



**CYFARFOD BWRDD PRIFYSGOL IECHYD  
UNIVERSITY HEALTH BOARD MEETING**

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	24 November 2022
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Financial Report – Month 7 2022/23
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Rebecca Hayes, Senior Finance Business Partner

<b>Pwrpas yr Adroddiad (dewiswch fel yn addas) Purpose of the Report (select as appropriate)</b>
Ar Gyfer Penderfyniad/For Decision

**ADRODDIAD SCAA  
SBAR REPORT**

Sefyllfa / Situation

The purpose of this report is to outline the Health Board’s financial position to date against our Annual Plan and assess the key financial projections, risks and opportunities for the financial year.

Cefndir / Background

**Month 7 2022/23**

The Health Board’s Financial Plan was initially to deliver a deficit of £25.0m, after savings of £29.4m. Through the Month 3 reporting cycle, the Health Board had revised its draft Financial Plan, to deliver a deficit of £62.0m, after savings of £13.9m; this recognises the insufficient level of assurance around the identification of a further £15.5m of savings schemes deliverable within the current financial year against our initial £25.0m deficit Plan.

In Month 7, a revised forecast deficit of £59.0m has been reported to WG; whilst the forecast deficit has improved from £62.0m to £59.0m; this recognises an additional £5.0m of operational variation offset by £8.0m of non-recurrent gains.

The Month 7 Health Board financial position is an overspend of £6.0m, which is made up of £3.9m operational variance and an original deficit plan of £2.1m; this is after recognising £0.3m of assumed WG transitional funding for COVID-19 and £0.5m for Exceptional Energy costs. £1.5m of savings schemes were delivered in line with identified plans.

Of the £3.9m overspend in-month, £1.0m relates to undelivered savings plans against the original target and £2.9m relates to operational pressures. These pressures are mainly being experienced within our Unscheduled Care teams, but also within Medicines Management in relation to Primary Care Prescribing.

The Health Board has received confirmation of WG funding to match the costs of the COVID-19 programmes (Tracing, Testing, Mass Vaccinations and PPE), COVID-19 Transitional Responses, and Exceptional Energy, up to a maximum of the Month 6 forecast. In Month 7, the total COVID-19 forecast and the Energy forecast are both lower than the Month 6 value by £1.4m and £0.1m respectively. Further confirmation of WG funding in respect of the Health and Social Care Levy and Real Living Wage commissioned services costs has also been received, with values assumed as per our forecast.

Since our initial plan submission, each Executive Director and their respective leadership teams have been reviewing their operational plans to deliver a step change through targeted programmes of work. Trajectories are being developed, but as yet no assurance can be taken for in-year financial benefit realisation.

Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration in the underlying deficit to £75.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our Target Operating Model. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.

### Asesiad / Assessment

The Health Board's key targets are as follows:

- **Revenue:** to contain the overspend within the Health Board's planned deficit
- **Savings:** to deliver savings plans to enable the revenue budget to be achieved
- **Capital:** to contain expenditure within the agreed limit
- **PSPP:** to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice
- **Cash:** While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and a rule of thumb of 5% of monthly expenditure is used. For the Health Board, this is broadly £4.0m.

### Month 7 2022/23

Key target		Annual limit	YTD limit	Actual delivery	Forecast Risk
Revenue	£'m	59.0	34.9	34.9	Low*
Savings	£'m	21.9	8.3	8.3	Low**
Capital	£'m	28.4	10.7	10.7	Low
Non-NHS PSPP	%	95.0	95.0	94.9	Medium***
Period end cash	£'m	4.0	4.0	2.6	High****

\* The Health Board is forecasting a financial outturn position of £59.0m, which is an improvement against the re-submitted draft annual plan of £62.0m, which is £34.0m higher than the previous planned deficit of £25.0m. Whilst the delivery risk to the revised forecast deficit of £59.0m is considered to be Low, this is an unacceptable level of deficit and urgent management actions are required to address the underlying position. There is a significant risk that the revised deficit forecast may still not be accepted by Welsh Government.

\*\* Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration

in the underlying deficit to £75.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our 2023/24 planning cycle. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.

\*\*\*The Health Board did not achieve its PSPP target of paying 95% of its non-NHS invoices within 30 days in Quarter 2 (93.6%), which has adversely affected the cumulative position (94.9%). This was caused by delays in authorising invoices by the service; a process has been implemented to assist accounts payable to obtain the authorisation in a timely manner. The Month 7 in-month compliance was below target (91.8%) and there remain concerns due to staff shortages within specific areas; the risk assessment is now Medium. Work continues to support process improvements to recover the cumulative position to above the target.

\*\*\*\* If WG do not fund the cash consequences of the revenue deficit, there is a significant risk to the period end cash position.

### **Accountable Officer letter**

Following the change in forecast financial deficit reported to WG in Month 7, a further Accountable Officer letter will be required, including an explanation of the cash implications of the revised forecast. It is expected that this will be submitted to WG during the November reporting cycle, once the assessment of the impact of the revised forecast on the underlying deficit is concluded. A worsening underlying deficit is expected given the £8.0m Accountancy Gain is non-recurrent.

### **Financial Cash Management Strategy**

The Health Board's cash management strategy has been developed following engagement with, and scrutiny by, members of the Sustainable Resources Committee. This strategy seeks to prioritise payments into categories to ensure that the risks arising from any cash shortfall in the final two weeks of the financial year are managed appropriately.

The Health Board is due to submit its request for cash support from Welsh Government in December, the value for which is currently being assessed by the Finance Department. Once clarity has been reached on the available cash, arrangements will be put in place to minimise short term cash risks.

### **Inefficiency activity drivers**

Please refer to Appendix 1; this was discussed in the November 2022 Sustainable Resources Committee.

### **Financial Scheme of Delegation Update**

Updates have been made to the Financial Scheme of Delegation, which were presented to the Audit & Risk Assurance Committee in October 2022 with a request for onward approval by the Board. These changes are referenced in Appendix 2.

### **Consultancy**

The NHS is subject to a complex VAT regime. To ensure compliance with legislation and reclaimable VAT is maximised support from external consultants is required. The use of consultancy is necessary when the specific skills are not available within the Health Board. For this reason, the Health Board engages taxation specialists to provide a VAT consultancy service. The current contract is due to expire shortly, therefore the Board is asked to approve the tender to appoint experts for a period of 3 years with an option to extend for a further 2 years. The contract is managed by the Finance Function, and was presented to the

Sustainable Resources Committee (SRC) in November 2022 for scrutiny and its endorsement to Board.

Based on the current structure of the contact, the new tender is likely to be setup on a similar basis with a risk share approach, where the service provider will charge the Health Board a percentage of the reclaimed element of VAT they successfully agree with HMRC. Should they not succeed in reclaiming VAT, no payment is likely to be due. The new contract will be for a period of 3 years with an option to extend for 2 years. The indicative value is £200,000. This is estimated based on the provider receiving a percentage of the VAT reclaim received by the Health Board in line with current contract values.

### Argymhelliad / Recommendation

The Board is asked to:

- **NOTE** and **DISCUSS** the financial position as at Month 7 2022/23, alongside the implications for the Health Board of the challenging outlook.
- **NOTE** that we have developed a cash management strategy, the detail of which will follow once further clarity has been provided by Welsh Government on available resources.
- **NOTE** that the Chief Executive will be required to submit an Accountable Officer letter relating to our cash requirement and deteriorating underlying deficit.
- **APPROVE** the changes to the scheme of delegation as recommended by the Audit & Risk Assurance Committee following their meeting on 18<sup>th</sup> October 2022.
- **APPROVE** the Consultancy request for VAT services.

<b>Amcanion: (rhaid cwblhau)</b>	
<b>Objectives: (must be completed)</b>	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1199 (score 25) Achieving financial sustainability
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	9. All HDdUHB Well-being Objectives apply

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili General Hospital GMS – General Medical Services MHLN – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OOH – Out of Hours PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics WG – Welsh Government WGH – Worthybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee YTD – Year to date
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Finance Team Management Team Executive Team

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	HDdUHB 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 HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
<b>Gyfrinachedd: Privacy:</b>	Not applicable.
<b>Cydraddoldeb: Equality:</b>	Not applicable.

## Executive Summary

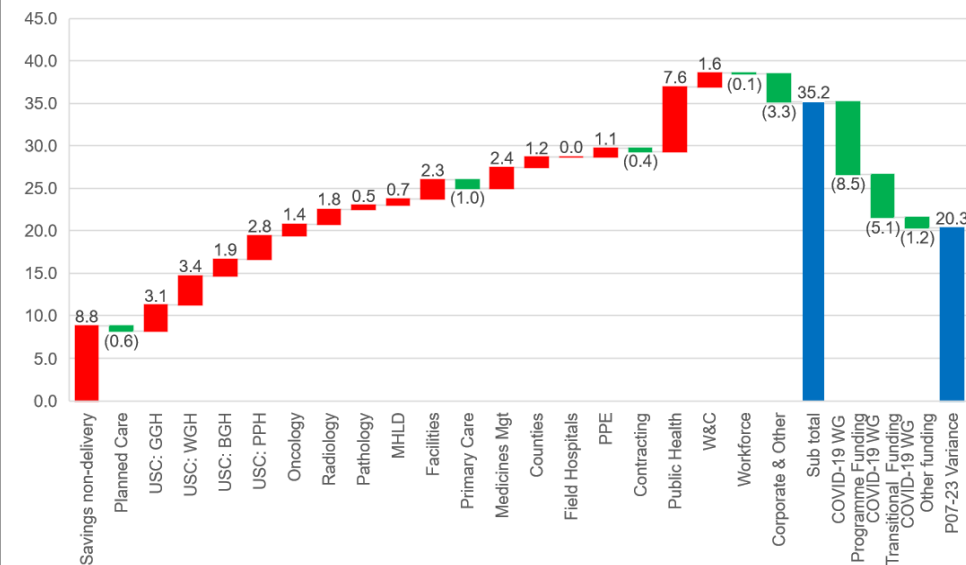
	<p><b>Health Board's revised draft Financial Plan is to deliver a deficit of £62.0m, after savings of £13.9m; this recognises the inadequate level of assurance around the identification of a further £15.5m of savings schemes deliverable within the current financial year against our initial £25.0m deficit Plan, combined with an operational variation due to system pressures and continuation of COVID-19 activities within our core services.</b></p> <p><b>The forecast deficit is £59.0m, after recognising a further £5.0m of operational variation offset by £8.0m Accountancy Gains.</b></p>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>• The Month 7 Health Board financial position is an overspend of £6.0m, which is made up of £3.9m operational variance and an original deficit plan of £2.1m; this is after recognising £0.3m of assumed WG transitional funding for COVID-19 and £0.5m for Exceptional Energy costs. £1.5m of savings schemes were delivered in line with identified plans.</li> <li>• Of the £3.9m overspend in-month, £1.0m relates to undelivered savings plans against the original target and £2.9m relates to operational pressures. These pressures are mainly being experienced within our Unscheduled Care teams, but also within Medicines Management in relation to Primary Care Prescribing.</li> </ul>
<b>Projection</b>	<ul style="list-style-type: none"> <li>• The Health Board has received confirmation of WG funding to match the costs of the COVID-19 programmes (Tracing, Testing, Mass Vaccinations and PPE), COVID-19 Transitional Responses, and Exceptional Energy, up to a maximum of the Month 6 forecast. In Month 7, the total COVID-19 forecast and the Energy forecast are both lower than the Month 6 value by £1.4m and £0.1m respectively. Further confirmation of WG funding in respect of the Health and Social Care Levy and Real Living Wage commissioned services costs has also been received, with values assumed as per our forecast.</li> <li>• Since our initial plan submission, each Executive Director and their respective leadership teams have been reviewing their operational plans to deliver a step change through targeted programmes of work. Trajectories are being developed, but as yet no assurance can be taken for in-year financial benefit realisation.</li> </ul>
<b>Savings</b>	<ul style="list-style-type: none"> <li>• Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration in the underlying deficit to £75.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our Target Operating Model. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.</li> </ul>
<b>Next Steps</b>	<ul style="list-style-type: none"> <li>• Following feedback from WG regarding the revised draft Financial Plan and the Health Board's escalated status into Targeted Intervention, the Board have further challenged teams to urgently identify management actions to reduce the organisation's expenditure trajectory.</li> <li>• We are committed to addressing/mitigating our challenges to get back on track with our financial roadmap; a weekly progress report is being presented to the Executive Team to retain sufficient strategic focus on this key deliverable.</li> <li>• Assessment of historic investment decisions for value opportunities, including COVID-19 on-going costs and those transferred to core. Collaborative dialogue with WG and FDU is continuing with the Health Board in support of progressing the agreed TI workstream deliverables.</li> </ul>

# Executive Summary

Summary of key financial targets					
<p>The Health Board's key targets are as follows:</p> <ul style="list-style-type: none"> <li>• Revenue: to contain the overspend within the Health Board's planned deficit</li> <li>• Savings: to deliver savings plans to enable the revenue budget to be achieved</li> <li>• Capital: to contain expenditure within the agreed limit</li> <li>• PSPP: to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice</li> <li>• Cash: While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and a rule of thumb of 5% of monthly expenditure is used. For the Health Board, this is broadly £4.0m.</li> </ul>					
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<p>* The Health Board is forecasting a financial outturn position of £59.0m, which is an improvement against the re-submitted draft annual plan of £62.0m, which is £34.0m higher than the previous planned deficit of £25.0m. Whilst the delivery risk to the revised forecast deficit of £59.0m is considered to be Low, this is an unacceptable level of deficit and urgent management actions are required to address the underlying position. There is a significant risk that the revised deficit forecast may still not be accepted by Welsh Government.</p> <p>** Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration in the underlying deficit to £75.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our 2023/24 planning cycle. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.</p> <p>***The Health Board did not achieve its PSPP target of paying 95% of its non-NHS invoices within 30 days in Quarter 2 (93.6%), which has adversely affected the cumulative position (94.9%). This was caused by delays in authorising invoices by the service; a process has been implemented to assist accounts payable to obtain the authorisation in a timely manner. The Month 7 in-month compliance was below target (91.8%) and there remain concerns due to staff shortages within specific areas; the risk assessment is now Medium. Work continues to support process improvements to recover the cumulative position to above the target.</p> <p>**** If WG do not fund the cash consequences of the revenue deficit, there is a significant risk to the period end cash position.</p>					

# Revenue Summary

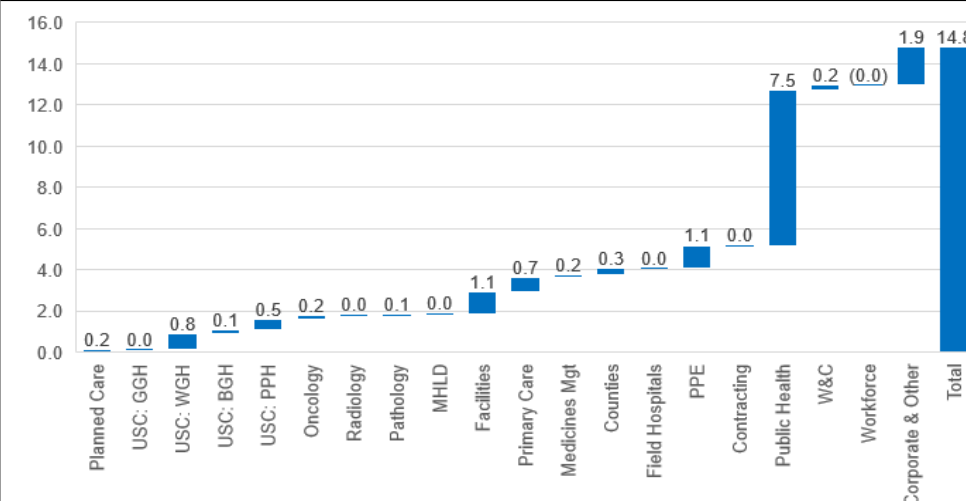
## YTD variance by Directorate (against Plan)



## Key drivers of YTD position

- **Savings non delivery £8.8m:** YTD value of savings undelivered by the organisation (against the original Plan of £29.4m);
- **Unscheduled care £11.2m:** Continuation of site pressures where high levels of vacancies and activity are resulting in high variable pay expenditure across all four acute sites;
- **Radiology £1.8m:** Workforce pressures due to vacancies and sickness resulting in high variable pay expenditure across all four acute sites and use of private providers to review reports;
- **Facilities £2.3m:** Overspends are driven in core areas by the increasing cost of utilities and provisions and the loss of revenue in canteens and external vendors. COVID-19 expenditure relates to on-going expenditure in relation to enhanced cleaning standards across all HB estate and remedial works to HB estate;
- **Medicines Management £2.4m:** Baseline price increases and volume growth in Prescribing with significant increases in NCSO and Category M drugs specifically.
- **Public Health £7.6m:** Primarily driven by costs associated with the Health Board's on-going response to COVID-19 in regards to TTP and Mass Vaccinations;
- **WG Programme Funding £(8.5)m:** YTD funding in respect of COVID-19 programme schemes has been included in the position;
- **WG Transitional Funding £(5.1)m:** YTD funding has been assumed within the position to match transitional support costs in line with the Health Board's plan to exit, wherever possible, COVID-19 specific activities;
- **WG Other funding £(1.2)m:** Fixed allocation funding to support COVID-19 response for various schemes.

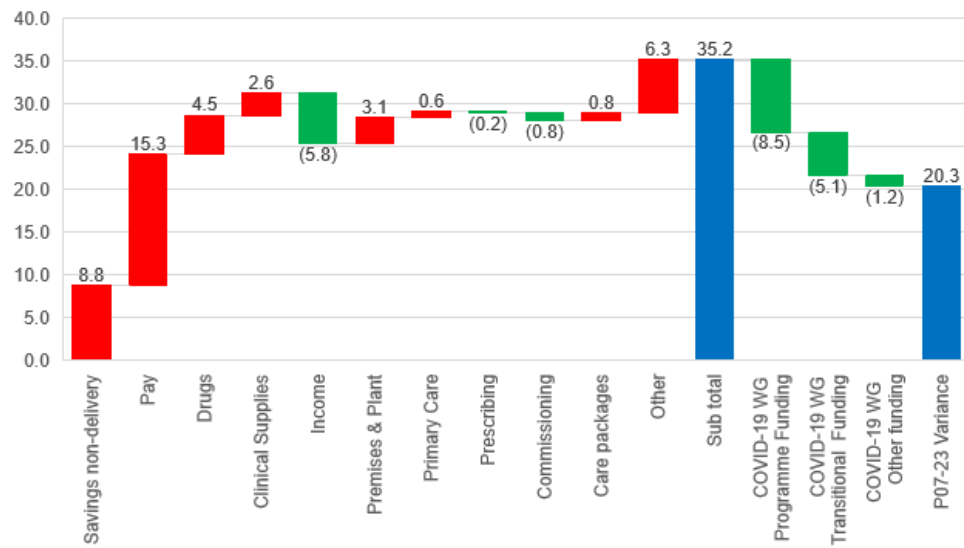
## YTD actual by Directorate (COVID-19 only)





# Revenue Summary

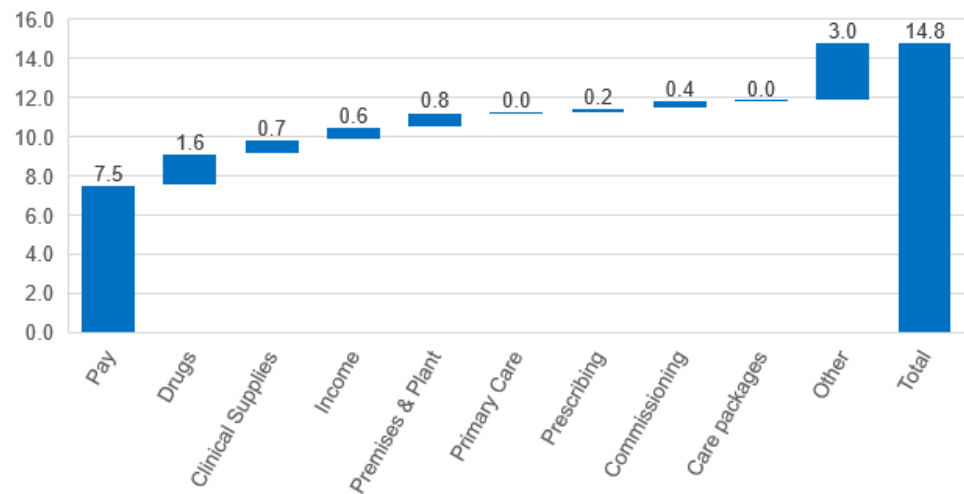
**YTD variance by Subjective (against Plan)**



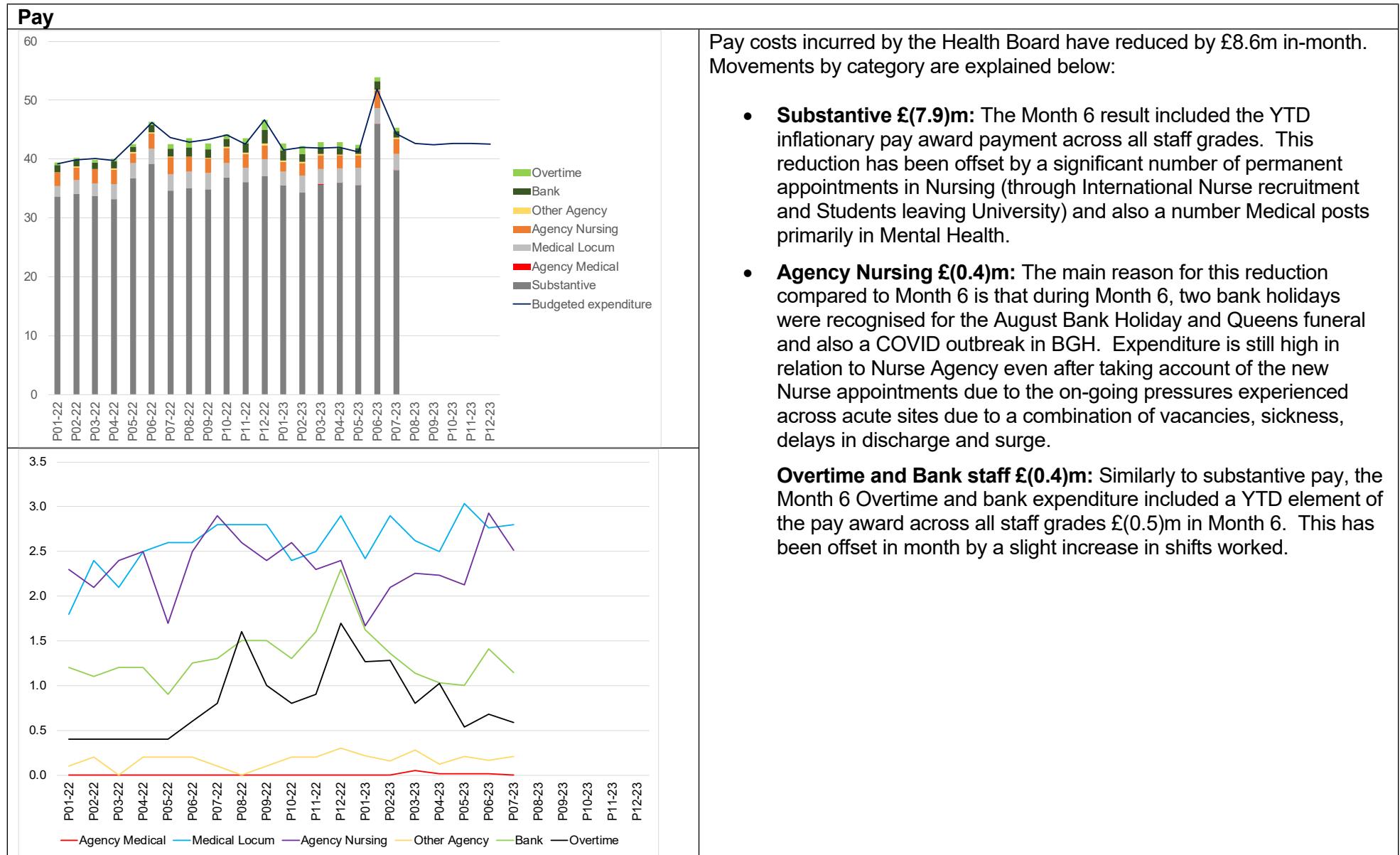
**Key drivers of YTD position**

- **Savings non delivery £8.8m:** YTD value of savings undelivered by the organisation (against the original Plan of £29.4m);
- **Pay £15.3m:** Continued high levels of variable pay expenditure across various staff groups due to high levels of vacancies across the Health Board and on-going pressures in Unscheduled Care. Continued COVID-19 pay expenditure is primarily supporting the Health Board’s response in respect of TTP, Mass Vaccination and enhanced cleaning standards;
- **Drugs £4.5m:** Activity and price growth in Oncology, Homecare and Scheduled Care following changes in clinical guidelines and a ramp up in activity following COVID-19. There has also been a higher than average increase in drugs as Emergency Departments continue to experience unprecedented demand;
- **Income £(5.8)m:** Primarily driven by the in-month recognition of Value Based Healthcare funding offset by consultancy charges. British Gas rebates for prior period CHP underperformance. Over achievement in income for the Education Service liaison and higher than anticipated income received in relation to non contract activity;
- **Premises & Plant £3.1m:** Primarily driven by remedial work to Health Board estate and IT infrastructure costs.

**YTD actual by Subjective (COVID-19 only)**



# Key Subjective Summary



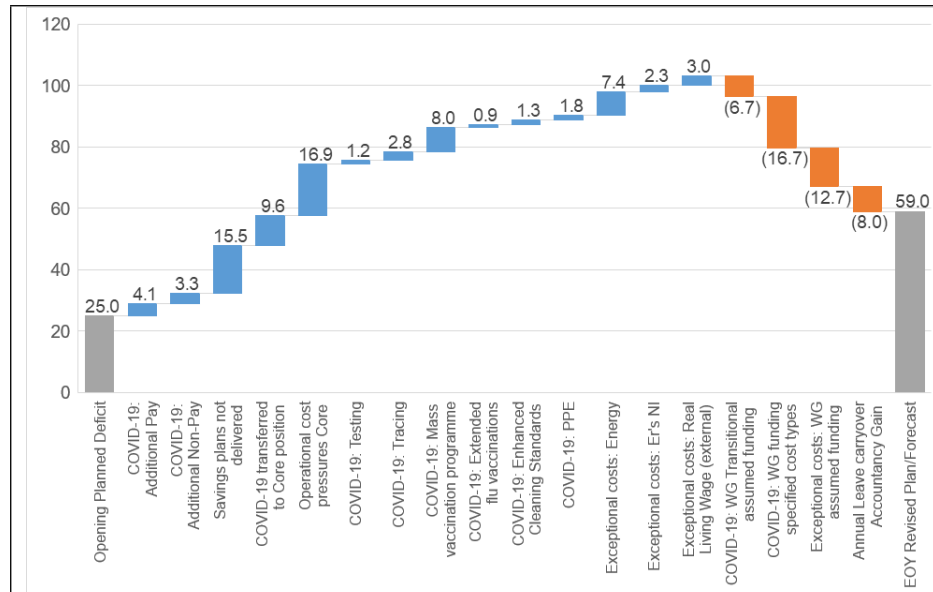
# Key Subjective Summary

CHC	
<p>Continuing Health Care expenditure has remained static compared to last month.</p> <p>While there have been 47 admissions in-month primarily in Adult Palliative Care in Funded Nursing Care, these have been offset with 58 discharges which were also primarily in Adult Palliative Care in Funded Nursing Care. The net reduction in clients has been offset by an increase in one Adult Mental Health case.</p>	
Secondary Care Drugs	
<p>Secondary Care Drug expenditure increased by £0.3m in-month compared to last.</p> <p>The main drivers of the increase in drugs relate to the purchase of flu vaccinations for Primary and Secondary School pupils and HB staff. There has also been a step up in the purchase of COVID-19 vaccinations in readiness for the Primary Care Autumn booster vaccination programme. Oncology homecare drug activity has also increased in addition to price increases.</p>	

# Key Subjective Summary

Clinical Supplies and Services	
<p>Actual expenditure Budgeted expenditure</p>	<p>Clinical supply and service expenditure reduced by £0.1m in-month.</p> <p>The primary reason for the reduction in expenditure is due to the step up in expenditure during Month 6 not recurring this month.</p>
Primary Care Prescribing	
<p>Actual expenditure Budgeted expenditure</p>	<p>Primary Care Prescribing costs have reduced by £0.6m in-month.</p> <p>The contributing factors to this reduction include a reduction of 1.5 prescribing days during the month compared to Month 6 resulting in a reduction in the number of prescriptions issued.</p> <p>Due to the current cost per item, the average cost per prescribing day equates to £312k. The remaining increase is due to WP10 provision costs for October based on August data.</p>

# Financial Projection



## Key Assumptions

- The direct impact of COVID-19, including programme expenditure (in respect of mass vaccination programmes, Testing, Tracing, and PPE) is modelled up to a twelve-month scenario.
- All WG COVID-19 and Exceptional Costs (Energy, Health and Social Care Levy and Real Living Wage commissioned services) funding is based on the current forecast costs on a match-basis.
- The impact of the in-year operational cost pressures in excess of the original plan have not yet been reviewed to assess the impact on the Month 7 reported Underlying Deficit of £75.0m; based on initial indications, it is expected that the conclusion of this review will have an adverse impact. This will be concluded for the Month 8 reported position.
- Any backfill costs of staff utilising carried forward Annual Leave during the year is assumed to be within the current run rate.

## Assurance

- Executive led Use of Resources Group which scrutinises business cases, opportunities and financial governance.
- Performance to be monitored monthly through robust Directorate Use of Resources meetings.

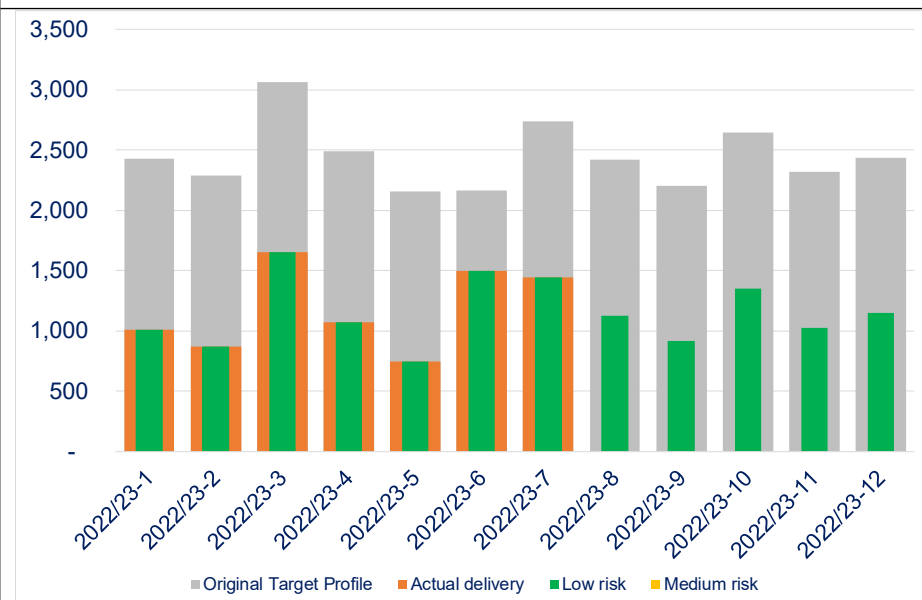
## Concerns

- There has been a net deterioration in the underlying deficit of £68.9m in 2021/22 to the current assessment for 2022/23 of £75.0m based on the re-submission of the Annual Plan, which was not the expected outcome of the revised planning cycle during Quarter 1.
- Whilst the forecast deficit has improved from £62.0m to £59.0m this recognises an additional £5.0m of operational variation offset by £8.0m of non-recurrent Accountancy Gains.

## Next Steps

- Following feedback from WG regarding the revised draft Financial Plan and the Health Board's escalated status into Targeted Intervention, the Board have further challenged teams to urgently identify management actions to reduce the organisation's expenditure trajectory.
- We are committed to addressing/mitigating our challenges to get back on track with our financial roadmap; a weekly progress report is being presented to the Executive Team to retain sufficient strategic focus on this key deliverable.
- Assessment of historic investment decisions for value opportunities, including COVID-19 on-going costs and those transferred to core. Collaborative dialogue with WG and FDU is continuing with the Health Board in support of progressing the agreed TI workstream deliverables.
- A weekly progress report is being presented to the Executive Team to retain sufficient strategic focus on key deliverables.

## Risk-assessed directorate savings profile, delivery and forecast



### Assurance

- Of the original £29.4m requirement, £13.9m have been identified as operational Green schemes, as a minimum on a non-recurrent basis; in addition to this £8.0m of Accountancy Gains have been identified for recognition in Month 8 which is not included in the above graph which presents the £13.9m of operational delivery schemes only. All schemes are assessed as Green.
- The Plan re-submission is aligned to delivery of the identified savings schemes of £12.4m. Since the Plan, a further £1.5m recurrent Green schemes have been identified.

In-month delivery of £1.4m, which is in line with the Green savings scheme plans.

### Concerns

- Whilst the focus of the Health Board is on identifying and implementing recurrent schemes, the current combination of capacity and system pressures being experienced operationally has diverted significant managerial resource. This has meant that, of the original required £29.4m, only £13.9m of operational schemes have been identified, largely on a non-recurrent basis. The £8.0m Accountancy Gain is also a non-recurrent benefit.
- The Executive led targeted programmes of work trajectories are being developed, but as yet no assurance can be taken for the in-year or future year financial benefit realisation.

### Next Steps

- Having the clarity of the opportunities has enabled the team to buy into the areas that need to be influenced and changed, but we are yet to agree and have sight of detailed plans that illustrate a clear route to delivery through our planning framework.
- The Board recognise the need to develop opportunities for change through Use of Resources groups (Directorate level and Executive Level) as a matter of urgency.
- If the re-submitted draft annual plan is approved, the £15.5m savings gap will instead form part of the forecast deficit of £59.0m.
- Collaborative dialogue with WG and FDU is continuing with the Health Board in support of progressing the agreed TI workstream deliverables.

## Appendix 1

### Inefficiency activity drivers

As the outcome of work surrounding the allocation of resources, based on our population health needs compared to national benchmarks, inefficiency activity drivers are articulated with financial quantification.

The strategic activity drivers that are having an adverse impact on our financial deficit are split into the three macro elements; Demand, Supply and Configuration, and Efficiency. The organisation has work programmes, led by Executive Directors, to implement improvement activities for each specific micro driver articulated.

Unscheduled Care Configuration broadly relates to the number of hospital sites and front doors the Health Board currently manages, which is linked to our long-term strategy, so will not have a financial improvement in the short-term.

Directorate		Demand	Supply			Configuration & Efficiency				Totals
		Ready to leave patients	Agency premium: Medical	Agency premium: Nursing	CHC (s117)	Medically fit patients	Multiple site (A&E & Inpatient)	Multiple site (OP)	Multiple site (Planned Care)	
Unscheduled Care Configuration							16.6	0.8		17.4
Carmarthenshire County		4.0		0.1						4.1
Ceredigion County		2.9								2.9
Pembrokeshire County		3.7		0.2						3.9
Unscheduled Care Bronglais			0.5	0.2		1.8				2.4
Unscheduled Care Glangwili			0.3	2.1		4.3				6.7
Unscheduled Care Prince Philip			0.3	1.2		3.9				5.4
Unscheduled Care Withybush			0.4	1.9		5.6				7.9
Women & Children			0.5	0.2						0.8
Planned Care			1.2	0.8				0.7	1.1	3.7
Mental Health & Learning Disabilities			0.3	0.9						1.2
	Carms				4.9					4.9
	Pembs				2.2					2.2
	Cered				2.9					2.9
Diagnostics									2.0	2.0
		10.6	3.4	7.5	10.0	15.5	16.6	1.5	3.1	
		10.6			21.0				36.7	68.3

## Appendix 2: Scheme of delegation changes

### IFRS 16

IFRS 16 is a financial standard which changes the accounting treatment of leases. It was implemented within the Health Board from the 1st April 2022. Some changes are required to the leases section within the financial scheme of delegation to reflect additional disclosure and approval requirements. Amendments have been made to the specific commentary, Welsh Government and Board approval limits. The proposed revision is highlighted in red in the below table.

Version	Description	Specific	Approval limits				
			Welsh Government	Board (following CEO / ET approval)	Chief Executive (and Executive team)	Chief Executive Officer (CEO)	Director of Finance (DOF)
Proposed	Leases	<p>All leases which are covered under the scope of IFRS 16, to include land and buildings, equipment, managed service contracts, business use vehicles.</p> <p><u>Lease renewals</u> Leases between £0.5m and £1m notification to WG ministers of intention to enter into a contract. Leases &gt;£1m approval required from WG ministers</p> <p><u>New leases</u> Leases greater than £0.5m, discussion required with WG Capital Estates and Facilities Team regarding required approval process.</p>	<p>Lease renewals &gt;£1.0m New leases &gt;£0.5m</p>	<p>&gt;£0.5m (plus any that need signing under seal) Reservation of Power</p>	<p>&gt;£0.25m≤£0.5m</p>	<p>&gt;£0.1m≤£0.25m</p>	<p>&gt;£0.1m≤£0.25m</p>
Previous	Leases	Property or equipment leases		<p>&gt;£0.5m (plus any that need signing under seal) Reservation of Power</p>	<p>&gt;£0.25m≤£0.5m</p>	<p>&gt;£0.1m≤£0.25m</p>	<p>&gt;£0.1m≤£0.25m</p>



## Non-Welsh Government sourced income generation from research and development activities

Each research and development project undertaken by the Health Board, which is funded by an external partner requires a contract between both parties. These contracts commit the Health Board to delivering the project and are scrutinised by Legal & Risk and Innovation Governance prior to acceptance in conjunction with additional scrutiny of the activities for assurance by R&ISC and PODCC.

Description	Specific	Welsh Government	Board (following CEO/ET approval)	Charitable Funds	Committee	Charitable Funds Sub-Committee	Capital, Estates and IM&T Sub-Committee	Chief Executive (and Executive Team)	CEO (or Deputy CEO) and DoF	Chief Executive Officer (CEO)	Director of Finance (DoF)	Executive Directors	Other Officers as delegated by Executive Directors	Notes
Non Welsh Government sourced income generation from research and development activities	Each project undertaken by HDdaUHB, which is funded by an external partner requires a contract between both parties. These contracts commit HDdaUHB to delivering the project and are scrutinised by Legal & Risk and Innovation Governance prior to acceptance (additional scrutiny of activities - R&ISC and PODCC for assurance).		>£1m					>£0.5m≤£1m		>£0.1m≤£0.5m	>£0.1m≤£0.5m	≤£0.1m	≤£0.1m	Other Officers as delegated by Executive Directors refers specifically to the Director of Research, Innovation and University Partnerships