

**CONFIRMED MINUTES OF THE FINANCIAL COMMITTEE
HELD ON 31st MAY 2017
UHW HQ**

Present:

Maria Battle	Chair
Marcus Longley	Vice-Chair
Bob Chadwick	Executive Director of Finance
Chris Lewis	Deputy Director of Finance
Ivar Grey	Independent Member
Margaret McLaughlin	Independent Member
Andrew Gough	Assistant Director of Finance (Transformation & Planning)

Secretariat:

Paul Emmerson	Finance Manager
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FC – 17/056 Welcome and Purpose of the Committee

The Vice Chair welcomed everyone to the meeting.

FC – 17/057 Apologies for Absence

Apologies were received from Peter Welsh, John Antoniazzi, Sharon Hopkins Steve Curry, Ruth Walker, Julie Cassley, Abigail Harris

FC – 17/058 Declarations of Interest

The Vice Chair invited Members to declare any interests in the proceedings on the agenda. None were declared.

FC – 17/059 Minutes of the Finance Committee Held on 26th April 2017

The Committee RECEIVED and APPROVED minutes of the meeting held on 26th April 2017.

FC – 17/060 Action log following the last meeting

All outstanding actions were picked up on the agenda.

FC – 17/061 Financial Position Month 1

The Deputy Director of Finance presented the UHB's financial performance to month 1 and highlighted that the UHB recorded a £3.674m deficit at the end of month 1 based on a planned year end deficit of £45.873m.

The deficit was made up as follows:

- £0.014m adverse variance against the UHBs savings target;
- £(0.163)m favourable budget management variance;
- £3.823m planned deficit (1/12th of £45.873m).

It was emphasised that the month 1 position was prepared on the assumption that the UHB would work towards a planned deficit of £45.873m in 2017/18. However, since completion of the month 1 report the UHB at its Board meeting on the 25th May 2017 had agreed to work towards a stretch target to deliver a position no worse than the £30.9m forecast position in 2016/17.

The following issues were highlighted;

- A dashboard summarising performance against key financial performance indicators is provided at table 3 in line with the 2016 structured assessment recommendations issued by Welsh Audit Office.
- Future reports will include an assessment of the cashflow forecast, the balance sheet, public sector payment compliance and capital programmes in line with information provided by the Welsh Government monthly monitoring returns.
- Only those savings plans identified at the time of reporting were profiled into the plan at month 2.
- Table 4 indicated that income budgets reported a deficit of £0.304m; pay budgets recorded a £0.240m underspend and non pay budgets registered £0.212m underspend in month 1.
- The committee acknowledged that approximately £0.050m of the income deficit had arisen due to a reduction in the level of Welsh Government funding supporting R & D within the UHB. In this context the UHB had arranged a meeting with Welsh Government to discuss how the implications for the UHBs R & D Strategy.
- The Vice Chair asked whether the UHB was sighted on potential changes to the distribution of WHSCC funding to Health Boards. The Director of Finance confirmed that the UHB were sighted on this risk but no provision had been included within the plan. Current discussion centred upon the most appropriate year for the calculation of the redistribution of WHSCC income.
- The committee noted the adverse variance reported against accommodation and catering income and requested that an update be provided at month 2.

Action: Deputy Director of Finance

- The majority of Clinical Boards managed expenditure within month 1 budgets. The committee was assured that the UHBs priorities were consistently communicated across the Clinical Boards and that the control culture which had been augmented by Turning the Curve was now embedded throughout the organization. However it was noted that the options to manage pressures arising from “front door” demand vary across Clinical Boards and in this context the motivation for all Clinical Boards to act corporately had to be maintained.
- The committee was informed that the £17.333m of savings targets identified on table 15 excluded the £2.695m target in respect of transformational opportunities. The committee was informed that on its own the achievement of the current savings targets would not deliver a financial position within the planned deficit of £30.9m and that a further £15m of cost reduction actions were required. A cycle of further options and opportunities to meet the stretched target will be worked through within a project structure and agreed timescales to address the stretch target.

FC – 17/062 Financial Plan 2017/18 – Progress to Date

The Executive Director of Finance provide a verbal update.

Following a request from Welsh Government to consider options to close the planned 2017/18 deficit, the UHB board at its 30th March 2107 meeting endorsed a draft 2017/18 operational plan with a planned deficit which had reduced from £69.685m to £45.873m. After further discussion with Welsh Government, the UHB was asked to consider options to reduce the planned 2017/18 deficit to a position which was no worse than the £30.9m forecast position in 2016/17. Therefore the plan was reconsidered by the UHB at its Board meeting on the 25th May 2017 where it was agreed to work towards a stretch target to deliver a position no worse than the £30.9m forecast position in 2016/17.

The Director of Finance indicated that the revised draft operational plan would be confirmed to Welsh Government when the month 2 monitoring returns are submitted at the beginning of June.

There was some discussion on the opportunities offered by clinical variation, clinical transformation, cross cutting themes and the efficiency framework to move the planned deficit towards £30.9m in 2017/18. The importance of continuing to encourage red pipeline of savings schemes was also emphasized. In reply to a concern raised it was confirmed that the red

pipeline schemes were essentially ongoing ideas being worked up and would not necessarily be controversial in nature.

The Vice Chair indicated that the Board needs assurance that plans will be put in place in time to deliver the £15m schemes to achieve the stretch plan in 2017/18.

The Executive Director of Finance confirmed that a further update on the options and progress towards the stretched target would be provided at the next finance committee meeting.

It was also noted that WHSCC had decided not to extend the commissioning of some services. In this context it was important for the UHB to exercise control and ensure that services were not extended on a Provider basis where there was not an appropriate level of support from WHSCC.

FC – 17/063 Cost Reduction Programme, Cross Cutting Themes and Efficiency Framework

The Assistant Director of Finance confirmed that steady progress had been made in identifying savings schemes and that as at the 12th May 2017, £11.6m of opportunities have been identified as Green or Amber leaving a £5.7m shortfall against the delegated target. Progress to date is in advance of the comparable period in 2016/17.

The Cross Cutting Themes and associated project management arrangements to support the schemes in 2017/18 were noted.

In addition it was reported that the UHB's Efficiency Framework submission to Welsh Government as at 12th May 2017 identified CRP schemes totalling £17.786m including £6.192m red pipeline schemes.

FC- 17/064 – Finance Risk Register

The Executive Director of Finance asked the Committee to note the risks highlighted within the risk register which had been updated as at 22nd May 2017. It was also noted that the register would be updated to reflect the revised planning deficit as well as emerging issues and performance as the year progressed.

The Executive Director of Finance informed the committee that some risks would be managed by the Cost Reduction Board that had been established. The Board expects to meet for the first time after the month 2 position is reported with the intention of considering the position of Clinical Boards that were under achieving savings and operational plans. Clinical Boards that do not provide sufficient assurance around forward plans could be called to scrutiny at the Finance Committee.

In addition a digital solutions expert had been secured by the UHB for a 6 month period alongside a number of appointments to the transformation team. The appointments are also intended to help in the management of risks to the transformational agenda.

FC- 17/065 – Items to bring to the attention of the Board / other Committees

The Executive Director of Finance informed the committee that the report on UHB's Governance Processes by Deloitte UK had yet to be published. The committee noted that the UHB had not been asked to comment on the accuracy of the draft report.

FC – 17/066 Date and Time of Next Meeting

It was noted that the meeting schedule for the 13th June 2017 would be rescheduled to a future date in June to enable discussion of the 2017/18 month 2 Financial Position.