



Finance & Performance Committee
Minutes of the meeting held in public on 29.7.19
in Carlton Court, St Asaph

Present:

Mr Mark Polin	BCUHB Chairman (<i>part meeting</i>)
Mr John Cunliffe	Independent Member / Committee Vice Chair
Mrs Lyn Meadows	Independent Member
Ms Helen Wilkinson	Independent Member

In Attendance:

Ms Deborah Carter	Acting Executive Director Nursing and Midwifery (<i>part meeting</i>)
Ms Fflur Jones	Wales Audit Office (<i>observer</i>)
Mrs Sue Green	Executive Director Workforce and Organisational Development (OD)
Mr Michael Hearty	Independent Finance Adviser
Ms Sue Hill	Acting Executive Director of Finance Director
Mr Phillip Burns	Interim Recovery Director
Dr Jill Newman	Director of Performance (<i>part meeting</i>)
Mr Andrew Sallows	Delivery Programme Director, Welsh Government (WG)
Mr Tony Uttley	Interim Financial Director – Operational Finance
Mr Mark Wilkinson	Executive Director of Planning & Performance
Ms Emma Wilkins	Deputy Director, Financial Delivery Unit, WG
Ms Diane Davies	Corporate Governance Manager

Agenda Item Discussed	Action By
<i>The Vice Chair initially chaired the meeting</i>	
FP19/149 Declaration of Interests None received	
FP19/150 Apologies for absence Apologies were provided by Mr Gary Doherty, Mr Neil Bradshaw and Dr Evan Moore.	
FP19/151 Draft minutes of the previous meeting held on 25.6.19 and summary action plan FP19/151.1 The minutes were approved as an accurate record. FP19/151.2 Updates were provided to the summary action log.	

<p>In discussion of FP19/104.4, the Deputy Director FDU questioned whether the reduction in Mental Health management had been achieved - given previous concern with the level of middle management provided. It was agreed that the Executive Director Workforce and OD would provide her with further detail on the anticipated amendments.</p> <p><i>The Chairman joined and chaired the meeting during discussion of the summary action plan.</i></p>	SG
<p>FP19/148 Chair's opening remarks</p> <p>It was noted that a WAO representative was present to observe the meeting as part of the annual WAO structured assessment. The Deputy Director, Financial Delivery Unit, Welsh Government (WG) and Delivery Programme Director, WG were present to observe the meeting. The Chair welcomed the Interim Recovery Director to his first meeting.</p>	
<p>FP19/153 Capital Programme report Month 3</p> <p>The Executive Director of Planning and Performance presented this item. The Committee noted the significant £127k shortfall indicated in respect of the Ysbyty Penrhos Stanley development and, whilst being supportive of the scheme, requested further detail on what the decision making process had been. Information was also sought on why the actual monthly Capital Resource Limit had been underspending across the previous 3 months. The Committee requested further narrative be provided in respect of the Wrexham Maelor redevelopment scheme in the following month's report.</p> <p>It was resolved that the Committee received the report.</p>	MW
<p><i>The Executive Director of Therapies and Health Science joined the meeting</i></p> <p>FP19/154 Integrated Quality and Performance report (IQPR)</p> <p>FP19/154.1 The Chairman advised that the report had received scrutiny at the Board meeting held on 25.7.19. He requested that the following month's IQPR include detail on RTT trajectories by gross numbers and specialty and also provide clarity on to what extent BCU was addressing the issue by internal sustainable productivity and efficiency improvements rather than outsourcing alone.</p> <p>FP19/154.2 Following a recent meeting at Ysbyty Gwynedd, the Chairman questioned whether there were pathway issues in respect of vascular services. He also highlighted urology issues and requested that vulnerabilities in these areas be advised within the next Planned Care report. The Executive Director of Workforce & OD reminded the Committee of a heatmap previously provided which had highlighted these areas however she undertook to circulate a paper being considered at the next Executive Management Group on the Services Strategy which would provide further detail. She assured that risk mitigation and escalation were being addressed. The Executive Director</p>	MW DC SG

<p>of Planning and Performance commented that it was essential that the business cases contained in the annual plan were delivered in these areas.</p> <p>FP19/154.3 Discussion ensued on whether current practices hindered RTT improvements. The Committee noted potential improvements in patient booking processes and other examples of process changes. The Interim Recovery Director stated that he would be holding the Interim Managing Directors at the District General Hospitals to account in respect of changes required when decisions had been agreed.</p> <p>FP19/154.4 The Chairman requested that a number of reports be prepared for the next meeting which included:</p> <ul style="list-style-type: none"> • Provide proposition for the Committee to agree on how progress against trajectories may be reported • Include detail on activity of Planned Care Group within next month's RTT report • Provide greater granularity in next month's Unscheduled Care report • Chief Executive to provide report on actions that will be undertaken before September on RTT, Unscheduled Care and Finance to the Committee. • Provide within the thematic reports agreed information on trajectories, greater detail and activity of improvement groups. <p>FP19/154.5 The Committee expressed concern on the number of patients on planned care waiting lists, which was the highest in 2 years, with particular concern that the report did not sufficiently address the issue for members. It was agreed that further narrative would be provided in the August IQPR and that the Acting Executive Director of Nursing and Midwifery would provide a report on follow up waiting lists and actions taken to the September meeting, ensuring there was read across to the Quality, Safety and Experience Committee regarding clinical risk.</p> <p>FP19/154.6 A member questioned whether the Executive Summary graph could be improved to demonstrate sustained improvement. In the discussion which followed the Executive Director of Planning and Performance commented that not all the targets were of the same value, and should BCU manage to reduce 36 week waiting times, deliver on 4 hour Emergency Department waits and attain financial control then the organisation would be in a very different position. A discussion ensued on improved ways to demonstrate trends within the report and it was agreed that the performance team would migrate to suitable SPC charts by September.</p> <p>FP19/154.7 In discussion of the RTT financial resource, the Chairman emphasised that the Health Board was not solely relying on WG funding for the RTT activity but were also expecting productivity improvements. The Executive Director of Therapies and Health Science emphasised the unpredictability of dealing with cancer presentations. He highlighted that changes to the small numbers involved would sometimes be reflected as large variances. The Performance Director also advised that there had been staffing and capacity issues within urology and endoscopy which affected diagnostic capacity and capability.</p>	<p>MW</p> <p>DC</p> <p>DC MW>CEO</p> <p>DC/MW</p> <p>MW</p> <p>DC</p> <p>MW</p>
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<p>FP19/154.8 The Independent Finance Adviser reflected that the IQPR provided an effective detailed report for the benefit of Executives, albeit that he felt the actions were too passive. He suggested that a report needed to be produced which provided the Committee with assurance that the Executives were aware of performance and issues, demonstrated proactive trends to make improvements and also highlighted issues to the Committee.</p> <p>FP19/154.9 The Chairman questioned the timeline for Endoscopy improvement and noted that Infection Control issues were being addressed. He requested that an assurance report be provided regarding Wrexham Maelor performance for discussion at the next meeting's in-committee session.</p> <p>FP19/154.10 Following an invitation by the Chairman the Delivery Programme Director, WG advised that WG sought more assurance on how BCU would deliver improvement on RTT differently as BCU's current plans were not on the size or scale required and also demonstrate a change in the decision making process. He added that BCU also needed to demonstrate how it was mitigating against deterioration. The Chairman directed that this information be included within the August report.</p> <p>FP19/154.11 The Interim Recovery Director agreed to include within his report to the next meeting how the recently created improvement groups would make a contribution to improvement in RTT and finance. He assured the Committee that he was in discussion with these groups currently on the need to focus on delivery.</p> <p>It was resolved that the Committee noted the report agreed to develop the IQPR and provide an additional report that included further detail on issues.</p> <p><i>The Executive Director of Therapies and Health Science left and the Acting Executive Director Nursing and Midwifery joined the meeting</i></p>	<p>DC</p> <p>MW</p> <p>PB</p>
<p>FP19/156 Annual Plan 2019/20 progress monitoring report</p> <p>FP19/156.1 The Committee discussed the effectiveness of the amber ratings provided within the report, questioning the level of concern required. The Executive Director of Planning and Performance provided further detail on business plans which had been progressed thereby providing greater assurance on some of the amber ratings. Whilst the Committee suggested that issues be highlighted in future reports, the Executive Director of Workforce and OD reminded that improvement groups supported each of the areas within the plan.</p> <p>FP19/156.2 The Chairman highlighted that Planned Care, Unscheduled Care and Finance would all impact on RTT delivery. The Committee commented that weighting areas of particular importance might be helpful within the report. It was also suggested that consideration be given to provide clarification in the next report on how areas reporting at amber over a period</p>	<p>MW</p>

<p>would be managed. In discussion of peer review, the Independent Finance Adviser suggested more formal challenge could be provided in September by the Executives.</p> <p>It was resolved that the Committee</p> <ul style="list-style-type: none"> • noted the report • agreed that a closure report on CHC mental health be provided • noted that future reports be provided on a quarterly basis 	<p>MW</p>
<p>FP19/157 Developing our Plan for 2020/23 - Draft Planning Principles and Outline Timetable</p> <p>FP19/157.1 The Executive Director of Planning and Performance drew attention to the significant shift in moving to health economies and also the shortened timescale for presentation to WG by 31.12.19. The Acting Executive Director of Finance emphasised the need for the plan to include an appropriately detailed financial plan. Discussion ensued which included operating within a financial envelope, improvement group oversight, enabling areas and the financial position required to produce an Integrated Medium Term Plan.</p> <p>FP19/157.2 The Interim Recovery Director commented that he had identified confusion on the end of year success required. He urged that the 3 year plan provide clarity on the success targets required. The Chairman reflected on BCU’s development journey emphasising the need to move from stabilisation to a focus on transformation in the coming year along with financial recovery. He stated that more effort was required in identifying the actions required to address these. He also commented that clarity was required in setting out BCU’s ambitions.</p> <p>FP19/157.3 The Committee questioned whether involvement of the Independent Members was planned in at a sufficiently early stage, although it was clarified that discussions would be held at workshops and meetings of the Strategy, Partnerships and Population Health going forward. The Executive Director of Planning and Performance agreed to consider inclusion of a stage whereby the Board and Finance and Performance Committee would be involved in setting ambitions.</p> <p>FP19/157.4 In response to the Chairman’s question on whether Health Economies would function as a collegiate way of working, the Executive Director of Planning and Performance confirmed this to be the correct way forward. He advised that whilst functionality had been variable, there was ongoing work to set up Health Economy leadership and governance. The Executive Director of Workforce and OD stated that there was strong evidence referenced in respect of moving forward integration. It was agreed that the Interim Recovery Director and Executive Director of Workforce and OD consider end of year success measures further outside the meeting. The Executive Director of Workforce and OD agreed that the Board’s concept of 1 hospital over 3 sites had not been driven through across the organisation in</p>	<p>MW</p> <p>SG/PB</p>

<p>response to the Chairman's observation at a recent consultants meeting. He suggested that the structural permutations required further discussion with the workforce.</p> <p>It was resolved that the Committee approved the draft planning principles and outline timetable for 2020/23</p>	
<p>FP19/132 Finance Report Month 3</p> <p>FP19/132.1 The Acting Executive Director of Finance presented the report which highlighted that at the end of Month 3, the Health Board was overspent by £11.3m being £2.2m adverse variance to plan which extrapolated to a £44.m deficit year end position without mitigating actions. She reported that whilst pay expenditure was £0.5m better than plan, with the inclusion of Primary Care there was an overspend year to date of £0.5m. The Acting Executive Director of Finance highlighted the key points provided in relation to medical agency, nurse agency, other agency and locum spending, noting that there had been small decreases on May expenditure.</p> <p>FP19/132.2 In respect of Non-Pay it was reported that there had been a year to date overspend of £3.7m against the planned budget. The Acting Executive Director of Finance drew attention to the key points provided in relation to primary care, primary care drugs, secondary care drugs, clinical supplies, general supplies, healthcare services provided by other NHS bodies, continuing healthcare & funded nursing care, other costs and capital. She also reported in year to date £3.3m delivery of cash releasing savings and £1.1m cost avoidance savings which resulted in the organisation being £2.9m behind the savings target. The Acting Executive Director of Finance advised that £4.8m savings schemes related to transactional savings, however £1.6m were 'grip and control' schemes which had made a difference.</p> <p>FP19/132.3 It was noted that area teams' financial performance was in a broadly break even position, however, secondary care remained overspent, some of which was due to decisions taken by the areas on where work was to be undertaken. The Acting Executive Director of Finance expressed particular concern in relation to Ysbyty Glan Clwyd which required support. Attention was drawn to the risks in prescribing (£2.25m), CHC (£1.8m) and underperformance on savings plans (£9.6m - £3.8m at red and £5.8m which had not yet been allocated to divisions). The Acting Director of Nursing and Midwifery drew the Committee's attention to the provision of MH beds which was creating cost pressures within secondary care.</p> <p>FP19/132.4 It was noted that whilst the Capital Resource Limit was £21.7m, the year to date expenditure was £2.4m against a plan of £4m, however the year to date slippage would be recovered throughout the remainder of the year.</p> <p>FP19/132.5 The Acting Executive Director of Finance tabled a monthly profile which she explained was achievable if the grip and control actions agreed were delivered. The Chairman was disappointed to be presented with run rate</p>	

profiles which compared delivery expectation against both £35m deficit target and also £25m WG set control target. He was concerned that there was priority around the £35m target and emphasised that the organisation needed to focus on delivering against the £25m WG set control target only. The Interim Recovery Director stated that absolute clarity was required on the target goal and that delivery of £25m deficit would be heavily based on grip and control actions whilst reporting that there was concern regarding savings achievements. He advised there would be unhappiness in the systems to achieve delivery and refocus the business, highlighting the need to address grip and control actions in both workforce and non-pay areas.

FP19/132.5 The Chairman expressed concern in respect of delivery confidence as the run-rate continued to run hot, moreover there were grip and control issues from a broader perspective than the £1.6m expected. He stated that a potential forecast of £44m deficit was completely unacceptable and would need to be addressed immediately.

FP19/132.6 The Independent Finance Adviser advised that overspending within the organisation needed to cease and the Primary Care/Secondary Care activity issue needed to be addressed. He emphasised that the planned savings would need to be delivered and expressed concern on when the sense of urgency within the organisation would activate. The Committee questioned how middle managers, clinicians and other BCU staff perceived the financial recovery position. The Executive Director of Workforce and OD appraised the Committee of wider staff communication plans, highlighting that Ward Managers 'owned' actions significantly more than previously.

FP19/132.7 Significant discussion ensued on how the Executive Team members were addressing the run rate and how consideration would be given to ceasing expenditure in certain areas to ensure budgets would be effectively managed. The Chairman emphasised the need to identify prioritisation and achieve discipline in managing budgets.

FP19/132.8 The Interim Recovery Director outlined the structure which he had put forward and the role of the overarching Financial Recovery Group, stating that improvement groups would be vital to achieve delivery in year and reduce the current hot run rate and budgetary position. He emphasised that clarity would be provided on the expectation that delivery must be achieved. He stated that whilst the organisation was not currently in a position to understand that it was in a financial recovery position, it soon would be.

FP19/132.9 Further discussion ensued on prioritisation, in which the Chairman expressed his concern regarding financial housekeeping and he sought assurance that these types of budgets would be managed effectively. A Committee member questioned whether a list of potential areas to cease activity, which had been alluded to by Executives at previous Committee meetings, might be considered.

FP19/132.10 The Interim Finance Director ~ Operational Finance clarified the reasons for the journal errors reported within the non-pay sections of the

<p>report in response to the Deputy Director FDU's question. The Executive Director of Workforce and OD described work being done in the community to address secondary care activity/expenditure whilst the Interim Financial Recovery Director also advised that work was being progressed with DTOC, admittance avoidance and agency to address the issue.</p> <p>It was resolved that the Committee</p> <p>agreed</p> <ul style="list-style-type: none"> • the Executives address communication within the organisation relating to the current run-rate • a monthly Financial Recovery report be prepared by the Interim Recovery Director with effect from the next meeting • adherence to planning to achieve the organisation's year end control target of £25m deficit (not £35m) and that this be clearly communicated to divisions • the report be noted 	<p>SG</p> <p>PB</p> <p>SH</p>
<p>FP19/159 Financial review action plan</p> <p>The Acting Executive Director of Finance highlighted the actions taken to address those with 'Red' RAG status. In discussion, it was agreed that the Grip and Control action plan, previously overseen by the Savings Programme Group, and the Financial Review action plan would be combined. The Committee also considered the efficacy and consistency of the RAG ratings applied. The Acting Executive Director of Finance undertook to update the document accordingly and circulate to members.</p> <p>It was resolved that the Committee</p> <ul style="list-style-type: none"> • noted the report and progress against the timeline of the financial review • agreed the submission of a combined Grip and Control/Financial Review action plan to future Committee meetings 	<p>SH (RAG)</p> <p>SH</p>
<p>FP19/160 Savings Programme Group meeting 29.7.19</p> <p>The SPG did not meet on 29.7.19 as alternative financial recovery arrangements had been implemented and the SPG was no longer part of the governance structure.</p>	
<p>FP19/161-163 no items</p>	
<p>FP19/164 WHC 2019/013 2019/20 Monthly monitoring report</p> <p>Following an observation by the Deputy Director FDU, the Acting Executive Director of Finance agreed to circulate a note to explain the difference in reported figures in relation to RTT year to date spend in comparison to figures reported in the IQPR of £3.6m/£3.4m.</p> <p>It was resolved that the Committee</p>	<p>SH</p>

noted the report	
<p>FP19/165 Shared Services Partnership Committee quarterly assurance report</p> <p>It was resolved that the Committee noted the report</p>	
<p>FP19/166 Financial Policies and Processes</p> <p>It was resolved that the Committee noted the report including the actions to:</p> <ul style="list-style-type: none"> • continuously update the Health Board's Financial Policies and related procedures; and • make these accessible to relevant Health Board staff 	
<p>FP19/167 Presentation: Value Based Healthcare</p> <p>It was resolved that the Committee</p> <p>Deferred the item for consideration at the next meeting</p>	TU
<p>FP19/168 Summary of InCommittee business to be reported in public</p> <p>It was resolved that the Committee noted the report</p>	
<p>FP19/169 Issues of significance to inform the Chair's assurance report</p> <p>To be agreed with Chair</p>	
<p>FP19/170 Date of next meeting</p> <p>It was noted that the Committee would next meet on 22.8.19 at 9.30am in the Boardroom, Carlton Court</p>	
<p>FP19/171 Chair's Action</p> <p>The Chairman advised that he had taken Chair's action to enter into a lease for Longford Road Surgery, Holyhead on 27.6.19.</p>	
<p>Exclusion of the Press and Public</p> <p>It was resolved 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</p>	

Bodies (Admission to Meetings) Act 1960.	
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