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Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>27 May 2020</b>	<b>Agenda Item</b>	<b>2.3</b>
<b>Report Title</b>	<b>Accountable Officer Letter Response</b>		
<b>Report Author</b>	Darren Griffiths, Director of Finance (interim)		
<b>Report Sponsor</b>	Darren Griffiths, Director of Finance (interim)		
<b>Presented by</b>	Darren Griffiths, Director of Finance (interim)		
<b>Freedom of Information</b>	Open		
<b>Purpose of the Report</b>	The report provides the Audit Committee with an update on the Health Board's response to Welsh Government Guidance (COVID-19 Decision Making & Financial Guidance) received on 30 <sup>th</sup> March 2020.		
<b>Key Issues</b>	<p>This report sets out the Health Board's response to the guidance referred to above.</p> <p>The guidance can be structured into the following categories: -</p> <ul style="list-style-type: none"> <li>• Financial governance</li> <li>• Core financial systems and processes</li> <li>• Counter fraud</li> <li>• Revenue and capital allocations and cash</li> <li>• Ring fenced allocations</li> <li>• Cost reimbursement - revenue</li> <li>• Financial reporting and monitoring</li> <li>• Capital</li> <li>• Partnership arrangements</li> <li>• Cross border flows</li> <li>• Primary care contracts</li> </ul> <p>The Health Board has responded to each of these actions and these responses remain under constant review as the nature of our response to the pandemic develops.</p>		
<b>Specific Action Required</b> <i>(please choose one only)</i>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			<b>Approval</b>
			<input type="checkbox"/>

<b>Recommendations</b>	The Audit Committee is asked to: - <ul style="list-style-type: none"> <li>• <b>NOTE</b> the actions in place to meet the requirements set out in the guidance</li> </ul>
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## ACCOUNTABLE OFFICER LETTER RESPONSE

### 1. INTRODUCTION

The report provides the Audit Committee with an update on the Health Board's response to Welsh Government Guidance (COVID-19 Decision Making & Financial Guidance) received on 30<sup>th</sup> March 2020 from the NHS Wales Director General.

The guidance was issued to support swift decision making as the impact of COVID-19 was developing, recognising that decisions would be required, sometimes without the usual evidence base to support them, but also recognising the public sector's role in the stewardship of public funds.

The letter and associated guidance document are attached as **Appendix A** and **Appendix B** respectively for the consideration of the Audit Committee.

### 2. BACKGROUND

The guidance received urged organisations to ensure that in making decisions at this time, the following principles applied:

- Due consideration is given to regularity in relying on legal powers, propriety and meeting the standards of 'Managing Welsh Public Money', and value for money supported by an assessment of the realistic options available to you at the time.
- Decisions taken must be rational and justifiable with due consideration of all options and risk and be defensible to public and patients
- Individuals and organisations should ensure that our decision making conduct is in line with Nolan Principles, and integrity is at the heart of what we do.
- A continued focus on good governance and potential fraud is key.
- Any concerns can be supported by involvement of Wales Audit Office

The table which follows sets out Swansea Bay University Health Board's (SBUHB) response to the key elements of the guidance. The Audit Committee will note that there is a wide range of content to the guidance and the Health Board's response has been broad in terms of coverage.

The Audit Committee will also note that as the guidance was issued at the start of the pandemic, it covered a range of possibilities, some of which have not yet generated the need for handling such as handling of revised revenue allocations as these are still under consideration by Welsh Government colleagues.

It is envisaged, but not yet planned, that the Health Board's response would benefit from internal audit scrutiny and a discussion at Committee on the possible handling of this would be welcome.

Aspect of Guidance	Health Board Key Actions & Responses
<p><b>Financial Governance</b></p> <ul style="list-style-type: none"> <li>• Scheme of Delegation/SFI compliance</li> <li>• Collection of key financial data</li> <li>• Delegations and approvals</li> <li>• No new non-COVID related revenue/capital investments progressed – Welsh Government</li> <li>• NHS Indemnity</li> </ul>	<ul style="list-style-type: none"> <li>• Following an initial review it was envisaged that increased delegated limits would support more timely decision making. However, after due consideration limits were not changed as there was no evidence of current limits being an impediment to the speed of decision making.</li> <li>• COVID-19 Gold command and the CCC-19 daily meeting were given decision making powers which fed into the scheme of delegation which was overseen by the Deputy Director of Finance and Director of Finance (interim)</li> <li>• Use of central financial ledger coding and key decision log. The decision log captures decisions made in real time, with evidence base at that time and confirmed governance route for that decision. This is a key part of the Health Board's recording keeping and governance record.</li> <li>• Review of delegation and approval structures, with deputy and contingency options put in place.</li> <li>• No non-COVID investments are proceeding. This will be regularly reviewed by Executive Board and Senior Leadership Team.</li> <li>• No issues identified in terms of indemnity at the time of writing.</li> </ul>
<p><b>Core Financial Systems and Processes</b></p>	<ul style="list-style-type: none"> <li>• Plans in place to support core payment processes and functions. Use of SharePoint and Microsoft teams to facilitate sharing of information. Update of desktop instructions to support business continuity.</li> <li>• Utilising NWSSP guidance on relaxation of procurement arrangements and reporting of when utilised. This is linked to the decision log.</li> <li>• Key critical stocks identified and monitored through the COVID dashboard. For key items such as PPE, central stock management established.</li> </ul>
<p><b>Counter Fraud</b></p>	<ul style="list-style-type: none"> <li>• Regular communication with staff.</li> </ul>

Aspect of Guidance	Health Board Key Actions & Responses
	<ul style="list-style-type: none"> <li>• Segregation of duties included within business continuity plans.</li> <li>• Increased awareness of new risks raised with LCFS and scrutiny adjusted accordingly.</li> </ul>
<b>Revenue &amp; capital allocations &amp; cash</b>	<ul style="list-style-type: none"> <li>• Reductions in planned care activity recorded and included within net COVID-19 cost assessment.</li> <li>• Staff deployment tracking in place to support understanding of service and financial impacts.</li> <li>• Regular dialogue and reporting to WG on expected and actual costs of COVID-19.</li> <li>• Budgets rebased to reflect pre COVID-19 services levels to allow for more granular tracking of COVID-19 impact on all service areas.</li> </ul>
<b>Ring Fenced Allocations</b>	<ul style="list-style-type: none"> <li>• Regular reporting within WG monitoring returns.</li> </ul>
<b>Cost Reimbursement – Revenue</b>	<ul style="list-style-type: none"> <li>• National procurement utilised wherever possible to minimise requirement for reimbursement. Some initial issues with supply chain resulting in local procurement, now more limited.</li> <li>• Regular reporting to Welsh Government.</li> <li>• No allocations received by the Health Board at time of writing and hence none distributed to services.</li> </ul>
<b>Financial Reporting and Monitoring</b>	<ul style="list-style-type: none"> <li>• Baseline budgets reset to reflect 2019/20 expenditure patterns to facilitate greater understanding of cost movements.</li> <li>• WG COVID reporting tool being utilised to establish assumptions and reflect COVID costs.</li> <li>• COVID expenditure being managed through financial ledger central coding and recruitment, specific service tracking and analysis of expenditure changes.</li> <li>• The impact on savings delivery and slippage on planned investments are also being closely monitored.</li> <li>• Board reports reflect the cost assessment of COVID-19 and reconcile movement in these anticipated costs as the response modifies.</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>• Regular reporting and dialogue with Welsh Government.</li> </ul>

Aspect of Guidance	Health Board Key Actions & Responses
	<ul style="list-style-type: none"> <li>Revised capital plan reported to Executive Board to maintain transparency and responsiveness of plan.</li> </ul>
<b>Partnership Arrangements</b>	<ul style="list-style-type: none"> <li>Uncommitted funding identified and repurposed.</li> <li>Silver Command structure includes Partners.</li> <li>Additional funding made available for Rapid Discharge.</li> </ul>
<b>Cross Border Flows</b>	<ul style="list-style-type: none"> <li>LTA management agreement in place for Quarter 1 for Welsh Health organisations to minimise income flow disruption.</li> </ul>
<b>Primary Care Contracts</b>	<ul style="list-style-type: none"> <li>Managing contracts within agreed guidance.</li> </ul>

The key actions and responses set out above are under routine review. Welsh Government colleagues are working through their finance silver cell to determine what the funding arrangements for the additional COVID-19 costs incurred by organisations. The recent Quarter 1 delivery framework document gave some sense of the areas where cost coverage might be forthcoming. These areas include: -

- Set up costs and committed running costs of field hospitals.
- Initial costs of returning students and returning staff
- Provision of PPE
- Support for early discharge arrangements; and
- Costs of testing programmes

The delivery framework also goes on to state that as the cost impacts become clearer, Welsh Government and the Finance Delivery Unit will work with NHS organisations to agree the impact on individual organisations financial plans. This will take account of the additional costs incurred, previous savings expectations that are unlikely to be delivered, offset by redirecting existing resources from activities that have been paused or stopped.

Dialogue between the Health Board and Welsh Government is open and transparent but it is acknowledged that at this stage, there is no certainty of funding beyond the specific areas referred to above. However the ongoing communication between organisations should enable a shared understanding of the financial positions being presented to boards and will support the ongoing action within Welsh Government to identify funding to meet the net costs to the NHS of the response to the pandemic.

As these points become clearer the actions above will be flexed to support service delivery and increase clarity of the financial context within which the 2020/21 financial position will be delivered.

The decision log referred to in the table above will be brought before a future audit committee.

### **3. GOVERNANCE AND RISK ISSUES**

Governance issues are covered in the preceding sections given the nature of this report. In terms of risk, the material risk at present is that there is no agreed mechanism in place to cover the Health Board's current expenditure plan for 2020/21. This risk exists across NHS bodies in Wales and the Health Board is transparently working with Welsh Government to contribute to the granular understanding of the position and to move towards an agreed funding model for 2020/21. The Board has been, and will continue to be, routinely updated on this position.

### **4. FINANCIAL IMPLICATIONS**

There are no direct financial implications as a result of the production of this report but there are material impacts from the Health Board's service response to COVID-19. These are routinely reported to the Board.

### **5. RECOMMENDATION**

The Audit Committee is asked to: -

- **NOTE** the actions in place to meet the requirements set out in the guidance

Governance and Assurance		
<b>Link to Enabling Objectives</b> (please choose)	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	Partnerships for Improving Health and Wellbeing	<input checked="" type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input checked="" type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input checked="" type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
<p>The Health Board's response to the outbreak of the virus is predicated on providing the right quality and safety of services, as well as patient experience, and expenditure decisions are made in this context.</p> <p>The supporting actions set out in this report allow the Health Board the flexibility required to respond to COVID-19 in the public interest.</p>		
Financial Implications		
<p>There are direct financial implications of this report but there are clearly implications for the Health Board of responding to the COVID-19 pandemic.</p> <p>The financial impact of COVID-19 on the Health Board is routinely assessed and refined and this is reported through the Board.</p>		
Legal Implications (including equality and diversity assessment)		
There are no legal implications of this report.		
Staffing Implications		
There are no direct staffing implications as a result of this paper		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
<p>COVID-19 will have a long term impact on the population we serve and the services we provide. It is difficult at this stage to fully assess this impact across so many different facets.</p> <p>This report itself has no direct impact, but the actions of the Board and its partners in response to the pandemic will be key determinants of the longer term impact.</p>		



<b>Report History</b>	This is the first report to the Audit Committee on this matter.
<b>Appendices</b>	Appendix A – Director General letter to Health Boards 30 <sup>th</sup> March 2020 Appendix B - COVID-19 - Financial Guidance to NHS Wales' organisations