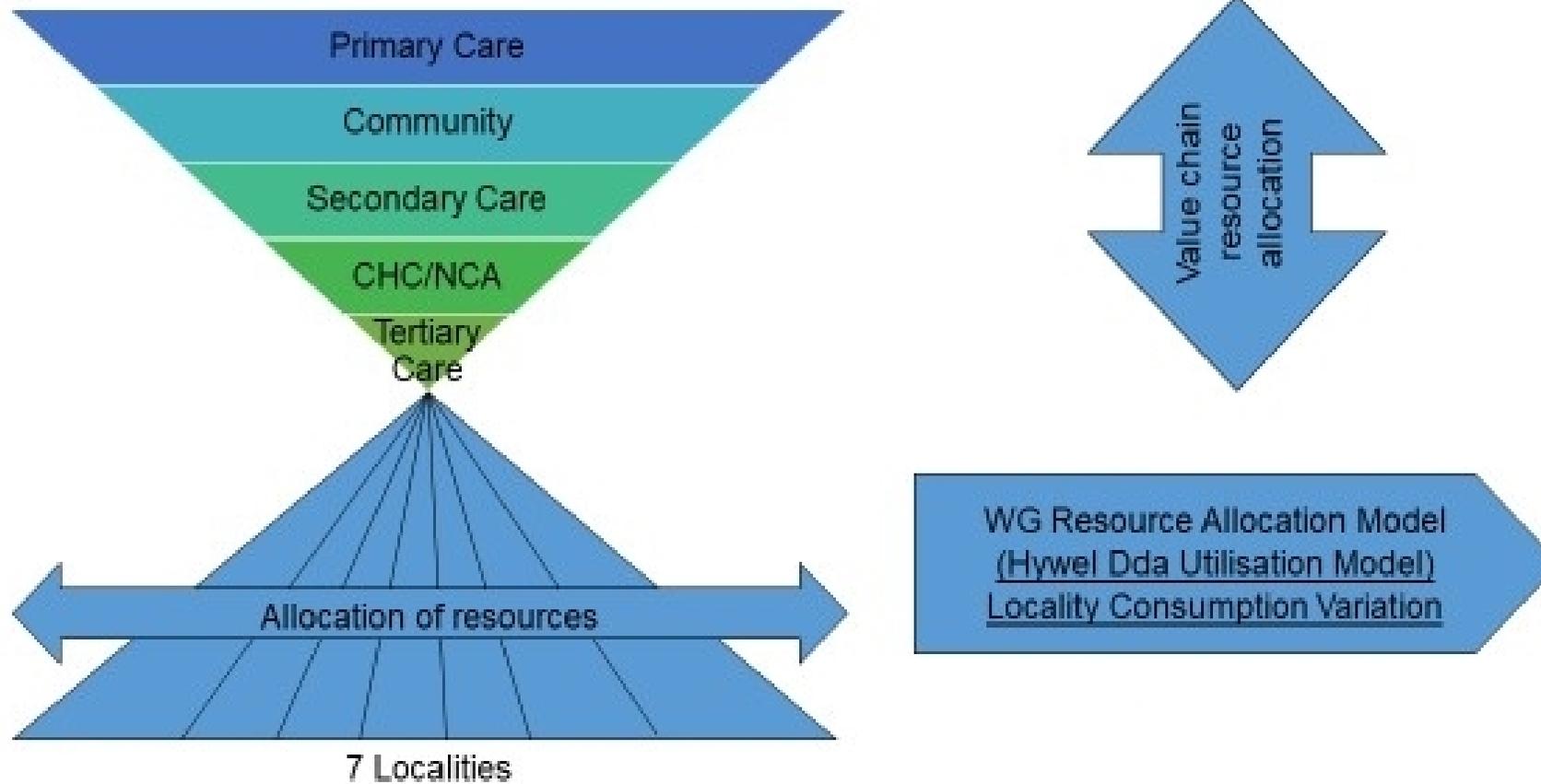


Financial Plan, 2020/21 – Finance Committee March 2020

Issue from 2019/20	Lessons learned into 2020/21
Optimism bias: Unscheduled Care cost pressures, including surge and agency costs	Plan assumes escalated expenditure in Unscheduled Care
Risk assessment: Primary Care prescribing	Plan assumes continued escalated expenditure on Category M prices
Benefits tracking: Primary Care prescribing of New Anti Coagulation drugs	Finance Committee will track the benefits arising from investment decisions, initially looking back at 2019/20
Optimism bias: Welsh Risk Pool (WRP) position	WRP position was highlighted as a likely risk at the start of 2019/20; but was not budgeted for. Risk highlighted for 2020/21 budgeted for
Delivery risk: Savings identification and delivery	Opportunities Framework in place, and Hywel Dda Way in place to provide assurance over delivery
Structural issue: Deficit retained centrally	Deficit will be allocated in shadow form to ensure local ownership wherever possible
Control environment: Pay controls in particular	Introduction of Allocate Job Planning for Medical Staffing; and Allocate Rostering for Nurse rostering in particular



- Volume vs cost (Addressing Red, £47m; Amber, £35m)
- Site, specialty, cluster level
- Can analyse down to individual practice or registered patient level

	Carmarthenshire			Pembrokeshire		Ceredigion		Total
	Llanelli	Taf	Amman	N Pembs	S Pembs	N Cere	S Cere	
Speciality								
General medicine	8.5	4.5	5.4	7.1	4.5	2.8	3.3	36.1
Trauma and Orthopaedics	2.3	2.0	1.6	2.5	1.7	1.7	1.5	13.3
General surgery	1.1	1.0	0.8	1.9	1.1	0.9	0.8	7.6
Ophthalmology	1.3	0.9	1.0	0.8	0.5	0.4	0.4	5.3
Cardiology	0.8	0.7	0.5	0.8	0.5	0.5	0.6	4.3
Urology	0.5	0.5	0.4	0.6	0.4	0.3	0.4	2.9
Gynaecology	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.8
Haematology (clinical)	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.4
Gastroenterology	(0.0)	(0.1)	(0.2)	0.2	0.1	(0.3)	(0.2)	(0.4)
Thoracic medicine	(0.1)	(0.4)	(0.1)	(0.3)	(0.2)	(0.2)	(0.3)	(1.7)
Rehabilitation medicine	0.0	(0.7)	(0.3)	(1.3)	(1.8)	(0.1)	(0.0)	(4.3)
Geriatric medicine	(2.3)	(1.1)	(2.7)	(0.4)	(0.3)	(0.5)	(0.5)	(7.8)
Other specialties	(1.3)	(1.6)	(1.1)	(2.8)	(2.2)	(0.1)	(1.2)	(10.3)
Emergency Department	2.5	1.4	1.4	2.1	1.4	1.7	1.1	11.6
Other - community, outpatient, average Welsh deficit etc	3.9	2.1	2.0	3.3	1.7	2.1	1.7	16.8
Total	17.3	7.3	6.9	11.3	5.8	7.3	6.0	74.8

What's in	What's out
Standstill position	Additional £10m from Welsh Government and any change to our deficit
Recurrent cost pressures which we believe will be seen next year	Non-recurrent measures taken to offset those pressures this year (counted as savings)
Winter surge costs, as we experienced this year	
The full cost of the Core Team (£2.7m) with Welsh Government funding (£1.6m)	Costs relating to developing our capital business case
Maintaining status quo on LTC market	No increase funding beyond inflation
Unavoidable costs/anticipated pressures/national schemes	Local investments (subject to discussion later)

Area	£'m Income	£'m Spend	£'m
Underlying deficit brought forward (slide 8)			48.0
Allocation increase 2%	(12.9)	18.1	5.2
£10m recurring allocation (slide 9)	(10.0)		(10.0)
Agenda for Change pay award	(5.3)	10.9	5.6
Other allocation increase	(4.9)	4.9	0
Impact of prior year decisions		3.8	3.8
Health Board identified pressures		7.5	7.5
	(33.1)	45.2	12.1
Total position before savings			60.1
Anticipated non-recurrent gains			(9.1)
Savings			(26.0)
Deficit for the year			25.0

Area	£'m
Underlying deficit brought forward (slide 11)	48.0
Allocation increase 2%	(12.9)
£10m recurring allocation (slide 9)	(10.0)
Agenda for Change pay award	(5.3)
Other allocation increase	(4.9)
National policy and national decisions	33.9
Impact of prior year decisions	3.8
Health Board identified pressures	7.5
Total position before savings	60.1
Anticipated non-recurrent gains	(9.1)
Savings	(26.0)
Deficit for the year	25.0

Area		£'m
Control total for 2019/20 (£10m removed)		25.0
Medicines Management	4.4	
Welsh Risk Pool	1.0	
Variable Pay premium	6.0	
Surge pressures	2.0	
Planned Care	1.0	
Diabetic equipment (Paediatrics and USC)	1.0	
Core Team slippage gain	0.6	
Gross operational overspend		16.0
Total savings gap		7.0
Underlying deficit carried into 2020/21		48.0

Area		£'m
From Underlying deficit		
Variable Pay	1.3	
		1.3
2020/21 pressures		
Nurse Staffing	1.0	
National developments	2.1	
Balance of Agenda For Change (A4C) costs	5.6	
		8.7
TOTAL		10.0

Area	£'m
Pay Awards A4C	10.2
Pay Awards Medical and Dental	2.4
Other pay awards	0.5
A4C pass through as commissioner	0.7
Nurse Staffing Act	1.0
Apprenticeship levy and National Insurance implications	0.2
WHSSC/ EASC/ LTA/ SLA	7.4
NICE and High cost drugs	4.0
Welsh Risk Pool additional costs	0.5
National developments (slide 11)	2.1
New Welsh Government ring-fenced funding (slide 12)	4.9
	33.9

Area	£'m
Microsoft O365	0.6
Major Trauma LHB costs	0.4
LINC Pathology system	0.2
Lymphedema	0.2
ASD development	0.2
Electronic patient flow	0.2
Eye Care	0.1
WCCIS	0.1
Welsh Pharmacy and Medicines Management	0.1
Electronic documentation	0.1
	2.1

Area	£'m
Mental Health	1.7
Cluster funding	1.3
Depreciation funding	1.0
Precision medicine	0.2
Paramedic banding	0.2
Substance misuse	0.1
Dental innovation	0.1
Critical care	0.1
Gender identity	0.1
Other	0.1
	4.9

Area	£'m
Core team full year costs	1.7
Revenue consequences of capital	0.3
Historic budget issues: Therapies and Public Health	0.5
Making malnutrition matter	0.3
Virtual Pulmonary Rehabilitation	0.2
Welsh Language Act	0.1
Health protection	0.3
Neuromuscular service	0.1
Other	0.3
	3.8

Area	£'m
Continuing Healthcare and Funded Nursing Care	2.4
Dental inflation	0.9
Estates, and Health and Safety	0.5
Utilities	0.7
Bed and mattress rolling replacement	0.3
Other	2.7
	7.5

Investments

Original 3 year plans included **£4.6m** of Investment bids.

- **Ceredigion** – Original bids £1.7m. Reduced to £0.6m funded by a Scheme 3 Transformation Fund allocation for the county.
- **Carmarthenshire** – Original bids of £1.7m. Reduced to £0.8m. Enhanced Community Nursing of £0.5m to be funded from Welsh Government Digital Fund bids (£0.3m) with the balance funded from County resources. £0.2m of Palliative Care service enhancements subject bid to the Trustees of Tŷ Bryngwyn Charity.
- **Pembrokeshire** – Original bids of £1.2m. Reduced to £0.3m, to support Core Community Service demand, enhanced Chronic Disease services and Long Term Care pressures. Will be funded within County resources.

Plans therefore cost neutral for the Health Board in 2020/21

Investment of £2.3m required across the team.

Benefits of £7.5m quantified:

- £3.3m newly qualified recruitment activity
- £1.9m reduced nursing turnover
- £0.9m apprenticeship scheme
- £0.8m sickness reduction across nursing, HCSW and Estates
- £0.4m Allocate nurse rostering system implementation
- £0.2m Introduction of Medical Bank

Investment of £0.8m required as follows:

- £0.3m Smoking cessation. Of this, £0.1m anticipated to be funded from WG Prevention monies, with £0.2m from targeted admission avoidance.
- £0.4m Vaccinations and Immunisations. Minimal cash savings have been identified through reductions of flu admissions.
- £0.1m Making Every Contact Count. No savings have been identified.

Investment of £0.7m required as follows:

- £0.2m HCAI, which will generate savings of £0.2m in USC through reduced antibiotic use, and reduced infection rates.
- £0.5m in improving patient experience. This includes the Envoy scheme, increased capacity and PALS, and EQUIP scheme. No savings have been identified.

Investment of £1.1m required as follows:

- £0.4m on Empowering Clinicians, for which savings of £0.2m have been identified in year.
- £0.1m on Empowering Patients, for which savings of £0.3m have been identified in year.
- £0.6m on Digital Enablers, for which savings of £0.6m have been identified in year.

Investment of £0.8m required as follows:

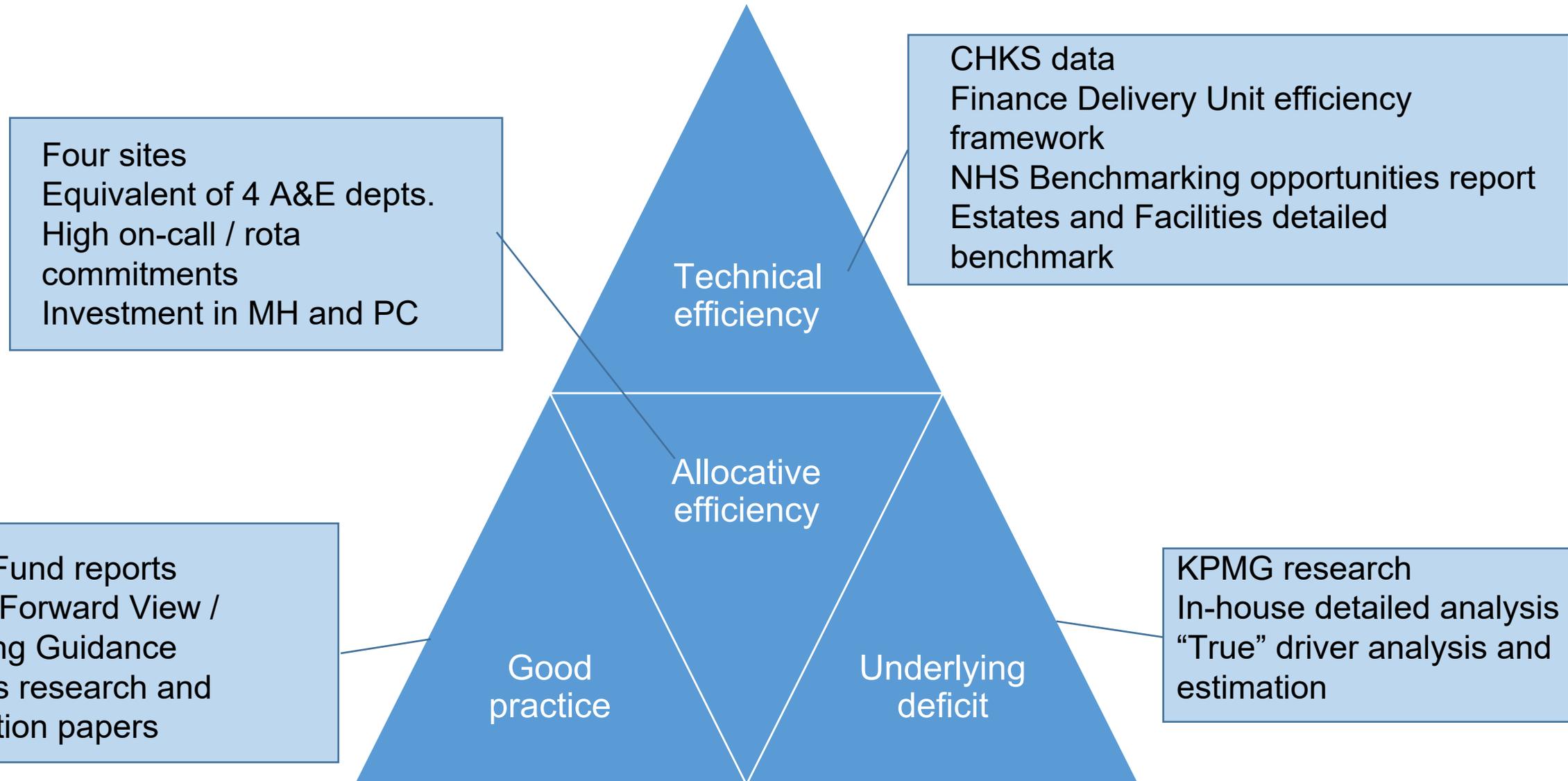
- £0.1m Clinical Lead
- £0.1m Paediatric Lead
- £0.4m Other pay costs
- £0.2m Non pay costs

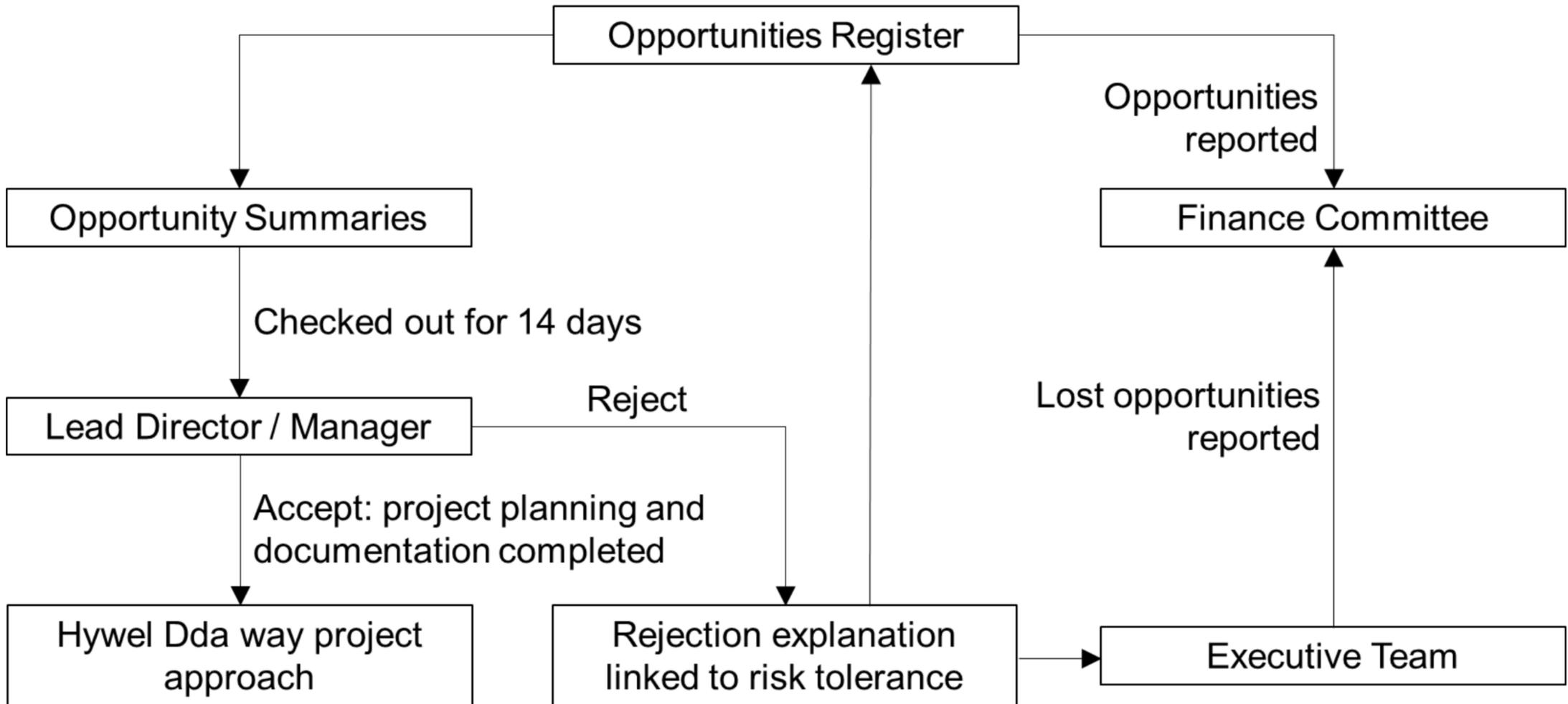
Discussions are ongoing with Welsh Government to support a sustainable TB service.

Investment of £1.8m required as follows:

- £0.1m Project Manager
- £0.2m Business Case development
- £0.3m Technical Estates
- £0.3m External Specialist Commissioned Team for land acquisition (Funding for this is anticipated from WG)
- £0.5m Internal planning and Estates team expansion
- £0.2m Backfill for senior planning and Estates positions
- £0.2m Digital support

Savings





- Issued
 - Technical efficiencies – CHKS
 - Demand management – Secondary to Primary /Community, whole system approach
- Pending
 - KPMG proposals – theatre management, outpatient programme, Endoscopy
 - NHS Benchmarking opportunities reports and summary
 - Electronic data capture
 - Dedicated ambulance vehicles & other legacy decisions
- In course of construction
 - Income review
 - Other KPMG proposals
 - Rapid diagnosis centre
 - Miscellaneous schemes – eg WARP It, non-pay / procurement

- Current Framework
 - 88 identified opportunities to date
 - Some of these are nested – eg NHS Benchmarking listed as one opportunity, with over 100 individual opportunities in 21 categories nested within;
 - Total value of opportunities is approximately £45m - £60m
 - Note not all will translate directly into savings
 - Some opportunities clearly require £ investment or at the very least transfer of staff or other resource

- Other factors currently being worked up
 - How to capture service and shop-floor opportunities
 - How to evaluate pilot schemes and small scale successes
 - especially GP cluster developments
 - Focus needs to be on demand management as this is where the majority of our excess cost is to be found
 - How to ensure we track the “checking out” and return of opportunities, conversion into workable project plans
 - Prioritisation of projects
 - Reporting to Exec Team and Finance Committee