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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	20th September 2018	Agenda Item	3b
Report Title	Losses and Special Payments Update		
Report Author	Andrew Biston, Head of Accounting & Financial Governance		
Report Sponsor	Lynne Hamilton, Director of Finance		
Presented by	Lynne Hamilton, Director of Finance		
Freedom of Information	Open		
Purpose of the Report	To provide the Audit Committee with an update on losses and special payments, for the period 1st July 2018 to 31st August 2018 and provide an analysis of the gross losses for 1st April 2018 to 31 st August 2018 compared to the period 1st April 2017 to 31 st August 2017.		
Key Issues	<p>The losses and special payments recorded during the period 1st July to 31st August 2018 totalled £3,479,232 of which £2,948,301 is recoverable from the Welsh Risk Pool and £101,042 from Welsh Government. Taking this recovery into account, the actual loss to the Health Board in the period totals £429,889</p> <p>After the recoveries from Welsh Risk Pool and Welsh Government are taken into account, the net loss of £834,083 to the Health Board for the period 1st April 2018 to 31st August 2018 is lower than the net loss of £917,601 for the comparable period 1st April 2017 to 31st August 2017.</p>		
Specific Action Required (please ✓ one only)	Information	Discussion	Assurance
	✓		
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 July 2018 to 31st August 2018 and an analysis of the gross losses for 1st April 2018 to 31st August 2018 compared to the period 1st April 2017 to 31st August 2018.

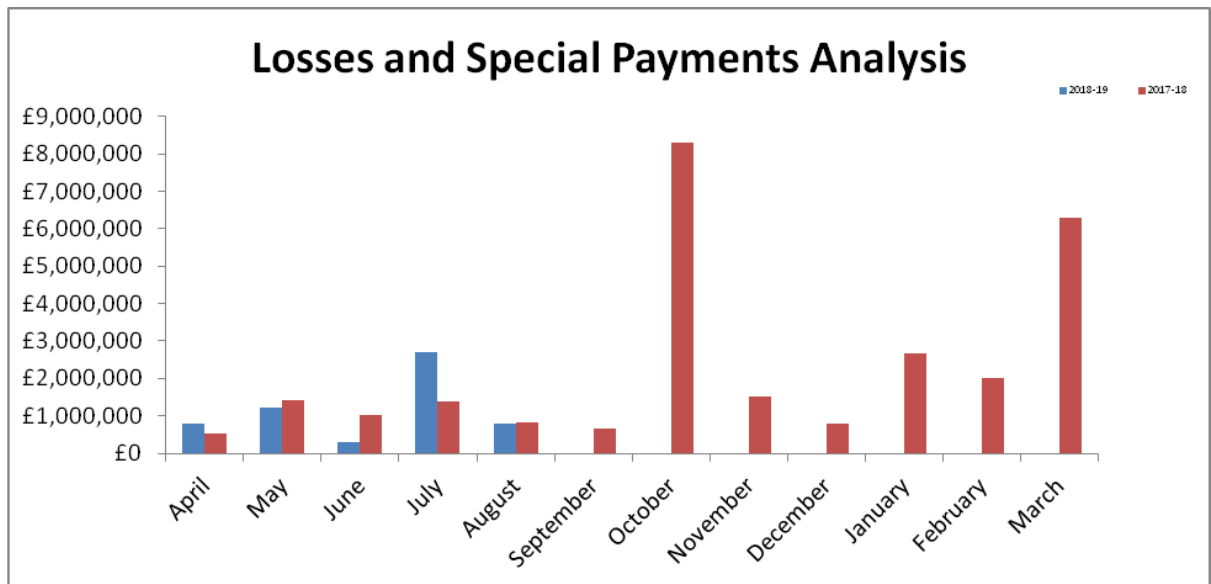
2. BACKGROUND

- 2.1. The losses and special payments recorded during the period totalled £3,479,232, with the most significant payments relating to Clinical Negligence and Personal Injury totalling £3,341,248. The remaining losses of £137,984 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	6,522
Ex Gratia Payments	169
Compensation Payments	1,000
Bad Debt Written Off	1,341
Redress Payments	128,952
Clinical Negligence - Defence Fees	191,675
Clinical Negligence – Claimant Costs	215,747
Clinical Negligence – Damages	2,790,283
Clinical Negligence - CRU	27,053
Personal Injury – Defence Fees	44,400
Personal Injury – Claimant Costs	10,392
Personal Injury - Damages	61,698
Total	3,479,232

- 2.3. The gross loss of £3,479,232 for the period 1st July 2018 to 31st August 2018 compares to a figure of £2,232,816 for the period 1st July 2017 to 31st August 2018. For the period 1st April 2018 to 31st August 2018 the cumulative gross

losses amount to £5,777,049 as compared to £5,192,706 for the period 1st April 2017 to 31st August 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. Whilst the April, May and August payments showed little variation from the same period in 2017, payments in June 2018 were significantly lower than in June 2017 (£0.292m compared to £1.010m), with no significant settlements being made in June 2018. The payments for July 2018 were, however, significantly higher than in July 2017 (£2.692m as compared to £1.396m) again due to the timing of settlement payments.

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 £3,479,232 paid out in the period 1st July 2018 to 31st August 2018, £2,948,301 is recoverable from the Welsh Risk Pool and £101,042 from Welsh Government. Taking this recovery into account, the actual loss to the Health Board in the period totals £429,889, as summarised in the table below:

Losses & Special Payments	Amount £
Clinical Negligence	3,224,758
Personal Injury	116,490
Obsolete Drug Stock	6,522
Ex Gratia Payments	169
Compensation Payments	1,000
Bad Debt Written Off	1,341
Redress Payments	128,952
Sub Total	3,479,232
Less WRP Recovery	-2,948,301
Less Redress Payments Reimbursed by WG	-101,042
Health Board Losses in the Period	429,889

- 4.4. After the recoveries from Welsh Risk Pool and Welsh Government are taken into account, the net loss totals £834,083 for the period 1st April 2018 to 31st August 2018 and £917,601 for the period 1st April 2017 to 31st August 2017.

5. RECOMMENDATIONS

- 5.1. The Audit Committee is asked to note the losses and special payments in the period of £3,479,232, of which £2,948,301 will be recovered from the Welsh Risk Pool and £101,042 from Welsh Government, leaving an actual loss to the Health Board in the period of £429,889.

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