

PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 August 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Balance Sheet Analysis – as at 30 th June 2021
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Jennifer Thomas, Senior Finance Business Partner

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The purpose of this report is to provide the Sustainable Resources Committee with an outline of Hywel Dda University Health Board's (HDdUHB) Balance Sheet position as at Quarter 1 2021/22 (Month 3) 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 1 2021-22 Balance Sheet Review

The Month 3 Balance Sheet, with explanation of key variances, is presented in detail at Appendix 1. The movement of £14 million from the opening position can be summarised as follows:

Balance Sheet Heading	2021-22 Opening Balance £m	30th June 2021 £'m	Movement £'m
Fixed Assets	292	286	-6
Other non-current assets	59	65	6
Current assets	54	63	9
Total Assets	405	414	9
Trade and other Payables	-153	-142	11
Provisions	-82	-88	-6

Total Liabilities	-234	-230	5
Net Assets less Liabilities	170	184	14

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

Further developments

Month end Balance Sheet closedown system

Work is currently underway to implement the Blackline month end system. The solution has been built in a test environment and staff have been trained in readiness for the system to be operational in September 2021.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to:

- Note and discuss the Balance Sheet as at the end of Quarter 1 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:	2.5 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

Gwybodaeth Ychwanegol:	
Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau:	Explanation of terms is included in the report

Glossary of Terms:	
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:	The impact on patient care is assessed within the savings schemes.
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, the Wales Audit Office, and with external stakeholders
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

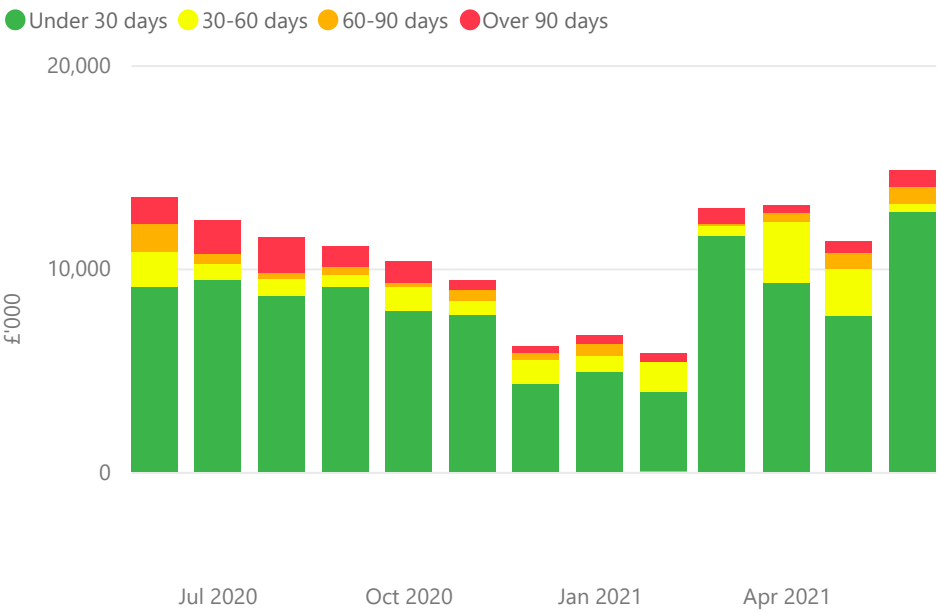
APPENDIX 1

Statement of Financial Position as at 30 th June 2021	Opening Balance 1 st April 2021 £'000	Closing Balance 30 th June 2021 £'000	Movement £'000	
Non Current Assets				
Property, plant and equipment	290,648	285,261	(5,387)	Movement in fixed asset is due to the first quarter depreciation of £5.5m
Intangible assets	1,349	1,230	(119)	
Trade and other receivables	59,024	64,665	5,641	The trade receivables movement is due to increases in the VAT debtor £1.6m, prepayments £5.6m, with the remainder attributable to an increase in the Welsh Risk Pool debtor as a result of medical negligence claims.
Non-Current Assets sub total	351,021	351,156	135	
Current Assets				
Inventories	9,029	9,564	535	
Trade and other receivables	42,207	51,554	9,347	
Cash and cash equivalents	2,313	1,600	(713)	
Non-current assets classified as held for sale	392	0	(392)	
TOTAL CURRENT ASSETS	53,941	62,718	8,777	
TOTAL ASSETS	404,962	413,874	8,912	
Current Liabilities	(152,942)	(141,932)	11,010	The movement in current liabilities is mainly attributable to the reduction of Other Payables of £11m, as a result of the payment of the COVID-19 bonus to staff in May 2022
Provisions	(21,116)	(27,221)	(6,105)	
NET CURRENT ASSETS / (LIABILITIES)	230,904	244,720	13,816	
Non-Current Liabilities				
Trade and other Payables	(1,123)	0	1,123	
Provisions	(59,381)	(60,587)	(1,206)	The movement in total provision is in relation to medical negligence cases, £7.8m. This is mainly due to an increase in the value of damages for 1 case.
TOTAL ASSETS EMPLOYED	170,400	184,133	13,733	

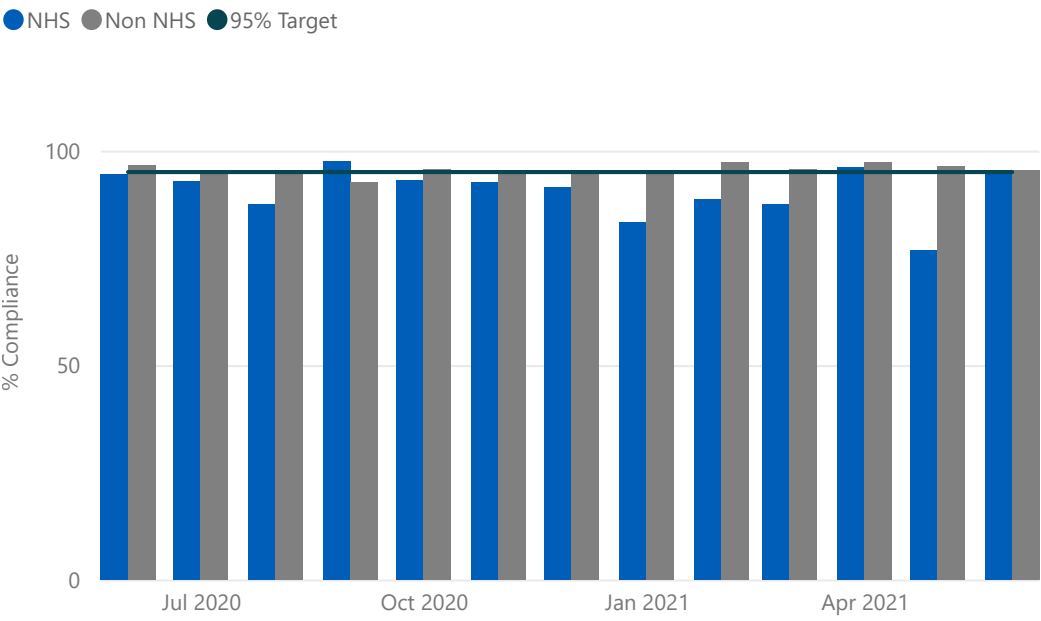
APPENDIX 1

FINANCED BY:				
Taxpayers' Equity				
General Fund	140,985	154,710	13,725	
Revaluation Reserve	29,415	29,423	8	
TOTAL TAXPAYERS' EQUITY	170,400	184,133	13,733	

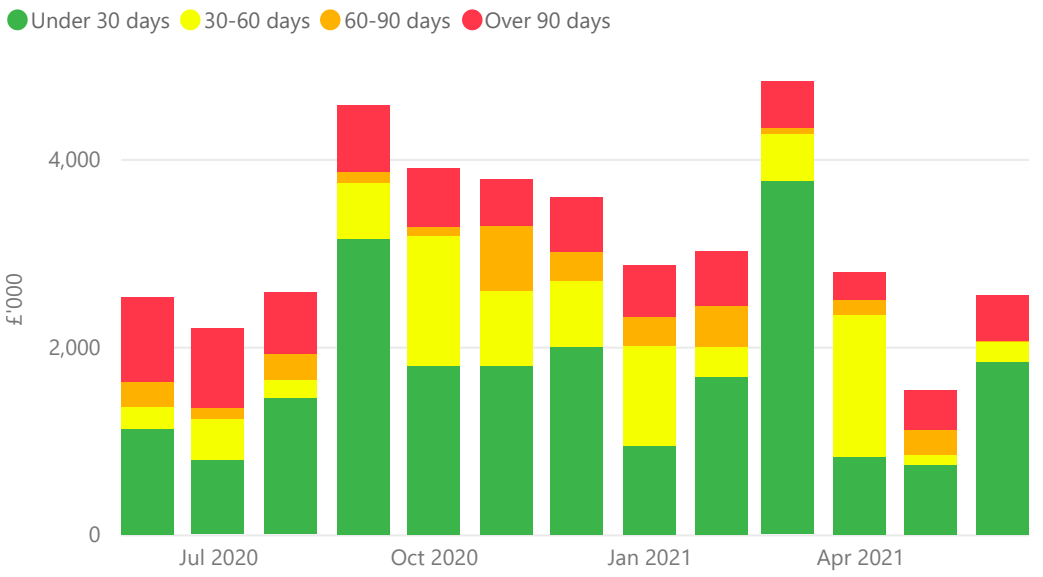
Aged Payables



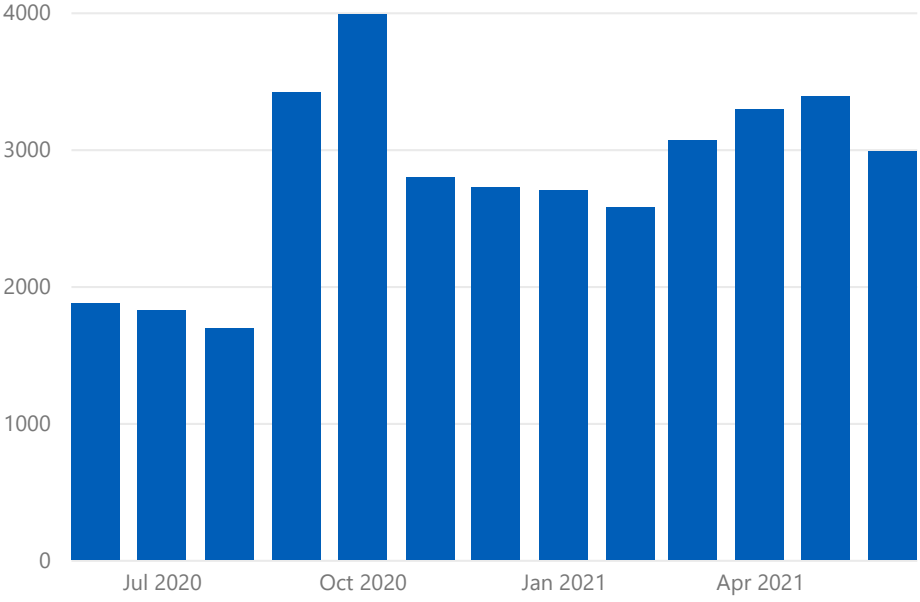
Public Sector Payment Policy (PSP)



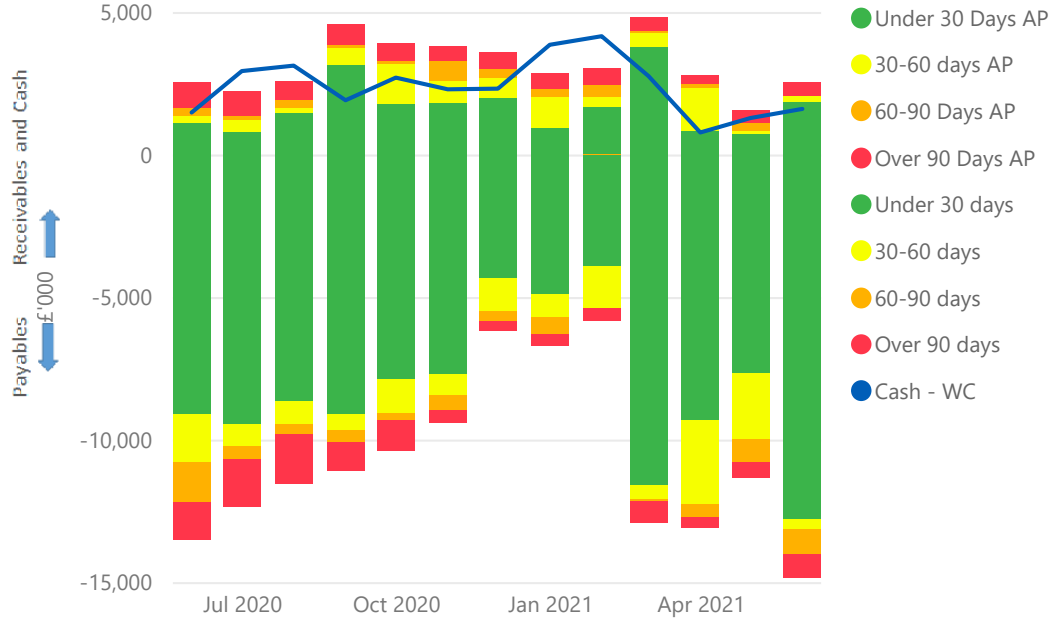
Aged Receivables



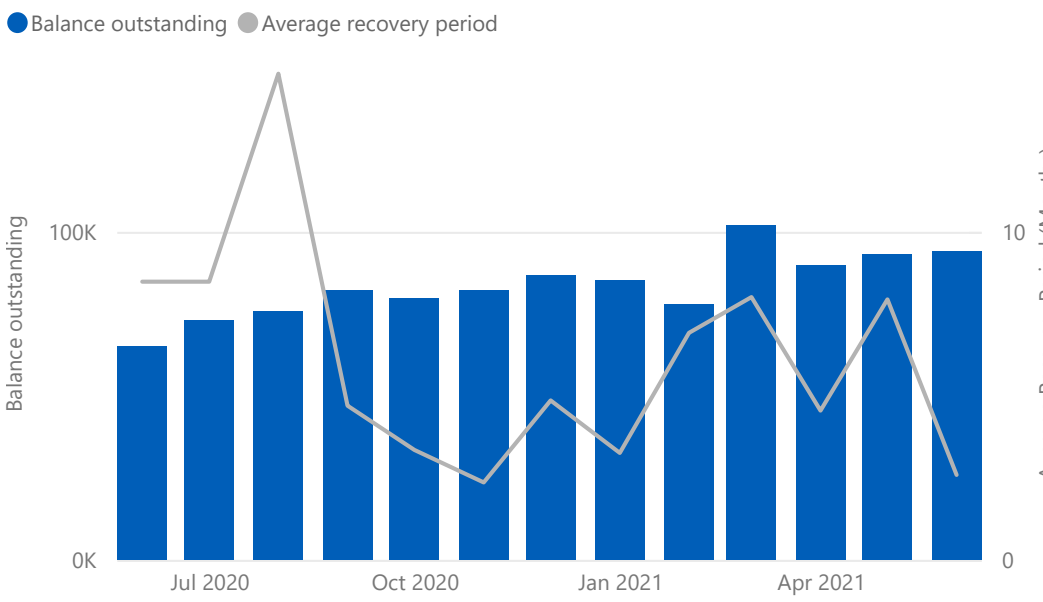
On Hold Volume



Working Capital

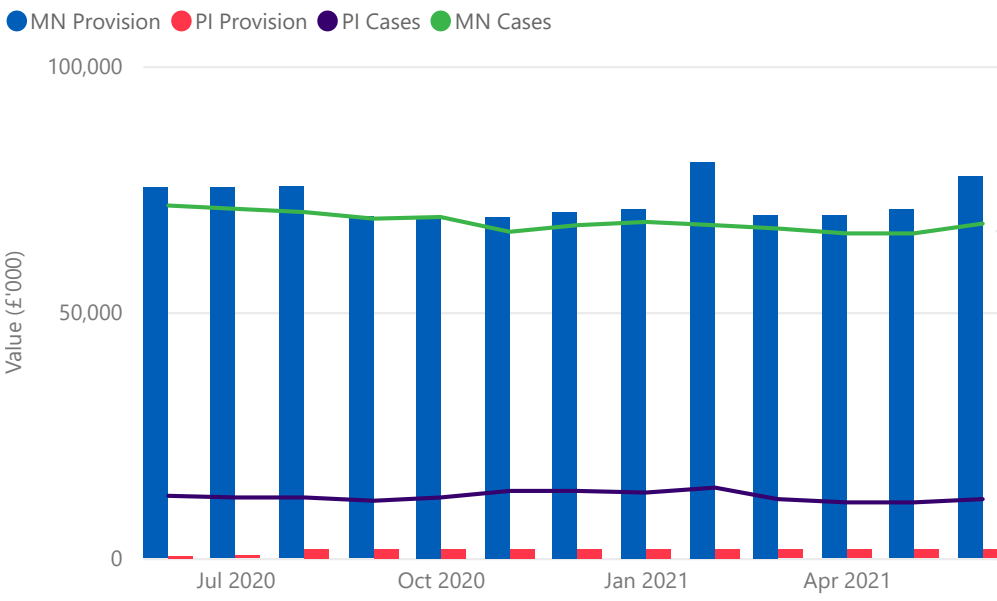


Overpayments of Salaries

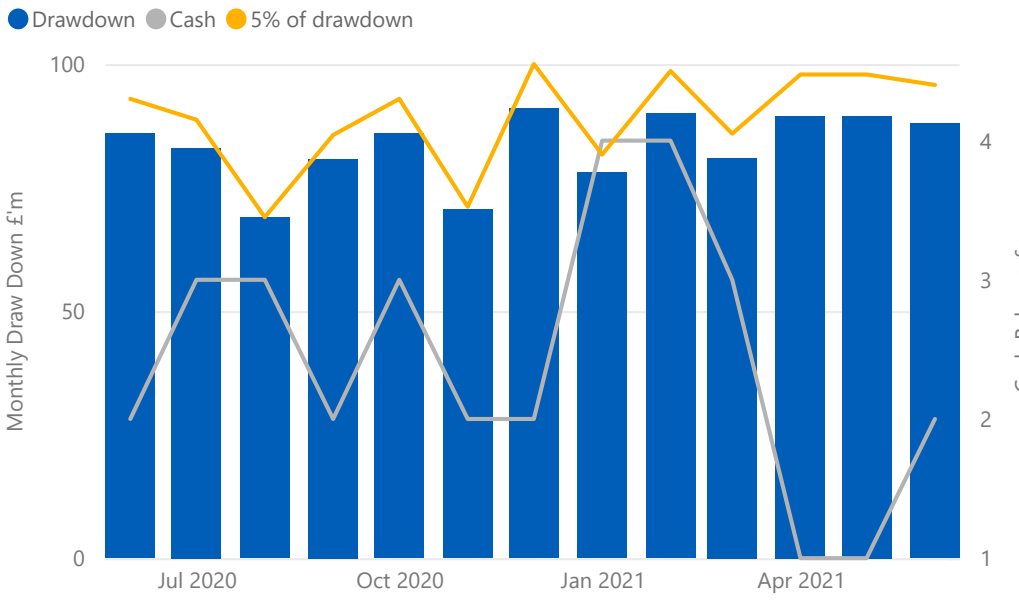


Summarised	2021-22 Opening Balance	Month 3 £'000	Movement M3 £'000
Fixed assets	290,648	285,261	-5,387
Other non current assets	60,373	65,895	5,522
Total Non Current Assests	351,021	351,156	135
Cash	2,705	1,600	-1,105
Inventories	9,029	9,564	535
Other financial assets	0	0	0
Trade and other receivables	42,207	51,554	9,347
Total Current Assets	53,941	62,718	8,777
Total Assets	404,962	413,874	8,912
Provisions	21,116	27,221	6,105
Trade and other payables	152,942	141,932	-11,010
Total Current Liabilities	174,058	169,154	-4,904
Total Net Assets less Liabilities	230,904	244,720	13,816
Provisions	59,381	60,587	1,206
Trade and other payables	1,123	0	-1,123
Total Non-current liabilities	60,504	60,587	83
Total Assets Employed	170,400	184,133	13,733
General Fund	140,985	154,710	13,725
Revaluation reserve	29,415	29,423	8
Total Taxpayers' equity	170,400	184,133	13,733

Medical Negligence & Personal Injury



Cash WG Allocation





Aged Payables



Aged Receivables



PSPP



Cash



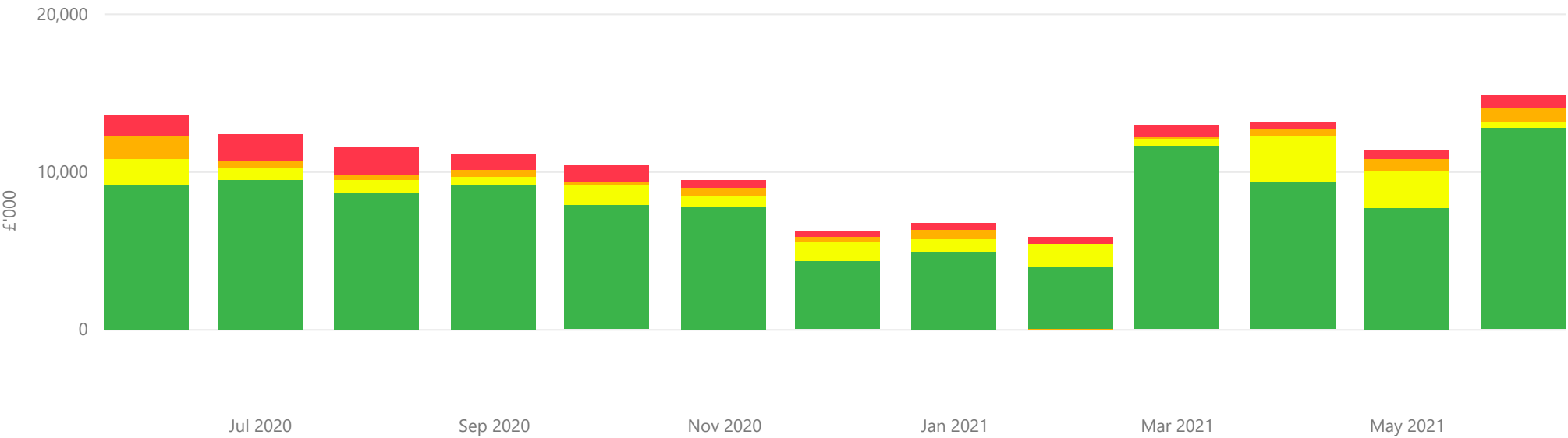
Working Capital



Medical Negligence

Aged Payables

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



As at 30th June 2021 there were £14.8m of unpaid supplier invoices in the Oracle financial ledger system (£12.9m at the end of March), of these, £2m were over 30 days old, representing 14% of the overall outstanding number of invoices (£1.3m at the end of March).



Aged Payables



Aged Receivables



PSPP



Cash



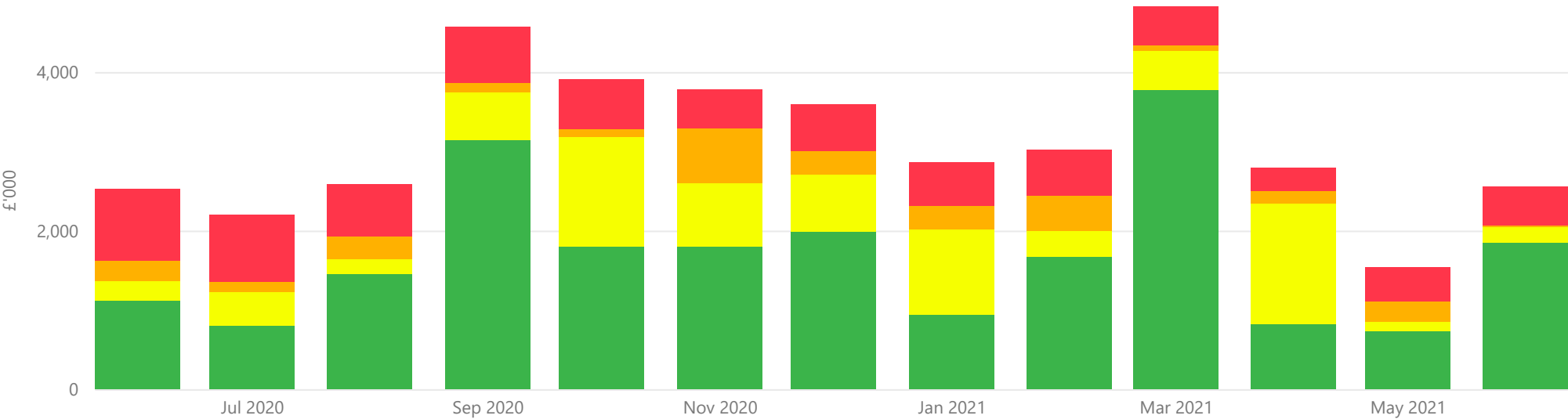
Working Capital



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 £47,566 is being repaid directly to the Health Board by instalment or salary deduction.
As at the end of June 2021 there was £2.6m (£4.8m at the end of March 2021), of debt owed to the Health Board, of this £1.8m, (72%) (31st March 2021 £3.8m, 78%) was under 30 days old.



Aged Payables



Aged Receivables



PSPP



Cash



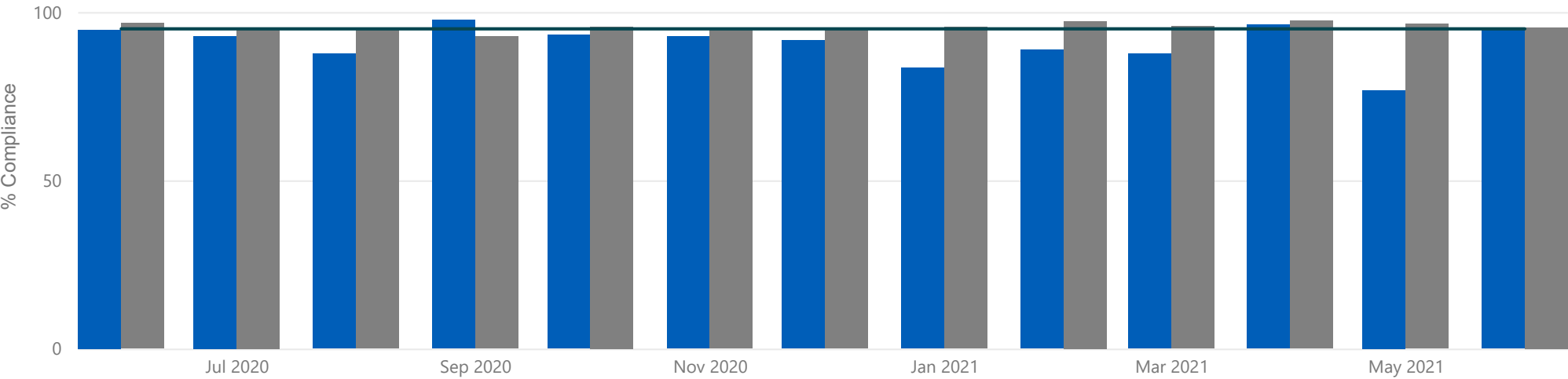
Working Capital



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 June with 95.37%, and a cumulative position of 96.38%. Compliance for Quarter 1 was 96.38% (96.17% for Q4).



Aged Payables



Aged Receivables



PSPP



Cash

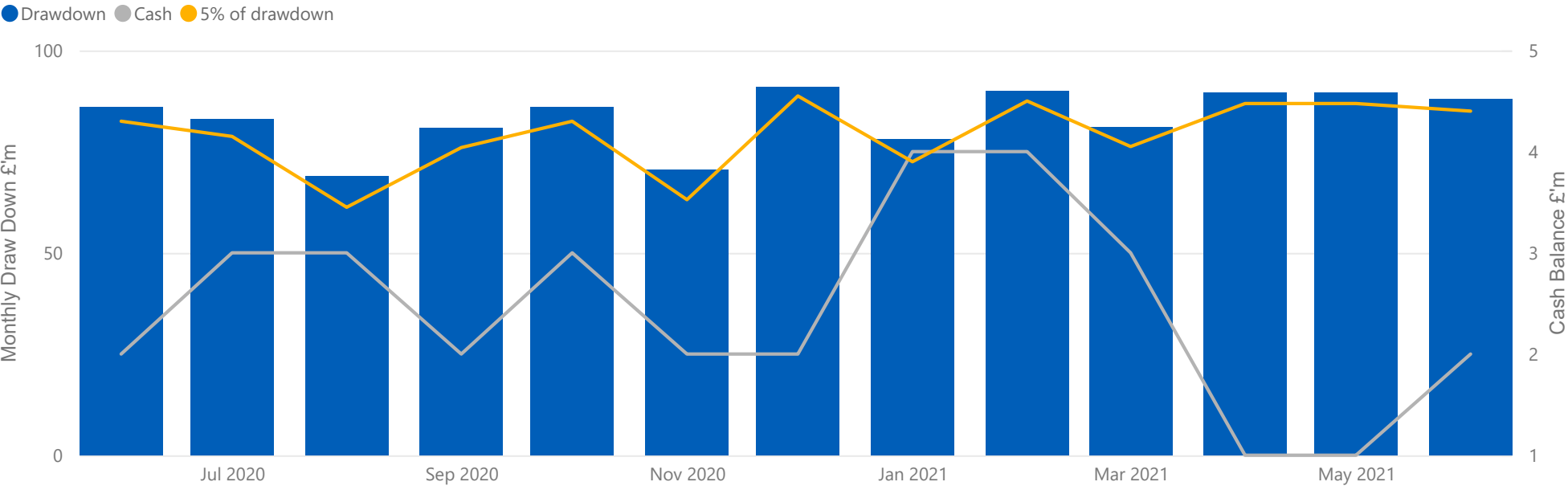


Working Capital



Medical Negligence

Cash WG Allocation



The Health Board has as approved cash limit of £933.2m split between revenue £910.3m and capital £22.9m. The amount of cash drawn down in total up to the end of June is £273.5m. The closing balance of £1.6m did not exceed 5% of the total monthly draw down from Welsh Government.



Aged Payables



Aged Receivables



PSPP



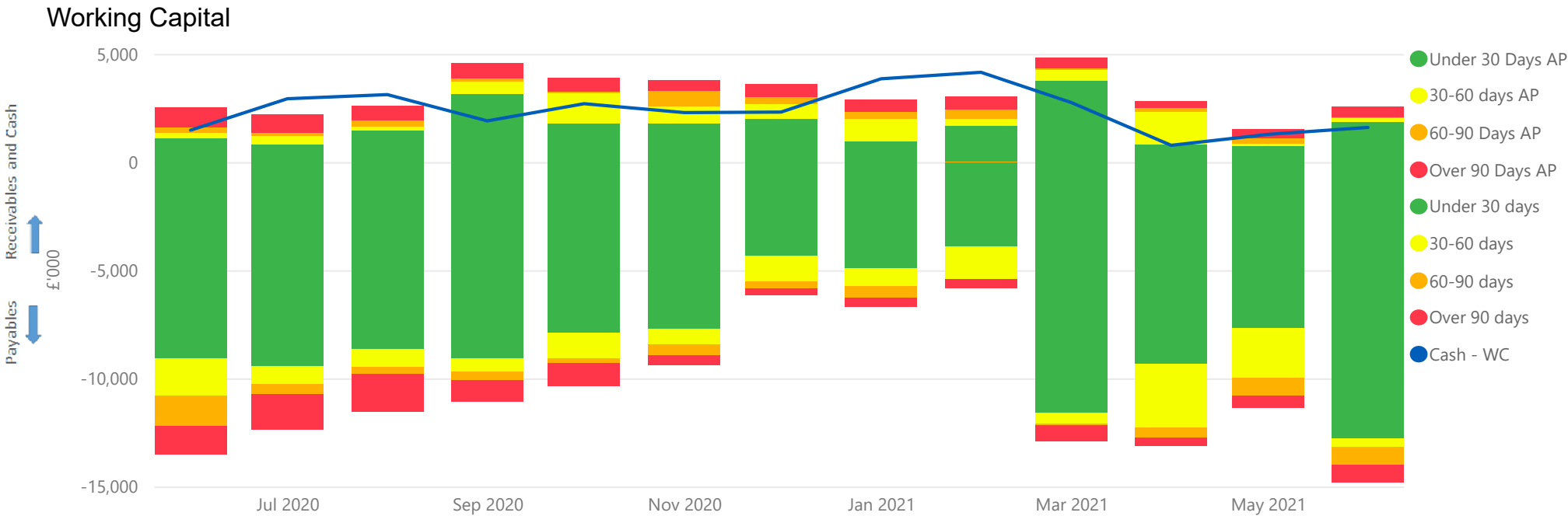
Cash



Working Capital



Medical Negligence



As at the end of June the cash and cash equivalents balance is £1.6m (£1.3m at the end of May). Balances owed to the Health Board at the end of June are £2.6m (£1.5m in May). 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 £14.8m (£11.3m in May).



Aged Payables



Aged Receivables



PSPP



Cash

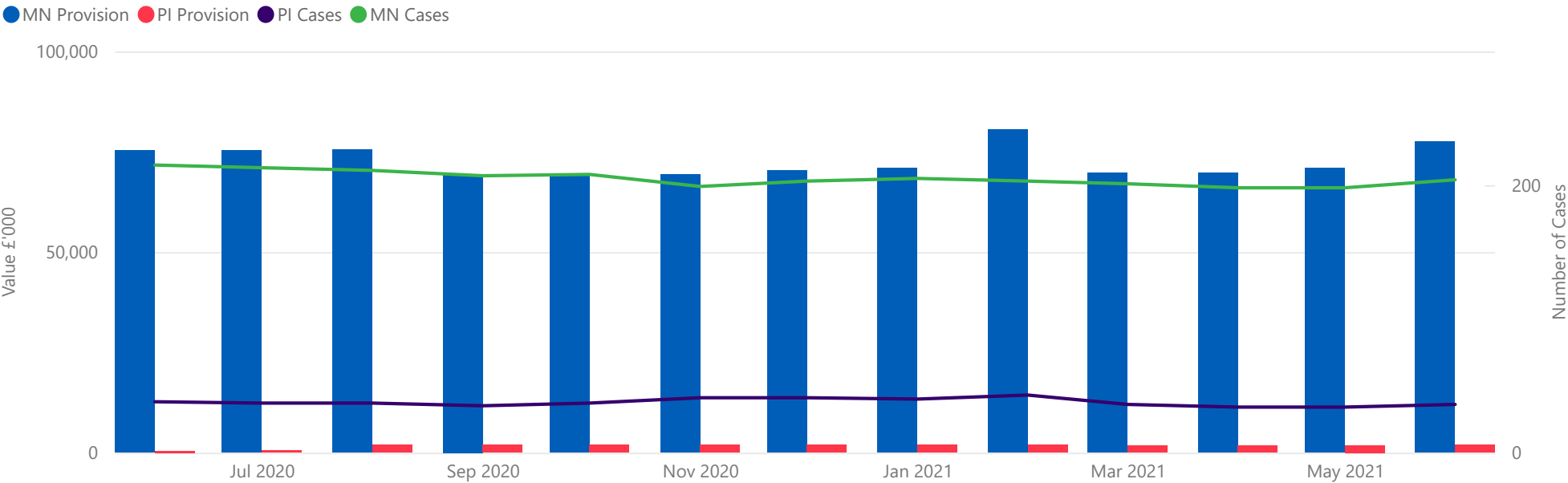


Working Capital



Medical Negligence

Medical Negligence & Personal Injury



The movement in the provision for medical negligence cases from the end of 2020/21 is £7.8m. This is mainly due to an increase in the value of damages for 1 case.