

Enw'r Pwyllgor / Name of Committee	Sustainable Resources Committee
Cadeirydd y Pwyllgor/ Chair of Committee:	Mr Winston Weir, Independent Member
Cyfnod Adrodd/ Reporting Period:	Meeting held on 25 th April 2022
Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor / Key Decisions and Matters Considered by the Committee:	
<p>The Sustainable Resources Committee has a role to advise the Board on all aspects of Finance and the revenue implications of investment decisions. In addition, the Sustainable Resources Committee provides assurance on financial performance and delivery against HDdUHB financial plans and objectives, and receives assurance on progress against delivery of the Planning Objectives aligned to the Committee. 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 Sustainable Resources Committee at its meeting held on 25th April 2022.</p> <ul style="list-style-type: none"> • Draft SRC Annual Report 2021/22 to Board - the Committee endorsed the Draft SRC Annual Report 2021/22 to Board, for onward submission to the Board. The report provides assurance to the Board in respect of the work that has been undertaken by the Committee during 2021/22, and demonstrates that the Terms of Reference, as set by the Board, are being appropriately discharged. • Finance Report Month 12, 2021/22 – the Committee received the Month 12 (M12) 2021/22 Finance Report, outlining the Health Board's financial position to the end of the financial year against the Interim Annual Plan, and providing an analysis of key drivers of the in-month position. The Committee received assurance against the following key targets: revenue is on target to deliver a deficit of £25m; savings delivery is currently at £11.9m; Capital expenditure is within the agreed limit at £61.6m; HDdUHB has exceeded the Public Sector Payment Policy (PSPP) target to pay 95% of non-NHS invoices within 30 days of receipt of a valid invoice. The Committee was advised that the Finance team has now concluded the year end position for 2021/22 and received assurance that the predicted ramp up of elective recovery spend did occur and was predominantly linked to a continued Planned Care recovery within Optometry for cataracts and glaucoma in the last 3 months of 2021/22. Strategic investment into digital patient records had also been delivered as expected. The Committee was informed that savings underdelivered by £1.4m and received assurance that, with agreement from Welsh Government (WG), the Health Board could utilise underspends to reduce the savings target. Subsequently, the £16.1m target at the start of 2021/22 has been reduced to £11.9m. The Committee was advised that although this is a positive position, it does produce a residual gap going into 2022/23 and therefore poses a risk to delivery of the planned deficit. In relation to annual leave provision, the Committee was informed that an additional £500,000 has been requested in addition to the 	

accrual for 2022/23, which is not attributed to any Directorate in particular. The Committee was further informed that Workforce completed the consolidation of all purchase leave requests at the end of March 2022 and undertook to provide an updated position within the report to the next Committee meeting. In relation to Capital, the Committee was informed that the level of vesting agreements with suppliers in 2021/22 was due to supply chain and delivery issues and received assurance that this will continue to be closely monitored to ensure that there is no ongoing risk for the Health Board and that any vested equipment is brought into Health Board sites at the earliest opportunity.

- **Development of the Target Operating Model** – the Committee received the Development of the Target Operating Model (TOM) report and presentation, setting out the Health Board’s latest plan for the Integrated Medium Term Plan (IMTP) that is due for update and submission to WG by the end of Quarter 1, 2022/23, covering the three-year period 2022-25. The Committee was advised that following the submission of the draft three-year narrative plan and one-year financial plan to the Board at its meeting on 31st March 2022, which breached its statutory financial duties with a draft deficit of £25m, a commitment was made that the Board would submit a revised and approvable IMTP by the end of Quarter 1 2022/23, having bridged the financial sustainability gap that existed in the initial plan. The Committee was advised that a strategic overhaul of the Health Board’s current operating model is required to facilitate the transformational shift in services that is required to deliver workforce and finance sustainability and that the TOM should be shaped by the Health Board’s strategy, “A Healthier Mid and West Wales”, and align to the 10 Year Workforce Plan and Planned Care Recovery Plan. The Committee was advised of the aim to have the TOM and delivery plan approved by the Board at the end of June 2022, which will identify savings opportunities through the following key themes: Urgent and Emergency Care (including bed configuration and Emergency front-door redesign), Planned Care reconfiguration, and review of long term packages of care (particularly Mental Health and Learning Disabilities and Community Health Care packages). The Committee received assurance that mechanisms are in place to foster these discussions and noted the encouraging degree of energy and enthusiasm from County Directors, General Managers, Hospital Managers and Clinical Directors. In relation to the total assumed savings delivery of £12m, the Committee was informed that, assuming Green and Amber schemes are delivered as planned, £11.7m is attributed to Red schemes and noted that work is ongoing to increase the number of Green and Amber schemes.
- **Planning Submissions to Welsh Government** – the Committee received the Planning Submissions to Welsh Government report and a copy of the Accountable Officer letter setting out the governance process undertaken to communicate a breach of statutory financial duty to appropriate stakeholders. The Health Board has, in accordance with guidance from WG, not approved and IMTP and has therefore deviated from its Standing Financial Instructions as a Board. A deficit plan has also been presented; the deficit is £25million for the year and requires the Health Board’s Chief Executive Officer to notify the Director General for Health and Social Services. The Accountable Officer letter was submitted to the Director General for Health and Social Services on 31st March 2022 to advise of this breach in duty.

- **Finance Corporate Risks** – the Committee received the Finance Corporate Risks report and received assurance that all planned actions will be implemented within the stated timescales and will reduce the risk further and/or mitigate the impact, if the risk materialises. In relation to the new risk 1352 *Risk of business disruption and delays in patient care due to a cyber-attack*, the Committee noted that this risk is also being managed by the other health boards due to all health boards in Wales sharing a single network.
- **Finance Operational Risks** – the Committee received the Finance Operational Risks report, providing detail on the 6 risks scored against the Finance impact domain. The Committee received assurance that all relevant controls and mitigating actions are in place.
- **Cyber Security and Resilience** – the Committee received the Cyber Security and Resilience report, providing an update on the current heightened cyber security threat caused as a result of the conflict in Ukraine, and to provide a cyber-security update on vulnerabilities, alerts, incidents, and Security Architecture work. The Committee was informed that, following Russia’s attack against Ukraine, there is a heightened cyber security threat for all organisations, with the National Cyber Security Centre (NCSC) calling on all UK organisations to bolster their cyber security defences. Therefore, the Health Board’s Cyber Security team has been taking steps to improve the capability and resiliency to defend against and respond to a cyber-attack. Mitigating actions include the introduction of a new patch testing group to speed up the patching process and the roll out of Defender for Endpoint. In relation to the report’s recommendation that departments should test their business continuity plans in regard to a possible cyber-attack and any requirement to switch-off the Information and Communication Technology (ICT) infrastructure, the Committee received assurance that a programme of testing for all departments, including remote sites, will be undertaken in addition to further work to determine how assurance can be collected centrally,
- **Procurement Strategy 2022/23** – the Committee received the Procurement Strategy 2022/23 report, providing an update on the key themes for 2022/23 within HDdUHB’s procurement strategies, which have been developed and implemented by the Procurement department on behalf of the Director of Finance. They are complementary with HDdUHB Transformation strategies, WG sustainability and regeneration policies, and NHS Wales Shared Services Partnership (NWSSP) national procurement short and medium term strategies. A focus for 2022/23 will be to develop the general relationship with suppliers to learn about the opportunities they are pursuing, in addition to the transactional relationship with suppliers. The Committee received assurance that the number of contracts awarded through the Procurement team has increased, notably within Planned Care; the number of Single Tender Awards has reduced year on year and HDdUHB is in joint lowest position in Wales, illustrating significant performance improvement in comparison with other health boards; catalogue coverage continues to be maximised and is consistently in excess of 85% (highest in NHS Wales) against a target of 80%; performance regarding the payment of invoices on time is exceeding the Wales target; the position regarding non-pay compliance is markedly improved in comparison with other health

boards; and that Foundational Economy, Social Value and Decarbonisation continue to be at the forefront of HDdUHB's procurement strategies.

- **Healthcare Contracting, Commissioning and Outsourcing Update** – the Committee received the Healthcare Contracting, Commissioning and Outsourcing Update report, advising that the three main areas of focus will be on contractual delivery, waiting lists within the Health Board's main providers, and on the contracts that the Health Board has in place with the Independent Providers. The Committee was advised that the position remains a challenging one affecting all health boards in Wales; HDdUHB's position demonstrates an overall decrease in financial performance with a £3.7m underspend (excluding Welsh Health Specialised Services Committee (WHSCC)). The Committee was informed that the majority of HDdUHB patients waiting for a new outpatient appointment at Cardiff and Vale University Health Board (CVUHB) are waiting for Clinical Immunology and Allergy and account for 29.4% of the February 2022 waiting list. With the exception of a slight decrease in December 2021, they have continued increasing month on month. An alternative commissioned pathway proposal is being undertaken for Clinical Immunology and Allergy, as a result of the Commissioning team being notified of certain issues within the service. A working group has been established to identify pathway opportunities throughout HDdUHB for allergy care with a key focus on improving allergy provision for adolescents, developing an adult allergy service, and confirming the complex allergy pathways. In relation to Orthopaedic/Spinal Surgery, the Committee was informed that the Commissioning team is in the process of writing to all Spinal patients who have had their surgery during 2021/22 at SBUHB, requesting feedback by means of a patient questionnaire. The questions are based on Patient-Reported Outcome Measures (PROMs) and Patient-Reported Experience Measures (PREMs) and the Commissioning team will work with Quality and Value Based Healthcare colleagues to analyse the results. The Committee was further advised that a Regional Commissioning Group (RCG) has been established with SBUHB to provide support via collaborative and regional solutions to ensure that the multitude of challenges can be addressed collectively. The agreed priority areas include Oral Maxillofacial Surgery and Orthopaedics/Spinal Surgery. The Committee was informed that, as a result of 3 recent patient complications currently under investigation regarding the service provided by Community Health and Eye Care (CHEC) at its premises in Bridgend, it has been agreed to temporarily suspend the service until further notice. The investigation is due to conclude by 5th May 2022.
- **Financial Planning, Monitoring and Reporting Final Internal Audit** – the Committee received the Financial Planning, Monitoring and Reporting Final Internal Audit report, providing a level of reasonable assurance relating to the effective processes surrounding the management, co-ordination, monitoring and reporting of budgets. With regard to budget holder sign off of budgets, the Committee noted that assurance will be required through the submission of a standard report to the Audit and Risk Assurance Committee (ARAC) to monitor compliance.
- **Information Governance Sub-Committee Update Report** – the Committee received the Information Governance Sub-Committee (IGSC) Report, providing an update on items discussed at its meeting on 1st April 2022. The Committee

was pleased to note that clinical coding activity continued to improve for December 2021 and surpassed the 95% target with 95.6%. The Sub-Committee approved the approach for the Clinical Coding team to continue with current month on month processes to strive for 95% compliance for each calendar month and not to concentrate on the backlog for 2021/22 during April and May 2022/23, to enable the team to maintain momentum and progress to date. The Sub-Committee received an update on the submission of the Information Governance Toolkit, which was based upon the information received from specific departments in the last quarter of 2021/22 (including a snapshot of the department's documents and processes, the training undertaken by specific individuals, guidance for staff, documents used to inform patients/clients of the Health Board's processes, and patients/clients' rights in respect of the Health Board's processes). The Sub-Committee noted concern regarding the wider strategic issue of the storage of records and boxes within external storage companies. With regard to the outsourcing of scanning patient records, the Committee discussed reverting back to the Health Board's previous practice or accelerating the outsourcing of scanning and welcomed the attendance of the Deputy Director of Operations at the June 2022 Committee meeting to provide assurance to the Committee in regard to the outsourcing of scanning. The Committee approved the Corporate Records Management Policy

- **Consultancy Review** – the Committee received the Consultancy Review report, providing a summary of the consultancy contracts incurred during 2021/22. The Committee received assurance that a benefits realisation assessment of the contracts will be presented to the November 2022 Committee meeting.
- **Notes from Finance Touchpoint Meeting held on 22nd March 2022** - the Committee noted the content of the notes from the Finance Touchpoint Meeting held on 22nd March 2022.
- **Update from Agile Digital Business Group** – the Committee received a written update report from the ADGB meeting held on 1st April 2022.
- **Update on All-Wales Capital Programme: 2021/22 Capital Resource Limit and Capital Financial Management** - The Committee received the Update on All-Wales Capital Programme – 2021/22 Capital Resource Limit and Capital Financial Management report, providing details of the Health Board's Capital Expenditure Plan and Expenditure Profile Forecast for 2021/22, the CRL for 2021/22, together with an update regarding capital projects and financial risks. The Committee welcomed the inclusion of data in the report relating to the revenue implications of new capital allocations.
- **Ministerial Directions** – the Committee received the Ministerial Directions report providing a status update and assurance that all NHS Non-Statutory Instruments (NSI), otherwise known as Ministerial Directions (MD), issued by WG between 1st December 2021 and 31st March 2022 have been implemented/adopted by HDdUHB or are in the process of being implemented.
- **Sustainable Resources Committee Work Programme 2022/23** – the Committee noted that the Work Programme for 2022/23, outlining the reporting and strategic priorities for the coming year.

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

- To endorse (at the June 2022 meeting) the SRC Annual Report 2021/22.

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

- The position and handling strategy of the IMTP, and the outturn for 2021/22.
- The Target Operating Model and sensitivity of the time and pace of delivery.

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 items scheduled to be reviewed as part of the Committee's work programme, following up progress of the various actions identified at the previous Committee meeting will be undertaken.

Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:

28th June 2022