

## **HYWEL DDA UNIVERSITY HEALTH BOARD'S WRITTEN EVIDENCE to the PUBLIC ACCOUNTS COMMITTEE NHS FINANCES**

**Date of Submission: 26 June 2019**

### **Overview**

1. Hywel Dda University Health Board (the Health Board) welcomes the opportunity to contribute to the Public Accounts Committee's Review of NHS Finances.
2. The Health Board has a significant deficit, which has represented a long-running challenge to the planning and delivery of services in West Wales. Following its submission to the Committee on 15 June 2018, the Health Board wishes to update the Committee on any new developments, and to brief the Committee in advance of its appearance on 8 July 2019.
3. During the year, and against a challenging backdrop, the Health Board has delivered in a number of areas: reducing the waiting list for those waiting for elective care so that patients no longer wait longer than 36 weeks; delivering against our financial plan to reduce our deficit for the first time since the Health Board's creation; and consulting widely on the development of our first clinically-led strategy: *A Healthier Mid and West Wales: our future generations living well* (the Health and Care Strategy).

### **Financial update**

4. For the 2017/18 financial year, the Health Board reported a deficit of £69.4m. On 23 May 2018, the then Cabinet Secretary announced additional recurrent funding to the Health Board of £27m for 2018/19. This followed Welsh Government's commissioning of a Zero Based Review by Deloitte, which identified unique challenges in relation to demography and scale of facilities when compared to our peer Health Boards. Whilst there is further work we must now do to deliver financial breakeven, the additional funding in recognition of our unavoidable local factors was welcome.
5. The deficit reported for the 2018/19 financial year was £35.4m, after accounting for the additional allocation of £27m from Welsh Government; this represented a £7.0m improvement in our deficit position. This is the first time since the advent of the NHS Finances (Wales) Act 2014 that the Health Board has delivered a material improvement in its financial position. This was based on the delivery of savings of £26.6m; an increase when compared with savings of £25.1m delivered in 2017/18.
6. The Health Board is working with Welsh Government through the Targeted Intervention framework to deliver against its Annual Plan and deliver a deficit position of £25m for 2019/20. Delivering this would represent a further improvement of £10.4m in our deficit position, following the delivery of £28.8m of savings.
7. It must be noted that delivering against this improvement has only been achieved through the dedication, focus and hard work of staff across the Health Board; and future delivery can likewise only be achieved through their continued support.

## Update on our letter of 15 June 2018

*What have been the main factors/barriers to meeting the financial duties?*

8. The Zero Based Review highlighted the unique cost pressures that have arisen in West Wales, which have had a significant impact on our ability meet our historic financial duties. Addressing these with the additional £27m allocation has allowed the Health Board to address on the variable elements of our deficit.
9. In particular, addressing agency pressures (please see Sections 24-32 below), has allowed a better use of financial resources whilst a reduction in reliance on shorter-term staffing issues has enabled the delivery of better quality patient care.
10. The reasons for the use of agency staff are numerous, although what has been notable is the particular challenges in our more remote sites, Withybush General Hospital and Bronglais General Hospital. Addressing the sustainability of our workforce is one of the critical factors behind our decision to embark on our transformational change programme.
11. There remain challenges to delivering a balanced budget. Delivering a balanced financial position requires the transformation of the services that we deliver to our population. The recent agreement of the Health and Care Strategy by the Board (November 2018), after a widespread consultation with our staff, partners, patients and the public, will enable the Board to deliver a sustainable and financially affordable model.

*What have been the main reasons you have been unable to agree a three-year plan and what are the remaining barriers you have to having an agreed plan?*

12. The Health and Care Strategy gives the strategic direction on which the Health Board can build its plans. Delivering the improvement in the deficit position requires a focus on transforming our services to deliver greater value to our population. Maintaining and building on the rigour, which has been in place since 2017 in addressing known areas of inefficiency, alongside beginning to implement our strategy will be a critical part of our plan over the coming financial years. This will be supported through the Welsh Government's Transformation Fund, which enables investment in community health services and enable a shift from more expensive care settings.
13. The Health Board is also adopting a Value Based Health Care approach, which links clinical and patient outcomes with the cost of achieving those outcomes. This approach is critical in not only ensuring that we operate as efficiently as possible; but that our clinical interventions are effective in improving outcomes for patients and our population. This is crucial if ambitions to transfer resources into primary, community and preventative healthcare are to be realised.
14. Welsh Government has acknowledged that the Health Board is currently not in a position to submit a 3-year Integrated Medium Term Plan (IMTP) and we therefore submitted an Annual Plan for 2019/20. Alongside this, there was an expectation that the Health Board work with Welsh Government to develop a transition toward an IMTP as the implications of the Health and Care Strategy are fully understood.

*How helpful is the Welsh Government's guidance on three year planning? Are there any areas where it could be clearer – including views on the Auditor General's previous recommendation that the Welsh Government should 'set out more clearly in its guidance how, working in partnership with the Welsh Government, NHS bodies that have incurred a deficit should plan to recover their financial position in order to meet the duty in future years'.*

15. There are clearly similarities in the issues which are affecting organisations across Wales. However, there are local nuances and unique circumstances. In our case, Welsh Government commissioned both a financial governance and Zero Based Review, both of which have provided insights to support improvements in our approach to address our financial challenge.
16. Developments to the national infrastructure, particularly through the NHS Finance Delivery Unit (FDU), have represented a tangible benefit to the Health Board. Its role in providing challenge and guidance, alongside sharing insight from its role across Wales, has been invaluable. Through the FDU, the establishment of a central Efficiency Framework draws together data from multiple sources in a managed accessible place and its work programme will offer future opportunities for fresh insight, such as in adding financial information to the National Data Repository.
17. Likewise, the NHS Finance Academy has provided an opportunity for the finance community across Wales to learn from each other and improve standards across NHS Wales.
18. In recognition that the Health Board has not been in a position to prepare a balanced IMTP; Welsh Government has commissioned a review to assist the Health Board in understanding our underlying deficit and to provide a bespoke assessment of future efficiency opportunities to assist in developing a sustainable plan.

*How much of an impact has the national Efficiency, Healthcare Value and Improvement Group had and are there specific examples of how the work of the Group has helped to deliver savings for your health board?*

19. This Group has provided important leadership in this area, and has encouraged the adoption of good practice across NHS organisations.
20. Incoming intelligence and opportunities is integrated and co-ordinated with our existing processes and efforts, rather than potential diseconomies of effort, and result in establishing separate vehicles to pursue each new source. Is it therefore often difficult to isolate where specific insights originated, indeed it is in triangulating insights that often the confidence and strength of the opportunity will come to light. To illustrate, this would be particularly true where quality, operational and financial opportunity align to form a compelling coherent insight.
21. However, the Efficiency, Healthcare Value and Improvement Group has been instrumental in providing leadership across NHS Wales. For instance, it has been instrumental in strengthening participation, rigour and feedback on NHS Benchmarking Network exercises across Wales. This year our participation has increased from a previous level of three, to exploring the potential of ten individual exercises.

22. We recognise that as a Health Board we have further to go in our emerging Value Based Healthcare initiatives. To this end we are working with colleagues from Swansea Bay UHB on a joint regional programme looking at a selection of agreed clinical pathways across the region. With support from the FDU and local dedicated resources this programme aims to accelerate the identification of opportunities to improve patient care and improve the allocation of resources within the region.

23. Our own internal Value Based Healthcare Group, formally launched in February, has commenced its own work programme. This group will act as a focus for leading, educating, and supporting activities across the Health Board, clearly linking in with our transformation strategies. This builds upon existing recognised successes in Lung Cancer outcome capture for example, which has since informed a national dashboard tool.

*Examine the progress NHS Wales is making in establishing a better understanding of expenditure on agency staff and its relationship to other expenditure on temporary staffing*

24. The Committee has asked us specifically for our assessment of the scale and use of agency staffing.

25. The table below sets out agency usage by the Health Board for the period 2015/16 to 2018/19:

<b>£'000</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>
<b>Staff Group</b>				
Administrative, Clerical & Board Members	236	199	413	87
Medical & Dental	4,357	8,907	15,445	9,238
Nursing & Midwifery Registered	14,343	13,991	17,581	11,288
Prof Scientific & Technical	17	31	202	317
Additional Clinical Services	126	110	2,764	1,998
Allied Health Professionals	1,253	1,154	1,972	251
Healthcare Scientists	209	424	731	273
Estates & Ancillary	-	5	44	2
Students	-	-	-	-
<b>Total Agency / Locum premium</b>	<b>20,541</b>	<b>24,821</b>	<b>39,153</b>	<b>23,454</b>
Agency / Locum premium % of total pay	4.9%	6.2%	10.1%	6.7%

*Better understand the scale of use of agency staff and consider the pressure causing Health Boards to do so and how they manage the issue*

26. During 2018/19 the Health Board, as part of the Welsh Government's reporting requirement, reported the reason for the use of agency/locum staff in their monthly monitoring return.

<b>£'000</b>	<b>2018/19</b>
<b>Reason</b>	
Vacancy	18,892
Additional Activity (Winter Pressures/Site Pressures)	1,002
Sickness	593
Other (Maternity/Paternity/Adoption, Special Leave)	54
<b>Total Agency / Locum premium</b>	<b>20,541</b>

27. At all times, services will look at a range of internal solutions, prior to requesting agency cover. Booking agency cover is always the last resort and only authorised if the consequence of no cover would impact on patient safety and quality of service.
28. We have in place a number of policies and procedures around the use of agency staffing. These are overseen through our performance management process and our Workforce Control Panel, which is chaired by our Director of Workforce and Organisational Development.
29. In February 2019, our Audit and Risk Assurance Committee reviewed the Wales Audit Office Report: *Expenditure on agency staff by NHS Wales*. The Committee noted that the Health Board had historically been an outlier across Wales in terms of expenditure on agency staffing. However, in 2017/18, there was a significant reduction in expenditure on agency staff. This area of expenditure was a focus of discussions through the Targeted Intervention framework, and has become embedded in our performance management framework.
30. Building on the work to date, the Health Board is focused on further improving and embedding the controls within this area.
31. The Health Board is committed to attending the All Wales Medical Workforce Efficiency Group and is proactive in sharing information and best practice to curb spending. The Health Board also attends the All Wales Temporary Nurse Staffing Capacity Steering Group.
32. In order to develop greater flexibility, the Health Board is participating in active discussions regarding a cross-Wales Nurse Bank to support the deployment of nurses. In order to increase our local supply of staff, we are developing innovative solutions to enhance the supply of suitable staff through, for example, the development of the Physician Associate role and the Nurse Apprenticeship scheme. The Health Board has also made significant progress to reduce its demand for agency staffing, such as initiatives to improve our roster management through establishment controls and closely managing the Medical Agency cap.