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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	17th May 2018	Agenda Item	3a
Report Title	Losses and Special Payments Update		
Report Author	Andrew Biston, Head of Accounting & Governance		
Report Sponsor	Lynne Hamilton, Director of Finance		
Presented by	Lynne Hamilton, Director of Finance		
Freedom of Information	Closed		
Purpose of the Report	To provide the Audit Committee with an update on losses and special payments, for the period 1st February 2018 to 31st March 2018 and provide an analysis of the gross losses for 1st April 2017 to 31st March 2018 compared to the period 1st April 2016 to 31st March 2017.		
Key Issues	<p>The losses and special payments recorded during the period 1st February 2018 to 31st March 2018 totalled £8,308,354 of which £7,995,936 is recoverable from the Welsh Risk Pool and £90,300 from Welsh Government. Taking this recovery into account, the actual loss to the Health Board in the period totals £222,118</p> <p>After the recoveries from Welsh Risk Pool and Welsh Government are taken into account, the net loss to the Health Board totals £2,352,169 for the period 1st April 2017 to 31st March 2018 and £2,500,814 for the period 1st April 2016 to 31st March 2017.</p>		
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance
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Recommendations	<p>Members are asked to:</p> <p>Note</p> <p>The losses and special payments made in the period which will need to be reported to the Board</p>		

1. INTRODUCTION

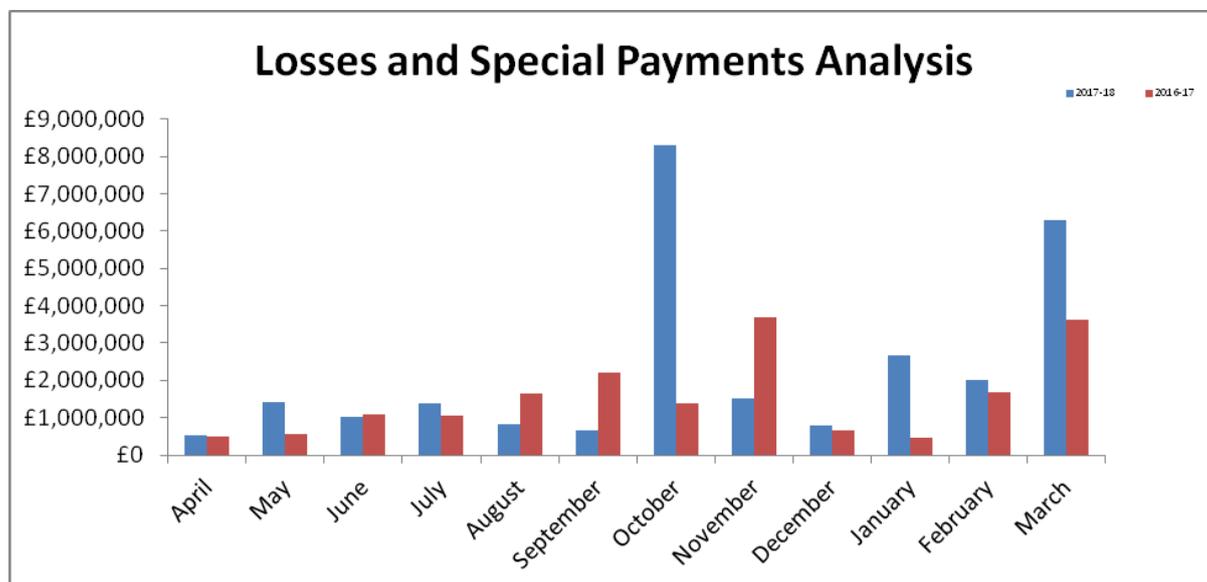
- 1.1. The Audit Committee handbook recommends that losses and special payments made by the Health Board be reported to the Audit Committee at each meeting. This report addresses that requirement by providing an update on losses and special payments, for the period 1st February 2018 to 31st March 2018 and an analysis of the gross losses for 1st April 2017 to 31st March 2018 compared to the period 1st April 2016 to 31st March 2017.

2. BACKGROUND

- 2.1. The losses and special payments recorded during the period totalled £8,308,354, with the most significant payments relating to Clinical Negligence totalling £8,219,393. Personal Injury payments in the period amounted to (£31,562) as a result of a judgement in favour of the health board on a case where significant defence costs had been incurred. The remaining losses of £120,523 relate to losses arising as a result of write off of obsolete drug stock, ex gratia payments, compensation payments, redress payments and bad debts.
- 2.2. These losses are detailed in **Appendices A and B**, and summarised in the table below:

Loss Type	Value £
Obsolete Drug Stock	5,291
Ex Gratia Payments	3,357
Compensation Payments	1,750
Bad Debt Written Off	45
Redress Payments	110,080
Clinical Negligence - Defence Fees	128,291
Clinical Negligence – Claimant Costs	490,742
Clinical Negligence – Damages	7,535,760
Clinical Negligence - CRU	64,600
Personal Injury – Defence Fees	-80,266
Personal Injury – Claimant Costs	8,000
Personal Injury - Damages	40,704
Total	8,308,354

- 2.3. For the period 1st April 2017 to 31st March 2018, the Health Board has incurred gross losses totalling £27.409m compared to £18.608m for the period 1st April 2016 to 31st March 2017. The chart below analyses these losses and special payments on a month by month basis.



- 2.4. The graph above shows that there are variations in payments across the year with there being no discernible trend to when cases are settled. However, the increase of £8.801m for the period 1st April 2017 to 31st March 2018 as compared to the period 1st April 2016 to 31st March 2017 is primarily due to increases in October 2017, January 2018 and March 2018. The October 2017 payments are the largest of any month over the period by some distance this being due to settlement payments of £6.421m on a paediatric case at Singleton Hospital dating back to 2009, the case relating to a delay in diagnosing meningitis.
- 2.5. The January payments were also high, with 2 significant payments being made. The first being a settlement for £850,000 relating to an obstetric case at Singleton Hospital dating back to April 2009 and the second being for £575,000 relating to a mental health claim dating back to August 2013.
- 2.6. In March there was a further payment of £3.2m in respect of settlement of an obstetric case at Princess of Wales Hospital dating back to 2010.
- 2.7. During February, the Health Board made payments against 53 clinical negligence cases and 11 personal injury cases, with the corresponding figures for March being 45 clinical negligence cases and 8 personal injury cases. As at the end of March the Health Board had 345 open clinical negligence cases for which a provision was in place and 105 open personal injury cases for which a provision was in place.

3. GOVERNANCE AND RISK ISSUES

- 3.1. This paper addresses the financial governance requirements for reporting Losses and Special Payments to the Audit Committee. The Health Board adheres to the authorisation process for such payments as prescribed in the Welsh Government Losses and Special Payments manual and Standing Financial Instructions ensuring sound financial governance for such payments
- 3.2. The clinical governance issues raised and lessons learned from previous claims are discussed as part of the clinical governance agenda and does not form part of this report to the Audit Committee.

4. FINANCIAL IMPLICATIONS

- 4.1. The financial implications associated with Losses and Special Payments for the Health Board comprise two elements. Firstly, there is the amount directly taken from the health budget by Welsh Government to fund the Welsh Risk Pool. This is supplemented by a risk sharing agreement across NHS Wales which requires additional contributions to be made from Health Boards and Trusts in the event that the amount required by Welsh Risk pool exceeds this directly funded amount. To date there has been no requirement to invoke this agreement as the Welsh Risk Pool outturn has been below the directly funded sum.
- 4.2. The second implication is the net charge to the Health Board's resource limit of costs incurred which comprise the first £25,000 of all clinical negligence and personal injury claims, legal fees for redress claims which are not reimbursed under the Welsh Government's Putting Things Right Scheme and the cost of all other losses and special payments.
- 4.3. Of the £8,308,354 paid out in the period 1st February 2018 to 31st March 2018, £7,995,936 is recoverable from the Welsh Risk Pool and £90,300 from Welsh Government. Taking this recovery into account, the actual loss to the Health Board in the period totals £222,118, as summarised in the table below:

Losses & Special Payments	Amount £
Clinical Negligence	8,219,393
Personal Injury	-31,562
Obsolete Drug Stock	5,291
Ex Gratia Payments	3,357
Compensation Payments	1,750
Bad Debt Written Off	45
Redress Payments	110,080
Sub Total	8,308,354
Less WRP Recovery	-7,995,936
Less Redress Payments Reimbursed by WG	-90,300
Health Board Losses in the Period	222,118

4.4. After the recoveries from Welsh Risk Pool and Welsh Government are taken into account, the net loss totals £2,352,169 for the period 1st April 2017 to 31st March 2018 and £2,500,814 for the period 1st April 2016 to 31st March 2017.

5. RECOMMENDATIONS

5.1. The Audit Committee is asked to note the losses and special payments in the period of £8,308,354, of which £7,995,936 will be recovered from the Welsh Risk Pool and £90,300 from Welsh Government, leaving an actual loss to the Health Board in the period of £222,118.

5.2. These losses and special payments will need to be reported to the Board and disclosed in the Health Board's Annual Accounts.

Abertawe Bro Morgannwg University LHB
Losses & Special Payments - 2017/18

Period 1st February 2018 - 31st March 2018

Clinical Negligence				Settlement of Damages	Claimant Costs	CRU Payments	Defence	Total Paid in Period	Amount Paid in prior Periods	Loss to HB in Period	Total Paid to Date
Date	Case Ref	Location	Directorate	£	£	£	£	£	£	£	£
Feb-2018	07RVCMN0045	Singleton	Obstetrics & Gynaecology	5,000				5,000	717,706	0	722,706
Feb-2018	10RYMMN0212	Princess of Wales	Women & Child Health				1,226	1,226	720,348	0	721,574
Feb-2018	10RYMMN0223	Princess of Wales	Women & Child Health				4,060	4,060	970,600	0	974,660
Feb-2018	12RYMMN0001	Princess of Wales	Medical Negligence	960,000	140,000		2,883	1,102,883	107,199	0	1,210,082
Feb-2018	12RYMMN0047	Neath Port Talbot	Medical Negligence		30,000		1,000	31,000	129,650	0	160,650
Feb-2018	12RYMMN0107	Neath Port Talbot	Medical Negligence	14,000				14,000	9,509	14,000	23,509
Feb-2018	13RYMMN0014	Princess of Wales	Medical Negligence				300	300	17,593	300	17,893
Feb-2018	13RYMMN0037	Morrison	Cardiac Surgery				1,250	1,250	5,913	1,250	7,163
Feb-2018	13RYMMN0075	Singleton	Multi Directorate				1,013	1,013	94,287	0	95,299
Feb-2018	13RYMMN0078	Singleton	Medical Negligence		100,000			100,000	455,815	0	555,815
Feb-2018	13RYMMN0094	Princess of Wales	Medical Negligence				1,226	1,226	74,443	0	75,669
Feb-2018	13RYMMN0178	Princess of Wales	Accident & Emergency				2,360	2,360	6,170	2,360	8,530
Feb-2018	13RYMMN0178	Princess of Wales	Accident & Emergency				90	90	8,440	90	8,530
Feb-2018	13RYMMN0196	Singleton	General Medicine				1,250	1,250	109,735	0	110,985
Feb-2018	13RYMMN0225	Singleton	Obstetrics & Gynaecology				4,200	4,200	25,503	0	29,703
Feb-2018	13RYMMN0235	Singleton	Obstetrics & Gynaecology				106	106	196,145	0	196,251
Feb-2018	14RYMMN0079	Neath Port Talbot	Casualty		20,000			20,000	15,847	9,153	35,847
Feb-2018	14RYMMN0103	Morrison	General Surgery				17,154	17,154	956,001	0	973,155
Feb-2018	14RYMMN0122	Singleton	Casualty				34	34	54,200	0	54,234
Feb-2018	14RYMMN0125	Neath Port Talbot	Physiotherapy		8,000		175	8,175	64,550	0	72,725
Feb-2018	14RYMMN0144	Singleton	Oncology				660	660	0	660	660
Feb-2018	14RYMMN0175	GP Surgery	Neath Locality		37,500		100	37,600	23,549	1,451	61,149
Feb-2018	14RYMMN0183	0	Medical Negligence	10,000				10,000	7,785	10,000	17,785
Feb-2018	15RYMMN0010	Morrison	General Surgery				8,563	8,563	6,768	8,563	15,331
Feb-2018	15RYMMN0016	Morrison	Orthopaedics				225	225	3,625	225	3,850
Feb-2018	15RYMMN0033	Morrison	Maxillofacial				600	600	2,350	600	2,950
Feb-2018	15RYMMN0037	Princess of Wales	Urology				1,971	1,971	167,033	0	169,004
Feb-2018	15RYMMN0040	Morrison	Neurology				1,000	1,000	1,550	1,000	2,550
Feb-2018	15RYMMN0046	Singleton	Casualty				5,800	5,800	24,629	371	30,429
Feb-2018	15RYMMN0100	Princess of Wales	Multi Directorate				65	65	0	65	65
Feb-2018	15RYMMN0113	Morrison	General Surgery		12,000			12,000	6,510	12,000	18,510
Feb-2018	15RYMMN0148	Neath Port Talbot	Minor Injury Unit	-13,793			-4,207	-18,000	40,206	-18,000	22,206
Feb-2018	15RYMMN0154	Singleton	Obstetrics & Gynaecology				3,220	3,220	105,273	0	108,493
Feb-2018	15RYMMN0176	Morrison	Accident & Emergency				875	875	142,770	0	143,645
Feb-2018	15RYMMN0179	Neath Port Talbot	Orthopaedics	145,000	25,000	32,484	2,265	204,749	48,180	0	252,929
Feb-2018	15RYMMN0190	Princess of Wales	General Surgery				4,500	4,500	27,100	0	31,600
Feb-2018	15RYMMN0215	Princess of Wales	Accident & Emergency				6,264	6,264	975	6,264	7,239
Feb-2018	15RYMMN0240	Princess of Wales	Orthopaedics				600	600	354,843	0	355,443
Feb-2018	16RYMMN0022	Princess of Wales	Breast Care				800	800	650	800	1,450
Feb-2018	16RYMMN0065	Princess of Wales	Ears, Nose & Throat				687	687	2,085	687	2,772
Feb-2018	16RYMMN0068	Singleton	Obstetrics & Gynaecology	10,000				10,000	25,000	0	35,000
Feb-2018	16RYMMN0132	Princess of Wales	Urology				-4,660	-4,660	4,660	-4,660	0
Feb-2018	16RYMMN0143	Neath Port Talbot	Oncology				7,995	7,995	0	7,995	7,995
Feb-2018	16RYMMN0180	Neath Port Talbot	Gastroenterology				750	750	3,000	750	3,750
Feb-2018	16RYMMN0190	Singleton	Gynaecology	3,000				3,000	22,700	2,300	25,700
Feb-2018	17RYMMN0006	Singleton	Ophthalmology				1,355	1,355	4,160	1,355	5,515
Feb-2018	17RYMMN0042	Morrison	Orthopaedics				1,550	1,550	27,950	0	29,500
Feb-2018	17RYMMN0055	Rowan House	Learning Disabilities		7,500			7,500	25,048	0	32,548
Feb-2018	17RYMMN0098	Singleton	General Surgery	180,000			4,435	184,435	2,995	22,005	187,430
Feb-2018	17RYMMN0114	Singleton	Radiology				10	10	0	10	10
Feb-2018	17RYMMN0130	Morrison	Radiology				218	218	0	218	218
Feb-2018	17RYMMN0175	Morrison	General Medicine	28,000				28,000	0	25,000	28,000
Feb-2018	18RYMMN0046	Singleton	Gynaecology	3,000				3,000	0	3,000	3,000
Feb-2018	18RYMMN0066	Singleton	Oncology	45,000				45,000	0	25,000	45,000
Mar-2018	18RYMMN0079	Caswell Clinic	Adult Mental Health			16,500		16,500	82,044	0	98,544

Period 1st February 2018 to 31st March 2018

Location	Loss Category (as per FCP 17)	Description	Loss £
Obsolete Drug Stock			
Singleton	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.02.18 - 28.02.18	924
Cefn Coed	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.02.18 - 28.02.18	626
Morrison	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.02.18 - 28.02.18	1,072
POW	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.02.18 - 28.02.18	3
Singleton	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.03.18 - 31.03.18	1,072
Cefn Coed	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.03.18 - 31.03.18	126
Morrison	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.03.18 - 31.03.18	1,448
POW	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.03.18 - 31.03.18	2
NPTH	4(b) - Damage or Loss of Equipment and Property	Obsolete Drug Stock 01.03.18 - 31.03.18	18
		Sub Total	5,291
Ex Gratia Payment			
16.02.18	7(a) - Loss of Personal Effects	Loss of Cardigan	40
21.02.18	7(a) - Loss of Personal Effects	Loss of Hearing Aid	240
22.02.18	7(e) - Other	Reimbursement of Taxi Fare	20
28.02.18	7(a) - Loss of Personal Effects	Replacement TV and Stand - Patients Hom	364
14.03.18	7(e) - Other	Damage to Teeth POW ENT	190
12.03.18	7(e) - Other	Reimbursement for Private Scan	395
21.03.18	7(a) - Loss of Personal Effects	Loss of Spectacles - POW Ward 9	95
21.03.18	7(a) - Loss of Personal Effects	Loss of Spectacles	68
21.03.18	7(a) - Loss of Personal Effects	Loss of Hearing Aid Ward 10 POW	1,695
29.03.18	7(e) - Other	Poor Complaints Handling	250
		Sub Total	3,357
Bad Debt			
Feb-18	3(a) - Bad Debt, Private Patients	Private Patient Fees - Dental NPT	14
Feb-18	3(a) - Bad Debt, Private Patients	Private Patient Fees - Dental NPT	14
Mar-18	3(c) - Other	Overpayment of Allowances	18
		Sub Total	45
Compensation Payments			
19/02/2018	5 - Compensation Payments	Complaints Payment - ID6140	500
19/02/2018	5 - Compensation Payments	Complaints Payment - JC/4046	250
19/02/2018	5 - Compensation Payments	Complaints Payment - AS/2724	750
22/02/2018	5 - Compensation Payments	Complaints Payment	250

Abertawe Bro Morgannwg University LHB
Losses & Special Payments - 2017/18

Appendix B

Period 1st February 2018 to 31st March 2018

Location	Loss Category (as per FCP 17)	Description	Loss £
		Sub Total	1,750
Redress Payments			
05/02/2018	Redress Payment	Damages	2,400
19/02/2018	Redress Payment	Damages	750
28/02/2018	Redress Payment	Damages	12,000
28/02/2018	Redress Payment	Damages	10,000
28/02/2018	Redress Payment	Damages	22,500
02/02/2018	Redress Payment	Expert Advice	300
02/02/2018	Redress Payment	Expert Advice	4,900
28/02/2018	Redress Payment	Expert Advice	2,100
08/02/2018	Redress Payment	Copy Records	10
02/02/2018	Redress Payment	Legal Fees	1,920
15/02/2018	Redress Payment	Legal Fees	8,100
21/02/2018	Redress Payment	Legal Fees	1,920
22/02/2018	Redress Payment	Legal Fees	1,920
08/03/2018	Redress Payment	Damages	6,000
08/03/2018	Redress Payment	Damages	5,500
21/03/2018	Redress Payment	Damages	22,500
19/03/2018	Redress Payment	Expert Advice	750
27/03/2018	Redress Payment	Expert Advice	600
05/03/2018	Redress Payment	Copy Records	50
13/03/2018	Redress Payment	Copy Records	100
13/03/2018	Redress Payment	Legal Fees	1,920
13/03/2018	Redress Payment	Legal Fees	1,920
13/03/2018	Redress Payment	Legal Fees	1,920
		Sub Total	110,080
		Total	120,523