

Bundle Finance Committee 3 January 2019

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FINANCE COMMITTEE MEETING
2.00pm on 3rd January 2019
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 28 th November 2018	<i>Chair</i>
5	Action Log	<i>Chair</i>
6	Draft 2019/20 Financial Plan	<i>Chris Lewis</i>
7	Finance Report for Month 8	<i>Chris Lewis</i>
8	Trade and other Receivables – Accounting Policy and Provision	<i>Paul Emmerson</i>
9	Clinical Boards in Escalation	<i>Oral – Steve Curry</i>
10	Cost Reduction Programme and Cross Cutting Themes	<i>Andrew Gough</i>
11	Finance Risk Register	<i>Andrew Gough</i>
PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD		
12	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
13	Date, time and venue of the next meeting of the Finance Committee: 2.00pm on Wednesday 30 th January 2019, Large Meeting Room, HQ, UHW	<i>Oral - Chair</i>

CONFIRMED MINUTES OF THE FINANCE COMMITTEE

HELD ON 28th NOVEMBER 2018

LARGE MEETING ROOM, HQ, UHW

Present:

John Union	Chair (Finance Committee)
Charles Janczewski	Vice Chair (Board)
John Antoniazzi	Independent Member
Maria Battle	UHB Chair
Andrew Gough	Assistant Director of Finance
Chris Lewis	Deputy Director of Finance
Len Richards	Chief Executive
Martin Driscoll	Executive Director of Workforce and Organisational Development
Nicola Foreman	Director of Corporate Governance
Sharon Hopkins	Director of Transformation and Deputy Chief Executive
Steve Curry	Chief Operating Officer

Secretariat:

Paul Emmerson	Finance Manager
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FC – 18/267 WELCOME AND PURPOSE OF THE COMMITTEE

The Chair welcomed everyone to the meeting.

FC – 18/268 APOLOGIES FOR ABSENCE

Apologies were received from Abigail Harris, Robert Chadwick and Ruth Walker.

FC – 18/269 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 – 18/270 MINUTES OF THE FINANCE COMMITTEE HELD ON 31st OCTOBER 2018

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 31st October 2018.

FC - 18/271 ACTION LOG FOLLOWING THE LAST MEETING

The Committee **RECEIVED** the Action Log from the meeting of 31st October 2018 and **NOTED** the following:

FC - 18/225 THE NURSING PRODUCTIVITY GROUP TO BE ASKED TO EXPLORE THE LIKELY IMPACT OF INTRODUCING A WEEKLY PAYROLL FOR PAYMENT OF BANK STAFF. Partially complete – The Executive Nurse Director was asked to pick this up in October and had surveyed bank staff who indicated their support for a move to weekly pay. The purpose is to increase the uptake of UHB staff working bank shifts; especially to cover winter pressures, vacancy/sickness gaps and to reduce expensive agency cost. The UHB wished to provide substantive nurses who work bank shifts a weekly pay option from December. NWSSP are reviewing the wider opportunity for weekly pay on the assumption that this will offer better options to the UHB. However preferred options are unlikely to be implemented for December in part due to the additional workload in implementing the Medical & Dental pay award. The Executive Director of Workforce and Organisational Development indicated that he would press NWSSP for a timescale for the completion of the review of weekly pay options.

Subsequent to the assessment of preferred options the Finance Committee requested a speedy implementation.

ACTION

Executive Nurse Director

It was agreed that once implemented the initiative should be reviewed after 6 months by the Nurse productivity Group and the results reported back to the Finance Committee.

ACTION

Executive Nurse Director

FC - 18/236 REPORT ON THE WIDER ISSUES AND ACTIONS AROUND THE NURSING POSITION TO BE PROVIDED TO THE FINANCE COMMITTEE. The Executive Nurse Director is generally unable to attend the Finance Committee when it is held on the last Wednesday of the month due to national and external commitments. The Executive Nurse Director had offered to arrange a meeting with the Independent Members on the Finance Committee to provide assurance of Corporate Nursing actions if required. The possibility of using the last Thursday in each calendar month where there was not a scheduled Board meeting was not a

viable option due to the schedule for Board Development Days. **Incomplete** – Update to be provided to a future Finance Committee meeting dependent on availability

FC - 18/261 UPDATE ON THE 2019/20 FINANCIAL PLAN TO BE PROVIDED TO THE NOVEMBER 2018 FINANCE COMMITTEE MEETING. Complete – Update on the agenda of the November 2018 Finance Committee meeting.

FC - 18/265 NO PURCHASE ORDER NO PAYMENT POLICY-NUMBER OF INVOICES WITH NO PO NUMBER ON HOLD TO BE REPORTED BACK TO THE COMMITTEE IN 3 MONTHS TIME SO THAT THE POSITION COULD BE RE-ASSESSED. Incomplete – Update scheduled for the January 2019 Finance Committee meeting.

FC - 18/272 2019/20 FINANCIAL PLAN

The committee agreed to re-arrange the order of the agenda and bring forward the consideration of the 2019/20 Financial Plan.

The Deputy Director of Finance presented the 2019/20 – 2021/22 IMTP Draft Financial Framework.

The presentation built upon the update on the Welsh Government Planning Framework and the 2019/20 Health Social Services Budget which was provided to the previous Finance Committee. The Committee was reminded that the UHB's underlying financial deficit of £39.1m was broadly a consequence of the following 4 issues: 2018/19 forecast deficit of £9.9m; non-recurrent CIP target £8.4m; non recurrent income from WG £14m and the non-recurrent financial improvement plan £6.8m. The 2019/20 Draft Financial Framework assumed a reduction in the UHB underlying deficit from £39.1m to £36.6m as a result of a £1m reduction in the cost of adalimumab (a biosimilar drug) and a further £1.5m reduction in the UHBs liabilities for the Wales External Quality Assessment Scheme.

The UHB Vice Chair (JC) enquired whether an over-achievement against the 2018/19 recurrent savings plan would lead to a reduction in the underlying deficit and the Deputy Director of Finance indicated that this would be the case if there was a material over-achievement of recurrent savings.

The Deputy Director of Finance described and summarised the main elements underpinning UHB's Draft 2019/20 Financial Framework as outlined by the table below:

	£m
c/f underlying deficit	-36.6
Additional allocations	38.2
Cost pressures	-38.1
Investments	-4.5
Recurrent delegated 2% CIP	16.4
Corporate Savings (Ophthalmic drugs & Woodland House)	2.9
2018/19 operational plan funding	10
Further savings required	-11.7

The committee was informed that the assumed additional allocation of £38.2m included funding for the expected cost of 2019/20 wage awards but excluded any funding for additional pension costs arising in 2019/20, but these were assumed to be funded albeit the costs were not yet known.

The Deputy Director of Finance moved on to describe £38.1m of cost pressures in further detail under the headings of Cost Growth, Demand / Service Growth and other Cost Pressures. In 2019/20 Cost Growth was estimated at £19.4m and included pay inflation of £15.5m, non pay inflation of £0.9m, GMS/GDS inflation at £1.7m & Continuing Health Care (CHC) and NHS Funded Nursing Care inflation capped at £1.3m. Demand and Service Growth was estimated at 15.2m being the additional cost of NICE and new high cost drugs £3.5m, Velindre Cancer Centre £1.2m, Specialist Services £5m, Ring fenced services £1.2m, EASC, £0.5m and LTA inflation of £3.8m. Other cost pressures were £3.5m and assumed a reduction in income from cross border flows from Aneurin Bevan Health Board of £0.5m and local cost pressures of £3m. The Committee was advised that there was no provision for growth in CHC and prescribing in 2019/20 and that this was a risk that would need to be managed and monitored next year. It was confirmed that the budget for local cost pressures would be held centrally and allocated when costs were confirmed during the course of the year.

The Director of Transformation and Deputy Chief Executive indicated that the management executive would require assurance from both the Mental Health and PCIC Clinical Boards that they had plans to manage both CHC and prescribing within the planning assumptions. In this context the Chief Operating Officer indicated that in respect of continuing healthcare placements there was an expectation that the Mental Health Clinical Board would work with local authority partners to manage growth within agreed resources.

Moving onto investments the Deputy Director of Finance indicated that the majority of UHB investments needed to come from All Wales budgets of circa £140m which had been retained centrally by Welsh Government for transformation, regional partnership boards, digital services, prevention, mental health and learning disabilities and clinical services. The UHB's draft plan set aside £4.5m for UHB

specific investments of which a minimum of £1.4m was already committed to cover the full year effect of 2018/19 plans. The Committee was advised that further investment should not be approved until sufficient assurance around the delivery of the plan had been secured.

The draft financial framework assumed that a 2% recurrent CIP of £16.4m would be delegated to Clinical Boards to achieve. The Committee was advised that there had been limited progress to date on the identification of delegated schemes for 2019/20. £2.9m of corporate schemes had been identified to date, however the UHB would need to identify a further £12m of savings schemes on top of this to achieve a balanced budget in 2019/20. The Committee was advised that the £12m of further schemes would include a number of high value opportunities and corporate themes that should be managed corporately with a clear lines of accountability and a common understanding of schemes that should not be included in the delegated 2% CIP.

The Director of Corporate Governance asked if the UHB had discretion over the level of CIP targets and the Chief Executive confirmed that the UHB determined the level of CIP that was delegated to its Clinical Boards. The planned recurrent 2% targets had already been shared with Clinical Boards and there was an acknowledgement that the required level of saving was less than agreed in 2018/19. The Chief Executive added that the planned recurrent target was expected to remain at 2% in 20120/21 and 2021/22 in order to provide some flexibility to support investments.

The UHB Vice Chair (CJ) asked whether the UHB would be able to secure the additional £10m annual operational plan funding on a recurrent basis by identifying the further £12m of corporate savings schemes in 2019/20. The Deputy Director of Finance confirmed that Welsh Government was more likely to re-instate the £10m annual operational plan funding provided in 2018/19 on a recurrent basis if the UHB delivered its 2018/19 plan alongside the submission of a balanced plan for 2019/20 onwards.

The UHB Chair (MB) asked how the draft plan supported the UHBs “Shaping Our Future Wellbeing: In Our Community Programme”. The Chief Executive indicated that the UHB would need to frame its investment programme to maximise its uptake of Welsh Government Funding targeted at transformation and a move towards community based services so that it could fulfil the commitment to “Shaping our Future Wellbeing” programme. The Chief Executive also added that the planned recurrent savings target was expected to remain at 2% in 20120/21 and 2021/22 in order to provide some investment flexibility to support the programme.

The presentation moved on to consider the following information sources which indicated that the UHB had enough scope to identify schemes to move towards balancing the financial position in 2019/20:

- EY Acute Benchmarking & Opportunity Analytics (September 2016)

- Internal Benchmarking Opportunities (LOS, productivity variation, DNA, follow up etc. identified through the CHKS & Albatross benchmarking tools)
- Welsh Government Efficiency Framework (Population Health, Technical efficiency and Productivity, whole System & Shared Opportunities)
- Interventions Not Normally Undertaken
- Lightfoot Summary Findings

The UHB Vice Chair (CJ) noted that some of the benchmarking data had been available to the UHB since 2016 asked whether any progress had already been made in using the data. The Director of Transformation and Deputy Chief Executive confirmed that some of the data had helped to support changes in processes to reduce harm, waste and variation but the UHB had not yet realised the significant financial benefits that would arise from a wider transformation programme. The Chief Operating Officer added that a number of initiatives e.g. re-focussing of mental health services, pre-operative pathways, programmes to reduce DNAs which were already progressing would be considered by the UHB when identifying future corporate savings.

The Committee was advised that significant material financial risks to the plan which would require strong management were:

- c/f Clinical Board underlying deficit (including any unachieved CIP)
- Cost pressure avoidance in CHC / prescribing
- Delivery of 2% delegated CIP target
- Delivery of further savings of £12m
- New year operational pressures
- RTT and Winter Plan

The Deputy Director of Finance then described how the IMTP extended from 2019/20 through 2020/21 and 2021/22. The plan identified how the UHB could move from an underlying deficit of £36.6m b/f in 2019/20 to an underlying surplus of £0.5m in 2021/22. The plan was based on the following assumptions:

- Welsh Government would provide a 3% uplift in 2019/20, 2% in the following 2 years and also cover any additional wage award costs over 1%;
- The additional £10m Annual Operating Framework funding would be re-provided by Welsh Government on a recurrent basis from 2019/20 onwards;
- Investments and cost pressures would be managed within agreed values;
- The UHB would deliver a recurrent 2% CIP in each year;
- Additional high value opportunities would deliver recurrent savings of £12m in 2019/20; £4m in 2020/21 and £2m in 2021/22.

Finally, the Committee was advised of the timetable and process for the submission of the IMTP and it was noted that a Draft Financial Plan would be considered by the Finance Committee on the 3rd January 2019 before an informal submission to Welsh Government. Following feedback from Welsh Government it was expected that the plan would be presented to the Board on the 31st January 2019 before the formal

submission to Welsh Government. Given that this was also the deadline for submission of the final plan this may need to be brought forward.

Action

Deputy Director of Finance.

In response to a query from the UHB Chair (MB) the Chief Executive indicated that the submission of a balanced plan would help the UHB case for moving out of targeted intervention.

The Finance Committee:

- **NOTED** the draft plan and proposed process to enable submission of the IMTP to Welsh Government

FC - 18/273 FINANCE REPORT AS AT MONTH 7

The Deputy Director of Finance presented the UHB's financial performance to month 7 and highlighted that the UHB remained on track to deliver the £9.9m planned deficit, that a full savings programme was in place and that the overspend against the plan had fallen by £0.120m in month.

Moving onto the Month 7 Finance Dashboard three of the measures remained rated as red as follows:

- The UHB's 2018/19 planned deficit of £9.9m meant that the UHB did not expect to remain within the revenue resource limit in 2018/19 and this remained RAG rated red.
- The UHB's assessed underlying deficit position continued at £39.1m at month 7 and this is RAG rated red.
- Following confirmation of an additional allocation from Welsh Government of £13.050m for Capital Working Balance Cash the forecast year end cash deficit was now £11.743m and remained RAG rated red. The UHB expected to formally request Revenue cash assistance from Welsh Government by 12th December 2018.

The UHB had reported a deficit of £6.410m for the year to date which was made up of a planning deficit of £5.775m (7/12 of the £9.9m planned deficit) and a £0.635m adverse variance against plan.

In response to a query from the UHB Vice Chair (CJ) the Deputy Director of Finance indicated that the UHB remained confident of recovering the £0.635m overspend against plan in the final 5 months on the basis that overall delegated budget performance would be managed within agreed forecasts.

The Committee was informed that in month performance had been impacted by a continuation of the income pressures in orthopaedic services, nursing pressures, medical and dental pay overspends and theatre activity linked pressures in clinical services and supplies. The UHB Vice Chair (CJ) asked what level of assurance the UHB had around the control of theatre procurement and stock and the Deputy Director of Finance confirmed that a full stock take was undertaken on an annual basis. The Chief Executive indicated that a change in medical practice could lead to a change in the use of clinical supplies and that the UHB needed to continually improve the controls that were in place to optimize the value gained from advances in medical practice.

The Deputy Director of Finance asked the Committee to note the comparison of Clinical Board Financial performance against Budget Financial Forecasts at Table 16 and confirmed that whilst overall the UHB was within the month 7 forecast the main concern was the overspends against forecast of £0.391m and £0.168m reported by the Medicine and Surgery Clinical Boards respectively. The committee was informed that managing spend within the Forecasts was now key to the UHB achieving its 2018/19 plan. In this context the Finance Committee chair queried whether the forecast meant that the Women and Children's Board now expected to report a year end overspend of c £1.6m. The Deputy Director of Finance confirmed that this was the case when the forecast was completed and the Chief Operating Officer added that the Clinical Board had now provided assurance that the forecast year end overspend had subsequently fallen below £1.4m following the implementation of remedial measures.

The Deputy Director of Finance concluded the report by informing the Finance Committee that the UHB had been recently been asked to submit a formal request to the Chief Executive, NHS Wales for cash assistance by 12th December 2018 and in so doing provide assurance that the UHB Board had been briefed on the level of cash assistance requested by the UHB from Welsh Government since the financial year beginning in April 2014. In this context it was agreed that the Deputy Director of Finance would relay a separate paper to Finance Committee members outlining the reasons underpinning UHB request for cash assistance over the period from April 2014 to March 2018 and that the paper would be relayed prior to the formal request to Welsh Government.

Action

Deputy Director of Finance.

The UHB Vice Chair (CJ) raised a query in respect of the £186m of trade and other receivables that the UHB was carrying on its balance sheet at the end of October 2018 under current assets and asked for assurance that the UHB had systems in place to monitor its aged debtors. The Deputy Director of Finance agreed to provide an analysis of the trade and other receivables on the balance sheet as October 31 2018 alongside an outline of the UHBs accounting treatment of aged debts.

Action

Deputy Director of Finance.

LIMITED ASSURANCE was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 7 position which is broadly on line with the profiled deficit within the draft operational plan.

The Finance Committee:

- **NOTED** that the UHB has an unapproved draft one year operational plan that has a planned deficit of £9.900m for the year;
- **NOTED** the £6.410m deficit at month 7 which includes a planning deficit of £5.775m and an adverse variance against plan of £0.635m;
- **NOTED** the key concerns and actions being taken to manage risks.

FC - 18/274 CLINICAL BOARDS IN ESCALATION

The Chief Operating Officer confirmed that 5 Clinical Boards remained in escalation where the required level of assurance was not attained in respect to finance, activity and quality and safety.

Assurance had been provided in month that both the Women & Children and CD & T Clinical Boards would deliver a year end position within their forecast control totals. Further discussions were taking place with both the Medicine and Surgery Clinical Boards to gain further assurance that planned actions would sufficiently improve in year performance. The consultation process in support of the Dental Clinical Board was now closed and feedback was being reviewed.

In response to a query from the Finance Committee Chair (JU) the Chief Executive indicated that the Board were informed of Clinical Boards in escalation through the minutes of the Finance Committee.

The Finance Committee:

- **NOTED** the Clinical Boards in escalation and actions being taken to manage performance;

FC - 18/275 COST REDUCTION PROGRAMME

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

- At the end of the month, £32.461m of schemes had been identified as Green or Amber against the devolved 4% savings target of £33.780m, leaving a gap of £1.319m
- £21.199m has been identified against the £25.335m recurrent 3% element of the devolved target.
- £11.262m has been identified against the £8.445m non-recurrent 1% element of the devolved target.
- As at month 7 £12.280m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

The Assistant Director of Finance highlighted that the £1.319mm gap against delegated savings targets at the end of October had fallen to £0.987m as at 28th November, however it was noted that the reduction was primarily due to non recurrent opportunities and therefore there was no reduction in the underlying position.

The Assistant Director of Finance indicated that the Welsh Government Finance Delivery Unit had mandated that future reporting of savings would be risk rated based on the UHBs approach to RAG rating schemes. In response to a query from the Finance Committee Chair it was confirmed that in 2019/20 performance against the 2% delegated savings target and the £12m corporate target would be monitored separately.

The Finance Committee:

- **NOTED** the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution
- **NOTED** that the £9.266m improvement target had been achieved without any adverse impact on service delivery.

FC - 18/276 RISK REGISTER

The Assistant Director of Finance presented the 2018/19 Risk Register and informed the Finance Committee that no new risks had been added to the register in month.

The Committee was asked to authorise the removal of 1 risk from the register where optimum controls were in place in respect of Critical Care Investment in advance of Critical Care Network decision (£1.5m) where funding had now received..

The Finance Committee:

- **NOTED** the risks highlighted within the risk register.
- **APPROVED** the removal of the following risk:
 - Critical Care Investment in advance of Critical Care Network decision (£1.5m)

FC - 18/277 ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES

No other items to bring to the main Board.

FC - 18/278 DATE AND TIME OF NEXT MEETING

The Finance Committee Chair (JU) confirmed that responsibility for chairing the Finance Committee was transferring to the Board's Independent Member – Estates, John Antoniazzi from the next meeting onwards which was scheduled as follows:

Thursday 3rd January; 1.00pm; Large Meeting Room, HQ, UHW

FINANCE COMMITTEE

ACTION LOG FROM 28th NOVEMBER 2018

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC - 18/225 & FC - 18/259	25.07.18 31.10.18	The impact of weekly vs monthly payroll on the availability of bank staff	<p>The Nursing Productivity Group to be asked to explore the likely impact of introducing a weekly payroll for payment of bank staff.</p> <p>Subsequent to the assessment made the Finance Committee requested a speedy implementation.</p> <p>It was agreed that once implemented the initiative should be reviewed after 6 months and the results reported back to the Finance committee.</p>	Executive Nurse Director	Partially complete – The Executive Nurse Director was asked to pick this up in October and has surveyed bank staff who have indicated their support for a move to weekly pay. The purpose is to increase the uptake of UHB staff working bank shifts; especially to cover winter pressures, vacancy/sickness gaps and to reduce expensive agency cost. The UHB wished to provide substantive nurses who work bank shifts a weekly pay option from December. NWSSP are reviewing the wider opportunity for weekly pay on the assumption that this will offer better options to the UHB and has promised to keep the UHB updated on progress. However preferred options are unlikely to be implemented for December in part due to the additional workload in implementing the Medical & Dental pay award.
FC - 18/236	29.08.18	In year nursing pressures and associated overspend	Report on the wider issues and actions around the Nursing Position to be provided to the Finance Committee	Executive Nurse Director	Incomplete - Raised with the Executive Nurse Director. Date of report back to the Finance Committee to be confirmed dependent on re-scheduling of diaries.
FC - 18/265	31.10.18	No Purchase	Number of invoices with no	Deputy	Incomplete – Report to be brought

		Order No Payment Policy	PO number on hold to be reported back to the committee in 3 months time so that the position could be re-assessed	Director of Finance	back to January 2019 meeting
FC - 18/272	28.11.18	2019/20 Financial Plan	Update on 2019/20 Financial Plan to be brought back to the Finance Committee meeting scheduled for January 3 rd 2019	Deputy Director of Finance	Complete - 2019/20 Financial Plan on agenda of Finance Committee Meeting scheduled for January 3 rd 2019
FC - 18/273	28.11.18	Request for Revenue Cash Support to Welsh Government	A paper to Finance Committee members outlining the reasons underpinning the UHB requests for cash assistance to be relayed prior to the formal revenue cash assistance request to Welsh Government.	Deputy Director of Finance	Complete – Letter outlining the reasons underpinning the UHB requests for cash assistance approved by Board members via e-mail and ratified at the December 2018 Board Development session.
FC - 18/273	28.11.18	Accounting Policy and systems in place to monitor aged debtors within trade and other receivables on the UHB balance sheet at the end of October 2018	A briefing to Finance Committee members outlining UHB accounting policy and systems in place to monitor aged debtors	Deputy Director of Finance	Complete – A briefing relayed to Finance Committee members with papers for Finance Committee Meeting scheduled for 3 rd January 2019

FINANCIAL PLAN

Introduction and Background

We did not have an approvable IMTP in 2018/19 and agreed a 1 year operational plan with Welsh Government. The operational plan for 2018/19 is to achieve a year end out-turn position of a £9.9m deficit, whilst maintaining the quality and safety of services and delivering upon agreed performance measures. We are confident in delivering its financial plan for 2018/19 which requires the identification and delivery of significant savings and further increases in clinical productivity to deliver performance targets. This position has been supported by £10m Welsh Government operational plan funding which has helped in providing service enhancements and sustaining resources required to achieve performance levels. Maintaining this level of additional support is dependent on delivering a balanced financial position in 2019/20 and over the 3 year IMTP cycle and having our plan approved.

Overview of the Financial Plan

The Financial Plan sets out our financial strategy which supports delivery of the service improvements outlined for 2019/20 – 2021/22. In addition, we are aiming to meet our own key financial objectives of restoring in year and recurrent financial balance. Whilst this will provide the UHB with a significant financial challenge over the period of the plan, through the draft Health & Social Care budget, a 3% uplift in funding in 2019/20 will support our ambitious goals.

The overall ambition is to submit an IMTP that can be approved, and that demonstrates compliance against high level key performance indicators which builds upon good performance in 2018/19. In terms of financial sustainability, we are on track to achieve our forecast of a £9.9m deficit and reducing our accumulated underlying financial position. This plan aims to deliver improved levels of efficiency alongside improved and sustained delivery against performance standards. In terms of efficiency and transformation, we will be setting a devolved 2% recurrent target in 2019/20 and a further 1.8% recurrent target that will be managed corporately and delivering on high value opportunities. Health and Social Care has received a good financial settlement for 2019/20 and this will support the shift of resources in line with “Healthier Wales.” There will however be a need to limit any internal investments to those unavoidable items to address sustainability and safety issues in the first year of the Plan with more growth available in the second and third years once financial balance has been restored.

The following key assumptions are currently being used in the plan:

- We will not be required to make good any of its prior year deficits and this will need to be confirmed with Welsh Government;
- There will be no material loss of income from SIFT and other education budgets due to the creation of HEIW and revisions to commissioning arrangements;
- The commissioning approach from WHSSC and neighbouring LHBs does not financially destabilise the UHB;
- We can manage to deliver expected performance levels within the budget set.

Resource Planning Assumptions

Underlying Deficit

2019/20 Accumulated Underlying Deficit

	2018/19 £'000
Operational planned deficit 2018/19	9,900
Plus non-recurrent CIP target 2018/19	8,400
Plus other non-recurrent opportunities to deliver improvement target	6,800
Plus non recurrent income from WG	14,000
2018/19 accumulated deficit as at November 2018	39,100
Further recurrent savings schemes being pursued	(2,500)
2019/20 b/f accumulated underlying deficit	36,600

This shows that at November 2018, we have improved our accumulated underlying deficit by £9.9m. A further improvement of £2.5m is planned reducing our underlying deficit brought forward amount to £36.6m. Delivery of the 3 year IMTP Plan will bring us back into recurrent balance

Income Assumptions

Following receipt of Welsh Government Health Board revenue allocations for 2019/20, the table below set out the levels of allocation growth available to meet new inflationary and cost growth pressures in 2019/20:

Net Income Growth 2019/20 – 2021/22

	2019/20 £'000	2020/21 £'000	2021/22 £'000
Allocation uplift	17,369	13,243	13,243
WG Operational Plan funding	10,000		
Mental Health uplift	1,871	1,871	1,871
Invest 2 Save	(59)	130	130
GMS / GDS	1,700	1,700	1,700
LTA income uplift	6,780	4,520	4,520
Pay Award	15,943	7,357	
Pay Award LTA funding	4,996	2,305	
Sub total	48,870	31,126	21,464

The key points to note are:

- The Allocation uplift represents 3% in 2019/20 and 2% in the following 2 years, plus an uplift for ring-fenced Mental Health services. This amount has been top sliced in 2019/20 to meet agreed national developments.
- Operational plan funding which has helped us in providing service enhancements and sustaining resources required to achieve performance levels is assumed to be recurrent.
- It is assumed that further allocations will be made for GMS and GDS services to meet contract agreements and income growth in this area which is matched by estimated cost growth;
- The UHB is assuming that commissioners will pass onto providers appropriate funding for pay and non-pay inflation. The UHB is assuming an LTA uplift for this, in line with its allocation growth;
- The UHB is assuming that any changes to employers pensions contribution in 2019/20 will be met by an additional revenue allocation.

Cost Pressures

The UHB has worked through its initial assessment of its inflationary and demand pressures for 2019/20 – 2021/22.

Assessed Cost Pressures 2019/20 – 2021/22

Inflationary and Cost Pressure	2019/20 £'000	2020/21 £'000	2021/22 £'000
Cost Growth			
Pay Inflation	24,501	14,666	6,239
Non pay Inflation	900	1,000	1,100
GMS and GDS	1,700	1,700	1,700
Continuing Heath Care	1,200	1,200	1,200
Funded Nursing Care	107	107	107
Total Cost Growth	28,408	18,673	10,346
Demand / Service Growth			
NICE & New High Cost Drugs	3,500	3,500	3,500
Continuing Heath Care	0	1,000	2,500
Funded Nursing Care	0	0	0
Prescribing	0	1,000	1,000
Velindre Cancer Centre	1,200	1,200	1,200
Specialist Services	5,000	5,000	5,000
Uplift on Ring fenced services	1,200	800	800
EASC	500	500	500
LTA Inflation plus wage award	6,457	3,755	2,520
Total Demand / Service Growth	17,857	16,755	17,020
Other Cost Pressures			
Welsh Risk Pool	0	0	0

Income reductions	500	500	500
Local cost pressures	3,000	3,000	3,000
Total Other Cost Pressures	3,500	3,500	3,500
Total Inflationary and Cost Pressures	49,765	38,928	30,866

Over the three year period 2019/20 – 2021/22 new national and local inflationary and growth pressures are assessed as £49.8m, £38.9m and £30.1m respectively. These assessed costs place a significant pressure on the organisation and local cost assessments for 2019/20 have been reviewed and curtailed to minimize requirements on funding and impact upon the financial plan.

The following assumptions should be noted:

- Pay award impacts are fully funded by WG over the 3 year IMTP cycle
- There are anticipated increases in employers pensions contributions in 2019/20 that are assumed to be funded by Welsh Government
- GMS / GDS growth costs are expected to be matched by additional resource allocation;
- NICE and high cost drugs growth has been capped at £3.5m for each year;
- Continuing Health Care and Funded Nursing care growth costs has been reduced to nil in 2019/20, this will need to be closely monitored and managed
- No resources have been made available for prescribing growth in 2019/20
- Velindre and specialist services commissioning costs are best assessments at this stage;
- In line with the cash letter, the UHB is assuming LTA uplifts of 3%;
- The UHB is anticipating further income reductions across LHB commissioners

There is a clear aim to avoid cost increases wherever possible. It should be recognized however that curtailing the amounts being provided for growth does represent a financial risk that we will need to manage.

The commissioning costs for specialist and cancer services are still being determined and if the amount required exceeds the assessment made it will need to be the first call upon the investment reserve.

Investments

We have agreed to limit revenue investments to a total of £4.0m (0.5%) in 2019/20. Further investment and growth is available to support the delivery of the UHB strategy after financial balance has been restored.

Investments should not be made until assurances on the delivery of the financial plans have been secured. Any investment proposals will need to be fully considered by the Board.

It is important to note that Welsh Government have already set aside a considerable budget to support delivery of a Healthier Wales. It is envisaged that this will be the main source of investment to support service Transformation service sustainability.

We intend to maintain our internal investment in RTT and winter to maintain current performance levels. Any further improvement will be dependent upon resource discussions with Welsh Government.

Transformation and Efficiency Plan

We have an ambitious IMTP that addresses our underlying deficit and restores financial balance. The organisation will need to deliver improved levels of efficiency alongside improved and sustained delivery against standards increasing the value that is derived from the resources available for our population.

We are aiming to deliver efficiency and transformation savings through the 2019/22 IMTP with a recurrent cash out CIP totalling 3.8% in year 1 followed by 2.5% in year 2 and 2.3% in year 3.

All budget holders will need to deliver a minimum 2% recurrent CIP and manage any brought forward operational pressures and CIP shortfalls.

The balance of recurrent savings, being 1.8% in 2019/20, will be delivered through high value and corporate opportunities. This will be supported through the strategic utilisation of the Welsh Government Transformation Fund where investments in primary care will help support transformation and reduced spend in secondary care. External benchmarking and the

Efficiency Framework coupled with internal assessment and validation has highlighted opportunities and priorities with a focus on:

- Length of stay
- Outpatient productivity
- Theatre efficiency
- Variation

Delivery of these high value opportunities will involve implementing new models of care and the redesign of existing care pathways to reduce the cost base whilst improving quality of service and patient value.

The identification of savings and the delivery of the 2% devolved target will be the responsibility of budget holders. To support this, the UHB will continue to progress a number of cross cutting savings schemes through the Cross Cutting Steering Group led by the Director of Finance with each work stream having an Executive Director lead.

The Cross Cutting Steering Group has been successful in delivering cash out savings throughout 2017/18 and 2018/19. The following themes are being pursued in 2019/20:

- Medical productivity
- Medicines management (primary and secondary care)
- Nursing productivity
- Procurement
- Workforce productivity

Financial Summary

A summary of the Financial Plan for 2019/20 – 2021/22 is shown in the following table.

	2019/20	2020/21	2021/22
	Plan	Plan	Plan
	£m	£m	£m
Prior Year Plan	(9.9)	0.1	0.1

Adjustment for non recurrent items in previous year	(29.2)	(4.0)	0.0
Improvements in underlying deficit position 2019/20	2.8	0.0	0.0
b/f underlying deficit	(36.3)	(3.9)	0.1
Net allocation uplift (including LTA inflation)	48.9	31.1	21.5
Cost pressures	(49.8)	(38.9)	(30.9)
Investments	(4.0)	(8.5)	(9.0)
Recurrent cost improvement plans	16.4	16.4	16.4
Additional Funding Assumed	10.0	0.0	0.0
Lucentis and Woodland House	2.9	0.0	0.0
Corporate and high value opportunities	12.0	4.0	2.0
Planned Surplus/(Deficit)	0.1	0.1	0.1

This shows that our draft plan aims to deliver in year surpluses over the three year period to offset the brought forward underlying deficit. This results in a small surplus in each of the 3 financial years.

Our ambition is to have an approved IMTP. This financial plan sets out how we intend to return to financial balance to support this aim. To do this we will need to generate and deliver sufficient efficiencies and curtail investments and cost pressure funding, especially in 2019/20. We will need to work closely with Welsh Government in securing support for this plan and in ongoing assurances on delivery.

Financial Risks

We are facing a number of financial risks in the delivery of this Financial Plan. The key risks for are set out below:

- **Achievement of the efficiency plan target** – We will need to give this concerted attention in order to ensure delivery. Clinical Board savings plans delivering 2% need to be in place as soon as possible. There will be clear lines of accountability in delivering identified high value and corporate opportunities in addition to the Clinical Board target over the 3 year IMTP cycle.

- **Management of Operational Pressures** – We will be expecting our budget holders to manage and recover any operational pressures within the totality of resources delegated to them. Similarly the containment of growth pressures in continuing healthcare, medicines and commissioning is also a financial risk that will need ongoing attention in order to contain costs within allocated resources.
- **RTT and Winter Plan** – Maintaining current performance on RTT and managing the impact of winter within agreed baseline funding. Further performance improvements will be dependent on additional resources being made available.

As highlighted in this section of the plan, there are a number of financial risks that could impact upon the successful delivery of this plan. The Health Board recognises this and is taking appropriate actions in order to ensure that risks are appropriately managed and that financial opportunities to support mitigation are fully explored.

Report Title:	Finance Report for the Period Ended 30th November 2018						
Meeting:	Finance Committee					Meeting Date:	3rd January 2019
Status:	For Discussion	x	For Assurance	x	For Approval		For Information x
Lead Executive:	Executive Director of Finance						
Report Author (Title):	Deputy Director of Finance						

SITUATION

The UHB's 2018/19 operational plan includes a £9.9m planned deficit. This is dependent upon managing the following key challenges:

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

The UHB has a full savings programme and financial improvement plan in place and the delivery of these and management of delegated budgets is now key to the success of the plan. The overspend against the plan fell by £0.143m in month 8 to £0.492m and this overspend is still driven by income under-recovery, nursing costs, overspends in clinical supplies and slippage against savings schemes.

REPORT

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. This position has been accepted and the UHB has received £10m additional annual operating plan funding and consequently the UHB has

reduced its forecast deficit to £9.9m. 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	Final Plan £m	Var £m	Notes
b/f underlying deficit	(49.0)	(49.0)	0.0	
Non Recurrent Cost Improvement Plans	8.4	8.4	0.0	
Net allocation uplift (inc LTA inflation)	20.0	20.0	0.0	
Cost pressures	(33.3)	(31.1)	2.2	Reduction in FNC costs
Cost Pressures due to population growth	(4.5)	(3.5)	1.0	Reduction for RTT
Investments	(4.3)	(3.3)	1.0	Reduction for RTT
Recurrent cost improvement plans	25.3	25.3	0.0	
Additional funding assumed	15.5	0.0	(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)	0.0	4.0	4.0	17/18 under plan c/f assumed
Financial Improvement Target	0.0	9.3	9.3	
Revised Planned Surplus/(Deficit) March 2018	(21.9)	(19.9)	2.0	
Additional Annual Operating Plan Funding July 2018		10.0	(10.0)	
Revised Planned Surplus/Deficit July 2018	(21.9)	(9.9)	(12.0)	

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	(9.900)	(65.996)	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

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

Table 3: Finance Dashboard @ November 2018

Measure	n	STATUS REPORT				
		November 2018	RAG Rating	Latest Trend	Target	Time Period
Financial balance: remain within revenue resource limits	36	£7.092m deficit at month 8. £0.492m adverse variance against plan	R		2018/19 planned deficit £9.9m	M8 2018-19
Remain within capital resource limits.	37	Expenditure at the end of November was £20.075m against a plan of £21.253m.	G		Approved planned expenditure £33.355m	M8 2018-19
Reduction in Underlying deficit	36a	£36.3m assessed underlying deficit position at month 8	R		If 2018/19 plan achieved reduce underlying deficit to £39.1m	M8 2018-19
Delivery of recurrent 3% savings target	36b	£25.335m	G		£25.335m	M8 2018-19
Delivery of non recurrent 1% savings target	36c	£11.536m identified at month 8.	G		£8.445m	M8 2018-19
Delivery of financial improvement target	36d	£9.3m identified at month 7	G		£9.3m	M8 2018-19
Creditor payments compliance 30 day Non NHS	37a	Cumulative 95.3% in November	G		95% of invoices paid within 30 days	M8 2018-19
Remain within Cash Limit	37b	Forecast cash deficit of £11.743m	R		To remain within Cash Limit	M8 2018-19
Maintain Positive Cash Balance	37c	Cash balance = £3.794	G		To Maintain Positive Cash Balance	End of Nov. 2018

Month 8 Cumulative Financial Position

The UHB reported a deficit of £7.096m at month as follows:

- £6.600m planned deficit (8/12th of £9.900m);
- £0.492m adverse variance against plan.

The £0.492m adverse variance which is not considered material is profiled to be recovered over the final 4 months 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 November 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	(117.690)	(117.458)	0.232	(898.451)	(896.912)	1.540	(1,376.172)	(1,376.172)	0.000
Pay	56.627	56.859	0.232	404.240	404.128	(0.112)	602.689	602.689	0.000
Non Pay	61.888	61.281	(0.608)	500.813	499.876	(0.937)	783.383	783.383	0.000
Variance to Draft Plan £m	0.825	0.681	(0.144)	6.600	7.092	0.492	9.900	9.900	0.000
Planned Deficit	(0.825)	0.000	0.825	(6.600)	0.000	6.600	(9.900)	0.000	9.900
Total £m	0.000	0.681	0.681	(0.000)	7.092	7.092	0.000	9.900	9.900

Income

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

Table 5: Income Variance @ November 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	(77.995)	(77.995)	0.000	(599.186)	(599.186)	0.000
Non Cash Limited Expenditure	(1.615)	(1.615)	0.000	(12.919)	(12.919)	0.000
Accommodation & Catering	(0.373)	(0.352)	0.021	(2.314)	(2.244)	0.070
Education & Training	(3.250)	(3.203)	0.047	(25.284)	(25.227)	0.057
Injury Cost Recovery Scheme (CRU)	(0.214)	(0.177)	0.037	(1.310)	(1.080)	0.230
NHS Patient Related Income	(25.462)	(25.320)	0.142	(195.838)	(194.964)	0.874
Other Operating Income	(7.844)	(7.899)	(0.055)	(54.599)	(54.070)	0.529
Overseas Patient Income	(0.006)	(0.027)	(0.021)	(0.041)	(0.220)	(0.178)
Private Patient Income	(0.094)	(0.066)	0.027	(0.862)	(0.758)	0.104
Research & Development	(0.838)	(0.805)	0.034	(6.098)	(6.244)	(0.146)
Total £m	(117.690)	(117.458)	0.232	(898.451)	(896.912)	1.540

An in month deficit of £0.232m and a cumulative deficit of £1.540m is reported against income budgets. The two main adverse variances to note are:

- £0.874m variance on NHS patient related income where the position has deteriorated by a further £0.142m in month primarily due to continuing underperformance against orthopaedics and a reduction of flows to the haematology and urology services further to an increase in capacity in neighbouring health boards. In addition English income moved adversely by £0.050m in month due to a light case mix of emergency work.
- £0.529m variance on other operating income due to underperformance against critical care, PICU and NICU activity targets.

LTA Provider Performance

The UHB receives circa £270m 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.

Income from LTAs and individual patient contracting moved adversely in month by £0.131m, bringing the cumulative adverse variance to £0.812m. The Month 8 reported position is summarised in Table 6. This is driven significantly by under delivery against contracts with LHBs of £1.100m, offset by a favourable income position on WHSSC and NHS England.

The Month 8 reported position continues to reflect the under-performance trend for Aneurin Bevan and an in-year adverse movement on Cwm Taf. The latter is partially driven by recruitment into vacancies in Cwm Taf, reducing flows into Cardiff; most notably in Haematology and Urology.

There was a further sharp deterioration of £0.108m in-month driven by continued very low levels

of orthopaedics primarily spinal activity performance for which there is a cost per case contract.

The favourable WHSSC position continues to reflect a benefit that has started to accrue from the contingency for LTA risks, which is crystallising as no longer required. However, most WHSSC contract performance is reflected directly in Clinical Board positions linked to activity delivery. The LTA position continues to materially over perform against baseline.

Non-Welsh income deteriorated in month, driven by low volumes and a light case mix of emergency admissions, bringing the cumulative variance to £0.064m favourable.

Table 6: Month 8 LTA Provider Position

Income - C&V Provider				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(216.433)	(145.383)	(145.614)	(0.232)
Aneurin Bevan	(29.162)	(19.539)	(18.860)	0.679
Other LHBs	(38.307)	(25.456)	(25.027)	0.429
Non-Welsh	(3.311)	(2.607)	(2.671)	(0.064)
	(287.213)	(192.985)	(192.172)	0.812

Pay

In total pay budgets are showing a cumulative underspend of £0.112m 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 7 £m	2018/19 Month 1 to Month 7 £m	2017/18 Month 8 £m	2018/19 Month 8 £m	2017/18 Cum. to Month 8 £m	2018/19 Cum. to Month 8 £m
Basic	515.377	296.579	300.450	42.919	49.710	339.498	350.161
Enhancements	24.533	13.996	14.504	2.163	2.159	16.159	16.663
Maternity	4.088	2.510	2.307	0.246	0.396	2.756	2.704
Protection	0.676	0.398	0.390	0.056	0.044	0.453	0.433
Total Fixed Pay	544.674	313.483	317.651	45.384	52.309	358.866	369.960
Agency (mainly registered Nursing)	8.767	4.811	6.289	0.456	1.010	5.267	7.299
Nursing Bank (mainly Nursing)	14.439	8.246	7.392	1.190	1.250	9.435	8.642
Internal locum (Medical & Dental)	4.306	2.447	2.928	0.364	0.385	2.811	3.313
External locum (Medical & Dental)	7.118	3.977	4.108	0.655	0.512	4.632	4.620
On Call	2.224	1.245	1.393	0.187	0.252	1.431	1.645
Overtime	5.758	3.164	3.624	0.437	0.582	3.601	4.206
WLI's & extra sessions (Medical)	5.111	2.435	3.885	0.378	0.558	2.814	4.443
Total Variable Pay	47.722	26.324	29.618	3.667	4.549	29.991	34.168
Total Pay	592.396	339.807	347.269	49.051	56.859	388.858	404.128
Pay Budget	594.938	341.170	347.613	49.175	56.627	390.345	404.240
Budget Variance (Fav)/Adv £m	(2.541)	(1.363)	(0.343)	(0.124)	0.232	(1.487)	(0.112)

The 2018/19 pay levels partially reflect the additional cost of the 2018/19 annual pay award. Arrears payments were made to agenda for change staff in November and arrears payments are expected to be made to medical staff in December. The UHB set aside a reserve to cover the initial 1% planning assumption and the cost of the additional wage award is being covered by Welsh Government funding which was allocated to the UHB in November 2018.

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

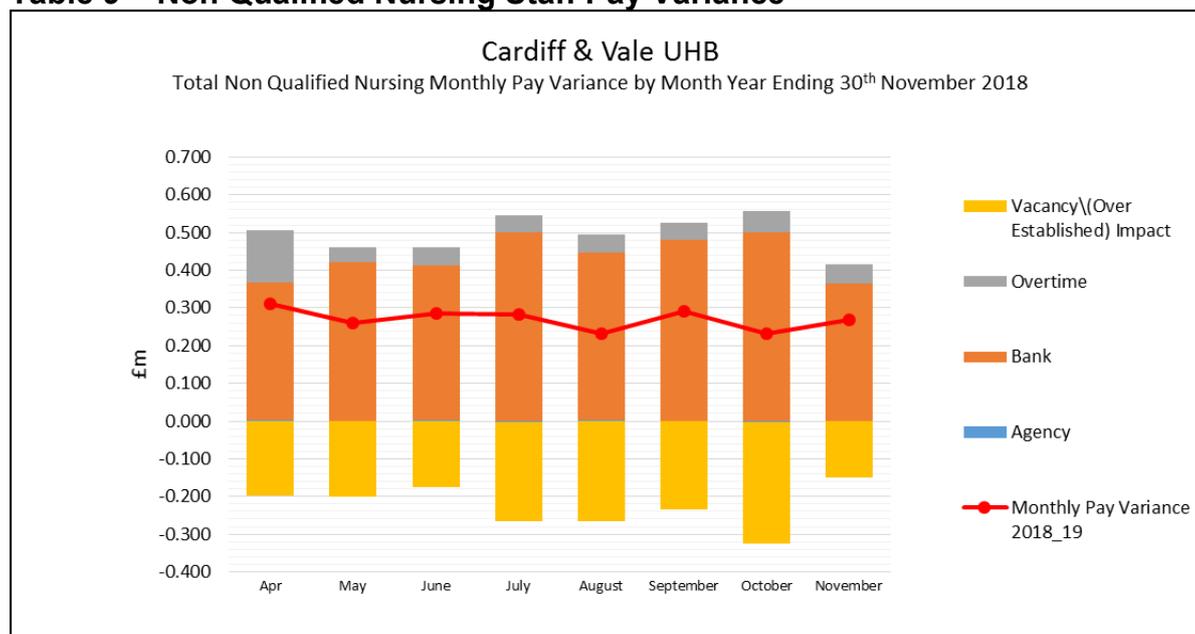
Table 8: Analysis of pay expenditure by staff group @ November 2018

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	2.371	2.320	(0.050)	16.068	15.494	(0.573)
Management, admin & clerical	6.892	6.738	(0.154)	47.234	46.721	(0.512)
Medical and Dental	12.729	12.950	0.221	102.161	102.981	0.820
Nursing (registered)	17.440	17.490	0.050	121.888	121.588	(0.299)
Nursing (unregistered)	4.928	5.196	0.268	32.666	34.827	2.161
Other staff groups	9.001	8.948	(0.052)	60.936	60.220	(0.716)
Scientific, prof & technical	3.267	3.216	(0.051)	23.288	22.296	(0.992)
Total £m	56.627	56.859	0.232	404.240	404.128	(0.112)

In total pay budgets deteriorated by £0.232m in month to an underspend for the year to date of £0.112m. The in month rate of overspend against nursing was £0.318m which is an increase from the average level of £0.235m reported for the first 7 months. The continuing overspend in this area is mainly driven by vacancies, sickness and specialing together with a smaller element of undelivered CIPs. Increased management attention is being directed to curtail nursing expenditure and actions being taken are due to be scrutinized by the Finance Committee.

An in month overspend of £0.221m is reported against Medical and Dental Budgets. £0.030m of the overspend was the result of a pay arrears payment and the remainder of the overspend was due to continuing pressures in Women & Children Services, Diagnostics and in month pressures in Specialist Services. The pressures in Women and Children' services fell in month following action undertaken by the Clinical Board.

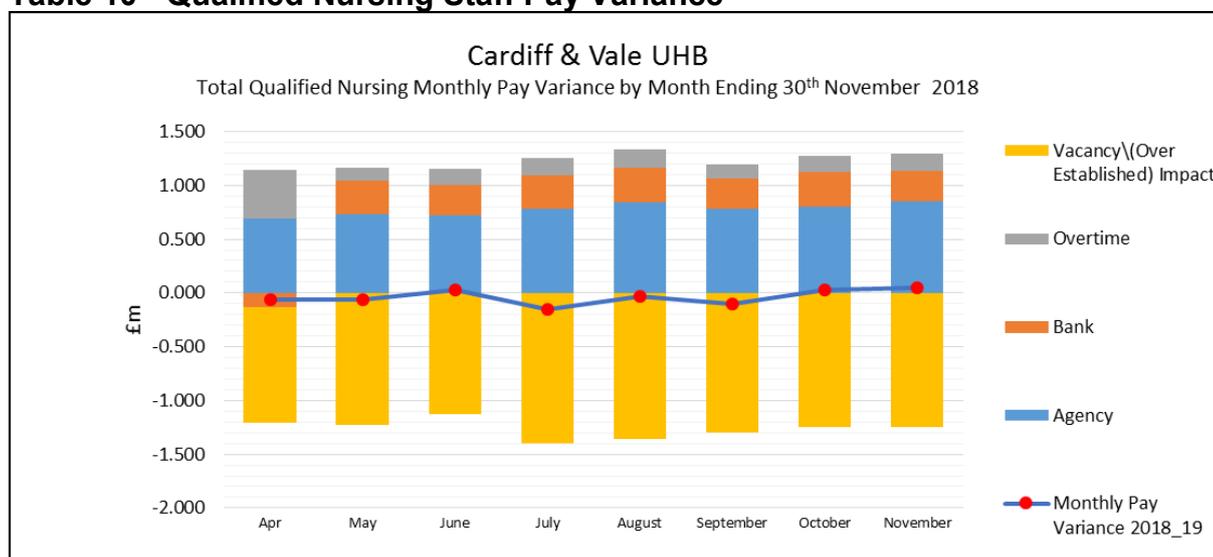
Table 9 – Non Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.000	0.004
Bank	0.365	3.488
Overtime	0.052	0.474
Adverse Impact	0.417	3.966
Vacancy\((Over Established) Impact	(0.149)	(1.805)
Total Pay Variance - Unqualified Nursing (Fav)/Adv £m	0.268	2.161

Table 9 indicates that the £2.161m adverse variance against non-qualified nursing assistants is due to overspends of £3.488m on bank staff and £0.474m on overtime which is partly offset by an underspend against established posts.

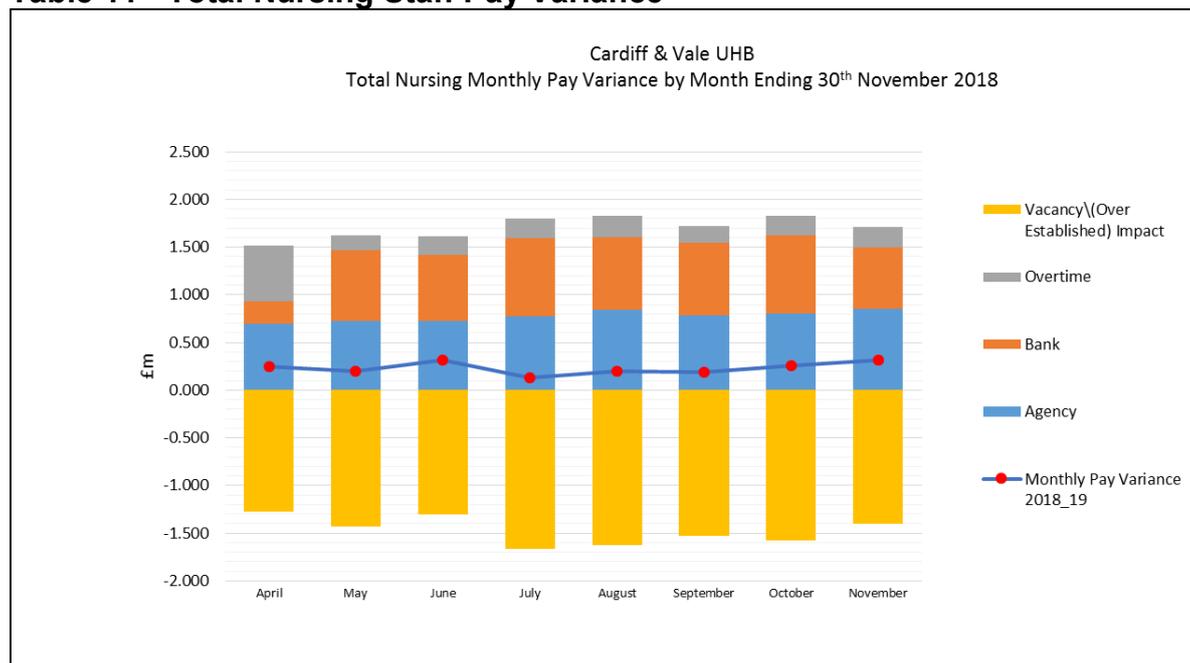
Table 10 - Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.853	6.204
Bank	0.283	1.991
Overtime	0.162	1.498
Adverse Impact	1.298	9.694
Vacancy\((Over Established) Impact	(1.248)	(9.993)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	0.050	(0.299)

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

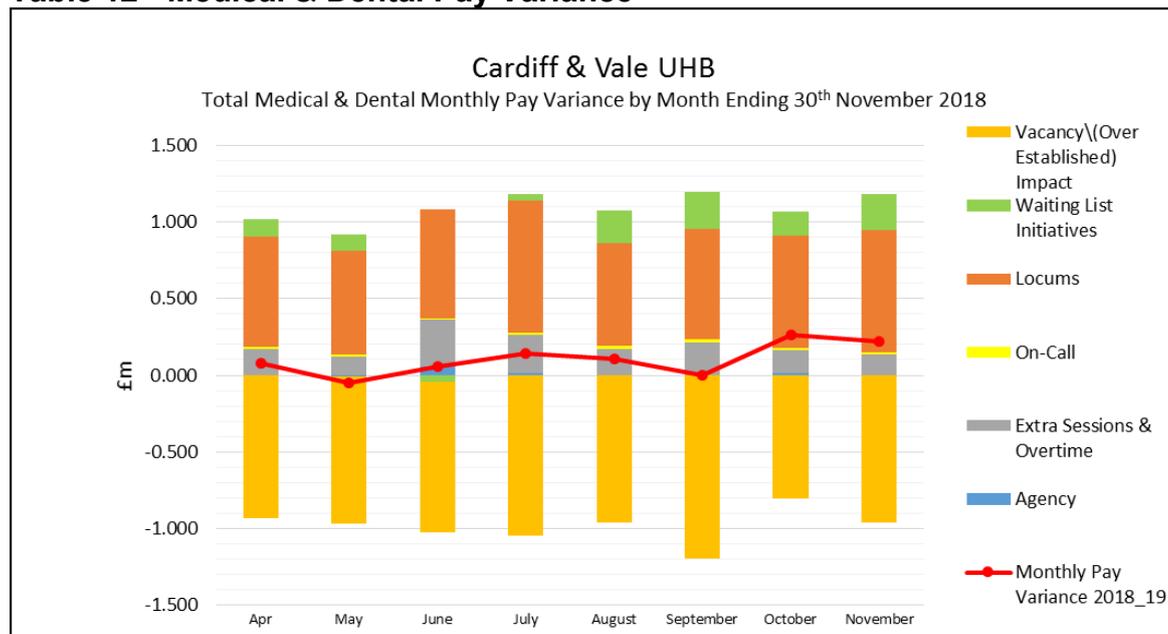


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.853	6.208
Bank	0.648	5.479
Overtime	0.214	1.972
Adverse Impact	1.715	13.659
Vacancy\ (Over Established) Impact	(1.397)	(11.798)
Total Pay Variance - (Fav)/Adv £m	0.317	1.862

Table 11 identifies expenditure against substantive nursing posts for the year to date which is £1.862m more than budget. The £11.798m surplus against established posts is offset by a £13.659m 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 offset by expenditure on locums, waiting list initiatives and extra sessions leaving an overspend of £0.820m at month 8.

Table 12 - Medical & Dental Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	(0.001)	0.079
Extra Sessions & Overtime	0.138	1.523
On-Call	0.011	0.105
Locums	0.800	5.906
Waiting List Initiatives	0.237	1.070
Adverse Impact	1.185	8.684
Vacancy/(Over Established) Impact	(0.964)	(7.863)
Total Pay Variance - Medical & Dental (Fav)/Adv £m	0.221	0.820

The key areas of concern are a £0.085m in month overspend and a £0.688m cumulative overspend within the Women and Children Clinical Board and a £0.070m in month overspend and a cumulative £0.492m overspend in the CD&T Clinical Board. The in monthly overspend in both Boards has improved when compared to the October in month position.

Non Pay

Table 13 highlights an in month underspend of £0.608m and a £0.937m cumulative underspend against non pay budgets.

The key pressure area is in clinical services and supplies where there was an in month improvement of £0.385m and the cumulative overspend for the first 8 months of the year is now £1.384m. The in month improvement is primarily due to an improving position in the Surgery Clinical Board and an increase in benefits arising from a blood trial in Haematology. The improvement in premises costs in November is primarily due to the recognition of a reduction in the running costs of land and buildings.

The in month underspend against other non pay primarily reflects the non recurrent actions undertaken to deliver the UHBs forecast position.

Table 13: Non Pay Variance @ November 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	6.813	6.429	(0.385)	63.909	65.293	1.384
Commissioned Services	14.496	14.730	0.234	112.046	112.042	(0.003)
Continuing healthcare	5.239	5.419	0.180	40.911	41.425	0.514
Drugs / Prescribing	12.900	13.094	0.194	101.354	100.795	(0.559)
Establishment expenses	0.892	1.081	0.189	7.146	7.242	0.096
General supplies & services	0.780	0.789	0.010	5.496	5.779	0.284
Other non pay	5.855	5.246	(0.609)	39.369	36.993	(2.376)
Premises & fixed plant	0.927	0.556	(0.371)	20.453	20.252	(0.201)
Primary Care Contractors	13.988	13.937	(0.051)	110.129	110.053	(0.076)
Total £m	61.888	61.281	(0.608)	500.813	499.876	(0.937)

LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 8 variance of £0.320m is shown in Table 14 and is largely driven by the UHBs performance on contracts, including:

- A lower than anticipated NICE cancer drugs expenditure with Velindre NHS Trust. The position moved adversely in-month due to high spend in month 8 and a revision to their forecast;
- Continued under performance in ABMU recovered at an enhanced marginal rate, and continuation of underperformance on the Cwm Taf contract.

The WHSSC position has moved adversely in-month due to further over performance by the Cardiff and Vale provider contract and the UHB's relative risk share. This performance continues to be monitored closely, and is supported by slippage on a number of ICP schemes and non-recurrent WHSSC opportunities. The position includes the financial risk of ongoing negotiations between WHSSC and NHSE over the impact of HRGv4+, which may result in a more favourable outcome.

Further pressure has emerged in month 8 on the UHB's expenditure for non-contracted activity. This includes cross-border emergency treatment/care for Cardiff and Vale residents, as well as panel-approved referrals to specialist centres in England for services not available locally. The latter has seen a demand-driven growth in expenditure particularly due to a few high cost treatments e.g. radiofrequency ablation (RFA). Discussion is ongoing to consider the critical mass for local service provision, which would require a collective commissioning agreement.

Table 14: Month 8 LTA Commissioner Position

Expenditure - C&V Commissioner				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	120.259	80.106	80.219	0.113
Velindre	16.406	10.946	10.736	(0.211)
LHBs	22.832	15.096	14.442	(0.654)
Other / NCAs	1.290	0.860	1.292	0.432
	160.788	107.009	106.688	(0.321)

The overall position on commissioned services is worse than the LTA position however, mainly due to out of area placements in Mental Health and Primary Care which have increased by £0.040m in the month.

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 eight months to 30th November 2018 by Clinical Board is shown in Table 15.

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

Clinical Board	M7 Budget Variance £m	M8 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.582	0.502	(0.079)	0.69%
Children & Women	0.955	1.124	0.168	1.66%
Capital Estates & Facilities	0.097	0.059	(0.038)	0.14%
Dental	0.275	0.383	0.108	2.89%
Executives	(0.635)	(0.631)	0.004	(2.44%)
Medicine	1.191	1.394	0.203	1.80%
Mental Health	0.583	0.596	0.013	1.19%
PCIC	(0.994)	(0.764)	0.230	(0.34%)
Specialist	(0.038)	(0.149)	(0.111)	(0.14%)
Surgery	0.940	1.038	0.098	1.20%
Central Budgets	(2.323)	(3.063)	(0.740)	(2.34%)
SubTotal	0.635	0.492	(0.142)	0.07%
Planned Deficit	5.775	6.600	0.825	0.73%
Total	6.410	7.092	0.683	0.79%

In month and cumulative overspends were reported by 5 Clinical Boards in November. The largest in month overspend was in PCIC where there was an in month overspend of £228k in GP Prescribing where £125k of the adverse swing was related to NCSO pressures. The majority of the overspend in the Medicine Clinical Board was due to nursing pressures and drug costs particularly in respect of Hepatitis C. Medical staff accounted for the majority of overspend in the Women and Children's Clinical Board. The CRP gap and theatre activity were responsible for the overspend in the Dental Clinical Board and drug costs accounted for the majority of the overspend in Surgery.

Performance against Clinical Board Budget Forecasts.

All budget holders undertake a detailed financial forecast position profiled for the remainder of the year after month 5. Overall Clinical Board financial performance at the end of month 8 was within the forecast profile shown in Table 16.

Table 16: Budget Holder Financial Forecasts & Performance

Clinical Board	Year End Forecast (Surplus)/ Deficit Variance £m	M8 Forecast Profile (Surplus)/ Deficit Variance £m	M8 Actual Position (Surplus)/ Deficit Variance £m	Variance to Forecast Profile £m
Clinical Diagnostics & Therapies	1.124	0.472	0.502	0.030
Children & Women	1.654	1.128	1.124	(0.004)
Capital Estates & Facilities	(0.011)	0.103	0.059	(0.044)
Dental	0.600	0.286	0.383	0.097
Executives	(0.003)	(0.193)	(0.631)	(0.438)
Medicine	0.759	0.857	1.394	0.537
Mental Health	0.798	0.713	0.596	(0.117)
PCIC	(1.353)	(1.019)	(0.764)	0.255
Specialist	(0.010)	0.091	(0.149)	(0.240)
Surgery	0.967	0.883	1.038	0.155
Central Budgets	(4.525)	(3.063)	(3.063)	(0.300)
SubTotal	(0.000)	0.258	0.492	(0.067)
Planned Deficit	9.900	6.600	6.600	0.000
Total	9.900	6.858	7.092	(0.067)

The UHB has sufficient non recurrent opportunities to bridge the projected overspend in delegated budgets and therefore the forecast deficit of £9.9m remains intact.

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 8 the UHB has fully identified schemes to deliver against the £33.780m savings target as summarised in Table 17. This includes income generation schemes of £2.812m and accounting gains of £3.388m. Clinical Boards identified a further £0.6m of schemes in month and those that have not yet achieved their target are still required to prioritise the identification and implementation of savings schemes as a matter of urgency to ensure that they meet their delegated targets. The latest position is shown in **Appendix 1**.

For the 8 months to the end of November the UHB had fully achieved its profiled savings target (including income generation schemes & non recurrent accounting gains) of £21.774m in part due to identification of non recurrent corporate opportunities to cover the shortfall against delegated savings targets.

Table 17: Progress against the 2018/19 Savings Programme at Month 8

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

In addition the UHB has a fully established £9.266m financial improvement plan.

Further details of performance against the savings programme and Financial Improvement Target are provided in the CRP report.

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. Successful delivery of the 2018/19 plan is this would reduce to £39.1m by the year end. A further £2.8m of opportunities which reduce baseline recurrent costs have been identified in month 8 leaving an underlying deficit of £36.3m. This is shown in Table 18.

Table 18: Summary of Underlying Financial Position

	2018/19 Plan £m	Forecast Position @ Month 8	
		Non Recurrent £m	Recurrent Position £m
Opening Underlying Deficit £m	49.000	0.000	49.000
Income	(33.958)	14.000	(19.958)
Cost pressures less mitigating actions	37.904		37.904
Less CIPs (includes £3.517m income generation & NR technical opportunities)	(33.780)	8.445	(25.335)
Unallocated Reserves (Positive Value)	(3.545)	0.995	(2.550)
Other mitigating actions required to deliver the financial improvement target	(5.721)	5.721	0.000
Reduction in recurrent baseline costs confirmed in November 2018 (WEQAS & biosimilar drugs)			(2.800)
Deficit £m	9.900	29.161	36.261

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;
- Welsh Government confirmed an additional £10m of non-recurrent Annual Operating Plan funding in July 2018.
- 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 reserves for the Welsh Risk Pool (£0.550m) and curtailing spend on investments (£2.000m) and £0.995m non recurrently through curtailing investments (£0.700m) and

cost pressure funding (£0.295m). An additional £5.721m non recurrent opportunities have been identified to fully deliver the financial improvement target.

- The Reduction in recurrent baseline costs includes an additional £1m of cost savings that are expected to arise from the reduction the cost of biosimilar drugs in 2019/20 and a £1.8m reduction in UHB liabilities arising from a planned capital purchased for WEQAS.

The UHB is undertaking further work with the aim of identifying further measures to materially reduce the underlying. This work is ongoing and will be finalized in time to support the submission of a balanced IMTP for 2019/20 - 2021/22.

Balance Sheet

The balance sheet at month 8 is detailed in **Appendix 2**.

The cumulative year to date increase in the carrying value of Property, Plant & Equipment (PPE) is due to spend on capital projects and the increased valuation of Land and Buildings following indexation exceeding year to date depreciation charges.

Overall trade debtors have fallen by £21.5m (10.0%) since the start of the year. The fall follows a decrease of £23.2m in amounts due from the Welsh Risk Pool in respect of clinical negligence cases in November.

The value of Trade and other payables has fallen by around £35m since the start of the year due to a 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 value of Trade and Other Payables fell by £9m in month largely due to the timing of contractual payments due to community pharmacists.

Cash Flow Forecast

The cash flow projection is shown in **Appendix 3** with a closing cash balance for November of £3.8m.

Amounts shown on the sale of assets line reflect the full value of anticipated in year sale proceeds. The UHB expects to reinvest £1.4m of these receipts in the purchase of property, plant & equipment.

Following Board approval, the UHB's Chief Executive wrote to the NHS Wales Chief Executive In December to formally request the following level of cash support in 2018/19:

- (i) Strategic Cash Assistance £9.900m
- (ii) 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.

A reconciliation of the opening and closing cash position reported is shown below in Table 19.

Table 19: Forecast movement in cash position 2018/19

Description	£m
Opening Cash balance	1.856
Working balances arising	(17.324)
Management Actions (managing suppliers)	0.575
Forecast Deficit	(9.900)
Approved Cash Assistance & Working Balances Cash	13.050
Forecast Cash Deficit £m	(11.743)

Public Sector Payment Compliance

The UHB's cumulative performance to the end of November fell from 95.6% to 95.3% with an in-month compliance rate of 93.5%. This is a small reduction from the October position, however the UHB is still achieving its financial target. The in month performance weakened following the release of multiple issues previously on hold due to inaccuracies in the purchase orders raised in respect of one supplier. NWSSP has confirmed that this issue impacted on all Health Boards in November.

Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of November 2018 is summarised in Table 20 and is detailed in **Appendix 4**.

Table 20: Progress against Capital Resource Limit @ November 2018

	£m
Planned Capital Expenditure at month 8	21.253
Actual net expenditure against CRL at month 8	20.075
Variance against planned Capital Expenditure at month 8	(1.178)

Year-end expenditure is expected to recover and remain within the Capital Resource Limit. Planned spends for the year reflect the latest CRL received from Welsh Government dated 26th November 2018.

It should be noted that the UHB received an additional £4.4m capital funding in the month and the UHB has already agreed expenditure plans for this additional resource.

Financial Risks

The UHB's forecast year end position is a £9.900m deficit and the key risks to be managed in delivery of the plan are the management of budget pressures and delivering identified savings.

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

Key Concerns and Recovery Actions

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

1. Concern - Managing within current budgets.

Action – Net overspend against the plan fell by £0.143m in month to £0.492m. All Clinical Boards have a year end target to achieve and where Clinical Boards are off this target they are required to provide robust recovery action plans as part of the Clinical Board Performance Review escalation process.

2. Concern - Managing down the underlying deficit.

Action – The underlying deficit fell by £2.8m in month. The UHB continues to exert a greater focus on recurrent savings supporting the continued reduction in the underlying deficit.

ASSURANCE is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 8 position which is broadly on line with the profiled deficit within the Annual Operational Plan.

RECOMMENDATION

The Finance Committee is asked to:

- **NOTE** that the UHB has an accepted one year operational plan that has a planned deficit of £9.900m for the year;
- **NOTE** the £7.092m deficit at month 8 which includes a planning deficit of £6.600m and budget overspends of £0.492m;
- **NOTE** the key concerns and actions being taken to manage risks.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
Equality and Health Impact Assessment Completed:	Not Applicable If "yes" please provide copy of the assessment. This will be linked to the report when published.								

Appendix 1

Month 8 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 8
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	6,600	6,850	122	6,972	150	-372
Specialist Services	4,038	3,712	396	4,108	643	-70
CD&T	3,442	2,655	853	3,509	941	-67
Mental Health	2,940	2,593	347	2,940	20	0
Medicine	3,754	3,242	513	3,754	584	0
Capital Estates and Facilities	2,580	1,822	758	2,580	133	0
Surgery	4,714	4,100	439	4,538	1,398	176
Children & Women	3,550	2,508	745	3,253	569	297
Corporate Execs	1,362	1,128	23	1,151	457	211
Dental	800	233	0	233	84	567
Total	33,780	28,843	4,195	33,038	4,979	743

2018-19 Full Year Effect

Clinical Board	3% Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 8
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	4,950	5,462	122	5,584	424	-634
Specialist Services	3,029	2,383	487	2,870	853	159
CD&T	2,582	1,072	1,621	2,694	1,036	-112
Mental Health	2,205	1,535	307	1,842	20	363
Medicine	2,816	4,190	93	4,283	830	-1,577
Capital Estates and Facilities	1,935	864	1,145	2,009	380	-74
Surgery	3,535	3,054	492	3,545	2,674	-10
Children & Women	2,663	1,632	920	2,552	774	110
Corporate Execs	1,022	532	13	545	491	477
Dental	600	94	0	94	110	506
Total	25,335	20,819	5,200	26,018	7,592	-793

BALANCE SHEET AS AT 31st NOVEMBER 2018

	Opening Balance 1 st April 2018	Closing Balance 30th November 2018
Non-Current Assets	£'000	£'000
Property, plant and equipment	657,424	666,656
Intangible assets	2,245	1,743
Trade and other receivables	57,469	51,729
Other financial assets		
Non-Current Assets sub total	717,138	720,128
Current Assets		
Inventories	15,697	16,755
Trade and other receivables	166,189	150,403
Other financial assets	0	0
Cash and cash equivalents	1,856	3,793
Non-current assets classified as held for sale	0	0
Current Assets sub total	183,742	170,951
TOTAL ASSETS	900,880	891,079
Current Liabilities		
Trade and other payables	180,290	145,919
Other financial liabilities	0	0
Provisions	120,512	105,900
Current Liabilities sub total	300,802	251,819
NET ASSETS LESS CURRENT LIABILITIES	600,078	639,260
Non-Current Liabilities		
Trade and other payables	9,635	9,254
Other financial liabilities	0	0
Provisions	60,471	48,950
Non-Current Liabilities sub total	70,106	58,204
TOTAL ASSETS EMPLOYED	529,972	581,056
FINANCED BY:		
Taxpayers' Equity		
General Fund	417,207	461,371
Revaluation Reserve	112,765	119,685
Total Taxpayers' Equity	529,972	581,056

Appendix 3

CASH FLOW FORECAST AS AT 30th NOVEMBER 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	61,720	82,480	62,180	70,755	83,707	79,653	63,975	83,705	54,287	900,877
WG Revenue Funding - Non Cash Limited (NCL)	1,600	1,590	1,380	1,540	1,650	1,450	1,760	1,480	1,695	1,560	1,560	2,113	19,378
WG Revenue Funding - Other (e.g. invoices)	3,850	3,165	2,366	2,378	2,618	2,391	1,255	1,503	1,255	1,255	1,496	5,839	29,371
WG Capital Funding - Cash Limit	8,000	6,000	1,500	1,600	7,200	4,300	1,930	2,378	2,747	3,000	2,350	9,841	50,846
Sale of Assets	0	0	0	170	0	0	0	0	0	0	1,300	390	1,860
Income from other Welsh NHS Organisations	32,230	31,149	46,893	34,472	39,938	29,879	37,489	45,120	35,370	30,874	32,780	36,198	432,392
Other - (Specify in narrative)	8,139	5,359	5,198	14,605	8,136	6,049	14,735	9,650	6,662	14,602	6,488	8,808	108,431
TOTAL RECEIPTS	139,864	128,883	148,087	116,485	142,022	106,249	127,924	143,838	127,382	115,266	129,679	117,476	1,543,155
PAYMENTS													
Primary Care Services : General Medical Services	5,267	4,164	8,167	4,908	4,063	6,324	4,345	4,184	6,265	4,189	4,188	6,583	62,647
Primary Care Services : Pharmacy Services	134	135	123	106	128	131	134	123	267	500	250	250	2,281
Primary Care Services : Prescribed Drugs & Appliances	7,008	7,632	15,311	3	15,555	3	7,339	15,141	7,580	0	7,580	7,580	90,732
Primary Care Services : General Dental Services	1,755	1,800	1,766	1,974	1,684	1,828	1,894	1,651	1,681	1,780	1,780	1,780	21,373
Non Cash Limited Payments	1,958	2,086	2,111	2,093	2,040	2,215	2,079	2,043	2,262	2,100	2,100	2,100	25,187
Salaries and Wages	47,471	47,804	47,732	47,215	47,922	47,429	47,642	51,990	53,235	49,654	49,112	48,859	586,065
Non Pay Expenditure	54,604	51,324	57,727	54,191	44,288	43,936	53,164	50,695	42,996	51,126	52,363	45,862	602,276
Capital Payment	12,496	1,679	1,935	2,308	6,758	2,324	2,290	3,351	2,692	2,960	3,328	10,129	52,250
Other items (Specify in narrative)	8,721	8,960	17,124	3,343	15,476	3,933	8,996	15,181	10,186	2,925	8,980	10,118	113,943
TOTAL PAYMENTS	139,414	125,584	151,996	116,141	137,914	108,123	127,883	144,359	127,164	115,234	129,681	133,261	1,556,754
Net cash inflow/outflow	450	3,299	(3,909)	344	4,108	(1,874)	41	(521)	218	32	(2)	(15,785)	
Balance b/f	1,856	2,306	5,605	1,696	2,040	6,148	4,274	4,315	3,794	4,012	4,044	4,042	
Balance c/f	2,306	5,605	1,696	2,040	6,148	4,274	4,315	3,794	4,012	4,044	4,042	(11,743)	

Report Title:	Trade and other Receivables – Accounting Policy and Provision					
Meeting:	Finance Committee				Meeting Date:	3 January 2019
Status:	For Discussion		For Assurance	x	For Approval	For Information x
Lead Executive:	Executive Director of Finance					
Report Author (Title):	Head of Finance – Financial Accounting and Services					

SITUATION

At the 31st Oct 2018 the UHB reported Total Debtors < 12 Months of £187m and Total Debtors > 12 Months of £38m on its balance sheet. This paper provides further detail in respect of the composition of the debt and level of bad debt provision held against the debt.

In addition the paper provides the Finance Committee with assurance that the UHB is reporting trade and other receivables in line with mandated accounting standards and the Government Financial Reporting Manual (FReM).

REPORT

BACKGROUND

Trade debtors and receivables are deemed to fall within the definition of financial instruments which are defined as contracts that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The International Accounting Standards Board (IASB) issued International Financial Reporting Standard 9 (IFRS 9) - Financial Instruments IFRS9 with an effective date of 1st January 2018 and the UHB is mandated to apply the standard in the preparation of its 2018/19 Accounts.

Under IFRS9 entities are required to update the amount of expected credit loss recognised at each reporting date to reflect changes in the credit risk of financial instruments. In respect of trade debtors and receivables IFRS 9 requires the UHB to update its assessment of impairment (bad debt provision) at each reporting date.

ASSESSMENT

Cardiff and Vale UHB receivables reported at the end of October 2018.

As at the 31st October 2018 UHB debtors can be summarised as follows at Table 1:

Table1: UHB Debtors at Month 7

	Oct-18 BALANCE £'000s	Percentage of Total Debtors %
TOTAL NHS DEBTORS < 12 MONTHS	161,328	72.0%
TOTAL NHS DEBTORS > 12 MONTHS	34,832	15.5%
TOTAL NHS DEBTORS - ALL	196,160	87.6%
TOTAL NON-NHS DEBTORS < 12 Months	25,179	11.2%
TOTAL NON-NHS DEBTORS > 12 Months	2,704	1.2%
TOTAL NON-NHS DEBTORS	27,883	12.4%
TOTAL DEBTORS	224,043	100.0%
TOTAL DEBTORS < 12 Months	186,507	83.2%
TOTAL DEBTORS > 12 Months	37,536	16.8%

The majority (87.6%) of the £224.043m trade and receivables identified at table 2 relates to NHS debtors. In turn the majority of NHS receivables relates to receivables from the Welsh Risk Pool as identified by table 2 below:

Table 2: NHS Debtors at Month 7

	Oct-18 BALANCE £'000s	Percentage of Total Debtors %
OTHER NHS	19,090	8.6%
WELSH RISK POOL	177,070	79.0%
TOTAL NHS DEBTORS - ALL	196,160	87.6%

The receivables identified against the Welsh Risk Pool will be settled following UHB settlement of legal claims against the UHB and historical analysis indicates that the risk of non-recovery from the Welsh Risk Pool is low.

The trade and other receivables reported at tables 2 & 3 are net of the UHB's calculated bad debt provision as identified below at Table 3.

Table 3: Total bad debt provision at Month 7

	Oct-18 BALANCE £'000s	Percentage of debt grouping %
GROSS NHS DEBTORS - ALL	196,705	
BAD DEBT PROVISION - INVOICED NHS DEBTORS	(545)	0.3%
TOTAL NHS DEBTORS - ALL	196,160	
GROSS NON NHS DEBTORS - ALL	34,011	
BAD DEBT PROVISION - INVOICED NON NHS DEBTORS	(1,093)	3.2%
BAD DEBT PROVISION - CRU RTAs & PIs	(5,035)	14.8%
TOTAL NON NHS DEBTORS - ALL	32,918	

Application of IFRS9

To ensure a consistent application of IFRS9 across NHS Wales, a Technical Accounting Sub Group was established to agree a methodology in relation to the adoption of IFRS9 and the calculation of the bad debt provision for trade and other receivables.

The group reviewed the requirements under IFRS9 in relation to the previous bad debt provision on the basis that IFRS9 permits entities to use 'practical expedients', with a provision matrix as an example of such an approach. The idea behind the provision matrix is to estimate expected credit loss (ECLs or bad debt) based on the 'age' and type of receivables (i.e. aged debtor analysis).

The group agreed that receivables should be segregated into appropriate groups (i.e. groups with common characteristics) and on an aged basis. The groups agreed that debts would be grouped within the following ranges:

- a) 1-30 days (including current)
- b) 31-60 days
- c) 61-90 days
- d) 91-180 days
- e) 181- 365 days
- f) > 1 year

Each UHB calculated recoverability rates by looking at balances outstanding at a set month during 2014/15 and calculating the sums collected in respect of these balances over the following 3 years. This methodology is to be applied to future years using a rolling 3 year period to establish the recoverability and impairment rates to be applied

Specific recoverability rates were calculated for each debt grouping and the percentages calculated are to be applied to those invoices outstanding as at 31st March 2018 (which don't already have a specific provision against them) to recalculate the value of the UHB non-specific provision under IFRS9. Subsequently a revised calculation is undertaken at each reporting period.

The implementation of IFRS9 as mandated in the Government financial reporting manual (FRem) requires adoption adjustments to be made between the balance sheet and retained reserves. As a reserves adjustment, rather than an adjustment to the SOCNE, this does not fall within the expenditure of health bodies and has no impact on the annual or rolling three year statutory duties.

The adoption of IFRS 9 in 2018/19 is expected to lead to a change in the UHBs opening balances at 1st April as outlined by table 4 below:

Table 4: Impact of IFRS 9

Health Body	2017/18 - Bad Debt Provision					IFRS 9 Impact					Change In Provision
	Specific		General		Total	Specific		General		Total	
	NHS	Non-NHS	NHS	Non-NHS		NHS	Non-NHS	NHS	Non-NHS		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cardiff & Vale UHB	320	819	88	580	1,807	320	819	319	1,608	3,066	1,259

(note - this only includes bad debt provision for invoice debts and therefore excludes bad debt provision on RTA and personal injury claims which remain unchanged)

Table 1 indicated that the UHBs overall bad debt provision is expected to move from £1.807m to £3.066m i.e. an increase of £1.259m. This increase is balanced by a balance sheet adjustment to reserves and does not affect the UHB's financial performance in year. The adoption of IFRS9 only impacts on the UHB's general bad debt provision i.e. it does not change any specific bad debt provision where the UHB has particular information about the recoverability of a debt.

ASSURANCE is provided by:

- UHB compliance with International Financial Reporting Standards and the Government Financial Reporting Manual (FReM);

RECOMMENDATION

The Finance Committee is asked to:

- NOTE the changes to accounting policy and bad debt provision.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
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Equality and Health Impact Assessment Completed:

Yes / No / Not Applicable
If “yes” please provide copy of the assessment. This will be linked to the report when published.

Kind and caring
Caredig a gofalgar

Respectful
Dangos parch

Trust and integrity
Ymddiriedaeth ac uniondeb

Personal responsibility
Cyfrifoldeb personol

Report Title:	2018-19 Cost Reduction Programme						
Meeting:	Finance Committee					Meeting Date:	3rd January 2019
Status:	For Discussion	x	For Assurance	x	For Approval		For Information x
Lead Executive:	Executive Director of Finance						
Report Author (Title):	Assistant Director of Finance						

SITUATION

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 £9.9m forecast deficit position.

REPORT

ASSESSMENT

PROGRESS AGAINST DEVOLVED CRP REQUIREMENT 2018-19

As at month 8 £33.038m of schemes had been identified as Green or Amber against the devolved 4% savings target of £33.780m. There is a therefore a shortfall of £0.743m to be identified by delegated budget holders. Whilst sufficient non recurrent corporate opportunities have been identified to bridge this gap, budget holders are still expected to deliver their target.

Of the £33.038m identified schemes:

- £21.502m has been identified against the £25.335m recurrent in year 3% element of the devolved target;
- £11.536m has been identified against the £8.445m non-recurrent 1% element of the devolved target.

On a full year basis the £25.335m target has been met on a UHB basis. It is important that all Clinical and Service Boards meet the recurrent element of the devolved target.

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 8 £12.582m 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

£9.9m deficit position

The UHB now has a full financial improvement plan in place following the identification of non recurrent reserve slippage and the identification of other non recurrent financial opportunities. Details of this are shown below.

	Financial Improvement Plan £'000
Target	9,266
Investment slippage - population growth	(2,200)
Investment slippage - district nurses and cyber security	(500)
Release of Welsh Risk Pool budget	(550)
GRNI - change in practice	(2,000)
Reduce c/f annual leave	(130)
Cost avoidance in planned care	(1,500)
Forecast budget underspends (weqas)	(1,000)
Cost pressure reserve	(295)
Potential balance sheet opportunities	(1,091)
Total Month 8	0

The Finance Committee is asked to note that none of these measures has a detrimental impact upon service delivery.

SUMMARY

To date the value of Green and Amber schemes identified totals £33.038m against the 2018/19 devolved CRP £33.780m target.

Schemes have now been fully identified against the additional £9.266m improvement target.

There remains a gap in the devolved CIP programme of £0.743m. Completion of the CIP programme will need to be prioritised as a matter of urgency.

ASSURANCE is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 8 reported position.

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 £9.266m financial improvement target has been achieved without any adverse impact on service delivery.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB’s objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
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Equality and Health Impact Assessment Completed:

Yes / No / Not Applicable
 If “yes” please provide copy of the assessment. This will be linked to the report when published.

Savings Tracker Summary

Month 8 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 8
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	6,600	6,850	122	6,972	150	-372
Specialist Services	4,038	3,712	396	4,108	643	-70
CD&T	3,442	2,655	853	3,509	941	-67
Mental Health	2,940	2,593	347	2,940	20	0
Medicine	3,754	3,242	513	3,754	584	0
Capital Estates and Facilities	2,580	1,822	758	2,580	133	0
Surgery	4,714	4,100	439	4,538	1,398	176
Children & Women	3,550	2,508	745	3,253	569	297
Corporate Execs	1,362	1,128	23	1,151	457	211
Dental	800	233	0	233	84	567
Total	33,780	28,843	4,195	33,038	4,979	743

2018-19 Full Year Effect

Clinical Board	3% Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 8
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	4,950	5,462	122	5,584	424	-634
Specialist Services	3,029	2,383	487	2,870	853	159
CD&T	2,582	1,072	1,621	2,694	1,036	-112
Mental Health	2,205	1,535	307	1,842	20	363
Medicine	2,816	4,190	93	4,283	830	-1,577
Capital Estates and Facilities	1,935	864	1,145	2,009	380	-74
Surgery	3,535	3,054	492	3,545	2,674	-10
Children & Women	2,663	1,632	920	2,552	774	110
Corporate Execs	1,022	532	13	545	491	477
Dental	600	94	0	94	110	506
Total	25,335	20,819	5,200	26,018	7,592	-793

WTE Tracker Summary

Month 8 In-Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	2.11	0.00	2.11	2.00
Capital Estates and Facilities	4.50	1.00	5.50	2.00
Specialist Services	2.90	0.00	2.90	0.00
Medicine	13.46	0.00	13.46	11.27
Surgery	46.97	3.20	50.17	0.00
Children & Women	4.80	4.00	8.80	4.00
CD&T	13.94	2.17	16.11	0.00
Mental Health	3.22	0.00	3.22	0.00
Corporate Execs	0.00	0.00	0.00	0.00
Dental	2.11	0.00	2.11	0.00
Total	94.01	10.37	104.38	19.27

2018-19 Full Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	2.11	0.00	2.11	2.50
Capital Estates and Facilities	4.50	1.00	5.50	2.00
Specialist Services	0.40	0.00	0.40	0.00
Medicine	13.46	0.00	13.46	11.27
Surgery	45.17	5.00	50.17	0.00
Children & Women	4.80	4.00	8.80	4.00
CD&T	7.34	2.17	9.51	0.00
Mental Health	3.22	0.00	3.22	0.00
Corporate Execs	0.00	0.00	0.00	0.00
Dental	2.11	0.00	2.11	0.00
Total	83.11	12.17	95.28	19.77

Progress against 2018-19 Devolved Recurrent and Non Recurrent
Targets
Month 8

Clinical Board	Recurrent			Non-Recurrent		
	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	5,294	107%	1,650	1,678	102%
Specialist Services	3,029	2,575	85%	1,010	1,533	152%
CD&T	2,582	1,878	73%	861	1,630	189%
Mental Health	2,205	1,822	83%	735	1,118	152%
Medicine	2,816	2,706	96%	939	1,049	112%
Capital Estates and Facilities	1,935	1,194	62%	645	1,386	215%
Surgery	3,536	3,011	85%	1,179	1,527	130%
Children & Women	2,663	2,389	90%	888	864	97%
Corporate Execs	1,022	539	53%	341	612	180%
Dental	600	94	16%	200	139	70%
Total	25,335	21,502	85%	8,445	11,536	137%

Cross Cutting Tracker Weekly Summary 2018-19

Identified Savings	17-18 CRP Target	Granular Identified Green	Amber	Red Pipeline	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Devolved CRP	17,333	15,234	3,207	3,234	18,441	-1,1
Transformation and Stretch Target	17,668	400	5,850	2,425	6,250	11,4
Total Savings	35,001	15,634	9,057	5,659	24,691	10,3

Monthly Progress						
M/E 31st May	17,668	400	0	0	400	17,2
M/E 30th June	17,668	400	5,258	2,425	5,658	12,0
M/E 31st July	17,668	400	6,958	2,425	7,358	10,3

Month 8 In-Year Effect

Clinical Group	2018-19	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	979	308	202	1,287	713
Medicines Management	5,000	6,265	1,231	1,621	7,495	-2,495
Nursing Productivity	1,000	1,290	0	295	1,290	-290
Procurement	2,000	1,831	146	218	1,977	23
Workforce Productivity	2,000	534	0	0	534	1,466
Total	12,000	10,898	1,684	2,336	12,582	-582

2018-19 Full Year Effect

Clinical Group	2019-20	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	853	373	226	1,225	775
Medicines Management	5,000	6,922	1,539	3,150	8,461	-3,461
Nursing Productivity	1,000	1,893	8	478	1,901	-901
Procurement	2,000	1,728	247	292	1,975	25
Workforce Productivity	2,000	442	0	0	442	1,558
Total	12,000	11,837	2,166	4,146	14,003	-2,003

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

▶ Rationale for financial phasing outstanding

▶ Rationale deemed appropriate
▶ Financial savings phased according to timing of plans and milestones

▶ Financial savings phased according to timing of plans and milestones



Report Title:	Finance Risk Register							
Meeting:	Finance Committee					Meeting Date:	3 rd January 2019	
Status:	For Discussion	x	For Assurance	x	For Approval		For Information	x
Lead Executive:	Executive Director of Finance							
Report Author (Title):	Assistant Director of Finance							

SITUATION

This report highlights the Finance Risk Register risk categorisation by severity of risk as at 3rd January 2019. The detailed risk register is shown in Appendix 1.

REPORT

ASSESSMENT

Following the most recent review the number of risks identified in each category is shown below:

UHB Financial Risks at 3rd January 2018

Risk Category	Risk Score	Number of Risks as at 31 October 2018
Extreme Risk	20 - 25	1
High Risk	12 - 16	1
Moderate Risk	4 - 10	16
Low Risk	1 - 3	0

SUMMARY

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

ASSURANCE is provided by:

- The scrutiny of the Risk Register undertaken by the Finance Committee;

RECOMMENDATION

The Finance Committee is asked to:

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

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB’s objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
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Equality and Health Impact Assessment Completed:

Yes / No / Not Applicable
 If “yes” please provide copy of the assessment. This will be linked to the report when published.

Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Current Risk Rating			Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place			Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
					Impact / Consequence	Likelihood	Score			Impact / Consequence	Likelihood	Score						
Finance	Fin01/18	Mar-18	Underlying deficit c/f into 2019/20. The opening underlying deficit in 18/19 is £49.0m and this needs to be materially reduced in year.	Governance reporting and monitoring arrangements through the Finance Committee and Board. At month 8 ULD is £36.3m if the plan is fully delivered. This needs further identification of recurrent CIPs.	5	4	20	Adequate but more Action Required	Progress against the underlying deficit is to be managed by Management Executive supported by the Transformation Board.	5	3	15	Dec-18	Assistant Director of Finance	Jan-19	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 8 budgets have an operational overspend of £0.491m.	4	2	8	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation.	4	1	4	Dec-18	Assistant Director of Finance	Jan-19	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 8 the UHB is £0.79m short of delivering the in year devolved target.	4	2	8	Adequate but more Action Required		5	1	5	Dec-18	Assistant Director of Finance	Jan-19	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	2	6	Adequate but more Action Required		None	3	2	6	Dec-18	Assistant Director of Finance	Jan-19	The Board	Director of Workforce & OD
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	Dec-18	Assistant Director of Finance	Jan-19	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 £6.1m being made available on a non recurrent basis from WG.	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	Dec-18	Assistant Director of Finance	Jan-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin09/18	Mar-18	Winter pressures managed within resources available (£1.5m 18/19)	Winter plan for 2018/19 signed off by Management Executive.	3	3	9	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	Dec-18	Assistant Director of Finance	Jan-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin10/18	Mar-18	Commissioning Risks	Regular performance/LTA meetings with other providers/WHSSC and internal commissioning group.	3	3	9	Adequate but more Action Required	None	2	2	4	Dec-18	Assistant Director of Finance	Jan-19	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 8 the nursing overspend was £1.862m.	4	3	12	Adequate but more Action Required	None	2	3	6	Dec-18	Assistant Director of Finance	Jan-19	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	2	6	Adequate but more Action Required	None	2	2	4	Dec-18	Assistant Director of Finance	Jan-19	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	2	6	Adequate but more Action Required	None	2	2	4	Dec-18	Assistant Director of Finance	Jan-19	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	2	4	Adequate but more Action Required	None	2	2	4	Dec-18	Assistant Director of Finance	Jan-19	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	Dec-18	Assistant Director of Finance	Jan-19	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	Dec-18	Assistant Director of Finance	Jan-19	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	Dec-18	Assistant Director of Finance	Jan-19	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	Dec-18	Assistant Director of Finance	Jan-19	The Board	Director of Finance	Finance Committee
Finance	Fin20/18	Aug-18	WG Additional winter plan investment (£1.8m) manage within available resources	Winter Plan spend profile is being closely monitored against plan	3	3	9	Adequate but more Action Required	None	3	2	6	Dec-18	Assistant Director of Finance	Jan-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin21/18	Sep-18	Payment of working time directive holiday pay for staff working overtime	Risk assessed and being discussed across Wales	3	3	9	Adequate but more Action Required	None	3	2	6	Dec-18	Assistant Director of Finance	Jan-19	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
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

Likelihood Score (L)

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

Likelihood Score

Descriptor	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
<u>Frequency</u> How often does it might it happen	This will probably never happen/ recur	Do not expect it to happen / recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue	Will undoubtedly happen/recur, possibly frequently
<u>Probability</u> Will it happen or not? % chance of <u>not</u> meeting objective	<0.1 per cent	0.1-1 per cent	1 -10 per cent	10-50 per cent	>50 per cent

Table 3 - Risk Scoring = Consequence x Likelihood (C x L)

Consequence Score	Likelihood Score				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Moderate	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Negligible	1	2	3	4	5

For grading risk, the scores obtained from the risk matrix are assigned grades as follows

1 - 3 = Low Risk	Quick, easy measures implemented immediately and further action planned for when resources permit
4 - 10 = Moderate Risk	Actions implemented as soon as possible but no later than a year
12 - 16 = High Risk	Actions implemented as soon as possible but no later than six months
20 - 25 = Extreme Risk	Requires urgent action. The UHB Board is made aware and it implements immediate corrective action