



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

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



| Meeting Date           | 24 <sup>th</sup> November 2020  | Agenda Item | 3.1 |
|------------------------|---|-------------|-----|
| Report Title           | Update on KPMG Report Response  |             |     |
| Report Author          | Darren Griffiths, Director of Finance (interim)<br>Sam Lewis, Deputy Director of Finance<br>Hannah Evans, Director of Transformation  |             |     |
| Report Sponsor         | Darren Griffiths, Director of Finance (interim)   |             |     |
| Presented by           | Darren Griffiths, Director of Finance (interim)   |             |     |
| Freedom of Information | Open  |             |     |
| Purpose of the Report  | This report provides the Performance and Finance Committee with an update on the Health Board response to KPMG and further actions for Quarter 2.   |             |     |
| Key Issues             | <p>Welsh Government commissioned KPMG to provide support to the Health Board during 2019/20 with focus on improving the financial position for 2019/20, the underlying financial stability and the organisation's delivery framework. There were four key products from KPMG :</p> <ul style="list-style-type: none"> <li>• An assessment of the <b>financial grip and control</b> environment of the Health Board with key recommendations to implement and enhance controls.</li> <li>• An assessment of the <b>2019/20 financial plan</b> including assumptions, risks and cost drivers.</li> <li>• An assessment of the <b>recovery plan</b>, including the identification of pipeline opportunities to support improved financial stability and performance.</li> <li>• An assessment of the governance and broader <b>delivery framework</b> in place to drive and oversee financial recovery and recommendations to facilitate a step change in organisational performance.</li> </ul> <p>This paper provides an update on the Health Board's response to the KPMG reports including: -</p> <ul style="list-style-type: none"> <li>• A clear position on the handling of the reports relating to 2019/20</li> <li>• Proposed changes to the delivery framework for the Health Board</li> <li>• A detailed update on the status of the actions required to meeting the delivery framework actions within the reports</li> </ul> |             |     |

|   |  |                          |                                     |                          |
|---|--|--------------------------|-------------------------------------|--------------------------|
|   | <ul style="list-style-type: none"> <li>An update on the progress made in areas where the impact of COVID has not affected the findings set out</li> </ul> <p>This report needs to be considered in tandem with the savings report being received by the Committee this month also.</p> |                          |                                     |                          |
| Specific Action Required<br>( <i>please choose one only</i> ) | Information  | Discussion               | Assurance                           | Approval                 |
|   | <input type="checkbox"/>   | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Recommendations   | <p>Members are asked to:</p> <ul style="list-style-type: none"> <li><b>NOTE</b> the contents of this report</li> </ul>   |                          |                                     |                          |

## UPDATE ON KPMG REPORT RESPONSE

### 1. INTRODUCTION

The report provides the Performance and Finance Committee with an update on the Health Board response to the suite of KPMG reports received as a result of their engagement with the Health Board in Quarters 3 and 4 of 2019/20.

This paper should also be considered alongside the savings update paper before the Committee for this November 2020 meeting.

### 2. BACKGROUND

Welsh Government commissioned KPMG to provide support to the Health Board during 2019/20 with focus on understanding and improving the financial position for 2019/20, the underlying financial stability and the organisation's delivery framework. There were four key products provided by KPMG along with an overarching summary report. The four key products are described below:

- 2.1 An assessment of the **2019/20 financial plan** including assumptions, risks and cost drivers.
- 2.2 An assessment of the **recovery plan**, including the identification of pipeline opportunities to support improved financial stability and performance.
- 2.3 An assessment of the financial **grip and control** environment of the Health Board with key recommendations to implement and enhance controls.
- 2.4 An assessment of the governance and broader **delivery framework** in place to drive and oversee financial recovery and recommendations to facilitate a step change in organisational performance.

Understandably there has been some disruption to the Health Board's ability to immediately address all of the findings within the reports as a result of the impact of COVID on core business and some of the original findings will now have been superseded by service changes in some of the key areas identified as opportunities by KPMG.

However, the reports have been extremely helpful in directing the Health Board to areas where attention is needed and to where opportunities exist for improvement. These remain part of the focus for the Health Board. This paper provides an update on the Health Board's response to the KPMG reports and sets out the planned next steps to take forward the actions to address the findings.

### 3. ASSESSMENT

The KPMG work concluded in February 2020 with the issue of the four key reports and the Health Board produced its initial action plan in response to the reports which was received by the Health Board at its March 2020 meeting.

For the assurance of the Performance and Finance Committee, the handling of each report is set out in the remainder of this section.

### **3.1 An assessment of the 2019/20 Financial Plan including assumptions risks and cost drivers**

This report reviewed the Health Board 2019/20 financial plan, taking in to account Health Board financial delivery since 2015/16, performance against plan and the then forecast position. The key findings were:

- The Health Board lacked a sustainable transformation programme and has an over-reliance on transactional and tactical in-year savings and actions, which challenged the ability to set and manage a balanced financial plan.
- The in-year cost pressure challenge experiences reflected a combination of pressures that could not have been foreseen; primary care price changes and sustained unscheduled care pressures; and those that could have been foreseen or managed more effectively; CHC growth, Nursing and Admin and Clerical spend.
- The forecast position recognised risk and opportunities but was optimistic on delivery of actions and opportunities.
- An assessed forecast year end outturn deficit range of between £31.8m (downside) and £13.3m (upside) including a likely outturn of £15.6m.

The Committee will recall that the final reported deficit position of the Health Board for financial year 2019/20 was a £16.284m deficit, which was within the final forecast deficit of £16.3m

As previously reported to the Committee, these findings were recognised, accepted and were taken into the development of the 2020/21 plan. The actions required from this report can be considered closed given their primary focus of testing the 2019/20 financial forecast.

### **3.2 An assessment of the recovery plan, including the identification of pipeline opportunities to support improved financial stability and performance**

The review provided the Health Board with a wide range of pipeline opportunities to develop into an efficiency and savings plan over a 3-year period. The work also included a risk adjusted suite of recovery opportunities to further improve the likely outturn position of £15.6m deficit by between £3.5m and £2.3m depending on risk manifestation.

For the purpose of this report, the impact on 2019/20 is considered to be closed in line with the position taken in 3.1 above. However, the range of pipeline opportunities remains an asset for the Board and has been utilised extensively to formulate the 2020/21 savings plan, along with being a current asset available to test options available for future financial recovery, particularly in light of the impact of COVID on the recurrent underlying revenue position of the Health Board.

The initial opportunity pipeline identified annualised non risk adjusted savings opportunities of £59.626m over a three-year period 2020/21 to 2022/23 and this has been risk adjusted to reflect the delivery risks (in pre COVID conditions) to £26.957m.

The table below sets out a summary of the maximum opportunity by subject area and also shows the risk adjusted opportunity alongside. Some of the categories identified required quantification to assess scale of opportunity.

|  | Annual FYE    | Risk Adjusted<br>Annual FYE |
|--|---------------|-----------------------------|
|  | £m            | £m                          |
| Non Pay  | 2.616         | 2.029                       |
| Workforce  | 0.382         | 0.191                       |
| Medical Workforce  | 0.618         | 0.309                       |
| A&C  | 0.793         | 0.533                       |
| Nursing Workforce  | 1.643         | 0.862                       |
| <b>Sub Total - Lever 0 - Foundation</b>                  | <b>6.052</b>  | <b>3.924</b>                |
| Theatres   | 4.270         | 2.925                       |
| Outpatients  | 4.701         | 3.102                       |
| Nursing Workforce  | 1.056         | 0.639                       |
| Workforce  | 0.450         | 0.225                       |
| Endoscopy  | 1.024         | 0.614                       |
| <b>Sub Total - Lever 1 - Productivity and Efficiency</b> | <b>11.501</b> | <b>7.505</b>                |
| Income Generation  |               |                             |
| Medical Management                                       |               |                             |
| Medical Workforce  |               |                             |
| Overseas Patients  |               |                             |
| Patient Flow   |               |                             |
| Non Pay  |               |                             |
| Technical Accounting                                     |               |                             |
| Private Patients   |               |                             |
| Catheter Lab   |               |                             |
| Facilities   |               |                             |
| HB Restructure   |               |                             |
| Theatre Efficiency                                       | 0.090         | 0.054                       |
| Workforce  |               |                             |
| Alternative delivery models                              |               |                             |
| <b>Sub Total -Potential Schemes</b>                      | <b>0.090</b>  | <b>0.054</b>                |
| CHC  | 2.581         | 0.516                       |
| Maintenance  | 0.500         | 0.300                       |
| Medical Workforce  | 0.960         | 0.712                       |
| Nursing Workforce  | 1.473         | 0.975                       |
| Pathology  | 0.013         | 0.008                       |
| Patient Flow   | 10.850        | 6.510                       |
| PFI  | 1.700         | 1.020                       |
| Ward Skill Mix   | 0.200         | 0.040                       |
| Business Cases   | 2.700         | 0.540                       |
| Cost Drivers   |               |                             |
| Diagnostics/Radiology                                    | 0.042         | 0.021                       |
| Non Pay  | 0.048         | 0.029                       |
| Cataracts  |               |                             |
| Shift Left   | 14.500        | 2.900                       |
| Medicines Management                                     | 0.368         | 0.074                       |
| A&C  | 0.800         | 0.160                       |
| Workforce  |               |                             |
| OP Modernisation   | 0.833         | 0.500                       |
| Management Costs   | 3.900         | 0.780                       |
| R&D  | 0.020         | 0.004                       |
| AHP  | 0.495         | 0.385                       |
| <b>Sub Total - 20/21 Ideas and beyond</b>                | <b>41.983</b> | <b>15.474</b>               |
| <b>Total</b>   | <b>59.626</b> | <b>26.957</b>               |

The table below sets out the savings plan for 2020/21 which was prepared utilising the KPMG identified opportunities from the table above and reflects the pre-COVID thinking. The plan however remains the extant plan as a key element of the Health Boards financial plan for 2020/21 which leads to the planned deficit position of £24.4m as per the Annual Plan.

| Cost Improvement Plan area                         | Original Savings Plan<br>£m |
|--|-----------------------------|
| Management of surge capacity back to core bed base | 4.00                        |
| Procurement  | 2.00                        |
| Medicines Management                               | 2.00                        |
| Theatre Improvement                                | 1.50                        |
| Patient Flow                                       | 1.50                        |
| Outpatients Improvement                            | 1.50                        |
| General Efficiencies                               | 1.00                        |
| Non-clinical, non-pay                              | 1.00                        |
| Endoscopy  | 1.00                        |
| Medical Staff Rostering/Job Planning               | 0.50                        |
| Maintenance contracts                              | 0.50                        |
| CHC Commissioning Team Review & Scrutiny           | 0.45                        |
| Improve 1:1 Care                                   | 0.40                        |
| International Nurse Recruitment                    | 0.35                        |
| Project Management                                 | 0.33                        |
| Increase use of long shifts                        | 0.30                        |
| Enhanced support for staff on LTS                  | 0.30                        |
| Nurse Bank Auto Enrolment & Recruitment            | 0.30                        |
| A&C Agency   | 0.30                        |
| Collaborative Bank                                 | 0.25                        |
| Other  | 3.50                        |
| <b>Total</b>                                       | <b>23.00</b>                |

The tables demonstrate that the Health Board's 2020/21 savings plan has been developed taking in to consideration the opportunities set out in the KPMG report. Through the monthly financial review meetings, the deliverability of the existing plan remains under scrutiny and given the presence of COVID-19 budget holders are being tested for identification of further opportunities.

In the separate report on savings which follows, the Committee is updated on the current status of delivery against this plan. to the levers. This highlights that the most significant opportunities identified for 2020/21 where in foundation, which is grip and control and, productivity.

### **3.3 An assessment of the financial grip and control environment of the Health Board with key recommendations to implement and enhance controls.**

The review reflected that the expenditure controls in place within the Health Board were recognised and as expected and in most cases scoped appropriately. The reports identified potential opportunities for delivery within 2019/20 and there was some quantification of these set out in the report.

The report also highlighted a lack of compliance reporting, which was recommended to be addressed.

This report has also been considered in conjunction with the Grip and Control Expectations highlighted in Dr Andrew Goodall's letter of 2<sup>nd</sup> March 2020 as this communication brings together the learning from a number of Welsh Government commissioned interventions.

Some of the key areas of Grip and Control are:

- Bank
- Agency
- Rostering
- Medical Locums
- Medical Rotas
- Other Pay Controls including Establishment Controls
- Procurement including compliance with no purchase order, no pay policy
- Non-Clinical Non Pay scrutiny
- Business case review and scrutiny
- Contract Management

All grip and control areas are being reviewed to ensure that the control measures remain in place and are still being adhered post COVID-19 response. Good progress has been made in some areas but less so in others given the presence of COVID-19.

The Health Board, through its use of the Allocate rostering tool supported by INSIGHT reporting is able to produce detail key metric reports. The reports provide a valuable insight into the management of nursing resources. Key areas of detailed analysis available from the reports include: -

- Temporary staff utilisation
- Areas with low approval times
- Areas with staff unavailability
- Sickness levels
- Annual Leave impacts
- Additional duties requested
- Unfilled duties
- Over and under fill patterns in hours.

Business Case review and scrutiny is set out in the delivery framework section which follows and a revised interim process through either the Gold and Silver Command structures or through SLT are currently in place for the review of key cases. Additionally, the Executive Board has been utilised to provide the appropriate level of scrutiny and approval (where warranted) to maintain timely decision making.

At the time of writing the previous nursing work stream has been re-established and is refocussing on the key areas of agency spend, rostering, bank utilisation and the broader consideration of the nursing

hierarchy across the Health Board. The previous CHC work stream has also now been re-established and it reworking its brief in the light of COVID-19.

The Committee will be aware that the COVID-19 pandemic has required all management resource to be focussed on the COVID response, the recovery from COVID and the planning for any future surge. This has resulted in most activity on transformation and efficiency being put on hold.

However, it has been possible to re-align activities to maintain grip and control and to ensure that the appropriate focus is brought to the financial position. Financial Review meetings have commenced on a monthly basis from month 2 and have the current overarching structure: -

- Focus on remaining within base budget and controlling the run rate within this
- Focus on exploring all savings opportunities to mitigate savings loss risk
- Ensure clear analysis and accounting for COVID-19 costs and controlling these proportionately to the need to respond, whilst maintaining good governance and value for money

A good example of the Rest and Recovery work is in Outpatients. This was identified as a KPMG opportunity. The outpatient service has undergone rapid digital and service transformation during COVID. The Outpatients transformation work has continued through COVID so this innovation and learning is embedded into future ways of working. This work is overseen by the Health Board's Outpatient Modernisation Programme and has successfully resulted in the Health Board receiving funds in excess of £0.650m in 2020/21 to support the implementation of the changes required.

### **3.4 An assessment of the governance and broader delivery framework in place to drive and oversee financial recovery and recommendations to facilitate a step change in organisational performance.**

The Delivery Framework report provided a number of recommendations based on KPMG's observations of our current delivery mechanisms. Some of the challenges identified by KPMG included:

- Capacity, capability and clinical engagement to translate strategic plans into operational delivery and ensuring that there are clear accountability mechanisms in place;
- The need for greater Executive ownership of cross cutting work streams with the right resource to drive delivery and again a clear accountability framework in place for these to function effectively;
- Improved access to routine performance information on service utilisation and productivity;
- Strengthening engagement with budget holders and developing budget and business management capacity;



- A need to strengthen planning by triangulating activity, finance and workforce and understanding their underlying cost drivers; and
- Improving governance of savings plan development.

Whilst the pandemic has impacted on the progress in addressing these challenges, the Performance and Finance Committee has previously been advised of a wide range of actions which have been taken to address these findings.

- Regular financial review meetings have been reinstated, having been halted during the early stage of the pandemic;
- Essential services groups within Reset and Recovery are covering the key areas of opportunity identified by KPMG. These groups have strong clinical engagement;
- The Quality Impact Assessment has developed and improved and is supporting Reset and Recovery plans;
- The focus on operational planning during this year has increased with detailed quarterly plans being developed. This has strengthened the triangulation of service, workforce and finance and will provide a stronger base to build and develop future plans;
- In addition to above, planning resource has been embedded in operational Units to support capacity, service and programme planning, this has been welcomed and we are seeking to mainstream in our post COVID-19 operating model;
- A modelling cell has been established as part of the pandemic response and this is developing demand and capacity modelling and planning capacity;
- The budget allocations were rebased for 2020/21 to reflect the activity and expenditure patterns of the previous year. This will be further developed during 2020/21 to support future budget allocations and strengthen budget holder engagement;
- Greater use of service activity and workforce data to triangulate and analyse financial data has been driven through the pandemic, this will need to be maintained and further developed throughout the year.

Whilst recognising the ongoing pandemic risks, the Health Board will need to build on the actions taken and further develop and strengthen its response to all aspects of the KPMG reports, but particularly the delivery framework.

The diagram attached at **Appendix 1** of this report sets out the proposed delivery framework for the Health Board which establishes a clear structure for delivery for the Health Board. The framework remains draft as it needs assessment to support the planning process for the 2021/22 plan also. The enablers set out at the bottom of the framework diagram begin to provide an insight into the system of internal control being developed to support the financial recovery of the Health Board whilst maintaining a clear process of governance accountability.

For the assurance of the Committee, **Appendix 2** attached sets out the original findings from the KPMG report and describes the status (or current position) in respect of these.

**4. GOVERNANCE AND RISK ISSUES**

The findings of the KPMG work are broad but a fair assessment would be that by implanting the actions the Health Board is developing in response to the work, there will be an enhancement to the governance of the Health Board and a potential reduction to the risk levels within it, in terms of financial control.

**5. FINANCIAL IMPLICATIONS**

There are no direct financial consequences of the preparation of this report but delivery of the actions herein will support and improved financial outlook for the Health Board.

**6. RECOMMENDATION**

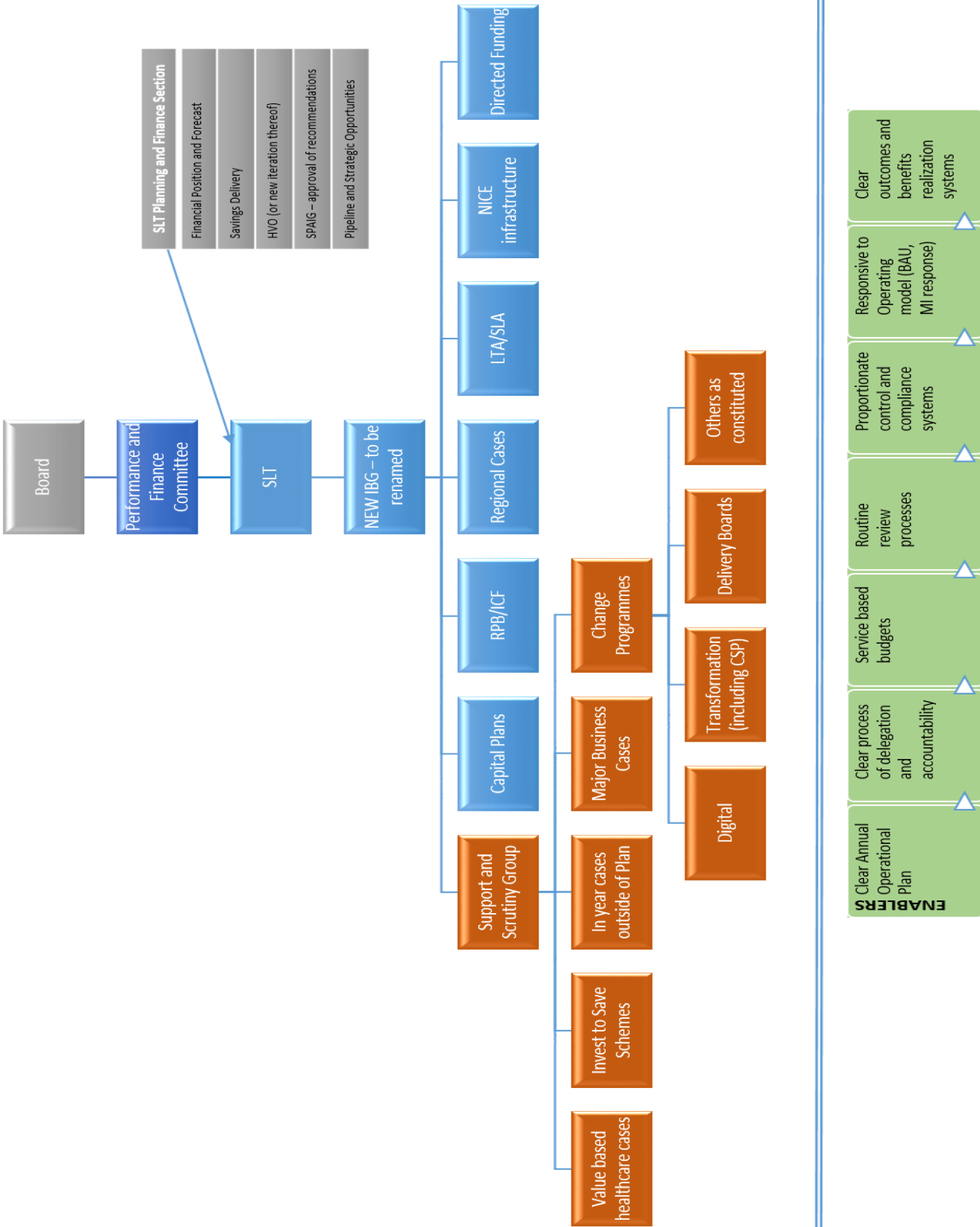
Members are asked to:

- **NOTE** the contents of this report

| Governance and Assurance   |   |                                     |
|--|---|-------------------------------------|
| Link to Enabling Objectives<br>(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 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 a £24.4m forecast year-end deficit financial outturn prior to the impact of COVID-19. |   |                                     |
| Legal Implications (including equality and diversity assessment)   |   |                                     |
| No implications for the Board to be aware of.  |   |                                     |
| Staffing Implications  |   |                                     |
| No implications for the Board to be aware of.  |   |                                     |
| Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)       |   |                                     |
| No implications for the Board to be aware of.  |   |                                     |
| Report History   | <p>The Board received an update at its March 2020 meeting on the status of the Delivery Framework actions.</p> <p>The Performance and Finance Committee received a high level update at its July 2020 meeting on progress on the KPMG plan.</p> |                                     |
| Appendices   | <p>Appendix 1 – Draft Delivery Framework</p> <p>Appendix 2 – Delivery Framework Actions Update</p> <p>Appendix 3 – Finance Department Excellence Programme Structure.</p>   |                                     |

APPENDIX 1 – DRAFT DELIVERY FRAMEWORK

Draft Delivery Framework



## APPENDIX 2 - DELIVERY FRAMEWORK OUTPUT HANDLING

| Item | KPMG recommendation   | Current position   |
|------|---|--|
|      | <b>FINANCIAL RECOVERY GOVERNANCE &amp; ACCOUNTABILITY</b>   |  |
| 1.1  | Increase frequency of FMG to strengthen accountability and set expectations and tone of importance of financial recovery as a priority for the organisation. These will serve as escalation from financial recovery meetings. | Revised system in place through Gold and Silver command and through SLT  |
| 1.2  | Need for greater level challenge and holding to account at all levels with expectation of knowledge of cost drivers   | Monthly FRM meetings established with multi outputs to provide assurance on control of cost base, drivers, run rate, COIVD costs and savings opportunities.  |
| 1.3  | Ensure clinical leadership including medical leadership is actively engaged and driving agenda.   | On hold due to COVID   |
| 1.4  | High Value Opportunities (HVOs) need to be strengthened by focusing on financial opportunities, with weekly trajectories, KPIs and plans. HVOs need to be co-developed and owned by Units                                     | Paused but are being reintroduced: - <ul style="list-style-type: none"> <li>• IMM</li> <li>• Theatres</li> <li>• Flow</li> <li>• Outpatients</li> </ul>  |
| 1.5  | Weekly financial recovery meetings (FRMs) to be strengthened to hold leads to account, through clear action plans, operational KPIs and forward looking metrics   | Redesigned to monthly FRMs; not possible to have weekly sessions in current climate.   |
|      | <b>SAVINGS PLANNING AND REPORTING</b>   |  |
| 2.1  | Need to standardise savings planning process and documentation and issue clear guidance.  | Clear guidance has been issued but delivery has become more challenged. National position is consistent with the position in Swansea Bay. Pursuit of alternative savings has not faltered.                     |
| 2.2  | Established pipeline needs to be maintained and updated by HVOs, Units and DST. Pipeline to be managed by DST and CIP trackers managed by Finance   | DST and HVO processes have been stood down. New Delivery Framework established to address this.  |
| 2.3  | Strengthen HVOs to ensure reasonable mix of transformational schemes contributing to financial sustainability.  | Under review. HVO's not relevant in previous constitution given impact of COVID-19.  |
| 2.4  | Clear KPIs and operational metrics that are forward looking need to be established for significant schemes. These will support the regular update of savings tracker forecasts.   | These were put on hold through COVID but national work stream due to meet on 10 <sup>th</sup> December 2020 to re-focus. Swansea Bay interim Finance Director if the All Wales Finance Director on this group. |
| 2.5  | Need to challenge the culture and performance of the organisation and stretch its ambition by looking at innovation from across NHS and globally.   | Director of Finance meeting frequency increased to weekly. Learning sharing much more evident. Peer reviews in place and scrutiny reviews from Welsh   |

| Item | KPMG recommendation  | Current position  |
|------|--|---|
|      |  | Government and Finance Delivery Unit in place.<br><br>Through Financial Review Meetings challenge is in place.<br><br>Quarterly performance reviews reinstated.   |
|      | <b>FINANCIAL PLANNING AND BUDGET SETTING</b>   |   |
| 3.1  | Rollout standardised demand and capacity model across the Health Board, to enable service, workforce and financial plan integration.   | D&C in place for bed capacity through COVID-19 response; dashboard developed.<br><br>Detailed work delivered on priority 2 patients and the delivery of urgent surgical care.   |
| 3.2  | Rebase budgets to reflect annual financial plan and expenditure run rates.   | Complete for 2020/21. Will be further developed for 2021/22.  |
| 3.3  | Strengthen engagement in budget allocation process.  | Will feature in 2021/22 process.  |
| 3.4  | Ensure clear budget plan, aligned to IMTP/annual plan to be approved by Board with clear delegation framework.   | Will feature in 2021/22 process. Work already commenced.  |
| 3.5  | Need full sign off of budget holder accountability letters to be reviewed by Audit committee   | Will feature in 2021/22 process.  |
| 3.6  | Review number of designated budget holders to ensure appropriate spans/layers of authority/delegation for effective budget planning and management. This should be part of the performance management framework. | Has not been possible in 2020/21 due to focus of finance function on to COVID-19 response.  |
|      | <b>FINANCIAL MANAGEMENT, REPORTING AND FORECASTING</b>   |   |
| 4.1  | Financial reporting needs to be enhanced with key operational indicators and planned outcomes to improve triangulation and understanding of key cost drivers.  | Financial forecasting has been enhanced to respond to the need for very granular understanding and analysis of COVID-19 costs. Good progress made but this will need to be reviewed in 2021/22 in a more business as usual context. |
| 4.2  | Need to improve forecasting maturity to plan more effectively and take more agile action to manage adverse performance. Forecasts need to be linked to operational drivers and lead indicators.                  | Forecasting improvements noted and confirmed independently in 2020/21. Part of ongoing improvement programme for finance. Excellence programme established in Finance in 2020/21.   |
| 4.3  | Develop business partnering capability across disciplines. Consider the creation of a multi-disciplinary business partnering hub.  | Work in progress with strategy and workforce colleagues. Swansea University engaged and Swansea Bay engaged in All Wales "Excellent Business Partnering" project.   |
| 4.4  | Use technology through improved automation of production of financial  | Project established and working through the Excellence programme.   |

| Item | KPMG recommendation  | Current position   |
|------|--|--|
|      | reporting and increased use of finance dashboards through user training.   |  |
|      | <b>FINANCIAL PERFORMANCE MANAGEMENT</b>  |  |
| 5.1  | Strengthen Financial Recovery Meeting packs to provide detail of variance from plan and planned mitigations                | Packs unchanged. Meeting focus specifically modified in the context of COVID-19.   |
| 5.2  | Strengthen Business case controls to maximise benefits realisation through post project evaluation and tracking KPIs       | See revised Delivery Framework.  |
| 5.3  | Committee and Board papers to provide assurance through clear SMART recommendations alongside impact of actions            | Improvements made in 2020/21. Further work underway through Finance excellence programme (see Appendix 3)  |
|      | <b>CAPACITY AND CAPABILITY</b>   |  |
| 6.1  | Review of finance function to ensure fit for purpose in terms of capacity, skills and business partnering approach         | Structure to deliver financial stability agreed and to be implemented in Quarter 4 2020/21. Partnering with Finance Delivery Unit to identify improvement opportunities. |
| 6.2  | Ensure PMO, HVO and Units have appropriate capacity and skills in terms of delivery of change and projects                 | Resource currently aligned to COVID-19   |
| 6.3  | Coaching and development of operational teams and clinical leads in respect of roles and accountability to ensure delivery | On hold  |
| 6.4  | Greater commitment of Executive team to financial recovery and to exemplifying the principles and behaviours required.     | Will be revisited post COVID-19.   |

## APPENDIX 3 – FINANCE EXCELLENCE PROGRAMME STRUCTURE

