

**Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol**

**Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group**



**Llywodraeth Cymru
Welsh Government**

Nick Ramsay AM
Chair
Public Accounts Committee

Our Ref: AG/AWL/SB

26 February 2018

Dear Mr Ramsay

NHS Finance (Wales) Act 2014

Further to your letter of 30th January 2018, following my earlier letter of 22nd December 2017, please see below response to the issues raised:

- **Zero Based Review**

Hywel Dda UHB indicated that the current configuration of Hywel Dda UHB healthcare services was a structural constraint that limited their opportunity to be able to submit an approvable, sustainable and balanced Integrated Medium Term Plan (IMTP). As part of the Targeted Intervention arrangements Welsh Government commissioned the review to independently assess the “excess” costs of the current configuration of Hywel Dda UHB healthcare services against an appropriate comparator. The review was commissioned to address a specific issue raised by Hywel Dda and there is no intention to conduct similar reviews in other health boards, although there is learning from the process, particularly around demographic profiles, such as on age distribution, gender and deprivation as we continue to develop future allocation formula.

- **Financial Governance Reviews**

Four Financial Governance Reviews have been undertaken in the health boards subject to Targeted Intervention or Special Measures. The full reports have been shared with the respective Boards and, following detailed review by their respective Committees, the recommendations and action plans have been agreed by the Board in public meetings.

While the findings from each review are unique there are some common themes that come through the reports. These include:

- Need for a more sophisticated approach to financial planning with greater detail in assumptions
- Service transformation should be at the heart of financial planning, with a more strategic approach to efficiency savings
- Need for an overarching strategy that brings together clinical strategy, IMTP, financial plan, efficiency savings and other strategic initiatives
- Programme Management Office -
 - need to review and define capabilities, capacity and focus
 - should take a more central role in formulation and delivery of service transformation
- Need to define the focus of a modern finance department to aid formation of a formal development programme to support modernisation
- Organisations should be planning for at least a break-even position.
- Financial reporting needs to be strengthened
- Detailed and rigorous review of finance should be taking place at committee level and the level of Board scrutiny should be higher
- There is a need to diversify and develop the skills of independent members and non finance professionals
- There is a need to more clearly define the parameters under which service operational teams operate
- Performance management needs to get the right balance between holding to account and supporting operational teams
- Need for significant investment in leadership development, particularly as a tool to improve medical engagement
- Operational leadership teams need to be equipped with more insightful performance information to operate divisions, directorates and units effectively.
- These reviews act as a local reference point for improvement by Board

Beyond the local reports the broad findings and lessons have been shared by Deloitte through NHS Wales via workshops arranged for:

- Chairs and Chief Executives
 - Directors of Finance and their senior finance teams
- NHS Efficiency Savings

As detailed in the response, to the Health, Social Care and Sport Committee, the NHS Wales Efficiency, Healthcare Value and Improvement Group's approach focuses on disseminating good practice, and also taking forward specific initiatives such as the development of an Efficiency Framework for NHS Wales, medicines management, clinical variation, and to complement and support local efficiency programmes. Recent work presented at the Group includes that on

- Atlas of Variation – developing a programme of atlases of clinical variation to enable clinicians to understand and challenge unwarranted variation and to effect culture and behaviour clinician change
- Bevan Innovators Exemplars Programme - how to upscale and systemise the benefits of successful exemplar projects across NHS Wales.

- Hip Prosthesis Procurement – a prudent procurement approach to total hip replacement for the NHS in Wales via implementation of recommendations to standardise the use of hip prosthesis
- Welsh Wound Innovation Centre (WWIC) work to support value based procurement on Bed Management contract for NHS Wales.

The Health and Social Services Group are currently considering the findings and recommendations from the recent Parliamentary Review and are, in response, developing advice for the Cabinet Secretary for Health and Social Services on a long-term plan for health and social care. The points raised on efficiency, co-ordination to other national efforts and overarching programme will be considered within this response.

Yours sincerely



Dr Andrew Goodall