



PWYLLGOR CYLLID FINANCE COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 29 September 2020 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Hywel Dda University Health Board Opportunities Framework |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Chris Williams, Senior Value Business Partner |

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

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The Health Board (HB) has a significant underlying financial deficit. It has faced challenges in achieving its statutory duty to break even over a rolling three-year period ever since it was established. A significant programme of work has been undertaken over the last 12 months to establish the key factors driving the deficit. This work was partly undertaken with the assistance of KPMG when they were engaged to support the HB in 2019, and the key conclusions were agreed with them.

Previously, Finance Committee has received reports outlining the key findings drawn from this work - notably, that the excess expenditure when compared to other Welsh HBs is largely ascribed to the volume of care provided by Hywel Dda University Health Board (HDdUHB) to its residents, with cost inefficiency playing a more minor role. This paper seeks to suggest ways of tackling the ongoing deficit, and also introduces some additional proposals which the COVID-19 pandemic response suggests may now be ripe for consideration.

Cefndir / Background

Since its establishment, the HB has struggled to provide care within the financial resources available. In order to understand why the organisation spends more than its allocated funding (and also why it spends more than comparable HBs), the Director of Finance commissioned the Finance Value Team to undertake detailed investigations. The findings from an element of this work have previously been reported to Finance Committee in late 2019 and early 2020. The work of the team has continued, with more in-depth investigations into variation of cost at Cluster population level.

This has identified significant variation between HDdUHB Clusters, particularly in respect of the volume of care provided. This is especially marked in relation to acute care and emergency medicine. Further investigations are ongoing to understand in detail what variation in specialties, illnesses and treatments exists between clusters and individual GP practices.

As well as aiming to support corporate understanding of the reasons for the deficit, there is now a focus upon the identification of high-level strategic opportunities to address those areas. To



date, the focus of opportunity identification has been largely confined to operational efficiencies rather than to strategic opportunities. To date, two key tranches of opportunities have been established:

- Those deriving from the comparative data contained within the CHKS* dataset and relating to technical efficiency improvements, such as increasing the proportion of patients for whom surgery is provided via a day-case pathway rather than via admission, the number of patients admitted on the day of a procedure, etc.
- Most recently, suggestions for improving the way that patient need is met outside a hospital environment through better demand management, improvements in community services, etc.

*CKHS is a provider of healthcare intelligence and quality improvement services.

Asesiad / Assessment

A summary of the key opportunities for change identified to date from the analysis undertaken has been circulated to Finance Committee Independent Members. This combines opportunities suggested by KPMG, from reviewing the Finance Delivery Unit (FDU) Efficiency Framework, analysis from the NHS Benchmarking Network, and the comparison of CHKS data. It has been refreshed with recent data since last submitted to Finance Committee, but it should be noted that, given limited change to working practices and constraint in the selection of alternative operational strategies, there is little new to report on the Framework. This is chiefly ascribed to the impact of the COVID-19 pandemic upon the ability of managers to effect change, but also to the fact that some of the opportunities identified are cross-cutting in nature and require whole HB acceptance. This report aims to revive discussion and debate around the most appropriate opportunities for changing the organisation's use of its resources, with a view to a "relaunch" of the Framework with operational colleagues.

Argymhelliad / Recommendation

The Committee is invited to comment on the issues raised in this paper.



| Amcanion: (rhaid cwblhau) Objectives: (must be completed) | |
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| 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: | 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 Objectives Annual Report 2018-2019 | 10. Not Applicable |

| Gwybodaeth Ychwanegol: Further Information: | |
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| Ar sail tystiolaeth: Evidence Base: | Various sources as noted in the main text above |
| Rhestr Termau: Glossary of Terms: | Explanation of terms is included within the report |
| Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee: | N/A |

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



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| Ariannol / Gwerth am Arian: Financial / Service: | No direct financial consequences, although the work noted aims to improve value for money of the services we deliver |
| Ansawdd / Gofal Claf: Quality / Patient Care: | Not directly impacted |
| Gweithlu: Workforce: | Not directly impacted |
| Risg: Risk: | Not directly impacted |
| Cyfreithiol: Legal: | Not directly impacted |
| Enw Da: Reputational: | There is a risk that non-delivery or inadequate delivery of savings and sustainability opportunities will adversely impact both WG and public perceptions of the HB. There is mitigation noted in the main text of the report. |
| Gyfrinachedd: Privacy: | Not directly impacted |
| Cydraddoldeb: Equality: | Not directly impacted |