



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	10 November 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Balance Sheet Analysis – as at 30 September 2022
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Tim John, Senior Finance Business Partner (Accounting & Statutory Reporting)

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Gwybodaeth/For Information

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The purpose of the report is to outline Hywel Dda University Health Board's (HDdUHB) Balance Sheet position as at the end of Quarter 2 2022/23 (M6) and to provide an explanation for any key movements.

The report also outlines the monthly scrutiny of the Balance Sheet and further developments.

Cefndir / Background

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.

Asesiad / Assessment.

Quarter 2 2022-23 Balance Sheet Review

The Month 6 Balance Sheet, with explanation of key variances, is shown in Appendix 1. The movement of £32m from the opening position can be summarised as follows:

<i>Balance Sheet Heading</i>	2022-23 Opening Balance £m	30 September 2022 £'m	Movement £'m
Fixed Assets	331	335	4
Other non-current assets	72	70	-2
Current assets	65	71	6
Total Assets	468	476	8
Trade and other Payables	-175	-156	19
Provisions	-92	-87	5
Total Liabilities	-267	-243	24
Net Assets less Liabilities	201	233	32

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

Further developments

Month end Balance Sheet closedown system - update

- Phase 1 (Account Reconciliation) of the Blackline solution for month end reconciliations is fully implemented. Blackline is the platform used by Finance to prepare, approve and review the Balance sheet reconciliations. It automates and standardises reconciliations, to minimise the risk of material errors and misstatements and it will release staff to perform value added activities.
- Phase 2 (Matching) is now live with all four bank accounts fully implemented. This has streamlined and automated high volume reconciliation data.
- Work on Phase 3 (Task Manager module) will commence once transaction matching (Phase 2) has been transitioned across to the Blackline support team from the Blackline implementation team.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to:

- Note and discuss the Balance Sheet as at the end of Quarter 2 2022-23
- 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:	2.1 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, give early warning of potential performance issues, 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:	1432 (score 20) Risk that the Health Board will not deliver its' draft interim financial plan for 2022/23
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable

Amcanion Cynllunio Planning Objectives	6K_22 workforce, clinical service and financial sustainability
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	10. Not Applicable

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:	Explanation of terms is included in the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team Executive Team

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:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	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.
Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales and with external stakeholders
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

APPENDIX 1: Statement of Financial Position as at 30 September 2022	Opening Balance 1 April 2022	Closing Balance 30 September 2022	Movement
	£'000	£'000	£'000
Non-Current Assets			
Property, plant and equipment (PP&E)	331,552	335,146	3,594
Intangible assets	2,784	2,407	(377)
Trade and other receivables	68,904	67,933	(971)
Non-Current Assets sub total	403,240	405,486	2,246
Current Assets			
Inventories	10,399	10,648	249
Trade and other receivables	53,285	53,442	157
Cash and cash equivalents	1,565	6,381	4,816
Non-current assets classified as held for sale	0	0	0
TOTAL CURRENT ASSETS	65,249	70,471	5,222
TOTAL ASSETS	468,489	475,957	7,468
Current Liabilities	(175,380)	(144,181)	31,199*
Provisions	(22,400)	(26,391)	(3,991)^
NET CURRENT ASSETS / (LIABILITIES)	(132,531)	(100,101)	32,430
Non-Current Liabilities			
Trade and other Payables	0	(11,738)	(11,738)*

There has been a small increase in the total for Non-Current Assets of £2.246m since the end of 2021/22. Fixed assets (PP&E) have increased by £3.594m - this is the net increase of additional assets and depreciation as at the end of Quarter 2. This increase was offset by a slight decrease of £1.348m in Other Non-Current Assets.

There has been an increase in the total amount of Current Assets of £5.222m since the end of 2021/22. The increase was mainly due to an increase in Cash of £4.816m as a result of the timing of invoice payments and slippage in the timescales in capital projects in Month 6.

*There has been a net decrease in Total Liabilities (excluding Provisions) of £19.461m since the end of 2021/22. This decrease relates to Trade and Other Payables – further details are provided below**

Provisions	(70,059)	(60,420)	9,639^
TOTAL ASSETS EMPLOYED	200,650	233,227	32,577
FINANCED BY:			
Taxpayers' Equity			
General Fund	168,450	201,043	32,593
Revaluation Reserve	32,200	32,184	(16)
TOTAL TAXPAYERS' EQUITY	200,650	233,227	32,577

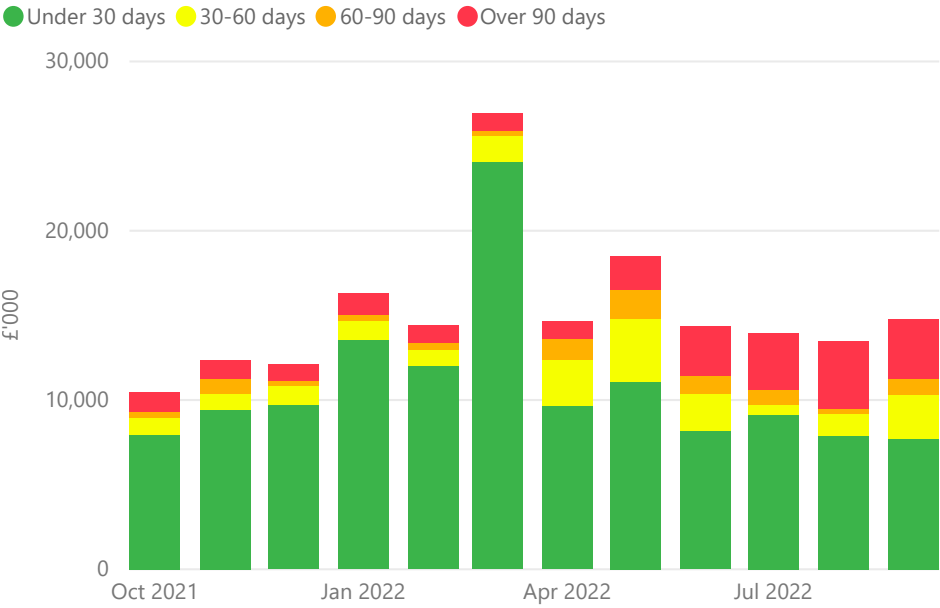
^Total provisions have decreased by £5.648m since the end of 2021/22. The movement was mainly due to a decrease in the provision in respect of two medical negligence cases: a decrease in the provision for one case and the withdrawal of a second case.

**Additional information in respect of the decrease in Trade and Other Payables:

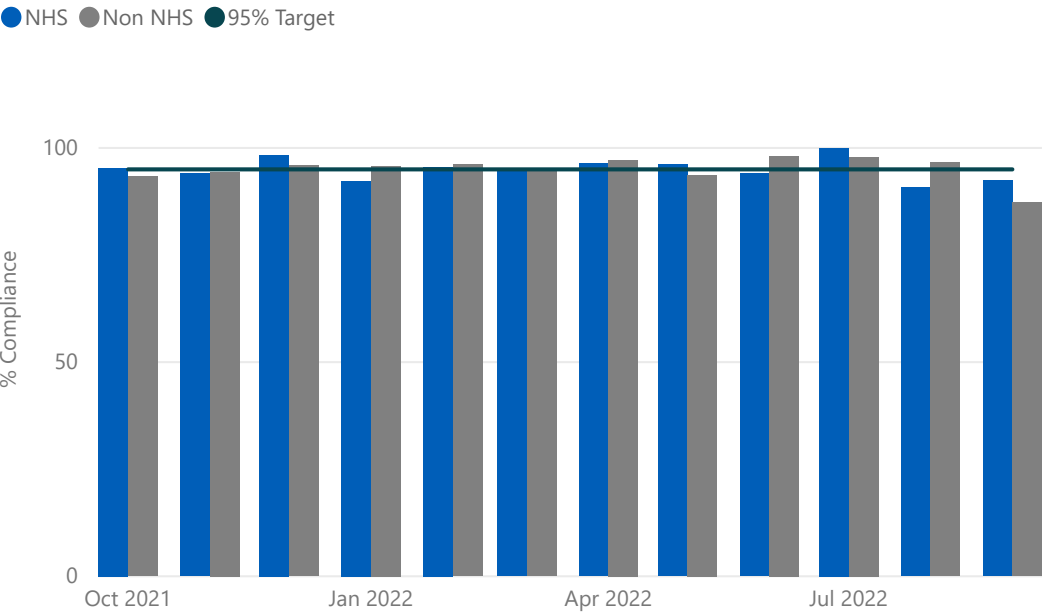
The main movements in Trade and Other payables are as follows :

Trade payables (£24.8m) decrease	Timing of year end reversals (-£20.6m) CHC - delays in in year invoices being received from suppliers e.g. LA's (+£12.2m) Timing of Month 6 primary care contractor payments due to early closure of ledger (-£8.3m) Timing of invoices processed through Accounts Payable (-£8.1m)
Non NHS accruals (£5.8m) decrease	Prescribing – timing of Month 6 reports (+£6m) Capital accruals (-£4.5m) GMS (-£2m) CHC (-£3.4) Informatics (-£1.9m)
Capital payables £12.8m increase	Due to implementation of IFRS 16
Other payables (£2.2m) decrease	Year end reversals
Total (£20m) decrease	

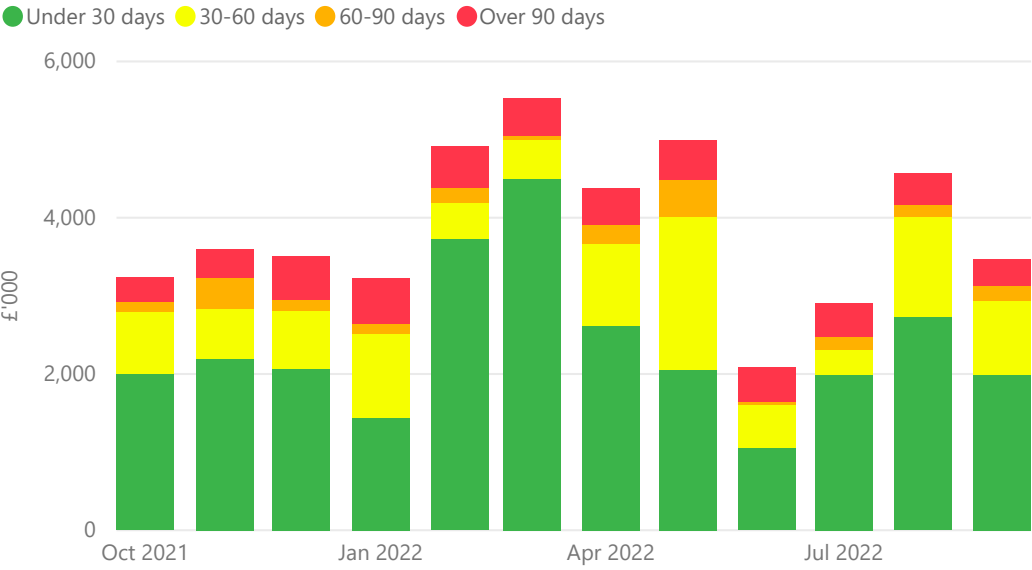
Aged Payables



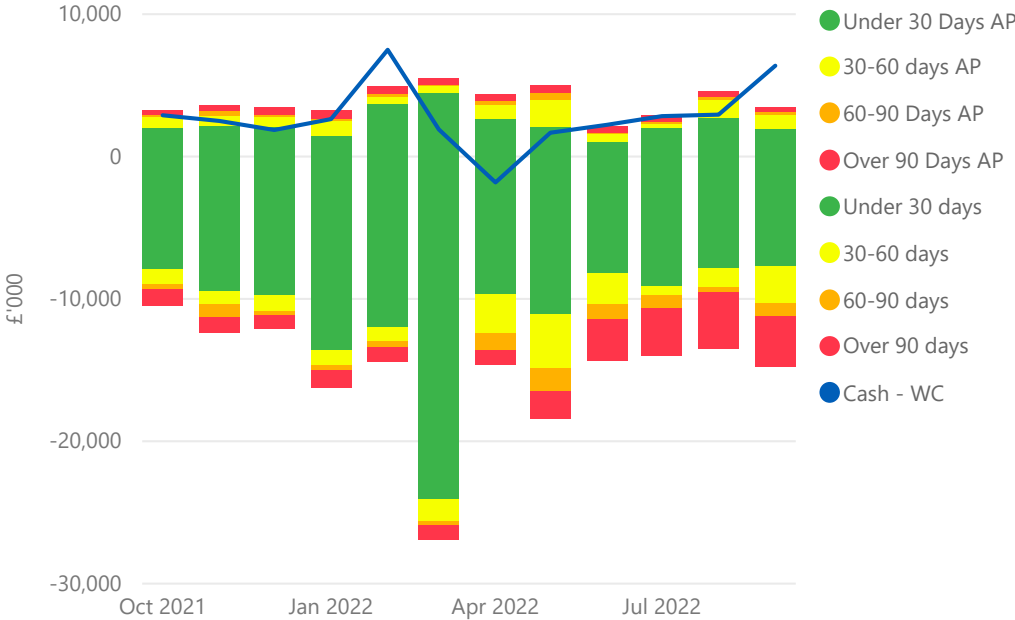
Public Sector Payment Policy (PSP)



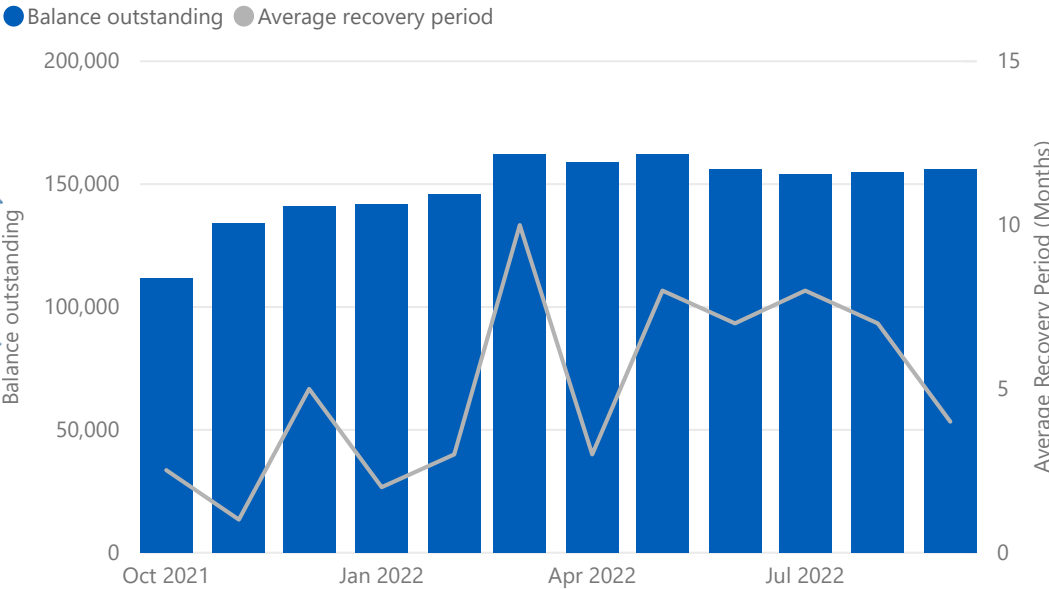
Aged Receivables



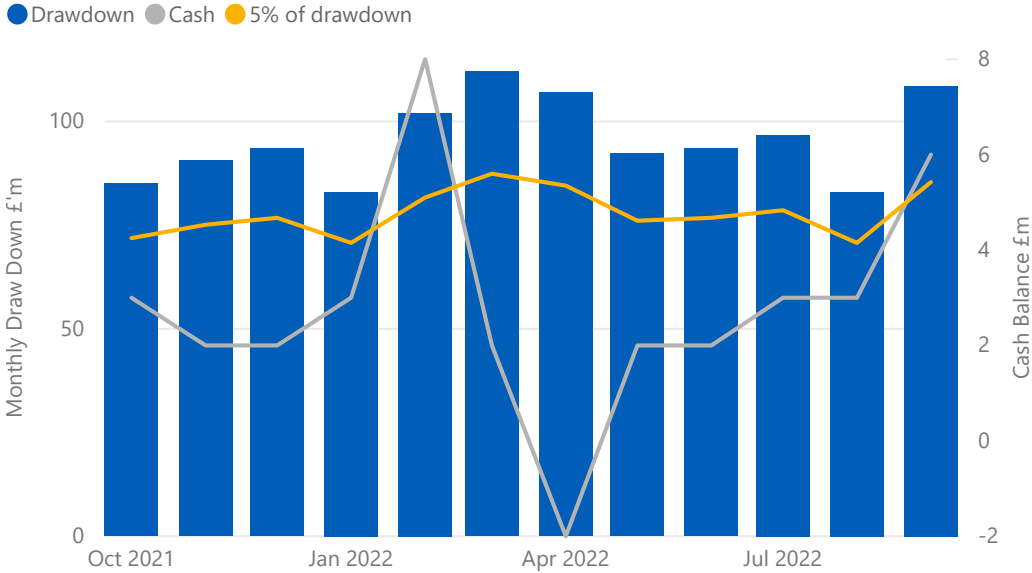
Working Capital



Overpayments of Salaries

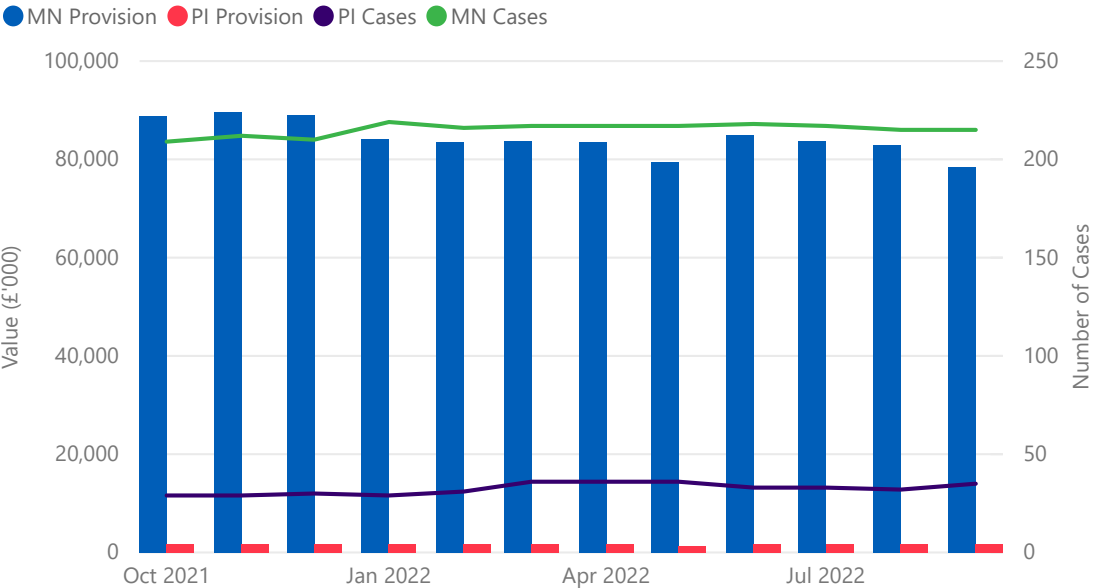


Cash WG Allocation



Summarised	Opening Balance £'000	Month 6 £'000	Movement M6 £'000
Fixed assets	331,552	335,146	3,594
Other non current assets	71,688	70,340	-1,348
Total Non Current Assests	403,240	405,487	2,247
Cash	1,565	6,381	4,816
Inventories	10,399	10,648	249
Other financial assets		0	0
Trade and other receivables	53,285	53,442	157
Total Current Assets	65,249	70,471	5,222
Total Assets	468,489	475,957	7,468
Provisions	22,400	26,391	3,991
Trade and other payables	175,380	144,181	-31,199
Total Current Liabilities	197,780	170,572	-27,208
Total Net Assets less Liabilities	270,709	305,385	34,676
Provisions	70,059	60,420	-9,639
Trade and other payables	0	11,738	11,738
Total Non-current liabilities	70,059	72,158	2,099
Total Assets Employed	200,650	233,227	32,577
General Fund	168,450	201,043	32,593
Revaluation reserve	32,200	32,184	-16
Total Taxpayers' equity	200,650	233,227	32,577

Medical Negligence & Personal Injury





Aged Payables



Aged Receivables



PSPP



Cash



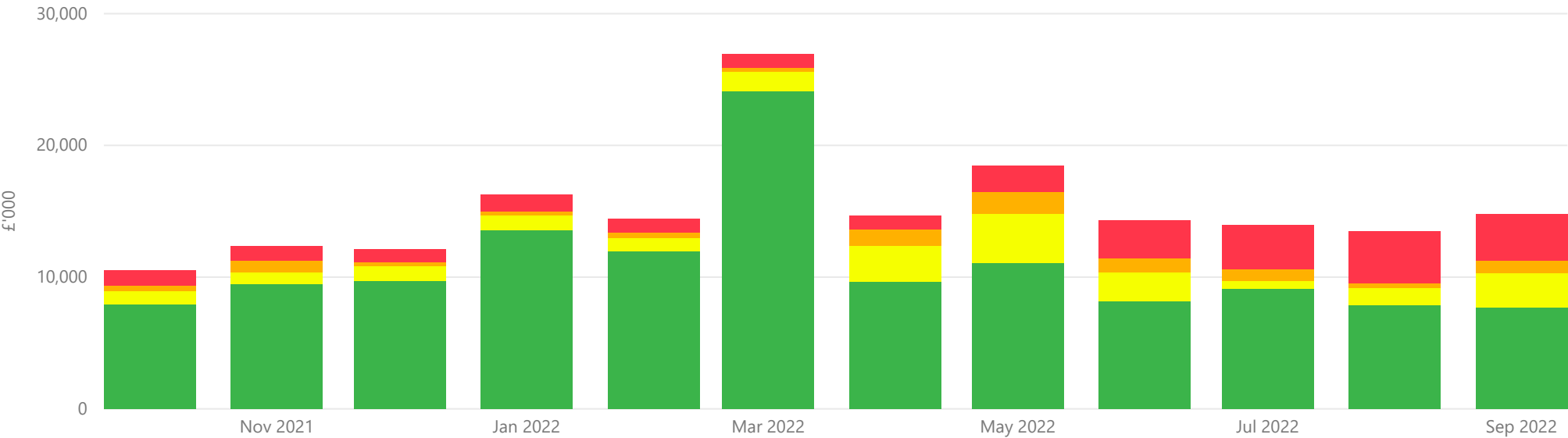
Working Capital



Medical Negligence

Aged Payables

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



As at the end of September 2022, there were £14.8m of unpaid supplier invoices in the Oracle financial ledger (£14.3m at the end of June). Of these, £7.1m were over 30 days old, representing 47.91% of the overall outstanding number of invoices (42.74% at the end of June).



Aged Payables



Aged Receivables



PSPP



Cash



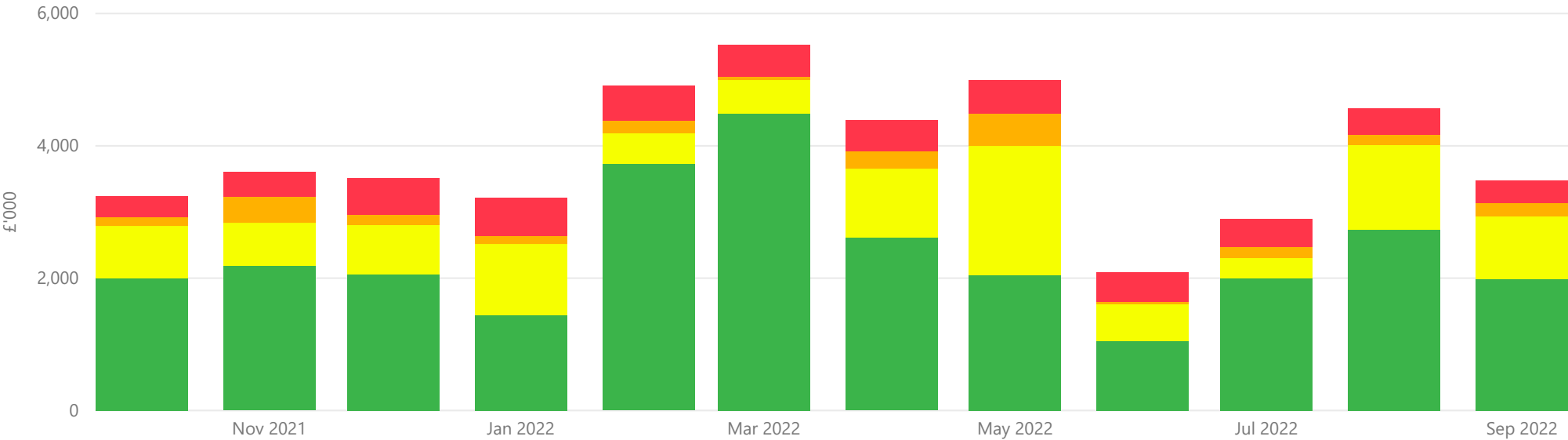
Working Capital



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 £67,453 is being repaid directly to the Health Board by instalment or salary deduction.
As at the end of September 2022 there was £3.5m (£2.1m at the end of June 2022), of debt owed to the Health Board, of this £2.0m, (57%) (30th June 2022 £1.1m, 51%) was under 30 days old.



Aged Payables



Aged Receivables



PSPP



Cash



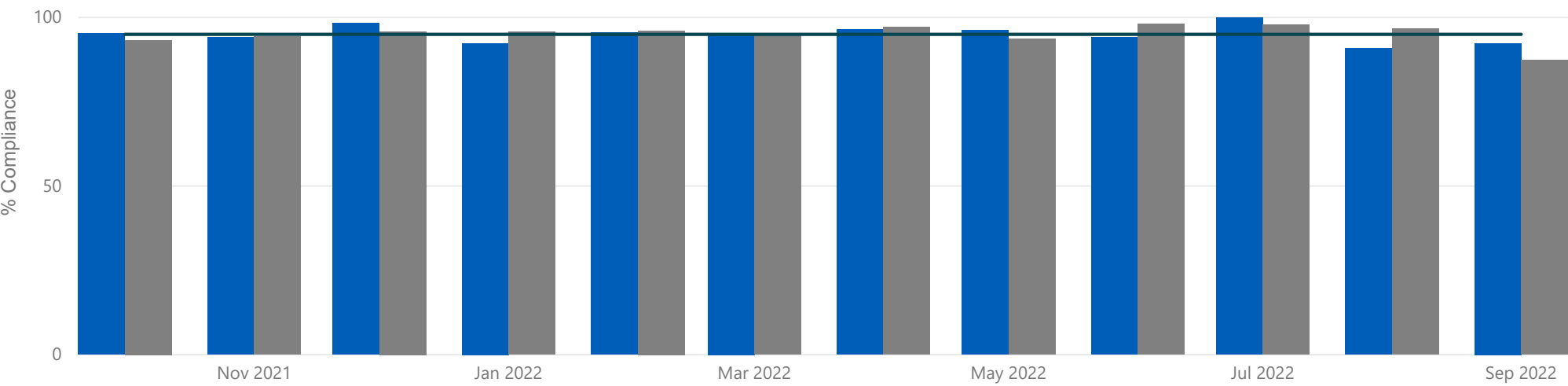
Working Capital



Medical Negligence

Public Sector Payment Policy (PSPP)

NHS Non NHS 95% Target



The Health Board failed to achieve its PSPP target of paying 95% of its non-NHS invoices within 30 days of September with 87.3%, and a cumulative position of 94.95%. Compliance for Quarter 2 was 93.93% (96.29% for Q1). The Health Board failed to achieve its PSPP target of paying 95% of its NHS invoices within 30 days in September with 92.36%, and a cumulative position of 95.05%. Compliance for Quarter 2 was 94.40% (95.53% for Q1).



Aged Payables



Aged Receivables



PSPP



Cash

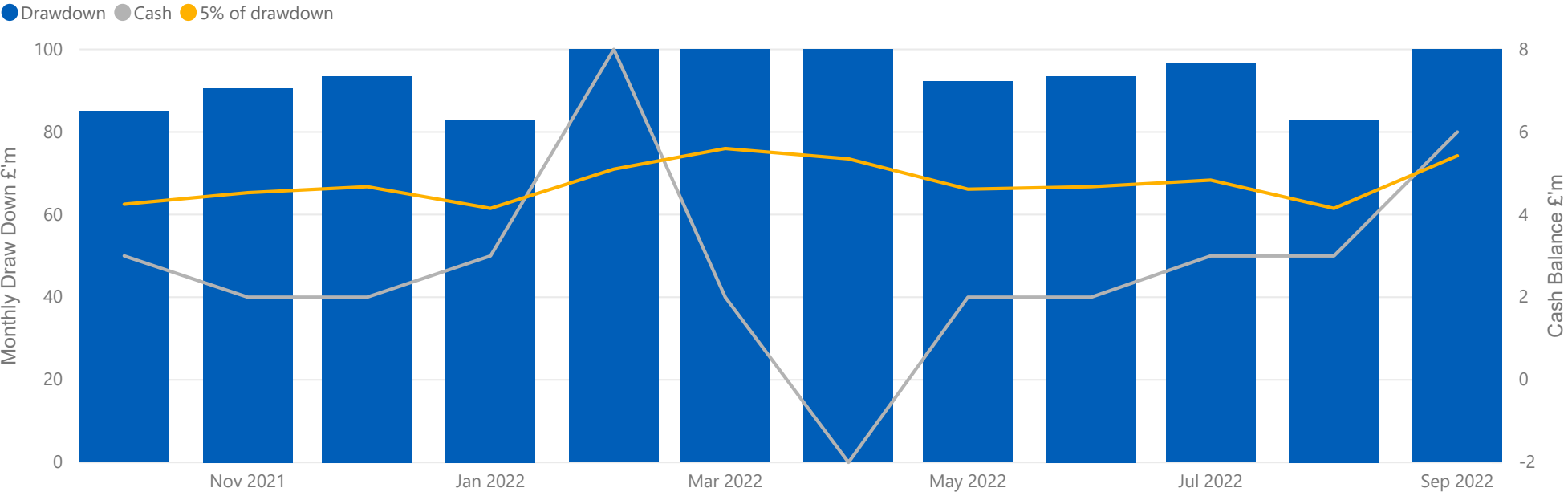


Working Capital



Medical Negligence

Cash WG Allocation



The Health Board has as approved cash limit of £989.6m split between revenue £958.6m and capital £31m. The amount of cash drawn down in total up to the end of Sept is £581.3m. The closing balance of £6.4m exceeded the 5% monthly draw down from Welsh Government due to timing of invoice and slippage in the timescales in capital projects.



Aged Payables



Aged Receivables



PSPP



Cash



Working Capital



Medical Negligence

Working Capital



As at the end of September 2022 the cash balance is £6.4m (£2.2m at the end of June). Balances owed to the Health Board at the end of September are £3.5m (£2.1m in June). It is imperative that this is collected promptly to reduce reliance on cash support from WG. Balances owed to suppliers at the end of September are £14.8m (£14.3m in June).



Aged Payables



Aged Receivables



PSPP



Cash

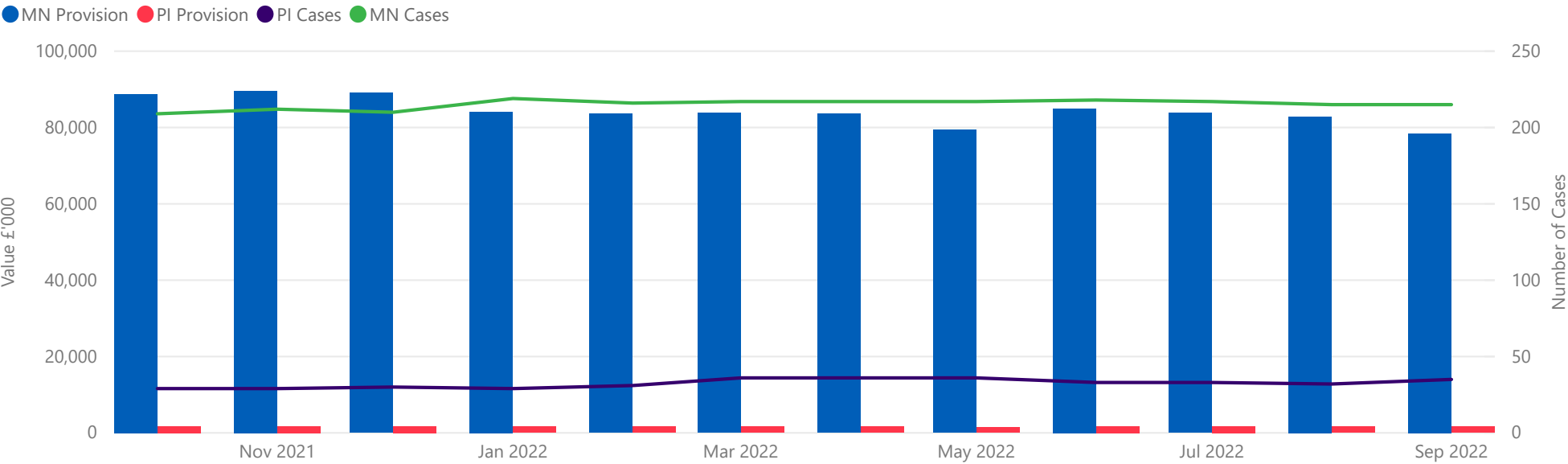


Working Capital



Medical Negligence

Medical Negligence & Personal Injury



The movement in the provision for medical negligence cases from the end of 2021/22 is (£5.3m). This is mainly due to a decrease in the provision of 1 case and withdrawal of another.