

FINANCE COMMITTEE MEETING
2.00pm on 25th July 2018
Large Meeting Room, Headquarters, UHW

AGENDA

PART 1: ITEMS FOR ACTION		
1	Welcome and Introductions	<i>Oral - Chair</i>
2	Apologies for Absence	<i>Oral - Chair</i>
3	Declarations of Interest	<i>Oral – Chair</i>
4	Minutes of the meeting held on 27th June 2018	<i>Chair</i>
5	Action Log	<i>Chair</i>
6	Financial Plans 2018/19	<i>Oral - Bob Chadwick</i>
7	Finance Report as at Month 3	<i>Andrew Gough</i>
8	Clinical Boards in Escalation	<i>Oral - Bob Chadwick</i>
9	Cost Reduction Programme and Cross Cutting Themes	<i>Andrew Gough</i>
10	10a - Finance Risk Register (word) 10b - Finance Risk Register (excel)	<i>Andrew Gough</i>
PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD		
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 29 th August 2018, Large Meeting Room, HQ, UHW	<i>Oral - Chair</i>

UNCONFIRMED MINUTES OF THE FINANCE COMMITTEE

HELD ON 27th JUNE 2018

LARGE MEETING ROOM, HQ, UHW

Present:

John Union	Chair (Finance Committee)
Charles Janczewski	Vice Chair (Board)
John Antoniazzi	Independent Member
Maria Battle	Chair (Board)
Abigail Harris	Director of Strategic Planning
Andrew Gough	Assistant Director of Finance (Transformation & Planning)
Christopher Lewis	Deputy Director of Finance
Dr Sharon Hopkins	Deputy Chief Executive
Martin Driscoll	Director of Workforce
Robert Chadwick	Director of Finance
Steve Curry	Chief Operating Officer

In Attendance:

Secretariat:

Paul Emmerson Finance Manager

FC – 18/208 WELCOME AND PURPOSE OF THE COMMITTEE

The Chair welcomed everyone to the meeting.

FC – 18/209 APOLOGIES FOR ABSENCE

Apologies were received from Len Richards and Ruth Walker.

FC – 18/210 DECLARATIONS OF INTEREST

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

The UHB Vice Chair (CJ) stated that he was Chair of a WHSCC sub-committee and declared an interest in discussions in respect of WHSCC.

FC – 18/211 MINUTES OF THE FINANCE COMMITTEE HELD ON 30th MAY 2018

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 30th May 2018 subject to an amendment to minute FC - 18/207 where the date and time of next meeting is to be amended to 2pm 27th June 2018

FC - 18/212 ACTION LOG FOLLOWING THE LAST MEETING

The Committee **RECEIVED** the Action Log from the meeting of 25th April 2018 and **NOTED** the following:

FC - 18/189 – PUBLIC SECTOR PAYMENT POLICY COMPLIANCE - Report on impact of No Purchase Order No Payment Policy to be shared with Finance Committee following All Wales implementation in June 2018 – Recommended that a report is brought back to the October 2018 Finance Committee post June 2018 All Wales implementation.

FC - 18/200 REVISED TERMS OF REFERENCE FINANCE COMMITTEE - A draft amended Terms of Reference (TOR) would be brought back to the next Finance Committee meeting for consideration and approval. **Complete** – Revised TOR on Finance Committee Agenda 27.06.2018. The Revised TOR were agreed subject to the membership being amended to include the Deputy Chief Executive and section 9 being amended to state that a report is provided to each Board meeting on the Committee's key activities via the public minutes of each Finance Committee meeting.

It was also agreed that the revised TOR would be taken to the Board for approval.

ACTION: Committee Secretariat

FC - 18/201 PROGRESS AGAINST THE £9.3M 2018/19 IMPROVEMENT TARGET
-Progress against this is detailed within the Finance Report – **Complete**

FC - 18/213 FINANCIAL PLANS 2018/19 to 2020/21

The Director of Finance confirmed that Welsh Government acknowledged that the UHB was not in a position to submit an approved IMTP and needed to adopt an acceptable one year operational plan. There was an expectation that the UHB would identify opportunities to achieve the 2018/19 savings target by the end of June 2018 and would also continue to work towards expediting a balanced annual plan for future planning cycles.

The Director of Strategic Planning confirmed that the Board would be updated in respect of progress in establishing the 2018/19 operational plan. On a related point the Director of Operations indicated that the UHB had met with Welsh Government to discuss the UHB bid for £6.1m performance funding to manage access times and that Welsh Government had indicated that funding would be made available to the

UHB on the basis that UHB performance would be assessed in December with a view to reviewing funding in light of confirmed performance.

The Director of Finance indicated that the risk of a clawback on Performance Funding following the Welsh Government review in December needed to be placed on the risk register.

ACTION: Assistant Director of Finance (Transformation & Planning)

In response to a query from the Committee Chair (JU) the Director of Finance confirmed that the UHB would incur additional costs in meeting the performance targets required upon the award of the additional Performance Funding.

FC - 18/214 FINANCE REPORT AS AT MONTH 2

The Deputy Director of Finance presented the UHB's financial performance to month 2 and drew the Committees attention towards the following three challenges:

- identifying and delivering £33.780m of savings;
- identifying and delivering a further £9.266m financial improvement target;
- the management of operational cost pressures and financial risks within delegated budgets.

The Committee was informed that the UHB had made positive progress in closing the gap in the savings plan from £12.030m to £7.315m and in narrowing the gap against the financial improvement target from £7.216m to £1.786m.

Attention was drawn to actual and forecast performance against the 3 year break even duty on revenue and the Committee was informed that the UHB breached its statutory financial duty in both 2016/17 and 2017/18 and the current plan approved by the Board will also result in a breach of Financial duty at the end of 2018/19.

The Finance Dashboard was presented at Table 3 within the written report and the UHB Vice Chair welcomed positive improvement in performance against the Public Sector Payment Policy Target.

It was noted that the operational position had deteriorated to a £0.490m overspend and that this was of concern.

The UHB Vice chair (CJ) asked whether the UHB was confident that the overspend to date could be clawed back as the year progressed. The Director of Finance confirmed that the main focus of remedial action following month 1 performance reviews was targeted at the Medicine and Surgery Clinical Boards where a number of operational issues had emerged in respect of nursing budgets. The Medicine Clinical Board was developing plans to resolve high levels of sickness and the

Surgery Clinical Board was tackling high levels of vacancies. Both Boards had been put into and would remain in the escalation process until satisfactory plans to manage the underlying pressures were in place.

The UHB Vice Chair (CJ) asked for future meetings to be provided with an update on Clinical Boards in escalation.

ACTION: Deputy Director of Finance

A query was raised by the independent member (JA) who asked whether the UHB's forecast position would change if the pressures were not brought under control. The Director of Finance indicated that any change to the forecast position would need to be agreed collectively. It was hoped that plans to resolve some of the pressures would be in place at month 5 and the position would be reviewed on an ongoing basis. The Deputy Chief Executive added that the Surgery and Medicine Clinical Boards were delivering well across a range of areas and that the nursing pressures were a specific issue that potentially could be managed on a sustainable basis through capacity re-modelling and optimising skill-mix. The Chief Operating Officer indicated that a number of beds were planned for closure following month 2 and that this could present some additional flexibility in the management of nursing rotas. The Director of Finance confirmed that all Clinical Boards had been asked to provide a year end forecast following month 3 reporting and that the forecasts would provide a basis for the ongoing financial and operational delivery of Clinical Board Plans.

The Director of Workforce informed the Committee that the underlying reasons behind staff absence were being considered through an engagement and people plan and that a future report would be presented at the Resource and Delivery Committee.

In total the UHB had reported a deficit of £3.807m at month 2 made up of a £3.317m planned deficit (2/12th of £19.900m) and a £0.490m adverse variance against plan.

The Committee was informed that the UHB had recorded a cumulative deficit of £0.709m against income budgets at month 2. The Director of Finance indicated that the majority of the £0.334m adverse variance against LTA income was due to the Aneurin Bevan LTA and in this context the UHB and Aneurin Bevan HB were progressing discussions with a view to recognising the increasing complexity of the remaining Aneurin Bevan casemix at Cardiff and Vale in future LTAs.

The Committee agreed that the Aneurin Bevan Income risk should be included on the risk register.

ACTION: Assistant Director of Finance (Transformation & Planning)

The Deputy Director of Finance confirmed that the key concern in respect of pay performance was within nursing budgets which in total are £0.444m overspend,

mainly in medicine, mental health and surgery. A £0.182m cumulative underspend was reported against non pay budgets.

In respect of Clinical Board performance the Deputy Director of Finance confirmed that gaps in savings plans were not yet phased into budget profiles and that the largest overspends were reported in the Medicine and the Surgery Clinical Boards although £0.125m of the Surgery overspend related to month 2 operating theatre over performance that will be recharged to other clinical boards.

Turning to the savings programme it was reported that following the identification of a further £4.715m savings in month that a further £7.315m of delegated savings needed to be developed to reach the delegated savings target. At month 2, the UHB had identified £7.480m of opportunities against the Financial Improvement Target which was an improvement of £5.430m in month leaving a further £1.786m to be identified. The Director of Finance indicated that a significant proportion of the opportunities identified against the Financial Improvement Target were related to the Balance Sheet following a re-assessment of liabilities after confirmation of 2017/18 estimates. The release of resources from the Balance Sheet would reduce the scope of the UHB to absorb pressures that may present later in the year.

The Committee was advised that if the £7.315m and £1.786m gaps were profiled into the reported position in 1/12ths, that the financial position at Month 2 would be £1.517m worse than reported.

The Deputy Director of Finance informed the Committee that if the 2018/19 plan was successfully delivered that the underlying deficit would reduce to £39.1m by the year end and the Director of Finance indicated that if this level of underlying deficit rolled forward the UHB would be unable to deliver a balanced plan in 2019/20.

It was noted that the UHB was projecting an end of year cash deficit of £26.935m and in response to a query from the committee chair (JU) it was confirmed that the UHB reported the forecast cash deficit to Welsh Government on a monthly basis through the monthly monitoring returns.

LIMITED ASSURANCE was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 2 position which is broadly on line with the profiled deficit within the draft operational plan.

The Finance Committee:

- **NOTED** that the UHB has an unapproved draft one year operational plan that has a planned deficit of £19.900m for the year;

- **NOTED** the £3.807m deficit at month 2 which includes a planning deficit of £3.317m which is an adverse variance of £0.490m;
- **NOTED** the key concerns and actions being taken to manage risks.

FC - 18/215 COST REDUCTION PROGRAMME

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

- As at week commencing 4th June 2018, £26.769m of opportunities had been identified as Green or Amber against the devolved 4% savings target of £33.780m.
- £18.367m has been identified against the £25.335m recurrent 3% element of the devolved target.
- £8.402m has been identified against the £8.445m non-recurrent 1% element of the devolved target.
- As at week commencing 4th June 2018 £10.564m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

In total there was a gap of £7.011m against the overall delegated 2018/19 CRP target.

The Committee was informed that an additional £9.266m improvement target was currently profiled into the last quarter of the financial year and that as at 31st May £7.480m of recurrent opportunities had been identified leaving a gap of £1.786m.

An update was provided on the latest Efficiency Framework summary submitted to Welsh Government identifying UHB's CIP schemes including those schemes in the red pipeline totalling £29.352m as at 11th May 2018. Further work is underway sharing and assessing opportunities across Wales and this will be managed internally through the Cross Cutting Steering Group

The Finance Committee:

- **NOTED** the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution
- **NOTED** the progress against the £9.266m improvement target.

FC - 18/216 RISK REGISTER

The Assistant Director of Finance (Transformation & Planning) presented the 2018/19 Risk Register to the Finance Committee and highlighted that the risk score attached to the delivery of the Non Recurrent Savings target and the Financial Improvement Target had been reduced in month.

The Finance Committee:

- **NOTED** the risks highlighted within the risk register.

FC - 18/217 ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES

No other items to bring to the main Board.

FC - 18/218 DATE AND TIME OF NEXT MEETING

Wednesday 25th July; 2.00pm; Large Meeting Room, HQ, UHW

FINANCE COMMITTEE
ACTION LOG FROM 27th JUNE 2018

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC - 18/189	25.04.18	Public Sector Payment Policy Compliance	Report on impact of No Purchase Order No payment Policy to be shared with Finance Committee following All Wales implementation in June 2018.	Deputy Director of Finance	Incomplete – Report to be brought back to future Finance Committee post June 2018 All Wales implementation. It is recommended that this as agenda item for October 2018 meeting.
FC - 18/200	27.06.18	Finance Committee Terms of Reference(TOR)	Revised TOR to be taken to the Board for approval.	Committee Secretariat	Incomplete – This is being progressed through the Board secretary.
FC - 18/201	30.05.18	Progress against the £9.3m 2018/19 Improvement Target	Finance Committee to be provided with an update following the assessment of further schemes to meet this target.	Deputy Director of Finance	Complete – This is monitored monthly in the Finance Report. This will continue with an update provided after August on the further schemes being progressed.
FC - 18/213	27.06.18	Performance Funding	Risk of a clawback on £6.1m Performance Funding following review in December needed to be placed on the risk register	Assistant Director of Finance (Transformation & Planning)	Complete – Risks updated on Risk Register
FC - 18/213	27.06.18	Clinical Boards In Escalation	Future meetings to be provided with an update on Clinical Boards in escalation.	Deputy Director of Finance	Complete – Clinical Boards in escalation is now a Standing Item on the Finance Committee Agenda.
FC - 18/213	27.06.18	Aneurin Bevan LTA	The committee agreed that the Aneurin Bevan Income risk should be included on the risk register.	Assistant Director of Finance (Transformation & Planning)	Complete – Risk updated on Risk Register

FINANCE REPORT FOR THE PERIOD ENDED 30th JUNE 2018	
Name of Meeting : Finance Committee	Date : 25 th July 2018
Executive Lead : Executive Director of Finance	
Author : Deputy Director of Finance 02920 743555	
Caring for People, Keeping People Well : This report details performance against the annual financial plan supporting the UHB to deliver service priorities, maximise patient outcomes whilst maintaining the sustainability of services.	
Financial impact : The UHB financial position at the end of June 2018 is a deficit of £5.573m comprised of the following: <ul style="list-style-type: none"> • £4.975m planned deficit (3/12th of £19.900m); • £0.598m adverse variance against plan. 	
Quality, Safety, Patient Experience impact : This report details financial performance against the one year operational plan which supports improvements in quality, safety and patient / carer experience.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed : Not applicable	

ASSURANCE AND RECOMMENDATION

LIMITED ASSURANCE is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 3 position which is broadly on line with the profiled deficit within the draft operational plan.

The Committee is asked to:

- **NOTE** that the UHB has an unapproved draft one year operational plan that has a planned deficit of £19.900m for the year;
- **NOTE** the £5.573m deficit at month 3 which includes a planning deficit of £4.975m and budget overspends of £0.598m;
- **NOTE** the key concerns and actions being taken to manage risks.

SITUATION

The UHB's 2018/19 operational plan includes a £19.9m planned deficit. This is dependent upon managing the following key challenges:

- identifying and delivering £33.780m of savings;
- identifying and delivering a further £9.266m financial improvement target;
- the management of operational cost pressures and financial risks within delegated budgets.

At the end of month 3 the UHB now has a full savings programme in place and has identified £7.775m financial improvement with a further £1.491m to find. The UHB is confident that this will be managed in the coming months. The adverse variance reported against the operational plan deteriorated by £0.108m to £0.598m and the UHB expects to recover this overspend as the year progresses.

BACKGROUND

The UHB considered a draft IMTP at its January 2018 Board Meeting. This was submitted to Welsh Government by the end of January 2018 and was not acceptable due to assumptions around additional funding. The UHB then revised its financial plan and was not in a position to submit an IMTP to Welsh Government for approval as the revised plan was some way from being financially balanced.

Consequently the UHB was required to agree an acceptable one year Operational Plan with Welsh Government and the UHB wrote to Welsh Government setting out a revised 2018/19 planning deficit of £29.2m. This was discussed at Targeted Intervention meetings and was not acceptable to Welsh Government.

The Health Board reconsidered its position at its March 2018 Board Meeting and following dialogue with Welsh Government reduced its projected deficit to £19.9m. The Board accepted that it would need to work throughout the year to deliver this £9.3m financial improvement target. This decision was shared with Welsh Government and on the 10th July the UHB submitted its one year operational plan to Welsh Government. A summary of this plan and how it has changed from the draft submitted in January 2018 is provided in Table 1.

Table 1: Operational Plan 2018/19

	Jan Plan £m	March Plan £m	Var £m	Notes
b/f underlying deficit	-49	-49	0	
Non Recurrent Cost Improvement Plans	8.4	8.4	0	
Net allocation uplift (inc LTA inflation)	20	20	0	
Cost pressures	-33.3	-31.1	2.2	Reduction in FNC costs
Cost Pressures due to population growth	-4.5	-3.5	1	Reduction for RTT
Investments	-4.3	-3.3	1	Reduction for RTT
Recurrent cost improvement plans	25.3	25.3	0	
Additional funding assumed	15.5	0	-15.5	No income assumed
In year Financial Plan	27.2	15.9	-11.3	
Planned Surplus/(Deficit)	-21.9	-33.2	-11.3	
Planned c/f from 2017/18 (non recurrent)	0	4	4	17/18 under plan c/f assumed
Financial Improvement Target	0	9.3	9.3	
Revised Planned Surplus/(Deficit)	-21.9	-19.9	2	

The actual and forecast performance against the 3 year break even duty on revenue is shown in Table 2 below.

Table 2: Performance against 3 year financial break even duty

	Actual / forecast year end position surplus/(deficit) £m	Rolling 3 year break even duty surplus/(deficit) £m	Pass of fail financial duty
2014/15	(21.364)	n/a	n/a
2015/16	0.068	n/a	n/a
2016/17	(29.243)	(50.539)	Fail
2017/18	(26.853)	(56.028)	Fail
2018/19	(19.900)	(75.996)	Fail

The three year break even duty came into effect in 2014/15 and the first measurement of it was in 2016/17. **The above table shows that the UHB breached its statutory financial duty in both 2016/17 and 2017/18 and the plan current approved by the Board will also result in a breach of Financial duty at the end of 2018/19.**

ASSESSMENT AND ASSURANCE

The Finance Dashboard outlined in Table 3 reports actual and forecast financial performance against key financial performance measures.

Table 3: Finance Dashboard @ June 2018

Measure	n	STATUS REPORT				
		June 2018	RAG Rating	Latest Trend	Target	Time Period
Financial balance: remain within revenue resource limits	36	£5.573m deficit at month 3. £0.598m adverse variance against plan	R	●	↓	2018/19 planned deficit £19.9m M3 2018-19
Remain within capital resource limits.	37	Expenditure at the end of June was £3.251m against a plan of £2.987m.	G	●	○	Approved planned expenditure £36.099m M3 2018-19
Reduction in Underlying deficit	36a	£39.1m assessed underlying deficit position at month 3	R	●	↑	If 2018/19 plan achieved reduce underlying deficit to £39.1m M3 2018-19
Delivery of recurrent 3% savings target	36b	£25.335m identified at Month 3	G	●	↑	£25.335m M3 2018-19
Delivery of non recurrent 1% savings target	36c	£8.998m identified at month 3	G	●	↑	£8.445m M3 2018-19
Delivery of financial improvement target	36d	£7.775m identified at month 3	R	●	↑	£9.3m M3 2018-19
Creditor payments compliance 30 day Non NHS	37a	94.2% in June	A	●	↑	95% of invoices paid within 30 days M3 2018-19
Remain within Cash Limit	37b	forecast cash deficit of £26.935m	R	●	○	To remain within Cash Limit M3 2018-19
Maintain Positive Cash Balance	37c	Cash balance = £1.696	G	●	○	To Maintain Positive Cash Balance End of June

Month 3 Cumulative Financial Position

The UHB reported a deficit of £5.573m at month 3 as follows:

- £4.975m planned deficit (3/12th of £19.900m);
- £0.598m adverse variance against plan.

The £0.598m adverse variance which is not considered material is profiled to be recovered over the final 9 months of the year. The position excludes the financial impact of unidentified mitigating actions which have been profiled in the last quarter of the year.

Table 4 analyses the operating variance between income, pay, non pay and planned deficit.

Table 4: Summary Financial Position for the period ended 30th June 2018

Income/Pay/Non Pay	In Month			Year to Date			Full Year		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Forecast £m	Variance (Fav)/Adv £m
Income	(105.314)	(105.098)	0.217	(320.844)	(319.919)	0.924	(1,321.483)	(1,321.483)	0.000
Pay	49.018	49.126	0.109	147.853	147.924	0.072	584.887	584.887	0.000
Non Pay	57.955	57.738	(0.217)	177.966	177.567	(0.399)	756.495	776.395	0.000
Variance to Draft Plan £m	1.658	1.767	0.108	4.975	5.573	0.598	19.900	39.800	19.900
Planned Deficit	(1.658)	0.000	1.658	(4.975)	0.000	4.975	(19.900)	(19.900)	0.000
Total £m	(0.000)	1.767	1.767	(0.000)	5.573	5.573	0.000	19.900	19.900

Income

The year to date and in month financial position for income is shown in Table 5.

Table 5: Income Variance @ June 2018

Income	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Non Revenue Resource Limit	(68.524)	(68.524)	0.000	(215.463)	(215.463)	0.000
Non Cash Limited Expenditure	(1.615)	(1.615)	0.000	(4.844)	(4.845)	(0.001)
Accommodation & Catering	(0.220)	(0.229)	(0.009)	(0.658)	(0.639)	0.019
Education & Training	(3.192)	(3.223)	(0.031)	(9.428)	(9.446)	(0.018)
Injury Cost Recovery Scheme (CRU) Income	(0.214)	(0.185)	0.029	(0.641)	(0.551)	0.091
NHS Patient Related Income	(25.909)	(25.738)	0.171	(73.976)	(73.471)	0.505
Other Operating Income	(4.674)	(4.547)	0.127	(13.269)	(12.951)	0.318
Overseas Patient Income	0.004	(0.011)	(0.015)	(0.016)	(0.045)	(0.030)
Private Patient Income	(0.109)	(0.095)	0.014	(0.307)	(0.203)	0.104
Research & Development	(0.862)	(0.931)	(0.070)	(2.241)	(2.305)	(0.064)
Total £m	(105.314)	(105.098)	0.217	(320.843)	(319.919)	0.924

An in month deficit of £0.217m and a cumulative deficit of £0.924m is reported against income budgets. The two main adverse variances to note are:

- £0.505m variance on NHS patient related income where activity recorded is below the expected June profile.
- £0.318m variance on other operating income due to underperformance against activity targets in level 3 critical care, PICU and NICU.

Part of the variance against other operating income relates to an in month fall in the UHB's medical records income due to a legislation change on the 25th May which gave patients or an authorised third party such as a solicitor the right of access to their medical records as a Subject Access Request (SAR) free of charge.

The in month deficit reported against the Injury Cost Recovery Scheme follows a continuation of the low level of notified new cases & the withdrawal of a number of high value claims in month.

The majority of the cumulative underperformance against private patient income targets relates to Surgery and Clinical Diagnostics & Therapies. The reduction in income will in part be offset by a corresponding reduction in costs.

LTA Provider Performance

The UHB receives circa £265m income from its contracts with WHSSC and LHBs in addition to 'non-LTA' income for IPFRs/SLAs and English income. In-month reporting reflects an estimate based on the prior month's activity, given the timeline for receipt of coded contract information. The Month 3 ledger position is summarised in Table 6 and continues to reflect the deterioration in the Aneurin Bevan position from continuing under performance from last financial year. The first two months saw a lower than expected level of activity across the LHB LTAs, most notably Aneurin Bevan and Cwm Taf, although this is expected to improve through the financial year. The WHSSC LTA position does not show a material variance, as this is managed predominantly at a Clinical Board level.

Table 6: Month 1 LTA Provider Performance

	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(207.000)	(54.964)	(54.964)	(0.000)
Aneurin Bevan	(29.068)	(7.234)	(6.866)	0.369
Other LHBs	(38.171)	(9.688)	(9.479)	0.209
Non-Welsh	(2.951)	(1.164)	(1.234)	(0.070)
	(277.191)	(73.050)	(72.542)	0.508

Pay

In total pay budgets are showing a cumulative overspend of £0.072m as reported in Table 7.

Table 7: Analysis of fixed and variable pay costs

	2017/18 Total Spend £m	2017/18 Month 1 to Month 2 £m	2018/19 Month 1 to Month 2 £m	2017/18 Month 3 £m	2018/19 Month 3 £m	2017/18 Cum. to Month 3 £m	2018/19 Cum. to Month 3 £m
Basic	515.377	84.430	85.322	42.072	42.620	126.502	127.942
Enhancements	24.533	4.223	4.342	2.023	1.975	6.246	6.317
Maternity	4.088	0.665	0.663	0.423	0.307	1.089	0.971
Protection	0.676	0.117	0.113	0.054	0.053	0.171	0.166
Total Fixed Pay	544.674	89.436	90.440	44.572	44.955	134.008	135.396
Agency (mainly registered Nursing)	8.767	1.530	1.847	0.427	0.860	1.956	2.707
Nursing Bank (mainly Nursing)	14.439	2.189	1.734	1.282	1.071	3.470	2.805
Internal locum (Medical & Dental)	4.306	0.706	0.806	0.404	0.439	1.110	1.245
External locum (Medical & Dental)	7.118	1.065	1.202	0.500	0.569	1.565	1.772
On Call	2.224	0.352	0.407	0.160	0.179	0.512	0.586
Overtime	5.758	1.063	1.380	0.431	0.452	1.494	1.832
WL's & extra sessions (Medical)	5.111	0.655	0.980	0.343	0.601	0.998	1.581
Total Variable Pay	47.722	7.559	8.357	3.547	4.171	11.106	12.528
Total Pay	592.396	96.995	98.798	48.119	49.126	145.113	147.924
Pay Budget	594.938	97.581	98.835	48.275	49.018	145.857	147.853
Budget Variance (Fav)/Adv £m	(2.541)	(0.587)	(0.037)	(0.157)	0.109	(0.744)	0.072

The 2018/19 pay levels do not yet reflect the additional cost of the 2018/19 annual pay award. The UHB has set aside a reserve to cover the initial 1% planning assumption and expects the cost of any additional uplift agreed to be met by additional Welsh Government funding.

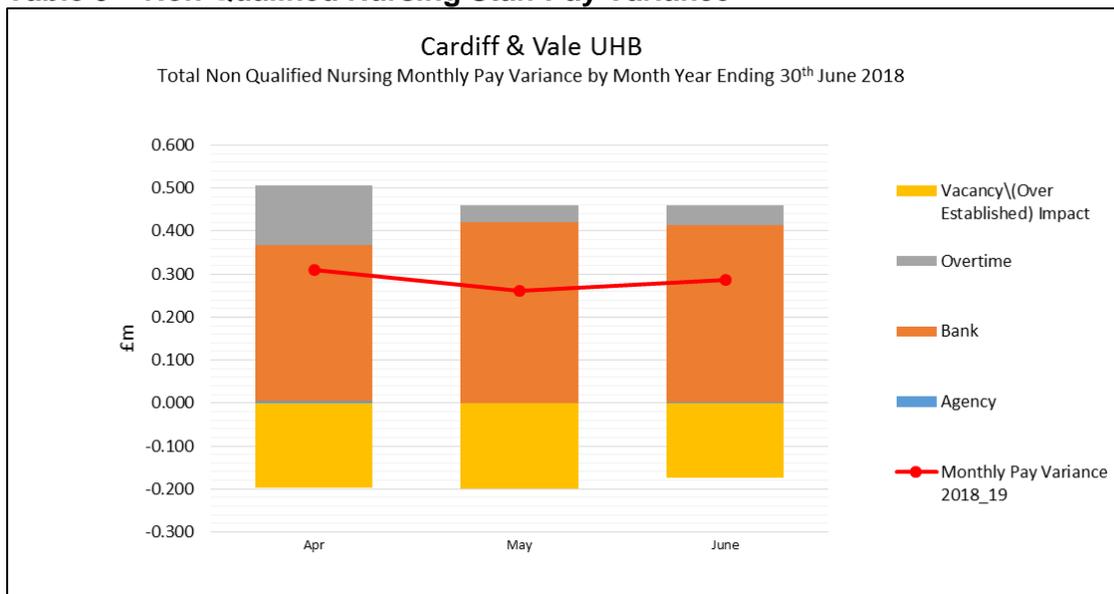
An analysis of pay expenditure by staff group is shown in Table 8.

Table 8: Analysis of pay expenditure by staff group @ June 2018

Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Additional clinical services	1.966	1.879	(0.087)	5.817	5.559	(0.258)
Management, admin & clerical	5.667	5.663	(0.003)	17.000	17.047	0.047
Medical and Dental	12.772	12.828	0.056	38.219	38.308	0.088
Nursing (registered)	14.605	14.634	0.029	44.478	44.380	(0.099)
Nursing (unregistered)	3.885	4.171	0.286	11.837	12.694	0.857
Other staff groups	7.298	7.274	(0.024)	22.013	21.906	(0.107)
Scientific, prof & technical	2.825	2.676	(0.149)	8.488	8.031	(0.458)
Total £m	49.018	49.126	0.109	147.853	147.924	0.072

Overall pay budgets deteriorated by £0.109m in month to a £0.072m adverse variance for the year to date. The key concern is within nursing budgets which in total are £0.758m overspent, mainly in medicine, mental health and surgery where overspends have continued in month. This is driven by vacancies, sickness and specialising. Increased management attention is being directed to curtail nursing expenditure and this is included on the UHB risk register.

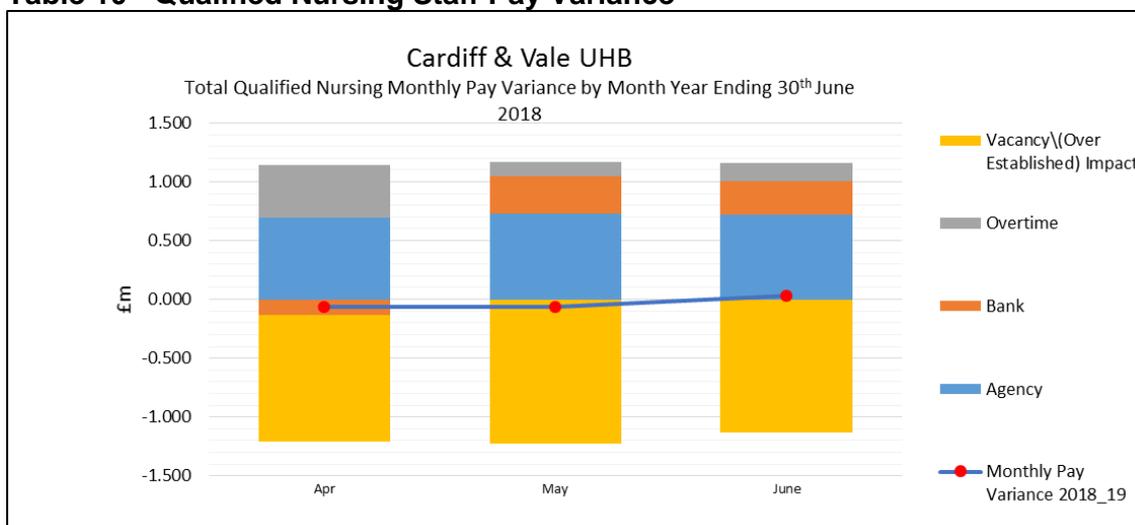
Table 9 – Non Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.002	0.006
Bank	0.411	1.195
Overtime	0.047	0.226
Adverse Impact	0.460	1.427
Vacancy (Over Established) Impact	(0.174)	(0.570)
Total Pay Variance - Unqualified Nursing (Fav)/Adv £m	0.286	0.857

Table 9 indicates that the adverse variance against non-qualified nursing assistants is due to overspends of £1.195m on bank staff and £0.226m on overtime which is partly offset by an underspend against established posts.

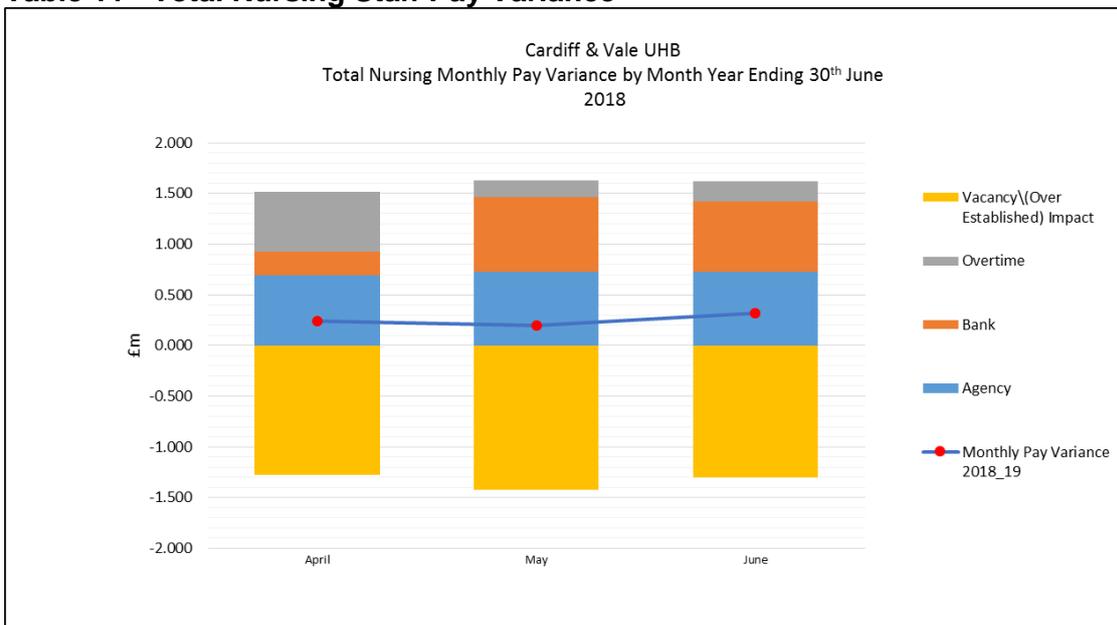
Table 10 - Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.722	2.141
Bank	0.285	0.473
Overtime	0.150	0.723
Adverse Impact	1.158	3.337
Vacancy\((Over Established) Impact	(1.128)	(3.435)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	0.029	(0.099)

Table 10 confirms that expenditure on established qualified nursing posts is significantly less than budget and that the UHB is covering vacancies through additional spend on temporary staffing.

Table 11 - Total Nursing Staff Pay Variance



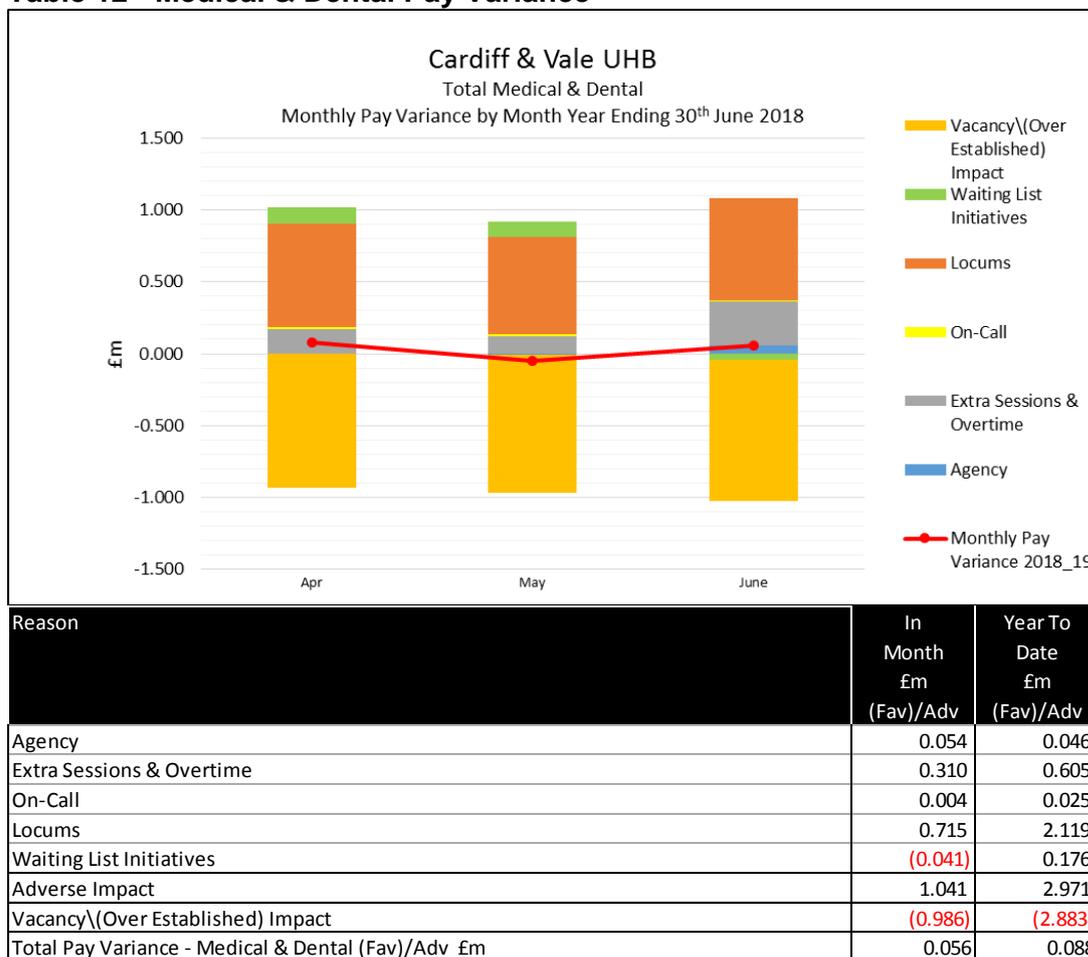
Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.724	2.147
Bank	0.696	1.667
Overtime	0.197	0.950
Adverse Impact	1.617	4.764
Vacancy\((Over Established) Impact	(1.302)	(4.005)
Total Pay Variance - (Fav)/Adv £m	0.315	0.759

Table 11 identifies expenditure against substantive nursing posts for the year to date which is £0.759m more than budget. The £4.005m surplus against established posts is offset by a £4.764m overspend on agency, bank and overtime leading to an

overall overspend against nursing budgets. Performance on nursing budgets remains a concern and features on the risk register for 2018/19.

Table 12 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 an overspend of £0.088m at month 3.

Table 12 - Medical & Dental Pay Variance



The key areas of concern are a £0.092m in month overspend and a £0.201m cumulative overspend within the Women and Children Clinical Board and in month £0.047m overspend and a cumulative £0.127m overspend in the CD&T Clinical Board. These are offset by underspends elsewhere.

Non Pay

Table 13 highlights an in month underspend of £0.217m and a £0.399m cumulative underspend against non pay budgets. The overspend against clinical services and supplies relates to theatre activity, the sarcoma service and communication aids

within specialist services. The majority of the in month overspend against general supplies and services relates to a continuation of the overspend against capital and estates services where recovery actions continue to be pursued.

Table 13: Non Pay Variance @ June 2018

Non Pay	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Clinical services & supplies	7.793	7.872	0.079	23.754	23.947	0.192
Commissioned Services	14.261	14.339	0.079	42.079	41.861	(0.218)
Continuing healthcare	4.200	4.212	0.012	14.624	14.697	0.073
Drugs / Prescribing	12.523	12.535	0.013	37.627	37.723	0.096
Establishment expenses	0.711	0.709	(0.003)	2.558	2.431	(0.128)
General supplies & services	0.642	0.711	0.069	1.952	2.119	0.168
Other non pay	4.792	4.275	(0.517)	13.439	12.959	(0.479)
Premises & fixed plant	1.839	1.885	0.046	8.197	8.089	(0.108)
Primary Care Contractors	11.193	11.199	0.006	33.737	33.741	0.004
Total £m	57.955	57.738	(0.217)	177.966	177.567	(0.399)

LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 3 variance of £0.302m is shown in Table 14 and is largely driven by the UHBs performance on contracts, including:

- Underspend and slippage on investments within the WHSSC ICP provision, although there are a number of recognised risks alongside the specialised commissioning plan that may present in-year, including the impact of ongoing negotiations between WHSSC and NHSE over the impact of HRGv4+;;
- Lower than anticipated NICE cancer drugs expenditure with Velindre, although subject to implementation timelines this is projected to growth through 2018/19;
- Continued under performance in ABMU recovered at an enhanced marginal rate.

Table 14: Month 3 LTA Commissioner Performance

	Annual Budget £m	YTD Profile £m	YTD Actual £m	YTD Variance £m
WHSSC	121.156	30.274	30.156	(0.118)
Velindre	16.406	4.231	4.093	(0.137)
LHBs	21.130	5.087	4.921	(0.166)
Other / NCAs	2.352	0.698	0.818	0.120
	161.045	40.289	39.988	(0.302)

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 the three months to 30th June 2018 by Clinical Board is shown in Table 15.

Table 15: Financial Performance for the period ended 30th June 2018

Clinical Board	M2 Budget Variance £m	M3 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.061	0.043	(0.018)	0.16%
Children & Women	0.076	0.279	0.203	1.13%
Capital Estates & Facilities	0.034	0.173	0.139	1.11%
Dental	(0.039)	(0.016)	0.023	(0.32%)
Executives	(0.088)	(0.105)	(0.017)	(1.16%)
Medicine	0.256	0.386	0.130	1.35%
Mental Health	0.077	0.263	0.186	1.44%
PCIC	(0.089)	(0.033)	0.057	(0.04%)
Specialist	(0.012)	0.054	0.067	0.14%
Surgery	0.278	0.185	(0.093)	0.59%
Central Budgets	(0.063)	(0.632)	(0.569)	(1.33%)
SubTotal	0.491	0.599	0.108	0.19%
Planned Deficit	3.317	4.975	1.658	1.55%
Total	3.807	5.574	1.767	1.74%

A number of Clinical Boards continued to overspend against budgets at month 3. The largest in month overspend was in Women & Children where premium costs of providing medical cover remain and the shortfall against the savings plan target was responsible for £0.107m of the in month overspend. The in month overspend in mental health is largely due to a £0.116m overspend on nursing and a further £0.066m overspend on high cost out of area placements. The main pressures in Medicine were in nursing with a £0.483m cumulative overspend reflecting the cost of covering vacancies (circa 100 wte Band6/5 vacancies), a high level of sickness and specialising.

Savings Programme

The UHB has agreed a 3% recurrent savings target of £25.3m and a further 1% non-recurrent savings targets of £8.4m for delegated budget holders.

At month 3 the UHB Clinical Boards had identified £29.165m of green and amber schemes against the £33.780m delegated savings target. All Clinical Boards are still required to prioritise the identification and implementation of savings schemes as a matter of urgency to ensure that Clinical Boards meet their delegated targets.

Table 16: Progress against the 2018/19 Savings Programme at Month 3

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	33.780	33.780	0.000

In addition to the improvement against the delegated savings target a further £0.295m of non recurrent opportunities have been identified in respect of the £9.266m further financial improvement required to take the total of identified schemes to £7.775m leaving a further £1.491m to be identified.

If the £1.491m unidentified Financial Improvement Target were profiled into the reported position in 1/12ths, the Financial position at Month 3 would be £0.497m worse than reported.

Underlying Financial Position

A key risk to the UHB is its c/f deficit from 2018/19 into 2019/20. The recurrent underlying deficit in 2017/18 b/f into 2018/19 was £49.0m. If the 2018/19 plan is successfully delivered this would reduce to £39.1m by the year end. This is shown in Table 17.

Table 17: Summary of Underlying Financial Position

	2018/19 Plan £m	Forecast Position @ Month 2	
		Non Recurrent £m	Recurrent Position £m
Opening Underlying Deficit £m	49.000	0.000	49.000
Income	(23.958)	4.000	(19.958)
Cost pressures less mitigating actions	37.904		37.904
Less CIPs (includes £4.481m income generation & NR technical opportunities)	(33.780)	8.445	(25.335)
Unallocated Reserves (Positive Value)	(2.550)		(2.550)
Other mitigating actions required to deliver the financial improvement target	(6.716)	6.716	0.000
Deficit £m	19.900	19.161	39.061

Key points to note in the forecast underlying position are:

- The UHB has received £4m non recurrent income from Welsh Government in recognition of 2017/18 financial performance;
- The 1% non-recurrent savings target included in the plan of £8.445m;
- Of the £9.266m Financial Improvement Target, £2.550m has been identified recurrently through cost avoidance of Welsh Risk Pool costs (£0.550m) and

curtailing spend on investments (£2.0m) leaving a further £6.716m to find. Of this the UHB has identified £4.930m non recurrent opportunities and this leaves £1.786m which remains unidentified.

If no further progress was made against the recurrent CIP target, the UHB would have a carried forward underlying deficit of £39.7m being £39.1m identified in Table 17 and the shortfall on the FYE of recurrent savings schemes of £0.6m identified in Appendix 1.

Balance Sheet

The opening balances reflect the amounts brought forward from the 2017/18 Annual Accounts approved by the UHB Board on May 31st 2018.

The in year decrease in the carrying value of property, plant & equipment is due to in year depreciation charges being higher than in year spend on capital projects.

The increase in the carrying value of Inventory held is due to a bulk stock order to take advantage of a significant supplier discount. The stock will be utilised over the remainder of the financial year.

Overall trade debtors have increased by £8.8m since the start of the year in part due to a £3m increase in NHS & Non NHS prepayments which historically are higher at the start of the year due to a significant number prepayments against of maintenance agreements that run from April to March. Another £4.8m relates to an increase in amounts due from the Welsh Risk Pool in respect of amounts due re clinical negligence claims.

The value of Trade and other payables has fallen by around £48.1m since the start of the year due to a £13m reduction in capital creditors and the cash settlement of clinical negligence claims and year end commissioner risk sharing liabilities with WHSCC and other LHB's. The reduction in the number of creditors held has made a positive impacted on the UHB's public sector payment compliance performance.

Cash Flow Forecast

The closing cash balance for the month is lower than anticipated largely due to accounts payable spend being higher than expected.

The UHB estimates that it will require the following level of cash support in 2018/19:

- (i) Strategic Cash Assistance £19.900m
- (ii) Capital Working Balance Cash £5.192m
- (iii) Revenue Working Balance Cash £3.699m

The working balances cash requirements reflect resource that was allocated to the UHB in 2017/18 that was not drawn down as cash. The UHB is currently examining how the level of cash support required may be mitigated via management actions.

A reconciliation of the opening and closing cash position reported is shown below in Table 18.

Table 18: Forecast movement in cash position 2018/19

Description	£m
Opening Cash balance	1.856
Working balances arising	(8.891)
Management Actions (managing suppliers)	tbc
Forecast Deficit	(19.900)
Approved Cash Assistance & Working Balances Cash	tbc
Forecast Cash Deficit £m	(26.935)

Public Sector Payment Compliance

The UHB's cumulative performance to the end of June is 94.2%. This is an improvement of 0.1% in month and is also significantly better than the cumulative rate achieved for the same period in 2017/18 (89.4%). Improvements are expected due to the introduction of a no P.O. no Pay policy.

Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of June 2018 is summarised in Table 19.

Table 19: Progress against Capital Resource Limit @ June 2018

	£m
Planned Capital Expenditure at month 3	2.987
Actual net expenditure against CRL at month 3	3.251
Variance against planned Capital Expenditure at month 3	0.264

Capital progress to date remains slow with net spend to the end of June accounting for 9% of the UHB's approved CRL. The reported net spend to the end of June is £0.264m above the planned spend profile and year end expenditure is expected to be within the Capital Resource Limit. Planned spends for the year reflect the latest CRL received from Welsh Government dated 9th May 2018.

Financial Risks

The UHB's forecast year end position of a £19.900m deficit and the key risks to be managed in delivery of the plan are:

- Management of budget pressures
- Delivering identified savings;
- Delivery of £1.5m further mitigating actions to deliver financial improvement target.

These risks are diminishing as further progress is being made on the plan.

Key Concerns and Recovery Actions

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

1. Concern - Delivery of a 3% recurrent and a 1% non-recurrent savings target of £25.3m and £8.4m respectively.

Action - The UHB has identified corporate opportunities to cover the gap against the devolved saving target. In addition, all budget holders are still required to prioritise the identification and implementation of schemes as a matter of urgency to ensure that Clinical Boards meet their delegated targets. Until this is achieved, measures to curtail expenditure to ensure a balanced budget position each month need to be actioned.

2. Concern - Delivery of the £9.3m financial improvement target;

Action – the UHB has identified opportunities to deliver £7.8m of this target leaving £1.5m to find. Additional work is being undertaken to consider further options to fully deliver this target.

3. Concern - Managing within current budgets.

Action – At month 3 there are net operational overspends of £0.6m. Overspending Clinical Boards will need to provide robust recovery action plans as part of the Clinical Board Performance Review escalation process.

4. Concern - Managing down the underlying deficit.

Action - a greater focus on recurrent savings supporting the continued reduction in the underlying deficit.

CONCLUSION

The UHB is committed to achieving in year and recurrent financial balance as soon as possible. The UHB currently has a one year financial plan for 2018/19 which delivers a deficit of £19.9m. To deliver this the UHB needs to deliver £33.8m savings and identify mitigating actions to deliver a further £9.3m financial improvement. The UHB has made further progress against these requirements and now has a fully established savings plan and has also identified £7.775m financial improvement with a further £1.491m to find. The UHB is confident that this will be achieved over the next few months. The delivery of this further financial improvement required and the management of operational pressures are now the key risks in the delivery of the financial plan and will remain an area of focus until these are managed.

The reported financial position for the first three months is a deficit of £5.573m. This is made up of a budget plan deficit of £4.975m and an adverse variance against plan of £0.598m.



Appendix 1

Month 3 In-Year Effect

Clinical Board	18-19 4% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000						
PCIC	6,600	6,586	292	6,878	4.17	150	-278
Capital Estates and Facilities	2,580	1,731	759	2,490	3.86	133	90
Medicine	3,754	1,998	1,457	3,455	3.68	531	299
Specialist Services	4,038	2,571	1,115	3,686	3.65	678	352
Surgery	4,714	3,561	457	4,018	3.41	1,525	697
CD&T	3,442	1,821	976	2,797	3.25	866	645
Mental Health	2,940	1,765	496	2,261	3.08	270	679
Children & Women	3,550	1,205	1,304	2,508	2.83	1,118	1,042
Corporate Execs	1,362	819	23	842	2.47	318	520
Dental	800	209	22	231	1.16	84	569
Total	33,780	22,266	6,899	29,165	3.45	5,673	4,615

2018-19 Full Year Effect

Clinical Board	18-19 3% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000						
PCIC	4,950	5,472	352	5,824	3.53	524	-874
Capital Estates and Facilities	1,935	864	1,145	2,009	3.11	380	-74
Medicine	2,816	1,555	2,307	3,862	4.12	724	-1,047
Specialist Services	3,029	1,625	1,052	2,677	2.65	888	352
Surgery	3,536	2,690	546	3,236	2.75	2,790	300
CD&T	2,582	918	1,733	2,651	3.08	1,053	-69
Mental Health	2,205	1,176	416	1,592	2.17	270	613
Children & Women	2,663	847	1,438	2,285	2.58	1,576	377
Corporate Execs	1,022	495	13	507	1.49	324	514
Dental	600	94	0	94	0.47	110	506
Total	25,335	15,736	9,001	24,737	2.93	8,639	598

Appendix 2

BALANCE SHEET AS AT 30th JUNE 2018

	Opening Balance 1 st April 2018	Closing Balance 30th June 2018
	£'000	£'000
Non-Current Assets		
Property, plant and equipment	657,424	653,887
Intangible assets	2,245	2,166
Trade and other receivables	57,469	49,244
Other financial assets		
Non-Current Assets sub total	717,138	705,297
Current Assets		
Inventories	15,697	17,867
Trade and other receivables	166,189	183,228
Other financial assets	0	0
Cash and cash equivalents	1,856	1,696
Non-current assets classified as held for sale	0	0
Current Assets sub total	183,742	202,791
TOTAL ASSETS	900,880	908,088
Current Liabilities		
Trade and other payables	180,290	132,296
Other financial liabilities	0	0
Provisions	120,512	137,432
Current Liabilities sub total	300,802	269,728
NET ASSETS LESS CURRENT LIABILITIES	600,078	638,360
Non-Current Liabilities		
Trade and other payables	9,635	9,492
Other financial liabilities	0	0
Provisions	60,471	46,286
Non-Current Liabilities sub total	70,106	55,778
TOTAL ASSETS EMPLOYED	529,972	582,582
FINANCED BY:		
Taxpayers' Equity		
General Fund	417,207	469,816
Revaluation Reserve	112,765	112,766
Total Taxpayers' Equity	529,972	582,582

**CARING FOR PEOPLE
KEEPING PEOPLE WELL**



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

Appendix 3

3

CASH FLOW FORECAST AS AT 30th JUNE 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
RECEIPTS													
WG Revenue Funding - Cash Limit (excluding NCL)	86,045	81,620	90,750	58,820	82,920	65,314	71,969	78,824	75,469	65,114	74,669	39,132	870,646
WG Revenue Funding - Non Cash Limited (NCL)	1,600	1,590	1,380	1,540	1,650	1,560	1,560	1,560	1,560	1,560	1,560	2,258	19,378
WG Revenue Funding - Other (e.g. invoices)	3,850	3,165	2,366	2,366	2,366	2,366	2,366	2,366	2,366	4,538	2,366	4,538	35,019
WG Capital Funding - Cash Limit	8,000	6,000	1,500	1,600	7,200	3,200	3,200	3,000	2,399	0	0	0	36,099
Sale of Assets	0	0	0	208	0	0	0	0	0	0	0	0	208
Income from other Welsh NHS Organisations	32,230	31,149	46,893	34,660	37,254	27,911	30,895	37,874	32,846	25,960	31,229	36,257	405,158
Other - (Specify in narrative)	8,139	5,359	5,198	6,614	6,141	6,035	5,720	5,586	5,339	5,610	5,990	7,314	73,045
TOTAL RECEIPTS	139,864	128,883	148,087	105,808	137,531	106,386	115,710	129,210	119,979	102,782	115,814	89,499	1,439,553
PAYMENTS													
Primary Care Services : General Medical Services	5,267	4,164	8,167	4,379	4,274	7,082	4,274	4,274	7,082	4,274	4,274	7,082	64,593
Primary Care Services : Pharmacy Services	134	135	123	106	125	125	125	125	250	500	250	250	2,248
Primary Care Services : Prescribed Drugs & Appliances	7,008	7,632	15,311	0	15,110	0	7,555	15,110	7,555	0	7,555	7,555	90,391
Primary Care Services : General Dental Services	1,755	1,800	1,766	1,974	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	21,895
Non Cash Limited Payments	1,958	2,086	2,111	2,057	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	24,732
Salaries and Wages	47,471	47,804	47,732	47,641	47,964	47,664	47,845	47,991	47,712	47,977	48,274	48,156	574,231
Non Pay Expenditure	54,604	51,324	57,727	42,755	44,478	39,774	39,851	40,013	40,476	40,776	40,496	42,479	534,753
Capital Payment	12,496	1,679	1,935	1,562	6,862	3,209	3,237	2,970	2,508	2,312	2,175	554	41,499
Other items (Specify in narrative)	8,721	8,960	17,124	3,008	14,835	4,628	8,900	14,835	10,563	2,965	8,900	10,563	114,002
TOTAL PAYMENTS	139,414	125,584	151,996	103,482	137,538	106,372	115,677	129,208	120,036	102,694	115,814	120,529	1,468,344
Net cash inflow/outflow	450	3,299	(3,909)	2,326	(7)	14	33	2	(57)	88	0	(31,030)	
Balance b/f	1,856	2,306	5,605	1,696	4,022	4,015	4,029	4,062	4,064	4,007	4,095	4,095	
Balance c/f	2,306	5,605	1,696	4,022	4,015	4,029	4,062	4,064	4,007	4,095	4,095	(26,935)	



2018-19 Cost Reduction Programme	
Name of Meeting : Finance Committee	25 th July 2018
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report underpins the Health Board's "Grip and Control" element of the strategy to make the best use of the resources we have.	
Financial impact: Delivery of £33.780m delegated CRP Target (3% recurrent and 1% non-recurrent), and £9.266m improvement target to achieve 2018/19 £19.9m forecast deficit position.	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

- **NOTE** the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution.
- **NOTE** the progress against the £9.266m improvement target.

INTRODUCTION

This report summarises progress against the UHB devolved savings programme of £33.780m and the Cross Cutting contribution. The report also summarises progress against the £9.266m improvement target in supporting delivery of the 2018/19 £19.9m forecast deficit position.

PROGRESS AGAINST DEVOLVED CRP REQUIREMENT 2018-19

As at month 3 £29.165m of opportunities had been identified as Green or Amber against the devolved 4% savings target of £33.780m.



The value of Green schemes is £22.266m and Amber schemes £6.899m. There is a shortfall of £4.615m to be identified.

£20.167m has been identified against the £25.335m recurrent in year 3% element of the devolved target.

£8.998m has been identified against the £8.445m non-recurrent 1% element of the devolved target.

The top 20 savings schemes by value are shown in Appendix 1.

PROGRESS AGAINST CROSS CUTTING THEMES 2018-19

The Cross Cutting Programme was established to support the delivery of the devolved CRP target.

As at month 3 £11.681m of opportunities have been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

PROGRESS AGAINST CRP IMPROVEMENT TARGET 2018-19

An additional £9.266m improvement target is required in order to achieve a year end forecast £19.9m deficit position. This improvement target will be profiled into the last quarter of the financial year.

At month 3, the UHB had identified £7.775m of opportunities against this target which was an improvement of £0.295m in the month. **Therefore, of the £9.266m Financial Improvement Target £1.491m is yet to be identified.**



Improvement Target	2018-19 Target	Identified Green	Amber	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Central Reserves inc. Welsh Risk Pool		2,050		2,050	
Non recurrent Opportunities			3,780	3,780	
Forecast Budget Underspends			1,000	1,000	
Reduce C/F annual leave			150	150	
Investment slippage		500		500	
Total	9,266	2,550	4,930	7,480	1,786

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EFFICIENCY FRAMEWORK

As at 11 May 2018 the latest Efficiency Framework summary was submitted to Welsh Government detailing the UHB's CIP schemes that totalled £29.352m at the time including those schemes in the red pipeline.

Summary of Savings (£000's)	CV						
	Cash-Releasing Saving (Pay)	Cash-Releasing Saving (Non-Pay)	Cost Avoidance	Income Generation	Accountancy Gain	Non-Cash Releasing Productivity Gain	Sub-Total
Planned Care	£ 5,766	£ 2,939	£ 283	£ 381	£ 200	£ -	£ 9,569
Unscheduled Care	£ 746	£ 68	£ -	£ -	£ -	£ -	£ 814
Primary and Community Care (Excl Prescribing)	£ 269	£ 719	£ 308	£ 110	£ -	£ -	£ 1,406
Mental Health	£ 272	£ 334	£ 317	£ -	£ -	£ -	£ 923
Clinical Support	£ 901	£ 1,197	£ -	£ -	£ 426	£ -	£ 2,523
Non Clinical Support (Facilities/Estates/Corporate)	£ 199	£ 1,718	£ -	£ 605	£ -	£ -	£ 2,522
Commissioning	£ 63	£ 150	£ -	£ 1,510	£ -	£ -	£ 1,723
Across Service Areas	£ -	£ -	£ -	£ -	£ -	£ -	£ -
CHC	£ -	£ 3,000	£ -	£ -	£ -	£ -	£ 3,000
Prescribing	£ -	£ 3,653	£ -	£ -	£ -	£ -	£ 3,653
Medicines Management (Secondary Care)	£ -	£ 3,219	£ -	£ -	£ -	£ -	£ 3,219
Sub-Total	£ 8,215	£ 16,997	£ 908	£ 2,606	£ 626	£ -	£ 29,352

The framework will now be updated every quarter through the Finance Delivery Unit.

Further work is now underway sharing and assessing opportunities across Wales and this will be managed internally through the Cross Cutting Steering Group.

SUMMARY

To date the value of Green and Amber schemes identified totals £26.769m against the 2018/19 devolved CRP £33.780m target.



The additional £9.266m improvement target will be profiled into the last quarter of the financial year. £7.775m of opportunities have been identified at the end of month 3.

There remains a gap in the devolved CIP programme of £4.615m. Completion of the CIP programme will need to be prioritised as a matter of urgency.



Savings Tracker Summary

Month 3 In-Year Effect

Clinical Board	18-19 4% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	%	£'000	£'000
PCIC	6,600	6,586	292	6,878	4.17	150	-278
Capital Estates and Facilities	2,580	1,731	759	2,490	3.86	133	90
Medicine	3,754	1,998	1,457	3,455	3.68	531	299
Specialist Services	4,038	2,571	1,115	3,686	3.65	678	352
Surgery	4,714	3,561	457	4,018	3.41	1,525	697
CD&T	3,442	1,821	976	2,797	3.25	866	645
Mental Health	2,940	1,765	496	2,261	3.08	270	679
Children & Women	3,550	1,205	1,304	2,508	2.83	1,118	1,042
Corporate Execs	1,362	819	23	842	2.47	318	520
Dental	800	209	22	231	1.16	84	569
Total	33,780	22,266	6,899	29,165	3.45	5,673	4,615

2018-19 Full Year Effect

Clinical Board	18-19 3% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	%	£'000	£'000
PCIC	4,950	5,472	352	5,824	3.53	524	-874
Capital Estates and Facilities	1,935	864	1,145	2,009	3.11	380	-74
Medicine	2,816	1,555	2,307	3,862	4.12	724	-1,047
Specialist Services	3,029	1,625	1,052	2,677	2.65	888	352
Surgery	3,536	2,690	546	3,236	2.75	2,790	300
CD&T	2,582	918	1,733	2,651	3.08	1,053	-69
Mental Health	2,205	1,176	416	1,592	2.17	270	613
Children & Women	2,663	847	1,438	2,285	2.58	1,576	377
Corporate Execs	1,022	495	13	507	1.49	324	514
Dental	600	94	0	94	0.47	110	506
Total	25,335	15,736	9,001	24,737	2.93	8,639	598



Progress against 2018-19 Devolved Recurrent and Non Recurrent Targets Month 3

Clinical Board	Recurrent			Non-Recurrent			Total CIP Shortfall
	18-19 3% recurrent	Identified Green & Amber	Identified Green & Amber	18-19 1% non-recurrent	Identified Green & Amber	Identified Green & Amber	
	£'000	£'000	%	£'000	£'000	%	
PCIC	4,950	5,200	105%	1,650	1,678	102%	-278
Capital Estates and Facilities	1,935	1,195	62%	645	1,295	201%	90
Medicine	2,816	2,403	85%	939	1,052	112%	299
Specialist Services	3,029	2,423	80%	1,010	1,263	125%	352
Surgery	3,536	2,876	81%	1,179	1,142	97%	697
CD&T	2,582	1,831	71%	861	966	112%	645
Mental Health	2,205	1,572	71%	735	689	94%	679
Children & Women	2,663	2,072	78%	888	436	49%	1,042
Corporate Execs	1,022	501	49%	341	341	100%	520
Dental	600	94	16%	200	137	69%	569
Total	25,335	20,167	80%	8,445	8,998	107%	4,615



Cross Cutting Tracker Weekly Summary 2018-19

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PYE

Clinical Group	2018-19	Identified Green	Shortfall vs Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	644	1,356	303	373	947	1,053
Medicines Management	2,000	5,177	-3,177	1,654	1,651	6,832	-4,832
Nursing Productivity	1,000	536	464	834	242	1,369	-369
Procurement	2,000	1,559	441	454	201	2,013	-13
Workforce Productivity	2,000	500	1,500	20	0	520	1,480
Total	9,000	8,416	584	3,265	2,467	11,681	-2,681

FYE

Clinical Group	2019-20	Identified Green	Shortfall vs Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	498	1,502	269	390	767	1,233
Medicines Management	2,000	5,939	-3,939	2,681	3,180	8,620	-6,620
Nursing Productivity	1,000	510	490	1,497	372	2,007	-1,007
Procurement	2,000	1,423	577	580	268	2,004	-4
Workforce Productivity	2,000	442	1,558	0	0	442	1,558
Total	9,000	8,812	188	5,027	4,210	13,839	-4,839



Appendix B – CRP RAG Rating

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



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Finance Risk Register	
Name of Meeting : Finance Committee	25 th July 2018
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report sets out the financial risks to be managed to support delivery of the financial plan which supports the one year operational plan.	
Financial impact: The UHB will need to manage the risks set out in the Finance Risk Register in order to achieve its forecast financial deficit of £19.9m.	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

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

This report highlights the Finance Risk Register risk categorisation as at 25th July 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 27 June 2018
Extreme Risk	20 - 25	2
High Risk	12 - 16	4
Moderate Risk	4 - 10	12
Low Risk	1 - 3	0

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RECOMMENDATION

The Finance Committee are asked to note the risks highlighted.

SUMMARY

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

Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UBH Risk Register	Risk/Issue (including impact)	Existing Controls	Current Risk Rating		Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place		Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee		
					Impact / Consequence	Likelihood Score			Impact / Consequence	Likelihood Score								
Finance	Fin01/18	Mar-18	Underlying deficit of into 2019/20. The opening underlying deficit in 18/19 is £45.0m and this needs to be materially reduced in year.	Governance reporting and monitoring arrangements through the Finance Committee and Board. At month 3 ULD is £39.1m if the plan is fully delivered. This needs further identification of recurrent CIPs.	5	4	9	Adequate but more Action Required	Progress against the underlying deficit is to be managed by Management Executive supported by the Transformation Board.	4	4	18	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin02/18	Mar-18	Manage Budget pressures of £12.8m	The requirement to manage budget pressures clearly communicated to primary budget holders. Standing Financial Instructions set spending limits. Progress to be reviewed through Executive Performance Reviews with Clinical Boards. At month 3 budgets are overspent by £0.6m.	4	3	12	Adequate but more Action Required		4	2	8	Jul-18	Assistant Director of Finance	Aug-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin03/18	Mar-18	Deliver 3% Recurrent CIP (£25.3m)	3% recurrent CIP target clearly communicated to budget holders. CIP tracker in place to monitor weekly progress across the organisation. Project Management Office in place to support the identification of cross cutting CIPs. Executive lead identified for each cross cutting theme. Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews. At month 3 the UHB is £5.1m short of delivering the devolved target.	5	4	9	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation.	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin04/18	Mar-18	Deliver 1% non recurrent CIP (£8.4m)	1% non-recurrent CIP target clearly communicated to budget holders. CIP tracker in place to monitor weekly progress across the organisation. Project Management Office in place to support the identification of cross cutting CIPs. Executive lead identified for each cross cutting theme. Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews. At month 3 the UHB has exceeded the delegated non recurrent target by £0.5m.	2	2	4	Adequate but more Action Required		2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin05/18	Mar-18	Develop and deliver financial opportunities of £9.3m to achieve £19.9m year end position	At month 3 financial improvements of £7.8m identified. The amount still to find is £1.5m.	3	3	9	Adequate but more Action Required	Development of Transformation Board to identify and deliver transformational recurrent cost releasing savings.	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin06/18	Mar-18	Deliver recurrent 10% Exec Director budgets management cost savings (£2.3m)	Plans developed by Executive leads with progress monitored through the Management Executive.	3	4	12	Adequate but more Action Required	None	3	3	9	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Workforce & OD	Finance Committee
Finance	Fin07/18	Mar-18	Manage internal investments within £3.3m envelope	Internal investment plan agreed with business cases to be approved through the Business Case Approval Group (BCAG).	3	2	6	Adequate but more Action Required	None	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin08/18	Mar-18	Deliver RTT within resources available (£10.5m 18/19)	The UHB is proceeding at pace against the RTT plan with an additional £5.1m being made available on a non recurrent basis from WG.	4	3	12	Adequate but more Action Required	Monthly meetings with the COO, progress report to be received through performance review meetings and regular dialogue with WG.	3	2	6	Jul-18	Assistant Director of Finance	Aug-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin09/18	Mar-18	Winter pressures managed within (£1.5m 18/19)	Winter plan for 2018/19 being developed for sign off by Management Executive.	3	3	9	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	Jul-18	Assistant Director of Finance	Aug-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin10/18	Mar-18	Commissioning Risks	Regular performance/TA meetings with other providers/WHSSC and internal commissioning group.	3	3	9	Adequate but more Action Required	None	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin11/18	Mar-18	Management of Nursing overspend (£2.7m 2017/18)	Progress to be monitored through Nursing Productivity Group and Executive / Clinical Board Performance Reviews. At month 3 the nursing overspend was £0.75m.	4	3	12	Adequate but more Action Required	None	2	3	6	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Nursing	Finance Committee
Finance	Fin12/18	Mar-18	Containment of IT developments	Internal investment plan agreed with business cases to be approved through the Business Case Approval Group (BCAG) / Capital Management Group.	3	3	9	Adequate but more Action Required	None	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Therapies	Finance Committee
Finance	Fin13/18	Mar-18	Management of retrospective CHC costs (£1.5m)	Costs to be managed over two financial years	3	3	9	Adequate but more Action Required	None	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin14/18	Mar-18	Management of R&D income reduction	R&D position being taken forward by Medical Director with WG.	2	3	6	Adequate but more Action Required	None	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Medical Director	Finance Committee
Finance	Fin15/18	May-18	Velindre drugs	NICE / HCD actuals differ to those assessed in the collective meeting	3	3	9	Adequate but more Action Required	None	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin16/18	May-18	WHSSC services	Current sustainability concerns that are not provided for in the WHSSC financial plan present in year	3	3	9	Adequate but more Action Required	None	2	2	4	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee
Finance	Fin17/18	Jul-18	Deliver RTT within resources available (non recurrent £6.1m 18/19)	The RTT spend profile is being closely monitored against the activity plan.	3	3	9	Adequate but more Action Required	Monthly meetings with the COO, progress report to be received through performance review meetings and regular dialogue with WG.	3	2	6	Jul-18	Assistant Director of Finance	Aug-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin18/18	Jul-18	AB LTA forecast underperformance £1.9m in 2018/19. Underperformance in 2017/18 was £1.4m	Ongoing communication with AB regarding contract rebasing in 2019/20.	3	3	9	Adequate but more Action Required	None	3	2	6	Jul-18	Assistant Director of Finance	Aug-18	The Board	Director of Finance	Finance Committee





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

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

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

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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
Frequency 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
Probability 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