

FINANCE COMMITTEE MEETING
10.00am on 28th September 2017
Boardroom, Llandough Hospital

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 26th August 2017	<i>Chair</i>
5	Action Log	<i>Chair</i>
6 6.1	Pooled Budget 1 Pooled Budget 2	<i>Lynne Aston</i>
7	IMTP –Financial Plan 2018/19 to 2020/21	Presentation - <i>Chris Lewis</i>
8	Finance Report as at Month 5	<i>Chris Lewis</i>
9	Finance Governance – Deloitte's Action Plan	<i>Peter Welsh</i> <i>Director of Corporate</i> <i>Governance</i>
10	Cost Reduction Programme, Cross Cutting Themes and Efficiency Framework	<i>Andrew Gough</i>
11 11.1	Finance Risk Register (paper) Finance Risk Register (Spreadsheet)	<i>Chris Lewis</i>
PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD		
12	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
13	Date, time and venue of the next meeting of the Finance Committee: 11.00am on Thursday 31 st October 2017, Large Meeting Room , HQ, UHW	<i>Oral - Chair</i>

UNCONFIRMED MINUTES OF THE FINANCIAL COMMITTEE**HELD ON 30TH AUGUST 2017****UHW HQ****4****Present:**

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

Secretariat:

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

The Vice Chair welcomed everyone to the meeting.

FC – 18/089 Apologies for Absence

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

FC – 18/090 Declarations of Interest

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

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

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

FC - 18/092 Action log following the last meeting

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

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

All other outstanding actions were picked up on the agenda.

FC - 18/093 Financial Position Month 4

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

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

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

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

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

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

The Medicine, Children and Women, Surgery and CD & T Clinical Boards had reported overspends at month 4. Further to this, all Clinical Boards had been asked

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

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

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

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

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

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

FC - 18/094 Cost Reduction Programme

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

- As at 31st July 2017, against the total savings target of £35.001m, £24.691m of opportunities had been identified as Green or Amber. This represented an improvement of £2.1m in the value schemes identified over the last month.
- Against the devolved CRP target of £17.333m, £18.689m of schemes had been identified as Green or Amber as at 31st July 2017. The importance of all Clinical Boards reaching the milestone of 100% Green Schemes by the 1st October was once again stressed.
- At the end of July, £5.454m of cross cutting opportunities had been identified as Green or Amber and were contributing towards the delivery of the overall £17.333m delegated CRP target.

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

FC - 18/095 Risk Register

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

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

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

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

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

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

Action: Finance Committee Members to review risk register

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

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

No other items to bring to the main board.

FC - 18/097 Date and time of next meeting

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

FINANCE COMMITTEE
ACTION LOG FROM AUGUST 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 28 th September 2017
FC 18/095	30.08.17	Risk Register	Director of Finance to share Risk Register with Welsh Government	R Chadwick	COMPLETE

Cardiff & Vale of Glamorgan Pooled Budget Update	
Name of Meeting : Finance Committee	30 th August 2017
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance, Head of Finance PCIC and Dental Clinical Boards	
Caring for People, Keeping People Well: This report outlines the Health Board's response to Government Policy with a view to maximising patient outcomes whilst maintaining the sustainability of services.	
Financial impact: Contribution of an estimated £17.8m budget to an overall pooled budget of £46.1m.	
Quality, Safety, Patient Experience impact: The pooled budget 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	

ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

- **NOTE** the progress to comply with the Social Services and Well-being (Wales) Act and establish pooled budgets for care home accommodation functions by 6th April 2018.

SITUATION

This report summarises progress in relation to Part 9 of the Social Services and Well-being (Wales) Act 2014 which requires the establishment of pooled funds in relation to the exercise of care home accommodation functions by 6th April 2018.

BACKGROUND

Part 9 of the Social Services and Well-being (Wales) Act 2014 requires the establishment of pooled funds in relation to the exercise of care home accommodation functions by 6th April 2018.

On 21st May 2017, the Minister for Social Services and Public Health wrote to Chairs of Regional Partnership Boards outlining the expectation that a single pooled fund between the health board and all the local authorities within the partnership area would be established to ensure that partnership boards deliver an integrated and collaborative approach to meeting care and support needs

The Regional Partnership Board retains oversight of the development of the pooled budget, however, the decision making responsibilities for agreeing the pooled budget

and how it is managed rests with Cardiff Council, Vale of Glamorgan Council and Cardiff and Vale University Health Board.

A monthly Project Board has been established across the 3 partners to develop options and practical arrangements in relation to the operation of the budget for consideration through the formal decision making processes in each of the partner organisations.

ASSESSMENT

Given the timescale to meet the requirement of establishing a pooled budget by April 2018, the Project Board has considered what is achievable as part of a phased approach to enable wider integrated working by April 2019. The recommendation is:

- One single pool budget is established at 1st April 2018 to include residential, Funded Nursing Care and Continuing Health Care.
- The formal pool is established and allocations by the 3 partners are transacted to this pool effective from 1 April 2018. (Finance leads will separately agree accounting transactions and relevant notes to statutory accounts).
- The agreed host will delegate roles and responsibilities to its partner organisations to ensure accountability for that function remains with the accountable organisation.
- Processes within the 3 organisations remain as present but are developed to support the wider efficiencies of a proper integrated pooled budget arrangement effective from 1st April 2019.
- This effectively means that a pooled budget is established, with each partner responsible for their own budget (over and underspends) within the pool and there are no risk sharing arrangements necessary at this stage.
- Accounting processes are limited to minimal cash transactions and negate the requirements for a pooled budget host / manager until further agreements are made and are clear on integrated working arrangements going forward to be effective from April 2019.

Further discussions need to take place regarding the host organisation but it is proposed that the agreed host organisation is for an initial 12 month period until 31st March 2019 and is subject to review as further detail is developed regarding the wider integration of the budget and service delivery.

Additional detail is provided within Annex 1.

ANNEX 1

Cardiff & Vale of Budget Update



Glamorgan Pooled

1 Background

1.1 Part 9 of the Social Services and Well-being (Wales) Act 2014 requires the establishment of pooled funds in relation to the exercise of care home accommodation functions by 6th April 2018. The regulations state that “care home” has the same meaning as in the Care Standards Act 2000 and “care home accommodation functions” means:

- The functions of a local authority under sections 35 and 36 of the Act, where it has been decided to meet the adult’s needs by providing or arranging to provide accommodation in a care home;
- The functions of a Local Health Board under section 3 of the National Health Service (Wales) Act 2006 in relation to an adult, in cases where:
 - (i) The adult has a primary need for health care and it has been decided to meet the needs of the adult by arranging the provision of accommodation in a care home, or
 - (ii) The adult does not have a primary need for health care but the adult’s needs can only be met by the local authority arranging for the provision of accommodation together with nursing care.

1.2 On 21st May 2017, the Minister for Social Services and Public Health wrote to Chairs of Regional Partnership Boards setting out Welsh Government’s expectations: *“You will be aware that the requirement to establish pooled funds in relation to the exercise of care home accommodation functions will come into effect next April. My expectation is that there will be a single pooled fund established jointly at the regional level between the health board and all the local authorities within the partnership area. This approach is essential to ensure that partnership boards deliver an integrated and collaborative approach to meeting care and support needs”*.

1.3 The purpose of this requirement is to ensure that Local Health Boards and local authorities work together to maximise their influence to shape the future development of services, including ensuring there is sufficient capacity and an appropriate range of good quality services to respond to demand.

1.4 Whilst the Regional Partnership Board will retain oversight of the development of the pooled budget, the decision making responsibilities for agreeing the pooled budget and how this is managed rests with Cardiff Council, Vale of Glamorgan Council and Cardiff and Vale University Health Board.

1.5 A monthly Project Board has been established across the 3 partners and includes representatives from service delivery; commissioning and procurement; finance and legal. The Project Board is tasked with developing options and practical arrangements in relation to the operation of the budget for consideration via each of the formal decision making arrangements in the partner organisations. The governance arrangements are set out in **Appendix 1**.

6.1

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2. Pooled Budget Arrangements

2.1 The RPB has agreed that the scope of the pooled budget arrangements will initially focus on care accommodation for older people (over 65) and will include Continuing Health Care, Funded Nursing Care and local authority responsibilities for long term placements. ***At this stage the Partnership will not be considering learning disabilities and mental health for younger adults.***

2.2 Work has been undertaken by the Project Board to consider previous expenditure in relation to the 'in-scope' services and current commitments for 2017/18. This is estimated to be approximately in the region of **£46.1m** made up of:

- £22m Cardiff Council
- £6.3m Vale of Glamorgan Council
- £17.8m Cardiff & Vale UHB

Further work will be required to verify this for consistency across the Local Authorities.

2.3 The Project Team has also collated the different fee levels across the region so analysis can be completed on the rates paid by the Local Authorities and it is evident that there is a notable difference in rates across Cardiff and the Vale of Glamorgan. In addition, process mapping of the current placement, authorisations and commissioning processes used by partners has been completed with a view to identifying common approaches and where work will need to be undertaken to develop a common approach.

2.4 Given the timescale to meet the requirement of establishing a pooled budget by April 2018, the Project Board has considered what is achievable as part of a phased approach to enable wider integrated working by April 2019. To inform this approach, Finance Leads have undertaken a review of options for establishing a single pooled fund. Further detail is provided in **Appendix 2** but the proposed way forward in the first instance would be:

- One single pool budget is established at 1st April 2018 to include residential, Funded Nursing Care and Continuing Health Care.
- The formal pool is established and allocations by the 3 partners are transacted to this pool effective from 1 April 2018. (Finance leads will separately agree accounting transactions and relevant notes to statutory accounts).
- The agreed host will delegate roles and responsibilities to its partner organisations to ensure accountability for that function remains with the accountable organisation.
- Processes within the 3 organisations remain as present but are developed to support the wider efficiencies of a proper integrated pooled budget arrangement effective from 1st April 2019.
- This effectively means that a pooled budget is established, with each partner responsible for their own budget (over and underspends) within the pool and there are no risk sharing arrangements necessary at this stage.
- Accounting processes are limited to minimal cash transactions and negate the requirements for a pooled budget host / manager until further agreements are made and are clear on integrated working arrangements going forward to be effective from April 2019.

Host Arrangements

2.5 Further discussions need to take place regarding the host organisation but it is proposed that the agreed host organisation is for an initial 12 month period until 31st March 2019 and is

ANNEX 1

subject to review as further detail is developed regarding the wider integration of the budget and service delivery. As part of the work over the next 12 months it is anticipated that a Pooled Fund Manager who reports to all partner organisations will need to be identified / created to ensure collective management arrangements are established. Work is underway to review management arrangements elsewhere in Wales with the intention of informing the proposed approach in Cardiff and Vale of Glamorgan.

Partnership Legal Agreement

- 2.6 The Terms of the agreement to be established are guided by statute and should follow good governance practice, but be established on a joint basis, mutually agreed between all of the partners.
- 2.6 Work has been completed by the National Commissioning Board in Gwent to develop a ‘model agreement’ for other regions to utilise. Legal colleagues are currently reviewing the draft agreement in relation to the Cardiff and Vale of Glamorgan position and once formal decisions have been made regarding the scope of the pooled budget and hosting arrangements then further details can be developed around governance arrangements, accountability, decision making and how the arrangements will be managed.

3. Other Part 9 Requirements

- 3.1 In addition to the requirement to establish a pooled fund, local authorities and Local Health Boards are also required to undertake a number of pieces of work by April 2018. These will provide the foundations for developing wider integration across the region and an update on progress is provided in **Table 1**.

Table 1 – Progress against Part 9 Requirements

Part 9 Requirement	Progress to date
Undertake a population needs assessment and market analysis to include the needs of self-funder	The Cardiff & Vale of Glamorgan Population Needs Assessment was published at end of March 2017. Further analysis is being undertaken in relation to self-funders as part of the Market Position Statement and is including the National Day Care Home Market Analysis.
Agree an integrated market position statement and commissioning strategy to specify outcomes required of care homes and services required.	A Draft Market Position Statement/Commissioning Strategy for older people has been completed and was subject to a workshop with partners, stakeholders and providers on 5 th July 2017. The document is being amended to reflect feedback and will be considered at the Regional Partnership Board in November.
Agree common contract and specification for nursing care	A Task & Finish Group is in place across the partners and a new draft common contract has been developed. Engagement is planned to take place with providers and older people in the Autumn in relation to outcomes which will be incorporated into the specification. The Group is also waiting for the feedback on the Welsh Government’s consultation on Phase 2 of the implementation the Regulation and Inspection of Social Care (Wales) Act 2016 so this can be reflected in the final document.
Develop an integrated approach to agreeing fees with providers	There are currently separate arrangements in place across the 2 Local Authorities in relation to fee setting and negotiations with providers. Separately Cardiff & Vale UHB undertake fee setting for CHC which has no direct link to LA fees.

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	<p>A task and finish group has been established across the three partners to develop a shared message to ensure that all providers are updated across the region in a timely way:</p> <ul style="list-style-type: none"> • Different fee levels across the Local Authorities have been collated and analysis completed on the rates paid. There is a notable difference in rates so work will need to be done over the next year to increase alignment. This will be part of the phased integrated work to be completed by April 2019. • Process mapping of the current placement, authorisations and commissioning processes used by partners has been completed with a view to identifying common approaches and where work will need to be undertaken to develop a common approach. This will also form part of the phased approach to achieving wider integration by April 2019. • There are plans for a new regional Provider Forum to take place in the autumn to enable a greater integrated approach between partners and providers.
<p>Develop an integrated approach to quality assurance</p>	<p>This will be undertaken as part of the discussions to agree the common contract.</p>

4. Next Steps

- 4.1 A meeting was held on 18 September with Directors and Finance Directors (and representatives) from the 3 partner organisations. The key purpose was to:
- Obtain agreement to the contents of a written position statement to the Minister by the end of September
 - Agree the intentions of the partnership for both April 2018 and going forward
 - Agree the reporting dates for formal decision making.

There were a number of actions that came from the meeting most significantly regarding hosting arrangements. Each partner will need to confirm their position. **The UHB has stated that it would be prepared to host, but should the agreement be that either of the Councils undertake this, the UHB would want to review this during 2018/19 for implementation from April 2019 onward given the scale of risk.**

- 4.2 To enable further work to be undertaken on developing the Partnership Agreement, a report on pooled budgets will need be taken to the three statutory partners. This will provide an update to decision makers and seek approval for the direction of travel. It is proposed that the report is considered at the following meetings:
- **18/01/18** Cardiff Council Cabinet
 - **04/01/18** Vale of Glamorgan Cabinet
 - **10/01/18** Cardiff & Vale UHB
- 4.3 All Regional Partnership Boards have received a request from the Minister of Social Services and Public Health to report the details regarding where the Partnership expects its position to be by April 2018 in relation to the establishment of one pooled budget. The meeting on 18th September needs to agree the position and shared intentions which will be reported to the Minister.

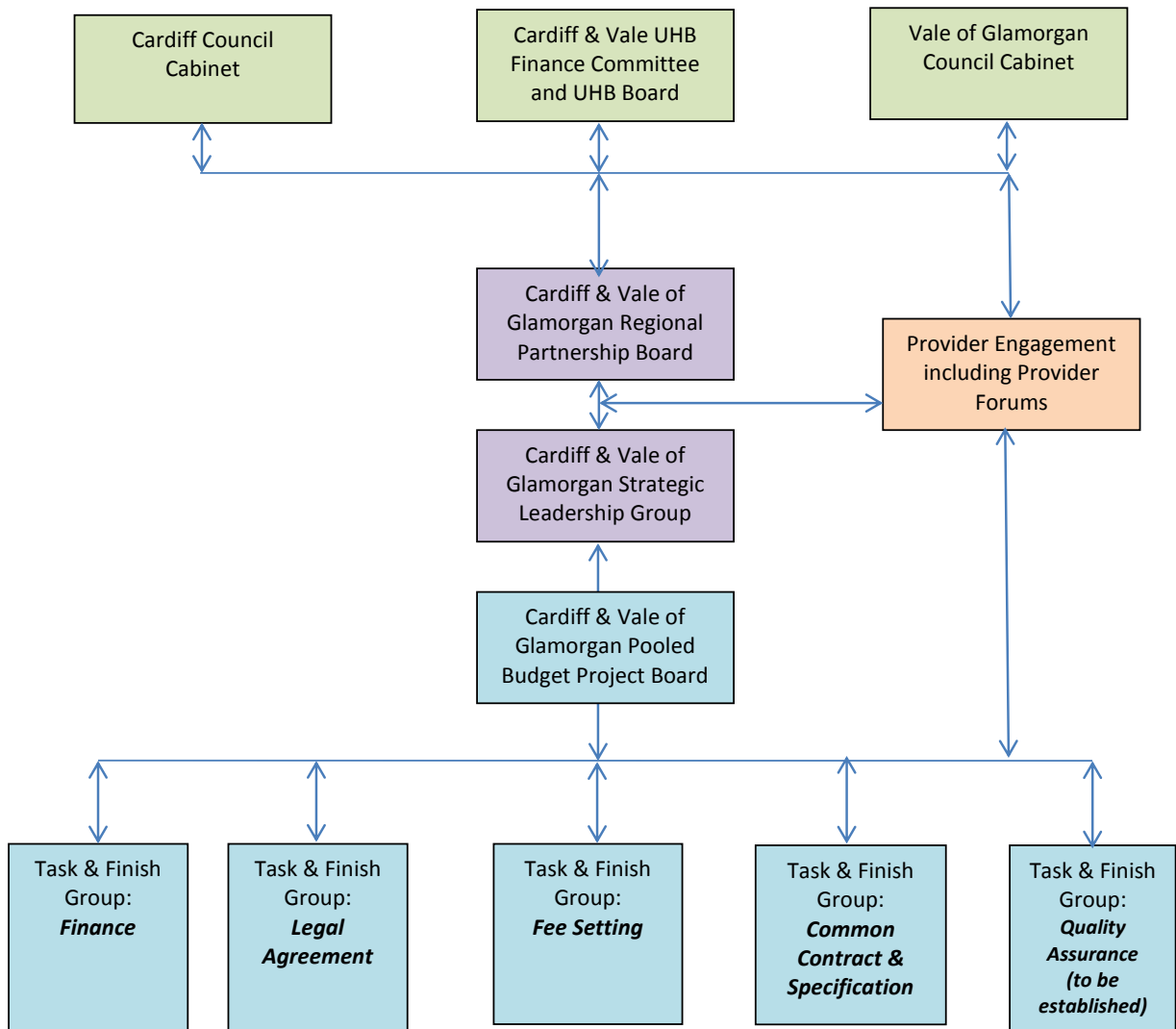
ANNEX 1

- 4.4 We have also been informed by WG officials that Rebecca Evans intends to make a Statement to the National Assembly on the integration of health and social services on 10 October. That statement will make significant reference to the establishment of pooled funds, in part based on the letters she will have received from each region.
- 4.5 To inform the wider integration work required, a phased Project Plan is being developed to incorporate the other elements over the period leading up to April 2019. This will be reported to the Partnership’s Strategic Leadership Group for further discussion as required.
- 4.6 Following completion of the work to develop the pooled budget for older care accommodation, the Partnership will seek to share this learning in relation to the commissioning of other care accommodation such as learning disabilities and mental health.

6.1

Appendix 1

Governance arrangements for the development of Pooled Budgets



ANNEX 1

Appendix 2

Pooled Budget Options
Briefing from Finance Leads for consideration at Directors Meeting 7 August 2017

1. Background

The introduction of the Social Services and Well Being Act (Wales) placed a requirement for Health and Social Care partners within regions to establish a pooled budget for care home provision by the 1st April 2018.

A number of Welsh Government workshops have been held across Wales to explain the requirements and support organisations to deliver the requirements by the 1st April 2018. It was clear following these workshops that there is not a prescriptive view from Welsh Government on the definition of care home provision and the requirements for a pooled budget.

Discussions within the Health Board (UHB) and with Local Authorities (LAs) highlight the wide views on what could be considered for a pooled budget. However what is consistent across partners is that a pooled budget must be achievable by April 2018.

As with all pooled budgets, this introduces a level of uncertainty and risk, both financially and from a service delivery aspect. However, case studies from other areas have shown the opportunity for significant benefits to a properly structured and well managed pooled budget both financially and from a service delivery aspect.

Finance leads from the UHB and LA have discussed at length the options for the establishment of the pooled budget and process, against a background of; uncertainty and lack of agreement about the number of pooled budgets i.e. 1 or 2, what services should be contained in the pooled budget, implementation timescales and risk sharing arrangements.

2. Level of Centralisation

Pooled budgets can be run as a single entity administering and processing all elements of the responsibilities of the pool, or alternatively the host can delegate roles and responsibilities to its partner organisations. It is important to note that organisations can delegate provision of functions to or from pooled budgets, but the accountability for that function will always remain with the accountable organisation. For example the UHB could delegate the function of funded nursing care (FNC) to a pooled budget hosted by a LA, but the UHB will always be accountable for FNC for its residents.

All partner organisations are of the view that they would not be able to host the pooled budget, unless the current functions performed by all 3 organisations were delegated back to them and they continue to perform those functions in full. It may however be necessary to legally name the pooled budget manager and legal advice on this is being sought.

3. Potential Options for the Scope

There are a number of options that could be considered for scope within a pooled budget. However the overriding concern is the timescale and lack of agreement and direction

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Option 1: Pooled Budget for Funded Nursing Care Provision within homes located within Cardiff and Vale of Glamorgan:

- LAs already process the payments of FNC to nursing homes on behalf of the UHB and this is funded the UHB.
- The FNC rate payable is consistent across both Authorities.
- The historic funding streams are easily identified.
- Relatively low risk
- The approval and accountability is well defined and reported.
- Would be deliverable within the timeframe.
- There are disputes within this category

Option 2: Pooled Budget for Registered Nursing Home Beds located within Cardiff and Vale of Glamorgan to incorporate both FNC and CHC clients into a pool:

- This option has a significantly high level of financial risk across organisations with an ageing and increasing care complexity population.
- Differential fee rates between both LAs is a significant barrier
- Differential fee rates for the UHB for CHC both within homes and across homes
- There are many disputes within this category
- The complications of charging and potential fee caps may impact the pool
- Significant risk of not meeting the timeline.
- The pooling of budgets may improve the level of disputes, or may offer alternative approaches to assessment of CHC eligibility.

Option 3: Pooled budgets on the whole care home sector within Cardiff and Vale:

This option would incorporate all care home placements for CHC, nursing & residential.

- Incorporate all of the sectors of care homes from very lowest need up to continuing healthcare
- Would be the most onerous and costly to set up and administer with currently little direction
- Significant risk of not meeting the timeline
- Many differing options on risk share.
- May reduce levels of disputes
- May encourage alternative discharge planning
- Allows the whole care home system to be considered

Potential Options for the Risk Share are not considered here as it is not proposed to implement this from April 2018 and will therefore be considered as part of the proposal for April 2019

4. Proposal

Based on the status of current discussions and timescale for implementation it is proposed that:

- One single pool budget is established at 1 April 2018 as this is directive from Welsh Government
- This will include residential, FNC and CHC. Mental health, Learning disabilities are excluded at this stage.

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- The formal pool is established and allocations by the 3 partners are transacted to this pool effective from 1 April 2018. (Finance leads will separately agree accounting transactions and relevant notes to statutory accounts)
- The agreed host will delegate roles and responsibilities to its partner organisations to ensure accountability for that function remains with the accountable organisation.
- Processes within the 3 organisations remain as present but are developed to support the wider efficiencies of a proper integrated pooled budget arrangement effective from 1 April 2019
- This effectively just means that a pooled budget is established, with each partner responsible for their own budget (over and underspends) within the pool and there are no risk sharing arrangements necessary and have therefore not been considered at this stage.
- Accounting processes are limited to minimal cash transactions and negate the requirements for a pooled budget host / manager until further agreements are made and are clear on integrated working arrangements going forward to be effective from April 2019.

6.1

FINANCE REPORT FOR THE PERIOD ENDED 31st AUGUST 2017	
Name of Meeting : Finance Committee	Date : 28 th September 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 August 2017 is a deficit of £12.805m comprised of the following: <ul style="list-style-type: none"> • £nil variance against the UHBs savings target; • (£0.070m) favourable budget management variance; • £12.875m planned deficit (5/12th 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 5 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 £12.805m deficit at month 5 which includes a planning deficit of £12.875m and budget underspends of (£0.070m); • NOTE the risks that need to be managed especially the identification of £8.8m further savings required to deliver a £30.9m deficit plan.

SITUATION

This report details the financial position of the UHB for the 5 months period ended 31st August 2017.

The UHB remains on target to meet the £30.9m planned deficit which includes a £35.0m savings plan. At the end of August the UHB had confirmed £26.2m of savings schemes. The UHB is continuing to progress work to bridge the remaining savings gap of £8.8m 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.

Welsh Government requested the UHB 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 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 @ August 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	6,163
Further Savings (yet to be identified) to deliver Stretch Plan	8,810
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 @ August 2017

Finance Dashboard		Performance		In Month	Year to Date	Month 5 Full Year Forecast
Finance Indicators	Standard	In Month	Year to Date	RAG Rating		
		Remain within revenue resource limit - Variance Adv/(Fav)	£0	£2.515m	£12.805m	
Variance against unapproved 2017/18 £30.9m deficit plan	£0	(£0.060m)	(£0.070m)			
Pay expenditure (actual versus Plan)	£0	(£0.155m)	(£0.729m)			
Non-Pay Expenditure (Actual versus Plan)	£0	(£0.038m)	£0.825m			
Income (actual versus Plan)	£0	£0.133m	(£0.166m)			
Remain with CAPEX resource limit	£0	n/a	(£1.573m)			
Creditor payments compliance 30 day Non NHS	95%	88.50%	89.90%			
CRP Green / Amber status - Delegated Targets @ wc Aug 31 st	80% green/20% amber		92% / 16%			

Month 5 Cumulative Financial Position

The UHB reported a deficit of £12.805m at month 5 as follows:

- Nil variance against the UHBs savings target;
- (£0.070m) favourable budget management variance;
- £12.875m planned deficit (5/12th 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 31st August 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	(104.677)	(104.544)	0.133	(511.450)	(511.615)	(0.166)	(1,282.575)	(1,282.575)	0.000
Pay	49.171	49.015	(0.155)	243.357	242.628	(0.729)	582.962	582.962	0.000
Non Pay	58.082	58.044	(0.038)	280.968	281.792	0.825	730.513	730.513	0.000
Variance to Draft Plan £m	2.575	2.515	(0.060)	12.875	12.805	(0.070)	30.900	30.900	0.000
Planned Deficit	(2.575)	0.000	2.575	(12.875)	0.000	12.875	(30.900)	0.000	30.900
Total £m	0.000	2.515	2.515	(0.000)	12.805	12.805	(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 @ August 2017

Income	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Revenue Resource Limit	(71.206)	(71.206)	0.000	(341.665)	(341.665)	0.000
Non Cash Limited Expenditure	(1.689)	(1.689)	0.000	(8.041)	(8.041)	0.000
Accommodation & Catering	(0.043)	(0.043)	(0.000)	(0.874)	(0.927)	(0.053)
Education & Training	(3.208)	(3.246)	(0.038)	(15.805)	(15.878)	(0.073)
Injury Cost Recovery Scheme (CRU)	(0.214)	(0.150)	0.064	(1.069)	(1.263)	(0.194)
NHS Patient Related Income	(23.146)	(23.111)	0.036	(113.107)	(113.309)	(0.201)
Other Operating Income	(4.334)	(4.399)	(0.065)	(26.544)	(26.558)	(0.015)
Overseas Patient Income	(0.010)	(0.019)	(0.009)	0.167	0.130	(0.037)
Private Patient Income	(0.115)	(0.055)	0.059	(0.561)	(0.361)	0.199
Research & Development	(0.712)	(0.626)	0.086	(3.950)	(3.742)	0.208
Total £m	(104.677)	(104.544)	0.133	(511.450)	(511.615)	(0.166)

An in month deficit of £0.133m and a cumulative surplus of £0.166m is reported against income budgets.

The reported cumulative deficit against R & D income is primarily due to the reduction in Welsh Government funding. In addition in month commercial R & D performance was less than plan.

Income from the Compensations Recovery Unit has slowed over the last 2 months due to a reduction in recorded new claims. Cumulative income remains ahead of plan for the year to date.

The majority of the cumulative deficit reported against private patients relates to Specialist Services.

Pay

An in month underspend of £0.155m is reported against pay budgets continuing the trend established in the second half of 2016/17.

Table 5 identifies that a cumulative month 5 budget underspend of £0.729m in 2017/18 compared to month 5 overspend of £1.203m in 2016/17.

Table 5: Analysis of fixed and variable pay costs

	2016/17 Total Spend £m	2016/17 Month 1 to Month 4 £m	2017/18 Month 1 to Month 4 £m	2016/17 Month 5 £m	2017/18 Month 5 £m	2016/17 Cum. to Month 5 £m	2017/18 Cum. to Month 5 £m
Basic	502.093	164.203	168.924	41.117	42.466	205.320	211.391
Enhancements	23.635	7.578	8.205	1.747	2.154	9.324	10.359
Maternity	4.136	1.369	1.417	0.353	0.372	1.722	1.790
Protection	0.743	0.257	0.223	0.061	0.048	0.318	0.272
Total Fixed Pay	530.607	173.406	178.770	43.278	45.041	216.684	223.811
Agency (mainly registered Nursing)	9.017	3.213	2.689	0.670	0.819	3.883	3.508
Nursing Bank (mainly Nursing)	14.249	4.286	4.586	1.207	1.253	5.493	5.839
Internal locum (Medical & Dental)	2.105	0.760	1.433	0.142	0.339	0.902	1.772
External locum (Medical & Dental)	9.547	3.378	2.130	0.790	0.548	4.168	2.678
On Call	2.154	0.712	0.684	0.154	0.207	0.867	0.891
Overtime	6.072	2.086	1.933	0.469	0.433	2.555	2.366
WLI's & extra sessions (Medical)	3.549	1.093	1.388	0.437	0.374	1.530	1.762
Total Variable Pay	46.693	15.528	14.842	3.869	3.974	19.398	18.817
Total Pay	577.301	188.935	193.613	47.148	49.015	236.082	242.628
Pay Budget	576.692	187.729	194.186	47.150	49.171	234.879	243.357
Budget Variance (Fav)/Adv £m	0.609	1.206	(0.574)	(0.003)	(0.155)	1.203	(0.729)

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

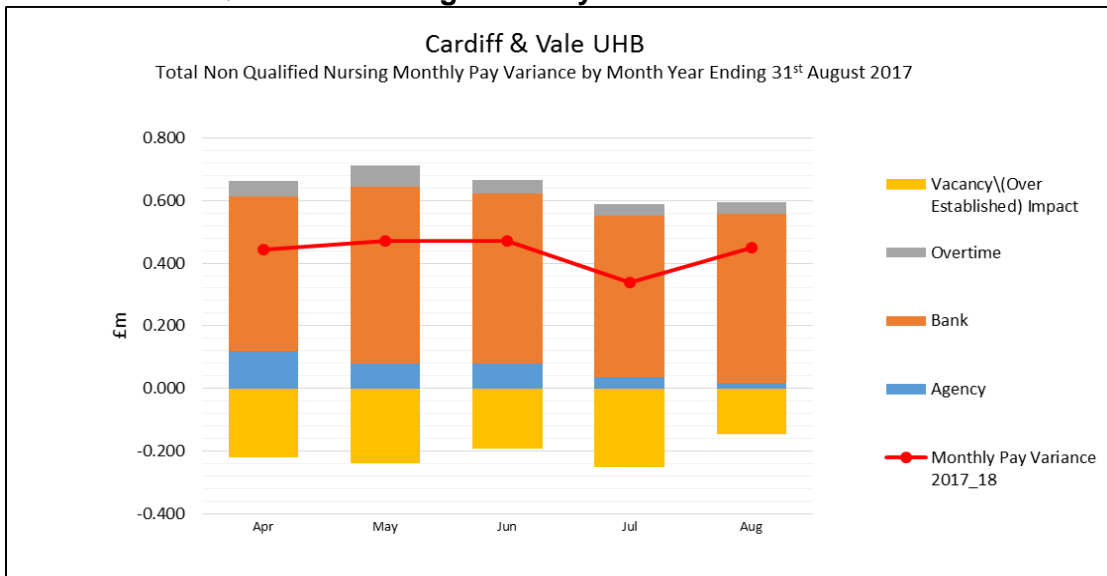
An analysis of pay expenditure by staff group is shown in Table 6.

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

Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Additional clinical services	1.991	1.947	(0.044)	10.118	9.829	(0.290)
Management, admin & clerical	5.557	5.738	0.181	28.534	28.135	(0.399)
Medical and Dental	12.675	12.563	(0.112)	62.617	62.224	(0.394)
Nursing (registered)	14.704	14.627	(0.077)	73.212	72.133	(1.079)
Nursing (unregistered)	3.765	4.214	0.449	18.643	20.816	2.173
Other staff groups	7.727	7.254	(0.474)	36.372	36.424	0.053
Scientific, prof & technical	2.752	2.673	(0.079)	13.861	13.067	(0.793)
Total £m	49.171	49.015	(0.155)	243.357	242.628	(0.729)

Performance against pay budgets is broadly in line with the trend established in the first four months of the year. An underspend of £0.155m is reported against pay budgets within the month. At month 4 a £0.5m year to date savings target was levied in Corporate Executive Directors pay budgets and shown under 'other staff groups'. The in month movement reported against 'management, admin and clerical' and 'other staff groups' follows the realignment of this savings target to the more appropriate staff categories to reflect expected underspends. The year to date position by staff group is therefore now reflective of performance against the additional savings requirement.

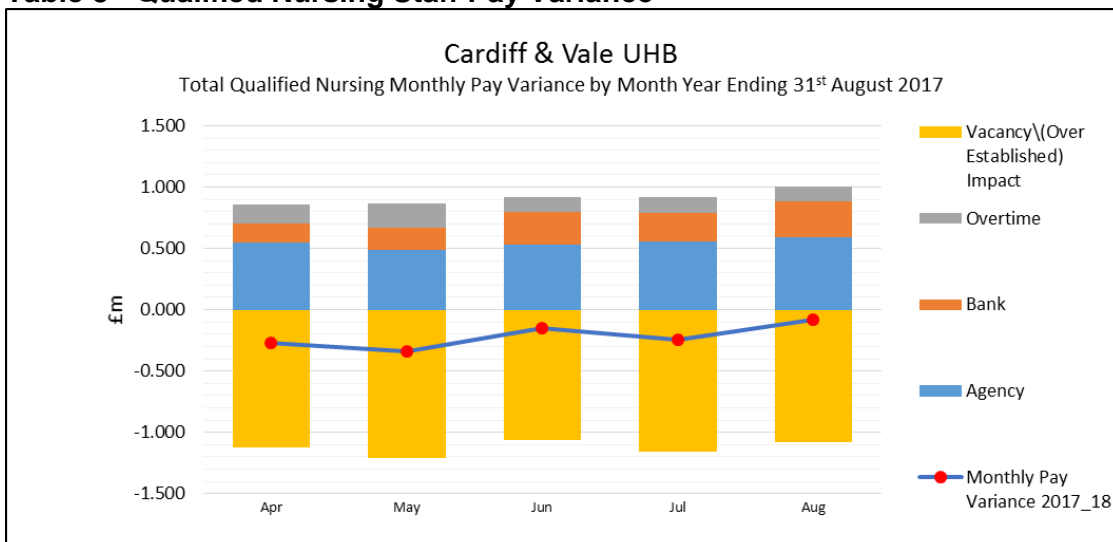
Table 7 – Non Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.016	0.333
Bank	0.541	2.655
Overtime	0.038	0.234
Adverse Impact	0.595	3.222
Vacancy\ (Over Established) Impact	(0.145)	(1.049)
Total Pay Variance - Unqualified Nursing (Fav)/Adv £m	0.449	2.173

Table 7 illustrates that the majority of adverse variance against non-qualified nursing assistants is due to an overspend of £2.655m on bank staff which is partly offset by an underspend against established posts.

Table 8 - Qualified Nursing Staff Pay Variance

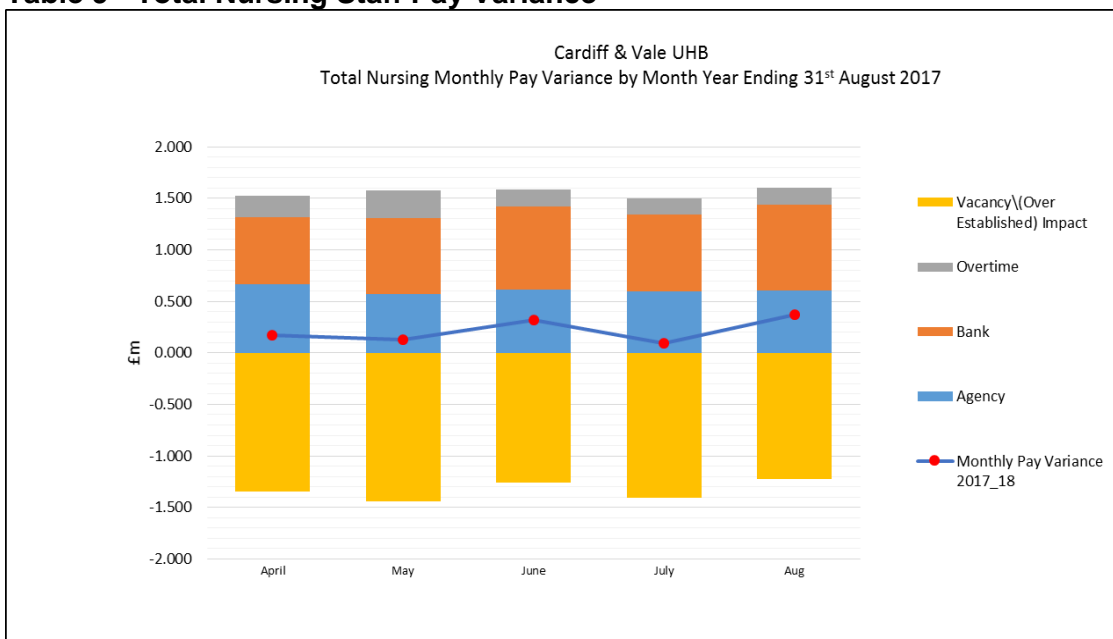


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Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.590	2.718
Bank	0.295	1.129
Overtime	0.119	0.709
Adverse Impact	1.004	4.557
Vacancy\ (Over Established) Impact	(1.081)	(5.636)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	(0.077)	(1.079)

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

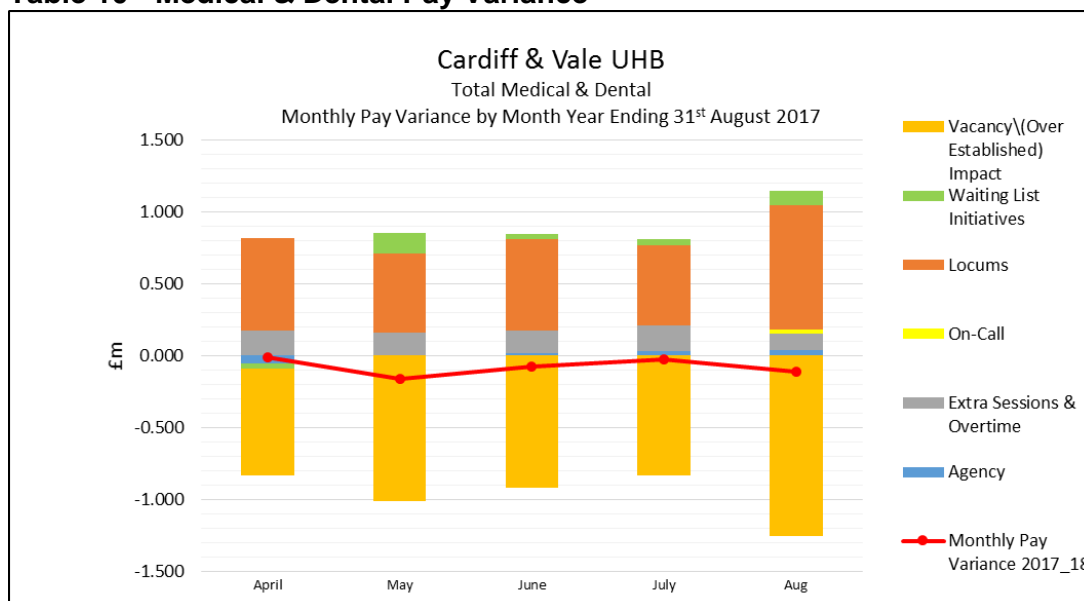


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.606	3.052
Bank	0.835	3.784
Overtime	0.157	0.943
Adverse Impact	1.599	7.779
Vacancy\ (Over Established) Impact	(1.226)	(6.685)
Total Pay Variance - (Fav)/Adv £m	0.372	1.094

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 £0.394m at month 5.

Table 10 - Medical & Dental Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.034	0.022
Extra Sessions & Overtime	0.117	0.789
On-Call	0.031	0.028
Locums	0.858	3.247
Waiting List Initiatives	0.102	0.275
Adverse Impact	1.142	4.362
Vacancy (Over Established) Impact	(1.254)	(4.755)
Total Pay Variance - Medical & Dental (Fav)/Adv £m	(0.112)	(0.394)

Non Pay

Table 11 shows the financial performance against non pay budgets.

8

Table 11: Non Pay Variance @ August 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	7.864	7.843	(0.021)	38.227	38.336	0.109
Commissioned Services	14.128	14.076	(0.051)	67.677	67.800	0.122
Continuing healthcare	5.020	5.100	0.080	24.605	24.785	0.180
Drugs / Prescribing	12.837	12.799	(0.039)	60.999	61.085	0.086
Establishment expenses	0.830	0.983	0.153	4.310	4.203	(0.107)
General supplies & services	0.668	0.639	(0.029)	3.105	3.299	0.194
Other non pay	3.097	3.113	0.016	12.107	12.594	0.486
Premises & fixed plant	3.058	2.970	(0.088)	14.432	14.159	(0.273)
Primary Care Contractors	10.582	10.522	(0.060)	55.505	55.532	0.027
Total £m	58.082	58.044	(0.038)	280.968	281.792	0.825

Table 11 highlights a £0.825m overspend against non pay budgets for the year to date.

NCSO price concessions have resulted in the UHB incurring an additional £1.2m of prescribing costs for the year to date. The pressure has been managed to date through the application of growth funding, reduced prescribing volumes, category M savings and an earlier than anticipated patent expiry. It is uncertain whether the additional cost can continue to be managed if the price concession continues in the long run.

Similarly the recent court judgement in respect of NHS funded nursing fees is expected to lead to a pressure between £1m to £4m (dependent upon rate increase and backdating). This pressure is not reflected in the UHB's forecast and is highlighted as a new risk.

The overspend in other non-pay is driven by pressures in Surgery, Lab Medicines 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 5 months to 31st August 2017 by Clinical Board is shown in Table 12.

Table 12: Financial Performance for the period ended 31st August 2017

Clinical Board	M4 Budget Variance £m	M5 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.128	0.087	(0.041)	0.20%
Children & Women	0.257	0.345	0.088	0.85%
Capital Estates & Facilities	(0.008)	0.006	0.014	0.02%
Dental	(0.012)	(0.038)	(0.026)	(0.23%)
Executives	(0.508)	(0.083)	0.424	(0.50%)
Medicine	0.439	0.434	(0.004)	0.95%
Mental Health	(0.064)	(0.074)	(0.010)	(0.25%)
PCIC	(0.427)	(0.659)	(0.233)	(0.54%)
Specialist	(0.321)	(0.454)	(0.133)	(0.72%)
Surgery	0.246	0.238	(0.008)	0.45%
Central Budgets	0.261	0.128	(0.133)	0.20%
SubTotal	(0.009)	(0.070)	(0.061)	(0.01%)
Planned Deficit	10.300	12.875	2.575	2.51%
Total	10.291	12.805	2.514	2.50%

The majority of Clinical Boards have broadly balanced month 5 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, sickness and specialising. Underperformance in PICU and NICU alongside premium costs of medical cover are pressures in the Children and Women Clinical Board. The deficit reported by the Surgery Clinical Board is primarily due to the early recognition of underperformance in orthopaedics and overspends on Wet AMD. 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 target 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 £26.191m 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 5

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	35.001	26.191	(8.810)

Further work continues to identify additional savings to deliver the plan. At the end of August the UHB needs to identify a further £8.8m of savings schemes as outlined in Table 13. Any shortfall against this will be phased into the position from month 7 onwards. The profiling of identified and unidentified savings is shown in **Appendix 2**.

For the year to date £9.567m of savings are profiled into the position, against which the UHB has delivered £9.567m leading to a balanced performance against programmed savings targets for the year to date. It should be noted that a number of identified corporate schemes are profiled into the last 6 months of the year.

Balance Sheet

The Balance sheet is shown in **Appendix 3** and the opening balances 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 main reason for the increase in trade debtors is the increase 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 primarily due to the 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)

Public Sector Payment Compliance

Performance of 89.9% to the end of August is less than the 95% target. The poor performance is partly related to the transition to the All Wales Nursing Contract and an additional backlog in payments to a transport provider. The UHB expects performance in relation to the All Wales Nursing Contract to gradually improve with the 1st August 2017 roll out of an automated ordering & receipting process that currently works well in respect of one supplier. A new authorisation process has been put in place with the transport provider which should prevent the backlog in payments re-occurring. In addition, the UHB has now agreed to implement a “No purchase order, No Pay” policy with the long term intention of improving the efficiency of invoice payments.

Capital Resource Limit (CRL)

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

Table 15: Progress against Capital Resource Limit @ August 2017

	£m
Planned Capital Expenditure at month 5	8.835
Actual net expenditure against CRL at month 5	7.262
Variance against planned Capital Expenditure at month 5	(1.573)

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

Financial Risks

The UHB remains on track to deliver the agreed £30.9m deficit subject to the final outcome of the two risks outlined below:

- The delivery of the savings target which will require the identification and delivery of a further £8.8m of savings schemes.
- A £1m to £4m increase in NHS Funded Nursing Care Fees following the Supreme Court judgement in respect of weekly fees. The extent of additional liability is dependent on the length of backdated payments and revised rate of payment. This risk is not currently included in the UHB's forecast outturn.

Key Concerns & Recovery Actions

At month 5, 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 5;

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 Escalation Process which is at Chief Executive level.

3. Concern - Against the £35.0m savings programme, £26.2m green and amber schemes are in place, leaving a gap of circa £8.8m to be identified.

Action - The UHB is undertaking further work to identify the residual £8.8m savings gap and this includes a detailed review of budgets and forecasts and consideration of a number of corporate schemes. Any shortfall against the residual savings gap will be phased into the position from month 7 onwards.

4. Concern – Increase in Funded Nursing care Fees.

Action – The risk is being assessed across Wales in terms of consistency of interpretation, liability and cost. This has not yet been concluded. If this is not funded by Welsh Government, it may impact up the UHBs ability to deliver its current forecast position.

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 requires the delivery of £35m financial savings to achieve a £30.9m deficit. Satisfactory progress has been made to date after the identification of £26.2m savings with a further £8.8m savings to be identified. A number of options and further opportunities have been identified to mitigate against this financial risk and these are being evaluated. In this context the UHB will continue to work closely with Welsh Government and share progress being made at its Targeted Intervention meetings. The UHB will also ensure good financial management processes remain in place to explore further options to support longer term financial sustainability.

The reported financial position for the five months to the end of August is a deficit of £12.805m. This is made up of a budget plan deficit of £12.875m and a favourable variance against plan of £0.070m.

Appendix 1

2017-18 Weekly Summary week commencing 21st August 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	955	-274	106	72	1,060	3	-379
Specialist Services	2,400	2,057	343	859	324	2,916	2.43	-516
Capital Estates and Facilities	1,244	1,255	-11	110	0	1,365	2.19	-121
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
Children & Women	1,775	1,438	337	373	456	1,812	2.04	-37
Mental Health	1,395	1,406	-11	0	45	1,406	2.02	-11
Medicine	1,878	1,604	274	275	94	1,879	2.00	-1
CD&T	1,880	1,499	381	384	125	1,883	2.00	-3
Dental	400	343	57	0	10	343	1.71	57
Non Delegated Schemes	17,668	400	17,268	8,458		7,516		10,152
Total	35,001	16,297	18,704	11,236	1,610	26,191		8,810

2017-18 Weekly Summary week commencing 21st August 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	1,031	16	0	45	1,031	1.48	16
CD&T	1,382	771	611	378	125	1,149	1.25	233
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	431	502	320	400	751	1.21	182
Children & Women	1,331	635	696	391	795	1,026	1.16	305
Medicine	1,408	1,562	-154	140	977	1,702	1.81	-294
Specialist Services	1,800	1,141	659	637	324	1,778	1.48	22
Corporate Execs	501	609	-108	87	16	696	2.08	-195
Non Delegated Schemes	17,668	400	17,268	2,250	0	2,650		15,018
Total	30,631	11,326	19,305	5,003	3,008	16,329		14,302

Appendix 2

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

	1 Apr £'000	2 May £'000	3 Jun £'000	4 Jul £'000	5 Aug £'000	6 Sep £'000	7 Oct £'000	8 Nov £'000	9 Dec £'000	10 Jan £'000	11 Feb £'000	12 Mar £'000	Forecast Year end Position £'000
Gross costs	103,244	101,554	110,313	109,081	110,590	110,961	111,588	112,308	112,261	113,571	112,392	139,183	1,347,045
Identified savings	-618	-1,481	-2,972	-1,757	-2,739	-1,793	-2,433	-2,086	-2,150	-2,120	-2,107	-3,936	-26,191
Unidentified savings required for stretch target							-979	-979	-1,468	-1,468	-1,958	-1,958	-8,810
Total savings required	-618	-1,481	-2,972	-1,757	-2,739	-1,793	-3,412	-3,065	-3,619	-3,588	-4,065	-5,894	-35,001
Net costs	102,626	100,073	107,341	107,324	107,851	109,168	108,176	109,243	108,642	109,983	108,327	133,289	1,312,043
Income (phased as per budget plan)	98,952	98,579	104,814	104,728	105,337	106,583	105,591	106,658	106,057	107,398	105,742	130,704	1,281,143
Net surplus/ (deficit)	-3,674	-1,494	-2,527	-2,596	-2,514	-2,585	-2,585	-2,585	-2,585	-2,585	-2,585	-2,585	-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 £23.3m of AME Donated Depreciation\Impairments profiled into month 12 and the expected settlement of LTAs

Appendix 3

BALANCE SHEET AS AT 31ST AUGUST 2017

	Opening Balance 1 st April 2017	Closing Balance 31 st August 2017
Non-Current Assets	£'000	£'000
Property, plant and equipment	628,042	631,571
Intangible assets	1,601	1,327
Trade and other receivables	42,437	41,263
Other financial assets		
Non-Current Assets sub total	672,080	674,161
Current Assets		
Inventories	15,129	16,518
Trade and other receivables	137,493	202,272
Other financial assets	0	0
Cash and cash equivalents	881	5,133
Non-current assets classified as held for sale	1,815	0
Current Assets sub total	155,318	223,923
TOTAL ASSETS	827,398	898,084
Current Liabilities		
Trade and other payables	157,516	144,550
Other financial liabilities	0	0
Provisions	102,277	168,824
Current Liabilities sub total	259,793	313,374
NET ASSETS LESS CURRENT LIABILITIES	567,605	584,710
Non-Current Liabilities		
Trade and other payables	10,207	9,985
Other financial liabilities	0	0
Provisions	44,615	37,860
Non-Current Liabilities sub total	54,822	47,845
TOTAL ASSETS EMPLOYED	512,783	536,865
FINANCED BY:		
Taxpayers' Equity		
General Fund	399,057	423,139
Revaluation Reserve	113,726	113,726
Total Taxpayers' Equity	512,783	536,865

Appendix 4

CASH FLOW FORECAST AS AT 31st AUGUST 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	67,086	77,642	69,092	75,182	84,642	68,722	79,582	27,328	843,738
WG Revenue Funding - Non Cash Limited (NCL)	1,830	1,830	1,150	1,410	1,610	1,815	1,375	1,610	1,610	1,610	1,610	2,107	19,567
WG Revenue Funding - Other (e.g. invoices)	2,360	2,360	2,506	2,361	2,361	2,331	2,331	2,331	2,331	2,331	2,331	7,164	33,098
WG Capital Funding - Cash Limit	9,000	2,000	1,000	2,100	3,900	2,950	1,900	3,900	3,800	1,822	1,722	2,092	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	31,459	41,803	24,666	31,648	38,514	26,497	30,543	35,297	395,802
Other - (Specify in narrative)	11,438	3,599	7,579	5,630	8,324	6,391	6,104	5,775	5,463	5,811	4,977	8,269	79,360
TOTAL RECEIPTS	149,044	96,943	144,167	106,988	114,740	132,932	105,468	120,446	136,360	106,793	120,765	82,257	1,416,903
PAYMENTS													
Primary Care Services : General Medical Services	5,249	4,042	8,318	3,992	3,986	5,416	4,035	4,035	5,447	4,035	4,035	5,447	58,037
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	7,945	15,712	0	7,760	15,520	0	7,760	7,760	93,086
Primary Care Services : General Dental Services	1,734	1,877	1,908	1,936	1,720	1,806	1,830	1,830	1,830	1,830	1,830	1,830	21,961
Non Cash Limited Payments	1,986	2,196	1,910	2,173	2,105	2,135	2,120	2,120	2,120	2,120	2,120	2,120	25,225
Salaries and Wages	45,715	47,104	47,578	46,857	46,825	46,788	46,794	47,001	46,665	46,788	47,227	47,322	562,664
Non Pay Expenditure	41,188	43,621	48,892	44,051	45,352	43,640	43,466	44,606	44,715	44,859	44,663	46,443	535,496
Capital Payment	9,738	1,925	1,323	1,802	3,587	2,974	3,256	3,912	3,811	3,760	3,848	2,066	42,002
Other items (Specify in narrative)	15,801	2,891	17,084	2,836	9,095	16,394	2,880	8,965	16,191	2,880	8,965	10,106	114,088
TOTAL PAYMENTS	137,092	103,782	142,252	103,763	120,740	135,000	104,516	120,364	136,434	106,812	120,718	123,364	1,454,837
Net cash inflow/outflow	11,952	(6,839)	1,915	3,225	(6,000)	(2,068)	952	82	(74)	(19)	47	(41,107)	
Balance b/f	881	12,833	5,994	7,909	11,134	5,134	3,066	4,018	4,100	4,026	4,007	4,054	
Balance c/f	12,833	5,994	7,909	11,134	5,134	3,066	4,018	4,100	4,026	4,007	4,054	(37,053)	

Independent Review of Financial Governance Within Cardiff and Vale University Health Board Undertaken by Deloitte - Recommendations/Action Plan 2017

1st Draft 08.08.17

Summary of Findings/Recommendations (as reported to Audit Committee)	Executive Lead	Management Response to date	Status (Describe)	Assurance Committee	Date Reported to Assurance Committee
Implement an Executive Director (ED) Team Development Programme to focus on further developing an effective team	Chief Executive	The Chief Executive is considering team development for later in the year. In the first instance, a weekly two hour Executive Director's "time out" - was established in July 2017. This will provide opportunities for Executive Team development	In progress	Formal Management Executive Meeting	Monthly review
Consider the appropriateness of the current ED responsibilities for Informatics and Information Technology	Chief Executive	Review to be completed by November 2017	In progress	Strategy & Engagement	Dec-17
Ensure there is allocated time within the current Board Development Programme to provide training and support to interpret financial management information, particularly for the new IMs	Executive Director of Finance	Supplementary training sessions introduced in 2017 for new IM's with further sessions planned this year.	Sessions started and to be completed for new Independent Members	Governance Coordinating Group	Dec-17
Introduce monthly Board meetings in addition to bi-monthly Board Development sessions to provide an opportunity for BMs to receive and challenge assurance reports, particularly from the Finance Committee	Chair	Not required. We have a monthly Finance Committee meeting which is working effectively and providing the financial scrutiny required. These assurances are then provided to each meeting of the Board	No further action required	Finance Committee/Board	Nov-17
Update the terms of reference of the Finance Committee to ensure that the Board Chair is not a member or the Chair of this committee, and all committee Terms of Reference to state that the Board Chair should attend each committee on a rolling basis	Chair	To be reviewed by end of October 2017 when new Independent Members identified. This will include review of Committee Membership including Chair of this Committee.	Awaiting new IMs to start to undertake review of Committee membership and Chairs	Board	Oct-17
Improve the committee reporting process to Board by ensuring the assurances or gaps in assurance are clearly drawn out from committee meetings, and co-locate the committee minutes/Executive Summary with the relevant ED report	Executive Directors	The Board and Committees paper template has a section on assurances to be provided and be further emphasized. In addition the governance coordinating group review regularly cross committee working and this recommendation will be also be brought to their attention	Completed	Board	Sep-17
Address areas for development identified within the Board and Finance Committee finance reports, such as inclusion of the underlying financial position, increased insight driving narrative, and greater integration of financial, operational performance and CIP information	Executive Director of Finance	Recent improvements will continue to be developed to incorporate issues highlighted	In progress	Finance Committee	Apr-18
Develop more detailed budget setting guidance, supporting increased transparency in budget allocation to Clinical Boards, directorates and cost centres and strengthened ownership for delivery. This should include more direct linkage between expenditure budgets and activity and productivity targets	Executive Director of Finance	Consideration for incorporation into 2018/19 budget setting process. Budget setting guidance to be developed and to be introduced in January 2018 for implementation in new financial year linked to activity	In progress	Finance Committee	Jan-18
Introduce a formal budget sign-off process at Clinical Board and directorate level, supporting increased understanding of budgets allocations and more explicit ownership for delivery	Executive Director of Finance	The practicality of this will be explored v benefits derived	In progress	Finance Committee	Apr-18
Consider simplification of the range of Cost Reduction Programmes, articulating and communicating the objectives of individual initiatives and their interrelationship across the organisation	Executive Director of Finance	Primary budget holder will be requested to provide information in performance meetings and implemented from January 2018	In progress	Finance Committee	Jan-18
Investigate and assess cross-cutting and transformational cost reduction opportunities, including identification of underpinning initiatives and quantification of financial impact. Prioritise initiatives and develop plans for implementation, including mechanisms to support and incentives cross-CB implementation at pace	Executive Director of Finance	1. Cross Cutting items forecast reduction already in place. 2. Transformation opportunities will be part of this implementation including cross CB working.	Completed	Finance Committee	October 2017
Define future finance function focus, required skills and capabilities, to allow the function to act as a key enabler for implementation of the IMTP	Executive Director of Finance	Ongoing as part of all Wales NHS finance staff development, clear working with planning department established	Completed	Finance Committee	Oct-17

Independent Review of Financial Governance Within Cardiff and Vale University Health Board Undertaken by Deloitte - Recommendations/Action Plan 2017

1st Draft 08.08.17

Determine future planning function required in the organisation to both develop an approved IMTP, with balanced financial plan and deliver its implementation	Chief Executive	Strengthen planning function to enable additional finance planning capacity. Review of Corporate resources being undertaken in October 2017	In progress	Management Executive	Nov-17
Determine the future PMO function, including focus, skills and capabilities, establishing a function that will act as a critical enabler for implementation of the IMTP and financial recovery at increased pace	Executive Director of Strategic Planning	Review to be implemented and completed by end of October 2017. For discussion with the Chief Executive	In progress	Director of Planning / Chief Executive	Nov-17
Develop an enhanced financial strategy taking account of expected demand, capacity, service, corporate and wider transformational changes (short, medium and longer term)	Executive Director of Finance	Will be incorporate into an integrated improved IMTP process	As per IMTP implementation dates	Management Executive/Board	Nov-17
Ensure regular Board level scrutiny of financial risks within the 2017-18 financial plan and actions in place to mitigate these	Executive Director of Finance	Scrutiny taken place already but level of scrutiny to be increased - training planned for Board members October 2017. Risk Register and assurances provided to the Board by Chair of Finance Committee	Completed	Board	Nov-17
Create opportunities for Clinical Board leadership teams to share information to ensure that good practice can be shared widely. The EDs have a role to play in this as part of their oversight of operational structures	Executive Directors	To be included in Performance Reviews, commencing September 2017	Completed	Management Executive	Nov-17
Ensure that there is a coordinated approach to leadership development for the Clinical Board and Clinical Directorate leadership team, including arrangements for specific finance focused training	Chief Operating Officer	To be discussed with the new Director of Workforce and Organisational Development when in post (October 2017)	In progress	Performance Reviews	Jan-17
Clarify the trigger point(s) for a Clinical Board to be placed into protected administration, and ensure that all CB leadership teams understand this	Chief Executive	Discussed at Executive Directors 'Time Out' on 28 July 2017. Chief Executive review of escalation processes in progress	In progress - further reviewed planned	Audit Committee	Nov-17
Ensure the Clinical Board Performance Review Meetings are both challenging and supportive, and focused on clear, timely actions to address areas of concern	Chief Executive	Management Executive to review performance reviews	In progress	Management Executive	Oct-17
Use the opportunity of the new CEO to reconsider the focus of Health Services Management Board to ensure that it fulfils its role as the key forum to oversee all aspects of operational delivery	Chief Executive	HSMB to be reviewed by Chief Executive by end of October 2017	In progress	Management Executive	Oct-17
Improve the quality of Clinical Board performance information, including drilling down to directorate level metrics with a supporting narrative	Chief Operating Officer	To be considered as part of the Performance Reviews	In progress	Management Executive	Nov-17



2017-18 Cost Reduction Programme	
Name of Meeting : Finance Committee	28 th September 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 £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.	
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	

ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

- **NOTE** the progress against the 2017/18 CRP target

INTRODUCTION

This report summarises progress against the UHB savings programme of £35.001m and updates the Finance Committee on the 2017/18 CRP position.

PROGRESS AGAINST TOTAL CRP REQUIREMENT 2017-18

As at 11th September 2017, £26.191m of opportunities have been identified as Green or Amber. Against the total savings target of £35.001m.

The value of Green schemes is £17.596m and Amber schemes £8.595m.

There remains an unidentified shortfall against the savings plan of £8.810m. Any remaining shortfall will be profiled into the position from month 7 onwards.



PROGRESS AGAINST DEVOLVED CRP 2017-18

As at 11th September 2017, £18.711m of opportunities have been identified as Green or Amber. Against the devolved CRP target of £17.333m.

The value of Green schemes is £17.196m and Amber schemes £1.515m.

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	330	Red
2	Medicines Management	Graham Shortland	Darrell Baker	Lynne Aston	Laurence James	Corporate Medicines Management Group	2,000	2,629	Green
3	Nursing Productivity	Ruth Walker	Ruth Walker	Lynne Aston	Laurence James	Nursing Productivity Group	1,500	663	Red
4	Procurement (Non pay influence and Control)	Bob Chadwick	Claire Salisbury	Chris Lewis	Claire Salisbury	Cross Cutting	2,000	1,882	Amber
5	Workforce Productivity	Julie Cassley	Julie Cassley	Andrew Gough	Andrew Crook	Workforce Productivity Group	1,000	403	Red

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

As at 11th September 2017, £5.907m 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.



SUMMARY

To date the value of Green and Amber schemes identified totals £26.191m against the delegated £35.001m target. There remains an unidentified shortfall of £8.810m.

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 1st October. Currently the percentage split is 99% Green and 9% Amber.

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

Appendix A -Tables Showing 2017/18 CRP Progress At 11th September 2017

CRP progress month ended 31st August 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	15,897	1,436	1,610	17,333	0
Transformation and Stretch Target	17,668	400	8,458	0	8,858	8,810
Total Savings	35,001	16,297	9,894	1,610	26,191	8,810

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
M/E 31 st August	17,668	400	8,458	0	8,858	8,810

Devolved CRP Weekly Summary week commencing 11th September 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	941	-260	106	72	1,046	3.07	-365
Specialist Services	2,400	2,636	-236	311	324	2,947	2.46	-547
Capital Estates and Facilities	1,244	1,255	-11	110	0	1,365	2.19	-121
PCIC	3,323	3,327	-4	226	450	3,553	2.14	-230
Surgery	2,357	2,320	37	155	35	2,475	2.10	-118
Children & Women	1,775	1,527	248	285	420	1,813	2.04	-38
Mental Health	1,395	1,406	-11	0	45	1,406	2.02	-11
Medicine	1,878	1,766	112	112	94	1,879	2.00	-1
CD&T	1,880	1,674	206	209	125	1,883	2.00	-3
Dental	400	344	56	0	10	344	1.72	56
Cross Cutting Schemes					2,330			
Total	17,333	17,196	137	1,515	3,904	18,711	2.16	-1,378

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Devolved CRP Weekly Summary week commencing 11th September 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	1,031	16	0	45	1,031	1.48	16
CD&T	1,382	946	436	203	125	1,149	1.25	233
Dental	300	57	243	0	20	57	0.29	243
Surgery	1,768	1,758	10	234	147	1,992	1.69	-224
Capital Estates and Facilities	933	431	502	320	400	751	1.21	182
Children & Women	1,331	831	500	518	723	1,349	1.52	-18
Medicine	1,408	1,581	-173	121	977	1,702	1.81	-294
Specialist Services	1,800	1,365	435	450	324	1,815	1.51	-15



Corporate Execs	501	609	-108	87	16	696	2.08	-195
Total	12,963	11,848	1,115	2,207	2,936	14,055	1.63	-1,092

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	275	725	55	37	330	670	67%
Medicines Management	2,000	2,036	-36	593	625	2,629	-629	-31%
Nursing Productivity	1,500	663	837	0	73	663	837	56%
Procurement	2,000	1,752	248	130	93	1,882	118	6%
Workforce Productivity	1,000	393	608	11	11	403	597	60%
Total	7,500	5,118	2,382	789	839	5,907	1,593	21%

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	272	728	61	37	333	667	67%
Medicines Management	2,000	2,532	-532	799	335	3,331	-1,331	-67%
Nursing Productivity	1,500	1,028	472	0	946	1,028	472	31%
Procurement	2,000	1,728	272	194	200	1,922	78	4%
Workforce Productivity	1,000	361	640	11	11	371	629	63%
Total	7,500	5,921	1,579	1,064	1,529	6,985	515	7%

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Appendix B – 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



Finance Risk Register	
Name of Meeting : Finance Committee	28 th September 2017
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report sets out the financial risks to be managed to support delivery of the financial plan which supports the one year operational plan.	
Financial impact: 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.	
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 risks highlighted within the risk register
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INTRODUCTION

This report highlights the Finance Risk Register risk categorisation as at 28th September 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 28 September 2017
Extreme Risk	20 - 25	1
High Risk	12 - 16	4
Moderate Risk	4 - 10	7
Low Risk	1 - 3	4

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			Review Completed By	Comments	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 £3.0m	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.	2	2	4	Adequate but more Action Required		2	1	2	Sep-17	Assistant Director of Finance	Overall the risks are being managed but some Clinical Boards still have forecast operational overspends.	Oct-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.	2	1	2	Optimum Controls/NFA 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.	2	1	2	Sep-17	Assistant Director of Finance	Complete. £13.0m recurrent CIP identified	Oct-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	2	8	Adequate but more Action Required		4	2	8	Sep-17	Assistant Director of Finance	Scale of risks reducing	Oct-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.	2	1	2	Optimum Controls/NFA Required		2	1	2	Sep-17	Assistant Director of Finance	Complete. Non recurrent opportunities identified	Oct-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	4	12	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	3	9	Sep-17	Assistant Director of Finance	Part of the overall savings shortfall of £8.8m	Oct-17	The Board	Director of Finance	Finance Committee
Finance	Fin06/17	Apr-17	Deliver RTT within £10.5m resources available	Fortnightly meetings chaired by the Chief Operating Officer. Monthly Financial Clearance Meeting.	3	2	6	Adequate but more Action Required	Monthly progress report to be received through performance review meetings.	3	2	6	Sep-17	Assistant Director of Finance		Oct-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	Sep-17	Assistant Director of Finance		Oct-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	Sep-17	Assistant Director of Finance		Oct-17	The Board	Director of Finance	Finance Committee
Finance	Fin09/17	Apr-17	Commissioning Risks	Regular performance/LA meetings with other providers/WHSSC and internal commissioning group.	3	2	6	Adequate but more Action Required	Monitoring of position to ensure any management action required is identified.	3	2	6	Sep-17	Assistant Director of Finance		Oct-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	Adequate but more Action Required	None	3	4	12	Sep-17	Assistant Director of Finance	To be managed within recurrent risk mitigation reserve	Oct-17	The Board	Director of Finance	Finance Committee
Finance	Fin11/17	Apr-17	Birthrate plus compliance £0.1m	Not included within 2017/18 financial plan but is being managed within the resources available.	1	1	1	Optimum Controls/NFA Required	None	1	1	1	Sep-17	Assistant Director of Finance	Managed within investment reserve	Oct-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	2	4	Adequate but more Action Required	None	2	3	6	Sep-17	Assistant Director of Finance	Latest calculations contain no risk to the UHB.	Oct-17	The Board	Director of Finance	Finance Committee
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	Detailed review of budgets, forecasts and opportunities being undertaken. In addition further cross UHB cost containment and cost reduction actions are being developed.	4	3	12	Sep-17	Assistant Director of Finance	Part of the overall savings shortfall of £8.8m	Oct-17	The Board	Director of Finance	Finance Committee
Finance	Fin14/17	Sep-17	Funded nursing care increase resulting from supreme court judgement Est. £1m - £4m depending on scale of liability and backdating	Not included within 2017/18 financial plan or within the forecast position.	3	4	12	Adequate but more Action Required	Work in being coordinated across NHS Wales to determine liability and financial impact of decision.	3	3	9	Sep-17	Assistant Director of Finance	This is a new risk affecting all LHs across Wales	Oct-17	The Board	Director of Finance	Finance Committee
Finance	Fin15/17	Sep-17	Neuro Interventional Radiology outsourcing £0.5m	Not included within 2017/18 financial plan but is being managed in the Clinical Board plans	2	5	10	Adequate but more Action Required	Risk exposure to be managed by the Clinical Board.	2	5	10	Sep-17	Assistant Director of Finance		Oct-17	The Board	Director of Finance	Finance Committee
Finance	Fin16/17	Sep-17	Drugs dispensed in primary care NCSO (No cheaper stock obtainable) £2.5m	Not included within 2017/18 financial plan but currently being managed by surplus growth monies available.	3	4	12	Adequate but more Action Required	The risk need to be reviewed on a monthly basis.	3	3	9	Sep-17	Assistant Director of Finance	This is forecast to last 5 months only.	Oct-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

11.1

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 breeches in statutory duty Improvement prohibition notices Critical report	Multiple breeches 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

11.1

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 <u>not</u> 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