

**COFNODION HEB EU CYMERADWYO O GYFARFOD Y PWYLLGOR CYLLID/
UNAPPROVED MINUTES OF THE FINANCE COMMITTEE MEETING**

Date and Time of Meeting:	Tuesday 29 th June 2021, 9.30 am – 12.00 pm
Venue:	Board Room, Ystwyth Building, St. David's Park, Carmarthen

Present:	<p>Mr Winston Weir, Independent Member, Committee Chair (VC)</p> <p>Mr Maynard Davies, Independent Member, Committee Vice Chair (VC)</p> <p>Mrs Judith Hardisty, Vice Chair, HDdUHB (VC)</p> <p>Mr Michael Hearty, Strategic Advisor (VC)</p> <p>Mr Paul Newman, Independent Member (VC)</p> <p>Mrs Delyth Raynsford, Independent Member (VC)</p> <p>Cllr Gareth John, Independent Member (VC)</p>
In Attendance:	<p>Miss Maria Battle, HDdUHB Chair (VC)</p> <p>Mr Steve Moore, Chief Executive</p> <p>Mr Huw Thomas, Director of Finance (VC)</p> <p>Mrs Lisa Gostling, Director of Workforce and Occupational Development (VC)</p> <p>Mrs Joanne Wilson, Board Secretary (VC)</p> <p>Ms Rebecca Hayes, Senior Finance Business Partner (VC)</p> <p>Mrs Sarah Welsby, Finance Business Partner (VC)</p> <p>Mr Shaun Ayres, Assistant Director of Value Based Contracting (VC)</p> <p>Mrs Jennifer Thomas, Finance Business Partner (VC) <i>part</i></p> <p>Ms Sonja Wright, Committee Services Officer (Secretariat)</p>

AGENDA ITEM	ITEM	
FC(21)104	INTRODUCTIONS AND APOLOGIES FOR ABSENCE	Action
	<p>The Chair, Mr Winston Weir, welcomed all to the meeting, advising Members that this would be the final meeting of the Finance Committee under its current constitution prior to its re-establishment within the new Committee Governance Structure as the Sustainable Resources Committee.</p> <p>Apologies for absence were received from:</p> <ul style="list-style-type: none"> Mr Andrew Carruthers, Director of Operations 	

FC(21)105	DECLARATIONS OF INTERESTS	
	There were no declarations of interest.	

FC(21)106	MINUTES OF PREVIOUS MEETING HELD ON 25th MAY 2021	
	The minutes of the Finance Committee meeting held on 25th May 2021 were reviewed and approved as an accurate record.	
	RESOLVED – that the minutes of the Finance Committee meeting held on 25th May 2021 be APPROVED as an accurate record.	

FC(21)107	MATTERS ARISING AND TABLE OF ACTIONS FROM THE MEETING HELD ON 25th MAY 2021	
	The Table of Actions from the meeting held on 25th May 2021 was reviewed, and confirmation received that all outstanding actions had been completed, were being progressed, or were forward-planned for a future Committee meeting.	

FC(21)108	FINANCE REPORT AND FINANCIAL FORECAST MONTH 2, 2021/22	
	The Committee received the Month (M)2 2021/22 Finance Report, outlining the HB's financial position to the end of the financial year 2021/22 against the Draft Interim Annual Plan and providing an analysis of key drivers of the in-month position.	
	Mr Huw Thomas advised Members that the Health Board's (HB) Draft Interim Financial Plan is to deliver a deficit of £25m in 2021/22, after recurrent savings of £16m, reflecting a consistent financial position with the outturn for the previous year.	
	Members were informed of a number of uncertainties relating to this position, which are based mainly upon securing non-recurrent central funding, rather than upon operational risks, and were advised of assumptions that further anticipated COVID-19 costs would be funded by Welsh Government (WG). Members were assured that there are opportunities to discuss with WG how COVID-19 funding might be used to offset an in-year gap of £8m between the HB's savings target and identified savings schemes.	
	Ms Rebecca Hayes highlighted the following points: <ul style="list-style-type: none"> • The in-month reported position reflects an adjustment recognised in M2, with the year to date deficit being £4.2m. • Central guidance has been received, advising that costs of Elective Care recovery work be treated as COVID-19 funding in order to support the reinstatement of services. • The M1 position has been re-stated to reflect the treatment of non-delivery of savings following WG guidance. 	

- There is a significant step up in the COVID-19 recovery expenditure profile between M1 and M2; COVID-19 programme costs remain relatively level throughout 2021/22, with some slight spending increases shown at the end of each quarter.

Mrs Judith Hardisty queried whether the elective care recovery figures within the Draft Interim Financial Plan include recovery of delays in Primary Care treatments. Mr Thomas explained that Primary Care recovery is included within the Urgent Primary Care element of the plan, and agreed to share relevant information with Mrs Hardisty. Mr Steve Moore added that it is hoped that additional WG funding for recovery of Primary Care services will be made available, and that the need for additional recovery funding for services other than Planned Care had recently been raised with WG.

HT

Responding to a query from Mr Maynard Davies in relation to assumptions regarding staff pay awards, Mr Thomas assured Members that WG funding would be available to cover any increase which may be agreed to an assumed award of 1%.

Mr Davies further queried whether costs relating to the COVID-19 booster vaccination programme are included in the £12.8m figure for the HB's mass vaccination programme, as presented in the forecast end-of-year financial position. Ms Hayes explained that booster vaccination costs are not included in the forecast, and that discussions are being held with WG regarding whether vaccines will be funded centrally or by the HB.

Members were assured that in the event that the HB is required to fund a booster programme, central funding would be made available to cover associated costs. Responding to an observation from Mr Michael Hearty regarding the need to adopt a degree of caution in planning a vaccination booster programme, given that there is as yet little clarity as to UK funding which will be available to WG, Mr Thomas added that WG guidance relating to this programme is awaited, and confirmed that there will be consequential funding for the delivery of booster vaccinations in Wales if funding agreement is reached at UK level.

Mr Moore drew Members' attention to challenges in establishing costs for a second vaccination programme, arising from the following key considerations:

- Whether to await the availability of variant-adjusted vaccines;
- Which age groups will be included in the vaccination programme;
- Logistical factors relating to whether booster vaccinations are delivered at the same time as seasonal influenza vaccinations.

With regard to additional recovery funding, Mr Moore advised Members that clarity is awaited in regard to when this will be received, and which service areas it will be allocated to, with options being explored at a Joint Executive Team meeting to be held in the week commencing 5th July 2021. Members were assured that further service recovery would be progressed in those areas where it is agreed that robust plans are in place.

Mr Moore re-iterated observations from Mr Hearty and Mr Thomas regarding the relatively stable financial position presented for M2, and the need to utilise this opportunity to focus upon the delivery of recurrent savings of £16m – this being one of the 2021/22 planning objectives assigned to the Director of Finance – and to develop the HB's Route Map to Financial Sustainability (the Route Map) and share this with WG.

Responding to a query from Mrs Delyth Raynsford regarding the anticipated impact of 'Long COVID' upon Community, Primary and Secondary Care services, and whether plans are in place to address associated demand, Mr Moore explained that while the prevalence of Long COVID within the HB area is currently difficult to estimate, it is planned to establish a single point of contact, most likely through the Command Centre, for members of the public and GPs seeking advice regarding symptoms and patient referrals, together with the establishment of a multi-disciplinary team who will manage the care of Long COVID patients. Mr Moore informed Members that, following discussions by the Executive Team, these plans and associated costs of approximately £460k would be presented to the Board for approval.

Mr Hearty reflected that, in terms of central funding allocations for 2021/22, it would be prudent to keep abreast of UK-level discussions relating to the replacement of the European funding formula which had been available to devolved governments, in the event that this might result in a reduced funding allocation for healthcare systems. Mr Thomas agreed, adding that the HB should broaden its considerations in terms of accessing UK as well as WG funding streams, and emphasised opportunities to position the organisation as an economic agent in supporting and promoting the Foundational Economy.

Mr Weir highlighted the need to integrate financial and workforce planning, given the intrinsic linkage between these elements, and queried whether the HB's financial forecasting takes account of the additional pay costs which will necessarily accompany the recovery of elective services, recognising a significant level of pent-up demand which has developed during the COVID-19 pandemic. Mr Thomas confirmed that a significant level of work had already been undertaken to review the alignment of financial and workforce planning, and drew Members' attention to current challenges in recruiting staff to the organisation. Members were advised that while alignment of Finance and Workforce elements is reflected in the Interim Financial Plan, the level of realisation in terms of staffing capacity currently remains unclear. Mrs Lisa Gostling assured Members that the Workforce Team is focusing its planning upon areas in which there are staff shortages, and is reviewing opportunities to remodel workforce teams in order to provide additional capacity.

Responding to a request from Mr Weir for an update regarding the current level of expenditure of HB funding of £12m allocated to staff annual leave accrual, Mr Thomas informed Members of 'modest' costs of around £200k which have been recorded to date, adding that work is planned with Electronic Staff Record (ESR) and *Intrepid* systems teams to enable digital recording and tracking of staff annual leave, together with associated

	costs. Mr Weir reflected upon the need to manage annual leave requests in order to enable staff to take the leave to which they are entitled, while ensuring that there is sufficient workforce capacity to meet winter demand.	
	The Committee NOTED and DISCUSSED the M2 2021/22 financial position and end-of-year forecast.	

FC(21)109	<p>SAVINGS PLAN 2021/22</p> <p>Members received a report and a presentation outlining the key themes that will help to reduce the HB's financial deficit, and support the delivery of the ambitions set out in the <i>A Healthier Mid and West Wales</i> strategy.</p> <p>Mr Thomas provided commentary relating to the presentation slides which were shared with Members at the meeting, highlighting the following:</p> <ul style="list-style-type: none"> • The purpose of the Opportunities Framework, together with the partnering roles and processes which support the utilisation of the framework in identifying potential operational changes; • Previous work to understand the deficit position, including reviews undertaken by Deloitte and KPMG, the latter highlighting a HB care cost variance of £9m and a care volume variance of £55m, as compared with other Welsh Health Boards; • Further work being undertaken to analyse the deficit, based upon refreshed data and utilising benchmarking analysis and intelligence obtained from the application of metrics and methodologies included in the Finance Delivery Unit's Value, Allocation, Utilisation and Learning Toolkit (VAULT); • The savings requirement for 2021/22, notably the challenge to identify permanent savings of £16m by September 2021; • Significant costs associated with the current HB Emergency Department ('front door') model, which provides 4 front doors, each of which has associated 24/7 service provision costs. • The need to review the management of care for the HB's frail and elderly population in a way which combines admission and long hospital stay prevention with safe care at home and within the community. <p>In regard to cluster cost and volume variances which had been identified in the KPMG review, Mrs Hardisty queried the level of work which has been undertaken to understand these, suggesting that factors such as access and staff vacancies within Primary Care services might be contributory elements in certain geographical locations, and reflecting that the effectiveness of actions to address local variances depends upon achieving a thorough understanding of underlying causes.</p> <p>Noting low cost figures presented for rehabilitation medicine within the specialties included in the cluster variation analysis, Mr Weir queried whether the analysis is limited to acute care only. Mr Thomas confirmed</p>	
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this to be the case, explaining that acute services had been identified as the main driver of the HB's deficit.

Responding to queries from Mrs Hardisty and Mr Paul Newman regarding whether the 2018/19 data, as utilised by KPMG, would be refreshed, and the degree of confidence which may be placed for planning purposes upon available data, given that this might change over time, or depending upon compilation methods, Mr Thomas assured Members that refreshed data is being utilised to support improvement and transformation within the context of the Route Map and savings plans, adding that the fact that all data collated to date identifies the same cost drivers and variances provides an additional basis for confidence.

Members were advised that variations between clusters (chiefly in terms of ED attendance, Unscheduled Care admissions, and levels of Planned Care for certain conditions), which had previously been identified by the HB's Locality Analysis Tool, had been subject to further investigation with the assistance of Lightfoot Solutions and Healthcare Efficiencies Ltd, with a view to identifying the most significant areas of opportunity to reduce variation and cost. Members were informed that this analysis had identified 2 main elements of resource usage and cost, relating to disproportionate levels of unplanned short-stay admissions and very long lengths of stay, both of which frequently have at best negligible, and at worst, detrimental impacts upon patient health and wellbeing.

Mr Thomas advised Members of the allocation of WG funding at county level, and the ability to identify funding requirements at cluster level, which will provide a greater degree of confidence that funds may be targeted to benefit areas having the greatest levels of social and economic deprivation. Members were informed that details of these allocations would be shared at the next Committee meeting on 31st August 2021.

HT

Mr Weir raised the following queries:

- Whether the HB is considering the establishment of dedicated rehabilitation facilities in its future plans, recognising that other health systems have these facilities in place, which typically provide a less expensive model of patient care;
- Whether any increase in savings of £8m identified to date would involve the identification of a greater range of opportunities, or further savings in those areas already identified.

In response, Mr Thomas explained that the strategy of the County Directors provides a focus for the further development of rehabilitation care, and informed Members that work is underway to address previous challenges in recruiting therapists within hospital settings. With regard to the identification and delivery of savings, Mr Thomas assured Members that the HB is focusing upon the main areas which will enable the organisation to address the overall financial challenge of £41m in 2021/22 (i.e. £25m deficit and £16m savings requirement), and confirmed that savings would be delivered in alignment with quality and performance, based upon fewer schemes which will have the greatest impact in terms of savings.

Responding to a query from Mr Davies regarding the linkage between the Opportunities Framework and the Transformation Steering Group (TSG) in identifying service transformation opportunities which will deliver savings, Mr Thomas highlighted the role of the Strategic Enabling Group (SEG), which also links to this work, explaining that service transformation is focused upon the principles of Value Based Health and Care, the Foundational Economy and Digital service enhancement, and is supported by the increased levels of data and intelligence provided by work undertaken with Lightfoot Solutions which provides a robust basis for the re-alignment of resources where this will add savings and value. Mr Moore advised Members that the intention is to link the work of the TSG and the SEG, recognising their complementary nature.

Mr Davies expressed concern that non-recurrent savings identified from delays in staff recruitment, as presented in the slides, might suggest a perverse incentive in that they reflect an increase in pressure upon the existing workforce as a result of reduced staffing capacity, and an increased need to recruit agency staff, thereby incurring higher costs. Mr Thomas assured Members that there is no delay in staff recruitment, explaining that the figures shown reflect a delay in matching funding to new staff costs, and emphasised that anticipated delays are not viewed in terms of savings targets. It was therefore agreed that recruitment delays in the context of identified non-recurrent savings would be expressed differently in future presentations to reflect this point.

Seeking assurance that the target identification of £16m recurrent savings by the end of September 2021 is achievable, and that Executive Directors are fully engaged with meeting this requirement, Mr Hearty queried whether there are plans to reinstate the Holding To Account (HTA) meetings, and on a slightly different but related note, sought confirmation that the need to focus upon individual savings sums would not detract from the transformational work which had been initiated before the start of the COVID-19 pandemic, and that savings opportunities would be transacted in a way which provides quality and prevents harm.

Mr Thomas informed Members that there is no intention to re-establish HTA meetings, reflecting a shift in emphasis from an exclusive focus upon financial scrutiny to the provision of holistic support to Directorates and service areas via the Opportunities Framework, Finance Business Partnering arrangements, and increased access to live data and intelligence. Members were further advised that the *Improving Together* framework would be used as a basis for developing a more rounded view of performance, reflecting the interlinked elements of finance and quality.

Observing that there was no reference in the report or presentation to integrated work with partner agencies, such as the Regional Partnership Board (RPB), and the incorporation within the HB's savings plans of transformation funding streams, Mrs Hardisty highlighted the need to focus upon work with partners and Primary Care and community services, in addition to considering efficiencies within the HB's internal system – particularly in regard to plans to reduce and avoid hospital stays, and, more generally, in establishing new models of care which combine reduced

costs with increased health and care benefits to individuals. Mrs Hardisty further sought assurance that details of this integrated planning would be presented to a future Committee meeting.

Mr Thomas affirmed that while the links between the HB and partner organisations, and the inclusion of transformation and cluster funding opportunities had not been highlighted in the savings report, there is a significant focus upon this joint work, given that it represents a key element in plans to reduce those hospital admissions which would not benefit patients. Mr Moore advised Members that the HB's strategy is largely based upon a focus on community support services, and highlighted the following points:

- A plan to utilise transformation funds would be developed by September 2021;
- The Route Map is now expressed in terms of exploring means of enabling the local population to stay well, rather than an exclusive focus upon treating symptoms (with associated cost implications);
- Planning objectives linked to the HB's Integrated Medium Term Plan which will be presented to the Board on 30th September 2021 will be focused upon the design principle of encouraging and supporting care at home, and are linked to the targets included in the Route Map.

Cllr Gareth John commented upon potential issues relating to terminology, should the report be shared more widely with partners, noting that references to 'the creation of a vision' reflect a long-term view and do not necessarily provide the required level of assurance regarding delivery of shorter-term efficiencies and savings. Mr Thomas explained that the report had been presented to Finance Committee for briefing purposes only.

Responding to a query from Mr Newman regarding the organisation's focus upon the sum of £9m to be gained from healthcare efficiencies, in addition to £55m volume costs, Mr Thomas explained that these efficiencies should be realised following the building of the new hospital, and re-modelling of the existing ED services within the HB, adding that removal of roster duplication could provide approximately £20m savings.

Thanking executives for the clear update on the savings plan for 2021/22, Mr Weir encouraged the identification of at least £16m recurrent savings, and more if possible, and looked forward to further updates on the savings plans in future committee meetings.

The Committee **DISCUSSED** the HB's Savings plan for 2021/22, noting the scale of delivery requirements and key opportunities to identify savings.

FC(21)110	CAPITAL FINANCIAL MANAGEMENT	
	Members received the Capital Financial Management report, providing details of the HB's Capital Expenditure Plan and Expenditure Profile	

Forecast for 2021/22, the Capital Resource Limit (CRL) for 2021/22 and an update regarding capital projects and financial risks.

Mrs Sarah Welsby highlighted the following key points:

- Since the previous report to the Finance Committee on 25th May 2021, an additional allocation of £195k has been made for the E-prescribing System;
- Capital funding of £2.5m has been approved for the demountable units solution at Prince Phillip Hospital (PPH) and further work is ongoing to develop this proposal;
- Expenditure of £1.9m to the end of May 2021 represents approximately 8% of the CRL for 2021/22, and is comparable to the percentage CRL expenditure recorded for same period in the previous year;
- Forecast project costs for the Women and Children Phase 2 scheme have increased by £352k, with the largest contributor to this increase being an assessment of the cost implication of a 12-week delay due to replacement of floor screed. Members were advised that this increase is currently an estimate, and that a review of the equipment and non-works budgets on the project is currently being undertaken, which may reduce the requirement for this additional contribution.
- The Withybush General Hospital (WGH) Fire Precaution project is due to start on site in June 2021. Due to the size of the project, WG requirements relating to Project Bank Accounts (PBAs) are applicable, with expected project expenditure being in excess of £2.0m; subject to funding approval from WG, this represents the first PBA set up by the HB.

Mrs Hardisty queried the following points:

- Whether the allocation of £195k for the E-prescribing System would be sufficient to cover roll-out costs;
- When a decision would be reached regarding the prioritisation within the Discretionary Capital Programme of proceeds of the sales of Neyland Health Centre and Cardigan Health Centre.

Noting the reported increased costs relating to the Women and Children Phase 2 scheme Mrs Hardisty further queried the level of control which the Project Management Team exercise in managing the scheme.

Mrs Welsby explained that the E-prescribing System represents a capital purchase cost, with funding to cover this being provided by Digital Health Care Wales (DHCW), and that the prioritisation of proceeds from the Neyland and Cardigan Health Centres has been determined, with the decision to be presented to the People, Planning and Performance Assurance Committee (PPPAC) for approval. Mr Thomas advised Members of the challenge in ensuring that the HB works closely with DHCW in managing the roll-out of the E-prescribing System.

With regard to increased costs for the Women and Children Phase 2 scheme, linked mainly to delays in construction, Mrs Welsby shared the following update which had been provided by the Estates Team:

The contract includes some provision for making good floor screeds after partitions have been demolished, marrying levels, and any defects that would have been apparent. This allowance is based on the reasonable assumptions of the contractor. The extent and severity of this problem could not have reasonably been foreseen. A significant part of the estimated additional cost is linked to programme. This will all be subject to further discussion and agreement after the extent of the problem is determined.

Mr Weir observed that the Finance committee is concerned with the revenue consequences of capital expenditure. In responding, Mr Thomas assured Members that though additional capital costs are involved, there will be no long-term revenue impact, adding, however, that these costs represent a short-term concern relating to the management of the project.

Mr Newman queried whether Estates and Finance teams have a clear estimate of the value of the work left to be undertaken from September 2021 onwards, given the risk that the HB may be required to be responsible for additional construction costs in the event of any contractual dispute. Mr Newman sought assurance that lessons had been learned from previous refurbishment projects in terms of clear specification of contracts prior to commencement of works, particularly in relation to fire safety works which are due to start in WGH.

Mr Weir queried whether the depth and detail of the initial preparation work undertaken in relation to the Women and Children Phase 2 scheme, and – more generally – the organisation’s approach to capital project planning, might be subject to audit. Mr Thomas explained that the Director of Strategic Development and Operational Planning had been tasked at the Board meeting held on 27th May 2021 to conduct a wide-ranging review of governance relating to capital projects, and Mrs Joanne Wilson confirmed that Members’ concerns regarding further movement in terms of timescales, cost and risk associated with the Women and Children Phase 2 Scheme had been discussed at the PPPAC meeting held on 25th June 2021, together with NHS Wales Shared Services Partnership (NWSSP) audit recommendations, which had been reported to the Audit & Risk Assurance Committee.

Mr Shaun Ayres explained to Members that all lessons learned in terms of project preparation and governance were being incorporated in the planning for the PPH demountable units scheme, with a fully developed Project Team in place, which includes Structural Engineers, and which would review all potential issues via the project tender stage.

The Committee **NOTED** the Capital Resource Limit (CRL) for 2021/22, the CRL for 2021/22 and **DISCUSSED** the risks relating to the Women and Children Phase 2 scheme.

FC(21)111	<p>FINANCE CORPORATE RISKS</p> <p>Members received the Corporate Risks report, providing a summary of principal risks assigned to the Finance Committee:</p> <ul style="list-style-type: none"> • Risk 646: <i>Ability to achieve financial sustainability over the medium term</i> (score 16) • New Risk to be added in relation to FY22 financial delivery: <i>Ability to deliver the Financial Plan for 2021/22 by the end of March 2022</i> (score 12) <p>Mr Thomas advised Members that the risk score allocated to risk 646 has increased, reflecting the additional risk resulting from the non-delivery of savings in 2020/21, together with additional challenges arising in the early part of 2021/22. Members were reminded however that all efforts are being focused upon achieving financial sustainability over the medium term.</p> <p>In regard to the new corporate risk, Members were informed that the risk score of 12 is significantly lower than the scoring which would normally be expected at this point in the year, due to the development of a clear plan to achieve financial sustainability - recognising, however, that this plan is based upon a number of financial assumptions, and that should these not be forthcoming, the risk score may increase. Members were assured that work is underway to implement additional mitigations which should enable a low risk score to be maintained.</p> <p>The Committee NOTED the corporate risks assigned to Finance Committee and the rationale behind the risk scores allocated.</p>	
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FC(21)112	<p>HEALTHCARE CONTRACTING UPDATE</p> <p>Members received a report outlining the principles underpinning the all Wales Long Term Agreement (LTA) block arrangements, which have been drafted to provide financial and quality assurances to both Providers and Commissioners.</p> <p>Mr Ayres highlighted a reduction of £150k in the HB's total expenditure upon LTAs following the presentation of contract values to the Board on 27th May 2021, and informed Members of the HB Contracting and Commissioning Team's aims to embed Improving Together metrics and a value-based approach within other Welsh Health Boards in order to provide consistency in the data and metrics used to measure performance and quality across LTAs. Members were advised that, based upon the HB's engagement with Swansea Bay University Health Board (SBUHB), a provisional Framework had been proposed which might provide a basis for the development of quantitative metrics, and thereby ensure early engagement and collaborative working. Mr Ayres added that opportunities</p>	
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to merge the HB's data with that of SBUHB would be explored, as both Health Boards are working with Lightfoot Solutions.

Members were informed that the Assistant Director of Value Based Contracting co-Chairs the South West Wales Cancer Centre Group, which has established a Regional Strategic Programme which aims to map demand and capacity in order to develop a service recovery and modernisation strategy, and which includes representation from Health Board Workforce groups.

Mr Ayres advised Members that he is working closely with the Mental Health Team to develop a clear approach to establishing Service Level Agreements (SLAs) with care providers, and is working with County Directors to develop a HB-wide commissioning at scale approach which focuses on value and support for the Foundational Economy.

Responding to a query from Mr Newman regarding SBUHB's capacity to deliver joint services, given the pressures which it will face in recovering Planned Care services, Mr Ayres advised that the challenges faced by both SBUHB and Hywel Dda University Health Board in recovering services would require a regional solution, and assured Members that both Health Boards are committed to collaborative working.

In response to a query from Mr Weir as to whether data relating to the alignment of patient activity with block LTA values would be presented in future reports to the Committee, Mr Ayres explained that while this would normally be reported, the predication of LTA and SLA block contract arrangements for Quarter 2 to Quarter 4 2021/22 upon the previous year's block payment levels, which reflect 2019-20 out-turn, would not enable meaningful analysis of activity relative to payments to be undertaken.

Mr Weir thanked Mr Ayres and looked forward to receiving updates which would include finance and activity indicators regarding the LTA and SLA contracts.

Mr Shaun Ayres left the Committee meeting.

The Committee **NOTED** the principles underpinning the all Wales Long LTA block arrangements and agreement to retain the block contracts in 2021/22, together with initial engagement with SBUHB in developing joint plans to address issues relating to service recovery and delivery.

FC(21)113 YEAR-END DEBRIEF

Mrs Jennifer Thomas joined the Committee meeting.

Members received a report providing a summary of achievements and positive feedback relating to the preparation and submission to WG of the HB's Statutory Audited Annual Accounts, together with improvements required and lessons learned in readiness for the 2022/23 accounts process.

Mrs Jennifer Thomas highlighted positive aspects of the accounts process for 2021/22, as presented in the slides shared with Finance Committee Members, including agreement of the balance process, improved clarity in internal accounting processes, positive WG feedback, and an excellent working relationship between HB Finance Leads and Audit Wales.

Members were also informed of areas where the accounts preparation process faced varying degrees of challenge, being advised that many of these issues, such as accounting for the impact of COVID-19, delays in response to Payroll queries sent to Audit Wales and late technical notifications from WG were outside the organisation's control. Mrs Thomas explained that the greatest challenge lay in the lack of information from workforce systems (ESR and *Intrepid*) relating to annual leave accrual, which had been highlighted in the ISA (*International Standard on Auditing*) 260 Audit Report.

Members noted the next steps following the appraisal of the 2021/22 accounts preparation process, which included a post-learning meeting with Audit Wales, discussion of technical accounting issues and communication with WG, and follow-up of the Audit Wales ISA 260 recommendation relating to workforce systems with the Director of Workforce and Organisational Development. Mrs Thomas informed Members that the implementation within the Accounts Team of the *Blackline* month-end reconciliation system will enable an increased focus upon governance and scrutiny of month-end reconciliations, adding that the first stage of system implementation will be completed in July 2021, with the system being fully operational by September 2021.

Mr Weir thanked Mrs Thomas and the Accounts Team for their work in preparing the annual accounts 2021/22 and meeting the deadline for submission, particularly in light of challenges arising from the COVID-19 pandemic.

The Committee **NOTED** positive aspects relating to the preparation and submission to WG of the HB's Statutory Audited Annual Accounts, together with improvements required and lessons learned in readiness for the 2022/23 accounts process.

FC(21)114 **NEW ORACLE SYSTEM**

Members received a paper outlining decisions taken in regard to the upgrading of the Oracle E-Business Suite (EBS), which is used to maintain the HB's financial ledger and procurement, in advance of the expiry of support for the current EBS version in December 2021.

Members were informed that the EBS contract is managed for the NHS in Wales (the Consortium) by NWSSP, and that, following issues identified in Phases 1 and 2 of testing of the new version, a decision had been taken by the Consortium to revise the date for transfer to the new EBS platform from July 2021 to October 2021.

Noting that there is no reference in the report to links between Oracle EBS and ESR, Mrs Hardisty queried whether the EBS upgrade would impact upon systems work which is being undertaken within the HB to align costings. Mrs Thomas explained that these are separate systems, and that the main link between them is Payroll feed, which has been fully tested as part of the EBS user acceptance testing process, adding that as the upgrade relates to a new platform of an existing system, no impact is anticipated.

Mr Thomas emphasised that it is critical that the move to the new version is completed by October 2021, and assured Members that as much Due Diligence work as possible had been undertaken in advance of the move. In regard to the risks involved, should there be any slippage in the October 2021 go-live timeline, Members were advised that, as a worst-case scenario, the HB would be able to continue using the current EBS platform, and were assured that any delays would not incur costs to the HB.

Noting reference in the report to a high risk to patient care in the event of any delay to ordering and receiving goods arising from the recurrence of run book issues, following a planned 4-day system downtime, Mr Hearty requested further detail on what this risk would involve. Mrs Thomas explained that contingency processes are in place to ensure that goods and services for patient care may continue to be ordered, and Mr Thomas confirmed that the risk relates to regular goods requisition processes rather than specifically to patient care.

Referencing the system faults found during both testing phases, Mr Davies queried how many faults had been identified as 'critical', and the level of risk, should issues identified in the testing process not be addressed by the system supplier by October 2021. Mrs Thomas informed Members that regular discussions are held between the Consortium and the supplier, who is aware of all user issues identified, and that the next round of end-to-end system testing would identify whether any previously identified issues remain.

Given that the results of system tests are not yet available, Mr Weir requested that further detail relating to the risks involved be presented at the next meeting of the Committee on August 31st 2021.

JT

The Committee **NOTED** and **DISCUSSED** risks relating to the upgrade of the current Oracle EBS platform.

FC(21)115	POLICIES FOR APPROVAL	JT
	<p>Members reviewed the following financial procedure:</p> <ul style="list-style-type: none"> Capital Investment Procedure <p>Mr Davies highlighted references in the policy to Official Journal of the European Union (OJEU) procurement rules, which were applicable to the UK until the end of the transition period, and queried how long these requirements would remain in place. Mr Thomas explained that OJEU regulations remain relevant for the HB in terms of requirements to demonstrate value in its procurement processes and advised Members that UK-wide discussions are being held in regard to developing a replacement system applicable to public sector organisation procurement processes.</p> <p>In response to a request from Mr Newman, it was agreed that any revisions to financial policies presented to the Committee for approval would be shown as tracked changes in order to make clear the changes that had been made.</p>	
	<p>The Committee APPROVED the following financial procedure:</p> <ul style="list-style-type: none"> Capital Investment Procedure 	

FC(21)116	MONTHLY MONITORING RETURNS AND HDdUHB COMMENTARY	
	<p>Members received, for information, the M2 Monthly Monitoring Returns submitted to WG, together with the HB's commentary upon the data provided.</p>	
	<p>The Committee NOTED the HB's M2 Monitoring Returns to WG.</p>	

FC(21)117	FINANCE COMMITTEE WORK PLAN	
	<p>The Finance Committee's annual work plan for 2021/ 22 was presented to the Committee for information.</p> <p>Members were informed that both the work plan and the current Terms of Reference (ToR) would be reviewed in line with the re-constitution of the Finance Committee as the Sustainable Resources Committee (SRC). Mrs Wilson confirmed that the ToR and membership of the SRC would be shared with Executive Directors and other committee Chairs and Lead Directors prior to being presented to the Board for ratification on 29th July 2021.</p>	
	<p>The Committee NOTED the items included on its annual work plan for 2021/22, being advised that the work plan and Terms of Reference for the new Sustainable Resources Committee would be presented to the Board for ratification on 29th July 2021.</p>	

FC(21)118	REFLECTIVE SUMMARY	
	<p>Mr Thomas highlighted the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting:</p> <ul style="list-style-type: none"> • Finance Committee’s request for assurance regarding both the HB’s approach to savings delivery and its ability to deliver £16m recurrent savings by September 2021. • Ongoing concern in relation to further movement in terms of timescales, cost and risk associated with the Women and Children Phase 2 Scheme, particularly with regard to the value of the work left to be completed from September 2021 onwards. 	
	<p>The Committee NOTED the key topics discussed during the meeting for inclusion in the Finance Committee Update Report to the next Public Board meeting.</p>	

FC(21)119	ANY OTHER BUSINESS	
	<p>No other business was raised.</p>	

FC(21)120	DATE OF NEXT MEETING	
	<p>To be confirmed.</p>	