

## Bundle Finance Committee 29 May 2019

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- 5 DATE AND TIME OF NEXT MEETING  
*Wednesday, 26 June 2019 at 2.00pm*  
*Coed y Nant Meeting Room, Headquarters, Woodlands House*

**AGENDA**  
**FINANCE COMMITTEE**  
**29<sup>th</sup> May 2019 at 2pm**  
**Coed Y Nant Meeting Room, HQ, Woodland House**

<b>1.</b>	<b>Preliminaries</b>	
1.1	Welcome & Introductions	John Antoniazzi
1.2	Apologies for Absence	John Antoniazzi
1.3	Declarations of Interest	John Antoniazzi
1.4	Minutes of the Committee Meeting held on 24 <sup>th</sup> April 2019	John Antoniazzi
1.5	Action Log	John Antoniazzi
1.6	Chairs Action taken since last meeting	John Antoniazzi
<b>2.</b>	<b>Items for Review and Assurance</b>	
2.1	Finance Report for Month 1	Chris Lewis
2.2	Cost Reduction Programme and Cross Cutting Theme	Andrew Gough
2.3	Finance Risk Register	Andrew Gough
<b>3</b>	<b>Items for Noting and Information</b>	
3.1	Month 1 Financial Monitoring Returns	
<b>4.</b>	<b>Items to bring to the attention of the Board/Committee</b>	John Antoniazzi
<b>5.</b>	<b>Date and time of next Meeting</b>	
	Wednesday 26th June 2019 at 2pm, Coed Y Nant Meeting Room, HQ, Woodland House	

**UNCONFIRMED MINUTES OF FINANCE COMMITTEE  
HELD ON 24<sup>th</sup> APRIL 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
Nicola Foreman	NF	Director of Corporate Governance
Robert Chadwick	RC	Executive Director of Finance
Ruth Walker	RW	Executive Nurse Director
Steve Curry	SC	Chief Operating Officer

**In Attendance:**

**Secretariat:**

Paul Emmerson	PE	Finance Manager
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**Apologies:**

Andrew Gough	AG	Assistant Director of Finance
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
Sharon Hopkins	SH	Deputy Chief Executive

<b>FC 19/040</b>	<b>WELCOME AND INTRODUCTIONS</b>  The Chair welcomed everyone to the meeting.	<b>ACTION</b>
<b>FC 19/041</b>	<b>APOLOGIES FOR ABSENCE</b>  Apologies for absence were noted.	
<b>FC 19/042</b>	<b>DECLARATIONS OF INTEREST</b>  The Chair invited members to declare any interests in proceedings on the Agenda.  The UHB Vice Chair (CJ) stated that he was Chair of a WHSSC sub-committee and declared an interest in discussions in respect of WHSSC.	
<b>FC 19/043</b>	<b>MINUTES OF THE BOARD MEETING HELD ON 27<sup>th</sup> MARCH</b>	

	<p>The minutes of the meeting held on 27<sup>th</sup> March 2019 were reviewed for accuracy.</p> <p><b>Resolved – that:</b></p> <p>The minutes of the meeting held on 27<sup>th</sup> March 2019 were approved by the Committee as an accurate record.</p>	
<b>FC 19/044</b>	<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 confirmed that there had been no significant changes since the previous update and that a report was expected to be back to the Committee after the end of June 2019 as planned.</p> <p><b>Action Incomplete.</b></p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>received</b> the Action Log.</p>	Executive Nurse Director
<b>FC 19/045</b>	<p><b>CHAIRS ACTION SINCE THE LAST MEETING</b></p> <p>No action had been taken since the last meeting.</p>	
<b>FC 19/046</b>	<p><b>INTEGRATED MEDIUM TERM PLAN (IMTP) 2019-22</b></p> <p>The Chief Executive confirmed that following Welsh Government approval of the IMTP that there was an expectation that progress against the plan would primarily be scrutinised through the Strategy and Delivery Committee. Performance against the Financial Plan within the IMTP would be monitored through the monthly Finance Report presented to the Finance Committee. In this context the Committee agreed that the IMTP would not be considered as a standing item on the agenda for future meetings</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the monitoring arrangements for performance against the IMTP.</p>	
<b>FC 19/047</b>	<b>FINANCE REPORT AS AT MONTH 12</b>	

	<p>The Deputy Director of Finance presented the UHB's financial performance to month 12 and highlighted that all the results were provisional as the draft accounts have not yet been finalized and would be subject to External Audit scrutiny.</p> <p>The Committee was informed that the provisional outturn against the three key performance measures was as follows:</p> <ul style="list-style-type: none"> <li>• The UHB's provisional draft year end revenue outturn was a deficit of £9.873m which is £0.027m better than the £9.900m forecast deficit;</li> <li>• The UHB had remained within its Capital Resource limit;</li> <li>• The UHB achieved its creditor payment compliance target.</li> </ul> <p>It was also highlighted that the UHB had not met its duty under section 175 (1) of the National Health Service (Wales) Act to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years. The committee was informed that the rolling deficit reported by the UHB over the 3 year period from 2016/17 to 2018/19 was £65.969m.</p> <p>It was noted that 7 out of the 9 performance measures on the Finance Dashboard had been rated Green. The measures to assess performance against revenue resource limits and the underlying deficit remained rated red.</p> <p>A £2.6m under-recovery was reported against income targets and approximately £1.3m of this related to a decline in the level of patient activity provided to other Welsh Health Boards. The drop in reported activity was most significant in orthopaedic, haematology and urology services provided to Cwm Taf and Aneurin Bevan Health Boards.</p> <p>A £1.9m year-end underspend was reported against pay budgets however it was noted that there were pressures against nursing and medical pay budgets.</p> <p>There was little movement against non pay budgets in month although it was noted that a £3.2m overspend was reported against clinical services and supplies. Picking up on this issue the UHB Vice Chair (CJ) asked whether a more detailed report on the issues behind the overspend against Clinical Services and Supplies should be brought to a future Finance Committee meeting. In this context the Deputy Director of Finance suggested that the Committee should closely monitor financial performance in the first few months of 2019/20 with a view to requesting a more detailed report if the overspend continued to be a concern.</p> <p>Moving onto delegated budget holders the committee was informed that the year end overspends reported by the CD&amp;T, Medicine, Surgery and Children &amp; Women Clinical Boards were areas of concern that would need to be monitored moving forwards.</p>	
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	<p>In this context the Finance Committee Chair (JA) asked whether 2018/19 financial performance was a repeat of previous Clinical Board Performance and the UHB Chair (MB) asked whether there were opportunities for good practice to be share across Clinical Boards</p> <p>The Director of Finance indicated to the Finance Committee that the UHB's Performance Review Process sought assurance from Clinical Boards that they were sighted on the issues which were driving overspends and that plans were progressed to remedy pressure points. The Cross Cutting Programme was established to support the delivery of the devolved CRP target across Clinical Boards so that common themes could be applied consistently across the UHB. In addition successful initiatives were communicated between finance teams and the Chief Operating Officer shared areas of good practice in his meetings with Clinical Boards.</p> <p>The UHB Vice Chair (CJ) asked whether Clinical Board overspend and underspends would be carried forward into 2019/20. The Chief Operating Officer indicated that the challenges faced in year varied across Clinical Boards and that the final position of each Board was considered alongside the requirement to maintain levels of performance, quality and patient safety. The Director of Finance confirmed that in this context the UHB considered the financial performance of each Clinical Board alongside the overall position of the UHB and that areas of concern were resolved through the monthly Performance Review with each Clinical Board. The Director of Finance added that Clinical Board budgets would not be adjusted for 2018/19 financial performance moving into 2019/20 in the expectation that Clinical Boards would continue to address and manage the operational pressures and slippage against Savings Plans that had emerged in 2018/19.</p> <p>The year-end cash balance of £1.2m was considered reasonable given that the UHB typically spent in excess of £3m a day.</p> <p>Moving on the Deputy Director of Finance referred to the £36.261m Underlying Deficit that the UHB would carry forwards into 2019/20 which was in line with the IMTP.</p> <p>It was noted that whilst the UHB had successfully delivered its PSPP target in the year, performance in month had fallen and that the UHB was working with colleagues in Procurement to address the drop in performance.</p> <p>The UHB had successfully remained within its Capital Resource Limit (CRL) in 2018/19 with net capital expenditure reported at £48.413m. This was marginally (0.15%) below the approved CRL of £48.486m. It was emphasised that this performance reflected the forward planning undertaken by the UHB's Capital Management Group which alongside the work of the Procurement Department at year end had enabled the UHB to fully utilize capital allocations that were confirmed towards the end of the year.</p>	
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	<p><b>LIMITED ASSURANCE</b> was provided by:</p> <ul style="list-style-type: none"> <li>• The scrutiny of financial performance undertaken by the Finance Committee;</li> <li>• The month 12 position which was lower than the planned deficit within the Annual Operational Plan.</li> </ul> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> that the provisional draft year end revenue deficit of £9.873m was £0.027m lower than the planned deficit of £9.900m;</p> <p>The Finance Committee <b>noted</b> the year end capital position was a spend of £48.413m against a CRL of £48.496m;</p> <p>The Finance Committee <b>noted</b> the UHB had achieved its creditor payment compliance target of 95%.</p>	
<b>FC19/048</b>	<p><b>COST REDUCTION PROGRAMME AND CROSS CUTTING THEME</b></p> <p>The 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 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, leaving a gap of £2.234m. £11.718m of the identified schemes were recurrent and £2.393m 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 5<sup>th</sup> April 2019 leaving a shortfall of £2.300m to be identified. Of the £12.600m identified schemes, £5.400m was recurrent and £7.200m was non recurrent.</li> <li>• As at 5<sup>th</sup> April 2019 £5.145m 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>It was confirmed that the gap against the cost reduction target would be reported to Welsh Government through the month 1 Monitoring Return.</p> <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>FC19/049</b>	<p><b>RISK REGISTER</b></p> <p>The Deputy Director of Finance presented the 2019/20 Risk Registers and highlighted to the Committee that 3 of the risks identified on the 2019/20 Risk Register were still categorized as extreme risks (Red) namely:</p>	

	<ul style="list-style-type: none"> <li>• Reduction in the £36.3m underlying deficit b/f to 2019/20 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>Turning to the other risks, the Director of Finance indicated that new investments from the investment reserve were currently on hold until the gap in savings plans was bridged. The Director of Finance added that the UHB had been asked by Welsh Government to continue with additional work to meet Performance targets in the expectation that further resource would be provided to cover additional costs and that there was also an expectation that further resource would be available to meet winter pressures.</p> <p>In respect of commissioning risks the Director of Finance confirmed that the UHB was working with Aneurin Bevan Health Board to ensure that contracting currencies accurately reflected the substance and complexity of cross border patient flows into Cardiff and Vale. It was intended that the agreed contracting mechanism would be shared through the All Wales Finance Development Group with the intention of rolling out across Wales.</p> <p>The UHB Vice Chair (CJ) asked for clarification of the extent of risks around the containment of IT investment. The Director of Finance confirmed that the extent of the risk would depend on whether some developments e.g. Microsoft Licences were funded from central monies. The Chief Executive indicated that the UHB was working to align investment proposals with Welsh Government Policy wherever possible to ensure that central funding was accessed for investments when available.</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the risks highlighted within the 2019/20 risk registers.</p>	
<p><b>FC19/050</b></p>	<p><b>COSTING AND VALUE UPDATE</b></p> <p>The Director of Finance informed the Committee that the report on Costing and Value was presented to the Committee in part in response to recommendations from the WAO Structured Assessment and an Internal Audit Costing Audit Report.</p> <p>The report indicated that Welsh Health Boards had sourced, procured and implemented a new all-Wales costing system. This system had</p>	



	<p>been used to produce the 2017-18 Welsh Costing Returns (WCRs) and had the ability to cost individual patient pathways.</p> <p>Moving onto the WCRs the report indicated that the returns are a nationally mandated data submission which are submitted to Welsh Government on an annual basis. The returns are based on the annual accounts signed off by the Director of Finance and annual activity provided and signed off by the Head of Information.</p> <p>The Director of Finance indicated the WCR submissions in part are used to produce all-Wales cost efficiency index. The index ranked Cardiff &amp; Vale UHB in first place for financial efficiency in 2017-18. The UHB was ranked 4th and 3rd of the 7 health boards in the two previous years. Whilst Welsh Government acknowledge the rankings, the limitations in the relatively crude approach to cost comparison are also recognised. The returns suggested that the Health Board has some areas for improvement e.g. the indexed length of stay in which Cardiff &amp; Vale UHB was ranked 6th.</p> <p>The Committee was informed that the new costing system and WCRs provided data to inform both the national and local costing and value agendas which endeavoured to combine cost, activity and outcome data to assess value in decision-making. It was noted that the UHB currently had limited capacity to progress this workstream and further investment or redeployment would be necessary if the work in this area was prioritised and expanded.</p> <p><b>ASSURANCE</b> was provided by:</p> <ul style="list-style-type: none"> <li>• Compliance with the national costing standards and guidance from HFMA and Welsh Government applied by the professional finance function.</li> </ul> <p><b>Resolved – that:</b></p> <ul style="list-style-type: none"> <li>• The Finance Committee <b>noted</b> the progress on the implementation of the new Costing software within Wales and in the UHB.</li> <li>• The Finance Committee <b>noted</b> the formal submission of the 2017/18 WCRs which were Finance Delivery Unit, Welsh Government and published internally by the UHB.</li> <li>• The Finance Committee <b>noted</b> the UHB's current support to the growing Costing and Value agenda within NHS Wales.</li> </ul>	
<b>FC 19/051</b>	<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>	
<b>FC 19/052</b>	<b>DATE OF THE NEXT MEETING OF THE BOARD</b>	

	<b>Wednesday</b> 29th May; <b>2.00pm</b> ; Coed Y Nant Meeting Room, Ground Floor, HQ, Woodland House	
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## FINANCE COMMITTEE

### ACTION LOG FROM 24<sup>th</sup> APRIL 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 30<sup>th</sup> April 2019</b>							
<b>Meeting:</b>	<b>Finance Committee</b>					<b>Meeting Date:</b>	<b>29<sup>th</sup> May 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 approved 2019/20-2021/22 Integrated Medium Term Plan (IMTP) includes a balanced financial plan for 2019/20.

**At month 1, the UHB is reporting an overspend of £0.658m against this plan due to a £0.383m operational overspend and £0.275m costs for improvements in RTT performance which is being incurred at risk pending agreement of additional funding, for which discussions with Welsh Government are ongoing.**

## REPORT

### BACKGROUND

The Health Board agreed and submitted its 2019/20 – 2021/22 IMTP to Welsh Government by the end of January 2019 for its consideration. Approval of this plan was received from Welsh Government in March 2019. The financial plan aims to deliver a break even position for each year during the period of the plan. The financial plan for 2019/20 requires the delivery of a £31.245m savings target.

A summary of this plan is provided in Table 1.

**Table 1: 2019/20 IMTP**

	Approved IMTP £m
<b>b/f underlying deficit</b>	<b>(36.3)</b>
Net Allocation Uplift (inc LTA inflation)	56.6
Cost Pressures	(47.6)
Investments	(4.0)
Recurrent Cost Improvement Plans	31.3
<b>In Year Financial Plan</b>	<b>36.3</b>
<b>Planned Surplus/(Deficit) 2019/20</b>	<b>0.0</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 / Forecast year end position surplus/(deficit) £m	Rolling 3 year break even duty surplus/(deficit) £m	Pass of fail financial duty
2014/15	(21.364)	n/a	n/a
2015/16	0.068	n/a	n/a
2016/17	(29.243)	(50.539)	Fail
2017/18	(26.853)	(56.028)	Fail
2018/19	(9.873)	(65.969)	Fail
2019/20	0.000	(36.726)	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 2016/17, 2017/18 and 2018/19 and that the forecast balanced 2019/20 outturn position also results in a breach of financial duty at the end of 2019/20.**

## ASSESSMENT

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

**Table 3: Finance Dashboard @ April 2019**

		STATUS REPORT				
Measure	n	April 2019	RAG Rating	Latest Trend	Target	Time Period
Financial balance: remain within revenue resource limits	36	£0.658m deficit at month 1.	R	↓	2019/20 Break-Even	M1 2019-20
Remain within capital resource limits.	37	Expenditure at the end of the April was £1.660m against a plan of £36.730m.	G	↻	Approved planned expenditure £36.730m	M1 2019-20
Reduction in Underlying deficit	36a	£36.3m assessed underlying deficit position at month 1. <i>FYE of identified savings £2.960m short of recurrent target at month 1.</i>	R	↻	If 2019/20 plan achieved reduce underlying deficit to £4.0m	M1 2019-20
Delivery of recurrent £16.345m 2% devolved target	36b	£15.298m identified at Month 1	R	↻	£16.345m	M1 2019-20
Delivery of £14.9m recurrent/non recurrent corporate target	36c	£12.600m identified at month 1.	R	↻	£14.900m	M1 2019-20
Creditor payments compliance 30 day Non NHS	37a	Cumulative 96.9 % in April	G	↑	95% of invoices paid within 30 days	M1 2019-20
Remain within Cash Limit	37b	Forecast cash surplus of £1.219 m	G	↻	To remain within Cash Limit	M1 2019-20
Maintain Positive Cash Balance	37c	Cash balance = £5.197m	G	↻	To Maintain Positive Cash Balance	End of April 2019

## Month 1 Cumulative Financial Position

The UHB reported a deficit of £0.658m. This year to date deficit is made up of the following:

- £0.383m operational overspend;
- £0.275m RTT costs incurred at risk.

The UHB plans to recover this year to date deficit and deliver a break even position by the year end as planned.

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

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

Income/Pay/Non Pay	In Month			Cumulative Year to Date			Full Year		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv	Budget	Forecast	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	(118.180)	(118.170)	0.010	(118.180)	(118.170)	0.010	(1,420.248)	(1,420.248)	0.000
Pay	54.610	54.609	(0.001)	54.610	54.609	(0.001)	614.213	614.213	0.000
Non Pay	63.569	64.218	0.649	63.569	64.218	0.649	806.035	806.035	0.000
Variance to Plan £m	0.000	0.658	0.658	0.000	0.658	0.658	0.000	0.000	0.000

## Income

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

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

Income	In Month			Cumulative Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Revenue Resource Limit	(79.256)	(79.256)	0.000	(79.256)	(79.256)	0.000
Non Cash Limited Expenditure	(1.609)	(1.609)	0.000	(1.609)	(1.609)	0.000
Accommodation & Catering	(0.336)	(0.329)	0.006	(0.336)	(0.329)	0.006
Education & Training	(3.201)	(3.191)	0.010	(3.201)	(3.191)	0.010
Injury Cost Recovery Scheme (CRU) Income	(0.214)	(0.204)	0.009	(0.214)	(0.204)	0.009
NHS Patient Related Income	(25.605)	(25.635)	(0.031)	(25.605)	(25.635)	(0.031)
Other Operating Income	(6.814)	(6.797)	0.017	(6.814)	(6.797)	0.017
Overseas Patient Income	(0.007)	(0.006)	0.001	(0.007)	(0.006)	0.001
Private Patient Income	(0.097)	(0.069)	0.029	(0.097)	(0.069)	0.029
Research & Development	(1.041)	(1.072)	(0.031)	(1.041)	(1.072)	(0.031)
Total £m	(118.180)	(118.170)	0.010	(118.180)	(118.170)	0.010

A deficit of £0.010m is reported against income budgets. There are no material adverse variances at month 1.

## LTA Provider Performance

The UHB receives circa £285m 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. As such, the Month 1 position reflects estimates based on 2018/19 out-turn activity, and the agreed commissioning plans.

Similarly, the English income position is uncertain at Month 1, pending final coded information for April and settlements with England, that occur 30 days after quarter-end.

The position at Month 1 is therefore broadly break-even against plan. This is summarised in Table 6 below.

**Table 6: Month 1 LTA Provider Position**

Income - C&V Provider				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(223.400)	(19.111)	(19.111)	(0.000)
Aneurin Bevan	(27.879)	(2.423)	(2.423)	-
Other LHBs	(34.557)	(3.062)	(3.071)	(0.009)
Non-Welsh	(2.521)	(0.660)	(0.660)	-
	(288.357)	(25.255)	(25.265)	(0.009)

## Pay

In total pay budgets are showing a cumulative underspend of £0.001m as reported in Table 7.

**Table 7: Analysis of pay expenditure by staff group @ April 2019**

Pay	In Month			Cumulative Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Additional clinical services	2.084	2.079	(0.005)	2.084	2.079	(0.005)
Management, admin & clerical	6.515	6.536	0.021	6.515	6.536	0.021
Medical and Dental	13.135	13.165	0.030	13.135	13.165	0.030
Nursing (registered)	16.853	16.909	0.056	16.853	16.909	0.056
Nursing (unregistered)	4.455	4.720	0.264	4.455	4.720	0.264
Other staff groups	8.342	8.125	(0.217)	8.342	8.125	(0.217)
Scientific, prof & technical	3.227	3.077	(0.149)	3.227	3.077	(0.149)
Total £m	54.610	54.609	(0.001)	54.610	54.609	(0.001)

Total pay budgets are underspent by £0.001m at the end of month 1.

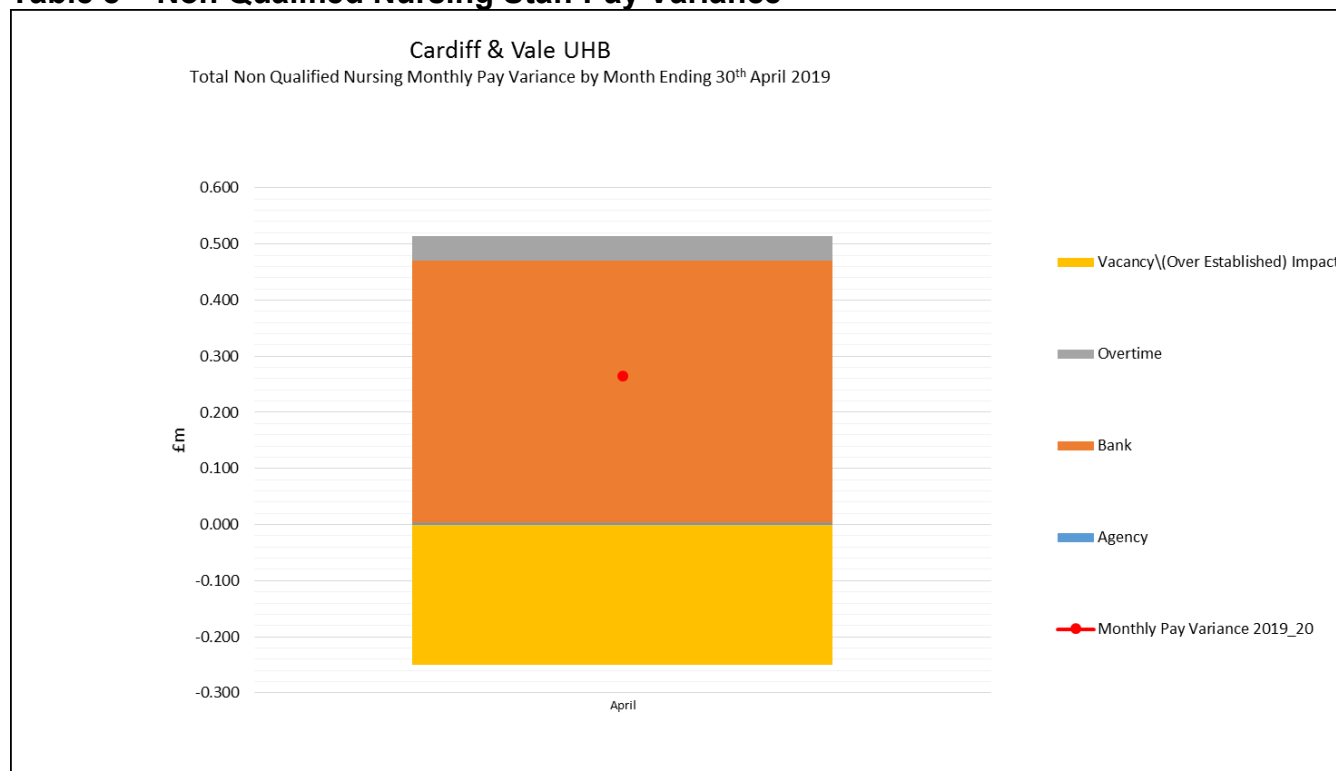
The main concern continues to be the pressure against nursing budgets for where high levels of vacancies and sickness have led to increased agency expenditure to maintain established levels

of nursing cover. In addition, specialising has been high in some areas. A Nursing Recovery Plan is being developed to manage this pressure and will be monitored as the year progresses.

If this adverse run rate continues on nursing budgets an overspend of £3.840m could occur, this excludes costs in relation to nurse overseas recruitment plans which are estimated at c13k per overseas nurse recruited. The current plan is to recruit 50 nurses with a possible additional 10. Containment of the nursing budget and the cost of overseas recruitment within delegated budgets will be key to the delivery of the Financial Plan in 2019/20.

The pressure against medical and dental budgets continues to be driven by pressures in diagnostics where additional sessions in Radiology and Cellular Pathology are linked increases in demand.

**Table 8 – Non Qualified Nursing Staff Pay Variance**

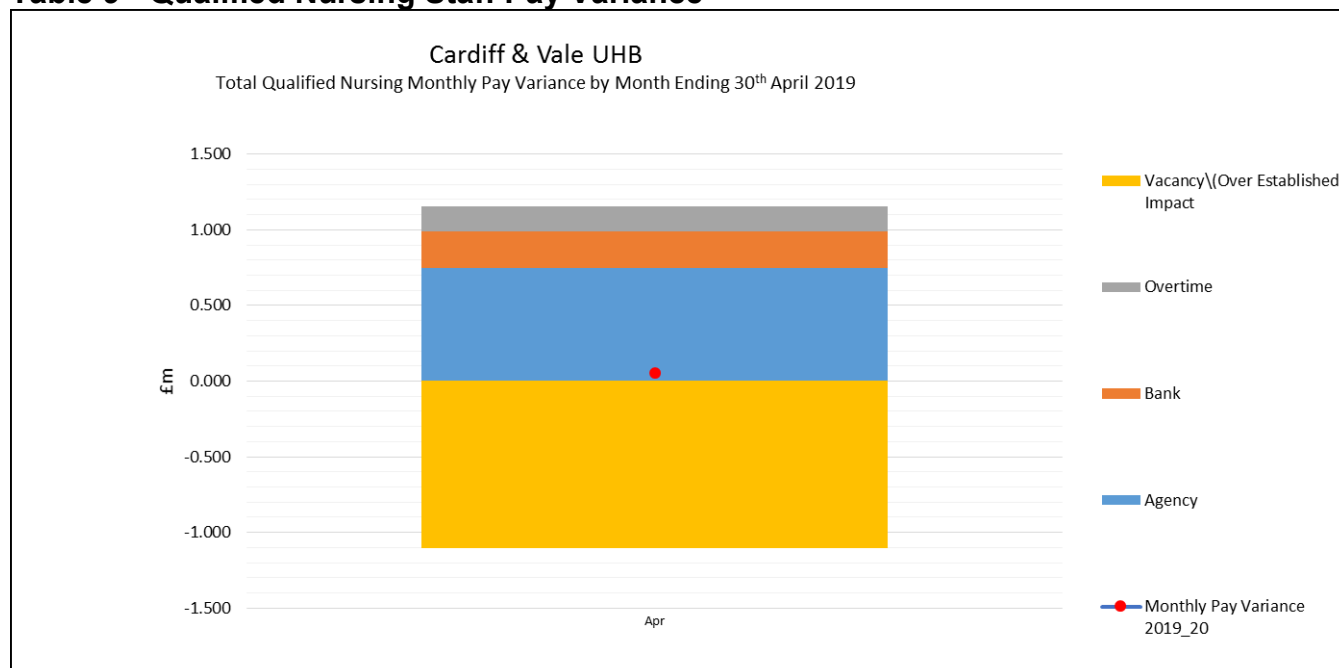


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.003	0.003
Bank	0.467	0.467
Overtime	0.044	0.044
Adverse Impact	0.514	0.514
Vacancy\ (Over Established) Impact	(0.250)	(0.250)
Total Pay Variance - Unqualified Nursing (Fav)/Adv £m	0.264	0.264

Table 8 indicates that the £0.264m adverse variance against non-qualified nursing assistants is due to overspends of £0.467m on bank staff and £0.044m on overtime which is partly offset by an underspend against established posts.



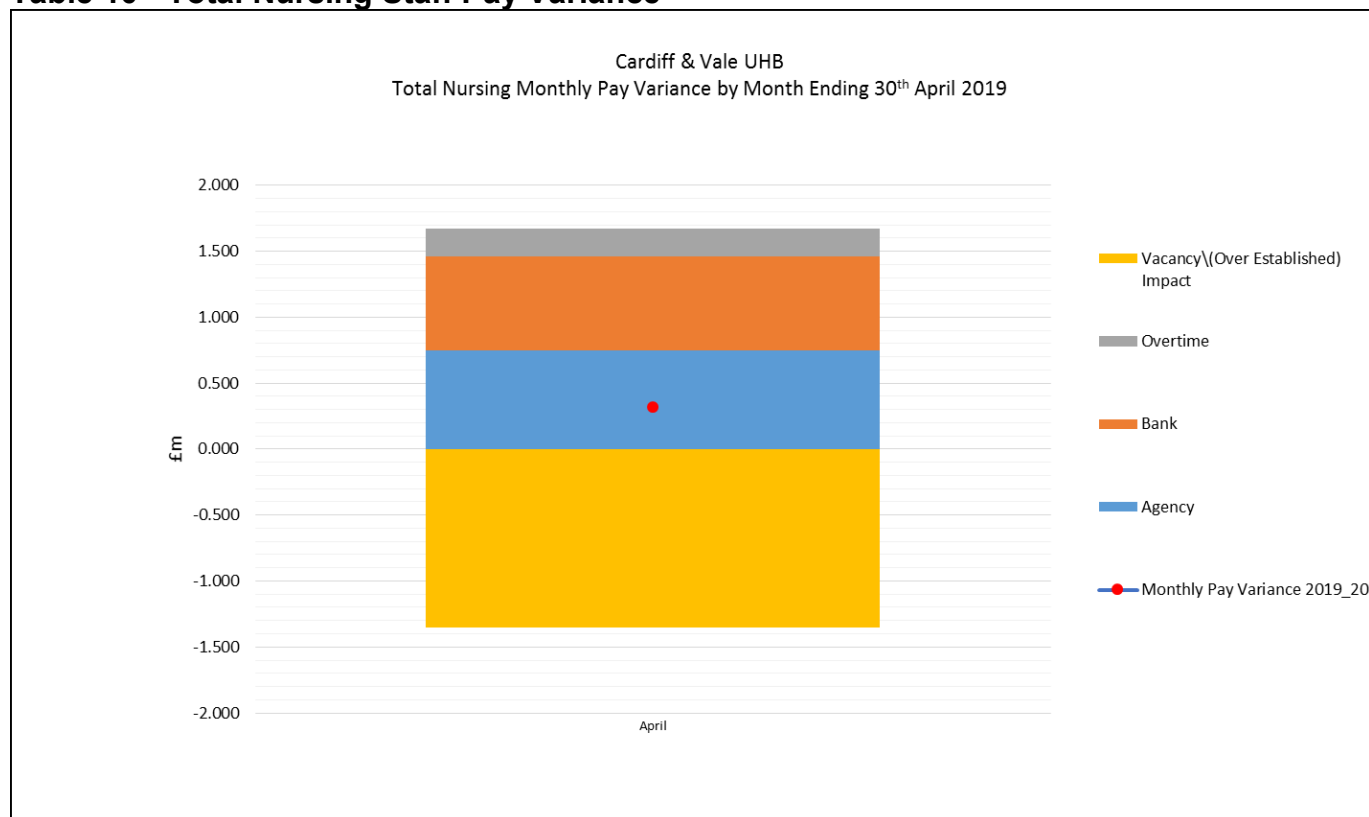
**Table 9 - Qualified Nursing Staff Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.747	0.747
Bank	0.242	0.242
Overtime	0.168	0.168
Adverse Impact	1.158	1.158
Vacancy\ (Over Established) Impact	(1.102)	(1.102)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	0.056	0.056

Table 9 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 10 - Total Nursing Staff Pay Variance**

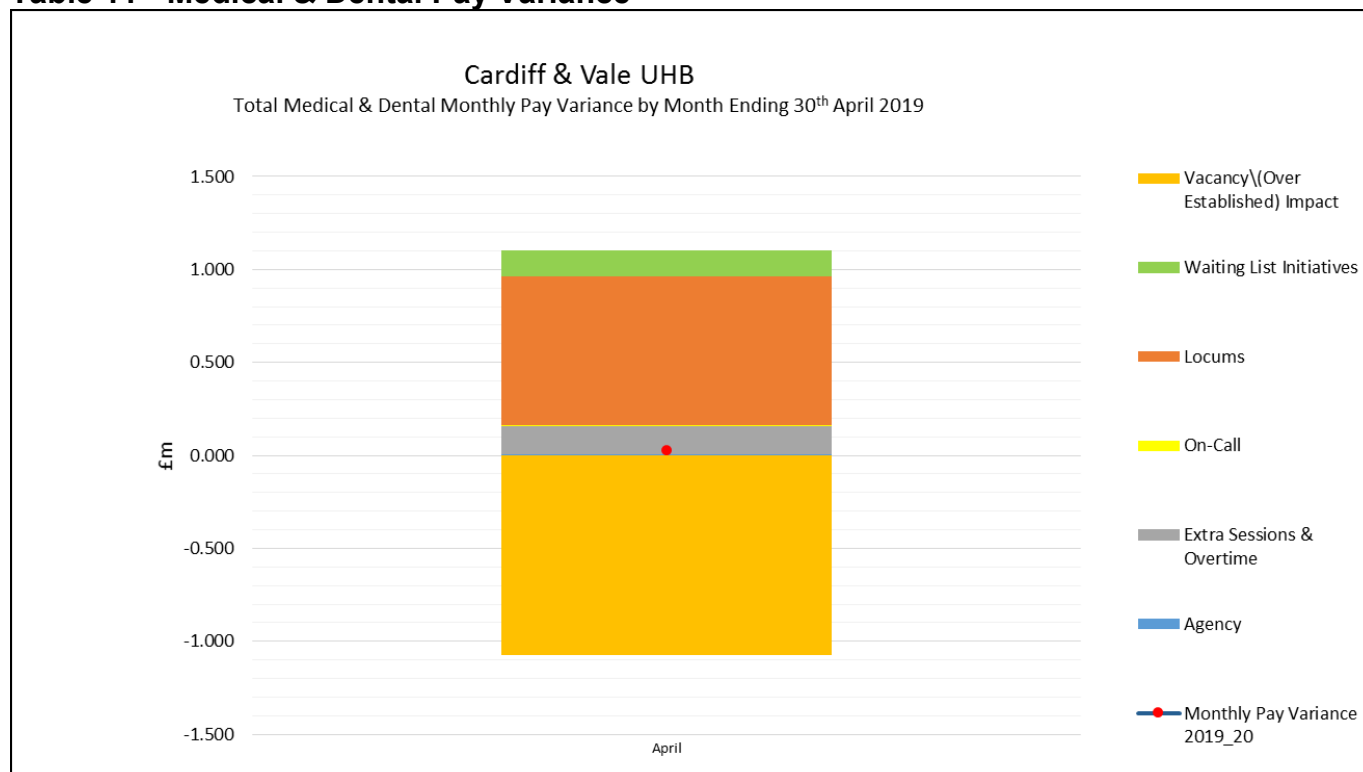


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.750	0.750
Bank	0.710	0.710
Overtime	0.212	0.212
Adverse Impact	1.672	1.672
Vacancy\((Over Established) Impact	(1.352)	(1.352)
Total Pay Variance - (Fav)/Adv £m	0.320	0.320

Table 10 identifies expenditure against substantive nursing posts for the year to date which is £0.320m more than budget. The £1.352m surplus against established posts is offset by a £1.672m 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 11 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 £0.030m at month 1.

**Table 11 - Medical & Dental Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.006	0.006
Extra Sessions & Overtime	0.150	0.150
On-Call	0.005	0.005
Locums	0.803	0.803
Waiting List Initiatives	0.141	0.141
Adverse Impact	1.105	1.105
Vacancy\ (Over Established) Impact	(1.075)	(1.075)
Total Pay Variance - Medical & Dental (Fav)/Adv £m	0.030	0.030

The key area of concern is a £0.069m in month overspend within the CD&T Clinical Board where there are additional sessions in Radiology and Cellular Pathology, linked to demand increases and a backlog of reporting.

### Non Pay

Table 12 highlights an in month overspend of £0.649m against non pay budgets.

The key operational pressure areas are:

- premises and fixed plant where a key cost driver is a £0.1m overspend on energy costs due to the temporary shutdown of the UHB's combined heat and power generators.
- An overspend against drugs budgets primarily in medicine and primary care.
- An overspend of £0.275m against the RTT budget which are shown in other non pay

**Table 12: Non Pay Variance @ April 2019**

Non Pay	In Month			Cumulative Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Clinical services & supplies	7.687	7.724	0.037	7.687	7.724	0.037
Commissioned Services	14.537	14.546	0.008	14.537	14.546	0.008
Continuing healthcare	5.297	5.364	0.067	5.297	5.364	0.067
Drugs / Prescribing	11.646	11.825	0.179	11.646	11.825	0.179
Establishment expenses	0.917	0.913	(0.004)	0.917	0.913	(0.004)
General supplies & services	0.713	0.739	0.027	0.713	0.739	0.027
Other non pay	5.560	5.647	0.087	5.560	5.647	0.087
Premises & fixed plant	3.041	3.266	0.225	3.041	3.266	0.225
Primary Care Contractors	14.171	14.194	0.023	14.171	14.194	0.023
Total £m	63.569	64.218	0.649	63.569	64.218	0.649

### LTA Commissioner Performance

The UHB spends circa £165m on commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A broadly break-even position in month 1 is reported in line with planning assumptions, pending complete Month 1 information from provider organisations. Month 1 coded activity information is expected to be received by end of May.

There is a £10k adverse variance in month 1 due to Swansea Bay NICE spend and this will be closely monitored on receipt of validated Q1 patient level information.

The year to date commissioner position is shown in Table 13.

**Table 13: Month 1 LTA Commissioner Position**

Expenditure - C&V Commissioner				(fav) / adv
Annual Budget	YTD Profile	YTD Actual	YTD Variance	
£m	£m	£m	£m	
WHSSC	125.759	10.674	10.674	-
Velindre	17.433	1.393	1.393	0.001
LHBs	20.264	1.688	1.697	0.009
Other / NCAs	1.290	0.108	0.109	0.001
	<b>164.747</b>	<b>13.862</b>	<b>13.873</b>	<b>0.012</b>

### **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 one month to 30<sup>th</sup> April 2019 by Clinical Board is shown in Table 14.

**Table 14: Financial Performance for the period ended 30<sup>th</sup> April 2019**

Clinical Board	M0 Budget Variance £m	M1 Budget Variance £m	In Month Variance £m	Cumulative % Variance
All Wales Genomics Service	0.000	0.010	0.010	1.15%
Capital Estates & Facilities	0.000	0.105	0.105	1.89%
Children & Women	0.000	0.073	0.073	0.80%
Clinical Diagnostics & Therapies	0.000	0.070	0.070	0.77%
Executives	0.000	(0.004)	(0.004)	(0.13%)
Medicine	0.000	0.336	0.336	3.37%
Mental Health	0.000	(0.012)	(0.012)	(0.19%)
PCIC	0.000	0.003	0.003	0.01%
Specialist	0.000	(0.064)	(0.064)	(0.45%)
Surgery	0.000	0.206	0.206	1.63%
<b>SubTotal Delegated Position</b>	<b>0.000</b>	<b>0.719</b>	<b>0.719</b>	<b>0.73%</b>
Central Budgets	0.000	(0.062)	(0.062)	(0.32%)
<b>Total</b>	<b>0.000</b>	<b>0.658</b>	<b>0.658</b>	<b>0.56%</b>

In month overspends were reported by 7 Clinical Boards in April. The largest in month overspend was in Medicine where the majority of overspend was due to pressures against nursing alongside drug overspends. The overspend in Surgery was also primarily driven by nursing pressures and the overspend in Capital Estates was due to energy costs. Nursing overspends were also a concern in the Women and Children Clinical Board and overspends against medical staff were a continuing concern in the CD & T Clinical Board.

### Savings Programme

At month 1 the UHB has identified £27.898m of schemes to deliver against the £31.245m savings target leaving a further £3.347m schemes to identify as summarised in Table 15. The identified schemes include income generation schemes and accounting gains. The latest position is shown in **Appendix 1**.

**Table 15: Progress against the 2019/20 Savings Programme at Month 1**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	31.245	27.898	(3.347)

### Underlying Financial Position

A key challenge to the UHB is eliminating its underlying deficit. The recurrent underlying deficit in 2018/19 b/f into 2019/20 was £36.3m. Successful delivery of the 2019/20 plan will reduce this to £4m by the year end. This is shown in Table 16.

**Table 16: Summary of Underlying Financial Position**

	2019/20 Plan £m	Forecast Position @ Month 1	
		Non Recurrent £m	Recurrent Position £m
Opening Underlying Deficit £m	36.261	0.000	36.261
Income	(56.610)		(56.610)
Cost pressures less mitigating actions	51.594		51.594
Less CIPs (includes income generation & NR accountancy gains)	(31.245)	4.000	(27.245)
Deficit £m	0.000	4.000	4.000

The UHB's Welsh Government approved 2019/20-2021/22 Integrated Medium Term Plan (IMTP) includes measures to recurrently address the UHBs underlying deficit by the end of 2020/21.

### Balance Sheet

The 2019/20 brought forward balances will be confirmed following the approval of the UHB's 2018/19 Accounts and the Balance Sheet will be reported at month 2

### Cash Flow Forecast

At the end of April 2019 the UHB had a forecast year end cash surplus of £1.219m. The UHB's cash balance at the end of April was £5.197m.

### Public Sector Payment Compliance

Month 1 non-NHS Creditor payment compliance was 96.9% for April which is an improvements on the 2018/19 performance which was 95%.

### Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of April 2019 is summarised in Table 17.

**Table 17: Progress against Capital Resource Limit @ April 2019**

	£m
--	----

Planned Capital Expenditure at month 1	1.660
Actual net expenditure against CRL at month 1	1.660
Variance against planned Capital Expenditure at month	0.000

Capital progress to date is in line with the expected profile. The UHB had an approved capital resource limit of £36.730m at the end of April 2019 comprising of £12.028m discretionary funding and £24.502m towards specific projects (including Neo Natal Upgrading Phase 2 £5.734m & Rookwood Replacement)

## Financial Risks

The key risks in delivery of the plan are:

- delivery of the £31.245m efficiency plan target;
- management of operational pressures;
- RTT and winter plan – delivering planned levels of performance within the current resources available.

## Key Concerns and Recovery Actions

At month 1, the key concerns and challenges are set out below:

1. Concern – Addressing and recovering the nursing overspend in month 1 and ensuring that the cost of overseas nurse recruitment is contained within delegated budgets;  
  
Action - A Nursing Recovery Plan is being developed to manage this pressure and will be monitored as the year progresses .
2. Concern - Delivery of the £31.245m efficiency plan target;  
  
Action - The impact of any CRP shortfall will be reflected in the month 3 position. All budget holders are required to prioritise the identification and implementation of schemes as a matter of urgency to ensure a full savings plan is in place. Until this is achieved, measures to curtail expenditure to ensure a balanced budget position each month need to be actioned.
3. Concern - Managing within current budgets.  
  
Action – overspending Clinical Boards will need to implement recovery measures which are being progressed as part of the Clinical Board Performance Review process.
4. Concern - Delivering planned levels of performance within the current resources available.

Action - Discussions with Welsh Government are ongoing in respect of additional funding to support improved performance on RTT to mitigate expenditure incurred at risk.

**ASSURANCE** is provided by the scrutiny of financial performance undertaken by the Finance Committee and the UHB intentions to recover the year to date deficit and deliver a break even position by the year end as planned.

## RECOMMENDATION

The Finance Committee is asked to:

- **NOTE that the UHB has an approved IMTP which includes a balanced Financial Plan for 2019/20.**
- **NOTE the £0.658m deficit at month 1 which includes a £0.383m overspend on operational budgets and £0.275m costs for improvements in RTT performance ;**
- **NOTE the key concerns and actions being taken to manage risks.**

### Shaping our Future Wellbeing Strategic Objectives

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

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

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

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

Prevention		Long term	x	Integration		Collaboration		Involvement	
<b>Equality and Health Impact Assessment Completed:</b>		Not Applicable							



## 2019-20 In-Year Effect

Clinical Board	19-20 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Medicine	1,877	1,412	557	1,969	24	-92
Specialist Services	2,019	1,459	592	2,051	577	-32
Capital Estates and Facilities	1,290	1,203	87	1,290	267	0
CD&T	1,633	883	750	1,633	375	0
PCIC	3,300	1,572	1,738	3,310	601	-10
Children & Women	1,775	779	924	1,702	278	73
Corporate Execs	681	553	86	640	104	41
Mental Health	1,470	285	944	1,229	100	241
Surgery	2,300	1,378	95	1,473	505	827
<b>Total</b>	<b>16,345</b>	<b>9,524</b>	<b>5,774</b>	<b>15,298</b>	<b>2,831</b>	<b>1,047</b>
Corporate	14,900	600	12,000	12,600	0	2,300
<b>Total</b>	<b>31,245</b>	<b>10,124</b>	<b>17,774</b>	<b>27,898</b>	<b>2,831</b>	<b>3,347</b>

## 2019-20 Full Year Effect

Clinical Board	Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Medicine	1,877	1,927	638	2,565	29	-688
Specialist Services	2,019	1,259	594	1,853	600	166
Capital Estates and Facilities	1,290	702	92	795	267	495
CD&T	1,633	726	481	1,207	375	426
PCIC	3,300	1,564	1,374	2,938	601	362
Children & Women	1,775	280	1,079	1,359	325	416
Corporate Execs	681	576	70	646	104	35
Mental Health	1,470	110	1,142	1,252	100	218
Surgery	2,300	815	98	913	799	1,387
<b>Total</b>	<b>16,345</b>	<b>7,960</b>	<b>5,568</b>	<b>13,528</b>	<b>3,200</b>	<b>2,817</b>
Corporate	14,900	450	12,450	12,900	0	2,000
<b>Total</b>	<b>31,245</b>	<b>8,410</b>	<b>18,018</b>	<b>26,428</b>	<b>3,200</b>	<b>4,817</b>

<b>Report Title:</b>	<b>2019-20 Cost Reduction Programme</b>							
<b>Meeting:</b>	<b>Finance Committee</b>					<b>Meeting Date:</b>	<b>29<sup>th</sup> May 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. 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 30<sup>th</sup> April 2019 £15.298m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m. There is therefore a shortfall of £1.047m to be identified by delegated budget holders. Of the £15.298m identified schemes, £13.528m is recurrent.

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

### PROGRESS AGAINST CORPORATE AND HIGH VALUE OPPORTUNITIES TARGET

As at 30<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, £12.900m is 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 £27.898m against the UHB total CRP requirement of £31.245m. This leaves a shortfall £3.347m.

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.

Any remaining gap against the cost reduction programme will be profiled into the reported financial position from month 3 onwards,

## **AREAS OF CONCERN**

Surgery Clinical Board which has a gap against green and amber of £0.827m

Corporate savings which has a gap against green and amber of £2.300m and in addition has no red pipeline schemes identified.

**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	19-20 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Medicine	1,877	1,412	557	1,969	24	-92
Specialist Services	2,019	1,459	592	2,051	577	-32
Capital Estates and Facilities	1,290	1,203	87	1,290	267	0
CD&T	1,633	883	750	1,633	375	0
PCIC	3,300	1,572	1,738	3,310	601	-10
Children & Women	1,775	779	924	1,702	278	73
Corporate Execs	681	553	86	640	104	41
Mental Health	1,470	285	944	1,229	100	241
Surgery	2,300	1,378	95	1,473	505	827
<b>Total</b>	<b>16,345</b>	<b>9,524</b>	<b>5,774</b>	<b>15,298</b>	<b>2,831</b>	<b>1,047</b>
Corporate	14,900	600	12,000	12,600	0	2,300
<b>Total</b>	<b>31,245</b>	<b>10,124</b>	<b>17,774</b>	<b>27,898</b>	<b>2,831</b>	<b>3,347</b>

### 2019-20 Full Year Effect

Clinical Board	Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Medicine	1,877	1,927	638	2,565	29	-688
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<b>Total</b>	<b>16,345</b>	<b>7,960</b>	<b>5,568</b>	<b>13,528</b>	<b>3,200</b>	<b>2,817</b>
Corporate	14,900	450	12,450	12,900	0	2,000
<b>Total</b>	<b>31,245</b>	<b>8,410</b>	<b>18,018</b>	<b>26,428</b>	<b>3,200</b>	<b>4,817</b>

## Corporate Schemes

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

Corporate Scheme	19-20 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Medicines Management (Lucentis / Avastin)	1,000		1,000	1,000	0	0
Estates Management (Global Link rent)	200	200		200	0	0
Sale of Iorwerth Jones profit on disposal	400	400		400	0	0
Net rates reduction	450		450	450	0	0
Management Structures - Organising for Success	1,000		1,000	1,000	0	0
Non Electice LOS - Bed reduction (3 wards)	1,250		1,250	1,250	0	0
Managed Service Contract - Theatres stock	500		500	500	0	0
Building purchase from discretionary capital (WEQAS)	1,800		1,800	1,800	0	0
Review of discretionary expenditure	1,000	1,000		1,000	0	0
Cost Avoidance - Rates	2,000		2,000	2,000	0	0
Cost Avoidance - CHC	2,000		2,000	2,000	0	0
Accounting policy change - goods received	1,000		1,000	1,000	0	0
<b>Unidentified Gap</b>	<b>2,300</b>			-	0	2,300
<b>Total</b>	<b>14,900</b>	<b>1,600</b>	<b>11,000</b>	<b>12,600</b>	<b>0</b>	<b>2,300</b>

### 2019-20 Full Year Effect

Corporate Scheme	Recurrent Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Medicines Management (Lucentis / Avastin)	2,000		2,000	2,000	0	0
Estates Management (Global Link rent)	450	450		450	0	0
Net rates reduction	450		450	450	0	0
Management Structures - Organising for Success	2,000		2,000	2,000	0	0
Non Electice LOS - Bed reduction (3 wards)	5,100		5,100	5,100	0	0
Managed Service Contract - Theatres stock	1,500		1,500	1,500	0	0
Review of discretionary expenditure	1,400		1,400	1,400	0	0
<b>Unidentified Gap</b>	<b>2,000</b>			-	0	2,000
<b>Total</b>	<b>14,900</b>	<b>450</b>	<b>12,450</b>	<b>12,900</b>	<b>0</b>	<b>2,000</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>	<b>Finance Risk Register</b>							
<b>Meeting:</b>	<b>Finance Committee</b>					<b>Meeting Date:</b>	<b>29<sup>th</sup> May 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>Assistant Director of Finance</b>							

## SITUATION

This report highlights the 2019/20 Finance Risk Register risk categorisation by severity of risk as at 29<sup>th</sup> May 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 29<sup>th</sup> May 2019

<b>Risk Category</b>	<b>Risk Score</b>	<b>Number of Risks as at 29 May 2019</b>
Extreme Risk	20 - 25	5
High Risk	12 - 16	2
Moderate Risk	4 - 10	4
Low Risk	1 - 3	0

### Extreme Risks

**Fin01/19** – Reducing underlying deficit from £36.3m to £4.0m in line with approved IMTP.

**Fin02/19** – Management of budget pressures. Month 1 overspends reported in Medicine Clinical Board (£0.336m) and Surgery Clinical Board (£0.206m).

**Fin03/19** – Deliver 2% recurrent CIP. Shortfall against target of £1.047m at month 1. Surgery Clinical Board shortfall £0.827m.

**Fin04/19** – Deliver Corporate CIP target of £14.9m. Shortfall against target of £2.3m at month 1. No red pipeline schemes identified.

**Fin09/19** – Management of nursing position. £0320m overspend at month 1.

### 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

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

					Current Risk Rating					Target Risk Rating if Controls in Place								
Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Impact / Consequence	Likelihood	Score	Adequacy Existing Controls	Summary of Additional Controls Required	Impact / Consequence	Likelihood	Score	Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
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	May-19	Assistant Director of Finance	Jun-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. <b>Medicine Clinical Board £0.336m month 1 overspend. Surgery Clinical Board £0.206m month 1 overspend.</b>	5	4	20	Adequate but more Action Required	Escalation process led by Chief Executive.	4	2	8	May-19	Assistant Director of Finance	Jun-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin03/19	Mar-19	Deliver 2% Recurrent CIP (£16.4m) - £1.047m shortfall against target at month 1.	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. <b>Surgery Clinical Board £0.827m shortfall against target at month 1.</b>	5	4	20	Adequate but more Action Required		4	3	12	May-19	Assistant Director of Finance	Jun-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 - £2.3m shortfall against target at month 1.	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	Progress against Corporate schemes is to be managed by Management Executive.	4	3	12	May-19	Assistant Director of Finance	Jun-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	May-19	Assistant Director of Finance	Jun-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	May-19	Assistant Director of Finance	Jun-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.	4	3	12	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	May-19	Assistant Director of Finance	Jun-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	May-19	Assistant Director of Finance	Jun-19	The Board	Director of Finance	Finance Committee
Finance	Fin09/19	Mar-19	Management of Nursing overspend - £0.320m month 1 (£1.8m month 12 2018/19)	Progress to be monitored through Nursing Productivity Group and Executive / Clinical Board Performance Reviews.	4	5	20	Adequate but more Action Required	Escalation process led by Chief Executive	3	4	12	May-19	Assistant Director of Finance	Jun-19	The Board	Director of Nursing	Finance Committee
Finance	Fin10/19	Mar-19	Containment of IT developments	When Internal investment plan agreed with business cases to be approved through the Business Case Approval Group (BCAG) / Capital Management Group.	2	3	6	Optimum Controls/NFA Required	Internal investments will not be agreed until the UHB has a full savings programme in place.	2	3	6	May-19	Assistant Director of Finance	Jun-19	The Board	Director of Transformation	Finance Committee
Finance	Fin11/19	Mar-19	Increased employers pension contributions	The UHB will continue to work closely with WG to ensure appropriate resources are made available to maintain progress.	4	2	8	Optimum Controls/NFA Required	None	2	2	4	May-19	Assistant Director of Finance	Jun-19	The Board	Director of Finance	Finance Committee

### Guidance Notes to assist completing the risk register

**Remember all risks must have undergone a risk assessment, prior to them being added to the Risk Register**

**UHB Reference No:-** This number will be allocated by the Risk Management Department. Once added this will be communicated back to the Divisions.

**Divisional / Directorate Reference No:-** Each Division / Directorate should have a unique numbering system for the risks that they enter onto the register. It should contain the initials of the Division, a consecutive number and the year e.g. Mental Health = MH, Children's and Women's = CW, Primary, Community & Intermediate & Older Persons = PCIO, Dental = Den, Diagnostics & Therapeutics = DT, Medicine = M, Surgical Services = SS, Specialist Services = SpS. MH 01/10, SPS 01/10 etc. (Note - as this register is in the developmental stage please advise Melanie Westlake if there are alternative initials to be used).

**Previous Reference No:-** Whilst the UHB is in the process of consolidating and updating registers it will be necessary to include the previous reference number for audit purposes. This will be populated by the Risk Management Department.

**Date entered onto original Register:-** as above

**Risk / Issue (Including Impact):-** The Risk or Issue is the event that could cause an incident or hinder the achievement of objectives. A risk is something that may happen. An issue is already occurring. The impact is the effect that the Risk or Issue will have on the UHB.

**Link to UHB Core Objectives:-** List here, the main Strategic Goal that links to the risk being assessed.

**Existing Controls:-** Summarise in bullet form the existing controls to prevent the risk / issue occurring or reduce the impact.

**Current Risk Rating:-** Assess the current impact on the UHB using Tables 1,2 & 3.

**Ranking:-** This is the ranking of the risk e.g. The highest risk will score 25 and be ranked at 1, those that score 20 will be ranked at 2 etc.

**Adequacy of existing controls:-** Indicate how well controlled you feel the risk / issue is i.e. No control, Inadequate controls, Adequate but more action required and Optimum / NFA required.

**Summary of Additional Controls Required:-** Summarise in bullet form the controls that you know should be introduced to reduce the risk together with resources required.

**Target Risk Rating if Controls in Place:-** What will be the risk be if the actions proposed to further reduce / eliminate the risk are taken.

**Date of Last Review:-** When was the Risk Assessment / Control measures last reviewed.

**Review completed by:-** This should be a senior member of staff for high / medium risk on the register e.g. Divisional Manager / Nurse.

**Date of Next Review:-** This should be determined by the adequacy of controls and risk score e.g. risks scoring 25 with Inadequate control = monthly, risk scoring 12 with adequate controls but more action required = 6 monthly.

**Risk Owner:-** Who is the lead for taking the actions proposed relating to this risk. This should be Divisional Director, Board Secretary, Assistant Director etc.

**Director Lead:-** Who is the lead Director for this risk.

**Assuring Committee:-** This is the Committee that will monitor / manage the risk on behalf of the UHB Board or the UHB itself e.g. Quality & Safety Committee, Performance Committee.

	Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
Domains	Negligible	Minor	Moderate	Major	Catastrophic
<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
<u>Frequency</u> How often does it might it happen	This will probably never happen/ recur	Do not expect it to happen / recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue	Will undoubtedly happen/recur, possibly frequently
<u>Probability</u> Will it happen or not? % chance of <u>not</u> meeting objective	<0.1 per cent	0.1-1 per cent	1 -10 per cent	10-50 per cent	>50 per cent

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

Consequence Score	Likelihood Score				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
<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**

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

## THE WELSH GOVERNMENT FINANCIAL COMMENTARY

### FINANCIAL POSITION FOR THE PERIOD ENDED 30<sup>th</sup> APRIL 2019

#### INTRODUCTION

The UHB's approved 2019/20-2021/22 Integrated Medium Term Plan (IMTP) includes a balanced financial plan for 2019/20.

**At month 1, the UHB is reporting an overspend of £0.658m against this plan due to £0.383m of operational pressures and £0.275m costs for improvements in RTT performance which is being incurred at risk pending agreement of additional funding, for which discussions with Welsh Government are ongoing.**

#### BACKGROUND

The Health Board agreed and submitted its 2019/20 – 2021/22 IMTP to Welsh Government by the end of January 2019 for its consideration. Approval of this plan was received by Welsh Government in March 2019. The financial plan aims to deliver a break even position for each year during the period of this plan. The financial plan for 2019/20 requires the delivery of a £31.245m savings target.

A summary of this plan is provided in Table 1.

**Table 1: 2019/20 IMTP**

	Approved IMTP £m
<b>b/f underlying deficit</b>	<b>(36.3)</b>
Net Allocation Uplift (inc LTA inflation)	56.6
Cost Pressures	(47.6)
Investments	(4.0)
Recurrent Cost Improvement Plans	31.3
<b>In Year Financial Plan</b>	<b>36.3</b>
<b>Planned Surplus/(Deficit) 2019/20</b>	<b>0.0</b>



The UHB faces a number of financial risks in the delivery of this Financial Plan and the key risks for 2019/20 are set out overleaf:

- Achievement and delivery of the efficiency plan target – As at the end of April £27.9m savings (89%) against the targeted £31.2m has been identified as Green and Amber.
- Management of Operational Pressures – The UHB expects budget holders to manage and recover any operational pressures within the totality of delegated resources. This includes the management of growth in continuing healthcare and prescribing for which no additional funding has been provided to budget holders.
- RTT and Winter Plan – Delivering planned levels of performance within the resources available. RTT plans will be subject to further discussions with Welsh Government regarding performance levels and funding. Pending agreement with Welsh Government, the UHB is proceeding at risk to secure further improvements. RTT expenditure at month 1 was £0.275m more than the budget available. It has been assumed that this will either be covered by securing additional funding or activity will be curtailed in the later part of the year to manage this risk if no additional funding is available. Curtailment of activity would however adversely impact upon performance.

These financial monitoring returns have been prepared against the UHB's approved IMTP which includes a balanced position for 2019/20. This report details the financial position of the UHB for the period ended 30th April 2019. A full commentary has been provided to cover the tables requested for the month 1 financial position.

**The response to the queries raised in the month 12 financial monitoring returns is set out in an attachment to this commentary.**

## **FINANCIAL PLAN (TABLE A)**

Table A sets out the financial plan and latest position at month 1. In interpreting Table A the following should be noted

- Welsh Government funding includes a the £10m operational plan allocation that has been made recurrent;
- The UHBs **£31.245m** savings target is being delivered by identified savings, savings yet to be identified, net income generated and planned accountancy gains reported on lines 4, 5, 7 & 8.

## **UNDERLYING POSITION (TABLE A1)**

This table sets out the opening and forecast underlying position of the UHB.

The opening position is an underlying deficit of £36.3m and if the plan is successfully delivered this would reduce to £4.0m by the year end.

**The UHB's 2019/20-2021/22 Integrated Medium Term Plan (IMTP) which has gained Welsh Government approval contains a balanced financial plan and includes measures to recurrently address the UHBs underlying deficit.**

## ACTUAL YEAR TO DATE AND FORECAST POSITION (TABLE B AND B1)

Table B confirms the year to date deficit of £0.658m. This year to date deficit is made up of the following:

- £0.383m operational overspend;
- £0.275m RTT costs incurred at risk.

**The UHB plans to recover this year to date deficit and deliver a break even position by the year end as planned.**

## Income and Expenditure Analysis

Table 2 analyses the year to date and forecast variance between Income, Pay, Non Pay & Planned Deficit.

**Table 2: Summary Financial Position for the period ended 30<sup>th</sup> April 2019**

Income/Pay/Non Pay	In Month			Cumulative Year to Date			Full Year		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv	Budget	Forecast	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	(118.180)	(118.170)	0.010	(118.180)	(118.170)	0.010	(1,420.248)	(1,420.248)	0.000
Pay	54.610	54.609	(0.001)	54.610	54.609	(0.001)	614.213	614.213	0.000
Non Pay	63.569	64.218	0.649	63.569	64.218	0.649	806.035	806.035	0.000
Variance to Plan £m	0.000	0.658	0.658	0.000	0.658	0.658	0.000	0.000	0.000

The month 1 income variance is detailed in Table 3.

**Table 3: Analysis of Income Budgets**

Income	In Month			Cumulative Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Revenue Resource Limit	(79.256)	(79.256)	0.000	(79.256)	(79.256)	0.000
Non Cash Limited Expenditure	(1.609)	(1.609)	0.000	(1.609)	(1.609)	0.000
Accommodation & Catering	(0.336)	(0.329)	0.006	(0.336)	(0.329)	0.006
Education & Training	(3.201)	(3.191)	0.010	(3.201)	(3.191)	0.010
Injury Cost Recovery Scheme (CRU) Income	(0.214)	(0.204)	0.009	(0.214)	(0.204)	0.009
NHS Patient Related Income	(25.605)	(25.635)	(0.031)	(25.605)	(25.635)	(0.031)
Other Operating Income	(6.814)	(6.797)	0.017	(6.814)	(6.797)	0.017
Overseas Patient Income	(0.007)	(0.006)	0.001	(0.007)	(0.006)	0.001
Private Patient Income	(0.097)	(0.069)	0.029	(0.097)	(0.069)	0.029
Research & Development	(1.041)	(1.072)	(0.031)	(1.041)	(1.072)	(0.031)
Total £m	(118.180)	(118.170)	0.010	(118.180)	(118.170)	0.010

A deficit of £0.010m is reported against income budgets. The main adverse variances to note are:

- £0.029m adverse variance on Private Patient income. The principal reason for the variance is a downturn in activity in the Surgery Clinical Board where budgets are set on an average of the previous two year activity. In this context performance is expected to recover as the year progresses.
- £0.017m adverse variance on other operating income primarily due to underperformance in NICU where activity targets have been revised in respect of changes in planned flows arising from the implementation of the South Wales plan.

Financial performance against pay budgets is set out in Table 4 and this includes UHB pay within primary care.

**Table 4: Analysis of Pay Budgets**

Pay	In Month			Cumulative Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Additional clinical services	2.084	2.079	(0.005)	2.084	2.079	(0.005)
Management, admin & clerical	6.515	6.536	0.021	6.515	6.536	0.021
Medical and Dental	13.135	13.165	0.030	13.135	13.165	0.030
Nursing (registered)	16.853	16.909	0.056	16.853	16.909	0.056
Nursing (unregistered)	4.455	4.720	0.264	4.455	4.720	0.264
Other staff groups	8.342	8.125	(0.217)	8.342	8.125	(0.217)
Scientific, prof & technical	3.227	3.077	(0.149)	3.227	3.077	(0.149)
Total £m	54.610	54.609	(0.001)	54.610	54.609	(0.001)

Total pay budgets are underspent by £0.001m at the end of month 1.

The main concern continues to be the pressure against nursing budgets for where high levels of vacancies and sickness have led to increased agency expenditure to maintain established levels of nursing cover. In addition, specialing has been high in some areas. A Nursing Recovery Plan is being developed to manage this pressure and will be monitored as the year progresses.

The pressure against medical and dental budgets continues to be driven by pressures in diagnostics where additional sessions in Radiology and Cellular Pathology are linked increases in demand.

Financial performance against non pay budgets is set out in Table 5.

**Table 5: Analysis of Non Pay Budgets**

Non Pay	In Month			Cumulative Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Clinical services & supplies	7.687	7.724	0.037	7.687	7.724	0.037
Commissioned Services	14.537	14.546	0.008	14.537	14.546	0.008
Continuing healthcare	5.297	5.364	0.067	5.297	5.364	0.067
Drugs / Prescribing	11.646	11.825	0.179	11.646	11.825	0.179
Establishment expenses	0.917	0.913	(0.004)	0.917	0.913	(0.004)
General supplies & services	0.713	0.739	0.027	0.713	0.739	0.027
Other non pay	5.560	5.647	0.087	5.560	5.647	0.087
Premises & fixed plant	3.041	3.266	0.225	3.041	3.266	0.225
Primary Care Contractors	14.171	14.194	0.023	14.171	14.194	0.023
Total £m	63.569	64.218	0.649	63.569	64.218	0.649

Table 5 highlights an overspend of £0.649m against non pay budgets.

The key operational pressure areas are:

- premises and fixed plant where a key cost driver is a £0.1m overspend on energy costs due to the temporary shutdown of the UHB's combined heat and power generators.
- an overspend against drugs budgets primarily in medicine and primary care.
- An overspend of £0.752m against the RTT budget which are shown in other non pay

## SAVING PLANS (TABLE C, C1 AND C2)

At month 1 the UHB has identified £27.898m of schemes to deliver against the £31.245m savings target leaving a further £3.347m schemes to identify as summarised in Table 6. The identified schemes include income generation schemes and accounting gains which are excluded from Table C.

**Table 6: Progress against the 2019/20 Savings Programme at Month 1**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	31.245	27.898	(3.347)

The gap in identified schemes is profiled into months 3-12 in order to allow sufficient time for budget holders to fully establish their savings plans.

## INCOME/EXPENDITURE ASSUMPTIONS (TABLE D)

Cardiff & Vale UHB have been engaged with colleagues in partner LHBs to agree LTA arrangements for 2019-20. Discussions continue between LHBs

regarding the application of the 1% Healthier Wales funding provided by Welsh Government for 2019/20.

The status of other LTA discussions is set out below:

- Swansea Bay University (Provider and Commissioner LTAs) - Agreed in principle. There have been a number of technical adjustments required to split out Bridgend residents from the original LTA frameworks. This involves reducing the former ABMU and C&V reported provider activity.
- Cwm Taf Morgannwg (Provider and Commissioner LTAs) – Agreed in principle. The teams are still working on a number of technical adjustments. The transfer of Bridgend residents will require Cwm Taf Morgannwg and Cardiff & Vale LHBs to increase the reported patient activity between the organisations which will require enhanced monitoring in 2019/20 to ensure consistency and stability with the previous LTA frameworks. Other technical adjustments concern the transfer of CAMHs provision to C&V UHB and the transfer of Community Dental provision to Cwm Taf Morgannwg LHB. South Wales Plan adjustments for redirected obstetric and paediatric flows to Cardiff & Vale UHB are also under discussion.
- Powys (Provider LTA) - Agreed in principle
- Hywel Dda (Provider and Commissioner LTA) - Agreed in principle
- Aneurin Bevan (Provider and Commissioner LTA) – Agreed in principle. 2019/20 represents the last year of a staged Aneurin Bevan disinvestment in C&V UHB provided services. Both organisations have developed a new LTA framework with greater granularity in activity reporting and new marginal rates. This will run in shadow form in 2019/20 alongside the existing LTA framework.
- Velindre (Commissioner LTA) – Agreed in principle
- WHSSC (Commissioner Joint All Wales Framework) – Fully agreed
- EASC (Commissioner Joint All Wales Framework) – Fully agreed

C&V UHB is working towards finalisation of all technical adjustments to allow signature of LTAs by 31 May 2019.

## RESOURCE LIMITS 2018/19 (TABLE E)

Table E outlines the UHB's 2018/19 resource limit.

Similar to practice in previous years, the UHB forecast continues to exclude £1.028m of recurrent expenditure which has arisen following a change in the accounting treatment of UHB PFI schemes under International Financial Reporting Standards (IFRS). The UHB is assuming that Welsh Government will continue to provide resource cover for this.

## **RISK MANAGEMENT (TABLE F)**

The key risks in delivery of the plan are:

- delivery of the £31.245m efficiency plan target;
- management of operational pressures;
- RTT and winter plan – delivering planned levels of performance within the current resources available.

## **OTHER ISSUES**

The financial information reported in these monitoring returns aligns to the financial details included within Finance Committee and Board papers. These monitoring returns will be taken to the 29<sup>th</sup> May 2019 meeting of the Finance Committee for information.

## **CONCLUSION**

The UHB has an approved IMTP with a financial plan that delivers a balanced position in 2019/20. To achieve this the UHB will need to manage operational pressures and identify and deliver £31.2m savings.

At month 1, against these requirements the UHB has reported an overspend of £0.658m. This is due to a £0.383m operational overspend and £0.275m costs for improvements in RTT performance which is being incurred at risk pending agreement of additional funding with Welsh Government, which is subject to ongoing discussions. The level of unidentified savings at month 1 is £3.347m. Identification of further savings and the management of operational pressures will remain an area of focus for the UHB until these risks are managed.

.....  
**SHARON HOPKINS**  
**DEPUTY CHIEF EXECUTIVE**

14<sup>th</sup> May 2019

.....  
**ROBERT CHADWICK**  
**DIRECTOR OF FINANCE**

14<sup>th</sup> May 2019

Table A - Movement of Opening Financial Plan to Forecast Outturn

This Table is currently showing 0 errors

Line 11 should reflect the corresponding amounts included within the latest IMTP submission to WG

Lines 1 - 11 should not be adjusted after Month 1

		In Year Effect	Non Recurring	Recurring	FYE of Recurring
		£'000	£'000	£'000	£'000
1	Underlying Position b/fwd from Previous Year - as per 3 year plan (Surplus - Positive Value / Deficit - Negative Value)	-36,261	0	-36,261	-36,261
2	New Cost Pressures - as per 3 year plan (Negative Value)	-51,594		-51,594	-51,594
3	<b>Opening Cost Pressures</b>	<b>-87,855</b>	<b>0</b>	<b>-87,855</b>	<b>-87,855</b>
4	Identified Savings Plan (Positive Value)	25,071	8,891	16,180	23,054
5	Savings / Mitigating Actions Yet To Be Identified (Positive Value)	3,348	2,348	1,000	2,962
6	Welsh Government Funding (Positive Value)	47,094		47,094	47,094
7	Net Income Generated (Positive Value)	1,826	612	1,214	1,229
8	Planned Accountancy Gains (Positive Value)	1,000	1,000	0	0
9	Release of Uncommitted Contingencies & Reserves (Positive Value)				
10	LTA Inflation and wage award	9,516	0	9,516	9,516
11	<b>Opening Financial Plan</b>	<b>0</b>	<b>12,850</b>	<b>-12,850</b>	<b>-4,000</b>
12	Cost Pressures b/fwd from Previous Year - unidentified within 3 year plan (Negative Value)				
13	Opening Plan Savings - Forecast (Underachievement) / Overachievement	-97	-29	-68	8
14	Additional In Year Identified Savings - Forecast (Positive Value)	0	0	0	0
15	Additional In Year Identified Accountancy Gains (Positive Value)	0	0	0	0
16	Additional Net Income Generated (Positive Value)	1	3	-2	-5
17	Non Identification of Savings / Mitigating Actions Yet To Be Identified in Opening Plan	-3,348	-2,348	-1,000	-2,962
18	Release of Previously Committed Contingencies & Reserves (Positive Value)	0			
19	Additional In Year Welsh Government Funding (Positive Value)	0			
20	Full identification of savings plan	3,444	2,374	1,070	2,960
21		0			
22		0			
23		0			
24		0			
25		0			
26		0			
27		0			
28		0			
29		0			
30		0			
31		0			
32		0			
33		0			
34		0			
35		0			
36		0			
37		0			
38	<b>Forecast Outturn (- Deficit / + Surplus)</b>	<b>0</b>	<b>12,850</b>	<b>-12,850</b>	<b>-4,000</b>

[illegible]



Period : Apr 19

Table C - Identified Expenditure Savings Schemes (Excludes Income Generation and Accountancy Gains)

This Table is currently showing 0 errors

			1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY	Assessment		Full In-Year forecast	
			Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000			YTD variance as %age of YTD	Green £'000	Amber £'000	non recurring £'000	recurring £'000
1	CHC and Funded Nursing Care	Budget/Plan	46	46	46	46	46	46	70	94	117	141	165	189	46	1,050		0	1,050		
2		Actual/F'cast	46	46	46	46	46	46	70	94	117	141	165	189	46	1,050	4.37%	0	1,050	200	850
3		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0		
4	Commissioned Services	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
5		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
6		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
7	Medicines Management (Primary & Secondary Care)	Budget/Plan	35	35	35	35	35	35	201	201	201	201	201	300	35	1,513		132	1,381		
8		Actual/F'cast	35	35	35	35	35	35	201	201	201	201	201	300	35	1,513	2.28%	132	1,381	18	1,495
9		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0		
10	Non Pay	Budget/Plan	434	1,224	2,798	1,158	944	1,028	1,007	1,049	1,175	1,425	1,050	1,037	434	14,330		4,259	10,071		
11		Actual/F'cast	360	1,224	2,798	1,158	944	1,028	1,007	1,049	1,175	1,425	1,050	1,038	360	14,256	2.52%	4,199	10,057	7,178	7,078
12		Variance	(74)	0	0	0	0	0	0	0	0	0	0	1	(74)	(74)	(17.11%)	(60)	(13)		
13	Pay	Budget/Plan	436	485	552	846	658	662	690	700	702	702	702	822	436	7,956		4,185	3,771		
14		Actual/F'cast	413	485	552	846	658	662	690	700	702	702	702	822	413	7,933	5.21%	4,175	3,758	1,461	6,471
15		Variance	(23)	0	0	0	0	0	0	0	0	0	0	0	(23)	(23)	(5.24%)	(10)	(13)		
16	Primary Care	Budget/Plan	17	17	17	17	17	17	17	17	17	17	17	17	17	208		208	0		
17		Actual/F'cast	17	17	17	17	17	17	17	17	17	17	17	17	17	208	8.33%	208	0	0	208
18		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0		
19	Total	Budget/Plan	968	1,807	3,448	2,102	1,700	1,787	1,985	2,061	2,212	2,486	2,135	2,366	968	25,056		8,784	16,272		
20		Actual/F'cast	871	1,807	3,448	2,102	1,700	1,787	1,985	2,061	2,212	2,486	2,135	2,367	871	24,960	3.49%	8,714	16,246	8,857	16,103
21		Variance	(97)	0	0	0	0	0	0	0	0	0	0	1	(97)	(97)	(10.04%)	(70)	(26)		
22	Variance in month		(10.04%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	(10.04%)						
23	In month achievement against FY forecast		3.49%	7.24%	13.81%	8.42%	6.81%	7.16%	7.95%	8.26%	8.86%	9.96%	8.55%	9.48%							

Table C1- Savings Schemes Pay Analysis

		Month	1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY YTD variance as %age of YTD Budget/Plan	Assessment		Full In-Year forecast	
			Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000
1	Changes in Staffing	Budget/Plan	206	307	228	231	250	250	346	356	358	358	358	358	206	3,605		1,828	1,778		
2	Establishment	Actual/F'cast	187	307	228	231	250	250	346	356	358	358	358	358	187	3,586	5.21%	1,821	1,765	173	3,413
3		Variance	(19)	0	0	0	0	0	0	0	0	0	0	0	(19)	(19)	(9.34%)	(7)	(12)		
4	Variable Pay	Budget/Plan	60	67	64	316	116	120	129	129	129	129	129	129	60	1,516		865	651		
5		Actual/F'cast	60	67	64	316	116	120	129	129	129	129	129	129	60	1,515	3.96%	864	651	466	1,049
6		Variance	(0)	0	0	0	0	0	0	0	0	0	0	0	(0)	(0)	(0.69%)	(0)	0		
7	Locum	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
8		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
9		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
10	Agency / Locum paid at a premium	Budget/Plan	8	8	8	8	8	8	8	8	8	8	8	8	8	100		50	50		
11		Actual/F'cast	8	8	8	8	8	8	8	8	8	8	8	8	8	100	8.33%	50	50	0	100
12		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0		
13	Changes in Bank Staff	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
14		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
15		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
16	Other (Please Specify)	Budget/Plan	162	102	251	291	283	283	207	207	207	207	207	326	162	2,735		1,443	1,292		
17		Actual/F'cast	158	102	251	291	283	283	207	207	207	207	207	326	158	2,731	5.80%	1,440	1,291	822	1,909
18		Variance	(3)	0	0	0	0	0	0	0	0	0	0	0	(3)	(3)	(2.00%)	(3)	(1)		
19	Total	Budget/Plan	436	485	552	846	658	662	690	700	702	702	702	822	436	7,956		4,185	3,771		
20		Actual/F'cast	413	485	552	846	658	662	690	700	702	702	702	822	413	7,933	5.21%	4,175	3,758	1,461	6,471
21		Variance	(23)	0	0	0	0	0	0	0	0	0	0	0	(23)	(23)	(5.24%)	(10)	(13)		

Table C2- Savings Schemes Agency/Locum Paid at a Premium Analysis

		Month	1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY YTD variance as %age of YTD Budget/Plan	Assessment		Full In-Year forecast	
			Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000
1	Reduced usage of	Budget/Plan	8	8	8	8	8	8	8	8	8	8	8	8	8	100		50	50		
2	Agency/Locums paid at a premium	Actual/F'cast	8	8	8	8	8	8	8	8	8	8	8	8	8	100	8.33%	50	50	0	100
3		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0		
4	Non Medical 'off contract' to 'on contract'	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
5		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
6		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
7	Medical - Impact of Agency pay rate caps	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
8		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
9		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
10	Other (Please Specify)	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
11		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
12		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0		
13	Total	Budget/Plan	8	8	8	8	8	8	8	8	8	8	8	8	8	100		50	50		
14		Actual/F'cast	8	8	8	8	8	8	8	8	8	8	8	8	8	100	8.33%	50	50	0	100
15		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0		

Full-Year Effect of Recurring Savings
£'000
850
0
2,595
9,089
10,031
208
22,774

Full-Year Effect of Recurring Savings
£'000
5,162
1,160
0
100
0
3,610
10,031

Full-Year Effect of Recurring Savings
£'000
100
0
0
0
100

This Table is currently showing 0 errors

Table C3 - Savings Tracker

Summary of Forecast Savings (£000's)	Cash-Releasing Saving (Pay)	Cash-Releasing Saving (Non Pay)	Cost Avoidance	Savings Total	Income Generation	Accountancy Gains
Planned Care	1,634	1,155	80	2,868	116	0
Unscheduled Care	2,685	1,072	50	3,806	96	0
Primary and Community Care (Excl Prescribing)	119	844	336	1,299	119	0
Mental Health	608	650	0	1,258	0	0
Clinical Support	821	388	311	1,521	18	0
Non Clinical Support (Facilities/Estates/Corporate)	291	1,720	3,963	5,975	820	0
Commissioning	0	0	0	0	648	0
Across Service Areas	1,300	1,547	218	3,065	10	1,000
CHC	0	550	2,001	2,551	0	0
Prescribing	0	1,279	0	1,279	0	0
Medicines Management (Secondary Care)	0	1,328	24	1,352	0	0
<b>Total</b>	<b>7,458</b>	<b>10,534</b>	<b>6,983</b>	<b>24,975</b>	<b>1,826</b>	<b>1,000</b>

