



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 August 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Accountable Officer Letter
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

Following consideration of the Health Board's Annual Recovery Plan 2021/22 by the Board at its meeting on 24th June 2021, this report sets out the governance process undertaken to communicate a breach of statutory financial duty to appropriate stakeholders.

Cefndir / Background

As the Annual Recovery Plan recognises a planned deficit in the 2021/22 financial year and does not recover the cumulative deficit incurred to date which was reset to 1 April 2020, the Health Board has presented a draft budget that will breach its statutory financial duty for the three-year period of 2021/22 to 2023/24.

The Health Board has, in accordance with guidance from Welsh Government (WG), not approved an Integrated Medium Term Plan and has therefore deviated from its Standing Financial Instructions as a Board. A deficit plan has also been presented; the deficit is £25million for the year and requires the Health Board's Chief Executive Officer to notify the Director General for Health and Social Services.

Asesiad / Assessment

A copy of the Accountable Officer Letter sent to the Director General for Health and Social Services on 28th June 2021 to advise of this breach in duty is attached at Appendix 1. The letter highlights a number of additional financial risks that feature within the delivery of the Annual Recovery Plan, as summarised below:

- Funding assumptions related to the brought forward impact of undelivered savings from 2020/21;
- Funding assumptions related to the ongoing in year continuation of the Health Board programme and generic COVID-19 responses;
- Affordability risk of the Recovery Plan aspiration in 2022/23 and beyond;
- Pursuing, at risk, the implementation of the Health Board's Urgent and Emergency Care strategy

Argymhelliad / Recommendation

The Sustainable Resources Committee is requested to note the decision-making process taken and the risks to be managed over the coming financial year.

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, give early warning of potential performance issues, 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.
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):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
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:	Funding confirmation from Welsh Government, Annual Recovery Plan and Planning Objectives.
Rhestr Termiau: Glossary of Terms:	Not Applicable
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Planning Steering Group, Bronze Groups, Silver (Tactical) Command, Gold Command, Board.

Effaith: (rhaid cwblhau)

Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	Financial risks to the non-recurrent in year position and the recurrent deficit are considered and included within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Contained within the report.
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Not Applicable
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable



Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Ein cyf/Our ref:
Gofynnwch am/Please ask for:
Rhif Ffôn /Telephone:
Dyddiad/Date:

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Alex Harries
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28th June 2021

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Dr A Goodall
Director General Health and Social Services
NHS Wales Chief Executive
Health and Social Services Group
Cathays Park
Cardiff
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Dear Andrew

Hywel Dda University Health Board Accountable Officer Letter 2021/22

To accompany our Annual Recovery Plan 2021/22, which was considered by Board on 24 June 2021, please find details laying out financial implications surrounding our commitments that I would like to share with you regarding the key funding and financial risks for the Board.

We acknowledge the key next steps required in order to deliver the plan but recognise that there continue to be a number of on-going challenges regarding the pandemic that may have implications in how we do this, and as a consequence how quickly we recover.

Financial Accountability

Our plan recognises a planned deficit in the 2021/22 financial year and does not recover the cumulative deficit incurred to date (which was reset to 1 April 2020). As a result of this, we have presented a draft budget which will breach our statutory financial duty for the three-year period.

We have, in accordance with guidance from Welsh Government, not approved an Integrated Medium Term Plan and have therefore deviated again this year from our Standing Financial Instructions as a Board. We have also presented a deficit plan. This deficit is £25m for the year which by its nature requires me to write to you to advise you of that action.

Swyddfeydd Corfforaethol, Adeilad Ystwyth,
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Cadeirydd / Chair
Miss Maria Battle
Prif Weithredwr/Chief Executive
Mr Steve Moore

Bwrdd Iechyd Prifysgol Hywel Dda yw enw gweithredol Bwrdd Iechyd Lleol Prifysgol Hywel Dda
Hywel Dda University Health Board is the operational name of Hywel Dda University Local Health Board

Mae Bwrdd Iechyd Prifysgol Hywel Dda yn amgylchedd di-fwg Hywel Dda University Health Board operates a smoke free environment

Financial Risks

Following collaborative dialogue with Welsh Government in the All Wales Director of Finance forum, and supported by the Finance Delivery Unit, there remain several key risks that I consider important to highlight in achieving our draft financial deficit and are set out in this Accountable Officer letter. These risks have either been based on funding assumptions not yet confirmed, decisions already made, or likely to be made, by the Executive Team and Board, in delivering the Plan:

- A significant element of our ability to deliver a planned deficit of £25m is the working assumption, in line with current funding guidance from Welsh Government, that we shall receive £32.4m of non-recurrent funding for the brought forward impact of undelivered savings from 2020-21. These values are subject to a review and validation and could change our planned deficit position if they deviate from expectations.
- Having received confirmation, in the main, associated for the first six months of the financial year, in respect to our continued response for general and specific programme COVID-19 costs, there is an assumption that further funding will be made available for additional costs, incurred during the year, after our planning submission.
- Whilst confirmation has been received for our non-recurrent Recovery Plan in year 1, our Demountable and Ophthalmology solutions require a commitment great than year 1 (current plan), and it is recognised that the Health Board will need to manage the recurrent risk as stated in your letter dated 7 May 2021. The Board's aspiration is to provide value for money across a medium-term timeline whilst balancing that with an improvement against the significant waiting times of our population.
- The Health Board's financial plan currently excludes any cost and potential associated funding in relation to (currently) unapproved plans in respect of Urgent and Emergency Care. However, given the operational lead time in implementing a number of these schemes, the intention is that the Health Board will commence a commitment to the priority plans before formal approval is received, given its strategic importance in delivering our Recovery Plan, but also broader transformational agenda. The value of this commitment for this year is circa £3m.

We will continue to look at every opportunity to reduce expenditure and close the financial gap wherever possible. Whilst our short-term outlook is one of financial deficit, our medium-term aim is to recurrently achieve financial balance, and a roadmap to financial sustainability is being developed across my Executive Team to achieve this.

Yours sincerely



Steve Moore
Prif Weithredwr / Chief Executive

Appendix

A table of the financial impact associated to the risks identified above, can be summarised as follows. Where funding is discussed, the values quoted below only relate to unconfirmed funding streams, recognising that a commitment has been made by Welsh Government, but not yet guaranteed:

Description	£'m
Non delivery of 20/21 savings to be supported with non-recurrent funding	£32.4
Anticipated funding for continued responses for COVID-19 general costs (balance remaining for months 6 to 12)	£10.3
Anticipated funding for continued responses for specific programme COVID-19 costs (balance remaining for months 6 to 12)	£19.6
Year 2 onwards Recovery Plan aspiration (costs are per annum, with a likely additionality for 2 years)	£3.8
Urgent and Emergency Care aspiration (costs are per annum for year 1 only)	£3.0
Total	£69.1