

**FINANCE COMMITTEE MEETING**  
**9.00am on 3<sup>rd</sup> January 2018**  
**Large Meeting Room, Headquarters, UHW**

**AGENDA**

<b>PART 1: ITEMS FOR ACTION</b>		
1	Welcome and Introductions	<i>Oral - Chair</i>
2	Apologies for Absence	<i>Oral - Chair</i>
3	Declarations of Interest	<i>Oral – Chair</i>
4	<a href="#">Minutes of the meeting held on 30<sup>th</sup> November 2017</a>	<i>Chair</i>
5	<a href="#">Action Log</a>	<i>Chair</i>
6	Financial Plans 2018/19 to 2020/21	<i>Presentation - Chris Lewis</i>
7	<a href="#">Finance Report as at Month 8</a>	<i>Chris Lewis</i>
8	<a href="#">Cost Reduction Programme and Cross Cutting Themes</a>	<i>Andrew Gough</i>
9 9.1	<a href="#">Finance Risk Register (word)</a> <a href="#">Finance Risk Register (excel)</a>	<i>Andrew Gough</i>
<b>PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD</b>		
10	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
11	Date, time and venue of the next meeting of the Finance Committee: 9.00am on Wednesday 24 <sup>th</sup> January 2018, Large Meeting Room, HQ, UHW	<i>Oral - Chair</i>

**UNCONFIRMED MINUTES OF THE FINANCE COMMITTEE****HELD ON 30<sup>th</sup> NOVEMBER 2017****LLANDOUGH BOARDROOM****Present:**

Len Richards	Chief Executive
John Union	Chair (Finance Committee)
Maria Battle	Chair (Heath Board)
Dr Sharon Hopkins	Director of Public Health
Bob Chadwick	Executive Director of Finance
Ruth Walker	Executive Nurse Director
Steve Curry	Chief Operating Officer
Martin Driscoll	Director of Workforce
Charles Janczewski	Vice Chair
John Antoniazzi	Independent Member
Andrew Gough	Assistant Director of Finance (Transformation & Planning)

**In Attendance:****Secretariat:**

Paul Emmerson	Finance Manager
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**FC – 18/123 WELCOME AND PURPOSE OF THE COMMITTEE**

The Chair welcomed everyone to the meeting.

**FC – 18/124 APOLOGIES FOR ABSENCE**

Apologies were received from Abigail Harris and Peter Welsh.

**FC – 18/125 DECLARATIONS OF INTEREST**

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

**FC – 18/126 MINUTES OF THE FINANCE COMMITTEE HELD ON 31<sup>ST</sup> OCTOBER 2017**

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 31<sup>st</sup> OCTOBER 2017.

## **FC - 18/127 ACTION LOG FOLLOWING THE LAST MEETING**

The Committee **RECEIVED** the Action Log from the meeting of 31<sup>st</sup> October 2017 and **NOTED** the following:

**FC 18/114** – The Draft 2018/19 – 2020/21 Financial Plan presented to the Finance Committee on the 28th September 2017 was re-circulated to Finance Committee members on 22 November 2017.

**FC 18/116** – A risk share proposal for the neuro-interventional radiology service was sent to WHSSC on 2nd November and initial response received on 3rd November. Further discussions are taking place between WHSSC Directors to determine the level of support for this.

**FC 18/118** - The two Health Boards to have implemented the No Purchase Order (PO)/No Pay” policy are Aneurin Bevan and Hywel Dda. Aneurin Bevan was visited on 1st November and Hywel Dda had to cancel the planned meeting which is now re-scheduled for 17th January.

**FC 18/119** - The Health Services Management Board (HSMB) has taken on the role of the Transformation Board in order to secure the ownership and full involvement of all of the Clinical Boards and Corporate Departments. The HSMB meets monthly and has a dedicated section on transformation at the beginning of each agenda.

**FC 18/120** - The timetable for the roll out of budget manager training programme across the organization has been added to the risk register.

## **FC - 18/128 FINANCE REPORT AS AT MONTH 7**

The Deputy Director of Finance presented the UHB's financial performance to month 7. The UHB recorded a £17.963m deficit at the end of month 7 and remained on track to stay within the planned year end deficit of £30.900m. A further £4.3m of savings had been identified in month which meant that the UHB now had a fully developed £35.001m savings plan.

The deficit at month 7 was broadly in line with the plan being made up as follows:

- (£0.062m) favourable budget management variance
- £18.025m planned deficit (7/12<sup>th</sup> of £30.900m)

Performance against income targets improved by £0.006m in month leaving a cumulative over recovery against targets of £0.215m.

A £1.363m cumulative month 7 pay underspend and in month underspend of £0.176m was reported with all pay groups with the exception of unregistered nurses having a year to date and in month underspend in October. The UHB has plans in

place to reduce the premium cost of covering vacancies which is driving the overspend in unregistered nursing. The Director of Nursing confirmed that the overspend against unregistered nursing was partly due to the use of health care support workers to cover for registered nursing vacancies. The UHB was focussing on better rostering, reducing sickness, minimising the use of off contract agencies and increasing the percentage of filled substantive registered nursing groups to drive an improvement in the position. The majority of work is currently concentrated on the Medicine Clinical Board. The Director of Workforce indicated Workforce and Organisational Development Delivery Plans would be scrutinized by the UHB's Resource and Delivery Committee.

A cumulative overspend of £1.516m and an in month overspend of £0.162m was reported against non-pay budgets in October. The Committee was informed that the risks around NCSO drugs and cost of outsourcing the neuro-interventional radiology service remained. In month pressures had been observed against clinical supplies, theatres and blood products. The favourable in month surplus against commissioned services was primarily due to a re-assessment of projected outturn against WHSCC commitments.

All Clinical Boards remained on track to deliver their forecast year end position and all had balanced plans with the exception of CD&T which was working to deliver the best possible position in light of the additional costs arising from the outsourcing of the neuro interventional radiology service.

The Committee was informed that the UHB now had a full savings programme following confirmation of a £1.5m rebate in relation to catering and additional savings in medicines management and clinical productivity. The Deputy Director of Finance also confirmed that all Clinical Boards had met their in year savings targets, however a number of 2017/18 savings were non recurrent and would not reduce the UHB's c/f underlying deficit.

The c/f deficit from 2017/18 into 2018/19 is a key risk for the UHB. The underlying deficit in 2016/17 b/f into 2017/18 was £54.5m and the assessed deficit c/f into 2018/19 was currently £0.5m higher at £55m. A number of the 2017/18 opportunities including the profits on disposals of assets no longer required that enabled the UHB to reduce the planned deficit to £30.9m in 2017/18 would not be available to the UHB next year and in this context the UHB had already started the process to develop financial plans for the next 3 year planning cycle in detail. For the record the Director of Finance had written Welsh Government outlining the reasons underpinning the UHB's underlying deficit as identified by Appendix 6 of the Finance Report.

The Committee agreed that a copy of the letter should be relayed to all Board Independent Members for information.

**ACTION: Director of Finance**

The Director of Finance confirmed that a summary of the 2018/19 – 2020/21 Financial Plan would be brought to the next Finance Committee and the Committee agreed that an invite to the Committee would be extended to all Board members Executive Officers.

The Deputy Director of Finance drew attention to the UHB's cash position and the Welsh Government (WG) requirement to obtain formal Board recognition and approval for the UHB's request for cash assistance for 2017/18. The UHB's Board of the 30th November 2017 would therefore be asked to support and approve a request to Welsh Government for £36.423m cash assistance based on month 7 estimates of £29.389m strategic cash support and £7.034m working balances cash support. It was noted that the UHB's requirement for cash assistance was primarily driven by the UHB's planned deficit. On consideration of the reasons underlying the request for cash assistance the Finance Committee agreed that it supported the request for formal Board approval of the UHB's request for cash assistance for 2017/18.

The Committee was informed that the impact of the increase in NHS Funded Nursing Fees following the Supreme Court judgement (risk of up to £4m), the continuing costs of NCSO drug concession (risk of up to £1.7m) and the potential costs of a severe winter in excess of the £1.5m set aside (risk of up to £0.5M) were the main risks to the achievement of the financial plan.

The increase in NHS Funded Nursing Care Fees was an All Wales issue and Welsh Government support would be requested. It was also noted that the NCSO drug pressure was a national issue over which the UHB had no discretion. The Director of Operations confirmed that building on the experience of previous year, the UHB had developed a strong winter plan to keep patients safe within the planned resource available.

The key concerns and remedial actions around budget overspends, financial risks and the underlying deficit were outlined to the Committee.

**LIMITED ASSURANCE** was provided by:

- The work that has been undertaken to develop the 2017/18 operational plan;
- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 7 position which is broadly on line with the profiled deficit within the financial plan;
- The identification of a full £35m savings programme.

The Finance Committee:

- **NOTED** that the UHB has a one year operational plan that has a planned deficit of £30.900m for the year;
- **NOTED** the £17.963m deficit at month 7 which includes a planning deficit of £18.025m and budget underspends of (£0.062m);
- **NOTED** that the UHB now has a savings plan that is fully identified;

- **NOTED** the key risks that are outside the current expenditure projection that need to be managed;
- **APPROVED** a request to Welsh Government for £36.423m cash assistance.

### **FC - 18/129 Cost Reduction Programme**

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

- As at 31<sup>st</sup> October 2017, a full savings programme of £35.001m was in place.
- All Clinical Boards had reached their 2017/18 devolved CRP target. Clinical boards that had not reached their recurrent CRP targets were subject to further scrutiny.
- At the end of October, £ 7.580m of recurrent full year effect cross cutting opportunities had been identified as Green or Amber. This was positive going forwards and it was expected that the model and process for developing and implementing cross cutting opportunities would continue next year.

The Finance Committee:

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

### **FC - 18/130 REVIEW OF FINANCIAL REPORTING**

The Deputy Director of Finance outlined the UHB's response to the Wales Audit Office report titled 'Comparative review of NHS financial reporting – Cardiff and Vale University Health Board'. The report highlighted where UHB reporting followed good practice and outlined 4 areas where the UHB could improve reporting. The Committee was informed of the actions and improvements that had already been put in place by the UHB each of the four areas identified.

The Finance Committee meeting agreed that the WAO Report 'Comparative review of NHS financial reporting – Cardiff and Vale University Health Board' should be circulated to Finance Committee Members.

#### **ACTION: Secretariat**

The Finance Committee also asked the UHB to write to WAO to share the actions taken in response to the report.

#### **ACTION: Director of Finance**

**ASSURANCE** was provided by:

- The review of the main Wales Audit Office (WAO) findings of the UHB financial reporting and the update provided in this report.

The Finance Committee:

- **NOTED** the main finding of the Wales Audit Office Report;
- **NOTED** and **SUPPORTED** the actions that have been taken to make improvements in Financial Reporting.

### **FC - 18/131 FINANCIAL GOVERNANCE REVIEW PROGRESS REPORT**

The Deputy Director of Finance presented a report summarising the progress made against the action plan agreed by the Board at its September 2017 meeting in response the Welsh Government commissioned independent financial governance review of Cardiff and Vale University Health Board undertaken by Deloitte LLP.

Each of the 22 key recommendations arising from the review were listed in the report. 9 of the recommendations had been actioned and completed (RAG rated green) and reasonable progress had been made against the other 13 (RAG rated amber).

Further updates would be brought back to the committee on a **periodic basis**.

**ASSURANCE** is provided by:

- The report which is an independent review of the financial governance of Cardiff and Vale University Health Board carried out by Deloitte LLP;
- The action plan prepared and agreed by the Board at its September 2017 Board Meeting to address the key findings and recommendations of the report.
- The monitoring of progress being made against the action plan by the Finance Committee.

The Finance Committee:

- **NOTED** the progress being made against the action plan;
- Would **PROVIDE** assurance to the Board on the action that is being taken and the progress that is being made.

### **FC - 18/132 CLINICAL BOARD FINANCIAL PLANS 2018/19 TO 2020/21 PROGRESS REPORT**

The Deputy Director of Finance informed the Committee that the UHB's IMTP process required Clinical Boards to produce balanced 3 year financial plans that integrated service, workforce and finance strategies. Clinical Boards had been requested to submit first draft three year IMTPs by the 9<sup>th</sup> November 2017 within a

prescribed UHB wide framework that included financial assumptions around the management of key financial drivers such as savings programmes, cost pressures and investments. The UHB expects to use the Clinical Board plans to produce a consolidated plan to include proposals to move towards financial sustainability for consideration by the Board in March.

Progress to date varied across Clinical Boards and the Deputy Director of Finance indicated that the first draft had assessed local pressures of £6m within Clinical Boards that would need to be managed. This pushed the total savings requirement up to 2.7% on average. To date £12.9m savings equivalent to 1.49% had been identified, however this should be treated caution as £10.7m are red schemes and £2.2m are green and amber. Clinical Boards had identified growth pressures of £14.7m for which there is an expectation of funding. The identified growth pressures excluded pay inflation, some areas of growth in NICE drugs, corporate pressures in commissioning, investments and contractual uplifts to primary care contractors.

The Committee were advised that scrutiny of the initial draft would focus on the issues described above.

It was noted by the Chief Executive that initial plans had been drafted relatively early and that wider engagement and further integration with workforce and service plans was essential. The Director of Public Health emphasised that finance should not be the sole driver of plans and that evidence suggested that saving plans were more readily achieved when supported by staff and linked to patient care and advances in medical practice.

The Director of Operations stressed that it was important that the plan addressed the reality of providing services to a population which was continuing to increase and stated that future strategy must work across Clinical Boards. The Chief Executive and Chair highlighted that whilst the UHB must continue plans to reach financial balance the plan should be realistic so that the culture of safety and control that had been developed was maintained. In this context the Director of Public Health confirmed that all future UHB service plans will consider the impact on quality, resource and activity before progressing. The Nurse Director indicated that future plans would also need to address the Nurse Staffing Levels (Wales) Act 2016.

The Director of Finance confirmed that a summary of the 2018/19 – 2020/21 Financial Plan would be brought to the next Finance Committee and the Committee agreed that an invite to the Committee would be extended to all Board members Executive Officers.

**ACTION:** Director of Finance

**LIMITED ASSURANCE** is provided by:

- The partial progress that has been made in developing balanced plans for 2018/19 and beyond.

The Finance Committee:

- **NOTED** the progress that has been made;
- **SUPPORTED** the next steps that need to be taken to make further progress.

#### **FC - 18/133 Risk Register**

The Assistant Director of Finance (Transformation & Planning) presented the risk register to the Finance Committee and asked the Committee to endorse the removal of 5 risks from the risk register where optimum controls are in place

**The Finance Committee:**

- **NOTED** the risks highlighted within the risk register
- **ENDORSED** risks to be removed from register where optimum controls are in place

#### **FC - 18/134 Items to bring to the attention of the Board/Other Committees**

No other items to bring to the main Board.

#### **FC - 18/135 Date and time of next meeting**

Wednesday 3<sup>rd</sup> January; 9.00am; Large Meeting Room, UHW

## FINANCE COMMITTEE

ACTION LOG FROM 30<sup>th</sup> NOVEMBER 2017

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC 18/128	30.11.17	Underlying deficit of £54.5m bf to 2017/18	Analysis of key recent causes of the underlying deficit as set out in the letter to Welsh Government of 12 July 2017 to be relayed to Independent Members	Director of Finance	Complete. The letter was relayed to Independent Board members who are not Finance Committee Members on 21.12.2017
FC 18/130	30.11.17	Review of Financial Reporting	WAO Report 'Comparative review of NHS financial reporting – Cardiff and Vale University Health Board' to be circulated to Finance Committee Members	Secretariat	Complete. Report circulated to members on 08.12.2017
FC 18/130	30.11.17	Review of Financial Reporting	UHB to confirm in writing to WAO the actions taken in response to the WAO report; 'Comparative review of NHS financial reporting – Cardiff and Vale University Health Board'.	Director of Finance	Complete. Copy of report which included actions taken forwarded to WAO on 05.12.2017.
FC 18/132	30.11.17	Draft 2018/19 – 2020/21 Financial Plan	Draft 2018/19 – 2020/21 Financial Plan to be included on the Finance Committee on the 3rd January 2018	Director of Finance	Complete. IMTP Progress Report on agenda for 3rd January 2018
FC 18/132	30.11.17	Draft 2018/19 – 2020/21 Financial Plan	All Board Independent Members (IMs) and UHB Executive Officers to be invited to Finance Committee on January 3 <sup>rd</sup> to consider the IMTP Progress Report	Director of Finance	Complete. Invitation extended on 05.12.2017 with follow up outline of the meeting agenda on 14.12.2017
FC 18/133	30.11.17	Risk Register	Risks Fin02/17, Fin04/17, Fin08/17, Fin11/17 & Fin12/17 to be removed from the risk register	Assistant Director of Finance	Complete.

			where optimum controls are now in place:	(Transformation & Planning)	
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<b>FINANCE REPORT FOR THE PERIOD ENDED 30<sup>th</sup> NOVEMBER 2017</b>	
<b>Name of Meeting :</b> Finance Committee	<b>Date:</b> 3rd January 2018
<b>Executive Lead :</b> Executive Director of Finance	
<b>Author :</b> Deputy Director of Finance 02920 743555	
<b>Caring for People, Keeping People Well:</b> This report details performance against the annual financial plan supporting the UHB to deliver service priorities, maximise patient outcomes whilst maintaining the sustainability of services.	
<b>Financial impact:</b> The UHB financial position at the end of November 2017 is a deficit of £20.444m comprised of the following: <ul style="list-style-type: none"> <li>• (£0.156m) favourable budget variance;</li> <li>• £20.600m planned deficit (8/12th of £30.900m).</li> </ul>	
<b>Quality, Safety, Patient Experience impact:</b> This report details financial performance against the one year operational plan which supports improvements in quality, safety and patient / carer experience.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed:</b> Not applicable	

#### ASSURANCE AND RECOMMENDATION

**LIMITED ASSURANCE** is provided by:

- The work that has been undertaken to develop the 2017/18 operational plan;
- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 8 position which is broadly in line with the profiled deficit within the financial plan;
- The identification of a full £35m savings programme.

The Finance Committee is asked to:

- **NOTE** that the UHB has an one year operational plan that has a planned deficit of £30.900m for the year;
- **NOTE** the £20.444m deficit at month 8 which includes a planning deficit of £20.600m and budget underspends of (£0.156m);
- **NOTE** that the UHB now has a savings plan that is fully identified;
- **NOTE** the key risks that are outside the current expenditure projection that need to be managed;
- **NOTE** that the UHB will continue to inform Welsh Government of cash assistance requirements through the monthly monitoring return.

#### SITUATION

The UHB remains on target to meet the £30.9m planned deficit which now includes a fully identified £35.0m savings plan. This is however dependent upon maintaining delivery of identified savings, the containment of operational cost pressures and the

management of financial risks. To deliver its forecast position the UHB has some key risks which sit outside the plan that will need to be managed. These include:

- The impact of increased NHS funded nursing care fees following the Supreme Court judgement currently estimated at £0.941m in year costs and £ 2.705m back dated costs;
- The potential cost of a severe winter of circa £0.5m;
- The continued exceptional cost of £1.4m for NCSO drugs;

## BACKGROUND

The UHB submitted a financial plan to Welsh Government on 10th March 2017 which had a deficit of £45.873m. The plan was reconsidered by the UHB at its Board meeting on the 25th May 2017 where it was agreed to work towards a stretch target to deliver a position no worse than the £30.9m forecast position in 2016/17.

The opening underlying deficit position was £54.5m and whilst the UHB has been working towards delivering a £30.9m deficit, many items needed to achieve this are non recurrent. At month 8, the assessed underlying deficit to be carried forward into 2018/19 is £55.0m.

This report has been prepared against the 2017/18 planned deficit of £30.9m. A summary of this plan is provided in table 1.

**Table 1: Revised Operational Plan 2017/18 @ November 2017**

	Financial Plan
	£'000
<b>Draft Financial Plan @ Jan 2017</b>	<b>-69,685</b>
Risk Adjustments and Transformation Opportunities	23,812
<b>Risk Adjusted Plan @ March 2017</b>	<b>-45,873</b>
Additional In Year Identified Savings @ November 17	14,973
<b>Financial Plan with Stretch Target: surplus / (deficit)</b>	<b>-30,900</b>

## ASSESSMENT AND ASSURANCE

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

**Table 2: Finance Dashboard @ November 2017**

Finance Dashboard	Statutory	Standard	Performance		In Month	Year to Date	Month 8 Full Year Forecast
			Target	Year to Date			
							RAG Rating
Remain within revenue resource limit - Variance Adv/(Fav)	Yes	£0	£2.481m	£20.444			
Reduction in underlying deficit c/f to 18/19 (£54.5m b/f to 17/18)		£0	Nil	£55.047m			
Variance against unapproved 2017/18 £30.9m deficit plan		£0	(£0.094m)	(£0.156m)			
Pay expenditure (actual versus Plan)		£0	(£0.124m)	(£1.487m)			
Non-Pay Expenditure (Actual versus Plan)		£0	£0.094m	£1.610m			
Income (actual versus Plan)		£0	(£0.064m)	(£0.280m)			
Remain with CAPEX resource limit	Yes	£0	n/a	(£4.823m)			
Creditor payments compliance 30 day Non NHS		95%	93.50%	92.00%			
CRP Green / Amber status - Delegated Targets @ Oct 31st		100% Green		100%			

### Month 8 Cumulative Financial Position

The UHB reported a deficit of £20.444m at month 8 as follows:

- (£0.156m) favourable budget management variance;
- £20.600m planned deficit (8/12th 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 30<sup>th</sup> November 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	(107.955)	(108.019)	(0.064)	(813.333)	(813.612)	(0.280)	(1,275.218)	(1,275.218)	0.000
Pay	49.174	49.050	(0.124)	390.344	388.857	(1.487)	585.912	585.912	0.000
Non Pay	61.357	61.451	0.094	443.589	445.199	1.610	720.206	720.206	0.000
Variance to Draft Plan £m	2.575	2.481	(0.094)	20.600	20.444	(0.156)	30.900	30.900	0.000
Planned Deficit	(2.575)	0.000	2.575	(20.600)	0.000	20.600	(30.900)	0.000	30.900
Total £m	0.000	2.481	2.481	0.000	20.444	20.444	(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 @ November 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	(71.444)	(71.444)	0.000	(540.891)	(540.891)	0.000
Non Cash Limited Expenditure	(1.652)	(1.652)	0.000	(13.051)	(13.051)	0.000
Accommodation & Catering	(0.226)	(0.225)	0.001	(1.541)	(1.569)	(0.028)
Education & Training	(3.107)	(3.125)	(0.018)	(25.137)	(25.220)	(0.083)
Injury Cost Recovery Scheme (CRU)	(0.166)	(0.078)	0.088	(1.710)	(1.737)	(0.027)
NHS Patient Related Income	(26.447)	(26.413)	0.034	(184.918)	(185.289)	(0.370)
Other Operating Income	(3.981)	(4.148)	(0.167)	(38.860)	(39.084)	(0.224)
Overseas Patient Income	(0.010)	(0.036)	(0.026)	0.134	0.008	(0.126)
Private Patient Income	(0.109)	(0.083)	0.026	(0.911)	(0.661)	0.251
Research & Development	(0.814)	(0.817)	(0.004)	(6.446)	(6.118)	0.328
<b>Total £m</b>	<b>(107.955)</b>	<b>(108.019)</b>	<b>(0.064)</b>	<b>(813.333)</b>	<b>(813.612)</b>	<b>(0.280)</b>

An in month surplus of £0.064m and a cumulative surplus of £0.280m is reported against income budgets.

The reported cumulative deficit against R & D income is primarily due to the reduction in Welsh Government funding.

The adverse movement against Compensations Recovery Unit follows a re-assessment of the UHBs bad debt provision against long standing claims and the withdrawal of a high value claim in month.

The majority of the favourable variance reported against other operating Income in month relates to income collected at a directorate level.

### Pay

Pay budgets continue to show sound performance with a year to date underspend of £1.487m. Table 5 highlights that this is favourable performance compared to a month 8 overspend of £1.940m in 2016/17.

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

	2016/17 Total Spend £m	2016/17 Month 1 to Month 7 £m	2017/18 Month 1 to Month 7 £m	2016/17 Month 8 £m	2017/18 Month 8 £m	2016/17 Cum. to Month 8 £m	2017/18 Cum. to Month 8 £m
Basic	502.093	289.207	296.579	41.770	42.919	330.977	339.498
Enhancements	23.635	13.348	13.996	2.172	2.163	15.520	16.159
Maternity	4.136	2.390	2.510	0.422	0.246	2.812	2.756
Protection	0.743	0.447	0.398	0.051	0.056	0.498	0.453
<b>Total Fixed Pay</b>	<b>530.607</b>	<b>305.393</b>	<b>313.483</b>	<b>44.414</b>	<b>45.384</b>	<b>349.807</b>	<b>358.866</b>
Agency (mainly registered Nursing)	9.017	5.108	4.811	0.473	0.456	5.581	5.267
Nursing Bank (mainly Nursing)	14.249	7.754	8.246	1.083	1.190	8.837	9.435
Internal locum (Medical & Dental)	2.105	1.285	2.447	0.174	0.364	1.459	2.811
External locum (Medical & Dental)	9.547	5.660	3.977	0.811	0.655	6.471	4.632
On Call	2.154	1.207	1.245	0.192	0.187	1.399	1.431
Overtime	6.072	3.537	3.164	0.531	0.437	4.067	3.601
WLI's & extra sessions (Medical)	3.549	2.090	2.435	0.253	0.378	2.343	2.814
<b>Total Variable Pay</b>	<b>46.693</b>	<b>26.640</b>	<b>26.324</b>	<b>3.517</b>	<b>3.667</b>	<b>30.157</b>	<b>29.991</b>
<b>Total Pay</b>	<b>577.301</b>	<b>332.033</b>	<b>339.807</b>	<b>47.931</b>	<b>49.052</b>	<b>379.964</b>	<b>388.858</b>
<b>Pay Budget</b>	<b>576.692</b>	<b>329.992</b>	<b>341.170</b>	<b>48.031</b>	<b>49.175</b>	<b>378.023</b>	<b>390.345</b>
<b>Budget Variance (Fav)/Adv £m</b>	<b>0.609</b>	<b>2.040</b>	<b>(1.363)</b>	<b>(0.100)</b>	<b>(0.123)</b>	<b>1.940</b>	<b>(1.487)</b>

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

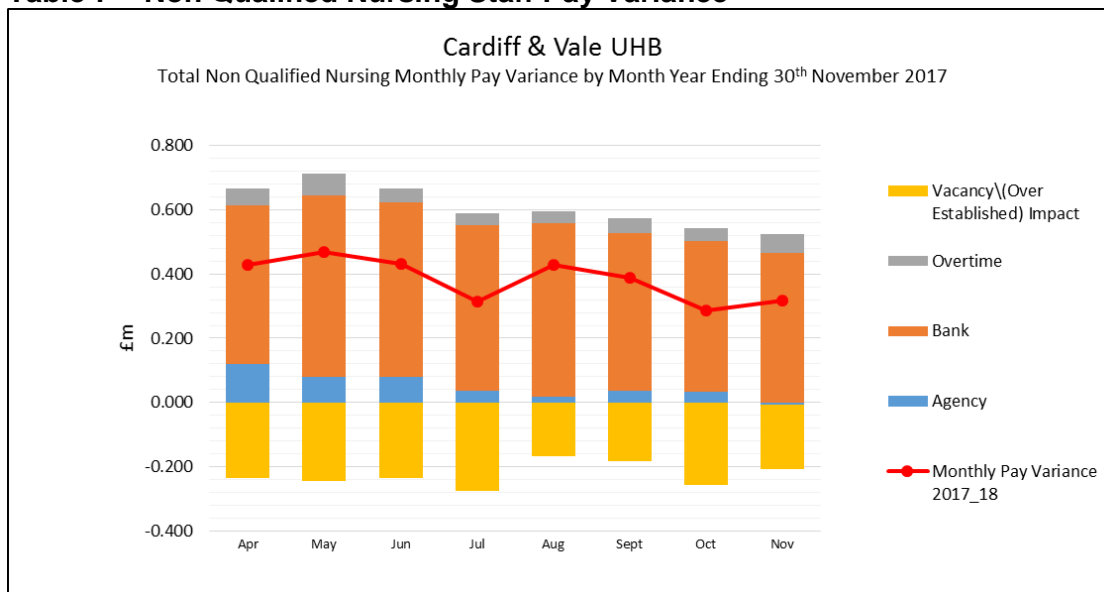
An analysis of pay expenditure by staff group is shown in Table 6.

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

Pay	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Additional clinical services	1.887	1.870	(0.017)	15.087	14.663	(0.424)
Management, admin & clerical	5.851	5.729	(0.121)	45.969	45.175	(0.794)
Medical and Dental	12.690	12.631	(0.058)	100.628	99.970	(0.658)
Nursing (registered)	14.805	14.683	(0.122)	117.035	115.704	(1.331)
Nursing (unregistered)	3.971	4.288	0.317	31.007	34.070	3.063
Other staff groups	7.181	7.118	(0.063)	58.336	58.073	(0.263)
Scientific, prof & technical	2.790	2.731	(0.060)	22.283	21.202	(1.080)
<b>Total £m</b>	<b>49.175</b>	<b>49.051</b>	<b>(0.124)</b>	<b>390.345</b>	<b>388.858</b>	<b>(1.487)</b>

The in month underspend of £0.124m against pay budgets is broadly consistent with the trend established in the first seven months of the year.

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



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	(0.008)	0.394
Bank	0.466	4.083
Overtime	0.058	0.381
Adverse Impact	0.516	4.858
Vacancy\((Over Established) Impact	(0.199)	(1.794)
<b>Total Pay Variance - Unqualified Nursing (Fav)/Adv £m</b>	<b>0.317</b>	<b>3.063</b>

Table 7 demonstrates that the majority of adverse variance against non-qualified nursing assistants is due to an overspend of £4.083m on bank staff which is partly offset by an underspend against established posts. The reduction in the in month agency spend is partly due to a change to the method of calculating the in month nursing agency accrual. The revised method is expected to provide a more accurate calculation for reporting.

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

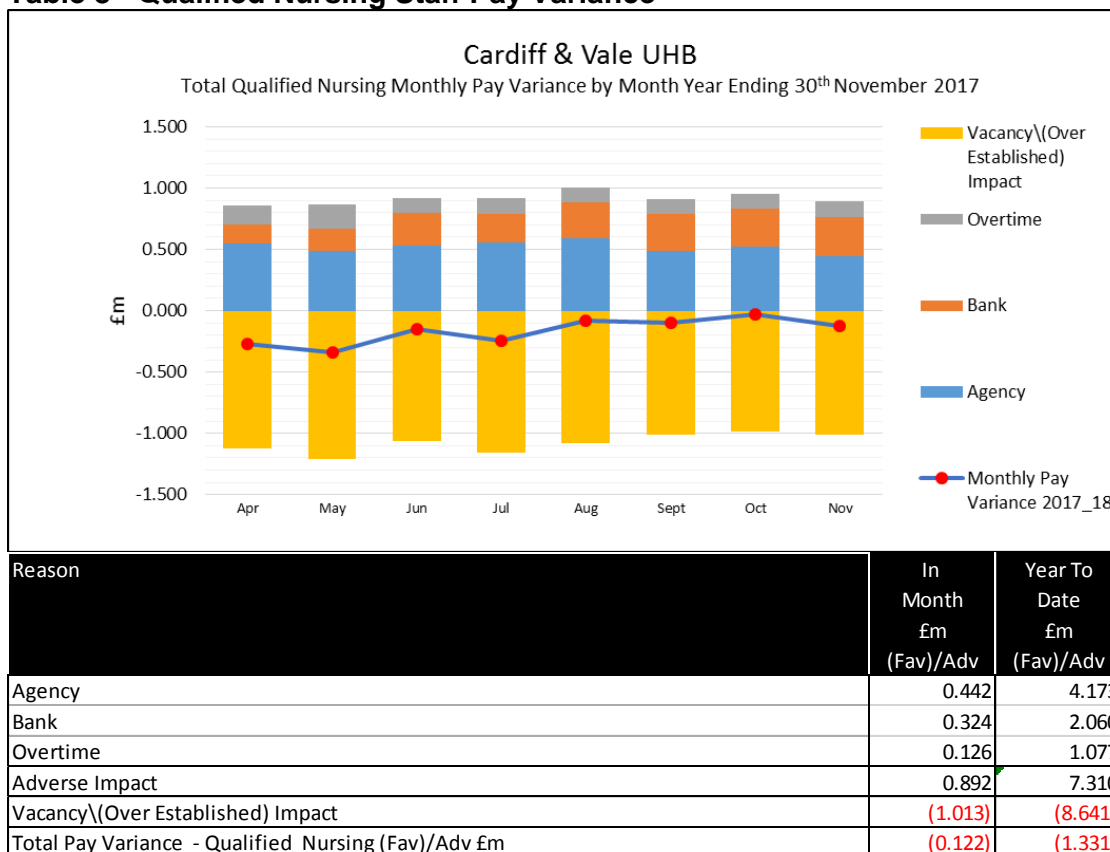
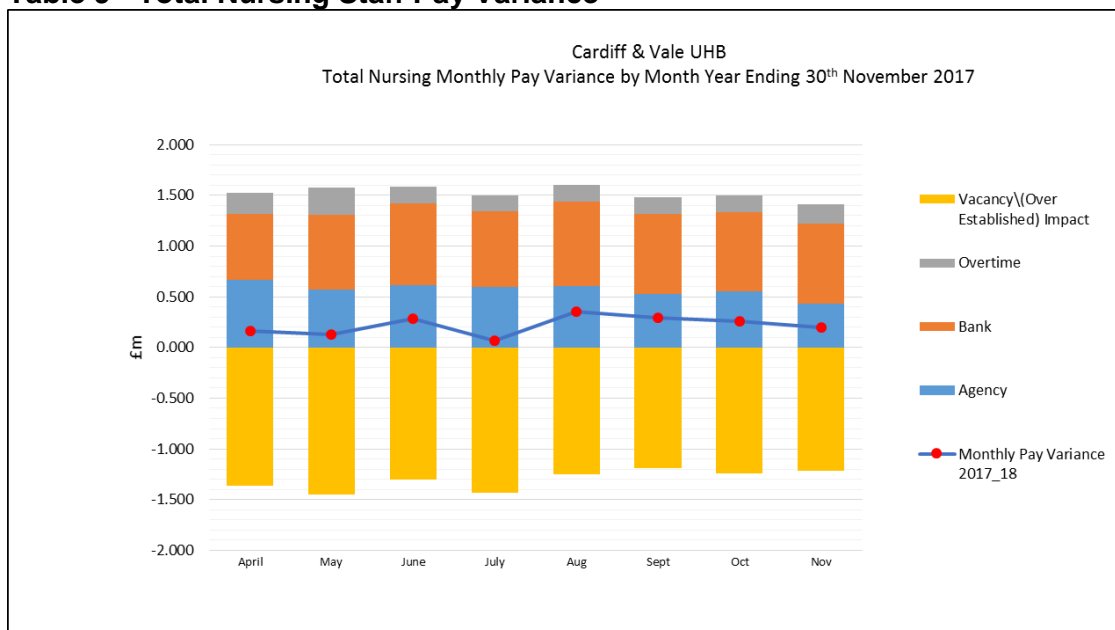


Table 8 confirms that expenditure on established posts is significantly less than budget. The overall trend for the year to date is moving towards broadly balanced monthly budgets.

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

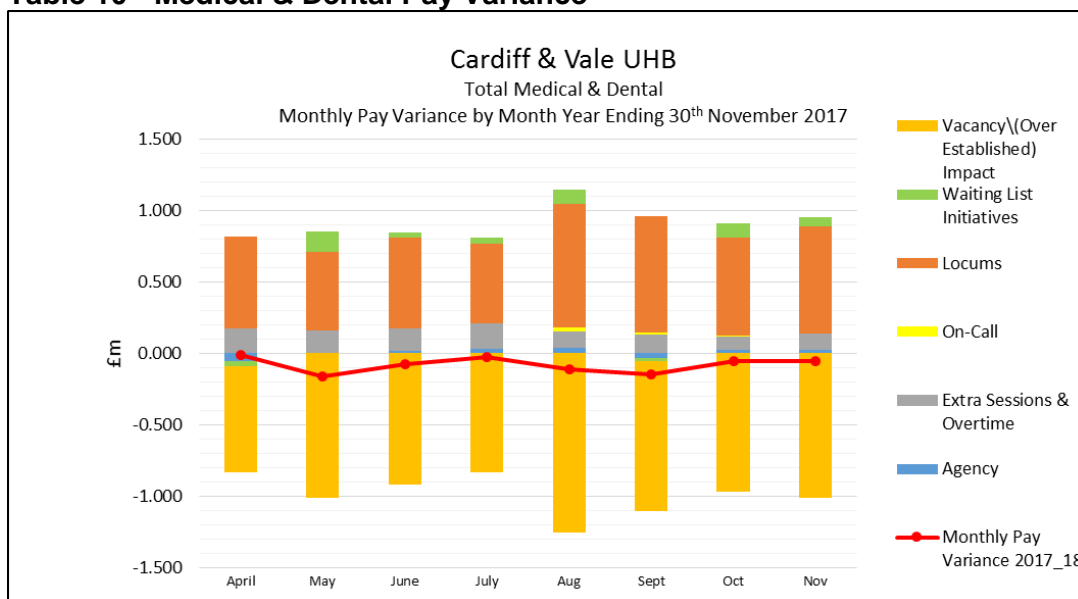


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.434	4.568
Bank	0.790	6.142
Overtime	0.183	1.457
Adverse Impact	1.408	12.167
Vacancy\ (Over Established) Impact	(1.212)	(10.435)
<b>Total Pay Variance - (Fav)/Adv £m</b>	<b>0.196</b>	<b>1.732</b>

Table 9 shows that the expenditure against substantive nursing posts for the year to date is less than budget as reported by a £10.435m surplus against established posts. However the combined £12.167m 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 £0.658m at month 8.

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



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.021	0.032
Extra Sessions & Overtime	0.114	1.123
On-Call	(0.000)	0.052
Locums	0.750	5.496
Waiting List Initiatives	0.064	0.425
Adverse Impact	0.949	7.128
Vacancy\ (Over Established) Impact	(1.008)	(7.786)
<b>Total Pay Variance - Medical &amp; Dental (Fav)/Adv £m</b>	<b>(0.058)</b>	<b>(0.658)</b>

**Non Pay**

Table 11 highlights an in month overspend of £0.094m and a £1.610m cumulative overspend against non pay budgets.

**Table 11: Non Pay Variance @ November 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	8.295	8.293	(0.002)	62.271	62.578	0.307
Commissioned Services	13.229	13.351	0.123	107.613	107.690	0.078
Continuing healthcare	4.971	5.075	0.105	39.563	39.933	0.370
Drugs / Prescribing	13.247	13.109	(0.138)	98.416	98.361	(0.055)
Establishment expenses	0.980	1.085	0.105	7.009	6.957	(0.051)
General supplies & services	0.615	0.707	0.092	3.219	3.568	0.349
Other non pay	5.260	5.114	(0.146)	12.048	13.315	1.267
Premises & fixed plant	3.272	3.176	(0.096)	23.163	22.799	(0.364)
Primary Care Contractors	11.489	11.540	0.051	90.288	89.997	(0.291)
Total £m	61.357	61.451	0.094	443.589	445.199	1.610

The in month deterioration against continuing healthcare (CHC) relates to a net increase of 11 CHC packages of care.

The NHS funded nursing fees pressure arising from the recent court judgement is now assessed to be up to £0.941m in respect of 2017/18 and £2.705m for prior years. These costs remains outside the reported figures and the UHB's forecast and therefore remain as a risk within the Risk Table.

A revised assessment of the estimated outturn against NHS long term agreements is responsible for the £0.123m adverse in month variance against commissioned services.

The majority of the in month overspend against establishment expenses relates to postage and telephones and the surplus against premises and fixed plant in November is due to an underspend against the energy budget.

NCSO price concessions have now resulted in the UHB incurring an additional £2.8m of prescribing costs for the year to date. The final list of price concessions for November was issued by the Department of Health on December 14th. The financial impact of the updated list of concessions will fall into the December report. The risk of continuing NCSO status for a number of high volume drugs has now been re-assessed and quantified at £1.4m in the UHB's assessment of risk.

Other non-pay includes the additional costs resulting from the outsourcing of the neuro-interventional radiology service which have increased by £0.057m in month and are estimated to be £0.526m for the year to date. The UHB has prepared a paper for WHSCC to consider the risk sharing implications of the outsourced service which has led to a constructive discussion in respect of income coverage for the

additional costs that have arisen. Also included in other non pay is a £0.859m contribution to the stretch target due to planned underspends in delegated budgets

### 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 8 months to 30<sup>th</sup> November 2017 by Clinical Board is shown in Table 12.

**Table 12: Financial Performance for the period ended 30<sup>th</sup> November 2017**

Clinical Board	M7 Budget Variance £m	M8 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.223	0.250	0.027	0.41%
Children & Women	0.459	0.666	0.206	1.17%
Capital Estates & Facilities	(0.133)	(0.191)	(0.059)	(0.52%)
Dental	(0.031)	(0.028)	0.003	(0.13%)
Executives	(0.155)	(0.193)	(0.038)	(0.88%)
Medicine	0.412	0.444	0.032	0.69%
Mental Health	(0.084)	(0.123)	(0.039)	(0.29%)
PCIC	(1.336)	(1.517)	(0.181)	(0.87%)
Specialist	(0.339)	(0.463)	(0.124)	(0.52%)
Surgery	0.270	0.397	0.126	0.54%
Central Budgets	0.649	0.601	(0.048)	0.69%
<b>SubTotal</b>	<b>(0.062)</b>	<b>(0.156)</b>	<b>(0.094)</b>	<b>(0.02%)</b>
Planned Deficit	18.025	20.600	2.575	2.92%
<b>Total</b>	<b>17.963</b>	<b>20.444</b>	<b>2.481</b>	<b>2.90%</b>

In total budget holders have broadly balanced month 8 expenditure within existing resources and budgets. The Medicine, Children and Women, Surgery and the CD&T Clinical Boards are reporting cumulative overspends.

The Medicine Clinical Board is overspent on its nursing budgets. The overspend is partly offset by underspends on medical & dental, drugs and clinical supplies. Underperformance in PICU and NICU alongside premium costs of medical cover and drug overspends 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, renal and sarcoma alongside 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. The only Clinical Board that is now forecasting an overspend is CD&T due to the exceptional non recurring costs in neuro-interventional radiology. Without this cost pressure, the

Clinical Board has a balanced plan. The expectation now is that all Clinical Boards will deliver the lower of their forecast position or a break even position.

### Savings Programme

The UHB set a 1.5% recurrent savings target of £13m and a 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 and agreed a £14.973 stretch plan leading to an overall savings target of £35.001m

At month 8 the UHB now has a fully identified savings plan to deliver the £35.001m savings target as summarised in Table 13 and is detailed in **Appendix 1**.

**Table 13: Progress against the 2017/18 Savings Programme at Month 8**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	35.001	35.001	0.000

For the year to date £20.774m (59.35%) of savings are profiled into the position and these have been delivered. It should be noted that a number of identified corporate schemes are profiled into the last 4 months of the year.

### Underlying Financial Position

A key risk to the UHB is its c/f deficit from 2017/18 into 2018/19. The underlying deficit in 2016/17 b/f into 2017/18 was £54.5m. The assessed deficit c/f into 2018/19 is currently £55m. If this remains unchanged the underlying deficit will have deteriorated by £0.5m in 2017/18. This is shown in Table 14.

**Table 14: Summary of Underlying Financial Position**

	2017/18 Plan £m	Forecast Position @ Month 8	
		Non Recurrent £m	Recurrent Position £m
Opening Underlying Deficit	54.533	0.000	54.533
Income	(23.414)	0.000	(23.414)
Cost pressures less mitigating actions	34.782	5.861	40.643
Less CIPs	(35.001)	18.286	(16.715)
Deficit	30.900	24.147	55.047

The UHB continues to seek further recurrent savings in 2017/18 in order to reduce the c/f underlying deficit into 2018/19.

## Balance Sheet

The Balance sheet is shown in **Appendix 3**.

The increase in reported value of property, plant and equipment reflects the impact of the Valuation Office Agency's valuation of the UHB's Estate as at 1st April 2017.

The main reason for the increase in trade debtors is the increase in amounts due from the Welsh Risk Pool. This is mirrored by a similar increase in the value of provisions held since 1<sup>st</sup> 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**.

To support good financial governance, Welsh Government (WG) requested formal Board recognition and approval to request cash assistance for 2017/18. The UHB's Board of the 30th November 2017 was therefore asked to support and approve a request to Welsh Government for £36.423m cash assistance based on month 7 estimates of £29.389m strategic cash support and £7.034m working balances cash support. The request was approved by the UHB at its Board meeting.

Welsh Government wrote to the UHB on December 14 2017 to confirm that it will provide up to a maximum of £29.389m strategic cash only support to Cardiff & Vale UHB in 2017/18.

Since month 7 the total working balances cash assistance that the UHB is seeking has fallen by £3.701m to £3.333m following a revision to forecast provisions and working capital balance estimates in month 8. Welsh Government confirmed in the letter of December 14 that the request for working balance cash allocations for capital and revenue were noted, and would be confirmed and allocated in the normal manner, subsequent to HMT approval of the Welsh Government 2017-18 estimates in January 2018.

## Public Sector Payment Compliance

The UHB's cumulative performance to the end of November improved by 0.3% in month to 92.0%. As previously reported the poor performance to date is linked to the transition to the All Wales Nursing Agency Contract. The UHB expects performance in this area to gradually improve following the 1st August 2017 roll out of an automated ordering & receipting process that currently works well in respect of one

supplier. 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. Furthermore all Clinical Boards have formally been reminded in month that the UHB expects all invoices received to either be authorised or receipted on Oracle within 3 days of receipt. It is expected that the combination of remedial actions will produce a steady improvement across the remaining months of the year

### Capital Resource Limit (CRL)

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

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

	£m
Planned Capital Expenditure at month 8	19.569
Actual net expenditure against CRL at month 8	14.746
Variance against planned Capital Expenditure at month 8	(4.823)

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

### Financial Risks

The UHB remains on target to deliver its £30.9m forecast deficit position dependent upon the continued delivery of identified savings and containment of future operational cost pressures. There are however some key risks that are outside of the plan and these are set out below:

- The risk in NHS Funded Nursing Care fees following the Supreme Court judgement in respect of weekly fees which is assessed as circa £3.646m, being £0.941m for 2017/18 and £2.705m for previous years. This risk is not included in the UHB's forecast outturn.
- Whilst the UHB had accounted for NCSO drugs pressures of £3.5m as part of its forecast position, the costs continue to escalate which was not anticipated. If NCSO costs continue at the rate experienced in month 8 for the rest of the year the UHB has a £1.4m risk that is not covered in its plan.
- The costs of managing a severe winter could be some £0.5m above the £1.5m provided for in the UHB plan.

**The UHB continues to seek further cost reduction and curtailment measures to mitigate against the in year risks in addition to the identification of further recurrent savings schemes to reduce the underlying deficit carried forward into 2018/19.**

## Key Concerns & Recovery Actions

At month 8, the key concerns and challenges are set out below:

1. Concern- Budget overspends at month 8;

Action – All Clinical Boards have confirmed expected year end outturn through a detailed forecasting exercise. Clinical Boards with forecast year end overspends are required to implement recovery actions as part of the Clinical Board Performance Escalation process.

2. Concern – Key financial risks;

Action – Further savings are being sought to mitigate against these and other unforeseen risks that are not included within the UHB plan. These will need to be carefully monitored and managed in order to deliver the forecast position.

3. Concern – Underlying Deficit.

Action – Further work is being taken forward to reduce the recurrent cost base in order to minimise the c/f underlying deficit into 2018/19.

## 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's draft 2017/18 financial plan requires the delivery of £35m financial savings to achieve a £30.9m deficit. There are however a number of significant financial risks that will need to be managed in order to achieve the forecast out turn position. The UHB will continue to seek further opportunities so that financial risks which have emerged can be successfully managed. In addition, the UHB will be aiming to identify further recurrent savings in order to reduce the carried forward underlying deficit into 2018/19. The UHB will continue to share progress being made with Welsh Government and at its Targeted Intervention meetings and 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 eight months to the end of November is a deficit of £20.444m. This is made up of a budget plan deficit of £20.600m and a favourable variance against plan of £0.156m.

## Appendix 1

## 2017-18 Part Year Effect (PYE) Month Ending 30th November 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
Corporate Execs	681	941	106	72	1,046	-365
Specialist Services	2,400	2,636	311	324	2,947	-547
Capital Estates and Facilities	1,244	1,355	0	0	1,355	-111
PCIC	3,323	3,327	226	450	3,553	-230
Surgery	2,357	2,407	118	35	2,526	-169
Dental	400	408	0	10	408	-8
Children & Women	1,775	1,665	147	420	1,812	-37
CD&T	1,880	1,890	0	163	1,890	-10
Mental Health	1,395	1,433	0	0	1,433	-38
Medicine	1,878	1,879	0	157	1,879	-1
Clinical Board Forecasts			3,065		3,065	-3,065
Corporate schemes	17,668	10,143	2,945	234	13,088	4,580
<b>Total Savings</b>	<b>35,001</b>	<b>28,084</b>	<b>6,918</b>	<b>1,864</b>	<b>35,001</b>	<b>0</b>

## 2017-18 Full Year Effect (FYE) Month Ending 30th November 2017-18

Identified Savings	Recurrent 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
PCIC	2,493	3,239	275	160	3,514	-1,021
Mental Health	1,047	1,047	0	0	1,047	0
CD&T	1,382	1,340	0	163	1,340	42
Dental	300	88	0	20	88	212
Surgery	1,768	1,794	170	86	1,964	-196
Capital Estates and Facilities	933	873	60	420	933	0
Children & Women	1,331	926	425	723	1,351	-20
Medicine	1,408	1,702	0	368	1,702	-294
Specialist Services	1,800	1,365	450	324	1,815	-15
Corporate Execs	501	609	87	16	696	-195
Corporate schemes	17,668	3,715	0	0	3,715	13,953
<b>Total Savings</b>	<b>30,631</b>	<b>16,698</b>	<b>1,467</b>	<b>2,279</b>	<b>18,165</b>	<b>12,466</b>

## Appendix 2

3

**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
<b>Gross costs</b>	103,244	101,554	110,313	109,081	110,590	109,803	96,177	113,911	116,827	116,495	115,541	140,254	1,343,789
Identified savings	-618	-1,481	-2,972	-1,757	-2,739	-2,898	-4,741	-3,568	-3,403	-3,381	-3,369	-4,073	-35,001
Unidentified savings required for stretch target													
<b>Total savings required</b>	-618	-1,481	-2,972	-1,757	-2,739	-2,898	-4,741	-3,568	-3,403	-3,381	-3,369	-4,073	-35,001
<b>Net costs</b>	102,626	100,073	107,341	107,324	107,851	106,905	91,436	110,343	113,423	113,114	112,171	136,181	1,308,789
Income (phased as per budget plan)	98,952	98,579	104,814	104,728	105,337	104,301	88,882	107,862	110,809	110,500	109,557	133,567	1,277,889
<b>Net surplus/ (deficit)</b>	-3,674	-1,494	-2,527	-2,596	-2,514	-2,604	-2,554	-2,481	-2,614	-2,614	-2,614	-2,614	-30,900

**Notes**

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

Gross costs in October are abated by a £15.275m credit in respect of impairments and depreciation as a consequence of an adjustment required to the carrying value of the UHB's estate following receipt of the District valuers 5 yearly report on the estate. The October spike in savings reflects management action to recover a VAT claim c £1.5m.

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 £20.6m of AME Donated Depreciation\Impairments profiled into month 12 and the expected settlement of LTAs

## Appendix 3

BALANCE SHEET AS AT 30<sup>TH</sup> NOVEMBER 2017

	Opening Balance 1 <sup>st</sup> April 2017	Closing Balance 30th November 2017
<b>Non-Current Assets</b>	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	628,042	639,893
Intangible assets	1,601	1,544
Trade and other receivables	42,437	44,064
Other financial assets		
<b>Non-Current Assets sub total</b>	<b>672,080</b>	<b>685,501</b>
<b>Current Assets</b>		
Inventories	15,129	15,935
Trade and other receivables	137,493	191,688
Other financial assets	0	0
Cash and cash equivalents	881	4,372
Non-current assets classified as held for sale	1,815	0
<b>Current Assets sub total</b>	<b>155,318</b>	<b>211,995</b>
<b>TOTAL ASSETS</b>	<b>827,398</b>	<b>897,496</b>
<b>Current Liabilities</b>		
Trade and other payables	157,516	136,708
Other financial liabilities	0	0
Provisions	102,277	151,724
<b>Current Liabilities sub total</b>	<b>259,793</b>	<b>288,432</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>567,605</b>	<b>609,064</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	10,207	9,853
Other financial liabilities	0	0
Provisions	44,615	44,064
<b>Non-Current Liabilities sub total</b>	<b>54,822</b>	<b>53,917</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>512,783</b>	<b>555,147</b>
<b>FINANCED BY:</b>		
<b>Taxpayers' Equity</b>		
General Fund	399,057	441,106
Revaluation Reserve	113,726	114,041
<b>Total Taxpayers' Equity</b>	<b>512,783</b>	<b>555,147</b>

## Appendix 4

3

CASH FLOW FORECAST AS AT 30<sup>th</sup> NOVEMBER 2017

	April £'000	May £'000	June £'000	July £'000	Aug £'000	Sept £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £,000	Total £,000
<b>RECEIPTS</b>													
WG Revenue Funding - Cash Limit (excluding NCL)	77,340	60,358	90,378	66,386	67,086	79,642	71,292	73,102	82,767	65,417	79,011	36,847	849,626
WG Revenue Funding - Non Cash Limited (NCL)	1,830	1,830	1,150	1,410	1,610	1,815	1,375	1,720	1,605	1,620	1,620	1,982	19,567
WG Revenue Funding - Other (e.g. invoices)	2,360	2,360	2,506	2,361	2,361	2,331	2,356	2,356	2,848	2,356	2,356	7,190	33,741
WG Capital Funding - Cash Limit	9,000	2,000	1,000	2,100	3,900	2,950	0	4,200	375	3,325	4,000	8,115	40,965
Sale of Assets	0	9,152	0	0	0	0	212	550	0	0	0	0	9,914
Income from other Welsh NHS Organisations	47,076	17,644	41,554	29,101	31,459	41,273	25,977	32,259	39,012	26,687	30,768	35,534	398,344
Other - (Specify in narrative)	11,438	3,599	7,579	5,630	8,324	6,620	9,018	6,738	6,837	5,980	5,411	9,052	86,226
<b>TOTAL RECEIPTS</b>	<b>149,044</b>	<b>96,943</b>	<b>144,167</b>	<b>106,988</b>	<b>114,740</b>	<b>134,631</b>	<b>110,230</b>	<b>120,925</b>	<b>133,444</b>	<b>105,385</b>	<b>123,166</b>	<b>98,720</b>	<b>1,438,383</b>
<b>PAYMENTS</b>													
Primary Care Services : General Medical Services	5,249	4,042	8,318	3,992	3,986	6,294	4,142	4,059	5,589	4,064	4,064	5,844	59,643
Primary Care Services : Pharmacy Services	153	124	144	112	125	135	121	101	215	500	250	250	2,230
Primary Care Services : Prescribed Drugs & Appliances	15,528	2	15,095	4	7,945	16,115	3	7,429	15,640	0	7,775	7,775	93,311
Primary Care Services : General Dental Services	1,734	1,877	1,908	1,936	1,720	1,806	1,845	1,793	1,768	1,820	1,820	1,820	21,847
Non Cash Limited Payments	1,986	2,196	1,910	2,173	2,105	2,125	2,135	2,174	2,201	2,135	2,135	2,135	25,410
Salaries and Wages	45,715	47,104	47,578	46,857	46,825	46,822	46,626	47,425	47,492	47,307	47,755	47,869	565,375
Non Pay Expenditure	41,188	43,621	48,892	44,051	45,352	44,772	49,641	44,931	42,793	43,283	46,247	48,786	543,557
Capital Payment	9,738	1,925	1,323	1,802	3,587	2,322	2,277	3,052	1,527	3,449	3,963	9,986	44,951
Other items (Specify in narrative)	15,801	2,891	17,084	2,836	9,095	16,775	2,913	8,717	16,560	2,905	9,025	10,179	114,781
<b>TOTAL PAYMENTS</b>	<b>137,092</b>	<b>103,782</b>	<b>142,252</b>	<b>103,763</b>	<b>120,740</b>	<b>137,166</b>	<b>109,703</b>	<b>119,681</b>	<b>133,785</b>	<b>105,463</b>	<b>123,034</b>	<b>134,644</b>	<b>1,471,105</b>
<b>Net cash inflow/outflow</b>	11,952	(6,839)	1,915	3,225	(6,000)	(2,535)	527	1,244	(341)	(78)	132	(35,924)	
<b>Balance b/f</b>	881	12,833	5,994	7,909	11,134	5,134	2,599	3,126	4,370	4,029	3,951	4,083	
<b>Balance c/f</b>	12,833	5,994	7,909	11,134	5,134	2,599	3,126	4,370	4,029	3,951	4,083	(31,841)	





<b>2017-18 Cost Reduction Programme</b>	
<b>Name of Meeting :</b> Finance Committee	3 <sup>rd</sup> January 2018
<b>Executive Lead :</b> Executive Director of Finance	
<b>Author :</b> Assistant Director of Finance	
<b>Caring for People, Keeping People Well:</b> This report underpins the Health Board's "Grip and Control" element of the strategy to make the best use of the resources we have.	
<b>Financial impact:</b> Delivery of £35.001m total CRP Target made up of £17.333m devolved (1.5% recurrent and 0.5% non-recurrent CRP), £2.695m Transformation and £14.973m Stretch.	
<b>Quality, Safety, Patient Experience impact:</b> The financial plan aims to support the delivery of high quality and safe services.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed:</b> Not Applicable	

#### **ASSURANCE AND RECOMMENDATION**

The Finance Committee is asked to:-

- **NOTE** the progress against the 2017/18 CRP target and the Cross Cutting contribution.
- **NOTE** the progress against the 2018/19 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 and progress made to date in developing schemes to deliver the 2018/19 CRP requirement.

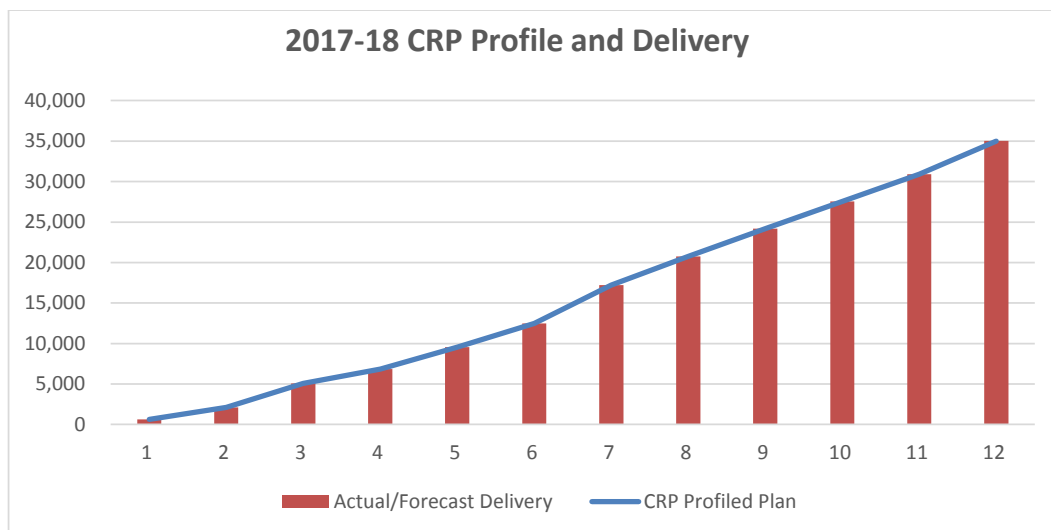
#### **PROGRESS AGAINST TOTAL CRP REQUIREMENT 2017-18**

As at 30<sup>th</sup> November 2017, £35.041m of opportunities have been identified as Green or Amber against the total savings target of £35.001m.



The value of Green schemes is £28.084m and Amber schemes £6.958m.

The profiled £35.001m CRP target and actual / forecast delivery is shown below:



**PROGRESS AGAINST DEVOLVED CRP 2017-18**

As at 30<sup>th</sup> November 2017, £18.848m of opportunities have been identified as Green or Amber against the devolved CRP target of £17.333m.

The value of Green schemes is £17.941m and Amber schemes £0.908m.

**PROGRESS AGAINST CROSS CUTTING THEMES 2017-18**

The Cross Cutting Themes 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	Alaa Khundakji	Medical Productivity steering group	1,000	530	Amber
2	Medicines Management	Graham Shortland	Darrell Baker	Lynne Aston	New appointment November	Corporate Medicines Management Group	2,000	2,649	Green
3	Nursing Productivity	Ruth Walker	Ruth Walker	Andrew Gough	Alaa Khundakji	Nursing Productivity Group	1,500	625	Amber
4	Procurement (Non pay influence and Control)	Bob Chadwick	Claire Salisbury	Chris Lewis	Claire Salisbury	Cross Cutting	2,000	1,940	Green
5	Workforce Productivity	Julie Cassley	Julie Cassley	Andrew Gough	Andrew Crook	Workforce Productivity Group	1,000	906	Green

As at 30<sup>th</sup> November 2017, £6.650m 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.

**PROGRESS AGAINST TRANSFORMATION SCHEMES**

The Transformation Programme was established at the beginning of the financial year to support the UHB underlying deficit. The 2017/18 financial plan included a £2.695m Transformation target.

As at 30<sup>th</sup> November 2017, £0.400m of recurrent Transformation Schemes have been added to the savings tracker.



Whilst various benchmarking opportunities have been identified and a number of schemes are being pursued there is nothing further to add to the Transformation savings tracker at this stage.

### **PROGRESS AGAINST 2018-19 CRP development**

As at 11<sup>th</sup> December 2017, £3.220m of opportunities have been identified as Green or Amber.

The value of Green schemes is £0.968m and Amber schemes £2.252m.

Progress and development against the 2018/19 CRP requirement will be monitored across the organisation on a weekly basis.

### **SUMMARY**

To date the value of Green and Amber schemes identified totals £35.041m against the total 2017/18 £35.001m target.

The UHB has a full CRP in place against the 2017/18 devolved target of £17.333m. Almost all Clinical and Service Boards have now identified 100% green schemes.

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



## Savings Tracker Summary

### Month Ending 30<sup>th</sup> November 2017-18 Part Year Effect

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
Corporate Execs	681	941	106	72	1,046	-365
Specialist Services	2,400	2,636	311	324	2,947	-547
Capital Estates and Facilities	1,244	1,355	0	0	1,355	-111
PCIC	3,323	3,327	226	450	3,553	-230
Surgery	2,357	2,407	118	35	2,526	-169
Dental	400	408	0	10	408	-8
Children & Women	1,775	1,665	147	420	1,812	-37
CD&T	1,880	1,890	0	163	1,890	-10
Mental Health	1,395	1,433	0	0	1,433	-38
Medicine	1,878	1,879	0	157	1,879	-1
Clinical Board Forecasts			3,105		3,105	-3,105
Corporate schemes	17,668	10,143	2,945	234	13,088	4,580
<b>Total Savings</b>	<b>35,001</b>	<b>28,084</b>	<b>6,958</b>	<b>1,864</b>	<b>35,041</b>	<b>-40</b>

### 2017-18 Full Year Effect

Identified Savings	Recurrent 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
PCIC	2,493	3,239	275	160	3,514	-1,021
Mental Health	1,047	1,047	0	0	1,047	0
CD&T	1,382	1,340	0	163	1,340	42
Dental	300	88	0	20	88	212
Surgery	1,768	1,794	170	86	1,964	-196
Capital Estates and Facilities	933	873	60	420	933	0
Children & Women	1,331	926	425	723	1,351	-20
Medicine	1,408	1,702	0	368	1,702	-294
Specialist Services	1,800	1,365	450	324	1,815	-15
Corporate Execs	501	609	87	16	696	-195
Corporate schemes	17,668	3,715	0	0	3,715	13,953
<b>Total Savings</b>	<b>30,631</b>	<b>16,698</b>	<b>1,467</b>	<b>2,279</b>	<b>18,165</b>	<b>12,466</b>



## Cross Cutting Tracker Weekly Summary 2017-18

### PYE

Clinical Group	17-18 Indicative Target	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	£
Medical Productivity	1,000	298	232	37	530	470
Medicines Management	2,000	2,112	537	625	2,649	-649
Nursing Productivity	1,500	625	0	92	625	875
Procurement	2,000	1,876	64	47	1,940	60
Workforce Productivity	1,000	406	500	0	906	94
<b>Total</b>	<b>7,500</b>	<b>5,317</b>	<b>1,333</b>	<b>801</b>	<b>6,650</b>	<b>850</b>

### FYE

Clinical Group	17-18 Indicative Target	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	1,000	302	38	37	340	660
Medicines Management	2,000	2,619	725	335	3,344	-1,344
Nursing Productivity	1,500	1,028	0	387	1,028	472
Procurement	2,000	2,110	101	93	2,211	-211
Workforce Productivity	1,000	405	0	0	405	595
<b>Total</b>	<b>7,500</b>	<b>6,465</b>	<b>864</b>	<b>852</b>	<b>7,329</b>	<b>171</b>

\* Cross Cutting themes are in place to support the delivery of the £35m UHB savings requirement



### 2018-19 Weekly Summary 2018-19 PYE

Clinical Board	18-19 2% Indicative Target	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
Capital Estates and Facilities	1,290	0	1,290	575	477	575	0.89	715
PCIC	3,300	374	2,926	665	1,829	1,039	0.63	2,261
Surgery	2,357	165	2,192	562	380	727	0.62	1,630
Medicine	1,877	294	1,583	116	1,268	410	0.44	1,467
Dental	400	22	378	35	7	57	0.29	343
Children & Women	1,775	30	1,745	174	318	204	0.23	1,572
Corporate Execs	681	21	660	34	236	55	0.16	626
CD&T	1,721	0	1,721	91	811	91	0.11	1,630
Mental Health	1,470	62	1,408	0	1,000	62	0.08	1,408
Specialist Services	2,019	0	2,019	0	4,500	0	0.00	2,019
<b>Total</b>	<b>16,890</b>	<b>968</b>	<b>15,922</b>	<b>2,252</b>	<b>10,826</b>	<b>3,220</b>	<b>0.38</b>	<b>13,670</b>
<b>Weekly Progress</b>								
WC 11th December 2017	16,890	968	15,922	2,252	10,826	3,220	0.38	13,670

### 2018-19 Weekly Summary 2018-19 FYE

Clinical Board	18-19 2% Indicative Target	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	3,300	0	3,300	0	0	0	0.00	3,300
Mental Health	1,470	62	1,408	0	1,000	62	0.08	1,408
CD&T	1,721	0	1,721	91	811	91	0.11	1,630
Dental	400	0	400	0	0	0	0.00	400
Surgery	2,357	165	2,192	580	598	745	0.63	1,612
Capital Estates and Facilities	1,290	0	1,290	725	577	725	1.12	565
Children & Women	1,775	30	1,745	181	410	211	0.24	1,564
Medicine	1,877	294	1,583	116	1,459	410	0.44	1,467
Specialist Services	2,019	0	2,019	0	4,500	0	0.00	2,019
Corporate Execs	681	21	660	46	230	67	0.20	614
<b>Total</b>	<b>16,890</b>	<b>572</b>	<b>16,318</b>	<b>1,739</b>	<b>9,585</b>	<b>2,311</b>	<b>0.21</b>	<b>14,579</b>
<b>Weekly Progress</b>								
WC 11th December 2017	16,890	709	-709	1,028	7,748	1,737	0.21	15,153



Appendix B – CRP RAG Rating

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



5

<b>Finance Risk Register</b>	
<b>Name of Meeting :</b> Finance Committee	3 <sup>rd</sup> January 2018
<b>Executive Lead :</b> Executive Director of Finance	
<b>Author :</b> Assistant Director of Finance	
<b>Caring for People, Keeping People Well:</b> This report sets out the financial risks to be managed to support delivery of the financial plan which supports the one year operational plan.	
<b>Financial impact:</b> The UHB will need to manage the risks set out in the Finance Risk Register in order to achieve its planned financial deficit of £30.9m.	
<b>Quality, Safety, Patient Experience impact:</b> The financial plan aims to support the delivery of high quality and safe services.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed:</b> Not Applicable	

<p><b>ASSURANCE AND RECOMMENDATION</b></p> <p>The Finance Committee is asked to:-</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the risks highlighted within the risk register</li> <li>• <b>ENDORSE</b> risks to be removed from register where optimum controls are in place</li> </ul>
--

**INTRODUCTION**

This report highlights the Finance Risk Register risk categorisation as at 3<sup>rd</sup> January 2018. 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 3 January 2018
Extreme Risk	20 - 25	1
High Risk	12 - 16	3
Moderate Risk	4 - 10	9
Low Risk	1 - 3	0

### RECOMMENDATION

Following the December assessment of risks, all risks are live and should remain on the risk register.

### SUMMARY

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

Categories	Reference No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Current Risk Rating		Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place		Date of Last Review	Review Completed By	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 £9.0m	The requirement to manage budget pressures clearly communicated to primary budget holders. Standing Financial Instructions set spending limits. Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews. Budget reviews hold budget holders to account.	2	2	4	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation. Corporate Vacancy Scrutiny Panel (CVSP) to be established.	2	1	2	Nov-17	Assistant Director of Finance	Overall the risks are being managed but some Clinical Boards still have forecast operational overspends to manage.	Jan-18	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		2	2	4	Nov-17	Assistant Director of Finance	Good progress being made and the scale of risk is reducing	Jan-18	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 (HSMB) and supporting sub groups. £0.4m recurrent Transformation savings delivered to date. Shortfall being met by non recurrent, non transformational opportunities.	4	3	12	Adequate but more Action Required	The Transformation Board (HSMB) will report to the Management Executive.	3	3	9	Nov-17	Assistant Director of Finance	Part of the overall savings requirement which is now met. But this would support the recurrent position.	Jan-18	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	Nov-17	Assistant Director of Finance	Additional resources secured should help reduce this risk	Jan-18	The Board	Director of Finance	Finance Committee
Finance	Fin07/17	Apr-17	Winter pressures managed within £1.5m reserve. Potential risk of £0.5m.	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	Nov-17	Assistant Director of Finance		Jan-18	The Board	Director of Finance	Finance Committee
Finance	Fin09/17	Apr-17	Commissioning Risks	Regular performance/LTA meetings with other providers/WHSSC and internal commissioning group.	3	2	6	Adequate but more Action Required	Monitoring of position to ensure any management action required is identified.	3	2	6	Nov-17	Assistant Director of Finance		Jan-18	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	3	9	Adequate but more Action Required	None	3	3	9	Nov-17	Assistant Director of Finance	To be managed within recurrent risk mitigation reserve	Jan-18	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	Identified schemes developed, but further opportunities are required to manage emerging risks.	3	3	9	Adequate but more Action Required	Further review of budgets, forecasts and opportunities being undertaken. Further savings are being sought to offset emerging risks.	3	3	9	Nov-17	Assistant Director of Finance	£35m savings now identified.	Jan-18	The Board	Director of Finance	Finance Committee
Finance	Fin14/17	Sep-17	Funded nursing care increase resulting from supreme court judgement. £0.941m in year and a further £2.705m if backdated.	Not included within 2017/18 financial plan or within the forecast position. The scale of risk should be finalised shortly.	5	4	20	Adequate but more Action Required	Work in being coordinated across NHS Wales to determine liability and financial impact of decision. Funding will be sought from Welsh Government. If this is not available further savings will be required.	3	3	9	Nov-17	Assistant Director of Finance	This is affecting all LHBs across Wales and is a major financial risk	Jan-18	The Board	Director of Finance	Finance Committee
Finance	Fin15/17	Sep-17	Neuro Interventional Radiology outsourcing £0.8m	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	Nov-17	Assistant Director of Finance	A 50% funding contribution is being sought from WHSSC.	Jan-18	The Board	Director of Finance	Finance Committee
Finance	Fin16/17	Sep-17	Drugs dispensed in primary care NCSO (No cheaper stock obtainable). £3.5m included within UHB forecast. A potential further risk of £1.4m.	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. If costs continue savings will be needed elsewhere to mitigate this risk.	3	3	9	Nov-17	Assistant Director of Finance	There is risk to the forecast position.	Jan-18	The Board	Director of Finance	Finance Committee



<b>Guidance Notes to assist completing the risk register</b>
<b>Remember all risks must have undergone a risk assessment, prior to them being added to the Risk Register</b>
<b>UHB Reference No:-</b> This number will be allocated by the Risk Management Department. Once added this will be communicated back to the Divisions.
<b>Divisional / Directorate Reference No:-</b> 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).
<b>Previous Reference No:-</b> 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.
<b>Date entered onto original Register:-</b> as above
<b>Risk / Issue (Including Impact):-</b> 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.
<b>Link to UHB Core Objectives:-</b> List here, the main Strategic Goal that links to the risk being assessed.
<b>Existing Controls:-</b> Summarise in bullet form the existing controls to prevent the risk / issue occurring or reduce the impact.
<b>Current Risk Rating:-</b> Assess the current impact on the UHB using Tables 1,2 & 3.
<b>Ranking:-</b> 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.
<b>Adequacy of existing controls:-</b> 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.
<b>Summary of Additional Controls Required:-</b> Summarise in bullet form the controls that you know should be introduced to reduce the risk together with resources required.
<b>Target Risk Rating if Controls in Place:-</b> What will be the risk be if the actions proposed to further reduce / eliminate the risk are taken.
<b>Date of Last Review:-</b> When was the Risk Assessment / Control measures last reviewed.
<b>Review completed by:-</b> This should be a senior member of staff for high / medium risk on the register e.g. Divisional Manager / Nurse.
<b>Date of Next Review:-</b> 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.
<b>Risk Owner:-</b> Who is the lead for taking the actions proposed relating to this risk . This should be Divisional Director, Board Secretary, Assistant Director etc.
<b>Director Lead:-</b> Who is the lead Director for this risk.
<b>Assuring Committee:-</b> 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
<b>Impact on the safety of patients, staff or public (physical/psychological harm)</b>	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
<b>Quality/complaints/audit</b>	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
<b>Human resources/ organisational development/staffing/ competence</b>	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

<b>Statutory duty/ inspections</b>	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
<b>Adverse publicity/ reputation</b>	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
<b>Business objectives/ projects</b>	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
<b>Finance including claims</b>	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
<b>Service/business interruption</b>	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
<b>Environmental impact</b>	Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

**Likelihood Score (L)**

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

**Likelihood Score**

Descriptor	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
<b><u>Frequency</u></b> 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
<b><u>Probability</u></b> 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