

IS BWYLLGOR CYLLID FINANCE IN COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	29 September 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	EU Exit Costs – Initial Indications and Risks
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Rhian Davies, 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

This report updates Finance Committee regarding the potential financial implications of the UK's exit ('Brexit') from the European Union (EU).

Cefndir / Background

The UK ceased to be a member of the EU on 31st January 2020 and immediately entered into an 11-month transition period which will end on 31st December 2020. During this period, the UK continues to follow all the EU's rules, and its trading relationship will remain the same.

No extension to trade negotiations has been requested by UK government; therefore on 31st December 2020, in the event of a 'no deal' EU exit – a scenario in which the UK leaves the EU without agreement - tariffs and full border checks will be applied to UK goods travelling to the EU, presenting a risk of delays at the UK's ports and borders.

Asesiad / Assessment

A significant amount of preparatory work, both at a UK and Wales level, had been undertaken prior to resources being diverted to address the COVID-19 pandemic, with a local Brexit Steering Group, chaired by the Director of Public Health, leading the work within Hywel Dda University Health Board (HDdUHB). Given the continuing COVID-19 pressures, the Director of Finance will be supporting the Director of Public Health in this role. The HDdUHB Brexit Steering Group reconvened for the first time since the end of January 2020 on the 12th August 2020.

Key items discussed and next steps

- National management structures are now being re-instated and HDdUHB officers will be linking into these as appropriate.

- Some of the contingency planning developed to address a no-deal EU exit was put into place to deal with the response to COVID-19. An exercise is being undertaken to understand the relationship between the contingency plans for EU exit and for COVID-19 in order to assess what needs to change in the planning developed to date.
- Prior to the COVID-19 pandemic, a local review, feeding into the national position, was undertaken to identify critical stock items. An assessment is now required to determine whether these items remain essential – for example, PPE now has a significantly higher requirement status – and to identify requirements in terms of:
 - Maintenance of agreed stock levels;
 - Identifying and securing items that will be in short supply in the future;
 - Organisational resilience, particularly in regard to sourcing alternative local suppliers, and the extent to which this has reduced the risk of equipment shortages.
- All Wales Procurement and Prescribing meetings are due to take place in the coming weeks. Currently these will be focusing on supply chain and drug availability, and not upon potential cost issues.
- Further information is required from the HDdUHB Workforce and Organisational Development Directorate with regard to issues relating to settled status applications made by Health Board staff.

Following the feedback from National Steering Groups, National Procurement and Prescribing meetings and review of local contingency plans, the Brexit Steering Group will meet again in September 2020 to establish whether the focus needs to change, and the Brexit-specific corporate risk will be updated accordingly.

It remains difficult to quantify the financial risk exposure to HDdUHB as a result of the considerations described above, but to contextualise, an increase of 1% of costs in these areas would result in the following additional costs:

Spend Area	Additional Cost per Annum
Primary Care Prescribing	£0.8m
Secondary Care Prescribing	£0.4m
Non-pay Spend	£0.9m

Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the risks set out within the paper.

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
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	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:	635: No deal Brexit affecting continuity of patient care (Score 8)
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:	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:	Guidance from Welsh Government and All-Wales bodies
Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the main body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee:	Brexit Steering Group

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:	There is a potential adverse impact on patient care if there is a delay in receipt of goods as a consequence of the UK leaving the EU.
Gweithlu: Workforce:	There is a potential adverse impact on workforce recruitment and retention as a consequence of the UK leaving the EU.
Risg: Risk:	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:	Not applicable
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable