



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	30 November 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Update on the Health Board's Opportunities Framework
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 Trafodaeth/For Discussion

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The Health Board (HB) has a significant underlying financial deficit, and has been challenged in achieving its statutory duty to break even over a rolling three-year period 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, and the key conclusions were agreed with them when they were engaged to support the HB in 2019.

Previously, Finance Committee has received reports that outlined the key conclusions drawn from a variety of work undertaken to understand the deficit and to challenge the HB to improve financial performance. Most recently, analysis has been undertaken to evaluate how resources are committed to the HB's populations at locality level.

Cefndir / Background

Since its establishment, the HB has struggled to provide care within the resources available. In order to understand why the organisation spends more than its allocated funding (and also why it spends more than comparable Health Boards) the Director of Finance commissioned the Finance Value Team to undertake detailed investigations. The results of part of that work have previously been reported to Finance Committee in late 2019 and 2020. The work of the team has continued, with more in-depth investigations into variation of cost at locality/ GP cluster population level.

This has identified significant variation between the HB's 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.

Asesiad / Assessment

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, with two key tranches of opportunities having 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.

What is becoming increasingly clear is that the Opportunities Framework as currently drafted is too focused upon attempting to drive improvements in operational and technical efficiency. These opportunities are limited in their impact for three key reasons:

- They are – in total – insufficient to make more than modest inroads into the deficit. Put simply, the data suggests that the HB's costs per care episode are comparable to other Welsh Health Boards, so it may be justifiably claimed that it is not an inefficient care provider;
- The impact of the pandemic is absorbing significant focus and effort on the part of management, leaving little time or energy for improving traditional efficiency;
- The biggest challenge facing the HB is the level of care provided to people who are acutely ill, and the significant variation in the level of acute care provided to the organisation's resident populations.

As a consequence of the lack of meaningful progress through using the original framework, it is proposed that the HB resets the information, focus and ambition away from the originally adopted framework. Whilst operational and other efficiency measures will continue to be identified and disseminated, emphasis will now shift to those areas of greatest potential for transformative change. These areas include:

- Resource allocation “shifting left” into Primary and Community Care, with business intelligence focused on identifying those specialties with the greatest potential to deliver out-of-hospital care;
- The impact of Public Health and other preventative measures designed to reduce the causes of ill health;

Understanding the impact of both formal and informal care in the community, such as the impact of regular monitoring of frail older people, the impact of integration of care and the ability to ‘mine’ Local Authority data relating to clients/ patients;

- Understanding and challenging the allocation of resources between specialties to address the current clear imbalance between Planned and Unscheduled Care;
- Continuing to assess and address the disparities noted in the previous Finance Committee meeting on 22nd October 2020 relating to the allocation and use of resources between the HB's geographic areas.

Clearly, this shift towards a more strategic, holistic view regarding how better to use the HB's resources carries significant challenges. As well as a much longer time frame for



implementation, the potential changes resulting from this analysis are politically sensitive, especially in light of a renewed focus on care closer to home resulting from the pandemic. There is also the risk that the HB will continue to accrue large deficits until such time as any large-scale transformative change is implemented. Nevertheless, there is clearly a need to move away from a focus upon relatively modest, operational efficiency intelligence to allow for increased consideration of more impactful changes.

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

Argymhelliad / Recommendation

The Committee is invited to comment on the issues raised here.

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:	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:

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



Effaith: (rhaid cwblhau) Impact: (must be completed)	
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 health board. There is mitigation noted in the main text of the report.
Gyfrinachedd: Privacy:	Not directly impacted
Cydraddoldeb: Equality:	Not directly impacted