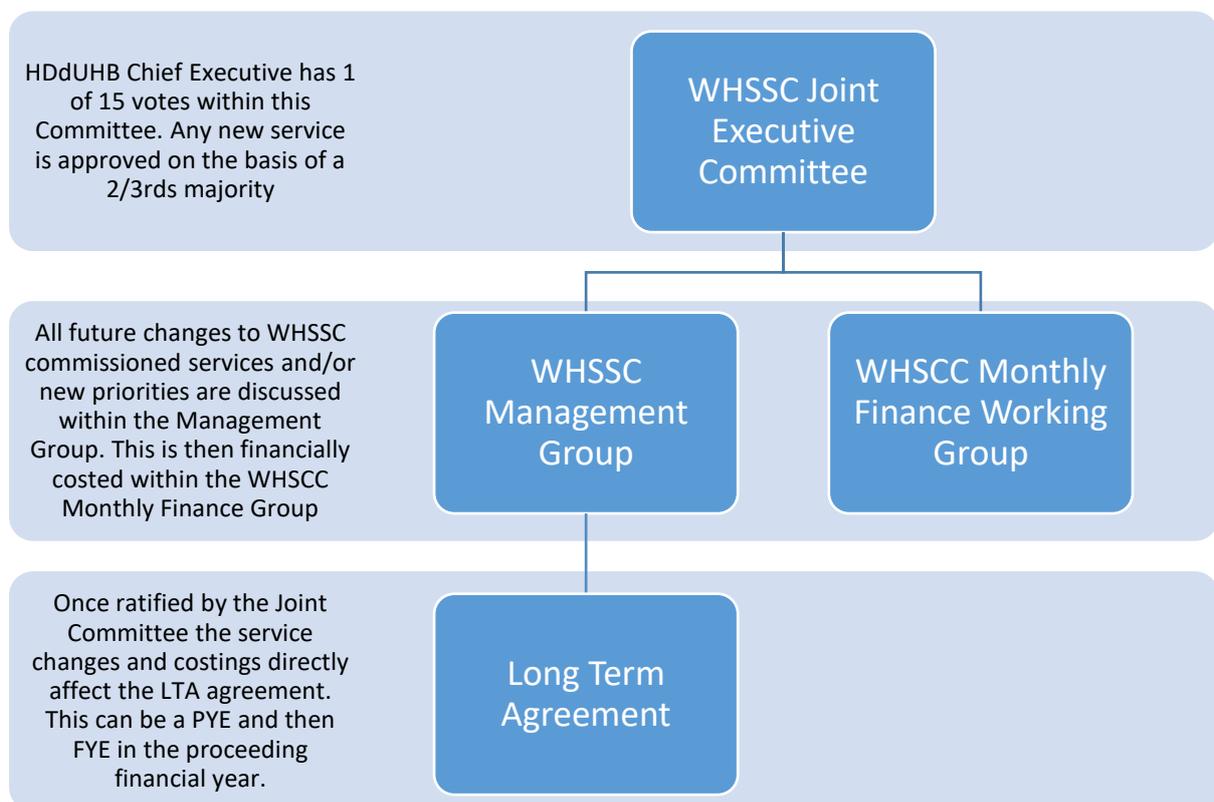
Introduction

This brief paper proposes an additional step to enhance the governance around any additional investments and/or additional cost pressures within the Long Term Agreements (LTAs). The paper sets out the current approach to how new clinical services are contracted through the LTAs, followed by a proposed new structure. Initially, the focus is on Welsh Health Specialist Service Committee (WHSCC) as this is the biggest LTA circa £72m. That said, the governance principles can then be applied equally to all LTAs around investments/cost pressures. Ultimately the paper seeks to ensure that a new level of rigour and governance is unilaterally applied to the LTAs, with the aim of managing and citing the Finance Committee to any potential cost pressures to the sum of £50,000 or above.

Welsh Health Specialist Service Committee

The current reporting structure for WHSCC is as follows:

Structure 1



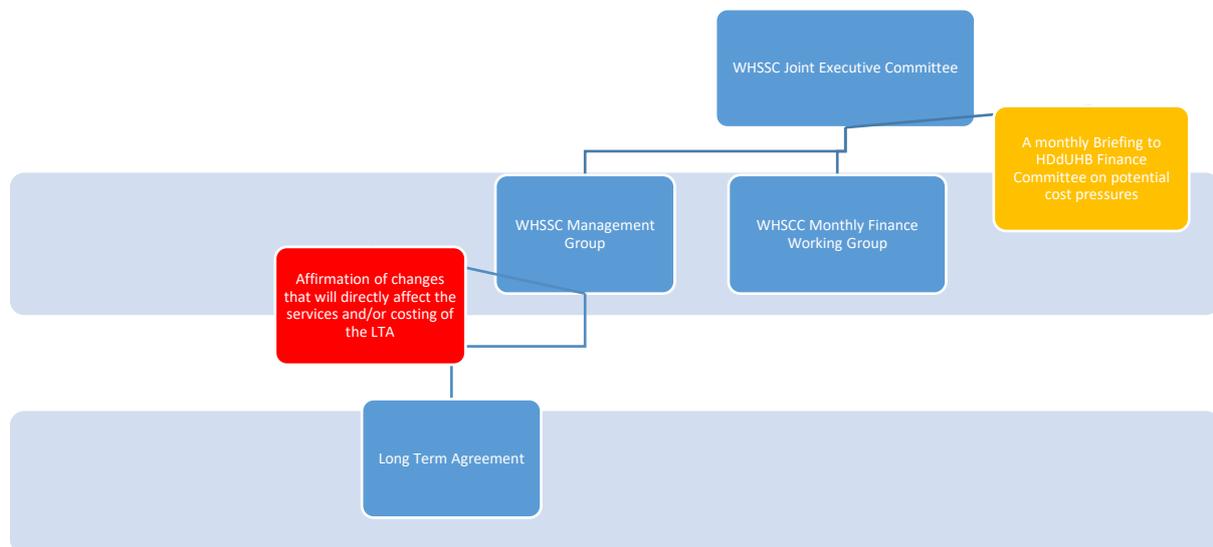
The paper is advocating that this approach, does not provide the Finance Committee with sufficient oversight of potential cost pressures.

Proposed Approach

Below (Structure 2) is the papers recommended approach moving forward. The rationale for the colours is as follows:

- **Amber** – The amber represents a potential service development that is likely to affect the LTA value. At this stage it is not ratified, but presents a potential risk to the financial envelope allocated to WHSCC. The Finance Committee will be asked to note the risk, so that the committee can make informed decisions around any other investments/savings across the whole Health Board.
- **Red** - The purpose of red box is for ratified decisions. At this stage, the decision has been made and HDdUHB does not have the discretion and/or autonomy to reject either the service and/or the subsequent costings associated with this development.

Structure 2



Structure 2 is predicated on having opportunities to challenge. Initially, the committee should be cited on the potential cost pressure coming through WHSCC, as notionally it is prudent to have some prior warning and notification of a potential cost pressure. Secondly, there should then be the absolute affirmation of any changes which impact on the total LTA value and thus budget (red box). For the avoidance of doubt, not all changes will result in a cost pressure, but regardless of cost, the approach set out in structure 2 will allow improved scrutiny and oversight.

As stated above, the Finance Committee may not be able to object or influence particular changes, especially where it is deemed a strategic priority by Welsh Government. However, the advantage of an early warning system (amber box) of a potential cost pressures allows HDdUHB to make decisions on internal investments that it can control. Moreover, if we cannot stop an external investment, then having appropriate oversight allows a more informed 'internal decision on investment' to be made.

LTA Process

The paper has focused predominately on WHSCC, but the same rationale and approach can be taken/applied to all LTAs. Finance Committee should be cited on any requested investment above £50,000 predicated on a Full Year Effect (FYE).

Current Process

The current process is set out below, any material changes are not at present cited and/or ratified via any formal Committee within HDdUHB.



The above does not demonstrate efficient grip and control around the LTAs. There needs to be a clear governance structure around LTA investments/cost pressures.

Moving forward, the paper proposes having a monthly slot within Finance committee, to outline any proposed changes.

The proposed process is intended to increase the level of scrutiny around investments within the LTAs. Furthermore, it allows the Finance Committee the opportunity to ask how the costs/investments will be mitigated.

Next Step/Recommendation

The Committee is asked to approve a monthly review paper for LTAs within the structure of the monthly Committee meeting.



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Deep Dive into Ring-fenced Allocation within Mental Health and Learning Disabilities
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Liz Carroll, Interim Director Mental Health and Learning Disabilities
SWYDDOG ADRODD: REPORTING OFFICER:	Mark Bowling, Assistant Director of Finance (Value) Janine Billen, Senior Finance Business Partner

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

<p>ADRODDIAD SCAA SBAR REPORT</p> <p><u>Sefyllfa / Situation</u></p> <p>The Finance Committee has requested a review of the Mental Health and Learning Disabilities ring-fence allocation.</p> <p>The accompanying presentation provides an overview of the total ring-fence and how the funding has been utilised in providing Mental Health & Learning Disabilities services within Hywel Dda University Health Board (HDdUHB) as well as a break down of other areas of service within the Health Board that the ring fence applies.</p> <p>The Committee is asked to note the content of the presentation.</p> <p><u>Cefndir / Background</u></p> <p>Mental Health & Learning Disabilities Ring-Fenced Allocation</p> <p>Budgets have been set cognisant of Welsh Government ring-fenced allocations. Expenditure within these budgets must be in line with the expectations set out by Welsh Government. Therefore, whilst these budgets are still subject to HDdUHB's efficiency and improvement expectations, savings will be reinvested within these ring-fenced services to maintain them at the allocated level.</p> <p>The total Mental Health and Learning Disabilities ring-fenced 2017-18 allocation were £79.865m and £8.663m respectively. The most recent assessments of the actual spend against this allocation is based upon the 2017/18 full year data as published in the programme budgeting return (WCR13). This reported expenditure as £83.550m on Mental Health Services and £10.158m on Learning Disability Services (please see attached Appendix 1). In both cases the actual expenditure slightly exceeded the ring-fenced allocations.</p> <p>There is also a Continuing Health Care (CHC) element totalling £13m, where lack of condition information prevents splitting into specific condition categories. It is likely that there would be a share attributable to Mental Health and Learning Disability Services which in part would increase the above gap.</p>

In analysing this reported programme budgeting expenditure, it should be noted that this 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. The breakdown of this programme budgeting (PB) spend for 2017/18 is outlined at Appendix 1.

As managerial and delegated budget structures for provision of services as a Health Board differ from this condition based presentation a reasonableness check was performed to trace the key expenditure areas between the two. This provided assurance as follows:

- The Secondary Care (HDdUHB line) aspects bear a reasonable resemblance to the combined Mental Health & Learning Disabilities Directorate budget of £71.7m at that time and could be traced to this reporting category.
- Other material clinical services from different Directorate budgets flowing to this condition summary, for example Psychology, appeared reasonable and appropriate.
- Provision of services for other organisations is minimal, which would have reduced this figure.
- Services received and recharged from other Health Boards were consistent with contracts.

Asesiad / Assessment

Mental Health & Learning Disabilities Management Actions

Since the ring-fence was established a number of deliberate actions have occurred successfully targeting a reduction or containment of expenditure. This had formed part of ongoing management but also specifically to mitigate identified risks of significant escalation, for example:

- **Mental Health CHC** – Spend has been growing significantly year on year with a number of high cost patients placed out of county. A repatriation strategy was devised and facilities were developed locally to enable patients to be cared for within core services closer to home. National procurement work has also reduced costs for those that currently need to receive more specialist care.
- Further actions to mitigate increased costs due to growth in client numbers include:
 - Commissioning reviews to reduce overall packages through reductions in 1:1 hours and move on to less restrictive and community options at reduced cost.
 - Greater scrutiny of all new packages of care to ensure they are the least restrictive and most cost efficient option.
 - Transfer of placement contracts to the national framework arrangement where there is reduction in cost.
 - Joint working with the Local Authorities to reduce the historical over reliance on residential care and increase the use of supported living and community based options.
 - The outcome of this is, in particular for Mental Health, is that client numbers are increasing whilst average cost is decreasing.

This review has highlighted further potential opportunities in areas of expenditure that fall outside of the directorate's managerial sphere of direct control. The most significant of which will now be reviewed and explored further:

- Primary care – a figure of £4.675m on prescribing, which increases to over £5m when pharmacist charges are taken into account. Whilst this has fallen in recent years, it still

represents 6% of the overall Mental Health spend.

- Contracts outside of HDdUHB show Welsh Health Specialised Services Committee (WHSSC) as a key contributor for Mental Health (also 6%).

Argymhelliad / Recommendation

The Finance Committee is asked:

- To note the content of the report and presentation
- To note the actions the Directorate has taken from the scrutiny of this information
- To note the further potential opportunities.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.5.2 Receiving assurances in respect of directorate performance against annual budgets, capital plans and the cost improvement programme and innovation and productivity plans.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve efficiency and quality of services through collaboration with people, communities and partners

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Welsh Costing Returns (WCR) cross referenced with the Oracle Financial Ledger
Rhestr Termau: Glossary of Terms:	Included in the body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Presentation to Heads of Service – 12 th September 2019

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial risks and opportunities are outlined in the presentation.
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

Extract from HDdUHB WCR 13 Programme Budgeting Return 2017/18								
	Mental health problems (cat 5)				Learning disability problems (cat 6)			
	£000	£000	of MH category	of Health Board	£000	£000	of LD category	of Health Board
Primary								
GMS	375		0%	0.0%	0		0%	0.0%
Pharmacists	872		1%	0.1%	0		0%	0.0%
Drug Prescribing	4,675		6%	0.6%	0		0%	0.0%
QOF	582		1%	0.1%	20		0%	0.0%
Enhanced Services	138		0%	0.0%	75		0%	0.0%
other infrastructure	302		0%	0.0%	40		0%	0.0%
Other	897		1%	0.1%	9		0%	0.0%
		7,840	9%	0.9%		145	1%	0.0%
Secondary								
HDdUHB	48,288		58%	5.8%	9,585		41%	1.1%
Other Welsh HBs	454		1%	0.1%	4		0%	0.0%
WHSSC	5,287		6%	0.6%	0		0%	0.0%
NHS England	1		0%	0.0%	0		0%	0.0%
CHC *	20,262		24%	2.4%	13,451		57%	1.6%
Other Sec. Sectors	1,419		2%	0.2%	424		2%	0.1%
		75,710	91%	9.1%		23,465	99%	2.8%
Total		83,550		10.0%		23,610		2.8%
of which 'Ring-fenced' ~		83,550				10,158		

* this excludes a share of the unallocated balance (cat 23c) of primary care this is 9,001k of 49,233k (18%) and an unallocated community total of 4,307k

~ historic anomaly that CHC is in MH ring-fenced sum but excluded from LD, in reviewing allocation letter both figures marginally exceed the expected ring fenced sum

Mental Health and Learning Disabilities Ring Fence Funding

1 Introductions

2 Situation

3 Mental Health and Learning Disabilities - Ring Fence Funding and Spend

4 Next stages and opportunities

5 Questions and Answers

Introductions

***Liz Carroll – Interim Director
Mental Health and Learning Disabilities***

***Janine Billen – Senior Finance Business Partner
MH&LD, Facilities, Dir of Ops Corporate Services***

Situation

- ***Budgets have been set cognisant of Welsh Government ring-fenced allocations***
- ***Expenditure within these budgets must be in line with the expectations set out by Welsh Government.***
- ***These budgets are still subject to the Health Board's efficiency and improvement expectations***
- ***Savings will be reinvested within these ring-fenced service to maintain them at the allocated level.***
- ***Directorates understanding of ring fence***
- ***The Need to respond to WG around spend against the ring fence***

Mental Health and Learning Disabilities - Ring Fence Funding and spend

Mental Health and Learning Disabilities – Ring Fence Funding and spend

Extract from HDdUHB WCR 13 Programme Budgeting Return 2017/18									
		Mental health problems (cat 5)			Learning disability problems (cat 6)				
		£000	£000	of MH category	of Health Board	£000	£000	of LD category	of Health Board
Primary									
	GMS	375		0%	0.0%	0		0%	0.0%
	Pharmacists	872		1%	0.1%	0		0%	0.0%
	Drug Prescribing	4,675		6%	0.6%	0		0%	0.0%
	QOF	582		1%	0.1%	20		0%	0.0%
	Enhanced Services	138		0%	0.0%	75		0%	0.0%
	other infrastructure	302		0%	0.0%	40		0%	0.0%
	Other	897		1%	0.1%	9		0%	0.0%
			7,840	9%	0.9%		145	1%	0.0%
Secondary									
	HDdUHB	48,288		58%	5.8%	9,585		41%	1.1%
	Other Welsh HBs	454		1%	0.1%	4		0%	0.0%
	WHSSC	5,287		6%	0.6%	0		0%	0.0%
	NHS England	1		0%	0.0%	0		0%	0.0%
	CHC *	20,262		24%	2.4%	13,451		57%	1.6%
	Other Sec. Sectors	1,419		2%	0.2%	424		2%	0.1%
			75,710	91%	9.1%		23,465	99%	2.8%
	Total		83,550		10.0%		23,610		2.8%
	of which 'Ring-fenced' ~		<u>83,550</u>				<u>10,158</u>		

* this excludes a share of the unallocated balance (cat 23c) of primary care this is 9,001k of 49,233k (18%) and an unallocated community total of 4,307k

~ historic anomaly that CHC is in MH ring-fenced sum but excluded from LD, in reviewing allocation letter both figures marginally exceed the expected ring fenced sum

Next Stages and opportunities

- ***Potential efficiencies across the health board for example WHSSC and liaison psychiatry***
- ***Avoid duplication of service provisions.***
- ***Assist with future planning of services – in line with service transformation.***
- ***Inform future bids with WG.***
- ***Assist in cross directorate working.***

Question and Answers

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 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 procedures have been reviewed and are presented to the Finance Committee for approval as one overarching procedure covering Patient Property and Monies, attached at Appendix 1:

- 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 safe keeping

Asesiad / Assessment

The revised financial procedure covering Patient Property and Monies has been reviewed by key personnel within Finance and Counter Fraud, along with Service Managers and other key personnel within Mental Health and Learning Disabilities Directorate.

The Patient Property and Monies procedure has been re-written and strengthened following a full review. As the procedure is a rewrite and amalgamation of four procedures, the Committee is receiving the reworked version, with no strikethrough deletions or red font additions.

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 attached revised financial procedure.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.7 Review and approve financial procedures 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 Termau: Glossary of Terms:	AP - Accounts Payable AR – Accounts Receivable NWSSP - NHS Wales Shared Services Partnership PO – Purchase Order PSPP - Public Sector Payment Policy VAT - Value Added Tax EqIA – Equality Impact Assessment
Partïon / 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 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:	EqIA has been undertaken with no negative impacts on those with protected characteristics



Patient Property and Monies

Procedure Number:	078	Supersedes:	078, 079, 080, 081	Classification	Financial	
Version No:	Date of EqlA:	Approved by:		Date Approved:	Date made active:	Review Date:
2		Finance Committee				3 years
Brief Summary of Document:	This document is one in a series of financial procedures providing clear process to be followed.					
Scope	Health Board wide procedure					
To be read in conjunction with:	Standing Financial Instructions Standing Orders 066 - Losses and Special Payments 089 - Property found on Hywel Dda LHB Premises					
Owning group	Finance Team					

HYWEL DDA UNIVERSITY HEALTH BOARD

Reviews and updates		
Version no:	Summary of Amendments:	Date Approved:
1	New Procedure	
2	Full review	

Glossary of terms

Term	Definition

Keywords	Patients, Property, Money, Cash, Belongings
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DRAFT

HYWEL DDA UNIVERSITY HEALTH BOARD

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1. SCOPE

The financial procedure is Health Board Wide.

2. AIM

The aim of this procedure is to outline the procedure for handling patients' property and monies within the Health Board.

3. OBJECTIVES

The aim of this procedure will be achieved by: Ensuring staff are aware of how to handle patients property and monies securely to minimise instances of loss or theft of patients property.

4. INTRODUCTION

In order to protect both the interests of individual patients and members of staff coming into contact with patients, it is essential that the following procedures be properly adhered to.

Any reference in this procedure to cash/valuables should be taken to include documents of any potential legal or financial significance and any item, which it is not possible to determine whether it has any significant value. It will not normally relate to clothing, except furs, sheepskins, designer and leather goods.

It is the responsibility of the Chief Executive to ensure that notices disclaiming the Health Board's liability for property retained by patients, are at all times publicly displayed on all wards, including patients' lockers, departments, clinics and health centres; also to ensure that the Health Board's disclaimer is included prominently in any handbook issued to patients prior to admission.

5. ACUTE & COMMUNITY SERVICES PROPERTY PROCEDURES

Property on Admission to Ward

Patients are responsible for all property brought into hospital with them unless the property is handed over for safe custody. It is the responsibility of the nurse in charge of admitting a patient, to ensure that the patient is made aware of the procedure and Health Board disclaimer, and wherever possible to encourage the patient to hand property not needed during his/her stay to a friend or relative.

Should the patient decide not to hand any valuables over for safekeeping, the admitting nurse must note the fact in the patient care record and obtain the patient's signature.

All property handed over for safe custody or deceased patients' property, must be examined, listed in the patients' property book, placed in the property bag and signed for by two members of staff. The patient should sign, if possible, indicating agreement that the items listed are correct; All patients on wards & D.S.U. also need to sign a disclaimer form. The top copy of the book should be handed to the patient (or guardian) as a receipt for property deposited for safe custody; the **second copy should be placed in the bag with the serial number clearly visible or securely attached to the bag to enable identification of contents.** The bag should then be sealed and taken to the General Office for safekeeping.

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In completing the property book, the terms "gold", "silver", "diamond" etc. must NOT be used, and the descriptions "yellow metal", "white metal", "white stone", etc. must be used.

The patients' property book must be the only official record of property held. This book must be kept in a safe place and immediately available for inspection when required. It is the responsibility of the Ward, Clinic and Department Manager to ensure that it is properly maintained at all times.

The patients' property book will be in the format determined by the Director of Finance, serial numbered, and issued by the Director of Finance to the General Office staff, who will maintain a record of books issued to wards, clinics and departments. Each ward, clinic and department may only use one book at any one time. The General Office staff will not issue another book unless they receive back the old book.

Staff should always have regard to the evidential nature of patient's property. In cases such as assault, alleged rape, sudden death etc all property should be treated as valuables and liaison should take place with the police before such items are released to the next of kin.

Once property has been handed in for safe custody, the sealed property bag containing cash and valuables should be taken with the property book to the General Office as soon as possible and the fixed copy of the patient's property book signed by the recipient.

If cash/valuables are received outside the working hours of the General Office, the sealed bag should be placed in the Out of Hours Safe. At the change of each shift, the incoming nurse in charge must be made aware of any property held.

Property sealed by staff into special property bags need not be opened and checked in General Office. All monies are banked unless it comes in as a sealed envelope signed by 2 members of ward staff. General Office will not open the envelope and it is documented in General Office book for safekeeping.

In all cases, cash and valuables are to be deposited at the General Office at the earliest opportunity and a signature obtained on the fixed copy of the property book. An official receipt must be issued in respect of all cash handed in for safe custody and this cash should be banked as soon as possible and, in any case no less frequently than once a week. The official receipt number should be entered on the property book sheets received.

The second copy of the property book is to be forwarded promptly to the General Office, whether or not cash/valuables are involved.

The General Office staff must check on the continuity of serial numbers of the property book sheets received. Such a check will ensure that the books are being properly used and that appropriate cash/valuables are surrendered to accompany entries in this record. Staff shall not hand back valuables or cash which have been handed in for safekeeping unless they were handed in for temporary safekeeping in accordance with the procedure at paragraph below.

Cash and valuables handed in for temporary safekeeping whilst the patient is away from the ward, clinic and departments, e.g. to go into the operating theatre, x-ray etc., should be placed in the special envelope provided for this purpose, with the patient's full name and address on it. The envelope should be sealed in the presence of the patient. The property should be retained

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in a secure place i.e. a safe or security cabinet and handed back to the patient when he/she is in a condition to appreciate that his/her property has been returned. The return of the cash/valuables must be acknowledged on the ward, clinic/department copy of the above-mentioned form, and witnessed by the member of staff handing over the property.

The fixed copy must be retained in the book and clearly marked "return to patient". The second copy must be similarly endorsed and forwarded to the General Office. The fixed copy of all spoiled sheets of the property book must be retained in the book and clearly marked "CANCELLED". The top and second sheet of spoiled copies must be similarly endorsed and forwarded to the General Office.

If a patient dies whilst in hospital or is admitted to hospital whilst: -

- (a) mentally disordered
- (b) confused and/or disorientated
- (c) unconscious
- (d) severely incapacitated for any other reason

The contents of their clothing and effects must be examined and all items placed in safe custody and the appropriate entry made in the patient's property book. Since the entry will not be signed by the patient, it is absolutely essential that two members of staff sign, one of whom preferably being a senior nurse.

Non-valuable items on the person of a deceased inpatient or held on the ward on behalf of that patient may be released to a relative or representative of the patient, provided that a patients' property indemnity form is completed and signed. The patients' property book must also be signed, the second copy of which together with the indemnity form should be forwarded to the General Office.

Patients Deceased on Arrival

If a patient is deceased on arrival, and the body taken into the mortuary, the following procedure shall apply: -

The mortuary attendant (or member of staff responsible in his absence) should carry out the procedures outlined above as appropriate.

Coroner's Cases

In the event that the Coroner's Officer wishes to take away the property (including cash and valuables) prior to these being handed over to the General Office, then this may be done on consideration of the police officer completing and signing a patients' property indemnity form. He must also be required to sign the patients' property book, the second copy of which, together with the indemnity form should be forwarded to the General Office.

Non-Coroner's Cases

The above-mentioned procedure will apply, except that the ambulance man, undertaker or hospital porter bringing the body into the mortuary should act as a witness in listing and taking into custody of the cash and valuables.

The General Office shall retain in a safe, all valuables handed over for safekeeping. In instances where items are suspected of being exceptionally valuable, the Director of Finance should be contacted in order to arrange for custody to be transferred to the Health Board's bankers.

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The General Office must raise an official receipt and shall periodically bank any cash handed over for safekeeping. No monies handed over to the General Office for safekeeping should be held for the express purpose of returning it to the patient.

The General Office shall maintain a register of property handed over for safekeeping. The register must be cross-referenced to the serial numbered patients' property book, copies of which shall be maintained on file in numerical order.

The General Office shall maintain a personal account of cash received into safekeeping in respect of each patient, recording also all outgoings against such accounts and maintaining an up to date balance.

6. LEARNING DISABILITIES SERVICES PROPERTY PROCEDURES

Property on Admission

Within Learning Disability Services (LDS) it is the responsibility of the shift leader, on the admission of a client, to ensure that the client/relative/carer is made aware of the disclaimer referred to in 1.3, and wherever possible to encourage the client to leave valuable articles at home. All clients are however encouraged to retain their own belongings such as books, photographs, audio equipment, cassette tapes, CDs etc.

All property must be examined, listed in the clients' property book and be signed by two members of staff. This book is in the format of an inventory of clothing/property. The inventory should be signed, by the client if possible, indicating that the items listed are correct and that the Health Board's disclaimer is accepted. If the client is unable to sign, the relative/carer should sign on their behalf.

In completing the inventory, the terms "gold", "silver", "diamond" etc. must NOT be used, and the descriptions "yellow metal", "white metal", "white stone", etc. must be used. There will only be one copy of the inventory and this should be retained on the unit. If the relative/carer requires a copy this can be photocopied.

The clients' inventory must be the only official record of property held. **This documentation must be kept in a safe place and immediately available for inspection when required. It is the responsibility of the unit team leader to ensure that it is properly maintained at all times.** The service manager will inspect the clothing/property inventories on a monthly basis.

The clients' inventories will be ordered by the LDS, serial numbered. The Director of Finance will be kept informed by the LDS of the serial numbers issued to units and departments.

The unit staff should take the cash/valuables paying in book as soon as possible to the General Office where a member of staff will ensure that it is signed by the recipient. An official receipt must be issued to the client/relative/carer in respect of all cash and valuables retained. The official receipt number should be entered on the inventory sheets. The top copy of the receipts must be given to the client/relative/carer. A copy must be forwarded to the General Office and a copy retained by the unit.

The General Office shall retain in a safe or secure cabinet, all valuables handed over for safekeeping. In instances where items are suspected of being exceptionally valuable, the Director

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of Finance should be contacted in order to arrange for custody to be transferred to the Health Board's bankers.

The General Office shall maintain a record of cash received in safekeeping in respect of each client, recording also all outgoings, income and allowances against such accounts and maintaining an up to date balance. This record may be maintained on computer, as agreed with the Director of Finance.

The General Office shall bank any cash handed over for safekeeping as per Standing Financial Instructions and Financial Procedures.

The General Office shall maintain a register of property received into safekeeping.

All documentation will be held in the General Office for a period of six years following completion. Any spoiled sheets of the clients' inventory and any other documentation must be retained in the book and clearly marked "CANCELLED".

If cash/valuables are received outside the working hours of the General Office, the cash and valuables, together with cash/valuables paying in book (see below), are to be placed inside a sealed envelope or other sealed container, endorsed with the full name of the client, signed across the seal by the senior member of staff on duty, and placed in a safe or secure cabinet provided for that purpose. At the change of each shift, the incoming team leader must be made aware of any property held and a register in an appropriate format must be maintained for this purpose.

Where a client on admission is unable to take full responsibility for their property the contents of their clothing and effects must be examined and all items placed in safe custody and the appropriate entry made in the clients property book. Since the entry will not be signed by the client it is absolutely essential that the two members of staff sign, one of whom should be a senior member of staff. This procedure shall also apply in the event of a client death.

Where additional property is brought into the unit, for a client, or property is taken home, by a relative/carer, the item of property and the date should be recorded in the inventory, The inventory should be signed by a member of staff and, the client. If the client is unable to sign a second member of staff should also sign.

For additional cash/valuables brought into unit requiring safekeeping the cash/valuables paying in book, in the prescribed format, must be completed. This will first be signed by a member of staff and the client/relative/carer or a second member of staff as appropriate, and then taken to the General Office for safekeeping. The top copy should be retained by the General Office, the second copy given to the client/relative/carer.

When a client is transferred to another unit within the Health Board or transferred to another unit outside the Health Board the transfer/discharge property book should be completed, This is to be signed by a member of staff from the unit which the client is to be transferred/discharged from and the client (or second member of staff if the client is unable to sign). The top copy should go with the client and the second copy should be retained in the book. If the client is transferred to another unit within the LDS, the receiving unit will treat the client as a new admission by completing the clients' clothing/priority inventory.

7. MENTAL HEALTH SERVICES PROPERTY PROCEDURES

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Property on Admission

It is the responsibility of the nurse in charge of a ward, on the admission of a patient, to ensure that the patient is made aware of the Health Board's disclaimer, and wherever possible to encourage the patient to hand over all clothing and personal effects which are unlikely to be needed during their stay in hospital into the care of relatives or friends.

All property handed over for safe custody must be examined and listed in the patients' property book. The Patients Property Book comprises of three copies the top copy is given to the patient, the second is sent to the General Office and the third is retained in the book by the ward.

The patients property book records the patients' name, date of admission, ward, all of items of clothing, any items sent to General Office for safekeeping, items returned to a relative or carer and property retained by the patient. The Patients Property Book should be signed by two members of the nursing staff, one being a qualified nurse to protect staff from allegations of impropriety. It is essential that the patient should sign, if possible, or a relative or friend indicating agreement that the items listed are correct and that the disclaimer is accepted.

If a patient dies in hospital or is admitted to hospital whilst:

- a) mentally disordered
- b) confused and/or disorientated
- c) unconscious
- d) severely incapacitated for any other reason

The contents of their clothing and effects must be examined and all items placed in safe custody and the appropriate entry made in the patients' property book. Since the entry will not be signed by the patient it is absolutely essential that the two members of staff sign, one of whom should be a senior nurse.

In completing the property book, the terms "gold", "silver", "diamond" etc. must NOT be used, and the descriptions "yellow metal", "white metal", "white stone", etc. must be used.

Any spoiled sheets of the patients' property book should be clearly marked "CANCELLED". The ward copy should remain in the property book and the other copies should be forwarded to the General Office.

The patients' property book must be the only official record of property held. **This book must be kept in a safe place and immediately available for inspection when required. It is the responsibility of the ward sister/charge nurse to ensure that it is properly maintained at all times.**

The patients' property book will be serial numbered and the General Office will issue and maintain a record of books issued to wards and departments. Each ward/department may only use one book at any one time. The General Office will not issue another book unless they receive back the old book.

Once property has been handed in for safe custody and the property book completed and signed, the top copy will be handed to the patient/patient's relative or friend as a receipt. The cash and valuables should then be taken with the property book as soon as possible to the General Office where the nurse will ensure that the property book (ward copy) is signed by the recipient.

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If cash/valuables are received outside the working hours of the General Office, the cash and valuables, together with the General Office copy are to be placed inside a sealed envelope, endorsed with the full name and address of the patient, and placed in a safe provided for that purpose. If the safe is a deposit safe whose keys are held by the General Office, the property envelope shall be examined in the presence of a member of the ward staff, who shall bring the patients' property book for the signature of the receiving officer in the General Office. In all cases, cash and valuables are to be deposited at the General Office at the earliest opportunity.

Ward staff shall not hand back valuables or cash which have been handed in for safekeeping unless they were handed in for temporary safekeeping in accordance with the procedure in paragraph below or if it is handed in for temporary safe keeping whilst the General Office is closed and it has not reopened during the patient's stay in hospital.

Cash and valuables handed in for temporary safekeeping whilst the patient is away from the ward, for treatment etc, should be placed in an envelope with the patient's full name and address on it. The envelope should be sealed in the presence of the patient and a register maintained in the prescribed format. The seal of the envelope and the register should be signed by the patient, and the register should be signed by a member of staff. The property should be placed in a safe place, i.e. locked drawer, and handed back to the patient only when he/she is in a condition to appreciate that his/her property has been returned. The return of the cash valuables must be acknowledged on the register and witnessed by the member of staff handing over the property.

8. HANDLING OF CASH – LEARNING DISABILITY SERVICES RESIDENTIAL UNITS

Client Cash Allowances

The Learning Disability Service (LDS) allows clients to have a limited amount of cash (up to £30 each) to be held on the Unit. This cash should be held securely on the Unit with an account record book and account cash box maintained by the Unit for each client individually. Any cash above this individual threshold should not be held by the Unit.

All staff who handle clients cash on the Unit have a responsibility to ensure that the cash is managed in line with this procedure.

Where staff access clients cash from the secure individual cash box for clients use this should be documented in the individual clients' account record book. Receipts for subsequent expenditure of clients cash should be gained at time of purchase and retained within the clients account cash box for future reference and reconciliation.

To ensure the protection of clients cash and staff from allegations of impropriety a minimum record with the individual client account record book should be Date, Money Out, Details of Expected Expenditure, Sign Out by Staff Member, Receipt Number, Money Spent, Current Balance, Sign in by Staff Member. It is the responsibility of the staff member signing the record to ensure that these details are entered and balances are correct.

At the change of each shift, the incoming LDS staff should check balances for each client and sign in each individual client account record book.

In order to maintain availability of cash allowance for each client for expenditure requests should be made for withdrawal from the clients' account by the Unit to General Office.

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Withdrawal should be made using form B, there are two sections to the form, the first of which is a simple request from the patient for the General Office to issue funds from the patient's account to a member of staff, and the second is a tear off slip which is a receipt signed by the patient when the member of staff returns with the cash. This form should be signed by the client and a member of the LDS staff (first nurse), a second member of staff as nominated by the client will collect the cash from the General Office and sign the cash counter sheet.

On receipt of the cash at the unit the client and first nurse should sign the tear-off slip on the bottom of the form, and the tear-off slip should be returned to the General Office. Payments to be made on behalf of a client should also be made on form B, the General Office will then request the Finance Department to process the payment. Form P2 is a list of patients and the amounts they wish to withdraw it should be used by LDS staff for withdrawing cash on behalf of a number of clients for holidays and outings (see below). Clients should sign their individual cash counter sheets held by the General Office or the Unit money book as appropriate. If a client is unable to sign two members of staff should sign the sheet / book on their behalf.

Holidays and Outings

If patients' private monies are at any time held by staff in safekeeping during holidays and outings, the following procedures shall apply:

Cash may be transferred to individual staff (normally the senior member of nursing staff) by:

- the General Office prior to the holiday or outing
- individual patients at any time prior to or during the holiday or outing.

Custody of cash during the holiday/outing shall be the responsibility of the senior nurse in charge. At all times during holidays, safe facilities of the host establishment shall be used to safeguard substantial amounts of cash.

Receipts should be gained for all expenditure made by or on behalf of those clients. All expenditure should be recorded within a Holidays/Outings Cash Record and receipts attached.

Any unexpended cash should be returned to the General Office within three working days of return from holiday/outing.

Any amount of cash remaining from money withdrawn from clients' cash held at ward level shall be returned immediately with all appropriate entries being completed fully and signed on the clients' account record book.

All expenditure recorded on the Holidays/Outings Cash Record should be recorded in the individual account record book referring to the Holidays/Outings Cash Record. As the receipts and expenditure details are shown on the Holidays/Outings Cash Record there should be no doubt as to the full nature of the expenditure made for the clients' benefit.

Unit Expenditure

Each Unit also maintains a separate account for all other expenditure within the Unit which does not fall under individual clients allowances for example payment of all Unit bills. This will be managed in accordance with protocol agreed between LDS and Finance Dept. as Unit expenditure with records maintained to enable apportionment to clients accounts where applicable.

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9. HANDLING OF CASH – MENTAL HEALTH SERVICES

In accordance with circular HM(71)90 it is the responsibility of the medical staff (after consultation with the nursing staff) to determine,

- whether and by how much a patient's personal allowances should be reduced on the grounds that the full allowance cannot be used by or on behalf of the patient for his/her personal comfort or enjoyment
- any limitation on the amount a patient should receive in cash at any one time on the grounds either of his limited ability to handle cash or of therapeutic undesirability of his doing so
- any limitation on therapeutic grounds on the purposes for which a patient may use his personal allowance

A review (in accordance with HM(71)90) should take place at six monthly intervals. Newly admitted patients should be assessed as soon as practicable after admission. The nursing staff will provide consultants with details of their patients, asking them in conjunction with nursing staff to review for each patient in the prescribed format. The Ward Manager and appropriate senior nurse will, on the basis of the consultant's assessment, fix the level of personal allowances to be credited to the patient and determine the category of cash handling ability of the patient.

Where a patient does not have a proper appreciation of his/her financial means and is unable to spend money on his/her own behalf, it is the responsibility of the nursing staff to ensure that as much as possible of the patients' resources held by the Health Board are expended for the benefit of that patient. Where appropriate, this responsibility will be carried out under the direction or guidance of:

- the Public Trust Office, Court of Protection, Protection Division, Stewart House, 24, Kingsway, London WC2B 6JX, or
- the responsible consultant

Where money is spent on behalf of patients, by nursing staff, proper recording and filing of receipts is essential. All receipts should be sent to the General Office.

A regular review of the level and nature of expenditure, made on behalf of patients, will be undertaken by an independent officer.

HM(71)90 states that a personal allowance is not payable in full if the patient has accumulated substantial savings in excess of his / her reasonable requirements. The amount to be normally regarded as substantial will be agreed from time to time by the Director of Finance after consultation with unit managers and medical representatives.

On notification by the Director of Finance and Chief Executive of any patients in receipt of allowances who have savings in excess of the agreed sum, the responsible consultant will advise the Director of Finance and Chief Executive in writing of such patients who are engaged in purposeful saving and who therefore should continue to receive those allowances. The consultant should also notify the purpose of the savings.

An inventory of all private property belonging to residents should be kept by the Senior Nurse to enable appropriate return on discharge. It is the responsibility of the ward sister/charge nurse to ensure that pooling of patients' property does not take place, i.e. to ensure that a patient is able to have the benefit of his/her own goods.

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Patients' private cash record cards/record book, where applicable, recording cash held at ward level, on behalf of patients, must be maintained on all wards on which such cash is held. It is the responsibility of the ward sister/charge nurse to ensure that the record cards are properly maintained at all times and that the cash held balances with the cards.

At the change of each shift, the incoming nursing staff should check and sign for any cash held for patients.

Patients classified as able to handle some cash without any assistance from nursing staff are to be placed on standing order. Under this system, the patient is able to draw up to a predetermined limit from the General Office each day without reference to nursing staff. The limit will be determined by nursing staff in liaison with staff from the General Office. On receipt of the cash the patient will sign the General Office's cash counter sheet.

Patients classified as able to handle some cash but requiring the assistance of nursing staff should not receive cash from the General Office without the presence of a member of the nursing staff. Withdrawals are made on presentation of form P1, which is signed by the patient and accompanying nurse. Withdrawals over £40 are to be counter signed by an appropriate manager. The patient will also sign the cash counter sheet.

Where a patient is unable to attend the General Office and a member of staff of the General Office is unable to attend the ward withdrawal should be made using form B. Form B should also be used by patients at BGH who are classified as not able to handle cash without the assistance of nursing staff. Form B has two sections, the first of which is a simple request from the patient for the General Office to issue funds from the patient's account to a member of staff, and the second is a tear off slip which is a receipt signed by the patient when the member of staff returns with the cash. The form should be signed by the patient and a member of the ward staff (first nurse), a second nurse as nominated by the patient will collect the cash from the General Office and sign the cash counter sheet. On receipt of the cash at the ward the patient and first nurse should sign the tear-off slip on the bottom of the form, and the tear-off slip should be returned to the General Office. At BGH the tear off slip should be retained with the property book. Payments to be made on behalf of a patient should also be made on form B, the General Office will then request the Finance Department to process the payment.

Form P2 is a list of patients and the amounts they wish to withdraw, it should be used by nursing staff for withdrawing cash on behalf of a number of patients for holidays and outings (see below). Patients should sign their individual cash counter sheets held by the General Office. If a patient is unable to sign two members of staff should sign the sheet on his/her behalf.

Any amount not drawn in cash could be used, except where medical staff consider that this would be undesirable on medical grounds, for account purchases by or on behalf of the patient; otherwise it would remain credited to his/her account.

It should not be normal practice for staff to hold cash at ward level. Cash may be held by nursing staff on behalf of the patients under the following circumstances, and no other:

- where cash is required by patients for expenditure outside the office hours of the General Office and the patient is not able/does not wish to retain the cash on his/her person.
- where cash is required by patients for activities outside the hospital.

It is the responsibility of a Senior Nurse Manager to ensure that a regular check is undertaken of the ward record books, and that a record is maintained in his/her office of the check which has

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been made, discrepancies found (whether between cash and record, or failure to comply with procedures) and action taken. All discrepancies found are to be immediately reported to the Director of Finance.

Patients may require payment of bills to be made on their behalf by the Finance Department, nursing staff must ensure that the General Office is informed to enable patients' cash records to be updated.

Security for patients private cash during holidays and outings:

If patients' private monies are at any time held by staff in safekeeping during holidays and outings, the following procedures shall apply:

Cash may be transferred to individual staff (normally the senior member of nursing staff) by:

- the General Office prior to the holiday or outing
- individual patients at any time prior to or during the holiday or outing.

Custody of cash during the holiday/outing shall be the responsibility of the senior nurse in charge. At all times during holidays, safe facilities of the host establishment shall be used to safeguard substantial amounts of cash. During holidays abroad, travellers cheques should be used to obviate the need to carry large amounts of currency. During holidays in the UK the Director of Finance may arrange with the Health Board's bankers for local arrangements for cash to be drawn daily by the senior nurse from a special account opened for that purpose.

Every effort should be made by the nurse responsible for any patients in their care to obtain some form of receipt, discreetly or otherwise, for any purchase of goods or any other expenditure made by or on behalf of those patients for their benefit. All expenditure should be recorded on the Holidays/Outings Cash Record and receipts attached. The Holidays/Outings Cash Record should be taken to the General Office within three working days of return from holiday/outing.

Any unexpended cash should be returned to the General Office within three working days of return from holiday/outing.

Any amount of cash remaining from money withdrawn from patients cash held at ward level shall be returned immediately with all appropriate entries being completed fully and signed on the patients' private cash record card/book.

All expenditure recorded on the Holidays/Outings Cash Record should be recorded on the patients' private cash record card/book as one entry, by the General Office, referring to the Holidays/Outings Cash Record. As the receipts and details are shown on the Holidays/Outings Cash Record there should be no doubt as to the full nature of the expenditure made for the patients' benefit.

10. DISPOSAL/RELEASE OF PATIENTS PROPERTY (ALL SERVICES)

Discharged Patients

Whenever possible, money and property should be returned, on request, directly to the patient, and not to any other individual. Otherwise, property should only be released to another person on the specific written authority of the patient.

Release of property in any other circumstances (e.g. where the patient is unable to act for himself/herself) should be made only to next of kin and against an indemnity (in the Health Board's approved format) signed by the person receiving the property.

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The patient should be informed that a cheque will be sent to their home address in respect of any cash held in safekeeping, unless it is under the £50 ceiling in which case the sealed bag containing the cash & valuables will be returned. Cheque payments in respect of balances held by patients on discharge will be made by the Director of Finance's Department on notification by the General Office.

Release of property and/or valuables by a ward or by the General Office must only be made to the next of kin or police or other official against the signature of the recipient on the patients property book (fixed copy on the ward, or 2nd copy in General Office) properly witnessed by a member of staff.

Mental Health and Learning Disability Services

Those patients who have been placed on standing order should sign the property book held in the General Office for the release of their property. A member of the General Office Staff should also sign the book. It is good practice for the ward to advise the General Office in advance of the discharge of such patients.

For patients requiring the assistance of nursing staff to handle cash form P1 should be completed for the release of property. Form P1 should be signed by the patient and a member of the ward nursing staff. The patient will also sign the property book held in the General Office and a member of the General Office staff will also sign this book.

When cash/valuables are collected on behalf of a patient by a member of the nursing staff Form B is to be used. This will also apply to patients at BGH who require the assistance of nursing staff when handling cash. Form B is in two parts, first the patient signs to request the General Office to release property to a named member of staff, a second member of staff signs as witness. The first member of staff takes the form to the General Office where the property is handed over and the first member of staff signs the property record book held in the General Office as will a member of the General Office staff. The first member of staff takes the property to the patient who then signs the second section of the form, a second member of staff signs as witness.

When a patient is transferred to another ward within a hospital or transferred to another hospital the transfer/discharge property book should be completed.

Deceased Patients

On the death of any patient on whose behalf cash and/or valuables are found the General Office should be promptly notified on the appropriate form by the nurse in charge/Relative Services Officer.

On notification of the death of a patient, the General Office should promptly notify the Director of Finance's Department of any balance of cash held on behalf of the deceased. Any valuables shall be deposited and held by General Office.

Balances should not be deleted from the record of patient's accounts until the General Office is informed by the Director of Finance that the balance had been released.

Valuables may be released to next of kin at hospital level only on the authorisation by signature of an officer nominated by the Chief Executive.

Authority for release at hospital level may be given in the following circumstances: -

(a) The case is straightforward, property is not required by the police for evidence in cases of assault, alleged rape, sudden death etc and there is no likelihood of a dispute as to who is the person bona fide entitled to receive the valuables.

HYWEL DDA UNIVERSITY HEALTH BOARD

- (b) Release is to a close relative (i.e., spouse, parent, son/daughter, brother/sister).
- (c) There is no will, or there is a will, which the executors do not intend to prove.
 - (i) If there is no will, an indemnity signed by all next of kin entitled under the rules of intestacy must be received.
 - (ii) If there is a will that is unproved, indemnities agreed by all persons named in the will and by all next of kin entitled under the rules of intestacy.
- (d) All claimants other than spouse must complete and sign an enquiry form before release of valuables.
- (e) A record must be maintained of the receipt of all property into safe custody and of its subsequent disposal.
- (f) Signature for receipt of all property must be obtained in the property book or on a pro-forma form of receipt.
- (g) In all cases where property, including cash and valuables of a deceased patient is of a total value of more than £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments Act 1965), the production of probate or Letter of Administration shall be required before any of the property is released.
- (h) Where the Health Board are paying for funeral costs for deceased patients any property or cash will not be released until costs have been covered.

11. PATIENTS INCOME, BENEFITS AND INVESTMENTS (ALL SERVICES)

Where a patient is admitted and is in receipt of benefits the Health Board's nominated officer will routinely notify the Benefits Agency of admission using Form BR409.

Where an agent is receiving benefit on behalf of a patient and it is found that the agent does not provide the patient with pocket money or comforts, it is the responsibility of the Chief Executive to inform the Benefits Agency of this fact. The department will investigate the circumstances and, if necessary, arrange to appoint the Health Board as an agent.

A personal account should be maintained for each patient who has handed over money to the Hospital, including personal allowances and reward payments and the patient should be informed of the total amount held for him at appropriate intervals and in answer to reasonable requests.

Patients who bring in, hand over or accumulate more cash than required for their immediate needs and are capable of understanding the transactions involved, should be encouraged and given every facility to bank or invest the balance in their own name; if they do not wish to select their own form of investment they should be encouraged to open an account in their own name.

Where a patient is unwilling to bank or invest the money himself/herself or is incapable of doing so, the Health Board should invest sums of £500 or more into a patients' savings account, see HM(71)90 for more details, opened in the Health Board's name and operated by nominated officers.

A review of the prevailing interest rates should be undertaken annually, by the Director of Finance, to ensure the rate of return obtained on behalf of patients is satisfactory.

Patients' savings interest is accrued monthly on statements from the Bank, on receipt of the bank statement individual Patient Accounts are updated. Every patient should be informed at least annually of the amount held for him.

The Health Board's liability to the patient is the exact amount accepted for safe custody together with any accrued interest.

HYWEL DDA UNIVERSITY HEALTH BOARD

12. PROPERTY FOUND ON HEALTH BOARD PREMISES

The procedure for dealing with property found on Health Board Premises is covered in a separate Financial Procedure FP11/05 - Property found on Hywel Dda LHB Premises and the matter should be dealt with under guidance set out in that Policy.

13. LOSS OF PROPERTY

The procedure for dealing with loss of property, including loss to fraud, theft or damage is covered in a separate Financial Procedure FP 05/01 - Losses & Special Payments and the matter should be dealt with under guidance set out in that Policy.

DRAFT

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Implementation of International Financial Reporting Standard (IFRS) 16 Leases Accounting Standard
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)
Er Gwybodaeth/For Information

ADRODDIAD SCAA SBAR REPORT

<p><u>Sefyllfa / Situation</u></p> <p>This report provides the Committee with an update on the progress with regards to the steps being taken to prepare for the implementation of the International Financial Reporting Standard (IFRS) 16 Leases accounting standard.</p> <p>The Finance Committee is requested to note the work being undertaken.</p>
<p><u>Cefndir / Background</u></p> <p>IFRS 16 becomes effective for the Health Board from 1st April 2020. Internal preparation work for this standard has been undertaken in line with discussions held at the All Wales Capital Technical Accounting Group.</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><u>Asesiad / Assessment</u></p> <p>Work undertaken</p> <p>The main area of work undertaken to date has been to identify leases that are in existence within Hywel Dda University Health Board (HDdUHB). The work undertaken has identified leases of properties, cars, photocopiers and franking machines.</p> <p>Once identified, these leases have been assessed to identify whether they are within the scope of IFRS 16 and should therefore be classified as right of use assets on the balance sheet.</p>

Each decision made has been documented to ensure an appropriate audit trail is maintained.

Financial Impact Reported to Welsh Government (6th September)

The initial financial assessment of the impact of IFRS 16 is shown below.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Impact on Balance Sheet	7.449	0.150	0.812	0.312
Capital Cash Request	1.309	1.298	1.111	1.074
Additional Depreciation Funding Request	1.002	1.069	1.040	1.005

The finance team are awaiting clarity from Welsh Government on how they propose to deal with the technical adjustments required to implement IFRS 16.

Outstanding areas of work

There remain a number of areas which still need to be reviewed on an all Wales level and accounting treatment agreed., including:

- The Picture Archiving Communication System (PACS) and General Practitioner Information Technology Systems. These are being co-ordinated by the Capital Technical Accounting Group.
- Awaiting values from the District Value Office with regards to peppercorn leases, these will not be available until later this year.
- Further work needs to be undertaken in HDdUHB to identify the financial impact associated with Managed Service Contracts.

Disclosure requirements for the 2019/20 Statement of Accounts will need to be considered.

The finance team will continue to engage with Wales Audit Office to ensure their agreement on principles adopted.

The next submission to Welsh Government will be in November 2019.

Argymhelliad / Recommendation

The Finance Committee is requested to note the work being undertaken.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.5 The Finance Committee will provide assurance, raising appropriate concerns and make recommendations to the Board as a consequence of the Committee's role in relation to short term focus, medium term focus and improving financial management
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:	Not 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:	IFRS Publications Financial Reporting Advisory Board (FRAB) – guidance and publications
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:	Potential financial impact of standard highlighted in report.
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

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 22 nd August 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 22nd August 2019, with the following highlighted:</p> <ul style="list-style-type: none"> • Finance Report Month 4 – the Month 4 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 funding in Month 4, subject to achieving this control total by the end of the financial year. The Committee was advised that the Health Board's financial position at the end of Month 4 represented an adverse variance against plan of £0.7m, which brings the cumulative Year to Date (YTD) variance to £2.1m. • Financial Projections Report Month 4 – the Month 4 Financial Projections Report was presented to Committee. The Committee was advised 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 received to support the cost of delivery of Referral to Treatment Time (RTT). £15.2m of these savings are associated with green schemes, £5m are for amber schemes, and therefore risk to delivery is £5m. Operational Directorate projections are at a variance to plan of £7.1m. Therefore, the total impact on the underlying deficit is £41.5m, which poses a significant risk going into 2020/21. • Turnaround Report Month 4 – the Month 4 Turnaround and Savings Plan Report was presented to Committee. The Committee was advised that the green schemes have risen from £13.2m to £15.2m in Month 4, which is slightly behind on delivery of savings in terms of referral management. The Committee took an assurance from the Holding to Account (HTA) scrutiny processes in place to recognise any non-recurrent and savings efficiencies. The Committee was assured that delivery of schemes and escalation processes are discussed immediately following HTA meetings. • Referral to Treatment Time (RTT) Month 4 Report – the Month 4 Referral to Treatment Time (RTT) Report was presented to Committee. The Committee was 	

advised that the total forecast cost of delivery 2019/20 is approximately £4.65m. The £0.5m Orthopaedic element of the £1.4m savings plan is now considered to be at significant risk due to the necessity to mitigate separate risks associated with the temporary closure of Orthopaedic theatre capacity at WGH during the summer period. 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 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.

- **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 Welsh Government (WG) and a bid for Integrated Care Fund (ICF) monies has been submitted to the Minister for approval.
- **Contracting Project Implementation Plan** – the Contracting Project Implementation Plan was presented to Committee. The Committee was advised of the steps currently being undertaken to align the contracts/Long Term Agreements (LTA) across HDdUHB. The Committee received an overview of what HDdUHB commissions externally, with a view to reducing variations in current contracts, and was advised of the timetable of actions to turn the contracts strategy into deliverables.
- **External Secondary Care Contracts** – the External Secondary Care Contracts report was presented to Committee, providing an update on the contractual position of external secondary care and Welsh Health Specialised Services Committee (WHSSC) contracts as at 31st July 2019.
- **External Finance Review** – a representative of KMPG LLP attended the Committee meeting, to provide an update on the external finance review, which has been commissioned by Welsh Government. The Committee was advised of the 3 key pieces of work being undertaken: to determine a baseline of drivers; to determine how to achieve the control total and opportunities for improvement; and to determine what is required to deliver the programme.
- **Deep Dive into Long-term Care** - the Committee received a presentation on a Deep Dive into Long-term Care in the Counties, including an overview of the complex policy context, the fragility of the market and work completed by the team to transform the Long-term Care pathway using a whole systems approach. The presentation concluded with an overview of key risks and opportunities for the service. In summary, implementation of the Long-term Care pathway in 2018/19 absorbed the anticipated annual growth in CHC. Despite this, there continues to be significant cost pressures on the budget, which will impact on the ability to deliver continued efficiencies both in-year and into following years.

- **Deep Dive into Mental Health and Learning Disabilities Commissioning** - the Committee received a presentation on a Deep Dive into Mental Health and Learning Disabilities (MH&LD) Commissioning. The Committee was advised of the increasing demand upon the service, both in terms of numbers and complexity of cases. The Committee was advised that 82% of packages are jointly funded with Local Authorities. The financial position is predominantly overspent due to high cost patients and increased growth. Commissioned care packages represent the largest overspend of the Directorate with the highest spend attributed to residential services for both Mental Health and Learning Disabilities. An overview of savings delivery schemes and opportunities was presented.
- **Financial Procedures** – the Committee approved the following financial procedures:
 - Budgetary Control Procedure
 - Losses and Special Payments Procedure

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

Matters Requiring Board Level Consideration or Approval:

To acknowledge the revised control total of £15m, following receipt of £10m new Welsh Government funding in Month 4.

Risgiau Allweddol a Materion Pryder /

Key Risks and Issues/ Matters of Concern:

- The high risk associated with HDdUHB's revenue and savings position for 2019/20. Financial projections at Month 4 forecast the underlying deficit for 2019/20 to be £41.5m, which poses a significant risk going into 2020/21
- RTT: the £0.5m risk of non-delivery of the Orthopaedic savings target due to the need to mitigate risks associated with the temporary closure of Orthopaedic theatre capacity at Withybush Hospital.
- 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 Establishment Grip and Control, and Financial Plan Development and Draft Financial Plan. The Committee will also receive a Deep Dive into Ring-fenced Allocation within Mental Health & Learning Disabilities, an update on International Financial Reporting Standard (IFRS) 16, and financial procedures for review and approval.

Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:

24th September 2019

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

The Committee meets on a monthly basis. The following table sets out the Committee’s business for the remainder of 2019/20, 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	21 st Nov 2019	19 th Dec 2019	28 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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

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Establishment Control*	LG	✓		✓		✓	✓						
Capital Financial Management	HT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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					✓							

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

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ASSURANCE													
Corporate Risks	HT		✓			✓			✓			✓	
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

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Strategic Financial Planning Group Update Report to IEG	HT			✓		✓			✓	✓	✓	✓	✓
Draft Annual Accounts 2018/19	HT		✓										
Benchmarking Network Summary Report	HT			✓									
International Financial Reporting Standard (IFRS) 16 Update	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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

HYWEL DDA UNIVERSITY HEALTH BOARD – FINANCE COMMITTEE

The Committee meets on a monthly basis. The following table sets out the Committee’s business for the remainder of 2019/20, including standing agenda items (denoted by *).

Chair: Michael Hearty

Vice-Chair: Mike Lewis

Lead Executive: Huw Thomas

Committee Secretary: Sarah Bevan

MH	Michael Hearty	FP	Fiona Powell	JT	Joe Teape
HT	Huw Thomas	AC	Andrew Carruthers	LG	Lisa Gostling
KJ	Keith Jones	SB	Sarah Bevan	MB	Mark Bowling
SA	Shaun Ayres	HJ	Hywel Jones (FDU)	LC	Liz Carroll
JP	Jill Patterson				

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Presentation – Update on the Intelligence and Value Strategy for the Finance Team
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Mark Bowling, Assistant Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The conversation around Value Based Healthcare (VBHC), as both a concept and practical way of working, has grown in recent years. Both organisations, including our own, and countries, including Wales, grapple with what this means for their population and services, as well as how to effectively implement.

As part of Hywel Dda University Health Board's (HDdUHB) local and regional development of VBHC, an Intelligence and Value Strategy for the finance team was developed and presented to the June 2019 Finance Committee meeting.

This presentation to the Finance Committee is an overview of progress since June 2019, including integration with the overall VBHC programme for HDdUHB. The Committee is being asked to note and comment upon progress.

Cefndir / Background

The concept of VBHC is based upon the following:

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

This strategy seeks to support:

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

Asesiad / Assessment

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

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

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

Argymhelliad / Recommendation

The Committee is asked to consider and comment upon the progress and proposed direction of the Finance Intelligence and Value Strategy.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.5.2 Receiving assurances in respect of directorate performance against annual budgets, capital plans and the cost improvement programme and innovation and productivity plans.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	3.1 Safe and Clinically Effective Care 3.3 Quality Improvement, Research and Innovation 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners.
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve Population Health through prevention and early intervention Improve efficiency and quality of services through collaboration with people, communities and partners Develop a sustainable skilled workforce

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Prudent Healthcare, Bevan Commission Welsh Government Triple Value, Prof Sir Muir Gray (UK) VBHC, Profs Tiesberg, Porter and Kaplan (USA)
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:	Senior levels of finance team, 8C and above, both in person and in writing. Colleagues formally now appointed into the VBHC programme for HDdUHB.
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Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	As an overview of a strategic intent, there is no expected separable impact in and of itself
Ansawdd / Gofal Claf: Quality / Patient Care:	As an overview of a strategic intent, there is no expected separable impact in and of itself
Gweithlu: Workforce:	As an overview of a strategic intent, there is no expected separable impact in and of itself
Risg: Risk:	As an overview of a strategic intent, there is no expected separable impact in and of itself
Cyfreithiol: Legal:	As an overview of a strategic intent, there is no expected separable impact in and of itself
Enw Da: Reputational:	As an overview of a strategic intent, there is no expected separable impact in and of itself. However HDdUHB failure to demonstrate progress in VBHC may harm its reputation with Welsh Government.
Gyfrinachedd: Privacy:	As an overview of a strategic intent, there is no expected separable impact in and of itself
Cydraddoldeb: Equality:	As an overview of a strategic intent, there is no expected separable impact in and of itself

Finance Intelligence & Value Strategy **Progress Update**

Mark Bowling
Assistant Director of Finance
24/09/19



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

June submission

Submitted and presented our draft proposal for consideration & comment

Today a brief update of our progress since...

...education programme

...examples of intelligence and insight

...as part of Value Based Healthcare team



Implementing the strategy – Education & Awareness

Within finance - a six hour introductory programme spread over four sessions, from October to February:

- Value & Outcomes
- Costing for Value
- Activity – *from finding to understanding*
- Business Intelligence

+ Supporting education more widely across HDdUHB e.g. the Aspiring Medical Leaders Programme.

+ Nationally supporting Finance Academy and National Clinical Lead for Value-Based Healthcare in designing and delivering communication and education materials for use across NHS Wales.

Intelligence and Insight examples

Deficit Description

From perspective of four key factors (rurality, remoteness, demography and scale), what is unique to our situation versus what is within our control?

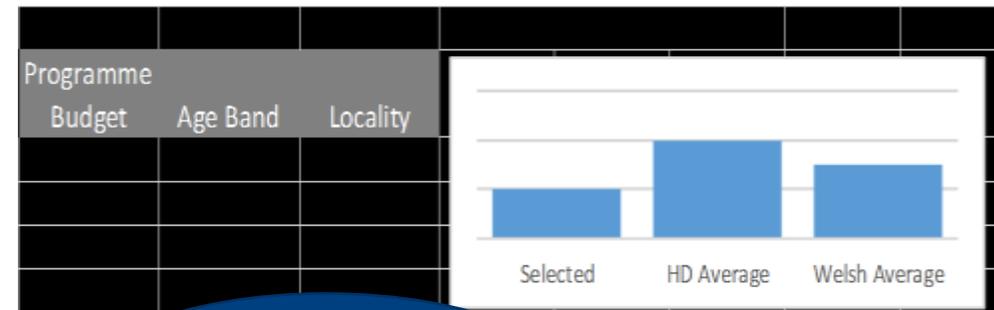
	Demography
Excess prescribing / dispensing	Excess cost v Wales ave IC - £8.4m

← Looking to the past to clearly understand

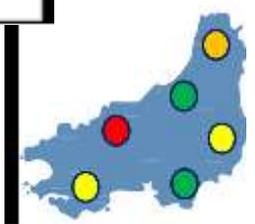


Locality and Age Analysis

To create a drill-down tool to examine Programme Budgeting (condition-based) expenditure per standardised population measure across Secondary Care for HDdUHB. *FDU assisting.*

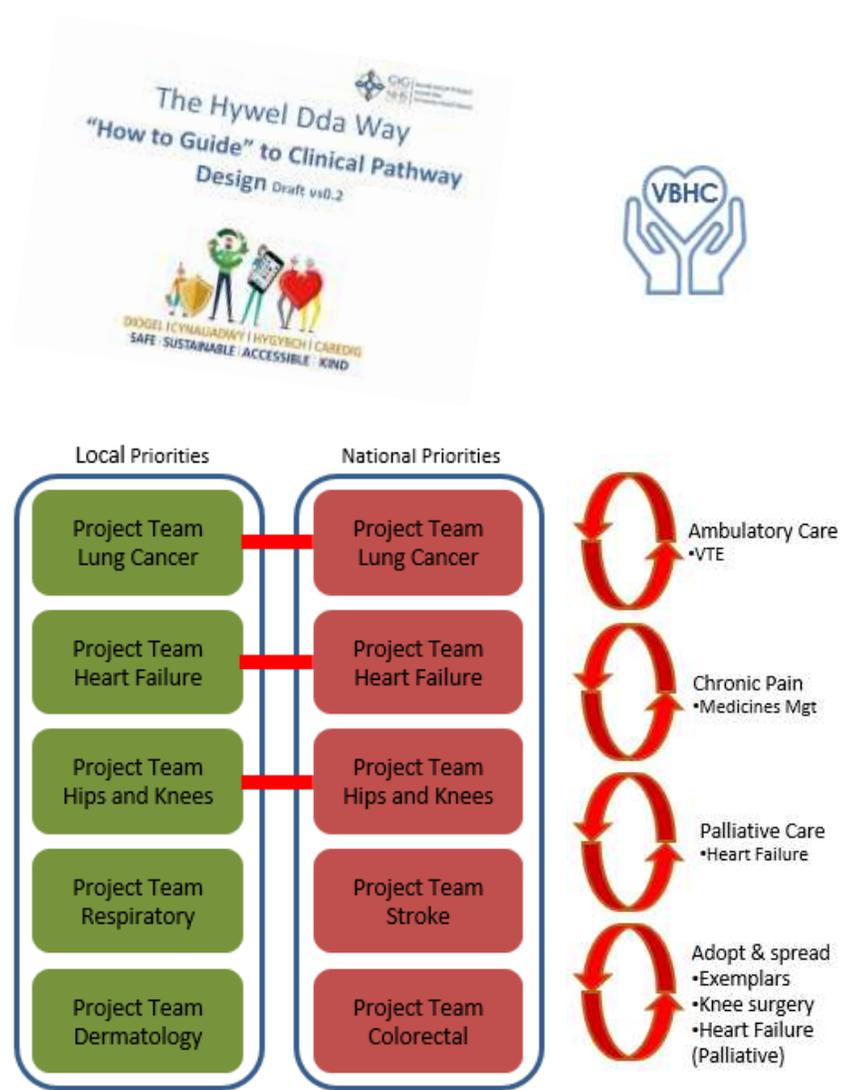


→ Then projecting forward for insights



A part of Value Based Healthcare (VBHC) team

- Programme team and structure in place.
- VBHC is not another 'new initiative,' it is about outcomes that matter to patients.
- Not working in isolation, need to link with transformation teams and clinical strategy.
- Using existing and structured 3D Approach (*Discover, Design, Deliver*)
- Quicker version for the work that we need to just get on and do.
- A mixture of local and national priorities.
- Underpinned with project management, communication, education and informatics.



Summary and Next Quarter

- Intelligence – some delivered, more on way through participation e.g. NHS Benchmarking Network exercises or our own initiatives e.g. the deficit and locality projects noted.
- Value - VBHC Programme structured and commenced.
 - Progress will be made on Lung Cancer, Knee Replacements and DVTs (as a first stage of Ambulatory Care Sensitive Conditions review).
 - Regional collaboration on heart failure and in exploring a patient communication system is also planned.