

**FINANCE COMMITTEE MEETING**  
**3.30pm on 30<sup>th</sup> August 2017**  
**Small Meeting Room, Corporate Headquarters, UHW**

**AGENDA**

<b>PART 1: ITEMS FOR ACTION</b>		
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	<a href="#">Minutes of the meeting held on 26<sup>th</sup> July 2017</a>	<i>Chair</i>
5	<a href="#">Action Log</a>	<i>Chair</i>
6	<a href="#">Finance Report as at Month 4</a>	<i>Chris Lewis</i>
7	<a href="#">Cost Reduction Programme, Cross Cutting Themes and Efficiency Framework</a>	<i>Andrew Gough</i>
8 8.1	<a href="#">Finance Risk Register Appendix 1</a>	<i>Chris Lewis</i>
<b>PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD</b>		
8	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
9	Date, time and venue of the next meeting of the Finance Committee: 10.00am on Thursday 28 <sup>th</sup> September 2017, Boardroom, UHL	<i>Oral - Chair</i>

**UNCONFIRMED MINUTES OF THE FINANCIAL COMMITTEE****HELD ON 26<sup>TH</sup> JULY 2017****UHW HQ****4****Present:**

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

**Secretariat:**

Paul Emmerson	Finance Manager
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**FC – 18/078 Welcome and Purpose of the Committee**

The Vice Chair welcomed everyone to the meeting.

**FC – 18/079 Apologies for Absence**

Apologies were received from Graham Shortland, Sharon Hopkins, Chris Lewis and Abigail Harris, Ruth Walker, Peter Welsh

**FC – 18/080 Declarations of Interest**

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

**FC – 18/081 Minutes of the Finance Committee Held on 29<sup>th</sup> June 2017**

The Committee RECEIVED and APPROVED minutes of the meeting held on 29<sup>th</sup> June 2017 subject to the addition of Margaret McLaughlin to apologies for absence.

**FC - 18/082 Action log following the last meeting**

The Medical Director is taking forward the UHB's Research and Development Strategy within agreed Timelines.

All other outstanding actions were picked up on the agenda.

### **FC - 18/083 Financial Position Month 3**

The Assistant Director of Finance (Transformation & Planning) presented the UHB's financial performance to month 3.

The UHB recorded a £7.695m deficit at the end of month 3 based on a planned year end deficit of £30.900m. The deficit was broadly in line with the plan being made up as follows:

- £0.041m adverse variance against the UHB's savings target
- £(0.071m) favourable budget management variance
- £7.725m planned deficit (3/12<sup>th</sup> of £30.900m)

Performance against income targets improved by £0.507m in month leading to cumulative over recovery against targets of £0.063m. In month performance against R & D income 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 where a bad debt provision had previously been provided.

The pay position reported to month 3 was favourable with an underspend of £0.157m in month in line with trend. All pay groups were underspent with the exception of registered/unregistered nursing where the in year pressure continued with a year to date adverse variance of £0.628m.

The overspend reported against Non Pay deteriorated by £0.616m in month to £0.777m. Commissioned Services reported an in month overspend due to recognition of the additional cost of the Velindre LTA. Drugs and prescribing reported an overspend primarily due to a shortage in the supply quetiapine and olanzapine where the cost to the UHB of the NCSO ('No Cheaper Stock Obtainable') price concession is estimated at £0.188m per month. The number of high cost haematology tests has increased in year and in this context the UHB is in the process of implementing a Lab Medicines Trading Framework to manage the demand for all laboratory tests. The number of new Continuing Healthcare packages approved in month was significantly greater than the number of packages coming to an end.

Most Clinical Boards broadly balanced month 3 expenditure within existing resources and budgets. The key exceptions were the Medicine Clinical Board which was overspent on its nursing budgets and Children and Women where there was underperformance in NICU alongside premium costs of medical cover. Clinical Board year end forecasts were being reviewed and 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 with the expectation that all Clinical Boards will deliver the lower of their forecast position or a break even position.

It was noted that the Surgery Clinical Board had undertaken a review of internal governance to strengthen the Boards decision making process in line with the transformation agenda. Common themes had been shared across Clinical Boards through Clinical Board's Heads of Finance.

For the first 3 months, £5.071m of the savings target 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. Good progress to identify new schemes had been made in month and at the end of June the UHB had identified £22.6m of savings schemes against the stretched target of £35m leaving a gap of £12.4m.

The 12.4m gap is a risk to the overall achievement of the UHB's plan and any gap remaining at the end of September would be phased into the reported position from month 7 onwards. A revised risk share agreement for WHSSC with a potential £0.5m cost was also highlighted to the Committee as a risk.

Following a question from one of the Committee's Independent Members the Executive Director of Finance confirmed that no additional resource for Birthrate Plus was included in the 2017/18 plan. The Children and Women's Clinical Board was in the process of completing a business case so that the UHB could consider implementation of Birthrate Plus in 2018/19. The Director of Operations informed the committee that excellent patient outcomes are already achieved in the Children and Women's Board. The Committee noted that future investments decisions will be tested against the principle of supporting finance but not to the detriment of patient safety.

The Chair indicated that the majority of the nursing agency overspend fell against qualified nursing and that the majority of overspend on bank staff related to non-qualified nursing. It was suggested that qualified nurses were paid a significant premium above substantive and bank rates when fulfilling agency shifts. The committee discussed and noted that the future UHB approach to the use nursing agencies would be informed by work currently being progressed at an all Wales level.

The Vice Chair noted that overspends particularly in the Medicine and Children and Women's Clinical Boards were currently broadly balanced by underspends in other Clinical Boards. The Committee acknowledged this point but also stressed that all

Clinical Boards should continue to manage performance, safety and finance for all services within agreed criteria. It was noted that this approach required the continuing development of a culture that managed risks without recourse to additional finance where services are already safe and sustainable.

Following on from this, the Vice Chair indicated that the £12.4 gap in savings plans was the greatest risk to the delivery of the UHB's 2017/18 plan. The Chief Executive confirmed that reports to both the Board and Welsh Government had consistently highlighted the risk around the gap in savings schemes. The Executive Director of Finance reported that this risk would crystallise in months 7 to 12 if plans to bridge the gap were not in place.

The Executive Director of Finance added that in the absence of larger schemes to bring the UHB into balance on a recurrent basis that the UHB would need to continue to chip away at the remaining savings gap through the pursuit of non-recurrent opportunities and smaller schemes. The Chief Executive confirmed that the transformation agenda was still in its infancy and that further work across the organization and with all stakeholders was required to quantify the larger scale opportunities accessible to the UHB.

#### **FC - 18/084 Cost Reduction Programme**

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

The report identifies the delegated target of £17.333m. It does not include the transformation or stretch target. As at 3rd July 2017, £18.424m savings had been identified against this target. It was noted that the table at appendix A indicated that not all Clinical Boards had yet reached the target of 80% Green and 20% Amber schemes. The importance of reaching the milestone of 100% Green Schemes by the 1<sup>st</sup> October was stressed

Cross Cutting Themes were established to support the delivery of the £17.333m delegated CRP target. Further urgent work is required to progress detailed plans to so that cross cutting schemes feed into Clinical Board trackers. At the time of reporting, three of the cost cutting schemes were RAG rated as RED as follows:

- Medical Productivity – Job planning and the management/use of locums has been escalated through the Medical Directors Office
- Nursing Productivity – Progress is dependent on the reduction in the use of agency nursing
- Workforce Productivity – arrangements are in place to restrict the carry forward of annual leave.

Currently £5.188m of cross cutting themes has been identified against the indicative £7.5m target. These savings contribute to the overall delegated savings target.

The All Wales efficiency framework is now led by the UHB's Executive Director of Finance. Work to quantify share the areas of greatest gain across Wales is ongoing. This framework is expected to be updated after month 4.

#### **FC - 18/085 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.

The Committee noted that the majority of risks continued to be managed.

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

**Action: Finance Committee Members to review risk register**

#### **FC - 18/086 Items to bring to the attention of the Board/Other Committees**

No other items to bring to the main board.

#### **FC - 18/087 Date and time of next meeting**

Wednesday 28<sup>th</sup> September; 10.00am; Boardroom, Llandough Hospital

## FINANCE COMMITTEE

### ACTION LOG FROM JULY 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 30 <sup>th</sup> August 2017

<b>FINANCE REPORT FOR THE PERIOD ENDED 31<sup>st</sup> JULY 2017</b>	
<b>Name of Meeting</b> : Finance Committee	<b>Date:</b> 30 <sup>th</sup> August 2017
<b>Executive Lead</b> : Executive Director of Finance	
<b>Author</b> : Deputy Director of Finance 02920 743555	
<b>Caring for People, Keeping People Well:</b> 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.	
<b>Financial impact:</b> The UHB financial position at the end of July 2017 is a deficit of £10.291m comprised of the following:	
<ul style="list-style-type: none"> <li>• £(0.033m) favourable variance against the UHBs savings target;</li> <li>• £0.024m adverse budget management variance;</li> <li>• £10.300m planned deficit (4/12th of £30.900m).</li> </ul>	
<b>Quality, Safety, Patient Experience impact:</b> This report details financial performance against the unapproved one year operational plan which supports improvements in quality, safety and patient / carer experience.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed:</b> Not applicable	

<b>ASSURANCE AND RECOMMENDATION</b>
<p><b>LIMITED ASSURANCE</b> is provided by:</p> <ul style="list-style-type: none"> <li>• The work that has been undertaken to develop the 2017/18 draft operational plan and identification of the risks to be managed;</li> <li>• The scrutiny of Financial Performance undertaken by the Finance Committee;</li> <li>• The month 4 position which is broadly on line with the profiled deficit within the draft operational plan.</li> </ul> <p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> that the UHB has an unapproved draft one year operational plan that has a planned deficit of £30.900m for the year;</li> <li>• <b>NOTE</b> the £10.291m deficit at month 4 which includes a planning deficit of £10.300m, an over-performance of (£0.033m) against savings targets and budget overspends of £0.024m;</li> <li>• <b>NOTE</b> the risks that need to be managed especially the identification of £10.3m further savings required to deliver a £30.9m deficit plan.</li> </ul>

## SITUATION

This report details the financial position of the UHB for the 4 months period ended 31<sup>st</sup> July 2017.

The UHB remains on target to meet the £30.9m planned deficit which includes a £35.0m savings plan. At the end of July the UHB had confirmed £24.7m of savings schemes. The UHB is continuing to progress work to bridge the remaining savings gap of £10.3m which is currently profiled into months 7-12.

## 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 10<sup>th</sup> 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 10<sup>th</sup> March 2017 which had a reduced deficit of £45.873m. This draft plan was presented to the Board at its 30<sup>th</sup> 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 25<sup>th</sup> May 2017 where it was agreed 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 @ July 2017**

	Financial Plan
	<b>£'000</b>
<b>Draft Financial Plan @ Jan 2017</b>	<b>-69,685</b>
Risk Adjustments and Transformation Opportunities	23,812
<b>Risk Adjusted Plan @ March 2017</b>	<b>-45,873</b>
Additional In Year Identified Savings	4,663
Further Savings (yet to be identified) to deliver Plan	10,310
<b>Forecast Outturn £'000</b>	<b>-30,900</b>

## 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 @ July 2017**

Finance Dashboard		Performance		In Month	Year to Date	Month 4 Full Year Forecast
Finance Indicators	Standard	In Month	Year to Date	RAG Rating		
		Remain within revenue resource limit - Variance Adv/(Fav)	£0	£2.596m	£10.291m	
Variance against unapproved 2017/18 £30.9m deficit plan	£0	£0.021m	(£0.009m)			
Pay expenditure (actual versus Plan)	£0	£0.170m	(£0.574m)			
Non-Pay Expenditure (Actual versus Plan)	£0	£0.086m	£0.863m			
Income (actual versus Plan)	£0	(£0.235m)	(£0.299m)			
Remain with CAPEX resource limit	£0	n/a	(£1.268m)			
Creditor payments compliance 30 day Non NHS	95%	92.59%	90.30%			
CRP Green / Amber status - Delegated Targets @ wc July 31 <sup>st</sup>	80% green/20% amber		88% / 20%			

**Month 4 Cumulative Financial Position**

The UHB reported a deficit of £10.291m at month 4 as follows:

- (£0.033m) over delivery against the UHBs savings target;
- £0.024m adverse budget management variance;
- £10.300m planned deficit (4/12th 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 31<sup>st</sup> July 2017**

Income/Pay/Non Pay	In Month			Year to Date			Full Year		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Forecast £m	Variance (Fav)/Adv £m
Income	(103.491)	(103.726)	(0.235)	(405.773)	(406.071)	(0.299)	(1,278.069)	(1,278.069)	0.000
Pay	48.330	48.499	0.170	194.186	193.613	(0.574)	582.200	582.200	0.000
Non Pay	57.737	57.823	0.086	221.886	222.749	0.863	726.768	726.768	0.000
Variance to Draft Plan £m	2.575	2.596	0.021	10.299	10.291	(0.009)	30.900	30.900	0.000
Planned Deficit	(2.575)	0.000	2.575	(10.300)	0.000	10.300	(30.900)	0.000	30.900
Total £m	0.000	2.596	2.596	(0.001)	10.291	10.291	(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 @ July 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	(65.093)	(65.093)	0.000	(269.459)	(269.459)	0.000
Non Cash Limited Expenditure	(1.700)	(1.700)	0.000	(6.352)	(6.352)	0.000
Accommodation & Catering	(0.178)	(0.225)	(0.048)	(0.831)	(0.884)	(0.052)
Education & Training	(3.149)	(3.191)	(0.041)	(12.597)	(12.632)	(0.035)
Injury Cost Recovery Scheme (CRU)	(0.214)	(0.237)	(0.023)	(0.855)	(1.114)	(0.258)
NHS Patient Related Income	(22.190)	(22.306)	(0.116)	(89.961)	(90.198)	(0.237)
Other Operating Income	(10.256)	(10.331)	(0.075)	(22.210)	(22.159)	0.050
Overseas Patient Income	0.207	0.208	0.001	0.177	0.149	(0.027)
Private Patient Income	(0.107)	(0.075)	0.032	(0.446)	(0.306)	0.140
Research & Development	(0.810)	(0.775)	0.035	(3.238)	(3.116)	0.122
Total £m	(103.491)	(103.726)	(0.235)	(405.773)	(406.071)	(0.299)

An in month surplus of £0.235m and a cumulative surplus of £0.299m is reported against income budgets. The reported deficit against R & D income is primarily due to the reduction in Welsh Government funding. Income from the Compensations Recovery Unit remains ahead of plan for the year to date. Accommodation and catering income improved in month and is now in excess of target. The surplus against NHS patient related income primarily relates to the recovery of intensive care costs due to care provided to out of area residents.

## Pay

An in month overspend of £0.170m is reported against pay budgets following the introduction of an additional £0.500m savings target in month.

Table 5 identifies a month 4 budget underspend of £0.574m in 2017/18 compared to month 4 overspend of £1.206m in 2016/17.

**Table 5: Analysis of fixed and variable pay costs**

	2016/17 Total Spend £m	2016/17 Month 1 to Month 3 £m	2017/18 Month 1 to Month 3 £m	2016/17 Month 4 £m	2017/18 Month 4 £m	2016/17 Cum. to Month 4 £m	2017/18 Cum. to Month 4 £m
Basic	502.093	123.315	126.502	40.888	42.422	164.203	168.924
Enhancements	23.635	5.637	6.246	1.941	1.959	7.578	8.205
Maternity	4.136	1.017	1.089	0.352	0.329	1.369	1.417
Protection	0.743	0.191	0.171	0.067	0.052	0.257	0.223
<b>Total Fixed Pay</b>	<b>530.607</b>	<b>130.159</b>	<b>134.008</b>	<b>43.248</b>	<b>44.763</b>	<b>173.406</b>	<b>178.770</b>
Agency (mainly registered Nursing)	9.017	2.326	1.956	0.887	0.732	3.213	2.689
Nursing Bank (mainly Nursing)	14.249	3.105	3.470	1.181	1.116	4.286	4.586
Internal locum (Medical & Dental)	2.105	0.508	1.110	0.252	0.323	0.760	1.433
External locum (Medical & Dental)	9.547	2.543	1.565	0.835	0.565	3.378	2.130
On Call	2.154	0.554	0.512	0.158	0.172	0.712	0.684
Overtime	6.072	1.639	1.494	0.446	0.439	2.086	1.933
WLI's & extra sessions (Medical)	3.549	0.729	0.998	0.364	0.390	1.093	1.388
<b>Total Variable Pay</b>	<b>46.693</b>	<b>11.405</b>	<b>11.106</b>	<b>4.124</b>	<b>3.737</b>	<b>15.528</b>	<b>14.842</b>
<b>Total Pay</b>	<b>577.301</b>	<b>141.563</b>	<b>145.113</b>	<b>47.372</b>	<b>48.499</b>	<b>188.935</b>	<b>193.613</b>
<b>Pay Budget</b>	<b>576.692</b>	<b>140.707</b>	<b>145.857</b>	<b>47.022</b>	<b>48.330</b>	<b>187.729</b>	<b>194.186</b>
<b>Budget Variance (Fav)/Adv £m</b>	<b>0.609</b>	<b>0.856</b>	<b>(0.744)</b>	<b>0.350</b>	<b>0.170</b>	<b>1.206</b>	<b>(0.574)</b>

The increase in 2017/18 pay levels is mainly due to the cost of the annual pay award, the apprenticeship levy and funded developments.

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

**Table 6: Analysis of pay expenditure by staff group @ July 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	2.035	1.982	(0.053)	8.128	7.882	(0.246)
Management, admin & clerical	5.880	5.623	(0.258)	22.977	22.397	(0.579)
Medical and Dental	12.554	12.528	(0.027)	49.942	49.660	(0.282)
Nursing (registered)	14.690	14.446	(0.244)	58.508	57.506	(1.002)
Nursing (unregistered)	3.741	4.078	0.337	14.878	16.602	1.724
Other staff groups	6.664	7.267	0.603	28.644	29.171	0.526
Scientific, prof & technical	2.765	2.576	(0.190)	11.108	10.394	(0.714)
<b>Total £m</b>	<b>48.330</b>	<b>48.499</b>	<b>0.170</b>	<b>194.186</b>	<b>193.613</b>	<b>(0.574)</b>

An in month overspend of £0.170m is reported against pay budgets following the introduction of an additional £0.500m savings target against other staff groups for pay savings being delivered in Corporate Departments. This reflects the current underspend in these areas, which is being taken as a savings target with the budget reduced accordingly. The target will be re-allocated to more appropriate staff categories in future months. The majority of staff groups reported an underspend against budgets at month 4 with the exception of nursing (registered and unregistered taken together).

**Table 7 – Non Qualified Nursing Staff Pay Variance**

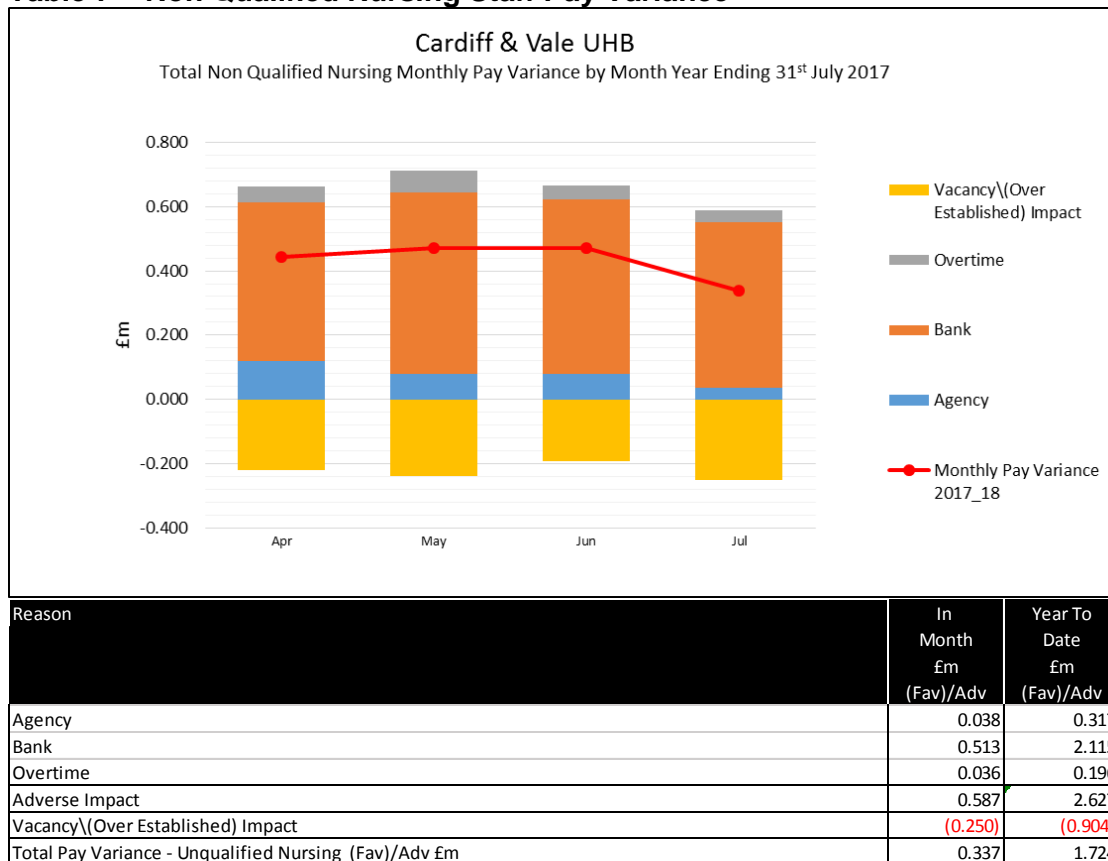
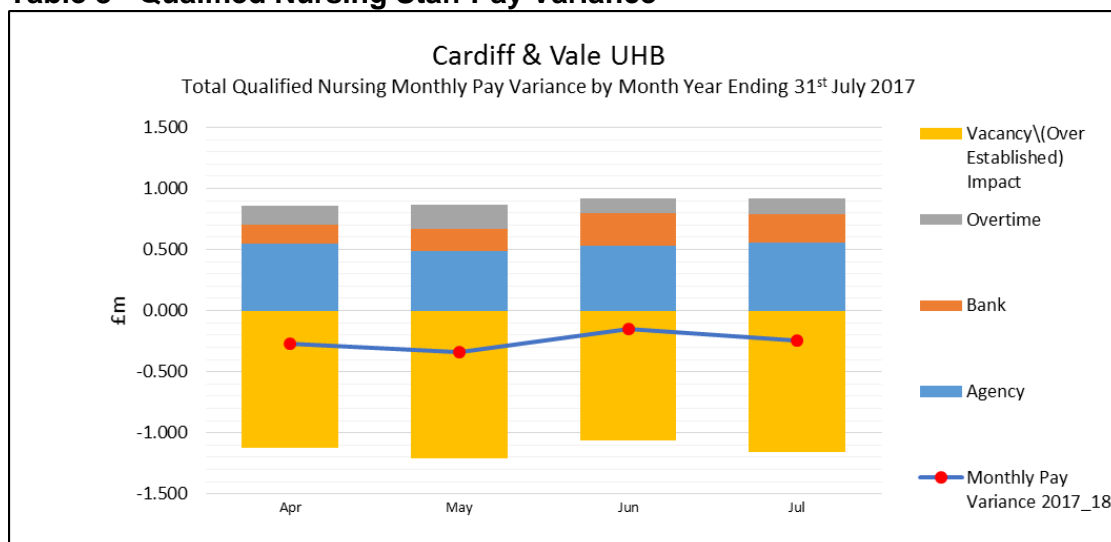


Table 7 illustrates that the majority of adverse variance against non-qualified nursing assistants is due to the £2.115m overspend on bank staff which is partly offset by an underspend against established posts. There was a slight improvement in the month.

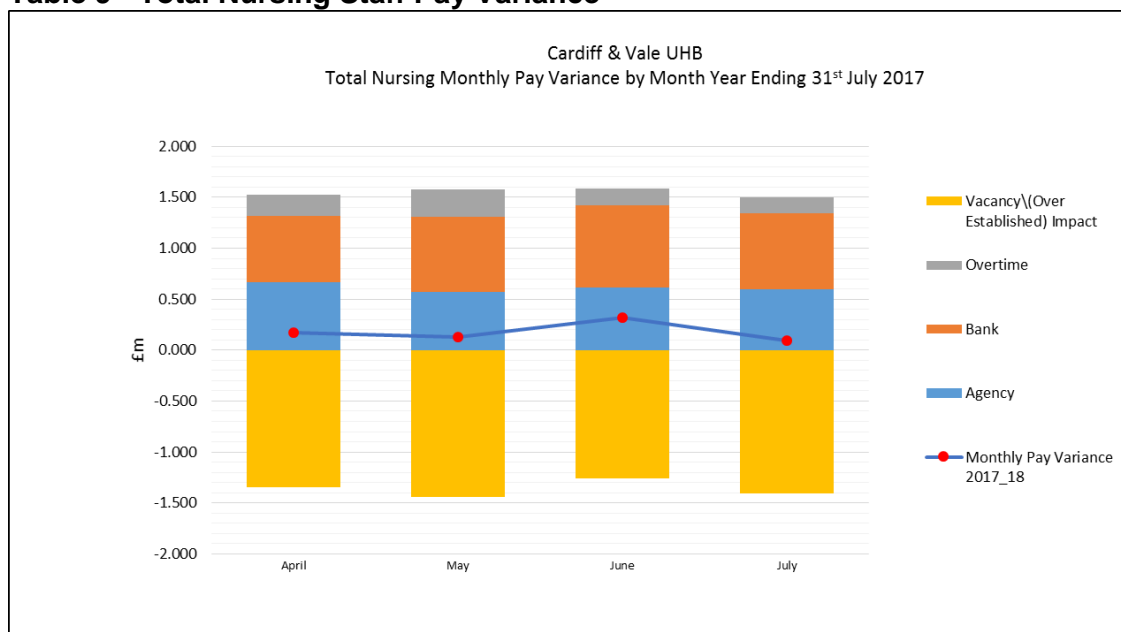
**Table 8 - Qualified Nursing Staff Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.555	2.128
Bank	0.234	0.834
Overtime	0.125	0.590
Adverse Impact	0.915	3.553
Vacancy/(Over Established) Impact	(1.158)	(4.555)
<b>Total Pay Variance - Qualified Nursing (Fav)/Adv £m</b>	<b>(0.244)</b>	<b>(1.002)</b>

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.

**Table 9 - Total Nursing Staff Pay Variance**

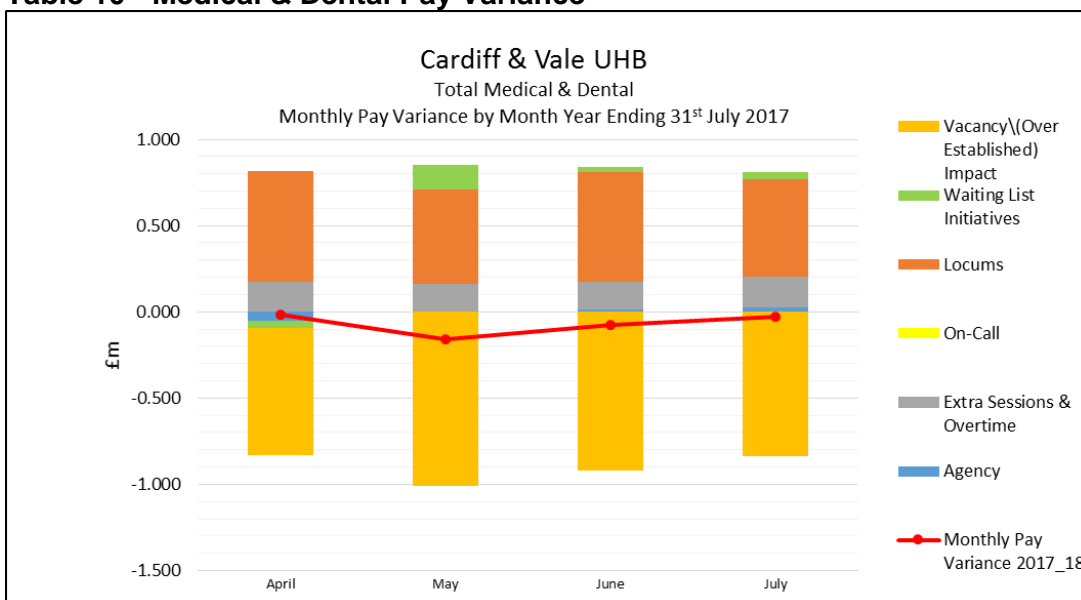


	Month £m (Fav)/Adv	Date £m (Fav)/Adv
Agency	0.593	2.445
Bank	0.747	2.949
Overtime	0.162	0.786
Adverse Impact	1.502	6.180
Vacancy\ (Over Established) Impact	(1.408)	(5.459)
Total Pay Variance - (Fav)/Adv £m	0.094	0.722

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. In effect, the overspend on non-registered nursing is exceeding the underspend on registered nursing.

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 £0.282m at month 4.

**Table 10 - Medical & Dental Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.027	(0.013)
Extra Sessions & Overtime	0.179	0.672
On-Call	0.000	(0.002)
Locums	0.560	2.389
Waiting List Initiatives	0.041	0.173
Adverse Impact	0.808	3.219
Vacancy\ (Over Established) Impact	(0.834)	(3.501)
Total Pay Variance - Medical & Dental (Fav)/Adv £m	(0.027)	(0.282)

## Non Pay

Table 11 shows the financial performance against non-pay budgets.

**Table 11: Non Pay Variance @ July 2017**

Non Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Clinical services & supplies	7.527	7.607	0.081	30.363	30.493	0.130
Commissioned Services	13.508	13.501	(0.008)	53.550	53.723	0.174
Continuing healthcare	4.954	5.030	0.076	19.585	19.686	0.100
Drugs / Prescribing	12.238	12.092	(0.146)	48.162	48.287	0.125
Establishment expenses	0.902	0.829	(0.073)	3.480	3.220	(0.260)
General supplies & services	0.674	0.662	(0.011)	2.437	2.660	0.223
Other non pay	3.881	4.097	0.216	8.011	8.481	0.470
Premises & fixed plant	2.939	2.885	(0.054)	11.374	11.189	(0.186)
Primary Care Contractors	11.114	11.120	0.006	44.923	45.009	0.087
<b>Total £m</b>	<b>57.737</b>	<b>57.823</b>	<b>0.086</b>	<b>221.886</b>	<b>222.749</b>	<b>0.863</b>

There is a £0.863m overspend against non-pay budgets. In month performance is nearly broadly balanced, however a number of pressures still remain as follows:

- The NCSO price concession for quetiapine, and olanzapine has resulted in the UHB incurring an additional £0.5m of cost for the year to date. The pressure has been managed through the application of growth funding.
- The increase in the number of Continuing Health cases reduced in month. However the budget remains under pressure following the approval of a number of new packages of care in the first 3 months.
- The overspend in other non-pay is driven by pressures in Laboratory Medicines, the UHBs Pharmacy Department and additional costs resulting from the outsourcing of the neuro-interventional radiology service. The UHB has already engaged WHSCC in discussions around the coverage of the additional cost arising from the outsourcing of the neuro-interventional radiology service.

## 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 4 months to 31<sup>st</sup> July 2017 by Clinical Board is shown in Table 12.

**Table 12: Financial Performance for the period ended 31<sup>st</sup> July 2017**

Clinical Board	M3 Budget Variance £m	M4 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.052	0.128	0.076	0.49%
Children & Women	0.233	0.257	0.024	1.05%
Capital Estates & Facilities	0.013	(0.008)	(0.020)	(0.05%)
Dental	(0.004)	(0.012)	(0.008)	(0.12%)
Executives	(0.206)	(0.508)	(0.302)	(4.94%)
Medicine	0.322	0.439	0.117	1.62%
Mental Health	(0.036)	(0.064)	(0.028)	(0.36%)
PCIC	(0.172)	(0.427)	(0.254)	(0.58%)
Specialist	(0.144)	(0.321)	(0.177)	(0.86%)
Surgery	0.022	0.246	0.224	0.79%
Central Budgets	(0.109)	2.836	2.945	8.38%
<b>SubTotal</b>	<b>(0.030)</b>	<b>2.566</b>	<b>2.596</b>	<b>0.85%</b>
Planned Deficit	7.725	7.725	0.000	2.56%
<b>Total</b>	<b>7.695</b>	<b>10.291</b>	<b>2.596</b>	<b>3.40%</b>

The majority of Clinical Boards have broadly balanced month 4 expenditure within existing resources and budgets.

The key exceptions are the Medicine, Children and Women, Surgery and the CD & T Clinical Boards.

The Medicine Clinical Board is overspent on its nursing budgets with pressures due to bank and agency cover of vacancies and sickness. Underperformance in NICU alongside premium costs of medical cover have continued in the Children and Women Clinical Board. The in month deficit reported by the Surgery Clinical Board is primarily due to the early recognition of underperformance in orthopaedics. The majority of overspend reported by the CD & T Clinical Board relates to additional costs arising from the outsourcing of the neuro-interventional radiology service.

**All Clinical Boards have completed a review of 2017/18 financial forecasts and those Clinical Boards with a forecast year end overspend have been asked to produce recovery plans in order to achieve a balanced year end outturn. This includes CD&T, Children and Women, Dental and Medicine Clinical Boards. The expectation is that all Clinical Boards will deliver the lower of their forecast position or a break even position.**

### 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 and following discussion with Welsh Government agreed a £14.973 stretch plan leading to an overall savings target of £35.001m.

The development and delivery of savings 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 £24.691m 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 4**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	35.001	24.691	(10.310)

An additional £2.1m of savings were identified in July following the UHB decision to claw back projected fortuitous underspends identified through detailed scrutiny of financial forecasts during July. Further work continues to identify the additional £10.310m of savings schemes required to deliver the plan.

Any shortfall against the identification of additional savings to deliver the £35m savings target 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 £6.828m of savings are profiled into the position, against which the UHB has delivered £6.861m leading to an over-recovery of £0.033m against programmed savings targets for the year to date.

### Balance Sheet (Appendix 3)

Property, plant and equipment values increased in month largely due to the capitalisation of the parent's accommodation for patients of the Children's Hospital and the purchase of mobile X-Ray Scanners bought as part of the Neo Natal Phase 2 scheme.

The increase in the carrying value of inventory held during July is due to a large bulk order purchase of cardiac devices that took advantage of a significant supplier discount and the planned wheelchair replacement programme.

Trade debtors rose in July due to the increase of £16.7m in amounts due from the Welsh Risk Pool in respect of amounts owed for clinical negligence and personal injury claims. This is mirrored by a similar increase in the value of provisions held.

The value of Trade and other payables shown within current liabilities has increased by around £14.1m in month primarily due to an increase in capital creditors and the contractual timing of the monthly payment to pharmacists.

### 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)
<b>Forecast Cash Deficit £m</b>	<b>(37.053)</b>

6

### Public Sector Payment Compliance

The UHB's cumulative performance to the end of July improved by 0.9% to 90.3%. The poor performance to date is linked to the transition to the All Wales Nursing Agency Contract which is expected to improve with the 1st August 2017 roll out of an automated ordering & receipting process that currently works well in respect of one nursing agency supplier.

### Capital Resource Limit (CRL)

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

**Table 15: Progress against Capital Resource Limit @ July 2017**

	£m
Planned Capital Expenditure at month 4	6.464
Actual net expenditure against CRL at month 4	5.196
Variance against planned Capital Expenditure at month 4	(1.268)

Capital progress to date has been slow. The reported net spend to the end of July 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 four months.

### Financial Risks

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

The key risk to be managed is the delivery of the savings target which will require the identification and delivery of a further £10.3m of savings schemes.

### Key Concerns & Recovery Actions

At month 4, 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 4.

Action – All Clinical Boards have confirmed expected year end outturn 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, £24.7m green and amber schemes are in place, leaving a gap of circa £10.3m to be identified.

Action - The impact of any CRP shortfall in delegated targets is reflected in the month 4 position. Any shortfall against the transformational and 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 overall 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 has a draft financial plan for 2017/18 which requires the delivery of £35m financial savings to achieve a £30.9m deficit. Satisfactory progress has been made to date with the identification of £24.7m savings with a further £10.3m savings to be identified. The UHB is undertaking further work to identify further options to be considered in managing this financial risk in order to delivering the stretch plan. The UHB will continue to work closely with Welsh Government in respect of this and will share progress being made at its Targeted Intervention meetings. It will also ensure good financial management processes remain in place and explore further options to support longer term financial sustainability.

The reported financial position for month 4 is a deficit of £10.291m. This is made up of a budget plan deficit of £10.300m and a favourable variance against plan of £0.009m.

## Appendix 1

2017-18 Weekly Summary LIVE 2017-18 PYE w/c 31<sup>st</sup> 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							
Corporate Execs	681	930	-249	106	72	1,036	3.04	-355
Capital Estates and Facilities	1,244	1,042	202	510	65	1,552	2.50	-308
Specialist Services	2,400	2,057	343	859	324	2,916	2.43	-516
PCIC	3,323	3,327	-4	226	450	3,553	2.14	-230
Surgery	2,357	2,013	344	446	35	2,459	2.09	-102
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	1,388	387	387	456	1,775	2.00	0
CD&T	1,880	1,206	674	566	104	1,772	1.89	108
Dental	400	343	57	0	10	343	1.72	57
Cross Cutting Schemes					1,578	0		0
Transformation & Stretch Target	17,668	400	17,268	5,602	2,425	6,002	0.68	11,666
<b>Total</b>	<b>35,001</b>	<b>15,634</b>	<b>19,367</b>	<b>9,057</b>	<b>5,659</b>	<b>24,691</b>	<b>1.41</b>	<b>10,310</b>

2017-18 Weekly Summary LIVE 2017-18 FYE w/c 31<sup>st</sup> 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							
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	586	796	452	104	1,038	1.13	344
Dental	300	57	243	0	20	57	0.29	243
Surgery	1,768	1,451	317	525	147	1,976	1.68	-208
Capital Estates and Facilities	933	434	499	520	200	954	1.53	-21
Children & Women	1,331	610	721	364	795	974	1.10	357
Medicine	1,408	1,425	-17	277	977	1,702	1.81	-294
Specialist Services	1,800	1,141	659	637	324	1,778	1.48	22
Corporate Execs	501	584	-83	87	16	671	2.01	-170
<b>Total</b>	<b>12,963</b>	<b>10,556</b>	<b>2,407</b>	<b>3,137</b>	<b>2,789</b>	<b>13,693</b>	<b>1.58</b>	<b>-730</b>
<b>Total</b>	<b>12,963</b>	<b>10,556</b>	<b>2,407</b>	<b>3,137</b>	<b>2,789</b>	<b>13,693</b>	<b>1.58</b>	<b>-730</b>

## Appendix 2

	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	Year end Position £'000
<b>Gross costs</b>	<b>103,244</b>	<b>101,554</b>	<b>110,313</b>	<b>109,081</b>	<b>110,381</b>	<b>110,152</b>	<b>111,184</b>	<b>111,904</b>	<b>111,677</b>	<b>113,548</b>	<b>111,991</b>	<b>137,638</b>	<b>1,342,668</b>
Identified savings	-618	-1,481	-2,972	-1,757	-1,572	-1,757	-2,435	-2,012	-2,008	-2,108	-2,095	-3,876	-24,691
Unidentified savings required for stretch target							-1,146	-1,146	-1,718	-1,718	-2,291	-2,291	-10,310
<b>Total savings required</b>	<b>-618</b>	<b>-1,481</b>	<b>-2,972</b>	<b>-1,757</b>	<b>-1,572</b>	<b>-1,757</b>	<b>-3,581</b>	<b>-3,158</b>	<b>-3,726</b>	<b>-3,826</b>	<b>-4,386</b>	<b>-6,167</b>	<b>-35,001</b>
<b>Net costs</b>	<b>102,626</b>	<b>100,073</b>	<b>107,341</b>	<b>107,324</b>	<b>108,809</b>	<b>108,395</b>	<b>107,603</b>	<b>108,746</b>	<b>107,951</b>	<b>109,722</b>	<b>107,605</b>	<b>131,471</b>	<b>1,307,667</b>
Income (phased as per budget plan)	98,952	98,579	104,814	104,728	106,233	105,819	105,027	106,170	105,375	107,146	105,029	128,895	1,276,767
<b>Net surplus/ (deficit)</b>	<b>-3,674</b>	<b>-1,494</b>	<b>-2,527</b>	<b>-2,596</b>	<b>-2,576</b>	<b>-2,576</b>	<b>-2,576</b>	<b>-2,576</b>	<b>-2,576</b>	<b>-2,576</b>	<b>-2,576</b>	<b>-2,576</b>	<b>-30,900</b>

**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 £23.3m of AME Donated Depreciation/Impairments profiled into month 12 and the expected settlement of LTAs

## Appendix 3

Balance Sheet as at 31<sup>st</sup> July 2017

	Opening Balance 1 <sup>st</sup> April 2017	Closing Balance 31 <sup>st</sup> July 2017
	£'000	£'000
<b>Non-Current Assets</b>		
Property, plant and equipment	628,042	631,727
Intangible assets	1,601	1,381
Trade and other receivables	42,437	44,772
Other financial assets		
<b>Non-Current Assets sub total</b>	<b>672,080</b>	<b>677,880</b>
<b>Current Assets</b>		
Inventories	15,129	16,554
Trade and other receivables	137,493	194,916
Other financial assets	0	0
Cash and cash equivalents	881	11,134
Non-current assets classified as held for sale	1,815	0
<b>Current Assets sub total</b>	<b>155,318</b>	<b>222,604</b>
<b>TOTAL ASSETS</b>	<b>827,398</b>	<b>900,484</b>
<b>Current Liabilities</b>		
Trade and other payables	157,516	147,424
Other financial liabilities	0	0
Provisions	102,277	162,268
<b>Current Liabilities sub total</b>	<b>259,793</b>	<b>309,692</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>567,605</b>	<b>590,792</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	10,207	10,030
Other financial liabilities	0	0
Provisions	44,615	41,232
<b>Non-Current Liabilities sub total</b>	<b>54,822</b>	<b>51,262</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>512,783</b>	<b>539,530</b>
<b>FINANCED BY:</b>		
<b>Taxpayers' Equity</b>		
General Fund	399,057	425,804
Revaluation Reserve	113,726	113,726
<b>Total Taxpayers' Equity</b>	<b>512,783</b>	<b>539,530</b>

## Appendix 4

CASH FLOW FORECAST AS AT 31<sup>st</sup> JULY 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
<b>RECEIPTS</b>													
WG Revenue Funding - Cash Limit (excluding NCL)	77,340	60,358	90,378	66,386	67,086	77,242	68,509	74,934	84,259	69,309	79,834	28,098	843,733
WG Revenue Funding - Non Cash Limited (NCL)	1,830	1,830	1,150	1,410	1,610	1,815	1,640	1,640	1,640	1,640	1,640	1,722	19,567
WG Revenue Funding - Other (e.g. invoices)	2,360	2,360	2,506	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	7,195	33,309
WG Capital Funding - Cash Limit	9,000	2,000	1,000	2,100	3,900	2,950	2,800	3,900	4,100	1,422	1,322	1,692	36,186
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	29,101	31,092	41,317	24,555	31,603	38,427	26,492	30,498	35,251	394,610
Other - (Specify in narrative)	11,438	3,599	7,579	5,630	8,727	6,378	6,744	6,332	5,922	5,953	5,368	8,671	82,341
<b>TOTAL RECEIPTS</b>	<b>149,044</b>	<b>96,943</b>	<b>144,167</b>	<b>106,988</b>	<b>114,776</b>	<b>132,063</b>	<b>106,609</b>	<b>120,770</b>	<b>136,709</b>	<b>107,177</b>	<b>121,023</b>	<b>82,629</b>	<b>1,418,898</b>
<b>PAYMENTS</b>													
Primary Care Services : General Medical Services	5,249	4,042	8,318	3,992	4,071	5,479	4,061	4,061	5,479	4,061	4,061	5,479	58,353
Primary Care Services : Pharmacy Services	153	124	144	112	125	135	135	135	135	540	270	270	2,278
Primary Care Services : Prescribed Drugs & Appliances	15,528	2	15,095	4	7,942	15,450	0	7,725	15,450	0	7,725	7,725	92,646
Primary Care Services : General Dental Services	1,734	1,877	1,908	1,936	1,720	1,835	1,835	1,835	1,835	1,835	1,835	1,835	22,020
Non Cash Limited Payments	1,986	2,196	1,910	2,173	2,105	2,120	2,120	2,120	2,120	2,120	2,120	2,120	25,210
Salaries and Wages	45,715	47,104	47,578	46,857	46,696	46,603	46,704	46,869	46,536	46,657	47,098	47,190	561,607
Non Pay Expenditure	41,188	43,621	48,892	44,051	42,583	43,648	46,338	45,129	44,954	45,452	45,403	45,057	536,316
Capital Payment	9,738	1,925	1,323	1,802	5,018	2,974	2,789	3,905	4,088	3,683	3,624	3,967	44,836
Other items (Specify in narrative)	15,801	2,891	17,084	2,836	9,094	16,105	2,875	8,920	16,105	2,875	8,920	10,060	113,566
<b>TOTAL PAYMENTS</b>	<b>137,092</b>	<b>103,782</b>	<b>142,252</b>	<b>103,763</b>	<b>119,354</b>	<b>134,349</b>	<b>106,857</b>	<b>120,699</b>	<b>136,702</b>	<b>107,223</b>	<b>121,056</b>	<b>123,703</b>	<b>1,456,832</b>
<b>Net cash inflow/outflow</b>	11,952	(6,839)	1,915	3,225	(4,578)	(2,286)	(248)	71	7	(46)	(33)	(41,074)	
<b>Balance b/f</b>	881	12,833	5,994	7,909	11,134	6,556	4,270	4,022	4,093	4,100	4,054	4,021	
<b>Balance c/f</b>	12,833	5,994	7,909	11,134	6,556	4,270	4,022	4,093	4,100	4,054	4,021	(37,053)	





<b>2017-18 Cost Reduction Programme including Cross Cutting Themes and Efficiency Framework Update</b>	
<b>Name of Meeting :</b> Finance Committee	30 <sup>th</sup> August 2017
<b>Executive Lead :</b> Executive Director of Finance	
<b>Author :</b> Assistant Director of Finance	
<b>Caring for People, Keeping People Well:</b> This report underpins the Health Board's "Grip and Control" element of the strategy to make the best use of the resources we have.	
<b>Financial impact:</b> Delivery of £35.001m total CRP Target made up of £17.333m devolved (1.5% recurrent and 0.5% non-recurrent CRP), £2.695m Transformation and £14.973m Stretch.	
<b>Quality, Safety, Patient Experience impact:</b> The financial plan aims to support the delivery of high quality and safe services.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed:</b> Not Applicable	

#### **ASSURANCE AND RECOMMENDATION**

The Finance Committee is asked to:-

- **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 £35.001m and updates the Cross Cutting Steering Group on the 2017/18 CRP position.

#### **PROGRESS AGAINST TOTAL CRP REQUIREMENT 2017-18**

As at 31st July 2017, £24.691m of opportunities have been identified as Green or Amber. Against the total savings target of £35.001m.

The value of Green schemes is £15.634m and Amber schemes £9.057m.



There remains an unidentified shortfall against the savings plan of £10.310m. Any remaining shortfall will be profiled into the position from month 7 onwards.

**PROGRESS AGAINST DEVOLVED CRP 2017-18**

As at 31st July 2017, £18.689m of opportunities have been identified as Green or Amber. Against the devolved CRP target of £17.333m.

The value of Green schemes is £15.234m and Amber schemes £3.455m.

**PROGRESS AGAINST 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	478	Red
2	Medicines Management	Graham Shortland	Darrell Baker	Lynne Aston	Laurence James	Corporate Medicines Management Group	2,000	2,357	Green
3	Nursing Productivity	Ruth Walker	Ruth Walker	Lynne Aston	Laurence James	Nursing Productivity Group	1,500	383	Red
4	Procurement (Non pay influence and Control)	Bob Chadwick	Claire Salisbury	Chris Lewis	Claire Salisbury	Cross Cutting	2,000	1,912	Amber
5	Workforce Productivity	Julie Cassley	Julie Cassley	Andrew Gough	Andrew Crook	Workforce Productivity Group	1,000	323	Red

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

As at 31<sup>st</sup> July 2017, £5.454m 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
<b>Total</b>	<b>7,831</b>	<b>5,776</b>	<b>1,472</b>	<b>2,566</b>	<b>140</b>	<b>17,786</b>

The Efficiency Framework will be updated across Wales following month 4 reporting.

## SUMMARY

To date the value of Green and Amber schemes identified totals £24.691m against the delegated £35.001m target. There remains an unidentified shortfall of £10.310m.

The UHB has a full CRP in place against the devolved 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 1<sup>st</sup> October. Currently the percentage split is 88% Green and 20% Amber.

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



## Appendix A -Tables Showing 2017/18 CRP Progress At 31<sup>st</sup> July 2017

### CRP progress month ended 31st July 2017-18

Identified Savings	17-18 CRP Target	Granular Identified Green	Amber	Red Pipeline	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Devolved CRP	17,333	15,234	3,455	3,234	18,689	-1,357
Transformation and Stretch Target	17,668	400	5,602	2,425	6,002	11,666
<b>Total Savings</b>	<b>35,001</b>	<b>15,634</b>	<b>9,057</b>	<b>5,659</b>	<b>24,691</b>	<b>10,310</b>

Monthly Progress						
M/E 31st May	17,668	400	0	0	400	17,268
M/E 30th June	17,668	400	5,258	2,425	5,658	12,010
M/E 31st July	17,668	400	6,958	2,425	7,358	10,310

### Devolved CRP Weekly Summary week commencing 31st July 2017-18 PYE

Devolved Clinical/Service Board CRP Tracker	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	930	-249	106	72	1,035	3.04	-354
Capital Estates and Facilities	1,244	1,042	202	510	65	1,552	2.50	-308
Specialist Services	2,400	2,057	343	859	324	2,916	2.43	-516
PCIC	3,323	3,327	-4	226	450	3,553	2.14	-230
Surgery	2,357	2,013	344	446	35	2,459	2.09	-102
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	1,388	387	387	456	1,776	2.00	-1
CD&T	1,880	1,206	674	566	104	1,772	1.89	108
Dental	400	343	57	0	10	343	1.71	57
Cross Cutting Schemes					1,578			
<b>Total</b>	<b>17,333</b>	<b>15,234</b>	<b>2,099</b>	<b>3,455</b>	<b>3,234</b>	<b>18,689</b>	<b>2.16</b>	<b>-1,356</b>



## Devolved CRP Weekly Summary week commencing 31st July 2017-18 FYE

Devolved Clinical/Service Board CRP Tracker	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	586	796	452	104	1,038	1.13	344
Dental	300	57	243	0	20	57	0.29	243
Surgery	1,768	1,451	317	525	147	1,976	1.68	-208
Capital Estates and Facilities	933	434	499	520	200	954	1.53	-21
Children & Women	1,331	610	721	364	795	974	1.10	357
Medicine	1,408	1,425	-17	277	977	1,702	1.81	-294
Specialist Services	1,800	1,141	659	637	324	1,778	1.48	22
Corporate Execs	501	584	-83	87	16	671	2.01	-170
<b>Total</b>	<b>12,963</b>	<b>10,556</b>	<b>2,407</b>	<b>3,137</b>	<b>2,788</b>	<b>13,693</b>	<b>1.58</b>	<b>-730</b>



## 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	394	606	84	37	478	522	52%
Medicines Management	2,000	1,909	91	449	275	2,357	-357	-18%
Nursing Productivity	1,500	383	1,117	0	73	383	1,117	74%
Procurement	2,000	1,612	388	300	83	1,912	88	4%
Workforce Productivity	1,000	127	874	197	0	323	677	68%
<b>Total</b>	<b>7,500</b>	<b>4,424</b>	<b>3,076</b>	<b>1,029</b>	<b>468</b>	<b>5,454</b>	<b>2,046</b>	<b>27%</b>

### 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	391	609	99	37	490	510	51%
Medicines Management	2,000	2,608	-608	462	335	3,070	-1,070	-54%
Nursing Productivity	1,500	574	926	0	946	574	926	62%
Procurement	2,000	1,519	481	361	190	1,880	120	6%
Workforce Productivity	1,000	79	922	197	0	275	725	72%
<b>Total</b>	<b>7,500</b>	<b>5,171</b>	<b>2,329</b>	<b>1,118</b>	<b>1,508</b>	<b>6,289</b>	<b>1,211</b>	<b>16%</b>

\* Cross Cutting themes are in place to support the delivery of both the 1.5% recurrent and 0.5% non recurrent UHB CIP target



**Appendix B – CRP RAG Rating**

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

7





<b>Finance Risk Register</b>	
<b>Name of Meeting :</b> Finance Committee	30 <sup>th</sup> August 2017
<b>Executive Lead :</b> Executive Director of Finance	
<b>Author :</b> Assistant Director of Finance	
<b>Caring for People, Keeping People Well:</b> This report sets out the financial risks to be managed to support delivery of the financial plan which supports the one year operational plan.	
<b>Financial impact:</b> The UHB will need to manage the risks set out in the Finance Risk Register in order to achieve its planned financial deficit of £30.9m.	
<b>Quality, Safety, Patient Experience impact:</b> The financial plan aims to support the delivery of high quality and safe services.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed:</b> Not Applicable	

#### ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

- **NOTE** the risks highlighted within the risk register

#### INTRODUCTION

This report highlights the Finance Risk Register risk categorisation as at 30<sup>th</sup> August 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 30 August 2017
Extreme Risk	20 - 25	1
High Risk	12 - 16	2
Moderate Risk	4 - 10	8
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	2	8	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.	3	2	6	Apr-17	Assistant Director of Finance	Sep-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	Sep-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	Sep-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	1	4	Adequate but more Action Required		4	2	8	Apr-17	Assistant Director of Finance	Sep-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	Sep-17	The Board	Director of Finance
Finance	Fin06/17	Apr-17	Deliver RTT within resources available (£10.5m 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	3	9	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	Sep-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	Sep-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	Sep-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	Sep-17	The Board	Director of Finance	Finance Committee

8.1

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	Sep-17	The Board	Director of Finance	Finance Committee