

CONFIRMED MINUTES OF THE FINANCIAL COMMITTEE

HELD ON 30TH AUGUST 2017

UHW HQ

Present:

Len Richards	Chief Executive
Maria Battle	Chair
Ruth Walker	Executive Director of Nursing
Dr Sharon Hopkins	Director of Public Health
Bob Chadwick	Executive Director of Finance
Chris Lewis	Deputy Director of Finance
Julie Cassley	Interim Director of Workforce
Steve Curry	Director of Operations
Margaret McLaughlin	Independent Member
Andrew Gough	Assistant Director of Finance (Transformation & Planning)

Secretariat:

Paul Emmerson	Finance Manager
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FC – 18/088 Welcome and Purpose of the Committee

The Vice Chair welcomed everyone to the meeting.

FC – 18/089 Apologies for Absence

Apologies were received from Graham Shortland, Abigail Harris, Peter Welsh, Ivar Grey, John Antoniazzi and Marcus Longley.

FC – 18/090 Declarations of Interest

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

FC – 18/091 Minutes of the Finance Committee Held on 26th July 2017

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

FC - 18/092 Action log following the last meeting

Progress on the UHB's Research and Development Strategy would be reported back to the next meeting.

Action: Director of Public Health to report progress on R & D Strategy back to September Meeting

All other outstanding actions were picked up on the agenda.

FC - 18/093 Financial Position Month 4

The Deputy Director of Finance presented the UHB's financial performance to month 4.

The UHB recorded a £10.291m deficit at the end of month 4 based on a planned year end deficit of £30.900m. The deficit was broadly in line with the plan being made up as follows:

- (£0.033m) Favourable variance against the UHB's savings target
- £0.024m adverse budget management variance
- £10.300m planned deficit (4/12th of £30.900m)

Performance against income targets improved by £0.235m in month leading to a cumulative over recovery against targets of £0.299m. The surplus against NHS patient related income primarily related to the recovery of intensive care costs due to care provided to out of area residents.

The reported £0.574m cumulative month 4 pay underspend represented an improvement upon the £1.206m overspend reported for the same period in the previous year. An in month overspend of £0.170m was reported against pay budgets following the introduction of an additional £0.500m savings target in month to reflect the claw back of pay underspend from Executive Budgets. Pay budgets would have been underspent in month if the additional savings target had not been actioned. An overspend of £0.722m was reported against combined registered/unregistered nursing pay. However the in month overspend of £0.094m suggested an improvement against the in year trend.

An overspend of £0.863m was reported for the year to date against non-pay budgets. The additional drug costs arising from NCSO ('No Cheaper Stock Obtainable') price increases as a result of stock shortages have been managed for the year to date. The main concern going forwards was the coverage of the additional cost arising from the outsourcing of the neuro-interventional radiology service.

The Medicine, Children and Women, Surgery and CD & T Clinical Boards had reported overspends at month 4. Further to this, all Clinical Boards had been asked to provide detailed forecasts to year end. The Surgery Clinical Board expected to

recover the month 4 overspend however the Medicine, Children and Women, and CD & T Clinical Boards had forecast a year end overspend. In addition the Dental Clinical Board had forecast a year end overspend. Each of the four Clinical Boards were required to produce recovery plans outlining opportunities and pressures which would be explored in detail through meetings with the Chief Executive and Finance Director.

All Clinical Boards are expected to deliver the lower of their forecast position or a break even position at year end.

The previous months 12.4m gap to the savings target had improved by £2.1m in July following the allocation of a £0.8m savings target to Executive budgets to reflect projected underspends and a further £1.3m savings target applied to Specialist Services in respect of drug savings arising from an R & D trial. The remaining gap to the savings target at the end of month 4 was £10.3m and this was the **key** risk to achievement of the plan.

The Chair indicated that the reduction to the gap was a positive step and asked what additional work was being progressing to narrow the gap. The Director of Finance confirmed that the UHB is undertaking further work to identify the residual £10.3m savings gap and this work included a detailed review of risks, budgets, forecasts and the consideration of a number of corporate schemes.

The Chief Executive reinforced that the £10.3m gap remained a concern and that the recurrent status of schemes identified in 2017/18 and the impact of non recurrent savings on the 2018/19 plan was also a worry. ***In this context the cultural shift towards dis-establishing posts which were no longer critical to UHB operations was key to future financial sustainability.***

The committee agreed that grip and control, management intervention and redesign would be the main drivers behind the delivery of savings in the short term. The progression of the transformation agenda would release costs in the medium to longer term. The Director of Operations confirmed that the UHB already had an indication of Length of Stay and outpatient opportunities and that an evidence based review of UHB's management of risk would identify any cultural and organisational change required to release opportunities. It was noted that a step up in the delivery of savings would crystallise when the reduction in LOS and outpatient attendances was significant enough to enable the remodelling of ward and clinic capacity.

FC - 18/094 Cost Reduction Programme

The Assistant Director of Finance (Transformation & Planning) highlighted the following key points from the Cost Reduction Report:

- As at 31st July 2017, against the total savings target of £35.001m, £24.691m of opportunities had been identified as Green or Amber. This represented an improvement of £2.1m in the value schemes identified over the last month.

- Against the devolved CRP target of £17.333m, £18.689m of schemes had been identified as Green or Amber as at 31st July 2017. The importance of all Clinical Boards reaching the milestone of 100% Green Schemes by the 1st October was once again stressed.
- At the end of July, £5.454m of cross cutting opportunities had been identified as Green or Amber and were contributing towards the delivery of the overall £17.333m delegated CRP target.

It was noted that Cardiff and Vale UHB was taking advantage of the All Wales schemes shared through the Efficiency Framework. The Efficiency framework would be refreshed and updated across Wales following month 4 reporting

FC - 18/095 Risk Register

The Deputy Director of Finance asked the Finance Committee to review the risk register and to feedback if there is any risk not covered.

The Committee was advised that progress had been made in month to reduce the risk rating associated with the following risks

- Manage Budget pressures of £9.0m
- Deliver £10.9m recurrent risk adjusted mitigating actions

The Committee was advised that it was still too early in the year to arrive at a final assessment of the risk associated with winter pressures and RTT.

The largest risk continued to be the identification of £15.0m additional stretch plan actions to achieve £30.9m deficit position.

It was noted that the Risk Register would be shared with Welsh Government.

Action: Finance Committee Members to review risk register

Action: Director of Finance to share Risk Register with Welsh Government

FC - 18/096 Items to bring to the attention of the Board/Other Committees

No other items to bring to the main board.

FC - 18/097 Date and time of next meeting

Wednesday 28th September; 10.00am; Boardroom, Llandough Hospital