



FINANCE COMMITTEE

26 July 2017 – 9.00am

**Corporate Meeting Room,
Headquarters, UHW**

FINANCE COMMITTEE MEETING
9.00am on 26 July 2017
Large Meeting Room, Corporate Headquarters, UHW

AGENDA

PART 1: ITEMS FOR ACTION		
1	Welcome and Introductions	<i>Oral - Chair</i>
2	Apologies for Absence	<i>Oral - Chair</i>
3	Declarations of Interest	<i>Oral – Chair</i>
4	Minutes of the meeting held on 29 th June 2017	<i>Chair</i>
5	Action Log	<i>Chair</i>
6	Finance Report as at Month 3	<i>Andrew Gough</i>
7	Cost Reduction Programme, Cross Cutting Themes and Efficiency Framework	<i>Andrew Gough</i>
8	Finance Risk Register	<i>Andrew Gough</i>
PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD		
9	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
10	Date, time and venue of the next meeting of the Finance Committee: 16.30pm on Wednesday 30 th August 2017, HQ large Meeting Room, UHW	<i>Oral - Chair</i>

UNCONFIRMED MINUTES OF THE FINANCIAL COMMITTEE**HELD ON 29TH JUNE 2017****UHW HQ****4****Present:**

Len Richards	Chief Executive
Sharon Hopkins	Deputy Chief Executive
Maria Battle	Chair
Marcus Longley	Vice Chair
Ruth Walker	Executive Director of Nursing
Bob Chadwick	Executive Director of Finance
Chris Lewis	Deputy Director of Finance
Julie Cassley	Executive Director of Workforce
Steve Curry	Director of Operations
Ivar Grey	Independent Member
Andrew Gough	Assistant Director of Finance (Transformation & Planning)
John Antoniazzi	Independent Member

Secretariat:

Cath David	Finance Manager
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FC – 18/067 Welcome and Purpose of the Committee

The Vice Chair welcomed everyone to the meeting.

FC – 18/068 Apologies for Absence

Apologies were received from Graham Shortland and Abigail Harris

FC – 18/069 Declarations of Interest

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

FC – 18/070 Minutes of the Finance Committee Held on 31st May 2017

The Committee RECEIVED and APPROVED minutes of the meeting held on 31st May 2017.

FC - 18/071 Action log following the last meeting

Deputy Director of Finance confirmed the action point raised on adverse variance reported against accommodation and catering income was covered within the Financial Position update.

All other outstanding actions were picked up on the agenda.

FC - 18/072 Financial Position Month 2

The Deputy Director of Finance presented the UHB's financial performance to month 2.

Two corrections required to the finance report tabled were highlighted.

1) Page 1 'Financial Impact' bullet point 3:

- £5.168m planned deficit (2/12th of £30.900m)

2) Page 3 'Month 2 Cumulative Financial Position' bullet point 3:

The UHB recorded a £5.618m deficit at the end of month 2 based on a planned year end deficit of £30.900m. The deficit was made up as follows:

- £0.028m adverse variance against the UHB's savings target
- £(0.010m) favourable budget management variance
- £5.168m planned deficit (2/12th of £30.900m)

Income position reported to month 2 was an adverse variance of £0.444m. Key issues driving this adverse income variance were highlighted:

Reduced funding received for Research and Development from Welsh Government linked to Commercial income. The Vice Chair questioned whether the Health Board had a grip on Research and Development as this has been an ongoing issue. The Deputy Chief Executive confirmed work is required to ensure we maximise access to available funding by focussing on recognisable Research and Development. This will be picked up outside this meeting at the Executive time out meeting on 14th July 2017 to give an opportunity to agree timelines.

Action : Deputy Chief Executive to provide update on Research and Development timelines

Under performance against the Neonatal Intensive Care Unit cot day contract which is partly offset by underspends against pay and non-pay.

NHS patient related income mainly relates to underperformance against the Health Board's contract with English providers and is not expected to continue.

Accommodation and Catering income over performance against target in month offset the cumulative adverse variance noted at month 1.

Pay position reported to month 2 was favourable with an underspend of £0.347m in month. Nursing staff expenditure is creating a pressure with a year to date adverse variance on registered/unregistered nursing staff of £0.306m. The rate of Nursing overspend reduced from month 1. The Finance Committee noted high level of vacancies which was driving the need to utilise more high cost temporary staff. The Executive Director of Nursing confirmed newly qualified staff had been recruited and were due to start over the Summer which would improve the vacancy position by September. There is also work ongoing through the Nursing Productivity Group to move Health Care Support Worker staff employed by Agencies onto the Health Board's internal bank.

Non Pay position reported to month 2 was an adverse variance of £0.161m. An increase in expenditure on drugs within Children's Services, ICU, Haematology. This is being reviewed by the Medicines Management Group. Within Clinical Diagnostic and Therapeutic Clinical Board high cost stent usage within the first 2 months of 2017-18 is at the same level as the full year 2016-17. It is not anticipated this will continue.

Most Clinical Boards with exception of 3 are within budget plan. Clinical Diagnostics and Therapeutics Clinical Board overspend due to non-pay pressures; Children and Women Clinical Board overspend due to Neonatal Intensive Care Unit underperformance against contract; Medicine overspend due to Clinical Board nursing pressures.

The Vice Chair questioned whether the 2016-17 budgetary pressures were reflected in the financial position reported in months 1-2. The Deputy Finance Director advised that the grip and control processes put in place at the end of 2016-17 were working with majority of the Clinical Boards managing within their revised budget plans.

Each Clinical Board is to undertake a full year forecast after the Month 3 position is finalised. This will include actions to recover forecast overspends to year end. The key risks were highlighted as delivering the original £20.028m CRP programme plus the £14.973m stretch target. The Chair asked which was causing most concern. The Executive Director of Finance confirmed it was the £14.973m stretch target. A comprehensive risk register has been completed and included within the Finance Committee papers. It was noted that good progress has been made on the CRP programme to date.

The Vice Chair noted that the additional £14.973m Stretch cost saving target has been phased in from month 7. The Deputy Finance Director confirmed this was to give managers space in order to put actions into place. Although phasing is from month 7 this is not a detailed plan and this savings target will be rephased as and when savings are identified.

The Chief Executive highlighted that enabling transformation to take place and release savings will take time and it will be necessary to take tactical decisions and opportunities until transformation savings begin to be released.

There is a forecast shortage against cash based on the projected deficit. Funding will need to be drawn down against the Health Board's resource limit as and when needed. Welsh Government has historically provided a cash only resource assistance. If Welsh Government were not able to provide cash this could be managed internally through management of transactions.

FC - 18/073 Financial Plan Update

The Executive Director of Finance provided a verbal update.

Following submission of the Financial Plan detailing a revised £30.9m gap there was a further meeting held with Welsh Government. The Welsh Government have requested to see the detail of the plan including run rates with which to monitor performance against. These have been completed and were shared with the Finance Committee.

Welsh Government have requested a plan as to how the Health Board will deliver the additional £14.973m target to reduce the planned deficit to £30.9m.

The committee discussed who currently owned the £14.973m stretch target. The Executive Director of Finance confirmed it was the whole organisation. The Clinical Board's primary objective was to meet their existing delegated target but will be expected to contribute to transformation work being led by Executives. The allocation and management of the £15m will be discussed further at the next Executives time out on 14th July. There is good governance around existing savings schemes. Now need to accelerate schemes, strengthen grip and control and take opportunities as they arise to meet targets in the shorter term.

The committee discussed how cash releasing savings can be made in the short term with majority of costs relating to payroll with only 8% variable pay costs. Skill mix changes take time and rely on turnover. The Health Board is not considering redundancy as seen to be costly and ineffective. There will be a big focus on reducing Bank and Agency expenditure and capitalising on turnover. The Executive Director of Nursing confirmed that use of premium nursing agencies has stopped.

The Finance Committee was asked by Independent Members if the Health Board has a Transformation Director in place. The Chief Executive confirmed that this post will be going to advert shortly. The Deputy Chief Executive confirmed the Health Board has put internal structures in place to support transformation. Clinical appointments have been made. Getting the internal structures and governance right up front will ensure the Health Board can

start work now with the right balance of priorities. Other Health Boards who have already appointed a Transformation Director are not as far forward in terms of putting internal structures in place.

The Chief Executive confirmed that the organisation would further scrutinise the savings plans and will feedback to the Finance Committee following the Executive time out session on 14th July.

Action: Chief Executive to update Finance Committee following further scrutiny of savings plans

FC - 18/074 Cost Reduction Programme

The Assistant Director of Finance for Transformation and Planning highlighted the Cost Reduction Report key points:

The Report identifies the delegated target of £17.333m. It does not include transformation or stretch target. At end of last week £17.430m savings had been identified against this target. Confirmed that plans are in place to deliver this initial savings target.

The impact of full year effect of savings schemes identified this year was discussed by the Committee. The delegated target this year is 2% of which 1.5% must be delivered recurrently to avoid the Health Board carrying forward an unmanageable level of new savings to be found next year. There is continued focus on balance between recurrent and non-recurrent savings.

The paper also highlights progress against cross cutting schemes. Currently £4.764m has been identified against the indicative £7.5m target. These savings contribute to the overall delegated savings target.

The efficiency framework has been submitted to Welsh Government to enable them to compare Health Board performance across Wales. This framework needs to be updated to reflect latest progress with a greater level of detail. The RAG rating was explained. Green – scheme will be achieved; Amber – should deliver 80%; Red – pipeline schemes where new schemes and ideas added can migrate across into Green and Amber.

FC - 18/075 Risk Register

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

Action: Finance Committee Members to review risk register

This register is updated daily. The Chair confirmed that she found the register reassuring and gave added confidence to the plan. It was noted that R&D was unscored. This has been included in mitigating actions 10.9. The Health Board is anticipating opportunities to offset this risk.

FC - 8/076 Items to bring to the attention of the Board/Other Committees

The Vice Chair asked if the Health Board had heard anything back from the Deloitte review. It was confirmed that this has not been received yet. A report is expected by the end of this week. This will be presented at the Board meeting before going to Committee.

No other items to bring to the main board.

The Chief Executive thanked the Executive Director of Finance for the focussed work undertaken on the CRP tracker as this has made a big difference within the Health Board.

FC - 18/077 Date and time of next meeting

Wednesday 26th July; 9.00am; HQ Board Room, UHW

FINANCE COMMITTEE**ACTION LOG FROM JUNE 2017**

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC 18/072	29.6.17	Research and Development	Timelines to be agreed for Research and Development at Executive time out meeting	S Hopkins	To provide update at Finance Committee meeting on 26 th July 2017
FC 18/073	29.6.17	Cost Reduction Programme	Further scrutiny of 2017-18 savings plans	L Richards	To provide update at Finance Committee meeting on 26 th July 2017
FC 18/075	29.6.17	Risk Register	Review risk register and feedback on any risks not included	Finance Committee members	To feedback at Finance Committee meeting on 26 th July 2017

FINANCE REPORT FOR THE PERIOD ENDED 30th JUNE 2017	
Name of Meeting : Finance Committee	Date : 26 th July 2017
Executive Lead : Executive Director of Finance	
Author : Deputy Director of Finance 02920 743555	
Caring for People, Keeping People Well: This report details performance against the draft annual financial plan supporting the UHB to deliver service priorities, maximise patient outcomes whilst maintaining the sustainability of services.	
Financial impact: The UHB financial position at the end of June 2017 is a deficit of £7.695m comprised of the following:	
<ul style="list-style-type: none"> • £0.041m adverse variance against the UHBs savings target; • (£0.071m) favourable budget management variance; • £7.725m planned deficit (3/12th of £30.900m). 	
Quality, Safety, Patient Experience impact: This report details financial performance against the unapproved one year operational plan which supports improvements in quality, safety and patient / carer experience.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not applicable	

ASSURANCE AND RECOMMENDATION
LIMITED ASSURANCE is provided by:
<ul style="list-style-type: none"> • The work that has been undertaken to develop the 2017/18 draft operational plan; • 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 Board is asked to:
<ul style="list-style-type: none"> • NOTE that the UHB has an unapproved draft one year operational plan that has a planned deficit of £30.900m for the year; • NOTE the £7.695m deficit at month 3 which includes a planning deficit of £7.725m, a shortfall in performance of £0.041m against savings targets and budget underspends of (£0.071m); • NOTE the risks that need to be managed especially the identification of £12.4m further savings required to deliver a £30.9m deficit plan.

SITUATION

This report details the financial position of the UHB for the period ended 30th June 2017. The UHB submitted a revised financial plan to Welsh Government on the 10th March 2017 which had a reduced deficit of £45.873m. This draft plan was presented

to the Board at its 30th March 2017 meeting and its adoption was endorsed, recognizing that further progress was required. Further to this 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. This report sets out financial performance for the first 3 months of the year, against the unapproved revised one year operational plan.

BACKGROUND

The UHB considered a draft financial plan at its January 2017 meeting as part of its consideration of the Integrated Medium Term Plan for 2017/18 – 2019/20. The scale of the financial challenge and the size of the net deficit was such that the Board was not in a position to submit to Welsh Government a plan for approval as it was significantly away from being financially balanced.

The UHB was requested by Welsh Government to restate its plan and to resubmit it for consideration by the 10th March 2017. There was an expectation by Welsh Government that significant progress would be made in reducing the forecast deficit for 2017/18, which stood at £69.685m. The UHB submitted a revised financial plan to Welsh Government on the 10th March 2017 which had a reduced deficit of £45.873m. This draft plan was presented to the Board at its 30th March 2017 meeting and its adoption was endorsed, recognizing that it was not yet complete and very much work in progress. Further to this 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. This report has been prepared against this planned deficit. A summary of this plan is provided in table 1.

Table 1: Revised Operational Plan 2017/18 @ June 2017

	Financial Plan
	£'000
Draft Financial Plan @ Jan 2017	-69,685
Risk Adjustments and Transformation Opportunities	23,812
Risk Adjusted Plan @ March 2017	-45,873
Additional In Year Identified Savings	2,563
Further Savings (yet to be identified) to deliver Stretch Plan	12,410
Financial Plan with Stretch Target	-30,900

ASSESSMENT AND ASSURANCE

The Finance Dashboard outlined by Table 2 reports actual and forecast financial performance against key financial performance measures.

Table 2: Finance Dashboard @ June 2017

Finance Dashboard		Performance		In Month	Year to Date	Month 3 Full Year Forecast
Finance Indicators	Standard	In Month	Year to Date	RAG Rating		
		Remain within revenue resource limit - Variance Adv/(Fav)	£0	£2.526m	£7.695m	
Variance against unapproved 2017/18 £30.9m deficit plan	£0	(£0.049m)	(£0.030m)			
Pay expenditure (actual versus Plan)	£0	(£0.157m)	(£0.744m)			
Non-Pay Expenditure (Actual versus Plan)	£0	£0.616m	£0.777m			
Income (actual versus Plan)	£0	(£0.507m)	(£0.063m)			
Remain with CAPEX resource limit	£0	n/a	(£2.664m)			
Creditor payments compliance 30 day Non NHS	95%	88.86%	89.40%			
CRP Green / Amber status - Delegated Targets @ wc July 3 rd	80% green/20% amber		85% / 21%			

Month 3 Cumulative Financial Position

The UHB reported a deficit of £7.695m at month 3 as follows:

- £0.041m under delivery against the UHBs savings target;
- (£0.071m) favourable budget management variance;
- £7.725m planned deficit (3/12th of £30.900m).

Table 3 analyses the operating variance between income, pay, non pay and planned deficit.

Table 3: Summary Financial Position for the period ended 30th June 2017

Income/Pay/Non Pay	In Month			Year to Date			Full Year		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv	Budget	Forecast	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	(104.306)	(104.814)	(0.507)	(302.282)	(302.345)	(0.063)	(1,260.957)	(1,260.957)	0.000
Pay	48.275	48.119	(0.157)	145.857	145.113	(0.744)	581.526	581.526	0.000
Non Pay	58.605	59.221	0.616	164.149	164.926	0.777	710.331	710.331	0.000
Variance to Draft Plan £m	2.575	2.526	(0.049)	7.725	7.695	(0.030)	30.900	30.900	0.000
Planned Deficit	(2.575)	0.000	2.575	(7.725)	0.000	7.725	(30.900)	0.000	30.900
Total £m	0.000	2.526	2.526	(0.000)	7.695	7.695	(0.000)	30.900	30.900

Income

The year to date and in month financial position for income is shown in table 4.

Table 4: Income Variance @ June 2017

Income	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Revenue Resource Limit	(71.928)	(71.928)	0.000	(204.366)	(204.366)	0.000
Non Cash Limited Expenditure	(1.348)	(1.348)	0.000	(4.652)	(4.652)	0.000
Accommodation & Catering	(0.217)	(0.235)	(0.018)	(0.653)	(0.658)	(0.005)
Education & Training	(3.177)	(3.203)	(0.026)	(9.448)	(9.442)	0.006
Injury Cost Recovery Scheme (CRU)	(0.214)	(0.338)	(0.124)	(0.641)	(0.877)	(0.235)
NHS Patient Related Income	(22.335)	(22.526)	(0.191)	(67.771)	(67.892)	(0.121)
Other Operating Income	(4.018)	(4.095)	(0.077)	(11.953)	(11.828)	0.125
Overseas Patient Income	(0.010)	(0.021)	(0.011)	(0.030)	(0.059)	(0.029)
Private Patient Income	(0.111)	(0.073)	0.037	(0.338)	(0.230)	0.108
Research & Development	(0.949)	(1.046)	(0.097)	(2.428)	(2.341)	0.087
Total £m	(104.307)	(104.814)	(0.507)	(302.282)	(302.345)	(0.063)

An in month surplus of £0.507m and a cumulative surplus of £0.063m is reported against income budgets.

The reported deficit against R & D income is primarily due to the expected annual shortfall in Welsh Government funding. In month performance improved due to the collection of commercial R & D income.

Income from the Compensations Recovery Unit remains ahead of plan for the year to date due to the rise in the notified number of new claims. An analysis of previous years suggests that actual income reported is subject to significant monthly variation.

Accommodation and catering income for the year to date is now marginally ahead of plan.

The surplus against NHS patient related income relates to the recovery of costs from English NHS commissioning bodies.

Pay

An in month underspend of £0.157m is reported against pay budgets continuing the trend established in the second half of 2016/17.

Table 5 identifies that a month 3 budget underspend of £0.744m in 2017/18 compared to month 3 overspend of £0.856m in 2016/17.

Table 5: Analysis of fixed and variable pay costs

	2016/17 Total Spend £m	2016/17 Month 1 to Month 2 £m	2017/18 Month 1 to Month 2 £m	2016/17 Month 3 £m	2017/18 Month 3 £m	2016/17 Cum. to Month 3 £m	2017/18 Cum. to Month 3 £m
Basic	502.093	81.958	84.430	41.357	42.072	123.315	126.502
Enhancements	23.635	3.256	4.223	2.381	2.023	5.637	6.246
Maternity	4.136	0.662	0.665	0.355	0.423	1.017	1.089
Protection	0.743	0.128	0.117	0.062	0.054	0.191	0.171
Total Fixed Pay	530.607	86.004	89.436	44.155	44.572	130.159	134.008
Agency (mainly registered Nursing)	9.017	1.684	1.530	0.643	0.427	2.326	1.956
Nursing Bank (mainly Nursing)	14.249	1.936	2.189	1.170	1.282	3.105	3.470
Internal locum (Medical & Dental)	2.105	0.331	0.706	0.177	0.404	0.508	1.110
External locum (Medical & Dental)	9.547	1.696	1.065	0.847	0.500	2.543	1.565
On Call	2.154	0.362	0.352	0.193	0.160	0.554	0.512
Overtime	6.072	1.117	1.063	0.522	0.431	1.639	1.494
WLI's & extra sessions (Medical)	3.549	0.593	0.655	0.135	0.343	0.729	0.998
Total Variable Pay	46.693	7.719	7.559	3.686	3.547	11.405	11.106
Total Pay	577.301	93.722	96.995	47.841	48.119	141.563	145.113
Pay Budget	576.692	93.124	97.581	47.583	48.275	140.707	145.857
Budget Variance (Fav)/Adv £m	0.609	0.598	(0.587)	0.258	(0.157)	0.856	(0.744)

The increase in 2017/18 pay levels is mainly due to the cost of the annual pay award, the superannuation scheme administration levy and the apprenticeship levy. In addition monthly pay costs will vary dependent on the pattern of enhancements and the number of weekly payrolls falling in a month.

An analysis of pay expenditure by staff group is shown in Table 6.

Table 6: Analysis of pay expenditure by staff group @ June 2017

Pay	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Additional clinical services	2.042	1.948	(0.094)	6.093	5.900	(0.193)
Management, admin & clerical	5.685	5.624	(0.061)	17.097	16.775	(0.322)
Medical and Dental	12.419	12.341	(0.078)	37.388	37.133	(0.255)
Nursing (registered)	14.309	14.159	(0.150)	43.819	43.060	(0.759)
Nursing (unregistered)	3.533	4.005	0.472	11.137	12.524	1.387
Other staff groups	7.476	7.444	(0.031)	21.981	21.904	(0.077)
Scientific, prof & technical	2.813	2.599	(0.214)	8.343	7.819	(0.525)
Total £m	48.275	48.119	(0.157)	145.857	145.113	(0.744)

With the exception of unregistered nursing all staff groups were broadly balanced or reported an underspend against budgets in month 3. Part of the overspend on unregistered nursing is driven by the requirement to cover vacancies in registered nursing posts and high levels of specialing. This is a significant pressure in the Medicine Clinical Board where efforts to recruit to vacant registered nursing posts are ongoing.

Table 7 – Non Qualified Nursing Staff Pay Variance

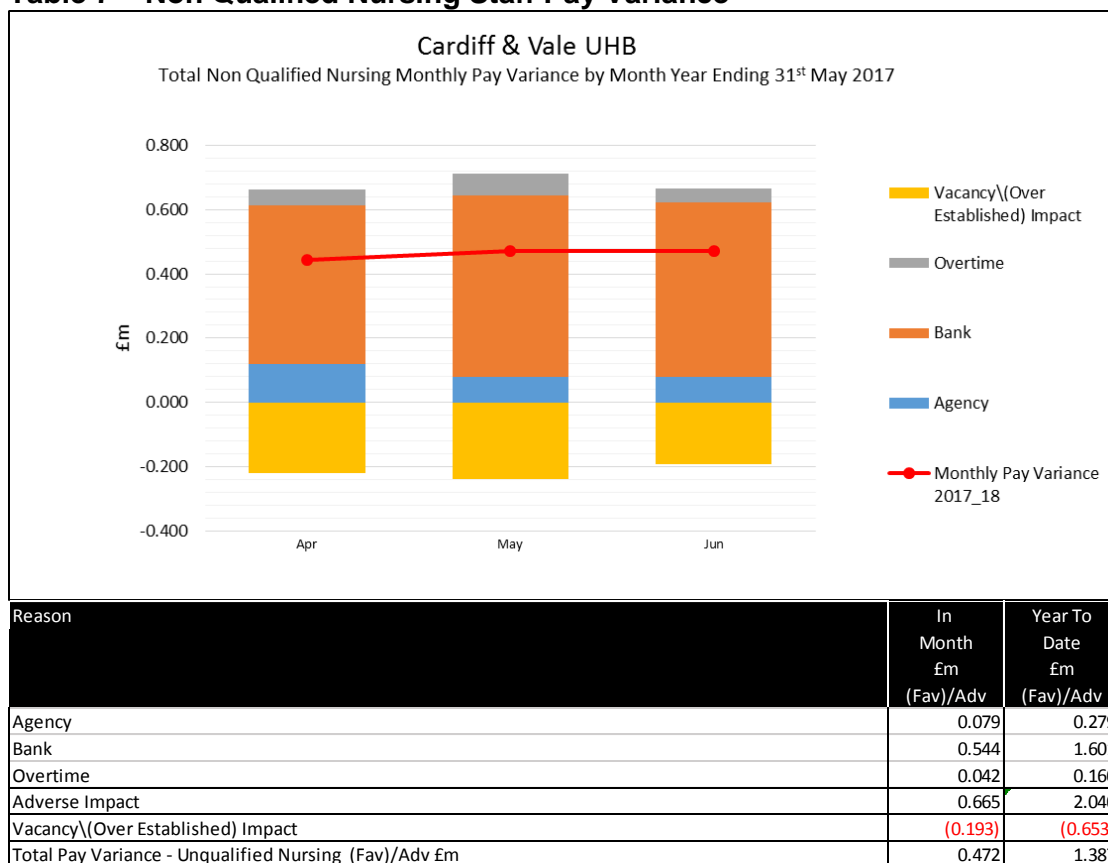
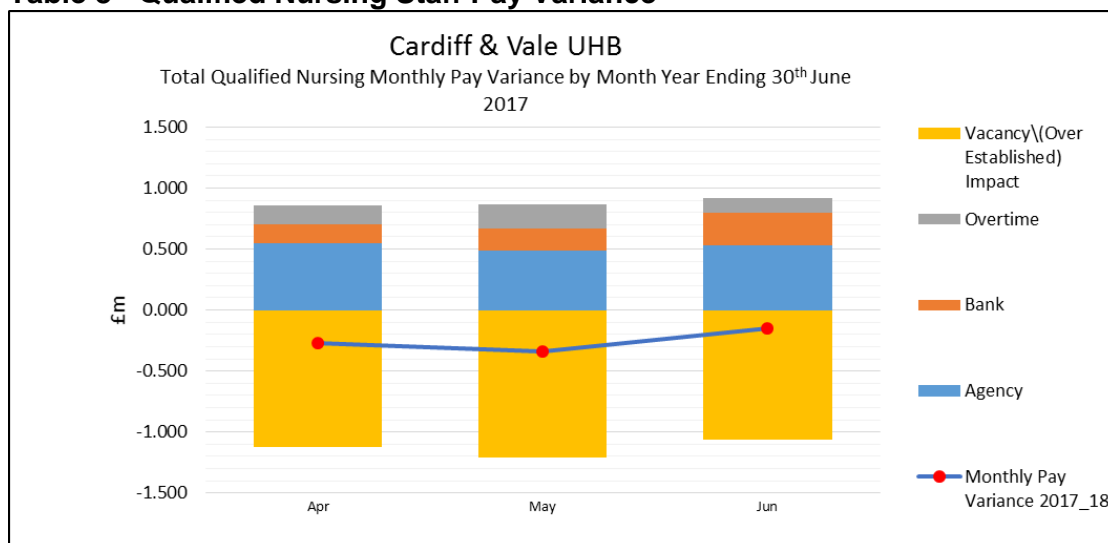


Table 7 illustrates that the majority of adverse variance against non-qualified nursing assistants is due to an overspend of £1.601m on bank staff which is partly offset by an underspend against established posts.

Table 8 - Qualified Nursing Staff Pay Variance

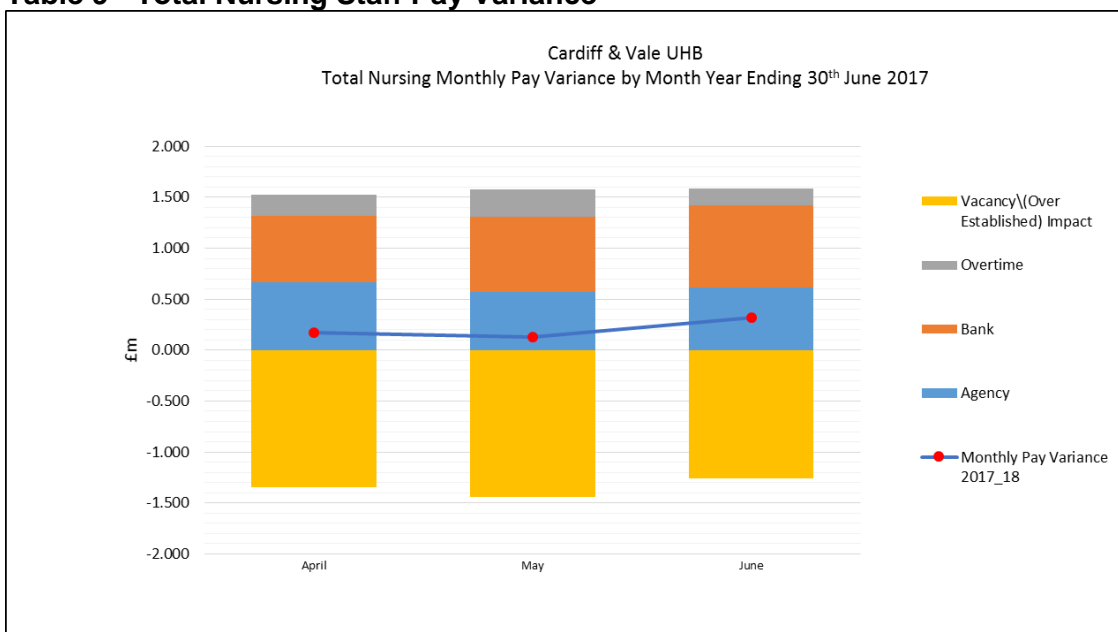


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.534	1.573
Bank	0.265	0.600
Overtime	0.117	0.465
Adverse Impact	0.916	2.638
Vacancy\ (Over Established) Impact	(1.066)	(3.397)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	(0.150)	(0.759)

The information in Table 8 indicates that expenditure on established posts is significantly less than budget. The in month underspend continues the trend set in the second half of the last financial year.

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Table 9 - Total Nursing Staff Pay Variance



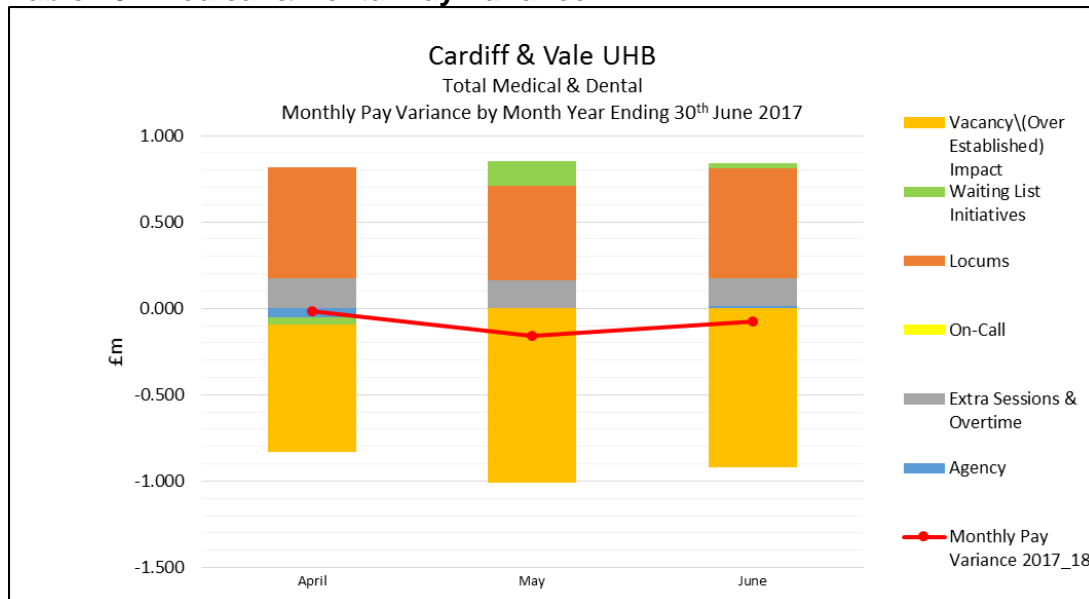
Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.613	1.852
Bank	0.810	2.201
Overtime	0.159	0.624
Adverse Impact	1.582	4.678
Vacancy\ (Over Established) Impact	(1.259)	(4.050)
Total Pay Variance - (Fav)/Adv £m	0.322	0.628

Table 9 confirms that expenditure against substantive nursing posts for the year to date is less than budget. However the combined overspend on agency, bank and overtime is greater than the underspend against vacant posts leading to an overall overspend against nursing budgets.

Table 10 shows financial performance against medical and dental pay budgets. This identifies that the favourable variance against established posts is partially offset by

expenditure on locums, waiting list initiatives and extra sessions leaving a favourable variance of £0.255m at month 3.

Table 10 - Medical & Dental Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.014	(0.040)
Extra Sessions & Overtime	0.158	0.493
On-Call	(0.001)	(0.003)
Locums	0.639	1.829
Waiting List Initiatives	0.030	0.132
Adverse Impact	0.840	2.412
Vacancy (Over Established) Impact	(0.919)	(2.667)
Total Pay Variance - Medical & Dental (Fav)/Adv £m	(0.078)	(0.255)

Non Pay

Table 11 shows the financial performance against non pay budgets.

Table 11: Non Pay Variance @ June 2017

Non Pay	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Clinical services & supplies	7.482	7.513	0.031	22.836	22.886	0.050
Commissioned Services	12.986	13.163	0.176	40.042	40.223	0.181
Continuing healthcare	4.919	4.939	0.020	14.631	14.656	0.024
Drugs / Prescribing	13.434	13.611	0.176	35.924	36.195	0.271
Establishment expenses	0.902	0.878	(0.025)	2.578	2.392	(0.186)
General supplies & services	0.575	0.746	0.171	1.764	1.998	0.234
Other non pay	4.039	4.159	0.120	4.130	4.384	0.254
Premises & fixed plant	2.819	2.686	(0.134)	8.435	8.304	(0.132)
Primary Care Contractors	11.447	11.527	0.079	33.809	33.890	0.080
Total £m	58.605	59.221	0.616	164.149	164.926	0.777

Table 11 highlights a £0.777m overspend against non pay budgets. In month pressure points include:

- Commissioned Services where the additional cost of the Velindre LTA is recognised.
- Drugs and prescribing where the additional monthly cost of the NCSO price concession for quetiapine, and olanzapine is estimated at £0.188m per month and will be monitored through the UHBs Medicines Management Process.
- Lab medicine where the number of high cost haematology tests has increased in year. The UHB has put in place a Lab Medicines Trading Framework so that the value of all tests can be assessed with clinicians.
- Continuing Healthcare where the number of new packages approved in month was significantly greater than the number of packages coming to an end.

Financial Performance of Clinical Boards

Budgets are set to ensure that there is sufficient resource available to deliver the UHB's plan. Financial performance for 3 months to 30th June 2017 by Clinical Board is shown in Table 12.

Table 12: Financial Performance for the period ended 30th June 2017

Clinical Board	M2 Budget Variance £m	M3 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.154	0.052	(0.102)	0.20%
Children & Women	0.130	0.233	0.103	0.96%
Capital Estates & Facilities	(0.012)	0.013	0.025	0.08%
Dental	(0.000)	(0.004)	(0.003)	(0.04%)
Executives	(0.056)	(0.206)	(0.150)	(2.00%)
Medicine	0.238	0.322	0.084	1.19%
Mental Health	(0.049)	(0.036)	0.012	(0.20%)
PCIC	(0.199)	(0.172)	0.027	(0.23%)
Specialist	(0.031)	(0.144)	(0.113)	(0.38%)
Surgery	(0.005)	0.022	0.027	0.07%
Central Budgets	(0.151)	(0.109)	0.042	(0.32%)
SubTotal	0.019	(0.030)	(0.049)	(0.01%)
Planned Deficit	5.150	7.725	2.575	2.56%
Total	5.169	7.695	2.526	2.55%

The majority of Clinical Boards have broadly balanced month 3 expenditure within existing resources and budgets. The key exceptions are the Medicine Clinical Board which is overspent on its nursing budgets and Children and Women where there is underperformance in NICU alongside premium costs of medical cover.

The expectation is that all Clinical Boards must deliver a balance budget at year end. All Clinical Boards are expected to complete a review of 2017/18 financial forecasts by mid-July. Those Clinical Boards with a forecast year end overspend will be escalated and requested to produce recovery plans in order to achieve a balanced year end outturn.

Savings Programme

The UHB agreed a 1.5% recurrent savings target of £13m and a further non recurrent savings targets of £4.333m for delegated budget holders. In addition the UHB targeted £2.695m savings through the delivery of UHB wide transformation. Further to this the UHB agreed a £14.973 stretch plan leading to an overall savings target of £35.001m

The development and delivery of delegated schemes is monitored through weekly reporting of individual schemes and the risk to delivery is measured by a traffic light system.

At the time of reporting the UHB has identified £22.591m of savings schemes and this is summarised in Table 13 and is detailed by Clinical Board in **Appendix 1**.

Table 13: Progress against the 2017/18 Savings Programme at Month 3

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	35.001	22.591	(12.410)

Further work continues to identify additional savings to deliver the plan. At the end of June the UHB needs to identify a further £12.410m of savings schemes as outlined in Table 13.

Savings gaps in delegated targets are phased into the financial position from month 3 onwards. The UHB agreed a £15m stretch target and is identifying additional savings to achieve this. Any shortfall against this will be phased into the position from month 7 onwards.

The profile of actual and planned monthly savings and the impact on the UHB's net monthly costs is provided at **Appendix 2**.

For the year to date £5.071m of savings are profiled into the position, against which the UHB has delivered £5.030m. The resultant shortfall of £0.041m is expected to be recovered as the year progresses.

Balance Sheet (Appendix 2)

The opening balances reported in **Appendix 3** reflect the Audited Accounts approved by the Board on 1st June 2017.

The decrease in the carrying value of property, plant and equipment since the start of the year is largely due to depreciation. The £1.815m fall in non-current assets classified as assets held for sale reflects the sale of CRI West Wing.

The increase in the carrying value of Inventory held is partly due to a bulk order of discounted stock that will be utilised over the remainder of the financial year.

The main reason for the increase in trade debtors is the increase of £37.9m in amounts due from the Welsh Risk Pool following the change to the discount rate announced by the Lord Chancellor on 27th February 2017. This is mirrored by a similar increase in the value of provisions held since 1st April 2017.

The reduction in trade and other payables shown within current liabilities is largely due to the contractual timing of payments to pharmacists and a decrease in capital creditors, where the majority of the significant year end balances have now been settled.

Cash Flow Forecast

The cash flow forecast is contained in **Appendix 4**. The UHB is currently forecasting the requirement for £7.034m cash assistance in respect of working balance

movements and £30.9m Strategic Cash Assistance to cover the planned deficit. The UHB will seek this support from Welsh Government later in the financial year.

A reconciliation of the reported opening and closing cash position is shown in Table 14 below:

Table 14: Reconciliation of opening and forecast closing cash position

Description	£m
Opening Cash balance	0.881
Working balances arising	(7.034)
Forecast Deficit	(30.900)
Forecast Cash Deficit £m	(37.053)

6

Public Sector Payment Compliance

Performance of 89.4% to the end of June is less than the 95% target. The poor performance is partly related to the transition to the All Wales Nursing Contract where the change in rate has caused a significant number of billing errors which have taken a time to resolve. This in turn has led to an invoice backlog, causing valid invoices to fail to be paid within the required timescale. Talks are ongoing with the agencies involved and with NWSSP colleagues with a view to resolving this going forward.

Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of June 2017 is detailed in **Appendix 5** and summarised in Table 15.

Table 15: Progress against Capital Resource Limit @ June 2017

	£m
Planned Capital Expenditure at month 2	2.842
Actual net expenditure against CRL at month 2	0.178
Variance against planned Capital Expenditure at month 2	(2.664)

Capital progress to date has been slow. The reported net spend to the end of June is however skewed by the two significant asset sales where the net book value will provide a source of capital funds for the full year and not just the first three months.

Financial Risks

The UHB's financial plan has again been reviewed and a stretch target of a £30.9m deficit has been agreed.

The key risks to be managed are as follows:

- Delivery of the savings target will require identification and delivery of a further £12.4m of savings schemes.
- A revised risk share agreement for WHSSC with a potential £0.5m cost.

Key Concerns & Recovery Actions

At month 3, the key concerns and challenges are set out below:

1. Concern- Agreeing an operational plan with Welsh Government.

Action - The UHB continues to work with Welsh Government to ensure good financial management processes remain in place and to explore further options to support financial sustainability.

2. Concern - Budget overspends at month 3 in the Medicine and Children & Women Clinical Boards;

Action – All Clinical Boards have been asked to confirm plans to achieve year-end balance through the monthly forecasting framework. Clinical Boards with forecast year end overspends are required to determine recovery actions as part of the Clinical Board Performance Review Escalation Process.

3. Concern - Against the £35.0m savings programme, £22.6m green and amber schemes are in place, leaving a gap of circa £12.4m to be identified.

Action - The impact of any CRP shortfall in delegated targets is reflected in the month 3 position. Any shortfall against £15m stretch target will be phased into the position from month 7 onwards. The summary and detailed CRP tracker will be discussed in the Clinical Board Performance Reviews. The UHB is undertaking further work to refine this plan and further options are being considered to manage the financial risks in delivering the stretched target.

CONCLUSION

The UHB is committed to achieving in year and recurrent financial balance as soon as possible without adversely affecting patient safety and service delivery.

The UHB currently has a draft financial plan for 2017/18 which includes the delivery of £22.6m identified savings and the identification and delivery of a further £12.4m of savings to deliver a £30.9m deficit. The UHB is undertaking further work to refine this plan and further options are being considered to manage the financial risks in delivering the stretched target. The UHB will continue to work with Welsh Government to ensure good financial management processes remain in place and to explore further options to support financial sustainability.

The reported financial position for month 3 is a deficit of £7.695m. This is made up of a budget plan deficit of £7.725m and a favourable variance against plan of £0.030m.

Appendix 1

2017-18 Weekly Summary LIVE 2017-18 PYE w/c 3rd July 2017

Clinical Board	17-18 Target 1.5% Recurrent / 0.5% Non Recurrent	Granular Identified Green	Shortfall vs Green	Clinical Board Amber	Clinical Board Pipeline Red	Total Green & Amber	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
Corporate Execs	681	763	-82	151	27	914	3	-233
Capital Estates and Facilities	1,244	1,042	202	510	65	1,552	2.50	-308
Specialist Services	2,400	2,057	343	859	328	2,916	2.43	-516
PCIC	3,323	3,327	-4	226	450	3,553	2.14	-230
Surgery	2,357	1,979	378	459	56	2,439	2.07	-82
Mental Health	1,395	1,405	-10	0	46	1,405	2.01	-10
Medicine	1,878	1,523	355	356	94	1,879	2.00	-1
Children & Women	1,775	1,175	600	600	466	1,776	2.00	-1
CD&T	1,880	1,107	773	560	104	1,667	1.77	213
Dental	400	341	59	0	10	341	1.70	59
Transformational Opportunities	2,695	400	2,295	0	2,295	400	0.30	2,295
Stretch Plan	14,973			3,750		3,750	0.50	11,223
Total	35,001	15,120	4,908	7,471	3,940	22,591	1.29	12,410

2017-18 Weekly Summary LIVE 2017-18 FYE w/c 3rd July 2017

Clinical Board	17-18 Target 1.5% Recurrent	Granular Identified Green	Shortfall vs Green	Clinical Board Amber	Clinical Board Pipeline Red	Total Green & Amber	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
PCIC	2,493	3,239	-746	275	160	3,514	2.11	-1,021
Mental Health	1,047	1,030	17	0	46	1,030	1.48	17
CD&T	1,382	486	896	447	104	933	1.01	449
Dental	300	57	243	0	20	57	0.29	243
Surgery	1,768	1,404	364	545	175	1,949	1.65	-181
Capital Estates and Facilities	933	434	499	520	200	954	1.53	-21
Children & Women	1,331	553	778	479	760	1,032	1.16	299
Medicine	1,408	1,425	-17	277	977	1,702	1.81	-294
Specialist Services	1,800	1,141	659	637	328	1,778	1.48	22
Corporate Execs	501	153	348	87	16	239	0.72	262
Transformational Opportunities	2,695	400	2,295	0	2,295	400	0.22	2,295
Stretch Plan	tbc							
Total	15,658	10,321	5,337	3,266	5,080	13,588	1.30	2,070

Appendix 2

Cardiff and Vale UHB Financial Plan 2017/18 - Monthly Run Rates

	1	2	3	4	5	6	7	8	9	10	11	12	Forecast
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year end
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Position
													£'000
Gross costs	103,244	101,554	110,313	111,157	110,411	110,257	111,119	111,737	111,570	112,880	111,596	119,485	1,325,322
Identified savings	-618	-1,481	-2,972	-1,703	-1,356	-1,528	-2,167	-1,744	-1,740	-1,840	-1,827	-3,615	-22,591
Unidentified savings required for stretch target							-1,379	-1,379	-2,068	-2,068	-2,758	-2,758	-12,410
Total savings required	-618	-1,481	-2,972	-1,703	-1,356	-1,528	-3,546	-3,123	-3,808	-3,908	-4,585	-6,373	-35,001
Net costs	102,626	100,073	107,341	109,454	109,055	108,729	107,573	108,614	107,762	108,972	107,011	113,112	1,290,321
Income (phased as per budget plan)	98,952	98,579	104,814	106,876	106,477	106,151	104,994	106,035	105,183	106,393	104,432	110,534	1,259,421
Net surplus/ (deficit)	-3,674	-1,494	-2,527	-2,578	-2,578	-2,578	-2,578	-2,578	-2,578	-2,578	-2,578	-2,578	-30,900

Notes

Unidentified savings to deliver the stretch target have been phased in from month 7 and are stepped up every two months

April gross costs are lower than average in part due to the monthly 1 budget setting process and the unwinding and confirmation of previous year estimates.

Gross costs in May are abated by the 7.3m profit on disposal arising from the sale of CRI West Wing and sale of the former petrol station at Llandough

Monthly gross costs will vary due to demand side seasonal care and prescribing pressures; the implementation of in year plans; the timing of weekly pay runs and the payment of pay enhancements

The spike in month 12 gross costs is primarily due to the additional £4.7m of AME Donated Depreciation\Impairments profiled into month 12 and the expected settlement of LTAs

Appendix 3

Balance Sheet as at 30th June 2017

	Opening Balance 1 st April 2017	Closing Balance 30 th June 2017
	£'000	£'000
Non-Current Assets		
Property, plant and equipment	628,042	623,442
Intangible assets	1,601	1,436
Trade and other receivables	42,437	44,108
Other financial assets		
Non-Current Assets sub total	672,080	668,986
Current Assets		
Inventories	15,129	16,147
Trade and other receivables	137,493	175,397
Other financial assets	0	0
Cash and cash equivalents	881	7,908
Non-current assets classified as held for sale	1,815	0
Current Assets sub total	155,318	199,452
TOTAL ASSETS	827,398	868,438
Current Liabilities		
Trade and other payables	157,516	133,201
Other financial liabilities	0	0
Provisions	102,277	143,701
Current Liabilities sub total	259,793	276,902
NET ASSETS LESS CURRENT LIABILITIES	567,605	591,536
Non-Current Liabilities		
Trade and other payables	10,207	10,074
Other financial liabilities	0	0
Provisions	44,615	40,500
Non-Current Liabilities sub total	54,822	50,574
TOTAL ASSETS EMPLOYED	512,783	540,962
FINANCED BY:		
Taxpayers' Equity		
General Fund	399,057	427,236
Revaluation Reserve	113,726	113,726
Total Taxpayers' Equity	512,783	540,962

Appendix 4

CASH FLOW FORECAST AS AT 30th JUNE 2017

	April £'000	May £'000	June £'000	July £'000	Aug £'000	Sept £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £,000	Total £,000
RECEIPTS													
WG Revenue Funding - Cash Limit (excluding NCL)	77,340	60,358	90,378	66,386	62,086	80,561	68,101	74,881	84,561	69,001	79,381	27,962	840,996
WG Revenue Funding - Non Cash Limited (NCL)	1,830	1,830	1,150	1,410	1,610	1,610	1,610	1,610	1,610	1,610	1,610	4,077	21,567
WG Revenue Funding - Other (e.g. invoices)	2,360	2,360	2,506	2,360	2,360	4,777	2,360	2,360	2,360	2,360	2,360	4,777	33,300
WG Capital Funding - Cash Limit	9,000	2,000	1,000	2,100	7,100	3,700	3,900	3,500	3,400	1,400	1,400	1,493	39,993
Sale of Assets	0	9,152	0	0	0	0	0	0	0	0	0	0	9,152
Income from other Welsh NHS Organisations	47,076	17,644	41,554	28,840	31,494	39,429	24,600	31,598	38,389	26,537	30,493	35,263	392,917
Other - (Specify in narrative)	11,438	3,599	7,579	5,385	7,447	6,438	5,889	6,279	5,876	5,900	5,320	8,621	79,771
TOTAL RECEIPTS	149,044	96,943	144,167	106,481	112,097	136,515	106,460	120,228	136,196	106,808	120,564	82,193	1,417,696
PAYMENTS													
Primary Care Services : General Medical Services	5,249	4,042	8,318	4,146	4,114	5,550	4,114	4,114	5,550	4,114	4,114	5,550	58,975
Primary Care Services : Pharmacy Services	153	124	144	112	135	135	135	135	135	540	270	270	2,288
Primary Care Services : Prescribed Drugs & Appliances	15,528	2	15,095	0	7,680	15,360	0	7,680	15,360	0	7,680	7,680	92,065
Primary Care Services : General Dental Services	1,734	1,877	1,908	1,936	1,865	1,865	1,865	1,865	1,865	1,865	1,865	1,865	22,375
Non Cash Limited Payments	1,986	2,196	1,910	2,173	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	25,225
Salaries and Wages	45,715	47,104	47,578	46,692	46,842	47,075	47,071	47,190	46,847	46,970	47,409	47,512	564,005
Non Pay Expenditure	41,188	43,621	48,892	44,219	38,586	44,498	44,418	44,639	44,839	45,007	44,753	43,880	528,540
Capital Payment	9,738	1,925	1,323	2,268	7,822	3,698	3,879	3,565	3,373	3,297	3,444	4,311	48,643
Other items (Specify in narrative)	15,801	2,891	17,084	2,947	8,915	16,067	2,920	8,915	16,067	2,920	8,915	10,072	113,514
TOTAL PAYMENTS	137,092	103,782	142,252	104,493	118,079	136,368	106,522	120,223	136,156	106,833	120,570	123,260	1,455,630
Net cash inflow/outflow	11,952	(6,839)	1,915	1,988	(5,982)	147	(62)	5	40	(25)	(6)	(41,067)	
Balance b/f	881	12,833	5,994	7,909	9,897	3,915	4,062	4,000	4,005	4,045	4,020	4,014	
Balance c/f	12,833	5,994	7,909	9,897	3,915	4,062	4,000	4,005	4,045	4,020	4,014	(37,053)	



2017-18 Cost Reduction Programme including Cross Cutting Themes and Efficiency Framework Update	
Name of Meeting : Finance Committee	26 th July 2017
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report underpins the Health Board’s “Grip and Control” element of the strategy to make the best use of the resources we have.	
Financial impact: Delivery of £17.333m (1.5% recurrent and 0.5% non-recurrent CRP)	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

<p>ASSURANCE AND RECOMMENDATION</p> <p>The Finance Committee is asked to:-</p> <ul style="list-style-type: none"> • NOTE the progress against the 2017/18 CRP target • NOTE the high level financial plan as summarised in the Efficiency Framework
--

INTRODUCTION

This report summarises progress against the UHB savings programme of £17.333m and updates the Finance Committee on the 2017/18 CRP position.

CRP PROGRESS 2017-18

As at 3rd July 2017, £18.424m of opportunities have been identified as Green or Amber.

The value of Green schemes is £14.704m and Amber schemes £3.721m. Profiling of planned savings schemes detailed in Appendix B.





CROSS CUTTING THEMES 2017-18

The Cross Cutting Themes (formerly known as Leaner & Fitter) was established to support the delivery of the CRP target totalling £17.333m.

The table below details indicative targets and progress to date.

Cross Cutting Progress									
	Project	Sponsor	Implementation Lead	Finance Lead	Project Manager	First Line Reporting Forum	Indicative Savings target £k	Savings Identified to date £k	RAG Rating
1	Medical Productivity	Graham Shortland	Peter Durning	Andrew Gough	Laurence James	Medical Productivity steering group	1,000	324	Red
2	Medicines Management	Graham Shortland	Darrell Baker	Lynne Aston	Laurence James	Corporate Medicines Management Group	2,000	2,389	Green
3	Nursing Productivity	Ruth Walker	Ruth Walker	Lynne Aston	Laurence James	Nursing Productivity Group	1,500	433	Red
4	Procurement (Non pay influence and Control)	Bob Chadwick	Claire Salisbury	Chris Lewis	Claire Salisbury	Cross Cutting	2,000	1,773	Amber
5	Workforce Productivity	Julie Cassley	Julie Cassley	Andrew Gough	Andrew Crook	Workforce Productivity Group	1,000	269	Red

As part of agreeing a Project Outline Document (POD) the indicative savings target will be confirmed.

As at 3rd July 2017, £5.188m of opportunities have been identified as Green or Amber contributing towards the delivery of the £17.333m CRP target.

There is an urgency to progress detailed plans to deliver targets against identified cross cutting themes to feed in to Clinical Board CIP trackers.



EFFICIENCY FRAMEWORK

As at 12 May 2017 the latest Efficiency Framework submission to Welsh Government detailing the UHB's high level CRP identified schemes totalling £17.786m.

	Improved Controls & Cost Reduction	Workforce Models, Workforce Management, Recruitment & Retention	Efficiency & Productivity	Value, Pathways, Referrals and Treatment Thresholds, Clinical Decision Making	Service Reconfiguration, Premises Rationalisation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Planned Care	1,288	131	10	180	-	1,608
Unscheduled Care, Frailty, Long Term Care	125	-	-	679	-	804
Primary and Community	2,119	183	-	10	-	2,312
Mental Health	97	134	5	1,000	-	1,235
Clinical Support	498	308	212	323	-	1,341
Non-Clinical Support	570	1,124	217	-	140	2,051
Commissioning	1,161	-	1,028	10	-	2,199
Across Service Areas	1,974	3,897	-	356	-	3,227
Total	7,831	5,776	1,472	2,566	140	17,786

There is an urgency to ensure red pipeline schemes are progressed and further CIP schemes are explored.

SUMMARY

To date the value of Green and Amber schemes identified totals £18.424m against the delegated £17.333m target.

The UHB has a full CRP in place against the target of £17.333m. All budget holders are required to continue to prioritise the identification and implementation of schemes as a matter of urgency to ensure 100% Green by 1st October. Currently the percentage split is 84% Green and 16% Amber.

The summary and detailed CRP tracker will be discussed in the Clinical Board Performance Reviews.



Appendix A -Table Showing 2017/18 CRP Progress At 3rd July 2017

**2017-18 Weekly Summary week commencing 3rd July
2017-18 PYE**

Clinical Board	17-18 Target 1.5% Recurrent / 0.5% Non Recurrent	Granular Identified Green	Shortfall vs Green	Clinical Board Amber	Clinical Board Pipeline Red	Total Green & Amber	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
Corporate Execs	681	747	-66	151	27	898	2.64	-217
Capital Estates and Facilities	1,244	1,042	202	510	65	1,552	2.50	-308
Specialist Services	2,400	2,057	343	859	328	2,916	2.43	-516
PCIC	3,323	3,327	-4	226	450	3,553	2.14	-230
Surgery	2,357	1,979	378	459	56	2,439	2.07	-82
Mental Health	1,395	1,405	-10	0	46	1,405	2.01	-10
Medicine	1,878	1,523	355	356	94	1,879	2.00	-1
Children & Women	1,775	1,175	600	600	466	1,776	2.00	-1
CD&T	1,880	1,107	773	560	104	1,667	1.77	213
Dental	400	341	59	0	10	341	1.70	59
Cross Cutting Schemes					1,902			
Total	17,333	14,704	2,629	3,721	3,548	18,424	2.13	-1,091

Weekly Progress								
W/C 27th March 2017	17,486	3,669	13,817	3,984	2,310	7,653	0.88	9,833
W/C 3rd April 2017	17,486	4,610	12,876	4,279	2,033	8,889	1.02	8,597
W/C 10th April 2017	17,486	4,884	12,602	4,488	2,019	9,372	1.07	8,114
W/C 17th April 2017	17,486	4,884	12,602	4,488	2,019	9,372	1.07	8,114
W/C 24th April 2017	17,486	4,966	12,520	4,831	2,109	9,797	1.12	7,689



W/C 1st May 2017	17,373	5,772	11,601	4,697	2,100	10,469	1.21	6,904
W/C 8th May 2017	17,370	6,931	10,439	4,653	2,026	11,584	1.33	5,786
W/C 15th May 2017	17,370	7,054	10,316	5,206	2,073	12,260	1.41	5,110
W/C 22nd May 2017	17,370	8,561	8,809	4,115	2,067	12,676	1.46	4,694
W/C 29th May 2017	17,370	9,549	7,821	4,768	1,978	14,317	1.65	3,053
W/C 5th June 2017	17,370	10,442	6,928	4,664	2,290	15,106	1.74	2,264
W/C 12th June 2017	17,370	11,267	6,066	5,132	5,006	16,399	1.89	934
W/C 19th June 2017	17,333	13,089	4,244	4,341	1,841	17,430	2.01	-97
W/C 26th June 2017	17,333	14,349	2,984	3,829	3,984	18,178	2.10	-845
W/C 3rd July 2017	17,333	14,704	2,629	3,721	3,548	18,424	2.13	-1,091

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2017-18 Weekly Summary week commencing 3rd July 2017-18 FYE

Clinical Board	17-18 Target 1.5% Recurrent	Granular Identified Green	Shortfall vs Green	Clinical Board Amber	Clinical Board Pipeline Red	Total Green & Amber	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
PCIC	2,493	3,239	-746	275	160	3,514	2.11	-1,021
Mental Health	1,047	1,030	17	0	46	1,030	1.48	17
CD&T	1,382	486	896	447	104	933	1.01	449
Dental	300	57	243	0	20	57	0.29	243
Surgery	1,768	1,404	364	545	175	1,949	1.65	-181
Capital Estates and Facilities	933	434	499	520	200	954	1.53	-21
Children & Women	1,331	553	778	479	760	1,032	1.16	299
Medicine	1,408	1,425	-17	277	977	1,702	1.81	-294
Specialist Services	1,800	1,141	659	637	328	1,778	1.48	22
Corporate Execs	501	125	376	87	16	212	0.63	289
Cross Cutting Schemes					980			



Total	12,963	9,894	3,069	3,266	3,765	13,160	1.52	-197
Weekly Progress								
W/C 27th March 2017	13,116	3,487	9,629	3,307	2,658	6,794	0.78	6,322
W/C 3rd April 2017	13,116	3,908	9,208	3,599	2,375	7,507	0.86	5,609
W/C 10th April 2017	13,116	4,044	9,072	3,734	2,328	7,778	0.89	5,338
W/C 17th April 2017	13,116	4,044	9,072	3,734	2,328	7,778	0.89	5,338
W/C 24th April 2017	13,116	4,155	8,961	3,748	2,470	7,904	0.90	5,212
W/C 1st May 2017	13,003	4,928	8,075	3,691	3,446	8,619	0.99	4,384
W/C 8th May 2017	13,003	5,147	7,856	3,740	3,258	8,886	1.03	4,117
W/C 15th May 2017	13,003	5,291	7,712	4,348	3,146	9,639	1.11	3,364
W/C 22nd May 2017	13,003	5,868	7,135	4,260	3,311	10,128	1.17	2,875
W/C 29th May 2017	13,003	6,056	6,947	4,684	3,195	10,741	1.24	2,262
W/C 5th June 2017	13,003	7,236	5,767	4,709	3,773	11,945	1.38	1,058
W/C 12th June 2017	13,002	7,474	5,528	5,164	3,157	12,639	1.46	363
W/C 19th June 2017	12,963	9,018	3,945	3,862	2,899	12,880	1.49	83
W/C 26th June 2017	12,963	9,762	3,201	3,424	2,794	13,186	1.53	-223
W/C 3rd July 2017	12,963	9,894	3,069	3,266	3,765	13,160	1.52	-197



Cross Cutting Tracker Weekly Summary 2017-18

PYE

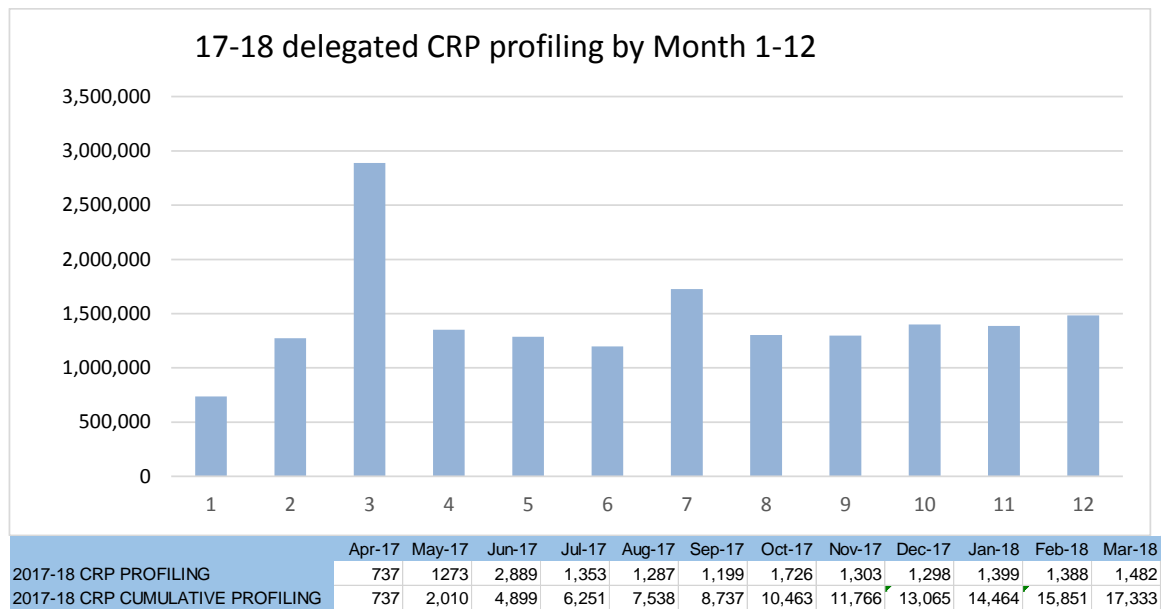
Clinical Group	17-18 Indicative Target	Identified Green	Shortfall vs Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	(£)	£	%
Medical Productivity	1,000	264	736	60	37	324	676	68%
Medicines Management	2,000	2,039	-39	350	276	2,389	-389	-19%
Nursing Productivity	1,500	433	1,067	0	0	433	1,067	71%
Procurement	2,000	1,460	540	313	97	1,773	227	11%
Workforce Productivity	1,000	78	922	191	0	269	731	73%
Total	7,500	4,274	3,226	914	410	5,188	2,312	31%

FYE

Clinical Group	17-18 Indicative Target	Identified Green	Shortfall vs Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	(£)	£	%
Medical Productivity	1,000	281	719	66	37	347	653	65%
Medicines Management	2,000	2,718	-718	308	336	3,026	-1,026	-51%
Nursing Productivity	1,500	574	926	0	0	574	926	62%
Procurement	2,000	1,354	646	381	211	1,734	266	13%
Workforce Productivity	1,000	65	935	191	0	256	744	74%
Total	7,500	4,992	2,508	945	583	5,937	1,563	21%



Appendix B – delegated CRP profiling



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Appendix C – CRP RAG Rating

	Red Pipeline	Amber	Green
Project plan/brief	<ul style="list-style-type: none"> ▶ Evidence of project planning (project brief, milestones with timescales etc.) appears incomplete considering level of complexity / risk 	<ul style="list-style-type: none"> ▶ Non complex project ▶ Evidence of some important elements of a project plan (project brief, milestones with timescales etc.), however some key areas are not sufficiently addressed ▶ Project planning not deemed sufficiently specific / comprehensive 	<ul style="list-style-type: none"> ▶ Appropriate degree of project planning (project brief, milestones with timescales etc.) evidenced considering the level of complexity / risk
Lead responsible & support	<ul style="list-style-type: none"> ▶ Lead to be identified 	<ul style="list-style-type: none"> ▶ Project lead identified, however indication that roles & responsibilities are not entirely clear ▶ Inappropriate lead assigned to project ▶ Indication that not all the necessary individuals are involved in supporting the delivery of the project 	<ul style="list-style-type: none"> ▶ Appropriate individual identified and actively leading the project ▶ The appropriate individuals appear to be included within the delivery team
Financial & activity calculation	<ul style="list-style-type: none"> ▶ Calculation of savings ongoing ▶ Significant factors to be worked through ▶ Savings to be fully quantified 	<ul style="list-style-type: none"> ▶ Evidence that the majority of the key financial implications have been factored into calculations, some specific factors have been omitted / are yet to be clarified ▶ Number represents actual savings identified, not a target 	<ul style="list-style-type: none"> ▶ Simple project, limited financial planning deemed sufficient ▶ All elements of the saving adequately identified and incorporated into the calculation ▶ Number represents actual savings identified, not a target
Financial phasing	<ul style="list-style-type: none"> ▶ Rationale for financial phasing outstanding 	<ul style="list-style-type: none"> ▶ Rationale deemed appropriate ▶ Financial savings phased according to timing of plans and milestones 	<ul style="list-style-type: none"> ▶ Financial savings phased according to timing of plans and milestones

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Finance Risk Register	
Name of Meeting : Finance Committee	26 th July 2017
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report underpins the Health Board’s “Grip and Control” element of the strategy to make the best use of the resources we have.	
Financial impact: Delivery of tier 1 finance targets including delivery of £17.333m (1.5% recurrent and 0.5% non-recurrent CRP)	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

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<p>ASSURANCE AND RECOMMENDATION</p> <p>The Finance Committee is asked to:-</p> <ul style="list-style-type: none"> • NOTE the risks highlighted within the risk register
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INTRODUCTION

This report highlights the Finance Risk Register risk categorisation as at 26th July 2017. The detailed risk register is shown in Appendix 1.

ASSESSMENT

Following the most recent review the number of risks in each risk category is:



Risk Category	Risk Score	Number of Risks as at 29 June 2017
Extreme Risk	20 - 25	1
High Risk	12 - 16	3
Moderate Risk	4 - 10	7
Low Risk	1 - 3	2

SUMMARY

The Finance Committee will be kept up to date regarding any additions to the Risk Register or any change in risk assessment.

Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Current Risk Rating			Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place			Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
					Impact/Consequence	Likelihood	Score			Impact/Consequence	Likelihood	Score						
Finance	Fin01/17	Apr-17	Manage Budget pressures of £9.0m	The requirement to manage budget pressures clearly communicated to primary budget holders. Standing Financial Instructions set spending limits. Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews. Budget reviews hold budget holders to account.	4	3	12	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation. Corporate Vacancy Scrutiny Panel (CVSP) to be established.	4	2	8	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin02/17	Apr-17	Deliver £13.0m recurrent CIP	1.5% recurrent CIP target clearly communicated to budget holders. CIP tracker in place to monitor weekly progress across the organisation. Project Management Office in place to support the identification of cross cutting CIPs. Executive lead identified for each cross cutting theme. Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews.	4	2	8	Adequate but more Action Required		3	2	6	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin03/17	Apr-17	Deliver £10.9m recurrent risk adjusted mitigating actions	Clear accountability for delivery with Executive leads allocated to each theme. Monthly Financial Clearance Meeting.	4	3	12	Adequate but more Action Required		4	2	8	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin04/17	Apr-17	Deliver £10.2m non recurrent risk adjusted mitigating actions	0.5% non recurrent CIP target clearly communicated to budget holders. CIP tracker in place to monitor weekly progress across the organisation. Continue to drive the budgetary grip and control agenda following the establishment and continuation of "Turning the Curve." Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews.	4	2	8	Adequate but more Action Required		4	2	8	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin05/17	Apr-17	Deliver £2.7m recurrent Transformational opportunities	Challenge clearly communicated across the organisation. Monitored by the transformation Board and supporting sub groups.	3	3	9	Adequate but more Action Required	A Transformation Board is to be established that will monitor the delivery of Transformational opportunities. The Transformation Board will report to the Management Executive.	3	2	6	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin06/17	Apr-17	Deliver RTT within resources available (£10.434m 17/18) Note risk of £0.5m.	Fotnightly meetings chaired by the Chief Operating Officer. Monthly Financial Clearance Meeting.	3	3	9	Adequate but more Action Required	Monthly progress report to be received through performance review meetings.	3	2	6	Apr-17	Assistant Director of Finance	Sep-17	The Board	Director of Finance	Finance Committee
Finance	Fin07/17	Apr-17	Winter pressures managed within £1.5m reserve	Winter plan for 2017/18 being developed for sign off by Management Executive.	3	2	6	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	Apr-17	Assistant Director of Finance	Sep-17	The Board	Director of Finance	Finance Committee
Finance	Fin08/17	Apr-17	Incurring new development expenditure above or outside delegated budget	Standing Financial Instructions set spending limits. Financial Control Procedure for authorisation of development expenditure above or outside delegated budget. Business Case Approval Group (BCAG).	2	1	2	Optimum Controls/NFA Required	None	2	1	2	Apr-17	Assistant Director of Finance	Nov-17	The Board	Director of Finance	Finance Committee
Finance	Fin09/17	Apr-17	Commissioning Risks	Regular performance/LTA meetings with other providers/WHSSC and internal commissioning group.	3	2	6	Optimum Controls/NFA Required	None	3	2	6	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin10/17	Apr-17	Research & Development income £0.5m Included within recurrent risk mitigating actions	R&D position being taken forward by Medical Director with WG.	3	4	12	Optimum Controls/NFA Required	None	3	4	12	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin11/17	Apr-17	Birthrate plus compliance £1.3m	Not included within 2017/18 financial plan. Deferred for consideration in 2018/19.	2	1	2	Optimum Controls/NFA Required	None	2	1	2	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee
Finance	Fin12/17	Apr-17	WHSSC risk share £0.5m - £1.0m	Participation in technical working group finalising rebasing methodology to ensure appropriate allocation to the organisation.	2	3	6	Optimum Controls/NFA Required	None	2	3	6	Apr-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee

Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Current Risk Rating			Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place			Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
					Impact/Consequence	Likelihood	Score			Impact/Consequence	Likelihood	Score						
Finance	Fin13/17	Jun-17	Identification of £15.0m additional actions as stretch plan to achieve £30.9m deficit position	Under development.	5	5	25	Adequate but more Action Required	A Transformation Board is to be established that will monitor the delivery of cash releasing Transformational opportunities. The Transformation Board will report to the Management Executive.	4	4	16	Jun-17	Assistant Director of Finance	Aug-17	The Board	Director of Finance	Finance Committee



Guidance Notes to assist completing the risk register
Remember all risks must have undergone a risk assessment, prior to them being added to the Risk Register
UHB Reference No:- This number will be allocated by the Risk Management Department. Once added this will be communicated back to the Divisions.
Divisional / Directorate Reference No:- Each Division / Directorate should have a unique numbering system for the risks that they enter onto the register. It should contain the initials of the Division, a consecutive number and the year e.g. Mental Health = MH, Children's and Women's = CW, Primary, Community & Intermediate & Older Persons = PCIO, Dental = Den, Diagnostics & Therapeutics = DT, Medicine = M, Surgical Services = SS, Specialist Services = SpS. MH 01/10, SPS 01/10 etc. (Note - as this register is in the developmental stage please advise Melanie Westlake if their are alternative initials to be used).
Previous Reference No:- Whilst the UHB is in the process of consolidating and updating registers it will be necessary to include the previous reference number for audit purposes. This will be populated by the Risk Management Department.
Date entered onto original Register:- as above
Risk / Issue (Including Impact):- The Risk or Issue is the event that could cause an incident or hinder the achievement of objectives. A risk is something that may happen. An issue is already occurring. The impact is the effect that the Risk or Issue will have on the UHB.
Link to UHB Core Objectives:- List here, the main Strategic Goal that links to the risk being assessed.
Existing Controls:- Summarise in bullet form the existing controls to prevent the risk / issue occurring or reduce the impact.
Current Risk Rating:- Assess the current impact on the UHB using Tables 1,2 & 3.
Ranking:- This is the ranking of the risk e.g. The highest risk will score 25 and be ranked at 1, those that score 20 will be ranked at 2 etc.
Adequacy of existing controls:- Indicate how well controlled you feel the risk / issue is i.e. No control, Inadequate controls, Adequate but more action required and Optimum / NFA required.
Summary of Additional Controls Required:- Summarise in bullet form the controls that you know should be introduced to reduce the risk together with resources required.
Target Risk Rating if Controls in Place:- What will be the risk be if the actions proposed to further reduce / eliminate the risk are taken.
Date of Last Review:- When was the Risk Assessment / Control measures last reviewed.
Review completed by:- This should be a senior member of staff for high / medium risk on the register e.g. Divisional Manager / Nurse.
Date of Next Review:- This should be determined by the adequacy of controls and risk score e.g. risks scoring 25 with Inadequate control = monthly, risk scoring 12 with adequate controls but more action required = 6 monthly.
Risk Owner:- Who is the lead for taking the actions proposed relating to this risk . This should be Divisional Director, Board Secretary, Assistant Director etc.
Director Lead:- Who is the lead Director for this risk.
Assuring Committee:- This is the Committee that will monitor / manage the risk on behalf of the UHB Board or the UHB itself e.g. Quality & Safety Committee, Performance Committee.

	Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
Domains	Negligible	Minor	Moderate	Major	Catastrophic
Impact on the safety of patients, staff or public (physical/psychological harm)	Minimal injury requiring no/minimal intervention or treatment. No time off work	Minor injury or illness, requiring minor intervention Requiring time off work for >3 days Increase in length of hospital stay by 1-3 days	Moderate injury requiring professional intervention Requiring time off work for 4-14 days Increase in length of hospital stay by 4-15 days RIDDOR/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long term incapacity/disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Quality/complaints/audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint/ Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint / Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/ independent review Critical report	Totally unacceptable level or quality of treatment/service Inquest/ombudsman inquiry Gross failure of patient safety if findings not acted on Gross failure to meet national standards
Human resources/ organisational development/staffing/ competence	Short-term low staffing level that temporarily reduces service quality (< 1 day)	Low staffing level that reduces the service quality	Late delivery of key objective/ service due to lack of staff Unsafe staffing level or competence (>1 day) Low staff morale Poor staff attendance for mandatory/key professional training	Uncertain delivery of key objective/service due to lack of staff Unsafe staffing level or competence (>5 days) Loss of key staff Very low staff morale No staff attending mandatory/ key professional training	Non-delivery of key objective/service due to lack of staff Ongoing unsafe staffing levels or competence Loss of several key staff No staff attending mandatory training /key professional training on an ongoing basis

Statutory duty/ inspections	No or minimal impact or breach of guidance/ statutory duty	Breach of statutory legislation	Single breach in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breaches in statutory duty Improvement prohibition notices Critical report	Multiple breaches in statutory duty Prosecution Complete systems change required Severely critical report
Adverse publicity/ reputation	Rumours Potential for public concern	Local media coverage – short-term reduction in public confidence Elements of public expectation not being met	Local media coverage – long-term reduction in public confidence	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. MP/AM concerned (questions in the House/Assembly) Total loss of public confidence
Business objectives/ projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met
Finance including claims	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget Claim less than £10,000	Loss of 0.25–0.5 per cent of budget Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget Claim(s) between £100,000 and £1 million Purchasers failing to pay on time	Non-delivery of key objective/ Loss of >1 per cent of budget Failure to meet specification/ slippage Loss of contract Claim(s) >£1 million
Service/business interruption	Loss/interruption of >1 hour	Loss/interruption of >8 hours	Loss/interruption of >1 day	Loss/interruption of >1 week	Permanent loss of service or facility
Environmental impact	Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

Likelihood Score (L)

- What is the likelihood of the consequence occurring?
- The frequency based score is appropriate in most circumstances and is easier to identify. It should be used whenever it is possible to identify the frequency at which a risk is likely to occur.
- The probability score is more appropriate for risks relating to time limited or one-off projects or business objectives

Likelihood Score

Descriptor	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
<u>Frequency</u> How often does it might it happen	This will probably never happen/ recur	Do not expect it to happen / recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue	Will undoubtedly happen/recur, possibly frequently
<u>Probability</u> Will it happen or not? % chance of not meeting objective	<0.1 per cent	0.1-1 per cent	1 -10 per cent	10-50 per cent	>50 per cent

Table 3 - Risk Scoring = Consequence x Likelihood (C x L)

Consequence Score	Likelihood Score				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Moderate	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Negligible	1	2	3	4	5

For grading risk, the scores obtained from the risk matrix are assigned grades as follows

1 - 3 = Low Risk	Quick, easy measures implemented immediately and further action planned for when resources permit
4 - 10 = Moderate Risk	Actions implemented as soon as possible but no later than a year
12 - 16 = High Risk	Actions implemented as soon as possible but no later than six months
20 - 25 = Extreme Risk	Requires urgent action. The UHB Board is made aware and it implements immediate corrective action