



Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

ABMU FINANCE DEPT.

PERFORMANCE & FINANCE COMMITTEE – ACTIONS TO DELIVER £20M CONTROL TOTAL

| | Initial Plan | Revised Plan FYE | Revised Plan PYE |
|---------------------------------|--------------|------------------|------------------|
| | £m | £m | £m |
| Underlying Position | 34 | 34 | 34 |
| 2018/19 Anticipated New Costs | 24.9 | 23.9 | 23.9 |
| All Wales Development Top Slice | 5.67 | 5.67 | 5.67 |
| Funding Uplift | -18.81 | -18.81 | -18.81 |
| Internal Invest to Save | 0.5 | 1.5 | 1.5 |
| Savings | -27.08 | -24.93 | -21.28 |
| Total | 19.18 | 21.33 | 24.98 |

| | Initial Plan | Revised Plan FYE | Revised Plan PYE |
|-----------------------------|--------------|------------------|------------------|
| 2018/19 New Costs | £m | £m | £m |
| Pay & Pensions | 8.4 | 8.4 | 8.4 |
| Non Pay | 4 | 4 | 4 |
| CHC/FNC | 2.5 | 2.5 | 2.5 |
| NICE | 3.5 | 3.5 | 3.5 |
| Specialist Services | 3.5 | 3.5 | 3.5 |
| Other Commissioner Pressure | 1 | 1 | 1 |
| Demand & Local Pressures | 2 | 1 | 1 |
| Total New Costs | 24.9 | 23.9 | 23.9 |

| Savings | Initial Plan | Revised Plan FYE | Revised Plan PYE |
|--------------------------------------|---------------|------------------|------------------|
| | £m | £m | £m |
| Capacity Redesign - Acute | -5 | -5 | -3.75 |
| Procurement (including Clinical) | -4 | -4 | -4 |
| Unit Cost Down Savings (CIP) | -3.5 | -3.5 | -3.5 |
| Capacity Redesign - Gorseinon | -0.5 | -0.5 | -0.38 |
| Capacity Redesign - LD | -0.35 | -0.35 | -0.26 |
| Medicines Management | -1 | -1 | -1 |
| Anticipatory Care/OOH Service Change | -0.58 | -0.58 | -0.44 |
| Corporate Overheads | -1 | -1 | -1 |
| WHSSC | -1 | -1 | -1 |
| Workforce Redesign/Resizing | -2.5 | -2.5 | -1.7 |
| Capacity Redesign - POW | -2.15 | 0 | 0 |
| Review of Ring Fenced Funding | -3.5 | -3.5 | -2.25 |
| Reducing Waste, Harm & Variation | -2 | -2 | -2 |
| Total Savings | -27.08 | -24.93 | -21.28 |

- The HB initial plan was a £19.2m deficit, which was then moved to £21.3m recurrently and £25m in year deficit.
- Key movements between £19.2m and £21.3m is a £1m reduction in demand/local pressures, £1m increase in Internal Invest to Save and £2.15m reduction in planned savings associated with POW capacity/service redesign.
- The In year deficit increases due to the part year effect of service/capacity redesign, Workforce redesign and ring fence review workstreams.

Plan Update & Forecast

| | Revised Plan PYE | Plan update |
|--|---------------------|----------------|
| | £m | £m |
| Underlying Position | 34 | 34 |
| Schemes Supporting Underlying Position not delivered | | 4.35 |
| 2018/19 Anticipated New Costs | 23.9 | 22.9 |
| All Wales Development Top Slice | 5.67 | 5.67 |
| Additional Pressures : NSA | | 1.4 |
| Additional Pressures : TAVI | | 2 |
| Funding Uplift | -18.81 | -18.81 |
| Internal Invest to Save | 1.5 | 0.7 |
| Savings | -21.28 | -15 |
| Enhanced control Measures & Savings Delivery | | -3.5 |
| Reserves Release | | -1 |
| 2017/18 Benefits release | | -1 |
| PFI Benefit - Lifecycle increases | | -0.5 |
| LTA Net Inflation Increase | | -0.5 |
| Non-Recurrent Benefits | | -1.5 |
| Slippage on new monies | | -1.5 |
| Review of Provisions and Accruals | | -4.5 |
| WHSSC Slippage on Developments/Performance | | -0.5 |
| Terms & Conditions Funding | | -0.81 |
| Other Non-Recurrent Benefits | | -2 |
| Total | 24.98 | 19.9 |

Narrative

- The key movements from the plan are :
 - Schemes supporting the underlying position not delivered
 - Additional Pressures – Nurse Staffing Act
 - Additional Pressures – TAVI
 - Savings non-delivery
 - Enhanced Control Measures
 - Mitigating Actions and Opportunities
- Whilst there is some operational pressure, the key issues are related to the non-delivery of savings and the schemes supporting the underlying position which have negatively impacted on the planned position by £10.6m.
- In light of this the HB set a control target for each Service Delivery Unit and Directorate, which is targeting £3.5m improvement in SDU and Directorate positions, through enhanced control measures and improved savings delivery.
- The Health Board has also identified a range of mitigating actions and opportunities to support the financial position, many of which are non-recurrent in nature.

MONTHLY FINANCIAL POSITION, YEAR END CONTROL TOTAL AND MONTHLY TARGETS Page 4

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Cumulative | Movement | | Year End | Monthly Position |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--|---------------|------------------|
| | In Month | In Month | In Month | Post CIP Adj | In Month | Post CIP Adj | in Month | | Control Total | P6-12 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | | £000 | £000 |
| Service Delivery Units | | | | | | | | | | |
| Singleton | 96 | 91 | 103 | -19 | 156 | 427 | 175 | | 977 | 79 |
| POW | 240 | 278 | 279 | 366 | 344 | 1,507 | -22 | | 2546 | 148 |
| Morrison | 38 | 22 | 37 | 186 | 210 | 493 | 24 | | 44 | -64 |
| Mental Health & LD | 63 | 67 | 59 | -382 | 98 | -95 | 480 | | -150 | -8 |
| PC & Community | 20 | 19 | 32 | -39 | 9 | 41 | 48 | | -54 | -14 |
| NPT Unit | 0 | -54 | -49 | -96 | -64 | -263 | 32 | | -781 | -74 |
| | | | | | | | | | | |
| Directorates | | | | | | | | | | |
| Nurse Director | -1 | -9 | -5 | -18 | -20 | -53 | -2 | | -161 | -15 |
| Medical Director | -25 | -24 | -31 | -43 | -43 | -166 | 0 | | -408 | -35 |
| Workforce & OD | 25 | 14 | 8 | 20 | 13 | 80 | -7 | | 79 | 0 |
| Informatics | -3 | -20 | -114 | -17 | -18 | -172 | -1 | | -282 | -16 |
| Finance | -1 | -3 | 0 | -2 | 0 | -6 | 2 | | 0 | 1 |
| Board Secretary | 11 | 11 | 9 | 7 | -13 | 25 | -20 | | 0 | -4 |
| Director of Therapies | 2 | 1 | 2 | 2 | 0 | 7 | -2 | | 0 | -1 |
| Director of Strategy | 0 | 14 | 13 | 30 | 105 | 162 | 75 | | 102 | -9 |
| Corporate I&E | -33 | -50 | 23 | -23 | -71 | -154 | -48 | | -60 | 13 |
| | | | | | | | | | | |
| Delegated Budget Position | 432 | 357 | 366 | -28 | 706 | 1,833 | 734 | | 1852 | 3 |
| | | | | | | | | | | |
| Corporate Plan | 1,933 | 1,933 | 1,695 | 2,273 | 1,338 | 9,172 | -935 | | 18148 | 1282 |
| | | | | | | | | | | |
| Health Board Position | 2,365 | 2,290 | 2,061 | 2,245 | 2,044 | 11,005 | -201 | | 20000 | 1285 |

- The table provides details of the financial position at a SDU and Directorate level. The final columns confirm the year end control totals and the monthly position required if the year end control total is to be delivered.
- The Month 4 position is skewed due to the removal from the units of the savings target associated with the three workstreams, Reducing Waste, Harm and Variation, Workforce Redesign and Ring Fence Review and the S117 impact.
- The new monthly target require improvements in expenditure trends through the delivery of actions set out by the units.

| Area | Schemes | £m |
|---------------------------------|--|------------|
| Income | Improved Performance against WHSSC Contract Forecast of Non-Welsh Income Patient Repatriation Programme | 0.6 |
| Workforce | Enhanced Variable Pay Controls Management of Vacancies Impact of Nurse Staffing Act Management of Unfunded Capacity | 2 |
| Non Pay | Enhanced Controls on Discretionary Spends Contract Reviews Bulk Purchase Rebates | 0.8 |
| Technical | Review of Accrual Methodologies | 0.5 |
| Total Anticipated Impact | | 3.9 |

- The table provides a summary of the actions identified within the SDU and Directorate plans to deliver control totals.
- More granular level plans have been provided to support this and these will be monitored through the Financial Recovery Meetings.
- The delivery confidence level for each of the schemes has been assessed and currently we anticipated that around £2.5m should be delivered. Further work is being undertaken to increase delivery confidence on specific schemes and to continue to identify further opportunities.

| | |
|-------------------------------|------------|
| Central Budgets | |
| AME/DEL | 3,647,000 |
| Clinical Negligence | 626,106 |
| Government Granted Receipts | -975,774 |
| I2S | 391,133 |
| Junior Doctors Posts | 51,381 |
| LTA Inflation | 697 |
| LTA Performance | 2,252,218 |
| NICE | 28,720,817 |
| WHSSC | 255,516 |
| | 34,969,094 |
| Reserves | |
| Advisory Board | 31,425 |
| Boundary Change Support | 729,576 |
| Capital to Revenue | 217,515 |
| CHC | 1,595,583 |
| City Deal Partnership | 25,000 |
| Clinical Lead Planned Care | 22,210 |
| Commitment Award | 402,353 |
| Delivery Plan - Liver Disease | 65,000 |
| E Job Plan | 37,787 |
| ED System | 100,515 |
| ETTF | 100,000 |
| GP Links | 7,800 |
| GP Registrars | 11,581 |
| Graduate Trainee - Finance | 12,329 |
| ICF | 2,062,417 |
| Legal Fees | 69,082 |
| Medacs Fee | 107,180 |
| MH Monies | 629,600 |
| Mobilisation | 816,263 |
| Organ Donation | 12,159 |
| Overseas Doctors | 221,573 |
| Overseas Nurses | 436,247 |
| Pay Inflation | 6,800,000 |
| RTT | 5,398,966 |
| SARCS | 34,879 |
| Schwartz Round | 1,025 |
| Service Presures/NSA | -412 |
| SWP | 229,000 |
| Targeted Intervention Support | 1,619,000 |
| Values Team | 134,003 |
| Winter | 1,805,028 |
| | 23,734,684 |
| Contingency | |
| General Contingency | 739,406 |
| General Contingency (NR) | 190,933 |
| | 930,339 |

- £35m of central reserves, most significant is NICE which is being issued at around £4m per month.
- £23.7m reserves, much of which is just being held centrally awaiting costs to be formalised. Further scrutiny is being applied to identify opportunities to release reserves to support the position.
- The is a contingency of £0.93m, which is to manage unanticipated pressures eg Deep Cleaning requirements following infection outbreak. This may provide some further opportunities to support the financial position.

| | Actions/Monitoring | Date | Status |
|-----|--|----------------------------|--|
| 1. | Service Delivery Units and Directorates to be issued with financial control targets | 3/9/18 | Issued via CEO communication |
| 2. | Service Delivery Units and Directorates to submit plan (reducing expenditure and further savings) to achieve the financial control target with a Quality Impact Assessment | 14/9/18 | FBPs confirmed that these are being developed through unit governance structure for submission on 14/9/18 |
| 3. | Financial Recovery Pack to be enhanced to support monitoring of actions | For mid-September meetings | Enhanced packs being developed in readiness for Sept/Oct meetings |
| 4. | Director of Nursing & Patient Experience to review and reissue the escalation procedure for additional capacity | 14/9/18 | Task & Finish group established chaired by the Director of Nursing & Patient Experience. First meeting is Friday 21 st September 2018. |
| 5. | Director of Nursing & Patient Experience to review Patient Acuity/1:1 Policy and escalation procedure | 14/9/18 | Protocol in place and will be reissued. Governance and compliance to reviewed through Nurse Staffing Act group. |
| 6. | Director of Workforce and OD and Director of Finance to issue comparator of hourly rates for substantive staff, bank, overtime and agency to support decision making | 14/9/18 | Will be issued by 14/9/18 |
| 7. | Medical Director and Director of Workforce & OD to review and strengthen the current agency approval process and specifically consider process for approval of "long term" locums | 14/9/18 | Initial analysis completed in partnership with Medacs. Solutions sourced for some long term locums. Discussion and agreement needed with COO and DUs re Implementation. to be agreed by end September 2018. |
| 8. | Director of Workforce & OD to initiate external review of Medical Rotas | 14/9/18 | Terms agreed, formal sign off of contract to initiate reviews within 7/10 days |
| 9. | Medical Director to review process for approval of medical staff annual leave | 14/9/18 | The rules relating to annual leave are straight forward with six weeks notice required. UMDs to be tasked with reviewing local annual leave practices to improve annual leave planning and approval by end of October. |
| 10. | QVC controls/approval criteria to be strengthened, including an embargo on use of external venues and hospitality | From September | QVC terms and criteria enhancement also includes Furniture & Furnishings only approved where issue of clinical need, DDA compliance or to support return to work. |
| 11. | Finance Business Partners to collate and review income generation opportunities | 28/9/18 | Opportunities being sought |
| 12. | Chief Operating Officer to agree cost benefit analysis for committing to new expenditure and/or reinvestment of savings | 14/9/18 | Draft Procedure developed & agreement to review proposals through Financial Recovery Meetings |
| 13. | Director of Therapies and Director of Workforce & OD to initiate vacancy control panel for Clinical staff Band 7 and above | 14/9/18 | Process scoped but not yet commenced. |

FINANCIAL RISKS & OPPORTUNITIES LOG

| # | Issue | Description | Opportunity (Best Case) £000 | Risks (Worse Case) £000 | Most Likely £000 | Key Decision Point and Summary Mitigation | Risk Owner Name |
|---|---|--|------------------------------|-------------------------|------------------|---|---|
| | Annual Plan Deficit | | -20000 | -20000 | -20000 | | |
| 1 | Actions required to sustain the underlying financial position do not deliver in full | \$117 anticipated income has been assumed written off /counter-balanced within the forecast. Potential for some recovery. | 1400 | 0 | 0 | Ongoing negotiations with LAs are challenging but continuing. It is unlikely that significant income will be recovered | David Roberts, Service Director, MH&LD |
| 2 | Operational expenditure reductions & Enhanced Control Measures do not deliver in full | Planned operational expenditure reductions and impacts of enhanced control measures are not fully delivered | 0 | -2000 | -1000 | Financial Control measures enhanced, SDUs developing plan to deliver control totals. Enhanced monitoring through Financial Recovery Meetings. | Chris White, Interim Chief Operating Officer |
| 3 | ChC Ombudsman | The annual plan includes £1.5m for the settlement of ChC Ombudsman claims. There is a potential that if all claims are fully discharged in 2018/19, the impact could be higher than £1.5m | 0 | -600 | 0 | Review settlements and closures on a quarterly basis | Lynne Hamilton, Director of Finance |
| 4 | ChC and FNC inflation exceeds plan | The HB is currently agreeing the ChC inflationary increases through Care Forum Wales. This is based on current 1% pay award expectation. If pay award exceeds 1% there is a potential further impact on ChC and FNC rates | 0 | -250 | -110 | Agree current settlements and consider and negotiate linkages to pay rates | Lynne Hamilton, Director of Finance |
| 5 | Nurse Staffing Act | The Health Board has agreed to an implementation prioritised based on risk assessment. To date the forecast includes £1.4m of cost for 2018/19, but depending on implementation plan, the financial impact could exceed the £1.4m included in forecast | 0 | -1000 | -350 | Prioritised implementation plan agreed, revised rosters agreed and recruitment commenced | Gareth Howells, Director of Nursing & Patient Experience |
| 6 | Slippage against New Funding not delivered | Forecast assumes £1.5m slippage against new funding streams. | 0 | -1000 | -500 | Ensure all funding is appropriately accessed and costs managed robustly | Lynne Hamilton, Director of Finance |
| 7 | Welsh Language Standards | Welsh Language Standards effective from 29th June 2018 increase requirement for bilingual services within the Health Board, which in the first instance is likely to increase translation costs | 0 | -50 | -10 | Plan to be formulated to address the requirements of the Welsh Language Standards. | Pam Wenger, Director of Corporate Governance |
| 8 | Potential Claw back of Dental underspend | Currently forecasting an underspend against Dental contract, which given its ring-fenced nature could be clawed back by WG | | -398 | 0 | Regular discussions with the Chief Dental Officer to give assurance of the planned spend and the proposed longer term plan for dental services | Hilary Dover, Service Director Primary and Community Care |
| 9 | Potential Claw back of GMS underspend | Currently forecasting an underspend against GMS contract, which given its ring-fenced nature could be clawed back by WG | | -568 | 0 | Underspend is primarily related to the take up of enhanced services, which means the transfer of costs from secondary care has not been facilitated. Discussions with WG to give assurance that enhanced services are being offered/developed | Hilary Dover, Service Director Primary and Community Care |

| | | | | | |
|---|--------|---|--------|---|--------|
| - | 18,600 | - | 25,866 | - | 21,970 |
|---|--------|---|--------|---|--------|