

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

Date and Time of Meeting:	Thursday 19 th December 2019, 2-5 pm
Venue:	Boardroom, Ystwyth Building, St. David's Park, Carmarthen

Present:	Mr Mike Lewis, Independent Member (Committee Vice Chair) Mrs Judith Hardisty, Vice Chair of Hywel Dda University Health Board (HDdUHB) Mr Paul Newman, Independent Member Mr Huw Thomas, Executive Director of Finance Mr Andrew Carruthers, Executive Director of Operations (part) Mrs Lisa Gostling, Executive Director of Workforce & Organisational Development
In Attendance:	Miss Maria Battle, Chair of Hywel Dda University Health Board Mr Keith Jones, Assistant Director of Acute Services (part) Mr Mark Bowling, Assistant Director of Finance (part) Mr Shaun Ayres, Interim Contracting Manager Mrs Ann Griffiths, Partnership Forum Chair Ms Alison Gittins, Head of Corporate & Partnership Governance Ms Sonja Wright, Committee Services Officer (Secretariat)

AGENDA ITEM	ITEM	
FC(19)233	INTRODUCTIONS AND APOLOGIES FOR ABSENCE	Action
	<p>Mr Mike Lewis, standing in as Chair for Mr Michael Hearty, welcomed Sonja Wright to her first Finance Committee meeting as Committee Secretariat, and extended thanks on behalf of the Committee to Ms Sarah Bevan, outgoing Committee Secretariat, wishing her well for her forthcoming period of maternity leave.</p> <p>Apologies were received from:</p> <ul style="list-style-type: none"> Mr Michael Hearty, Associate Member (Committee Chair) Mr Steve Moore, HDdUHB Chief Executive 	

FC(19)234	DECLARATIONS OF INTERESTS	
	There were no declarations of interest made.	

FC(19)235	MINUTES OF PREVIOUS MEETING HELD ON 26th NOVEMBER 2019	
	<p>The minutes of the Finance Committee meeting held on 26th November 2019 were ACCEPTED as an accurate record, subject to the following:</p> <p>FC (19)214: Financial Performance Presentation and Month 7 Finance Report:</p> <ul style="list-style-type: none"> Acknowledging the practical difficulties encountered with accessing the numbers of medically fit patients at Bronglais Hospital and the effect this had on understating the existing challenges, it was agreed that Mr Keith Jones should review a means of inclusion for 	KJ/SW

future reporting purposes and to identify this as an action on the minutes.

- To add to the sentence at the top of page 3 'With regard to primary care prescribing, Mr Thomas advised that the Category M price increase has disproportionately hit HDdUHB due to its relative reliance on Primary Care Compared to Secondary Care, **with the main driver being the disproportionate use of generics**' as this is the more accurate issue to reflect.

SW

RESOLVED – that the minutes of the Finance Committee meeting held on 26th November 2019 be **APPROVED** as an accurate record, subject to the above amendments.

FC(19)236

MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 26th NOVEMBER 2019

An update was provided on the Table of Actions from the meeting held on 26th November 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)213 Matters Arising and Table of Actions from the Meeting Held on 21st October 2019** – *FC(19)199 Draft Indicative Financial Plan 2020/21 – to ascertain the cost of the Major Trauma Unit (MTU) and costs relating to Localities and Primary Care funding, and to feedback to the Committee* (rolled over to December 2019 meeting). Mr Huw Thomas confirmed the cost of the MTU as £4.2m, advising of an increased understanding of locality-specific costs and deficits, and adding that these would be further explained in the presentation under item **FC(19)245**.
- **FC(19)216 Turnaround Report Month 7** – *to include an indication of timescales for change within future reports to Committee*. Mr Andrew Carruthers confirmed that timescales for change had been included within the report.

FC(19)216 Turnaround Report Month 7 – *to provide an update on the procurement of the KPMG contract to Committee at the December 2019 meeting*. Mr Huw Thomas confirmed that KPMG's contract to 20th December 2019 to embed identified savings has been brought to a conclusion and that a further and separate tendering process would now commence for a strategic partner.

- **FC(19)218 Workforce Pay Controls** – *to provide an estimate of how much the delay to implementation of the new rostering system is costing the Health Board per day to Miss Maria Battle*. Mrs Lisa Gostling provided an approximate estimate of £371k projected savings per annum, equating to potential savings of £1k per day, resulting from implementation of the centralised rostering system. Ms Gostling confirmed that the system would be procured, adding that

her team would work to determine the effect the delay in implementation has had on these potential savings.

- **FC(19)218 Workforce Pay Controls** – *to liaise with the Medical Director and Director of Clinical Strategy to provide an update to Committee on the action to create a review process to ensure consistency against job plans.* Mrs Gostling undertook to provide an update to the Committee on the action to create a review process to ensure consistency against job plans through the Table of Actions to the next Finance Committee meeting. **LG**
- **FC(19)219 Capital Financial Management** – *to submit a procedure outlining the implementation of Project Bank Accounts (PBA) policy to a future Committee meeting for approval.* Mr Huw Thomas confirmed that a procedure would be submitted once developed. **HT**
- **FC(19)220 Contracts Update** – *to work with Mr Keith Jones to include detail on Referral to Treatment (RTT) times on a provider basis within future RTT reports to Committee.* Mr Keith Jones advised that a link would be made between the two papers for the Month 9 report, requesting that the action be moved forward to the January 2020 meeting. **KJ**
- **FC(19)225 Corporate Risks** – *to revise risks 730, 735 and 646 in light of recommendations to Board on 28th November 2019 of a revised forecast position.* Mr Huw Thomas undertook to provide an update through the Table of Actions to the next Finance Committee meeting. **HT**

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

Mr Mark Bowling joined the Committee meeting.

FC(19)237	FINANCIAL PERFORMANCE PRESENTATION/ FINANCE REPORT MONTH 8 <p>Members were presented with the Financial Performance Presentation and the Finance Report Month 8 and reminded that the content had already been discussed at a recent Board Seminar session, including HDdUHB's forecast position and plan.</p> <p>Mr Thomas informed Members of an increase in HDdUHB's deficit position due to the in-month impact of the Welsh Risk Pool (WRP) estimation of the Health Board's share of pressures, equating to £1.649m, although a more recent WRP update had revised the estimate down to £1.1m. Disappointingly however, this had not led to any overall benefit as the anticipated underspend against a number of ring-fenced areas (e.g. Dental Services) has necessarily been returned to Welsh Government (WG).</p> <p><i>Mr Andrew Carruthers joined the Committee meeting.</i></p>	
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Clarity on the factors driving the differing WRP estimates was requested to ensure the Committee's confidence in the figures involved, and it was understood that these had resulted from timing issues relating particularly to high cost cases reaching the 'round table' stage. The need to budget for a WRP spend for 2020/21 was acknowledged as a prudent measure. Mr Thomas added that whilst the WG budget issued on 16th December 2019 had made provision for increased costs for WRP, it is unclear whether this provision would be sourced from WRP directly or from Health Boards in Wales.

Mr Thomas directed Members' attention to Slide 11, listing Year to Date (YTD) and End of Year (EoY) Control Totals projections, adding that these had been discussed at the recent Targeted Intervention meeting with WG in order to identify areas for consideration within HDdUHB's projected Variation to Plan of £10m. However Mr Thomas highlighted a number of risks, for example an overspend on drugs compared with staffing in Glangwili General Hospital (GGH), leading to potential risks facing Unscheduled Care going into the Winter period, although difficulties in nurse recruitment limited the amount of potential overspend, and had resulted in the cancellation of elective procedures in Prince Philip Hospital (PPH) and GGH, particularly during November 2019. Mr Thomas further highlighted the emergent risk relating to meeting Planned Care Referral To Treatment (RTT) targets, resulting from the number of elective procedures cancelled due to the recent norovirus outbreak.

In terms of projected savings schemes, Slide 10 indicates the anticipated areas of delivery where reasonable assurance can be taken, predicated on non-recurrent opportunities scheduled for the tail end of year and transactional opportunities, such as a more robust control of stock, which, whilst not of great individual significance, would result in a cumulative saving. Mr Thomas identified a risk range here of £2m, adding for assurance that this month's position had been as forecast.

With regard to Radiology, Mrs Judith Hardisty requested clarification regarding Radiology Reporting Online (RROL), particularly in light of references in the report to delays in making savings and recruitment issues. It was noted that these issues had been discussed at a recent Audit and Risk Assessment Committee (ARAC) meeting, given deadlines for resolution had been missed.

Mrs Hardisty queried introduction of the charge for Women and Children's Services and Continuing Health Care and Mr Jones responded that this had been due to an isolated communications issue affecting patient tracking, which had since been corrected. Mr Huw Thomas added that invoices relating to this had not yet manifested in the system.

With regard to Radiology rota changes, Mr Andrew Carruthers advised that issues relating to staff turnover and concerns that this would add to an already fragile service area had led to a decision not to progress rota changes for the present, with their introduction subject to review. Mr Carruthers clarified the wording 'temporary pay hold' in the report, advising that this did not mean withholding of pay, simply the inability to recruit, adding that HDdUHB should be mindful of interpretation in this regard and

	<p>it was agreed to remove this wording prior to posting Finance Committee papers to the web.</p> <p>Mr Carruthers noted improvement work undertaken in Unscheduled Care (USC), with a focus upon better systems management over the following months in an attempt to reduce the USC run rate. Whilst these measures may not generate recurrent savings, they are expected to help to manage costs to end of year and deliver the in-year position. Mr Huw Thomas acknowledged the likelihood that the reduction in spend over the second half of the year could be in areas where this may not be wanted i.e. slippage on ICF, Mental Health, Clusters, etc, however this would be mitigated by the planning of contingency measures. Mr Thomas added that some short-term decisions would need to be taken in order to meet the year-end position.</p> <p>Mr Thomas informed Members that confirmation has not yet been received on the position regarding the £10m additional WG funding, although an update is expected following the meeting between the Minister and HDdUHB Chair and Chief Executive Officer in January 2020. Miss Maria Battle advised that she would be meeting with the Minister the following week, adding that the decision would be considered over the Christmas period in light of HDdUHB's USC performance.</p>	SW
	<p>The Committee DISCUSSED the financial position for Month 8</p>	

FC(19)238	SUPPLEMENTARY FINANCE REPORT MONTH 8	
	Covered under FC(19)237 above.	
	The Committee NOTED the Supplementary Finance Report Month 8 report.	

FC(19)239	TURNAROUND REPORT MONTH 8	
	<p>Members were presented with the Turnaround Report Month 8.</p> <p>Mr Andrew Carruthers summarised recent Turnaround activities as follows:</p> <ul style="list-style-type: none"> • Control totals had all been set; • Some central resources had been re-aligned to drive improvement work; • Scoping and analytic work is currently ongoing with regard to metrics and tracking. <p>Mr Carruthers informed Members that work would commence on Critical Care and USC from January 2020, which should result in improvements and impact the run rate and financial spend. Mr Carruthers added that aspects of Winter planning are now starting to impact, which might affect forecast spend towards the end of the year. Mr Carruthers anticipated that there would be further actions to report upon the following month, after the Christmas period.</p> <p>Mr Carruthers also advised of rapid development of the USC dashboard, adding that, while links to Finance would take longer to develop, a final</p>	

dashboard updating in real time could be anticipated by the end of the year.

Mindful of KPMG's recommendations to take a longer term (three-year) view, Mr Carruthers stressed the need to drive improvements now in order to place HDdUHB in a better position for the following year. Mr Huw Thomas added that savings schemes would be re-assessed at the HTA meeting on 20th December 2019 with a move away from the current RAG rating to reflect a focus upon individual levels, rather than upon the relative likelihood of delivery. Mr Thomas confirmed there was no change in overall confidence levels since the previous month, anticipating that December 2019 should be 'reasonable' for HDdUHB, notwithstanding the current performance issues that are being dealt with.

Mr Carruthers informed Members of the current requirement to increase surge capacity, due to infection control issues, adding that this was expected to ease over the following few days.

The Committee **DISCUSSED** and **NOTED** the Turnaround Report Month 8.

FC(19)240 REFERRAL TO TREATMENT TIME (RTT) MONTH 8

Members were presented with the RTT Month 8 report, providing progress in respect of the Financial Plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times.

Mr Jones informed Members that HDdUHB remains on course to achieve zero 36-week breaches within the £6.4m financial plan for RTT, notwithstanding current USC pressures, including the norovirus outbreak impacting upon the Orthopaedic Delivery Plan in PPH and elective care in GGH, reducing any flexibility within the plan and resulting in challenges in terms of recovering lost activity, which is currently being worked through. Mr Jones added that in view of this, a small outsourced Orthopaedic contract would inevitably need to be put in place to support delivery. Whilst unplanned, it was expected that this contract could be accommodated within the £6.4m financial envelope, as a tolerance level of cancellations is built into the plan. Mr Jones cautioned on the need to be mindful of the risk that current pressures may extend into January and February 2020, emphasising the requirement to bring together all elements of elective and USC planning to identify risk scenarios and to put mitigations in place. He concluded that, overall, HDdUHB is on track, subject to the close management of identified risks.

Mr Paul Newman queried the point at which HDdUHB's recovery plans for these breaches would become unobtainable, requesting a clearer understanding of how any additional cancellations would impact an already pressurised position. Mr Jones responded that whilst no further escalation in numbers is expected for December 2019 (and anticipating that the run rate would return to normal by February/ March 2020), as an insurance policy, consideration is being given to outsourcing around 50 – 60 Orthopaedic cases to reduce dependency upon PPH beds in the main. In terms of Urology (cancer-related Urology aside), effort will be put in to balancing the workload onto smaller day cases to reduce dependency on in-patient beds during the more challenging weeks. However it was

	<p>acknowledged that taking cases out of order may affect performance, which will then impact in February/ March 2020. The trigger point will therefore depend on the case mix of patients, which will be monitored on a daily basis, and by the end of January 2020 it is anticipated there would be an understanding whether this will be a major issue. Mr Jones assured Members that HDdUHB is not at this point as yet.</p>	
	<p>The Committee DISCUSSED and NOTED the progress to Month 8 in respect of the financial plan and planned expenditure trajectory to support RTT, Diagnostic and Therapy service waiting times delivery for 2019/20.</p>	

FC(19)241	WORKFORCE PAY CONTROLS	
	<p>Members were presented with the Workforce Pay Controls report.</p> <p><i>Mr Keith Jones left the Committee meeting.</i></p> <p>Mrs Lisa Gostling confirmed that potential savings are reviewed monthly by the Workforce Control Group (WCG) and factored into job-planning. Work is currently ongoing with regard to establishment and control, with a Task and Finish Group now working through sessions on the Electronic Staff Record (ESR) to establish the current position with regard to the medical workforce. A further group is reviewing Estates and Facilities, where over 100 vacancies have been identified, with an acknowledgement that flexible workforce cover could be provided via a bank arrangement.</p> <p>Mrs Gostling informed Members of ongoing work to review dashboards, drawing data from ESR, with work progressing well, supported by the development of a new reporting tool to assess compliance with the Nurse Staffing Act, and the readiness of the centralised rostering system.</p> <p>In response to a request for assurance that new rostering arrangements could be sustained, Mrs Gostling confirmed that Ms Annmarie Thomas had been appointed as designated lead to drive the introduction of the new system, and to establish an audit structure to monitor compliance with the new processes, while the Bank Team would be working with all managers to support adoption of the system. A review of the Workforce Control Panel is also planned.</p> <p>Mr Paul Newman referred to concerns expressed at a recent ARAC meeting regarding the grip on the development of job plans and the achievability of their stated aims to be part of the revalidation process. Mrs Gostling advised of a forthcoming meeting with the Assistant Director, Medical Directorate, to work through these plans and undertook to provide an update to the next Committee meeting.</p> <p>The need for clarity regarding outstanding Consultant job plans was raised in order that these could be operationally monitored. It was confirmed that this is in progress, with PPH already demonstrating 100% compliance, and further tracking requested for the remainder of the year.</p> <p>In regard to timely training for nurses and Health Care Support Workers (HCSWs), Members acknowledged the challenges involved in providing the required training when recruiting <i>en masse</i>, particularly in regard to manual handling, and the need to move to a system whereby smaller</p>	LG

	<p>cohorts are recruited when numbers drop below an agreed threshold to regulate recruitment flow. It is also intended to train more of HDdUHB's HCSWs as part of the Health Board's Workforce Plan.</p> <p>In response to a request for clarity regarding the Estimated Date for Completion and the assigned financial value, Mrs Gostling agreed to report further detail of planned deadlines and expected deliverables to the next Committee meeting.</p> <p>The Committee NOTED the Workforce Pay Controls - Progress against the Grip and Control Action Plan and Progress against the Establishment Control Project.</p>	LG
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FC(19)242	<p>CAPITAL FINANCIAL MANAGEMENT</p> <p>Members were presented with the Capital Financial Management report, providing the latest update regarding the All-Wales Capital Programme (AWCP) and the Capital Resource Limit (CRL) for 2019/20.</p> <p>Members noted that the report had been discussed at the recent Business Planning and Performance Assurance Committee (BPPAC) meeting, where it had been agreed to monitor expenditure against the profile as presented in the report.</p> <p>Mr Huw Thomas assured Members that risks associated with Interserve had reduced with completion of the Cardigan Scheme, and that work is being undertaken with colleagues across Wales on the accounting treatment and impact of contracts for complex IT systems (e.g. Picture Archiving Communication System (PACS) and GP).</p> <p>The Committee</p> <ul style="list-style-type: none"> • NOTED the Capital Resource Limit for 2019/20 together with expenditure allocations and profile; • NOTED the work being undertaken to manage the financial risks identified. 	
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FC(19)243	<p>CONTRACTS UPDATE</p> <p>Members were presented with the Contracts Update report, providing the Month 8 and forecast position in relation to Long Term Agreements (LTA). A deterioration in the position with the Swansea Bay University Health Board (SBUHB) contract, with the Neurology baseline of £1 million expected to be exceeded by 40% was noted, whilst acknowledging that this relates to a relatively expensive 'per bed/ per day' contract area. Members were informed that joint work with SBUHB is planned to develop an end-to-end pathway, with a focus upon repatriation costs, whilst collaborative work with SBUHB Medicines Management Team is being undertaken to quantify expenditure around high-cost drugs. Mr Huw Thomas assured Members that increased granularity is being applied to the joint analysis of performance drivers, adding that it would be helpful to link back to operational teams in order to consider patient pathways in their entirety.</p>	
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	<p>Members discussed a variety of factors affecting performance, e.g. coding issues, pathway charging mechanisms and out-of-area treatment arrangements, as considered against HDdUHB capacity. It was agreed that whilst a partnership response is required to determine areas where best treatment could be provided, it would be helpful at a local level to receive detail relating to factors that HDdUHB could influence in the short-term, together with a plan to address longer-term issues.</p> <p>Members expressed concerns regarding discrepancies in contractual charging arrangements with SBUHB, and agreed the need to ensure that these arrangements align with patient pathways. The issue of HDdUHB 36-week breaches resulting from provider delays was raised, and it was agreed to include a breakdown of these in the Month 9 report.</p>	SA
	<p>The Committee NOTED the content of the Contracts Update report and took assurance that the steps taken are in line with the Finance Committee's expectations.</p>	

FC(19)244	<p>EXTERNAL FINANCE REVIEW</p> <p>Members were updated on the progress of the External Financial Review incorporating the following three reports:</p> <ul style="list-style-type: none"> • Financial Grip and Control • Assessment of HDdUHB Financial Plan • Delivery Framework HDdUHB <p>Members were informed that work has been ongoing to analyse the drivers behind HDdUHB's deficit position, with volume identified as key. Further work is being undertaken to drill down in order to identify individual specialties and localities, and to consider how much is warranted and unwarranted, with the outcome to be presented at the January 2020 Committee meeting.</p> <p>In summary, it was acknowledged that HDdUHB has progressed outputs from the KPMG review, which would place the Board in a better position from which to enter the next planning round.</p>	HT
	<p>The Committee NOTED the External Finance Review.</p>	

FC(19)245	<p>DEVELOPMENT AND IMPLEMENTATION OF VALUE BASED HEALTH CARE</p> <p>Members were presented with the Development and Implementation of Value Based Health Care (VBHC) presentation, noting that VBHC presentations to date had been developed in conjunction with the Finance Delivery Unit (FDU). Members were informed that the Locality Resource Tool (LRT) is currently at the first-stage of concept, based upon annual programme budgeting data and arranged across twenty World Health Organisation (WHO) categories to demonstrate the scale of spend.</p> <p>Members noted that the tool at this stage is based upon 2017/18 Secondary Care data only (51% of spend), although the aim is to introduce Primary Care and Prescribing and Continuing Health Care (CHC) data as</p>	
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	<p>well. Utilising age as a factor to demonstrate differentials, the relative spend on different age groups across different conditions was illustrated using registered GP patient data, which identified that Hywel Dda's more elderly population costs more compared to the rest of Wales.</p> <p>Whilst agreeing that it would be useful to benchmark expenditure per 10,000 population data for HDdUHB against an all-Wales average, Mr Huw Thomas suggested that, given the significant variation between GP Practices within Hywel Dda, it might be more useful to compare internal variation to understand spend at a cluster level.</p> <p>Members were informed that discussions with locality leads is taking place to investigate means of increasing LRT data granularity to provide information specific to their respective areas, and it was suggested that this be linked with pace-setter cluster projects which could be scaled up.</p> <p>There was unanimous agreement as to the usefulness of the LRT in driving out variation in spend across HDdUHB, as an aid to patient level costing to understand patient flow, and in supporting analysis of factors driving the deficit. It was agreed that relevant LRT data could be presented at the next Board Seminar scheduled for February 2020.</p> <p><i>Mr Andrew Carruthers left the Committee meeting.</i></p>	MBo/ SW
	<p>The Committee NOTED the potential benefits for planning and budgeting provided by the Locality Resource Tool.</p>	

FC(19)246	<p>STRATEGIC CASH ASSISTANCE</p> <p>Members were presented with the Strategic Cash Assistance (SCA) report setting out the process for requesting Strategic Cash support for 2019/20, together with a copy of HDdUHB Chief Executive Officer's correspondence to WG in support of the request. Members noted the reference in the report to risks associated with the adoption of alternative measures should the request be denied.</p>	
	<p>The Committee NOTED the Strategic Cash Assistance report.</p>	

FC(19)247	<p>FINANCE COMMITTEE UPDATE REPORT TO BOARD FROM PREVIOUS MEETING</p> <p>Members were presented with the Finance Committee Update Report to the 26th November 2019 Board meeting, for information.</p>	
	<p>The Committee NOTED the Finance Committee Update Report to Board.</p>	

FC(19)248	<p>FINANCE COMMITTEE ANNUAL WORKPLAN</p> <p>Members were presented with the Finance Committee Annual Workplan.</p>	
	<p>The Committee NOTED the Finance Committee Annual Workplan.</p>	

FC(19)249	REFLECTIVE SUMMARY	
	<p>Mr Thomas outlined the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting:</p> <ul style="list-style-type: none"> • Robust discussion held regarding HDdUHB's financial position, noting control total allocations and risks to Unscheduled Care and Planned Care resulting from the recent norovirus outbreak; • Robust discussion of Turnaround and actions implemented, specifically in relation to the RTT plan and the financial consequences of non-delivery by year-end; • Informative discussions held covering Workforce issues, including revising the financials; • Discussions on the usefulness of the Locality Resource Tool to inform budget and resource planning; • Detailed discussions relating to contract management and next steps to be taken; • External financial review and observations; • Reference made to HDdUHB's request to WG for Strategic Cash Assistance for 2019/20. 	
	The Committee NOTED the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting.	
FC(19)250	ANY OTHER BUSINESS	
	No other business was raised.	
FC(19)251	DATE OF NEXT MEETING	
	Monday 27 th January 2020, 9.30am – 12.30pm, Boardroom, Ystwyth Building, St. David's Park, Carmarthen	