



## PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	23 August 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Opportunities and Savings Plans 2021/22
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	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 purpose of the presentation, attached at Appendix 1, is to outline Hywel Dda University Health Board's (HDdUHB) progress in achieving the savings required to deliver the financial year 2021/22 Interim Annual Plan, in addition to supporting the delivery of the key ambitions set out in the Healthier Mid and West Wales Strategy.

The Sustainable Resources Committee is requested to support the Finance team in operationally reinforcing the importance of this requirement.

#### Cefndir / Background

Under the NHS Finance (Wales) Act, there is a statutory requirement to break even over a three year period. Failure to achieve this is the sole remaining reason why the Health Board remains subject to enhanced monitoring under the Welsh Government (WG) escalation and intervention arrangements. Therefore, there is heightened emphasis at WG level on the requirement for the Health Board to tackle its deficit.

Previous presentations to the Finance Committee, most recently the Savings Plan 2021/22 presentation at its meeting on 29<sup>th</sup> June 2021, explored the opportunities to achieve financial sustainability. The attached presentation has been developed further to operationalise the exploration of opportunities to achieve financial sustainability, alongside existing planning objectives as disseminated from Executive Team to the organisation. It also considers the Monthly Monitoring Reports showing operational progress against savings requirements.

As part of the accountability framework, building upon an existing and understood ethos of a three stage "3D" (discover, design, deliver) planning approach within the Health Board, a three stage / nine step process has been developed; from the exploration and proposal of potential opportunities to the implementation and monitoring of concrete operational savings plans.

## Asesiad / Assessment

Previous assessments, which have outlined the key differences between HDdUHB and other health boards in Wales, both in terms of the cost of our services and the volume of care provided, has facilitated the proposal of a framework to enable HDdUHB to review and respond to these opportunities, alongside the strategic planning objectives and any routine local savings opportunities being explored, in a single process from potential idea to implementation of an agreed savings plan.

the Director of Finance, through Executive and Operational forums, has requested the delivery and subsequent implementation of the required recurrent savings plans totalling £16m necessary for the Health Board to achieve its 2021/22 Interim Annual Plan by 30<sup>th</sup> September 2021. A timeline of key milestones is included within the presentation.

There is a reputational risk to the Health Board in failing to achieve this key financial requirement with WG, the Wales Audit Office, and external stakeholders.

## Argymhelliad / Recommendation

The Sustainable Resources Committee is requested to note and discuss the attached presentation and to support the Finance team in operationally reinforcing the importance of this requirement.

## **Amcanion: (rhaid cwblhau)**

### **Objectives: (must be completed)**

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	2.1 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 on specific issues where financial performance is showing deterioration or there are areas of concern.  3.6 Receive assurances in respect of Directorate performance against annual budgets, capital plans and the Cost Improvement Programme and innovation and productivity plans.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1163: Risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25m deficit (Score: 12)
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	3.1 Safe and Clinically Effective Care 7. Staff and Resources
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: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	10. Not Applicable

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Included within the report
Rhestr Termiau: Glossary of Terms:	Included within the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Any resultant schemes will need to be considered
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Any resultant schemes will need to be considered
<b>Gweithlu: Workforce:</b>	Any resultant schemes will need to be considered
<b>Risg: Risk:</b>	Part of mitigating Risk 1163 identified above Any resultant schemes will need to be considered
<b>Cyfreithiol: Legal:</b>	The HB 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.
<b>Enw Da: Reputational:</b>	Adverse variance against the HB's financial plan will affect the organisation's reputation with Welsh Government, the Wales Audit Office, and with external stakeholders. Any resultant schemes will need to be considered
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	Not Applicable

# Sustainable Resources Committee

## Opportunities and Savings Plans 2021/22

Presenter: Huw Thomas

23<sup>rd</sup> August 2021

# A Three Stage Opportunities to Savings Process

## Diagnose

1. Drivers of deficit
2. Data alignment
3. Value Based Healthcare (VBHC) and Intelligence Analysis



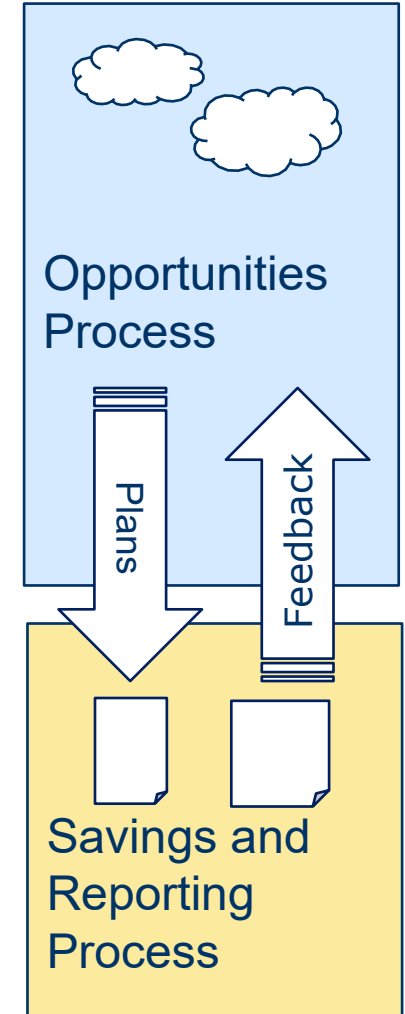
## Develop

4. Operational engagement
5. Evaluate and impact assessment
6. Develop and agree plans

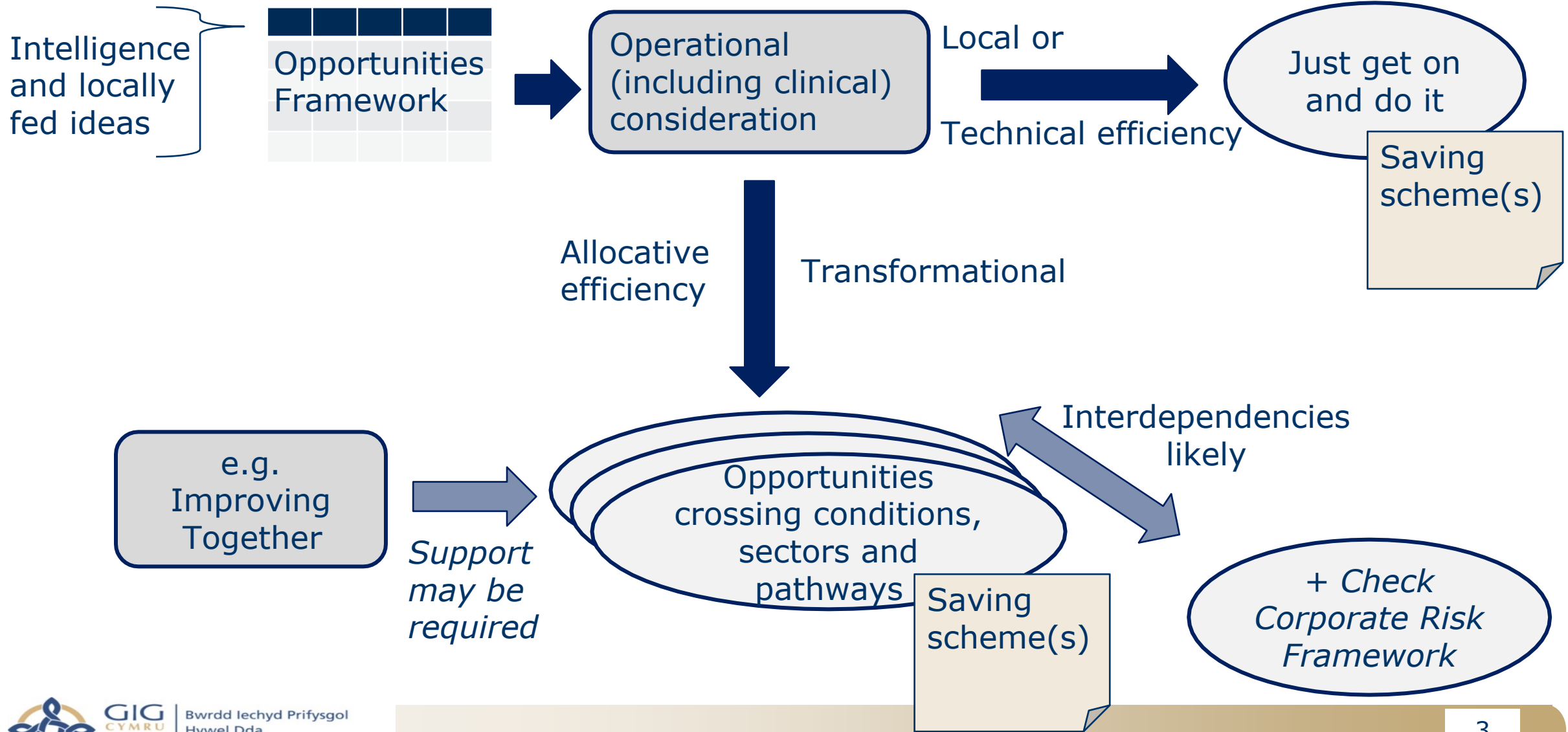
*Underway*

## Deliver

7. Implement
8. Monitor
9. Evaluate



# Organisational Process



# Opportunities Framework as at 15/08/21

## Sources:


Routemap to financial sustainability

Planning Objective – accelerate AHMWW strategy

Local opportunities (housekeeping, procurement etc)

- Arising from an in depth financial and activity based review of where HDdUHB differs from the rest of Wales
- Some technical efficiencies (~ £10m) are by and large allocative (~ £50m) and are therefore more complex and cross cutting in nature
- Seven opportunities, with potential of between £1m and £24m
- Executive Team led conversation, requesting operational consideration of such an acceleration
- Some consistency with above
- Specific plans and scale to be established
- As in any other year, teams have explored areas directly within their control; twenty four schemes have been identified to date and are being quantified (the majority are recurrent)
- *Please note that confirmed fortuitous in year or accounting savings would proceed straight to savings plan stage*

# Timeline to end September 21

Week commencing	Local / Technical Efficiency	Transformative / Allocative Efficiency
23/08	 <div style="border: 2px solid blue; border-radius: 20px; padding: 10px; text-align: center;"> <p>Ongoing operational and business partnering process to take existing, and any additional, ideas through an evaluation into fully worked up savings proposals as appropriate.</p> </div>	4. Operational engagement
30/08		5. Evaluate & impact assessment
06/09		6. Develop & agree plans
13/09		
20/09		
27/09		
<b>Deliverable</b>	<div style="border: 2px solid blue; border-radius: 10px; padding: 5px; display: inline-block; font-weight: bold; margin-bottom: 10px;">Develop</div> <p>Directorate signed off savings proposals to achieve a recurrent £16m</p>	