



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

Bwrdd Iechyd Prifysgol  
Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board

**Ysbyty'r Eglwys Newydd**  
**Whitchurch Hospital**  
**UHB Headquarters**

Park Road, Whitchurch.  
Cardiff, CF14 7XB

Heol Parc, Yr Eglwys Newydd  
Caerdydd, CF14 7XB

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25<sup>th</sup> June 2012

Mr M Drakeford A.C. A.M.  
Chair, Health and Social Care Committee  
National Assembly for Wales  
Cardiff Bay  
CARDIFF  
CF99 1NA

Dear Mr Drakeford

## **NATIONAL ASSEMBLY FOR WALES HEALTH AND SOCIAL CARE COMMITTEE: FINANCIAL SCRUTINY**

I reply to your letter dated 1<sup>st</sup> June 2012 regarding information required to assist in Financial Scrutiny.

As requested I detail the following information:-

### **1. Original allocations 2011/12 and 2012/13**

The following table summarises the original revenue and capital allocations for 2011/12 and 2012/13

| Year    | Funding Stream | Original allocation<br>£ |
|---------|----------------|--------------------------|
| 2011/12 | Revenue        | 693,745,000              |
| 2011/12 | Capital        | 42,230,000               |
| 2012/12 | Revenue        | 736,308,000              |
| 2012/13 | Capital        | 36,550,000               |

### **2. Financial Plans 2011/12 and 2012/13**

Summaries of the Revenue and Capital plans of the Health Board for 2011/12 and 2012/13 are contained in Appendices 1 to 4.

The final savings requirement for 2011/12 is summarised in the following table.

### 2011/12 Savings Requirement

|                              | £m     |
|------------------------------|--------|
| Assessed Savings Requirement | 87.8   |
| Less Additional WG Funding   | (29.0) |
| Final Savings Requirement    | 58.8   |

Details of how this savings requirement was met are set out below.

### Savings Plan Analysis 2011/12

| SCHEMES   | Target<br>£'000 | Actual<br>£'000 | Variance<br>£'000 |
|---|-----------------|-----------------|-------------------|
| CHC (excl. DTOC)                                | 4,881           | 5,197           | 316               |
| Estates/Energy                                  | 713             | 845             | 132               |
| Externally Commissioned Services                | 5,442           | 5,499           | 56                |
| Medicines Management (Primary & Secondary Care) | 5,864           | 5,597           | (266)             |
| Procurement & Other Non Pay (excl. energy)      | 23,105          | 22,763          | (342)             |
| Shared Services                                 | 259             | 232             | (27)              |
| Management Costs Reductions                     | 924             | 932             | 8                 |
| Workforce Modernisation                         | 17,612          | 17,735          | 123               |
| <b>Total</b>                                    | <b>58,800</b>   | <b>58,800</b>   | <b>0</b>          |

For 2012/13, the latest assessed savings requirement for the Health Board is £60m. Plans to achieve this are set out below.

### Savings Plan 2012/13

| SCHEMES   | Target<br>£'000 |
|---|-----------------|
| CHC (excl. DTOC)                                | 2,869           |
| Estates/Energy                                  | 640             |
| Externally Commissioned Services                | 2,664           |
| Medicines Management (Primary & Secondary Care) | 7,978           |
| Procurement & Other Non Pay (excl. energy)      | 33,858          |
| Workforce Modernisation                         | 12,026          |
| <b>Total</b>                                    | <b>60,035</b>   |

### 3. Additional funding provided during 2011/12

A summary of the opening and closing allocations for 2011/12 are contained in the following table:-

#### 2011/12 Allocations

| Funding Stream | Original Allocation<br>£ | Final Allocation<br>£ |
|----------------|--------------------------|-----------------------|
| Revenue        | 693,745,000              | 759,135,157           |
| Capital        | 42,230,000               | 57,404,000            |

During every year the Health Board would expect to receive numerous allocation adjustments and these are detailed in Appendices 5 and 6.

#### 4. 2011/12 outturn positions

The Health Board achieved all of its financial targets in 2011/12. The following table set out its performance against its two statutory financial duties of staying within its revenue and capital resource limits:-

##### Revenue Resource Limit performance 2011/12

|                        | £,000   |
|------------------------|---------|
| Net operating costs    | 759,084 |
| Revenue resource limit | 759,135 |
| Underspend against RRL | 51      |

(Details of performance against Savings Plans are shown in section 2)

##### Capital Reserve Limit performance 2011/12

|                                       | £,000  |
|---------------------------------------|--------|
| Charge against Capital resource limit | 57,350 |
| Capital resource limit                | 57,404 |
| Underspend against CRL                | 54     |

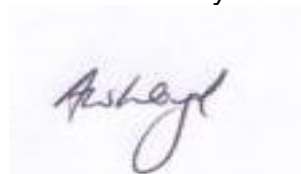
#### 5. Impact on delivery on policy priorities

The Health Board has robust plans in place to ensure that the Welsh Government's key priorities are delivered. The Health Board has both delivered unprecedented levels of financial savings and made good progress in a range of performance areas and targets.

The NHS in Wales is, however, operating in a challenging financial environment and is likely to face difficult choices. The current model of services in NHS Wales is not sustainable and radical changes will be required to the way health services are delivered to patients. Service changes will be required to ensure that NHS Wales continues to deliver upon the key priorities and targets of the Welsh Government. Service changes should improve and modernise services for patients, whilst at the same time reducing costs. Notwithstanding the challenging financial environment, service charges need to be made to improve quality, safety and sustainability of services.

I hope that the information provided in this letter, and in the supporting attachments, is helpful and supports the Health and Social Care Committee in financial scrutiny of NHS Wales.

Yours sincerely



Alun W Lloyd  
Finance Director

**CARDIFF AND VALE UNIVERSITY HEALTH BOARD****FINANCIAL PLAN 2011-12**

|  | <b>Plan<br/>£'000</b> |
|--|-----------------------|
| Income from Other NHS Bodies                               | (243,310)             |
| Miscellaneous Income                                       | (129,923)             |
| Primary Care Services                                      | 207,221               |
| LHB Provided Services                                      | 722,273               |
| Payments to other NHS Bodies                               | 167,528               |
| Payments to other providers                                | 53,616                |
| <b>Total</b>   | <b>777,405</b>        |
| Less non resource limited expenditure                      | 18,270                |
| Revenue resource limit                                     | 759,135               |
| <b>UNDER / (OVER) SPEND AGAINST REVENUE RESOURCE LIMIT</b> | <b>-</b>              |

**CARDIFF AND VALE UNIVERSITY HEALTH BOARD****FINANCIAL PLAN 2012-13**

|  | <b>Plan<br/>£'000</b> |
|--|-----------------------|
| Income from Other NHS Bodies                               | (243,199)             |
| Miscellaneous Income                                       | (90,280)              |
| Primary Care Services                                      | 207,633               |
| LHB Provided Services                                      | 670,193               |
| Payments to other NHS Bodies                               | 167,676               |
| Payments to other providers                                | 55,003                |
| <b>Total</b>   | <b>767,026</b>        |
| Less non resource limited expenditure                      | 18,573                |
| Revenue resource limit                                     | 748,453               |
| <b>UNDER / (OVER) SPEND AGAINST REVENUE RESOURCE LIMIT</b> | <b>-</b>              |

Note - LHB Provider Service Budgets will be flexed as miscellaneous income is secured

## CAPITAL PLAN 2011-12

£000s 57,404

Approved CRL issued at : 14/2/12

| Performance against CRL             | Plan<br>£000  |
|-------------------------------------|---------------|
| <b>Gross expenditure</b>            |               |
| <b>All Wales Capital Programme:</b> |               |
| <b>Schemes:</b>                     |               |
| Llandough Elderly Mentally Infirm   | 25,269        |
| Integrated Stroke Unit              | 4,437         |
| Spend to Save schemes               | 500           |
| CRI Conservation Work               | 4,687         |
| Children's Hospital Final Phase     | 3,728         |
| Rookwood Specialist Rehab           | 350           |
| Adult Acute Mental Health Unit      | 2,427         |
| Neurosciences                       | 2,139         |
| CRI - GMS                           | 1,826         |
| CRI - CHAPS                         | 781           |
| CRI - Integrated Sexual Health      | 947           |
| <b>Sub Total</b>                    | <b>47,091</b> |

|                       |               |
|-----------------------|---------------|
| <b>Discretionary:</b> |               |
| I.T.                  | 1,198         |
| Equipment             | 2,442         |
| Statutory Compliance  | 690           |
| Estates               | 6,354         |
| Other                 |               |
| <b>Sub Total</b>      | <b>10,684</b> |

|                          |            |
|--------------------------|------------|
| <b>Other Schemes:</b>    |            |
| UHW Labs                 | 150        |
| Pharmacy Robotic Upgrade | 291        |
| Telemedicine Equipment   | 24         |
| Renal Network Equipment  | 13         |
| Fundus Cameras           | 52         |
| <b>Sub Total</b>         | <b>530</b> |

|                          |               |
|--------------------------|---------------|
| <b>Total Expenditure</b> | <b>58,305</b> |
|--------------------------|---------------|

|                        |            |
|------------------------|------------|
| <b>Less Donations:</b> |            |
| Equipment              | 481        |
| <b>Sub Total</b>       | <b>481</b> |

|                              |            |
|------------------------------|------------|
| <b>Less Asset Disposals:</b> |            |
| 10 & 11 King George V Drive  | 399        |
| NHS Equipment                | 21         |
| <b>Sub Total</b>             | <b>420</b> |

|                           |               |
|---------------------------|---------------|
| <b>CHARGE AGAINST CRL</b> | <b>57,404</b> |
|---------------------------|---------------|

|   |          |
|---|----------|
| <b>PERFORMANCE AGAINST CRL (Under)/Over</b> | <b>0</b> |
|---|----------|

## CAPITAL PLAN 2012-13

£'000 40,963

Approved CRL issued at : 10/5/12

| Performance against CRL             | Plan<br>£'000 |
|-------------------------------------|---------------|
| <b>Gross expenditure</b>            |               |
| <b>All Wales Capital Programme:</b> |               |
| <b>Schemes:</b>                     |               |
| Llandough Elderly Mentally Infirm   | 5,466         |
| Integrated Stroke Unit              | 0             |
| Spend to Save schemes               | 705           |
| CRI Conservation Work               | 0             |
| Children's Hospital Final Phase     | 8,683         |
| Rookwood Specialist Rehab           | 0             |
| Adult Acute Mental Health Unit      | 4,283         |
| Neurosciences                       | 2,660         |
| CRI - GMS/CHAPS/ISH                 | 10,279        |
| Pendine                             | 0             |
| <b>Sub Total</b>                    | <b>32,076</b> |

|                       |              |
|-----------------------|--------------|
| <b>Discretionary:</b> |              |
| I.T.                  | 520          |
| Equipment             | 101          |
| Statutory Compliance  | 805          |
| Estates               | 8,084        |
| Other                 |              |
| <b>Sub Total</b>      | <b>9,510</b> |

|                       |            |
|-----------------------|------------|
| <b>Other Schemes:</b> |            |
| Microbiology Labs     | 130        |
| <b>Sub Total</b>      | <b>130</b> |

|                          |               |
|--------------------------|---------------|
| <b>Total Expenditure</b> | <b>41,716</b> |
|--------------------------|---------------|

|                        |          |
|------------------------|----------|
| <b>Less Donations:</b> |          |
| Equipment              | 6        |
| <b>Sub Total</b>       | <b>6</b> |

|                              |            |
|------------------------------|------------|
| <b>Less Asset Disposals:</b> |            |
| Splott Clinic                | 150        |
| 12 King George V Drive       | 200        |
| 47 St Agatha Road            | 191        |
| 72 St Anthony Road           | 206        |
| <b>Sub Total</b>             | <b>747</b> |

|                           |               |
|---------------------------|---------------|
| <b>CHARGE AGAINST CRL</b> | <b>40,963</b> |
|---------------------------|---------------|

|   |          |
|---|----------|
| <b>PERFORMANCE AGAINST CRL (Under)/Over</b> | <b>0</b> |
|---|----------|

## CARDIFF AND VALE UNIVERSITY HEALTH BOARD

## REVENUE PLAN 2011-12

| IN YEAR ADJUSTMENTS TO THE REVENUE ALLOCATION           | Revenue<br>£'000   |
|---|--------------------|
| <b>Initial Revenue Allocation</b>                       | <b>693,745,000</b> |
| Dental contract 0.5% uplift                             | 130,000            |
| Final revenue allocation for GMS                        | 1,523,000          |
| GMS Dispensing  | 24,000             |
| March scheme UDA  | 14,220             |
| Vocational training                                     | 1,885,000          |
| Contractor services funding                             | (1,377,200)        |
| Screening services transfer                             | (4,869,000)        |
| Additional WHSSC funding                                | 855,000            |
| Cardiac Network transfer to Aneurin Bevin               | (326,000)          |
| NHS redress facilitators post                           | 52,500             |
| NHS redress putting things right funding                | 58,750             |
| Design to smile   | 609,000            |
| Lymphoedema funding                                     | 292,367            |
| Disposal of nurses uniforms                             | 7,941              |
| Independent Mental Health Advocacy                      | 56,860             |
| HB vaccinnes  | 65,623             |
| AAA screening funding                                   | (83,000)           |
| Consultant Clinical Excellence Awards                   | 4,994,312          |
| Additional WHSCC funding                                | 81,000             |
| Provider Depreciation Adjustment                        | 3,638,000          |
| Primary Care Complaints                                 | 55,373             |
| Palliative care   | 1,619,275          |
| Local mental health grant scheme                        | 568,727            |
| Invest to save  | 295,000            |
| Invest to save repayments                               | (350,000)          |
| invest to save integrated electronic expense system     | 135,000            |
| Invest to save VERS                                     | 1,500,000          |
| Additional VERS funding                                 | 276,800            |
| Eating disorders new community tier 3 service           | 125,000            |
| SPR's   | 679,296            |
| Additional allocation to support NHS financial position | 17,000,000         |
| Brokerage for accelerated improvement and recovery plan | 12,250,000         |
| Vaccination allocation                                  | 601,251            |
| Pre Reg Pharmacy Trainees                               | 159,813            |
| Orthopaedic funding                                     | 4,331,540          |
| Substance misuse  | 2,153,000          |
| Palliative care funding                                 | 269,500            |
| Depreciation And Impairment Funding                     | 10,954,000         |
| Primary care estate                                     | 51,770             |
| Provisions  | 3,000,000          |
| Alternative employment scheme                           | 1,100,000          |
| Prison healthcare funding                               | 208,000            |
| PCS pilot   | 90,000             |
| GP ICT refresh and maintenance                          | 1,148,000          |
| PTR funding 4th qtr 2012                                | 5,000              |
| Mental health measures implementation lead              | 27,525             |
| Forensic community services                             | 46,784             |
| Dementia services                                       | 90,790             |
| Estate strategy & assoc space utilisation study         | 41,250             |
| WHISC invoice   | 29,000             |
| Electronic staff record recharge                        | (652,070)          |
| Westway surgery tem accom                               | 6,232              |
| Blood borne virus hepatitis action plan                 | 153,000            |
| Electronic staff record recharge                        | 52,019             |
| Deprivation of Liberty Safeguards                       | 23,909             |
| Donated and Government grant income                     | (287,000)          |
| <b>FINAL ALLOCATION</b>                                 | <b>759,135,157</b> |



## CARDIFF AND VALE UNIVERSITY HEALTH BOARD

## CAPITAL PLAN 2011-12

| IN YEAR ADJUSTMENTS TO THE CAPITAL ALLOCATION | Capital<br>£'000  |
|---|-------------------|
| <b>Initial Capital Allocation</b>             | <b>42,230,000</b> |
| Additional Discretionary Funding              | 368,000           |
| Llandough EMI                                 | 759,000           |
| Integrated Stroke Unit                        | (163,000)         |
| Spend to Save Schemes                         | (705,000)         |
| CRI Conservation work                         | 2,187,000         |
| Childrens Hospital Final Phase                | 3,728,000         |
| Neurosciences                                 | 2,139,000         |
| Adult Acute Mental Health Unit                | 2,427,000         |
| UHW Labs                                      | 150,000           |
| Rookwood rehab                                | 350,000           |
| Pharmacy Robot                                | 291,000           |
| Telemedicine equipment                        | 24,000            |
| Renal   | 13,000            |
| Integrated Sexual Health                      | 947,000           |
| GMS   | 1,826,000         |
| CHAPS   | 781,000           |
| Fundus cameras                                | 52,000            |
| <b>FINAL ALLOCATION</b>                       | <b>57,404,000</b> |