



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 28 June 2022 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | Balance Sheet Analysis – as at 31 st March 2022 |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Huw Thomas, Director of Finance |
| SWYDDOG ADRODD: REPORTING OFFICER: | Rhian Davies, Assistant 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 4 2021/22 (M12) and to provide an explanation for key movement.

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 4 2021-22 Balance Sheet Review

The Month 12 Balance Sheet, with explanation of key variances, is shown in Appendix 1. The movement of £30m from the opening position can be summarised as follows:

| <i>Balance Sheet Heading</i> | 2021-22 Opening Balance £m | 31 Mar 2022 £'m | Movement £'m |
|-------------------------------------|---|--------------------------------|-------------------------|
| Fixed Assets | 291 | 331 | 41 |
| Other non-current assets | 60 | 72 | 11 |
| Current assets | 53 | 65 | 11 |
| Total Assets | 405 | 468 | 63 |
| Trade and other Payables | -154 | -175 | -21 |
| Provisions | -80 | -92 | -12 |
| Total Liabilities | -234 | -267 | -33 |
| Net Assets less Liabilities | 170 | 201 | 30 |

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

Further developments

Month end Balance Sheet closedown system

- Phase 1 (Account Reconciliation) of the Blackline solution for month end reconciliations was successfully implemented in September 2021. Blackline is now 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 progressing with three of the four bank account reconciliations successfully automated. The final one is due to conclude by end of June 2022. This will streamline and automate 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 4 2021-22
- 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: | 1296 (score 16) Risk that the Health Board will not deliver a financial out-turn position in line with our original plan of £25m deficit |
| 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 |

| Statement of Financial Position as at 31 st December 2021 | Opening Balance 1 st April 2021 £'000 | Closing Balance 31 st March 2022 £'000 | Movement £'000 | |
|---|---|--|-----------------------|--|
| Non Current Assets | | | | |
| Property, plant and equipment | 290,648 | 331,552 | 40,904 | |
| Intangible assets | 1,349 | 2,784 | 1,435 | |
| Trade and other receivables | 59,024 | 68,904 | 9,880 | |
| Non-Current Assets sub total | 351,021 | 403,240 | 52,219 | |
| Current Assets | | | | |
| Inventories | 9,029 | 10,399 | 1,370 | |
| Trade and other receivables | 42,207 | 53,285 | 11,078 | |
| Cash and cash equivalents | 2,313 | 1,565 | (748) | |
| Non-current assets classified as held for sale | 392 | 0 | (392) | |
| TOTAL CURRENT ASSETS | 53,941 | 65,249 | 11,308 | |
| TOTAL ASSETS | 404,962 | 468,489 | 63,527 | |
| Current Liabilities | (152,942) | (175,380) | (22,438) | |
| Provisions | (21,116) | (22,400) | (1,248) | |
| NET CURRENT ASSETS / (LIABILITIES) | (120,117) | (132,531) | (12,414) | |
| Non-Current Liabilities | | | | |
| Trade and other Payables | (1,123) | 0 | 1,123 | |

Movement in fixed asset additions totalled £62.6m; the most significant of these were the Modular Theatre Facility at Prince Phillip Hospital £18.0m and Covid Recovery Funding £4.8m. These were offset by depreciation charged and impairments, which led to the net increase of £42m fixed assets during the year.

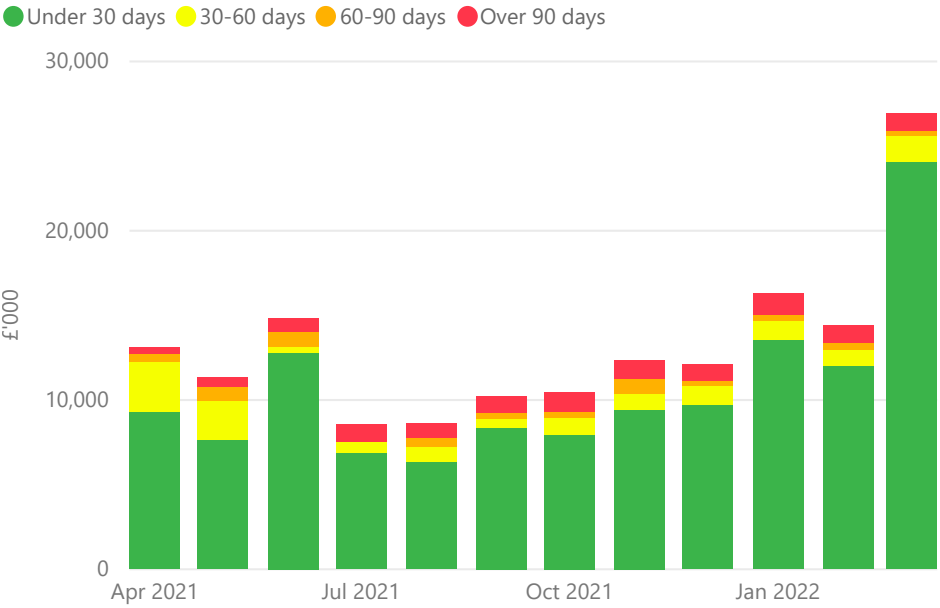
Increase in the Welsh Risk Pool debtor due to increase in provision.

The movement in Current Liabilities is mainly attributable to an increase in non-NHS accruals £14m (which includes Continuing Health Care, Agency Nursing, Outsourcing), capital creditors £10m and increases in trade payables £9m offset by a reduction in other creditors of £11m relating to the bonus payment for 2020/21.

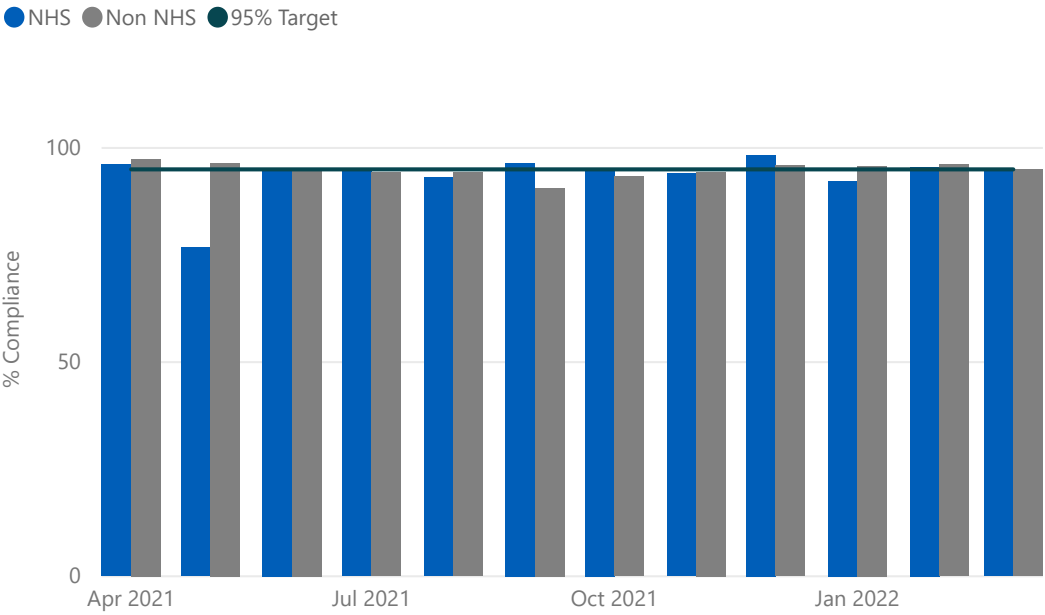
| | | | |
|--------------------------------|----------------|----------------|---------------|
| Provisions | (59,381) | (70,059) | (10,678) |
| TOTAL ASSETS EMPLOYED | 170,400 | 200,650 | 30,250 |
| | | | |
| FINANCED BY: | | | |
| Taxpayers' Equity | | | |
| General Fund | 140,985 | 168,450 | 27,465 |
| Revaluation Reserve | 29,415 | 32,200 | 2,785 |
| TOTAL TAXPAYERS' EQUITY | 170,400 | 200,650 | 30,250 |

Increase in provision is due mainly to Clinical Negligence.

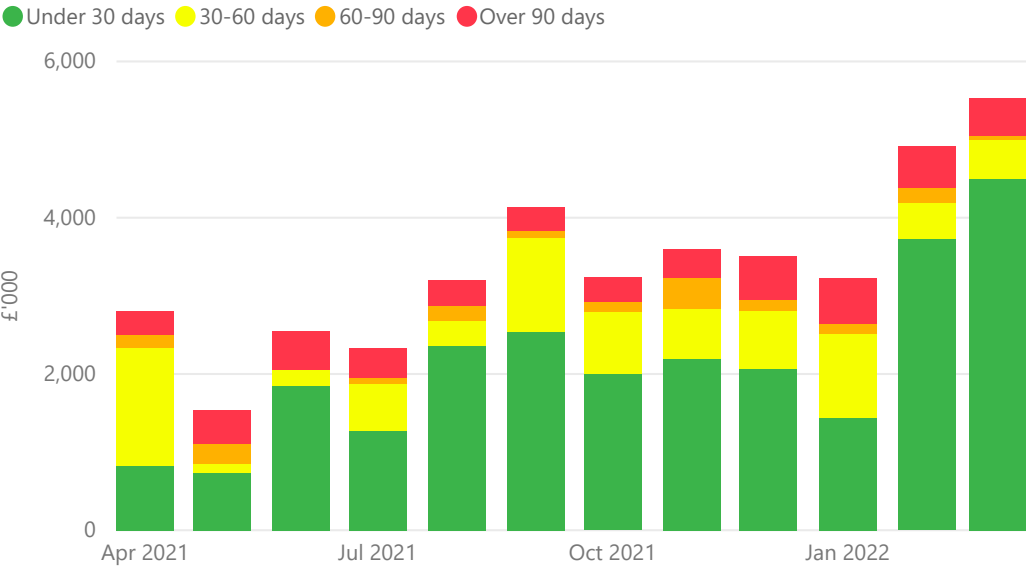
Aged Payables



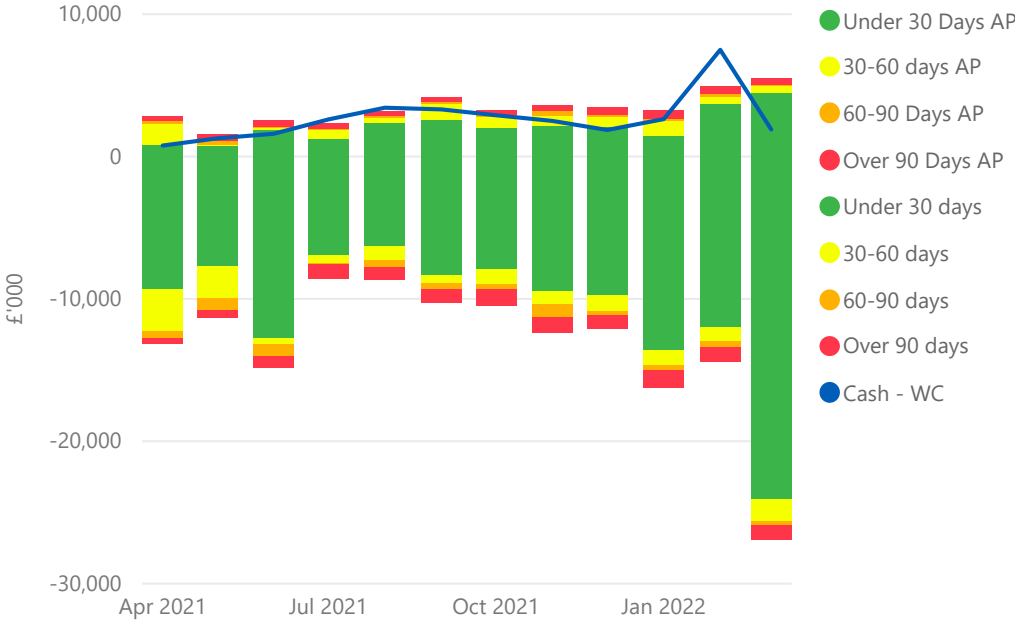
Public Sector Payment Policy (PSPP)



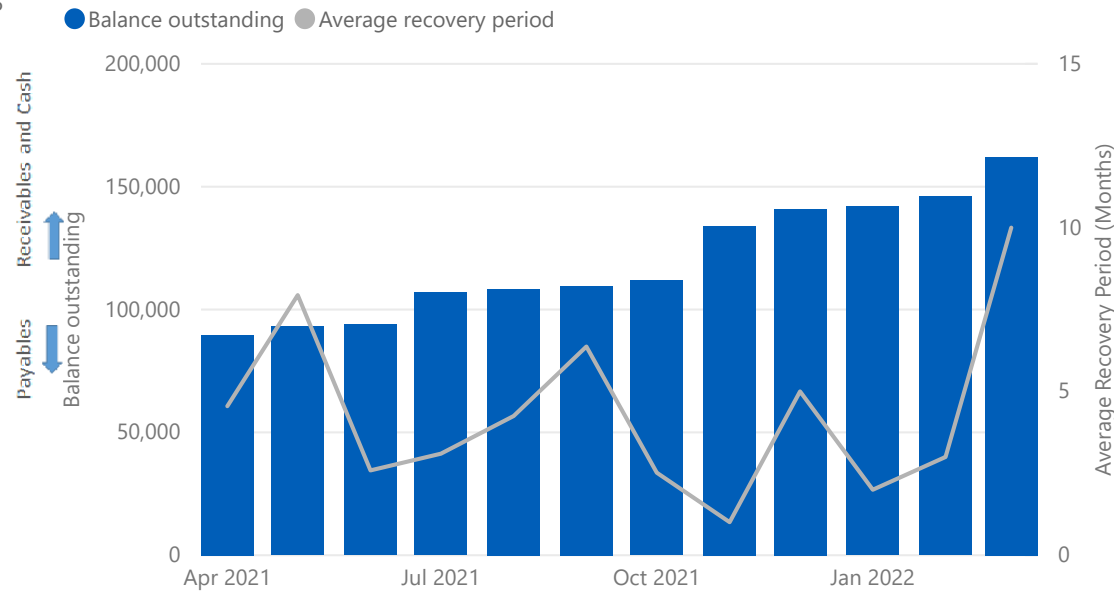
Aged Receivables



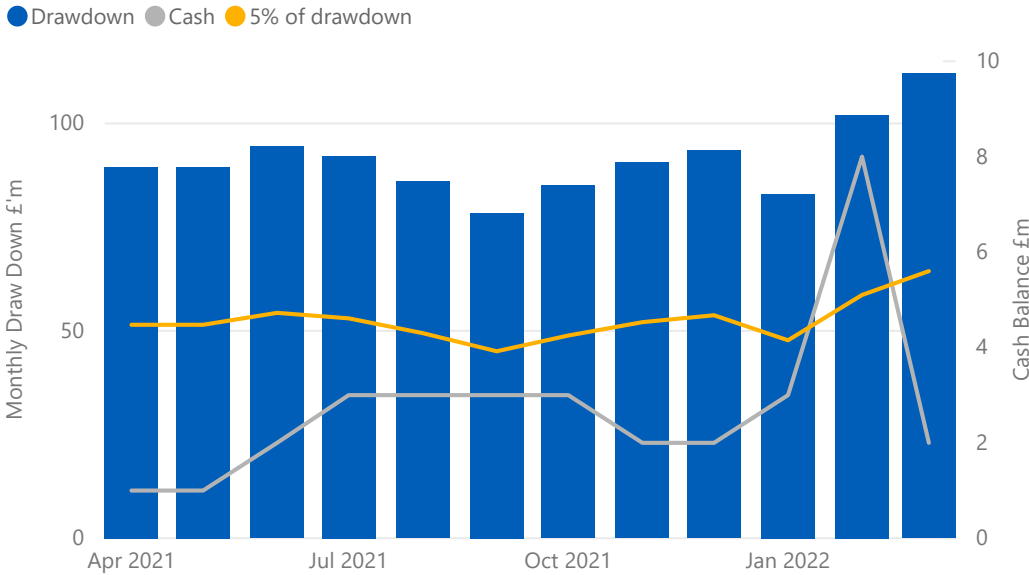
Working Capital



Overpayments of Salaries

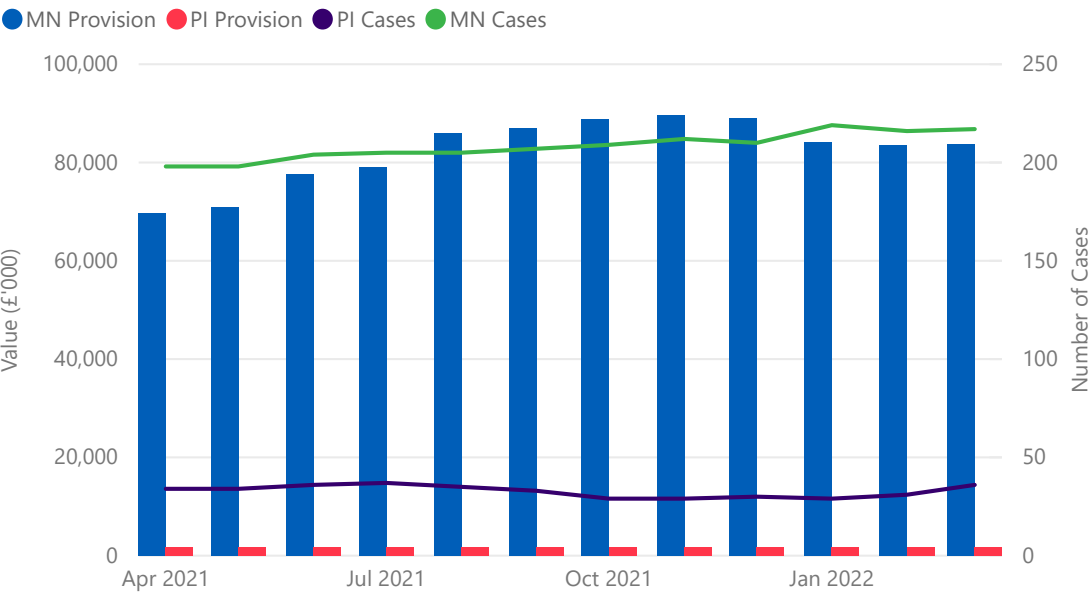


Cash WG Allocation



| Summarised | 2021-22 Opening Balance | Month 12 £'000 | Movement M12 £'000 |
|-----------------------------------|-------------------------|----------------|--------------------|
| Fixed assets | 290,648 | 331,552 | 40,904 |
| Other non current assets | 60,373 | 71,688 | 11,315 |
| Total Non Current Assests | 351,021 | 403,240 | 52,219 |
| Cash | 2,705 | 1,565 | -1,140 |
| Inventories | 9,029 | 10,399 | 1,370 |
| Other financial assets | 0 | 0 | 0 |
| Trade and other receivables | 42,207 | 53,285 | 11,078 |
| Total Current Assets | 53,941 | 65,249 | 11,308 |
| Total Assets | 404,962 | 468,489 | 63,527 |
| Provisions | 21,116 | 22,400 | 1,284 |
| Trade and other payables | 152,942 | 175,380 | 22,438 |
| Total Current Liabilities | 174,058 | 197,780 | 23,722 |
| Total Net Assets less Liabilities | 230,904 | 132,531 | -98,373 |
| Provisions | 59,381 | 70,059 | 10,678 |
| Trade and other payables | 1,123 | 0 | -1,123 |
| Total Non-current liabilities | 60,504 | 70,059 | 9,555 |
| Total Assets Employed | 170,400 | 200,650 | 30,250 |
| General Fund | 140,985 | 168,450 | 27,465 |
| Revaluation reserve | 29,415 | 32,200 | 2,785 |
| Total Taxpayers' equity | 170,400 | 200,650 | 30,250 |

Medical Negligence & Personal Injury





Aged Payables



Aged Receivables



PSPP



Cash



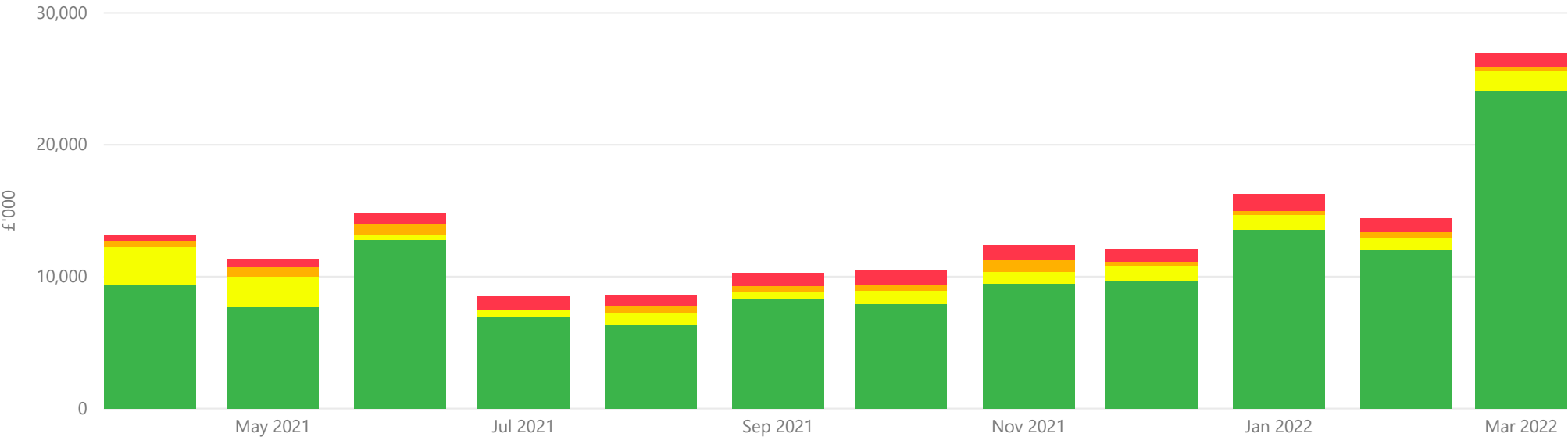
Working Capital



Medical Negligence

Aged Payables

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



As at the end of March there were £26.9m of unpaid supplier invoices in the Oracle financial ledger (£12.1m at the end of December). Of these, £2.8m were over 30 days old, representing 10.5% of the overall outstanding number of invoices (20% at the end of December).



Aged Payables



Aged Receivables



PSPP



Cash



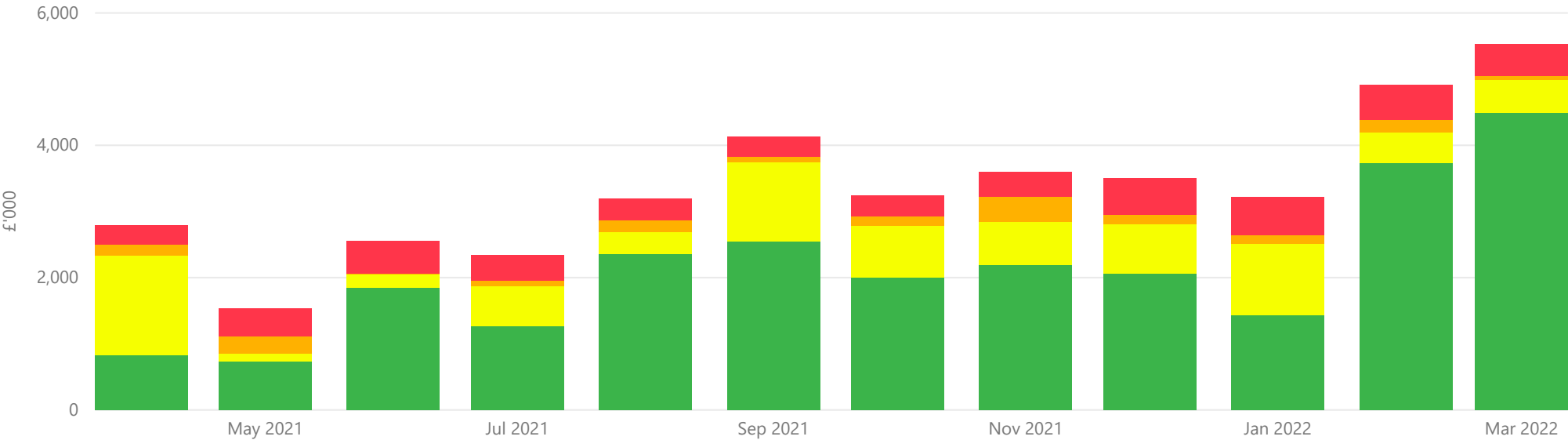
Working Capital



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 £99,842 is being repaid directly to the Health Board by instalment or salary deduction.
As at the end of March 2022 there was £5.5m (£3.5m at the end of December 2021), of debt owed to the Health Board, of this £4.5m (81%) (31st December 2021 £2.1m, 59%) was under 30 days old.



Aged Payables



Aged Receivables



PSPP



Cash



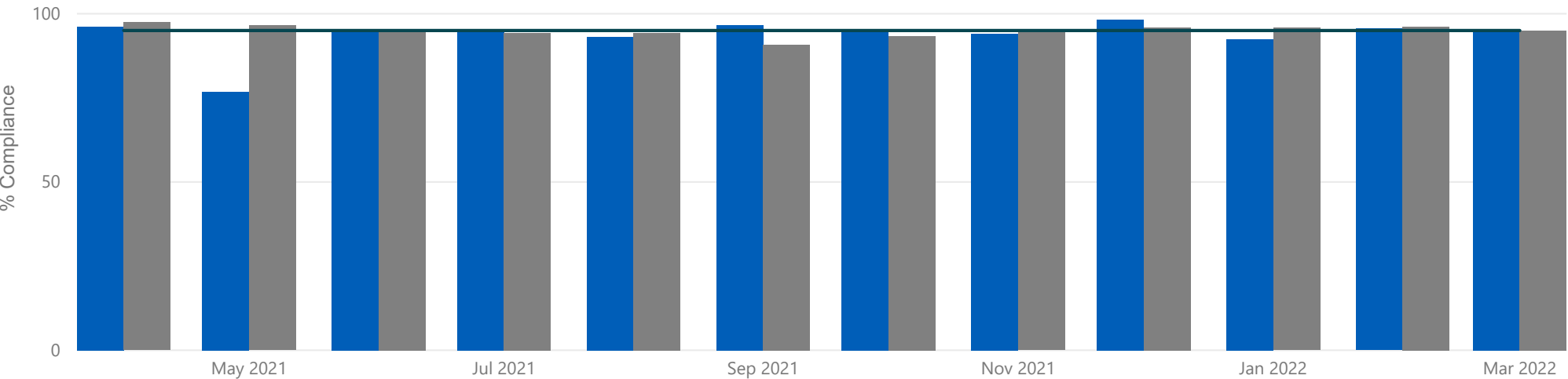
Working Capital



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 the FY 21-22 with a compliance of 95.81% for the quarter and a cumulative position of 95.18%.



Aged Payables



Aged Receivables



PSPP



Cash

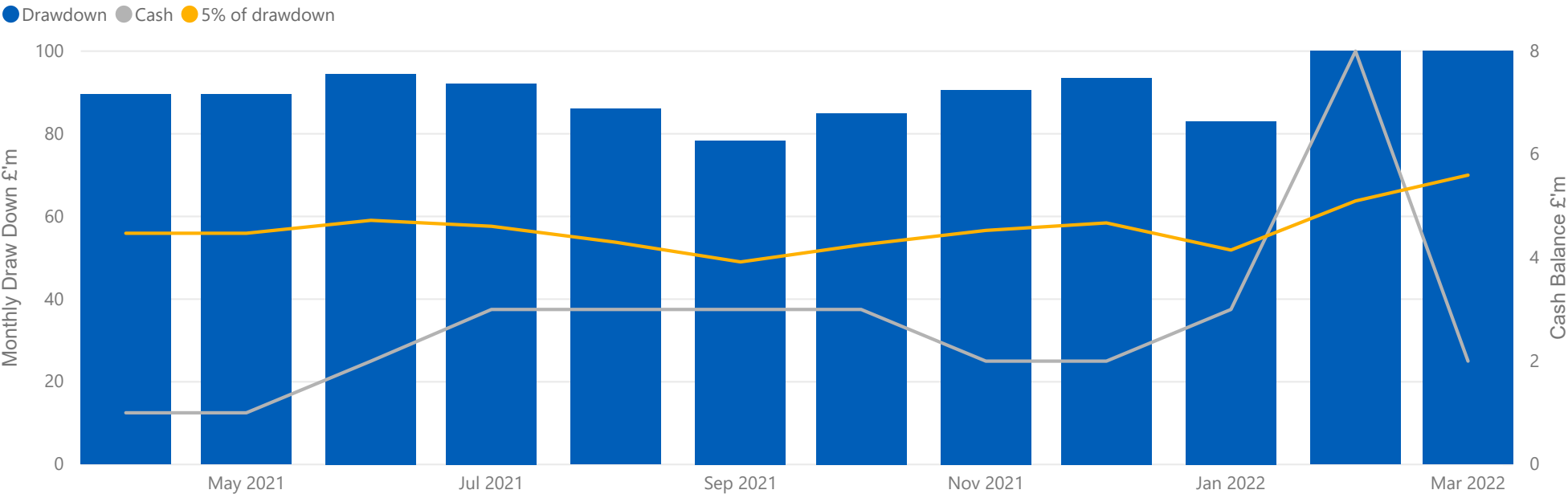


Working Capital



Medical Negligence

Cash WG Allocation



The Health Board has an approved cash limit for the year of £1,107.5m split between revenue £1,046.4m and capital £61.1m. The total value of the revenue cash limit was drawn down, only £50.7m of the capital cash limit was drawn down. The closing balance of £1.9m did not exceed 5% of the monthly draw down from Welsh Government.



Aged Payables



Aged Receivables



PSPP



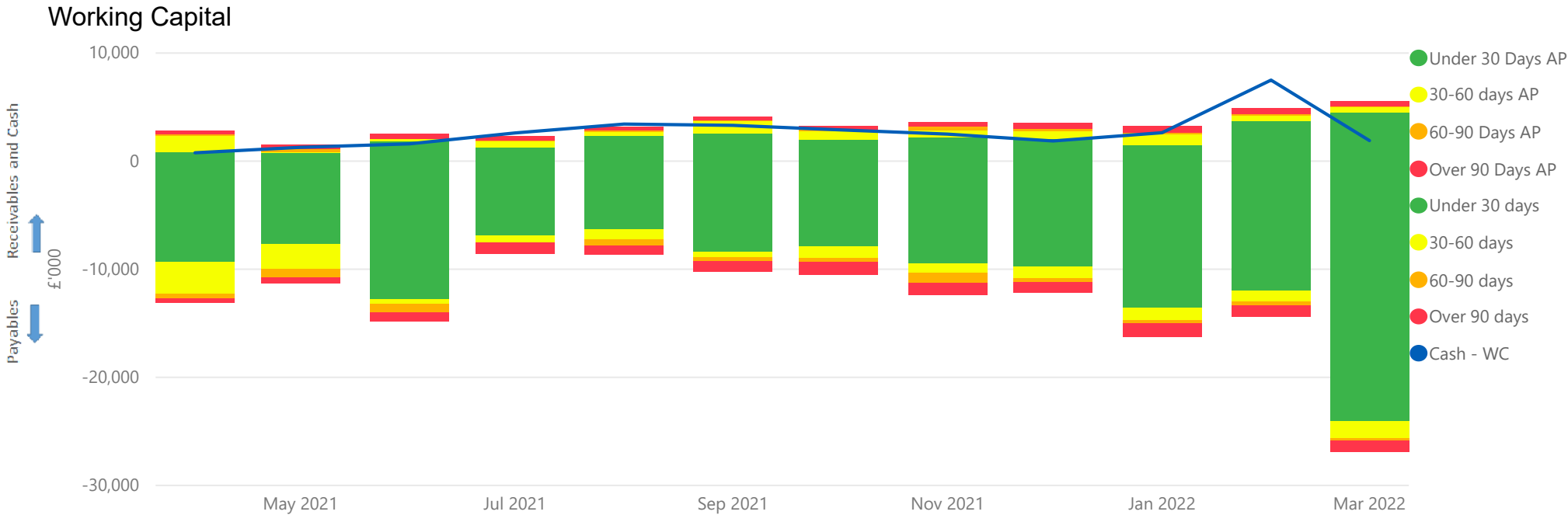
Cash



Working Capital



Medical Negligence



As at the end of March the cash balance is £1.9m (£1.9m at the end of December). Balances owed to the Health Board at the end of March are £5.5m (£3.5m in December). 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 £26.9m (£12.1m in December).



Aged Payables



Aged Receivables



PSPP



Cash

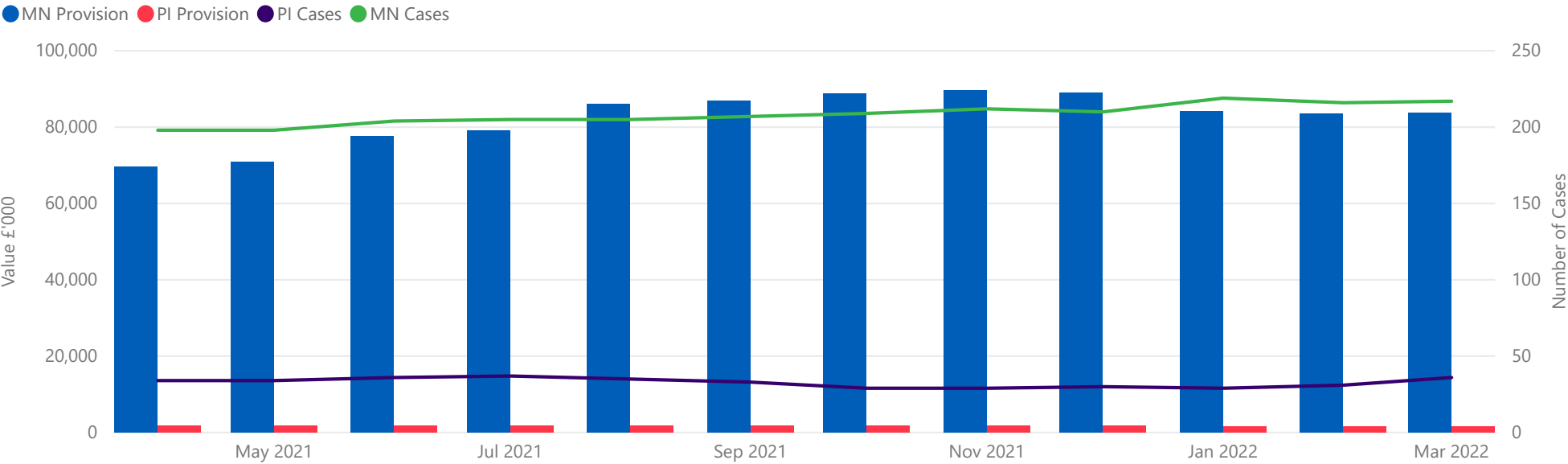


Working Capital



Medical Negligence

Medical Negligence & Personal Injury



The movement in the provision for medical negligence cases from the end of 2020/21 is £14m. This is attributable primarily to the increase in damages provision for four cases for £8.1m, £2.5m, £1.6m and £1.4m - two of the cases increased in value and two changed due to an increase of probability of settlement with the full value of the case now being provided for (defence costs only previously provided).