

Swansea Bay University Health Board

Unconfirmed

**Minutes of the Performance and Finance Committee
held on 26th July 2022 at 9:30am
Microsoft Teams**

Present:

Reena Owen	Independent Member
Steve Spill	Vice-Chair
Patricia Price	Independent Member
Darren Griffiths	Director of Finance and Performance
Siân Harrop-Griffiths	Director of Strategy

In Attendance:

Hazel Lloyd	Acting Director of Corporate Governance
Inese Robotham	Chief Operating Officer
Paul Mapson	Special Advisor
Meghann Protheroe	Head of Performance
Rhian Lewis	Internal Audit
Liz Stauber	Head of Corporate Governance
Helen Annandale	Clinical Director for Therapies and Audiology (for minute 103/22)

Minute	Item	Action
93/22	WELCOME AND APOLOGIES	
	Reena Owen welcomed everyone to the meeting. Apologies for absence were received from Deb Lewis, Deputy Chief Operating Officer.	
94/22	DECLARATIONS OF INTEREST	
	There were no declarations of interest.	
95/22	MINUTES OF PREVIOUS MEETING	
	The minutes of the meeting held on 28 th June 2022 were received and confirmed as a true and accurate record.	
96/22	MATTERS ARISING	

	<p>(i) <u>89/22 Financial Reporting and Monitoring Final Internal Audit Report</u></p> <p>Reena Owen advised that the financial reporting and monitoring final internal audit report had been included at the last committee for noting and was on this agenda for discussion at the request of internal audit.</p>	
97/22	ACTION LOG	
	The action log was received and noted with action point four (stroke performance) to be updated to reflect the narrative of the June minutes.	LS
98/22	WORK PROGRAMME	
	The work programme for 2022-23 was received and noted , with the Chair confirming she was to meet with the Director of Corporate Governance week commencing 1 st August 2022 to discuss the detail of the work programme as due to the increased deferred reports, some agendas were significantly shorter than others.	
99/22	MONTH THREE FINANCIAL POSITION	
	<p>A report setting out the month three financial position was received.</p> <p>In introducing the report, Darren Griffiths highlighted the following points:</p> <ul style="list-style-type: none"> - The recommendation requesting the committee to ‘deliver’ should be to ‘note’; - The financial forecast for 2022-23 had been a year-end position of a £24.4m deficit, however Welsh Government had since confirmed an allocation adjustment of £24.4m recurrently, which would enable the financial plan to balance; - This provided an opportunity for the board to consider approving an integrated medium term plan (IMTP – three-year plan) for submission to Welsh Government at its meeting on 28th July 2022; - The rationale for the adjusted allocation was that health board was underfunded by 6% for its population’s needs and this had resulted in a maintained £24.4m deficit for a number of years; - The year to date position at month three was on overspend of £7m against a trajectory of £6.1m, therefore £1.1m off plan; 	

- The increased run-rate was due to a £1m overspend in mental health and learning disabilities, £3m overspend in Morriston Hospital and £800k corporately;
- Action required to address the position included rebalancing the operational position, recasting the reserves and investment plans and further assure savings delivery;
- Pay had a £100k underspend for a £158m budget due to vacancies but this was offset by the same expenditure on bank and agency staff;
- Non-pay had a £7.6m overspend, with continuing healthcare, non-delivery of savings, energy bills and drug costs being the main contributors;
- The savings plan had improved from £20m identified in April 2022 to £27m in June 2022, of which £22.5m was recurrent. As more red schemes moved to green, the more integrity there was in the plan;
- Welsh Government had confirmed funding for national programmes including test, trace and protect, mass vaccinations and personal protective equipment (PPE) but Covid transition costs were yet to be confirmed;
- Of the £21.6m recovery monies, £14.7m had been spent and there were plans in place for the remainder;
- The assessment of energy costs had increased and there was yet to be a national solution;
- The reserves were to be discussed with the Chief Executive week commencing 1st August 2022 as to how to phase the money to rebalance the position with some already allocated on the budget.

In discussing the report, the following points were raised:

Pat Price commented that it was a challenging financial situation due to the cost pressures and the fact that 50% of savings schemes were still 'red'/not identified in quarter one. She queried if there was dedicated resource available to put focus on what was needed and whether the issue needed to be raised with the board. Darren Griffiths responded that there was a team reviewing the situation currently but there would be additional support provided, particularly at Morriston Hospital where the operational pressures were such that there were a number of priorities for the senior team. He added work was being undertaken around recruitment and retention as not only would this reduce variable pay but would also provide higher quality services. A summarised version of the report would be shared with the board on 29th July 2022. Paul Mapson

noted that the health board was the only one to receive an adjusted allocation, adding this was a demonstration of confidence in the organisation. He commented that it would be beneficial to have an in-committee agenda item at the next meeting which set out the different scenarios in which action could be taken to address the run-rate and the potential impact these would have. Darren Griffiths agreed, adding it would be an opportunity to show what the balance sheet *could* look like in terms of a forecast as the report currently just set out trajectories based on a 'do nothing' course of action. Steve Spill suggested that the matter be raised with the Chief Executive and Chair as part of the pre-meet to the July board meeting. Reena Owen concurred, adding the course of action being taken by the committee could also be set out.

Reena Owen queried if Morriston Hospital had sufficient ownership of its position and resource to address it. Darren Griffiths stated that it was not due to lack of commitment rather a strain on capacity. The service group was undergoing a significant amount of service change, for example the acute medical services redesign (AMSR) programme, so would benefit from additional support. The service group had savings plans down to divisional level, but was to disperse these further down the structure similar to the Primary, Community and Therapies Service Group which had resulted in 100% of the savings being identified. Individuals would now be identified to provide support to Morriston Hospital.

Steve Spill queried if the health board's adjusted allocation would have a negative impact on another organisation. Darren Griffiths advised that for the past two years, the health board's deficit position of £24m had been offset through Welsh Government's reserves and discussions had started pre-Covid as to the imbalance. However, the confidence in the organisation was not yet there and it was only now that the impact of such an adjustment could be described.

Steve Spill asked whether the £24m would be applied as a lump sum or allocated to specified areas. Darren Griffiths responded that the deficit was held centrally and the budgets assigned to service groups were the ones they were expected to deliver.

Steve Spill sought the level of confidence within the organisation that the additional Covid transition monies would be received. Darren Griffiths responded that confidence was low within the organisation as it was unclear within Welsh Government as to whether the monies would be available, as an unbalanced forecast for NHS Wales had been submitted by the Director General. The health board's estimated Covid costs were £42m, which were broadly in-line with organisations of a similar size. This was a result of measures being established as part of the response to the pandemic which on reflection, should remain in situ, for example,

DG

PP/RO

	<p>the children’s emergency department within the main service. It would take around two to three years for the health board to move away from the expenditure.</p> <p>Steve Spill noted that it was now month four and the run-rate continued to slip off-track, urging caution as this could cause a potential risk of the adjusted allocation being removed. Darren Griffiths agreed, adding additional scrutiny arrangements were to be established to monitor variance from the plan and a more robust system of control to be introduced.</p> <p>Reena Owen congratulated the organisation on receiving the adjusted allocation, summarising the thoughts of all members that this was great recognition of the confidence Welsh Government now had in the organisation.</p>	
<p>Resolved:</p>	<ul style="list-style-type: none"> - The report be noted; - An in-committee agenda item be received at the next meeting setting out the different scenarios in which action could be taken to address the run-rate and the potential impact; - The concerns of the committee around the off-track run-rate and the action agreed for an in-committee report be shared at the independent members’ board pre-meet on 29th July 2022. 	<p>DG</p> <p>RO/PP</p>
<p>100/22</p>	<p>QUARTER ONE CAPITAL UPDATE</p>	
	<p>A report setting out the quarter one capital update was received.</p> <p>In introducing the report, Darren Griffiths highlighted the following points:</p> <ul style="list-style-type: none"> - The financial plan for 2022-23 had included a balanced capital plan; - £34m had been allocated to a number of areas including diagnostics, ligature points, a linear accelerator, obstetrics and cladding replacement; - Due to limited national capital monies, the health board’s allocation for this year had reduced from £11.5m to £8.5m and to offset this, funding had been removed from on a national programme as well as estates, digital and medical equipment refreshes, however the latter had benefitted from a significant amount of slippage monies in 2021-22 and would be less impacted; 	

	<ul style="list-style-type: none"> - The reduced capital monies meant that there was little to no contingency funds should an urgent need arise and as such, this was an entry on the health board risk register with a score of 20; - The plan remained balanced at the end of quarter one but there was still an inability to deploy contingencies, with consideration being given to potential use of charitable funds and opportunities to rent equipment rather than purchase; - In previous years, the health board had benefited from national slippage monies, however as the Welsh Government capital plan was current £44m overspent, this would be the first priority for any additional available funds; - The concerns around capital money within health services had been flagged to the Senedd. <p>In discussing the report, the following points were raised:</p> <p>Steve Spill referenced the potential to lease equipment rather than purchase and queried if this would still impact on the capital position given the new technical accounting processes for leases. Darren Griffiths advised that the value of leases for each financial year had to be covered through a Treasury allocation and the assessment for 2022-23 had already been completed. However, as the Singleton theatres work had been included in this assessment and was now likely to slip to 2023-24, there was room in the estimations for entering new leases, subject to Welsh Government approval. He added that the health board would be more inclined to pursue a rental rather than a lease as this was subject to different accounting rules but there would be some instances where a lease was the only option. However, it was important to note that the health board had within its budget £2.5m for its private funding initiative (PFI) arrangement with Neath Port Talbot Hospital and Welsh Government was sympathetic to this, especially given the health board's historical delivery of its capital plans and use of slippage monies.</p> <p>Reena Owen raised concern as to the lack of contingency money should an urgent need arise and queried what options were available to the health board. Darren Griffiths responded that there were some equipment schemes where the machinery had been bought and the next capital expenditure would be the preparatory works, which could be delayed. This would need to be discussed with Welsh Government before any such action could be progressed and the monies would still need to be identified the following year for the equipment to be installed.</p>	
<p>Resolved:</p>	<ul style="list-style-type: none"> - The report be noted. 	

101/22	<p>FINANCIAL REPORTING AND MONITORING FINAL INTERNAL AUDIT REPORT</p>	
	<p>The financial reporting and monitoring final internal audit report was received.</p> <p>In introducing the report, Darren Griffiths highlighted the following points:</p> <ul style="list-style-type: none"> - The report had a reasonable assurance rating; - It was a welcomed opportunity as it highlighted areas for improvement and made five recommendations: <ul style="list-style-type: none"> • Delegation letters, which were to be issued by the end of the following week, were required to receive a response; • Further distribution of financial controls through the delegation letters therefore these would be extended to corporate budget holders as well and there would be an expectation for service groups to disseminate the requirements to their budget holders; • Update the budget financial control procedure (FCP), which also needed to take into account any learning from Covid-19 and a revised FCP would be ready in September 2022; • Support and empower budget holders, which would take 12 months but would be completed through a suite of training modules; • Address the exceptions to the ‘no purchase order, no pay’ for invoices as there were currently 280 people who could bypass this rule and as a result, there were 1,400 invoices on hold. This would be addressed by the end of December 2022. <p>In discussing the report, Reena Owen queried if the finance team was satisfied it had set the right timescales and asked whether internal audit would expect the committee to monitor progress. Darren Griffiths advised that progress would be monitored via the Audit Committee which received a tracker at every meeting for all open audit recommendations. However, given the aspiration of the Performance and Finance Committee to improve the maturity of financial controls, it would be beneficial for a regular progress update to be provided. Hazel Lloyd concurred, suggesting the recommendations be added to the action log for progress to be monitored. This was agreed. She added that the Audit Committee was also to start calling in executives to account for any outstanding audit recommendations not delivered in the set timescales.</p>	<p>LS</p>

Resolved:	<ul style="list-style-type: none"> - The report be noted; - The five recommendations be added to the action log for progress to be monitored. 	LS
102/22	PERFORMANCE REPORT FOR MONTH THREE	
	<p>The performance report for month three was received.</p> <p>In introducing the report, Meghann Protheroe highlighted the following points:</p> <ul style="list-style-type: none"> - Welsh Government had published the new performance delivery framework for 2022-23; - It included revised guidance for the single cancer pathway which included updated ‘stop the clock’ treatments which do not stop the clock and new clinical guidance for monitoring delays and reporting harm; - June 2022 had been a challenging month for urgent and emergency care and it had been hoped an improvement would have been seen due to the additional front door schemes; - The eight-minute red release performance was improving, there had been a reduction in attendances at the emergency department but the four-hour performance had deteriorated; - The number of clinically optimised patients had increased to an average of 314 and work was ongoing to create additional pathways to increase flow; - Cancer performance remained below trajectory but an improvement was expected in quarter two/three and revised backlog trajectory figures had been approved by the Chief Executive; - The number of Covid cases had continued to rise with 372 in June 2022 and staff sickness had increased to 2.4% from 1.2% in May 2022. Mask wearing had now been reintroduced across all sites; - All infection control trajectories were off-track with the exception of <i>e.coli</i>, but service groups had provided improvement plans; - There had been an increase in the numbers of planned care patients waiting more than 26, 36 and 52 weeks for treatment but there had been a reduction in those waiting more than 104 weeks; - The numbers waiting for a follow-up appointment had increased 	

slightly but a validation team was now in place to review the lists;

- The CAMHS (children and adolescent mental health services) access target continued to be met and the neuro-developmental disorder performance was improving towards the target;
- 123 formal complaints had been received in April 2022 and the 30-day response rate was above the Welsh Government target.

In discussing the report, the following points were raised:

Inese Robotham stated that all the components were there to improve urgent and emergency care performance but the numbers were not telling the full story. The number of Covid-19 inpatients had steadily increased over the last six weeks and had peaked at 100 in June 2022 and now numbers were starting to reduce. There had also been an average of 314 clinically optimised patients in June 2022 – the health board’s critical position was at 280. Between these two sets of patients reducing capacity and high proportion of the workforce isolating, the impact on urgent and emergency and planned care was significant. This was also true of patient behaviour, with a number being recorded as ‘did not attend’, either from testing positive for Covid or being too anxious to enter a site.

Steve Spill queried whether the reduction in emergency department attendances was a seasonal occurrence. Inese Robotham stated that from an operational perspective, the shift in numbers was not significant and because of the higher number of clinically optimised patients, patient flow was still restricted. Meghann Protheroe added that based on historical data, the reduction in numbers did appear to be seasonal.

Steve Spill sought clarity as to whether there was a breakdown of the 110 Covid patients as to which were admitted *for* Covid and those admitted *with* Covid. He also queried the potential impact of the wave given another peak was expected in the autumn/winter time. Inese Robotham responded that the current peak was now over with numbers starting to reduce, but it was unclear how long the ‘tail’ would be as the previous one had taken two months to completely work through. She added it was unknown which patients had been admitted for Covid and those which had tested positive after their admission but regardless, all had to be isolated, which impacted on patient flow.

Steve Spill referenced the change in the eight-minute ambulance release requirements to include amber one calls as well the red and queried the affect this would have on the emergency department. Inese Robotham advised that the red release requirement had been in place for some time and the amber one was additional. The number of calls for the latter were significant and discussions were being undertaken with the Welsh

	<p>Ambulance Service NHS Trust to see if an assessment could be undertaken of amber one calls to determine how urgently an ambulance really needed to be released. The previous day had been the 'go live' for the new requirement, during which four amber one release calls had been received, all of which had been refused by the health board as there was no capacity in the emergency department.</p> <p>Reena Owen stated that given the current Covid position, the reported theatre efficiency figures were to be commended. Inese Robotham responded that in terms of processes, theatre efficiency was working, a high number of sessions were still however being stood-down due to workforce availability. So while the available theatres were being used efficiently, activity levels were lower.</p> <p>Darren Griffiths referenced the revised performance delivery framework for 2022-23 and highlighted that the name had changed to include the word 'performance' which demonstrated the focus of Welsh Government. There was to be greater accountability through the integrated planning and delivery group (IQPD) with Welsh Government and over the last few days, the health board had been able to revise its planned care trajectories to describe a better endpoint.</p> <p>Reena Owen suggested that the integrated performance report would further benefit from actions, rather than just points to note, in areas where performance was not where it should be. An emphasis should be given as to how this would improve. Darren Griffiths agreed, adding that a member of the team's role was to be redesigned to be able to give the report such a focus.</p>	<p>DG</p>
<p>Resolved</p>	<ul style="list-style-type: none"> - The report be noted; - Integrated performance report be developed further to include actions, not just points to note, in areas where performance was not where it should be. 	<p>DG</p>
<p>103/22</p>	<p>SPEECH AND LANGUAGE THERAPY PERFORMANCE</p>	
	<p>A report providing an update on speech and language therapy performance was received.</p> <p>In introducing the report, Helen Annandale highlighted the following points;</p> <ul style="list-style-type: none"> - The service had a 14-week referral to treatment time target and was on track to recover its performance by October 2022; 	

	<ul style="list-style-type: none"> - The trajectory was currently off-track, but this had been anticipated due to short-term sickness and six-week summer holiday period; - Vacancies were on course to be filled by September 2022. <p>In discussing the report, the following points were raised:</p> <p>Reena Owen referenced the likely pressures associated with the Additional Learning Needs (ALN) Act and the gender identity service and queried how these were to be mitigated. Helen Annandale advised that newly qualified staff would be able to become registered staff from August 2022 and start within the team in September 2022, which would increase capacity. The ALN risk was quite new and time was needed to determine how big an impact this would have on the service. Funding had been secured to recruit a senior speech and language therapist to the team who would manage the gender identity caseload and once in post, this risk would decrease.</p> <p>Reena Owen noted that complaints were being received from patients' families for the length of time to start treatment which had been prioritised over assessment. She queried how the clinical need of a patient was known without an assessment. Helen Annandale responded that referrals were triaged to determine the needs of the child but due to capacity issues, the recommended intervention was delayed, which was leading to complaints. Triage enabled referrals to be allocated an urgent/routine status and those marked as urgent would be seen without an assessment in the interest of time.</p> <p>Steve Spill queried to what extent the ALN Act was a health issue and when did it become an education responsibility. Helen Annandale advised that it was about partnership working between the two services and working through the detail together. The Act was in the process of being implemented through a number of workstreams and would result in a number of children who previously were not identified as having additional health needs now being referred for an assessment. From a quality of care perspective, this would be a positive for the children as the speech and language team would be asked to assess all communication needs, not just those covered under the previous guidance. The children referred under the Act were starting to be seen in clinic but there was some concern as to the potential impact on the service as there was no additional resource available and a business case could not be developed until the true impact was fully understood.</p>	
Resolved:	<ul style="list-style-type: none"> - The report be noted. 	

104/22	MONTH THREE FINANCIAL MONITORING RETURN	
	The month three financial monitoring return was received and noted .	
105/22	AMSR BUSINESS CASE	
	<p>The business case for the acute medical services redesign (AMSR) programme was received.</p> <p>In discussing the business case, the following points were raised:</p> <p>Reena Owen queried as to whether the committee would be required to monitor the progress of the programme implementation. Inese Robotham responded that a report was to be shared with the board on 28th July 2022 which set out the governance structure. It would not be monitored by the committee but rather the Urgent and Emergency Care Board which reported into Management Board. Should a decision be made to 'not go' this would be escalated directly to the board, but should the programme 'go' assurance reports would be shared with the Performance and Finance and Quality and Safety committees.</p> <p>Reena Owen referenced the risks associated with the interim bed position and questioned whether there was a chance these would be permanent given the clinically optimised patient numbers. Inese Robotham advised that a task and finish group had been established to mitigate the risks around the interim beds as without robust plans, there would be an increase need for the shortfall beds. Darren Griffiths added that the delivery of the plan would generate £2m of savings, £1.5m of which would be reinvested into the additional staffing needed within medicine, pharmacy and physiotherapy for seven-day working. The additional 90 beds would place a financial burden of between £2m and £3m, so a plan was needed to reduce these. The forecast demand of the next 18 months needed to be considered to adequately plan to reduce the bed numbers.</p> <p>Paul Mapson commented that the programme was predicated on the workforce being available and queried the confidence of recruiting the required staff. Inese Robotham responded that a specific workforce workstream had been established which would look at alternative posts/skill mixes as well as international recruitment. This did not just apply to AMSR but all the areas in which recruitment was challenging. Workforce would be one of the major deciders for the 'go/no go' of the implementation in the autumn, along with physical capacity and length of stay. In addition, the service model was yet to be finalised and would be</p>	

	<p>done so once the organisational change process (OCP) had been completed.</p> <p>Reena Owen queried if there was any insight on the potential outcome of the OCP. Inese Robotham responded that 1,700 staff would be affected to varying degrees. For some it would be a different ward or shift pattern, for others it would be a different site and shift pattern which was a considerable change.</p>	
106/22	ITEMS FOR REFERRAL TO OTHER COMMITTEES	
	There were no items referred to other committees.	
107/22	ANY OTHER BUSINESS	
	There was no further business and the meeting was closed.	
108/22	DATE OF NEXT MEETING	
	The next scheduled meeting is Tuesday, 23rd August 2022.	