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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	16 July 2019	Agenda Item	3.2
Report Title	Savings Performance		
Report Author	Samantha Lewis, Assistant Director of Finance		
Report Sponsor	Lynne Hamilton, Director of Finance		
Presented by	Lynne Hamilton, Director of Finance		
Freedom of Information	Open		
Purpose of the Report	This report provides a review of savings across NHS Wales and a more detailed update on savings delivery performance for Swansea Bay.		
Key Issues	The report provides a review of savings identification and delivery and highlights the risks and mitigating actions to provide delivery assurance.		
Specific Action Required <i>(please choose one only)</i>	Information	Discussion	Assurance
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recommendations	<p>The Performance and Finance Committee are asked to consider;</p> <ul style="list-style-type: none"> (i) the current Health Board position on savings identification and delivery; (ii) the actions being taken to improve delivery confidence and identify opportunities; and (iii) the establishment of the Health Board Delivery Team and its key areas of focus. 		

SAVINGS PERFORMANCE

1. INTRODUCTION

This report provides a review of savings across NHS Wales to highlight relative performance and identify further opportunities. The report also provides a more detailed update on savings delivery performance for Swansea Bay University Health Board.

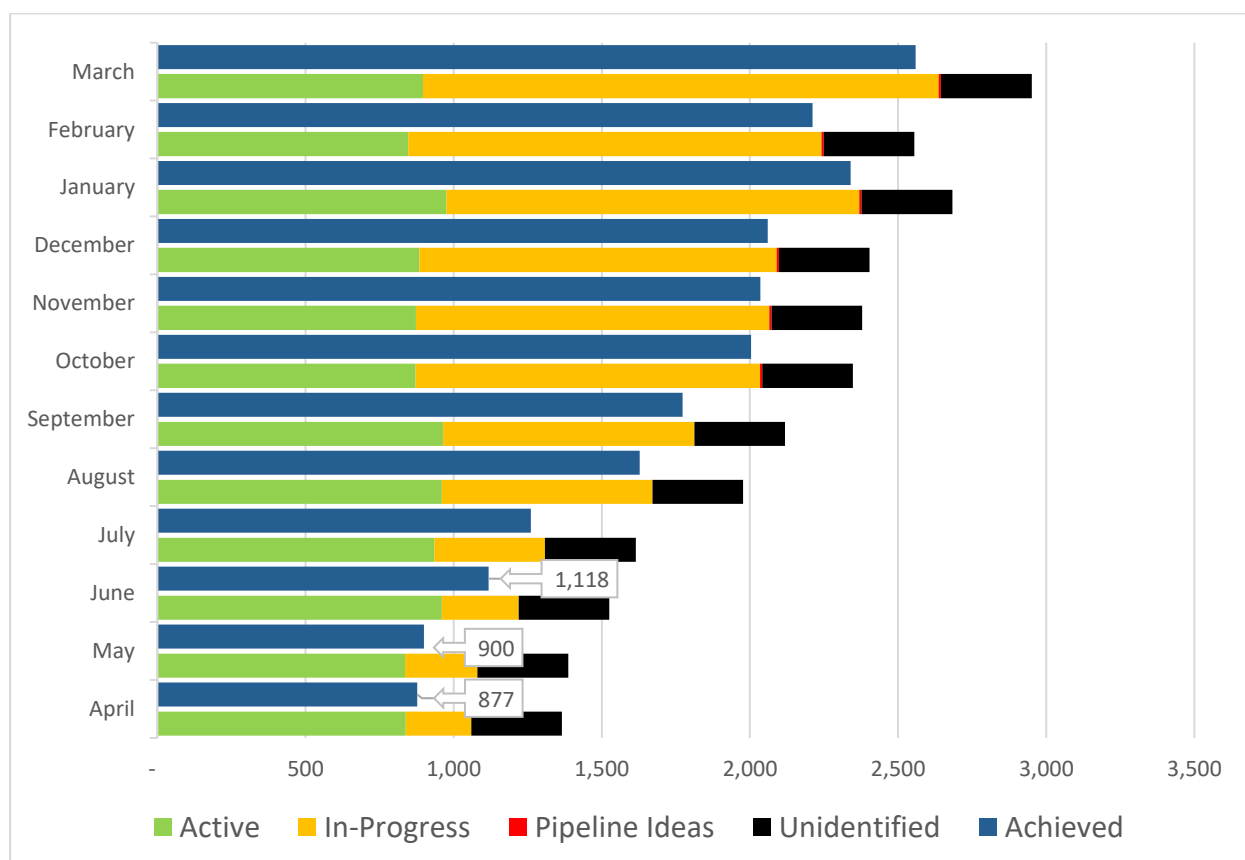
2. BACKGROUND

Swansea Bay Health Board Position

The Health Board financial plan for 2019/20 identified a requirement to identify and deliver around £22m of savings. To date £21.8m savings have been identified and assessed as green and amber delivery status. It has however been recognised that in order to assure delivery of the financial position around £30m of savings identification should be targeted. This would allow savings delivery slippage to be mitigated, emerging operational pressures to be managed and start to address the diseconomies of scale associated with Bridgend Boundary Change.

Delivery Performance

The delivery profile for the identified savings and the savings delivery to date is shown in the graph below :



The delivery profile highlights the increasing level of savings delivery planned in the later part of the financial year and the level of these planned schemes assessed as amber, which may represent an increased delivery risk.

Appendix A provides detail of each of the Health Board schemes with RAG status, 19/20 planned and forecast delivery and 20/21 planned impact.

There are 194 Green and Amber schemes, 117 Green and 77 Amber. To date there has been around £0.5m slippage against the planned delivery of the schemes.

In addition there are 40 red schemes currently identified on the CIP trackers. These are schemes that are not yet fully worked up but form the pipeline of opportunities.

The detailed plans to support the High Value Opportunities are not yet fully developed. The progress is summarised in the table below, with full details of schemes attached as Appendix B.

High Value Opportunity	Original target £m	Current plans £m	SRO	Commentary	Delivery Confidence (Plan)	Delivery Confidence (Finance)
Workforce Modernisation & Efficiency						
Medical Workforce	1	0.1	Dr Richard Evans	5 workstreams operational with some savings identified, PID and project plan in place. Further work to do on rota redesign and KB options	Amber	Red
Nursing Workforce	0.5	0.5	Gareth Howells	3 workstreams operational with savings identified, PID and project plan in place	Amber	Amber
Therapy Workforce	0.1	0	Chris White	Some savings identified & actions underway to review structures but any further savings will be set against BBC stranded costs. PID/project plan being finalised	Amber	Amber
Population Health & Allocative Efficiency						
MCAS	0.173	0.040	Darren Griffiths	Change in plan for Q1 as set out in attached summary. Some cost avoidance identified but further work to be undertaken in Q2. PID/project plan to be developed for Q2	Red	Amber
Value & Variance	2	0	Dr Richard Evans	Finance Delivery Unit are supporting stocktake of all VBHC projects. New Head of VBHC in post from 01/07/19. PID & project plan to be developed	Red	Red
Ophthalmology	0	0	Jan Worthing	Following review of Ophthalmology work programmes, no HVO opportunity identified for 2019/20 in light of demand pressures to deliver RTT position. However will be kept under review and considered as part of stocktake of Value Based Health Care programme and NHS efficiency framework		
Service Redesign						
Outpatients	0	0	Chris White	Validation team now in place and detailed plan to improve efficiency & productivity but no cash releasing savings identified. PID in development	Amber	Red
Theatres	0.5	0.5	Chris White	PID and project plan in place; savings identified.	Green	Green
Hospital 2 Home	0.5	0	Gareth Howells	No savings identified as H2H funding from ICF lower than anticipated.	Red	Red
Total	2.8	1.14		Assessed delivery falls short of level as set out within financial plan. Further savings to be identified to improve delivery confidence to level required and further push to go beyond to support overall HB position.		
Procurement (Category B)						
QVC Tier 1	2.1	2.1	Lynne Hamilton	Detailed PIDs and project plans in place.	Amber	Amber

NHS Wales Position

The savings from each Health Board are analysed by the Finance Delivery Unit each month using the WG Monitoring Returns submissions. The following tables are extracts from the FDU Efficiency Framework. It should be noted that this information is produced one month in arrears and therefore the analysis and comparison is based on Period 2 Monitoring Returns.

The table sets out the savings identified by Health Board and provides a comparison of savings identified as percentage of baseline expenditure and also the proportion of Green and Amber schemes.

This analysis indicates that Swansea Bay total savings % is second highest in Wales, however the proportion of Green to Amber schemes is concerning and we clearly need to increase the delivery confidence on the amber schemes.

2019/20 IMTP Projected Savings									
Metric	Values								
	Sum of AB	Sum of BCU	Sum of CV	Sum of CT	Sum of HD	Sum of P	Sum of SB	Grand Total	
Total Operating Expenses	£ 1,346,395	£ 1,625,369	£ 1,414,747	£ 1,099,803	£ 911,681	£ 321,682	£ 1,090,336	£ 7,810,013	
Total Baseline Expenditure	£ 1,321,759	£ 1,596,847	£ 1,362,339	£ 1,070,954	£ 890,308	£ 318,506	£ 1,068,345	£ 7,629,058	

2019/20 Savings Plan Breakdown									
Values	Cwm Taf Morgannwg ULHB								Grand Total
	Aneurin Bevan ULHB	Betsi Cadwaladr ULHB	Cardiff & Vale ULHB	Hywel Dda ULHB	Powys LHB	Swansea Bay ULHB			
Sum of 2019/20 PYE £'000	£ 16,852	£ 18,519	£ 27,917	£ 7,606	£ 20,075	£ 3,508	£ 21,223	£ 115,700	
Low Risk Savings (Green)	£ 8,104	£ 16,529	£ 11,353	£ 4,156	£ 13,405	£ 2,849	£ 10,585	£ 66,981	
Medium Risk Savings (Amber)	£ 8,749	£ 1,990	£ 16,565	£ 3,450	£ 6,671	£ 659	£ 10,637	£ 48,720	
Cash-Releasing Total (Pay & Non-Pay)	£ 15,324	£ 14,732	£ 18,566	£ 7,577	£ 18,668	£ 3,436	£ 14,767	£ 93,069	

2019/20 Savings Breakdown as Proportion of Baseline Expenditure									
Total Savings as % of Baseline Spend	1.3%	1.2%	2.0%	0.7%	2.3%	1.1%	2.0%	1.5%	
Total Cash Releasing as % of Baseline Spend	1.2%	0.9%	1.4%	0.7%	2.1%	1.1%	1.4%	1.2%	
Difference of % Total & % Cash Releasing	0.1%	0.2%	0.7%	0.0%	0.2%	0.0%	0.6%	0.3%	
Green Saving Schemes as % of Total Savings Plan	48%	89%	41%	55%	67%	81%	50%	58%	
Amber Saving Schemes as % of Total Savings Plan	52%	11%	59%	45%	33%	19%	50%	42%	

Disappointingly, the Health Board has the most significant level of savings slippage, which may be reflective of the proportion of schemes still classified as amber.

M2 Forecast - Variance to M2 Plan									
Sum of Total over/under achievement £'000	Organisation								
Saving Definition	Aneurin Bevan	Betsi Cadwaladr	Cardiff & Vale	Cwm Taf		Swansea Bay			Grand Total
	ULHB	ULHB	ULHB	Morgannwg	Hywel Dda ULHB	Powys LHB	ULHB		
Cash-Releasing Saving (Pay)	-£ 363	-£ 58	-£ 40	£ 189	£ 71	£ 0	-£ 70	-£	£ 270
Cash-Releasing Saving (Non Pay)	£ 362	-£ 35	-£ 2	£ 335	£ 25	£ 0	-£ 191	£	£ 496
Cost Avoidance	£ -	£ 20	-£ 0	£ -	£ 5	£ -	-£ 519	-£	£ 515
Income Generation	£ -	-£ 0	-£ 10	-£ 0	£ 5	£ -	-£ 71	-£	£ 86
Accountancy Gains	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Grand Total	-£ 1	-£ 83	-£ 52	£ 524	£ 87	£ 1	-£ 851	-£	£ 375

The table below provides a comparison of Health Board's savings at a Service Area level. It should be noted that Swansea Bay may have a disproportionate level of savings identifies as Across Service Areas as the organisational structure is hospital/unit based not service based. This analysis is however being used to review and identify further potential opportunity areas.

Total Projected Savings by Service Area 2019/20 (Plan)									
Sum of Annual Plan £'000	Column Labels								
Service Area	Aneurin Bevan	Betsi Cadwaladr	Cardiff & Vale	Cwm Taf		Swansea Bay			Grand Total
	ULHB	ULHB	ULHB	Morgannwg	Hywel Dda ULHB	Powys LHB	ULHB		
Planned Care	£ 2,489	£ 1,488	£ 3,419	£ 1,580	£ 3,065	£ -	£ 3,322	£	£ 15,363
Unscheduled Care	£ 2,330	£ 255	£ 3,027	£ 117	£ 3,954	£ -	£ 2,770	£	£ 12,451
Primary and Community Care (Excl Prescribing)	£ 1,370	£ 2,228	£ 5,360	£ 889	£ 2,663	£ 664	£ 2,032	£	£ 15,207
Mental Health	£ 360	£ 1,610	£ 1,499	£ 1,098	£ 1,739	£ 216	£ 2,884	£	£ 9,406
Clinical Support	£ 537	£ 476	£ 1,587	£ 369	£ 1,363	£ -	£ 566	£	£ 4,898
Non Clinical Support (Facilities/Estates/Corporate)	£ 1,532	£ 1,787	£ 6,293	£ 1,031	£ 2,385	£ 288	£ 499	£	£ 13,815
Across Service Areas	£ -	£ 3,164	£ 4,842	£ 1,093	£ 3,150	£ -	£ 4,546	£	£ 16,794
Commissioning	£ 1,299	£ 204	£ 648	£ 828	£ -	£ 1,799	£ -	£	£ 4,777
CHC	£ 4,107	£ 3,030	£ -	£ 450	£ -	£ 170	£ -	£	£ 7,757
Medicines Management (Secondary Care)	£ 1,347	£ 2,021	£ 1,152	£ -	£ 287	£ -	£ 2,214	£	£ 7,021
Prescribing	£ 1,480	£ 2,258	£ 91	£ 150	£ 1,470	£ 371	£ 2,391	£	£ 8,211
Grand Total	£ 16,852	£ 18,519	£ 27,917	£ 7,606	£ 20,075	£ 3,508	£ 21,223	£	£ 115,700

3. GOVERNANCE AND RISK ISSUES

The Health Board overall financial performance relies on the delivery of savings and whilst the required level of savings have been identified, the delivery confidence and current slippage against planned delivery is a risk for the Health Board.

Through the Financial Management Group, the Chief Executive has made it clear that the identification of £22m savings will not be enough and we need to push to identify £30m savings, to provide mitigation for slippage against planned delivery, operational pressures and support the management of the diseconomies of scale associated with the Bridgend Boundary Change.

The Health Board spending controls have been strengthened and re-issued. These will be monitored through the Financial Recovery Meetings.

The establishment of the Health Board Delivery Team will :

- Provide further grip and controls to ensure robust financial controls;
- Accelerate delivery of the current unit and High Value Opportunity savings;
- Accelerate the development of a pipeline of plans and opportunities, helping to unlock constraints and kill schemes if necessary;
- Enhance the battle rhythm with daily and weekly focus on actions to resolve issues and improve delivery.

This Delivery Team will work alongside the WG commissioned work.

4. FINANCIAL IMPLICATIONS

The potential financial risk to the Health Board has been highlighted in the section above. This would clearly have significant implications on the Health Board's ability to deliver a breakeven financial position in 2019/20.

5. RECOMMENDATION

The Performance and Finance Committee are asked to consider;

- (iv) the current Health Board position on savings identification and delivery;
- (v) the actions being taken to improve delivery confidence and identify opportunities; and
- (vi) the establishment of the Health Board Delivery Team and its key areas of focus.

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	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 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		
<i>(please choose)</i>	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 type="checkbox"/>
Quality, Safety and Patient Experience		
<p>Explain in no more than [5] lines the quality, safety and patient experience implications of the proposal. Once again, this should take the form of an executive summary approach.</p>		
Financial Implications		
<p>Explain in no more than [10] lines the financial implications of the proposal. Once again, this should take the form of an executive summary approach.</p> <p>This section might include comments on whether the expenditure is budgeted or unbudgeted, the proposed timing of the expenditure and cash flow implications. If a detailed business case has been prepared for a proposal, the major financial points of the case should be summarised here. Preparation of this section should follow Financial Guidance Note xx and be cleared by the relevant Unit Financial Business Partner or Assistant Director of Finance.</p>		
Legal Implications (including equality and diversity assessment)		
<p>Briefly identify the known and/or potential legal considerations of the recommendations, including the legal duty to comply with the Health Board Governance Framework. Includes details as to the equality and diversity impact of the recommendation (if any) and a brief description of how this will be addressed.</p>		
Staffing Implications		
<p>Briefly identify the known and/or potential staffing implications of this proposal/paper.</p>		

Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)

Briefly identify how the paper will have an impact of the “The Well-being of Future Generations (Wales) Act 2015, 5 ways of working.

- **Long Term** - The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
- **Prevention** - How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
- **Integration** - Considering how the public body’s well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
- **Collaboration** - Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
- **Involvement** - The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

Report History

Refer to previous reports presented on the same issue/item including any patient and public engagement. If this paper has been considered by other committees, the dates and the name of the committee that considered it should be detailed here.

Appendices

Supporting information to the report should be listed here.