



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 February 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Balance Sheet Analysis – as at 31 December 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 3 2022/23 (M9) 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 3 2022-23 Balance Sheet Review

The Month 9 Balance Sheet, with explanation of key variances, is shown in Appendix 1. The movement of £48m from the opening position can be summarised as follows:

<i>Balance Sheet Heading</i>	2022-23 Opening Balance £m	31 December 2022 £'m	Movement £'m
Fixed Assets	331	355	24
Other non-current assets	72	63	-9
Current assets	65	63	-2
Total Assets	468	481	13
Trade and other Payables	-175	-146	29
Provisions	-92	-86	6
Total Liabilities	-267	-232	35
Net Assets less Liabilities	201	249	48

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

Further developments

Month end Balance Sheet closedown system – Blackline Solution update

- Phase 1 (Account Reconciliation) – complete
- Phase 2 (Transaction Matching) – we transitioned from the project phase to implementation from 1 February. This module will form part of the Process Optimisation Assessment.
- Phase 3 (Task Manager module) – work will commence on this phase in the new financial year.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to:

- Note and discuss the Balance Sheet as at the end of Quarter 3 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 31 December 2022	Opening Balance 1 April 2022	Closing Balance 31 December 2022	Movement
	£'000	£'000	£'000
Non-Current Assets			
Property, plant and equipment (PP&E)	331,552	352,333	20,781
Intangible assets	2,784	2,220	(564)
Trade and other receivables	68,904	63,204	(5,700)
Non-Current Assets sub total	403,240	417,757	14,517
Current Assets			
Inventories	10,399	10,952	553
Trade and other receivables	53,285	50,043	(3,242)
Cash and cash equivalents	1,565	2,280	715
Non-current assets classified as held for sale	0	0	0
TOTAL CURRENT ASSETS	65,249	63,275	(1,974)
TOTAL ASSETS	468,489	481,032	12,543
Current Liabilities	(175,380)	(134,385)	40,995*
Provisions	(22,400)	(26,135)	(3,735)^
NET CURRENT ASSETS / (LIABILITIES)	(132,531)	(97,245)	35,286
Non-Current Liabilities			
Trade and other Payables	0	(11,738)	(11,738)*

There has been an increase in the total for Non-Current Assets of £14.5m since the end of 2021/22. Fixed assets (PP&E) have increased by £20.8m - this is the net increase of additional assets, a revaluation of estate and depreciation as at the end of Quarter 3. In addition there has been a decrease of £6.3m in Other Non-Current Assets, relating to the Welsh Risk Pool (WRP) debtor linked to the decrease in non-current provisions.

There has been a decrease in the total amount of Current Assets of £1.97m since the end of 2021/22, of which a decrease of £3.2m relates to Trade and other receivables. This is due to a decrease in the WRP debtor linked to a decrease in provisions. The decrease is offset by an increase in Inventories and Cash of £553k and £715k respectively.

*There has been a net decrease in Total Liabilities (excluding Provisions) of £29m since the end of 2021/22. This decrease relates to Trade and Other Payables – further details are provided below**

Provisions	(70,059)	(59,834)	10,225^
TOTAL ASSETS EMPLOYED	200,650	248,940	48,290
FINANCED BY:			
Taxpayers' Equity			
General Fund	168,450	195,230	26,780
Revaluation Reserve	32,200	53,710	21,510
TOTAL TAXPAYERS' EQUITY	200,650	248,940	48,290

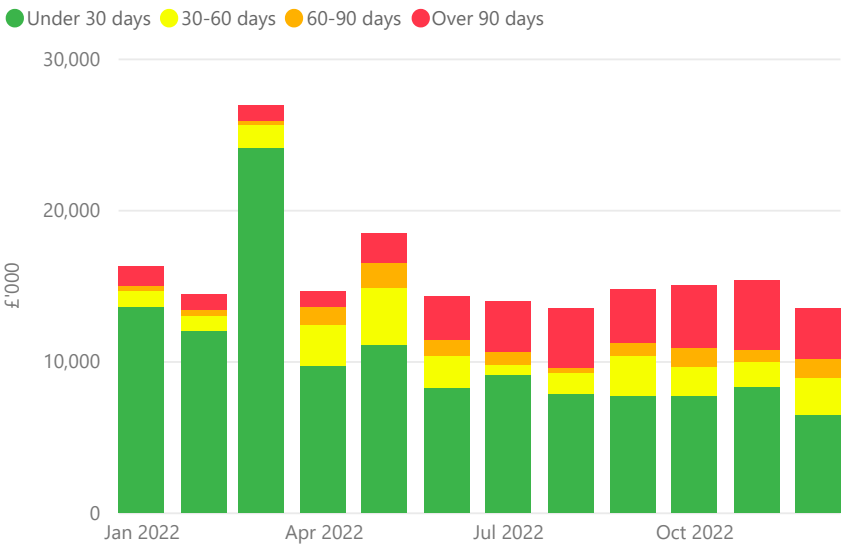
^Total provisions have decreased by £6.5m since the end of 2021/22. The movement was mainly due to a decrease in the provisions in respect of medical negligence cases. £5m of this can be attributed to two cases and a reduction of £0.6m within the Permanent Injury provision due to a change in discount rate.

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

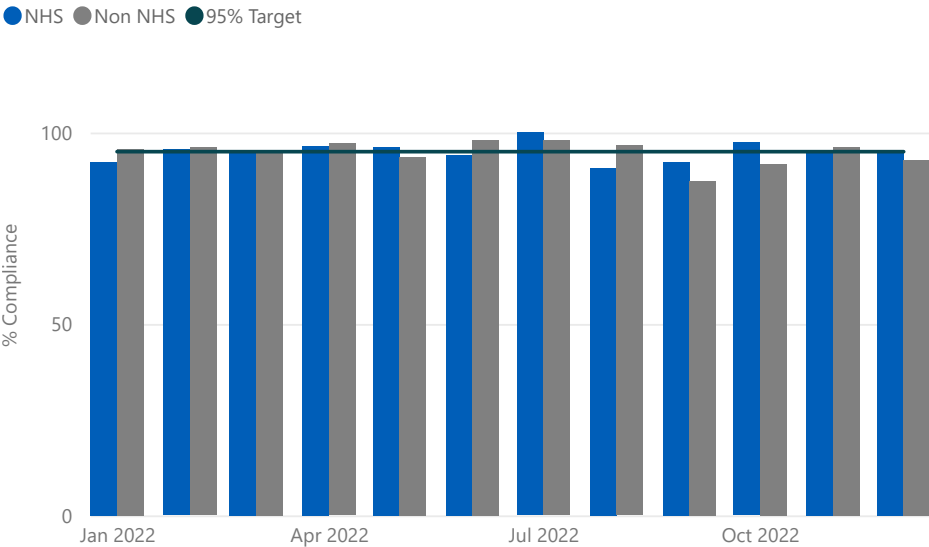
The main movements in Trade and Other payables are as follows :

Trade payables	(£19.0m) decrease	Timing of year end reversals (-£13m) CHC – timing of in year invoices being received from suppliers e.g. LA's (+£10.8) Timing of Month 9 primary care contractor payments due to early closure of ledger (-£13.4m) Timing of invoices processed through Accounts Payable (-£3.4m)
Non NHS accruals	(£9.9m) decrease	Prescribing – timing of Month 9 reports (+£7.9m) Capital accruals (-£4.4m) GMS (-£2.1m) CHC (-£6.4m) Informatics (-£1.5m) PO Accruals (-£2.1m) Public Health (-£1.3m)
Capital payables	£11.4m increase	Due to implementation of IFRS 16
Other payables	(£11.5m) decrease	Annual leave (-£8.9m) Pay Creditors and Study leave release (-£2.2m)
Total	(£29.0m) decrease	

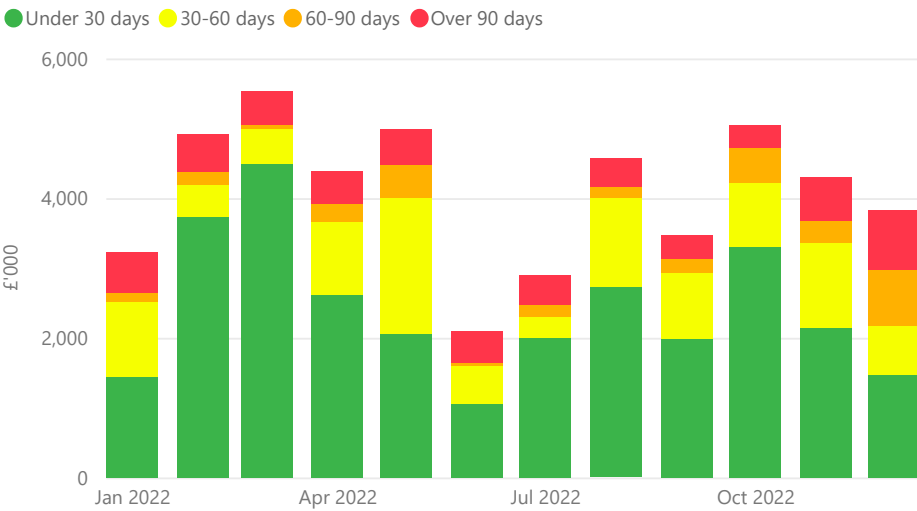
Aged Payables



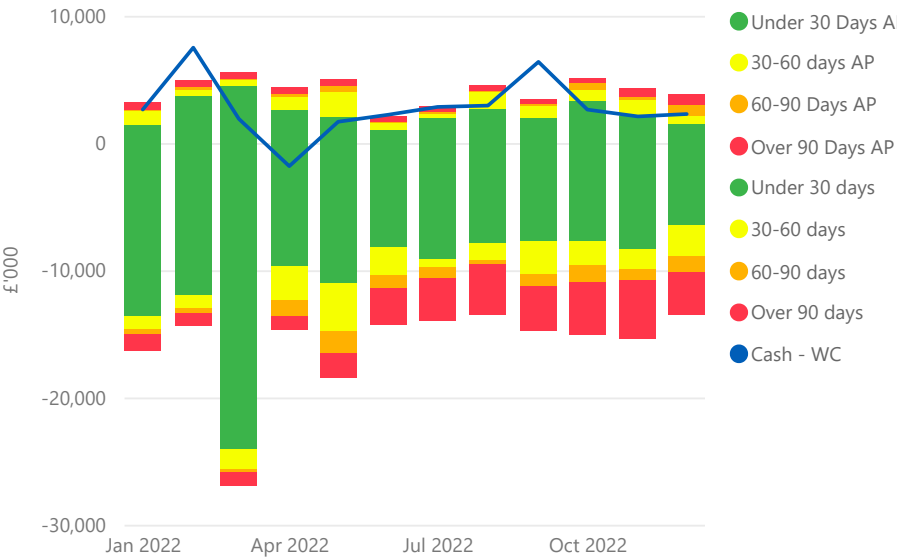
Public Sector Payment Policy (PSP)



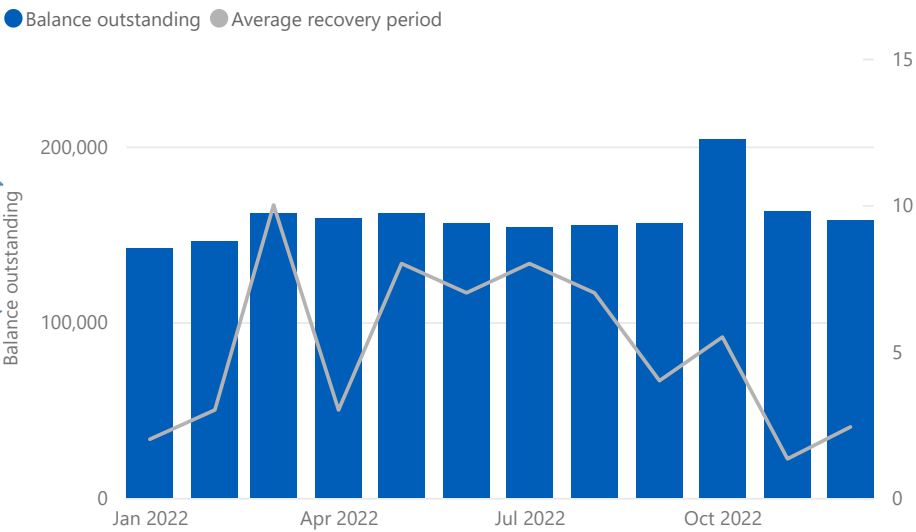
Aged Receivables



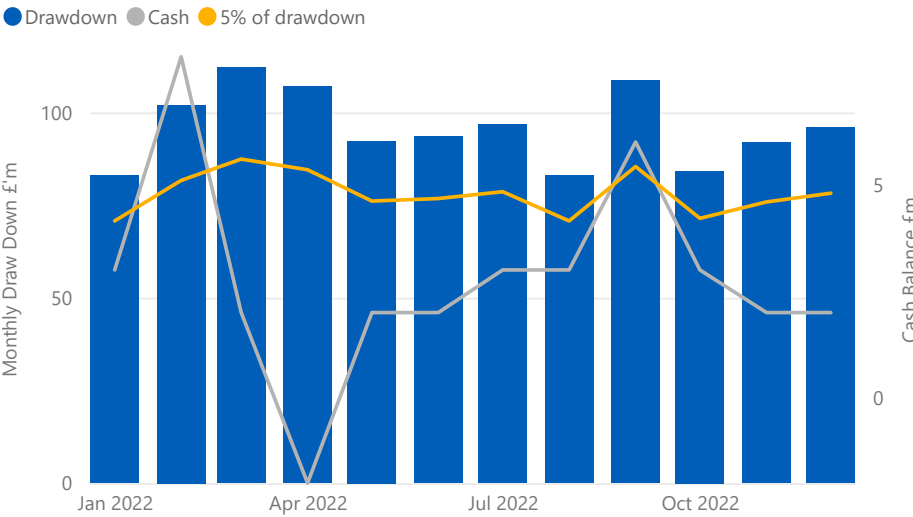
Working Capital



Overpayments of Salaries

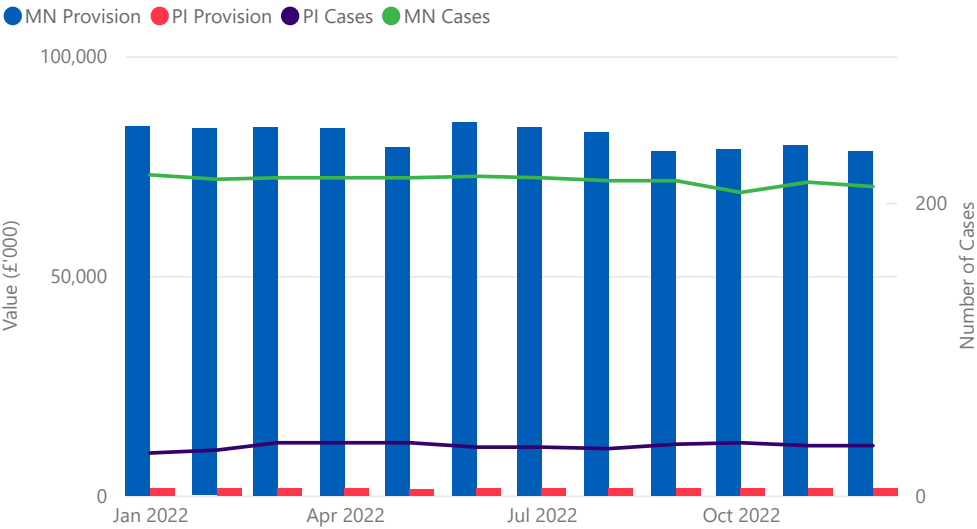


Cash WG Allocation



Summarised	Opening Balance £'000	Month 9 £'000	Movement M9 £'000
Fixed assets	331,552	352,333	20,781
Other non current assets	71,688	65,424	-6,264
Total Non Current Assests	403,240	417,757	14,517
Cash	1,565	2,280	715
Inventories	10,399	10,952	553
Other financial assets		0	0
Trade and other receivables	53,285	50,043	-3,242
Total Current Assets	65,249	63,275	-1,974
Total Assets	468,489	481,032	12,543
Provisions	22,400	26,135	3,735
Trade and other payables	175,380	134,385	-40,995
Total Current Liabilities	197,780	160,521	-37,259
Total Net Assets less Liabilities	270,709	320,511	49,802
Provisions	70,059	59,834	-10,225
Trade and other payables	0	11,738	11,738
Total Non-current liabilities	70,059	71,572	1,513
Total Assets Employed	200,650	248,939	48,289
General Fund	168,450	195,230	26,780
Revaluation reserve	32,200	53,710	21,510
Total Taxpayers' equity	200,650	248,939	48,289

Medical Negligence & Personal Injury





Aged Payables



Aged Receivables



PSPP



Cash



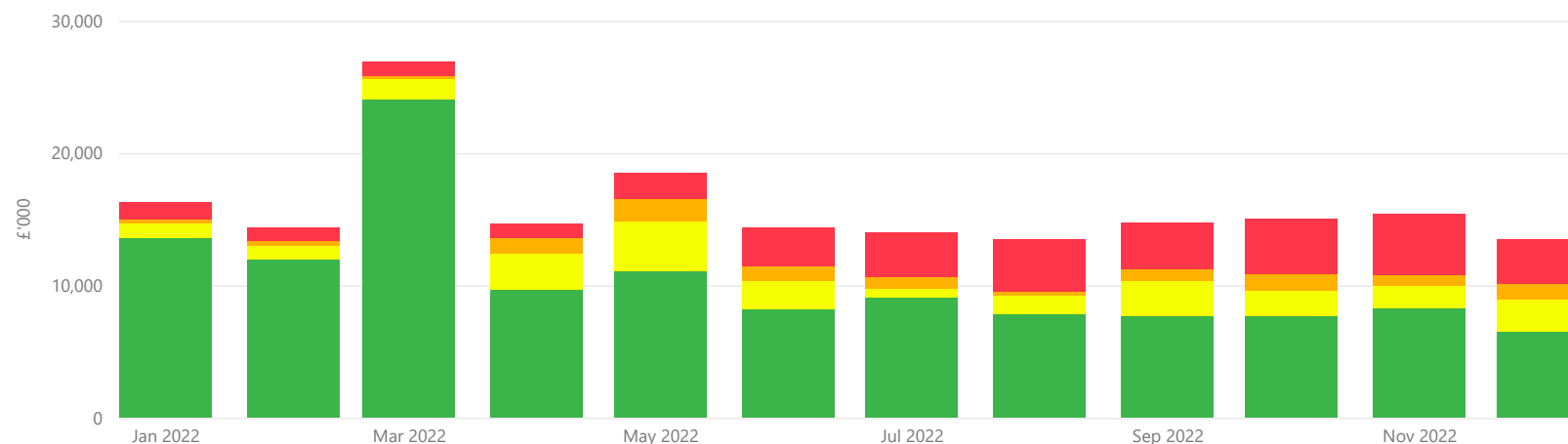
Working Capital



Medical Negligence

Aged Payables

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



As at the end of December There were £13.5m of unpaid supplier invoices in the Oracle financial ledger (£14.8m at the end of September). Of these, £7m were over 30 days old, representing 52% of the overall outstanding number of invoices (47.91% at the end of September).



Aged Payables



Aged Receivables



PSPP



Cash



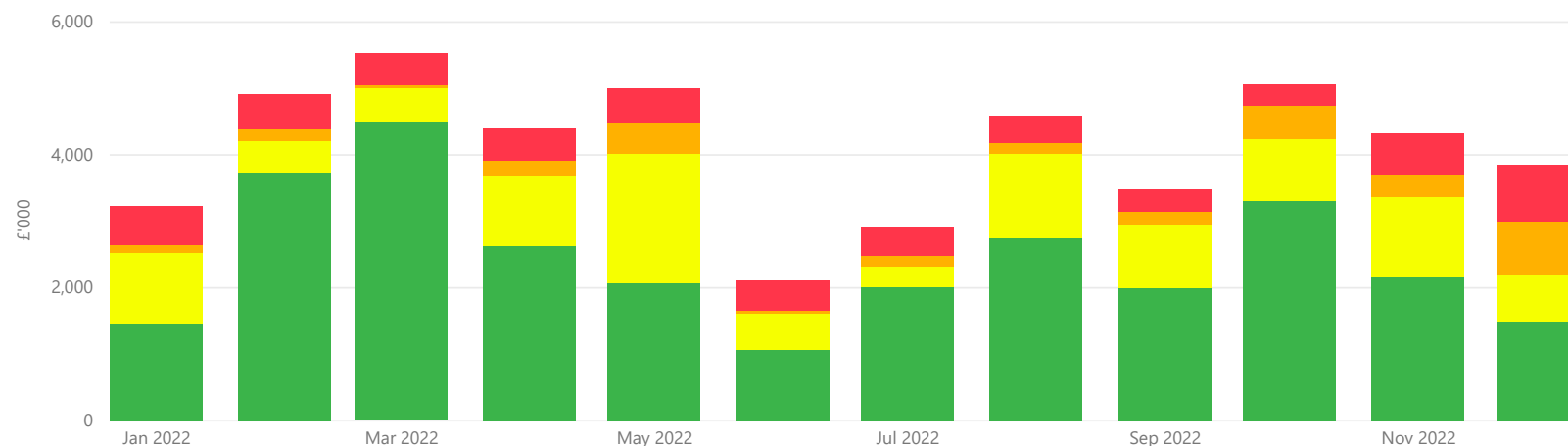
Working Capital



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 £93,232 is being repaid directly to the Health Board by instalment or salary deduction.

As at the end of December 2022 there was £3.8m (£3.5m at the end of September 2022), of debt owed to the Health Board, of this £1.5m, (39%) (30th September 2022 £2.0m, 57%) was under 30 days old.



Aged Payables



Aged Receivables



PSPP



Cash



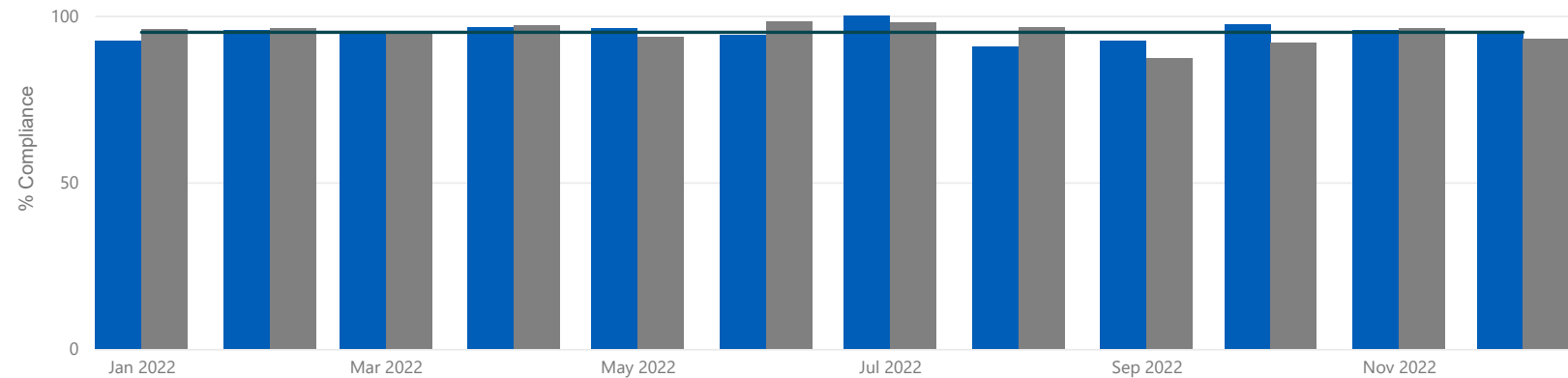
Working Capital



Medical Negligence

Public Sector Payment Policy (PSPP)

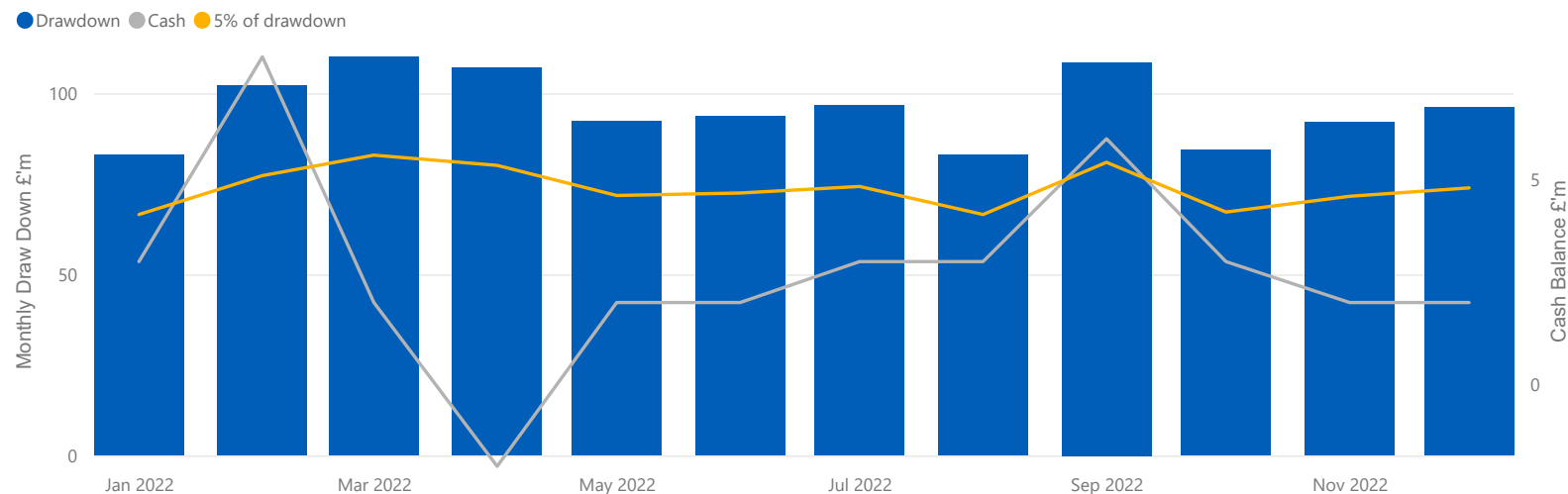
● NHS ● Non NHS ● 95% Target



The Health Board failed to achieve its PSPP target of paying 95% of its non-NHS invoices within 30 days of December with 92.9%, and a cumulative position of 95.15%. Compliance for Quarter 3 was 93.66% (93.93% for Q2). The Health Board failed to achieve its PSPP target of paying 95% of its NHS invoices within 30 days in December with 94.93%, and a cumulative position of 95.47%. Compliance for Quarter 3 was 96.18% (94.40% for Q2).



Cash WG Allocation



The Health Board has as approved cash limit of £1,041.3m split between revenue £1,004m and capital £37.3m. The amount of cash drawn down in total up to the end of December is £853.4m. The closing balance of £2.3m 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

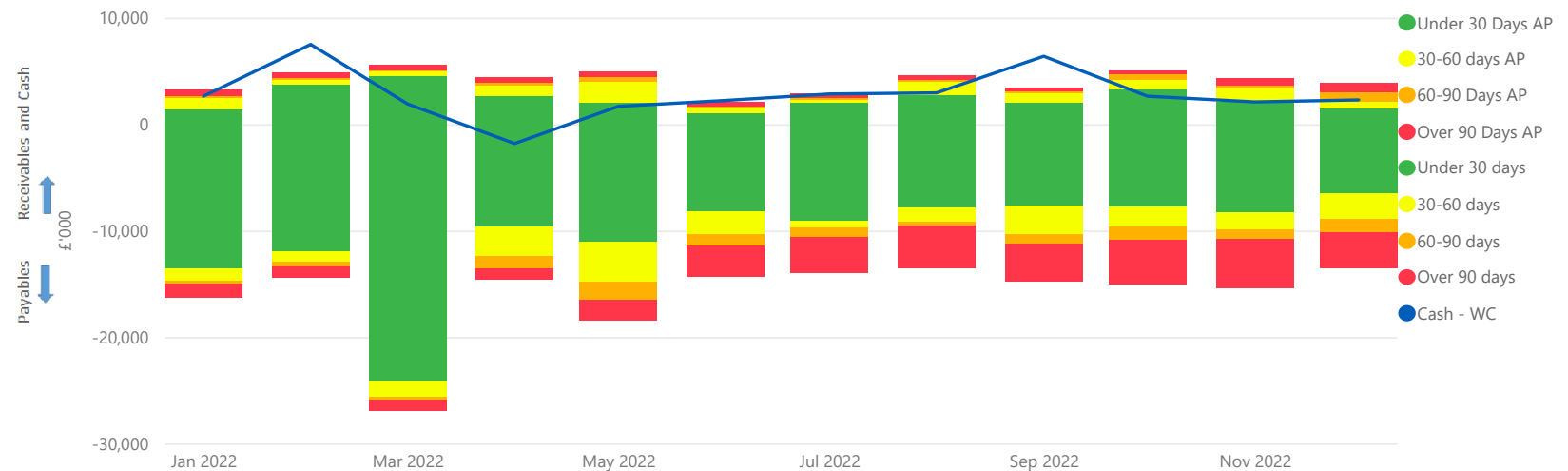


Working Capital



Medical Negligence

Working Capital



As at the end of December the cash balance is £2.3m (£6.4m at the end of September). Balances owed to the Health Board at the end of December are £3.8m (£3.5m in September). It is imperative that this is collected promptly to reduce reliance on cash support from WG. Balances owed to suppliers at the end of December are £13.5m (£14.8m in September).



Aged Payables



Aged Receivables



PSPP



Cash



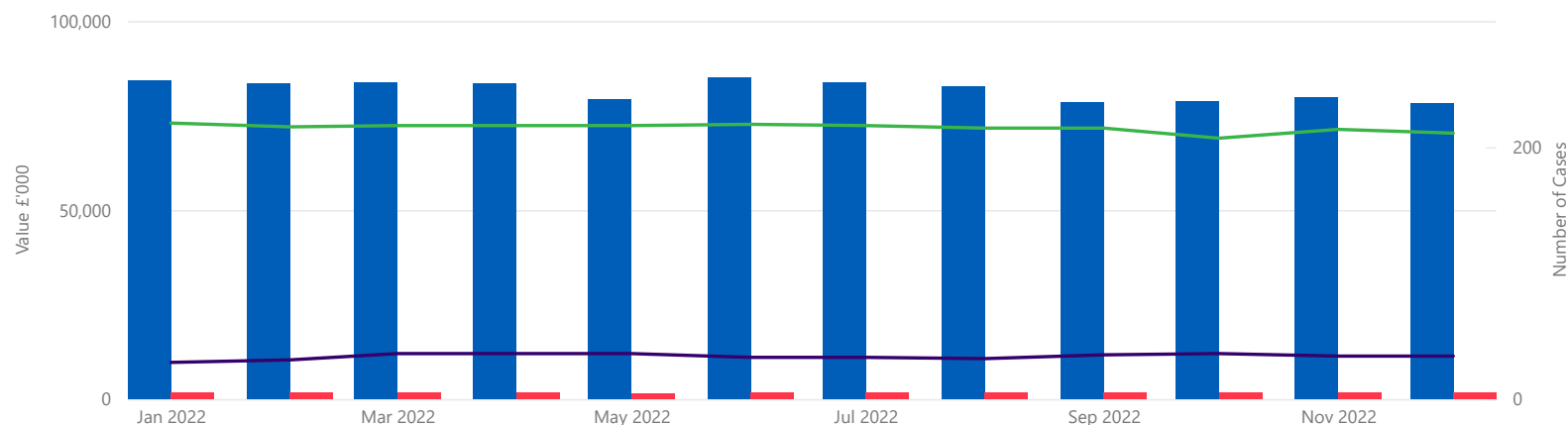
Working Capital



Medical Negligence

Medical Negligence & Personal Injury

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



The decrease in provisions is due to a decrease in Clinical Negligence provision of £5.4m (£5m of this can be attributed to 2 cases) and a reduction of £0.6m within Permanent Injury provision due to the change in discount rate.