



**Finance & Performance Committee  
Minutes of the meeting held on 23.1.20  
in Neuadd Reichel, Bangor University**

**Present:**

Mr Mark Polin	BCUHB Chairman
Mr John Cunliffe	Independent Member
Mr Eifion Jones	Independent Member
Ms Helen Wilkinson	Independent Member ( <i>part meeting</i> )

**In Attendance:**

Mr Phillip Burns	Interim Recovery Director
Mrs Deborah Carter	Acting Operations Director
Dr David Fearnley	Executive Medical Director ( <i>part meeting</i> )
Mrs Sue Green	Executive Director Workforce and Organisational Development (OD)
Mr Andrew Kent	Planned Care Lead ( <i>part meeting</i> )
Mrs Gill Harris	Deputy Chief Executive / Executive Director Nursing & Midwifery ( <i>part meeting</i> )
Mr Michael Hearty	Independent Finance Advisor
Ms Sue Hill	Acting Executive Director of Finance
Mrs Jill Newman	Performance Director
Mr Andrew Sallows	Delivery Programme Director, Welsh Government (WG)
Mr Mark Wilkinson	Executive Director Planning and Performance
Ms Diane Davies	Corporate Governance Manager (Committee Secretariat)

Agenda item	Action by
<p><b>Opening remarks</b></p> <p>The Chairman advised the Committee of a discussion held with the Minister and NHS Chief Executive the previous day in relation to BCUHB Performance and Finance. This had focussed on the revised forecast provided on RTT, drawing particular attention to orthopaedic provision. He stated that £7m had been provided to address this area to year end, which would require the development of a comprehensive cost and activity plan. It was acknowledged that the deteriorated unscheduled care performance would have been worse had recent improvement work not been undertaken. The Chairman requested that the Executive Team meet to form a blended, flexible support package which would also reflect what service improvements could be achieved and take advantage of advice from FDU and WG officers in order to provide a proposal to the Board. The need to drive improvement on the deficit, focus on RTT performance (including the additional £7m WG funding) and unscheduled care was clarified. He also stated that the next plan should be fit for purpose to ensure greater</p>	

<p>engagement and support of BCU's employees. The Executive Director of Workforce &amp; OD confirmed that the Executive Team would progress this work during the next week.</p>	
<p><b>FP20/1 Apologies for absence</b></p> <p>Mr Gary Doherty ~ Chief Executive, Mr Hywel Jones ~ Director, Financial Delivery Unit (FDU) and Ms Emma Wilkins Deputy Director, FDU.</p>	
<p><b>FP20/2 Declarations of Interest</b></p> <p>None were received.</p>	
<p><b>FP20/3 Draft minutes of the previous meeting held on 19.12.19 and summary action plan</b></p> <p>The minutes were agreed as an accurate record subject to an amendment that the meeting took place in 'public' session and updates were provided to the summary action log.</p>	
<p><b>FP20/4 Corporate risk register and assurance framework report</b></p> <p><b>FP20/4.1</b> Ms Sue Hill presented this item. Attention was drawn to the following that was agreed as part of the corporate risk review at the Audit Committee on the 12th December 2019:</p> <p><b>CRR06 Financial Stability</b> Concerns were raised regarding the inappropriate initial risk score. Therefore in line with the feedback received the initial risk score had been updated from 12 to 20. Further actions to mitigate the risk to support achieving the target risk score had also been incorporated which included continuously scrutinising recovery and savings delivery as the financial year elapses, and also the executives discussing and agreeing potential additional escalatory grip and control measures. However, despite these additional actions and given the current financial position, it was recommended that current risk score was increased from 16 to 20.</p> <p>The increased risk score was <b>agreed</b></p> <p>It was reported that as part of the feedback from the Audit Committee, work was also currently progressing to develop a new financial sustainability risk and this would be presented at the 30.4.20 Finance and Performance Committee meeting for review and approval.</p> <p>This risk under development was <b>noted</b></p> <p><b>CRR11a Unscheduled Care (USC) Access</b> Controls were updated as reflected within the paper. There had been no change to the current risk scoring, however the target risk date was amended to take into account the implementation of the further actions to support the</p>	SH

<p>achievement of the target risk score. The Committee discussed the controls, pointing out that reallocation of resources was not listed, disappointment was expressed in the lack of improvement given that 2 years had elapsed since the controls were put in place. The Interim Recovery Director also pointed out that capability and capacity within the USC change programme was being addressed within the Financial Recovery Group as this was a significant financial risk.</p> <p>No change to the score and also the amendment of the target date were <b>noted</b>.</p> <p><b>CRR11b Planned Care Access</b>          Controls had been updated along with further actions as outlined in the paper. The target risk date was amended to take into account the implementation of the further actions to support the achievement of the target risk score.</p> <p>No change to the score and amendment of the target date were <b>noted</b>.</p> <p><b>CRR12 Estates and Environment</b>          The current risk score had been increased from 12 to 16 to reflect the current position of the Health Board. Risk controls had been strengthened to include reporting arrangements and further actions had been identified to support the achievement of the target risk score as outlined in the paper. The Committee questioned the significant score increase. The Executive Director of Planning and Performance advised that the Estates Strategy would be discussed at the April Board meeting and would include plans for improvements within Wrexham and Ysbyty Gwynedd within the new financial year. He also advised that as part of savings plans, vacancies within property management were currently on hold. The Executive Director of Workforce &amp; OD also advised that health and safety improvements had also been planned.</p> <p>It was agreed that the Executive Director Planning and Performance would provide the Chairman with an update on the Estates Strategy within 2 weeks which was understood to be subject to discussion at the Strategy, Partnerships and Population Health Committee before presentation to the Board in May/June.</p> <p>The increased risk was <b>noted</b>.</p> <p><b>It was resolved</b> that the Committee reviewed the risks and agreed the revised scores as above.</p>	<p>MW</p>
<p><b>FP20/5 2019/20 Annual Plan Progress Monitoring Report</b></p> <p><b>FP20/5.1</b> The Executive Director Planning and Performance presented the item. He drew attention to 4 specialty areas of concern ie Urology, Orthopaedics, Ophthalmology and Stroke. It was noted that the Orthopaedics business case was being presented at the Board later that day, emphasising the need for progress within this area as it accounted for over 50% of long waiting patients. The need for focussed progress on the Endoscopy plan was also highlighted. In discussion of Urology it was noted that, whilst a supporting business case was to be submitted to the Committee in March, there was a £0.25m affordability gap and clinical engagement was recognised as challenging. Discussion ensued on demand and capacity alignment work along with progress in appointing a clinical</p>	

lead to drive through change. The Executive Medical Director also pointed out that BCU's focus on whole system pathways could allieviate secondary care services pressures through consideration of enabling alternative services within the community, as had been the case with eyecare services.

**FP20/5.2** Unscheduled care improvements were noted, however continued challenges in stroke services was of concern. A discussion ensued on possible improvements within the community being developed regarding stroke services. The Chairman requested that the Executive Director of Primary and Community Services prepare a briefing on GP resilience in order to consider whether WG support might be sought to invest in primary & community services should additional funding become available from across the border. In discussion of barriers to interfaces between secondary and community services, the Executive Medical Director advised that digital improvements were required, most significantly the introduction of a patient digital record.

**FP20/5.3** The Independent Finance Advisor questioned whether the executives could provide assurance to the Board that the transition to the new financial year was being planned for in terms of completion by year end; whether financial consequences would be built into next year's plan and whether work would be stopped and moved forward into the next financial year's plan. The Chairman advised that these points would be addressed at the Board workshop to be held on 6/2/20.

**FP20/5.4** The Chairman commented that there shoudn't be any surprise changes to progress, given the monthly update reviewed in the monitoring report. The Committee encouraged more ambition to be included within future plans and the Executive Director of Planning and Performance concurred that a three year plan would need to be in place next year. In conclusion, the Chairman commented that the document format provided a greater level of assurance than previously.

**It was resolved that** the Committee noted the report.

SH&gt;CS

#### **FP20/6 Integrated Quality and Performance report**

**FP20/6.1** The Chairman reminded members that as the Health Board was meeting later that day, it was important to ensure that due diligence was undertaken within the Committee meeting in order that a brief summary could be reported at the Board in the interest of effective time management.

**FP20/6.2** The Executive Director of Planning and Performance reported that performance within A&E had been the worst recorded across all areas of Wales and the UK with the highest level of demand and acuity ever seen. BCU was the worst reported in Wales drawing particular attention to ambulance handover performance. He also reported that Planned Care had deteriorated across the year, with a patient followup waiting list that had risen significantly from 83k to 92k. Attention was also drawn to diagnostic stability, financial pressures incurred due to addressing endoscopy service issues and an increased level of sickness

absence within BCU. On a positive note, PADR completion had improved dramatically with good staff engagement reported.

**FP20/6.3** The Chairman stated that the Board had noted the scale of deterioration which could not continue and that fundamental change needed to be undertaken. He clarified that the Executive Team needed to realistically assess the plan for the coming year, taking the opportunity to modify expectations for the change programme needed that would encompass important areas eg the ED review and RTT.

**FP20/6.4** The Executive Director of Planning and Performance also emphasised the importance of focussing on implementation of the plan and providing clarity on accountability, especially in terms of financial decision making. He commented that a balance was also required between financial accountability and financial recovery.

**FP20/6.5** Work undertaken to address deterioration in respect of ambulance handover was clarified, as well as the role of the joint committee with WAST.

**FP20/6.6** The Independent Finance Advisor commented on the improvement made to the report format, and wondered whether for those performance items with a long time lag to delivery, it would help if the Committee could see some evidence of the actions that were required in the short to medium term to deliver the longer term outcome. The Executive Director of Planning and Performance advised that work was underway to provide assurance that actions reported in the IQPR were completed in the timescales stated, partially addressing this point.

**FP20/6.7** In discussion of the changes required to address complex areas within the organisation, the Chairman emphasised that organisation design needed to address resistance to change and accountability across the Health Board. It would also be necessary to understand and articulate how executives worked across portfolios to deliver improvements. He emphasised the need for pace to be stepped up in the coming year and ensure delivery, drawing attention to addressing fragility within current arrangements, eg RTT, and understanding issues arising due to lack of continuity in senior roles. The Interim Recovery Director added that an improved understanding was required of the effect on other areas of the organisation when deterioration occurred.

**FP20/6.8** The Acting Operations Director emphasised the assurance that the Committee had been provided with in respect of significant improvements that had been made on quality and harm reduction. She acknowledged that it was important to address culture and operating environment to make improvements.

**FP20/6.9** In further discussion it was noted that BCU's commissioning and provider relationship would be an important area for Executive Team consideration. The Executive Director of Workforce & OD advised that the ED Review and USC improvement plan were dovetailing and concurred on the need to emphasise that BCU was not Secondary Care focussed – but an integrated

<p>organisation -which needed to be driven through in other areas of BCU, stressing a need for accountability.</p> <p><b>FP20/6.10</b> In response to the Committee, the Acting Operations Director was unable to provide a definitive date when improvement would be achieved within USC due to the complexities involved.</p> <p><b>FP20/6.11</b> It was agreed that a briefing be provided to the members outside the meeting in respect of deteriorating performance in Diagnostics and also provide details of the 8 breaches which had occurred in Therapy services. The Executive Director of Planning and Performance agreed to liaise with the Executive Director of Therapies and Health Sciences to provide this. The Chairman reminded that he had requested that where performance had deteriorated within an executive's portfolio whom was not usually in attendance at the Committee that arrangements should be put in place, in advance, to ensure the presence of the relevant executive or ensure that a nominated executive would be suitably briefed on the issues that had affected performance.</p> <p><b>FP20/6.12</b> The Regional Director advised that he would share work undertaken with other Health Boards. He also acknowledged the acuity increase and RTT position, noting the significant increase in follow up appointments. The Deputy Chief Executive emphasised the need to focus on the target and ensure transparency going forward, whilst improving clinical ownership. She stated that HMRC rates had created significant issues in relation to clinician availability. In response to the Committee she advised on actions that would be undertaken to address the follow up backlog, emphasising that a strategic solution needed to be developed, which the Executive Medical Director also supported. It was agreed that a comprehensive Follow up briefing would be provided at the next meeting to include validation and provide assurance that a plan was in place to address the issues and realign performance to the target which had been deteriorating since July.</p> <p><b>It was resolved that</b> the Committee noted the report</p>	<p>MW&gt;AT</p> <p>GH</p>
<p><b>FP20/7 Unscheduled Care and building better care update</b></p> <p><b>FP20/7.1</b> The Acting Operations Director presented this item. In response to the Committee she advised that a rise in respiratory conditions (including flu) had occurred during the previous month. The Committee sought assurance on whether reasons for the increase were understood and whether prevention work was being promoted to address the issues. Alternative triaging arrangements and services introduced within community pharmacies were outlined. On a positive note the Committee enquired whether the 'Tuag adref' project within the West would be rolled out to other areas, given that 200+ bed days had been saved within the month at West hospitals.</p> <p><b>FP20/7.2</b> The Independent Finance Advisor opened up discussion on how effective winter planning could be achieved. It was acknowledged that whilst a contingency was inbuilt for surge planning there was inadequate resource to</p>	

address the unprecedented surge that staff had dealt with over the winter period. The Executive Director of Workforce & OD acknowledged that further work on a system plan that addressed additional surge resourcing needed to be developed, which also took into account additional financial resource provided by WG. The Committee acknowledged that without the improvements that had been undertaken within EDs and across unscheduled care over the previous months, performance might have been worse. Following an observation by the Interim Recovery Director on the difficulties of providing flexibility to apportion contingency due to the tight financial planning introduced, it would be important for the Executive Team to understand the need to address 'reserve' planning. The Acting Executive Director of Finance undertook to reflect on this in respect of the resource allocation letter advised. The Chairman advised that All Wales Chairs noted the difficulties presented in respect of winter planning due to the late advice received from WG on winter resource allocation. This had caused difficulties in workforce planning and ensuring formulation of forward plans for particularly challenging days.

**FP20/7.3** The Chairman questioned the ability to achieve zero patients waiting in respect of over 12 and 24 hour waits in ED, given the circumstances which the organisation was presented with and current performance.

**It was resolved that** the Committee noted the report

#### **FP20/8 Financial Recovery Group report**

**FP20/8.1** The Interim Recovery Director presented the report. He highlighted that £37m of schemes were reporting at green ie on track to deliver. He highlighted actions on Grip and Control and affirmed that £37m of savings would be delivered by financial year end. He voiced his concern regarding whether further savings were possible to address the share of Welsh Risk Pool (WRP) cost pressure apportioned to BCU. Whilst moderate improvements had been achieved in some areas he stated that there was difficulty envisaged for one area to deliver by financial year end. He advised that whilst Improvement Groups' (IGs) delivery was generally deteriorating there had been success within the Procurement and Medicines Management IGs. The Interim Recovery Director also emphasised the need to address transformation which had not been achieved within the current year.

**FP20/8.2** The Independent Finance Advisor concurred that apportionment in respect of WRP had been unhelpful however, he questioned the Chief Finance Officer's (CFO) role within the accountability framework – particularly in respect of clarification of decision making. The adequacy of Improvement Groups resourcing was raised as, not only as an opportunity, but also as a potential risk if insufficiently planned for. It was felt that further assurance was needed to understand the fit with the financial recovery programme.

**FP20/8.3** The Chairman questioned the potential deterioration from £35m deficit to £41m which was addressed by the Interim Recovery Director, he also outlined the inability to convert some of the 'red' schemes outlined but advised that

replacement schemes were coming forward eg VAT and annual leave proposed schemes.

**FP20/8.4** In response to the Chairman the Interim Recovery Director affirmed that £37m savings was confidently achievable given that there were additional financial controls and the vacancy control panel in place and new schemes were moving forward. The Chairman sought affirmation that the IGs would function effectively which was confirmed. The Deputy Chief Executive affirmed that planned care would remain pressured but confirmed that controls were in place. The Executive Director Workforce & OD advised that, whilst other Health Boards had planned adequate contingency to meet additional demand, BCU had not adequately done so and this would need to be addressed in future years.

**FP20/8.5** The Chairman emphasised that whilst the WG Accountability letter response advised that BCU planned to deliver a £41m deficit position, it would be highly problematic should the organisation deliver a year end total in excess of last year's £42m deficit. The Acting Executive Director of Finance confirmed that the criticality of the position was understood.

**FP20/8.6** The Committee sought assurance as to whether BCU had sufficient capacity and capability to support delivery in 2020/21. The Interim Recovery Director commented on the need for greater organisational understanding of the Improvement Group model, the scale of savings required and the transformation work needed. He stated that delivery would be a significant challenge in which focus would be required on affordability, appetite for change and incorporating in-year flexibility. The Executive Director of Workforce & OD added that accountability needed to be addressed. In conclusion, the Deputy Chief Executive stated that the challenges in delivering savings and transformation were well understood.

**It was resolved that** the Committee noted the report

#### **FP20/9 Finance Report Month 9**

**FP20/9.1** The Acting Executive Director of Finance presented the report advising that following the £0.5m deterioration in the run rate in Month 8, there had subsequently been a further £0.7m increase in the run rate in Month 9. The primary reason being a continued increase in prescribing which had significantly increased by £1.6m. The in-month position was £2.3m in excess of the control total plan. It was noted that BCU was overspent by £31.1m, £11.1m higher than control total plan and £4.8m over the original plan. The Health Board's forecast deficit of £35m was currently in line with the initial plan but behind the £25m control total plan. The actual position for Month 9 was £1.7m worse than the Month 8 forecast position for the month (£2.2m), however there were savings pipeline schemes that were forecast to deliver in the final quarter of the year. In respect of savings delivery it was noted that £23.5m had been achieved to date against a year to date plan of £24.2m. She advised that £4.6m/month was required to be delivered for the remaining months which she was confident of, provided the Health Board delivered against the savings forecast and the



additional financial controls contained emerging cost pressures. In addition, further mitigations totalling £1.8m were required to offset the impact of the Health Board's share of the additional contribution to the Welsh Risk Pool.

**FP20/9.2** The Committee noted the risk of increased spending on medical and nursing agency staff and were assured that plans were in place to address this. In respect of RTT, the Acting Executive Director of Finance acknowledged with thanks WG RTT funding of £13.5m for the full year, of which £10.2m had been spent to date. The Health Board had fully committed all of this funding and was currently assessing the impact and risk on the achievement of treatment targets and continued to commit RTT expenditure at risk during January in order to improve RTT performance.

**FP20/9.3** In respect of the financial risks and opportunities set out within the paper, the Acting Executive Director of Finance advised that going forward a more prudent approach to forecasting would be undertaken. In the discussion which followed the Interim Recovery Director advised on 3 significant areas which had affected potential savings. In response to the Chairman, the Executive Director of Workforce & OD updated the Committee on positive progress with workforce optimisation.

**FP20/9.4** In response to the Independent Finance Advisor's question on whether responsibility for undertaking minimisation of cost pressures was clearly identified and if this lay with Chief Finance Officers, the Acting Executive Finance Director advised of the ongoing discussions with the CFOs and work to improve the accuracy of the the forecasting process. In regard to whether there was potential scope within cost pressures to worsen the deficit forecast to £41m, she outlined potential challenging areas which were subject to weekly discussion eg secondary care. In discussion of 2020/21 budget balance and achievement of savings in secondary care, especially at YGC, she advised of work being addressed with the management team.

**FP20/9.5** The Independent Finance Advisor sought assurance that grip and control methodology was embedded which was confirmed, it was also confirmed to the Chairman that executives had clarity on the additional grip and control required.

**It was resolved that** the Committee

noted the report

noted the potential for a maximum of £6m risks advised and the revised forecast was to deliver £41m maximum deficit at year end.

*The Deputy Chief Executive and Executive Medical Director left the meeting to address urgent operational need. The Interim Lead Planned Care joined the meeting.*

<p><b>FP20/10 Financial Plan update 2020/21</b></p> <p><b>FP20/10.1</b> The Acting Executive Director of Finance presented the item advising that the feedback provided by the Committee at the December meeting had been taken on board in progressing the financial plan. It was noted that the Health Board allocation for 2020/21 was £1,516,587 million which included a core uplift of £25.18 million. The revised draft financial plan was submitted to Welsh Government on 3.1.20.</p> <p><b>FP20/10.2</b> The Acting Executive Director of Finance advised that the paper set out the current planning assumption of a deficit for 2020/21 of £25 million after savings of £45m. The development of the financial plan was work in progress, and feedback from the Finance Delivery Unit would be used to validate BCU's current growth and inflation assumptions. In respect of 2020/21 savings plans, development was taking place following a workshop held with senior leaders from across the Health Board in December 2019, and submissions were received with proposals that total £14.6m. The full value of the savings target was expected to be identified before 1.4.20.</p> <p><b>FP20/10.3</b> The Chairman requested that the outputs from the workshop to support the development of the financial plan and Divisional budgets between Health Board Directors and Divisional Directors be shared with the Committee. It was understood that the commensurate work would lead to the setting of budgets for 2020/21 and an Accountability Framework for budgetary control within Divisions and across Health Communities and encompass:</p> <ul style="list-style-type: none"> <li>• The 2020/21 Welsh Government Allocation</li> <li>• Additional resources available to the Health Board in 2020/21</li> <li>• The new budget setting methodology based on the resource allocation model</li> <li>• The transition period for when we move from the current budgets to the resource allocation model split</li> <li>• An agreed approach to accountability and budgetary control for 2020/21</li> </ul> <p><b>FP20/10.4</b> In the discussion which ensued the RTT and orthopaedic funding plans were highlighted as subject to further conversations with WG. The Independent Finance Advisor welcomed the improved internal methodology approach undertaken in respect of resource allocation which ensured better understanding of resources and impacts within other areas of the Health Board and varying population needs across BCU's geographical area. He highlighted the importance of ensuring the effective use of benchmarking data.</p> <p><b>It was resolved that</b> the Committee</p> <p>noted the report</p>	SH
<p><b>FP20/11 Capital Programme report month 9</b></p> <p>It was noted that the report format had been abbreviated following discussion at the previous Committee Business Management Group meeting, with the intention of incorporating the information in the finance report moving forward as the capital programme budget was significantly smaller than previously.</p>	MW

<p><b>It was resolved that</b> the Committee noted the report</p>	
<p><b>FP20/12 2019/20 monthly monitoring report</b></p> <p><b>It was resolved that</b> the Committee noted the report on the Health Board's financial position for month 9 2019/20 submitted to Welsh Government</p>	
<p><b>FP20/13 Summary of private business to be reported in public</b></p> <p><b>It was resolved that</b> the Committee noted the report</p>	
<p><b>FP20/14 Issues of significance to inform the Chair's assurance report</b></p> <p>To be agreed outside the meeting</p>	
<p><b>FP20/15 Date of next meeting</b></p> <p>27.2.20 9.30 Boardroom, Carlton Court</p>	
<p><b>Exclusion of the Press and Public</b>  Resolution to Exclude the Press and Public  "That representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest in accordance with Section 1(2) Public Bodies (Admission to Meetings) Act 1960."</p>	