



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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	09 June 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Sustainable Resources Committee Annual Report 2021/22
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Winston Weir, Chair, Sustainable Resources Committee
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The purpose of this paper is to present the Sustainable Resources Committee Annual Report 2021/22 to the Board.

The Annual Report provides assurance 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.

Cefndir / Background

Hywel Dda University Health Board's (HDdUHB's) Standing Orders and the Terms of Reference (ToR) for the Sustainable Resources Committee require the submission of an Annual Report to the Board to summarise the work of the Committee and to identify how it has fulfilled the duties required of it.

The previous Finance Committee has been reconstituted as the Sustainable Resources Committee, as approved by the Board at its meeting on 29th July 2021, to advise the Board on all aspects of Finance and the revenue implications of investment decisions. The primary role of HDdUHB's Sustainable Resources Committee is to provide assurance on financial performance and delivery against HDdUHB financial plans and objectives, and to receive 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.

This includes:

- Provision of assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, give early warning of potential performance issues, making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.
- Receipt of assurance on delivery against all relevant Planning Objectives falling in the main under Strategic Objective 6 Sustainable Use of Resources in accordance with the Board approved timescales, as set out in HDdUHB's Annual Plan.

- Scrutiny and provision of oversight of financial and revenue consequences of investment planning (both short term and in relation to longer term sustainability).
- Review of financial performance and review any areas of financial concern, and report to the Board.
- Detailed scrutiny of all aspects of financial performance, the financial implications of major business cases, projects, and proposed investment decisions on behalf of the Board.
- Regular review of contractual performance with key delivery partners.
- Seeking assurance on the management of principal risks within the Board Assurance Framework (BAF) and Corporate Risk Register (CRR) allocated to the Committee and provision of assurance to the Board that risks are being managed effectively, reporting any areas of significant concern e.g., where risk tolerance is exceeded, lack of timely action.
- Recommending acceptance of risks that cannot be brought within the UHBs risk appetite/tolerance to the Board through the Committee Update Report.
- Receipt of assurance through Sub-Committee Update Reports and other management/task & finish group reports that risks relating to their areas are being effectively managed across the whole of the Health Board's activities (including for hosted services and through partnerships and Joint Committees as appropriate).

Asesiad / Assessment

The Sustainable Resources Committee has been established as a Committee of the HDdUHB and constituted from 1st August 2021, with the Terms of Reference being approved by the Board at its meeting on 29th July 2021.

This Annual Report outlines how the Sustainable Resources Committee has complied with the duties set through its Terms of Reference and identifies key actions to address developments.

Constitution

The core membership of the Committee is comprised of:

- Independent Member (Chair)
- Independent Member (Vice Chair)
- 3 x Independent Members

The following 'In Attendance' Members have also been identified to serve on the Committee:

- Director of Finance
- Director of Operations
- Director of Primary Care, Community and Long Term Care
- Other Lead Executives to be invited to attend for relevant Planning Objectives aligned to the Committee i.e. Medical Director/Deputy CEO (for PO 6D, 6E, 6F), Director of Strategic Development & Operational Planning (for PO 6G)

Meetings

The Sustainable Resources Committee is directly accountable to the Board for its performance, and it provides assurance to the Board, either through a formal written update report or through

a verbal update, which is received at each subsequent Board meeting. A full set of papers for each Committee meeting is routinely made available on-line from the Health Board's website.

During 2021/22, the Sustainable Resources Committee meetings were held bi-monthly as follows:

- 23rd August 2021
- 28th October 2021
- 21st December 2021
- 23rd February 2022

Areas of Responsibility

In discharging its duties, the Sustainable Resources Committee has undertaken work during 2021/22 against the following areas of responsibility in relation to its Terms of Reference:

Discussion Items

At each meeting the Committee is presented with the following papers to scrutinise with regard to the in-year financial position:

- Finance Report and Forecast (including Monthly Monitoring Return to Welsh Government (WG))
- Healthcare Contracting, Commissioning and Outsourcing Update Report
- Financial Risks and Mitigation
- Financial Plan Development

The following papers are also presented to the Committee on a regular basis:

- Social Value and Carbon Reporting

• Finance Report and Forecast –

- **Finance Report and Financial Forecast Month 4** – at its meeting held on 23rd August 2021, the Committee was informed that the Health Board's Interim Financial Plan is to deliver a deficit of £25m in 2021/22, after recurrent savings of £16m. This is following WG guidance to anticipate £32.4m of funding to non-recurrently offset the underlying position brought forward from 2020/21. The Committee noted that before recognising the COVID-19 WG funding in-month, the Month 4 variance to breakeven is £5.9m, with the Month 4 financial position a breakeven against a deficit plan of £2.1m, after utilising £3.9m of WG funding for COVID-19, having offset £0.1m of cost reductions recognised due to reduced operational activity levels. The Committee further noted the continuation of pressures from winter through the summer such as Unscheduled Care pressures, fragility of the social care system, and restricted GP access, resulting in an increase in presentations at the front door. The Committee received assurance of the actions taken as a result of the Month 4 position, including a review at a directorate level of the key operational drivers contributing to the financial deficit, and a review at an executive level to understand the cost containment strategies of ongoing pressures. The Committee discussed the cost value related to staff sickness levels due to stress related issues, noting the challenges in identifying the reasons for sickness and the limited quality of data available via the Electronic Staff Record (ESR). The Committee recognised the importance of operational teams working with Finance Business Partners to ensure the identification of recurrent savings, with plans in place operationally to manage the demand in the system, which are to be developed to quantify the financial benefit.

- **Finance Report and Financial Forecast Month 6** – at its meeting held on 28th October 2021, the Committee noted that, before recognising the COVID-19 WG funding in-month, the Month 6 variance is £4.9m deficit. The Committee noted that the in-year delivery of the planned deficit is now considered low risk. However, there is a likely deterioration in the underlying deficit from £57.4m in 2020/21 to £68.9m in 2021/22 if further recurrent savings schemes of £11.5m are not identified in-year. The additional costs incurred in Month 6 due to the impact of the COVID-19 pandemic is £5.7m (Month 5, £4.2m). Costs associated with the Public Health Mass Vaccination centres increased due to additional Nurse capacity requirement to support the roll out of the booster programme, and drug expenditure in relation to the catch up vaccination programme for children. The Committee noted the cost reductions of dental contractual payments, resulting in six months' worth of payments affecting the Month 6 position. The Committee also noted the receipt of Elective Recovery funding of £21.2m and received confirmation that the Health Board will not be required to return any remaining monies to WG. Discussions would be held internally on how this funding could be used to make core capacity more resilient. The Committee recognised the need for a degree of creativity on how the money is spent, focusing on planned care recovery, acknowledging that the key challenge is the non-recurrent nature of the funding which will need to be spent by March 2022. The Committee noted the next steps within the report regarding the ongoing work with policy leads in respect of Elective Recovery Plans and engagement with partner organisations to develop plans to address the issues within the Primary Care and Social Care sectors, whilst working with operational teams to develop robust and deliverable recurrent saving schemes in line with the Health Board's Strategy and roadmap to financial sustainability.
- **Finance Report and Financial Forecast Month 8, 2021/22** – at its meeting held on 21st December 2021, the Committee was informed that the Health Board is requesting strategic cash assistance for 2021/22 of £16m, which represents the current forecast deficit of £25m, reduced by £9m due to management of year end creditors. The Committee noted that before recognising the COVID-19 WG funding in-month, the Month 8 variance is £5.3m deficit. The Committee further noted that the in-year delivery of the planned deficit is now considered low risk, recognising that the Health Board has limited the risk of any significant increase in workforce expenditure given the current restricted supply. Savings this year have been achieved, largely on a non-recurrent basis. However, there is a deterioration in the underlying deficit from £57.4m in 2020/21 to £68.9m in 2021/22 if further recurrent savings schemes of £11.5m are not identified. The additional costs incurred in M8 due to the impact of the COVID-19 pandemic is £4.9m (M7, £4.0m). The primary reason for the increase in COVID-19 expenditure from M7 is due to the acceleration in the delivery of the Health Board's Elective Recovery plans (£0.5m) and a step in Local Authority expenditure in respect of the Tracing programme (£0.2m). The Committee received assurance on achievement of the £25m deficit position by year end due to the fact that the system is operating at full capacity and therefore the associated ability to spend is limited.
- **Finance Report and Financial Forecast Month 10, 2021/22** – at its meeting held on 23rd February 2022, the Committee was advised that, following guidance from WG to recognise £32.4m of non-recurrent funding, the deficit for the year has been reduced from £57.4m to £25m. The Committee noted that, before recognising the COVID-19 WG funding in-month, the M10 variance to breakeven is £9.4m. The additional costs incurred in M8 due to the impact of the COVID-19 pandemic is £9.3m (Month 9, £6.8m). The Committee was informed that the primary reason for the increase in COVID-19 expenditure

from Month 9 is due to acceleration in the delivery of the Health Board's Elective Recovery Plans (£1.0m) and the purchase of infusion pumps as part of the Elective Recovery Plan strategic investments (£1.4m). Therefore, the M10 Health Board financial position is an overspend of £0.1m against a deficit plan of £2.1m, after utilising £9.3m of WG funding for COVID-19, having offset cost reductions recognised due to reduced operational activity levels. The Committee received assurance that there is no change to the Health Board's deficit position and there are no areas of significant concern. In relation to the savings target of £16m and the identification of recurrent savings going into 2022/23, the Committee was advised that the Health Board will be carrying forward a challenge of £11m into 2022/23, with delivery of £4.3m recurrent savings for 2021/22. The importance of service transformation in order to address the current financial issues was reiterated, and the Committee looked forward to a discussion on these initiatives at future meetings.

- **Healthcare Contracting Update** – at its meeting held on 23rd August 2021, 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. The Committee noted that Cardiology and Neurology are exceeding the value and activity plan, and are mitigating, in part, the levels of underperformance in other areas. The Committee was informed that Siponimod, a drug for neurological decline in MS patients, may become available in 2021/22. In terms of HDdUHB patients awaiting treatment at Cardiff and Vale University Health Board (CVUHB), the Committee was assured that HDdUHB would continue to work closely with CVUHB's Assistant Director of Commissioning to support the on-going reduction in patients waiting more than 36 weeks. The Committee also received assurance that steps are being taken to mitigate the risk of diminishing service improvement when block arrangements are brought to an end. At its meeting held on 21st December 2021, the Committee noted that the Year to Date (YTD) financial delivery is £1,066m relating to outsourced activity, with the majority of expenditure attributed to Ophthalmology Services under HDdUHB's previous contract with Werndale Hospital. The Committee received assurance that daily meetings are being held between HDdUHB and the independent sector providers to understand the position and to increase the level of patient activity over the coming weeks and months. The Committee noted that the availability of capacity has become extremely challenging, predominately due to limited overall independent sector capacity. This limited supply is being met with unprecedented demand from other Health Boards, Clinical Commissioning Groups (CCGs) and NHS Trusts. Consequently, a governance process has been developed as ratified by the Board at its meeting on 25th November 2021. At its meeting held on 23rd February 2022, the Committee was advised of an increase in outsourcing forecast for February and March 2022, which has been due to the success of improved cross directorate working between the Planned Care team, Finance Business Partners and the Head of Commissioning. Additionally, the independent sector has also been able to staff theatre lists, which had been an issue prior to the new year. The Committee received assurance that both Patient Reported Outcome Measures (PROMs) and Patient Reported Experience Measures (PREMs) are now attached to contracts. Regarding LTAs for 2022/23, the Committee was advised that in the event that NHS Wales confirms a return to normality, subsequent LTAs should reflect this. Whilst a phased hybrid model may be an option going forward, the Health Board cannot plan on the basis of returning to pre-pandemic levels if this is not reflected in the LTAs. The Committee received assurance that the aim is to embed outcomes capture into a longer term contracting framework, with a possible hybrid arrangement to be implemented for 2022/23.

- Corporate Financial Risk Reports** - the Corporate Risk reports were presented to the Committee for scrutiny at its meetings held in August, October, and December 2021, and in February 2022. At the Committee meeting held on 23rd August 2021, the Committee noted the addition of Risk 1163; *risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25.0m deficit*. The Committee noted the closure of Risk 646; *ability to achieve financial sustainability over medium term*, and received assurance that the risk has been replaced. The Committee was further assured that the risk has been escalated for inclusion on the BAF as a Principal Risk, for presentation to the Board in September 2021, following which it will be allocated to the relevant Committee to oversee. The Committee noted Risk 451; *Cyber Security Breach*, and the actions undertaken to date including recruitment of an in-house cyber security expert and employment of an external agency to identify the level of exposure. At its meeting held on 28th October 2021, the Committee agreed the closure of Risk 451: *Cyber Security Breach*, to be replaced with a new risk. The Committee also agreed to review the risk and mitigating actions for Risk 1163: *Risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25.0m deficit*, due to a reversal in the nature of the risk in terms of a forecast underspend rather than an overspend. At its meeting held on 21st December 2021, the Committee noted the replacement of Risk 1163, *Risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25.0m deficit*, by Risk 1296, *Risk that the Health Board will not deliver a financial out-turn position in line with our original plan of £25m deficit* and Risk 1297, *Risk that the Health Board's underlying deficit will increase to level not addressed by additional medium term funding*. Discussion was held on the potential to explore the rephrasing of corporate risks aligned to the Committee to place reliance on those Executive Directors responsible for delivery against their plans. It was agreed that further clarity within the risk narrative regarding what is classed as a planning risk and what is classed as a delivery risk would be beneficial. At its meeting held on 23rd February 2022, the Committee noted the addition of Risk 1335 *Risk of being unable to access patient records, at the correct time and place in order to make the right clinical decisions* as a new risk. The Committee received assurance that mitigating actions have been implemented, including acceleration of the digitisation of the document management system and the outsourcing of scanning of inactive records. The Committee noted that the classification of Risk 1296 *Risk that the Health Board will not deliver a financial out-turn position in line with our original plan of £25m deficit*, has changed from Red to Green since the publication of the Finance Corporate Risk report, due to the fact that the delivery of Planned Care has now accelerated and therefore the risk has been mitigated. The Committee was advised that in relation to Risk 1307 *Risk to achieving the Capital Resource Limit 2021/22*, which is largely attributable to the demountables in Prince Philip Hospital (PPH), whilst this scheme is currently on track, there is still a risk associated with adhering to the tight delivery timeframes involved.
- Operational Financial Risk Reports** - the Operational Financial Risks reports were presented to the Committee for scrutiny at its meetings held in August, October, and December 2021, and in February 2022. At the Committee meeting held on 23rd August 2021, the Committee noted that 10 of the 12 risks relate to failure to remain within allocated budget over the medium term for each Directorate. The remaining 2 risks related to Risk 516; a Health Board-wide risk regarding VAT advice on historic Design for Life Schemes being incomplete, and Risk 1126; relating to the supply chain partner and their financiers to deliver the remaining sections of the Women & Children's Phase II scheme, Glangwili General Hospital (GGH). At its meeting held on 28th October 2021, the Committee held discussions on those Directorates that had been flagged as not achieving their financial targets and received assurance from the Director of Operations

and the Director of Primary Care, Community and Long Term Care regarding the controls and mitigating actions in place. At its meeting held on 21st December 2021, the Committee received assurance from the report in terms of good governance and transparency of where the risks lie by site, directorate, and county area. The Committee received further assurance that the Audit and Risk Assurance Committee (ARAC) is sighted on all risks to ensure the effective triangulation of all risk areas. At its meeting held on 23rd February 2022, the Committee noted that, in relation to Risk 979 *Failure to remain within allocated budget over the medium term - GGH*, the narrative of which implying that GGH is the only site indicating staffing pressures, it was recognised that all sites and services are experiencing staffing issues and that a review of all operational risks is underway to identify commonalities across the organisation to enable a consistent approach to the escalation of risks.

- **Financial Plan Development Update** – at its meeting held on 21st December 2021, the Committee received the Financial Plan Development Update report, outlining the Health Board's Integrated Medium Term Plan (IMTP) that was currently under construction, covering the three-year period 2022/25. At its meeting held on 23rd February 2022, the Committee was advised of the submission of an Accountable Officer letter to WG on 28th February 2022 setting out the Health Board's challenge in delivering an IMTP. The Committee received assurance that the Health Board will submit an IMTP in due course, albeit not by 31st March 2022, and received assurance that discussions with WG had been helpful in determining the agreement of a Three Year Plan by 31st March 2022 with WG recognising the Health Board's desire to submit a deliverable IMTP in due course.
- **Social Value and Carbon Reporting** – at its meeting held on 28th October 2021, the Committee received the Social Value and Carbon Reporting update, highlighting the progress made against the Health Board's Planning Objective 6H regarding HDdUHB's carbon footprint and opportunities for local sourcing in support of the foundational economy. The Committee noted that WG has set a requirement for all public sector organisations to complete a carbon baseline to estimate the net carbon footprint for Wales, which was submitted to WG by 31st October 2021. The Committee was advised that analysis of these assessments will be utilised to inform the Health Board's ambition and vision moving forward and it is anticipated that this vision will be documented within a strategy, and an action plan for delivery of this vision developed. In terms of social value, the first piece of work to come to fruition will be an understanding across all geographical wards and across all Well Being and Future Generations Act goals to develop a deprivation needs analysis to enable county teams to respond to the planning and delivery of services close to population needs. The next piece of work will entail a review of the Health Board's Procurement Strategy, which is anticipated to be completed by the end of December 2021 to guide plans for next year and the medium term. The Committee welcomed the fact that the Health Board is working in conjunction with Aberystwyth University, Powys Teaching Health Board and Betsi Cadwaladr University Health Board on an Institute for Rural Healthcare Economics, which will contribute to innovative thinking in addition to supporting the development of metrics to report, measure and plan services. In relation to carbon reporting, the Committee noted that WG has published a reporting guide, which the Health Board responded to by 29th October 2021. The Committee also noted that the supply chain is the biggest carbon contributor for the Health Board and HDdUHB's approach to measuring carbon within the supply chain has been identified by NHS Wales Shared Services Partnership (NWSSP) as an area of good practice for adoption nationally. At its meeting held on 23rd February 2022, the Committee was informed of the publication of the NHS Wales Decarbonisation Strategy in 2021, which provides an NHS Wales perspective working in conjunction with the Carbon Trust, to reach a target NHS reduction of 34% by 2030. The Committee was informed of work underway with the Carbon Trust to calculate the

Health Board's carbon footprint. Assessment has identified that 100,000 tonnes of CO2 is produced by the Health Board, mainly through the procurement of goods and services rather than through direct carbon emissions from property and travel. The Committee was also informed of work underway to develop a Carbon Literacy Programme and the intention to submit a strategic plan to the Board in Q1 2022/23 to address the carbon challenges with links to sustainability and green initiatives. The Committee was informed that, although Wales has not yet assessed the financial implications of its strategy, significant investment will be required in capital for buildings. Assurance was provided that, whilst the overall capital allocation for NHS Wales has markedly reduced for 2022/23, it is anticipated that additional resources are to be directed towards environmental and sustainability challenges. Additionally, the Health Board has linked in with its three local authorities and other public sector organisations to identify opportunities to develop a collective solution in addition to accessing further funds. The Committee noted that two thirds of the Health Board's carbon footprint is attributed to procurement and recognised the importance of staff awareness and engagement once the strategy is developed. The development of a set of reporting metrics was also welcomed to enable the Committee to receive assurance on the progress of the strategy.

In addition to the papers listed above, the following papers were received by the Committee at its meetings held in 2021/22:

- **Investment in Clinical Equipment** – at its meeting held on 23rd August 2021, the Committee received the Investment in Clinical Equipment report, highlighting information from the Strategic Medical Device Replacement report previously presented to the Capital, Estates and Information Management & Technology Sub-Committee at its meeting on 21st July 2021. The Committee noted that recurring resources within Clinical Engineering will be required to ensure adequate maintenance arrangements are established and implemented whilst the inventory remains at its current level of 31,405 devices, with a replacement cost estimated at £91.8m. The Committee noted that the significant increase in the medical device inventory between 2019 and 2020 had been almost entirely attributable to devices acquired for, and during, the early stages of COVID-19 preparations. The Committee was advised that the Health Board should expect that the number and value of devices due/overdue for replacement will increase to avoid potential detriment of patients, staff and organisational safety. The Committee was reminded that equipment sourced via the Charitable Funds route would contribute to the backlog replacement and therefore controls need to be implemented before investment in new equipment is considered via this channel. The Committee received assurance that this clinical equipment replacement risk is being developed into a Principal Risk for the Board Assurance Framework (BAF), which was submitted to the Board in September 2021.
- **Capital Financial Management** – at its meeting held on 23rd August 2021, the Committee 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. The Committee discussed and agreed that the delivery of capital planning should be aligned to the Strategic Development and Operational Delivery Committee (SDODC) rather than the Sustainable Resources Committee. The Committee agreed that subsequent Capital Financial Management reports would be submitted to future Committee meetings for information purposes.

- **Accountable Officer Letter** – at its meeting held on 23rd August 2021, the Committee received the Accountable Officer letter, setting out the governance process in place to communicate a breach of statutory financial duty. The Committee was informed that the planned deficit in the 2021/22 financial year does not recover the cumulative deficit incurred to date which was reset to 1st April 2020, resulting in the Health Board presenting a draft budget that will breach its statutory financial duty for the three-year period of 2021/22 to 2023/24. In accordance with guidance from WG, the Health Board has not approved an Integrated Medium Term Plan. In addition, a deficit plan has been presented, identifying a deficit of £25m for the year, which requires the Health Board's Chief Executive as Accountable Officer to notify the Director General for Health and Social Services, WG. The Committee noted the absence of the £16m savings plan delivery in the Accountable Officer letter.
- **Savings Plan 2021/22** – at its meeting held on 23rd August 2021, the Committee received a presentation outlining the process involved in achieving the savings required to deliver the financial year 2021/22 Interim Annual Plan, in addition to supporting delivery of the key ambitions set out in the A Healthier Mid and West Wales strategy. It is anticipated that the Health Board will be in a position to report on patient reported outcomes by the end of March 2022.
- **COVID-19 Fixed Term Contract Staff** – at its meeting held on 23rd August 2021, the Committee received the COVID-19 Fixed Term Contract Staff report, providing an overview of the decision-making processes involved in Health Board awarded fixed term contracts to mitigate the workforce challenges faced since the start of the COVID-19 pandemic, and the risks to be managed over the coming months. The Committee was assured that the Health Board is mindful of the impact on long term employment rights of staff and that the situation would be reviewed by Executive Team in January 2022. The Committee noted that a decision regarding the issue should be considered by the People, Organisational Development and Culture Committee (PODCC).
- **Digital Inclusion** – at its meeting held on 28th October 2021, the Committee received the Digital Inclusion report, providing an overview of the Digital Communities Wales (DCW) Programme, established by WG in 2019 to support organisations across Wales to embed digital inclusion in their day to day practices and incorporate digital inclusion activities into their strategic plans. It was noted that organisations are required to demonstrate their commitment to the digital inclusion programme and objectives by signing a pledge and producing an action plan to work towards the delivery of interconnected missions to enable digital inclusion; equipping people with the motivation, access, skills, and confidence to engage with an increasingly digital world, based on their needs. The Committee acknowledged the requirement to work in partnership with its three local authorities to address the recognised lack of connectivity. The Committee received assurance that specific planning objectives would be developed in relation to this programme for inclusion within the Health Board's IMTP. The Committee supported the recommendation that HDdUHB commits and signs up to the Digital Inclusion Pledge and establishes a programme around Digital Inclusivity. The Committee also supported the recommendation that the Senior Responsible Officer (SRO) for the Digital Inclusion Plan is HDdUHB's Digital Director, and that delivery of the action plan will be in partnership with Health Board directorates.
- **Value Based Health Care Update** – at its meeting held on 21st December 2021, the Committee received the Value Based Healthcare (VBHC) Update report and presentation, outlining the Health Board's implementation of a VBHC programme and implementation of the tools and support to capture PROMs and PREMs. The Committee

noted the Health Board's success in running two unique case-based education programmes in partnership with Swansea University, representing the first VBHC courses undertaken by a health board. The Committee was advised that an additional course will be held in Spring 2022 in partnership with Powys Teaching Health Board and Betsi Cadwaladr University Health Board (BCUHB) with a focus on diabetes care within a rural setting. With regard to research and innovation, the Committee was informed of collaborations with Bangor and Aberystwyth Universities, in addition to the formation of the Health Board's TriTech Institute. The Committee also received *Our Approach to Value Based Health Care*, which sets out the Health Board's plan for the next 3 years. The Committee was advised of the challenges to the delivery of the plan, which include the effectiveness of digital platforms and data flow, the analytical capability of the data, challenging existing ways of thinking about innovative service remodelling, and workforce constraints in terms of appointing staff and the realignment of resources. The Committee received assurance that engagement with clinicians has been wide-spread with education programmes well attended by multi-professional clinicians and managers.

- **Extension of Lightfoot Solutions** – at its meeting held on 23rd February 2022, the Committee received the Extension of Lightfoot Solutions report, confirming the extension of the contract with Lightfoot for recovery planning and waiting list backlog reduction to 31st July 2022, after which the Health Board is committed to bringing the analytical capability in-house through the development of an alternative approach to this provision. The Committee noted that the Health Board's Digital team anticipates a beta demonstrable version will be available by the end of March 2022, prior to a formal launch in June 2022. The Committee received assurance that learning will be taken from the work with Lightfoot and that the benefits of the arrangement will be replicated by the in-house platform. The Committee supported the proposed exit strategy with the development of an in-house advanced analytical platform.
- **Report to Board on 27th January 2022: Use of Consultancies to Support the Health Board Approvals** – at its meeting on 23rd February 2022, the Committee received the Use of Consultancies to Support the Health Board Approvals report as presented to the Board at its meeting on 27th January 2022, and supported the proposals outlined in the report.

Assurance Items

The following papers were received by the Committee:

- **Assurance on Planning Objectives Aligned to SRC** – at its meetings held on 23rd August 2021, 28th October 2021, 21st December 2021 and 23rd February 2022, the Committee received the Planning Objectives Update report, mapping the progress made to date and future actions required to deliver against each of the Finance Planning Objectives aligned to the Sustainable Resources Committee. At its meeting held on 28th October 2021, the Committee noted that it is slightly behind on reporting against PO 6I (*By September 2021, propose new Planning Objectives to establish locality resource allocations covering the whole health budget (and social care where agreed with partners) and test innovative approaches to driving the shift of activity from secondary care settings to primary and community care. Additional aims will be to ensure secondary care thrives in doing only what it can do, shifts are based on the needs and assets of the local population, and localities progressively close the gap between budget and target resource allocation*) and 6J (*To develop, by 30 September 2021, a plan to deliver £16m of recurrent savings based on opportunities for technical and allocative*

efficiencies across the Health Board's budgets. The savings will need to be deliverable on a pro rata basis by the end of the financial year to ensure that the underlying deficit does not further deteriorate. This will be based on the Health Board's developing opportunities framework and developed in conjunction with budget managers across the organisation) and welcomed the attendance of the Medical Director and Director of Strategic Development and Operational Planning to a future meeting to provide assurance to the Committee. In light of queries regarding the progress of PO 6H: to undertake a full analysis of the Health Board's supply chain in light of the COVID-19 pandemic, the Committee received assurance that a workshop would be held on 21st December 2021 with the aim of providing assurance regarding the medium term strategy on delivering the improvements required. At its meeting held on 21st December 2021, the Committee discussed the 3 Planning Objectives that reflect the advancement of Value Based Health Care under the responsibility of the Medical Director, which include PO 6D, 6E, and 6F. The Committee received assurance on the progress made against their delivery and further assurance with a workshop focusing on Social Value subsequently held following the Committee meeting. At its meeting held on 23rd February 2022, the Committee received assurance that progress is being made in areas such as Value Based Health Care and the capture of PROMs across the system.

- **Integrated Performance Assurance Report (IPAR)** – at its meeting held on 28th October 2021, the Committee received the IPAR, detailing all measures relating to the *Safe, Sustainable, Accessible and Kind Care* strategic objective. For the SRC, these include measures relating to Finance, Individual Patient Funding Requests and Continuing Health Care. The Committee noted the special cause concerning variation for agency spend and variable pay due to current high vacancies, absence cover and continued pressures in emergency departments across the four acute sites. At its meetings held on 21st December 2021 and 23rd February 2022, the Committee noted the continuing increasing trend for agency premium and variable pay. At its meeting held on 23rd February 2022, the Committee raised the possibility of a national contract for agencies. It was noted that while there are framework agency providers, due to demand and the potential for risk, use of non-framework agencies has increased.
- **Balance Sheet** – at its meetings held on 23rd August 2021, 28th October 2021 and 23rd February 2022, the Committee received reports detailing the Health Board's Balance Sheet position, together with the monthly scrutiny of the Balance Sheet and further developments. At its meeting held on 28th October 2021, the Committee discussed the increase in medical negligence claims costs by £16m as a result of four recent claims and raised concern as to the availability of intelligence suggesting similar large shifts in provision over the next few months. However, the Committee was advised that the position is in line with trends seen across the other home nations. The Committee noted the Health Board's risk share from the Welsh Risk Pool and were advised that in light of the current climate, NHS Shared Services Partnership (NWSSP) is looking to increase this by an additional £12m for the next financial year, which would provide HDdUHB with an additional £1.5m share. It was further noted that the situation is likely to be an increasing trend for this year and next. With regard to the movement of £13m from the opening position, and an explanation for the reduction of £8m for fixed assets, the Committee was advised at its meeting held on 23rd February 2022 that this is related to depreciation, and the significant expenditure on the PPH demountables scheme over the past few months was highlighted. The Committee was informed that Blackline is now the platform used by Finance to prepare, approve and review the Balance Sheet reconciliations, and received assurance that Internal Audit would be reviewing this as part of their work programme for 2022/23. Both the Committee and Internal Audit would then be able to receive assurance from the change in procedure.

- NWSSP Performance Report** – at its meeting held on 23rd August 2021, 21st December 2021 and 23rd February 2022, the Committee received quarterly reports of the NHS Wales Shared Services Partnership (NWSSP) Performance, providing a summary of performance data in respect of the services provided by NWSSP, which reflect the Health Board’s analysis of the Balance Sheet. The Committee noted that a consistent area of concern is the Time to Shortlist by Managers indicator. At its meeting held on 21st December 2021, the Committee received a presentation from NWSSP which included a summary of the services provided by NWSSP, the organisation’s strategic objectives, their IMTP for 2022-25 and its approach to social value. The Committee received positive assurance from the presentation by NWSSP regarding partnership working, foundational economy opportunities to support the Health Board, and employment initiatives in South West Wales.
- Information Governance Sub-Committee Update Report** – the Committee received the Information Governance Sub-Committee (IGSC) Update Reports at each of its meetings in 2021/22. At its meeting held on 23rd August 2021, the Committee noted the Health Board’s performance for clinical coding for Q1, 2021/22 as 66.2%, which is considerably below the 95% requirement, noting the reasons behind coding non-compliance are the high levels of sickness and self-isolation as a result of the COVID-19 pandemic. The Committee was assured that, with additional coders undertaking further training, the clinical coding team anticipate that the necessary 95% target for coding completeness within month would be achieved by December 2021. The Committee commended the Sub-Committee’s focus on the increase in the number of staff access breaches requiring notification to the Information Commissioner’s Office (ICO) in recent months. At its meeting held on 28th October 2021, the Committee noted that clinical coding performance of 72% is below the 95% target requirement, and received assurance that performance is being monitored prior to the implementation of an improvement plan, together with the recent appointment of a number of clinical coding trainees. The Committee requested the development of a business case to ensure that the Health Board’s managed GP Practices are compliant with the Information Governance Toolkit. The Committee also requested updates to be provided within future IGSC update reports regarding the current concerns over external storage facilities. The Committee received and approved the revised IGSC Terms of Reference. At its meeting held on 21st December 2021, the Committee was pleased to note that Clinical Coding performance has exceeded the 95% WG target requirement, standing at 96.7% as of 21st December 2021. The Committee also noted that a review is currently being undertaken with external providers of Corporate and Records Management storage across the Health Board and received assurance that this will continue to be reported to Committee via the IGSC Update Report. In relation to Cyber Security and Network and Information Systems (NIS) Directive, the Committee was informed that a group of the Sub-Committee will be established to address the recommendations following the Network and Information Systems Regulation Cyber Assessment Framework and received assurance that that the Health Board is considered secure against the recent cyber-attack on the NHS. The Committee ratified the Freedom of Information and Environmental Information Regulation Policy approved by the Sub-Committee. At its meeting held on 23rd February 2022, the Committee received assurance that the Information Governance team continue to undertake audits of record storage facilities, both internally and externally to the Health Board and that a risk assessment for each facility will be undertaken. In relation to the Cyber Security and Network and Information Systems (NIS) Directive, the Committee was informed of the recent Price Waterhouse Cooper (PWC) report regarding the Ireland Health Service Executive (HSE), which had been victim to a recent ransomware attack and was subsequently unable to provide

healthcare, highlighting the importance of investigating alerts. It was acknowledged that lessons learned from the HSE experience should be applicable elsewhere, particularly as the Health Board continues to develop its monitoring and response capabilities with the expectation that the number of alerts received will significantly increase. Regarding concerns whether the escalating tensions with Russia will have an impact on cyber security, the Committee received assurance that staff regularly receive reminders to be vigilant via global emails and that a communications plan is under development. The Committee approved the Written Control Documentation Policy (190).

- **Strategic and Operational Business Intelligence** – at its meeting held on 23rd August 2021, the Committee received the Strategic and Operational Business Intelligence Report, providing a synopsis of the Health Board's current and future contractual arrangements with the analytical company Lightfoot Ltd. It was noted that the report had been submitted to the July 2021 Public Board meeting where it was requested that the report be considered by the Sustainable Resources Committee to provide the assurance required by Board in considering approval of further funding. The Committee received assurance on the clear exit strategy attached to the investment with no commitment required to continue using the services involved. The Committee supported the continuation of the relationship with Lightfoot, predicated on the basis of the clear exit strategy and skills transfer to internal teams to build upon the competencies of managers to use the information to improve service delivery.
- **Ministerial Directions** – at its meeting held on 23rd August 2021, the Committee received, for information, a status update and assurance that all NHS Non-Statutory Instruments (Ministerial Directions) received from WG in 2020/21 have been implemented or adopted by the Health Board.
- **Resource Allocation and Consumption: A County Perspective** – at its meeting held on 23rd August 2021, the Committee received the Resource Allocation and Consumption – A County Perspective report, which set out the conclusions reached from a population-based assessment of activities and cost of care. It was noted that each cost driver in the Health Board has been analysed, and the costs of care allocated to each of the three counties/localities, to derive resource consumption based on registered populations in each county. The report analysis reveals that Carmarthenshire drives much of the underlying deficit, however, on a per capita basis, Pembrokeshire appears to be driving more deficit and, based on activity levels, Ceredigion is more in line with the level of financial resources that are attributable to its population; further work will therefore be undertaken at a cluster level. The Committee was advised of discussions taking place with County Leads to correlate this high level information with their operational knowledge to inform the next stages of development, which would help align this information with the integrated locality planning work to determine those areas which require further focus.
- **Cyber Security (Update on Risk 451)** – at its meeting held on 28th October 2021, the Committee received the Cyber Security (Update on Risk 451) report, noting that a security assessment for HDdUHB had been undertaken in January 2018, resulting in the publication of a local HDdUHB summary report, the NHS Wales External Security Assessment - HDdUHB Report and Improvement Plan. Since then, the Health Board's Digital Team has been working with Digital Health and Care Wales (DHCW) to enact the action plan to provide assurances to the Health Board that, in the event of further cyber-attacks, HDdUHB and the wider NHS in Wales would be secure. The Committee received assurance that a risk assessment has been developed for the resilience of networks within the Health Board, which has identified a number of risks and

vulnerabilities that are currently being worked through to improve cyber security and assess current compliance against the regulations. The Committee agreed the closure of Risk 451 and the creation of a new risk to recognise the wider implications of cyber security.

- **Business Case Process** – at its meeting held on 28th October 2021, the Committee received the Business Case Process report, outlining the new structure for the scrutiny and approval of business cases via the Health Board's Use of Resources Group, which reports directly to Executive Team. The Committee received assurance that business cases would be presented to the Sustainable Resources Committee for assurance prior to presentation to Board for approval. The Committee also received the Use of Resources Group's Terms of Reference for information.
- **Welsh Health Circulars** – at its meeting held on 23rd February 2022, the Committee received the Welsh Health Circulars (WHC) report, providing an update on progress in relation to the implementation of the following WHCs, which fall under the remit of SRC and its Sub-Committee structure:
 - 007-15 Update on the All Wales Position of the Emergency Department Clinical Information Management System (EDCIMS) - no online link available
 - 049-15 Operational Standards for Use of the NHS Number
 - 003-20 Value Based Health Care Programme – Data Requirements
 - 024-21 NHS Wales's contribution towards a net-zero Public Sector by 2030The Committee received assurance on the management of WHCs in terms of when the WHC would be delivered, any barriers to delivery, impacts of non/late delivery and assurance that the risks associated with these are being managed effectively.

Information Items

- At each meeting during 2021/22, the Committee has been presented with the following papers for information:
 - Sustainable Resources Committee Work Programme 2021/22
 - Notes from the Finance Touchpoint Meetings (held in alternative months to the Committee meetings)
 - Update on All-Wales Capital Programme: 2021/22 Capital Resource Limit and Capital Financial Management (from 28th October 2021)
 - Agile Digital Business Group Update Report (from 28th October 2021)
- **Notes from the Finance Touchpoint Meetings** – Notes from the Finance Touchpoint Meetings held on 27th July, 28th September, 23rd November 2021, and 24th January 2022 were presented to the Committee at its meetings held on 23rd August, 28th October, 21st December 2021, and 23rd February 2022.
- **Agile Digital Business Group Update** – updates from the Group's meetings held on 20th September 2021 and 20th December 2021 were presented to the Committee at its meetings held on 28th October 2021 and 23rd February 2022.

In addition to the papers listed above, the following papers were received by the Committee:

- **Home Based Care Service Workforce** – at its meeting held on 28th October 2021, the Committee received the Home Based Care Service Workforce report, to provide assurance to the Committee on the financial implications of the decision taken by the Health Board's Executive Team/Gold Strategic Group at its meeting on 8th September 2021 to extend the existing Bridging Service, in order that it can provide bridging support

to all patients awaiting domiciliary care up to the point when an appropriate package of care becomes available or 31st March 2022 (whichever is sooner). The report presented the workforce requirements put forward to extend the service, with their indicative financial implications for each county. The Committee received assurance from the report to proceed with the decision-making process undertaken and the risks to be managed during the coming months.

- **All Wales Independent Member Digital Network Highlight Report** – at its meeting held on 23rd February 2022, the Committee received the All Wales Independent Member Digital Network Highlight Report, for information.
- **Procurement Initiatives** – at its meeting held on 21st December 2021, the Committee received the Procurement Initiatives report identifying that procurement services are currently under-invested, however an additional £200,000 has been secured from NHS Wales Shared Services Partnership (NWSSP) to assist with further opportunities for the next IMTP round. The Committee welcomed the positive reporting with regard to the Foundational Economy and Decarbonisation initiatives, including the awarding of contracts for solar panels, electric vehicles, and air heat source pumps, which contribute to the Health Board's decarbonisation strategies.

Approval Items

- **Strategic Cash Assistance** – at its meeting held on 21st December 2021, the Committee approved the request for Strategic Cash Support for 2021/22 of £16m, prior to ratification by the Board at its meeting on 27th January 2022.
- The Sustainable Resources Committee approved the following Financial Procedures during 2021/22:
 - 699: Single Tender Action Procedure (approved 21st December 2021)
 - 1054: Purchase to Pay Procedure (approved 21st December 2021)
 - 071: Construction Industry Scheme Procedure (approved 21st December 2021)
 - 082: Identification and Charging for Overseas Visitors for NHS Treatment (approved 21st December 2021)
 - 083: Treatment of Private Patients Procedure (approved 21st December 2021)
 - 089: Property Found on Hywel Dda Premises Procedure (approved 21st December 2021)
 - 096: Hospitality Provision Procedure (approved 21st December 2021)

Governance Items

- **Finance Committee Self-Assessment 2020/21: Analysis of Findings** – at its meeting held on 23rd August 2021, the Committee received the Finance Committee Self-Assessment 2020/21 – Analysis of Findings report and received assurance that the recommendations identified would be considered in light of its new terms of reference and revised membership, and that a six month review of progress against the actions would be included within the Committee's annual work programme. At its meeting on 23rd February 2022, the Committee received the Committee's Self-Assessment 2020/21 Action Plan report providing assurance that any actions from the Finance Committee Self-Assessment 2020/21 are being progressed within the agreed timescales. The Committee recognised the benefit of inviting other directors and managers to attend Committee meetings, as and when required, to enable learning/continuous improvement rather than for inquisition. The Committee further recognised that this approach, in addition to the reintroduction of deep dives on the

Committee agenda, would facilitate a better understanding of service delivery challenges.

Key Risks and Issues/ Matters of Concern raised by the Committee to the Board during 2021/22 included:

- **From the Committee meeting held on 23rd August 2021:**
 - Recognising that there is no long term savings plan in place, and that the Sustainable Resources Committee meets bi-monthly, the Board is requested to consider this position in order to achieve medium term financial balance.
 - Strategic and Operational Business Intelligence – the Committee supported the continuation of the relationship with Lightfoot Ltd in principle, subject to further consideration of the exit strategy and skills transfer to internal teams to build upon the competencies of service delivery managers.

- **From the Committee meeting held on 28th October 2021:**
 - Finance Report and Financial Forecast M6 2021/22 - the position for the remainder of 2021/22 and the risk of undershooting against the deficit position as a result of the planned care recovery actions not keeping pace with the funding allocated.
 - Cyber Security (Update on Risk 451) - the work ongoing to address the Cyber Security risk and the Committee's agreement to the closure of Risk 451 to be replaced with a new risk.
 - Integrated Performance Assurance Report – to note the special cause concerning variation for agency spend and variable pay.

- **From the Committee meeting held on 21st December 2021:**
 - Finance Report and Financial Forecast Month 8, 2021/22 - Savings this year have been achieved, largely on a non-recurrent basis. However, there is a deterioration in the underlying deficit from £57.4m in 2020/21 to £68.9m in 2021/22 if further recurrent savings schemes of £11.5m are not identified
 - Financial Plan Development Update - The scale of the challenge going into the next IMTP round and the significant change required, necessitating the Committee's confidence in the Health Board's ability to plan and deliver this change. This will be the subject of broader discussion at the February 2022 Committee meeting.

- **From the Committee meeting held on 23rd February 2022:**
 - Financial Plan Development Update- the position and handling strategy of the IMTP, subject to further discussions at Board Seminar on 11th March 2022 and the Public Board meeting on 31st March 2022.
 - Information Governance Sub-Committee Update Report - the increased global risk regarding cyber security in light of the current escalating tensions with Russia.

Sustainable Resources Committee Future Work Plan 2022/23

During 2022/23, there will be a key focus for the Committee on the following:

- Route Map to Financial Balance, including the Opportunities Framework
- Social Value and Procurement
- Long Term Agreements and Healthcare Contracting
- Outcomes from Investment in Digital Enablement

- Linkage of Financial and Workforce Planning
- Capital Financial Management
- Scrutiny of Financial Risks

Argymhelliad / Recommendation

The Board is requested to endorse the Sustainable Resources Committee Annual Report for 2021/22.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives:	Not Applicable

Gwybodaeth Ychwanegol:

Further Information:

Ar sail tystiolaeth: Evidence Base:	Agendas, papers and minutes of the Committee meetings held in 2021/22
Rhestr Termau: Glossary of Terms:	Included within the body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Sustainable Resources Committee

Effaith: (rhaid cwblhau)

Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	A sound system of internal control, as evidenced in the Committee's Annual Report, will assist with ensuring financial control, and the safeguard of public funds.
Ansawdd / Gofal Claf: Quality / Patient Care:	SBAR template in use for all relevant papers and reports.
Gweithlu: Workforce:	SBAR template in use for all relevant papers and reports.
Risg: Risk:	SBAR template in use for all relevant papers and reports.

Cyfreithiol: Legal:	<p>A sound system of internal control, as evidenced in the Committee's Annual Report, ensures that any risks to the achievement of the Health Board's objectives are identified, assessed and managed.</p> <p>Compliance with the Health Board's Standing Orders, and Committee's Terms of Reference, requires the submission of an Annual Report to the Sustainable Resources Committee.</p>
Enw Da: Reputational:	<p>Not Applicable</p>
Gyfrinachedd: Privacy:	<p>Not Applicable</p>
Cydraddoldeb: Equality:	<p>SBAR template in use for all relevant papers and reports</p>