

## Bundle Finance Committee 24 April 2019

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*Wednesday, 29 May 2019 at 2.00pm, Corporate Meeting Room, HQ, UHW*

**AGENDA**  
**FINANCE COMMITTEE**  
**24<sup>th</sup> April 2019 at 2pm**  
**Corporate Meeting Room, HQ, University Hospital of Wales**

<b>1.</b>	<b>Preliminaries</b>	
<b>1.1</b>	Welcome & Introductions	John Antoniazzi
<b>1.2</b>	Apologies for Absence	John Antoniazzi
<b>1.3</b>	Declarations of Interest	John Antoniazzi
<b>1.4</b>	Minutes of the Committee Meeting held on 27 <sup>th</sup> March	John Antoniazzi
<b>1.5</b>	Action Log	John Antoniazzi
<b>1.6</b>	Chairs Action taken since last meeting	John Antoniazzi
<b>2.</b>	<b>Items for Review and Assurance</b>	
<b>2.1</b>	Integrated Medium Term Plan 2019-22	Len Richards
<b>2.2</b>	Finance Report for Month 12	Chris Lewis
<b>2.3</b>	Cost Reduction Programme and Cross Cutting Theme	Chris Lewis
<b>2.4</b>	Finance Risk Register	Chris Lewis
<b>2.5</b>	Costing and Value Update	Chris Lewis
<b>3.</b>	<b>Items to bring to the attention of the Board/Committee</b>	
<b>4.</b>	<b>Date and time of next Meeting</b>	
	Wednesday 29 <sup>th</sup> May 2019 at 2pm, Corporate Meeting Room, HQ, UHW	

**UNCONFIRMED MINUTES OF FINANCE COMMITTEE  
HELD ON 27<sup>th</sup> MARCH 2019  
LARGE MEETING ROOM, HQ, UHW**

**Present:**

John Antoniazzi	JA	Chair, Independent Member –Estates
Charles Janczewski	CJ	Vice Chair (Board)
John Union	JU	Independent Member – Finance
Maria Battle	MB	UHB Chair
Abigail Harris	AH	Executive Director of Planning
Andrew Gough	AG	Assistant Director of Finance
Chris Lewis	CL	Deputy Director of Finance
Len Richards	LR	Chief Executive
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
Nicola Foreman	NF	Director of Corporate Governance
Robert Chadwick	RC	Executive Director of Finance
Ruth Walker	RW	Executive Nurse Director
Sharon Hopkins	SH	Deputy Chief Executive
Steve Curry	SC	Chief Operating Officer

**In Attendance:**

**Secretariat:**

Paul Emmerson	PE	Finance Manager
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**Apologies:**

Len Richards	LR	Chief Executive
Ruth Walker	RW	Executive Nurse Director

<b>FC 19/028</b>	<b>WELCOME AND INTRODUCTIONS</b>	<b>ACTION</b>
	The Chair welcomed everyone to the meeting.	
<b>FC 19/029</b>	<b>APOLOGIES FOR ABSENCE</b>	
	Apologies for absence were noted.	
<b>FC 19/030</b>	<b>DECLARATIONS OF INTEREST</b>	
	The Chair invited members to declare any interests in proceedings on the Agenda.	

	<p>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.</p>	
<p><b>FC 19/031</b></p>	<p><b>MINUTES OF THE BOARD MEETING HELD ON 27<sup>th</sup> FEBRUARY 2019</b></p> <p>The minutes of the meeting held on 27<sup>th</sup> February 2019 were reviewed and confirmed to be an accurate record subject to an amendment to minute FC - 19/020 where the reference to the UHB Chair is to be amended to the UHB Vice Chair.</p> <p><b>Resolved – that:</b></p> <p>Subject to an amendment to minute FC - 19/020 where the reference to the UHB Chair is to be amended to the UHB Vice Chair, the minutes of the meeting held on 27<sup>th</sup> February 2019 were approved by the Committee as an accurate record.</p>	
<p><b>FC 19/032</b></p>	<p><b>ACTION LOG FOLLOWING THE LAST MEETING</b></p> <p><b>FC18/259</b> – The Nursing Productivity Group to be asked to review the impact of introducing a weekly payroll for payment of bank staff – The Nursing Productivity Group will review the results of the initiative and the results will be reported back to the Finance Committee after the end of June 2019.</p> <p>It was agreed that following implementation of the weekly payroll the initiative would be reviewed after 6 months by the Nurse Productivity Group and the results reported back to the Finance Committee.</p> <p>The Executive Nurse Director provided the Committee with an update and indicated that around 100 people initially expressed an interest in the weekly bank payment and that approximately quarter of this number followed up on the initial expression of interest. Around 6 of the 100 people who originally expressed an interest were currently active on the bank.</p> <p><b>Action Incomplete.</b></p> <p><b>FC - 19/011</b>– 2019/20 Finance Risk Register to be considered by Finance Committee – 2019/20 Risk Register included on the agenda for the Finance Committee meeting of 27th March 2018/19. <b>Action Complete.</b></p> <p><b>FC - 19/020</b>– Progress in gaining Welsh Government approval for the Integrated Medium Term Plan 2019-22 to be reported to the Finance Committee meeting scheduled for 27th March 2018/19 – Integrated Medium Term Plan 2019-22 included on the agenda for the Finance Committee meeting of 27th March 2018/19. <b>Action Complete.</b></p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>received</b> the Action Log.</p>	<p>Executive Nurse Director</p>

<p><b>FC 19/033</b></p>	<p><b>INTEGRATED MEDIUM TERM PLAN (IMTP) 2019-22</b></p> <p>The Director of Finance confirmed to the Committee that following the provision further assurance from the UHB that Welsh Government had now approved the UHB's IMTP. This was a step towards achieving financial balance and in this context the UHB was now required to focus on complying with the plan to deliver 2019/20 targets. The Finance Committee Chair (JA) emphasised that the level of recurrent savings required in the first year of the plan was particularly challenging and the Committee noted that the delivery of recurrent savings in 2019/20 was also key to the execution of 2020/21 and 2021/22 planning objectives.</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> Welsh Government had approved the UHB's IMTP submission.</p>	
<p><b>FC 19/034</b></p>	<p><b>FINANCE REPORT AS AT MONTH 11</b></p> <p>The Deputy Director of Finance presented the UHB's financial performance to month 11 and indicated that in month performance was largely in line with the plan. The UHB had reported a deficit of £8.792m for the year to date which was made up of a planning deficit of £9.075m (11/12 of the £9.9m planned deficit) and an underspend against the plan of £0.283m following a £0.015m in month surplus against the plan.</p> <p>The UHB Vice Chair (CJ) asked whether the UHB was likely to report a surplus against the plan at year end and the Deputy Director of Finance informed the Committee that the UHB had already included a number of risks and opportunities in the reported position and expected year end outturn to be delivered in line with the forecast 9.9m deficit.</p> <p>The UHB Chair (MB) noted that the UHB's year end forecast of a £9.9m deficit was a significant improvement on the planned deficit of £29.2m identified within the UHB's initial plan. In this context the Director of Finance confirmed that the improvement followed confirmation of an additional £10m Annual Operating Framework funding and the UHB's decision to accept a £9.3m Financial Improvement Target. The Deputy Director of Finance indicated that the large part of the £9.3m Financial Improvement Target was delivered through non recurrent opportunities.</p> <p>In this context the Director of Finance indicated that the reliance on non recurrent opportunities had limited the improvement in the UHB's underlying deficit and stressed the importance of identifying and implementing recurrent saving programmes at the earliest opportunity.</p>	

The Deputy Chief Executive concurred that the UHB needed to continue the joint focus on both savings plans to reduce the deficit and daily operational issues if it is to continue to deliver performance improvement.

The Deputy Director of Finance moved on to highlight the cumulative underperformance of £2.416m reported against income budgets and the overspend of £2.421m in clinical services and supplies non pay budgets.

The UHB Vice Chair confirmed that the attention drawn to pressure points was helpful and asked whether plans were in place to manage the pressures. The Director of Finance indicated that where there were underlying deficits being carried forward to 2019/20 by Clinical Boards that these were relatively small and therefore there was an expectation that pressure points that had developed in 2018/19 would be managed. It was also noted that some of savings schemes identified for 2019/20 focussed on income opportunities and managing stock to control product and price variation.

It was noted that overall Clinical Board financial performance at the end of month 11 was £1.2m better than the forecast profile. The Finance Committee Chair (JA) indicated that there was variation in the financial performance of Clinical Boards and asked for clarification of the controls and processes in place to improve financial performance. The Deputy Director of Finance confirmed that the speed of reporting and depth of financial intelligence was good and the Director of Finance indicated that the appropriate framework and structure for performance review was in place. In this context the Executive Team and Clinical Boards were well placed to recognise issues and were able to identify remedial actions at an early stage. The UHB Chair (MB) asked whether the UHB incentivized Clinical Boards to manage their underlying financial position and the Deputy Director of Finance confirmed that Clinical Board underlying position was carried forward to the following year.

Finally the Committee was asked to note that the UHB had received a significant amount of additional capital allocations in month which in turn required additional operational attention on spending plans at the end of year to ensure that the UHB maximised the use of its available capital resource.

**LIMITED ASSURANCE** was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 11 position which is broadly on line with the profiled deficit within the draft operational plan.

**Resolved – that:**

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;

	<p>The Finance Committee <b>noted</b> the £8.792m deficit at month 11 which includes a planning deficit of £9.075m and budget underspends of £0.283m;</p> <p>The Finance Committee <b>noted</b> the key concern and action being taken to manage risks.</p>	
<b>FC19/035</b>	<p><b>CLINICAL BOARDS IN ESCALATION</b></p> <p>The Chief Operating Officer confirmed that there were currently 3 Clinical boards which had only achieved limited assurance in respect of either the quality, activity or financial performance of services. There were concerns around the financial performance of the Medicine Clinical Board as it was not expected to meet its month 5 forecast although the Clinical Board was currently meeting its revised forecast.</p> <p>The Director of Finance informed the Committee that the next round of performance meetings would focus on 2019/20 and therefore it was unlikely that escalation would be reviewed again before month 3 in the new year.</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the actions being taken to manage financial performance</p>	
<b>FC19/036</b>	<p><b>COST REDUCTION PROGRAMME</b></p> <p>The Assistant Director of Finance asked the Finance Committee to note the 2019/20 Cost Reduction Report which included the following key points:</p> <ul style="list-style-type: none"> <li>• At 19<sup>th</sup> March 2019 £13.507m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m, leaving a gap of £2.838m. £11.567m of the identified schemes were recurrent and £1.940m were non recurrent.</li> <li>• Schemes totalling £12.600m had been identified as Green or Amber against the £14.900m corporate and high value opportunities target as at 19<sup>th</sup> March 2019 leaving a shortfall of £2.300m to be identified.</li> <li>• As at 19<sup>th</sup> March 2019 £5.058m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £16.345m devolved CRP target.</li> </ul> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the progress against the £31.245m UHB savings requirement for 2019/20.</p>	
<b>FC19/037</b>	<b>RISK REGISTER</b>	

	<p>The Assistant Director of Finance presented the 2018/19 &amp; 2019/20 Risk Registers.</p> <p>In respect of the 2018/19 Risk Register no risks had been added in month and the Committee was advised that 3 risks around the management of budget pressures of £12.8m, management of internal investments within £3.3m envelope and the management of the R&amp;D income reduction had been removed where optimum controls were now in place.</p> <p>The Assistant Director of Finance highlighted to the Committee that 3 of the risks identified on the 2019/20 Risk Register were currently categorized as extreme risks (Red) namely:</p> <ul style="list-style-type: none"> <li>• Reduction in the £36.3m underlying deficit b/f 19/20 to the IMTP planned £4m c/f underlying deficit in 2020/21.</li> <li>• Development and delivery of the 2% delegated recurrent CIP (£16.4m)</li> <li>• Development and delivery of corporately led financial opportunities of £14.9m to achieve year end break even position.</li> </ul> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the risks highlighted within the 2018/19 and 2019/20 risk registers.</p> <p>The Finance Committee <b>endorsed</b> the removal of highlighted low level risks from the risk register.</p>	
<p><b>FC 19/038</b></p>	<p><b>ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES</b></p> <p>No other items to bring to the main Board.</p>	
<p><b>FC 19/039</b></p>	<p><b>DATE OF THE NEXT MEETING OF THE BOARD</b></p> <p><b>Wednesday 24th April; 2.00pm; Large Meeting Room, HQ, UHW</b></p>	



## FINANCE COMMITTEE

### ACTION LOG FROM 27<sup>th</sup> MARCH 2019

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC - 18/259 &	31.10.18	The impact of weekly vs monthly payroll on the availability of bank staff	It was agreed that once the introduction of a weekly payroll for payment of bank staff was complete that the initiative should be reviewed after 6 months and the results reported back to the Finance Committee.	Executive Nurse Director	<b>Incomplete</b> – The Nursing Productivity Group will review the results of the initiative and the results will be reported back to the Finance Committee after the end of June 2019.

<b>Report Title:</b>	<b>Finance Report for the Period Ended 31<sup>st</sup> March 2019</b>						
<b>Meeting:</b>	<b>Finance Committee</b>					<b>Meeting Date:</b>	<b>24<sup>th</sup> April 2019</b>
<b>Status:</b>	<b>For Discussion</b>	<b>x</b>	<b>For Assurance</b>	<b>x</b>	<b>For Approval</b>		<b>For Information</b> <b>x</b>
<b>Lead Executive:</b>	<b>Executive Director of Finance</b>						
<b>Report Author (Title):</b>	<b>Deputy Director of Finance</b>						

## SITUATION

The UHB's 2018/19 operational plan included a £9.9m planned deficit.

**The UHB's provisional draft year end revenue outturn is a deficit of £9.873m which is £0.027m better than the £9.900m forecast deficit. The UHB is also reporting that it stayed within its Capital Resource limit and achieved its creditor payment compliance target. The Finance Committee is asked to note that these are all provisional at this stage as the draft accounts have not yet been finalized and when this is completed it will be subject to External Audit scrutiny. Whilst this is therefore, subject to finalization and verification, the year-end reported position is not expected to materially change.**

## 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 but was not acceptable due to assumptions around additional funding. The UHB then revised its financial plan but 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.

Consequentially 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 10<sup>th</sup> July 2018 the UHB submitted its one year operational plan to Welsh Government. This position was accepted and the UHB subsequently received £10m additional annual operating plan funding and consequently 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
<b>b/f underlying deficit</b>	<b>(49.0)</b>	<b>(49.0)</b>	<b>0.0</b>
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
Cost Pressures due to population growth	(4.5)	(3.5)	1.0
Investments	(4.3)	(3.3)	1.0
Recurrent cost improvement plans	25.3	25.3	0.0
Additional funding assumed	15.5	0.0	(15.5)
<b>In year Financial Plan</b>	<b>27.2</b>	<b>15.9</b>	<b>(11.3)</b>
<b>Planned Surplus/(Deficit)</b>	<b>(21.9)</b>	<b>(33.2)</b>	<b>(11.3)</b>
<b>Planned c/f from 2017/18 (non recurrent)</b>	<b>0.0</b>	<b>4.0</b>	<b>4.0</b>
<b>Financial Improvement Target</b>	<b>0.0</b>	<b>9.3</b>	<b>9.3</b>
<b>Revised Planned Surplus/(Deficit) March 2018</b>	<b>(21.9)</b>	<b>(19.9)</b>	<b>2.0</b>
<b>Additional Annual Operating Plan Funding July 2018</b>		<b>10.0</b>	<b>(10.0)</b>
<b>Revised Planned Surplus/Deficit July 2018</b>	<b>(21.9)</b>	<b>(9.9)</b>	<b>(12.0)</b>

The actual and provisional 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 / provisional 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	(9.873)	(65.969)	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 that the provisional 2018/19 outturn also results 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 @ March 2019**

Measure	n	STATUS REPORT				
		March 2019	RAG Rating	Latest Trend	Target	Time Period
Financial balance: remain within revenue resource limits	36	£9.873m deficit at month 12. £0.027m favourable variance against plan	R 		2018/19 planned deficit £9.9m	M12 2018-19
Remain within capital resource limits.	37	Expenditure at the end of the Year was £48.413m against a plan of £48.486m.	G 		Approved planned expenditure £48.486m	M12 2018-19
Reduction in Underlying deficit	36a	£36.3m assessed underlying deficit position at month 12	R 		If 2018/19 plan achieved reduce underlying deficit to £39.1m	M12 2018-19
Delivery of recurrent 3% savings target	36b	Fully Identified Savings Plan	G 		£25.335m	M12 2018-19
Delivery of non recurrent 1% savings target	36c		G 		£8.445m	M12 2018-19
Delivery of financial improvement target	36d	£9.3m identified at month 12	G 		£9.3m	M12 2018-19
Creditor payments compliance 30 day Non NHS	37a	Cumulative 95.0% in March	G 		95% of invoices paid within 30 days	M12 2018-19
Remain within Cash Limit	37b	Cash surplus of £1.219m	G 		To remain within Cash Limit	M12 2018-19
Maintain Positive Cash Balance	37c	Cash balance = £1.219m	G 		To Maintain Positive Cash Balance	End of Mar. 2019

## Month 12 Cumulative Financial Position

The UHB reported a deficit of £9.873m at month 12 as follows:

- £9.900m planned deficit;
- £(0.027)m favourable variance against plan.

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

**Table 4: Summary Financial Position for the period ended 30<sup>th</sup> March 2019**

Income/Pay/Non Pay	In Month			Provisional Year End		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Income	(139.164)	(138.967)	0.198	(1,389.978)	(1,387.362)	2.616
Pay	54.314	54.359	0.045	616.588	614.657	(1.932)
Non Pay	85.675	85.687	0.012	783.290	782.578	(0.712)
Variance to Draft Plan £m	0.825	1.080	0.255	9.900	9.873	(0.027)
Planned Deficit	(0.825)	0.000	0.825	(9.900)	0.000	9.900
Total £m	0.000	1.080	1.080	(0.000)	9.873	9.873

## Income

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

**Table 5: Income Variance @ March 2019**

Income	In Month			Provisional Year End		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Revenue Resource Limit	(98.257)	(98.257)	0.000	(935.546)	(935.546)	0.000
Non Cash Limited Expenditure	(0.422)	(0.424)	(0.001)	(18.186)	(18.186)	0.000
Accommodation & Catering	(0.349)	(0.366)	(0.017)	(3.690)	(3.577)	0.113
Education & Training	(3.346)	(3.516)	(0.170)	(38.267)	(38.373)	(0.106)
Injury Cost Recovery Scheme (CRU) Income	(0.214)	(0.092)	0.122	(2.165)	(1.693)	0.472
NHS Patient Related Income	(25.471)	(25.295)	0.176	(297.120)	(295.815)	1.306
Other Operating Income	(9.649)	(9.465)	0.184	(83.806)	(82.993)	0.814
Overseas Patient Income	(0.006)	(0.007)	(0.002)	(0.062)	(0.266)	(0.203)
Private Patient Income	(0.114)	(0.102)	0.012	(1.368)	(1.060)	0.308
Research & Development	(1.336)	(1.442)	(0.106)	(9.767)	(9.855)	(0.088)
Total £m	(139.164)	(138.967)	0.198	(1,389.978)	(1,387.362)	2.616

An in month deficit of £0.199m and a cumulative deficit of £2.615m is reported against income budgets. The main adverse variances to note are:

- £1.306m adverse variance on NHS patient related income where the position has deteriorated in month. The cumulative under-recovery is due to underperformance against orthopaedics and a reduction of flows to the haematology and urology services further to an increase in capacity in neighbouring health boards. The adverse in month position is primarily due to underperformance against Welsh LHB LTAs, reflecting a continuation of the declining trend on Orthopaedics and core Aneurin Bevan & Cwm Taf activity.
- £0.814m adverse variance on other operating income due to underperformance against critical care, PICU and NICU activity targets.
- £0.472m adverse variance against the Injury Cost Recovery Scheme where the position deteriorated by £0.122m in month due to continuing underperformance and an increase to the rate of Bad Debt Provision.

## 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 £0.175m, bringing the cumulative adverse variance to £1.318m. The Month 12 reported position is summarised in Table 6. This is driven significantly by under delivery against contracts with LHBs of £1.777m, offset by a favourable income position on WHSSC and NHS England.

The Month 12 reported position continues to reflect the under-performance trend for Aneurin Bevan and an in-year adverse movement on Cwm Taf. The latter is driven by recruitment into vacancies in Cwm Taf, reducing flows into Cardiff; most notably in Haematology and Urology. A key issue driving LHB positions is the low performance on 'out of area' orthopaedic services, particularly spinal work.

The cumulative WHSSC variance reflects the release of the contingency for uncertain contract variation which crystallised as not required. The majority of performance is reflected in Clinical Board positions.

There has been a non-Welsh income adverse movement in month of £0.034m, due to reduced English inpatient volume and case mix, bringing the cumulative variance to £0.044m favourable.

**Table 6: Month 12 LTA Provider Position**

Income - C&V Provider				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(221.087)	(221.087)	(221.503)	(0.416)
Aneurin Bevan	(29.250)	(29.250)	(28.270)	0.980
Other LHBs	(38.436)	(38.436)	(37.639)	0.797
Non-Welsh	(3.947)	(3.947)	(3.991)	(0.044)
	<b>(292.720)</b>	<b>(292.720)</b>	<b>(291.402)</b>	<b>1.318</b>

## **Pay**

In total pay budgets are showing a cumulative underspend of £1.932m 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 11 £m	2018/19 Month 1 to Month 11 £m	2017/18 Month 12 £m	2018/19 Month 12 £m	2017/18 Cum. to Month 12 £m	2018/19 Cum. to Month 12 £m
Basic	515.377	469.070	485.126	46.307	46.246	515.377	531.373
Enhancements	24.533	22.501	23.190	2.032	2.136	24.533	25.326
Maternity	4.088	3.742	4.451	0.346	0.381	4.088	4.832
Protection	0.676	0.619	0.565	0.057	0.049	0.676	0.615
<b>Total Fixed Pay</b>	<b>544.674</b>	<b>495.932</b>	<b>513.333</b>	<b>48.742</b>	<b>48.812</b>	<b>544.674</b>	<b>562.144</b>
Agency (mainly registered Nursing)	8.767	7.661	10.134	1.107	1.139	8.767	11.273
Nursing Bank (mainly Nursing)	14.439	12.978	11.937	1.461	1.435	14.439	13.372
Internal locum (Medical & Dental)	4.306	3.907	4.367	0.398	0.813	4.306	5.180
External locum (Medical & Dental)	7.118	6.353	6.617	0.765	0.519	7.118	7.136
On Call	2.224	2.033	2.248	0.191	0.199	2.224	2.447
Overtime	5.758	4.938	5.748	0.820	0.878	5.758	6.626
WLL's & extra sessions (Medical)	5.111	4.149	5.915	0.962	0.564	5.111	6.479
<b>Total Variable Pay</b>	<b>47.722</b>	<b>42.018</b>	<b>46.965</b>	<b>5.704</b>	<b>5.547</b>	<b>47.722</b>	<b>52.513</b>
<b>Total Pay</b>	<b>592.396</b>	<b>537.950</b>	<b>560.298</b>	<b>54.446</b>	<b>54.359</b>	<b>592.396</b>	<b>614.657</b>
<b>Pay Budget</b>	<b>594.938</b>	<b>540.303</b>	<b>562.274</b>	<b>54.635</b>	<b>54.315</b>	<b>594.938</b>	<b>616.589</b>
<b>Budget Variance (Fav)/Adv £m</b>	<b>(2.541)</b>	<b>(2.352)</b>	<b>(1.976)</b>	<b>(0.189)</b>	<b>0.045</b>	<b>(2.541)</b>	<b>(1.932)</b>

The 2018/19 pay levels reflect the additional cost of the 2018/19 annual pay award. The UHB set aside a reserve to cover the initial 1% planning assumption and the cost of the additional wage award is covered by Welsh Government funding which was allocated to the UHB in November 2018.

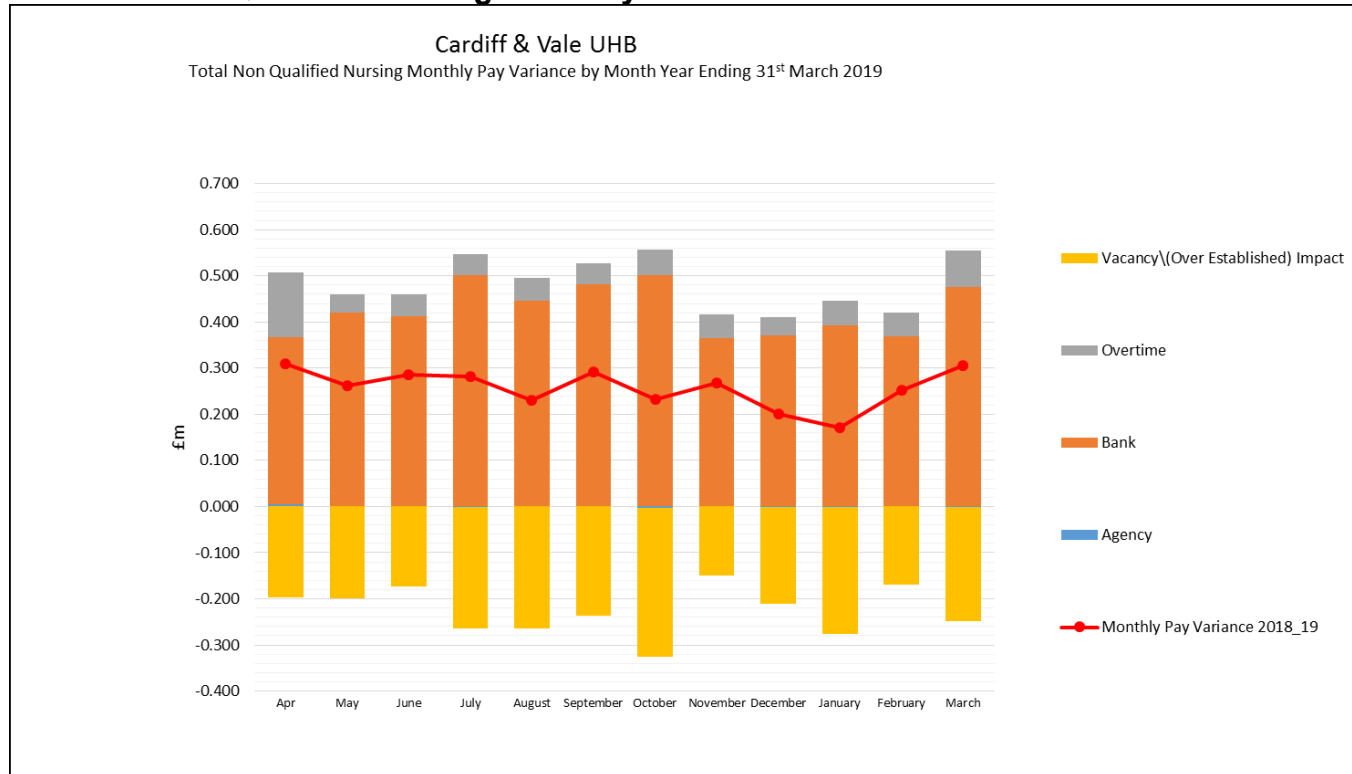
An analysis of pay expenditure by staff group is shown in Table 8.

**Table 8: Analysis of pay expenditure by staff group @ March 2019**

Pay	In Month			Provisional Year End		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Additional clinical services	2.062	2.058	(0.004)	24.304	23.590	(0.714)
Management, admin & clerical	5.869	5.832	(0.038)	71.424	70.551	(0.873)
Medical and Dental	13.527	13.632	0.105	157.920	158.163	0.243
Nursing (registered)	16.651	16.530	(0.121)	185.346	184.082	(1.264)
Nursing (unregistered)	4.660	4.967	0.306	49.803	52.893	3.089
Other staff groups	8.262	8.201	(0.061)	92.417	91.386	(1.031)
Scientific, prof & technical	3.284	3.140	(0.143)	35.374	33.992	(1.382)
<b>Total £m</b>	<b>54.314</b>	<b>54.359</b>	<b>0.045</b>	<b>616.588</b>	<b>614.657</b>	<b>(1.932)</b>

Total pay budgets deteriorated by £0.045m in month to an underspend for the year to date of £1.932m.

**Table 9 – Non Qualified Nursing Staff Pay Variance**

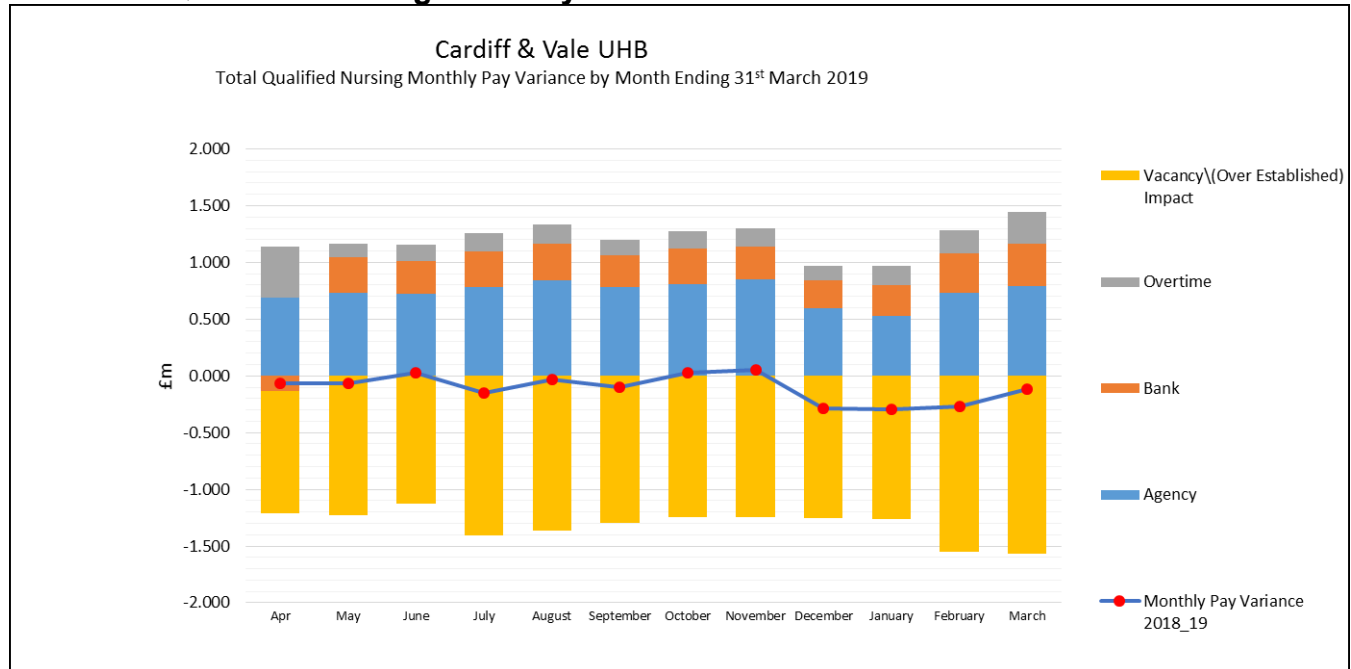


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	(0.000)	0.002
Bank	0.475	5.093
Overtime	0.080	0.701
Adverse Impact	0.555	5.796
Vacancy\((Over Established) Impact	(0.248)	(2.706)
<b>Total Pay Variance - Unqualified Nursing (Fav)/Adv £m</b>	<b>0.306</b>	<b>3.089</b>

Table 9 indicates that the £3.089m adverse variance against non-qualified nursing assistants is due to overspends of £5.093m on bank staff and £0.701m on overtime which is partly offset by an underspend against established posts.



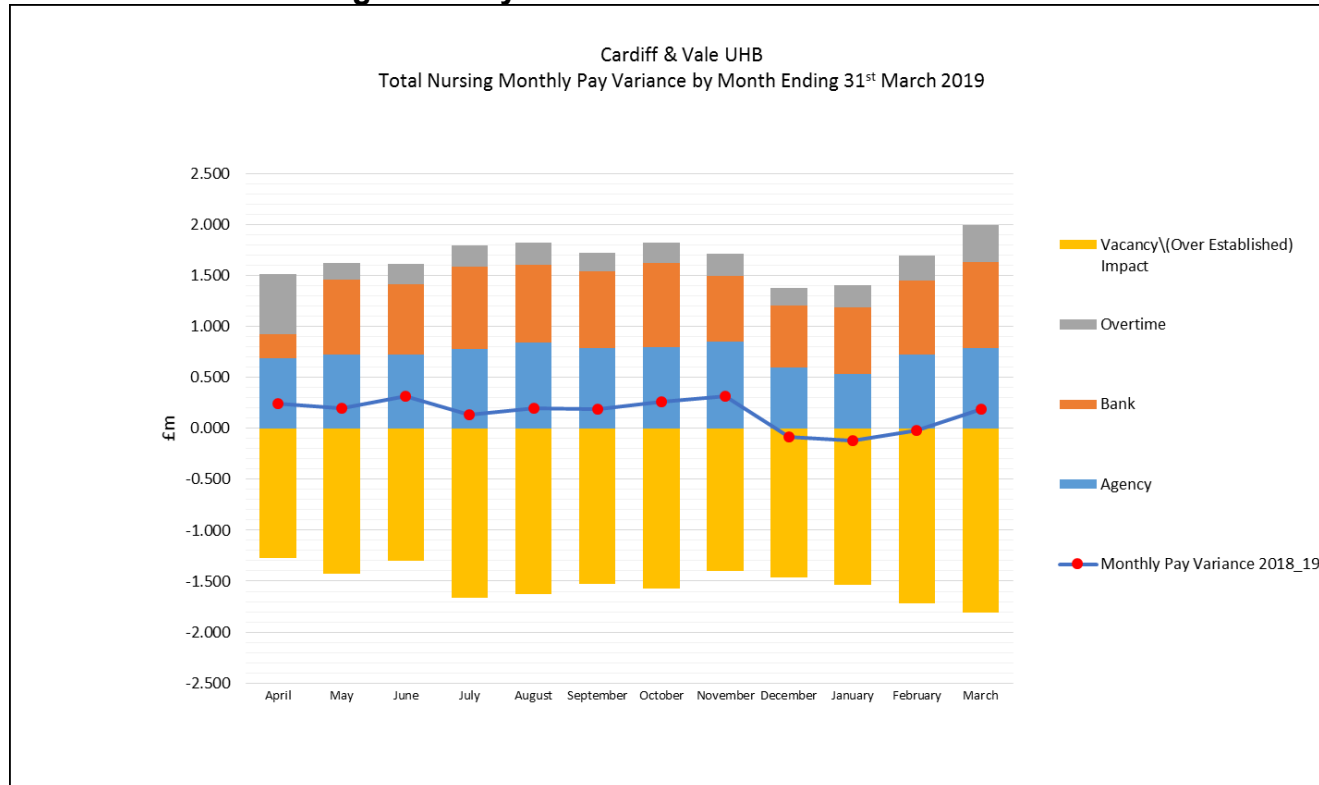
**Table 10 - Qualified Nursing Staff Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.790	8.855
Bank	0.374	3.221
Overtime	0.280	2.276
Adverse Impact	1.443	14.352
Vacancy\ (Over Established) Impact	(1.564)	(15.617)
<b>Total Pay Variance - Qualified Nursing (Fav)/Adv £m</b>	<b>(0.121)</b>	<b>(1.264)</b>

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**

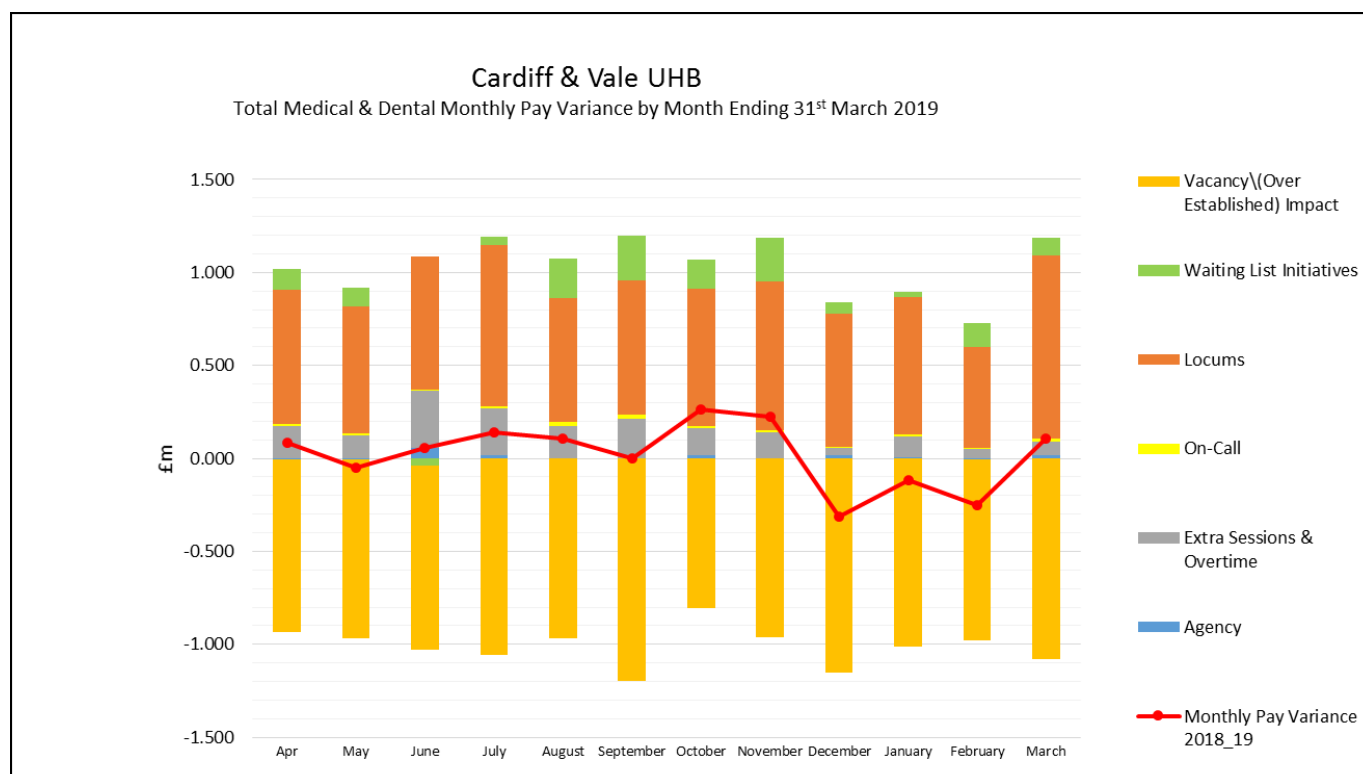


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.789	8.857
Bank	0.849	8.314
Overtime	0.360	2.977
Adverse Impact	1.998	20.148
Vacancy\ (Over Established) Impact	(1.812)	(18.323)
<b>Total Pay Variance - (Fav)/Adv £m</b>	<b>0.186</b>	<b>1.825</b>

Table 11 identifies expenditure against substantive nursing posts for the year to date which is £1.825m more than budget. The £18.323m surplus against established posts is offset by a £20.148m 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 2019/20.

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 £0.243m at month 12.

**Table 12 - Medical & Dental Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.019	0.117
Extra Sessions & Overtime	0.070	1.794
On-Call	0.020	0.148
Locums	0.983	8.896
Waiting List Initiatives	0.093	1.378
Adverse Impact	1.185	12.334
Vacancy (Over Established) Impact	(1.080)	(12.090)
<b>Total Pay Variance - Medical &amp; Dental (Fav)/Adv £m</b>	<b>0.105</b>	<b>0.243</b>

The key areas of concern are a £0.121m in month overspend and a £1.128m cumulative overspend within the Women and Children Clinical Board and a cumulative £0.333m overspend in the CD&T Clinical Board following a £0.028m in month underspend.

**Non Pay**

Table 13 highlights an in month overspend of £0.012m and a £0.712m cumulative underspend against non pay budgets.

The key pressure area is in clinical services and supplies where there was an in month deterioration of £0.794m and the cumulative year end overspend is £3.214m. A large part of the

in month variance was due to expenditure within the CD&T Clinical Board where overspends were partly offset by underspends against other budget headings.

The in month overspend against premises and fixed plant was primarily due to computer hardware and software purchases and the improvement in the drugs position was due to an in month surplus against secondary care drug budgets.

**Table 13: Non Pay Variance @ March 2019**

Non Pay	In Month			Provisional Year End		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Clinical services & supplies	10.893	11.687	0.794	100.899	104.113	3.214
Commissioned Services	16.429	16.432	0.003	170.941	170.482	(0.459)
Continuing healthcare	7.601	7.495	(0.106)	65.066	65.687	0.621
Drugs / Prescribing	14.146	13.548	(0.598)	154.182	152.680	(1.502)
Establishment expenses	2.042	2.438	0.396	12.351	13.021	0.670
General supplies & services	1.287	1.236	(0.051)	8.969	9.245	0.277
Other non pay	11.840	10.567	(1.273)	64.856	60.695	(4.161)
Premises & fixed plant	4.430	4.953	0.523	35.773	36.377	0.604
Primary Care Contractors	17.006	17.331	0.325	170.255	170.278	0.023
<b>Total £m</b>	<b>85.675</b>	<b>85.687</b>	<b>0.012</b>	<b>783.290</b>	<b>782.578</b>	<b>(0.712)</b>

### LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 12 variance of £0.793m is shown in Table 14 and is largely driven by the UHBs performance on contracts, including:

- Underperformance on Velindre drugs is offset against IPFR spend and over performance on activity, overall there is a favourable variance of £0.540m to month 12 for Velindre.
- Continued under performance on the ABMU and Cwm Taf LTAs. ABMU is subject to an enhanced marginal rate already, and discussions are ongoing with Cwm Taf over plans for 2019/20.
- WHSSC spend has moved adversely in month by £200k driven mainly by significant C&V provider over performance and IPFR expenditure.
- NCAs remained stable supported by the settlement with NBT for INR outsourcing which was much less than provided for. A significant provision remains for Panel approvals for cross-border treatments yet to be invoiced.

**Table 14: Month 12 LTA Commissioner Position**

Expenditure - C&V Commissioner				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	121.476	121.476	121.693	0.217
Velindre	16.406	16.406	15.866	(0.540)
LHBs	23.385	23.385	22.842	(0.543)
Other / NCAs	1.913	1.913	1.986	0.073
	<b>163.179</b>	<b>163.179</b>	<b>162.387</b>	<b>(0.793)</b>

The overall position on commissioned services is worse than the LTA position mainly due to out of area placements in Mental Health and Primary Care which whilst they were relatively flat in the month have a year to date adverse variance of £0.3m.

### Financial Performance of Clinical Boards

Budgets were set to ensure that there is sufficient resource available to deliver the UHB's plan. Financial performance for the twelve months to 31<sup>st</sup> March 2019 by Clinical Board is shown in Table 15.

**Table 15: Financial Performance for the period ended 31<sup>st</sup> March 2019**

Clinical Board	M11 Budget Variance £m	M12 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	1.060	1.177	0.117	1.05%
Children & Women	1.685	1.869	0.184	1.81%
Capital Estates & Facilities	0.067	0.219	0.152	0.34%
Dental	0.470	0.493	0.023	2.68%
Executives	(0.602)	(0.466)	0.136	(1.16%)
Medicine	1.806	1.846	0.040	1.55%
Mental Health	0.001	(0.001)	(0.002)	(0.00%)
PCIC	(1.406)	(1.726)	(0.320)	(0.51%)
Specialist	(0.531)	(0.675)	(0.144)	(0.40%)
Surgery	1.158	1.201	0.043	0.90%
Central Budgets	(3.991)	(3.140)	0.852	(0.99%)
<b>SubTotal</b>	<b>(0.283)</b>	<b>0.798</b>	<b>1.081</b>	<b>0.06%</b>
Planned Deficit	9.075	9.075	0.000	0.65%
<b>Total</b>	<b>8.792</b>	<b>9.873</b>	<b>1.081</b>	<b>0.78%</b>

In month and cumulative overspends were reported by 6 Clinical Boards in March. The largest in month overspend was in Children and Women where the majority of the overspend was due to medical pay. Expenditure on energy in excess of previous estimates was the main pressure in capital and estates and the in month overspend against Executives was due to non recurrent expenditure at year end. Pressures against clinical supplies budgets were again reported in the CD&T Clinical Board.

## Performance against Clinical Board Budget Forecasts

All budget holders undertook 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 12 was some £0.587m lower than the forecast profile as shown in Table 16.

**Table 16: Budget Holder Financial Forecasts & Performance**

Clinical Board	Year End Forecast (Surplus)/ Deficit Variance £m	M12 Forecast Profile (Surplus)/ Deficit Variance £m	M12 Actual Position (Surplus)/ Deficit Variance £m	Variance to Forecast Profile £m
Clinical Diagnostics & Therapies	1.124	1.124	1.177	0.053
Children & Women	1.654	1.654	1.869	0.215
Capital Estates & Facilities	(0.011)	(0.011)	0.219	0.230
Dental	0.600	0.600	0.493	(0.107)
Executives	(0.003)	(0.003)	(0.466)	(0.463)
Medicine	0.759	0.759	1.846	1.087
Mental Health	0.798	0.798	(0.001)	(0.799)
PCIC	(1.353)	(1.353)	(1.726)	(0.373)
Specialist	(0.010)	(0.010)	(0.675)	(0.665)
Surgery	0.967	0.967	1.201	0.234
<b>SubTotal</b>	<b>4.525</b>	<b>4.525</b>	<b>3.938</b>	<b>(0.587)</b>
Central Budgets	(4.525)	(4.525)	(3.965)	0.560
<b>SubTotal</b>	<b>(0.000)</b>	<b>(0.000)</b>	<b>(0.027)</b>	<b>(0.027)</b>
Planned Deficit	9.900	9.900	9.900	0.000
<b>Total</b>	<b>9.900</b>	<b>9.900</b>	<b>9.873</b>	<b>(0.027)</b>

## 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 12 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. The latest position is shown in **Appendix 1**.

For the 12 months to the end of March the UHB over achieved its profiled savings target (including income generation schemes & non recurrent accounting gains) 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 12**

	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 delivered £9.266m financial improvement plan.

### 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 reduces this to £36.3m by the year end. This is shown in Table 18.

**Table 18: Summary of Underlying Financial Position**

	2018/19 Plan £m	Forecast Position @ Month 12	
		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)
<b>Deficit £m</b>	<b>9.900</b>	<b>29.161</b>	<b>36.261</b>

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's Welsh Government approved 2019/20-2021/22 Integrated Medium Term Plan (IMTP) contains a balanced financial plan. This includes measures to recurrently address the UHBs underlying deficit.**

## **Balance Sheet**

The balance sheet at month 12 is detailed in **Appendix 2**.

The increase in the carrying value of property, plant & equipment since the start of the year is largely due to the fact that the spend on capital projects incurred to date and the upward valuation of Land and Buildings due to indexation exceed depreciation and impairment charges incurred in the year.

Overall trade debtors have fallen by £25.3m (11.3%) since the start of the year primarily due to a reduction in amounts due from the Welsh Risk Pool in respect of clinical negligence cases.

The value of Trade and other payables has fallen by around £5.5m (2.9%) since the start of the year primarily due to a reduction in capital creditors.

The value of stock held has increased by £1.3m (7.8%) in year and reflects the results of the comprehensive series of year end stock counts undertaken in March.

## **Cash Flow Forecast**

The cash flow profile is shown in **Appendix 3** with a year end cash balance of £1.2m.

Amounts shown on the sale of assets line reflect the full value of in year sale proceeds. The UHB has reinvested the net book value element of these receipts in the purchase of property, plant & equipment.

Between the approval of the capital working balances support in month 7 and the UHBs month 12 report the UHBs CRL increased by £11.2m which considerably eased the UHBs capital cash problems. Consequently the UHB did not draw down £5.690m of its current approved capital cash drawing limit. The capital working balance support drawn down helped the UHB reduce its capital creditors by £5.238m during the year.

## **Public Sector Payment Compliance**

The UHB's annual performance was 95.0% at the end of March and therefore it achieved its statutory target in 2018/19. This is a significant improvement on the rate achieved in 2017/18 (92.3%). Cumulative performance fell from 95.2% at the end of February to 95.0% to the end of March with an in-month compliance rate of 93.7%.



## Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of March 2019 is summarised in Table 19 and is detailed in **Appendix 4**.

**Table 19: Progress against Capital Resource Limit @ March 2019**

	£m
Planned Capital Expenditure at month 12	48.486
Actual net expenditure against CRL at month 12	48.413
Variance against planned Capital Expenditure at month 12	(0.073)

The UHB successfully remained within its Capital Resource Limit (CRL) in 2018/19. Net capital expenditure was £0.073m (0.15%) below the approved CRL of £48.486m.

## Financial Risks

The UHB's provisional year end position is £9.882m deficit which is subject to External Audit scrutiny and review. At this point in time the UHB does not expect any risks to materially affect the reported year end position

## Key Concerns and Recovery Actions

At month 12, the key concern is set out below:

1. Concern - Managing down the underlying deficit.

Action – The underlying deficit has fallen by £12.8m since the start of the year. The UHB Welsh Government approved 2019/20-2021/22 Integrated Medium Term Plan (IMTP) includes a balanced financial plan and measures to recurrently address the UHBs underlying deficit. This is dependent on the delivery of a 3.8% savings target.

**ASSURANCE** is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 12 position which is in lower than the planned deficit within the Annual Operational Plan.

## RECOMMENDATION

The Finance Committee is asked to:

- **NOTE** the provisional draft year end revenue deficit of £9.873m is £0.027m lower than its planned deficit of £9.900m;
- **NOTE** that the year end capital position is a spend of £48.413m against a CRL of £48.496m;
- **NOTE** that the UHB achieved its creditor payment compliance target of 95%.

### 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	
<b>Equality and Health Impact Assessment Completed:</b>	Not Applicable If "yes" please provide copy of the assessment. This will be linked to the report when published.								

## Month 12 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 12
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Children & Women	3,550	2,508	745	3,253	569	297
Medicine	3,754	4,000	0	4,000	584	-246
CD&T	3,442	2,655	853	3,509	941	-67
Surgery	4,714	4,163	439	4,601	1,398	113
Dental	800	233	0	233	84	567
Mental Health	2,940	2,870	70	2,940	20	0
Capital Estates & Facilities	2,580	1,822	758	2,580	133	0
Primary, Community & Intermediate Care	6,600	6,952	122	7,074	150	-474
Corporate Executives	1,362	1,128	23	1,151	457	211
Specialist	4,038	3,712	396	4,108	618	-70
<b>Total £'000</b>	<b>33,780</b>	<b>30,043</b>	<b>3,405</b>	<b>33,448</b>	<b>4,954</b>	<b>332</b>

## 2018-19 Full Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 12
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Children & Women	2,663	1,632	920	2,552	774	110
Medicine	2,816	3,669	0	3,669	830	-853
CD&T	2,582	1,072	1,621	2,694	1,036	-112
Surgery	3,535	3,054	492	3,545	2,674	-10
Dental	600	94	0	94	110	506
Mental Health	2,205	2,175	30	2,205	20	0
Capital Estates & Facilities	1,935	864	1,145	2,009	380	-74
Primary, Community & Intermediate Care	4,950	5,666	122	5,788	424	-838
Corporate Executives	1,022	532	13	545	491	477
Specialist	3,029	2,418	612	3,030	828	-1
<b>Total £'000</b>	<b>33,780</b>	<b>21,176</b>	<b>4,955</b>	<b>26,131</b>	<b>7,567</b>	<b>-796</b>

BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2019

	Opening Balance 1 <sup>st</sup> April 2018	Closing Balance 31 <sup>st</sup> March 2019
<b>Non-Current Assets</b>	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	657,424	675,988
Intangible assets	2,245	2,820
Trade and other receivables	57,469	22,342
Other financial assets		
<b>Non-Current Assets sub total</b>	<b>717,138</b>	<b>701,150</b>
<b>Current Assets</b>		
Inventories	15,697	16,925
Trade and other receivables	166,189	176,020
Other financial assets	0	0
Cash and cash equivalents	1,856	1,219
Non-current assets classified as held for sale	0	1,906
<b>Current Assets sub total</b>	<b>183,742</b>	<b>196,070</b>
<b>TOTAL ASSETS</b>	<b>900,880</b>	<b>897,220</b>
<b>Current Liabilities</b>		
Trade and other payables	180,290	175,350
Other financial liabilities	0	0
Provisions	120,512	133,651
<b>Current Liabilities sub total</b>	<b>300,802</b>	<b>309,001</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>600,078</b>	<b>588,219</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	9,635	9,092
Other financial liabilities	0	0
Provisions	60,471	19,582
<b>Non-Current Liabilities sub total</b>	<b>70,106</b>	<b>28,674</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>529,972</b>	<b>559,545</b>
<b>FINANCED BY:</b>		
<b>Taxpayers' Equity</b>		
General Fund	417,207	442,608
Revaluation Reserve	112,765	116,937
<b>Total Taxpayers' Equity</b>	<b>529,972</b>	<b>559,545</b>

CASH FLOW FORECAST AS AT 31<sup>st</sup> MARCH 2019

	April £'000	May £'000	June £'000	July £'000	Aug £'000	Sept £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £,000	Total £,000
<b>RECEIPTS</b>													
WG Revenue Funding - Cash Limit (excluding NCL)	86,045	81,620	90,750	61,720	82,480	62,180	70,755	83,707	79,653	68,475	72,830	76,380	916,595
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	1,815	1,500	1,387	18,847
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	4,352	4,968	31,356
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	3,000	14,192	55,847
Sale of Assets	0	0	0	170	0	0	0	0	0	0	0	131	301
Income from other Welsh NHS Organisations	32,230	31,149	46,893	34,472	39,938	29,879	37,489	45,120	34,533	33,472	39,464	44,712	449,351
Other - (Specify in narrative)	8,139	5,359	5,198	14,605	8,136	6,049	14,735	9,650	7,569	13,098	5,843	8,037	106,418
<b>TOTAL RECEIPTS</b>	<b>139,864</b>	<b>128,883</b>	<b>148,087</b>	<b>116,485</b>	<b>142,022</b>	<b>106,249</b>	<b>127,924</b>	<b>143,838</b>	<b>127,452</b>	<b>121,115</b>	<b>126,989</b>	<b>149,807</b>	<b>1,578,715</b>
<b>PAYMENTS</b>													
Primary Care Services : General Medical Services	5,267	4,164	8,167	4,908	4,063	6,324	4,345	4,184	6,855	5,676	4,305	7,023	65,281
Primary Care Services : Pharmacy Services	134	135	123	106	128	131	134	123	267	497	462	266	2,506
Primary Care Services : Prescribed Drugs & Appliances	7,008	7,632	15,311	3	15,555	3	7,339	15,141	7,635	3	7,373	7,971	90,974
Primary Care Services : General Dental Services	1,755	1,800	1,766	1,974	1,684	1,828	1,894	1,651	1,681	2,324	1,918	1,845	22,120
Non Cash Limited Payments	1,958	2,086	2,111	2,093	2,040	2,215	2,079	2,043	2,262	2,041	2,149	2,032	25,109
Salaries and Wages	47,471	47,804	47,732	47,215	47,922	47,429	47,642	51,990	52,780	49,861	49,455	49,332	586,633
Non Pay Expenditure	54,604	51,324	57,727	54,191	44,288	43,936	53,164	50,695	42,795	53,630	49,053	59,274	614,681
Capital Payment	12,496	1,679	1,935	2,308	6,758	2,324	2,290	3,351	2,560	2,701	3,132	14,400	55,934
Other items (Specify in narrative)	8,721	8,960	17,124	3,343	15,476	3,933	8,996	15,181	10,602	4,055	9,166	10,557	116,114
<b>TOTAL PAYMENTS</b>	<b>139,414</b>	<b>125,584</b>	<b>151,996</b>	<b>116,141</b>	<b>137,914</b>	<b>108,123</b>	<b>127,883</b>	<b>144,359</b>	<b>127,437</b>	<b>120,788</b>	<b>127,013</b>	<b>152,700</b>	<b>1,579,352</b>
<b>Net cash inflow/outflow</b>	450	3,299	(3,909)	344	4,108	(1,874)	41	(521)	15	327	(24)	(2,893)	
<b>Balance b/f</b>	1,856	2,306	5,605	1,696	2,040	6,148	4,274	4,315	3,794	3,809	4,136	4,112	
<b>Balance c/f</b>	2,306	5,605	1,696	2,040	6,148	4,274	4,315	3,794	3,809	4,136	4,112	1,219	

PROGRESS AGAINST CRL AS AT 31<sup>st</sup> MARCH 2019

Approved CRL issued March 25 <sup>th</sup> 2019 £'000s		48,487				
Performance against CRL	Year To Date			Forecast		
	Plan £'000	Actual £'000	Var. £'000	Plan £'000	F'cast £'000	Var. £'000
<b>All Wales Capital Programme:</b>						
Relocation of the Central Processing Unit	0	0	0	0	0	0
Neonatal BJC 2	13,990	13,924	(66)	13,990	13,924	(66)
CRI Safeguarding	548	474	(74)	548	474	(74)
Rookwood Emergency Works	499	265	(234)	499	265	(234)
Anti Ligature Works	100	163	63	100	163	63
UHW Interventional Radiology Suite	500	1,068	568	500	1,068	568
Acceleration and implementation of National Clinical Systems	597	666	69	597	666	69
Reurbishment of the Renal Facilities at UHW	1,197	1,189	(8)	1,197	1,189	(8)
Purchase of Woodland House	2,950	3,996	1,046	2,950	3,996	1,046
Rookwood Replacement	4,420	3,197	(1,223)	4,420	3,197	(1,223)
ETTF Funding re BEST Software for ALAC	21	21	0	21	21	0
UHL Theatres	1,000	565	(435)	1,000	565	(435)
IM&T Discretionary	1,786	1,649	(137)	1,786	1,649	(137)
Digital Cellular Path	126	118	(8)	126	118	(8)
Renal IM&T	17	0	(17)	17	0	(17)
Microbiology Labs Works	160	2	(158)	160	2	(158)
Additional Medical Equipment	4,300	4,301	1	4,300	4,301	1
ETTF- National Mobilisation Project	10	9	(1)	10	9	(1)
Eye Care Sustainability	320	326	6	320	326	6
Maelfa Primary Care Hub	273	384	111	273	384	111
Cogan Primary Care Hub	262	292	30	262	292	30
Cyber Security Initiatives	50	50	0	50	50	0
ICF -Young onset Dementia Centre	473	471	(2)	473	471	(2)
<b>Sub Total</b>	<b>33,599</b>	<b>33,130</b>	<b>(469)</b>	<b>33,599</b>	<b>33,130</b>	<b>(469)</b>
<b>Discretionary:</b>						
I.T.	904	1,304	400	904	1,304	400
Equipment	1,933	2,850	917	1,933	2,850	917
Statutory Compliance	2,022	1,827	(195)	2,022	1,827	(195)
Estates	10,965	10,238	(727)	10,965	10,238	(727)
<b>Sub Total</b>	<b>15,824</b>	<b>16,219</b>	<b>395</b>	<b>15,824</b>	<b>16,219</b>	<b>395</b>
<b>Donations:</b>						
Charitable Funds Equipment	631	631	0	631	631	0
<b>Sub Total</b>	<b>631</b>	<b>631</b>	<b>0</b>	<b>631</b>	<b>631</b>	<b>0</b>
<b>Asset Disposals:</b>						
Carbon Reduction Emissions Surrendered	170	170	0	170	170	0
Amy Evans	0	0	0	0	0	0
Colcott Clinic	118	117	(1)	118	117	(1)
Iorweth Jones	0	0	0	0	0	0
Equipment and Intangible assets	17	17	0	17	17	0
Land at Royal Hammadryad	1	1	0	1	1	0
<b>Sub Total</b>	<b>306</b>	<b>305</b>	<b>(1)</b>	<b>306</b>	<b>305</b>	<b>(1)</b>
<b>CHARGE AGAINST CRL</b>	<b>48,486</b>	<b>48,413</b>	<b>(73)</b>	<b>48,486</b>	<b>48,413</b>	<b>(73)</b>
<b>PERFORMANCE AGAINST CRL (Under)/Over £'000s</b>			<b>(74)</b>		<b>(74)</b>	

<b>Report Title:</b>	<b>2019-20 Cost Reduction Programme</b>						
<b>Meeting:</b>	<b>Finance Committee</b>					<b>Meeting Date:</b>	<b>24<sup>th</sup> April 2019</b>
<b>Status:</b>	<b>For Discussion</b>	<b>x</b>	<b>For Assurance</b>	<b>x</b>	<b>For Approval</b>	<b>For Information</b>	<b>x</b>
<b>Lead Executive:</b>	<b>Executive Director of Finance</b>						
<b>Report Author</b>	<b>Assistant Director of Finance</b>						

## SITUATION

The UHB has a total savings requirement of £31.245m in 2019/20. This report summarises progress against the 2019/20 UHB devolved 2% savings programme of £16.345m and the Cross Cutting contribution. The report also summarises progress against the £14.900m corporate and high value opportunities target.

## ASSESSMENT

### PROGRESS AGAINST DEVOLVED CRP REQUIREMENT 2019-20

As at 5<sup>th</sup> April 2019 £14.111m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m. There is therefore a shortfall of £2.234m to be identified by delegated budget holders. Of the £14.111m identified schemes, £11.718m is recurrent and £2.392m is non recurrent.

There is an expectation that Clinical Boards get 100% of schemes in green and amber as soon as possible.

### PROGRESS AGAINST CROSS CUTTING THEMES 2019-20

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

As at 5<sup>th</sup> April £5.145m of opportunities have been identified as Green or Amber contributing towards the delivery of the £16.345m devolved CRP target.

### PROGRESS AGAINST CORPORATE AND HIGH VALUE OPPORTUNITIES TARGET

As at 5<sup>th</sup> April 2019 £12.600m had been identified as Green or Amber against the £14.900m corporate and high value opportunities target. There is therefore a shortfall of £2.300m to be identified. Of the £12.600m identified schemes, £5.400m is recurrent and £7.200m is non recurrent.

A significant amount of work is underway to address this shortfall focusing on a number of areas highlighted through both the Efficiency Framework and our own internal benchmarking and analysis.

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 £26.711m against the UHB total CRP requirement of £31.245m. This leaves a shortfall £4.534m.

To ensure we achieve our financial objectives for 2019/20 and deliver against our IMTP commitments we need to progress the savings programme as a matter of urgency to have 100% CIP schemes in green and amber.

**ASSURANCE** is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The weekly reported CIP tracker.

**RECOMMENDATION**

The Finance Committee is asked to:

- **NOTE** the progress against the £31.245m UHB savings requirement for 2019/20.

**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	
<b>Equality and Health Impact Assessment Completed:</b>	Not Applicable								



## Savings Tracker Summary

### 2019-20 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Estates and Facilities	1,290	1,211	79	1,290	267	0
Specialist Services	2,019	1,207	814	2,021	627	-2
Medicine	1,877	1,583	233	1,816	21	61
PCIC	3,300	1,323	1,700	3,023	611	277
Children & Women	1,775	671	924	1,594	278	181
CD&T	1,633	607	837	1,444	418	189
Mental Health	1,470	253	944	1,197	100	273
Corporate Execs	681	481	61	542	112	139
Surgery	2,300	1,089	95	1,184	741	1,116
<b>Total</b>	<b>16,345</b>	<b>8,425</b>	<b>5,685</b>	<b>14,111</b>	<b>3,175</b>	<b>2,234</b>
Corporate	14,900	600	12,000	12,600	0	2,300
<b>Total</b>	<b>31,245</b>	<b>9,025</b>	<b>17,685</b>	<b>26,711</b>	<b>3,175</b>	<b>4,534</b>

### 2019-20 Full Year Effect

Clinical Board	3% Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Estates and Facilities	1,290	702	92	795	267	495
Specialist Services	2,019	1,007	796	1,803	650	216
Medicine	1,877	2,278	177	2,454	26	-577
PCIC	3,300	1,328	1,409	2,737	611	563
Children & Women	1,775	280	1,079	1,359	325	416
CD&T	1,633	577	518	1,095	432	538
Mental Health	1,470	78	1,142	1,220	100	250
Corporate Execs	681	504	61	565	112	116
Surgery	2,300	789	98	887	799	1,413
<b>Total</b>	<b>16,345</b>	<b>7,543</b>	<b>5,372</b>	<b>12,915</b>	<b>3,322</b>	<b>3,430</b>
Corporate	14900	450	10,300	10750	0	4150
<b>Total</b>	<b>31,245</b>	<b>7,993</b>	<b>15,672</b>	<b>23,665</b>	<b>3,322</b>	<b>7,580</b>

## Corporate Schemes

### 2019-20 In-Year Effect against £14.9m target

Scheme	Green	Amber	Total Green & Amber
	(£)	(£)	(£)
Medicines Management (Lucentis / Avastin)		1,000,000	1,000,000
Estates Management (Global Link rent)	200,000		200,000
Sale of Iorwerth Jones profit on disposal	400,000		400,000
Net rates reduction		450,000	450,000
Management Structures - Organising for Success		1,000,000	1,000,000
Non Electice LOS - Bed reduction (3 wards)		1,250,000	1,250,000
Managed Service Contract - Theatres stock control/product variation		500,000	500,000
Building purchase from discretionary capital (WEQAS)		1,800,000	1,800,000
Review of discretionary expenditure		1,000,000	1,000,000
Cost Avoidance - Rates		2,000,000	2,000,000
Cost Avoidance - CHC		2,000,000	2,000,000
Accounting policy change - goods received		1,000,000	1,000,000
<b>Total</b>	<b>600,000</b>	<b>12,000,000</b>	<b>12,600,000</b>

## WTE Tracker Summary

### 2019-20 In-Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	1.13	0.00	1.13	0.50
Capital Estates and Facilities	0.00	0.00	0.00	0.00
Specialist Services	0.00	0.00	0.00	0.00
Medicine	3.28	0.00	3.28	0.00
Surgery	0.00	0.00	0.00	14.84
Children & Women	0.00	6.10	6.10	0.00
CD&T	7.80	9.51	17.31	1.00
Mental Health	2.00	1.00	3.00	0.00
Corporate Execs	3.70	0.75	4.45	2.50
<b>Total</b>	<b>17.91</b>	<b>17.36</b>	<b>35.27</b>	<b>18.84</b>

### Full Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	1.13	0.00	1.13	0.50
Capital Estates and Facilities	0.00	0.00	0.00	0.00
Specialist Services	0.00	0.00	0.00	0.00
Medicine	3.28	0.00	3.28	0.00
Surgery	0.00	1.00	1.00	15.84
Children & Women	0.00	6.10	6.10	0.00
CD&T	7.80	9.51	17.31	1.00
Mental Health	2.00	1.00	3.00	0.00
Corporate Execs	3.70	0.75	4.45	2.50
<b>Total</b>	<b>17.91</b>	<b>18.36</b>	<b>36.27</b>	<b>19.84</b>

## Progress against 2019-20 Devolved Recurrent and Non Recurrent Targets

Clinical Board	Recurrent		Non Recurrent
	18-19 3% recurrent	Identified Green & Amber	Identified Green & Amber
	£'000	£'000	£'000
Capital Estates and Facilities	1,290	747	543
Specialist Services	2,019	1,779	242
Medicine	1,877	1,773	43
PCIC	3,300	2,765	258
Children & Women	1,775	1,188	406
CD&T	1,633	1,073	371
Mental Health	1,470	1,022	175
Corporate Execs	681	542	0
Surgery	2,300	830	354
<b>Total</b>	<b>16,345</b>	<b>11,718</b>	<b>2,392</b>
Corporate	14,900	5,400	7,200
<b>Total</b>	<b>31,245</b>	<b>17,118</b>	<b>9,592</b>

## Cross Cutting Tracker Summary 2019/20

### In-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
	(£'000)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	15	91	50	106	1,894
Medicines Management	2,000	1,440	990	73	2,430	-430
Nursing Productivity	1,000	1,105	300	21	1,405	-405
Procurement	2,000	566	283	144	849	1,151
Workforce Productivity	2,000	318	37	163	354	1,646
<b>Total</b>	<b>9,000</b>	<b>3,444</b>	<b>1,701</b>	<b>451</b>	<b>5,145</b>	<b>3,855</b>

### Full Year Effect

Clinical Group	2020-21	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	15	91	50	106	1,894
Medicines Management	2,000	1,548	1,090	73	2,638	-638
Nursing Productivity	1,000	1,534	300	36	1,834	-834
Procurement	2,000	482	207	183	689	1,311
Workforce Productivity	2,000	282	42	197	324	1,676
<b>Total</b>	<b>9,000</b>	<b>3,862</b>	<b>1,730</b>	<b>539</b>	<b>5,592</b>	<b>3,408</b>

## Appendix B – CRP RAG Rating

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

<b>Report Title:</b>	Finance Risk Register							
<b>Meeting:</b>	Finance Committee					<b>Meeting Date:</b>	24 <sup>th</sup> April 2019	
<b>Status:</b>	For Discussion	x	For Assurance	x	For Approval		For Information	x
<b>Lead Executive:</b>	Executive Director of Finance							
<b>Report Author (Title):</b>	Assistant Director of Finance							

## SITUATION

This report highlights the 2019/20 Finance Risk Register risk categorisation by severity of risk as at 24<sup>th</sup> April 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:

#### 2019/20 UHB Financial Risks at 27<sup>th</sup> March 2019

Risk Category	Risk Score	Number of Risks as at 24 April 2019
Extreme Risk	20 - 25	3
High Risk	12 - 16	2
Moderate Risk	4 - 10	6
Low Risk	1 - 3	0

## RECOMMENDATION

The Finance Committee are asked to note the risks highlighted.

## SUMMARY

The Finance Committee will be kept up to date regarding any additions to the Risk Registers 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 2019/20 risk register
- **ENDORSE** the removal of highlighted low level risks from the 2018/19 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	Fin01/19	Mar-19	The opening underlying deficit in 19/20 is £36.3m. The IMTP planned c/f underlying deficit in 2020/21 is £4m.	Governance reporting and monitoring arrangements through the Finance Committee and Board	5	4	20	Adequate but more Action Required	Progress against the underlying deficit is to be managed by Management Executive.	4	3	12	Apr-19	Assistant Director of Finance	May-19	The Board	Director of Finance	Finance Committee
Finance	Fin02/19	Mar-19	Manage Budget pressures	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.	5	3	15	Adequate but more Action Required	Escalation process led by Chief Executive.	4	2	8	Apr-19	Assistant Director of Finance	May-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin03/19	Mar-19	Deliver 2% Recurrent CIP (£16.4m)	2% 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.	5	4	20	Adequate but more Action Required		4	3	12	Apr-19	Assistant Director of Finance	May-19	The Board	Director of Finance	Finance Committee
Finance	Fin04/19	Mar-19	Develop and deliver Corporately led financial opportunities of £14.9m to achieve year end break even position	CIP target clearly communicated. CIP tracker in place to monitor weekly progress. Executive lead identified for each Corporate Scheme	5	4	20	Adequate but more Action Required		4	3	12	Apr-19	Assistant Director of Finance	May-19	The Board	Director of Finance	Finance Committee
Finance	Fin05/19	Mar-19	Manage internal investments within £4m envelope	When Internal investment plan agreed business cases to be approved through the Business Case Approval Group (BCAG)	3	2	6	Optimum Controls/NFA Required	Internal investments will not be agreed until the UHB has a full savings programme in place.	3	2	6	Apr-19	Assistant Director of Finance	May-19	The Board	Director of Finance	Finance Committee
Finance	Fin06/19	Mar-19	Deliver RTT within resources available (£10.5m 19/20)	The UHB will continue to work closely with WG to ensure appropriate resources are made available to maintain progress.	4	3	12	Adequate but more Action Required	Monthly meetings with the COO, progress report to be received through performance review meetings and regular dialogue with WG.	3	2	6	Apr-19	Assistant Director of Finance	May-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin07/19	Mar-19	Winter pressures managed within (£1.5m 19/20)	Winter plan for 2019/20 being developed for sign off by Management Executive.	3	3	9	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	Apr-19	Assistant Director of Finance	May-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin08/19	Mar-19	Commissioning Risks	Regular performance/LTA meetings with other providers/WHSSC and internal commissioning group.	3	3	9	Optimum Controls/NFA Required	None	3	2	6	Apr-19	Assistant Director of Finance	May-19	The Board	Director of Finance	Finance Committee

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

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

<b>Adverse publicity/ reputation</b>	Rumours Potential for public concern	Local media coverage – short-term reduction in public confidence  Elements of public expectation not being met	Local media coverage – long-term reduction in public confidence	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. MP/AM concerned (questions in the House/Assembly)  Total loss of public confidence
<b>Business objectives/ projects</b>	Insignificant cost increase/ schedule slippage	<5 per cent over project budget  Schedule slippage	5–10 per cent over project budget  Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget  Schedule slippage Key objectives not met
<b>Finance including claims</b>	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget  Claim less than £10,000	Loss of 0.25–0.5 per cent of budget  Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget  Claim(s) between £100,000 and £1 million Purchasers failing to pay on time	Non-delivery of key objective/ Loss of >1 per cent of budget  Failure to meet specification/ slippage Loss of contract Claim(s) >£1 million
<b>Service/business interruption</b>	Loss/interruption of >1 hour	Loss/interruption of >8 hours	Loss/interruption of >1 day	Loss/interruption of >1 week	Permanent loss of service or facility
<b>Environmental impact</b>	Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

### Likelihood Score (L)

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

#### Likelihood Score

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

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

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

<b>Report Title:</b>	<b>Costing and Value Update</b>					
<b>Meeting:</b>	Finance Committee				<b>Meeting Date:</b>	23/04/2019
<b>Status:</b>	<b>For Discussion</b>	X	<b>For Assurance</b>		<b>For Approval</b>	<b>For Information</b>
<b>Lead Executive:</b>	Director of Finance					
<b>Report Author (Title):</b>	Head of Finance – Commissioning & Benchmarking					

## SITUATION

The UHB has been in the process of implementing a new, advanced patient level costing system, as part of an all-Wales programme. The system has now been used to produce and submit the latest statutory costing returns to Welsh Government in line with annual requirements.

The costing and value agenda within Wales is growing, with various national and local priorities progressing through programmes designed to respond to A Healthier Wales, Value-Based Healthcare initiatives and the UHB's strategic agenda.

This paper seeks to:

1. Update the Committee on the national implementation of the new costing software
2. Update the Committee on the final Welsh Costing Returns (WCRs) 2017/18 submission
3. Update the Committee on the the national and local costing and value agenda.

The first two items are in response to recommendations from the WAO Structured Assessment and an Internal Audit Costing Audit Report.

## REPORT

### BACKGROUND

The Welsh Costing Returns (WCRs) are a nationally mandated data submission which are submitted to Welsh Government on an annual basis. There are several components to the returns, the foundation being the annual accounts as signed off by the Director of Finance, and the annual activity provided and signed off by the Head of Information. The activity delivered by Cardiff & Vale UHB (C&V) as a provider is costed on an individual basis, using the UHB's patient level costing (PLC) system.

As part of a work-stream established through the FICaB (Financial Information) sub-group of DoFs, supported by the Welsh Government's Finance Delivery Unit (FDU), LHBs have sourced, procured and implemented a new all-Wales costing system supplied by a company named PCG. This system has been used to produce the 2017-18 WCRs.

At the same time, the UHB's costing and value agenda is growing in response to national and local priorities. The value agenda seeks to link cost, activity and outcomes to inform and improve decision-making across the health and care system. The C&V UHB costing team currently delivering costing within the UHB consists of 2.6 wte.

## ASSESSMENT

### 1. New Costing System

The implementation of a new costing system has brought exceptional challenge to the costing team. It has however met all Welsh Government deadlines for the 2017-18 WCR submissions, utilising the new system despite contract implementation difficulties. Contract management continues on an all-Wales basis whilst residual agreed outputs and documentation are finalised with the supplier. It is expected that that this will conclude by Summer 2019.

The new system has significant potential, with a full patient level costing function allowing costs and cost drivers (e.g. Theatre Minutes, Radiology, Prosthesis, Pathology etc.) to be traced from the ledger through to individual patient 'bills'. The intention is to produce a series of standardised outputs for incorporation into the UHB's Business Intelligence System (BIS), making reports available for activity, cohort and variation analysis to inform decision-making. This is, however, dependant on available resource capacity within the costing team and, critically, ongoing support from the Information department.

### 2. Welsh Costing Returns

The WCRs include a series of 10 returns from a provider, commissioner and technical perspective, including:

- i. UHB Provider Summary (WCR 1) which is speciality/point of delivery based.
- ii. UHB Provider High Level HRG Summary (WCR 2) for Admitted Patient Care (APC) episodes.
- iii. Patient Level Information Costs (PLICs) for APC and OPs.
- iv. Summary Programme Budgeting Returns (WCR 3 / 13).  
*These are on both a provider and commissioner basis and report costs by programmes of care.*

The above summary returns are published internally on the UHB's intranet pages and can be accessed by Committee Members via the link below:

[CAV Intranet Link - Costing Returns](#)

The other returns, including technical reconciliations etc. are available on request.

In addition, the WCR 2 submissions are collated into an all-Wales index; HRG's are indexed according to their average cost across Wales for each point of delivery. There are wide variances between indexing within points of delivery. The summary cost index for 2017/18 is attached as **Appendix 1**.

The all-Wales cost index has ranked C&V in first place for financial efficiency in 2017-18. The UHB was ranked 4<sup>th</sup> and 3<sup>rd</sup> of the 7 health boards in the two previous years. Whilst Welsh Government acknowledge and support these rankings, all health boards recognise the significant limitations in this relatively crude approach to cost comparison. Despite C&V UHB's



high ranking this year, the returns also produce results that provide obvious areas for improvement such as for the indexed length of stay in which C&V UHB was ranked 6<sup>th</sup>.

The PLICs data is a key enabler to cost patient cohorts and pathways, identify variation, deliver efficiencies and, when combined with outcomes, drive improved value. It is also the return which will be utilised in the National Data Resource (NDR) exercise as part of the Work-stream 3 programme response for 'A Healthier Wales' actions.

### **3. Costing and Value Agenda / Resources**

Many of the national and local priorities include programmes with a costing work stream / component. This is due to the critical need to combine cost, activity and outcome information to truly assess value in decision-making.

There are a number of ongoing / commencing programmes such as TDABC, the NDR, linking to PROMs, contract rebasing (cost vs income), and potentially the implications of Lightfoot etc. These run alongside core costing and benchmarking functions supporting Clinical Boards/ services in variation analysis, business case preparation, cohort/pathway costing etc.

This is very positive and the embedding of a culture focused on evidence-based decision-making and value is to be recognised as key to delivering greater efficiencies in the operation of the UHB.

The financial information and analysis is often from the same costing sources – driven from multi-year PLICs cohort/pathway analysis to match data, identify variation, analyse cost or identify efficiency opportunities. The current Costing Team comprises 2.6 dedicated wte, whose main responsibilities include the maintenance of the costing system, continuous improvement of costing methodologies through liaison with Clinical Board/Service colleagues, and the production, validation and submission of statutory returns.

There has recently been some positive feedback received from the Value-Based Healthcare work recently showcased by Aneurin Bevan HB, supported by its Costing and Value sections. They have made a considerable investment in staff to support this agenda.

The UHB has the same level of costing and benchmarking information and capability available and has the potential to expand and promote this within C&V to support and drive the national and local programmes in line with UHB strategic priorities. However, the capacity of the UHB is currently limited and if this was a priority it would require further investment and expansion.

**ASSURANCE** is provided by:

- Compliance with the national costing standards and guidance from HFMA and Welsh Government applied by the professional finance function.

### **RECOMMENDATION**

The Finance Committee is asked to:

- **Note** the progress on the implementation of the new Costing software within Wales and in the UHB.

- **Note** the formal submission of the 2017/18 WCRs, published internally as linked above, to the FDU / Welsh Government.
- **Note** the UHB's current support to the growing Costing and Value agenda within NHS Wales.

### 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	X	7. Be a great place to work and learn	X
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	X
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	X

### Five Ways of Working (Sustainable Development Principles) considered

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

Prevention	X	Long term	X	Integration		Collaboration	X	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.



## Appendix 1 - 2017/18 Welsh Benchmarking SLR Analysis

### All Wales Index

Index Category	ABMUHB	ABUHB	BCUHB	CVUHB	CTUHB	HDUHB	PTHB	Grand Total	Max	Min	15/16 Max	15/16 Min	Year on Year Index range
Elective HRGs	95.9	90.4	108.3	95.5	102.7	97.1	166.5	100.0	166.5	90.4	152.3	84.7	Expanded by 12.7%
Non Elective HRGs	95.1	83.7	101.1	114.6	97.9	112.9	297.8	100.0	297.8	83.7	252.9	87.6	Expanded by 29.6%
Non Elective Short Stay HRGs	112.9	82.4	113.5	91.6	100.6	107.6	275.7	100.0	275.7	82.4	130.6	55.6	Expanded by 157.6%
Maternity HRGs			120.9	88.5		124.3		100.0	275.7	82.4	119.9	36.2	Contracted by 37.0%
WCR1 Specialist Services	74.6	78.2			127.4			100.0	127.4	74.6	108.1	86.4	Contracted by 17.1%
Critical Care	88.3		108.5	106.3		93.4		100.0	106.3	88.3	119.0	82.7	Contracted by 16.8%
Regular Day Attenders		111.5	92.5			110.1		100.0	106.3	88.3	126.0	85.0	Expanded by 141.5%
MH &LD (Bed Days)	90.5	92.9		97.6	120.7	107.8		100.0	120.7	90.5	145.2	88.1	Expanded by 18.6%
	110.1	98.0		84.8					110.1	11.1			
	92.6		142.6	74.9	94.5		140.0		142.6	74.9			
Other Services	100.0	100.0	100.0	100.0	100.0	100.0		100.0	100.0	100.0	100.0	100.0	
Outpatient Procedures	81.3	98.7	109.8	129.9	276.5	108.9	48.5	100.0	276.5	48.5	128.5	61.2	Expanded by 238.9%
Outpatients (New)	101.1	89.8	111.1	84.2	102.6	109.8	118.7	100.0	118.7	84.2	138.4	60.1	Contracted by 55.9%
Outpatients (Follow Up)	100.2		104.1			104.3		100.0	118.4	86.8	122.3	86.0	Contracted by 13.0%
Outpatients (Pre Op)		118.4	113.9	93.9	86.8		101.9	100.0	118.4	86.8	157.3	63.9	Contracted by 8.2%
Day Care	69.9	89.8		88.9	105.6	155.7		100.0	155.7	69.9	127.7	66.6	Expanded by 226.1%
Patients Using A&E	78.6	263.7	64.6	131.0	69.5	100.5	94.2	100.0	263.7	64.6	132.0	81.4	Contracted by 33.3%
Community (Local)	93.4	104.8	100.9	91.6	87.2	120.9	112.3	100.0	263.7	64.6	138.9	80.5	Contracted by 5.2%
Community (Regional)	91.1	108.6	101.8	78.9	114.4	108.1	134.2	100.0	120.9	87.2	127.8	89.3	Contracted by 12.3%
	117.2		121.9	88.1					121.9	88.1			
Community (Screening)		100.0		100.0	100.0			100.0	100.0	100.0	100.0	100.0	
Community (HDD)	100.0	100.0	100.0	100.0	100.0	100.0		100.0	100.0	100.0	100.0	100.0	
Primary Care	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Outsourced Activity	100.0	100.0			100.0	100.0		100.0	100.0	100.0	100.0	100.0	
Other Specialist Services								100.0	100.0	100.0	100.0	100.0	
Grand Total 2017/18 Index	96.6	96.9	104.0	96.3	100.3	105.2	111.9	100.0	111.9	96.3	111.5	95.8	Contracted by 1.0%
RANK 2017/18	2.0	3.0	5.0	1.0	4.0	6.0	7.0						
Grand Total 2016/17 Index	95.8	96.8	103.3	98.0	97.8	108.0	111.5	100.0	111.5	95.8			
RANK 2016/17	1.0	2.0	5.0	4.0	3.0	6.0	7.0						
WCR1 Quantum Increase In Year	1.5%	2.8%	2.5%	1.9%	1.8%	3.1%	5.2%	2.3%					