

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	29 April 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Balance Sheet Analysis – as at 31 <sup>st</sup> March 2021
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Jennifer Thomas, Senior Finance Business Partner

<b>Pwrpas yr Adroddiad (dewiswch fel yn addas) Purpose of the Report (select as appropriate)</b>
Er Sicrwydd/For Assurance

### ADRODDIAD SCAA SBAR REPORT

<p><b><u>Sefyllfa / Situation</u></b></p> <p>The purpose of the report, attached as Appendix 1, is to outline Hywel Dda University Health Board's (HDdUHB) Balance Sheet position as at the end of the financial year 2020/21 (M12) and to provide an explanation for key movement.</p> <p>The report also outlines the monthly scrutiny of the Balance Sheet and further developments.</p>
<p><b><u>Cefndir / Background</u></b></p> <p>HDdUHB's Financial Accounts team, on behalf of the Director of Finance, and as part of a monthly review process and sign off, will ensure scrutiny and completeness of the Health Board's Balance Sheet.</p>
<p><b><u>Asesiad / Assessment</u></b></p> <p>The completion of the year-end financial accounts is currently underway, the deadline for submission of the draft accounts being noon on 30<sup>th</sup> April 2021. As such, the figures below will be provisional and subject to change due to revisions and audit.</p> <p><b><u>Year End 2020-21 Balance Sheet Review</u></b></p> <p>The Month 12 Balance Sheet, with explanation of key variances, is shown in detail in Appendix 1. The movement of £30m from the opening position can be summarised as follows:</p>

<b>Balance Sheet Heading</b>	<b>2020-21 Opening Balance £m</b>	<b>31st March 2021 £'m</b>	<b>Movement £'m</b>
Fixed Assets	280	291	11
Other non-current assets	58	60	2
Trade and other Receivables	69	43	-26
<b>Total Assets</b>	<b>418</b>	<b>405</b>	<b>-13</b>
Trade and other Payables	-120	-155	-35
Provisions	-98	-80	18
<b>Total Liabilities</b>	<b>-218</b>	<b>-235</b>	<b>-17</b>
<b>Net Assets less Liabilities</b>	<b>201</b>	<b>170</b>	<b>-30</b>

Appendix 2 shows the Power BI platform for Balance Sheet analysis.

### Further developments

#### ➤ **Month end Balance Sheet closedown system**

As reported at the Finance Committee meeting held on 26<sup>th</sup> January 2021, Blackline has been awarded the contract for the system. An initial meeting has taken place to outline the project plan, and work will commence in April 2021 and conclude in July 2021.

### Argymhelliad / Recommendation

The Finance Committee is asked to:

- Note and discuss the Balance Sheet as at the end of the financial year 2020-21
- Note the developments to improve scrutiny of the Balance Sheet

### **Amcanion: (rhaid cwblhau)**

#### **Objectives: (must be completed)**

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	2.5 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: Datix Risk Register Reference and Score:	646 (score 12) Ability to achieve financial sustainability over medium term
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources

Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives:	Improve Population Health through prevention and early intervention

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Finance Team Executive Team

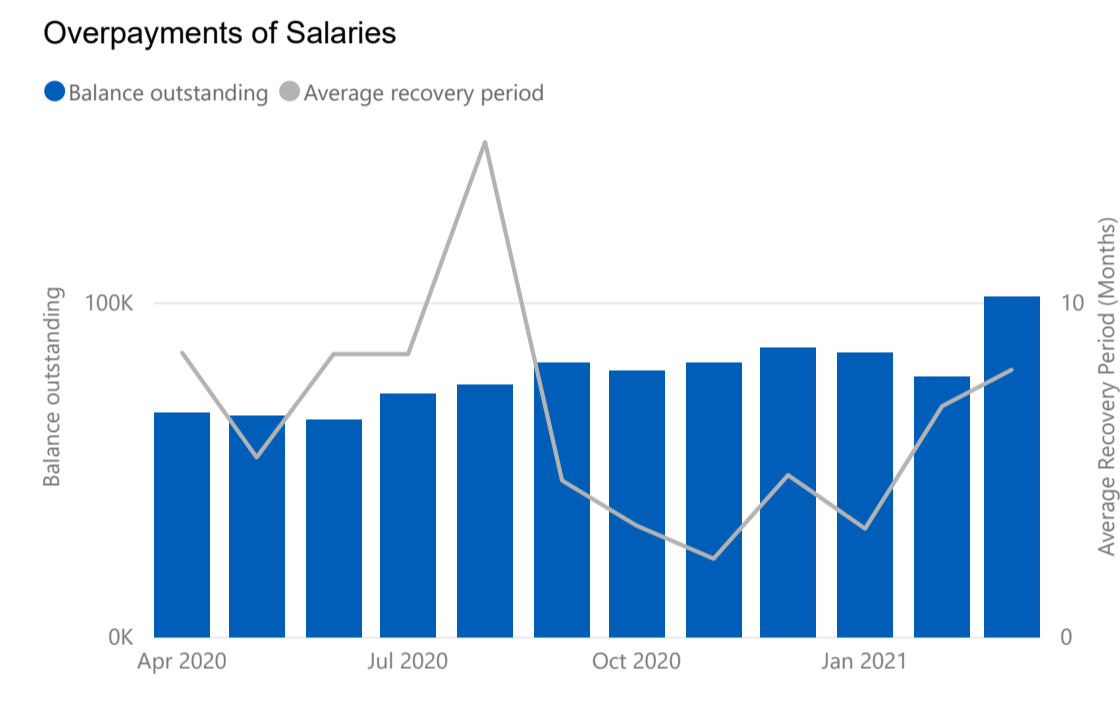
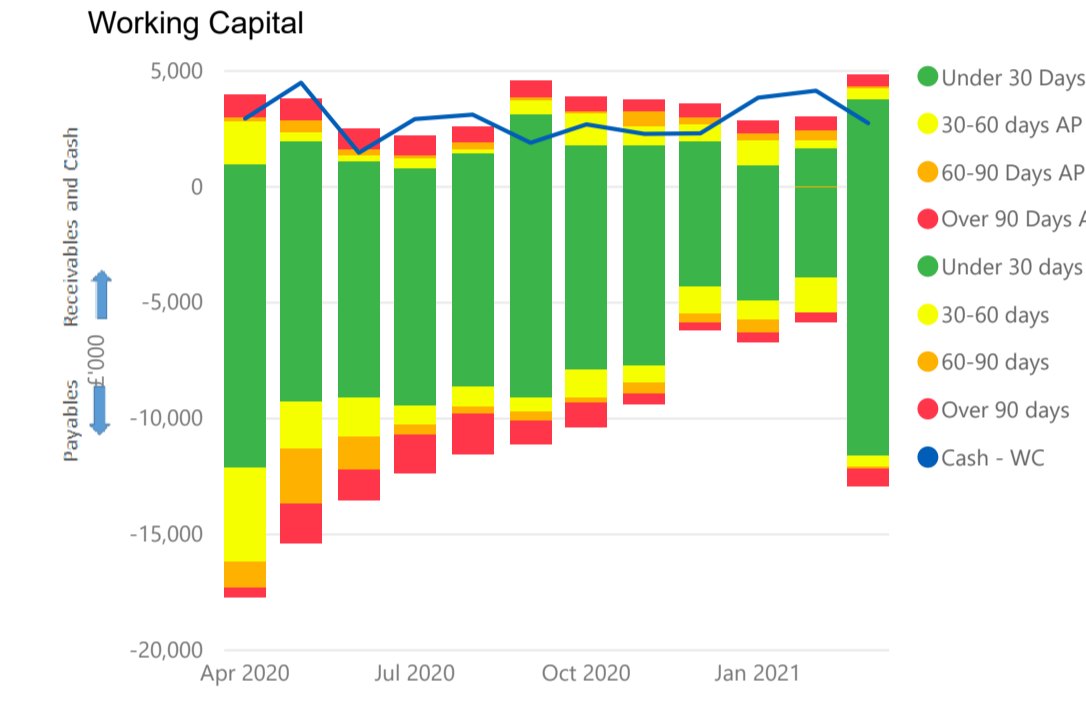
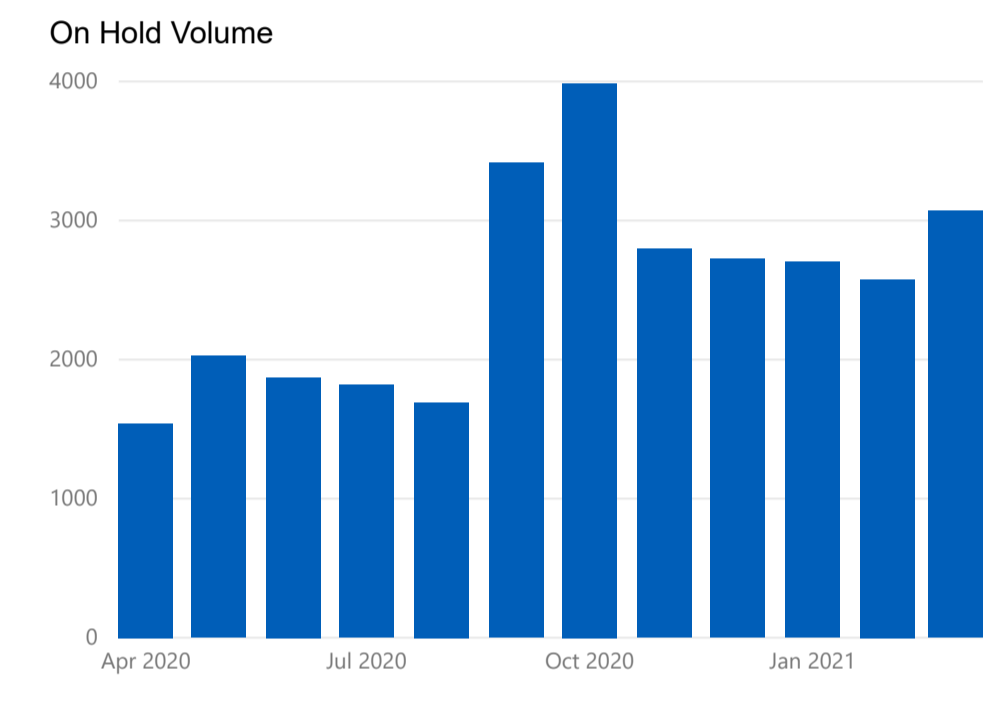
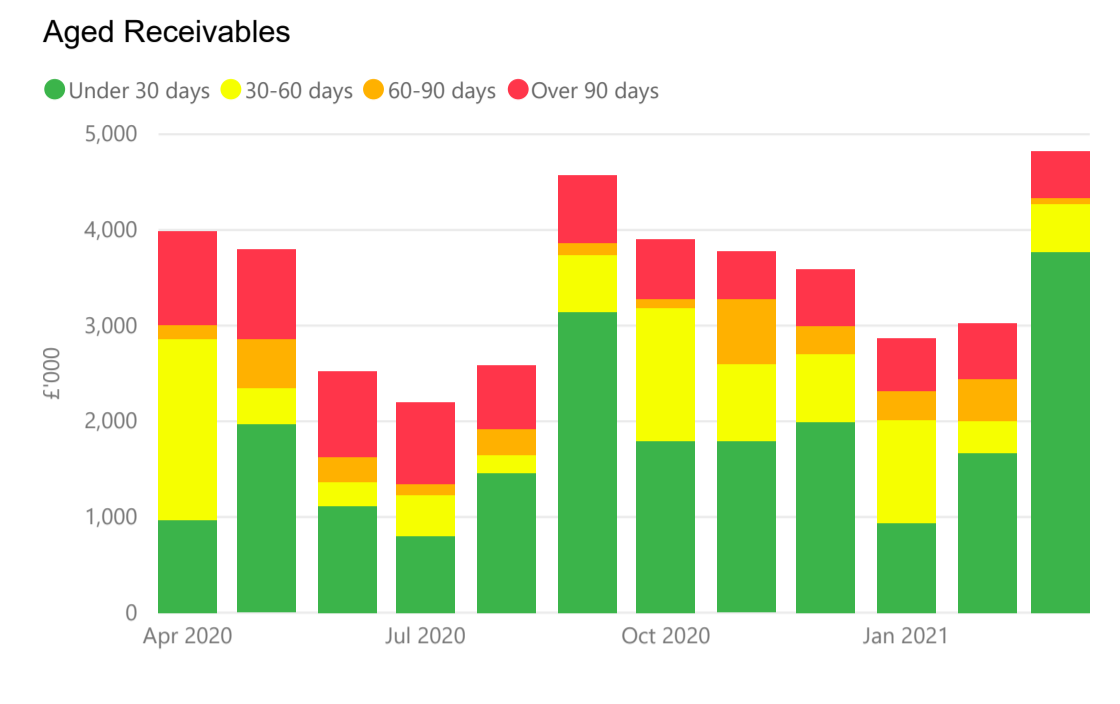
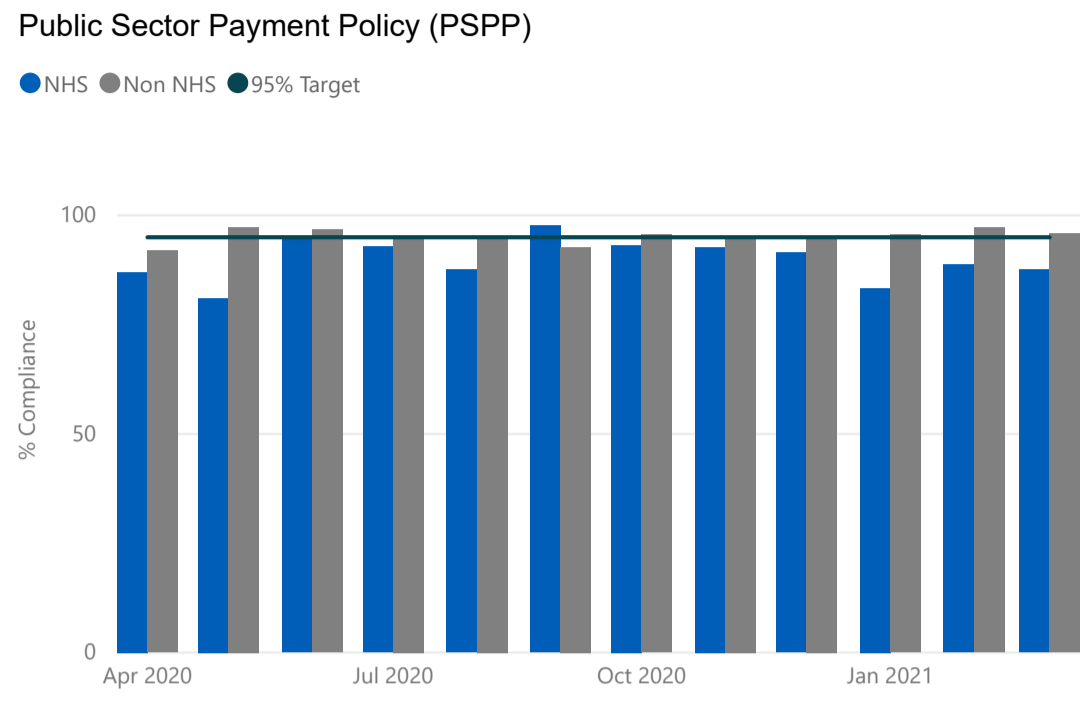
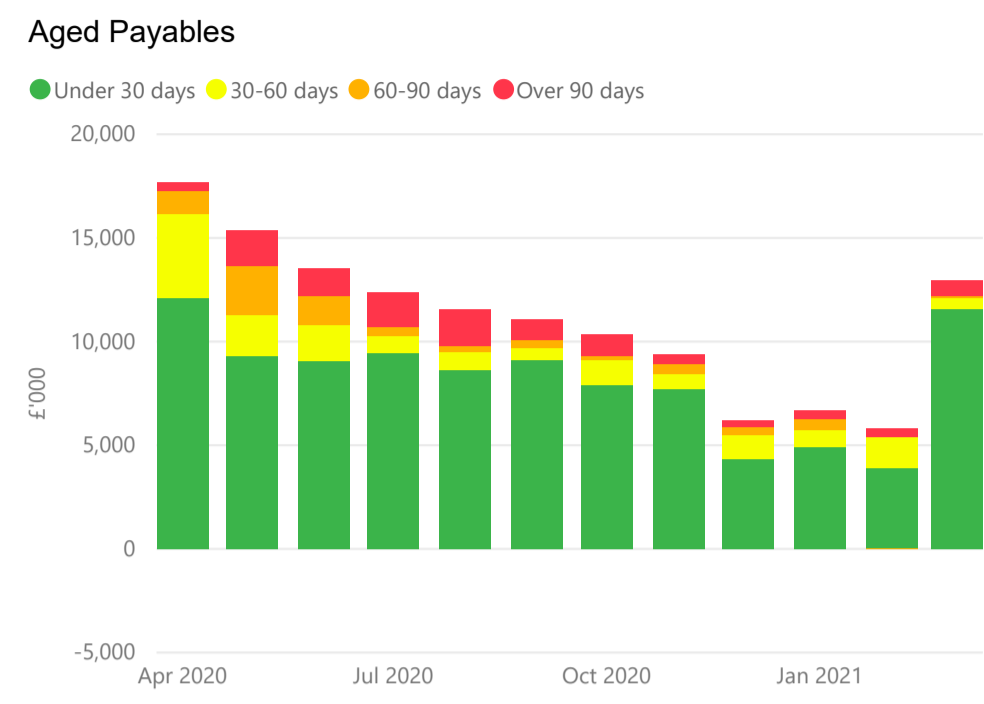
<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	Not Applicable
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
<b>Enw Da: Reputational:</b>	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, the Wales Audit Office, and with external stakeholders
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	Not Applicable

## APPENDIX 1

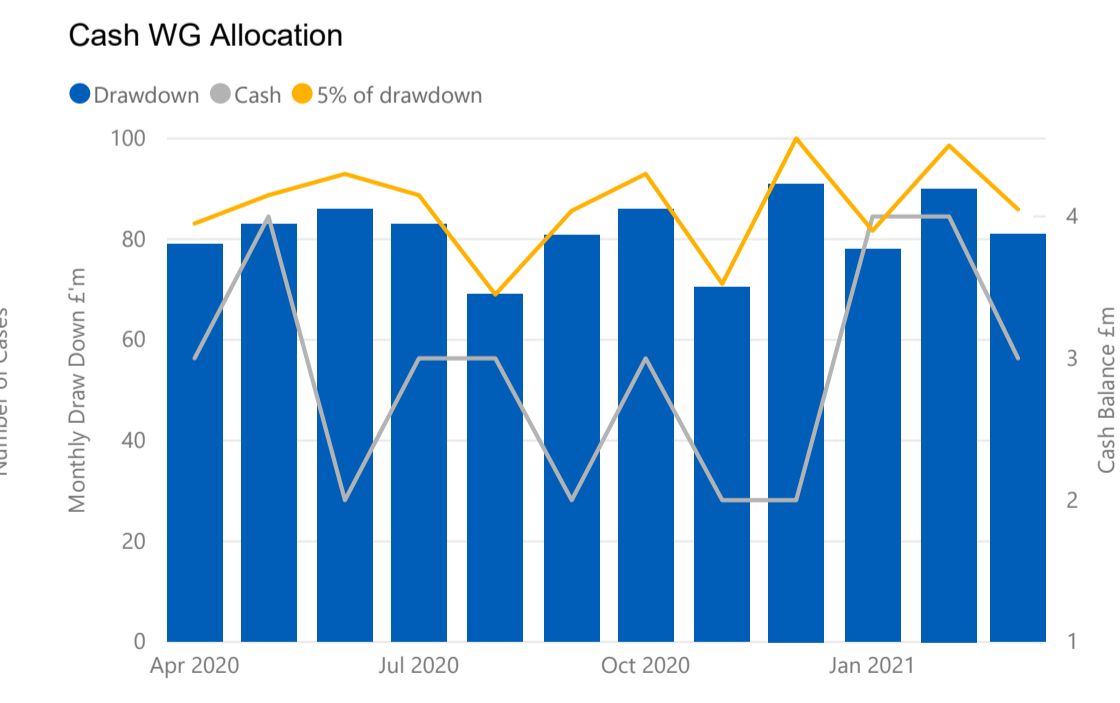
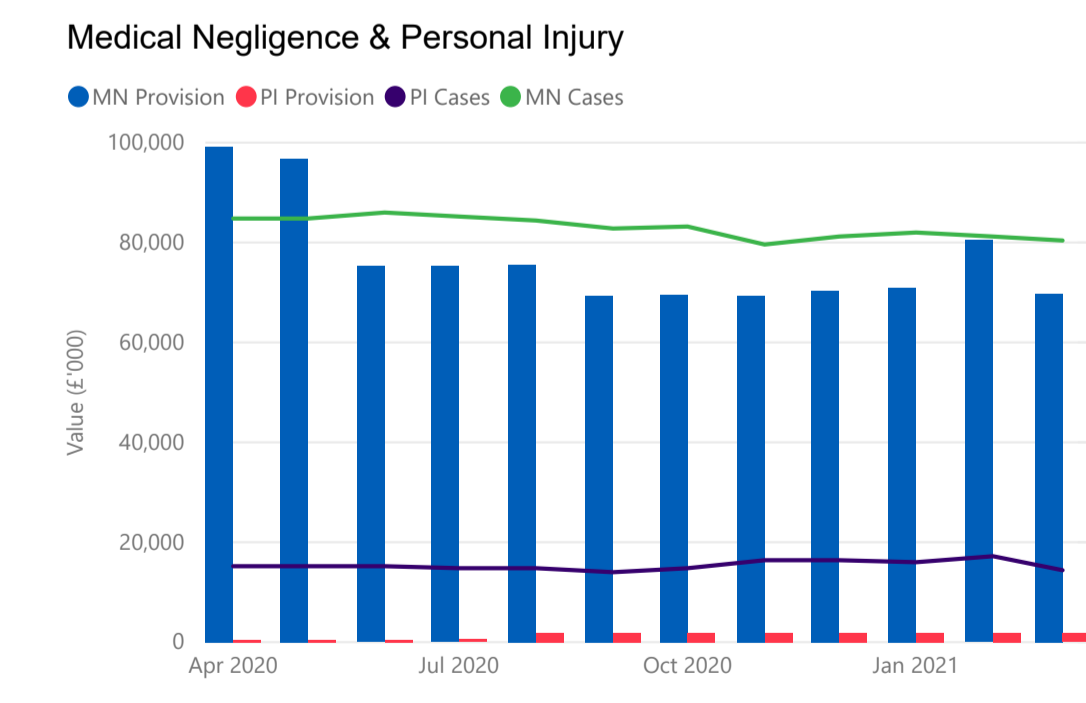
<b>Statement of Financial Position as at 31 March 2021</b>	<b>Opening Balance 1<sup>st</sup> April 2020</b>	<b>Closing Balance 31<sup>st</sup> March 2021</b>	<b>Movement</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Non Current Assets</b>				
Property, plant and equipment	278,649	290,648	11,999	Movement in fixed asset additions totalled £35.1m; the most significant of these were COVID-19 assets valued at £12.5m and Womens & Childrens Scheme at £6.8m. These were offset by depreciation charged and impairments, which has led to the net increase of £12m in fixed assets during the year.
Intangible assets	1,461	1,349	(112)	
Trade and other receivables	58,101	59,024	923	Decrease in the Welsh Risk Pool debtor due to closure of medical negligence claims; decrease in reduction in defrayed cases £5m, and 2 large cases which have been closed £21m.
<b>Non-Current Assets sub total</b>	<b>338,211</b>	<b>351,021</b>	<b>12,810</b>	
<b>Current Assets</b>				
Inventories	9,216	9,029	(187)	The movement in Current Liabilities is mainly attributable to an increase in Annual Leave accrual of £12m due to untaken leave as a result of COVID-19, Tax & NI £6m due to prepayment of same value in 19/20, £5.4m increase due to outstanding ICF (mainly capital) invoices, £2.2m prescribing, £2m 6.3% additional pension contribution accrual, capital creditors £3.3m and increases in trade payables £2.5m
Trade and other receivables	68,507	42,207	(26,300)	
Cash and cash equivalents	1,654	2,313	659	
Non-current assets classified as held for sale	832	392	(440)	
<b>TOTAL CURRENT ASSETS</b>	<b>80,209</b>	<b>53,941</b>	<b>(26,268)</b>	
<b>TOTAL ASSETS</b>	<b>418,420</b>	<b>404,962</b>	<b>(13,458)</b>	
Current Liabilities	(119,136)	(153,634)	(34,498)	Decrease in provision is due to change in number and value of medical negligence cases as a result of updated information from Welsh Risk Pool; two cases totalling £7.8m were re-classified as current in 20/21. Provision has decreased for one case for £15.8m
Provisions	(39,837)	(21,116)	18,721	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<b>(78,764)</b>	<b>(120,809)</b>	<b>(42,045)</b>	
<b>Non-Current Liabilities</b>				
Provisions	(58,365)	(59,381)	(1,016)	
<b>TOTAL ASSETS EMPLOYED</b>	<b>201,082</b>	<b>170,831</b>	<b>(30,251)</b>	
<b>FINANCED BY:</b>				







**APPENDIX 1**

<b>Taxpayers' Equity</b>				
General Fund	173,027	141,416	(31,611)	
Revaluation Reserve	28,055	29,415	1,360	
<b>TOTAL TAXPAYERS' EQUITY</b>	<b>201,082</b>	<b>170,831</b>	<b>(30,251)</b>	

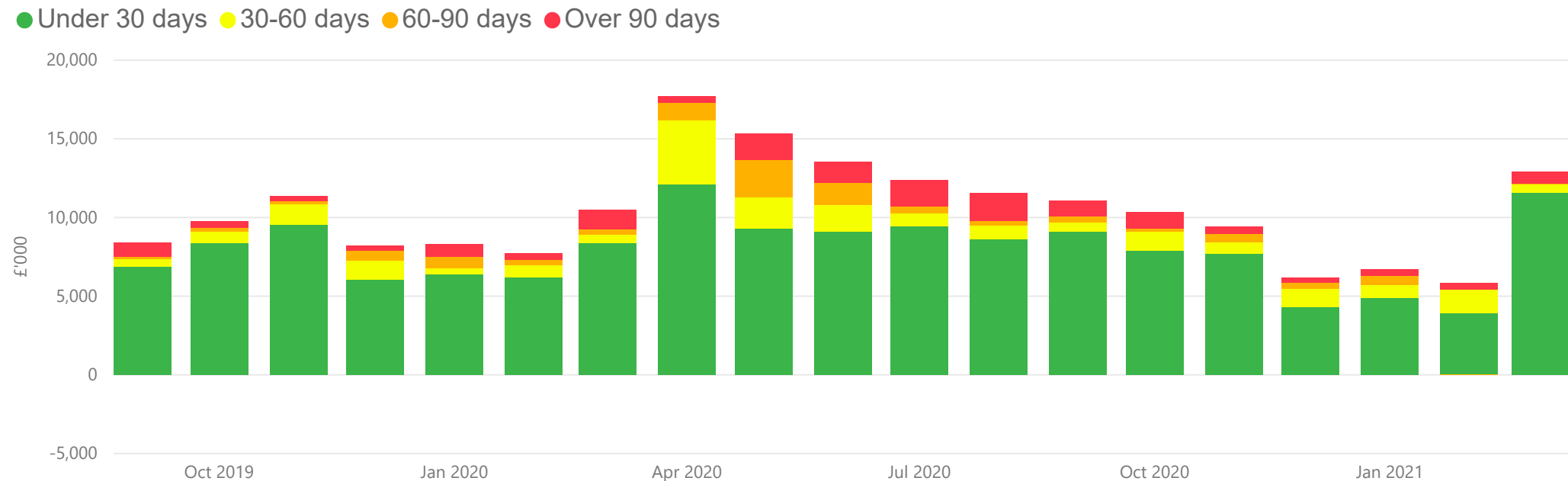


Summarised	2020-21 Opening Balances £M	31 March 2021 £M	Movement £M
Fixed assets	279	291	12
Other non current assets	60	60	1
<b>Total Non Current Assests</b>	<b>338</b>	<b>351</b>	<b>13</b>
Cash	2	3	0
Inventories	9	9	0
Other financial assets	0	0	0
Trade and other receivables	69	42	-26
<b>Total Current Assets</b>	<b>80</b>	<b>54</b>	<b>-26</b>
<b>Total Assets</b>	<b>418</b>	<b>405</b>	<b>-13</b>
Provisions	-40	-21	19
Trade and other payables	-119	-154	-34
<b>Total Current Liabilities</b>	<b>-159</b>	<b>-175</b>	<b>-16</b>
<b>Total Net Assets less Liabilities</b>	<b>-79</b>	<b>-121</b>	<b>-42</b>
Provisions	-58	-59	-1
Trade and other payables	0	0	0
<b>Total Non-current liabilities</b>	<b>-58</b>	<b>-59</b>	<b>-1</b>
<b>Total Assets Employed</b>	<b>201</b>	<b>171</b>	<b>-30</b>
General Fund	173	141	-32
Revaluation reserve	28	29	1
<b>Total Taxpayers' equity</b>	<b>201</b>	<b>171</b>	<b>-30</b>









-  Aged Payables
-  Aged Receivables
-  PSPP
-  Cash
-  Working Capital
-  Medical Negligence

## Aged Payables



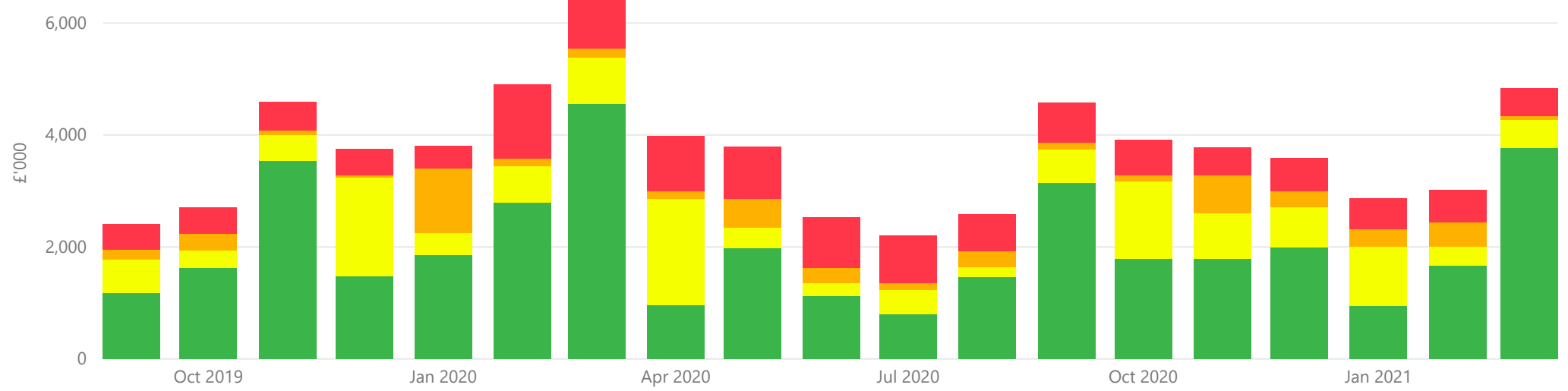
As at 31st March 2021 there were £12.9m of unpaid supplier invoices in the Oracle financial ledger system (£6.2m at the end of December 2020), of these, £1.3m were over 30 days old, representing 10% of the overall outstanding number of invoices (£1.8m at the end of December 2020).

The increase is due to an increased volume of invoices processed as a whole during the month of March, where there was an increase of over 50% in volume compared to invoices processed in February.

-  Aged Payables
-  Aged Receivables
-  PSPP
-  Cash
-  Working Capital
-  Medical Negligence

## Aged Receivables

● Under 30 days ● 30-60 days ● 60-90 days ● Over 90 days

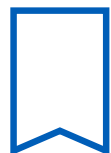


A sum of £0.2m is currently being managed on our behalf by our debt recovery agency, CCI.  
 A sum of £53,912 is being repaid directly to the Health Board by instalment or salary deduction.  
 As at the end of March 2021 there was £4.8m (£3.6m at the end of December 2020), of debt owed to the Health Board, of this £3.8m (78%) (31st December 2020 £2m, 56%) was under 30 days old.





Aged Payables



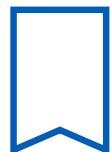
Aged Receivables



PSPP



Cash



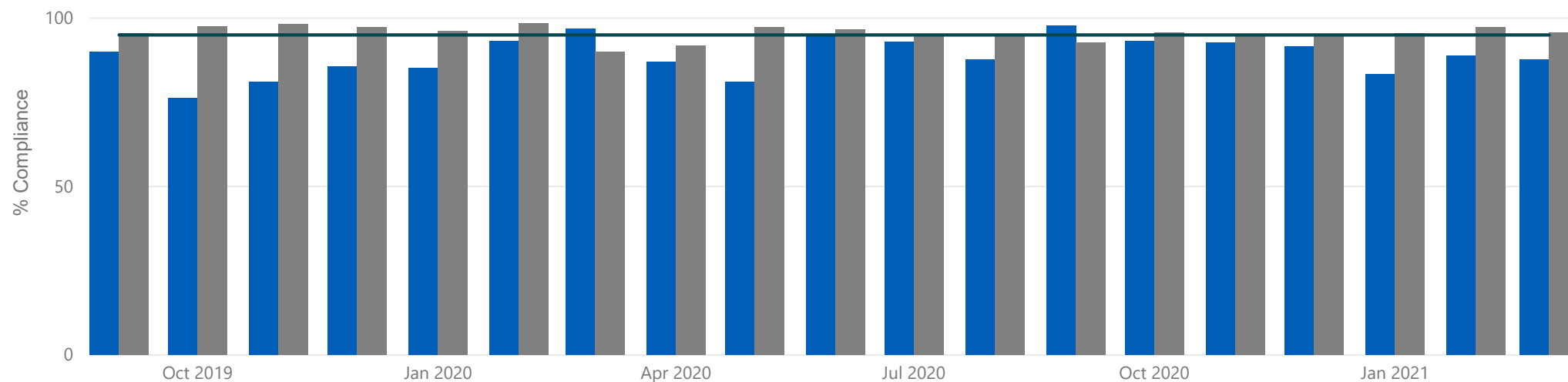
Working Capital



Medical Negligence

## Public Sector Payment Policy (PSPP)

● NHS ● Non NHS ● 95% Target



The Health Board achieved its PSPP target of paying 95% of its non-NHS invoices within 30 days in March with 95.79%, and a cumulative position of 95.26%. Compliance for Quarter 4 was 96.17% (95.39% for Q3).





Aged Payables



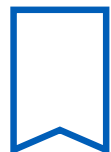
Aged Receivables



PSPP



Cash



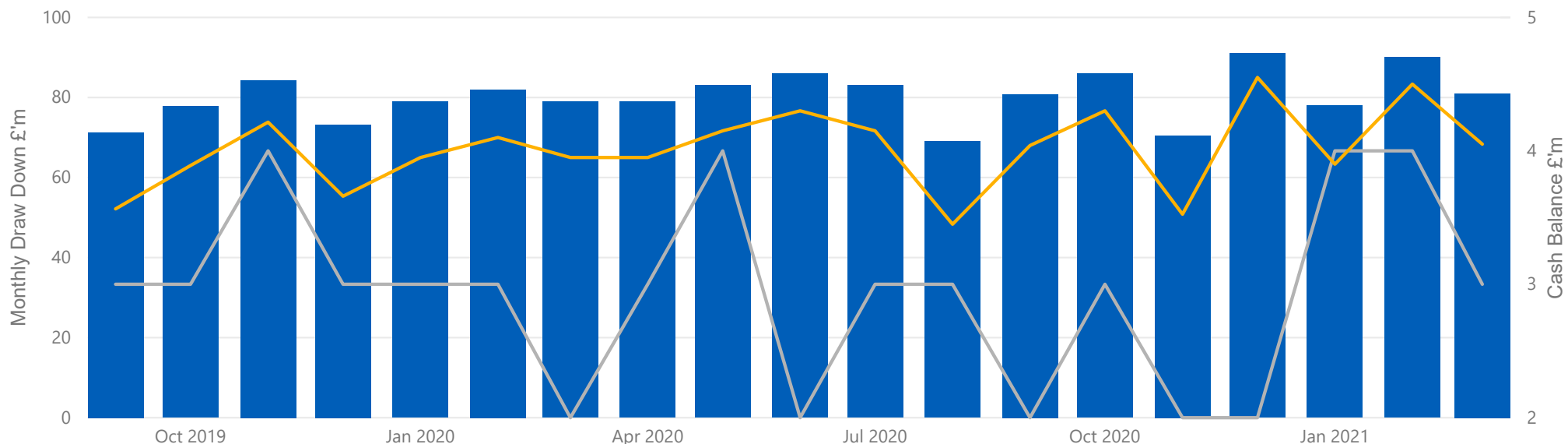
Working Capital









Medical Negligence

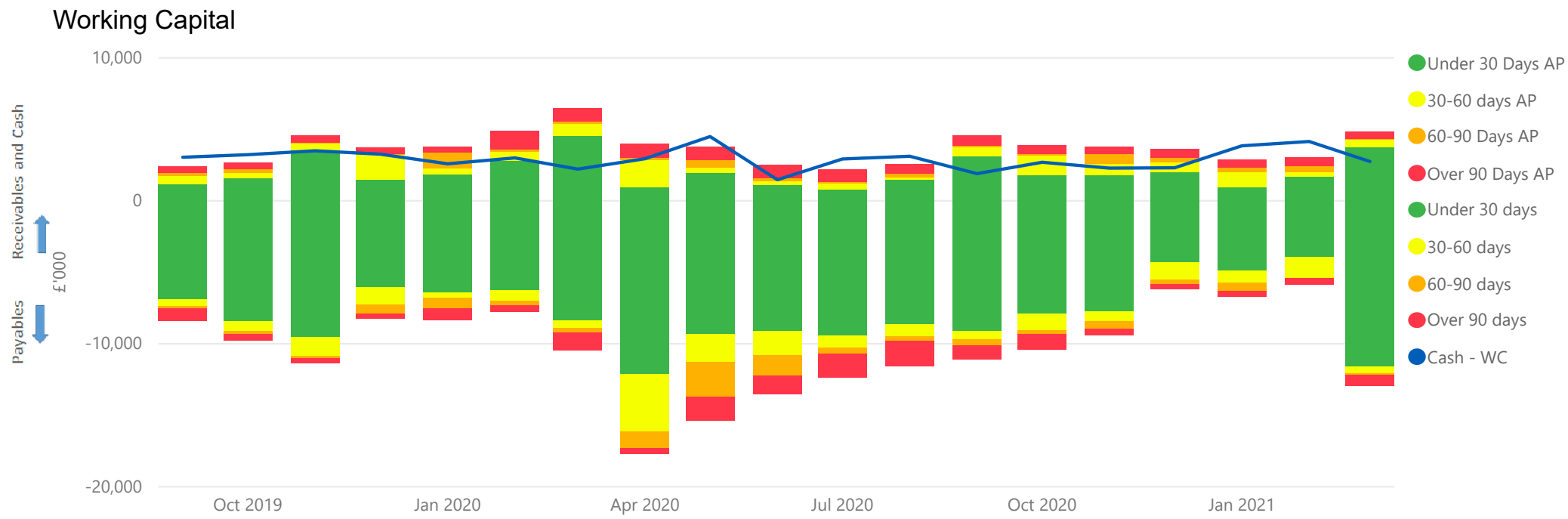
## Cash WG Allocation

● Drawdown ● Cash ● 5% of drawdown









The Health Board has an approved cash limit of £1,003.4m split between revenue £970.4m and capital £33m. Cash totalling the cash limit was drawn down by the end of March. The closing balance of £2.3m did not exceed 5% of the total monthly draw down from Welsh Government.

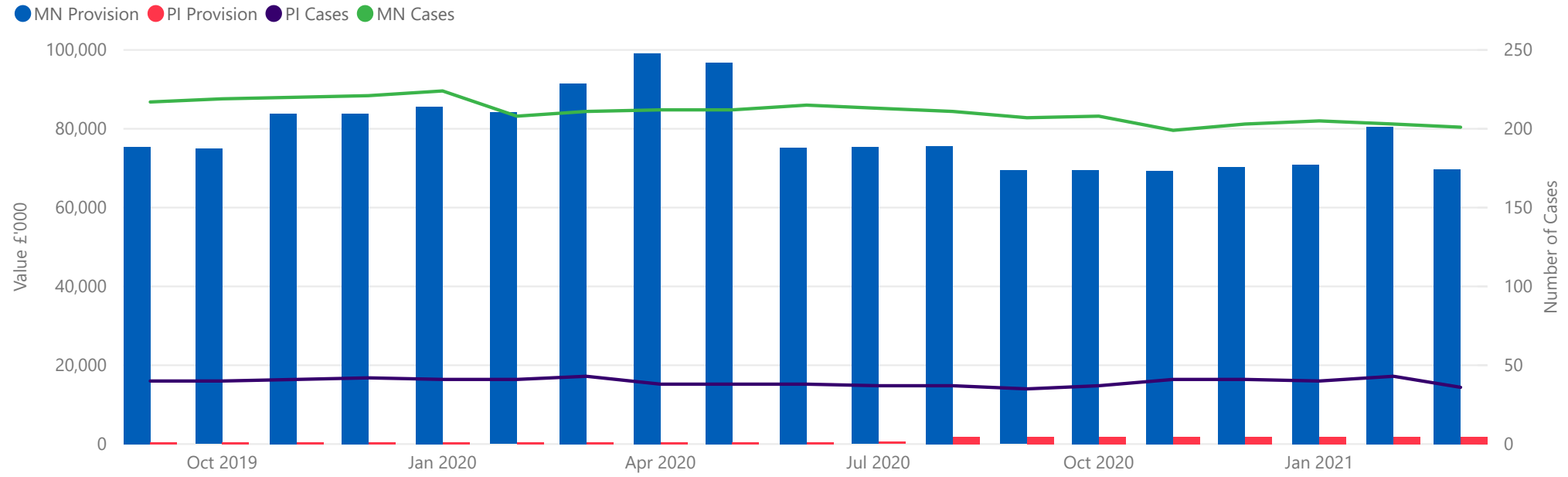
-  Aged Payables
-  Aged Receivables
-  PSPP
-  Cash
-  Working Capital
-  Medical Negligence



As at the end of March the cash and cash equivalents balance is £2.3m (£4.2m at the end of February). Balances owed to the Health Board at the end of March are £4.8m (£3m in February). It is imperative that this is collected promptly to reduce reliance on cash support from WG. Balances owed to suppliers at the end of March are £12.9m ( £5.8m in February).

-  Aged Payables
-  Aged Receivables
-  PSPP
-  Cash
-  Working Capital
-  Medical Negligence

## Medical Negligence & Personal Injury



Risk Share with WRP stayed static during the financial year, the Health Board's contribution being £1.325m.

The movement in the provision for medical negligence cases from the end of 2019/20 is £21.7m. This is mainly due to additional provision of £15.8m included in 2019/20 for one case (addition in 2019/20 was instructed by Welsh Risk Pool) which was then reversed in this financial year. The remainder was due to some large payments made in the year offset by a reduction in the number of cases.

The movement in the provision for personal injury cases from the end of 2019/20 is £1.8m. This is due to an increase in provision for 1 case.