



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	22 August 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Balance Sheet Analysis – as at 30 June 2022
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 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 Quarter 1 2022/23 (M3) 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 1 2022-23 Balance Sheet Review

The Month 3 Balance Sheet, with explanation of key variances, is shown in Appendix 1. The movement of £3m from the opening position can be summarised as follows:

<i>Balance Sheet Heading</i>	2022-23 Opening Balance £m	30 June 2022 £'m	Movement £'m
Fixed Assets	331	326	-5
Other non-current assets	72	73	1
Current assets	65	69	4
Total Assets	468	468	0
Trade and other Payables	-175	-171	4
Provisions	-92	-93	-1
Total Liabilities	-267	-264	3
Net Assets less Liabilities	201	204	3

The document, at 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.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to:

- Note and discuss the Balance Sheet as at the end of Quarter 1 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
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Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termiau: 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 June 2022	Opening Balance 1 April 2022	Closing Balance 30 June 2022	Movement
	£'000	£'000	£'000
Non-Current Assets			
Property, plant and equipment (PP&E)	331,552	326,081	(5,471)
Intangible assets	2,784	2,596	(188)
Trade and other receivables	68,904	70,007	1,103
Non-Current Assets sub total	403,240	398,684	(4,556)
Current Assets			
Inventories	10,399	10,772	373
Trade and other receivables	53,285	56,230	2,945
Cash and cash equivalents	1,565	2,230	665
Non-current assets classified as held for sale	0	0	0
TOTAL CURRENT ASSETS	65,249	69,232	3,983
TOTAL ASSETS	468,489	467,916	(573)
Current Liabilities	(175,380)	(171,069)	4,311
Provisions	(22,400)	(28,397)	(5,997)
NET CURRENT ASSETS / (LIABILITIES)	(132,531)	(130,234)	2,297
Non-Current Liabilities			
Trade and other Payables	0	0	0
Provisions	(70,059)	(65,013)	5,046

There has been a reduction in the total for Non-Current Assets of £5m since the end of 2021/22. This was due to a decrease in PP&E of £5m, which was offset by an increase in Non-Current assets of £1m. The decrease in PP&E was due to the depreciation charge for the first quarter.

The movement in Non-Current Trade and other receivables includes £1.73m in respect of an increase in the WRP.

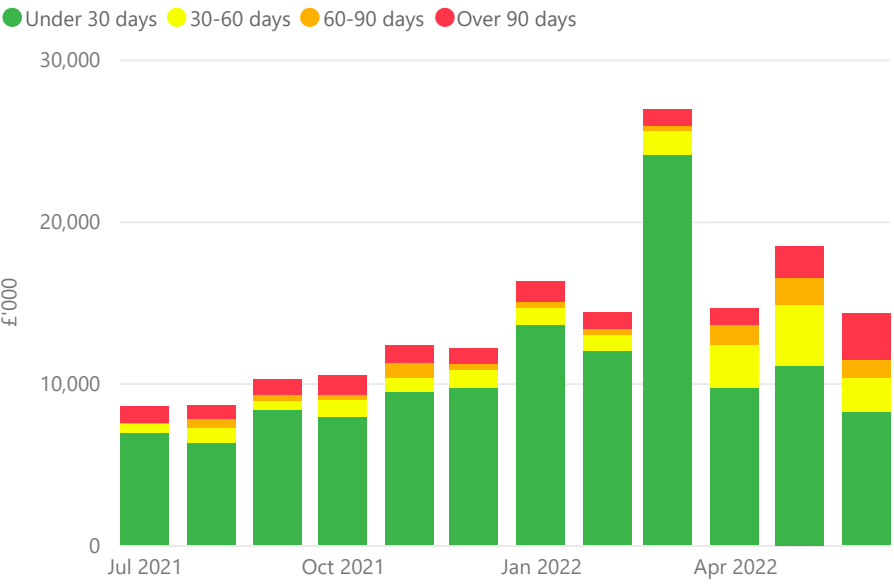
The movement in Current Trade and other receivables includes a decrease in NHS receivables of £1.2m and an increase in Non-NHS receivables, prepayments and VAT of £1.5m, £2.2m and £1.3m respectively.

The reduction in total liabilities was mainly due to a decrease in NHS payables of £22.2m offset by increases in Trade and capital payables, Non-NHS accruals and Other payables of £19.9m, £10.9m and £1.6m respectively.

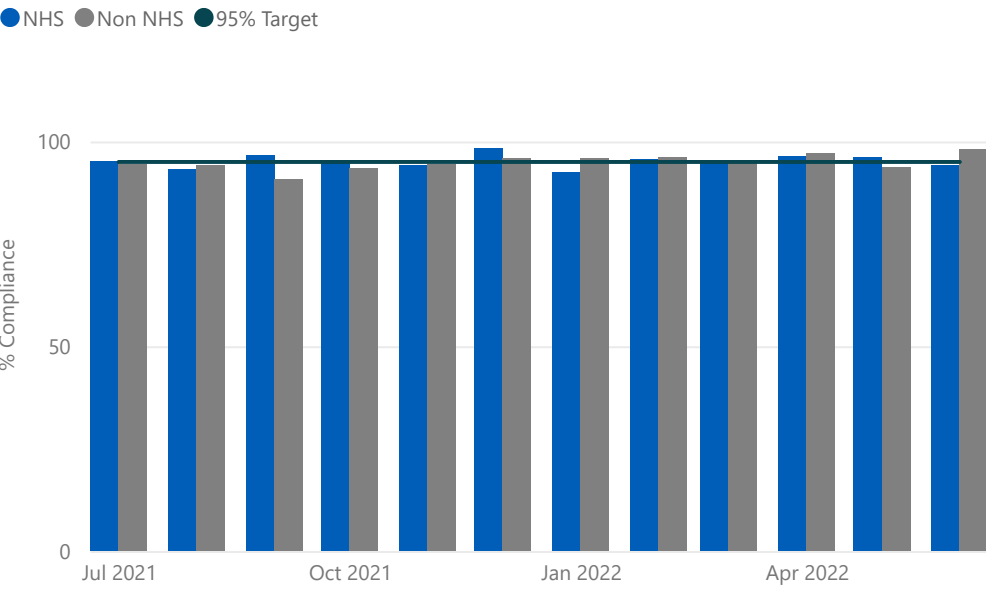
In addition there was a net increase in provisions of £1m relating to an increase in the Clinical Negligence provision.

TOTAL ASSETS EMPLOYED	200,650	203,437	2,787	
FINANCED BY:				
Taxpayers' Equity				
General Fund	168,450	171,249	2,799	
Revaluation Reserve	32,200	32,188	(12)	
TOTAL TAXPAYERS' EQUITY	200,650	203,437	2,787	

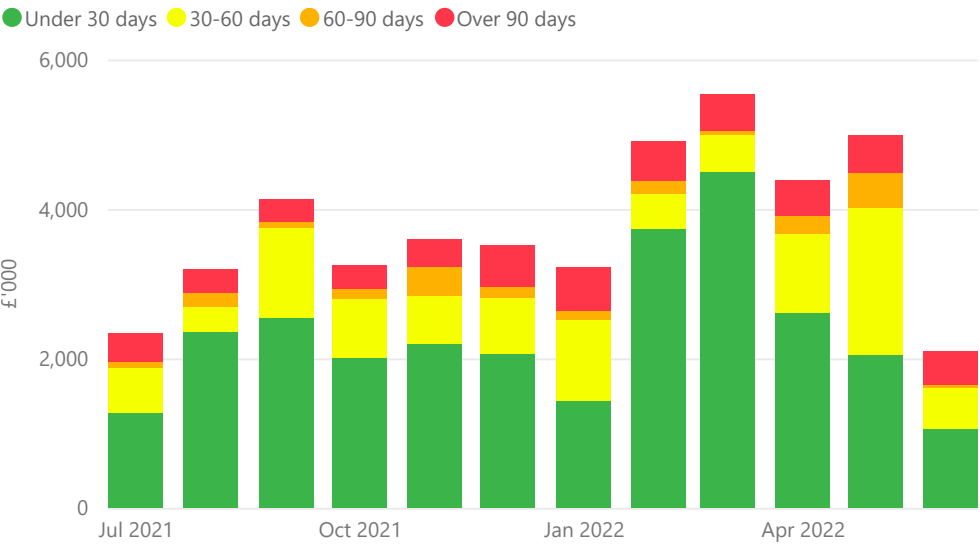
Aged Payables



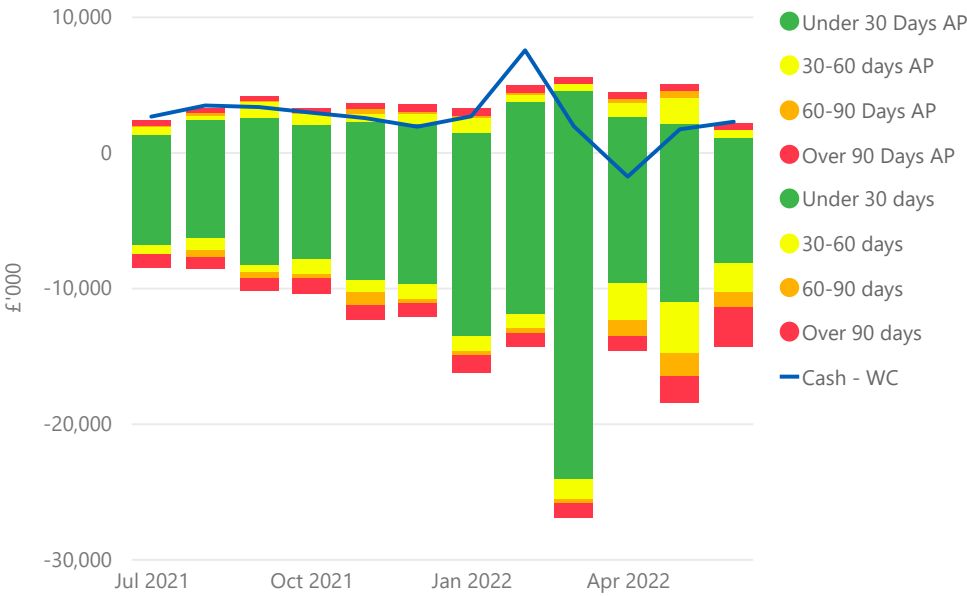
Public Sector Payment Policy (PSPP)



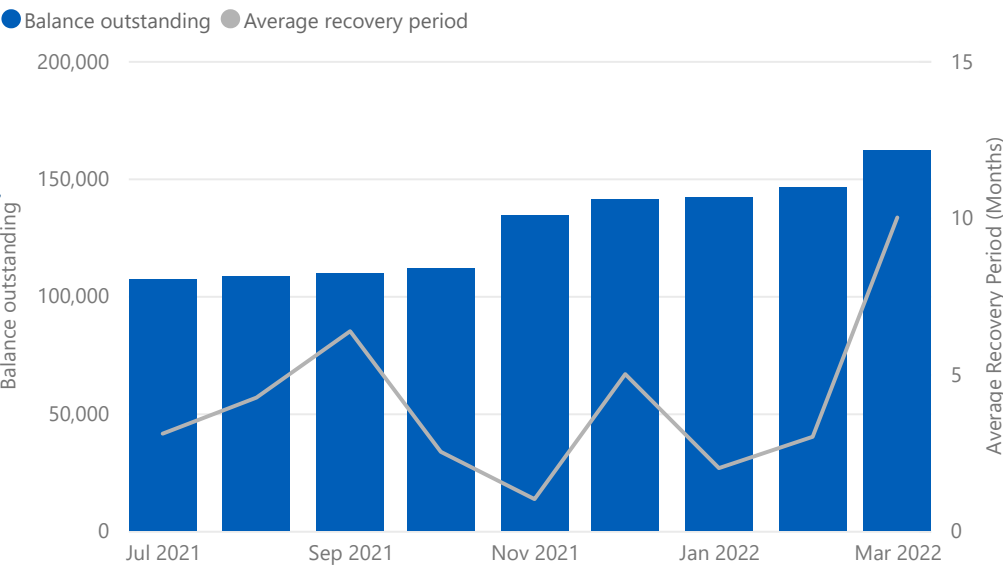
Aged Receivables



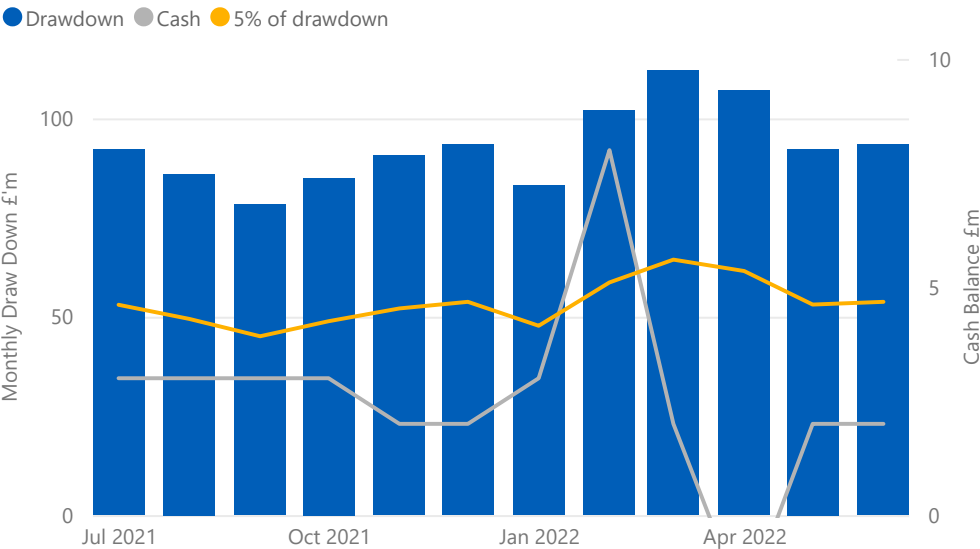
Working Capital



Overpayments of Salaries

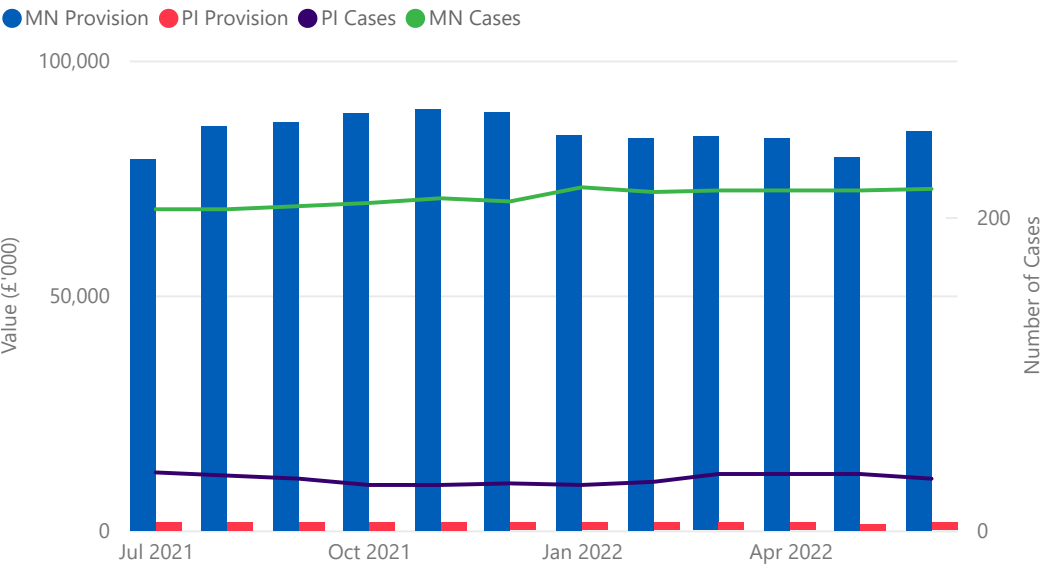


Cash WG Allocation



Summarised	Opening Balance £'000	Month 3	Movement Month3 £'000
Fixed assets	331,552	326,081	-5,471
Other non current assets	71,688	72,603	915
Total Non Current Assests	403,240	398,684	-4,556
Cash	1,901	2,230	329
Inventories	10,399	10,772	373
Other financial assets		0	0
Trade and other receivables	53,285	56,230	2,945
Total Current Assets	65,585	69,232	3,647
Total Assets	468,825	467,916	-909
Provisions	22,400	28,397	5,997
Trade and other payables	175,716	171,069	-4,647
Total Current Liabilities	198,116	199,466	1,350
Total Net Assets less Liabilities	270,709	268,450	-2,259
Provisions	70,059	65,013	-5,046
Trade and other payables	0	0	0
Total Non-current liabilities	70,059	65,013	-5,046
Total Assets Employed	200,650	203,437	2,787
General Fund	168,450	171,249	2,799
Revaluation reserve	32,200	32,188	-12
Total Taxpayers' equity	200,650	203,437	2,787

Medical Negligence & Personal Injury





Aged Payables



Aged Receivables



PSPP



Cash



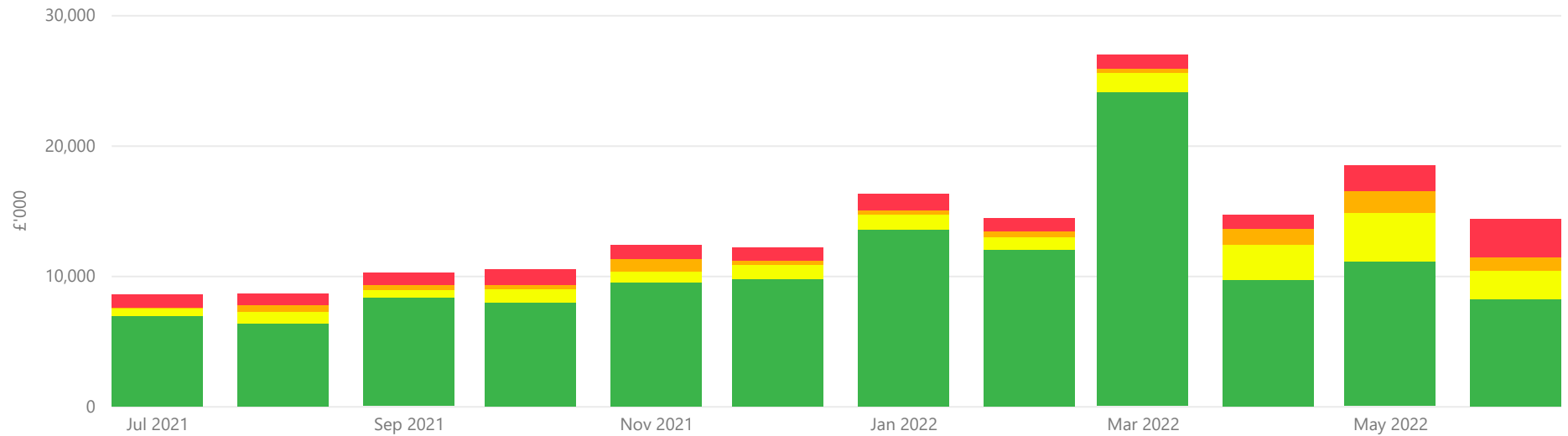
Working Capital



Medical Negligence

Aged Payables

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



As at the end of June there were £14.3m of unpaid supplier invoices in the Oracle financial ledger (£26.9m at the end of March). Of these, £6.1m were over 30 days old, representing 42.74% of the overall outstanding number of invoices (10.5% at the end of March).



Aged Payables



Aged Receivables



PSPP



Cash



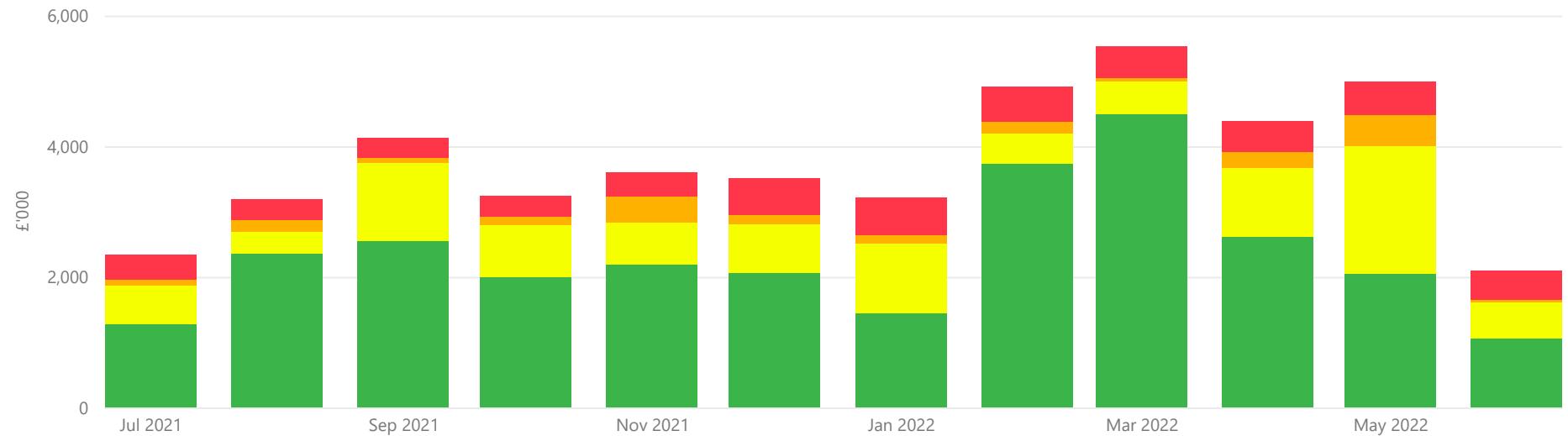
Working Capital



Medical Negligence

Aged Receivables

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



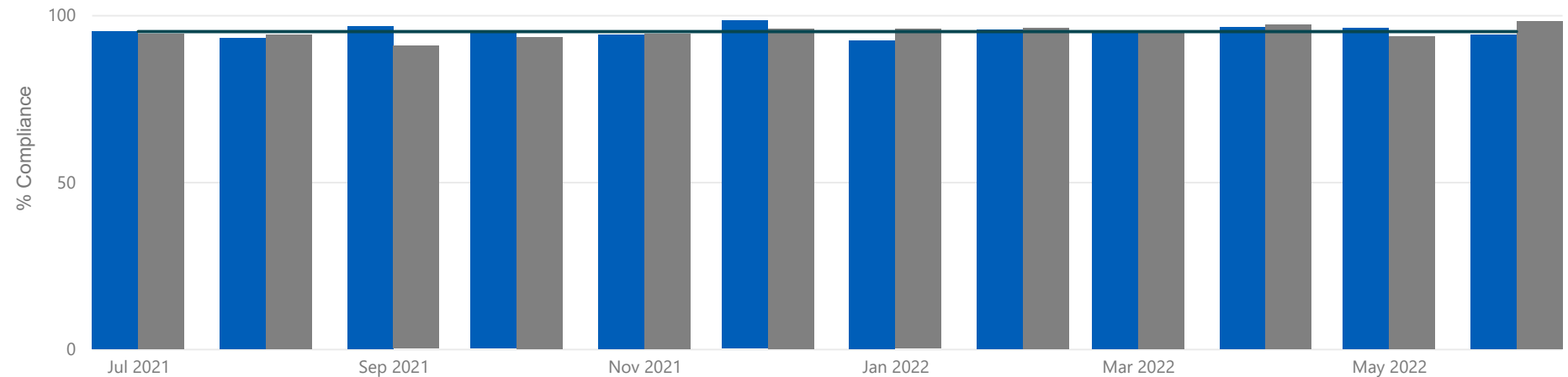
A sum of £0.2m is currently being managed on our behalf by our debt recovery agency, CCI.

A sum of £96,732 is being repaid directly to the Health Board by instalment or salary deduction.

As at the end of June 2022 there was £2.1m (£5.6m at the end of March 2022), of debt owed to the Health Board, of this £1.1m, (51%) (31st March 2022 £4.5m, 81%) was under 30 days old.

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 June with 98.07%, and a cumulative position of 96.29%. Compliance for Quarter 1 was 96.29% (95.63% for Q4). The Health Board failed to achieve its PSPP target of paying 95% of its NHS invoices within 30 days in June with 94.07%,. Compliance for Quarter 1 was 95.53% (94.36% for Q4).

Aged Payables

Aged Receivables

PSPP

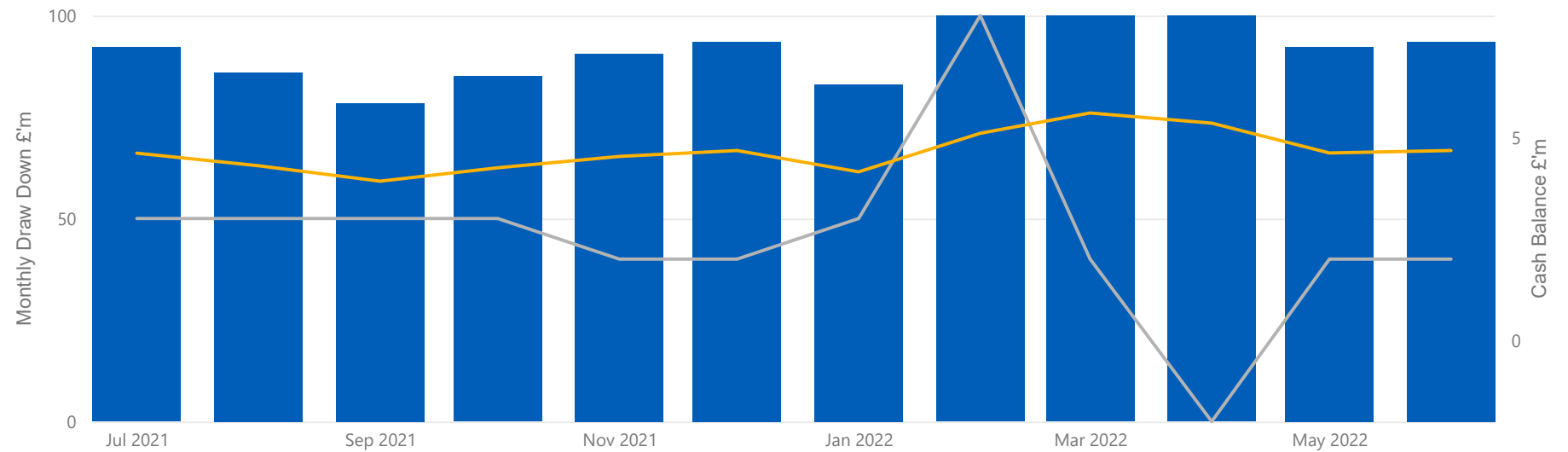
Cash

Working Capital

Medical Negligence

Cash WG Allocation

● Drawdown ● Cash ● 5% of drawdown



The Health Board has as approved cash limit of £973.5m split between revenue £944.5m and capital £29m. The amount of cash drawn down in total up to the end of June is £293.1m. The closing balance of £2.2m did not exceed 5% of the monthly draw down from Welsh Government.

Aged Payables

Aged Receivables

PSPP

Cash

Working Capital

Medical Negligence



Aged Payables



Aged Receivables



PSPP



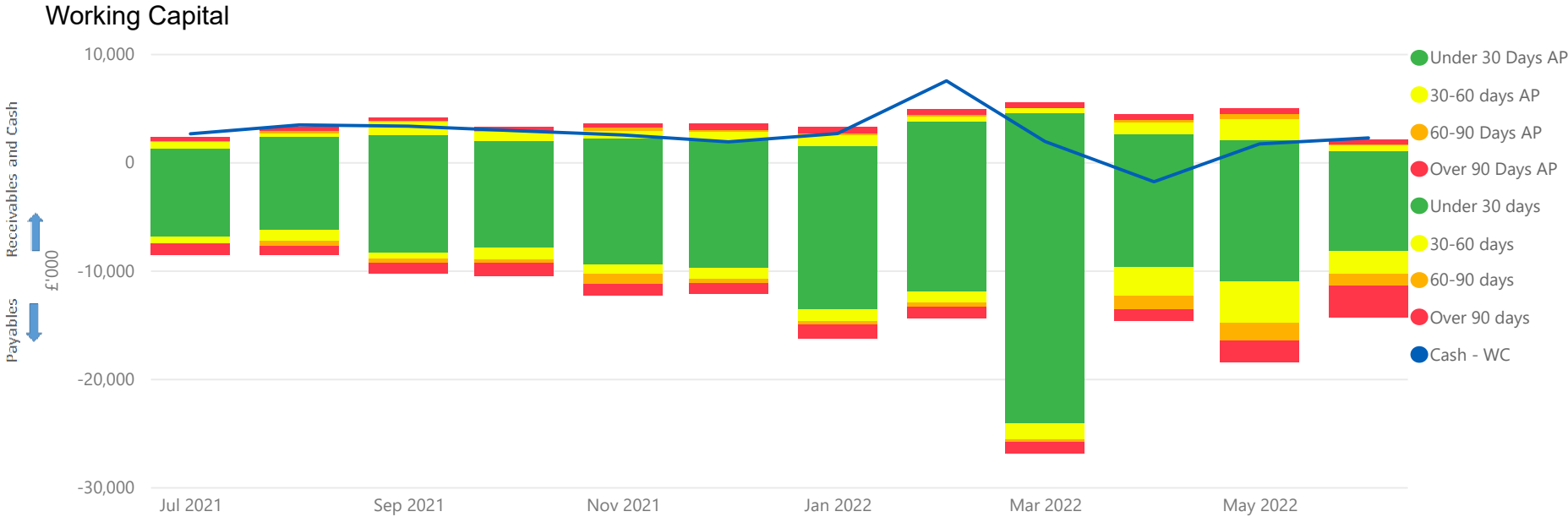
Cash



Working Capital



Medical Negligence



As at the end of June the cash balance is £2.2m (£1.9m at the end of March). Balances owed to the Health Board at the end of June are £2.1m (£5.5m in March). It is imperative that this is collected promptly to reduce reliance on cash support from WG. Balances owed to suppliers at the end of June are £14.3m (£26.9m in March).



Aged Payables



Aged Receivables



PSPP



Cash



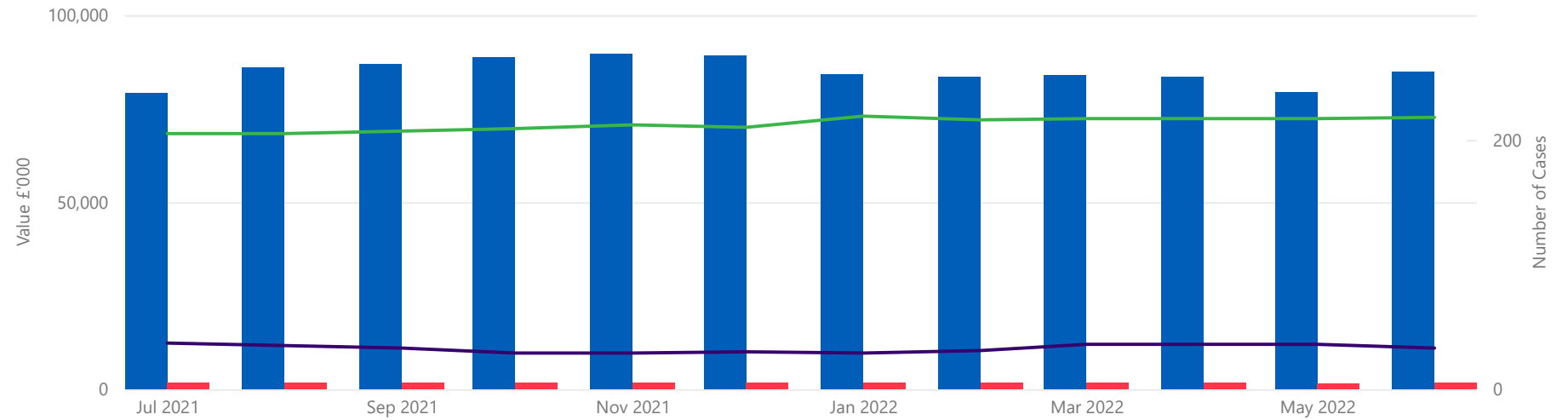
Working Capital



Medical Negligence

Medical Negligence & Personal Injury

● MN Provision
 ● PI Provision
 ● PI Cases
 ● MN Cases



The movement in the provision for medical negligence cases from the end of 2021/22 is £1.4m. This is mainly due to an increase in the value of damages for 1 case.