



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



Meeting Date	26 April 2022	Agenda Item	2.2	
Report Title	Savings Plan Update 2022/23			
Report Author	Samantha Moss – Deputy Director of Finance Tony Clark – Head of Finance PMO			
Report Sponsor	Darren Griffiths, Director of Finance and Performance			
Presented by	Darren Griffiths, Director of Finance and Performance			
Freedom of Information	Open			
Purpose of the Report	The report advises the Performance and Finance Committee on the Health Board Savings Plan for 2022/23.			
Key Issues	<p>The report invites the Committee to note the progress of the 2022-23 Savings plan against the target of £27m, as well as the work still required to ensure risks of not achieving the savings plan are minimised. As at the 11<sup>th</sup> April £20m of schemes has been identified of which £19.5m are recurrent.</p> <p>Work is continuing to focus on three priority areas.</p> <ul style="list-style-type: none"><li>Increasing RAG statuses from Red to Amber Green to increase assurance of delivery;</li><li>PMO reviewing how to increase overall tracker achievement to improve against target;</li><li>Profiling of savings being undertaken to ensure in year run rate of savings in line with the requirements of the 2022/23 budgets.</li></ul>			
Specific Action Required (please choose one only)	Information <input type="checkbox"/>	Discussion <input type="checkbox"/>	Assurance <input checked="" type="checkbox"/>	Approval <input type="checkbox"/>
Recommendations	Members are asked to: <ul style="list-style-type: none"><li><b>NOTE</b> the agreed 2022-23 Savings Plan;</li><li><b>NOTE</b> the recommended actions to mitigate against the shortfall and impact on the financial plan.</li></ul>			

## Savings Plan 2022-23 Update

### 1. INTRODUCTION

The report provides the Performance and Finance Committee with an update of the Savings Plan for 2022/23.

The report informs the Performance and Finance Committee that at April 2022, the savings plan show we have developed schemes to save £20m in 2022/23 (£19.6m recurrently), and invite the Committee to note the progress to date and the further work required to develop plans to achieve the full £27m target recurrently.

### 2. BACKGROUND

The Health Board draft financial framework sets a requirement for a 4% savings target to be delivered in 2022/23 (1.5% general savings and 2.5% service transformation). This is in addition to ensuring full recurrent delivery of the 2021/22 savings.

### 3. GOVERNANCE AND RISK ISSUES

There are a number of risks associated with the achievement and delivery of the recurrent savings plans. The table below summarises the key risks and rated by RAG. The actions to reduce and mitigate against these risks are detailed in Section 6.

<b>Key Risks at 11-4-22</b>	<b>RAG</b>
Savings trackers will not meet the target recurrently	Red
Risk around delivery for Morriston, Pharmacy and Corporate	Red
Profile of Savings Run Rate impact on In Year position	Red
Progress of RAG to Green Amber	Red
Senior Staff Buy in for Savings development	Amber

### 4. FINANCIAL IMPLICATIONS

#### Health Board Summary

As per the table below the 2022/23 savings target is £27m. At 11/04/22, the total value of schemes identified for 2022/23 is **£20m (£19.6m recurrently)**. Whilst the overall CIP figure is unchanged, there has been improvement in the recurrent savings, notably PCC, and of the savings turning Green, an improvement from the previous position at 25%. Work is continuing to focus on three priority areas.

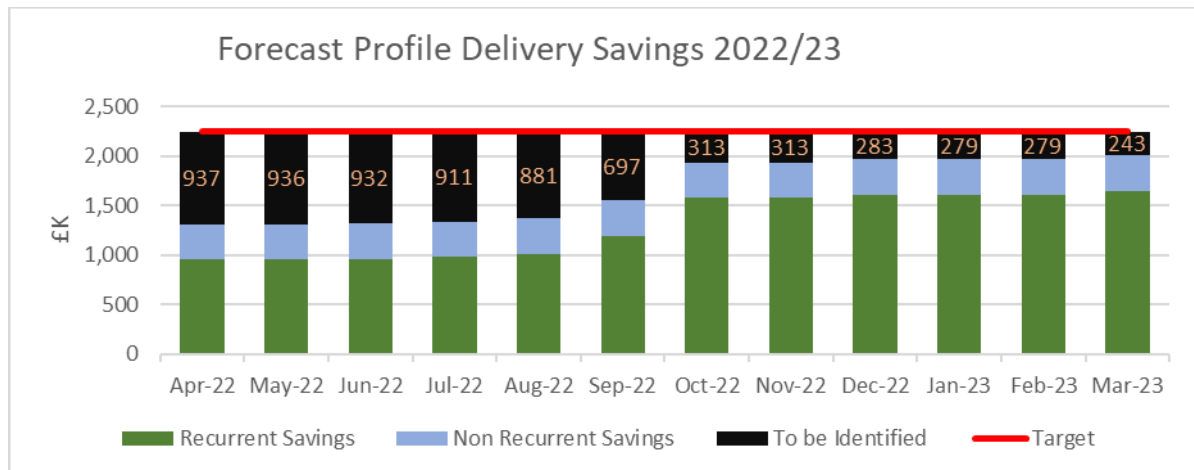
- Increasing RAG statuses from red to Amber Green
- PMO reviewing how to increase overall tracker achievement to target of £27m
- Profiling exercise understand how the savings will deliver against budget profile.

Summary Breakdown	Target 2022/23 £k	Achieved 2022/23 £k	Shortfall £k	Recurrently Achieved £k	Shortfall £k
MHLD	3,203	3,353	-150	2,152	1,051
Morrison	8,956	6,093	2,863	7,602	1,354
NPTS	6,189	4,576	1,613	4,459	1,730
PCC	3,457	3,492	-35	2,724	733
Corporate	3,377	1,688	1,688	1,688	1,688
IMM and Health Board Wide	1,819	800	1,019	1,000	819
	<b>27,000</b>	<b>20,001</b>	<b>6,999</b>	<b>19,625</b>	<b>7,375</b>

22-23 Saving £000s		MHLD	Morrison	NPTS	PCC	Corp/HB Wide
Red	6,741	-	2,651	2,549	741	800
Amber	7,651	1,578	1,805	855	1,725	1,688
Green	5,608	1,775	1,637	1,172	1,025	
	<b>20,001</b>	<b>3,353</b>	<b>6,093</b>	<b>4,576</b>	<b>3,492</b>	<b>2,488</b>
% of CIPS Green	<b>28.04%</b>	<b>52.94%</b>	<b>26.86%</b>	<b>25.61%</b>	<b>29.36%</b>	<b>0.00%</b>

FYE Saving £000s		MHLD	Morrison	NPTS	PCC	Corp/HB Wide
Red	9,709	-	4,706	3,519	484	1,000
Amber	7,224	1,867	1,425	880	1,364	1,688
Green	2,692	285	1,471	60	876	
	<b>19,625</b>	<b>2,152</b>	<b>7,602</b>	<b>4,459</b>	<b>2,724</b>	<b>2,688</b>
% of CIPS Green	<b>13.72%</b>	<b>13.24%</b>	<b>19.35%</b>	<b>1.35%</b>	<b>32.16%</b>	<b>0.00%</b>

Once the Health Board year end closedown is complete we will undertake a review of the balance sheet options to manage the savings gap as further schemes are identified. The primary focus will be to ensure that in each month there are savings delivered of £2.25m (1/12<sup>th</sup> of £27m) and that the recurrent component of that increases to the £2.25m value is achieved as quickly as possible.

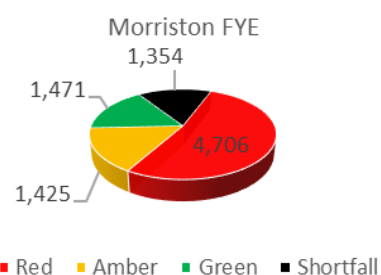


The current focus of the PMO is to move more schemes to green and to increase the range of savings available. Specialist support is being sought and will be deployed to Morrison Service Group in particular to increase savings delivery and confidence in that group.

Test and challenge meetings on savings delivery will be held with the CEO and DoF in April with both the Morrison and Neath Port Talbot Singleton Groups.

## Morriston Service Group

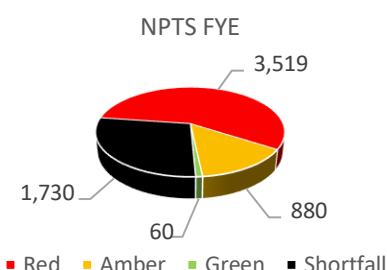
Morriston	22-23	FYE
Red	2,651	4,706
Amber	1,805	1,425
Green	1,637	1,471
	<b>6,093</b>	<b>7,602</b>
Target	8,956	8,956
Shortfall	2,863	1,354
% Green / Amber against target	38.42%	32.34%



- 43% of identified schemes are currently RED (62% Recurrently);
- Length of stay £3.2m Red, and Community beds £300k Red biggest risks;
- Opportunities around surgical liaison pilots, radiology and bariatric income.

## NPTS Service Group

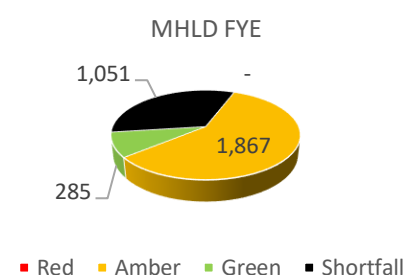
NPTS	22-23	FYE
Red	2,549	3,519
Amber	855	880
Green	1,172	60
	<b>4,576</b>	<b>4,459</b>
Target	6,189	6,189
Shortfall	1,613	1,730
% Green / Amber against target	32.75%	15.19%



- NPTS has identified £4.6m (£4.4m recurrently). Of this £2.4m is pay related savings, £1.4m procurement related savings, and £0.6m income generation;
- Of the £2.5m Red schemes at risk, the Midwifery Led Unit at Neath is £1m recurrent, community beds schemes and Endoscopy at £500k and £250k respectively.

## MHLD Service Group

MHLD	22-23	FYE
Red	-	-
Amber	1,578	1,867
Green	1,775	285
	<b>3,353</b>	<b>2,152</b>
Target	3,203	3,203
Shortfall	- 150	1,051
% Green / Amber against target	104.68%	67.19%

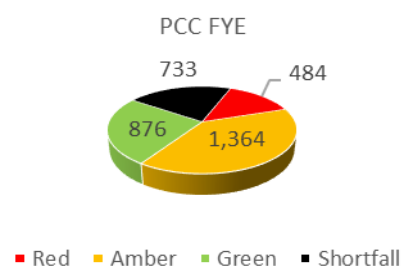


- MHLD have reached 67% of their savings target recurrently, with £1m of pay related savings, and £0.7m of Continuing Health Care savings schemes.

- They also have just over £1m non recurrent Balance sheet savings meaning they have a further £1m to find in year for recurrent savings.

### **PCT Service Group**

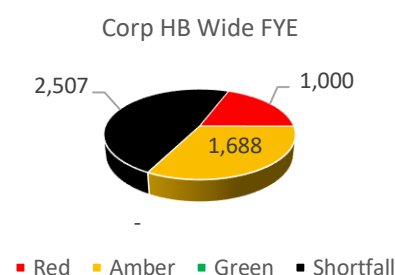
PCC	22-23	FYE
Red	741	484
Amber	1,725	1,364
Green	1,025	876
	<b>3,492</b>	<b>2,724</b>
Target	3,457	3,457
Shortfall	- 35	733
% Green / Amber against target	79.56%	64.79%



- PCC have identified £3.5m savings schemes, of which £1.7m relates to pay with the remaining on additional clinical services, procurement and income;
- The Service Group is short by £0.7m recurrently, and have £0.4m Red rated schemes.

### **Other Areas: Corporate / IMM / HB Wide**

Corp / HB Wide	22-23	FYE
Red	800	1,000
Amber	1,688	1,688
Green	-	-
	<b>2,488</b>	<b>2,688</b>
Target	5,195	5,195
Shortfall	2,707	2,507
% Green / Amber against target	32.50%	32.50%



- The £5.195m is made up of three elements:
  - Corporate Directorates = £3.3m
  - Pharmacy/IMM = £1.0m
  - Health board wide = £0.8m.
- Corporate Directorates continue to be developed.
- Further opportunities being review by PMO include Singleton Security, Orbit Contract, accommodation, Refit, Maintenance, laundry, and benchmarking.

## **5. OTHER OPPORTUNITIES & AREAS OF FOCUS**

### **Income Generation**

There are some Income Generation schemes that are in early development, including Private Patients, Outpatients, R+D and Clinical Trials. An Income Group has been established, led by the PMO to review what schemes will have traction. The first Income Group meeting was held in April 2022, and a Private Patients project plan now being developed. Updates to be provided in future reports.

## **Procurement**

Procurement are actively involved in the development and reporting of Procurement related savings. The initial summary of procurement opportunities for 2022/23 is provided in the table below:

	Cash Releasing 2022/23 £M	Cost Avoidance 2022/23 £M	Cash Releasing Recurrent £M	Cost Avoidance Recurrent £M
All Wales	0.355	0.085	1.493	0.226
Local Front Line	0.441	-	0.806	-
<b>Total</b>	<b>0.796</b>	<b>0.085</b>	<b>2.299</b>	<b>0.226</b>

The PMO is reviewing the initial opportunities presented by procurement and cross referencing the items on the savings tracker.

## **Business Case Scrutiny**

The PMO will now regularly report, with the trackers, on business cases approved by Business Case Assurance Group (BCAG) and scrutinised by the Business Case Scrutiny Group (BCSG), to ensure the stated financial benefit savings are logged and tracked against the savings plan.

## **VAULT (Value, Allocation, Utilisation and Learning Toolkit)**

The ongoing work to triangulate the FDU All Wales Efficiency Work, the Vault and the opportunities from KPMG will support the continued focus to improve savings delivery in 2022/23.

## **6. ACTIONS**

<b>Ongoing Actions and Areas of Focus</b>
1. PMO and Service Groups Directors to continue to review and identify schemes to improve on the progress against the SBUHB target of £27m.
2. PMO to look further into the VAULT and KPMG benchmarking and pipelines to assist Service Groups identify schemes.
3. Work with both the Nursing and Medical Workforce Boards on staffing opportunities and variable pay including agency, rostering, locums, intensity bandings.
4. PMO to lead on development of Income Group to look at income generation opportunities, particularly private patients (initial meeting 01/04/22).
5. PMO to review Business Cases to ensure there is a robust link between Business Cases and saving opportunities. Head of PMO member of BCSG.

6. PMO and Procurement to further develop the Procurement Savings Boards from April 2022 including detailed saving opportunities from local and national procurement initiatives.
7. Final PMO post out for recruitment following recruitment challenges.
8. Detailed liaison work between PMO and the Corporate Finance Team on reporting alignment to WG monitoring returns.

Specific SMART Actions	Date:
1. PMO to ensure all savings monitored and governance meetings are prioritised for each Service Group	20 April
2. PMO to draft options for further savings from KPMG Pipeline recommendations for Morriston and NPTS	30 April
3. Refinement of the Income Group ToR after the initial meeting in April and develop a project plan for Private Patients	30 April
4. Savings to be profiled and mitigating actions to be identified to ensure delivery in month of 1/12th of £27m requirement and increasing proportion of recurrent savings as months' progress	30 April
5. PMO and Corporate Directors to review and approve a savings plan for Corporate Departments of up to £5.2m	30 April
6. Deputy Director of Finance to review the finalised savings position for 2021/22 to confirm any shortfall in the recurrent delivery against the £27.7m	30 April
7. Morriston SG to increase delivery in total and to meet with CEO and DoF	20 May
8. Singleton Neath Port Talbot SG to increase delivery in total and to meet with CEO and DoF	20 May
9. All corporate areas to review savings opportunities and develop 100% delivery plans	30 May
10. Review of the Procurement Savings to be undertaken to ensure no double counting with current savings plans.	13 May

## 7. RECOMMENDATIONS

Members are asked to:

- **NOTE** the agreed 2022-23 Savings Plan;
- **NOTE** the recommended actions to mitigate against the shortfall and impact on the financial plan.

Governance and Assurance		
Link to Enabling Objectives (please choose)	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input checked="" type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
Financial Governance supports quality, safety and patient experience.		
Financial Implications		
The Board is reporting £20M of identified schemes for 2022/23 against a target of £27M of which £19.6M are recurrent.		
Legal Implications (including equality and diversity assessment)		
No implications for the Committee to be aware of.		
Staffing Implications		
No implications for the Committee to be aware of.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
No implications for the Committee to be aware of.		
Report History	Savings reported in the wider Financial Position of the Health Board in previous financial years.	
Appendices	N/A	