

Bundle Finance Committee 30 November 2020

2.3.1 Route Map to Financial Balance

Presenter: Huw Thomas

2.3.1 Route Map to Financial Balance final.docx

2.3.1 Appendix 1 Draft Route Map v2.pdf



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	30 November 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Route Map to Financial Balance
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 Committee has previously discussed the need to develop a medium term financial strategy which sets out the key challenges to delivering a balanced financial position and defines how the Health Board (HB) intends to tackle these challenges. This report sets out in summary the discussions that are taking place with Welsh Government (WG) colleagues on how to proceed.

Cefndir / Background

The NHS Finance Act 2014 requires Welsh Health Boards to break even over a three-year period. Hywel Dda University Health Board (HDdUHB) is one of four Health Boards that have not been able to breakeven since 2014. The Health Minister announced in July 2020 that historic 'debt' accrued by these four Health Boards would not have to be repaid. It is hoped that waiving repayment of this cash support will ease longer term planning and recovery from the COVID-19 pandemic.

In the Minister's words:

"This will provide certainty to these organisations, helping them to focus on the immediate recovery from Coronavirus, while also planning for the future and striving for financial balance."

The Minister has made clear that while this does not release Health Boards from the continuing obligation to break even over a three-year period, it does allow a more considered approach to how Health Boards plan, and refocuses efforts on a more medium-term 3-year strategy rather than in-year savings strategies.

As a consequence of this revised approach, discussions have been held with WG to explore initial thoughts of how and when the HB expects to return to a financial breakeven position. The Chief Executive has submitted a letter and a high level overview of the proposed changes to the HB's operating model that would result in a lower cost base. This is attached as Appendix 1.

The Committee is asked to note that this is just one of the first steps in helping to place the HB on a more sustainable footing, and that the sustainability challenge extends beyond the financial element to how the HB attracts and retains sufficient staff to provide care, to the



maintenance of the buildings from which care is delivered, and to how the HB interacts with patients using modern communications and care technology. Nevertheless, WG has reduced the HB's escalation status, leaving the organisation with the challenge of becoming more financially sustainable and prudent before its status can be de-escalated entirely. It is therefore appropriate to concentrate on those issues that would help the HB to live within its financial means and to focus upon the strategic changes that would have the greatest impact on finance, given that it is likely that these would also have the largest impact in terms of wider sustainability.

Asesiad / Assessment

As noted under Finance Committee agenda item 2.2.2 (Opportunities Framework Update), this shift towards a more strategic, holistic view of how better to use the HB's resources carries significant challenges. The potential changes resulting from this analysis are politically sensitive, but it must be borne in mind that these changes have previously been outlined in the extensive public consultation undertaken before the adoption of the Healthier Mid and West Wales strategy. It is notable that the changes proposed here continue to form the focus of discussions with WG on how to move towards becoming a more financially sustainable organisation.

In terms of next steps, it intended that more detailed work is undertaken to comprehensively identify and quantify the changes proposed. The high level summary will need to be converted into a programme of work, which will seek over the coming months to set out in some detail the changes proposed and subsequently agreed, and which will form part of a medium to long-term financial plan for the HB. It will also form part of the business case approval process necessary to secure investment from WG for the proposed new hospital.

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
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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 body of the report
Partion / 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

Route map to financial balance

Years 1 - 3

Years 4 - 7

