

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

<b>Date and Time of Meeting:</b>	Tuesday 23rd March 2021, 9.00 am – 11.30 am
<b>Venue:</b>	Board Room, Ystwyth Building, St. David's Park, Carmarthen

<b>Present:</b>	Mr Michael Hearty, Associate Member, Committee Chair (VC) Mr Mike Lewis, Independent Member, Committee Vice Chair (VC) Mrs Judith Hardisty, Vice Chair, HDdUHB (VC) Mr Paul Newman, Independent Member (VC) Mr Maynard Davies, Independent Member (VC)
<b>In Attendance:</b>	Mr Huw Thomas, Director of Finance (VC) Miss Maria Battle, HDdUHB Chair (VC) Mrs Joanne Wilson, Board Secretary (VC) Mr Andrew Carruthers, Director of Operations (VC) <i>part</i> Mrs Lisa Gostling, Director of Workforce and Organisational Development (VC) <i>part</i> Mrs Sarah Welsby, Finance Business Partner (VC) Mr Shaun Ayres, Assistant Director of Value Based Contracting Mr Chris Hopkins, Head of Clinical Engineering (VC) <i>part</i> Mr Mark Bowling, Assistant Director of Finance (VC) Ms Sonja Wright, Committee Services Officer (Secretariat)

<b>AGENDA ITEM</b>	<b>ITEM</b>	
<b>FC(21)47</b>	<b>INTRODUCTIONS AND APOLOGIES FOR ABSENCE</b>	<b>Action</b>
	<p>The Chair, Mr Michael Hearty, welcomed all to the meeting.</p> <p>Having been advised that Mr Mike Lewis is due to complete his term in office as an Independent Board Member, and that this meeting would therefore be the last in which Mr Lewis attends in his capacity as Vice Chair of the Finance Committee, Mr Hearty extended thanks on behalf of Committee Members to Mr Lewis for his guidance, valuable contributions and support in conducting the Committee's business throughout his term in office.</p> <p>Apologies for absence were received from:</p> <ul style="list-style-type: none"> <li>Mr Steve Moore, Chief Executive</li> </ul>	

<b>FC(21)48</b>	<b>DECLARATIONS OF INTERESTS</b>	
	There were no declarations of interest.	

FC(21)49	<b>MINUTES OF PREVIOUS MEETING HELD ON 25<sup>th</sup> FEBRUARY 2021</b>	
	The minutes of the Finance Committee meeting held on 25 <sup>th</sup> February 2021 were <b>ACCEPTED</b> as an accurate record.	
	<b>RESOLVED</b> – that the minutes of the Finance Committee meeting held on 25 <sup>th</sup> February 2021 be <b>APPROVED</b> as an accurate record.	

FC(21)50	<b>MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 25<sup>th</sup> FEBRUARY 2021</b>	
	The Table of Actions from the meeting held on 25 <sup>th</sup> February 2021 was reviewed, and confirmation received that all outstanding actions had been completed, were being progressed, or were forward-planned for a future Finance Committee meeting.	
	The following updates were provided by Mr Huw Thomas relating to actions marked as 'In Progress':	
	Action FC(21)36: <i>Digitisation of Health Records: To work with the Deputy Director of Operations to produce an interim business case to be presented to Finance committee:</i> it was confirmed that the interim business case would be included on the Committee's Work Programme and forward-scheduled for the meeting to be held on 29 <sup>th</sup> June 2021, and the action closed.	SW
	Action FC(21)37: <i>Enhanced Cleaning Standards: To provide an update in regard to funding to support the implementation of cleaning standards at the next Committee meeting:</i> given that there is as yet no clarity regarding central funding, it was confirmed that updates would be provided as they become available, and that the action would be closed.	SW
Referencing a previous action from the Committee meeting held on 26 <sup>th</sup> January 2021 (FC(21)09: <i>To present ..... the HB's Procurement Strategy at the meeting on 23rd March 2021</i> ), Mr Paul Newman queried whether further input from the Centre for Local Economic Strategies (CLES) would be reflected in the Committee's Work Programme. Mr Thomas confirmed that work with CLES to develop Hywel Dda University Health Board's (HDdUHB) Procurement Strategy would be undertaken during Quarter 1 of 2021/22, supported by the inclusion of a CLES representative in the Health Board's (HB) Procurement Team.		
Members were advised that the development of a local procurement approach would be complemented and supported by use of the Social Value Portal tool, which allows organisations to measure and manage the contribution that they make to local communities through environmental, procurement and recruitment strategies. Mr Thomas explained that this approach aligns with both the National Themes, Outcomes and Measures (TOMS) social value reporting framework, and with the HB's Wellbeing of Future Generations strategy, and confirmed that work to promote community wealth building and social value through the HB's procurement strategy, would be developed over Quarter 2 and Quarter 3 2021/22, this being reflected in the Committee's annual Work Programme.		

FC(21)51	<b>FINANCE COMMITTEE SELF-ASSESSMENT OF PERFORMANCE 2020/21 – REVIEW OF QUESTIONNAIRE</b>	
	<p>Members received the Self-Assessment template which is intended for use in the Committee’s annual self-assessment exercise for 2020/21, and which is to be utilised by other Board Assurance Committees. Members noted the questions included in the template have been structured in order to elicit qualitative data for analysis to determine the Committee’s effectiveness during 2020/21 and to feed in to a process of continuous improvement.</p>	
	<p>The Committee <b>REVIEWED</b> the Self-Assessment template which is intended for use in the Committee’s annual self-assessment exercise for 2020/21.</p>	

FC(21)52	<b>FINANCE REPORT AND FINANCIAL FORECAST MONTH 11, 2020/21</b>	
	<p>The Committee received the Month (M)11 2020/21 Finance Report, outlining the HB’s financial position to date against the Annual Plan and providing an assessment of the key financial projections, risks and opportunities for the financial year 2020/21, together with the financial forecast position for 2020/21, as assessed at M11.</p> <p>The following key points were highlighted in the report:</p> <ul style="list-style-type: none"> <li>• Before recognising the COVID-19 Welsh Government (WG) funding in-month, the Month 11 variance to breakeven is £11.8m, with in-month breakeven against a deficit plan of £2.1m and additional costs incurred in M11 due to the impact of COVID-19 of £12.6m.</li> <li>• The HB remains on course to deliver the planned year-end deficit of £25m.</li> <li>• £30.8m savings requirement included in the Financial Plan are not expected to deliver due to the diversion of operational focus to respond to COVID-19; £1.3m recurrent savings are forecast to be delivered within 2020/21.</li> </ul> <p>Members were advised that the main driver of the HB’s year-end financial position is provisioning, noting a significant increase in pay costs in M12 of between £12m and £15m relating to the accrual of annual leave i.e. payment of up to 5 days leave for 2020/21. Members were assured, however, that this provision represents value for money in mitigating future requirements to utilise agency staff to cover staff leave carried over into 2021/22.</p> <p>Members were also informed that Field Hospital contracts in 2021/22 - in particular, those held with Bluestone Resorts Ltd and Parc y Scarlets - represent ‘onerous contracts’ in that the aggregate cost necessary to fulfil the agreement is higher than the economic benefit to be obtained from the same. Mr Thomas informed Members that provision of upwards of £300k has been made to cover these costs, in addition to other costs associated with de-commissioning, and, in the case of the Parc y Scarlets site,</p>	

	<p>rectification of the pitch to its condition at point of handover to the HB, which is likely to involve issues of indemnity.</p> <p>Mr Thomas highlighted the summary of forecast end of year savings delivery for 2020/21 included in the report, and advised Members that the latest iteration of the HB's Route Map to financial balance would be reviewed at an Executive Seminar to be held on 17<sup>th</sup> April 2021, with outcomes from initial discussions being provided to the Committee at its next meeting on 29<sup>th</sup> April 2021.</p> <p>Responding to a query from Mrs Judith Hardisty relating to the level of pay increase anticipated for HB staff, and whether the recent one-off payment that had been announced would be treated as a top-up to pay, Mr Thomas explained that the agreement with WG is that a pay increase of 1% will be approved in the HB's position, with any additional payments, including a one-off payment of £500 - i.e. £700 before tax - being funded centrally.</p> <p>Recognising that while the HB remains on track to meet its target deficit position, there remains a risk of underspend given the possibility of further central funding, Mr Hearty requested assurance that adequate levels of control are in place to manage the HB's budget, that any year-adjustments would be appropriate, and that the Finance Team is undertaking preparatory work to ensure that the organisation meets its planned deficit, while Mr Newman reflected that demonstrating the ability to achieve planned targets is key to building WG confidence in the HB's financial planning.</p> <p>Mr Thomas advised Members of significant uncertainty relating to the year-end position, particularly given further central funding allocations, and recognised the importance of achieving forecast figures, assured Members that the consistency with which the HB has projected a deficit of £25m at year-end has served to maintain WG's confidence in the organisation's planning and forecasting capability.</p>	<b>HT</b>
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> the financial position and the End of Year Forecast for M11 2020/21.</p>	

<b>FC(21)53</b>	<p><b>CAPITAL FINANCIAL MANAGEMENT</b></p> <p>Members received the Capital Financial Management report, providing the most recent update in regard to the All-Wales Capital Programme (AWCP), the Capital Resource Limit (CRL) for 2020/21 and the value of capital expenditure currently committed to deal with the COVID-19 pandemic for 2020/21.</p> <p>Mrs Sarah Welsby informed Members that given the risk posed to achievement of the HB's CRL by further WG funding, mitigations have been implemented, including the delay of IT licence purchases and a delay in the disposal of the Cardigan Health Centre to early April 2021 in order that the capital receipts would be available in 2021/22 and could therefore be used for projects in the new financial year. With regard to this delay, Members were informed that contracts had not yet been exchanged and</p>	
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	<p>were assured that no significant risks or issues had been highlighted by the HB Estates Team.</p> <p>Mrs Judith Hardisty advised the Committee that the documentation relating to the sale of the Cardigan Health Centre had already been signed and sealed, and highlighted the need to ensure that the delay in exchanging contracts would align with the Register of Sealing and with references to signing and sealing the sale in papers for the Board meeting on 25th March 2021. Mrs Jo Wilson undertook to follow this up and to ensure that the delay of 1 week would be reflected in the Seal Document and referenced in the Board papers, if required.</p> <p>Responding to requests from Mrs Hardisty for a progress update in respect of the Cross Hands Health and Wellbeing Centre scheme, and for assurance that the carry-over of Integrated Care Fund (ICF) capital, as confirmed by WG, is in place for the HB and partner organisations, Mr Thomas informed Members that a business case would be re-submitted to WG for the Cross Hands scheme by April 2021, and assured the Committee that there is no risk to the scheme's progress. Mr Thomas explained that it had been identified that the revenue benefits of the Cross Hands scheme had been conflated with other system costs, and that separation of these elements shows the scheme to be cost neutral.</p> <p>With regard to ICF, Mr Thomas assured Members that the HB is liaising with WG and Local Authorities to ensure that funding is carried forward to the next financial year.</p> <p>In summary, Members were advised that while WG funding allocations at this point in the financial year represent a challenge in terms of impacting the HB's capital forecast trajectory, assurance could be taken that all efforts would be made to ensure that further allocations would be spent as effectively as possible, with arrangements in place between Finance, Procurement, and Estates &amp; IT Teams to monitor the CRL on a daily basis, and that capital resource limit targets would be met for 2020/21.</p>	JW
	<p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>NOTED</b> the risk to delivery of the CRL from year-end WG allocations;</li> <li>• <b>NOTED</b> WG COVID-19 funding and a reduction in the value of the funding risk for COVID-19 schemes;</li> <li>• <b>NOTED</b> the update regarding the Donation of Equipment by the Department of Health and progress of the Women and Children Phase II Scheme.</li> </ul>	

<b>FC(21)54</b>	<p><b>CORPORATE RISKS</b></p> <p>Members were presented with the Corporate Risks report, providing a summary of principal risks assigned to the Finance Committee from the 22 currently recorded in the Corporate Risk Register.</p> <p>Being advised that there is currently 1 risk assigned to the Committee i.e. risk 646: <i>Ability to achieve financial stability over the medium term</i> - with risks 856 (<i>Risk to delivery of the Financial Plan for 2020/21</i>) and 956 (<i>Risk that the Health Board will breach its Capital Resource Limit in 2020/21</i>) having been de-escalated to Directorate level, Members were informed of</p>	
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	<p>an emerging risk relating to the delivery of the financial plan for 2021/22, further details of which would be presented at the next Finance Committee meeting on 29<sup>th</sup> April 2021, and which would be included in discussions at the Executive Seminar meeting to be held on 17<sup>th</sup> April 2021, together with measures to achieve a breakeven position for the organisation.</p> <p>The Committee recognised the rationale for de-escalation of risks 856 and 956, given that these relate to the current financial year, and noted formal identification of a risk to the financial plan for 2021/22, anticipating that some mitigations of this risk would be included in the latest iteration of the Route Map to Financial Balance, which would be presented at the Committee's next meeting.</p>	<b>HT</b>
	<p>The Committee <b>NOTED</b> the Corporate Risks Assigned to Finance Committee report and <b>NOTED</b> the identification of a risk to the delivery of the Financial Plan for 2021/22.</p>	

<b>FC(21)55</b>	<p><b>HEALTHCARE CONTRACTING UPDATE</b></p> <p>Members received a report outlining the HB's approach to contracting in 2021/22 and providing an update regarding negotiations across Wales intended to support the development of a common approach to contracting in the new financial year, based upon robust contract management and Value For Money principles.</p> <p>Providing an update from the latest discussions held by the Wales Long Term Agreements (LTA) Group regarding the approach to LTAs for 2021/22, Mr Shaun Ayres informed Members of the consensus among other Welsh Health Boards to remain on block contracting arrangements for Quarter 1 and Quarter 2 of 2021/22, with HDdUHB representatives advocating a firm commitment to leaving the block contracting arrangement in Quarter 2, together with agreement that a monthly review would be undertaken throughout 2021/22, or for as long as required, to assess the appropriate approach for each forthcoming quarter.</p> <p>Members were advised that discussions had confirmed WG funding support and Funds Flow to be key factors for consideration when determining the preferred approach to contracting to ensure parity among all Health Boards, with 3 areas of focus:</p> <ul style="list-style-type: none"> <li>• Funding should be allocated on a commissioner basis in order to allow each Health Board to make commissioning decisions based upon the healthcare needs of their populations.</li> <li>• The development of an All-Wales tariff would address current disparity in healthcare treatment costs between Health Boards, particularly given that the inability to deliver previous baselines will provide an opportunity to collaboratively review pathways, outcomes and payments.</li> <li>• Accurate information must be shared relating to monthly Patient Treatment Lists in order to identify the risk of patient harm and to</li> </ul>	
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support equity of access to treatments, irrespective of place of residence.

Mr Ayres assured Members that he would continue to press for the adoption of a contracting approach which would support the commissioning of health services for the HB's population.

Mr Thomas expressed his concern regarding an anticipated increase in activity, with the start of the post-COVID-19 recovery, which would require payment of premiums once Health Boards come off block contracting arrangements, and highlighted the need to explore future commissioning opportunities, utilising partnership arrangements to best advantage in securing healthcare services for the HB's population.

Responding to a request for assurance from Mr Newman that the HB will be moving away from current block arrangements, given associated value for money concerns, Mr Ayres confirmed that he continues to work closely with other Health Boards and with the Welsh Health Specialised Services Committee (WHSSC) to ensure that the HB's population benefits from any changes to healthcare agreements and to develop regional contracting solutions in which there is a potential for HDdUHB to be a major service provider.

Mr Thomas supported this assurance, advising Members that the HB can benefit from a collegiate approach to healthcare contracting, working with other Welsh Health Boards to provide services based upon value-based healthcare principles.

Mr Maynard Davies queried whether there would be an impact upon HDdUHB patients requiring treatment outside the HB should Swansea Bay University Health Board (as a net service provider) enter its recovery phase later than HDdUHB. In response, Mr Ayres explained that a commissioner-based funding allocation approach would provide the HB with options to commission services from alternative providers, adding that the HB's Healthcare Commissioning Team and the Director of Finance continue to advocate commissioner-based allocation in order to mitigate risks such as that outlined by Mr Davies.

Responding to a query from Miss Maria Battle regarding a plan for Bronglais General Hospital (BGH) to provide specified services to Powys and Shropshire, Mr Thomas informed Members of challenges in terms of both significant costs, and reservations on the part of the HDdUHB Planned Care Team regarding aspects of the plan; however, he drew the Committee's attention to opportunities for BGH to work collectively with Health Boards with which HDdUHB does not have significant commissioning relationships, such as Powys Teaching Health Board. Members were informed that opportunities to develop collective commissioning arrangements would be discussed at the Executive Seminar on 19<sup>th</sup> April 2021, recognising that this forms part of the HB's overall approach to commissioning and providing services.

Responding to a query from Mrs Hardisty as to whether Chief Executives and Health Board Chairs feed into the decision-making process around contracting arrangements, in addition to Directors of Finance, Mr Thomas commented that ultimately, these are decisions to be made by the respective Boards, recognising the need for consistency of approach. Miss

	<p>Battle commented that support for the HB's approach to contract negotiations might be forthcoming from other joint groups, if this were considered helpful.</p> <p>Thanking Mr Ayres for his work to date, Mr Hearty summarised discussions in terms of a recognition of the HB's focus upon qualitative as well as financial benefits in its approach to healthcare contracting negotiations, noting the uncertainty relating to the development of a common longer-term approach to LTAs across Wales, and the need for a more centralised consideration of a contracting approach based upon value for money principles.</p>	
	<p>The Committee <b>NOTED</b> the approach taken by HDdUHB in All-Wales contracting negotiations, and opportunities for the HB to work collaboratively with other Health Boards to commission and provide healthcare services.</p>	

<p><b>FC(21)56</b></p>	<p><b>DRAFT FINANCIAL ENABLING PLAN 2021/22</b></p> <p><i>Mr Andrew Carruthers joined the Committee meeting</i></p> <p>Members received a report presenting the HB's Draft Financial Enabling Plan and accompanying Minimum Data Set for the financial year 2021/ 22, which comprises the Finance component of the overall integrated HDdUHB Annual Plan.</p> <p>By way of introduction, Mr Thomas referenced high levels of uncertainty in planning and funding assumptions, which has presented a significant challenge to all corporate functions within the HB and which has constrained the organisation's ability to assess the cost implications arising from the pandemic, resulting in a 'forced' view of the financial position which is based upon a 'non-COVID-19' baseline. Members were advised that as there is likely to be a new, as-yet, unquantified baseline, time will need to be spent over Quarter 1 and Quarter 2 to assess the baseline position, recognising that there will be peaks and 'spikes' over the next few months as services recover, and uncertainty regarding levels of spending upon Continuing Healthcare services, based upon experiences over 2020/21.</p> <p>Members noted that the HB's starting financial position for 2021/22 stands at a deficit of £57.4m, comprising the 2020/21 deficit figure of £25m plus unachieved recurrent savings for 2020/21 of £32.4m, and were advised that there is as yet no indication as to whether any WG funding or consequential funding from Department of Health allocations will be available to offset against this deficit.</p> <p>Mr Thomas explained that the size of the starting deficit, which reflects significant cost pressures in the system, clearly indicates a need to take a step-change, rather than a turnaround approach to reducing the figure, which will necessarily include re-configuration of services. Members were somewhat assured that, notwithstanding this deficit, the HB's in-year position appears to be reasonably favourable, and that benchmarking demonstrates that HDdUHB is broadly in line with other Welsh Health Boards with regard to its in-year position.</p>	
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Members were informed of a cost element within the summary financial plan of £5.2m relating to pay, prices and growth gap, which, together with other identified cost pressures amounting to £9m and investments and service developments of £1.9m results in a savings requirement of £16.1m, which is aligned to the HB's six strategic priorities, and which represents a sustainable challenge in terms of how much the HB can reasonably expect to deliver in 2021/22. Members were further advised that it is not known whether these savings could be delivered in the first two quarters of 2021/22, or over the latter half of the year.

Mr Thomas highlighted continued cost pressures summarised in the report, advising Members that while costs relating to changes in cleaning standards (which the HB would commit as WG funding became available) and Primary Care prescribing have been modelled for the full year, all other elements are financially modelled to be in place for the first six months of 2021/22, with financial scenarios being reconsidered through the first two quarters of 2021/22 as projection models continue to evolve. Members were further informed that COVID-19 response commitments would be made on a quarterly basis.

Observing that there was no reference to the delivery of funding for Transformation schemes in the Financial Enabling Plan, Mrs Hardisty commented that decisions would be required across the HB region regarding how the various initiatives would continue to be funded, or defunded, if necessary, and planning discussions relating to existing staff linked to these schemes would need to be held. Mrs Hardisty further reflected that there is no reference in the Plan to Cluster funding, and how this would feed into the recovery of services in 2021/22.

Mr Thomas acknowledged this well-made point and, recognising a need to provide more explicit information within the Plan, confirmed that assurance would be included relating to the benefits and opportunities arising from Integrated Care and Transformation funding during Quarter 1 and Quarter 2, together with detail regarding the integration of these opportunities within the HB's overall position. Members were advised that spending upon Mental Health services would also be factored in to the 'Transformation' section within the Plan.

In response to a query from Mr Hearty regarding the degree to which the HB's investment in its Modelling Team has manifested in the provision of accurate activity forecasting upon which to base financial planning assumptions, Mr Thomas explained that as much of the modelling work undertaken has been linked to operational elements, there has not yet been opportunity to comprehensively link finance with demand and capacity elements. Mr Thomas nevertheless expressed his assurance that a robust plan has been developed utilising the HB's modelling outputs, adding that a move away from the segregation of 'green' and 'red' COVID-19 beds would provide an opportunity to review hospital bed capacity.

With regard to Workforce assumptions feeding in to the Financial Enabling Plan, Mrs Lisa Gostling confirmed that finance, workforce and operational modelling has been aligned through close working between the Senior Workforce Development Manager, the Director of Operations and the Finance Team.

HT

Responding to a query from Mr Hearty regarding the level of flexibility within the current HB workforce in terms of flexing staff skills, depending upon which services and models of care are required, Mrs Gostling advised Members that there a high degree of adaptability within the HB's temporary workforce, and that consideration is required regarding specifications for agile working which will enable the growth and contraction of different staff groups (as required) in future. Mrs Gostling concluded that, based upon information currently available, she was satisfied that the HB has the right level and type of workforce in place to meet forecast demand.

Miss Battle observed that a significant challenge lay in the bed capacity required to support the recovery of Planned Care, recognising that the HB's strategy is to move care to community and home settings, where safe and appropriate to do so. Mr Andrew Carruthers agreed, reflecting that there remains a significant amount of work to be undertaken system-wide in respect of managing patient flow through acute hospital sites and highlighting the need to consider strategically how the HB engages with partner organisations in shifting healthcare towards community services, and the degree to which partners directly commission services.

Mr Carruthers expressed caution in relation to the need to clarify the HB's new baseline position before implementing service changes, and reflected that consideration must be given to how to progress service transformation, particularly with regard to Planned Care services, citing as an example a possible re-configuration of sites to accommodate increased day-case work.

Responding to a query from Mrs Hardisty as to whether a reference within the Plan to a review of the HB's 'bed base' includes beds in peoples own homes, Nursing Homes and Care Homes, Mr Thomas confirmed this to be the case, adding that while there had previously been no systematic means of tracking patient activity in community settings, this was now possible through the use of systems such as Malinko, the Welsh Community Care Information System and Telehealth, the latter in particular enabling a more accurate assessment of the level of support to be provided to people in their own homes.

Summarising discussions, Mr Hearty reflected upon a clear and articulate Plan, noting the consideration by Members of activity and modelling assumptions, effective use of available bed capacity, future staffing requirements and the extent to which delivery of £16m savings in 2021/22 is built into the HB's Route Map to Financial Balance.

The Committee **NOTED** and **DISCUSSED** the HB's Draft Finance Enabling Plan 2021/22.

FC(21)57

**VALUE FROM INVESTMENT IN CLINICAL EQUIPMENT**

*Mr Chris Hopkins joined the Committee meeting*

Members received a report illustrating areas where investment in medical equipment has been made, justifying the case for this investment in order

that the HB may ensure compliance with statutory and audit requirements, thus reducing the risk of potential harm to both staff and patients and enabling greater resilience in service provision through possession of sufficient equipment resources.

Members were advised that the expenditure incurred during the year on medical equipment is below the capitalisation threshold, and had been approved verbally by Executive Team, with the paper being submitted for formal confirmation of approval to Executive Team on 24<sup>th</sup> March 2021, and noted in the Financial Report to the Board on 25<sup>th</sup> March 2021.

Mr Chris Hopkins provided background information relating to the HB's investment in medical equipment, informing Members of work undertaken in previous years to 'cleanse' the HB's medical device inventory, and the submission of detailed reports which provided the HB with insight into strategic medical equipment replacement requirements. Members were advised that notwithstanding capital availability of between £2m and £3m per year to address the backlog of equipment requiring replacement, there has until now been insufficient revenue investment to enable the necessary procurement of medical devices to replace items being classed as obsolete due to age, or to provide items integral to providing patient care at certain sites throughout the HB.

Members were provided with detail relating to medical devices which have been ordered, representing revenue commitments of £1.12m to de-risking items, and £725k to improving the provision of equipment. Mr Hopkins expressed his thanks to the Director of Finance for the financial investment, which would increase patient safety and reduce future equipment maintenance costs, given that new devices would be under warranty.

Responding to queries from Mrs Hardisty as to whether Community Teams' and Community Hospitals' equipment is included within the revenue investment, and whether there are any plans regarding the siting of diagnostic equipment e.g. in patients' homes where appropriate, Mr Hopkins explained that while most devices listed in the report are based in acute hospitals, the item headings also include community equipment, and confirmed a shift towards home care in terms of an increase in medical equipment being re-located to community settings and an expectation that HB medical teams will increasingly be linking in with Community healthcare teams in future.

Recognising the reduction in risk and exposure resulting from this investment, Mr Hearty queried whether it would be sufficient to provide a more structured approach in future in enabling the HB to be compliant with both audit and patient safety requirements. Mr Thomas confirmed that a decision has been taken to maintain this level of investment in medical equipment, assuring Members that conversations would be held regularly between the Finance Team and the Head of Clinical Engineering to identify equipment replacement needs and opportunities arising from equipment maintenance contracts, and to review the efficiency of the system.

Highlighting the scale of equipment backlog, particularly within the Estates Directorate, Mr Thomas reflected that it would be opportune to collate relevant data within an iterative Replacement Report which would be scrutinised either by Finance Committee or by the People, Planning and

	<p>Performance Committee (PPAC), adding that a discussion regarding the most appropriate reporting forum would be held with the Board Secretary.</p> <p>Given that the investment in medical equipment is based upon revenue, Mr Davies queried whether the devices backlog would impact upon the HB's financial recovery planning. Mr Thomas explained that funding has always been viewed as discretionary, and reiterated that funding amounts would be determined through conversations with the Head of Clinical Engineering.</p> <p>Acknowledging the positive progress made in regard to reducing risk associated with aged equipment, Mr Lewis noted that mitigation of any potential enforcement action is included in the report as a benefit arising from investment, and queried the level of risk relating to payment of compensation for harm as a result of obsolete/ aged equipment. Mr Hopkins explained that incidents and themes are regularly reviewed by the Medical Devices Group, adding, however, that he was unable to comment upon any financial claims. In relation to this point, Mr Thomas highlighted opportunities resulting from the proactive adoption of smart technology e.g. motion sensors and Wi-Fi-enabled infusion pumps, to detect and reduce risk of patient harm. In order to support this, Mr Thomas proposed that a Smart Equipment Strategy be developed between the Head of Clinical Engineering and the Director of Finance.</p> <p><i>Mr Chris Hopkins left the Committee meeting</i></p>	<p>HT/ JW</p> <p>HT</p>
	<p>The Committee <b>NOTED</b> and <b>DISCUSSED</b> details of the HB's investment in medical equipment, noting a reduction in the risk of potential harm to patients and staff, and greater resilience in service provision.</p>	

<p><b>FC(21)58</b></p>	<p><b>NWSSP PERFORMANCE REPORT</b></p> <p>Members received a report presenting summary performance data in respect of the services provided by NHS Wales Shared Services Partnership (NWSSP) for the quarter ended 31st December 2020 (Quarter 3 2020/21).</p> <p>Responding to comments made regarding the suitability and applicability of the key performance indicators included within the report, Mr Thomas drew Members' attention to forthcoming opportunities for the HB to engage with the process of revising the performance metrics which are captured.</p> <p>The Committee <b>NOTED</b> summary performance data in respect of the services provided by NWSSP for the quarter ended 31st December 2020.</p>	
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<p><b>FC(21)59</b></p>	<p><b>FINANCIAL PROCEDURES</b></p> <p>Members reviewed the following financial procedures:</p> <ul style="list-style-type: none"> <li>• 06-06 Tax Status of Workers</li> <li>• 11-03 Custody of Safe Keys</li> </ul> <p>Mrs Gostling requested that an element relating to Workforce and Organisational Development sign-off be included in the flowchart relating to the HDdUHB Tax Status Disagreement process.</p>	<p>JT</p>
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	<p>Mr Lewis alerted Members to a potential risk relating to emerging case-law regarding worker status for tax purposes, and associated considerations such as holiday and sickness pay and auto-enrolment in pension schemes.</p> <p><i>Mrs Lisa Gostling left the Committee meeting</i></p>	
	<p>The Committee <b>APPROVED</b> the following financial procedures:</p> <ul style="list-style-type: none"> <li>• 06-06 Tax Status of Workers</li> <li>• 11-03 Custody of Safe Keys</li> </ul>	

<b>FC(21)60</b>	<b>UPDATE FROM AGILE DIGITAL BUSINESS GROUP MEETING</b>	
	<p>Members received, for information, a report of discussions and outcomes from the meeting of the Agile Digital Business Group held on 5<sup>th</sup> March 2021.</p> <p>Mr Thomas drew Members' attention to the consistent attendance at ADBG meetings of the NHS Wales Informatics Service (NWIS) Director of Finance, advising that this serves to improve the dialogue between the HB and NWIS as the service transitions to its new structure as Digital Health and Care Wales.</p>	
	<p>The Committee <b>NOTED</b> the report of discussions and outcomes from the meeting of the Agile Digital Business Group held on 5<sup>th</sup> March 2021.</p>	

<b>FC(21)61</b>	<b>MONTHLY MONITORING RETURNS AND HDdUHB COMMENTARY</b>	
	<p>Members received, for information, the M11 Monthly Monitoring Returns submitted to WG.</p>	
	<p>The Committee <b>NOTED</b> the HB's M11 Monitoring Returns to WG.</p>	

<b>FC(21)62</b>	<b>FINANCE COMMITTEE WORK PLAN</b>	
	<p>The Finance Committee's annual work plan for 2020/ 21 was presented to the Committee for information.</p>	
	<p>The Committee <b>NOTED</b> the items included on its annual work plan for 2020/21.</p>	

<b>FC(21)63</b>	<b>REFLECTIVE SUMMARY</b>	
	<p>Mr Thomas highlighted 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"> <li>• Risk of underspend in relation to the end-of-year deficit of £25m and risk to the CRL from late WG allocations, noting a handling strategy is in place to address these risks;</li> </ul>	

	<ul style="list-style-type: none"> <li>• Discussions relating to block contracting arrangements, noting Finance Committee's concerns in terms of the value derived from these arrangements;</li> <li>• Robust discussion of the Finance Enabling Plan 2021/22, noting uncertainties in terms of funding and modelling and the need to reference carry-forward and benefit-testing of ICF funding;</li> <li>• Good discussion of benefits and opportunities arising from the HB's investment in medical equipment, noting that issues involved also link with the remits of PPPAC and the Quality, Safety and Patient Experience Assurance Committee.</li> </ul>	
	<p>The Committee <b>NOTED</b> the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting.</p>	

<b>FC(21)64</b>	<b>ANY OTHER BUSINESS</b>	
	No other business was raised.	

<b>FC(21)65</b>	<b>DATE OF NEXT MEETING</b>	
	Thursday 29th April 2021, 9.30am - 12.30pm, via Microsoft Teams	