

**CONFIRMED MINUTES OF THE MEETING OF THE FINANCE COMMITTEE
HELD ON 29th APRIL 2020
NANT FAWR 1 MEETING ROOM/SKYPE, WOODLAND HOUSE**

Present:

John Union	JU	Chair, Independent Member – Finance
Charles Janczewski	CJ	Interim Board Chair
Dr Rhian Thomas	RT	Independent Member - Capital & Estates
Abigail Harris	AH	Executive Director of Strategic Planning
Andrew Gough	AG	Assistant Director of Finance
Chris Lewis	CL	Deputy Director of Finance
Len Richards	LR	Chief Executive
Nicola Foreman	NF	Director of Corporate Governance
Ruth Walker	RW	Executive Nurse Director
Steve Curry	SC	Chief Operating Officer

In Attendance:

Ian Virgil	IV	Head of Internal Audit
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Secretariat:

Paul Emmerson	PE	Finance Manager
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Apologies:

Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
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FC 20/001	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
FC 20/002	APOLOGIES FOR ABSENCE	
	Apologies for absence were noted.	
FC 20/003	DECLARATIONS OF INTEREST	
	The Chair invited members to declare any interests in proceedings on the Agenda. None were declared.	
FC 20/004	MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON 26th FEBRUARY 2020	
	The minutes of the meeting held on 26 th February 2020 were reviewed for accuracy. There was one amendment noted that the wrong year	

	<p>was on the meeting date. It was agreed that this be amended and the minutes were then agreed as a true and accurate record.</p> <p>Resolved – that:</p> <p>The minutes of the meeting held on 26th February 2020 were approved by the Finance Committee as an accurate record.</p>	
FC 20/005	<p>ACTION LOG FOLLOWING THE LAST MEETING</p> <p>There was one action to note on the action log and this is now recorded as complete.</p> <p>Resolved – that:</p> <p>The Finance Committee noted that there were no outstanding actions.</p>	
FC 20/006	<p>CHAIRS ACTION SINCE THE LAST MEETING</p> <p>There had been no Chairs action taken since the last meeting.</p>	
FC 20/007	<p>FINANCE PERFORMANCE REPORT 2019/20</p> <p>The Deputy Director of Finance presented the UHB’s Finance Report for the year ended 31st March 2020. The UHB’s provisional year end revenue outturn is a surplus of £0.058m which is broadly in line with the break-even position previously forecast. The UHB is also reporting that it stayed within its Capital Resource limit and achieved its creditor payment compliance target. The Finance Committee was asked to note that these are all provisional at this stage as the accounts will be subject to external audit scrutiny, though the reported year end position is not expected to materially change. It was highlighted however despite achieving a surplus in 2019/20 the UHB still breached its statutory break even duty by £36.667m over the three year period.</p> <p>The key issues to note were:</p> <ul style="list-style-type: none"> • That the UHB’s financial position improved again in March in line with the profiled plan to reach a break even position; • Plans were flexed in March to respond to the additional operational demands arising as result of the COVID 19 virus and an additional £1m revenue funding was secured from Welsh Government to cover the increase in net costs; • At the beginning of 2019/20 the UHB had a brought forward underlying recurrent deficit of £36.3m. This has now reduced to £11.5m, albeit £7.5m higher than planned; • This reflected a satisfactory outcome to what has been a very challenging financial year. 	

The Interim Board Chair (CJ) commented that this was a significant achievement given where the Health Board has come from. An in year break even position and reducing the underlying deficit from £36.3m to £11.5m was not just down to the Finance Team but all involved in managing budgets across the UHB.

The Chief Executive (LR) reiterated that this was a significant achievement and that the only disappointment was that some of the savings made were non recurrent thus leaving the carry forward underlying deficit higher than was planned.

The Deputy Director of Finance continued to present the year end position, noting that the UHB had a number of income gains in the month with a year end overachievement on income of £2.0m. Pay budgets also held up in the month and ended the year £3.9m underspent. Non pay budgets however continued to deteriorate in the month resulting in a year end overspend of £5.9m. Taken together Delegated budget holders broadly hit their risk adjusted forecast position and the final position on the savings programme and underlying deficit were as expected and previously reported. The cash balance at the end of the year was £1.4m and the final year end performance against the PSPP target was 95.8%.

The provisional year end performance against the CRL was an £0.088m underspend. As part of this Welsh Government were carrying forward circa £1m funding due to scheme slippage caused by COVID 19 and the UHB managed to secure an additional £1.6m funding at the year end for COVID 19 related capital costs.

The Finance Committee Chair (JU) asked if the actual year end position was in line with the plans to break even that were previously presented to the Finance Committee. The Deputy Director of Finance commented that the overall position against the profiled plan was shown in Appendix 6 of the report and that the identified risks and opportunities were broadly as planned. The Finance Committee Chair (JU) asked if there was any changes to the Welsh Risk Pool charges. It was confirmed that there were not and that that these were fixed by Welsh Government after month 10.

The Independent Member - Capital and Estates (RT) asked if the delivery of an in year break even position was due to forecasting or in driving a better financial position. The Deputy Director of Finance confirmed it was both. The forecast position showed the financial improvements needed and the UHB then tried to minimize expenditure and to take all financial opportunities available in order to deliver a break even position. The Chief Executive noted how difficult the last six months had been in order to achieve this. The Finance Committee Chair (JU) also noted that the Finance Committee had supported actions taken in January to reduce discretionary expenditure in order to support this.

Resolved - that:

	<p>The Finance Committee noted the provisional draft year end revenue surplus of £0.058m against the planned breakeven position.</p> <p>The Finance Committee noted that the UHB achieved its creditor payment compliance.</p> <p>The Finance Committee noted that the year end capital position was expenditure of £58.071m against a CRL of £58.159m.</p>	
<p>FC 20/008</p>	<p>FINANCE RISK REGISTER</p> <p>The Assistant Director of Finance (AG) presented the Finance Risk register.</p> <p>The extreme risks were noted as being:</p> <p>Fin01/20 – Reducing underlying deficit from £11.5m to £4.0m in line with IMTP submission. Fin02/20 – Management of budget pressures. Fin03/20 – Delivery of £29.0m (3.5%) CIP Fin10/20 – COVID-19 impact on financial plan</p> <p>The extreme risks on the Dragon’s Heart Hospital (DHH) were also noted as being:</p> <p>Fin01/20 DHH – Financial Plan impact of DHH. Fin02/20 DHH – Cost exceeding forecast ranges due to unforeseen factors. Fin03/20 DHH – Damage and alteration to the stadium driving reinstatement costs above current projected provision.</p> <p>It was noted that KPMG has been appointed by Welsh Government to support and review the commissioning of the DHH. The Interim Board Chair (CJ) informed the Finance Committee that their report needed to be considered by the Board and not the Finance Committee as it mainly concerned governance.</p> <p>The Director of Finance noted that whilst the UHB had requested to discuss the draft report with KPMG when it is completed, they may not be in a position to do this before finalisation. Also, whilst the recording of decisions made in respect of the DHH appeared to be in a reasonable state, it is likely that not everything is included given the pace at which the DHH was developed. The UHB had been open and honest in sharing information on the DHH with Welsh Government and would do the same with KPMG. They also have the experience of reviewing the Excel Centre in London which was also developed at pace.</p> <p>The Director of Finance requested that a risk be added to the DHH register relating to the fact that in many instances there is only a letter of intent in place as opposed to a formal contract.</p>	<p>Assistant Director of Finance (AG)</p>

	<p>Resolved - that:</p> <p>The Finance Committee noted the risks highlighted in the 2020/21 risk register.</p> <p>The Finance Committee noted the risks highlighted in the Dragon's Heart Hospital sub set risk register.</p>	
FC 20/009	<p>MONTH 12 FINANCIAL MONITORING RETURNS</p> <p>These were noted for information.</p>	
FC 20/010	<p>ITEMS TO BRING TO THE ATTENTION OF THE BOARD / OTHER COMMITTEES</p> <p>There were no items to bring to the attention of the Board or other Committees.</p>	
FC 20/011	<p>DATE OF THE NEXT MEETING OF THE FINANCE COMMITTEE</p> <p>The next meeting will take place at 2.00 pm, Wednesday 27th May, Woodland House (meeting room to be confirmed).</p>	