

Enw'r Pwyllgor / Name of Committee	Sustainable Resources Committee
Cadeirydd y Pwyllgor/ Chair of Committee:	Mr Winston Weir, Independent Member
Cyfnod Adrodd/ Reporting Period:	Meeting held on 22 nd August 2022
Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor / Key Decisions and Matters Considered by the Committee:	
<p>The Sustainable Resources Committee has a role to advise the Board on all aspects of Finance and the revenue implications of investment decisions. In addition, the Sustainable Resources Committee provides assurance on financial performance and delivery against Hywel Dda University Health Board (HDdUHB) financial plans and objectives, and receives assurance on progress against delivery of the Planning Objectives aligned to the Committee. With regard to financial control, the Committee provides early warning of potential financial performance issues and makes recommendations for action to improve the financial position of the organisation.</p> <p>This report summarises the work of the Sustainable Resources Committee at its meeting held on 22nd August 2022.</p> <ul style="list-style-type: none"> Financial Recovery – the Committee received a comprehensive presentation advising that feedback from Welsh Government (WG) has confirmed that the revised Annual Plan of £62m deficit is unsupportable, which presents a specific risk that the Health Board may run out of cash by the end of the financial year. The Committee received assurance that the associated corporate risk register has been revised to recognise that the current trajectory would make the cash flow precariously limited towards the end of the financial year. The Health Board therefore requires an agreed contingency plan to address the cash shortfall/ treasury management risk. The Committee received further assurance that mitigating actions will be developed from a cash management perspective if funding does not flow through the system. Unlike other Health Boards, HDdUHB has taken the view that COVID-19 expenditure is being used to support the Scheduled Care system. This different approach compared to other Health Boards was discussed by the Committee. The Committee received assurance that a process has been implemented to assess each of the COVID-19 transition costs to understand if there is value elsewhere in the system. It was agreed that a detailed assessment of each cost will be shared with the Board in September 2022. The Committee received assurance that monthly Use of Resources (UoR) Group meetings continue with Directorates and the Executive Directors. The Committee noted that the internal appraisal of the financial position is a £65.3m deficit, slightly worsened compared to £62m and driven by increasing Medicines Management costs. The Committee noted a number of opportunities that are being considered, accepted or rejected by a continuing process with budget holders and Executive Leads. The Committee encouraged the Health Board to pursue these opportunities. The Committee received assurance that operational budget holders, with the support of their Finance Business Partners, will be required to fully review these. Referencing the delivery of Planning Objective 6L <i>Workforce, Clinical Service and Financial</i> 	

Sustainability, the Committee received a matrix of operational drivers, providing an overview of the main drivers for each of the operational impacts from a demand, supply and configuration perspective. The Committee noted that this process would embed understanding and ownership of the Target Operating Model, which is fundamental towards financial recovery. The Committee received assurance that the alignment between finance, operational pressures and quality and safety is at the heart of what the Health Board does, and that financial sustainability is not possible without ensuring operational sustainability and the delivery of safe services.

- **Self-Assessment of Committee Performance 2021/22: Review of Questions** – the Committee approved the use of the draft questions for the review of Committee performance during 2021/22.
- **Finance Report Month 4, 2022/23** – the Committee received the Month 4 (M4) 2022/23 Finance Report, outlining a forecast financial outturn position of £62m in line with the re-submitted draft Annual Plan, which is £37m higher than the previous planned deficit of £25m. Whilst the delivery risk to the revised deficit of £62m is considered to be low, this is an unacceptable level of deficit and urgent management actions are required to address the underlying position. The Committee was advised that, whilst the delivery of planned savings schemes is on track, the revised annual limit is £17m lower than the original plan. This lower level of savings has contributed to the increase in the planned deficit to £62m. Furthermore, only a small number of savings are currently assessed as recurrent, with a full year effect of £0.5m. The impact is that there is deterioration in the underlying deficit to £76.5m from the brought forward 2021/22 position of £68.9m. Accountability letters have been sent to the budget holders to acknowledge their understanding and acceptance of the budget delegations by signing and returning the Accountability Agreement. With regard to funding for winter pressures, the Committee was advised that the official response from WG is that there is no additional funding to that already issued to health boards.
- **Regional Integration Fund (RIF) Plan** – the Committee received the Regional Integration Fund (RIF) Plan report, providing an overview of the Health and Social Care RIF for the West Wales Region which has been agreed by the Regional Partnership Board (RPB) for the 2022/23 transitional year and is managed by the West Wales Care Partnership. The Committee noted that the RIF is restructured funding, replacing the Integrated Care Fund (ICF) and the Transformation Fund (TF), as opposed to additional funding. The Committee was advised of the expectation to move towards embedding and mainstreaming projects and recognised that this will be a challenge within the current financial position. The RIF will be administered by the Health Board on behalf of the RPB and, whilst the Health Board has received funding requests totalling £21.9m from the region, only £18.7m is available to allocate. The Committee was advised that Locality Leads were asked to provide financial plans aligned to the value of their allocations and to identify any additional plans that could be commissioned should there be any slippage in delivery of the original plans. However, until project plans are aligned with the respective funding allocations, reporting of the year to date and full year forecast financial performance to key stakeholders and WG is not possible. The Committee requested that a breakdown of the £18.7m allocation between the Health Board and Local Authority will be presented to the

next Committee meeting. The Committee received assurance that a Performance and Finance Group convenes fortnightly to manage this process and an Integrated Locality Planning Group has been established for each locality to provide the opportunity to collectively review and anticipate the consequences of the projects, and to embed and retain a local understanding of each area.

- **Healthcare Contracting, Commissioning and Outsourcing Update** – the Committee received the Healthcare Contracting, Commissioning and Outsourcing Update report, noting the fragility of Paediatric Neurology services across Wales with no tertiary service in place. The Committee was advised of the intention for there to be a Welsh Health Specialised Services Committee (WHSSC) commissioned tertiary service in Cardiff and Vale University Health Board (CVUHB). The Committee received assurance from the collaborative work with Swansea Bay University Health Board (SBUHB) to determine how much activity is going to be tertiary and non-tertiary, and any internal opportunities to potentially repatriate patients. With regard to the forecasted underspend of £2.6m, the Committee was advised of the anticipation that the underspend would be at least £2.6m and, should the current run rate continue, there is the possibility of a further slippage to £3m. However, the Committee was advised that any underspend is used to offset overspends elsewhere in the system as opposed to being classed as savings. The Committee was advised that the Framework Agreement for the Provision of Insourcing/Outsourcing Clinical, Surgical and Diagnostic Procedures, which was established by NHS Wales Shared Services Partnership (NWSSP) Procurement Services as a means of supporting Health Boards to achieve the Referral to Treatment (RTT) targets of 26 weeks and/or provide additional capacity to meet service demand in a compliant and timely manner, will have an initial term of 4 years, commencing on 1st April 2023, with an option to extend for up to an additional 4 years. The Committee noted the 15% weighting applied to the Social Value criteria, for which bidders will be required to submit responses in relation to the Well Being of Future Generations Act, Foundational Economy and Carbon Footprint. Referring to the inclusion within the tender for bidders to demonstrate that they have ISO27001 accreditation, which requests the ability of framework providers to have greater access to update NHS patient records to reduce the transfer of paper files, the Committee acknowledged that this may be an area that providers would not have previously considered and carries the risk of having no accredited providers at all. The Committee requested that this is fed back to NWSSP and an update to be presented to the November 2022 Committee meeting. The Committee requested that a report on the development of the Strategic Programme Case (SPC) by the South West Wales Cancer Centre (SWWCC) Regional Strategic Programme is presented to the Strategic Development and Operational Delivery Committee (SDODC).
- **Deep Dive: Planning Objective 6B and 6L** – the Committee received assurance from the aims contained within the Financial Recovery presentation regarding progress on Value Improvement and Income Opportunity in line with Planning Objective 6B and progress on Workforce, Clinical Service and Financial Sustainability in line with Planning Objective 6L.
- **Finance Corporate Risks** – the Committee received the Finance Corporate Risks report, providing detail on the 3 risks scored against the Finance impact domain, and received assurance that all planned actions will be implemented

within the stated timescales and will reduce the risk further and/or mitigate the impact, if the risk materialises. The Committee noted the new risk 1432 (*Risk to the delivery of the Health Board's draft interim Financial Plan for 2022/23*), which supersedes risk 1371 (*Risk to the delivery of UHB's Draft Interim Financial Plan for 2022/23*). With regard to risk 1335 (*Risk of being unable to access patient records, at the correct time and place in order to make the right clinical decisions*), the Committee was advised of delays with getting the scanners into a digital system, which is anticipated to be completed in Autumn 2022.

- **Finance Operational Risks** – the Committee received the Finance Operational Risks report, providing detail on the 6 risks scored against the Finance impact domain. The Committee received assurance that all relevant controls and mitigating actions are in place. In relation to a number of operational risks that are overdue for review, the Committee received assurance that the roles and responsibilities of the Directorate Budget Holders and Finance Business Partners would be clarified.
- **Integrated Performance Assurance Report (IPAR)** – the Committee received the Integrated Performance Assurance Report (IPAR), relating to Month 2 2022/23, and noted the good work being undertaken regarding landfill usage and carbon friendly inhalers in their contribution to achieving the Health Board's carbon target. The Committee also noted concern with regard to break-even duty.
- **NHS Wales Shared Services Partnership (NWSSP) Performance Report Q1 2022/23** - The Committee received assurance from the content of the NWSSP Performance Report for Q1, 2022/23, particularly in relation to significant improvement within the approval stage of the recruitment process.
- **Information Governance Sub-Committee Update Report** – the Committee received the Information Governance Sub-Committee (IGSC) Report, providing an update on items discussed at its meeting on 3rd August 2022. Recognising the success of the Clinical Coding team consistently reaching and exceeding the national target, the Committee received assurance that the process of coding and costing data will be more effective and that the data will assist with clinical audits being undertaken.
- **Welsh Health Circulars** – the Committee received the Welsh Health Circulars (WHC) report, providing an update on progress in relation to the implementation of WHCs that fall under the remit of SRC and its Sub-Committee structure. The Committee received assurance on the management of WHCs in terms of when the WHC would be delivered, any barriers to delivery, impacts of non/late delivery and assurance that the risks associated with these are being managed effectively.
- **Consultancy Review** – the Committee received the Consultancy Review report detailing one consultancy contract, LaingBuisson, entered into during the period 1st June 2022 to 31st July 2022 for the provision of Community Health Care (CHC) rates at a value of £24,500. The Committee received assurance regarding the monitoring of consultancy usage and spend in HDdUHB.

- **Financial Procedures** – the Committee approved the following financial procedures:
 - 084 Oracle E-Business Suite – System Access & Ledger Security procedure
 - 973 Cash procedure
 - 093 Disposal of surplus & Obsolete furniture, equipment, sale of scrap and other waste materials
- **HDdUHB Financial Deficit Accountable Officer Letter July 2022/23** - the Committee noted the content of the HDdUHB Financial Deficit Accountable Officer Letter July 2022/23.
- **Notes from Finance Touchpoint Meeting held on 19th July 2022** - the Committee noted the content of the notes from the Finance Touchpoint Meeting held on 19th July 2022.
- **Update on All-Wales Capital Programme: 2022/23 Capital Resource Limit and Capital Financial Management** - The Committee received the Update on All-Wales Capital Programme: 2022/23 Capital Resource Limit and Capital Financial Management report, providing details of the Health Board's Capital Expenditure Plan and Expenditure Profile Forecast for 2022/23, the Capital Resource Limit for 2022/23 and an update regarding capital projects and financial risks.
- **Ministerial Directions** – the Committee received assurance from the Ministerial Directions report that all Ministerial Directions issued by WG between 1st December 2021 and 31st July 2022 have been implemented/adopted by HDdUHB or are in the process of being implemented.
- **Balance Sheet** - the Committee noted the content of the Balance Sheet as at the end of Quarter 1 2022-23 and the developments to improve scrutiny of the Balance Sheet.
- **All Wales Independent Member (IM) Digital Network Highlight Report 20.07.22** - the Committee noted the content of the All Wales IM Digital Network Highlight Report 20.07.22.

Materion y mae angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd ar eu cyfer / Matters Requiring Board Level Consideration or Approval:

No matters requiring Board level consideration or approval.

Risgiau Allweddol a Materion Pryder / Key Risks and Issues/ Matters of Concern:

- The Month 4 financial position, forecasting a financial outturn position of £62m in line with the re-submitted draft annual plan, which is £37m higher than the previous planned deficit of £25m.
- The potential deterioration of the recurrent/ underlying financial position due to the non-recurrent nature of identified savings.
- Discussion of the Target Operating Model and recovery actions to be taken.
- Active management of the Treasury Management Cash risk to be undertaken as part of financial recovery actions.

- Assurance received by the Committee regarding progress on Value Improvement and Income Opportunity in line with Planning Objective 6B and progress on Workforce, Clinical Service and Financial Sustainability in line with Planning Objective 6L.
- Assurance received by the Committee regarding the processes implemented for delivery of the Regional Integration Fund Plan.
- Healthcare Contracting, Commissioning and Outsourcing - Assurance received regarding mitigating actions and the Framework Agreement for the Provision of Insourcing/Outsourcing Clinical, Surgical and Diagnostic Procedures, which will come into effect in April 2023.
- Corporate Risks – creation of new risk 1432 (*Risk to the delivery of the Health Board's draft interim Financial Plan for 2022/23*), which supersedes risk 1371 (*Risk to the delivery of UHB's Draft Interim Financial Plan for 2022/23*).
- Positive assurance received by the Committee from the good work being undertaken regarding Landfill usage and Carbon friendly inhalers in their contribution to achieving the Health Board's carbon target.

**Busnes Cynlluniedig y Pwyllgor ar gyfer y Cyfnod Adrodd Nesaf /
Planned Committee Business for the Next Reporting Period:**

Adrodd yn y Dyfodol / Future Reporting:

In addition to the items scheduled to be reviewed as part of the Committee's work programme, following up progress of the various actions identified at the previous Committee meeting will be undertaken.

Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:

10th November 2022