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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	28 November 2019	Agenda Item	2.5
Report Title	Recommendations to Optimise the Delivery of the Annual Plan 2019/20		
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Presented by	Lynne Hamilton, Director of Finance Siân Harrop-Griffiths, Director of Strategy Hazel Robinson, Director of Workforce and OD		
Freedom of Information	Open		
Purpose of the Report	<p>The Health Board has been working to a draft Annual Plan for 2019/20, as approved by the Board in January. However final approval of the plan has not been possible to date due to uncertainties with respect to the financial position and extenuating circumstances requiring revision of the Unscheduled Care and Planned Care trajectories.</p> <p>The revised Unscheduled Care and Planned Care Trajectories were approved in October 2019, however, the financial position required that further work be done to take cognisance of the latest financial and operational positions, including assessing and including the impact on 2019/20 of KPMG’s work with the Health Board, to deliver the optimum quality, service and financial performance for the year.</p> <p>In light of the deteriorating financial outturn at Month 7, the Board has been advised of the risk to the Health Board’s ambition to deliver a balanced financial plan in 2019/20. This paper advises the Board on the actions and choices available to the Health Board to finalise its plan for the remainder of 2019/20 to deliver the optimum service and quality priorities whilst maximising the use of its resources.</p> <p>The Health Board is not required to submit a revised Annual Plan to Welsh Government but an Accountable Officer</p>		

	Letter will be sent confirming the Board's position in respect of Unscheduled Care, Planned Care and its financial position recognising that the break-even ambition is likely to change as a consequence of Board deliberation and consideration of this paper.			
Key Issues	See section above			
Specific Action Required <i>(please choose one only)</i>	Information	Discussion	Assurance	Approval
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • NOTE the current position in relation to Finance, Unscheduled Care and Planned Care Performance; • CONSIDER if the Board remains content to reconfirm commitment to the Planned and Unscheduled Care trajectories confirmed at the Board in October; • CONSIDER the actions and choices that are described to determine how the plan will deliver the optimum service and quality priorities whilst maximising the use of resources; • APPROVE the actions to deliver the performance and financial plan set out in sections 2 (£15.9m) and 3.1 (£12.3m) • CONSIDER the opportunities to deliver the performance and financial plan set out in paras 3.2 (£8.7m) and 3.3 (financial balance) and determine whether to pursue any of these actions. • NOTE the ambition to develop an approvable 3-year IMTP going forward. 			

RECOMMENDATIONS TO OPTIMISE THE DELIVERY OF THE ANNUAL PLAN 2019/20

1. INTRODUCTION

The Board approved the Annual Plan in September subject to further work on revised trajectories for unscheduled care and planned care performance (specifically RTT) and reflection of the additional pressure in these areas on the financial plan. The revised plans and trajectories for these areas were approved at the Board meeting on 31st October 2019.

Following the deterioration of the financial position in month 7, this report sets out the further work that has been undertaken to assess the actions and choices required to

maximise the Health Board's financial performance whilst delivering the optimum quality, service and operational performance for the year.

Following discussion with Welsh Government on 5th November 2019 and subsequently at the Targeted Intervention meeting on 13th November 2019, the Health Board is not required to submit a revised Annual Plan. However, an Accountable Officer Letter will be sent confirming the Board's position in respect of Unscheduled Care, Planned Care and its financial position recognising that the break-even ambition is likely to change as a consequence of Board deliberation and consideration of this paper.

Our planned care plan set out a range of possible year-end positions for the numbers of patients waiting over 36 weeks for treatment. This range (discussed later in the paper) assumes the full commitment of £3.9m of performance monies within the Health Board financial framework and £6.5m of funds made available by Welsh Government. The £6.5m from Welsh Government is planned to be almost fully committed, to £6.326m. The commitment of the spend is set out below.

	Cost £m	Activity
Months 1-7	2.856	758
Months 8-9	2.205	410
Months 10-12	1.265	292
Total	6.326	1,460

In addition to this the Health Board plans to commit £0.5m from slippage on its £3.9m plan to balance the cataract position in Ophthalmology. This is scheduled to be in place for quarter 4.

The Health Board is also working with partners to maximise the use of the Winter Monies for Unscheduled Care.

2. BACKGROUND

2.1 Current Performance Delivery Position

At the time of writing this report (20th November 2019) the performance position of the relevant key metrics is as follows:

	Position as at 20 th November
ED 4 hours	73.73%
12 hour breaches	585
1 hour handover	484
Red Call to date	%
Patients waiting > 26 week for 1 st out-patient appointment Nov forecast	1,080
Patients waiting >36 week for referral to treatment Nov forecast	4,462
Patients waiting >8 weeks for diagnostics Nov forecast	250
Patients waiting >14 weeks for Therapy support Nov forecast	0

2.2 Current Financial Delivery Position

The Health Board recognises and welcomes the additional funding that has been issued to the service during 2019/20. This equates to around £51.7m for the Health Board comprising of:

	£m
Core uplift 2%	11.913
Healthier Wales 1%	5.827
National Pay Award (18/19 and 19/20)	14.025
Performance RTT and Outpatients	7.056
Winter (RPB £2.2m and HB £1.3m)	3.496
Critical Care	1.112
Transformation	8.291
Total	51.720

Excluding the core and Healthier Wales uplifts the remaining increases in funding have directed specific additional expenditure linked to delivery requirements. Taking this into account, the Health Board's general uplift was 3%, with a significant element of Healthier Wales investments required to support WHSSC and EASC developments and the funding to support nationally agreed development priorities.

There has been a deterioration in the Health Board's financial outturn in Month 7 which is reported as an in-month overspend of £1.4m resulting in a cumulative overspend of £8.653m. This lack of improvement in financial performance requires decisive action to be taken.

At the Health Board meeting on 31 October, the Board received papers that set out a potential forecast outturn of £17.3m, with a range of risks and mitigating actions that could, if all fully delivered, reduce the forecast to £8.7m. Delivery of the unscheduled care and planned care trajectories of 80.4% patients seen within 4 hours at A&E and 2330-3406 patients waiting over 36 weeks for treatment were supported within this £17.3m.

Discussions have continued with Welsh Government, the Finance Delivery Unit and KPMG to assess assurance levels. This work has recognised that, while challenging to deliver, the commitments in advance of funding and balance sheet opportunities have a high confidence level and should therefore be assumed within the forecast, which would reduce the forecast outturn to £12.3m, without any detrimental impact on the unscheduled and planned care performance trajectories. A range of further mitigating actions were identified and required further development including the impact of assessment on unscheduled and planned care performance and quality and safety.

The two key risks that were highlighted to the Board in October have crystallised and in one instance has increased: Primary Care prescribing Cat M price increases £1.2m and Welsh Risk Pool risk sharing protocol impact which has increased from £1.4m to £2.4m. The addition of these risks effectively increases the recognised forecast from £12.3m to £15.9m. This potential deficit of £15.9m still assume the delivery of the unscheduled care and planned care trajectories as set out earlier in the paper. The table below provides the Board with a summary of the £15.9m.

	Risk Assessed Plan 2019-20 £m	Plan Assessment at Month 7 £m
Forecast Opening Position Post Bridgend Transfer*	-23.3	-23.3
Unavoidable Cost Pressures	-42.3	-42.3
Application of Core Funding Uplift	33.2	33.2
LTA Benefit	0.4	0.4
Required Savings	-32	-32
WG Non Recurrent Funding : supporting developments	10	10
Savings Requirement	22	20.2
Position prior to Bridgend Boundary Change	0	-1.8
Current Diseconomies of Scale	-5.4	-5.4
Mitigating Actions to manage Diseconomies of Scale	5.4	0.4
BBC Transitional Support	0	2
Position including impact of Bridgend Boundary Change	0	-4.8
In Year Cost Pressures :		
Income		-1
Workforce		-4
ChC		-3
Additional Capacity Excess Costs		-3
Final Pension Charges		-1.5
Commitments in Advance of Funding		2.5
Maximising Balance Sheet and Technical Benefits		2.5
Recovery Challenge		-12.3
Risks now included in Forecast		
Cat M Price Increases		-1.2
Welsh Risk Pool increased from £1.4m to £2.4m as per DOFs paper 15/11/19		-2.4
Updated Forecast		-15.9

2.3 Reconfirming the delivery priorities

It is recommended that the first priority of the Board is to reconfirm its commitment to delivery of the Unscheduled and Planned Care trajectories as agreed by the Board and contained within the forecast year-end deficit at £15.9m. Whilst delivery of these trajectories would still not enable performance at the level the Board aspires to for the future, and still remain challenging, from a patient experience and quality perspective, they are deemed to be the minimum performance the Board should strive to deliver in 2019/20.

- For unscheduled care this plan predicts the 31st March 2020 position to be:
 - Emergency Department (ED) 4 hour percentage 80.4%
 - number of 1 hour ambulance delays in March 2020 - 291
 - number of 12 hour ED waits in March 2020 – 297
- From a planned care perspective, this baseline plan would see: -
 - Nil patients waiting over 26 weeks for a new outpatient appointment

- Between 3,406 and 2,330 patients waiting over 36 weeks for treatment
- Nil patients waiting over 8 weeks for a diagnostic test
- Nil patients waiting over 14 weeks for a therapy intervention
- The year-end financial forecast deficit of £15.9m requires :
 - All Service Delivery Units and Directorates to meet the established control total. These have been reinforced by recent communication from the Chief Executive;
 - Welsh Government Bridgend transitional support is received; and
 - No further escalation of in-year cost pressures including Welsh Risk Pool.

Whilst challenging, this level of performance comes with a high degree of confidence of delivery. The financial performance is recognised by KPMG and the Finance Delivery Unit. However, given this assessment the Health Board needs to consider options to further improve the financial position, as follows.

3. FURTHER OPPORTUNITIES TO DELIVER AN IMPROVED POSITION

The Executives developed a long-list of actions and choices that could be taken to improve the financial position further and a high-level assessment has been undertaken of the performance, quality and safety and workforce implications of each. The development of the long-list included:

- Review of investments already made during the year through the Health Board's Investment and Benefits Group (IBG) or other means
- Review of interim KPMG feedback and opportunities
- Review of balance-sheet and known pressures
- Review of the Delivery Support Team (DST) and High Value Opportunities (HVO) programme for further opportunities.

The long-list has been tested with the Senior Leadership Team and the recommendations, consequences and delivery impact are outlined below. The assessment has also taken into the account the views of the Finance Delivery Unit and KPMG.

KPMG, commissioned by Welsh Government, is supporting the Health board through 4 key workstreams:

- a) Assessment of the 19/20 financial plan including an assessment of the delivery plan to achieve financial balance. This work has informed the assessment which is in this paper;
- b) A grip and control review; the findings of which have informed the recovery action in the paper;
- c) An opportunities pipeline for 2020/21 and the IMTP. The draft opportunities has been shared and is being reviewed, tested and will be used to support 20/21 planning; and
- d) Delivery framework assessment. This element of the work has only recently started and will inform the Board around the governance and accountability frameworks that it has to assure itself of delivery.

KPMG are about half way through the commission, which will largely be concluded before Christmas.

3.1 Choices, Actions and Impacts - Delivery of £12.3m

The Health Board's further recommended delivery priority would be to work towards the delivery of an improved financial forecast of £12.3m. This would require £2.6m of further actions to be delivered during the last 3-4 months of this financial year.

In addition to these actions, there has been an indication that the Welsh Government Bridgend transitional support will be within a range of £2-£3m which could further improve the position from £13.3m to £12.3m, given that £2m has been included in the assessment to date.

It is recognised that the Health Board annual expenditure of £1.1bn is broadly 50% pay, 40% non-pay and 10% primary care contractors. Within the overall expenditure trajectory, there is limited short-term variable spend upon which Board decisions can have a material influence. Such spend predominantly focuses on variable pay and discretionary non-pay spend. Given the increased risk to the Health Board's position, enhancing the controls to enable a reduction of such spend where it is safe to do so is critical and is consistent with the work undertaken by KPMG. The potential impact of such actions need to be considered in light of the months remaining to the year end.

A range of measures have been considered which would potentially deliver a year-end outturn of £13.3m, with risk that could be mitigated. These primarily relate to reducing variable pay and non-pay options for the remainder of the financial year.

Current demand and capacity modelling assumes a reduced level of activity over the Christmas period with a focus on emergency, urgent and cancer care over Christmas, the New Year and the first two weeks of the January.

The recommendation is that these should be the actions that should be taken to deliver an end of year position of £12.3m (to include the potential support for Bridgend Boundary Change), which would still enable the Board to deliver the unscheduled care and planned care performance trajectories agreed in October. Detailed implementation plan and delivery assurance mechanisms would enable mitigation of any risks on quality and workforce and more detail is included in section 4.2.

3.2 Choices, Actions and Impacts – Delivery of £8.7m

Further options have been considered which carry a higher risk. These relate to reducing service levels, for example in relation to outsourcing and Waiting List Initiatives for planned care, and reducing capacity to support unscheduled care. An assessment of these actions in relation to impact on unscheduled and planned care trajectories, quality of care and workforce – both in terms of numbers and staff morale has been undertaken to inform decision making. These will need to be tested further by the Delivery Support Team for further assurance.

The overall assessment is that these could potentially impact on performance, quality and safety and the workforce to an extent that would not be acceptable to the Board. The Board needs to determine its position on such potential actions.

Such actions would at best reduce the financial outturn to £8.7m but could have a significant impact on the unscheduled and planned care delivery trajectories set out above, quality and safety and the workforce.

The KPMG opportunities pipeline identified potential opportunities for 2019/20 which comprised of grip and control actions which have been included in section 3.1 and productivity gains which could support performance sustainability.

Subject to Board deliberation, the Executive Team's view is that these actions should not be pursued due to the potential detrimental impact on service, performance quality and workforce; certainly the combined impact of implementing all of the above would have material impact on all of the service delivery systems in terms of quality and delivery.

3.3 Potential to Deliver Financial Balance

The Health Board recognises its statutory duty to break even and needs to consider what actions would need to be supported to enable this duty to be met within 2019/20. On the assumption that opportunities and contingencies to reduce spend whilst retaining quality, workforce and service performance are exhausted with the proposals above, the only way to deliver close to a balanced financial position would be to cease all variable expenditure, the majority of which would relate to variable pay. This option has been rejected by the Executive Team on the basis that it would have an unacceptable effect on the quality, safety and provision of care. Services would need to be radically changed to enable such action to be deliverable. From a staffing perspective such actions would not be sustainable within the current service configuration and the ability to recover from such action from 2020/21 onwards would be questionable.

To deliver a breakeven financial position would require the current monthly run-rate of £1.3m to move to an underspend of between £2m-£3m per month over the last 3-4 months of the financial year. To illustrate the scale of the challenge this is equivalent to removing all variable pay (£4m per month) from 1st December 2019.

4. GOVERNANCE AND RISK ISSUES

4.1 Governance

The Annual Plan was approved by the Board on 26 September 2019 subject to revision of the plans and trajectories for unscheduled care and planned care to reflect the service pressures which have emerged in the first half of 2019/20. The financial plan was updated to reflect these revised performance pressures and the Annual Plan continued to state the Board's intention to deliver a balanced financial position at the end of the financial year 2019/20.

At the Health Board meeting on 31st October, the Board received papers that set out a forecast outturn after in-year financial pressures of £17.3m, with a range of risks and mitigating actions that could if all fully delivered could reduce the forecast to £8.7m. The unscheduled care and planned care trajectories outlined in the papers were supported within this £17.3m.

At the October meeting, the Board approved the final unscheduled care and planned care plans and trajectories that are included in the Annual Plan and supported the Board's intention to deliver a balanced financial position at the end of the financial year 2019/20, following confirmation of the treatment of the transfer of the Bridgend County Borough Council population share of the underlying deficit to CTMUHB, funded by Welsh Government.

On 5 November a meeting was held with Welsh Government to discuss the plan and the Targeted Intervention meeting took place on 13th November. The Health Board is not required to submit a revised Annual Plan to Welsh Government but an Accountable Officer Letter will be sent confirming the Board's position in respect of Unscheduled Care, Planned Care and its financial position recognising that the break-even ambition is likely to change as a consequence of Board deliberation and consideration of this paper.

It should be noted that the Welsh Government has provided £10m non-recurrent support to the Health Board in financial year 2019/20, which is contingent on us achieving financial balance. Therefore, there is a risk that the Health Board will not be awarded that. The Board will also recall that we were awarded £6.5m performance monies in support of delivering an RTT position of 938 patients waiting >36 weeks by March 2020. Based on the choices to be made in this report, neither of these requirements will be met, and there is therefore a risk of a further £16.5m deficit.

4.2 Delivery Assurance

The baseline delivery expectations and requirements have been reaffirmed by the recently issued CEO communication to all Executive Directors and Service Delivery Unit Directors. This will be monitored through the existing delivery assurance framework with escalation through to the weekly Executive Team meetings.

The Delivery Support Team is developing a detailed action plan to support the recommended actions. This will include more detailed quality and workforce impact assessment of the actions, and an assessment of the impact and delivery requirement for each of the Service Delivery Units and Corporate Directorates. The weekly financial recovery meetings reporting will be enhanced to include metrics to enable monitoring of the recommended actions. The existing control mechanisms; QVC panel and Vacancy Control Panel will also support these enhanced controls.

There will be weekly updates to the Executive Team and monthly reports to Performance & Finance Committee and Board to ensure there is a direct line of sight to progress with delivery of the action plan and its impact, and to escalate any issues or decisions required. These updates will include ongoing assessment of the impact of the actions, and any further mitigating actions which need to be taken.

4.3 Risks

Through the DST, risks associated with each of the suggested actions in each of the priority areas will be subject to further quality impact and risk assessments to compliment the high-level impact assessment already undertaken.

The actions required to deliver the financial performance of £15.9m laid out in section 2 have been fully Quality Impact Assessed and have formed part of the work of the Delivery Support Team and weekly finance and recovery meetings.

5. FINANCIAL AND PERFORMANCE IMPLICATIONS

The joint assessment of the performance impact of the financial improvement actions is shown below.

	£m	Assessed Impact	
		Planned Care	Unscheduled Care
Previously reported position	12.30		
Category M drug price increases	1.20		
Welsh Risk Pool Contribution	2.40		
Revised Forecast	15.90		
Variable Spend Controls	(2.60)	Minimal	Minimal
Increase in boundary change support	(1.00)		
Impact after key actions	12.30		
Further actions	(4.35)	<ul style="list-style-type: none"> • Loss of up to 2,505 cases of which 1,263 long waits • Loss of 4,800 New OP • Loss of f/u OP • Impacts of medical flow pressures on elective care 	<ul style="list-style-type: none"> • Loss of 24 surge beds • Increase in flow block from CHC cessation • Loss of capacity in assessment areas • Significant impact on flow overall resulting in increased handover delays and reduce ED performance
Position after further actions	8.00		

6. PLANNING FOR 2020/21 AND BEYOND

The challenges associated with delivery of a balanced plan within 2019/20 are recognised and the Health Board also recognises the need for sustainable delivery moving forward. The commitment to developing an approvable IMTP remains – and our service, financial and workforce planning for 2020/21 and beyond continues in this regard. The developing Clinical Services Plan, Transformation Programme, IMTP planning and pipeline opportunities identified by the Health Board and by KPMG will support this aim for sustainable delivery.

It is disappointing that the challenges of 2019/20 have meant that the Health Board cannot deliver in balance this year however it is recognised that the good work underway to delivery sustainable quality services in the medium term will continue in earnest.

7. RECOMMENDATIONS

Members are asked to:

- **NOTE** the current position in relation to Finance, Unscheduled Care and Planned Care Performance;

- **CONSIDER** if the Board remains content to reconfirm commitment to the Planned and Unscheduled Care trajectories confirmed at the Board in October;
- **CONSIDER** the actions and choices that are described to determine how the plan will deliver the optimum service and quality priorities whilst maximising the use of resources;
- **APPROVE** the actions to deliver the performance and financial plan set out in sections 2 (£15.9m) and 3.1 (£12.3m)
- **CONSIDER** the opportunities to deliver the performance and financial plan set out in paras 3.2 (£8.7m) and 3.3 (financial balance) and determine whether to pursue any of these actions.
- **NOTE** the ambition to develop an approvable 3- year IMTP going forward.

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	☒
	Co-Production and Health Literacy	☒
	Digitally Enabled Health and Wellbeing	☒
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	☒
	Partnerships for Care	☒
	Excellent Staff	☒
	Digitally Enabled Care	☒
	Outstanding Research, Innovation, Education and Learning	☒
Health and Care Standards		
<i>(please choose)</i>	Staying Healthy	☒
	Safe Care	☒
	Effective Care	☒
	Dignified Care	☒
	Timely Care	☒
	Individual Care	☒
	Staff and Resources	☒
Quality, Safety and Patient Experience		
A Quality Impact Assessment and Equality Impact Assessment process was undertaken as part of the Annual Planning process.		
Financial Implications		
The progress on financing the Health Board's financial plan is described in the paper. The Financial Plan is predicated on achieving a core savings requirement of £22m, as well as identifying further actions to offset the financial risk associated with retained costs. It also assumes funding support of £10m from Welsh Government.		
Legal Implications (including equality and diversity assessment)		
A Quality Impact Assessment and Equality impact Assessment process was undertaken as part of the Delivery Unit Planning process. The Health Board is unable to meet its statutory duty to have an approved integrated three year plan in 2019/20.		
Staffing Implications		
The Delivery Unit Plans will be delivered in line with workforce plans.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
<ul style="list-style-type: none"> • Long Term – The Annual Plan has been developed in line with the longer term ambitions, aims and objectives of the Organizational Strategy. • Prevention – The plan was developed in consideration of a review of population health and wellbeing needs. • Integration – The unit plans were developed with ongoing collaboration and discussion. • Collaboration - The unit plans were developed with ongoing collaboration and discussion. • Involvement – Delivery of plans will, where appropriate involve partners and stakeholders. 		

Report History	<p>The Board approved a draft Annual Plan in January 2019 noting that the financial section was not finalised due to the Bridgend boundary change.</p> <p>Regular updates on progress have been received by the Board since, with a revised plan with the financial detail regarding the Bridgend transfer included agreed in September 2019 subject to the unscheduled care/planned care action plans (and performance trajectories) being revised.</p>
Appendices	