

Enw'r Pwyllgor / Name of Committee	Finance Committee
Cadeirydd y Pwyllgor/ Chair of Committee:	Mr Michael Hearty, Chair
Cyfnod Adrodd/ Reporting Period:	Meeting held on 25 th May 2021
Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor / Key Decisions and Matters Considered by the Committee:	
<p>The Finance Committee has been established to advise the Board on all aspects of Finance and the revenue implications of investment decisions. The primary role of Hywel Dda University Health Board's (HDdUHB's) Finance Committee is, as such, to provide assurance on financial performance and delivery against HDdUHB financial plans and objectives and, with regard to financial control, to provide early warning of potential performance issues and to make recommendations for action to continuously improve the financial position of the organisation.</p> <p>This report summarises the work of the Finance Committee at its meeting held on 25th May 2021, with the following items highlighted:</p> <ul style="list-style-type: none"> • Finance Committee Annual Self-Assessment 2020/21– the Committee received the outcomes from the Finance Committee's annual self-assessment exercise 2020/21, presented in the form of collated responses from Members. It was agreed that the self-assessment had provided a rich source of intelligence and had elicited observations and suggestions that would inform the work programme of the Finance Committee, both under its current constitution, and within the new committee structure. While expressing a level of disappointment with regard to the relatively low number of responses received, Members recognised that the assessment had proved to be a challenging exercise, and as such might deter Executive and Independent Members' participation, given their respective commitments and the timescales allocated for completion of the questionnaire, and highlighted the need to achieve a balance in the format of future assessments in order to gather meaningful insights while avoiding an overly-forensic evaluation. Members were assured that consideration would be given to the timeframes for future committee assessments, with these being spaced more evenly throughout the year. • Finance Report and Financial Forecast Month 1 – the Month 1 (M1) 2021/22 Finance Report was received by the Committee. Members were advised that the Plan would now assume Welsh Government (WG) funding of £32m to cover undelivered savings in 2020/21 - noting the caveat that these savings would be scrutinised by WG - resulting in a revised planned deficit of £25m for 2021/22. Members were advised that the Finance Team is working with WG to clarify details of the funding package. Being informed that responsibility rests with the Health Board (HB) to deliver its savings requirement of £16m for the current year, Members were advised that while non-recurrent savings may be delivered in the first 6 months of 	

2021/22, savings opportunities must be identified and delivered to ensure that the underlying deficit does not deteriorate further. Members were assured that the Finance Team is closely reviewing its overall savings package and identifying savings which need to be made recurrently, and noted that while there is a relatively low risk in the current financial year to the HB's ability to deliver a deficit position of £25m, this risk would increase in 2022/23, and it is therefore incumbent upon the organisation to maintain a focus upon its underlying deficit position.

Members expressed a level of concern in regard to in-month costs of £1.7m within Unscheduled Care relating to increased premium agency payments, and were assured that work is being undertaken within the Workforce and Organisational Development Directorate to identify how the most effective use may be made of Health Care Support Workers and other medical staff, in order to increase flexibility in working and to mitigate as far as possible the need for Agency staff usage.

- **Capital Financial Management** – the Capital Financial Management report was received by the Committee, 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.

Members were advised of financial risks associated with the Women and Children's Phase 2 scheme in Glangwili General Hospital (GGH), noting that additional cost implications for the scheme of £2.23m due to the implementation of social distancing legislation have not yet been agreed with the Supply Chain Partner (SCP). Members were informed that NHS Wales Shared Services Partnership - Estates has requested further information regarding these costs from the Cost Advisor and Project Manager to provide assurance to WG that they are reasonable, and were assured that the HB is actively seeking agreement from WG that these costs will be reimbursed, while working through cost and delay implications to assess the possible impact upon the HB. Recognising that cost and delay constitute a significant risk to the delivery of the scheme, and noting the frequency with which concerns relating to these issues have been raised in previous Finance Committee meetings, Members were advised that, having quantified the potential impact should the SCP withdraw from the scheme, the Director of Finance would meet with the Board Secretary and the Director of Estates, Facilities and Capital Management to consider both the articulation of a corporate risk and the HB's response in terms of key mitigations, with details to be provided at the next Finance Committee meeting on 29th June 2021. Members acknowledged the lessons to be learned in the HB's contracting processes, and recognised opportunities to adopt a more local approach by working with Local Authority partners to identify companies to undertake capital building and infrastructure projects, which would serve to support local businesses and demonstrate the HB's investment in the Foundational Economy.

- **Finance Operational Risks** – the Committee received the Finance Operational Risks report, providing a summary of 11 operational risks which

have been extracted from the *Datix* database and assigned to the Finance Committee as the 'Assuring Committee'.

Members noted that in order to support the correct assignment of operational risks to Finance Committee, key criteria in terms of *failure to remain within allocated budget in-year or in the medium term* had been established to provide consistency in financial risk recording across Directorates and to ensure that risks are owned and managed by the relevant service. Members emphasised the need to ensure that all risks are regularly updated, and to focus upon risk ownership and control, recognising some areas in which further work may be required to address organisational cultural issues relating to budget management.

- **Value Based Health and Care Update** – the Committee received a report providing an update on the progress made, and future plans to develop and roll out HDdUHB's Value Based Health and Care (VBHC) Programme. Members were informed that VBHC service transformation work has been extended to include Primary Care, Community, and Social Services and noted an ambitious roll-out programme, which includes the review of 16 care pathways and the implementation of all service action plans by the end of the current financial year. Members were informed that while the presentation of meaningful Patient Recorded Outcomes Measures (PROMs) data at Board and Executive level would currently prove challenging, given that further iterative development of data granularity for different health conditions and services would be required in order to enable detailed comparison and analysis of value outcomes, work is underway both with specialty colleagues to develop intelligence from the data provided and with the Welsh Institute for Data Innovation to develop analytical tools. Members were assured that Executive colleagues would be included in scheduled service data reviews, in order to inform and direct future service plans, and that consideration is being given to establishing links with National Clinical Leads, inviting them to join HB clinicians in reviewing health and service data at scheduled review points in order to identify challenges to pathways and opportunities to re-assign resources where required.
- **Draft Annual Accounts 2020/21** – the Committee received the HB's Draft Statutory Annual Accounts 2020/21, which had been submitted to WG on 30th April 2021 prior to scrutiny by Wales Audit. Members were advised that, overall, the audit is progressing well, and that the Final Accounts would be presented to the Audit and Risk Assurance Committee and to the Board on the 10th June 2021, prior to submission to WG by 11th June 2021. Members commended the work of the Finance Team in meeting the deadlines for submission of the Annual Accounts 2020/21.

NWSSP Performance Report Q4 – the Committee received a report providing summary performance data in respect of the services provided by NHS Wales Shared Services Partnership (NWSSP) for the quarter ended 31st March 2021 (Q4 2020/21). Being advised that recommendations made in previous assurance committee meetings regarding the need to align the Key Performance Indicators (KPIs) upon which NWSSP performance reporting is based with the assessment criteria utilised by the HB had been

communicated to NWSSP, Members received assurance that in developing new KPIs, NWSSP would reflect upon the new version of the HB's Integrated Performance Assurance Report, which is currently being developed.

- **Update from Commissioning Group** – the Committee received an update from the Commissioning Group meeting held on 21st April 2021. Discussions relating to HDdUHB patient repatriation opportunities for activity which is carried out outside the HB area, and to the alignment of HDdUHB's recovery actions with those of other Health Boards, was highlighted in the update, and Members were advised that the focus of the Commissioning Group is currently upon aligning service specifications across Welsh Health Boards. Noting that the Mental Health Team has already begun its re-tendering exercise through a Joint Mental Health & Learning Disability (MH&LD) Commissioning Group, Members queried whether lessons are being learned in the re-tendering process in the case of certain providers who offer high-cost but low-value placements, and were assured that Third Sector agreements are being reviewed and that there is regular engagement between MH&LD service colleagues and the Commissioning Group.

Noting the broad range of issues - aside from financial and commissioning considerations - which are associated with Continuing Healthcare (CHC), Members agreed that consideration should be given to aligning CHC with the terms of reference of the revised committees, and were assured that the views of the Director of Primary Care, Community and Long Term Care would be sought in order to gain their perspective on the positioning of CHC within the revised committee structure.

- **Update from Agile Digital Business Group** – the Committee received an update from the Agile Digital Business Group meeting held on 7th May 2021 and noted discussions relating to short-term investment opportunities, and the presentation of a number of digital business cases for future consideration. Members queried whether there are opportunities to develop digital projects on a regional or a national basis, and were informed that the Digital Team is currently working with Digital Health and Care Wales and with Local Authorities to develop digital systems, and that opportunities to develop effective system interfaces with the Welsh Community Care Information System and with Carmarthenshire and Pembrokeshire Local Authorities are being explored.

Materion y mae angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd ar eu cyfer / Matters Requiring Board Level Consideration or Approval:

No issues requiring Board level consideration or approval were discussed.

Risgiau Allweddol a Materion Pryder / Key Risks and Issues/ Matters of Concern:

- While the HB can be reasonably confident that the revised deficit position of £25m can be delivered, there has been a slight increase in the risk to savings delivery of £16m for 2021/22.

- Concern regarding in-month costs of £1.7m within Unscheduled Care relating to increased premium agency payments, and requests for assurance that the HB is considering a change in the current medical and nursing model, particularly in view of an anticipated return to higher levels of Agency expenditure over the Winter months. Members were assured that work is being undertaken within the organisation to identify how the most effective use may be made of Health Care Support Workers and other medical staff, in order to increase flexibility in working and to mitigate as far as possible the need for Agency staff usage.
- Financial risks associated with the delivery of the Women and Children's Phase 2 scheme in GGH, noting that additional cost implications for the scheme of £2.23m due to the implementation of social distancing legislation have not yet been agreed with the Supply Chain Partner (SCP), and recognising a risk that the SCP may decide to withdraw from the project. Members were assured that the HB is actively seeking agreement from WG that additional costs will be reimbursed, and is working through cost and delay implications to assess the possible impact upon the HB, which would be articulated as a corporate risk.
- The need to ensure that all elements relating to Continuing Health Care are fully and appropriately reflected in the HB's new committee structure and to consider the positioning of CHC planning within the organisation.

**Busnes Cynlluniedig y Pwyllgor ar gyfer y Cyfnod Adrodd Nesaf /
Planned Committee Business for the Next Reporting Period:**

Adrodd yn y Dyfodol / Future Reporting:

In addition to the standing agenda items, the June 2021 Finance Committee meeting will include the following items:

- Savings Plan 2021/22
- Year-End 2020/21 Debrief
- New Oracle System

Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:

29th June 2021

Enw'r Pwyllgor / Name of Committee	Finance Committee
Cadeirydd y Pwyllgor/ Chair of Committee:	Mr Winston Weir, Chair
Cyfnod Adrodd/ Reporting Period:	Meeting held on 29 th June 2021
Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor / Key Decisions and Matters Considered by the Committee:	
<p>The Finance Committee has been established to advise the Board on all aspects of Finance and the revenue implications of investment decisions. The primary role of Hywel Dda University Health Board's (HDdUHB's) Finance Committee is to provide assurance on financial performance and delivery against HDdUHB financial plans and objectives. With regard to financial control the Committee provides early warning of potential financial performance issues and makes recommendations for action to improve the financial position of the organisation.</p> <p>This report summarises the work of the Finance Committee at the meeting held on 29th June 2021, noting that it will be reconstituted as the Sustainable Resources Committee, if approved at the Board meeting on 29th July 2021.</p> <p>The following items highlighted were highlighted in the meeting:</p> <ul style="list-style-type: none"> Finance Report and Financial Forecast Month 2 – the Month 2 (M2) 2021/22 Finance Report was received by the Committee. The Board is reminded that the Health Board's (HB) Interim Financial Plan is to deliver a deficit of £25m in 2021/22, after recurrent savings of £16m. Members were updated in relation to a number of uncertainties in this position, which are based upon securing non-recurrent central funding and delivery of the savings target in 2021/22 . Members were advised of assumptions regarding further anticipated COVID-19 costs and any funding confirmed by Welsh Government (WG). Members were advised that there are opportunities to discuss with WG how COVID-19 funding might be used to offset an in-year savings gap of £8m between the HB's savings target and identified savings schemes. Members noted that costs relating to the COVID-19 booster vaccination programme are not included in the £12.8m figure for the HB's mass vaccination programme, and that discussions are being held with WG to confirm funding. Members acknowledged the financial position presented for M2, and the need to focus upon the delivery of savings of £16m. <p>Savings Plan 2021/22 – the Committee 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. Members noted previous and current work to analyse and understand the HB's deficit, supported by work with Lightfoot solutions, and were advised of the significant costs associated with the current HB Emergency Department ('front door') model, and the need to review the</p>	

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.

Members highlighted the need to include integrated work with partner agencies and the HB's savings plans, particularly with regard to plans to reduce and avoid hospital stays. Members highlighted the opportunities to establish new models of care which combine reduced costs with increased health and care benefits to individuals.

Members were informed that savings efficiencies would be realised following the building of the proposed new hospital, for example the re-modelling of existing Emergency Department services within the HB.

- **Capital Financial Management** – the Capital Financial Management report was received by the Committee, providing details of the HB's Capital Expenditure Plan and Expenditure Profile Forecast for 2021/22, and the Capital Resource Limit (CRL) for 2021/22. Members were informed of an additional allocation of £195k which has been made for the E-prescribing system, the approval of £2.5m capital funding for the demountable units solution at Prince Phillip Hospital and the opening of the first Project Bank Account by the HB in relation to work on the Withybush General Hospital Fire Precaution project, which is due to start in June 2021.

Members were advised that forecast project costs for the Women and Children Phase 2 scheme has increased by an estimated £352k.

Members queried whether Estates and Finance teams have a clear estimate of the value of the work left to be undertaken from September 2021 onwards. Members sought assurance that lessons had been learned from previous capital refurbishment projects in terms of a clear specification of contracts prior to commencement of works.

- **Finance Corporate Risks** – the Committee received the Finance Corporate Risks report, providing a summary of 2 operational risks which have been extracted from the *Datix* database and assigned to the Finance Committee as the 'Assuring Committee':

- Risk 646: *Ability to achieve financial sustainability over the medium term* (score 16)
- New Risk to be added in relation to FY22 financial delivery: *Ability to deliver the Financial Plan for 2021/22 by the end of March 2022* (score 12)

Members were advised of the rationale for the scorings allocated to each risk and, in the case of the new Corporate risk, were assured that work is underway to implement additional mitigations which should enable a low risk score to be maintained.

- **Healthcare Contracting Update** – the Committee received the Healthcare Contracting Update, 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.

Members were informed of 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 noted 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 assured that opportunities for collaborative working with Swansea Bay University Health Board (SBUHB) and with other Welsh Health Boards are being progressed. For example, the Contracting and Commissioning Team have aligned with the Cardiology Directorate to develop a joint plan with SBUHB relating to delivery of the Acute Coronary Syndrome pathway and cancer services.

- **Year End Debrief** – the Committee received a report providing a summary of 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.
- **New Oracle System** – the Committee received a report 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 assured that a rigorous end-to-end testing progress is being undertaken prior to a planned move to the new system in October 2021.
- **Financial Procedures for Approval** – the Committee approved the Capital Investment Procedure
- **Finance Committee Work Plan** – Committee 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). Members noted 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.

Materion y mae angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd ar eu cyfer / Matters Requiring Board Level Consideration or Approval:

No issues requiring Board level consideration or approval were raised.

Risgiau Allweddol a Materion Pryder / Key Risks and Issues/ Matters of Concern:

- 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. Members were advised 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 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.

- Ongoing concern in relation to further cost and risk changes 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. Members were advised that an increase in costs of £325k is currently estimated, 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.

**Busnes Cynlluniedig y Pwyllgor ar gyfer y Cyfnod Adrodd Nesaf /
Planned Committee Business for the Next Reporting Period:**

Adrodd yn y Dyfodol / Future Reporting:

The agenda for the first meeting of the Sustainable Resources Committee, which replaces the Finance Committee within the revised committee structure is to be confirmed.

Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:

23rd August 2021