

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

**Minutes of the Finance & Performance Committee held on
Wednesday 6th July 2022 at 9.30 am via Teams**

Present:

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

In attendance:

Rob Holcombe	Interim Director of Finance, Procurement & Value Based Healthcare
Nicola Prygodzicz	Director of Planning, Performance, Digital and IT
Danielle O’Leary	Head of Corporate Services, Risk and Assurance
Suzanne Jones	AFD Financial Planning
Fidelma Davies	Head of Strategic Financial Planning
Greg Bowen	AFD Hospital Divisions
Chris Commins	AFD Out of Hospital Services
Glyn Jones	Interim Chief Executive Officer
Stephen Chaney	Deputy Head of Internal Audit
Nathan Couch	Audit Wales
Sarah Simmonds	Director of Workforce & OD
Lloyd Bishop	Assistant Director, Performance & Information
Dr Gareth Roberts	AMD Value Based Healthcare
Adele Cahill	Assistant Director of Value Based Health Care

Apologies:

Rani Mallison	Director of Corporate Governance
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	Preliminary Matters
FPC 0607/01	Welcome and Introductions The Chair welcomed everyone to the meeting.
FPC 0607/02	Apologies for Absence Apologies for absence were noted.
FPC 0607/03	Declarations of Interest There were no Declarations of Interest to record.
	Committee Governance
FPC 0607/04	Finance & Performance Committee’s Terms of Reference (ToR) and Operating Arrangements, as approved by Board

	<p>Danielle O’Leary, Head of Corporate Services, Risk and Assurance, presented the Committee with the ToR and operating arrangements.</p> <p>The Committee received its ToR and operating arrangements for 2022/23, following Board Approval in March 2022. Members requested that future ToRs included a reference of linking Committee monitoring to outcomes. Members were assured that the monitoring of outcomes linked to risks, and that Health Board risks would inform the Committee work plan.</p> <p>The Committee ENDORSED the ToR for 2022/23.</p>
<p>FPC 0607/05</p>	<p>Committee Priorities for 2022/23 Danielle O’Leary presented the priorities for 2022/23 to the Committee, noting that this was a high-level approach to the role and function of the Committee, linking to the Integrated Medium-Term Plan (IMTP).</p> <p>A more detailed forward work plan (FWP), identifying specific reports and timeframes, would be shared outside of the meeting, following Board approval in July 2022. Action: Director of Corporate Governance</p> <p>Members requested assurance about how Commissioned Services would be monitored through the Committee. Members were informed that a brief report on and financial review of Commissioned Services, through a <i>Long-Term Agreement</i> lens, would be presented at the next meeting. Action: Interim Director of Finance & VBHC/Secretariat</p> <p>Members were advised that a review of how the Health Board monitored Commissioned Services would be undertaken by the Executive Team, feeding back to the appropriate Committee(s). Action: Director of Planning, Performance, Digital and IT</p> <p>The Committee thanked the Head of Corporate Services, Risk and Assurance for the presentation and welcomed the forward work plan.</p>
<p>FPC 0607/06</p>	<p>Committee Strategic Risk Report Danielle O’Leary presented the report to the Committee.</p> <p>Members were informed that divisions had received targeted support and intervention to review current risks and had been encouraged to undertake tailored business meetings around emerging risk themes.</p> <p>A review of risks aligned with the Committee’s ToR would take place, including broader performance risks related to Capital Digital and overall performance. As a result of this review, the Committee Strategic Risk Report would be updated and presented to the next Committee meeting. Action: Director of Planning, Performance, Digital and IT /Head of Corporate Services, Risk and Assurance</p> <p>The Chair requested that on pg.4 of Appendix 1, ‘Mapping against 4 harms of COVID’ that the <i>Harm from reduction in non-covid activity</i> be circled, as this was deemed as a risk. Action: Head of Corporate Governance, Risk and Assurance</p>

	<p>Members thanked the Head of Corporate Services, Risk and Assurance for the comprehensive presentation of risks associated with the Committee business.</p> <p>The Committee; -</p> <ul style="list-style-type: none"> • RECEIVED the report for ASSURANCE and compliance and thanked the Head of Corporate Services, Risk and Assurance for the improved format. • ACKNOWLEDGED the updates reflected in the appendices for the last reporting period. • ENDORSED the approach to utilising the risk profiles for this Committee to inform the Committee work plan throughout the year.
Assurance in Respect of Financial Management & Performance	
<p>FPC 0607/07</p>	<p>Financial Performance Report at Month 2, 2022/23, including detailed savings analysis</p> <p>Rob Holcombe, Interim Director of Finance, Procurement & Value Based Healthcare, supported by Suzanne Jones, AFD of Financial Planning, provided the update outlining the Health Board’s financial performance, for the month of May 2022 (month 2) 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 2, the revenue position was reported as £4.9m deficit. The capital position, as reported to Welsh Government, was break-even, reported at high-risk. The significant level of risks to be mitigated in order to achieve the financial position and forecast, as outlined in the report, were noted.</p> <p>It was explained that the anticipated income assumed for COVID was £27m for national schemes, £49m for local schemes, subject to review across Wales, and £19m identified as exceptional costs, supported by Welsh Government.</p> <p>A significant increase in pay/variable pay was noted, due to ongoing operational service pressures. System pressures and the associated financial implications continued on from Quarter 4 of the previous financial year. There was a national assumption that, with COVID easing, there may be a reduction in cost base due to a potential drop in demand, however, this was not reflected in current Health Board service demand.</p> <p>Operating costs currently exceeded planned costs however, the Committee was advised that the Health Board had established an internal financial management approach for delivering the Integrated Medium-Term Plan (IMTP) with potential cost reductions, and teams were in the early stages of developing proposals. Work was being undertaken with Divisions to identify further savings and any identified savings would be reported to WG at the end of Quarter 1.</p> <p>The Board has approved the 2022/23 – 2024/25 IMTP and the initial Budget delegation plan for 2022/23. Members were informed that an additional report would be presented to the Board in July 2022, with recommendations based upon anticipated COVID funding, which in turn would allow delegation</p>

to budget holders across the Health Board. **Action: Interim Director of Finance & VBHC**

Further progress had been made against the Long-Term Agreements (LTA's) as outlined in the report. The Health Board had achieved the sign off of all LTA's by the required date of the 30th June 2022.

The savings target was noted as £26.2m, with an expectation for the Health Board to manage COVID and exceptional costs, in addition to the savings target. Current forecasting indicated that the Health Board would make the £6m of the savings target, with £20m remaining at high risk.

It was noted that the Health Board had identified various opportunities for long term sustainable financial recovery, with an agreed focus on transformation, through the IMTP process.

Shelley Bosson, Independent Member, requested further information on the Health Board's variable pay savings plans. The initial plans for the reduction in the use of agency nursing were noted although further updates on progress would be helpful. Rob Holcombe commented that this had recently been refreshed, and the Health Board would anticipate some impact over the coming months. Further information would be included in the designated agenda item on *Variable Pay Savings Plans (Agency reduction)*.

Shelley Bosson requested information on reasons for the reduction in outpatient activity in General Medicine. A wider reflection of the Medicines plan would be included in the next formal report to the Board. **Action: Interim Director of Finance & VBHC**

Shelley Bosson discussed the 'budget delegation letters' that set out clear expectations regarding management of delegated budget levels and requested further information on the progress of Executive Director and Divisional sign off. The Committee was informed that all delegation letters had been issued to Executives and were being cascaded through Divisions. The progress of the delegations would be monitored and promoted by the Finance Team. An update on the progress would be included in the next formal Board report. **Action: Interim Director of Finance & VBHC**

Glyn Jones, Interim Chief Executive Officer, discussed the current financial position. Three broad areas of focus were outlined for future discussions, to provide assurance to Board members. Areas of focus for assurance were noted as:

1. Basic efficiencies: Seeking assurance that budgets were delegated and accepted. In addition, ensuring plans were in place for efficient use of medicine management, to include impact on patient outcomes.
2. Areas of service change: Improving services for patients while utilising best use of resources.
3. Choices on where the Health Board spends its money for best patient outcomes. Regular discussions with stakeholder's, Board members and Welsh Government would be required around areas of focus.

The Committee **RECEIVED** the report for **ASSURANCE** and compliance.

<p>FPC 0607/08</p>	<p>ABUHB’s Sustainability Approach for 2022/23</p> <p>Rob Holcombe, Interim Director of Finance, presented the update on the Health Board’s approach to sustainability for 2022/23. The report provided details of the proposed approach to sustainability to deliver financial balance as part of the IMTP.</p> <p>Rob Holcombe advised that the 2022/23 IMTP identified a savings requirement of £26m and cost risks of £19m that would need mitigation and management. The Executive Team had identified four key areas of focus within the agenda, noted as:</p> <ol style="list-style-type: none"> 1. People Focused 2. Support to drive transformational change 3. Autonomy and Accountability 4. Monitoring and reporting, and holding to account <p>The four key elements would be operationalised through a system wide set of actions, as outlined in the report.</p> <p>Pippa Britton, Independent Member, enquired if planning and estates had been considered when assessing savings. Rob Holcombe responded that this has been considered through the Agile Working Programme, a review of Health Board maintained properties through an Estates Efficiencies Framework, a review would be undertaken to identify any potential savings opportunities. A task force had been established to assess current leases and potential refurb of current estates, with the cut in Capital Funding for 2022/23 noted as a challenge.</p> <p>The Committee thanked the Interim Director of Finance and NOTED; -</p> <ul style="list-style-type: none"> • the Health Board approach to long term sustainability • the operational implementation action taken • the financial recovery ‘turnaround’ status of ABUHB
<p>FPC 0607/09</p>	<p>ABUHB’s Efficiency Review and ‘Compendium’ Presentation</p> <p>Fidelma Davies, Head of Strategic Financial Planning, provided the Committee with an overview of the ‘2022/2023 Efficiency Review’ of the Health Board, and a presentation of the ‘Efficiency Opportunities Compendium’ (‘Compendium’).</p> <p>Fidelma Davies presented the ‘Compendium’ to the Committee. Efficiency opportunities were captured in the ‘Compendium’, converting non-financial metrics using the Health Board’s costing information. As of May 2022, the calculated worth of the efficiency assessment of the Health Board, aligned to the key priorities of the IMTP, was £57.887m. The ‘Compendium’ captured business intelligence to support Divisions to improve efficiencies, based on best practice.</p> <p>Opportunities to link the ‘Compendium’ with the Corporate Risk register, which could provide further assurance to the Committee were noted. It was agreed that Head of Strategic Planning and Head of Risk and Assurance would meet to discuss this further outside of the meeting. Action: Head of Corporate Services, Risk and Assurance/Head of Strategic Financial Planning</p>

	<p><i>Glyn Jones, Interim Chief Executive, left the meeting.</i></p> <p>The Chair praised the 'Compendium' as a great resource, noting the support and resources available to divisions, and enquired how interaction from divisional managers was monitored. Suzanne Jones, AFD Financial Planning, responded that Finance teams were not monitoring its use but promoting the opportunity to utilise the tool and supporting Divisions to do so.</p> <p>'Compendium' metrics were intended to help form a baseline and link to improved services and outcomes for the Health Board.</p> <p>The Committee thanked Fidelma Davies and the Finance Teams for the work undertaken on the 'Compendium', noting the requirement for divisional leads to utilise the 'Compendium' metrics to improve services.</p>
<p>FPC 0607/10</p>	<p>2021/22 Recovery Funding Utilisation Report</p> <p>The Committee received the report providing an overview of the utilisation of Covid Recovery funding received in financial year 2021-22.</p> <p>Greg Bowen, AFD Hospital Divisions, informed members that the Welsh Government had awarded the Health Board a total of £26.9 million in non-recurrent recovery funding. The funds were used in a variety of ways, as detailed in the report. Workforce availability was noted as affecting the ability to achieve Health Board recovery plans. Members noted the positive impact of COVID-19 funding on patient care in 2021/22.</p> <p>The Committee RECEIVED the report for information, and NOTED the impact made on patient care in 2021-22 from the application of non-recurrent Covid-19 recovery monies.</p>
<p>FPC 0607/11</p>	<p>Value Based Healthcare Achievement Annual Report 21/22 & Efficiency Opportunities 22/23</p> <p>Adele Cahill, AD of Value Based Healthcare, supported by Gareth Roberts, AMD for Value Based Healthcare, provided the Committee with a summary of the annual report, which demonstrated the collaborative work between the Value-Based healthcare teams (VBHT) and operational teams to deliver Value-Based healthcare across a range of priority programmes.</p> <p>Following the meeting, the full annual report would be posted on the Health Board website. Action: Assistant Director Value Based Healthcare</p> <p>Gareth Roberts provided a presentation that demonstrated an example of work being undertaken by the VBHT in Ophthalmology, with a focus on Cataracts. Ophthalmology was noted as the 2nd highest waiting list in the Health Board, and the cataract surgery rate in the Health Board was below average for NHS Wales. Patient Reported Outcome Measures (PROMs) may help target intervention on those patients most likely to benefit.</p> <p>Nicola Prygodzicz, Director of Planning, Performance, Digital and IT, highlighted to the Committee the Health Board plans for the reconfiguration</p>

	<p>of Ophthalmology services such as the Regional Cataract Centre, noting the opportunity to increase workforce resource and improve service change.</p> <p>The Committee RECEIVED the Value-Based Healthcare Teams Annual Report and NOTED progress made during 2021-22.</p>
FPC 0607/12	<p>Variable Pay Savings Plan (Agency Reduction)</p> <p>Sarah Simmonds, Director of Workforce and OD, supported by Linda Alexander, Interim Director of Nursing, presented the Variable Pay Savings plan to the Committee. Demand for staffing had significantly increased, with reliance on variable pay, specifically agency, across staff groups since the start of the COVID-19 pandemic. The most notable increase had been within Registered Nursing and Healthcare Support Workers, due to the significant rise in demand and system pressures.</p> <p>Progress against the 'variable pay reduction plan' would be monitored and reported to the Health Boards Strategic Nursing Workforce Group. In addition, a working group, with representatives from Finance, Divisions, Workforce & OD and Nursing leadership would also be established to monitor and track progress against the plan and potential opportunities. Linda Alexander informed the Committee that throughout the agency reduction plan, patient safety and safer staffing principles would be considered as the plan developed.</p> <p>Shelley Bosson, Independent Member, queried if there were set goals and targets for the outlined plans. Linda Alexander responded that work was being undertaken, alongside finance, divisions, and rostering teams, to produce a trajectory of measurable outcomes.</p> <p>The Committee RECEIVED the report and NOTED the actions and next steps toward achieving the agency reduction action plan and progress to date.</p>
Assurance in Respect of Organisational Performance Management	
FPC 0607/13	<p>Performance Management Dashboard</p> <p>Nicola Prygodzicz, Director of Planning, Performance, Digital & IT, supported by Lloyd Bishop, Assistant Director of Performance, and Information, provided the Committee with a summary of the Health Boards Sitrep and Performance reporting for each level and frequency, alongside the timetable of performance reporting. It was agreed that a Performance Report would be presented to the Committee each Quarter and the presentation delivered at the meeting would be shared with members. Action: Director of Planning, Performance and IT/Secretariat</p> <p>Lloyd Bishop provided members with a live demonstration of the Health Board's automated version of the Performance Management Dashboard. A link to the dashboard and an offer of further support to understand the tool would be provided to members outside of the meeting. Action: Assistant Director of Performance and Information</p> <p>Shelley Bosson, Independent Member, requested that future updates include a summary report linked to the Health Board's performance against the IMTP</p>

	<p>aims and objectives. Action: Assistant Director of Performance and Information</p> <p>Members were informed that the Outcomes Report and the Performance Dashboard would be presented to the Board in July 2022.</p> <p>The Committee thanked Lloyd Bishop for the demonstration and welcomed further tuition on the Performance Management Dashboard.</p>
	Other Matters
FPC 0607/14	<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 0607/15	<p>The date of the next meeting was noted as: - Wednesday 5th October 2022 09:30 -12:30 via Microsoft Teams.</p>