

CONFIRMED MINUTES OF THE FINANCE COMMITTEE

HELD ON 25th JULY 2018

LARGE MEETING ROOM, HQ, UHW

Present:

John Union	Chair (Finance Committee)
Charles Janczewski (part)	Vice Chair (Board)
Maria Battle	Chair (Board)
Abigail Harris (part)	Director of Strategic Planning
Andrew Gough	Assistant Director of Finance
Dr Sharon Hopkins	Deputy Chief Executive
Martin Driscoll	Director of Workforce
Robert Chadwick	Director of Finance
Steve Curry	Chief Operating Officer

In Attendance:

Urvisa Perez	Welsh Audit Office
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Secretariat:

Paul Emmerson	Finance Manager
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FC – 18/219 WELCOME AND PURPOSE OF THE COMMITTEE

The Chair welcomed everyone to the meeting.

FC – 18/220 APOLOGIES FOR ABSENCE

Apologies were received from John Antoniazzi, Christopher Lewis and Ruth Walker.

FC – 18/221 DECLARATIONS OF INTEREST

The Chair invited members to declare any interests in proceedings on the Agenda.

The UHB Vice Chair (CJ) stated that he was Chair of a WHSCC sub-committee and declared an interest in discussions in respect of WHSCC.

FC – 18/222 MINUTES OF THE FINANCE COMMITTEE HELD ON 27th JUNE 2018

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 27th June 2018 subject to an amendment to minute FC - 18/214 where the reference to the Resource and Delivery Committee is to be amended to the Strategy and Delivery Committee.

FC - 18/223 ACTION LOG FOLLOWING THE LAST MEETING

The Committee **RECEIVED** the Action Log from the meeting of 27th June 2018 and **NOTED** the following:

FC - 18/189 – PUBLIC SECTOR PAYMENT POLICY COMPLIANCE - Report on impact of No Purchase Order No Payment Policy to be shared with Finance Committee following All Wales implementation in June 2018. **Incomplete** - Recommended that a report is brought back to the October 2018 Finance Committee post June 2018 All Wales implementation.

FC - 18/200 REVISED TERMS OF REFERENCE FINANCE COMMITTEE - Revised TOR to be taken to the Board for approval. **Incomplete** –This is being progressed through the Board secretary with the intention that the revised TOR are taken to the Board meeting scheduled for 27th September 2018 for ratification.

ACTION: Committee Secretariat

FC - 18/201 PROGRESS AGAINST THE £9.3M 2018/19 IMPROVEMENT TARGET
-Progress against this is detailed within the Finance Report – **Complete**

FC - 18/213 Performance Funding. Complete – Risk of a clawback on the £6.1m Performance Funding received from Welsh Government following review in December is recorded and monitored through the Risk Register

FC - 18/213 Clinical Boards in Escalation. Complete – Clinical Boards in escalation is now a Standing Item on the Finance Committee Agenda.

FC - 18/213 Aneurin Bevan LTA. Complete – the Aneurin Bevan Health Board Income risk is now included on the risk register.

FC - 18/224 FINANCIAL PLANS 2018/19. The Director of Finance confirmed that the UHB's 2018/19 operational plan had been shared with Welsh Government and that progress against the plan was reported to Welsh Government on a monthly basis through the Monthly Monitoring Returns (MMR). The Chief Executive told the committee that progress against the plan was also picked up through the Targeted Intervention meetings with Welsh Government.

The Director of Finance indicated that going forwards that the 2018/19 Financial Plan would not be reported through a separate agenda item and that progress against the plan would be reported to the Finance Committee through the monthly Finance Report that was a standing item on the agenda.

The Finance Committee:

- **NOTED** that progress against the unapproved draft one year operational plan with a planning deficit of £19.900m would be reported to future meetings within the monthly Finance report;

FC - 18/225 FINANCE REPORT AS AT MONTH 3

The Director of Finance presented the UHB's financial performance to month 3 and drew the Committee's attention towards the key Financial Indicators reported through the Finance Dashboard within the written report:

- £5.573m deficit at month 3 and a £0.598m adverse variance was recorded against plan.
- The UHB expected to remain within the current annual capital resource limit of £36.099m.
- The UHB had reduced its assessed underlying deficit position to £39.1m at month 3.
- The UHB had declared a fully developed savings programme at month 3. There was currently a gap of £4.6m against the delegated £33.780m savings target however this was covered by corporate schemes at month 3 and the development of schemes to date provided the UHB with enough confidence to assume that Clinical Boards would meet their delegated savings targets in 2018/19.
- Schemes totalling £7.775m had been identified against the £9.266m financial improvement target leaving a further £1.491m to be identified.
- Creditor payments compliance against the 30 day Non NHS target had improved to 94.2% at the end of June.
- The UHB had maintained a positive cash balance in month and forecasted a year end cash deficit of £26.935m which is strongly correlated to the forecast deficit.

A query was raised by the UHB Chair who asked if the UHB was confident of recovering the £0.598m overspend that had been incurred to date. The Director of Finance informed the committee that the most significant driver behind the overspend was the level of vacancies, sickness and specialising within the nursing position. The main pressures were within the Medicine Clinical Board where the levels of vacancies and sickness required remedial action and in the Mental Health Clinical Board where plans to manage the cost implications of a number of highly complex cases were to be considered. In this context the UHB was sighted on the underlying pressures and looking at all options to curtail nursing expenditure and the year to date overspend against plan was not considered material as the UHB had both time and opportunities to effect remedial action. The Director of Finance stressed the importance of early action as the situation may not be recoverable if income and expenditure run rates did not level off until later in the year.

In order to add additional assurance the Director of Finance told the Committee that the UHB will formally review the forecast year end position at Clinical Board level following confirmation of month 4 expenditure. The review would be incorporated within the month 5 report to Finance Committee.

ACTION: Deputy Director of Finance

In respect of the nursing position, the Director of Workforce indicated to the committee that absence levels within the Medicine Clinical Board were generally at expected levels however there were some areas where sickness levels were exceptionally high. In response the Clinical Board was being encouraged to engineer greater flexibility within its workforce so that pressure points could be covered more efficiently to best manage risks.

The Committee Chair asked whether the implications of the Nursing Safe Standards Act had been fully costed and the Director of Finance confirmed that plans had been fully funded. In the context of nursing the UHB Chair (MB) asked whether the delay in payment associated with monthly pay and the absence of a weekly payroll to pay bank staff was limiting the number of nursing staff registered and available on the UHB nursing bank. The Assistant Director of Finance indicated that the timing of tax deductions might reduce the appeal of weekly payments to staff and agreed to ask the Nursing Productivity Group to explore the respective benefits for the UHB and bank staff of weekly vs monthly salary payments.

ACTION: Assistant Director of Finance

LIMITED ASSURANCE was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 3 position which is broadly on line with the profiled deficit within the draft operational plan.

The Finance Committee:

- **NOTED** that the UHB has an unapproved draft one year operational plan that has a planned deficit of £19.900m for the year;
- **NOTED** the £5.573m deficit at month 3 which includes a planning deficit of £4.975m and is an adverse variance against plan of £0.598m;
- **NOTED** the key concerns and actions being taken to manage risks.

FC - 18/226 CLINICAL BOARDS IN ESCALATION

The Director of Finance indicated that the Medicine, Surgery, Women & Children and Clinical Diagnostics and Therapies (CD&T) Clinical Boards were in escalation at the time of the meeting.

The main concerns around the Medicines and Surgery Clinical Boards related to operational pressures particularly in nursing. The Women & Children Clinical Board had a significant shortfall against its savings target and the CD&T Clinical Board had been put into escalation due to the risks around a significant savings scheme which had not yet moved beyond the red pipeline rating.

The Boards would remain subject to increased levels of scrutiny until the Director of Finance, Chief Executive and Chief Operating Officer were provided with sufficient assurance that both savings targets and balanced plans would be achieved in 2018/19.

FC - 18/227 COST REDUCTION PROGRAMME

The Assistant Director of Finance highlighted the following key points from the Cost Reduction Report:

- At the end of the month, £29.165m of opportunities had been identified as Green or Amber against the devolved 4% savings target of £33.780m leaving a gap of £4.615m
- £20.167m has been identified against the £25.335m recurrent 3% element of the devolved target.
- £8.998m has been identified against the £8.445m non-recurrent 1% element of the devolved target.
- As at month 3 £11.681m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

The Assistant Director of Finance confirmed that the £4.615m gap against the overall delegated 2018/19 CRP target was covered by the identification of additional corporate opportunities, however he stressed that Clinical Boards were still required to reach their delegated targets in 2018/19.

The Committee was reminded that in addition to the delegated savings programme that the UHB also had a £9.266m improvement target. This was profiled into the last quarter of the financial year and as at 30th June, £7.775m of recurrent opportunities had been identified leaving a gap of £1.491m.

The Committee members had been provided with a list of the UHB's top 20 savings schemes by value and the Assistant Director of Finance noted that the majority of schemes either related to medicines management, continuing healthcare or non-recurrent opportunities.

The Chief Operating Officer noted that the full year effect of recurrent savings schemes within the Medicine Clinical Board had met the 2018/19 savings target leaving the Board to manage the in-year operational pressures.

The Finance Committee:

- **NOTED** the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution
- **NOTED** the progress against the £9.266m improvement target.

FC - 18/228 RISK REGISTER

The Assistant Director of Finance presented the 2018/19 Risk Register to the Finance Committee and highlighted that the risk of a clawback of funding on the £6.1m Welsh Government Performance allocation and the Aneurin Bevan Health Board Income risk are now included on the risk register.

The Finance Committee:

- **NOTED** the risks highlighted within the risk register.

FC - 18/229 ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES

No other items to bring to the main Board.

FC - 18/230 DATE AND TIME OF NEXT MEETING

Wednesday 29th August; 2.00pm; Large Meeting Room, HQ, UHW