



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 October 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Balance Sheet Analysis – as of 30 September 2023
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Timothy John, Senior Finance Business Partner (Accounting & Statutory Reporting)

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 the report is to outline the Hywel Dda University Health Board's (HDdUHB) Balance Sheet position as at the end of Quarter 2 2023/24 (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

The Health Board'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 2023-24 Balance Sheet Review

The Month 6 Balance Sheet, with explanation of key variances, is shown in Appendix 1. The movement of £60m from the opening position can be summarised as follows:

Balance Sheet Heading	2023-24 Opening Balance £m	30 September 2023 £'m	Movement £'m
Fixed Assets	370	368	-2
Other non-current assets	78	78	-
Current assets	73	84	11
Total Assets	521	530	9
Trade and other Payables	-195	-145	50
Provisions	-93	-92	1
Total Liabilities	-288	-237	51
Net Assets less Liabilities	233	293	60

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

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to:

- Note the Balance Sheet as at the end of Quarter 2 2023/24.

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:	1642 – Risk of Health Board not meeting statutory requirement to break even 23/24 due to significant deficit position (Current risk score 25).
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Cynllunio Planning Objectives	2c Workforce and OD strategy 6a Clinical services plan 8c Financial Roadmap
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system.
Rhestr Termiau:	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

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:	The Health Board 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 the Health Board'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 September 2023	Opening Balance 1 April 2023	Closing Balance 30 September 2023	Movement
	£'000	£'000	£'000
Non-Current Assets			
Property, plant and equipment (PP&E)	367,801	365,736	(2,065)
Intangible assets	2,096	1,736	(360)
Trade and other receivables	77,539	77,225	(314)
Other financial assets	1,121	1,121	-
Non-Current Assets sub total	448,557	445,818	(2,739)
Current Assets			
Inventories	11,542	11,657	115
Trade and other receivables	57,188	66,484	9,296
Cash and cash equivalents	3,944	5,445	1,501
Other financial assets	145	145	0
TOTAL CURRENT ASSETS	72,819	83,731	10,912
TOTAL ASSETS	521,376	529,549	8,173
Current Liabilities	(186,627)	(137,346)	49,281*
Provisions	(14,923)	(26,265)	(11,342)^
NET CURRENT ASSETS / (LIABILITIES)	(128,731)	(79,880)	48,851

There has been a decrease in the total for Non-Current Assets of £2.7m since the end of 2022/23. Fixed assets (PP&E) have decreased by £2.07m - this is the net decrease of additional assets and depreciation as at the end of Quarter 2.

There has been an increase in the total amount of Current Assets of £10.91m since the end of 2022/23, of which an increase of £9.3m relates to Trade and other receivables. Cash and cash equivalents accounted for £1.5m of the overall increase in Total Current Assets.

*There has been a net decrease in Total Liabilities (excluding Provisions) of £50m since the end of 2022/23. This decrease relates to Trade and Other Payables – further details are provided below**

Non-Current Liabilities			
Trade and other Payables	(8,401)	(7,678)	723*
Provisions	(78,359)	(65,457)	12,902^
TOTAL ASSETS EMPLOYED	233,066	292,803	59,737
FINANCED BY:			
Taxpayers' Equity			
General Fund	174,600	232,452	57,852
Revaluation Reserve	58,466	60,351	1,885
TOTAL TAXPAYERS' EQUITY	233,066	292,803	59,737

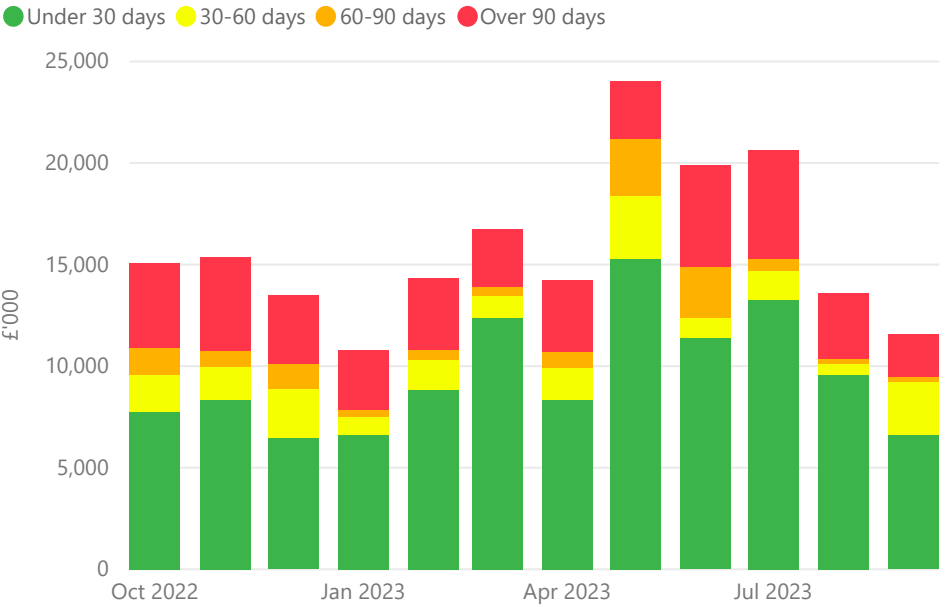
^Total provisions have decreased by £1.6m since the end of 2022/23. The movement was mainly due to a decrease of £1.1m in the provision for medical negligence cases from the end of 2022/23. This is due to a decrease in the provision across multiple cases.

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

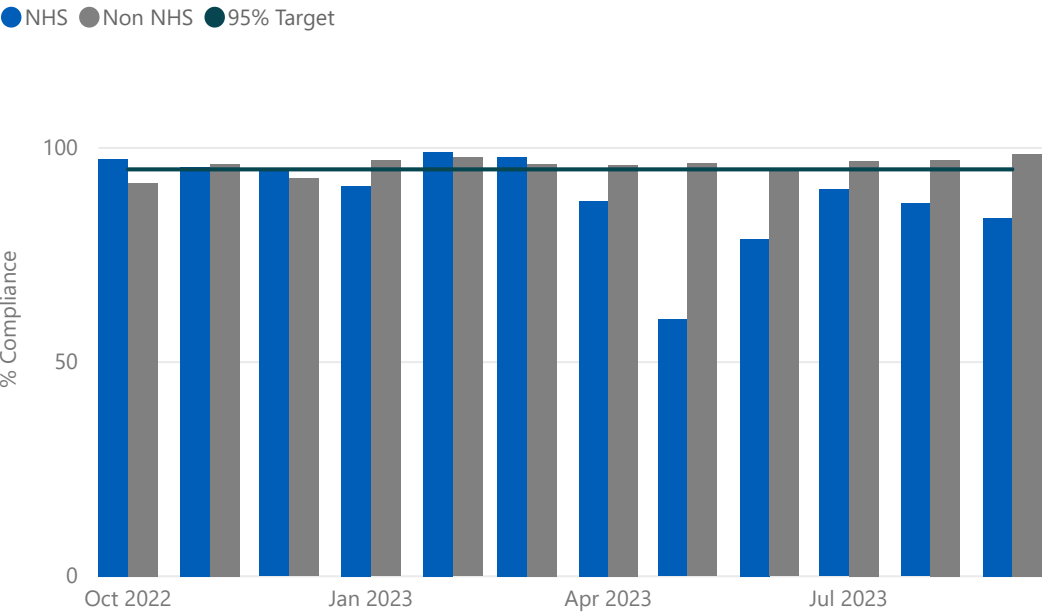
The main movements in Trade and Other payables are as follows :

Trade payables (£25.7m) decrease	Timing of year end reversals (£27.7m) Timing of month 7 pharmacy payment (£8.7m) Timing of CHC in-year invoices £11.2m
Non NHS accruals (£10m) decrease	Prescribing £7.9m CHC (£11.9m) WRP Transfer to Creditor (£10.5m) In-year Operational accruals (CPT) £3m Regional Integrated Fund £1.6m
NHS payables (£4.6) decrease	Velindre (£1.7m) Health Commission Wales (£1.5m) Health Care Contracting (£1.3m)
Other payables (£8m) decrease	Corporate Reporting – Release of inflationary back pay (£7.1m)
Total (£48.3m) decrease	

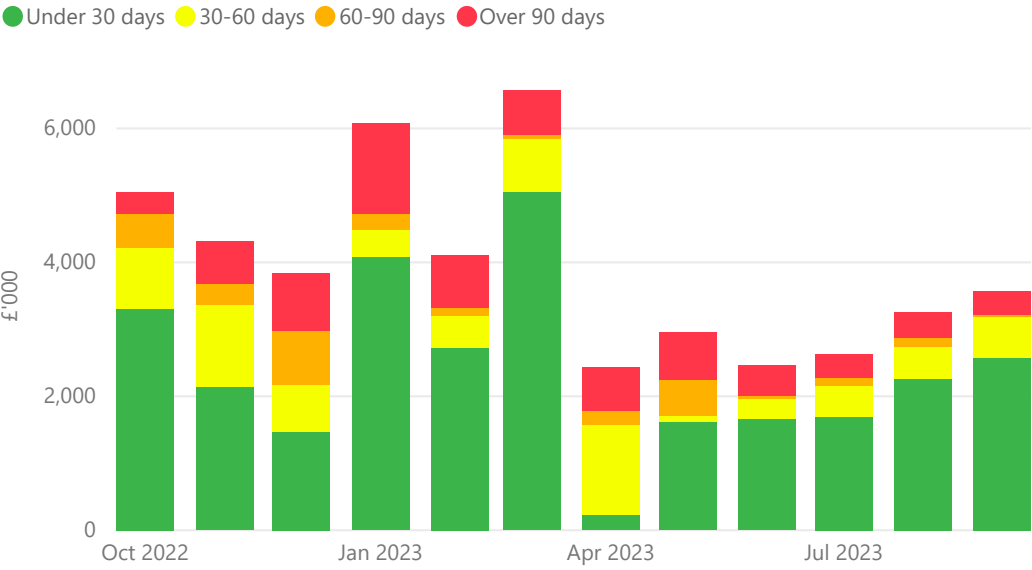
Aged Payables



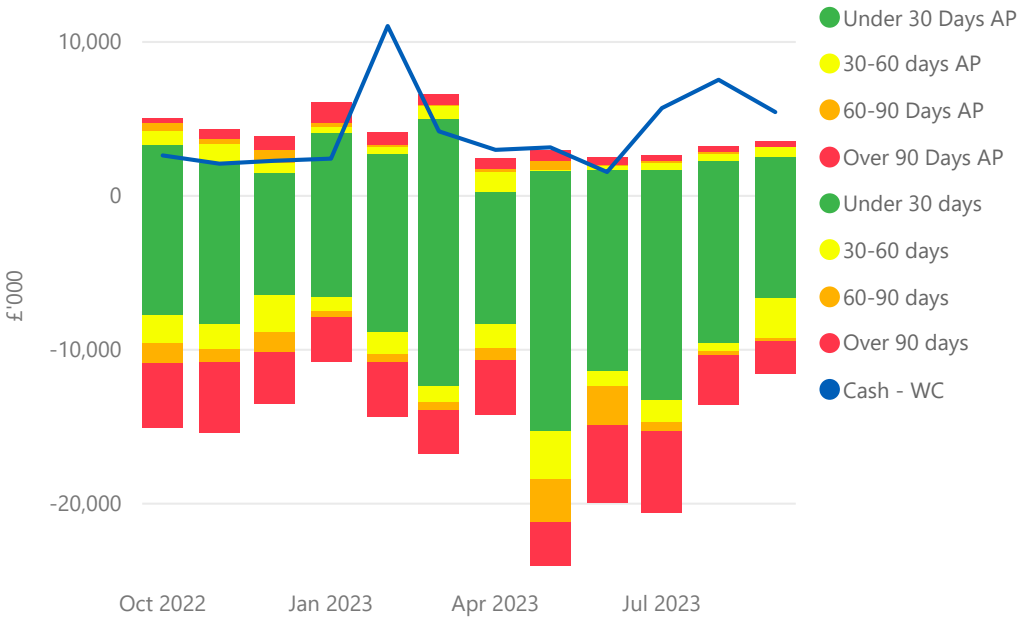
Public Sector Payment Policy (PSPP)



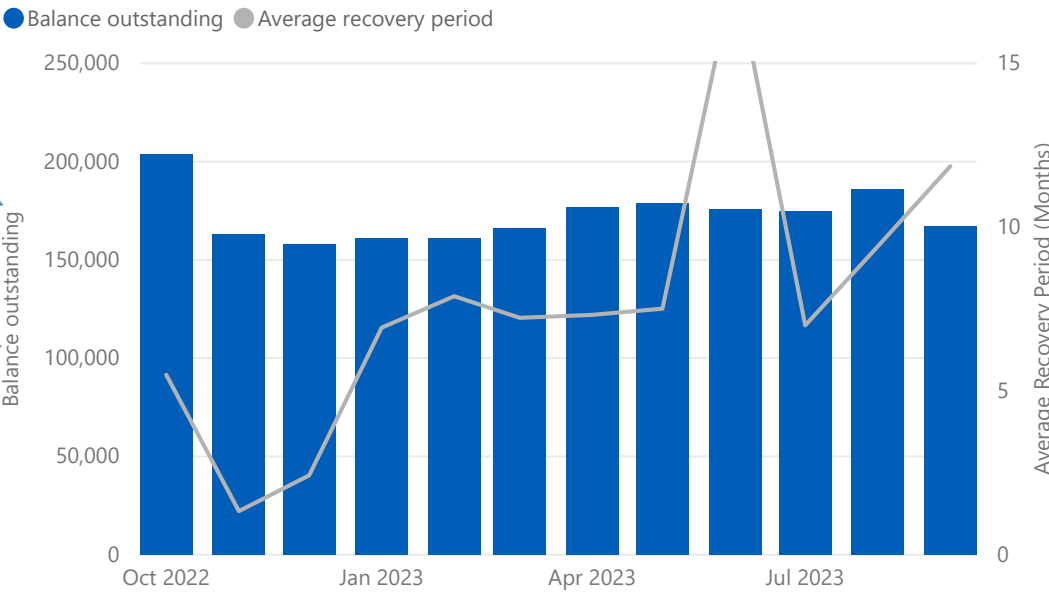
Aged Receivables



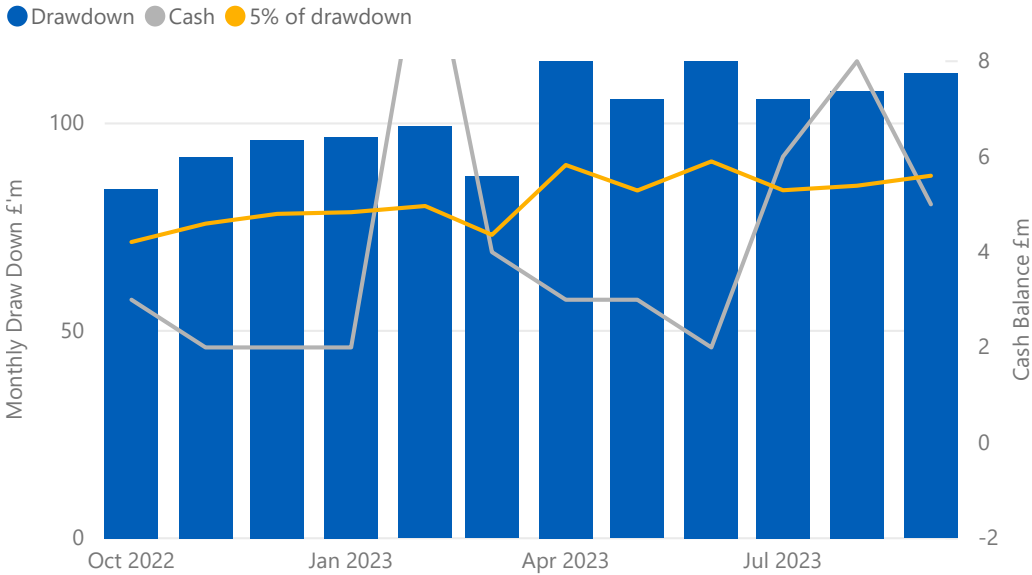
Working Capital



Overpayments of Salaries

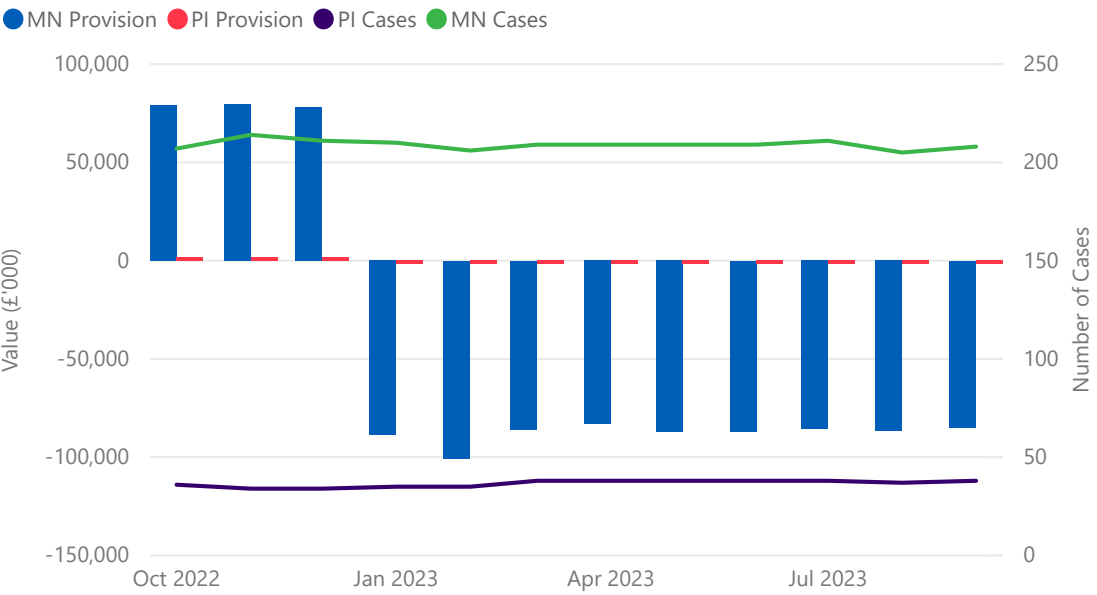


Cash WG Allocation



Summarised	Opening Balance £'000	Month 6 £'000	Movement M6 £'000
Fixed assets	367,801	365,736	-2,065
Other non current assets	80,756	80,082	-674
Total Non Current Assests	448,557	445,818	-2,739
Cash	3,944	5,445	1,501
Inventories	11,542	11,657	115
Other financial assets	145	145	0
Trade and other receivables	57,188	66,484	9,296
Total Current Assets	72,819	83,731	10,912
Total Assets	521,376	529,549	8,173
Provisions	14,923	26,265	11,342
Trade and other payables	186,627	137,346	-49,281
Total Current Liabilities	201,550	163,611	-37,939
Total Net Assets less Liabilities	319,826	365,938	46,112
Provisions	78,359	65,457	-12,902
Trade and other payables	8,401	7,678	-723
Total Non-current liabilities	86,760	73,134	-13,626
Total Assets Employed	233,066	292,803	59,737
General Fund	174,600	232,452	57,852
Revaluation reserve	58,466	60,351	1,885
Total Taxpayers' equity	233,066	292,803	59,737

Medical Negligence & Personal Injury





Aged Payables



Aged Receivables



PSPP



Cash



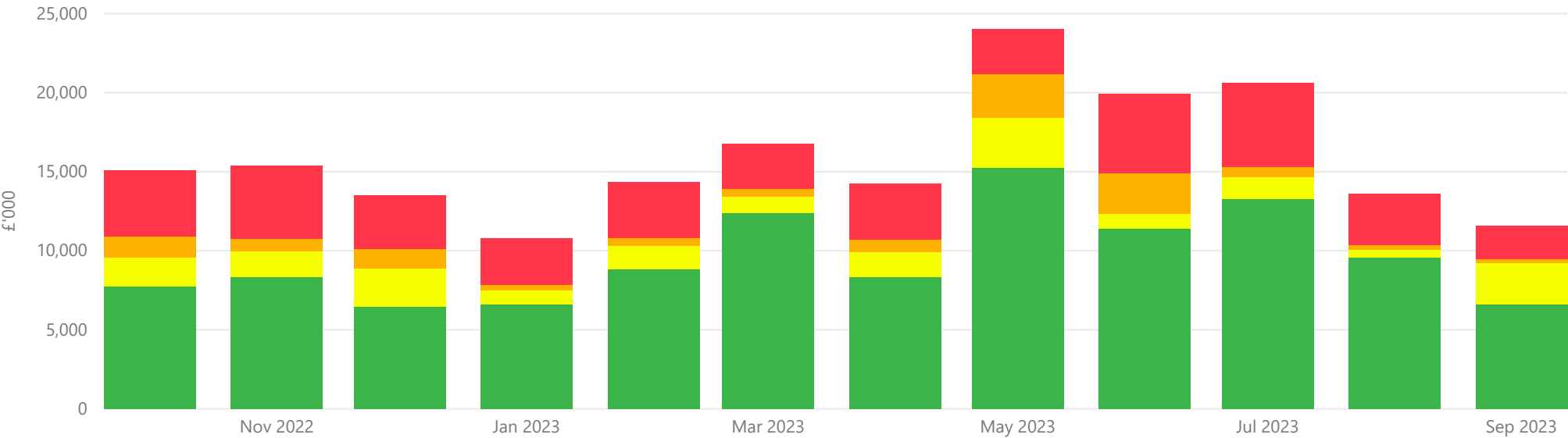
Working Capital



Medical Negligence

Aged Payables

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



As at the end of September there were £11.5m of unpaid supplier invoices in the Oracle financial ledger (£19.9m at the end of June). Of these, £4.9m were over 30 days old, representing 42.58% of the overall outstanding number of invoices (42.68%% at the end of June).



Aged Payables



Aged Receivables



PSPP



Cash



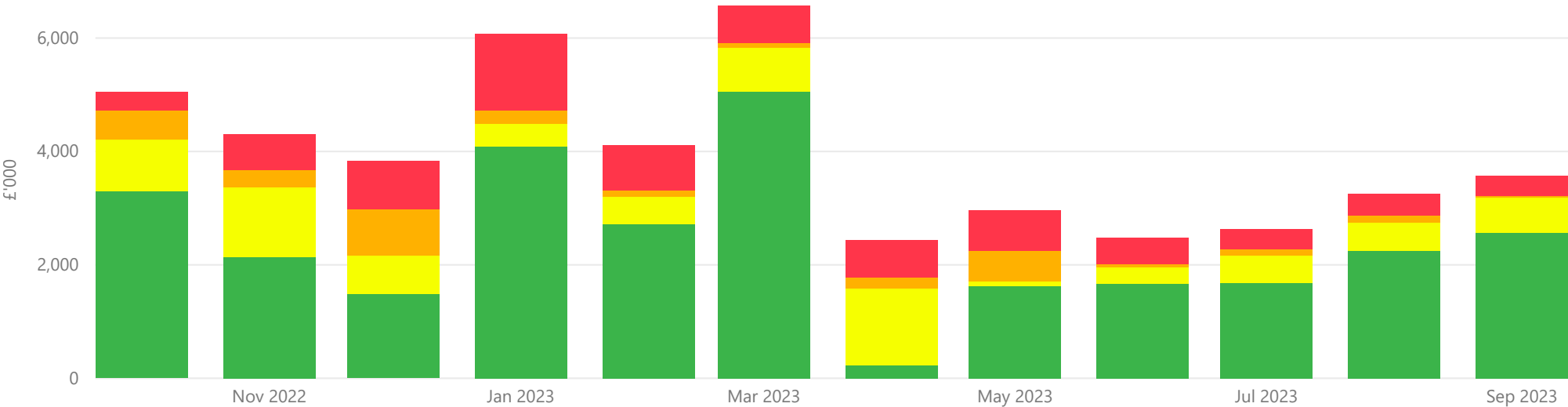
Working Capital



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 £91,266 is being repaid directly to the Health Board by instalment or salary deduction.

As at the end of September 2023 there was £3.5m (£2.5m at the end of June 2023), of debt owed to the Health Board, of this £2.5m, (72%) (30th June 2023 £1.7m, 67%) was under 30 days old.



Aged Payables



Aged Receivables



PSPP



Cash



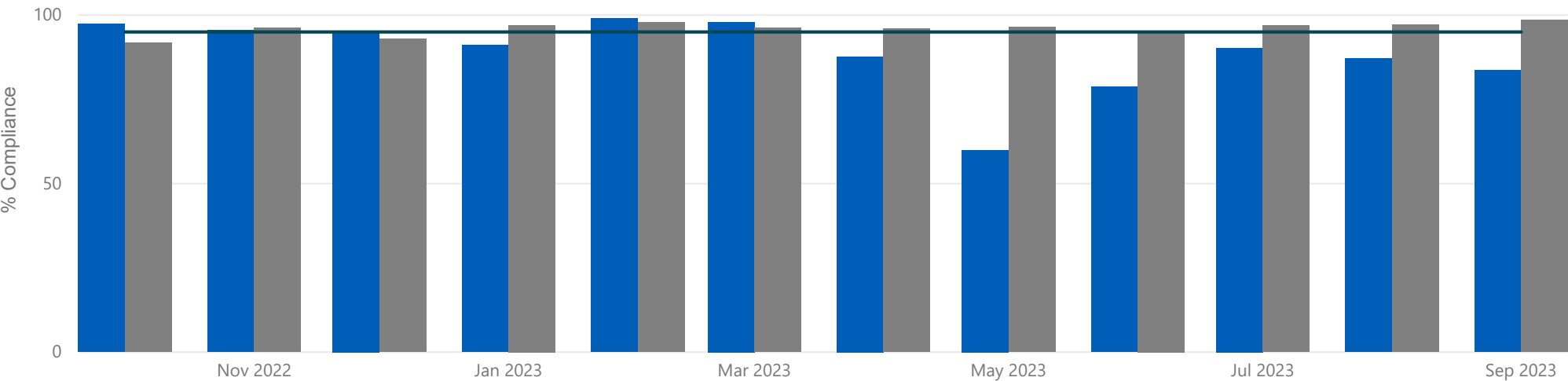
Working Capital



Medical Negligence

Public Sector Payment Policy (PSPP)

● NHS ● Non NHS ● 95% Target



The Health Board has achieved its PSPP target of paying 95% of its non-NHS invoices within 30 days of September with 98.6%, and a cumulative position of 96.5%. Compliance for Quarter 2 was 97.6% (95.2% for Q1).

The Health Board failed to achieve its PSPP target of paying 95% of its NHS invoices within 30 days in September with 83.6%, and a cumulative position of 83.0%. Compliance for Quarter 2 was 87.5% (78.8% for Q1).

In terms of the performance in respect of NHS invoices, the Core Processing Team (CPT) spend considerable time pursuing invoice approvals where budget holders are not responding promptly to the relevant Accounts Payable (AP) email requests. In order to improve the compliance rate:

CPT have a representative on an All Wales T&F group looking at PSPP and PO exemptions lists. One proposal is to add NHS invoices to the PO process, given that there is a failure here pan Wales

CPT are proposing an in-house review of monthly payments, which could be incorporated into existing LTAs rather than being invoiced separately.

CPT are now contacted on a monthly basis by other health boards to review and clear supplier statements

CPT are actively assisting AP to gain quicker invoice approval. Previously AP would notify CPT after two email approval request failures. CPT are now notified after one failed attempt. We are the only health board in Wales adopting this approach



Aged Payables



Aged Receivables



PSPP



Cash

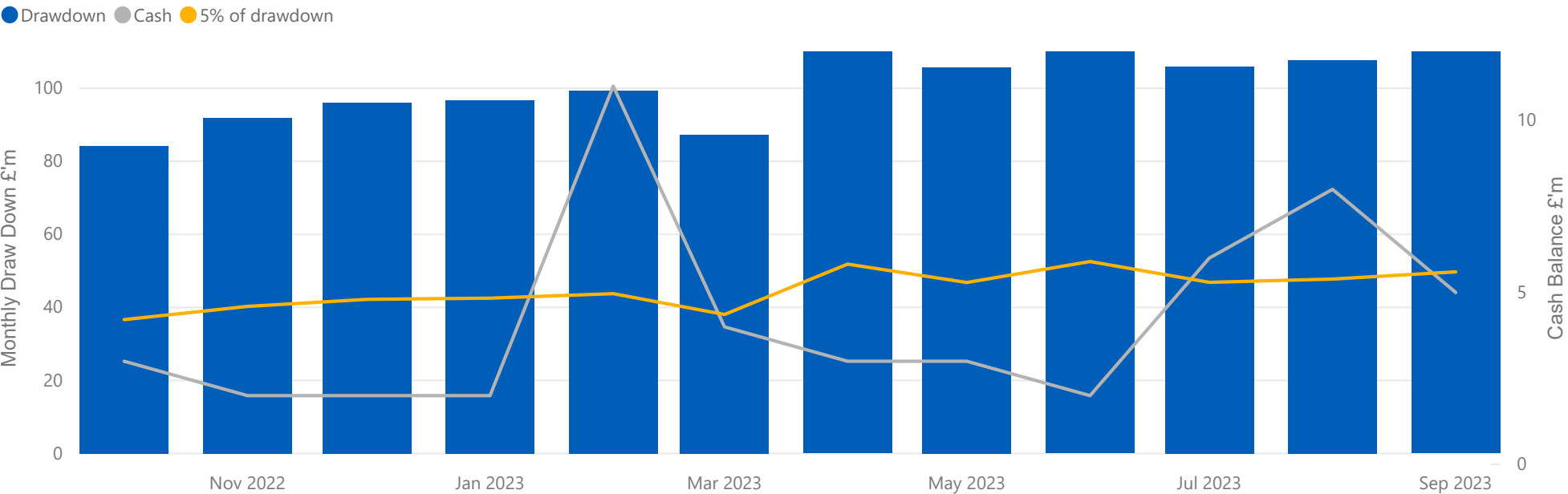


Working Capital



Medical Negligence

Cash WG Allocation



The Health Board has an approved cash limit of £1,040.4m split between revenue £1,004.7m and capital £35.7m. The amount of cash drawn down in total up to the end of Sept is £666m. The closing balance as at 30th September was £5.4m, this is higher than anticipated due to anticipated invoices not materialising.



Aged Payables



Aged Receivables



PSPP



Cash

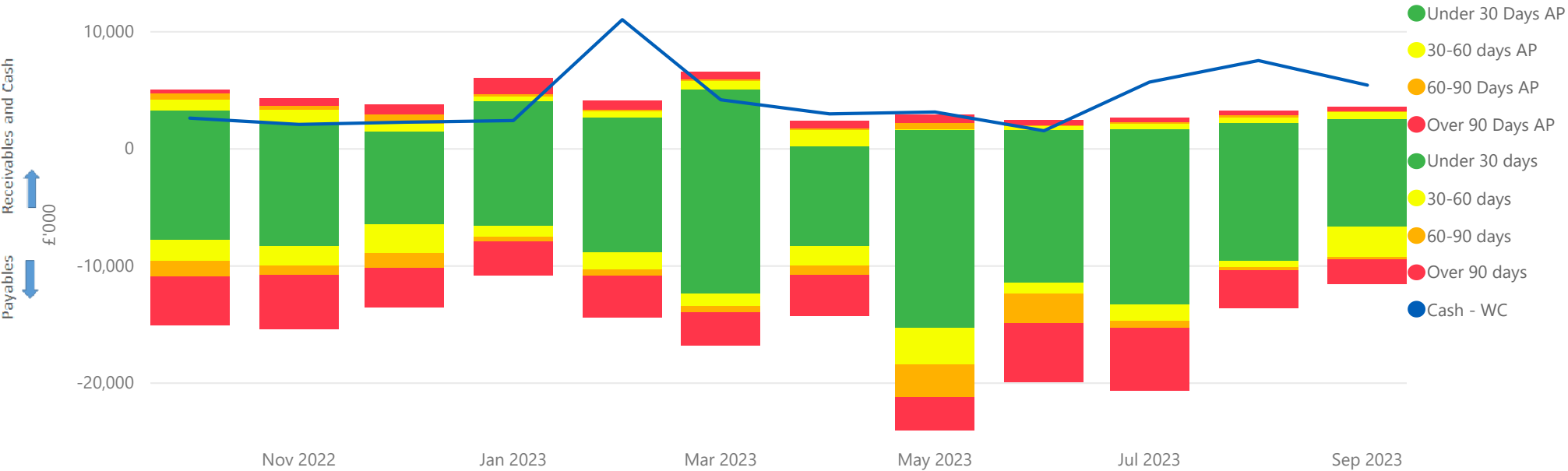


Working Capital



Medical Negligence

Working Capital



As at the end of September the cash balance is £5.5m (£1.6m at the end of June). Balances owed to the Health Board at the end of September are £3.7m (£2.5m 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 £11.6m (£19.9m in June).



Aged Payables



Aged Receivables



PSPP



Cash

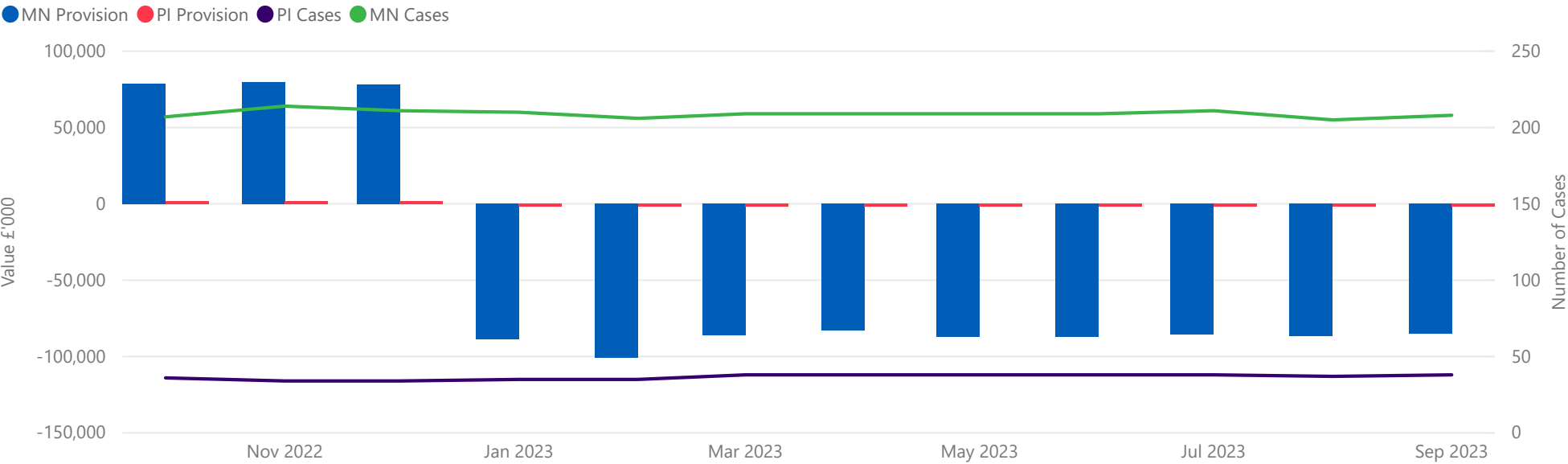


Working Capital



Medical Negligence

Medical Negligence & Personal Injury



The net movement in the provision for medical negligence cases from the end of 2022/23 has decreased by £1.1m. This is attributable to an increase in provision of £0.8m due to escalated POL's (Probability of Loss) classifications; offset by £1.9m provision adjustment due to changes in Claimant's costs and damages (as per the Welsh Risk Pool Quantum)