

**FINANCE COMMITTEE MEETING**  
**2.00pm on 28<sup>th</sup> March 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	<b>Minutes of the meeting held on 28<sup>th</sup> February 2018</b>	<i>Chair</i>
5	<b>Action Log</b>	<i>Chair</i>
6	Financial Plans 2018/19 to 2020/21	<i>Presentation - Bob Chadwick</i>
7	<b>Financial Bridge – Financial Position to Normalized Financial Position</b>	<i>Chris Lewis</i>
8	<b>Finance Report as at Month 11</b>	<i>Chris Lewis</i>
9	<b>Cost Reduction Programme and Cross Cutting Themes</b>	<i>Andrew Gough</i>
10	<b>A. Finance Risk Register (word)</b> <b>B. Finance Risk Register (excel)</b>	<i>Andrew Gough</i>
<b>PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD</b>		
11	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
12	Date, time and venue of the next meeting of the Finance Committee: 2.00pm on Wednesday 25 <sup>th</sup> April 2018, Large Meeting Room, HQ, UHW	<i>Oral - Chair</i>

## UNCONFIRMED MINUTES OF THE FINANCE COMMITTEE

HELD ON 28<sup>th</sup> FEBRUARY 2018

LARGE MEETING ROOM, HQ, UHW

### **Present:**

John Union	Chair (Finance Committee)
Bob Chadwick	Executive Director of Finance
Abigail Harris	Director of Planning
Martin Driscoll	Director of Workforce
Charles Janczewski	Vice Chair
Andrew Gough	Assistant Director of Finance (Transformation & Planning)
Christopher Lewis	Deputy Director of Finance
Charles Janczewski	Vice Chair

### **In Attendance:**

### **Secretariat:**

Paul Emmerson	Finance Manager
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## **FC – 18/160 WELCOME AND PURPOSE OF THE COMMITTEE**

The Chair welcomed everyone to the meeting.

## **FC – 18/161 APOLOGIES FOR ABSENCE**

Apologies were received from John Antoniazzi, Maria Battle, Ruth Walker, Len Richards, Sharon Hopkins and Steve Curry.

## **FC – 18/162 DECLARATIONS OF INTEREST**

The Chair invited members to declare any interests in proceedings on the Agenda.

Charles Janczewski indicated that he had been appointed to Chair a WHSCC sub-committee and declared an interest in discussions in respect of WHSCC.

## **FC – 18/163 MINUTES OF THE FINANCE COMMITTEE HELD ON 3<sup>RD</sup> JANUARY 2018**

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 24<sup>th</sup> JANUARY 2018.

**FC - 18/164 ACTION LOG FOLLOWING THE LAST MEETING**

No Actions were outstanding.

**FC - 18/165 FINANCIAL PLANS 2018/19 to 2020/21**

The Director of Finance provided the Committee with an update on recent discussions with Welsh Government and progress on the plan since the last meeting. It was confirmed that the UHB Financial Plan was submitted to Welsh Government at the end of January 2017 and was consistent with the financial plan presentation and draft IMTP section that was deliberated at the Finance Committee meeting on the 24<sup>th</sup> January. As discussed at the meeting of the 24<sup>th</sup> January the submitted UHB plan sought additional Welsh Government funding of £4.5m to support annual population growth and £11m additional support in 2018/19, a further £4.5m to support annual population growth and £11m additional support in 2019/20 and a further £4.5m to support annual population growth was sought in 2020/21. The Director of Finance reminded the Committee that the additional funding would enable the UHB to improve its capacity planning, return to a sustainable financial balance in year 3 of the plan and be a fully compliant organisation.

The Committee was informed by the Director of Finance that following the submission of the plan, Welsh Government had asked the UHB to remove the assumed additional Welsh Government funding of £4.5m to support annual population growth and £11m additional support where included within the plan. As a consequence the UHB had amended its planning figures and resubmitted a plan that identified a deficit of £30.7m in year 2018/19.

The removal of the support from Welsh Government results in the UHB not getting back to a financial balance over a 3 year period and not being a compliant organization.

The Director of Planning added that the request for funding in support of population growth was based upon UHB estimates of the additional year on year costs and that the UHB had previously provided Welsh Government with evidence of the impact that population growth had had on the demand for UHB services. The letter on population growth is being circulated to members of the Board.

**ACTION: DIRECTOR OF FINANCE**

The UHB had a Targeted Intervention meeting scheduled with Welsh Government on the coming Friday March 2<sup>nd</sup> and the Director of Finance indicated that the UHB expected Welsh Government to once again focus on the £49m underlying recurrent deficit that the UHB had identified as the baseline within the Financial Plan. The Director of Finance reminded the Committee that the previous meeting was advised that the UHB and Welsh Government were discussing the level of underlying recurrent deficit that the UHB had identified as being carried forward into 2018/19

and that agreement of the level of underlying recurrent deficit moving into 2018/19 was a key assumption within the UHB's plan. The Director of Finance informed the Committee that the discussions with Welsh Government around the UHB's underlying recurrent deficit had been taking place over the last 2 years and added that Board members had previously been provided with correspondence from the UHB to Welsh Government outlining the causes of the UHB's £54.5m underlying recurrent deficit coming into 2017/18. The Committee was informed that Welsh Government had recently notified the UHB that it wished to meet with UHB senior finance officers to scrutinize the UHB's underlying recurrent deficit and that Welsh Government had also asked the UHB to identify within the next iteration of the plan how the constituent parts of the Underlying Recurrent Deficit related to the service offering. The Director of Finance advised that the investments within the Underlying Recurrent Deficit had been identified and were not without merit and related to performance, safety, statutory and population growth issues.

The Director of Finance told the Committee that Welsh Government had questioned the UHB movement from a forecast deficit of £26.9m in 2017/18 to an underlying recurrent deficit of £49m going into 2018/19 on the basis that the non-recurrent issues that occurred in 2017/18 would tend to happen every year in a £1.3billion organisation. The Committee agreed that non recurrent opportunities would present themselves on an annual basis and that this was to some extent reflected in the non recurrent CRP targets. The Finance Committee Chair indicated that the proceeds of the sale of CRI provided significant support to the UHB's 2017/18 position and suggested that such significant opportunities were unlikely to occur on an annual basis. In this context the Finance Committee Chair (JU) asked for a bridge diagram outlining the movement from the 2017/18 forecast deficit of £26.9m to the £49m to be provided to the Finance Committee.

**ACTION: DEPUTY DIRECTOR OF FINANCE**

The Director of Finance continued and indicated that the UHB had provided Welsh Government with its normalised run rates which supported the £49m underlying deficit folding into 2016/17. Normalised run rates exclude one off income and expenditure and the concept was explored in an article by the Nuffield Trust which considered underlying deficits held by Trusts in England. It was agreed that the article would be distributed to Finance Committee Members

**ACTION: DIRECTOR OF FINANCE**

The UHB Vice chair (CJ) queried whether Welsh Government expected the UHB to present a plan which identified a lower forecast deficit in 2018/19 on the basis that additional risk would need to be managed by the UHB in the delivery of the plan.

The Director of Finance indicated that the endpoint of discussions was uncertain at this stage and that the UHB remained engaged with Welsh Government in the development of the plan through the established IMTP process. In the context of the

plan to be presented to the March Board meeting, the Board would continue to be fully sighted and apprised of any additional risks that the UHB would be expected to manage in respect of both the underlying recurrent deficit moving into 2018/19 and the effect of population growth on the demand for UHB services. The Director of Finance added that it was important in the meantime for the UHB to retain the discipline that had been established and embedded in the organisation in respect budget management and the identification and delivery of recurrent and non recurrent CIPs.

The Vice Chair (CJ) asked what levers the UHB would have to redirect resources to Primary Care if the UHB plan identified significant levels of risk to be managed in year. The Director of Planning indicated that Welsh Government had announced a Transformation Fund that could possibly be accessed to target the development of primary care although it was uncertain whether funding would be available on a recurrent basis.

In response to a query raised by the Committee Chair (JU) the Committee was informed that the position across Wales varied by Health Board. The Committee was informed that the UHB had communicated a consistent message to both the Board and Welsh Government in respect of the UHBs significant underlying recurrent deficit and the pressure presented by the relatively high level of population growth in Cardiff and Vale. The Committee also noted that the structural opportunities to cut costs through the rationalization of services that were present in other parts of Wales were in comparison limited within the UHB.

The Director of Finance advised the Committee that the outcome of further discussion with Welsh Government would be brought back to the next Finance Committee Meeting, but assured the Finance Committee that an agreed plan which is deliverable is essential and the risks associated with any such plans would be shared with the Finance Committee and the Board.

#### **ACTION: DIRECTOR OF FINANCE**

The Finance Committee:

- **NOTED** the work completed on the plan to date and the draft IMTP Finance section.

#### **FC - 18/166 FINANCE REPORT AS AT MONTH 10**

The Deputy Director of Finance presented the UHB's financial performance to month 10 and directed the Committee to the key messages identified the opening section of the report under the heading "Situation". The month 10 position was nearly £1.5m better than planned and the UHB had re-assessed its year-end forecast which had consequently improved by £4m to a deficit of £26.9m. The improvement was within

the range indicated to the previous Committee meeting and was also within the range of potential improvements identified within the UHB's month 9 report to Welsh Government.

The Committee was informed by the Deputy Director of Finance that the £4m improvement was due to £1.8m non recurrent underspend against delegated budgets, clarification by the Welsh Risk Pool (WRP) of a £1m recurrent reduction to the UHB's annual contribution and a £1.2m recurrent surplus on the UHB's Hepatitis C drugs budget. In addition the risk associated with the estimated £2.7m backdated NHS Funded nursing costs (FNC) costs had been accommodated within the forecast outturn due to a revised NICE drugs forecast from Velindre Trust, an upturn in expected income in relation to RTA and patient related income and the management of opportunities in central budgets. Following a query from the Director of Workforce it was confirmed that the costs of FNC were likely to be reflected in the 2017/18 accounts through either an accrual or provision at year end.

The in month income surplus was primarily due to the over-performance against Neo natal ICU activity and RTAs in month. Cumulative performance against income targets remained favourable. Pay budgets showed a year to date a favourable in month performance in part due to the receipt and application of Welsh Government Invest to save funding against nursing budgets in Surgery.

The in month overspend against non pay was primarily due to the contribution to the stretch target. It was noted that the risk in respect of NCSO drugs had again reduced in month. Following a query (CJ) in respect of progress in recovering additional in year costs of neuro-interventional radiology the Director of Finance indicated that he had met with WHSCC to discuss additional income for the costs and that an agreement had been reached where WHSCC would cover 50% of the additional costs. In response to a query (JU) it was confirmed that the principle would extend into next year although it was not expected that significant additional cost for neuro-interventional radiology would roll into 2018/19.

All Clinical Boards bar CD&T remained on track to deliver balanced year end budget and the clinical boards that were currently in deficit had reported an in month surplus.

The Deputy Director of Finance referred the Committee to table 13 of the report which indicated that the UHBs underlying financial position had fallen in month and now stood at £52.3m and added that the level of underlying recurrent deficit remained the key financial concern for the UHB.

The Committee was informed that due to the £4m reduction to the UHB forecast deficit in January the level of strategic cash assistance required by the UHB has also fallen by £4m from that previously requested.

On a related point the Committee was informed that the UHB expected the £4m

resource made available through the reduction in the 2017/18 forecast to be re-provided to the UHB by Welsh Government in 2018/19.

The Deputy Director of Finance outlined the key concerns and remedial actions around budget overspends, financial risks and the underlying recurrent deficit to the Committee and noted that there had been a continuing in month improvement in the areas of concern.

The UHB's vice chair (CJ) referred the Committee to the in month Public Sector Payment compliance score and asked if the performance which was below the 95% target represented an increasing risk. The Deputy Director of Finance indicated that cumulative performance had improved in each of the previous 4 months prior to January and that the dip in January was due to a slowdown in payments over Christmas that was expected to recover in the New Year.

Following a query (CJ) the Committee was assured by the Director of Finance that there would be no ease up in the governance and control of budgets in the remainder of the year given that the UHB had reduced its forecast deficit.

**LIMITED ASSURANCE** was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 10 position which is £1.492m less than 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** that the UHB had reduced its forecast year end deficit by £4m on month to £26.900m;
- **NOTED** the £24.258m deficit at month 10 which includes a planning deficit of £25.750m and budget underspends of (£1.452m);
- **NOTED** that the UHB has written to Welsh Government to confirm a reduction to the cash assistance required by the UHB in line with the reduction the forecast year end deficit;

**FC - 18/167 FINANCIAL GOVERNANCE REVIEW PROGRESS REPORT**

The Deputy Director of Finance outlined the UHB's response to the review of Financial Governance undertaken by Deloitte LLP. The report identified 22 key findings and recommendations against which the Finance Committee had been asked to monitor progress. Three further actions had been completed since the last report to the Finance Committee in November and in total 12 of the recommendations had been completed, a further 10 were in progress and all recommendations were expected to be completed by the end of April. The Chair (JU) enquired how compliance against actions was tested. The Deputy Director of Finance indicated that Internal Audit had reviewed action against recommendations and provided assurance to the Audit Committee. The UHB Vice Chair (CJ) asked when a final report could be brought back to the Committee and it was agreed that a final report should be brought back to the May meeting

**ACTION: Deputy Director of Finance**

**ASSURANCE** was provided by:

- The independent review of the UHBs financial governance.
- The action plan prepared to address the reports key finding and recommendations agreed by the Board at its September 2017 Board meeting.
- The monitoring of progress being made against the action plan by the Finance Committee.

The Finance Committee:

- **NOTED** the progress against the action plan;
- **AGREED** that assurance could be provided to the Board on the action being taken and progress being made.

**FC - 18/168 COST REDUCTION PROGRAMME**

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

- As at 31<sup>st</sup> January 2018 the UHB remained on track to deliver the 2017/18 savings programme and the focus had now turned to 2018/19.
- As of the 28<sup>th</sup> of February 2018, £12.7m (c 1.5%) opportunities have been identified as Green or Amber. This was an update on the figures provided with the papers.
- The opportunities identified varied across Clinical Boards with 3 Clinical Boards having identified approximately 2.5% CRP opportunities.

Following a query from the Committee Chair (JU) it was confirmed that the Dental, Corporate Executives and Medicine Clinical Boards had not at this stage identified a significant level of 2018/19 opportunities.

In response to a further query from the Committee Chair (JU) the Director of Finance confirmed that those Clinical Boards that continuing to lag behind in the identification of opportunities would be put into escalation. It was noted that the potential to reward Clinical Boards that were delivering through capital investment etc. was currently limited. In addition the Director of Finance expressed his concern at the relatively low level of red opportunities currently identified.

The UHB's Vice Chair (CJ) noted that the UHB had not reached its 2017/18 transformation target and asked what progress was being made on the wider transformation agenda. The Director of Finance confirmed that the Chief Executive was discussing this issue with Executives and that there was progress on the structures being put in place to enable the acceleration of the transformation agenda.

The Finance Committee:

- **NOTED** the progress against the 2017/18 CRP target and the Cross Cutting contribution.
- **NOTED** the progress against the 2018/19 CRP target.

#### **FC - 18/169 RISK REGISTER**

The Assistant Director of Finance (Transformation & Planning) presented the risk register to the Finance Committee and highlighted the number of risks in each category.

The Committee was asked to endorse the removal of FNC Supreme court ruling risks from the risk register.

The Finance Committee:

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

#### **FC - 18/170 ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES**

No other items to bring to the main Board.

**FC - 18/171 DATE AND TIME OF NEXT MEETING**

Wednesday 28<sup>th</sup> March; 2.00pm; Large Meeting Room, HQ, UHW

## FINANCE COMMITTEE

ACTION LOG FROM 28<sup>th</sup> FEBRUARY 2018

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC - 18/165	28.02.18	Population Growth	The letter to Welsh Government on population growth with evidence of the impact that population growth has had on the demand for UHB services to be circulated to members of the Board	Director of Finance	Complete March 1 <sup>st</sup> 2018 – Letter emailed to Board members.
FC - 18/165	28.02.18	Underlying Recurrent Deficit	A bridge diagram outlining the movement from the 2017/18 forecast deficit of £26.9m to the £49m underlying recurrent deficit c/f to 2017/18 to be provided to the Finance Committee	Deputy Director of Finance	Complete – Item on 28 <sup>th</sup> March Finance Committee Agenda
FC - 18/165	28.02.18	Expenditure run rates	Article by the Nuffield Trust on normalised run rates to be distributed to Finance Committee Members	Director of Finance	Complete – Circulated with 28 <sup>th</sup> March Finance Committee Agenda & Papers
FC - 18/165	28.02.18	Financial Plans 2018/19 to 2020/21	Outcome of further discussion with Welsh Government on the Financial Plan to be brought back to the next Finance Committee Meeting	Director of Finance	Complete – Item on March 28th Finance Committee Agenda
FC - 18/167	28.02.18	Financial Governance Review Progress Report	Final report could be brought back to the Committee and it was agreed that a final report should be brought back to the May meeting	Deputy Director of Finance	Incomplete – Final Report scheduled for May Finance Committee

**CARING FOR PEOPLE  
KEEPING PEOPLE WELL**



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board

<b>FINANCE BRIDGE – FINANCIAL POSITION TO NORMALISED FINANCIAL POSITION</b>	
<b>Name of Meeting</b> : Finance Committee	<b>Date</b> : 28th March 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 present and past performance financial performance against the UHB financial plans which support the UHB to deliver service priorities and maximise patient outcomes.	
<b>Financial impact</b> : Clarity and trail over the underlying financial position of the UHB.	
<b>Quality, Safety, Patient Experience impact</b> : This report details financial performance against the UHB operational plans which supports improvements in quality, safety and patient / carer experience.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed</b> : Not applicable	

<b>ASSURANCE AND RECOMMENDATION</b>
<p><b>ASSURANCE</b> is provided by:</p> <ul style="list-style-type: none"> <li>• Clarity of the trail between the outturn position in 2015/16 and the c/f underlying deficit in 2017/18.</li> </ul> <p>The Finance Committee is asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the financial trail to the forecast outturn position and the normalized underlying deficit from 2015/16;</li> <li>• <b>NOTE</b> the movement between reported and normalized underlying position in 2017/18.</li> </ul>

## SITUATION

A major influence on the UHB's financial plan for 2018/19 is its c/f recurrent underlying position from 2017/18. This has been reported and tracked throughout the year with a target position of a £49m underlying deficit by the end of 2017/18. Welsh Government have questioned the validity of this underlying position given the forecast outturn position of £26.9m. In this context the Finance Committee chair requested a bridge diagram outlining the movement from the 2017/18 forecast deficit of £26.9m to the £49m to be provided to the Finance Committee. This paper contains a financial reconciliation and trail from the outturn position in 2015/16 to forecast outturn position in 2017/18 and the normalized underlying position to be carried forward into 2018/19.

## BACKGROUND

Despite the UHB breaking even in 2015/16, it only managed this through the receipt of non-recurrent monies from Welsh Government. The 2015/16 brought forward underlying position into 2016/17 was £26.7m and the 2016/17 brought forward underlying position into 2017/18 grew to £54.5m.

The UHB Financial Plan for 2017/18 therefore started with a brought forward deficit of £54.4m and January draft plan for 2017/18 was a deficit of £69.7m. This was clearly work in progress the UHB submitted a financial plan to Welsh Government on 10th March 2017 which had a deficit of £45.9m. 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 UHB has improved upon this position and the latest forecast outturn position is shown in Table 1.

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

	Financial Plan
	£m
<b>Draft Financial Plan @ Jan 2017</b>	<b>-69.7</b>
Risk Adjustments and Transformation Opportunities	23.8
<b>Risk Adjusted Plan @ March 2017</b>	<b>-45.9</b>
Additional In Year Identified Savings @ December 2017	15.0
<b>Financial Plan with Stretch Target: surplus / (deficit)</b>	<b>-30.9</b>
Further savings identified	4.0
<b>Forecast Outturn</b>	<b>-26.9</b>

## ASSESSMENT AND ASSURANCE

A trail between the Financial Plan and outturn position of the UHB from 2015/16 is provided in Appendix 1. This shows how the planned position has moved over time and what elements of that have been non recurrent which has resulted in a worse underlying position.

The two key issues why the normalised underlying financial position is greater than the planned and forecast outturn position for 2017/18 are:

- The UHB financial plan contained non recurrent mitigating actions of £10.2m (sale of west wing and non-recurrent CIP);
- When the UHB agreed the £15m stretch target, the UHB did not have any plan to deliver this and whilst this has not only been achieved but exceeded, only £7.1m of the schemes to deliver this have been recurrent (therefore £11.9m is non recurrent).

This is shown in Table 2

**Table 2: Forecast and underlying financial position 2017/18**

	Financial Plan
	£m
<b>Forecast Outturn</b>	<b>-26.9</b>
Non recurrent Mitigating actions in plan (which includes £4.3m non recurrent CIP)	-10.2
Non recurrent savings achieved to deliver stretch target and outturn position.	-11.9
<b>Normalised underlying Financial Position</b>	<b>-49.0</b>

A bridge diagram showing the movement in the financial position between 2015/16 and 2016/17 and 2016/17 to 2017/18 are contained in Appendix 2 (i and ii). The normalised financial position over this period is contained in Appendix 3. Within these bridge diagrams, green represents an improving position, red a deteriorating position and blue indicates fixed points in the movement of the financial position e.g. brought forward position and planned position.

As previous work has described, the accumulated deficit in essence represents both planned deficits which reflects planning to operate outside of the resources available and the non-delivery of financial plans. Some of the financial drivers for this have been:

- Non delivery of recurrent CIPs as set out in plans (which underpinned recurrent spending decisions) and reliance on non-recurring opportunities;
- Operational pressures outside of plan which have not been managed;
- Funding for growth and delivery of planned care, unplanned care and other targets above the resources available;
- Other Investments and cost pressures funded made that have added to the underlying deficit.

The UHB has recognised these weaknesses in its 2017/18 financial plan aims to:

- Focus on the achievement of the recurrent CIP target;
- Ensure cost pressures are managed;
- Limit investment to those areas that are unavoidable and essential;
- Deliver an in year improved financial position;
- Reduce the c/f underlying deficit.

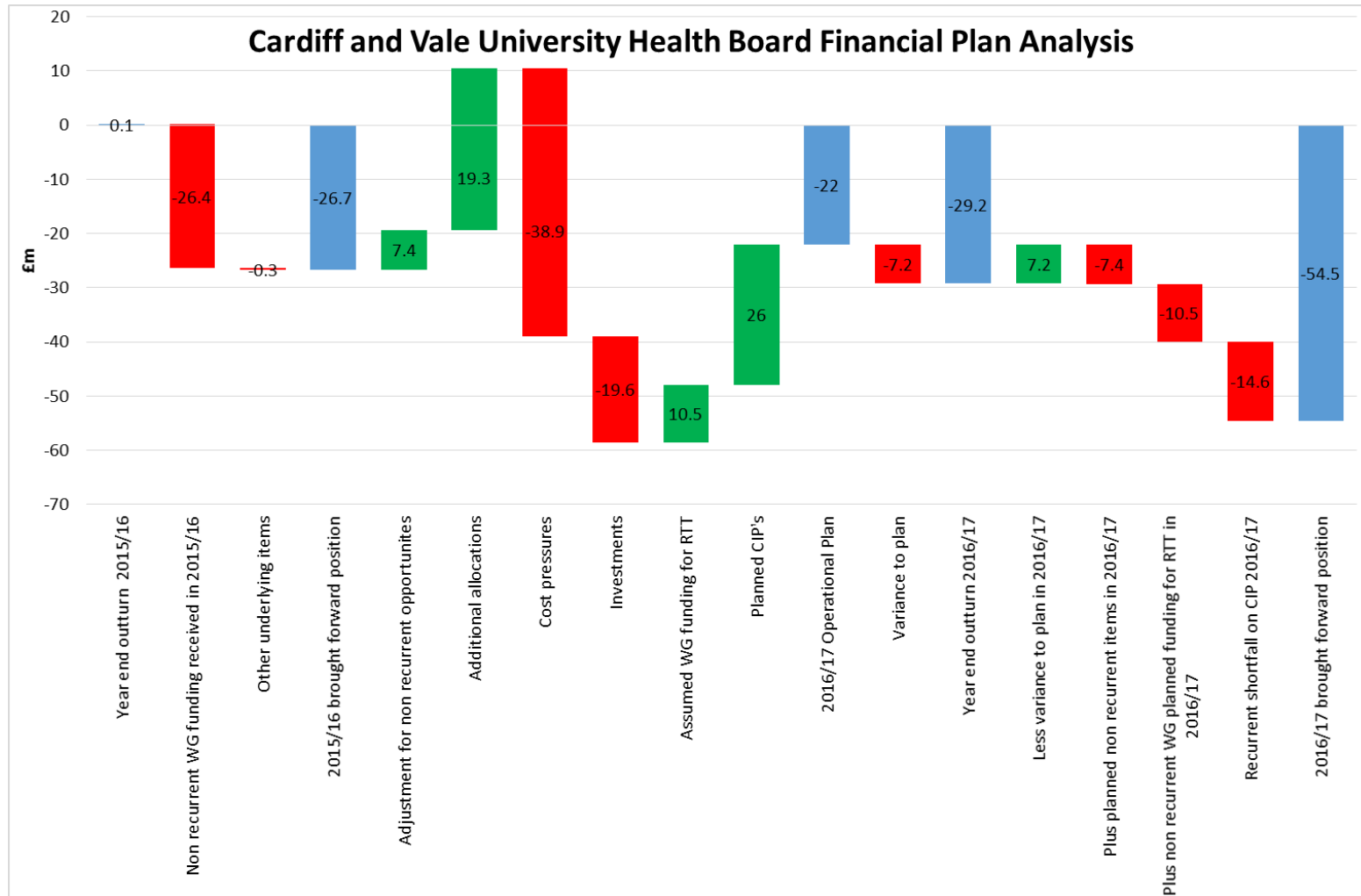
## Appendix 1

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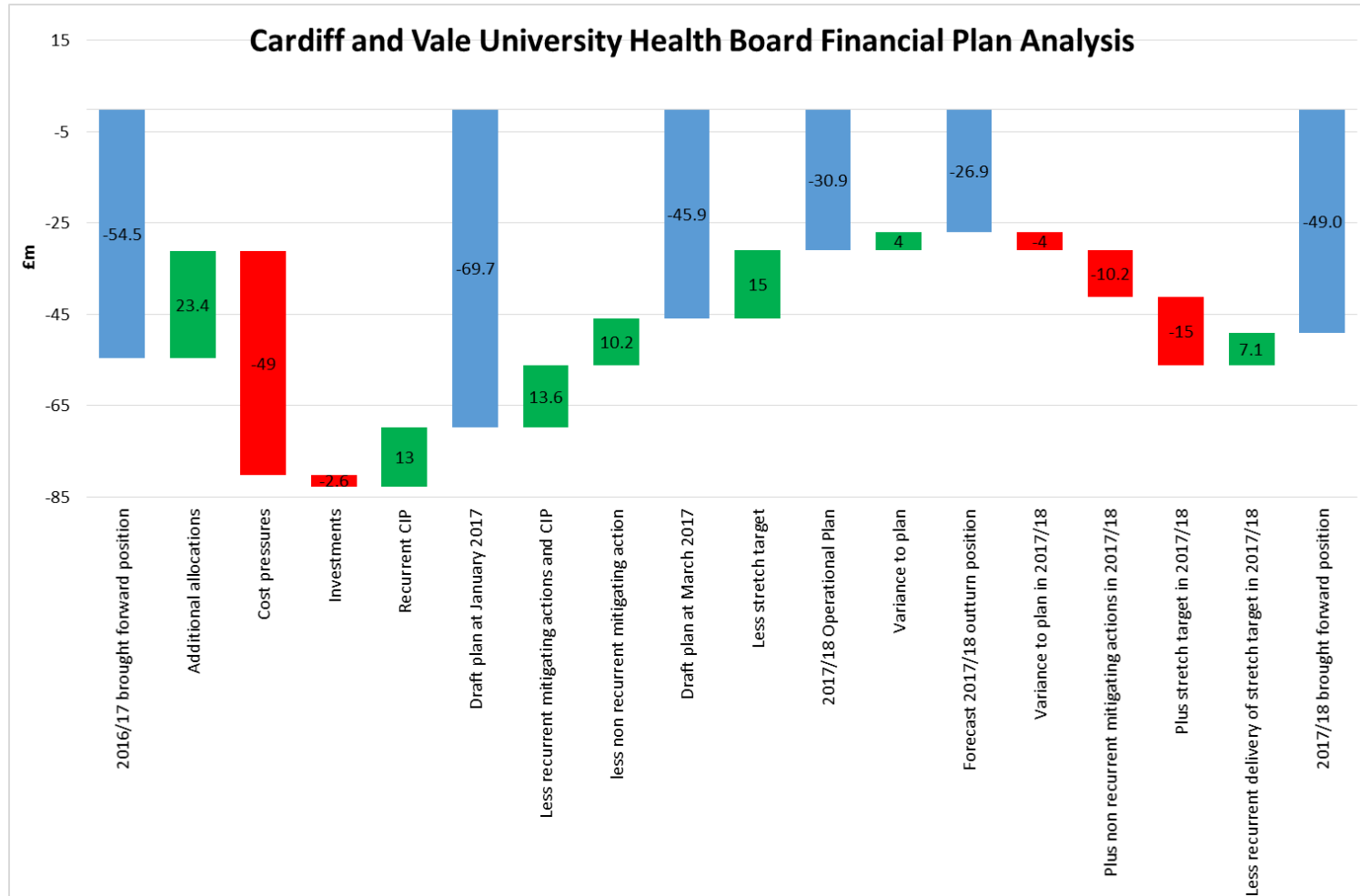
**Cardiff and Vale University Health Board**  
**Analysis of Planned and Normalised Financial Position**

	Financial Plan/Position (£m)	Normalised Financial Position (£m)
Year end outturn 2015/16	-0.1	26.7
Non recurrent WG funding received in 2015/16	26.5	
Other underlying items	0.3	-
<b>2015/16 brought forward position</b>	<b>26.7</b>	<b>26.7</b>
Adjustment for non recurrent opportunities	-7.4	
Additional allocations	-29.8	-29.8
Cost pressures	49.4	49.4
Investments	19.6	19.6
Assumed WG funding for RTT	-10.5	
Planned CIP's	-26.0	-26.0
<b>2016/17 Operational Plan</b>	<b>22.0</b>	<b>39.9</b>
Variance to plan	7.2	
Year end outturn 2016/17	29.2	
Less variance to plan in 2016/17	-7.2	
Plus planned non recurrent items in 2016/17	7.4	
Plus non recurrent WG planned funding for RTT in 2016/17	10.5	
Recurrent shortfall on CIP 2016/17	14.6	14.6
<b>2016/17 brought forward position</b>	<b>54.5</b>	<b>54.5</b>
Additional allocations	-23.4	-23.4
Cost pressures	49.0	49.0
Investments	2.6	2.6
Recurrent CIP	-13.0	-13.0
<b>Draft plan at January 2017</b>	<b>69.7</b>	<b>69.7</b>
Less recurrent mitigating actions and CIP	-13.6	-13.6
less non recurrent mitigating action	-10.2	
<b>Draft plan at March 2017</b>	<b>45.9</b>	<b>56.1</b>
Less stretch target	-15.0	
<b>2017/18 Operational Plan</b>	<b>30.9</b>	<b>56.1</b>
Variance to plan	-4.0	
Forecast 2017/18 outturn position	26.9	
Variance to plan in 2017/18	4.0	
Plus non recurrent mitigating actions in 2017/18	10.2	
Plus stretch target in 2017/18	15.0	
Less recurrent delivery of stretch target in 2017/18	-7.1	-7.1
<b>2017/18 brought forward position</b>	<b>49.0</b>	<b>49.0</b>

Appendix 2(i)

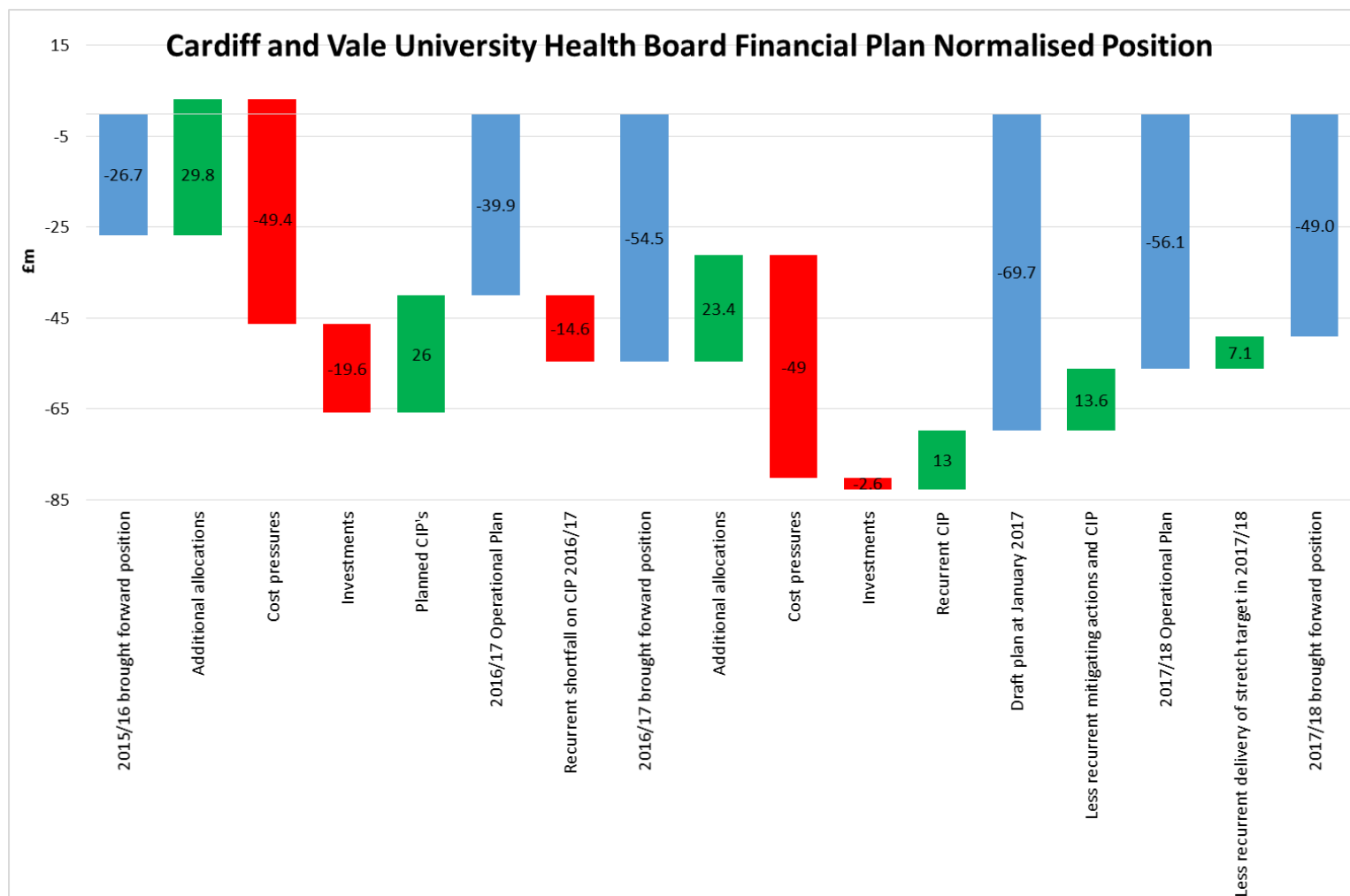


Appendix 2(ii)



Appendix 3

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<b>FINANCE REPORT FOR THE PERIOD ENDED 28<sup>th</sup> FEBRUARY 2018</b>	
<b>Name of Meeting :</b> Finance Committee	<b>Date:</b> 28th March 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 February 2018 is a deficit of £25.502m comprised of the following: <ul style="list-style-type: none"> <li>• (£2.823m) favourable budget variance;</li> <li>• £28.325m planned deficit (11/12th 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	

<p><b>ASSURANCE AND RECOMMENDATION</b></p> <p><b>LIMITED ASSURANCE</b> is provided by:</p> <ul style="list-style-type: none"> <li>• The work that has been undertaken to develop the 2017/18 operational plan;</li> <li>• The scrutiny of financial performance undertaken by the Finance Committee;</li> <li>• The month 11 position which is £2.823m less than the profiled deficit within the financial plan;</li> <li>• The identification of a full £35m savings programme.</li> </ul> <p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> that the UHB has an one year operational plan that has a planned deficit of £30.900m for the year;</li> <li>• <b>NOTE</b> that the UHB has reduced its forecast year end deficit by £4m in month to £26.900m;</li> <li>• <b>NOTE</b> the £25.502m deficit at month 11 which includes a planning deficit of £28.325m and budget underspends of (£2.823m);</li> <li>• <b>NOTE</b> that the UHB has written to Welsh Government to confirm a reduction to the cash assistance required by the UHB in line with the reduction the forecast year end deficit.</li> </ul>
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## SITUATION

Following a review of expected outturn for the remainder of the year and confirmation of the month 10 position which was nearly £1.5m better than planned, the UHB's

year-end forecast improved to a deficit of £26.9m. The reduction in the forecast deficit was within the range outlined to the Board in the December Finance Report and the forecast deficit is now £4m better than the planned deficit of £30.9m.

The £4m improvement to the UHB's year-end forecast is underpinned by the following savings:

- A £1.8m non recurrent underspend against delegated budgets;
- Clarification of the required recurrent contribution for the Welsh Risk Pool (WRP) which is £1m less than the WRPs planning assumption;
- A £1.2m recurrent surplus on the UHB's Hepatitis C drugs budget;

Following confirmation of the month 11 position and a review of expected income and expenditure for the final month of the year the UHB's remains on course to deliver its revised forecast year-end deficit of £26.9m

## 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 worked towards delivering a £30.9m deficit, many of items needed to achieve this are non recurrent. The UHB's assessed underlying deficit to be carried forward into 2018/19 has fallen by £3.1m in the year to date and is currently assessed at £51.4m. The UHB is applying further pressure on the underlying deficit with the objective of reducing the figure carried forward to 2018/19 to £49m.

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

**Table 1: Revised Operational Plan 2017/18 @ February 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 @ December 2017	14,973
<b>Financial Plan with Stretch Target: surplus / (deficit)</b>	<b>-30,900</b>
WRP revision to required contribution	1,000
Surplus on Hep C budget	1,200
Improvement in forecast delegated budget position	1,800
<b>Forecast Outturn (£m)</b>	<b>-26,900</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 @ February 2018**

Finance Dashboard	Statutory	Standard	Performance		In Month	Year to Date	Month 11 Full Year Forecast
			Target				
					In Month	Year to Date	RAG Rating
Remain within revenue resource limit - Variance Adv/(Fav)	Yes	£0	£1.244	£25.502			
Reduction in underlying deficit c/f to 18/19 (£54.5m b/f to 17/18)		£0	(£1.0m)	£51.382m			
Variance against unapproved 2017/18 £30.9m deficit plan		£0	(£1.331m)	(£2.823m)			
Pay expenditure (actual versus Plan)		£0	(£0.216m)	(£2.352m)			
Non-Pay Expenditure (Actual versus Plan)		£0	(£1.117m)	£0.377m			
Income (actual versus Plan)		£0	£0.002m	(£0.848m)			
Remain with CAPEX resource limit	Yes	£0	n/a	(£1.909m)			
Creditor payments compliance 30 day Non NHS		95%	93.80%	92.40%			
CRP Green / Amber status - Delegated Targets @ Feb 28th		100% Green		100%			

### Month 11 Cumulative Financial Position

The UHB reported a deficit of £25.502m at month 11 as follows:

- (£2.823m) favourable budget management variance;
- £28.325m planned deficit (11/12th 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 28<sup>th</sup> February 2018**

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	(116.279)	(116.277)	0.002	(1,061.643)	(1,062.491)	(0.848)	(1,283.645)	(1,283.645)	0.000
Pay	51.014	50.798	(0.216)	540.303	537.950	(2.352)	589.864	589.864	0.000
Non Pay	67.839	66.723	(1.117)	633.311	633.687	0.377	724.681	724.681	0.000
Variance to Draft Plan £m	2.575	1.244	(1.331)	111.970	109.147	(2.823)	30.900	30.900	0.000
Planned Deficit	(2.575)	0.000	2.575	(28.325)	0.000	28.325	(30.900)	0.000	30.900
Total £m	(0.000)	1.244	1.244	83.645	109.147	25.502	(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 @ February 2018**

Income	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Revenue Resource Limit	(83.636)	(83.636)	0.000	(690.704)	(690.704)	0.000
Non Cash Limited Expenditure	(1.534)	(1.534)	0.000	(17.887)	(17.887)	0.000
Accommodation & Catering	(0.230)	(0.192)	0.039	(2.232)	(2.133)	0.099
Education & Training	(3.196)	(3.185)	0.011	(34.704)	(34.797)	(0.093)
Injury Cost Recovery Scheme (CRU)	(0.189)	(0.145)	0.044	(2.076)	(2.217)	(0.141)
NHS Patient Related Income	(22.659)	(22.618)	0.041	(253.699)	(254.196)	(0.497)
Other Operating Income	(4.005)	(4.209)	(0.204)	(50.251)	(51.099)	(0.849)
Overseas Patient Income	(0.010)	(0.012)	(0.002)	0.104	(0.023)	(0.127)
Private Patient Income	(0.101)	(0.042)	0.059	(1.219)	(0.787)	0.432
Research & Development	(0.720)	(0.705)	0.015	(8.975)	(8.647)	0.328
<b>Total £m</b>	<b>(116.279)</b>	<b>(116.277)</b>	<b>0.002</b>	<b>(1,061.643)</b>	<b>(1,062.491)</b>	<b>(0.848)</b>

An in month deficit of £0.002m and a cumulative surplus of £0.848m is reported against income budgets.

Accommodation and catering income is again below target in month due to a shortfall in canteen and vending machine income.

The in month deficit reported against the Injury Cost Recovery Scheme follows a fall in the number of notified new cases and the withdrawal of 2 high value claims in February.

The majority of the in month favourable variance reported against other operating income relates to the expected allocation of NHS Wales Shared Service Partnership savings which are in excess of planning assumptions.

Both the in month and cumulative underperformance against private patient income targets again relate to Specialist Services. The reduction in income will in part be offset by a corresponding reduction in costs.

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

### Pay

Pay budgets continue to show sound performance with a year to date underspend of £2.352m. Table 5 highlights that this is favourable performance compared to a month 11 overspend of £0.827m in 2016/17.

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

	2016/17 Total Spend £m	2016/17 Month 1 to Month 10 £m	2017/18 Month 1 to Month 10 £m	2016/17 Month 11 £m	2017/18 Month 11 £m	2016/17 Cum. to Month 11 £m	2017/18 Cum. to Month 11 £m
Basic	502.093	415.194	425.825	42.023	43.245	457.217	469.070
Enhancements	23.635	19.179	19.822	2.640	2.679	21.819	22.501
Maternity	4.136	3.477	3.443	0.295	0.299	3.772	3.742
Protection	0.743	0.621	0.567	0.060	0.052	0.680	0.619
<b>Total Fixed Pay</b>	<b>530.607</b>	<b>438.472</b>	<b>449.657</b>	<b>45.016</b>	<b>46.275</b>	<b>483.488</b>	<b>495.932</b>
Agency (mainly registered Nursing)	9.017	6.830	6.683	0.771	0.978	7.601	7.661
Nursing Bank (mainly Nursing)	14.249	10.934	11.677	1.297	1.301	12.231	12.978
Internal locum (Medical & Dental)	2.105	1.759	3.523	0.178	0.384	1.937	3.907
External locum (Medical & Dental)	9.547	7.889	5.768	0.784	0.585	8.673	6.353
On Call	2.154	1.718	1.774	0.233	0.260	1.951	2.033
Overtime	6.072	4.927	4.472	0.398	0.466	5.324	4.938
WLI's & extra sessions (Medical)	3.549	2.812	3.599	0.351	0.550	3.163	4.149
<b>Total Variable Pay</b>	<b>46.693</b>	<b>36.869</b>	<b>37.495</b>	<b>4.011</b>	<b>4.523</b>	<b>40.880</b>	<b>42.018</b>
<b>Total Pay</b>	<b>577.301</b>	<b>475.341</b>	<b>487.152</b>	<b>49.027</b>	<b>50.799</b>	<b>524.369</b>	<b>537.950</b>
<b>Pay Budget</b>	<b>576.692</b>	<b>474.168</b>	<b>489.288</b>	<b>49.373</b>	<b>51.014</b>	<b>523.541</b>	<b>540.303</b>
<b>Budget Variance (Fav)/Adv £m</b>	<b>0.609</b>	<b>1.173</b>	<b>(2.136)</b>	<b>(0.345)</b>	<b>(0.216)</b>	<b>0.827</b>	<b>(2.352)</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.

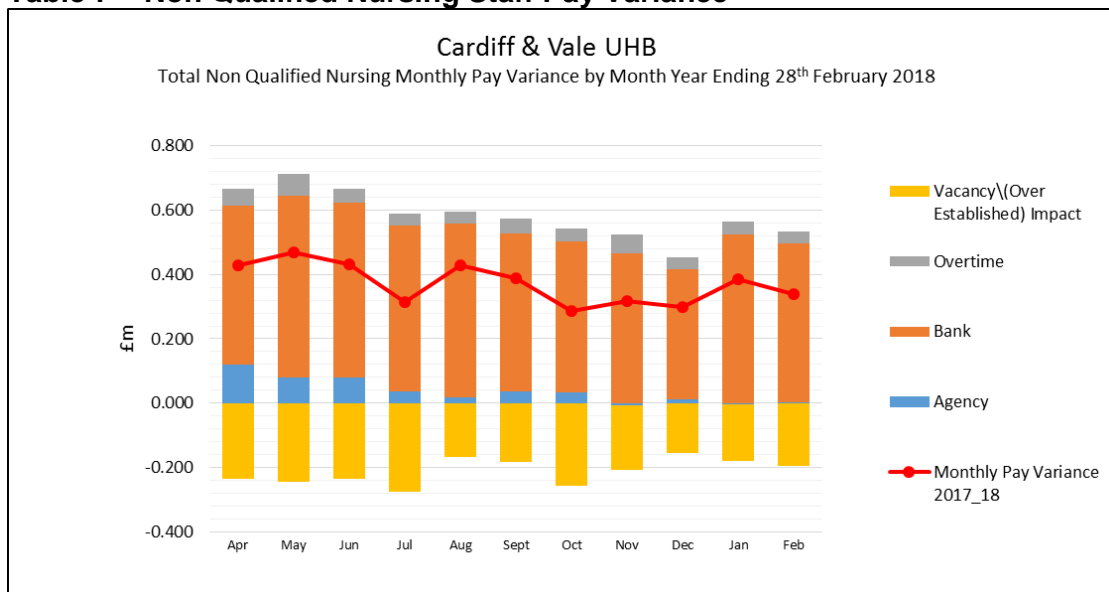
An analysis of pay expenditure by staff group is shown in Table 6.

**Table 6: Analysis of pay expenditure by staff group @ February 2018**

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	1.913	1.825	(0.088)	20.833	20.168	(0.665)
Management, admin & clerical	5.722	5.641	(0.080)	63.343	62.392	(0.950)
Medical and Dental	13.181	12.976	(0.205)	139.527	138.380	(1.148)
Nursing (registered)	15.521	15.486	(0.035)	162.180	160.309	(1.871)
Nursing (unregistered)	4.171	4.510	0.339	42.858	46.942	4.084
Other staff groups	7.634	7.599	(0.036)	80.761	80.367	(0.394)
Scientific, prof & technical	2.871	2.760	(0.111)	30.800	29.391	(1.409)
<b>Total £m</b>	<b>51.014</b>	<b>50.798</b>	<b>(0.216)</b>	<b>540.303</b>	<b>537.950</b>	<b>(2.352)</b>

The in month underspend of £0.216m against pay budgets is broadly consistent with the trend established in the first ten months of the year. Part of the in month overspend against nursing is due to relatively high levels of sickness on medical wards. The majority of the nursing overspend continues to be a consequence of the additional cost of cover for vacant posts on medical wards.

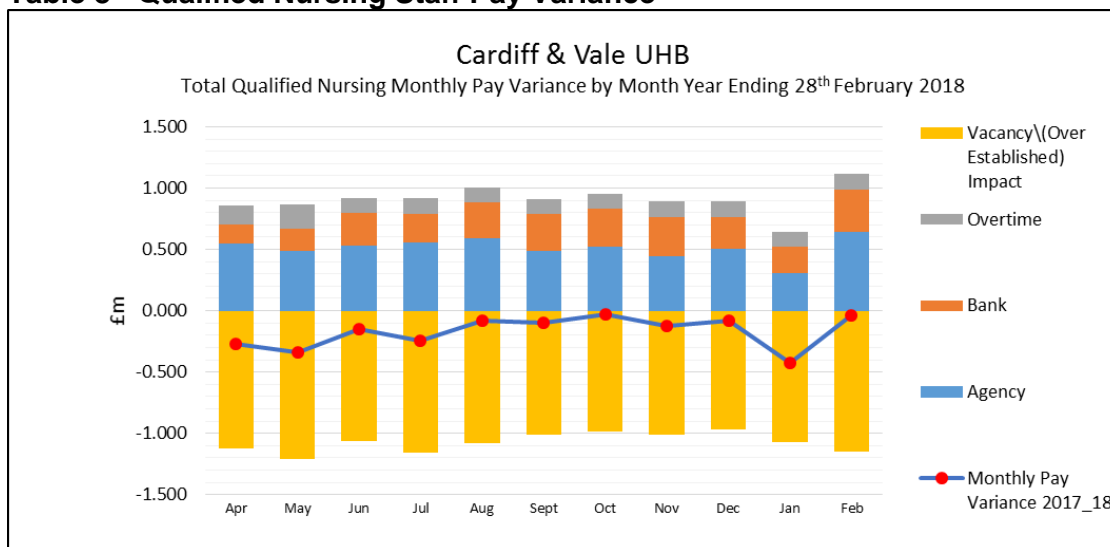
**Table 7 – Non Qualified Nursing Staff Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.001	0.403
Bank	0.495	5.505
Overtime	0.037	0.496
Adverse Impact	0.533	6.404
Vacancy\ (Over Established) Impact	(0.194)	(2.320)
<b>Total Pay Variance - Unqualified Nursing (Fav)/Adv £m</b>	<b>0.339</b>	<b>4.084</b>

Table 7 demonstrates that the majority of adverse variance against non-qualified nursing assistants is due to an overspend of £5.505m on bank staff which is partly offset by an underspend against established posts. The in month overspend of £0.339m is less than the average monthly overspend for the year to date of £0.371m.

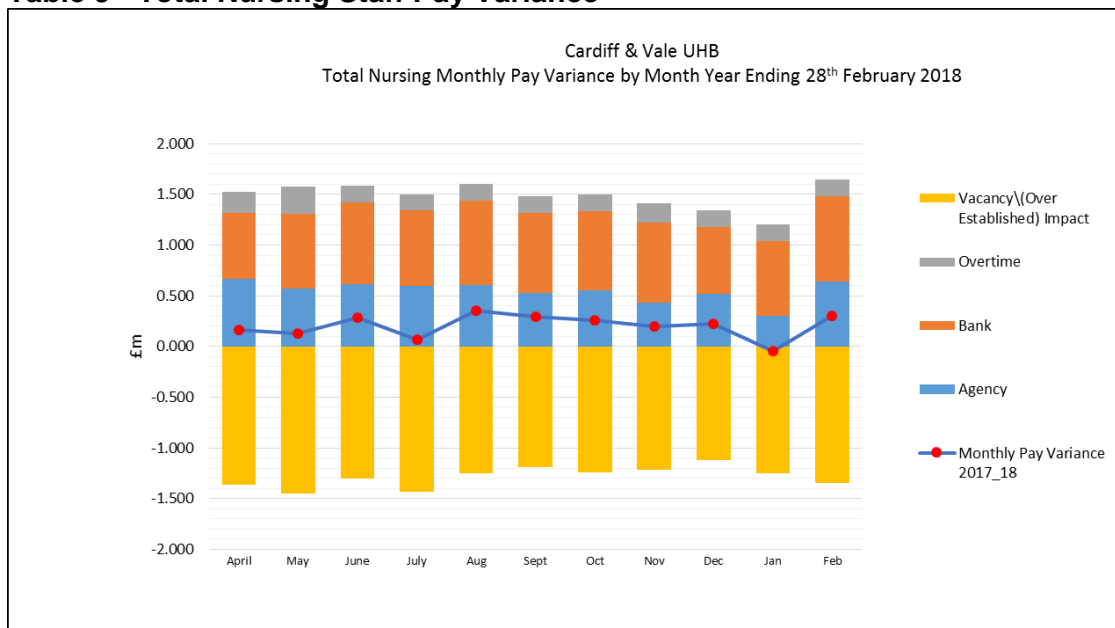
**Table 8 - Qualified Nursing Staff Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.642	5.630
Bank	0.344	2.869
Overtime	0.130	1.463
Adverse Impact	1.116	9.963
Vacancy\ (Over Established) Impact	(1.150)	(11.833)
<b>Total Pay Variance - Qualified Nursing (Fav)/Adv £m</b>	<b>(0.035)</b>	<b>(1.871)</b>

Table 8 confirms that expenditure on established qualified nursing posts is significantly less than budget. The overall trend for the year to date is moving towards broadly balanced monthly budgets. The reported variance in January was skewed by the confirmation of non recurrent Invest to Save funding from Welsh Government which was applied to support nursing posts.

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

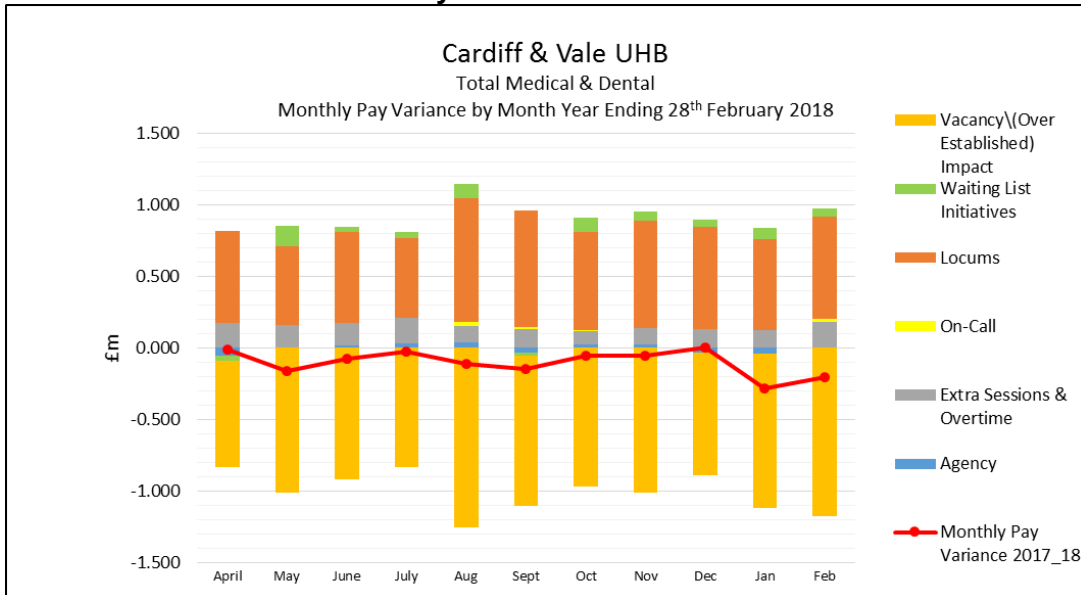


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.643	6.033
Bank	0.839	8.374
Overtime	0.167	1.960
Adverse Impact	1.649	16.366
Vacancy\ (Over Established) Impact	(1.345)	(14.153)
<b>Total Pay Variance - (Fav)/Adv £m</b>	<b>0.304</b>	<b>2.213</b>

Table 9 shows that the expenditure against substantive nursing posts for the year to date is less than budget as reported by a £14.153m surplus against established posts. However the combined £16.366m 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 £1.148m at month 11.

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



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.003	(0.039)
Extra Sessions & Overtime	0.178	1.557
On-Call	0.023	0.074
Locums	0.708	7.551
Waiting List Initiatives	0.060	0.608
Adverse Impact	0.973	9.751
Vacancy\ (Over Established) Impact	(1.178)	(10.898)
<b>Total Pay Variance - Medical &amp; Dental (Fav)/Adv £m</b>	<b>(0.205)</b>	<b>(1.148)</b>

**Non Pay**

Table 11 highlights an in month underspend of £1.117m and a £0.377m cumulative overspend against non pay budgets.

**Table 11: Non Pay Variance @ February 2018**

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	8.070	8.248	0.178	86.835	87.500	0.666
Commissioned Services	15.581	15.946	0.365	149.584	149.813	0.229
Continuing healthcare	7.615	7.710	0.095	56.355	56.921	0.566
Drugs / Prescribing	13.132	12.114	(1.018)	137.361	135.770	(1.590)
Establishment expenses	1.168	1.140	(0.029)	10.231	10.069	(0.161)
General supplies & services	0.603	0.686	0.083	5.056	5.710	0.654
Other non pay	7.236	6.450	(0.786)	29.800	30.756	0.956
Premises & fixed plant	2.987	3.052	0.065	33.664	33.022	(0.641)
Primary Care Contractors	11.447	11.377	(0.070)	124.425	124.124	(0.301)
Total £m	67.839	66.723	(1.117)	633.311	633.687	0.377

The in month overspend against clinical services and supplies represents 2% of the in month budget.

The adverse in-month movement against commissioned services reflects a deterioration in LTA expenditure, the WHSCC risk share on further C&V provider LTA over-performance, a high number of CAMHS Tier 4 admissions and a provision for WHSSC activity growth.

The in month overspend against Continuing Healthcare (CHC) partly reflects the net increase of 17 non mental health cases in month. The additional NHS funded nursing fees costs arising from the judgement of the Supreme Court are now included within the UHB's 2017/18 forecast deficit.

A number of high cost NCSO price concessions have now expired leading to an in month underspend against primary care prescribing costs. In addition the UHB recognised a significant level of savings against Hepatitis C drugs in month following confirmation of actual dispensing volumes and costs.

Other non-pay includes the additional costs resulting from the outsourcing of the neuro-interventional radiology service which are now estimated to be £0.583m for the year to date. The UHB's Director of Finance has met with the WHSCC Director of Finance to discuss whether additional income will be provided by WHSCC under the current LTA framework and there is an expectation that the issue will be concluded in March and that WHSSC will risk share these costs.

Also included in other non pay is a £1.697m 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 months to 28<sup>th</sup> February 2018 by Clinical Board is shown in Table 12.

**Table 12: Financial Performance for the period ended 28<sup>th</sup> February 2017**

Clinical Board	M10 Budget Variance £m	M11 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.373	0.459	0.086	0.47%
Children & Women	0.427	0.425	(0.003)	0.47%
Capital Estates & Facilities	(0.412)	(0.403)	0.009	(0.68%)
Dental	(0.011)	(0.007)	0.004	(0.02%)
Executives	(0.276)	(0.318)	(0.042)	(0.89%)
Medicine	0.323	0.149	(0.175)	0.14%
Mental Health	(0.364)	(0.475)	(0.111)	(0.71%)
PCIC	(2.091)	(2.303)	(0.212)	(0.82%)
Specialist	(0.508)	(0.641)	(0.134)	(0.46%)
Surgery	0.239	0.063	(0.176)	0.05%
Central Budgets	0.807	0.230	(0.577)	0.17%
<b>SubTotal</b>	<b>(1.492)</b>	<b>(2.823)</b>	<b>(1.331)</b>	<b>(0.25%)</b>
Planned Deficit	25.750	28.325	2.575	2.47%
<b>Total</b>	<b>24.258</b>	<b>25.502</b>	<b>1.244</b>	<b>2.23%</b>

All primary delegated budget holders are now reporting an underspend with the exception of the Medicine, Children and Women, Surgery and the CD&T Clinical Boards.

In month performance by the Medicine Board improved, however, pressures on nursing budgets remained. Underperformance in PICU and NICU alongside premium costs of medical cover and nursing costs are pressures in the Children and Women Clinical Board. The cumulative deficit reported by the Surgery Clinical Board fell by £0.176m in month. The overspend reported by the CD&T Clinical Board is due to the 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 produced 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 interventional neuroradiology. Without this cost pressure, the Clinical Board has a balanced plan. **The expectation now is that all Clinical Boards will deliver their latest forecast position and assurances have been received that this will be achieved.**

## 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 11 the UHB has identified £39.001m savings to deliver against 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 11**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Over-programming) £m
Total £m	35.001	39.001	4.000

For the year to date £32.4m (83.0%) 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 month of the year.

## Underlying Financial Position

A key risk to the UHB is its c/f deficit from 2017/18 into 2018/19. The recurrent underlying deficit in 2016/17 b/f into 2017/18 was £54.5m. The assessed deficit c/f into 2018/19 is currently £51.4m as shown in Table 14.

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

	2017/18 Plan £m	Forecast Position @ Month 11	
		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)	14.621	(20.380)
Deficit	30.900	20.482	51.382

The UHB is pursuing further recurring efficiencies with the objective of reducing the carried forward underlying deficit into 2018/19 to £49m. A large part of this will be making recurrent budget underspends within Executive Directors delegated budgets.

## 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 carrying value now also reflects the transfer of Llantwit Major Health Centre from Abertawe Bro Morgannwg Health Board which was completed in February 2018.

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**.

Welsh Government wrote to the UHB on 14<sup>th</sup> December 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. As a consequence of the £4m reduction to the UHB forecast deficit in January the level of strategic cash assistance required by the UHB has also fallen by £4m from that previously requested. The UHB has therefore written to Welsh Government to confirm the Strategic Cash Assistance required is therefore now £4m less at £25.389m. The UHB has also requested £1.599m cash assistance for working balance movements.

The UHB has therefore requested total cash assistance of £26.988m (£25.389m strategic cash only support & £1.599m working balances cash assistance).

## Public Sector Payment Compliance

The UHB's cumulative performance to the end of December improved by 0.1% in month to 92.4%. 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 introduction on the 1st August 2017 of an automated ordering & receipting process. This roll out began on 1st August 2017 and as at 28th February 2018 the UHB's eight biggest suppliers were all part of this process, with seven of the companies hitting a compliance rate of over 94% in month which is significantly better than 6 months ago. In addition, the UHB is piloting a "No Purchase Order, No Pay" policy within corporate departments with the long term intention of rolling the policy out across the UHB and improving the efficiency of invoice payments. Furthermore all Clinical Boards have formally been reminded 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.

### Capital Resource Limit (CRL)

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

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

	£m
Planned Capital Expenditure at month 11	25.831
Actual net expenditure against CRL at month 11	23.922
Variance against planned Capital Expenditure at month	(1.909)

The UHB anticipates to fully expend its CRL by the year end.

### Financial Risks

The UHB is forecasting a £26.9m year-end deficit which is £4.0m less than its Operational Plan.

The NHS Funded Nursing Care (FNC) financial risk has now been accommodated within the UHB forecast and the risk around NCSO drugs has now largely gone. In addition Welsh Government has confirmed funding for PACS.

Therefore the only outstanding material risk relates to the performance of neonatal intensive care against the WHSSC contract. The UHB is on track to make good part of the year to date underperformance. Due to the stepped marginal cost in this contract however, if this is not achieved it will result in a £0.8m income reduction.

### Key Concerns & Recovery Actions

At month 11, the key concerns and challenges are set out below:

1. Concern- Budget overspends at month 11;

Action – All Clinical Boards have confirmed expected year end outturn through a detailed forecasting exercise and escalation process. All Clinical Boards have balanced plans except CD&T due to the exceptional non-recurring costs in interventional neuroradiology.

2. Concern – Key financial risks;

Action – Further savings have been identified to mitigate against these and therefore the UHB has greater assurance of delivering its 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 aimed to achieve a £30.9m deficit. Following a review in January the UHB revised and improved its year-end forecast by £4m to a deficit of £26.9m. The cumulative underspend against the UHB plan increased by a further £1.331m in February from £1.492m to £2.823m providing the UHB with assurance that it remains on course to meet the revised forecast deficit of £26.9m.

At the beginning of 2017/18 the UHB had a brought forward underlying recurrent deficit of £54.5m. This has now reduced to £51.4m and the UHB is aiming to reduce this further so that underlying deficit carried forward into 2018/19 is circa £49m.

The UHB will continue to share progress being made with Welsh Government and 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 eleven months to the end of February is a deficit of £25.502m. This is made up of a budget plan deficit of £28.325m and a favourable variance against plan of £2.823m.

## Appendix 1

## 2017-18 Part Year Effect Month Ending February 2018

Identified Savings	17-18 Target	Granular Identified Green	Clinical Board Amber	Clinical Board Pipeline Red	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
Surgery	2,357	2,401	118	35	2,520	-163
PCIC	3,323	3,327	226	450	3,553	-230
Mental Health	1,395	1,433	0	0	1,433	-38
Children & Women	1,775	1,675	147	420	1,822	-47
Dental	400	408	0	10	408	-8
CD&T	1,880	1,890	0	163	1,890	-10
Medicine	1,878	1,879	0	157	1,879	-1
Clinical Board Forecast			4,541		4,541	-4,541
Corporate Schemes	17,668	15,108	500	234	15,608	2,060
<b>Total Savings</b>	<b>35,001</b>	<b>33,053</b>	<b>5,949</b>	<b>1,864</b>	<b>39,001</b>	<b>-4,000</b>

## 2017-18 Full Year Effect Month Ending February 2018

Identified Savings	17-18 Target	Granular Identified Green	Clinical Board Amber	Clinical Board Pipeline Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Execs	501	609	87	16	696	-195
Specialist Services	1,800	1,365	450	324	1,815	-15
Capital Estates and Facilities	933	933	60	420	993	-60
Surgery	1,768	1,794	170	86	1,964	-196
PCIC	2,493	3,239	275	160	3,514	-1,021
Mental Health	1,047	1,047	0	0	1,047	0
Dental	300	88	0	20	88	212
Children & Women	1,331	946	425	723	1,371	-40
CD&T	1,382	1,382	0	163	1,382	0
Medicine	1,408	1,702	0	594	1,702	-294
Corporate Schemes	17,668	7,275	953	0	8,228	9,440
<b>Total Savings</b>	<b>30,631</b>	<b>20,380</b>	<b>2,420</b>	<b>2,505</b>	<b>22,800</b>	<b>7,831</b>

## 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
<b>Gross costs</b>	103,244	101,554	110,313	109,081	110,590	109,803	96,177	113,911	110,746	115,938	122,659	151,174	1,355,190
Identified savings	-618	-1,481	-2,972	-1,757	-2,739	-2,898	-4,741	-3,568	-3,326	-3,141	-5,136	-6,624	-39,001
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	-3,326	-3,141	-5,136	-6,624	-39,001
<b>Net costs</b>	102,626	100,073	107,341	107,324	107,851	106,905	91,436	110,343	107,420	112,797	117,523	144,550	1,316,189
Income (phased as per budget plan)	98,952	98,579	104,814	104,728	105,337	104,301	88,882	107,862	105,687	110,716	116,279	143,152	1,289,289
<b>Net surplus/ (deficit)</b>	-3,674	-1,494	-2,527	-2,596	-2,514	-2,604	-2,554	-2,481	-1,733	-2,081	-1,244	-1,398	-26,900

**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

Savings profiled to Month 11 & 12 include £1.2m Hepatitis drug savings; £1m savings on the planned contribution to the Welsh risk Pool and £1.8m savings against delegated budgets.

## Appendix 3

BALANCE SHEET AS AT 28<sup>th</sup> FEBRUARY 2018

	Opening Balance 1 <sup>st</sup> April 2017	Closing Balance 28th February 2018
<b>Non-Current Assets</b>	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	628,042	640,519
Intangible assets	1,601	1,478
Trade and other receivables	42,437	42,727
Other financial assets		
<b>Non-Current Assets sub total</b>	<b>672,080</b>	<b>684,724</b>
<b>Current Assets</b>		
Inventories	15,129	15,972
Trade and other receivables	137,493	201,355
Other financial assets	0	0
Cash and cash equivalents	881	6,289
Non-current assets classified as held for sale	1,815	0
<b>Current Assets sub total</b>	<b>155,318</b>	<b>223,616</b>
<b>TOTAL ASSETS</b>	<b>827,398</b>	<b>908,340</b>
<b>Current Liabilities</b>		
Trade and other payables	157,516	146,021
Other financial liabilities	0	0
Provisions	102,277	163,017
<b>Current Liabilities sub total</b>	<b>259,793</b>	<b>309,038</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>567,605</b>	<b>599,302</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	10,207	9,720
Other financial liabilities	0	0
Provisions	44,615	42,727
<b>Non-Current Liabilities sub total</b>	<b>54,822</b>	<b>52,447</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>512,783</b>	<b>546,855</b>
<b>FINANCED BY:</b>		
<b>Taxpayers' Equity</b>		
General Fund	399,057	432,640
Revaluation Reserve	113,726	114,215
<b>Total Taxpayers' Equity</b>	<b>512,783</b>	<b>546,855</b>

## Appendix 4

CASH FLOW FORECAST AS AT 28<sup>th</sup> FEBRUARY 2018

	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	65,128	72,858	73,876	880,213
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	1,630	1,530	19,125
WG Revenue Funding - Other (e.g. invoices)	2,360	2,360	2,506	2,361	2,361	2,331	2,356	2,356	2,878	5,280	2,498	5,953	35,600
WG Capital Funding - Cash Limit	9,000	2,000	1,000	2,100	3,900	2,950	0	4,200	375	3,325	5,200	7,113	41,163
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	39,530	26,020	31,674	36,264	399,831
Other - (Specify in narrative)	11,438	3,599	7,579	5,630	8,324	6,620	9,018	6,738	5,850	8,488	5,898	8,435	87,617
<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>133,005</b>	<b>109,861</b>	<b>119,758</b>	<b>133,171</b>	<b>1,473,463</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	6,769	4,242	4,008	6,768	61,869
Primary Care Services : Pharmacy Services	153	124	144	112	125	135	121	101	215	484	344	167	2,225
Primary Care Services : Prescribed Drugs & Appliances	15,528	2	15,095	4	7,945	16,115	3	7,429	16,189	3	7,767	7,769	93,849
Primary Care Services : General Dental Services	1,734	1,877	1,908	1,936	1,720	1,806	1,845	1,793	1,768	1,839	1,904	1,719	21,849
Non Cash Limited Payments	1,986	2,196	1,910	2,173	2,105	2,125	2,135	2,174	2,201	2,094	2,023	2,174	25,296
Salaries and Wages	45,715	47,104	47,578	46,857	46,825	46,822	46,626	47,425	47,459	47,086	47,613	47,986	565,096
Non Pay Expenditure	41,188	43,621	48,892	44,051	45,352	44,772	49,641	44,931	40,770	46,476	41,863	52,227	543,784
Capital Payment	9,738	1,925	1,323	1,802	3,587	2,322	2,277	3,052	2,773	2,439	3,008	9,169	43,415
Other items (Specify in narrative)	15,801	2,891	17,084	2,836	9,095	16,775	2,913	8,717	17,075	3,025	9,268	10,600	116,080
<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>135,219</b>	<b>107,688</b>	<b>117,798</b>	<b>138,579</b>	<b>1,473,463</b>
<b>Net cash inflow/outflow</b>	11,952	(6,839)	1,915	3,225	(6,000)	(2,535)	527	1,244	(2,214)	2,173	1,960	(5,408)	
<b>Balance b/f</b>	881	12,833	5,994	7,909	11,134	5,134	2,599	3,126	4,370	2,156	4,329	6,289	

## Appendix 5

PROGRESS AGAINST CRL AS AT 28<sup>th</sup> FEBRUARY 2018

Approved CRL issued March 3rd 2018 £'000s		41,975				
Performance against CRL	Year To Date			Forecast		
	Plan £'000	Actual £'000	Var. £'000	Plan £'000	F'cast £'000	Var. £'000
<b>All Wales Capital Programme:</b>						
Replacement Cardiac Catheter Labs UHW	3	2	(1)	3	3	0
Rookwood Emergency Works	733	617	(116)	1,445	946	(499)
Relocation of Central Processing Unit	0	0	0	0	0	0
Neonatal Phase 2	11,989	11,990	1	15,935	15,935	0
Primary Care Fees	18	8	(10)	125	125	0
Gamma Cameras	485	339	(146)	672	339	(333)
Anti Ligature Works	172	80	(92)	500	400	(100)
CRI Wards 14 and 14(a)	1,281	1,022	(259)	1,601	1,601	0
Genomics	426	171	(255)	1,060	1,060	0
Implementation of WIFI	250	0	(250)	600	600	0
National Clinical Information Systems	50	0	(50)	448	198	(250)
Modular Theatre Llandough	1,802	1,807	5	1,697	1,807	110
Interventional Radiology Suite UHW	0	0	0	1,500	1,500	0
ICF-Mental Health Barry Hospital	0	8	8	198	248	50
Cyber Attacks Equipment	0	0	0	180	180	0
WEDINOS Equipment	0	0	0	431	431	0
Imaging Equipment	0	0	0	100	100	0
<b>Sub Total</b>	<b>17,209</b>	<b>16,044</b>	<b>(1,165)</b>	<b>26,495</b>	<b>25,473</b>	<b>(1,022)</b>
<b>Discretionary:</b>						
I.T.	451	371	(80)	1,110	1,360	250
Equipment	803	519	(284)	1,949	2,854	905
Statutory Compliance	1,701	1,606	(95)	2,845	2,845	0
Estates	13,647	13,362	(285)	18,293	18,160	(133)
<b>Sub Total</b>	<b>16,602</b>	<b>15,858</b>	<b>(744)</b>	<b>24,197</b>	<b>25,219</b>	<b>1,022</b>
<b>Donations:</b>						
Ronald McDonald House, Oakgrove Foundation & Endowments	5,728	5,728	0	6,465	6,465	0
<b>Sub Total</b>	<b>5,728</b>	<b>5,728</b>	<b>0</b>	<b>6,465</b>	<b>6,465</b>	<b>0</b>
<b>Asset Disposals:</b>						
West Wing	1,750	1,750	0	1,750	1,750	0
The Former Filling Station at Llandough	10	10	0	10	10	0
CRC Credits Surrendered	212	212	0	212	212	0
Longcross House	280	280	0	280	280	0
<b>Sub Total</b>	<b>2,252</b>	<b>2,252</b>	<b>0</b>	<b>2,252</b>	<b>2,252</b>	<b>0</b>
<b>CHARGE AGAINST CRL</b>	<b>25,831</b>	<b>23,922</b>	<b>(1,909)</b>	<b>41,975</b>	<b>41,975</b>	<b>0</b>
<b>PERFORMANCE AGAINST CRL (Under)/Over £'000s</b>		<b>(18,053)</b>			<b>0</b>	

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<b>2017-18 and 2018-19 Cost Reduction Programme</b>	
<b>Name of Meeting :</b> Finance Committee	28 <sup>th</sup> March 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 2017-18 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 and the Cross Cutting contribution

#### **INTRODUCTION**

This report summarises progress against the UHB savings programme of £35.001m and updates the Cross Cutting Steering Group on the 2017/18 CRP position and progress made to date in developing schemes to deliver the 2018/19 CRP requirement.

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

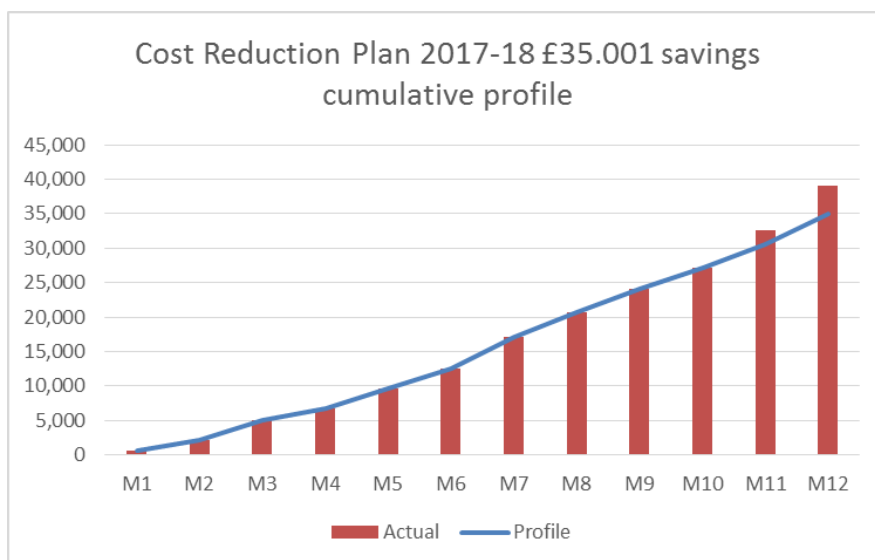
As at 28<sup>th</sup> February 2018, £39.001m of opportunities have been identified as Green or Amber against the total savings target of £35.001m.



The value of Green schemes is £33.053m and Amber schemes £5.949m.

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

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**PROGRESS AGAINST DEVOLVED CRP 2017-18**

As at 28<sup>th</sup> February 2018, £18.852m of opportunities have been identified as Green or Amber against the devolved CRP target of £17.333m.

The value of Green schemes is £17.945m 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.

As at 28<sup>th</sup> February 2018, £6.607m of opportunities have been identified as Green or Amber contributing towards the delivery of the £17.333m CRP target.



## CROSS CUTTING THEMES 2017-18

In order to support the delivery of Cardiff and Vale University Health Board's (UHB) cost reduction programme for FY 18-19, the following cross cutting projects have been identified and targeted with delivering **£10.5m** of indicative savings:

Cross Cutting Theme	Sponsor	Implementation Lead	Project Manager	Finance Lead	First Line Reporting Forum	Indicative savings target 18-19 £m	Status
Medical Productivity	Graham Shortland	Peter Durning	Alaa Khundakji	Andrew Gough	Medical Productivity Group	2.0	
Medicines Management	Graham Shortland	Darrel Baker	Natalie Proctor	Lynne Aston	Corporate Medicines Management Group	2.0	
Nursing Productivity	Ruth Walker	Ruth Walker	Alaa Khundakji	Andrew Gough	Nursing Productivity Group	1.0	
Procurement	Bob Chadwick	Claire Salisbury	Claire Salisbury	Andrew Gough	Cross Cutting Steering group	2.0	
Workforce Productivity	Marting Driscoll	Julie Casseley	Andrew Crook	Andrew Gough	Cross Cutting Steering group	2.0	
Efficiency Opportunities	Bob Chadwick		Cath David	Andrew Gough	Cross Cutting Steering group	1.5	

The themes have remained consistent with those identified in 2017-18 with the addition of the Efficiency Opportunities theme. This theme will ensure that identified opportunities from both internal and external sources including the Welsh Government Efficiency Framework can be collated, verified and progressed at pace.

## 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 28<sup>th</sup> February 2018, £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 week commencing 5<sup>th</sup> March 2018, £14.312m of opportunities have been identified as Green or Amber against the £33.780m target.

The value of Green schemes is £7.149m and Amber schemes £7.163m.

Cross Cutting Schemes identified to date totalling £3.163m are included in the above £14.312m.

It is essential that the majority of schemes are identified prior to the start of the financial year. 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 £39.001m 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.

Progress against the 2018/19 CRP requirement will need to pick up pace in order to ensure the majority of schemes are identified prior to the start of the financial year. £14.312m green and amber schemes have been identified to date including a cross cutting contribution of £3.163m



## Savings Tracker Summary

### Month Ending 28<sup>th</sup> February 2017-18 Part Year Effect

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Identified Savings	17-18 Target	Granular Identified Green	Clinical Board Amber	Clinical Board Pipeline Red	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
Surgery	2,357	2,401	118	35	2,520	-163
PCIC	3,323	3,327	226	450	3,553	-230
Mental Health	1,395	1,433	0	0	1,433	-38
Children & Women	1,775	1,675	147	420	1,822	-47
Dental	400	408	0	10	408	-8
CD&T	1,880	1,890	0	163	1,890	-10
Medicine	1,878	1,879	0	157	1,879	-1
Clinical Board Forecast			4,541		4,541	-4,541
Corporate Schemes	17,668	15,108	500	234	15,608	2,060
<b>Total Savings</b>	<b>35,001</b>	<b>33,053</b>	<b>5,949</b>	<b>1,864</b>	<b>39,001</b>	<b>-4,000</b>

### 2017-18 Full Year Effect

Identified Savings	17-18 Target	Granular Identified Green	Clinical Board Amber	Clinical Board Pipeline Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Execs	501	609	87	16	696	-195
Specialist Services	1,800	1,365	450	324	1,815	-15
Capital Estates and Facilities	933	933	60	420	993	-60
Surgery	1,768	1,794	170	86	1,964	-196
PCIC	2,493	3,239	275	160	3,514	-1,021
Mental Health	1,047	1,047	0	0	1,047	0
Dental	300	88	0	20	88	212
Children & Women	1,331	946	425	723	1,371	-40
CD&T	1,382	1,382	0	163	1,382	0
Medicine	1,408	1,702	0	594	1,702	-294
Corporate Schemes	17,668	7,275	953	0	8,228	9,440
<b>Total Savings</b>	<b>30,631</b>	<b>20,380</b>	<b>2,420</b>	<b>2,505</b>	<b>22,800</b>	<b>7,831</b>



## Cross Cutting Tracker Weekly Summary 2017-18

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### 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	2,100	537	625	2,637	-637
Nursing Productivity	1,500	625	0	92	625	875
Procurement	2,000	1,845	64	47	1,909	91
Workforce Productivity	1,000	406	500	0	906	94
<b>Total</b>	<b>7,500</b>	<b>5,274</b>	<b>1,333</b>	<b>801</b>	<b>6,607</b>	<b>893</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	638	37	940	60
Medicines Management	2,000	2,581	725	335	3,306	-1,306
Nursing Productivity	1,500	1,028	0	387	1,028	472
Procurement	2,000	2,072	101	93	2,173	-173
Workforce Productivity	1,000	405	0	0	405	595
<b>Total</b>	<b>7,500</b>	<b>6,389</b>	<b>1,464</b>	<b>852</b>	<b>7,853</b>	<b>-353</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 4% Target (3% recurrent / 1% non-recurrent)	Granular Identified Green	Shortfall vs Green	Identified Amber	Pipeline Red	Total Green & Amber	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
Mental Health	2,940	622	2,318	1,274	545	1,896	2.58	1,044
PCIC	6,600	2,657	3,943	1,153	419	3,810	2.31	2,790
Capital Estates and Facilities	2,580	374	2,206	1,081	500	1,455	2.26	1,125
CD&T	3,442	21	3,421	1,526	832	1,547	1.80	1,895
Surgery	4,714	1,626	3,088	275	2,091	1,901	1.61	2,813
Corporate Execs	1,362	267	1,095	254	282	521	1.53	841
Children & Women	3,550	265	3,285	822	662	1,087	1.23	2,463
Specialist Services	4,038	632	3,406	545	1,230	1,177	1.17	2,861
Medicine	3,754	663	3,091	197	1,728	860	0.92	2,894
Dental	800	22	778	35	10	57	0.29	743
<b>Total</b>	<b>33,780</b>	<b>7,149</b>	<b>26,631</b>	<b>7,163</b>	<b>8,299</b>	<b>14,312</b>	<b>1.69</b>	<b>19,468</b>

Weekly Progress								
WC 22nd January 2018	33,780	998	32,782	2,582	11,035	3,580	0.42	30,200
WC 29th January 2018	33,780	1,089	32,691	2,582	11,035	3,671	0.43	30,109
WC 5th February 2018	33,780	4,091	29,689	4,535	8,740	8,626	1.02	25,154
WC 12th February 2018	33,780	6,486	27,294	6,401	6,893	12,886	1.53	20,894
WC 19th February 2018	33,780	6,342	27,438	6,387	7,418	12,729	1.51	21,051
WC 26th February 2018	33,780	6,372	27,408	6,417	7,748	12,790	1.51	20,990
<b>WC 5th March 2018</b>	<b>33,780</b>	<b>7,149</b>	<b>26,631</b>	<b>7,163</b>	<b>8,299</b>	<b>14,312</b>	<b>1.69</b>	<b>19,468</b>

## 2018-19 Weekly Summary 2018-19 FYE

Clinical Board	18-19 3% Target	Granular Identified Green	Shortfall vs Green	Identified Amber	Pipeline Red	Total Green & Amber	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
PCIC	4,950	2,432	2,518	656	324	3,088	1.87	1,862
Mental Health	2,205	622	1,583	580	520	1,202	1.64	1,003
CD&T	2,582	21	2,561	1,754	1,042	1,775	2.06	807
Dental	600	22	578	0	10	22	0.11	578
Surgery	3,536	1,511	2,024	345	3,651	1,856	1.57	1,679
Capital Estates and Facilities	1,935	286	1,649	1,240	612	1,526	2.37	409
Children & Women	2,663	265	2,398	766	727	1,031	1.16	1,632
Medicine	2,816	663	2,153	206	2,143	869	0.93	1,946
Specialist Services	3,029	310	2,719	445	1,335	755	0.75	2,274
Corporate Execs	1,022	267	754	266	276	533	1.57	488
<b>Total</b>	<b>25,335</b>	<b>6,399</b>	<b>18,936</b>	<b>6,258</b>	<b>10,641</b>	<b>12,657</b>	<b>1.50</b>	<b>12,678</b>

Weekly Progress								
WC 22nd January 2018	25,335	624	24,711	2,151	9,741	2,775	0.33	22,560
WC 29th January 2018	25,335	624	24,711	2,151	9,741	2,775	0.33	22,560
WC 5th February 2018	25,335	3,949	21,386	3,851	9,008	7,800	0.92	17,535
WC 12th February 2018	25,335	5,705	19,630	4,684	8,237	10,389	1.23	14,947
WC 19th February 2018	25,335	5,728	19,607	4,716	9,006	10,444	1.24	14,891
WC 26th February 2018	25,335	5,732	19,603	4,782	9,168	10,514	1.24	14,821
<b>WC 5th March 2018</b>	<b>25,335</b>	<b>6,399</b>	<b>18,936</b>	<b>6,258</b>	<b>10,641</b>	<b>12,657</b>	<b>1.50</b>	<b>12,678</b>



## Cross Cutting Tracker Weekly Summary 2018-19

Clinical Board

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PYE

Clinical Group	2018-19	Identified Green	Shortfall vs Green	Cross Cutting Amber	Cross Cutting Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	(£)	£	%
Medical Productivity	2,000	21	1,979	45	53	66	1,934	97%
Medicines Management	2,000	2,034	-34	168	1,292	2,202	-202	-10%
Nursing Productivity	1,000	6	994	0	1	6	994	99%
Procurement	2,000	394	1,606	483	768	877	1,123	56%
Workforce Productivity	2,000	0	2,000	11	0	11	1,989	99%
<b>Total</b>	<b>9,000</b>	<b>2,456</b>	<b>6,544</b>	<b>707</b>	<b>2,113</b>	<b>3,163</b>	<b>5,837</b>	<b>65%</b>

FYE

Clinical Group	2019-20	Identified Green	Shortfall vs Green	Cross Cutting Amber	Cross Cutting Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	(£)	£	%
Medical Productivity	2,000	21	1,979	45	70	66	1,934	97%
Medicines Management	2,000	2,009	-9	195	2,302	2,204	-204	-10%
Nursing Productivity	1,000	6	994	0	1	6	994	99%
Procurement	2,000	370	1,630	515	748	886	1,114	56%
Workforce Productivity	2,000	0	2,000	0	0	0	2,000	100%
<b>Total</b>	<b>9,000</b>	<b>2,407</b>	<b>6,593</b>	<b>756</b>	<b>3,121</b>	<b>3,162</b>	<b>5,838</b>	<b>65%</b>



**Appendix B – CRP RAG Rating**

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	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>



<b>Finance Risk Register</b>	
<b>Name of Meeting :</b> Finance Committee	28 <sup>th</sup> March 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	

#### **ASSURANCE AND RECOMMENDATION**

The Finance Committee is asked to:-

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

#### **INTRODUCTION**

This report highlights the Finance Risk Register risk categorisation as at 28<sup>th</sup> March 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 28 March 2018
Extreme Risk	20 - 25	0
High Risk	12 - 16	1
Moderate Risk	4 - 10	5
Low Risk	1 - 3	3

## RECOMMENDATION

The Finance Committee are asked to endorse the removal of the following risks from the risk register where optimum controls are now in place:

Reference No.	Risk	Risk Score
FIN06/17	Deliver RTT with planned resources	3
FIN07/17	Deliver Winter within planned resources	3
FIN16/17	Drugs dispensed in primary care NCSO	3

## 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	Fin05/17	Apr-17	Deliver £2.7m recurrent Transformational opportunities	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.	2	2	4	Adequate but more Action Required	The Transformation Board (HSMB) will report to the Management Executive.	2	2	4	Mar-18	Assistant Director of Finance	Part of the overall savings requirement which is now met. But this would support the recurrent position.	Apr-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	1	3	Adequate but more Action Required	Monthly progress report to be received through performance review meetings.	3	1	3	Mar-18	Assistant Director of Finance	Additional resources secured should help reduce this risk	Apr-18	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.	2	1	2	Adequate but more Action Required	Progress report to be received through performance review meetings.	2	1	2	Mar-18	Assistant Director of Finance	Additional resources secured should help reduce this risk	Apr-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.	2	2	4	Adequate but more Action Required	Monitoring of position to ensure any management action required is identified.	2	2	4	Mar-18	Assistant Director of Finance		Apr-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. Schemes developed are not all recurrent.	3	2	6	Adequate but more Action Required	Further review of budgets, forecasts and opportunities being undertaken. Further savings are being sought to offset emerging risks. Schemes developed are not all recurrent.	3	2	6	Mar-18	Assistant Director of Finance	£35m savings now identified.	Apr-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.	1	4	4	Adequate but more Action Required	Risk exposure to be managed by the Clinical Board.	1	4	4	Mar-18	Assistant Director of Finance	Managed within Clinical Board Forecast	Apr-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 £0.6m.	Not included within 2017/18 financial plan but currently being managed by surplus growth monies available.	3	1	3	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	1	3	Mar-18	Assistant Director of Finance	There is risk to the forecast position.	Apr-18	The Board	Director of Finance	Finance Committee
Finance	Fin17/17	Oct-17	Underlying Deficit c/f into 2018/19 £54.5m. This currently stands at £51.4m, an improvement of £3.1m on the opening position c/f.	Governance reporting and monitoring arrangements through the Finance Committee and Board	4	3	12	Adequate but more Action Required	Progress against the underlying deficit is to be managed by Management Executive supported by the Transformation Board.	4	3	12	Mar-18	Assistant Director of Finance	£3.1m reduction to month 11	Apr-18	The Board	Director of Finance	Finance Committee
Finance	Fin17/18	Nov-17	Delays in the timetable for the roll out of budget training programme	Monitoring arrangements through the Finance Committee	2	2	4	Adequate but more Action Required	Further attention required to finalise and roll out programme.	2	2	4	Mar-18	Assistant Director of Finance		Apr-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 there 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

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<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 breaches in statutory duty  Improvement prohibition notices Critical report	Multiple breaches 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

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**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

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**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