

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

Minutes of the Finance & Performance Committee held on Wednesday 5th October 2022 at 9.30 am via Teams

Present:

Richard Clark	Independent Member (Chair)
Pippa Britton	Interim Vice Chair (Vice-Chair)
Iwan Jones	Independent Member
Shelley Bosson	Independent Member

In attendance:

Rob Holcombe	Interim Director of Finance, Procurement & Value Based Healthcare
Chris Dawson-Morris	Interim Director of Planning & Performance
Nicola Prygodzicz	Chief Executive
Rani Mallison	Director of Corporate Governance
Danielle O'Leary	Head of Corporate Services, Risk and Assurance
James Calvert	Medical Director
Suzanne Jones	AFD Financial Planning
Chris Commins	AFD Out of Hospital Services
Philip Meredith	Finance Business Partner
Greg Bowen	Assistant Finance Director
Nathan Couch	Audit Wales

Apologies:

Leanne Watkins	Director of Operations
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	Preliminary Matters
FPC 0510/01	Welcome and Introductions The Chair welcomed everyone to the meeting.
FPC 0510/02	Apologies for Absence Apologies for absence were noted.
FPC 0510/03	Declarations of Interest There were no Declarations of Interest to record.
FPC 0510/04	Committee Action Log The Committee discussed the actions and members were assured that the remaining action <i>FPC 0607/09</i> was in progress. Members thanked the teams involved for the completion of previous actions.

FPC 0510/05	Draft Minutes of the meeting held on 6th July 2022 The minutes of the Finance and Performance Committee meeting held on the 6 th of July 2022 were noted as a true and accurate record.
Committee Governance	
FPC 0510/06	Committee Strategic Risk Report Danielle O’Leary (DO), Head of Corporate Services, Risk and Assurance, presented the report to the Committee. Members were informed that the report included an overview of the profile of risks reflecting service demands. Pippa Britton (PB), Interim Vice Chair, noted the conflict in Ukraine was monitored on the risk register and queried how often it was discussed by the Health Board. The following was discussed: <ul style="list-style-type: none"> • A dedicated meeting on the Ukraine crisis takes place monthly. The risk was considered alongside the <i>CRR033 Civil contingencies Act compliance</i> risk. • The Health Board attended monthly Gwent Local Resilience Forum meetings, addressing the current conflict, alongside key stakeholders, and partners. A detailed discussion on risks associated with the current Ukraine conflict to come back to a future In-Committee meeting. Action: Head of Corporate Services, Risk and Assurance/secretariat Shelley Bosson (SB), Independent Member, queried if the ‘balance’ trend for risk ‘ <i>CRR032 Failure to achieve underlying recurrent financial balance due to ongoing service pressures, under-achievement of recurrent savings and efficiency delivery and investments not supported with recurrent funding sources</i> ’ was correct. Rob Holcombe (RH), Interim Director of Finance, informed members that the Health Board were aiming to improve the position. At the time of reporting the position was balanced, however new information indicated that the position may worsen. Members thanked the DO for the comprehensive presentation of risks associated with the Committee business. The Committee; - <ul style="list-style-type: none"> • NOTED the contents of the report. • ENDORSED the proposal to de-escalate CRR020 from the Corporate Risk Register. • ACKNOWLEDGED the updates that had been received and reflected in the appendices for the last reporting period.
Assurance in Respect of Financial Management & Performance	
FPC 0510/07	Financial Understanding of Health Board Commissioned Services Suzanne Jones (SJ), Assistant Finance Director of Financial Planning, supported by Philip Meredith (PM), Finance Business Partner, presented an overview of Health Board Commissioned Services to the Committee. Members were informed that Commissioning included assessing needs, planning, and prioritising, purchasing, and monitoring health services, providing the best health outcomes for the Health Board’s population.

Long Term Agreements (LTA) with commissioning providers were discussed. LTAs were negotiated annually, however during COVID, to provide stability to providers, block contracting arrangements were agreed with no performance variation. 2022-23 was noted as a transitional year as the Health Board moved back to historic LTA arrangements.

Health Board Commissioning expenditure trends were steady, noting increases in both Cardiff and Velindre LTA's. Income from services provided by the Health Board had decreased, due to a decrease in income of £2.2m from the Powys LTA, as a result of a reduction of the Health Board's patient flow from Powys since the opening of the Grange University Hospital, and changes in Nevil Hall Hospital. It was agreed that the income pressure would be borne by Commissioning, with delegated budget remaining in Divisional funding. Some budget has been allocated for income cover mitigation.

The Health Board as a commissioner of services was discussed, alongside financial risks. The following was noted:

- The Health Board's largest yearly contribution was £135.6m to Welsh Health Specialised Services Committee (WHSSC). Health Board representatives met with WHSSC monthly to discuss key strategic issues and monitor progress against yearly plans. A key financial risk was recovery, noting that England were recovering faster than Wales, alongside sustainability of specialised services and financial pressures from new technologies.
- The Health Board's share of the Emergency Ambulance Services Committee (EASC) was £43.5m. EASC management teams had an operational focus. Future developments were noted as investment in additional capacity and National Collaborative Commissioning Unit (NCCU) development of a Sexual Assault Referral Centre.
- Cardiff and Vale University Health Board's LTA baseline value was £35m, covering elective and emergency services. Members were informed of the repatriation of Neurology services to the Health Board, bringing care closer to home. There was a focus on returning to 2019-2020 baseline levels, noting positive delivery for emergency service and concern around current delivery for elective inpatients.
- Cwm Taf Morgannwg University Health Board LTA baseline value was £23m, covering emergency services and some elective pathways. Further data analysis would be required to understand the low numbers of emergency inpatients in comparison to high numbers of Accident and Emergency attendances.
- Velindre NHS Trust LTA baseline was approximately £30m, covering activity and National Institute for Health and Care Excellence (NICE) pharmaceuticals. Current concerns over radiotherapy performance and waiting times were noted; a Clinical Operational group had been established to consider waiting time issues. NICE growth of 21% was noted as an issue, impacting IMTP cost pressures yearly. A new contract had been implemented in 2022, ensuring costs and activity were accurately reflected for each Health Board.
- The Health Board commissioned secondary care acute services from Health Boards in England, providing care for Health Board residents living on the Wales/England boarder. In addition, the Health Board was funded for the care of circa 10,000 English residents with Welsh GPs.
- LTAs were monitored through monthly meetings with Welsh providers and quarterly meetings with English providers, focusing on service

issues and improvement, quality of care for patients and waiting times. Current key quality and waiting time issues were discussed.

- The Major Trauma Centre, commissioned by WHSSC, annual costs were £14m for the Health Board. Concerns over relative usage by Health Boards were discussed, with a current evaluation process underway alongside peer and Welsh Government reviews.
- The centralisation of regional Vascular Services commenced in July 2022, with an annual cost of £2.7m. A review would be undertaken during the first year of implementation.

Opportunities in the current LTA process were discussed, alongside long-term opportunities in restructuring LTA's, promoting a value approach, focusing on outcomes, incentives, risks, and rewards.

Rob Holcombe (RH), Interim Director of Finance, discussed repatriation of services and informed members that prior to any repatriation, the Health Board considered the ability to deliver a quality service at the volume required. Members were informed that a process of unwinding current arrangements with LTA's in Cwm Taf Morgannwg University Health Board had commenced, with further assessment on impact to be undertaken. Members were invited to contact the finance team outside of the meeting for any further information.

Nicola Prygodzicz (NP), Chief Executive, informed members that since the opening of the Grange University Hospital (GUH) there had been a reduction in Health Board patients presenting at Cwm Taf Morgannwg University Health Board's emergency departments. Two points were raised for review:

1. The possibility that the Flow Centre model may not be directing ambulances into GUH that would have previously gone to Prince Charles Hospital.
2. Prince Charles Hospital transferring patients back to GUH, who historically, due to geographical factors, may have gone to Prince Charles Hospital to be treated, honouring the Health Board's contract with Prince Charles Hospital to provide the best care closer to home.

Shelly Bosson (SB), Independent Member, requested the following information:

- As part of the business case for GUH, was the Health Board aware of an income reduction after the opening of the hospital, and why Powys residents were arriving at Prince Charles Hospital?
NP informed members that during the business case for GUH, it was presumed that elective Powys patients would go to GUH. Emergency patients are currently directed to Prince Charles Hospital, as the closest Emergency site. Where the Health Board has seen a reduction is in our patients going to Cwm Taff Morgannwg. RH informed members that the offer to Powys for patient care in Health Board hospitals continued, and the mitigation of any associated risk had been factored into the financial plan as far as possible, within resources.
- How the Health Board ensured value for money with the Long-Term Agreements (LTAs)?
RH discussed that across Wales there were not standardised LTA agreements. Further work was being undertaken to ensure value for money with Health Board LTAs.
- Why was faster recovery in England an issue for Welsh Health Boards?

	<p>Members were informed that NHS Organisations in England overperforming could be a potential financial risk for the Health Board.</p> <ul style="list-style-type: none"> • Was there a requirement for Health Board LTAs be refreshed, based on current demand and capacity issues? <p>Members were informed that, as reported, block contracts were utilised during Covid to align with all-Wales and Welsh Government funding. This year the Health Board had revisited pre-Covid contract terms. Work was underway with All-Wales Finance Directors to reconfigure LTAs going forward.</p> <ul style="list-style-type: none"> • What was the Rutherford Capacity? <p>Members were informed that the Health Board’s initial financial plan with Velindre Cancer Centre was delivering core levels. Velindre Cancer Centre outsourced some additional services to the Rutherford Centre. Due to the closure and liquidation of the Rutherford Centre, Velindre Cancer Centre may not be able to deliver at current levels.</p> <p>Pippa Britton (PB), Interim Vice Chair, requested the protocol in cases where the Health Board had commissioned services and the Commissioner was not delivering at agreed levels of patient quality and outcomes. RH informed members that based upon patient activity, both financial incentives and penalties were built into original contracts for most commissioned services. Patient quality through commissioned services was monitored closely through the governance of other Health Board providers, Board papers, reports and through Health Inspectorate Wales (HIW) and Care Quality Commission (CQC) in England, including patient feedback. In addition, a previous suggestion by the Health Board to monitor patient quality and care through all-Wales Datix access; this had not been agreed at present. Access to patient quality information and outcome data through private providers was discussed; it was noted that quarterly reports were provided to the Health Board providing key performance indicators, data sets from patient surveys and complaints, lessons learnt and clinical governance information.</p> <p>Members requested further information on commissioned services through Emergency Ambulance Services Committee (EASC) and inter-site transport. Members were informed that concerns had been raised internally around the utilisation of inter-site transport. Further work was being undertaken, alongside EASC, to address concerns. Members were reassured that this was closely monitored through the Patient Quality, Safety and Outcomes Committee.</p> <p>Richard Clark (RC), Committee Chair, questioned whether there was capacity for the Health Board to provide additional services as a commissioned provider. RH informed members that the Health Board has arrangements in place and income streams as a provider. However, due to current demand, capacity and workforce issues the Health Board was struggling to deliver services to the current portfolio of patients and this would require consideration prior to providing additional services to other commissioners.</p>
<p>FPC 0510/08</p>	<p>Finance Performance Report, Month 5 2022/23</p> <p>Rob Holcombe (RH), Interim Director of Finance, provided the update outlining the Health Board’s financial performance, for the month of August 2022 (month 5) and the year-to-date performance position for 2022/23. The report summarised the Health Board’s performance against financial targets, statutory financial duties and forecast position.</p>

	<p>At Month 5, the revenue position was reported as £17.441m deficit with a forecast year-end out-turn reported position as break-even. The significant risk to this forecast was considered by the Board at the September 2022 Board meeting. The following was discussed:</p> <ul style="list-style-type: none"> • Cost pressures were noted as a similar trend to previous months. • Variable pay cost pressures were driven by service pressures and response to Covid. • A surge in bed requirements, driven by acuity of patients, transfer delays and urgent care pressures. • Vacancy covers, due to current workforce issues and ability to recruit, noted as a national issue. • Non-pay cost pressures were driven by the hike in energy prices. • The Capital forecast was balanced. • Cash targets were within limit and were forecast to be achieved. • Public Sector Payment policy was achieved for month 5 and will be monitored. <p>The Board had approved the 2022/23 – 2024/25 IMTP initial Budget delegation plan for 2022/23 as well as an update for quarter 2. Welsh Government had approved the IMTP which assumed financial balance.</p> <p>Shelley Bosson (SB), Independent Member, requested further information on divisional forecast savings, as outlined in the report. Members were informed that the Health Board was achieving on primary Care levels due to savings in medicines management.</p> <p>The Committee RECEIVED the report for ASSURANCE and compliance and NOTED the Welsh Government Monitoring Return report for information.</p>
<p>FPC 0510/09</p>	<p>Revenue Financial Forecast Review 2022/23</p> <p>Rob Holcombe (RH), Interim Director of Finance, presented the update on the forecast revenue resource position for the financial year 2022/23, based on August 2022 (month 5) financial reporting, highlighting the potential risk of not achieving financial balance if spend levels continue at current rates. The Committee was requested to review and consider the detailed risks, as outlined in the report, focusing on the core position outlined. In addition, members were advised that the report outlined key focus areas for saving opportunities to mitigate risks for 22/23.</p> <p>Members were advised of the potential deficit of £49m based on current service assumptions if no further action is taken, however a range of between £30m to £40m was considered more likely, on the basis that potential opportunities to reduce expenditure were identified and progressed.</p> <p>Health Board recurrent and non-recurrent income had reduced by £54m in comparison to 2021. However, expenditure had not reduced to that level. A broad range of factors driving the current financial position were noted as follows:</p> <ul style="list-style-type: none"> • Variable pay, driven by bed requirements and urgent care demand. • Transfer delays had increased cost pressures. • Prescribing costs had increased, although some savings had been recognised in medicine management.

- Community Health Council (CFC) fee levels had increased.
- Health Board testing regimes and plans were in excess of Welsh Government funding.
- Service recovery plans for elective and medicine service, including backfill and waiting list costs.
- Insourcing and outsourcing.

The appendix provided included details of financial drivers at Divisional levels.

Members were informed that the Executive Team had held several workshops identifying specific savings schemes for immediate focus, as outlined in the report. In addition, establishment of a dedicated financial recovery turnaround group to monitor progress was being considered.

Greg Bowen (GB), Assistant Finance Director (AFD), supported by Chris Commins (CC), AFD Out of Hospital Services and Suzanne Jones (SJ), AFD Financial Planning, presented the identified savings and associated risks to the Committee, subject to further review. Presentation slides to be shared with members. **Action: Assistant Finance Director/Secretariat**

Finance Teams would be working on a robust action plan, alongside Executive Leads, around potential savings, as outlined in the report. Members were informed that information discussed was a mixture of reporting as of month 5 and updated intelligence based on mid-month reporting. A Board Briefing session was due to take place, focused on the Financial Forecast Review, with opportunities for further discussion.

Nicola Prygodzicz (NP), Chief Executive, informed members of next steps, continuing to focus on opportunities for improvement with the least impact on services. Finalisation of the forecast position, including key drivers, actions for improvement and other options to improve on the financial forecast would be shared and discussed with Welsh Government. In addition, monthly dedicated financial recovery meetings would take place with Executive Leads.

Pippa Britton (PB), Interim Vice Chair, , was reassured by the monitoring and discussion and requested regular updates on the financial forecast to the Board. RH reassured members that the 'flash reports' had been reintroduced, containing financial forecast information, ensuring Board members receive regular updates outside of the Board and Committee meetings. RH invited members to contact him outside of the meeting with any further queries.

Iwan Jones (IJ), Independent Member, welcomed the governance of the financial forecast at Board level, and queried the following:

- How was the final figure reported? RH informed members that a figure was determined, and the Health Board had the ability to identify any risks to that position as part of Welsh Government reporting.
- Noting the Health Board's statutory requirement to achieve financial balance, what were the political implications to the Health Board if this was not achieved? RH informed members that there was a statutory requirement to break even over a three-year period. Currently, the Health Board did not have the finance from the previous two years to forecast breakeven. Determined by Welsh Government, the NHS Escalation Framework would be enacted as part of Welsh Government intervention. The Chief Executive discussed factors influencing

	<p>increased spends such as the medicines market and variable pay and informed members that the Health Board accepted its responsibility to break even. Any potential enhanced monitoring would be dependent on the financial position in January 2023, when a tripartite review is undertaken by Welsh Government, Health Inspectorate Wales (HIW) and Audit Wales.</p> <p>RC requested assurance to the Committee and Board of a turnaround plan for the next 6 months and requested assurance that all budget holders were aware of their responsibility to deliver savings. NP informed members that a forecast of monthly expenditure, including a forecast of delivery for each theme, would be presented to Board members at the upcoming Board development session. Action: Chief Executive</p> <p>The Committee thanked the finance teams for the update.</p> <p>The Committee:</p> <ul style="list-style-type: none"> Received the report for ASSURANCE, noting the significant risk of achieving financial balance if no pro-active action is taken and the likely deficit. CONFIRMED the approach to establish the revised Board forecast financial value to report to WG as part of month 6 reporting.
<p>FPC 0510/10</p>	<p>ABUHB Budgetary Control and Finance Control Procedure</p> <p>The Committee received the report, describing key financial controls and governance rules and behaviours which the organisation had established to ensure expenditure is managed within available resources. The report aligned to Welsh government requirements and best practice financial control procedures.</p> <p>The report highlighted that the Health Board was facing significant service and workforce pressures which were driving financial challenge and significant risk to delivering financial balance for 2022/23.</p> <p>Iwan Jones (IJ), Independent member, highlighted that budgetary control issues were currently discussed at the Audit, Risk and Assurance Committee and requested further clarification if this should be overseen by the Finance and Performance Committee instead. Rani Mallison (RM), Director of Corporate Governance, informed members that breach of delegated budget responsibilities should rest with the Audit, Risk and Assurance Committee.</p> <p>The Committee NOTED the report for INFORMATION.</p>
<p>Assurance in Respect of Organisational Performance Management</p>	
<p>FPC 0510/11</p>	<p>Performance Management Report- Committee to receive report that was presented to September Board</p> <p>The Committee received the report, outlining a high-level overview of activity and performance at the end of July 2022, with a focus on delivery against key national targets included in the performance dashboard. The Committee NOTED the report.</p>
<p>FPC 0510/12</p>	<p>Performance Exception Reporting; -</p>

Cancer

James Calvert (JC), Medical Director, presented the report, illustrating the current cancer performance and identifying improvements to address any challenges.

Performance against the 62-day Single Cancer Pathway was discussed, noting that the Health Board last achieved the 75% compliance in 2018. Provisional data for August 2022 suggested an approximate 47% level of compliance. Performance data suggested that the difficulties would continue due to levels of unprecedented demand, with a 26% increase in overall cancer referrals since 2019. Demand and capacity issues influencing the pathway were discussed, as outlined in the report.

Health Board plans to improve patient care and wait times was discussed as follows:

- Insourcing additional capacity on the Endoscopy pathways, improving wait times from 12 weeks to 22 days, noting further opportunity for improvement.
- A business case had been approved to outsource routine pathology, improving pathways in skin cancers.
- A training programme had been piloted for pathway managers, adopted at an All-Wales level. Pathway managers would be a point of contact for patients who cancel appointments to support the patient in facilitating an appointment as soon as possible.
- Radiology and Histopathology have moved into a new Division, providing more scrutiny and oversight on planning for improvement.
- A Clinical Reference Group had been established with all tumour sites, with a plan to bring first contact on the cancer pathway within 14 days from 37% to over 80% of cases.
- A 'working group' had been set up alongside Velindre Cancer Centre, to improve the interface of the cancer pathway for patients.
- Actions were being taken to address workforce issues.

The Committee thanked the Medical Director, **NOTED** the report, and supported the continued multidisciplinary efforts to address the challenges identified.

Planned Care

Chris Dawson-Morris (CDM), Interim Director of Planning & Performance, informed members that an update on Planned Care would be covered in the Board Strategic Session on Wednesday 11th October 2022. **Action: Interim Director of Planning & Performance**

Six Goals of Urgent and Emergency Care

CDM presented the paper, outlining the Health Board's "Six Goals for Urgent and Emergency Care" Programme and associated performance and financial status. Key actions were discussed, noting progress made during the introduction of Same Day Emergency Care SDEC, alongside plans to duplicate SDEC in Ysbyty Ystrad Fawr Hospital.

Financially, the program was supported by Welsh Government Funding totalling £2.96M of which most has already been committed to UPC & SDEC Services.

	<p>Shelley Bosson (SB), Independent Member, requested an update on the Social Care and Regional Analytics leads, listed as 'to be confirmed' within the report. CDM informed members that these positions had been filled and an email would be shared outside of the meeting confirming this. Action: Director of Planning</p> <p>Members requested a deep dive discussion on SDEC at a future meeting. Action: Interim Director of Planning and Performance</p> <p>The Committee thanked the Interim Director of Planning and Performance for the update and the comprehensive report, noting the helpful metrics.</p> <p>The Committee NOTED the report.</p>
FPC 0510/13	<p>Information Governance Performance Indicators</p> <p>Jonathan Meredith (JM), Head of Information Governance, presented the report to the Committee, providing performance information regarding the Health Boards compliance with the General Data Protection Regulation (GDPR) and Data Protection Act 2018 (DPA 2018). The Key Performance Indicators used for monitoring compliance against GDPR and Information Governance Legislation, alongside the Health Board's management of information relating to patients and staff were discussed.</p> <p>Members were informed that the NHS Wales Information Governance Toolkit was completed yearly by Health Boards across Wales. Health Board compliance with the Welsh Information Governance Toolkit for 2021/2022 was 95%, noted as one of the highest scores in Wales.</p> <p>The Committee received the report for ASSURANCE.</p>
	Other Matters
FPC 0510/14	<p>To confirm any key risks and issues for reporting/escalation to Board and/or other Committees</p> <p>There were no items to escalate.</p>
	Date of Next Meeting
FPC 0510/15	<p>The date of the next meeting was noted as: - Wednesday 11th January 2022 via Microsoft Teams.</p>