

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

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| <b>DYDDIAD Y CYFARFOD:<br/>DATE OF MEETING:</b>  | 26 September 2024  |
| <b>TEITL YR ADRODDIAD:<br/>TITLE OF REPORT:</b>  | Update on Annual Plan 2024/25 (including financial recovery plan)                                    |
| <b>CYFARWYDDWR ARWEINIOL:<br/>LEAD DIRECTOR:</b> | Lee Davies, Executive Director of Strategy and Planning<br>Huw Thomas, Executive Director of Finance |
| <b>SWYDDOG ADRODD:<br/>REPORTING OFFICER:</b>    | Shaun Ayres, Programme Director - Targeted Intervention<br>Daniel Warm, Head of Planning             |

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA  
SBAR REPORT**

**Sefyllfa / Situation**

The Health Board is in Targeted Intervention (TI) across all six domains of the Welsh Government escalation framework. A critical factor is the Health Board's financial position and the resulting inability to develop a balanced plan. Two key de-escalation criteria are currently rated as 'alert' by the Health Board's TI Coordination Group, relating to the lack of an acceptable Annual Plan which, as a minimum, delivers the Control Total set by Welsh Government. Other alerts predominantly relate to Urgent and Emergency Care performance.

This report provides an update on delivery of the Annual Plan for 2024/25, with a particular focus on the financial plan and the recovery actions required to achieve £64.0m as a maximum deficit. This is an important requirement, as it would mitigate the cash challenge for the Health Board; however, it remains in excess of the Health Board's Control Total of £44.8m and represents a failure of the statutory duty to break-even.

**Cefndir / Background**

The Health Board ended the 2023/24 financial year with a deficit of £65.8 million, significantly exceeding the target Control Total of £44.8 million set by Welsh Government. At the March 2024 Public Board meeting, a one-year Annual Plan for 2024/25 was endorsed, acknowledging significant risks and recognising that the forecast financial outturn remained unacceptable, with the Health Board in breach of its statutory duty to break-even. This plan represented a forecast deficit of £64.0m, after the delivery of £32.4m of savings, and was subsequently submitted to Welsh Government on 28 March 2024.

Following submission, the Hywel Dda University Health Board (HDdUHB) received notification on 3 May 2024 from Welsh Government stating that the financial deficit set out in the Annual Plan was unacceptable and not aligned to de-escalation criteria (for Targeted Intervention). The letter requested a further submission, setting out the changes that amended the Health Board's plan. The Welsh Government expectation was that organisations would reduce the risk in existing plans and improve the financial deficit projected, inclusive of quantified options and choices to make further improvement against the current financial forecast. Furthermore, a second letter was issued on 7 May 2024 by Welsh Government setting out revised

performance expectations. The Board subsequently received a report on this at the May 2024 Public Board meeting.

On 26 July 2024, the Health Board received its accountability letter from Welsh Government further noting that *"You are expected to go further in terms of reducing the current forecast deficit position as an absolute minimum given the opportunities to do so which were fed back in the scrutiny session, make significant progress with the agreed de-escalation criteria, and ensure a clear route-map is in place to delivering the target control total set in 2023/24"*.

Additionally, the letter sets out a number of accountability conditions to which the Health Board must adhere:

- *Further derisk your financial plan to ensure the declared savings are delivered in-year and further improvement delivered;*
- *Continue to adopt the Value and Sustainability Board programmes, maximise opportunities for efficiency and productivity;*
- *Review where the organisation is an outlier on cost growth and deliver opportunities to address this where appropriate;*
- *Progress regional solutions, working collaboratively with partners; and*
- *Progress on developing a clinical services plan, which also addresses the organisations opportunities for service sustainability and financial improvement, working with key partners.*

Further, following a meeting of the Chairs and Chief Executives of NHS Organisations in Wales, the then Cabinet Secretary for Health, Social Care and Welsh Language wrote to the Chairs on 6 August 2024 and confirmed her priorities for 2024/25 as:

- *Resolve the 2023-24 pay dispute with junior doctors. This has been achieved.*
- *Planned care and the elimination of over two-year waits, including benchmarking across the UK and making the data more visible to the public.*
- *Achieve 70% cancer performance this year.*
- *Improve consultant job plans and job planning.*
- *Work with industry to enable a faster response in response to successful trials and develop stronger longer-term plans to support improvements in cancer delivery.*
- *Digital transformation.*
- *Reduced pathways of care delays. The Care Action Committee has agreed a number of reduction targets to support this objective.*
- *A cross-government focus on obesity; this is an area where I expect the NHS to lead by example.*

In addition to the financial challenges, the Health Board faces ongoing pressures in key performance areas. While progress has been made, there remains a need for continued focus and improvement in areas such as urgent and emergency care, cancer performance, and healthcare-acquired infections.

### **Asesiad / Assessment**

The Board's expectation was to de-risk the financial delivery of the Annual Plan in Quarter 1. As reported at the July 2024 Public Board; while improvements were made, there remained a gap of £10.7m at the end of that period.

## Process of De-risking the 2024-25 Plan

Since the previous Board meeting, recovery actions have focused on:

- Converting non-recurrent savings schemes to recurrent;
- Fully identifying directorate recurrent savings aspirations including the implementation and delivery of plans to start before the end of this financial year to ensure a full year delivery into 2025/26;
- Converting schemes currently risk-rated as Red and Black at pace into credible and deliverable Amber and Green schemes to de-risk the financial plan, in line with the Board's expectation;
- Focused grip and control maintained through the internal escalation framework and the Financial Control Sub Group.

These steps have been supplemented through August 2024 by a series of workshops, and further refined in early September 2024.

As set out in the Finance Report, this has led to an improvement in the forecast deficit, with a remaining gap of £4.0m required to provide assurance that the £64.0m deficit position can be delivered.

| Driver (£m)  | Month 3 Forecast | Month 5 Forecast |
|--|------------------|------------------|
| <b>Planned deficit</b>   | <b>64.0</b>      | <b>64.0</b>      |
| Operational variation  | (1.9)            | (0.3)            |
| Unidentified savings gaps  | 12.6             | 4.3              |
| <b>Gross forecast</b>  | <b>74.7</b>      | <b>68.0</b>      |
| Future mitigating actions required to deliver Reported Planned Deficit | (10.7)           | (4.0)            |

### Savings programmes

#### Day Surgery provision

The plans are to optimise the provision of Day Surgery Unit at Withybush General Hospital by consolidating all elective day-case and same-day admit patient flows into a single location.

#### Rituximab

This change involves transitioning from the subcutaneous (SC) formulation of rituximab to the intravenous (IV) biosimilar formulations across Hywel Dda. Withybush Hospital already utilises the IV formulation and this proposal will ensure parity across the entire Health Board.

#### Critical care bed capacity

Work has been progressing to align critical care capacity with current demand, while optimising resources, particularly nursing variable pay. This is anticipated to result in a reduction of three Level 3 Critical Care beds across the Health Board.

#### Variable pay

All areas of variable pay have been reviewed and tested through a deep dive workshop with the Executive Team.

## Nursing

Following notable success in reducing nurse agency spend through 2023/24, in Month 5, our expenditure on agency nursing was £1.0m in month. The equivalent monthly expenditure was in excess of £3.0m in Q1 of the previous financial year. There are a number of plans in progress to further remove premium spend, internationally educated nurses being a key element; the financial benefit of which is factored into the forecast. Current spend has been reviewed to identify remaining services reliant on agency spend, with a view to assessing the opportunity to eliminate planned agency use in the coming months. Recruitment to A&E at sites, plus the management of surge beds provide the most significant immediate opportunities, with an estimated impact of £0.1m per month.

In addition to agency and enhanced bank premium costs, nursing variable pay for Registered Nurses and HCSWs is significant across standard bank and overtime. Booking controls are being strengthened to ensure increased scrutiny of bookings. Measures include:

- No direct booking of agency, bank or overtime
- Remove functionality to create additional duties
- Change roster first and second line approval arrangements
- Targeting zero planned registered and non-registered agency nurses
- Arrangements for nurse training are being reviewed to ensure appropriate planning through the year to avoid training requirements depleting workforce capacity at key points, necessitating variable pay options

## Medical

The latest position in respect of high-cost medical agency has been reviewed and Directorates have submitted exit plans wherever possible. Provided plans are delivered, this would represent the agency position reducing from 18 doctors to 4, with alternative arrangements being put in place to maintain service delivery as appropriate. Due to safety and quality impacts, there are currently no exit plans to replace doctors for GGH A&E and Mental Health and Learning Disability services. The net financial impact has been factored into the forecast.

In respect of GP Managed Practices, there is a high level of ad hoc locum expenditure and hourly rates paid are variable. Plans are being progressed to implement a rate card. The necessary engagement will progress in the coming weeks, with a plan to implement from January 2025, with an estimated cost reduction of £50k per month.

Recognising the progress made already to reduce agency doctors, the next significant area of variable pay spend to target is premium locum and ad hoc additional hours. As enablers to these opportunities, a revised Medical Rate card is being developed and a Medical Rostering system is being implemented. These will be key mechanisms to support better control of future medical pay.

## Allied Health Professionals and Health Scientists

Agency posts have been reviewed and exit plans are in train to remove the majority of these roles, targeting zero agency by 1 November 2024. Delivery is reliant on successful recruitment, with the majority of roles being physiotherapists. The opportunity is estimated at £10k per month if vacancies are appointed to substantively.

## Admin and Clerical

Variable pay spend is low, with overtime and bank spend negligible in the majority of Directorates. A freeze on bank usage and overtime is likely to affect operational reception services within the Emergency Departments and the Out Of Hours service. Options will be considered for these areas, which will likely require substantive appointments.

## Further Opportunities

### Digitisation of health records

Given the timescale to deliver the complete programme, the approach needs to be reviewed to ensure that live records are targeted on an 'on-demand' basis. While this is addressed, there is scope to release £0.5m non-recurrently.

### Regional Orthopaedics Swansea Bay

While regional working with Swansea Bay University Health Board has commenced, there is currently an imbalance of the financial impact between the Health Boards, pending Hywel Dda activity commencing at Neath Port Talbot Hospital. As an interim arrangement, the cost of facilitating sessions at Prince Philip Hospital needs to be recovered from Swansea Bay UHB. Current estimates of the activity to be delivered by 31 March 2025 indicate £0.4m income would be due to offset costs already in the forecast.

### Surge capacity

This requires a focus on eliminating the remaining demand driver for nursing variable pay: the use of surge bed capacity. It is important to note that this is in the context of significant bed changes already delivered over this year.

## Operational Service Changes

Board reports on the Paediatric service at Bronlais Hospital and the Minor Injuries Unit at Prince Philip Hospital set out the fragilities and safety concerns with those services and recommend temporary service model changes. Whilst these changes are proposed to respond to clinical and operational risks, there are resulting cost consequences anticipated from the changes.

## Summary

Spend reductions identified to 31 March 2024 which will further improve the forecast deficit are summarised below:

| Category  | Description                                       | Est. £'m | Est. £'m    |
|---|---|----------|-------------|
| <b>Month 5 End of Year Gross Forecast Deficit</b> |   |          | <b>68.0</b> |
| Savings programme                                 | WGH Day Surgery                                   | 0.2      |             |
| Savings programme                                 | Rituximab proposal                                | 0.1      |             |
| Savings programme                                 | Critical Care 100-day cycle                       | 0.6      |             |
| Variable pay                                      | Nurse agency                                      | 0.6      |             |
| Variable pay                                      | Medical agency                                    | 0.1      |             |
| Variable pay                                      | Managed Practice rate card                        | 0.2      |             |
| Variable pay                                      | Allied Health Professionals and Health Scientists | 0.1      |             |
| Further opportunities                             | Digitisation of health records                    | 0.5      |             |
| Further opportunities                             | Regional Orthopaedics income                      | 0.4      |             |
| Further opportunities                             | Variable pay and surge capacity                   | 0.9      |             |

|  |                         |     |              |
|--|-------------------------|-----|--------------|
| Operational service change   | BGH Paediatric Service  | 0.1 |              |
| Operational service change   | PPH Minor Injuries Unit | 0.4 |              |
| <b>Sub Total – Actions to improve the gross forecast deficit</b>     |                         |     | <b>(4.2)</b> |
| <b>Indicative deficit assuming all actions are delivered in full</b> |                         |     | <b>63.8</b>  |

### Laying the Foundation for 2025-26

While the immediate focus has been on financial sustainability for 2024-25, the work set out above supports the development of plans for 2025-26. The actions taken are designed to set a strong foundation for the next financial year, with a focus on ensuring savings are recurrent and align with long-term strategic priorities.

A key objective for the coming months will be converting non-recurrent savings into recurrent plans. This will ensure that the financial improvements made this year reduce the Health Board's underlying deficit, contributing to financial sustainability in future years.

The 2025-26 plan will be closely aligned with the Health Board's broader strategic objectives, including reducing reliance on hospital-based services and shifting more care to community-based settings (where possible). This alignment will help ensure workforce and financial sustainability, whilst delivering better patient outcomes.

Finally, the Health Board is working towards achieving the target Control Total of £44.8 million set by Welsh Government. When the Annual Plan was developed, it was anticipated this would likely be a two-year journey. While there has been significant progress this year, with a focus on delivering savings and addressing financial pressures, there remains a considerable distance to that target. Delivery of a maximum deficit of £64m this year serves as an anchor point for progress towards that goal, reinforcing the importance of making savings recurrent. As such, the focus now must shift towards ensuring financial sustainability and embedding recurrent savings to achieve the Control Total by March 2026, or sooner if possible.

### Argymhelliad / Recommendation

The Board is asked to **DISCUSS** the delivery of the actions within the annual plan and how they respond to the accountability criteria set by Welsh Government and the TI de-escalation criteria.

The Board is asked to **TAKE ASSURANCE** on the actions undertaken to de-risk the 24/25 financial plan.

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| <b>Amcanion: (rhaid cwblhau)</b>   |                |
| <b>Objectives: (must be completed)</b>   |                |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol:<br>Datix Risk Register Reference and Score:                                     | Not applicable |
| Parthau Ansawdd:<br>Domains of Quality<br><a href="https://www.sharepoint.com">Quality and Engagement Act (sharepoint.com)</a> | 7. All apply   |

|   |   |
|---|---|
| Galluogwyr Ansawdd:<br>Enablers of Quality:<br><a href="#">Quality and Engagement Act (sharepoint.com)</a>                                | 6. All Apply                              |
| Amcanion Strategol y BIP:<br>UHB Strategic Objectives:  | All Strategic Objectives are applicable   |
| Amcanion Cynllunio<br>Planning Objectives   | All Planning Objectives Apply             |
| Amcanion Llesiant BIP:<br>UHB Well-being Objectives:<br><a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022</a> | 9. All HDdUHB Well-being Objectives apply |

| <b>Gwybodaeth Ychwanegol:<br/>Further Information:</b>  |  |
|---|--|
| Ar sail tystiolaeth:<br>Evidence Base:  | Not applicable   |
| Rhestr Termiau:<br>Glossary of Terms:   | Not applicable   |
| Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol:<br>Parties / Committees consulted prior to University Health Board: | Board (March 2024 for approval of submission of 2024/25 Annual Plan to Welsh Government)<br>Board for revised trajectories (May 2024)<br>Board Seminar |

| <b>Effaith: (rhaid cwblhau)<br/>Impact: (must be completed)</b> |   |
|---|---|
| <b>Ariannol / Gwerth am Arian:<br/>Financial / Service:</b>     | This is a key component in the delivery of the Integrated plan for the period 2024/25   |
| <b>Ansawdd / Gofal Claf:<br/>Quality / Patient Care:</b>        | This is a key component in the delivery of the Integrated plan for the period 2024/25   |
| <b>Gweithlu:<br/>Workforce:</b>                                 | This is a key component in the delivery of the Integrated plan for the period 2024/25   |
| <b>Risg:<br/>Risk:</b>  | Risks will be assessed as part of the ongoing process of both the development of the 2024/25 Plan and its subsequent monitoring   |
| <b>Cyfreithiol:<br/>Legal:</b>                                  | As above  |
| <b>Enw Da:<br/>Reputational:</b>                                | Hywel Dda University Health Board needs to meet the targets set in order to maintain a good reputation with Welsh Government, together with our stakeholders, including our staff |
| <b>Gyfrinachedd:<br/>Privacy:</b>                               | Not applicable  |
| <b>Cydraddoldeb:<br/>Equality:</b>                              | Consideration of Equality legislation and impact is a fundamental part of the planning of service delivery changes and improvements   |