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12 July 2019
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Chair and Chief Executive

Dr Dai Lloyd AM
Chair
Health, Social Care and Sport Committee
National Assembly for Wales
Cardiff Bay
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Dear Dr Lloyd

In my letter of the 5 July to you I promised to forward you the information you had requested on Questions 1, 2 and 11, in addition to further information on the systems now in place to deal with serious incident reviews, please see attached.

Please let me know if any further detail or clarification is required in respect of the information we have provided.

Yours sincerely

Dr Sharon Hopkins
Interim Chief Executive/Prif Weithredydd Dros Dro

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Cadeirydd/Chair: Professor Marcus Longley

Prif Weithredydd/Chief Executive: Mrs Allison Williams

Bwrdd Iechyd Prifysgol Cwm Taf Morgannwg yw enw gweithredol Bwrdd Iechyd Lleol Prifysgol Cwm Taf Morgannwg
ICwm Taf Morgannwg University Health Board is the operational name of the Cwm Taf Morgannwg University Local Health Board

Financial Performance

Question 1. The Health Board's written evidence notes that the funding gap for 2019-20 is £12.8 million. What measures are included in the integrated medium term plan (IMTP) to address this, and what will be the key challenges in delivering a balanced budget.

The IMTP includes a recurring savings target of £12.8m in order to deliver a balanced budget in 2019/20. This is 1.4% of an estimated controllable budget of circa £900m for the new CTM UHB. The savings targets for the 2019/20 Savings plan have been constructed over the following key categories:

Savings Categories	Existing Cwm Taf £m	Bridgend £m
Addressing savings shortfalls and recurrent overspends from 2018/19	3.0	1.0
Improved Controls and Cost Reduction	2.2	0.8
Staffing Models., Workforce Management, Recruitment and Retention	3.0	0.9
Efficiency And Productivity	1.0	0.5
Value; Pathways; Referral and Treatment Thresholds; Clinical Decision Making	2.4	1.0
Sub Total	11.6	4.2
Contingency	(2.0)	(1.0)
TOTAL	9.6	3.2

During April and May there has been slippage and projected shortfalls against the original £12.8m savings plan. This is primarily due to the level of focus having to be given to both the Bridgend transfer and the emerging issues in maternity services. We have also made a number of changes to the financial plan which includes reducing the recurrent savings target from £12.8m to £11.8m and the in-year target from £12.8m to £10.0m. The latest forecast savings as at M2 is £8.0m which represents a current shortfall of £2m against the £10m in year target.

The Health Board is forecasting a breakeven position for 19/20. The key challenges in delivering this breakeven position are summarised below:

- Securing funding for the Bridgend recurrent deficit £7.4m following the submission of our arbitration case on 11 June (See Q2 below). This funding is assumed in the financial plan.
- Savings delivery risks £2.0m- This represents the difference between the £10m in year target and the sum of the Green & Amber schemes at M2. The savings delivery risk is primarily driven by the 'delay effect' due to the Bridgend boundary change plus the increased focus across the whole organisation on quality and safety.
- WHSSC performance risks £0.6m.

- Additional costs associated with increased management capacity to deliver the improvements required from being in Targeted Intervention.
- Additional costs associated with delivery of the performance targets.

Boundary Change

Question 2. What impact will the transfer of Bridgend services have on the Health Board's financial position.

One of the key assumptions within our IMTP was that the Bridgend boundary change should not destabilise the financial balance and performance record of the former Cwm Taf Health Board, on the basis of assurances from the WG. Our IMTP therefore assumed that the impact of the deficit resulting from the transfer of Bridgend would be neutral to the new organisation.

The process of assessing the value and handling of the deficit resulting from the Bridgend transfer has reached a conclusion but the outcome has not been agreed between CTM UHB and Swansea Bay UHB. As a consequence, the Welsh Government will determine the outcome through an arbitration process. CTM submitted its arbitration case on 4 June 2019 which identified an assessed deficit of £7.4m and associated proposed allocation transfer, after taking account of the economies of scale resulting from the transfer. The outcome of the arbitration is not yet known.

The £7.4m does not include c £2m cost associated with recurrent shortfalls in planned care capacity as well as the RTT backlog, which is being treated separately in agreement with WG, with support from performance funding. Post the above process, further work has recently been undertaken as part of the detailed budget setting process within CTM and the reporting of the M2 financial position. This work has identified a further risk, over and above the £7.4m, of £0.7m.

Mental Health

Question 11. To what extent is staff recruitment and retention in mental health services an issue in the Health Board. How sustainable are services.

Recruitment of Consultant Psychiatry, particularly within the old Age Service can be challenging, however this is the position across Wales, whereby workforce modelling has suggested that Wales' future supply of consultants in this specialty is unlikely to meet demand. Other shortage areas include Psychiatry, middle grade and SAS Doctors and recruitment remains a challenge for these posts, both in Old Age and Adult services. However when recruitment is successful, the successful candidates are long serving and remain committed and engaged to deliver high quality services. Turnover is low and reflects retirement and career progression.

The Mental Health Directorate have included within their IMTP the ongoing need to ensure that workforce productivity is maximised and the focus remains on efficiencies in Agency and Locum use when ensuring gaps are filled and services maintained. The Workforce modernisation agenda includes reviewing skill mix changes where recruitment is a challenge, particularly the middle grade

vacancies, to ensure that Services are sustainable. The Workforce modernisation agenda looking at the patient pathway has a key focus on alternative roles and skill mix, such as Physician Associates, Advanced Nurse Practitioners and Clinical Nurse Specialist to address recruitment difficulties within the medical specialties.

Information on the systems now in place to deal with serious incident reviews.

The systems in place to deal with serious incident reviews have been revised and strengthened. Whilst there remains some challenge in relation to the capacity of clinical teams in some areas, the organisation's consultation on the future structure of the Health Board will result in additional support to all clinical areas. This is a key factor in ensuring robust, timely serious incident reviews. Along with a weekly focus on serious incident reviews meetings, considerable progress has been made in reducing the number of outstanding reviews, supported by a small, newly developing team, of experienced Registered Nurses. With increased clinical leadership, there is also greater multi-disciplinary team involvement, again making the review process more robust. This will be further supported by training offered by Welsh Risk pool later this year. The recommendations that will arise from the joint review being undertaken by Wales Audit Office and Health Inspectorate Wales, along with those from the Delivery Unit Review, complimented by the work being undertaken by Welsh Risk Pool related to the datix incident reporting system, will all ensure that progress is maintained in the establishment of an effective system to manage serious incident review.