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WALES

Bwrdd Iechyd Prifysgol
Aneurin Bevan
University Health Board

Our Ref: JP/lb

Direct Line: 01633 435958

15 June 2018

Nick Ramsey, AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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SeneddPAC@assembly.wales

Dear Mr Ramsay,

NHS Finances (Wales) Act 2014

Further to your letter dated 18 May 2018, please find responses to the specific questions raised.

Meeting financial duties

The Health Board received and approved its annual accounts for the 2017/18 financial year at its Board meeting on 31 May 2018. These confirmed that the Health Board had achieved its statutory financial duties for the 3-year period ending in 2017/18.

The Health Board considers the following factors to be key in achieving its financial duties:

- Integrated approach to developing and delivering service, workforce and financial plans – real, integrated plans,

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Bwrdd Iechyd Prifysgol Aneurin Bevan yw enw gweithredol Bwrdd Iechyd Lleol Prifysgol Aneurin Bevan
Aneurin Bevan University Health Board is the operational name of Aneurin Bevan University Local Health Board

- Involvement of clinicians and other operational staff in the development and delivery of priorities and plans within available resources, with effective support from corporate functions,
- Integration – cross-divisional working (within the Health Board) and close working with social care and other stakeholders in the development and delivery of plans,
- Clear and appropriate delegation of responsibilities and accountability through the organisation, with regard to delivery, underpinned by a strong financial governance and controls framework,
- Appropriate Board oversight – scrutiny and assurance obtained through the relevant board and sub-committee arrangements,
- Early notification of funding allocations from Welsh Government, and
- The Health Board welcomes the Welsh Government’s approach to those Health Board’s with an approved IMTP, in allowing the organisation to focus its attention on delivering agreed plans and developing future plans, whilst providing the appropriate challenge and support where required.

Further details are provided in the section on financial management and savings plans.

Duty to have an approved three-year plan

The Health Board received confirmation that its Integrated Medium Term Plan (IMTP) for 2018-2021 has been approved by the Cabinet Secretary for Health and Social Services on 13 June 2018.

Clear and early guidance on national priorities and funding allocations is key to ensuring that the Health Board can develop and refine its plans for the forthcoming year and three-year period, taking into account the factors identified in the previous section.

Welsh Government support and guidance on three year planning

The Health Board welcomes the early notification of guidance on national priorities and annual funding allocations, in developing its service priorities and workforce plans within available resources.

The consolidation of some of the specific delivery plans and reporting requirements would help reduce some of the planning and reporting burden and enable the Health Board to focus on delivering its key priorities.

To support more robust medium term planning, the Health Board would welcome greater certainty around likely funding allocations across the three-year planning period. However, it is understood that it may be difficult to provide this level of certainty in the current financial climate and the Health Board therefore uses assumptions contained within the Health Foundation’s “Path to Sustainability” report.

Financial management and savings plans

The achievement of financial savings should be an integral part of developing and delivering integrated service, workforce and financial plans. The Health

Board believes that improving quality can reduce costs and that implementing savings should not be considered in isolation. Implementing this approach is more likely to achieve sustainable financial improvement and relies on the following:

- Clear accountability and ownership through the organisation,
- Bottom-up drive for efficiency, linked to effectiveness, as well as top-down,
- Clinical engagement across the Health Board (primary, community, mental health, acute hospital services)
- Increased engagement with the public and other key stakeholders
- Use of benchmarking to target inefficiencies and set appropriate, bespoke savings targets – this includes the use of local benchmarking, business intelligence and products from the national Efficiency, Healthcare Value and Improvement Group ,
- Risk assessed savings plans which inform the Board as part of balancing financial and other delivery risks,
- Savings linked to programmes of work to support long-term efficiencies,
- Long-term plans (3 years or more) to create more financially sustainable services,
- Savings which reduce waste but do not inappropriately impact on safety, quality or access to services, and
- Monitoring and performance managing delivery – a clear process through the organisation involving the Board, sub-committees and assurance meetings with individual services.

The Health Board has had access to some of the key learning from the Welsh Government – commissioned financial governance reviews and welcomes the opportunity to review its existing processes and continuously improve. It also works closely with WAO colleagues in taking forward recommendations from the Structured Assessment.

The Health Board's value based approach to improving health and delivering more appropriate healthcare for its population is fundamental to maximising health outcomes for its population, by making best use of the resources available. This approach is well evidenced and should support the Health Board's longer term service and financial sustainability.

Funding formula

The Health Board welcomes the opportunity to be involved in the review of the revenue funding formula with Welsh Government colleagues. Given the Health Board's primary aim of improving the health of its population within the resources available, it is keen to ensure that the funding formula appropriately recognises the health needs of the population, particularly in relation to poor health linked to social and economic deprivation.

The Health Board recognises that any material change to the funding formula will require careful implementation, to ensure that service and financial sustainability is not adversely affected across Wales.

That said, on the basis that the revised funding formula more appropriately reflects the health needs of the population, it is important that reasonable progress is made in applying funding allocations, according to the revised formula. This should support the aim of allocating resources to maximise outcomes for patients and improve population health. The pace of implementation may, in part, be affected by the overall funding settlement for health across NHS Wales.

Overall impact of the NHS Finances (Wales) Act 2014

The Health Board acknowledges the emphasis placed on ensuring that robust medium term plans are identified at an early stage and that this is reflected in the statutory duties.

The Health Board was able to benefit from the financial flexibilities offered within this legislation, by brokering revenue funding with Welsh Government between last year and this financial year. This will help to support the Health Board in funding some of the transitional costs involved in implementing the next stage of its Clinical Futures Strategy.

Yours sincerely,



Judith Paget
Chief Executive/Prif Weithredwr