

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 April 2023
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 Hywel Dda University Health Board (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 25 April 2023.</p> <ul style="list-style-type: none"> • Sustainable Resources Committee Annual Report 2022/23 – the Committee endorsed the SRC Annual Report 2022/23, for onward submission to the Board. The Committee received assurance in respect of the work that has been undertaken by the Committee during 2022/23, and that the Terms of Reference, as set by the Board, have been appropriately discharged. The Committee noted that the report reflects the shift in emphasis from COVID-19 health prevention and safety to operational service performance delivery and recognised the challenges in achieving savings towards the Health Board's financial deficit. The Committee noted that the report demonstrates the continuous scrutiny of the financial position by the Committee and increased clarity of the factors driving the position. Acknowledging the length of the report, the Committee was advised of work being undertaken to build upon the approach taken for 2022/23, which will include a debrief with Independent Members on what went well and what could be improved and noted that a more concise report for 2023/24 will be trialled by the Quality, Safety and Experience Committee (QSEC). • Finance Report and Draft Outturn 2022/23 – the Committee received the Finance Report and Draft Outturn 2-22/23, outlining the 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 the initial £25.0m deficit Plan, combined with an operational variation due to system pressures and continuation of COVID-19 activities within HDdUHB's core services. The forecast deficit is £59.0m, after recognising a further £5.0m of operational variation offset by £8.0m Accountancy Gains. The Committee received assurance that the overspend within the Health Board's planned deficit target of £59m, stands at £59.044m. The Health Board also achieved the target 	

requirements for the Capital Resource Limit (CRL) for the payment of non-NHS suppliers within 30 days and the Cash position came within the £4m limit at £3.7m. The Committee was advised that the monthly reporting to Welsh Government (WG) is in the process of being compiled for submission on 35 April 2023 and that Audit Wales will complete the audit of the financial accounts by 31 July 2023. Until the conclusion of the audit, there is a risk that the draft reported position of £59m could be amended. The Committee was advised of the challenging year as a result of changes in terms of the impact of International Financial Reporting Standards (IFRS)17 and changes to the auditing standards. The Committee also noted the continued underlying challenge in terms of pay pressures and in terms of the benefit of nurse stabilisation transpiring in a reduction in the run rate at Glangwili General Hospital (GGH). The Committee was advised of areas of potential audit challenge including the Pay Award and Primary Care dental contracts.

- **Financial Outlook 2023/24** – the Committee received the Financial Outlook 2023/24 report, highlighting the key finance elements contained within the annual plan and provide an update against the £19.5m savings target. The Committee was advised that, with limited assurance of the saving expectation being highlighted as part of the March 2023 Board, the organisation has been required to continue work, at pace, to accept and progress opportunities that have been highlighted, as well as other ideas, to ensure a minimum of £19.5m savings can be delivered. Recognising the significant efforts that directorates continue to progress, the Committee was advised that productivity savings are also being recorded internally for 2023/24. However, whilst these provide value to the organisation, they do not deliver a reduction in monetary terms, and therefore, would not form part of the formal reporting against the £19.5m expectation to WG, as per the agreed definitions. The Committee was advised that the Green and Amber Saving schemes plan to deliver a total of £8.4m (Green £1.2m; Amber £7.2m) results in a shortfall of £11.1m to achieve the minimum expectation of £19.5m. Since the writing of the report, the Committee was advised that £1.3m from Medicines Management productivity savings has now been shifted into cash releasing recurrent savings and therefore, the cash releasing savings has increased to £11.5m. The Committee noted the challenge in moving further productivity savings into cash releasing savings, in terms of Planned Care reconfiguration planning. The Committee received assurance that there are mechanisms in place to encourage the organisation to think in terms of providing value, in addition to savings such as EQUIP, VBHC, and Improving Together and highlighted the importance of capturing the consequences of schemes at the point of sign off and review. The Committee noted the Financial Outlook 2023/24 report, noting the implication of the formal response awaited from WG to the Health Board's Annual Plan 2023/24.
- **Long Terms Agreement (LTA) Outlook 2023/24** – the Committee received the LTA Outlook 2023/24 report, summarising the impact of the overall 1.5% uplift plus Investments contained within the LTAs. The commissioning arrangement has now been ratified for 2023/24 following the Directors of Finance (DoFs) meeting in March 2023. In accordance with the WG Allocation letter regarding uplift funding for 2023/24, an uplift of 1.5% has been applied. Health Boards will pass on the commissioner share of the Pay Award funding once confirmed by WG. The Committee was advised of the key issues from the report; notably the

change in tolerance from 10% to 5% compared to 2022/23, which means a reduced level of protection afforded to Providers, where underperformance can be claimed back at a marginal rate, which will then impact on the number of patients being treated. The Committee was advised that the LTAs require an overhaul to ensure that they are fit for purpose and that there is a balance to be struck between the Health Board working collaboratively alongside Providers and holding them to account as Commissioners. The Committee received assurance that robust principles of commissioning are being followed and incorporated into HDdUHB's contracting framework, in the context of the all Wales LTA arrangements currently in place, noting however, that it is the national principle needs revision going forward. Referring to the 1.5% uplift, the Committee was advised that this has been agreed nationally and there will be a consequential resource flow from WG or the Health Board once a Pay Award has been agreed. The Committee agreed to escalate concern regarding the LTAs being fit for purpose

- **Finance Targeted Intervention Actions** - the Committee received the Finance Targeted Intervention (TI) Actions report, highlighting the key finance function specific actions and their progress following the work that has been ongoing since the inception of TI in late 2022, to address the deliverables highlighted by WG. Significant progress has been made on the finance function specific actions and the Committee received assurance that two of the deliverables have been completed and signed off through the March 2023 Quarterly TI meeting: the Drivers from £25m to £62m deliverable and the Health Board Delivery Framework. The remaining two deliverables, the Opportunities Framework and the Review of Financial Management Arrangements, are currently on track for providing a final update for review and proposed sign-off for the June 2023 Quarterly TI meeting. The Committee noted the anticipated additional resource required for the Programme Management Office to ensure delivery of the changes needed.
- **Radiology Informatics System Programme (RISP) Full Business Case (FBC)** – the Committee was informed that the Radiology Information Systems report would be presented In-Committee due to the commercially sensitive nature of the Full Business Case.
- **Planning Objectives Update/Closure Report** – the Committee received the Planning Objectives Update report, acting as a closure report for the 2022/23 Planning Objectives (PO) and advising of the new POs for 2023/24. The Committee received an overview regarding progress of each of the 2022/23 POs and was advised that the closure reports for all Committees will be reported to the Board at its meeting on 25 May 2023. Additionally, the Committee noted the draft POs for 2023/24 and those that are likely to be aligned to the Committee, subject to Board approval. The Committee received assurance that, going forward, a more robust plan on a page will be developed for each PO to provide assurance on the actions taken in year. The Committee recognised the importance of mapping the elements from the old POs, which remain open, to the new POs. The Committee received assurance that the principles of the POs that remain open and on track are to be consolidated into larger new POs, with assurance provided that this would be reviewed in conjunction with the Director of Strategy and Planning.

- **Procurement Plan** – the Committee received the Procurement Plan report, providing assurance on the progress and impact of the changes and the procurement plan for the financial year 2023/2024. The changes and the plan have been developed, by the procurement team on behalf of the Director of Finance, to be complementary with HDdUHB’s transformation strategies, WG sustainability, foundational and circular economy policies, and NHS Wales Shared Services Partnership (NWSSP) national procurement strategies. The Committee was advised that a restructure was undertaken to match the team in Swansea Bay University Health Board (SBUHB) to allow the teams to work more effectively as a West Wales Region and gain economies of scale, in addition to filling the existing vacancies in the team. The Committee was advised that the Procurement Team was set a target for 2023/23 of £2.2m; of which £1m must be cash releasing savings. Along with the savings plan, the Committee received assurance on the new ways of working being established within the team including a Contract Programme, which captures contracts awarded and all contract management, monthly and quarterly reporting templates.
- **Finance Corporate Risk Report** – the Committee received the Finance Corporate Risks report, providing detail on the following four risks assigned to the Committee:

 - *New Risk 1642 - Risk of the Health Board not being able to meet the statutory requirement of breaking even 2023/24: Current Risk Score 16/Target Risk Score 12.* The Committee was advised that the current risk score remains at 16 as a significant level of savings is yet to be identified. The Board has agreed the Annual Plan, which goes some way towards mitigating this risk. However, it is unlikely the score of this risk will be reduced to the agreed tolerance level for this Impact Domain (6) during the current financial year and meet the statutory requirement of breaking even. In light of these challenges, the Committee agreed and accepted that the risk can only be reduced at this time to the target risk score (12) and will remain above the current Health Board agreed tolerance level (6).
 - *1432 Risk to the delivery of the Health Board's draft interim Financial Plan for 2022/23:* No change to Risk Score.
 - *1352 Risk of business disruption and delays in patient care due to a cyber-attack:* No change to Risk Score.
 - *1335 Risk of being unable to access patient records, at the correct time and place in order to make the right clinical decisions:* Reduction in risk score from 12 to 9. The Committee was advised that the reduction in risk score for Risk 1335 is due to the work undertaken regarding the Electronic Document Management System and the scanning programme.
- **Finance Operational Risk Report** – the Committee received the Finance Operational Risks report, providing detail on the thirteen risks scored against the Finance impact domain. The Committee noted that a new risk has been added to Datix since the previous report: *1607 - Risk that the UHB will not have a fit for purpose risk management system after 31 March 2024*, which is due to the expiration of the Datix system in March 2024. The Committee was advised that Corporate Governance is considering the adoption of the all Wales system or, to tender for a standalone risk management system. Since the previous report, one risk has been closed: *968 - Failure to remain within allocated budget over the*

medium term (Pembrokeshire) and replaced by Risk 1636 – *Failure to remain within allocated budget over the medium term (Pembrokeshire)*. Since the previous report, one risk has had an increase in current risk score: 966 - *Failure to remain within allocated budget over the medium term (Medicines Management)* from 12 to 25. The Committee was advised that a draft risk for Carmarthenshire is currently being finalised and welcomed the suggestion that a deep dive into one of the counties, in terms of the risk of failing to remain within their allocated budget, may be beneficial for the Committee to see what is happening in a particular county to receive assurance that all relevant controls and mitigations are in place.

- **Integrated Performance Assurance Report (IPAR)** – the Committee considered the measures from the Integrated Performance Assurance Report (IPAR), relating to Month 12. The Committee was advised that the third party spend with Hywel Dda suppliers and Welsh suppliers measure remains at the same levels and that, despite the considerable work ongoing in Foundational Economy, it is not manifesting in a shift in resource coming into Wales. The Committee noted that more could be done around targeting areas of influenceable spend that could be brought into Wales and work will be ongoing with the Procurement team over the next few months. Referring to the Total Carbon Emissions measure, the Committee noted that the development of a robust baseline to measure total carbon emissions will be discussed with the Director of Strategy and Planning, outside of the meeting.
- **Information Governance Sub-Committee Update Report** – the Committee received the received the Information Governance Sub-Committee (IGSC) Update Report from the meeting held on 13 April 2023. The Committee received assurance that an update on the clinical coding position for the Health Board has achieved the 95% target for the past fifteen months and that this in turn has led to the team commencing work to enable the clinical coding of Emergency Department information. The Committee approved the Acceptable Use of Information and Communication Technology Policy (320) and the Informatics Procurement & Request Procedure (240) and noted that a number of other policies/procedures require further work, following review by the Sub-Committee, prior to being submitted to the next Committee meeting for approval. Regarding the wider strategic issue of storage of records, the Committee received assurance that the Pembrokeshire acute site audits have been completed, with work commencing at the peripheral sites to provide assurance that they are safe and secure, and that this work will be replicated for Ceredigion and Carmarthenshire over the next year.
- **Consultancy Review** - the Committee received the received the Consultancy Review report, advising that two consultancy contracts were entered into during the period 1 February 2023 to 31 March 2023: The Consultation Institute, for the provision of consultation support for Paediatrics, and Arcus Consulting Ltd, for the All Wales Finance Business Partner development programme. The Committee was advised that the outcome of the work undertaken by Arcus, to assess the impact of Finance Business Partnering across the Health Board, will be presented to the June 2023 Committee meeting. Referring to the overall consultancy spend for 2022/23, the Committee received assurance that this is

submitted via the Accountability Report to the May 2023 Audit and Risk Assurance Committee (ARAC) meeting

- **Decarbonisation Task Force Group Update Report** – the Committee received assurance from the Decarbonisation Task Force Group Update Report from the meeting held on 5 April 2023.
- **Finance Delivery Unit VAULT Quarter 4 Edition** – the Committee received the Finance Delivery Unit VAULT Quarter 4 Edition report for information.
- **Year End Audit Update** – the Committee received the Year End Audit Update report. Mr Thomas assured Members that the report was presented to ARAC at its meeting on 18 April 2023.
- **Agile Digital Business Group Update Report** – the Committee received the Agile Digital Business Group Update Report from the meeting held on 3 March 2023, summarising discussions held surrounding the Electronic Patient Flow and Electronic Observations Outline Business Case, which was subsequently considered by the Board at its meeting on 30 March 2023.
- **Update on All-Wales Capital Programme: 2022/23 Capital Resource Limit and Capital Financial Management** - the Committee received the Update on All-Wales Capital Programme: 2022/23 Capital Resource Limit and Capital Financial Management report, providing details of the Health Board's Capital Expenditure Plan and Expenditure Profile Forecast for 2022/23, the Capital Resource Limit for 2022/23 and an update regarding capital projects and financial risks. The Committee was advised of an issue regarding the use of Reinforced Aerated Concrete (RAC) across the Health Board, which will be discussed by the Strategic Development & Operational Delivery Committee (SDODC) at its meeting on 27 April 2023. The Committee noted that any implications to the CRL will be reported to SDODC.

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

- **ENDORSEMENT** of the Sustainable Resources Committee Annual Report 2022/23.
- **APPROVAL** of a revised tolerance risk score of 12 for the new risk 1642 - *Risk of the Health Board not being able to meet the statutory requirement of breaking even 2023/24.*

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

- Scrutiny of the M12 financial position and year end position, highlighting areas of potential audit challenge including the Pay Award and Primary Care dental contracts and recognising the challenging audit environment given the change in the scope of the audit.
- Challenges for savings delivery for 2023/24, noting the work underway in terms of the governance arrangements of the programmes of change.
- Concern raised regarding the fitness for purpose of LTAs, which require review across Wales and not in isolation as a Health Board.

- Committee support of the Planning Objectives 2023/24, recognising the need to map elements of old POs that remain open to the new POs, with assurance received that this would be reviewed in conjunction with the Director of Strategy and Planning.
- Reduction in risk score for Risk 1335 *Risk of being unable to access patient records, at the correct time and place in order to make the right clinical decisions*, due to the work undertaken regarding the Electronic Document Management System and the scanning programme.
- Committee approval of 320 Acceptable Use of Information and Communication Technology Policy and 240 Informatics Procurement & Request Procedure.
- Positive assurance received from the continued performance of clinical coding and expansion into Emergency Department coding.

**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:

27 June 2023