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Bwrdd Iechyd Prifysgol  
Abertawe Bro Morgannwg  
University Health Board



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| <b>Meeting Date</b>   | 22 <sup>nd</sup> January 2018   |                   | <b>Agenda Item</b> |                 |
| <b>Report Title</b>   | <b>Progress Report - Annual Plan 2019/20</b>  |                   |                    |                 |
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| <b>Report Sponsor</b>   | Siân Harrop-Griffiths, Director of Strategy<br>Lynne Hamilton, Director of Finance  |                   |                    |                 |
| <b>Presented by</b>   | Siân Harrop-Griffiths, Director of Strategy<br>Lynne Hamilton, Director of Finance  |                   |                    |                 |
| <b>Freedom of Information</b>                                 | Open  |                   |                    |                 |
| <b>Purpose of the Report</b>                                  | This paper provides an update on progress and remaining steps to develop the formal draft Annual Plan 2019/20   |                   |                    |                 |
| <b>Key Issues</b>   | <p>The paper outlines the current progress position in the development of the health board's Annual Plan with particular reference to the Performance, Capital and Finance elements of the plan.</p> <p>The Performance trajectories, Capital Plan and Finance Plan are presented at the meeting for approval for submission to Board and Welsh Government at the end of January 2019.</p>  |                   |                    |                 |
| <b>Specific Action Required</b><br><i>(please ✓ one only)</i> | <b>Information</b>  | <b>Discussion</b> | <b>Assurance</b>   | <b>Approval</b> |
|   |   |                   |                    | ✓               |
| <b>Recommendations</b>  | <p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the process to date on the development of the Annual Plan including the performance, capital and finance plans</li> <li>• <b>RECOMMEND</b> approval to the Board on the performance trajectories presented</li> <li>• <b>RECOMMEND</b> approval to the Board the Financial Plan</li> <li>• <b>RECOMMEND</b> approval to the Board the Capital Plan</li> </ul> |                   |                    |                 |

## **PROGRESS REPORT – ANNUAL PLAN 2019-22 INCLUDING FINANCIAL PLAN**

### **1.0 Situation**

The Organisational Strategy has now been agreed by the Board, and the Clinical Services Plan and Annual Plan will show how the organisation plans to deliver its Strategic Objectives over their respective timespans.

The Executive Team has, following discussions with Welsh Government, agreed to submit a financially balanced Annual Plan for 2019/20 in January 2019 within our developing strategic context.

The Plan remains in draft form and work continues to refine the detailed content and presentation of the plan. The Plan has been submitted to the Executive Team for review and comment, noting that work will continue to finalise the plan for submission on January 24<sup>th</sup> for the Board meeting of January 31<sup>st</sup> 2019. The draft Clinical Services Plan and Annual Plan have also been circulated to the Non-Officer members for information.

### **2.0 Background**

A very helpful discussion was had at the Joint Executive Team meeting on 12<sup>th</sup> December on the positive progress that the Health Board is making across the full breadth of our 2018/19 Annual Plan.. It was also positively noted that the Board approved our Organisational Strategy in November 2018, and that this will form a strong framework for developing our Clinical Services Plan and our future delivery plans.

It was recognised that we may not be ready to submit a fully approvable IMTP in January this year because we will be continuing to develop detailed delivery plans for our Clinical Services Plan (CSP), which are not able to be fully reflected in the document as the CSP will also be presented to the Board for approval in January. We will also not be able to submit fully completed mandatory Workforce Templates until the end of February due to the Bridgend transfer, and there is more work to do to improve our performance, particularly in unscheduled care.

As such an Accountability Letter has been submitted to Welsh Government outlining that in January we will be asking the Board to approve a financially-balanced Annual Plan. Based on Welsh Government advice at the engagement meeting on 11<sup>th</sup> January the Annual Plan narrative will comply with the guidance in the NHS Wales Planning Framework and will describe the strategic context but will focus on our deliverables and plans for 2019/20. The document will also show our Transformation Programme which will drive delivery of our Clinical Services Plan and high-value efficiency opportunities in 2019/20.

From February onwards we will be working at pace through the Transformation Programme to develop our detailed plans to deliver our Clinical Services Plan and we expect to have a clear critical path for our key service change programmes by the

summer of 2019. This will include the submission of further Transformation Fund Bids before the end of the financial year for:

- A Hospital2Home service;
- Digital Transformation (including WCCIS); and,
- Learning Disabilities redesign.

The Accountability Letter outlines that we expect to submit an approvable IMTP in the summer of 2019. This paper outlines the remaining steps to finalise our Annual Plan for submission to Board for approval at the end of January with specific reference to the Capital Plan, Financial Plan and Performance Trajectories.

### **3.0 Assessment**

#### **3.1 Annual Plan Progress Update**

##### **3.1.1 Welsh Government Engagement**

The Directors of Strategy, Finance, and the Associate Director of Performance and Assistant Directors of Strategy and Finance met with Welsh Government on 11<sup>th</sup> January 2019 to discuss progress made to date and specifically the plans around performance, workforce and finance. The feedback is included in the relevant sections of the paper.

The Organisational Strategy, draft Clinical Services Plan (Appendix 3) and draft Annual Plan (Appendix 1) have been shared with WG planning colleagues on 11<sup>th</sup> January. The finance chapter of the plan was also shared with Welsh Government on January 4<sup>th</sup> 2019 and detailed comment have been received. The chapters on Partnerships for Improving Health and Wellbeing, Co-production and Health Literacy and Primary Care have been shared with the National Lead with very positive feedback received, and minor notes for refinement. The Mental Health and Learning Disabilities chapter has also been shared with Policy leads with feedback expected shortly.

##### **3.1.2 Completion of the Annual Plan**

Work continues to further refine the detailed content and presentation of the plan and the accompanying Planning Framework Templates (Appendix 2). It should be noted that:

The plan is being revised to pare back the year 2 and 3 content of previous drafts in line with Welsh Government advice.

- The capital templates will be completed as required on a five-year basis to signify intent and secure strategic resources.
- The workforce templates will be submitted to the timescales agreed by the Director of Workforce and OD and her WG colleague.
- The education commissioning templates will be submitted in full.
- The finance templates will be completed for year one only, and Bridgend was being disaggregated in the week commencing 14<sup>th</sup> January
- The C1 template of performance trajectories has fewer required measures than previous years however further demand and capacity work has been undertaken where appropriate beyond the limited measures in the template.

### **3.1.3 Multi-Organisational Planning**

The approach to Regional Planning has been agreed with Hywel Dda and the detailed mapping of opportunities (clinical and non-clinical) for partnership working has been completed. A narrative section for the Annual Plan has been agreed and will be included as an Appendix to the document. Our engagement plan is proceeding with both external and internal stakeholders and staff, including the Health Board's Partnership Forum, Regional Partnership Board and Community Health Council.

There are issues around agreements on the WHSSC and EASC commissioning plans. Discussions are ongoing nationally on both of these areas and negotiations may continue up until the Board deadline. The Executive Team, Performance and Finance Committee and Board will be fully briefed as negotiations proceed. It is noted that as well as the effect on the financial plan there are service risks for the provider arm of the Health Board within the WHSSC discussions, notably the TAVI plan, and within EASC (continuation of Winter Plan schemes).

### **3.2 Performance**

The performance templates contain fewer mandatory targets than previous years, with no targets mandated for stroke services. However all of our Targeted Intervention profiles are being modelled and will be submitted in January. The draft performance trajectories have been remodelled following feedback from Welsh Government on 11<sup>th</sup> January to be presented to the Committee.

The bullet points below set out the main challenges raised by Welsh Government at the 11<sup>th</sup> January 2019 meeting.

- RTT 36 week trajectory is planned to reduce from 1,901 to 1,195; this was not felt to reflect a sufficient level of ambition and does not achieve a zero position
- Clarity required on diagnostic capacity and demand, particularly for endoscopy and the impact of the Single Cancer Pathway
- Cancer USC 62 day profile achieves 95% on 4 occasions based on the modelling. It was felt that a revised look at the demand and capacity profile might increase delivery frequency
- Emergency Department 4 hour trajectory appeared to be accepted but was clearly articulated to be underpinned by a successful Transformation Fund Bid to implement the Hospital2Home plan by the winter of 2019
- The number of 12 hour breach patients and 1 hour ambulance handover patients, whilst recognised as being an improvement on current delivery, requires a revisit
- Stroke 4 hour admission performance is projected to be stable at between 60% and 70% for 2019/20 and the scale of planned improvement and resilience was challenged
- HCAI performance improvement was accepted in principle and would be circulated within Welsh Government for scrutiny.

### **3.3 Financial Plan**

The Financial Plan is based on the achievement of a sustainable breakeven position in 2019-20. Iterations of the draft Plan have been considered by the Executive Team and outline proposals, to include our approach to savings and key financial

assumptions and risks, was considered by the Performance and Finance Committee in December. It has been acknowledged that the Financial Plan is ambitious and challenging, and requires the organisation to develop its approach to savings identification and delivery.

Early feedback from Welsh Government has indicated some areas of drafting improvement to aid clarity. We are expecting more detailed feedback in the week commencing 14 January, which will inform further analysis and potential changes. The early feedback has also asked us to recheck our intra NHS funding assumptions, to ensure that we are allocating funding using the principles and requirements set out in the Welsh Government Allocation Letter and other relevant correspondence.

The Financial Plan includes a number of revisions:

- The removal of Bridgend funding and costs, to reflect the boundary change. This will be based on our best assumptions and estimates at this stage, and will be subject to on-going refinement as further clarity emerges around the outcome of HR processes, the configuration and delivery of services, and contracting arrangements;
- Refinement of Category A and B saving schemes, following receipt of delivery plans on 11 January, and reassessment of our savings delivery confidence;
- Where possible, further details around Category C high value opportunities, notwithstanding that scoping information is due to be submitted on 18 January;
- Further testing of our income and cost assumptions and risks, following feedback from Welsh Government and also discussions with NHS Wales partners. In particular, refinement of our WHSSC, EASC, Velindre and LTA funding assumptions which may result in further discussions on investment choices for our Health Board;
- Further alignment of our performance and financial plans, reviewing our understanding of the costs of delivering sustainability in planned care as well as investments in unscheduled care;
- Considering the alignment of the workforce and financial plans, to ensure consistency of assumptions.

### **3.4 Capital Plan**

The capital plan is based on a balanced position for 2019/20. An initial draft discretionary financial plan was considered at the November meeting of the Investment & Benefits Group (IBG), with a balanced plan agreed at the December meeting. The plan includes an assessment on schemes which will be put forward for inclusion in the All Wales Capital Programme (AWCP). In getting to a balanced plan a number of revisions and assumptions have been made:

- A risk assessment of the existing asset base (equipment and buildings) was undertaken by the Capital Prioritisation Group (CPG). This reflected adjustments for the Bridgend Boundary change and additional discretionary allocations received from Welsh Government in December for; digital refresh £1.7m and general discretionary £2m.
- Collated from Unit & Digital IMTPs, including corporate assessment of prioritisation and likely sources of capital funding.
- Suggested reductions to refresh allocations of £1.936m agreed by IBG

- In relation to MoSCoW assessment, the plan assumes those schemes identified as COULD should be excluded from the 2019/20 plan
- No assumptions made on capital affordability from All Wales Capital Programme (AWCP)
- No assumptions made on revenue affordability from the revenue financial plan
- Further work required on several schemes which at this stage have limited information on scope, feasibility and capital cost estimates. Assumed that IMTP submission during summer 2019 will allow for additional information to flow.
- The removal of funding to reflect the Bridgend Boundary change is estimated at 24%, a reduction of £3.5m. The principle has been agreed and will be subject to fine tuning over the next few weeks.
- The balanced plan assumes additional income will be received from Welsh Government to cover Business Case fees of £1.214m
- Minimal contingency of £250k

### **3.5 Impact Assessment**

#### **3.5.1 Quality Impact Assessment**

Quality Impact Assessment (QIA) is being will be used as a process to systematically review all service change and cost improvement schemes. Templates have been received from Units and are undergoing scrutiny. A joint meeting of the Performance and Finance Committee and Quality and Safety Committee will be held on 22<sup>nd</sup> January to review the work undertaken to date. A full QIA panel will be held in February to assess the detailed plans.

#### **3.5.2 Equality Impact Assessment (EIA)**

The Health Board seconded an external expert in Equality Impact Assessment from Welsh Government for a limited time period in 2018 and an overarching Stage 1 EIA for the Clinical Services Plan has been drafted. This will also be the EIA for the Annual Plan, which is the first year implementation plan of the CSP. The advice is that detailed EIAs will be developed for each change programme as appropriate as our detailed planning and engagement progresses. The Stage 1 EIA will accompany the Clinical Services Plan and Annual Plan when submitted to the Board for consideration. The first stage EIA paper is included as Appendix 4 for information.

### **4. Final Steps to Submission**

The final steps are:

- **31<sup>st</sup> January** - Approval of the Annual Plan for submission to Welsh Government and approval of the Clinical Services Plan

### **5.0 Recommendations**

Members are asked to:

- **NOTE** the process to date on the development of the Annual Plan including the performance, capital and finance plans
- **RECOMMEND** approval to the Board on the performance trajectories presented
- **RECOMMEND** approval to the Board the Financial Plan  
**RECOMMEND** approval to the Board the Capital Plan

| Governance and Assurance  |  |           |  |                |  |                 |  |  |   |  |
|---|--|-----------|--|----------------|--|-----------------|--|--|---|--|
| Link to corporate objectives<br>(please ✓)  | Promoting and enabling healthier communities |           | Delivering excellent patient outcomes, experience and access |                | Demonstrating value and sustainability |                 | Securing a fully engaged skilled workforce |  | Embedding effective governance and partnerships |  |
|   | ✓  |           | ✓  |                | ✓                                      |                 | ✓  |  | ✓   |  |
| Link to Health and Care Standards<br>(please ✓)   | Staying Healthy                              | Safe Care | Effective Care   | Dignified Care | Timely Care                            | Individual Care | Staff and Resources                        |  |   |  |
|   | ✓  | ✓         | ✓  | ✓              | ✓                                      | ✓               | ✓  |  |   |  |
| Quality, Safety and Patient Experience  |  |           |  |                |  |                 |  |  |   |  |
| The Annual Plan and IMTP will include our Quality and Safety Priorities.  |  |           |  |                |  |                 |  |  |   |  |
| Financial Implications  |  |           |  |                |  |                 |  |  |   |  |
| <p>The Annual Plan and IMTP will include our Financial Plan for 2019-22. A key feature of the Plan will be to demonstrate that the Health Board can deliver financial breakeven next year. Welsh Government has indicated that further recurrent funding will become available if this is achieved.</p> <p>The Board has previously been briefed on the financial planning methodology, risks, opportunities and scale of financial challenge. Our initial estimate is that c£39.5m of savings (equivalent to a 6% CIP on the current Health Board structure) could be required in 2019-20 to achieve financial balance.</p> <p>While Units were issued with a 3% CIP as an initial planning target, this has not been demonstrated in their second stage plans. We are therefore reworking our approach to savings delivery, and will be looking for Units to reprovide on a recurrent basis the savings not achieved in the current year to bring our underlying deficit to £20m, we will be setting local budgets to absorb c£14.5m of cost pressures, and will be attributing the balance of savings to the delivery of high value opportunities (aligned to the continuous improvement requirements in the Clinical Services Plan).</p> <p>This approach is not without significant risk, to include consideration of the Health Board's track record in developing and delivering robust saving delivery plans, and maintaining a steady stream of efficiency and savings opportunities to exploit over time. Other key risks include our ability to maintain the underlying position (no bounce back), the funding stream for our 2019-20 pensions increase, and uncertainty around the scale of impact (and our timeliness to identify) of the Bridgend transfer.</p> |  |           |  |                |  |                 |  |  |   |  |
| Legal Implications (including equality and diversity assessment)  |  |           |  |                |  |                 |  |  |   |  |
| A risk assessment will be undertaken on the Health Boards ability to meet its statutory duty under the NHS (Wales) Finance Act 2014 as part of the development of the Plan.   |  |           |  |                |  |                 |  |  |   |  |
| Staffing Implications   |  |           |  |                |  |                 |  |  |   |  |
| The Annual Plan and IMTP will include our integrated workforce plans in the light of the Bridgend Transfer.   |  |           |  |                |  |                 |  |  |   |  |
| Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)  |  |           |  |                |  |                 |  |  |   |  |

The Annual Plan and IMTP will respond to the WBFGA and our Corporate Objectives will be aligned to our Wellbeing Objectives through the development of the Organisational Strategy.

**Report History**

Executive Board 15 January 2019

**Appendices**

A1: Annual Plan Draft  
A2: Annual Plan Templates  
A3: Clinical Services Plan Draft  
A4: EIA Paper (for Information)