

Hywel Dda University
Health Board
Sustainable Resources
Committee
Annual Report 2023/24

Introduction

Hywel Dda University Health Board's (HDdUHB) Standing Orders and the Terms of Reference for the Sustainable Resources Committee (SRC) 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.

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

During 2023/24, the Sustainable Resources Committee meetings were held on a bimonthly basis.

As the SRC is directly accountable to the Board for its performance, it provides an assurance to the Board through a formal written update report which is received at the subsequent Board meeting. A full set of the papers for each Committee meeting is routinely made available on line from the Health Board's website.

During 2023/24, the Committee met on the following occasions and was quorate at each:

- 25 April 2023
- 27 June 2023
- 29 August 2023
- 24 October 2023
- 19 December 2023
- 27 February 2024

During 2023/24, the Committee held an In-Committee meeting to discuss the following items:

- End of Year Financial Position Update/Revenue and Cash Management Governance
- Welsh Government Update
- Cyber Resilience and Security Update

The purpose of the SRC as expressed in its Terms of Reference is to provide assurance on financial performance and delivery against HDdUHB's 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.

Chair's Executive Summary

It is the work of the Sustainable Resources Committee to alert the Board of current and emergent financial issues facing the organisation. It has been an extremely challenging year for the Health Board. The scale of the pressure in our services is reflected in the difficult financial position of the organisation. The Health Board has never operated within its resource allocation limit. In the latest year, the underlying deficit has increased, and it is becoming ever more challenging to recover the financial position.

The Committee has a greater understanding that underlying financial problems are structural, in that there are four small acute hospitals serving a rural population. The demands for health services are increasing due to a number of factors. These factors have a direct consequence on the financial position of the Health Board.

This report gives a flavour of the scrutiny we have applied to matters of financial concern and reflects the increased scrutiny of Welsh Government. We provide scrutiny on the financial recovery and savings programme which is now overseen by the Core Delivery Group of the Executive Team.

The Committee has undertaken to do deeper dives at a county level to be assured that the county health systems are working together to reduce costs. There is more work to done in gaining further assurance in these areas. These deeper dives have led to a more critical understanding of the issues, the challenges and what is needed to manage demand within a resource-limited financial environment.

The Committee has scrutinised a number of essential business cases for change during the year. Invariably, a number of these have increased our financial commitments but are also necessary to enable the Health Board to achieve its wider objectives.

As we look to the coming year, the Committee will continue to build its focus upon the medium-term financial position, the savings programmes, the plans for recovery of the financial position and performance management arrangements of the in-year financial position. The Committee will also seek to assure itself and the Board that savings plans are recurrent and embedded whilst ensuring that patient safety is maintained.

The Committee will continue to scrutinise the increase in temporary staff spending and seek assurance on mechanisms for avoiding these costs in the future.

Winston Weir

Chair, Sustainable Resources Committee

Reporting

During 2023/24, the following reports were received:

Governance

- **Annual Review of Committee Terms of Reference**

In June 2023, the Committee reviewed its Terms of Reference for onward approval by the Board and were subsequently approved by the Board on 27 July 2023.

- **Self-Assessment of SRC Committee Effectiveness Process**

In line with Section 10.2.1 of Standing Orders, the Board is required to introduce a process of regular and rigorous self-assessment and evaluation of its own operations and performance and that of its Committees and Advisory Groups.

A refreshed approach to the Committee self-assessment process was developed in 2023 which was intended to be proportionate, achievable and add value to the organisation's governance capability.

On 15 January 2024 all Committee Members and attendees were sent a digital Self-Assessment Questionnaire for completion. Responses were collated, along with feedback captured through the preceding 12 months. A facilitated workshop was held on 18 March 2024 that discussed the feedback and to develop a workplan. The outcome report is scheduled to be presented to SRC on 30 April 2024.

Discussion

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))
- Corporate and Organisational Financial Risks and Mitigation

- **Finance Reports**

Finance Reports were received by the Committee on a bimonthly basis that informed the Committee of the Health Board's financial position for each period.

- **Finance Report M12 2022/23** - the April 2023 meeting was advised that the M12 2022/23 revised Financial Plan was to deliver a deficit of £62.0m following savings of £13.9m and recognised inadequate level of assurance around the identification of a further £15.5m of saving schemes deliverable in the current financial year against the initial £25.0m Deficit Plan.

The forecast deficit stood at £59.0m with a further £5.0m of operational variation offset by £8.0m of accountancy gains. The Committee received assurance that the overspend within the Health Board's planned deficit target of £59m stood at £59.04m.

- **Finance Report M2 2023/24** - in June 2023, the Committee received the M2 2023/24 Financial Report and were advised that the revised draft Financial Plan was to deliver a deficit of £112.9 following savings of £19.5m. The Committee were advised that there was no cash coverage for this level of deficit and that there was a risk that cash would be an issue for the Health Board's ability to pay liabilities in Q4 2023/24. The two main drivers of the deficit were savings that had not yet been identified and savings that had not yet been delivered.
- **Finance Report M4 2023/24** - the August 2024 meeting received the M4 2023/24 Financial Report and noted an overspend of £12m, representing a £2.6m overspend against the Deficit Plan of £9.4m. The Committee was advised that there had been a slight improvement in the deficit position through the ceasing of travel and subsistence payments for agency workers. The gross forecast was for a year-end deficit of £143.3m. The Committee was advised of ongoing actions to address a savings gap and operational variation of £30.4m. The Committee was advised that there was an expectation from Welsh Government (WG) that the Health Board would need to reduce the deficit further than the forecast £112.9m.
- **Finance Report M6 2023/24** - the October 2023 meeting received the M6 2023/24 Finance Report which showed a planned deficit for 2023/24 of £112.9m, following confirmation of receipt of £19.2m of COVID-19 legacy funding, £23.8m of inflationary pressure funding, £9.6m of additional inflationary pressure funding, £4.2m of energy cost support and £11.3m of deficit reduction funding, leaving HDdUHB with a target control total set by WG of £44.8m. The Committee was advised that the COVID-19 legacy funding and the inflationary pressure funding were conditionally recurrent based on the Health Board meeting its control total target for the funding to be repeated in future years.
- **Finance Report M8 2023/24** - the December 2023 meeting received the M8 2023/24 Finance Report which showed the forecast year-end deficit to be £72.7m with a £27.9m gap to achieve the WG Control Total of £44.8m. The Committee was updated on the risk to the Health Board's cash position and were advised that there was insufficient cash to make payments from February 2024 and a request for support from WG had been submitted with a response expected in January 2024. The Committee was reassured that there was no risk to payroll or payments to local contractors and were advised of the cash management governance contingency plans agreed at the October In-Committee SRC meeting to establish prioritisation categories for payments such as deferring income tax and National Insurance payments to HMRC for 3 months.
- **Finance Report M10 2023/24** - the February 2024 meeting received the M10 2023/24 Finance Report and was advised that external factors, such as a reduction in prescribing costs, a reduction in energy costs and a reduction in the risk share from the Welsh Health Specialist Services Committee (WHSSC) had improved the Health Board's financial position. The Committee was advised that Health Board had received a response to its

strategic cash request to WG that confirmed that HDdUHB would receive funding up to the level of the Health Board's £72.7m deficit. Following the receipt of this response, the Health Board revised its forecast deficit down to £66.0m which prompted WG to revisit its level of cash support downwards to that level, however the Committee was assured that following discussion, WG agreed to increase its level of working capital by the difference in the deficit movement. The Committee was further reassured that any shortfall in liquidity support would be managed through the Cash Management Strategy presented to In-Committee SRC in December 2023 and agreed by the Board.

The Committee was further reassured to note that a review of nurse and healthcare support worker agency, bank staff usage and sickness rates had all shown a positive improvement in the last four months through the Nurse Stabilisation Programme with an increase of the substantive workforce by 110 whole-time equivalent (WTE) members of staff leading to a reduction of overtime by 62 WTE and a reduction of agency usage by 58 WTE resulting in an improved patient experience and a more stable workforce.

- **Corporate Risk Reports**

The Committee is responsible for seeking assurance that the corporate risks are being managed effectively and received a bimonthly Corporate Risk Report. In April 2023, the Committee was advised that the risk of the Health Board not being able to meet the statutory requirement to break even had been mitigated by the Board agreeing an Annual Plan but due to a significant level of savings yet to be identified it was unlikely that the risk score would be reduced in the current financial year. The Committee was also advised that the risk of being unable to access patient records had been reduced through work undertaken regarding the Electronic Document Management System and the associated scanning programme. In August 2023, the Committee was advised that the risk of the Health Board not being able to make the statutory requirement to break even had been raised due to the uncertainty of the Health Board receiving WG financial support. In October 2023, the Committee was advised that the risk score of the loss of Radiology services due to the delayed implementation of the Radiology Information Systems Procurement (RISP) had been reduced following development in contract negotiations.

- **Operational Risk Reports**

The Committee is responsible for providing assurance to the Board that risks affecting finance are being identified, assessed and managed effectively and receives a bimonthly Operational Risk Report to seek assurance that operational risks are being managed effectively. In April 2023, the Committee was informed of a new risk that the Health Board would not have a fit for purpose risk management system in March 2024 due to the expiration of the extant system and were advised that the Corporate Governance team was considering the adoption of an all-Wales system or whether to tender for a standalone risk management system. In June 2023, the Committee expressed concern that some of the operational risk had not been reviewed by risk owners and were advised that risks were being updated by Executive Leads. In December 2023, the Committee was advised that improvements made

around the recruitment of radiologists would result in the review of the risk of overspend against financial budget due to insufficient staff and resources within Radiology once new staff had started in post. The Committee was also advised, in relation to the risks around the three counties remaining within their allocated budget, that the financial challenges were being driven by the four main acute hospital sites.

In addition to the papers listed above, the following papers were received by the Committee at its meetings held in 2022/23:

- **Financial Outlook 2023/24**

In April 2023 the Committee received the Financial Outlook 2023/24 report highlighting the key finance elements contained within the annual plan, namely the projected £112.9m financial deficit position, and providing an update against the £19.5m savings target for 2023/24.

The Committee was informed that following the January 2023 Board meeting, an accountability letter had been sent to WG to provide formal notification that the Health Board would not be able to submit a financially balanced Integrated Medium Term Plan (IMTP) by 31 March 2023 and would instead produce an Annual Plan for 2023/24.

The Committee was advised that limited assurance had been provided to the March 2023 Board and that the organisation was expected to work at pace to accept and progress opportunities highlighted to ensure that, as a minimum, the £19.5m of savings could be delivered. It was noted that current savings schemes had been identified to deliver a total of £8.4m savings, still £11.1m short of the minimum expectation of £19.5m.

The Committee was advised that further to the report, £1.3m of productivity savings from Medicines Management had been shifted into cash releasing recurrent savings, which had increased to £11.5m.

- **Long Term Agreements Outlook 2023/24**

In April 2023, the Committee received a report into the Long Term Agreements (LTAs) Outlook 2023/24 summarising the impact of the investments contained within the LTAs with an inflationary 1.5% uplift which the Health Board will pass on the commissioner share of the pay award funding once confirmed by WG. The Committee was advised that the commissioning arrangements for 2023/24 had been ratified at the Directors of Finance meeting in March 2023 with a change in the tolerance level from 10% to 5% compared to 2022/23 resulting in a reduced level of protection afforded to providers, where underperformance can be claimed back at a marginal rate, impacting 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 members agreed to escalate their concern as to whether LTAs are fit for purpose to the Board.

- **Core Delivery Group and Financial Control Group Updates**

In June 2023, the Committee was advised that a Core Delivery Group (CDG) had been established to agree and deliver the Recovery Plan and to ensure that governance was in place in terms of responsibilities, benefits, trajectories and risks and will report to the Executive Team and will provide updates of the Group's work to SRC.

From October 2023 the Committee received bimonthly updates on the key decisions and matters considered by the CDG and the Financial Control Group (FCG).

The October 2023 meeting received an update on the work of the CDG and were informed that updates had been received from a number of areas and specialities including nurse staffing levels and its implementation and cost implications, "virtual beds" from Delta Wellbeing and opening hours at Minor Injuries Unit (MIU) at Prince Philip Hospital (PPH). The Committee was advised that a deep dive into Radiology staffing revealed a success in recruitment into vacant posts leading to a reduction in agency usage and savings to the medical rotas that had delivered a financial saving without having an impact on patient care.

The Committee was informed that the FCG were commencing a review into the quality of job roles whereby departments would be given a control total within which they would be expected to manage their staffing arrangements autonomously and flexibly, providing they stayed within their agreed control total. FCG was also commencing an Administration Review across all layers of administration.

In December 2023, the Committee was advised that both CDG and FCG were connected to Targeted Intervention work to identify opportunities to deliver savings with a focus group established to eradicate high-cost locum and agency spend. The Committee was advised that VAT relief on the home oxygen contract will see the Health Board receive £540k in the current financial year and VAT reclamation on Microsoft licencing fees will see the Health Board receive £1.5m in the next financial year.

In February 2024, the Committee was informed that the digitalisation of switchboards across the four HDdUHB acute sites has realised efficiency savings of £200k a year and that a review of staffing on 25A ward areas with a view to reducing agency and bank staff usage with the creation of substantive posts will produce savings in 2024/25. The Committee was advised that an improvement in efficiency through the Transforming Urgent and Emergency Care (TUEC) programme could deliver £278k savings at PPH, medical staffing savings within Women and Children's Services will deliver £70k of savings and that the removal of travelling and accommodation payments to agency staff will result in savings. The options for MIU at PPH have been considered by the Operational Planning, Governance and Performance (OPGP) Group and that progress was being made on the identification and approval of savings schemes.

- **Savings Productivity and Benefits Realisation**

The October 2023 meeting received a report outlining the overview of the Benefits Realisation Model and implementation approach deployed by Digital Services in relation to innovation and transformation projects. The Committee

also received a position statement on the benefits identified from several key transformation projects.

The Committee was informed that 392 hours has been saved by using electronic radiology test requesting and that a full roll-out of the process across the Health Board was anticipated to delivery further savings.

The Committee felt that outcomes relating to the Single Cancer Pathways, electronic test requesting, the use of Artificial Intelligence in pathology and the sharing of images in pathology and radiology provided a good opportunity for a Board Seminar to explore these areas.

The Committee received assurance that all staff were being fully involved in the benefits realisation process and that staff were provided with detailed reports on where lessons had been learned, had training provided and were presented with a detailed process map and that the Chief Clinical Information Officer was engaged to further clinical engagement.

- **Transforming Urgent and Emergency Care (TUEC)**

In August 2023, the Committee received a presentation on the Transforming Urgent and Emergency Care (TUEC) programme and was informed of the proposals to increase flow at the 'front door' by reducing bed surge by 80 across all four of the Health Board's acute hospital sites. The Committee was updated on the progress of the programme and was informed that despite an increase in out-of-hours admission, the ability to discharge patients within 3 days had improved. The Committee was informed that the overarching challenge related to the high occupancy level across all hospital sites driven by older and frail patients experiencing significantly longer lengths of stay in hospital, in excess of 100 days, primarily as a result of the requirements of additional support post-discharge and the limited capacity within the community.

- **Electronic Prescribing and Medicines Administration System**

In August 2023, the Committee received a report on the Electronic Prescribing and Medicines Administration System (ePMA) pre-implementation project, noting that HDdUHB along with all other Health Boards and Trusts in Wales will be required to adopt and implement an ePMA solution to replace the current paper-based systems. The Committee were informed that WG had requested that Digital Health and Care Wales (DHCW) undertake a national scoping exercise in addition to developing an All-Wales Commercial Framework of suppliers who could supply such a solution. HDdUHB are required to undertake a procurement exercise to secure a supplier based upon the agreed Framework and a locally agreed specification.

The Committee was informed that once the specifications are finalised, the full business case will be presented to SRC although some funding will be provided by WG, approximately £5.5m would be required to be funded by HDdUHB for the lifetime of the project.

In February 2024, due to the funding demands in the context of the current challenging financial climate, the ePMA programme required further discussion by the Executive Team and WG regarding the funding of the scheme.

- **Digitally Enabled Transformation Plan**

In August 2023, the Committee received a report on the proposal to introduce a Programme Business Case to deliver the digital proposition to realise the vision articulated in the 'A Healthier Mid and West Wales' strategy to create an integrated, patient-centric, community-based social model of care, a 10-year transformation programme with the use of digital as an enabler. The Committee agreed to proceed to a Full Business Case with the identification of a preferred supplier for a Digital Strategic Partner based on the Programme Business Case and that no commitment to a specific supplier would be made.

- **Integrated Medium Term Plan Development 2024/25**

In January 2024, the Committee received a report on the Integrated Medium Term Plan Development for 2024/25 to understand the Health Board's savings, delivery and trajectory. The Health Board has a 4.1% savings plan to meet the Health Board's £44.8m control total for which the Committee were advised that there was not a line of sight to meet those savings targets in-year with 2.5% a more realistic savings level. The Committee was informed that the Finance Team have been asked by the Director of Finance to move to a 24-month projection to provide clarity on action taken and impact of the trajectory over the medium term.

Assurance

- **Finance Targeted Intervention Actions**

Following the Health Board being escalated into Targeted Interventions (TI) for Finance and Planning by WG on 29 September 2022, the Committee received bimonthly reports on the Health Board's finance function-specific response to TI and their progress.

In October 2023, the Committee was advised that the majority of actions identified in the financial management review were already in train and that more work was needed on the cycle of opportunities and the process-orientated framework with a focus on delivery. The Committee was informed that the NHS Wales Executive were content with the governance arrangements in place within HDdUHB.

- **Procurement Plan and Update**

In April 2023, the Committee received a report on the Procurement Plan for 2023/24 that had been developed by the Procurement Team. The Committee was advised that following a restructuring, the team had been aligned to match the corresponding team within Swansea Bay University Health Board (SBUHB) to enable the teams to work collaboratively more effectively as a west Wales region to gain economies of scale. The Committee was advised that the Procurement Team were set a Savings Plan target of £2.2m, of which £1m had to be cash-releasing savings. The Committee was advised that new ways of working within

the Procurement Team to include a Contract Programme to capture contracts awarded and all contract management, monthly and quarterly reporting templates.

- **Outcome of ARCUS Consultancy Work**

The June 2023 meeting received an outcome report of the work carried out by ARCUS Consulting into the effectiveness of the finance business partnering within HDdUHB, having been commissioned by the NHS Wales Finance Academy on behalf of the All-Wales Directors of Finance. The report provided a set of recommendations to HDdUHB to further develop the strategic role of the Finance Business Partners, specifically surrounding the clarity between Business Controllers and Finance Business Partners. The Committee was advised that a Task and Finish Group had been established to implement the recommendations and fed into a review of governance by the Director of Corporate Governance/Board Secretary aligned with structured assessment work undertaken by Internal Audit to develop a comprehensive pan-organisational response.

The December 2023 meeting received a progress update from the Task and Finish Group on the review of Business Partnering Arrangements and noted that the Finance Team were in agreement with the recommendations provided by ARCUS and had developed a role criteria and tasks analysis as suggested by ARCUS before undertaking any structural analysis.

- **Integrated Performance Assurance Reports**

The Committee received a bimonthly report on the Integrated Performance Assurance Report (IPAR) which summarises the progress made against a range of local and national performance measures. The Committee was advised that, as of 31 March 2023, HDdUHB had delivered 45.55% of its Year-to-Date savings plan for 2022/23.

In April 2023 the Committee was advised that despite considerable work ongoing in foundational economy, third party spending with Welsh suppliers remained at the same levels and that the work would be undertaken with the Procurement Team to address this.

In August 2023, the Committee was advised that the Health Board's spending remained focussed on awarding contracts to smaller suppliers within the Health Board's geographic area.

- **Consultancy Review**

In October 2023, the Committee received a report into the consultancy usage and spend within HDdUHB. Consultancy contracts being reported to the Audit and Risk Assurance Committee (ARAC) with a report being presented to SRC to enable detailed discussion regarding usage and spend on consultancy following a recommendation from Internal Audit. The Committee was advised that only one consultancy contract had been entered into by the Health Board in 2023/24, for consultancy for a Clinical Service Plan and was reported to the Committee.

- **Public Sector Emissions Reporting**

As part of the WG ambition to achieve a carbon neutral public sector by 2030, the Health Board is required to submit an annual carbon accounting form to WG to baseline, monitor and report progress towards carbon neutrality.

In October 2023, the Committee received a report providing a summary of the Health Board's submission to WG. The Committee was advised that there had been a drop in carbon emissions produced by HDdUHB by 19,886,364 kgCO₂e (17.5%) in 2022/23 compared to the previous year due to a reduction in procurement spend, a reduction in black bag waste going to landfill with a corresponding increase in recycling and recycling waste recovered from landfill and a reduction in buildings emissions reflected in an increase in renewables generated onsite and purchased.

- **Ministerial Directions**

The Committee received quarterly reports to provide SRC with a status update and assurance that all NHS Non-Statutory Instruments, otherwise known as Ministerial Directions (MDs), received from WG have been implemented or adopted by HDdUHB. MDs are issued by Welsh Ministers and alter legal rights and include codes of practice and guidance. As MDs form part of the process of approving expenditure of public money, SRC receive quarterly assurance reports on compliance. In February 2024, the Director of Corporate Governance/Board Secretary advised that any MDs that have an implementation date recorded as 'not known' prevented their implementation from being tracked and the Committee were informed that all future reports on MDs would include an implementation date.

- **NHS Wales Shared Services Partnership Performance Reports**

The Committee received quarterly reports with the performance data in respect of services provided by the NHS Wales Shared Services Partnership (NWSSP). In August 2023, the Committee was informed that HDdUHB had the best recruitment performance in Wales.

- **Welsh Health Circulars Report**

The Committee receives regular reports on the monitoring of Welsh Health Circulars (WHCs) which come under the remit of SRC and its sub-committees. The Board require that WHCs that have not been implemented within the stated timescales be closely monitored by the relevant Committee in order to provide assurance on the compliance and delivery of outstanding WHCs in addition to developing an understanding of the impacts resulting in late or non-delivery.

- **Planning Objective Updates**

The Committee received regular updates on the 11 Planning Objectives aligned to the SRC in 2022/23 and the 5 Planning Objectives aligned to the SRC in 2023/24 with an update on the progress made in the development and delivery of the Planning Objectives.

In April 2023, the Committee received an update incorporating the closure report of the 2022/23 progress of the Planning Objectives and was advised that two Planning

Objectives had been completed (6B and 6I) and all nine other Planning Objectives remaining on track.

In June 2023, the Committee was advised that as part of the development of HDdUHB's Annual Plan for 2023/24, a revised set of Planning Objectives had been formulated and the Committee was informed that as part of the continuing development of Planning Objectives, it had been considered how Planning Objectives may be brought together in order to describe their combined impact providing an opportunity for impact and outcomes expected to be described more clearly. This has resulted in the introduction of 4 new domains with 2 strategic goals aligned to each of the 4 domains with a 2 to 4 Planning Objectives sitting within each goal with 5 of these Planning Objectives aligned to the SRC Work Plan.

In October 2023, the Committee was advised that a review of the 2023/24 Planning Objectives had been undertaken by the Executive Team in light of the escalating operational pressures causing a deterioration of the Health Board's financial forecast. The Committee was informed that the Core Delivery Group had been mandated to implement substantial management actions with the aim of delivering financial rectification.

In February 2024, the Committee were advised that the Planning Objectives for 2024/25 had been agreed at Public Board in January 2024, and work will be undertaken to align these to the Committees of the Board for on-going assurance.

Planning Objective Deep Dives

The Committee received a deep dive report on the following service areas in 2023/24:

- **PO6H Supply Chain Analysis:** In June 2023, the Committee undertook a deep dive into the supply chain analysis and was presented with an overview of data from the previous two years, illustrating the percentage spend within the HDdUHB area, within Wales and outside of Wales. The Committee was advised that the percentage spend with local suppliers had increased, attributed to residual COVID-19 spending and two large construction projects. The Committee was informed that work was on-going to attract smaller, local suppliers including representation at events and through direct contact, with the Procurement Team being supported by NWSSP Foundational Economy Team on 'Meet the Buyer' and Business Wales events. The Committee was also informed of the development of a Procurement Strategy to improve the service that the Team provides to HDdUHB and to provide value for money.
- **PO6B Pathways and Value Based Health Care (VBHC):** In August 2023, the Committee undertook a deep dive into the work of the VBHC Team over the preceding year and its future plans. The Committee was advised that the proposals were to consolidate the work of the Team to focus on delivering improvements to patient outcomes. The Committee was also advised that a new patient reported outcomes (PROMs) provider would be needed to be sourced by March 2024 due to the current provider not being on the All-Wales Framework. Attention was drawn to focusses work being undertaken with clinical teams to realise cash benefits with medications with further plans to provide focussed

educational programmes and to support the development of business cases through the lens of value and working with university partners.

- **PO5C Digital Agenda:** In October 2023, the Committee undertook a deep dive into the Digital Agenda and was advised that work had been undertaken as part of the HDdUHB 10-year transformational plan for Digital and were informed of the next steps to be taken, initially with the presentation of a Programme Business Case for a Digital Enablement Plan. The Committee was assured that the timescales for developing the Full Business Plan for the Digital Engagement Plan were realistic due to the amount of work already conducted on the programme and to provide assurance to the Board to support to recommendation to go out to market for a preferred supplier or approach and that there were indications of an appetite from WG to fund a proof of concept to examine how the Digital Agenda would work in the HDdUHB geographical area.

Deep Dives

The Committee conducted the following deep dives in 2023/24:

- **The Pembrokeshire Model:** In December 2023, the Committee received a Deep Dive into the Pembrokeshire Model of healthcare delivery with a focus on the progress to date and the impact on patients, staff and the resource implications both past and projected. The Committee was informed that improvements to the frailty pathway had led to benefits which pre-dated the works carried out at Withybush Hospital (WGH) due to reinforced autoclaved aerated concrete (RAAC) works and the development of an acute Same-Day Emergency Care (SDEC) model has led to an improved financial position. The Committee was advised that the process had been clinically led and that improvements to the medical and bed-flow position predated the RAAC-instigated Internal Major Incident (IMI) with improvements to the Frailty Unit and the Frailty Pathways to a focus on admission avoidance and early intervention to prevent long-term stays. The Committee was advised that improvements to the SDEC model had alleviated pressures in the Emergency Department (ED) with investment in the Home First and Home Support Teams facilitating earlier discharge and providing support to prevent readmission.
- **The Carmarthenshire Model:** In February 2024, the Committee received a deep dive into the Carmarthenshire Model of healthcare delivery and were advised of the challenges of an overcrowded ED in Glangwili Hospital (GGH) and overnight patients in Minor Injuries Unit (MIU) at Prince Philip Hospital (PPH) with an increase in medical admissions at both sites with a heightened number of older and frail medical admissions with a higher number than expected patients with a stay of over 21 days, resulting in a detrimental impact on capacity and patient flow. The length of stay at community hospitals was also considered too high. The Committee was advised of a forecasted end-of-year overspend of £10m, predominantly driven by an overspend at GGH and, to a lesser extent, at PPH. The overspend was being predominantly attributed to spending on pay caused by spending on nursing agency staff. The Committee

was advised that there were plans to reduce nursing agency usage in the ED at GGH and in the Acute Medical Assessment Unit (AMAU) at PPH through utilising substantive staff. The Committee was informed that pathways of care delays were the highest in Carmarthenshire of the HDdUHB's three constituent counties. It was hoped that a drive to modernise and repurpose community hospitals to provide better value for money. The Committee was advised that community-based support was the building blocks of the Carmarthenshire Model with the use of a team of GPs and practitioners able to manage patients within the community and an Advanced Paramedic Practitioner able to intervene in ambulance calls to prevent up to 10 patients a day from attending hospital who otherwise did not need to attend and an Advanced Nurse Practitioner working to identify patients who are better managed within the community as opposed to becoming a hospital admission.

SRC Sub-Committees

The Committee received regular updates from each of its constituted Sub-Committees:

- **Information Governance Sub-Committee**

The Committee received an update from the Information Governance Sub-Committee (IGSC) at each of its meetings during 2023/24. The IGSC also endorsed a number of policies for approval by SRC.

- **Decarbonisation Task Force Group**

The Committee received an update from the Decarbonisation Task Force Group (DTFG) at each of its meetings during 2023/24 to report on the work of the DTFG to delivering the HDdUHB Decarbonisation Programme. A common theme of the DTFG reporting was that without adequate funding and investment, there was a significant risk that HDdUHB would not meet its WG targets for net zero public sector emissions by 2030, although HDdUHB would continue to actively improve the Health Board's performance in accordance with the WG ambition and it remains subject to ongoing review and ongoing change centrally.

- **Agile Digital Business Group/Digital Oversight Group**

In October 2023, SRC received a report proposing the disestablishment of the Agile Digital Business Group and the establishment of a Digital Oversight Group. It was noted that the change reflected a change of focus from digital agility during the COVID-19 pandemic to a new focus on providing a robust oversight to ensure that the digital approval process receives sufficient scrutiny, oversight of delivery and clarity of benefits being realised. It was noted that the Agile Digital Business Group was more focussed on decision-making whereas the new Group would oversee the full pathway of digital projects.

Approval

- **Financial Procedures**

Planned reviews of financial procedures operated by HDdUHB are undertaken annually and are presented to the SRC for approval. In 2023/24, SRC approved the review of the following procedures:

- **FP090 Retention of Financial Records** (August 2023)
- **FP066 Losses and Special Payments Procedure** (October 2023)
- **FP976 Project Bank Accounts** (December 2023)
- **FP1030 Tax Status of Workers** (February 2024)

In 2023/24, SRC approved the extension of the review date of the following financial procedures:

- **FP65 Budgetary Controls** (December 2023)

In 2023/24, SRC approved the following new financial procedures:

- **Tritech Income Risk Stratification** (December 2023)

In 2023/24, SRC reviewed the following procedures, deemed them not applicable and approved their request for removal:

- **FP1001 Injury Cost Recovery Scheme** (August 2023)

Information

- **Developing the Roadmap**

In June 2023, the Committee received a report on developing a long-term financial projection as an enabler for a roadmap to financial balance. The Health Board has a statutory financial duty to break-even over a three-year period that it has never been able to uphold. The Committee was advised that following discussions with WG and the NHS Wales Executive Financial Delivery Unit, it was agreed to seek an agreed path to a sustainable Health Board and to updated and revised longer term financial strategy was needed to supplement the annual efforts to improve financial performance.

- **Healthcare Contracting, Commissioning and Outsourcing Update**

The Committee received regular reports on the contracting and commissioning position of HDdUHB and oversight of Long Term Arrangements (LTAs) with the Welsh Health Specialised Services Committee (WHSSC) and other healthcare partners with HDdUHB. HDdUHB has established several contractual arrangements and commissioned pathways with Welsh NHS bodies for the provision of secondary healthcare services. Recognising the significance of these arrangements and the

required associated relationships to drive these forward and ensure successful delivery, the report outlined the steps that have been taken.

In December 2023, the Committee approved the disestablishment of the Commissioning Group, a sub-committee of what was then the Finance Committee that was established in November 2020 to focus on key commissioning objectives. The Committee were informed that due to the redirection of Health Board priorities and staff during the COVID-19 pandemic and the recognition of 'A Regional Collaboration for Health' (ARCH) forums providing a more effective platform for driving regional change, the sub-committee had only been convened once.

- **Nurse Staffing Levels (Wales) Act Report**

In December 2023, the Committee received a report on the autumn 2023 financial implications as a consequence of HDdUHB meeting its statutory duties to calculate and take all reasonable steps to maintain the nurse staffing levels in all wards where Section 25B of the Nurse Staffing Levels (Wales) Act applies, be that through substantive appointments to the workforce or through the use of temporary staffing.

- **Digital Medicines Transformation Portfolio Annual Review 2023**

In January 2024, the Digital Medicines Transformation Portfolio Annual Review 2023 was presented to the Committee for information.

Key Risks and Issues/ Matters of Concern raised by the Committee to the Board during 2023/24

- **From the Committee meeting held on 25 April 2023:**
 - 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.

- **From the Committee meeting held on 27 June 2023:**
 - Positive assurance received from the diverse activities on Decarbonisation and local procurement.
 - Financial position in the year to date is a challenge, particularly due to Nurse Agency, Medical Additional Hours and Variable Pay, and Savings Delivery; recognising the requirement to include remedial action and trajectories into future financial reporting to the Committee.
 - Mitigating actions being led by the Core Delivery Group.
 - Insufficient assurance at this stage regarding delivery of the Annual Plan.
 - Recognition of the required engagement across the Health Board with the processes from the TI and Arcus reviews.
 - Concern raised regarding the level of assurance received from the number of Operational Risks not being actively updated and managed.
 - Concern raised regarding the level of assurance received surrounding Corporate Risk 1642 - Risk of the Health Board not being able to meet the statutory requirement of breaking even 2023/24 – in terms of the process for delivery at this stage.
 - Ensure that short term actions are a baseline, in terms of grip and control, to provide assurance over delivery of long term actions as part of the roadmap.

- **From the Committee meeting held on 29 August 2023:**
 - There is insufficient assurance on the delivery of £112.9m deficit and the savings programme, though it is recognised an improvement from last month – the risk of failing to deliver the plan remains
 - The improved engagement in the financial delivery and savings plans across the organisation though more work to be done for evidence of clinical engagement
 - The financial challenges arising from increasing urgent care admissions, and inadequate flow / lack of community capacity to improve discharges.
 - The request that the Agile Business Group review digital business cases and the recommendation to Board following a Board Seminar discussion.
 - The positive work of the Value Based Healthcare team, especially with clinical engagement.

- **From the Committee meeting held on 24 October 2023:**
 - There is a risk of not receiving conditionally recurrent funding from Welsh Government should the Health Board not meet its control total for deficit reduction.
 - Concern around the regional funding arrangements regarding healthcare commissioning and contracting, specifically with SBUHB, how it is benefiting HDdUHB patients and providing equitable access to services and the financial consequences of an underspend.
 - There is a reputational risk that should the Health Board be the only Health Board in Wales not to meet its control total then the Health Board could be placed into special measures.
 - There is a financial risk to the £1.6m delivery of revenue savings should the extra bed capacity provided by the construction of the decant ward at Witybush Hospital be utilised during a winter surge.

- **From the Committee meeting held on 19 December 2023:**
 - Risk to cost benefits realised through changes to the Pembrokeshire Model of care reverting to the model pre-configuration changes.
 - Risk to financial benefits realised following the re-opening of Wards 7 and 11 at Withybush Hospital from the Emergency Department increasing its capacity to previous levels.
 - Significant risk to the in-year cash position should the request to Welsh Government for cash be declined or not fully acceded.
 - Risk to meeting the 2030 strategic decarbonisation targets due to the pressures on capital expenditure and the expectation that Glangwili Hospital will still be operational post-2030.
 - Significant risk to the security of the storage of corporate medical records by an external storage provider. Consideration given to the termination of the contract and removal of records from the external storage provider and securing them at an in-house storage facility.

- **From the Committee meeting held on 27 February 2024:**
 - The Carmarthenshire Model – challenges resulting from long-stay patients in hospitals and the financial impact on nursing and medical pay. Concerns were expressed due to the lack of savings and the challenge of meeting the budget.
 - The Committee resolved to revisit the review of the Pembrokeshire Model in light of the escalation framework.
 - The Committee received assurance through the Core Delivery Group and the shift to the 2024/25 plans, which has been the focus of the Core Delivery Group.
 - The Committee received assurance on the scrutiny that was being given to the Health Board's contracts, recognised the opportunities to repatriate activity, particularly Intensive Therapy Unit patients and the regional orthopaedic arrangements with SBUHB and arrangements to utilise contract with Velindre Cancer Centre
 - Recognised the forecast improvement of the financial situation of a £66m driven by improvements to the nursing and medical staffing position and the improvement of external factors such as the pricing of medication, the improvement in utility costs and a reduction in CHC costs.
 - A positive cash position with a gap that can be managed from within the Finance Team and the ability to make recurrent savings.

Matters Requiring Board Level Consideration or Approval

- The Sustainable Resources Committee's revised Terms of Reference
- The Sustainable Resources Committee Annual Report 2022/23
- 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*
- Updated Losses and Special Payments Procedure, which details delegated limits for approving ex-gratia payments for personal property claims
- The disestablishment of the Agile Digital Business Group and the establishment of the Digital Oversight Group and approval of its Terms of Reference

- The Dementia Well-being Connector Tender as the value of the tender exceeds £1m
- Extension of the existing third-sector commissioning and procurement Service Level Agreements for Palliative and End of Life Care for 6 months from 1 April 2024 to 1 September 2024
- To recognise the progress of changes made to the Pembrokeshire Model and to recognise the risk of winter pressures to that progress made in the County
- To recognise the assurance from the Core Delivery Group and to note the work and activities undertaken by the CDG
- To raise concern on the in-year cash position of HDdUHB as contained within the Finance Report and the challenges faced in financial delivery and the in-year savings delivery and operational cost pressures and the critical nature of Q4 of 2023/24 in addressing the underlying position ahead of the 2024/25 financial year
- To receive assurances in the manner in which the Opportunities Framework is being transacted into a process that allows HDdUHB to respond accordingly to the challenges that derive from service delivery