



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	22 December 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Strategic Cash Assistance
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This paper sets out the process for requesting Strategic Cash Support for 2020/21 and the reason for the request.

The Committee is asked to note the process and support the amount to be requested.

Cefndir / Background

Welsh Government (WG) provides cash assistance for organisations in deficit from existing budget resources.

The process to request Strategic Cash support is for the Board to approve the requirement, being apprised of the cumulative cash assistance which the Health Board (HB) has sought since April 2014, the reasons behind the requests for support and the actions taken to manage and mitigate the need for cash assistance.

Formal notification by the HB's Chief Executive to the Chief Executive NHS Wales is required by 21st December 2020.

Asesiad / Assessment

The request for Strategic Cash Support is £16m for 2020/21.

This figure represents the current forecast deficit of £25m, reduced by £9m due to management of year-end creditors. This process is in line with 2019/20; please see table below:

	2020/21	2019/20
	£m	£m
Forecast deficit	25	35
Management of year-end creditors – trade payables	(3)	(4)

Management of year-end creditors – Non NHS payables	(3)	(3)
Management of year-end creditors – Local Authorities	(3)	(3)
Strategic cash request	16	25

A review of creditor types has been undertaken to identify different payment policies that could be adopted should strategic cash assistance not be made available. Priority creditors would need to be paid to maintain service levels. If no strategic cash assistance is made available and restrictions on creditor payments is not undertaken, the HB will fully utilise its approved cash resource limits on the 1st March 2021.

Adopting the above measures is not without risk as follows:

- Suppliers would not supply goods and services – this would mean that services would need to be curtailed;
- Non-payment by Local Authorities/ other bodies of HB invoices;
- Breach of contract leading to legal action;
- Removal of credit facilities and difficulty in opening credit facilities with new suppliers;
- Potential interest charge for late payments;
- Increased costs where discounts will not be realised from early payments;
- Impact of the prompt payment policy;
- Reputation.

Clearly, given the level of cash assistance required, any shortfall will impact services.

Since April 2014, the cumulative cash support received up to 2019/20 is £185.9m.

Discussion was held at the Board Seminar session on 17th December 2020 outlining the process to be followed and the amount of assistance to be requested.

Argymhelliad / Recommendation

The Committee is requested to note and support the request for Strategic Cash for 2020/21.

Amcanion: (rhaid cwblhau)	
Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol:	Risk 856 - Risk to delivery of the Financial Plan for 2020/21 (score 8)

Datix Risk Register Reference and Score:	Risk 646: Ability to achieve financial sustainability over medium term (score 16)
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	7. Staff and Resources 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve efficiency and quality of services through collaboration with people, communities and partners

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	WG – Welsh Government
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Board Seminar

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Stop of supply of goods and services could lead to services being curtailed.
Gweithlu: Workforce:	Not applicable.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	Late payment of invoices could lead to legal challenge.
Enw Da: Reputational:	Failure to pay creditors on a timely basis could affect the UHB's reputation with Welsh Government, the Wales Audit Office and with external stakeholders.
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable