



Finance & Performance Committee
Minutes of the meeting held in public on 26.2.19
in Carlton Court, St Asaph

Present:

Mr Mark Polin	BCUHB Chair – Committee Chair
Mr John Cunliffe	Independent Member
Mrs Lyn Meadows	Independent Member
Ms Helen Wilkinson	Independent Member

In Attendance:

Ms Val Attwood	Associate Director of Contracting (<i>part meeting</i>)
Mr Neil Bradshaw	Assistant Director Strategy- Capital
Mr Andrew Doughton	Wales Audit Office - <i>observer</i>
Mr Russell Favager	Executive Director of Finance
Mrs Sue Green	Executive Director Workforce and Organisational Development (OD)
Mr Trevor Hubbard	For Executive Director Nursing and Midwifery
Mr Michael Hearty	Financial Advisor
Ms Sue Hill	Finance Director – Operational
Mr David Jenkins	Independent Advisor
Mr Geoff Lang	Turnaround Director
Dr Evan Moore	Executive Medical Director
Mr Steve Vaughan	Interim Director Secondary Care (<i>part meeting</i>)
Mr Ed Williams	Head of Performance – <i>observer (part meeting)</i>
Mr Mark Wilkinson	Executive Director of Planning & Performance
Mrs Meinir Williams	Interim Associate Director Unscheduled Care (<i>part meeting</i>)
Ms Diane Davies	Corporate Governance Manager

Agenda Item Discussed	Action By
<p>FP19/22 Apologies for absence</p> <p>Apologies for absence were received from Mrs Gill Harris and Dr Jill Newman.</p>	
<p>FP19/23 Declaration of Interests</p> <p>None declared.</p>	
<p>FP19/24 Draft minutes of the previous meeting held on 17.1.19 and summary action plan</p> <p>FP19/24.1 The minutes were agreed as an accurate record.</p> <p>The closed actions were accepted and updates provided as follows:</p>	

FP19/12.3 The Chairman advised that he and the Chief Executive had made the decision to commission a task group to explore BCU's RTT position, and that the latter was in the process of framing the specification. The Committee stressed the need to have clarity on what constituted RTT. He also advised that the Orthopaedic Business Case was being revised in order to resolve outstanding issues and encouraged the Executive Director of Planning and Performance to move this forward at pace.

FP19/8 It was reported that the draft Digital Strategy had been discussed at the recent Information Governance and Informatics Committee and would be submitted to the March Board meeting.

FP19/24.2 The Chairman stated by the March Board meeting there needed to be a clear understanding of the plan and its priorities, including what needed to be achieved and capabilities understood. He emphasised the importance of aligning capacity within the organisation to meet the priorities outlined, with any known variance to be escalated to the Board. He stressed the need for confidence in the savings plan which needed to deliver more than the current year and be supported adequately by the Programme Management Office. The Turnaround Director advised that an InCommittee paper to be discussed later in the day addressed these issues. A discussion on capability ensued, with particular reference to Area Teams and also whether plans were in place to address potential resistance to change. The Financial Advisor emphasised the importance of the organisation having a mission statement, supported by effective leadership and executive engagement. The Chairman advised that consideration was being given to aligning Independent Members with various workstreams, and that he would be establishing a F&P Sub Committee, chaired by an IM or the Financial Advisor, to address in detail savings, transformation and turnaround.

FP19/25 Finance report Month 10

FP19/25.1 The Executive Director of Finance introduced this item. He reported that the position for month 10 was at a variance of £1m, as in the previous month. This comprised £500k of undelivered turnaround scheme savings plans and an overspend in Mental Health care packages which had been offset by under-spending in Primary Care, WHSSC contracts and other budgets. He advised that BCU was at £2.9m variance with the profiled plan to deliver £35m and off target in respect of £4.7m of savings.

FP19/25.2 The Executive Director of Finance advised that Area Teams had overspent £600k in month due to under delivery of savings and £300k overspend in Continuing Healthcare (CHC). Elderly Mentally Infirm CHC continued to be the key issue with costs increasing by £500k in actual spend compared to December 2018. In respect of Contracts, a £200k underspend in month was reported mainly due to the WHSSC contract. It was noted that the contract performance excluded the impact of HRG4+ which was explained, including the expectation that this would not be a financial risk to the Health Board in the current year.

FP19/25.3 It was noted that the Secondary Care Division was £1m overspent in the month, £6.2m year to date, and an increase of £300k from December 2018. £700k of the £1m related to failure to deliver savings. Drug costs were overspent by £200k due to an increase in oncology drugs. The Executive Director of Finance advised that Wrexham Maelor had an average of 29 escalation beds open in January 2019 - ranging from 17 to 43. Discussion ensued on BCU's policy in respect of escalation beds which included the

effect on establishment and also within community services.

FP19/25.4 It was noted that Mental Health and Learning Disabilities Division was £500k overspent in the month, being a deterioration of £100k from December. The overspend continued to relate to non-achievement of savings and increased cost of packages of care which was £500k overspent in month. The Committee questioned how the Division's position continued to worsen, given the number of accountability meetings taking place. Following the Executive Director of Finance's response regarding managing the increased packages of care, the Independent Advisor questioned what level of support was being provided and the fundamental need to understand the root causes. The Executive Director of Workforce and OD explained the progress being made with rostering, establishment control and proof of concept work being undertaken in respect of admin support. The Turnaround Director commented that there was more rigour and challenge in place in respect of capability, planning and the actions required.

FP19/25.5 The Executive Director of Finance advised that January pay was a £700k decrease on December however, after removing the effect of the pay award it was an increase of £1.5m on December although separate funding from RTT and winter funding had offset this increase. He advised that, disappointingly, Agency spend was £2.8m, being an increase of £0.5m (4.5%) on December and Nurse Agency spend had overtaken Medical Agency as BCU's greatest usage. Following his advice, that with 566 nursing vacancies it was unlikely that nurse agency expenditure would reduce significantly in the short term, the Chairman questioned the reasons for the increase. The Executive Director of Workforce and OD explained the increases and advised that whilst there would be downturn in March, stabilisation was expected in the new financial year. Discussion ensued on nurse staffing, including questioning potential premium payments whilst being mindful of potential effects on the region's health and social care system.

FP19/25.6 The Executive Director of Finance reported that in respect of non-pay spend, CHC and Funded Nursing Care had remained at a consistent level throughout the year which was of concern given the number of savings schemes that were targeted within these areas. He also reported that in respect of savings BCU was £4.8m behind plan and forecasted to be at £6.1m variance at year end, with the requirement to deliver £8.6m savings within months 11 and 12. He highlighted that £600k was deemed to be high risk, mainly around the East Area Team. The Financial Advisor questioned the maturity of the 2019/20 savings plan development drawing particular attention to weakness in scheme planning and development of metrics. In response, the Turnaround Director confirmed that low confidence regarding the 30% deliverable by the end of March was due to developing how these would be carried out. The Chairman questioned when Secondary Care and MHLD staffing costs would improve going forward and whether savings were married up to the workforce plan which was confirmed. The Committee raised concern that £1.9m of savings schemes were rated as amber and £0.6m were red rated, which would result in an increased shortfall of £8.6m should they not be delivered. The Chairman also questioned what controls were in place to address any issues that might arise within the next 5 weeks. The Executive Director of Finance confirmed that monitoring was taking place weekly at Executive Team meetings. It was agreed that the Committee would be provided with Savings action updates following each weekly Executive Team meeting going forwards.

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FP19/25.7 The Executive Director of Finance reported that in respect of RTT, BCU had received £11.3m but had spent £15.3m to date. Therefore £4m was currently spent at

risk and should the RTT targets not be achieved some of this resource would be clawed back which was expected to be in the region of £600k for every 250 patients not treated by the agreed time. The Chairman advised that the Chief Executive was in discussion that day regarding RTT clawback with Welsh Government (WG), which included the possibility of additional monies should performance deliver ahead of target. The Executive Director of Finance advised that the current year end forecast by Divisions would be £7m overspent that related to the £42m forecast deficit.

FP19/25.8 The Executive Director of Finance drew attention to the delivery risks of the position within the report. He advised that some related to potential clawback of resources by WG eg RTT, GMS, GDS, while others were around operational performance. The key risks, in his opinion, were packages of care, expenditure on unscheduled care, expenditure on planned care in excess of the monies earmarked by Welsh Government and delivery of savings in months 11 and 12.

FP19/25.9 It was noted that further enhanced financial controls were implemented from 1st February which enhanced the existing financial governance around discretionary spend. The importance of escalating breaches of the controls was emphasised. Following discussion on accountability, the Chairman requested that recent correspondence between the Chief Executive, Director General NHS Wales and responses be shared with the members.

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It was resolved that the Committee

- Noted the report, including the forecast outturn of £42.0m and recognising the significant risks to the financial position.

FP19/26 Turnaround Programme Savings report – Month 10 2018/19

FP19/26.1 The Turnaround Director presented this item. He highlighted the Forecast Savings Programme within the report which demonstrated the savings that had been built into specific plans by Divisions, with a forecast delivery of £38.9m, an increase of £0.1m from month 9. This was short of the £45m target set by the Board and the residual element related to savings schemes not identified in full and therefore not forecast to deliver. He also drew attention to the outstanding savings requirements listed and it was noted that the report included the delivery risk associated with the savings schemes which had been assessed. It was noted that whilst there was ongoing volatility relating to Medical Agency there had been increased stability within Nursing. Positive progress had also been achieved in Medicines Management, especially in respect of GP spending.

FP19/26.2 The Turnaround Director reported that the savings achievement was £3.2m adrift from target which was related mainly to additional savings applied to Divisions during the year, however the original schemes were generally delivering. He advised that cash releasing savings were a main focus. He commented that £35m had been the target for the organisation and that the Executive Management Group had significant work across BCU to address rather than within particular Divisions. He reported that there was clarity on leads within the Programme Management Office, and that there was ongoing equality and quality impact assessments taking place.

FP19/26.3 Discussion ensued in respect of the schemes which had not been developed to date, in which the Turnaround Director advised that there would be organisational learning applied to the following year's approach.

FP19/26.4 The Chairman questioned the savings plan proposals, including the issue that EMG had identified some without clarity on resource. He raised his concern about commencing the financial year with poorly formed savings plans and lack of clarity and expressed a lack of confidence in the plans to year end. He stated that whilst work was progressing he intended to move forward with the review, anticipating that following a tendering process work would commence and be concluded by 30.6.19.

FP19/26.5 The Committee raised its concern regarding the lack of transformational savings. The Independent Advisor advised that the organisation needed to view savings as a stepping stone that would lead to significant change in order to improve internal support. However, it was his opinion that the current type of plans were no different to the previous year and he encouraged greater clarity. The Executive Director of Workforce & OD commented that there was a fundamental difference in current planning as there was more triangulation around finances.

It was resolved that the Committee

- Note the forecast position for divisional savings schemes which currently stands at £38.9m, compared to £38.8m in month 9
- Note the additional savings which have been delivered against the turnaround targets and the remaining gap of £6.1m against the full £45m target
- Note the key movements in delivery and savings forecast during the month
- Note the shortfall against turnaround savings targets which remains a key risk to delivery in 2018/19
- Note the escalation activity which is ongoing to secure further in year savings including additional financial controls
- Note the ongoing development of savings schemes for 2019/20; the schemes identified to date and the further areas being explored.

FP19/27 External Contracts Update

FP19/27.1 The Associate Director of Contracting joined the meeting to present the report which provided a summary of activity by the Healthcare Commissioning Team and the headline successes and challenges in Quarter 3 of the 18/19 financial year. She advised that the current forecast underspend was £3m and also drew attention to current issues in respect of various services provided by the Countess of Chester hospital and mitigation plans being worked through.

FP19/27.2 Key activities and benefits within quarter 3 were highlighted including RTT and waiting list support. A discussion ensued on capacity flexibility available within this area which included questioning outsourcing and internal theatre utilisation issues.

FP19/27.3 The Associate Director of Contracting drew attention to the fragility of the nursing home market and assured that this risk was being monitored by the Health Board. In response to the Committee's question, she also confirmed that quality monitoring was in the process of being addressed.

It was resolved that the Committee
noted the report

The Associate Director of Contracting left the meeting

FP19/32 Workforce Quarterly Performance report Quarter 3 2018/19

FP19/32.1 The Executive Director of Workforce and OD presented the report which provided an overview of the performance of the workforce against key priority areas that impact on the Health Board's ability to deliver safe, timely and cost effective care and services.

FP19/32.2 The Committee questioned vacancy and retention. The Executive Director of Workforce and OD advised the Chairman regarding ongoing work to potentially increase numbers of substantive staff within nurse agency and the challenges involved. She confirmed that the creation of an establishment resource centre would provide transformational improvements, as opposed to Shared Services' transactional support, and would be subject to Investment to Save funding and therefore not included within the current plan.

FP19/32.3 In the discussion which followed regarding over 60s turnover and retire & return processes, it was noted that this was an important area to address on a case by case basis. It was also noted that work was ongoing to address vacancy rates within Estates, given the Committee had questioned why vacancy rates were high when current unemployment rates were also high.

It was resolved that the Committee
noted the report

FP19/28 Capital Programme month 10

FP19/28.1 The Assistant Director Strategy- Capital joined the meeting to present this item which provided progress on delivery of the approved capital programme and progress on expenditure against the Capital Resource Limit. Following a question raised by the Committee, he explained the governance arrangements in respect of the Capital Programme Management Group and their assessment of risk which also met recommendations following the YGC project. The Assistant Director Strategy - Capital agreed to amend the term 'scrutise' in respect of the appendices provided. He confirmed that the Ysbyty Wrexham Maelor Programme was being reported at the Strategy, Partnerships and Population Health Committee and that slippage was not a capacity issue but caused by late submission of the YWM programme.

FP19/28.2 The Assistant Director Strategy - Capital was pleased to confirm completion of the Ysbyty Glan Clwyd scheme, drawing attention to the 700 tonnes of asbestos which had been removed, potential gain share and management of brokerage. The Committee requested that he liaise with the Chief Executive to ensure a staff communication was issued to thank staff for their patience during the disruption. A discussion ensued on design modifications and consequences during the project.

FP19/28.3 The Committee questioned progress regarding utilisation of the contingency of the Ysbyty Gwynedd Emergency Department scheme, and it was confirmed that, as Interserve were projecting gain share, the scheme would be delivered within target. It was also noted that a gateway review would also be undertaken in due course. The Assistant Director Strategy- Capital verbally updated the Committee on progress with the red rated schemes within the Discretionary Capital Programme.

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<p>It was resolved that the Committee noted the report</p> <p><i>The Assistant Director Strategy- Capital left the meeting</i></p>	
<p>FP19/29 Integrated Quality and Performance report Month 10</p> <p>FP19/29.1 The Executive Director of Planning and Performance presented this item. He drew attention to challenges being experienced within Endoscopy services which included recruitment, estate and accreditation and advised that the Quality, Safety and Experience (QSE) Committee were addressing quality and safety issues. He drew attention to Cancer services performance and the effect on RTT also.</p> <p>FP19/29.2 The Committee was pleased to note zero waiting time in respect of planned care diagnostic waits reported. The Committee discussed Planned care follow up backlog performance and, in response to the Independent Advisor's question regarding awareness, noted that an audit report would shortly be considered at the QSE Committee.</p> <p>FP19/29.3 A discussion ensued in respect of the Financial Advisor's enquiry regarding ascertainment of the level of urgency to change current 'red' performance areas. This included discussion of Key Performance Indicators, key priorities, Executive Team commitment and effective sharing of briefings and their quality. The Committee requested that the narrative be improved in respect of areas of concern raised eg ambulance handovers, RTT etc within the IQP report in order that the Committee was better sighted on these areas.</p> <p>FP19/29.4 The Committee also expressed concern regarding accountability which was understood to be addressed within the developing accountability framework. A discussion followed regarding commissioning and provider perspectives, in which it was agreed that the Executive Team would explore further BCU's utilisation of these as an integrated Health Board. The Committee suggested that, in consideration of such a cultural shift, the organisation should be mindful of a more co-production approach rather than top down. The Financial Advisor commented that in England the approach within integrated care also considered meeting demand and incentivising delivery.</p> <p>FP19/29.5 With regard to long term sickness and stress indicators within the report, the Committee questioned whether the PADR process could more proactively address this area. In consideration of primary care and pathways, the Committee requested improved quality narrative within future reports which would include actions being undertaken to address issues.</p> <p>It was resolved that the Committee Noted the report</p>	<p>MW</p> <p>MW</p> <p>MW</p>
<p>FP19.33 Lease Car Policy F02</p> <p>It was noted that the Policy detailed minor amendments, including a change to the operational principles, to support the strategy for the reduction in overall travel costs. The Executive Director of Finance advised that the Local Partnership Forum had recently reviewed the draft policy.</p> <p>It was resolved that the Committee</p>	

approve the revised policy, FO2 Lease Car Policy	
<p>FP19/34 Shared Services Partnership (SSP) Committee quarterly assurance report</p> <p>The Committee questioned clarity regarding responsibilities between Shared Services and BCUHB. The Executive Director of Workforce & OD explained services provided by SSP in respect of the different areas or Recruitment. The Committee also questioned the level of SSP understanding regarding BCU's savings requirement and level of challenge provided. In the ensuing discussion it was agreed that the Executive Director of Finance would provide members with a briefing on procurement benchmarking.</p> <p>It was resolved that the Committee noted the report</p>	RF/SH
<p><i>The Interim Secondary Care Director and Associate Director Unscheduled Care joined the meeting</i></p> <p>FP19/30 Referral to Treatment (RTT)</p> <p>FP19/30.1 The Interim Director Secondary Care advised that the snapshot for January would show an increase to approximately 8000 patients which was disappointing. However, the operational teams were focussed on managing a reduction in the cohort of patients waiting, which continued to reduce in line with the requirement to meet outturn consistent with the 31.3.18 year end position, with the cohort reducing. The Interim Director Secondary Care advised the forecast year end position to be 5,611 and outlined various actions that were being undertaken within specialties. However, he explained that current focus was on ensuring understanding of data inconsistencies and that there was an issue with data quality which was still being resolved.</p> <p>FP19/30.2 Discussion ensued in which the Chairman voiced his concern regarding accuracy and requested that the Executive Team provide weekly updates to members on RTT following Executive Team meetings going forward. It was agreed that the Executive Medical Director would provide a member briefing following the meeting. The Chairman suggested that a task and finish group be established in order to understand BCU's position before 1.4.19.</p> <p>It was resolved that the Committee Noted the report</p> <p>FP19/31 Unscheduled Care 90 day plan and Winter Resilience update report</p> <p>FP19/31.1 The Associate Director Unscheduled Care advised that there had been performance improvements at YWM, in the West and also YGC during February which were better than the previous year. She reported on a seismic shift in patient handovers especially at YWM, there had been a decrease in ambulance presentations and internal delays were being worked through at all 3 sites site with modelling. The Associate Director Unscheduled Care advised on escalation levels, GPOOH improvements and the service's de-escalation from special measures, demand management via SICAT and challenges with patient flow. She also reported that Welsh Government funding support with the Red Cross was helping patients.</p> <p>FP19/31.2 Discussion ensued on data quality and documentation issues which were being addressed. The Executive Director Workforce & OD stated there was a need to</p>	RF EM

<p>improve understanding of surge capacity from a quality and safety perspective and also financially. It was agreed that the Associate Director Unscheduled Care would provide greater detail on the impacts to managed practices following recruitment to SICAT in a future report.</p> <p>FP19/31.3 Following discussion on confidence in demand management it was suggested by the Executive Director of Workforce & OD that the area be explored further by the Care Closer to Home Group. It was also noted that Frailty model appeared to be less visible as a plan. Following the Chairman's question as to whether the organisation had the necessary analytical capacity to provide understanding on these issues, it was agreed that a full assessment of capability and demand management should be undertaken by the Planned Care Transformation Group.</p> <p>It was resolved that the Committee</p> <ul style="list-style-type: none"> • Noted the content of the paper and progress made against the first cycle of the 90 day plan, moving forward into the second cycle. • Recognised the achievement against the 90 day measures and how use of the 90 day plan methodology is driving improvement and change. • Noted the ongoing focus to improve the partnership working relating to the Health Board's Unscheduled Care Improvement journey. • Noted the ongoing risk associated with continuing challenges with flow and ED, which as yet is only yielding minimal improvement in the Health Board's 4 hour performance. 	<p>MeW</p> <p>MW</p>
<p>FP19/35 Issues of significance to inform the Chair's assurance report</p> <p>To be completed outside of the meeting.</p>	
<p>FP19/36 Summary of In Committee business to be reported in public</p> <p>It was resolved that the Committee note report.</p>	
<p>FP19/37 Date of Next Meeting</p> <p>9.00am 26.3.19</p>	
<p>FP19/38 Exclusion of the Press and Public</p> <p>It was resolved that representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest in accordance with Section 1(2) Public Bodies (Admission to Meetings) Act 1960.</p>	