

ASSURANCE REPORT

NHS WALES SHARED SERVICES PARTNERSHIP COMMITTEE

Reporting Committee	Shared Service Partnership Committee
Chaired by	Tracy Myhill, NWSSP Chair
Lead Executive	Neil Frow, Managing Director, NWSSP
Author and contact details.	Peter Stephenson, Head of Finance and Business Development
Date of meeting	22 September 2022
Summary of key matters including achievements and progress considered by the Committee and any related decisions made.	
<u>Matters Arising – Recruitment</u>	
<p>G Hardacre, Director of People, Organisational Development and Employment Services, gave a verbal update on the position with the pre-employment checks software system.</p> <p>The Home Office have announced that from 1st October 2022 organisations will be able to use a certified Identification Document Verification Technology service provider to carry out digital identity checks on their behalf for those appointees who have an in-date UK or Irish Passport or Share Code. Those who do not meet these criteria will still require a face-to-face pre-employment check from 1st October 2022. Without this system, all appointees would require a face-to-face pre-employment check meeting.</p> <p>NWSSP Recruitment Services have procured a service provider to enable digital identity checks for NHS Wales as part of the Recruitment Modernisation Programme, which will be implemented on 28th September 2022. This will improve the experience for appointees and also provide process efficiencies for NWSSP Recruitment Service and internal Health Board/Trust recruitment services such as Medical and Bank Recruitment, as most appointees will be able to complete their pre-employment checks via this route. NWSSP have agreed to fund this software for the first year for all organisations due to the benefits this will bring to NHS Wales.</p> <p>The Committee NOTED the update.</p>	
<u>Matters Arising – Programme Management Office Highlight Report (Student Awards).</u>	
<p>G Hardacre provided members with an update on the replacement of the Student Awards system which had been noted at the May Committee as a red risk within the Programme Management Office Report. He reported that good progress was</p>	

now being made with the new system having received confirmation of funding from Welsh Government and the conclusion of the procurement process he now expected the new system to be in place and fully operational by April 2023.

The Committee **NOTED** the update.

Deep Dive – Energy Price Risk Management Group

Eifion Williams (EW), Chair of the Energy Price Risk Management Group (EPRMG), introduced a deep dive into the work of the Group, particularly focusing on recent weeks and months, due to the significant increase in energy prices.

EW has chaired the EPRMG since it was set up in 2005. Prior to that electricity and gas was purchased on behalf of NHS Wales by an individual Procurement Officer who would purchase for the year ahead with little strategic input. The Group was established with representation from all NHS Wales organisations together with a British Gas market specialist who provides an overview of the energy market at each meeting. Based on this, the Group considers its pricing strategy. Currently British Gas provide both electricity and gas to NHS Wales and there is an ability to purchase energy on a monthly or quarterly basis. The Group currently meets on a weekly basis to consider its purchasing strategy but in times of extreme volatility (e.g. when Russia first invaded Ukraine) it has met three times a week. Prices are monitored daily which enables tranches of volumes of energy to be secured when appropriate.

EW demonstrated the current volatility in the market through a comparison of prices in the month of August for the last five years. Between 2018 and 2021 inclusive, the price being paid for gas by NHS Wales in each August was in the range of 39p to 44p a therm. In August 2022, the price per therm was 281p. The same comparison for electricity saw a range of £40 to £47 per megawatt hour between 2018 and 2021 and the price in August 2022 was £218. The price had been falling prior to the Ukraine conflict, and is also affected by the weather, the world economy outlook, and the price of oil. Although the price of energy is totally unpredictable, the forward purchasing strategy adopted by the EPRMG delivered savings of £33.8m for NHS Wales against the actual average daily cost of gas and electricity in 2021/22. It is also important to note that the prices quoted are the global prices on the energy markets which all suppliers use.

The current contracts with British Gas are due to end in March 2025 for electricity and March 2027 for gas. British Gas has given notice that it will not seek new Commercial energy contracts but will fully support existing contracts. Whilst the EPRMG has served NHS Wales well, there was a need to consider whether the current approach remains the best option for NHS Wales given the volatility in the energy market. Liaison is currently taking place with Crown Commercial Services to assess the options that they have available. It was agreed that EW would come back to the Committee later in the year to provide an update on progress.

The Committee **NOTED** the presentation.

Chair's Report

The main update was on the planned IMTP / Committee development sessions, where invites have been issued for Friday 11th November. The Chair stressed the importance of attending and that if members cannot make this date that they nominate another Executive Director to attend in their place.

The NWSSP Senior Leadership Group held a number of internal workshops to provide some initial reflections and ideas for the sessions. The indicative agenda will focus on where NWSSP will be in 2033, assessing where we feel NWSSP is now, identifying opportunities to improve and develop further, and taking a fresh look at our strategic objectives and overarching goals/outcomes. There will also be some discussion on our appetite for risk as a Committee.

The Committee **NOTED** the update.

Managing Director Update

The Managing Director presented his report, which included the following updates on key issues:

- The CEO NHS Wales / DG Health and Social Care Group WG wrote in July confirming acceptance of NWSSP IMTP recognising the continued development and maturing of integrated planning across NWSSP and demonstrating the positive position that the organisation is in as we move from the pandemic towards recovery. The letter highlights the continued role of the Committee to scrutinise and monitor progress against the plan throughout the year;
- As part of the decarbonisation work the NWSSP Head of Operations – Procurement Services, is currently working with Health Boards, Trusts, and Special Health Authorities, in reviewing fleet management arrangements with the purpose of defining a common set of data standards and management information to support the decarbonisation agenda. Specialist Estates Service is also supporting Health Boards in establishing a national infrastructure plan for electric vehicle charging. Health Boards have been approached to nominate representatives to sit on the various decarbonisation sub-groups that support the above agendas;
- The Payroll team within Employment Services are currently experiencing an exceptionally busy period responding to the implications of the recent pay rise and processing of pay arrears. This is in addition to implementing the changes to the pension tiers.
- The NWSSP Medical Director, has been asked to work with health organisations to review how the Single Lead Employer rotational and recruitment processes can be further streamlined to improve overall experiences for the trainees; and
- In terms of major projects, the Laundry and TrAMs projects are continuing but in the context of extreme limitations on available capital funding. In particular NWSSP were waiting for formal feedback from WG on the laundry OBC scrutiny panel.

The Committee **NOTED** the update.

Items Requiring SSPC Approval/Endorsement

Chair's Appraisal Process

G Hardacre, NWSSP Director of People, Organisational Development and Employment Services introduced a report setting out a proposed revised formal framework process for the appraisal of the Chair.

Following discussion, the Committee **APPROVED** the revised framework which will be implemented during the next few months and **AGREED** to increase the Chair's time commitment given the requirements of the role. Committee members asked to review the various time commitments of the other Chairs at other NHS organisations at the next November meeting.

Procurement SLA

The Chair reminded Committee members that the Service Level Agreements for 2022/23 had already been agreed at the May meeting. However, it was previously agreed that the Procurement element of the SLA would be brought back for approval as it was important to reflect the recent changes which were as a direct result of implementation of the new procurement Operating Model.

The Committee **APPROVED** the Procurement SLA element.

Provision of Digital Patient Pathways and Remote Advice and Guidance

A Butler, Director of Finance & Corporate Services introduced a number of reports which outlined the procurement for two separate contracts for which funding had already been secured and agreed by Welsh Government. Given the nature of the clinical digital elements of the contracts it was felt important to ensure that DHCW were clear on how they linked into the current strategy and processes.

Following discussion the Committee **NOTED** the reports and **ENDORSED** both contracts. Further discussions would be needed with DHCW to ensure the digital elements were aligned to the national strategies.

Welsh Risk Pool – Risk Sharing Agreement

The Committee received a paper setting out the risk sharing details for the current financial year. Committee members were informed that the proposal within the paper had been endorsed at the Welsh Risk Pool Committee on the 21st September 2022.

The Welsh Risk Pool receives an annual funding stream to meet in-year costs associated with settled claims, the Departmental Expenditure Limit (DEL). When expenditure rises above the DEL allocation, the excess is recouped from Health Boards and Trusts via a Risk Sharing Agreement approved by the Shared Services Partnership Committee. The core DEL allocation is currently £109.435M per

annum for Clinical Negligence, Personal Injury and Redress claims. The 2022/23 IMTP DEL forecast is £134.780M and therefore the estimated Risk Share charge for 2022/23 is £25.345M. In 2021/22 this figure was £16.495m.

The current Risk Share methodology was approved by the Welsh Risk Pool Committee and Directors of Finance in March 2017. The overarching principles are set out below:

- a risk-based contribution, based on size and activity levels;
- a contribution based on paid claims experience over five years; and
- a contribution based on known outstanding claims.

These principles have been translated into five specific measures and a weighting applied to each. This results in those organisations that can demonstrate learning and who have implemented strategies to lower risk weightings benefitting as their share of the overall total should be lower.

Applying these measures to the forecast risk share for the current year has meant that although some Health Boards percentage share has reduced compared to last year, the expected 2022/23 monetary charge has increased for all, due to the substantial overall increase in the total charge to be apportioned.

The Committee **NOTED** the report and **APPROVED** the updated Risk Share charges to NHS Wales for 2022/23.

Items for Noting

All-Wales Agency Audit

The Committee received a paper on audit arrangements for agencies supplying nursing staff.

The Temporary Staffing Group is a workstream which reports directly to the National Nursing Workforce Group (NNWG). The Temporary Staffing Group is responsible for the award and monitoring of contracts for agency workers throughout Wales. The contract was awarded in March 2021 for a period of three years with an option to extend for a further year to February 2025. There are 146 agencies on contract and each agency is aware that failure to abide by the contract specification would result in their removal from the framework.

Implementing appropriate audit measures is essential to ensure that all contracted agencies supplying nurses and health care support staff to NHS Wales uphold the conditions of the contract. Agency audits have typically been undertaken internally on an ad-hoc basis when issues arose rather than via a proactive approach linked to a planned audit programme. Following discussions at the Temporary Staffing Group it was agreed that a robust audit programme should be put in place and that various options to achieve this should be explored, including the use of external audit firms and the potential use of NWSSP Audit & Assurance Services.

The Committee **NOTED** the Report and **AGREED** for NWSSP's Audit and Assurance team to carry out the necessary audits providing an audit specification (All-Wales Agency Audit Checklist) was developed and utilised. A risk-based programme of audits will be undertaken focussing initially on the highest spend and highest usage providers. Usage data will be used to agree a priority list of agencies to be audited. It is anticipated that:

- 30 audits will be carried out per year;
- Audit plans will be annually set out based on provider usage and spend; and
- The audit plan will be discussed and created annually by the Temporary Staffing Group led by procurement.

Based on 30 audits in the first year (2022/23), the total auditor time required would be 60 days at a cost of £19,870. This amounts to less than £3k per Health Board.

Finance, Performance, People, Programme and Governance Updates

Finance – A Butler, NWSSP Director of Finance and Corporate Services reported a balance position at Month 5. The year-to-date position includes a number of non-recurrent savings that will not continue at the same level during the remaining months of the financial year. Divisions are currently reviewing budgets with a view to accelerating initiatives to generate further benefits to NHS Wales and a potential increase in the distribution. The forecast outturn remains at break-even with the assumption of £4.985m of exceptional pressures funding being allocated from Welsh Government.

The current Capital Expenditure Limit for 2022/23 is £1.947m. Funding for the Welsh Healthcare Student Hub (Student Bursary and Streamlining) was approved in early September. Capital expenditure to Month 5 is £0.366m and plans are in place to fully utilise all available capital funding. A priority list of capital projects is being finalised in case additional funding becomes available later in the year. Since the transfer of the All-Wales Laundry Service in 2021/22 there is increased pressure on the discretionary capital allocation as this was not increased following the transfer of the new Service.

The Committee **NOTED** the Report.

Performance – The Committee Members reviewed the KPIs and felt that this was positive position with only six KPIs not meeting target. These in the main related to the recruitment position and call handling within the Payroll Helpdesk. Committee members were asked to advise their organisations that prior notice of local recruitment plans is very helpful in that it enables NWSSP to adapt demand and capacity within teams to meet those peaks in demand. There was also a short-term issue with Payroll call handling in August because of increases in activity driven by the new Doctor intake and rotation, and this was not helped by the loss of the phone system for a few hours. Peaks in demand are also anticipated in September because of the payment of pay award arrears and again

in October because of the pension changes. The Quarter Two individual Performance Reports will be issued at the end of October.

The Committee **NOTED** the Report.

Project Management Office Update – The Committee Members noted the report and in particular the ongoing supplier dispute with regard to the Legal & Risk Case Management system replacement which had temporarily halted the implementation. Contingency arrangements have been put in place to ensure that there is no risk to the continuity of services. A question was raised as to whether projects not covered by the PMO (e.g. the Once for Wales Concerns Management System) should be included in the report. This will be included going forward. It was also suggested that a separate and more detailed briefing on the TrAMs programme would be helpful – this will be issued in December.

The Committee **NOTED** the Report.

People & OD Update – The Committee **NOTED** the Report.

Corporate Risk Register – The Committee **NOTED** the Report. In particular members discussed the risk relating to the threat of industrial action had been added to the register.

Papers for Information

The following items were provided for information only:

- Disposal of Surplus Beds to Moldova;
- Audit Committee Assurance Report;
- Welsh Risk Pool Annual Report 2021/22
- Finance Monitoring Returns (Months 4 and 5)

AOB

N/a

Matters requiring Board/Committee level consideration and/or approval

- The Board is asked to **NOTE** the work of the Shared Services Partnership Committee.

Matters referred to other Committees

N/A

Date of next meeting

19 January 2023