



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 February 2024
TEITL YR ADRODDIAD: TITLE OF REPORT:	Balance Sheet Analysis
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 Gwybodaeth/For Information

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The purpose of the report is to outline the Health Board's Balance Sheet position as at the end of Quarter 3 2023/24 (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

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 3 2023-24 Balance Sheet Review

The Month 9 Balance Sheet, with explanation of key variances, is shown in Appendix 1. The movement of £70m from the opening position can be summarised as follows:

<i>Balance Sheet Heading</i>	2023-24 Opening Balance £m	31 December 2023 £'m	Movement £'m
Fixed Assets	370	379	9
Other non-current assets	78	79	1
Current assets	73	90	17
Total Assets	521	548	27
Trade and other Payables	-195	-150	45
Provisions	-93	-95	-2
Total Liabilities	-288	-245	43
Net Assets less Liabilities	233	303	70

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 3 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: Glossary of Terms:	Explanation of terms is included in the report
Partion / 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 December 2023	Opening Balance 1 April 2023	Closing Balance 31 December 2023	Movement
	£'000	£'000	£'000
Non-Current Assets			
Property, plant and equipment (PP&E)	367,801	377,957	10,156
Intangible assets	2,096	1,560	(536)
Trade and other receivables	77,539	79,289	1,750
Other financial assets	1,121	1,121	-
Non-Current Assets sub total	448,557	459,927	11,370
Current Assets			
Inventories	11,542	11,986	444
Trade and other receivables	57,188	65,525	8,337
Cash and cash equivalents	3,944	11,239	7,295
Other financial assets	145	145	0
TOTAL CURRENT ASSETS	72,819	88,895	16,076
TOTAL ASSETS	521,376	548,822	27,446
Current Liabilities	(186,627)	(141,933)	44,694*
Provisions	(14,923)	(27,320)	(12,397)^
NET CURRENT ASSETS / (LIABILITIES)	(128,731)	(80,358)	48,373

There has been an increase in the total for Non-Current Assets of £11.4m since the end of 2022/23. Fixed assets (PP&E) have increased by £10.2m - this is the net of an indexation increase and depreciation as at the end of Quarter 3.

There has been an increase in the total amount of Current Assets of £16.1m since the end of 2022/23, of which an increase of £8.3m relates to Trade and other receivables. Cash and cash equivalents accounted for £7.3m of the overall increase in Total Current Assets.

*There has been a net decrease in Total Liabilities (excluding Provisions) of £45.6m 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)	(7,461)	940*
Provisions	(78,359)	(68,085)	10,274^
TOTAL ASSETS EMPLOYED	233,066	303,663	70,597
FINANCED BY:			
Taxpayers' Equity			
General Fund	174,600	239,495	64,895
Revaluation Reserve	58,466	64,168	5,702
TOTAL TAXPAYERS' EQUITY	233,066	303,663	70,597

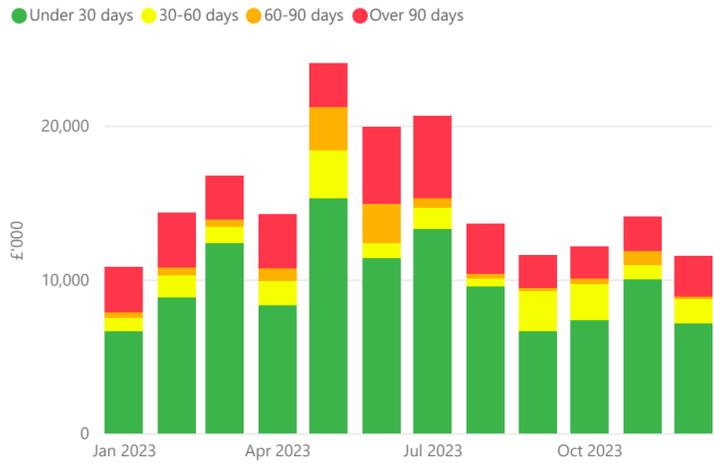
^Total provisions have increased by £2.1m since the end of 2022/23. The movement was mainly due to a increase of £2.1m in the provision for medical negligence cases from the end of 2022/23. This is due to a increase in the provision across multiple cases.

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

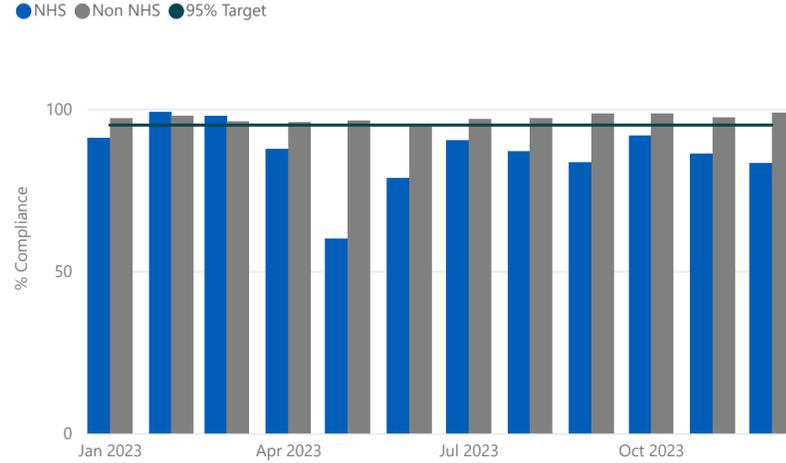
The main movements in Trade and Other payables are as follows :

Trade payables (£19.8m) decrease	Timing of year end reversals (£16.3m) Timing of month 9 pharmacy payment (£9.1m) Timing of CHC in-year invoices £11.1m AP invoices (£5.5m)
NHS Payables (£4.9m) decrease	Velindre (£2.0m) Health Commission Wales (£2.5m)
Non NHS Accruals (£17.4m) decrease	Prescribing £11.3m CHC (£14.1m) WRP Transfer to Creditor (£10.6m) Public Health (£1.4m) Facilities (£2.8m)
Other Payables (£7.5m) decrease	Corporate Reporting – Release of inflationary back pay (£7.1m)

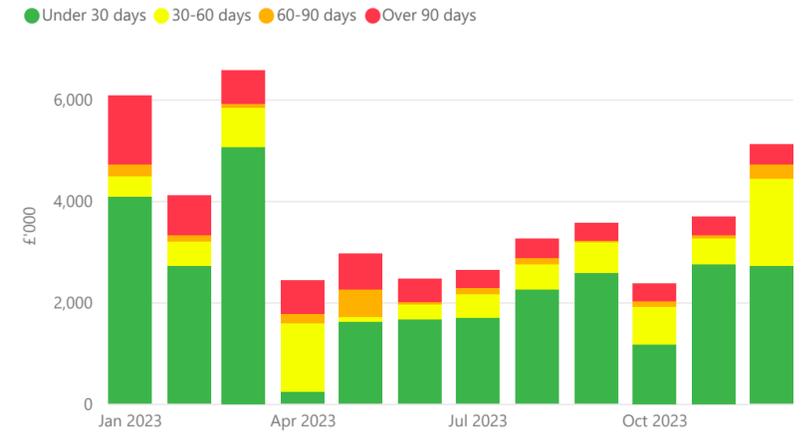
Aged Payables



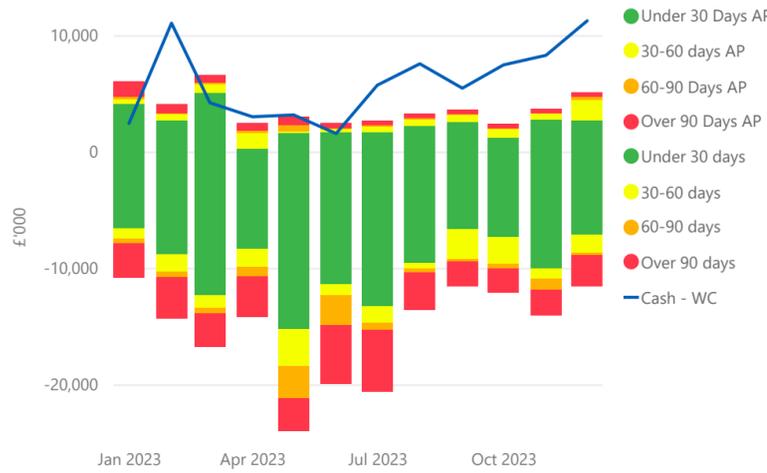
Public Sector Payment Policy (PSPP)



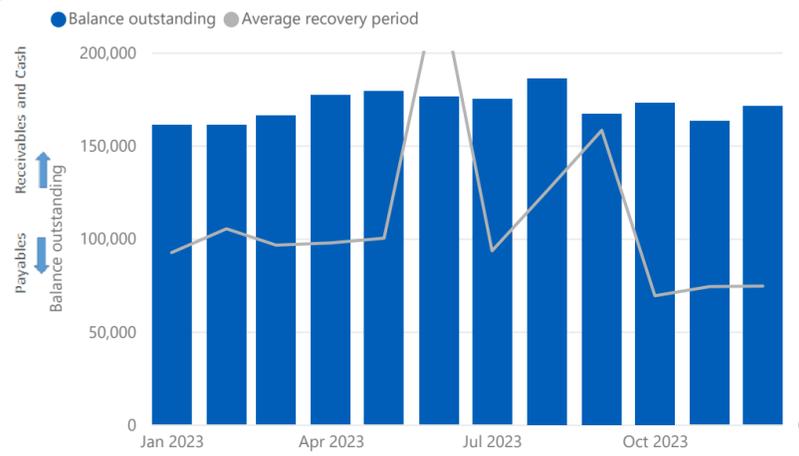
Aged Receivables



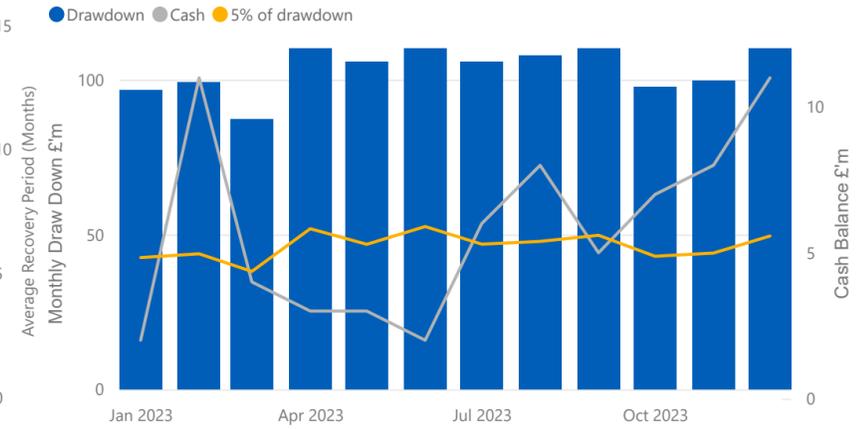
Working Capital



Overpayments of Salaries

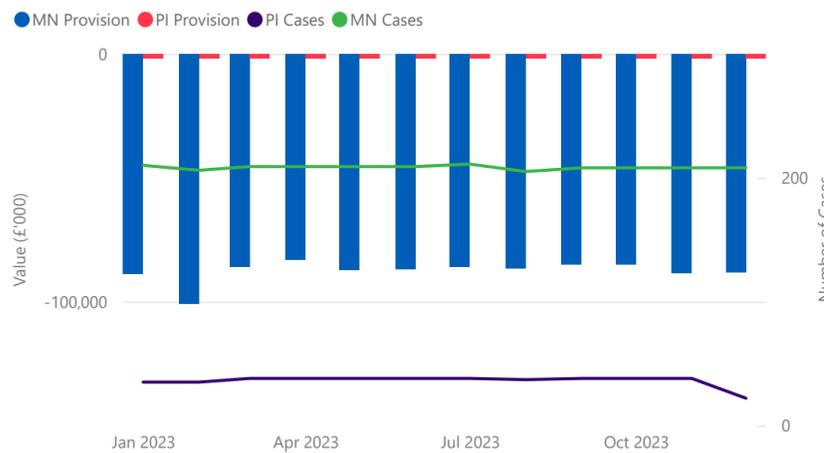


Cash WG Allocation



Summarised	Opening Balance £'000	Month 9 £'000	Movement M9 £'000
Fixed assets	367,801	377,597	9,796
Other non current assets	80,756	81,969	1,213
Total Non Current Assets	448,557	459,567	11,010
Cash	3,944	11,239	7,295
Inventories	11,542	11,986	444
Other financial assets	145	145	0
Trade and other receivables	57,188	65,525	8,337
Total Current Assets	72,819	88,895	16,076
Total Assets	521,376	548,461	27,085
Provisions	14,923	27,320	12,397
Trade and other payables	186,627	141,933	-44,694
Total Current Liabilities	201,550	169,253	-32,297
Total Net Assets less Liabilities	319,826	379,209	59,383
Provisions	78,359	68,085	-10,274
Trade and other payables	8,401	7,461	-940
Total Non-current liabilities	86,760	75,546	-11,214
Total Assets Employed	233,066	303,663	70,597
General Fund	174,600	239,495	64,895
Revaluation reserve	58,466	64,168	5,702
Total Taxpayers' equity	233,066	303,663	70,597

Medical Negligence & Personal Injury





Aged Payables



Aged Receivables



PSPP



Cash



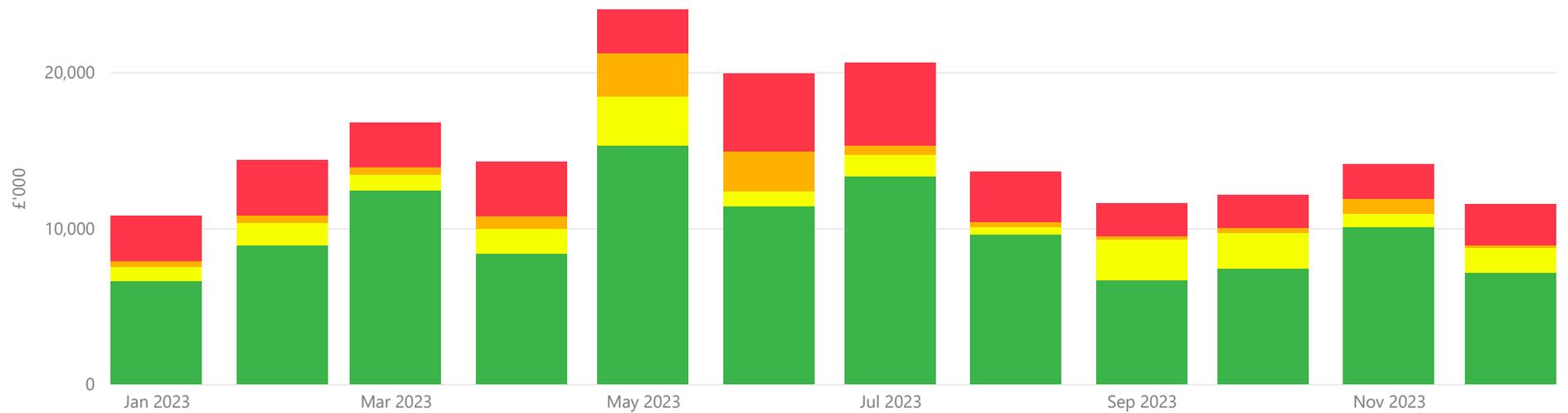
Working Capital



Medical Negligence

Aged Payables

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



As at the end of December there were £11.6m of unpaid supplier invoices in the Oracle financial ledger (£11.6m at the end of September). Of these, £4.4m were over 30 days old, representing 38.32% of the overall outstanding number of invoices (42.58% at the end of September).



Aged Payables



Aged Receivables



PSPP



Cash



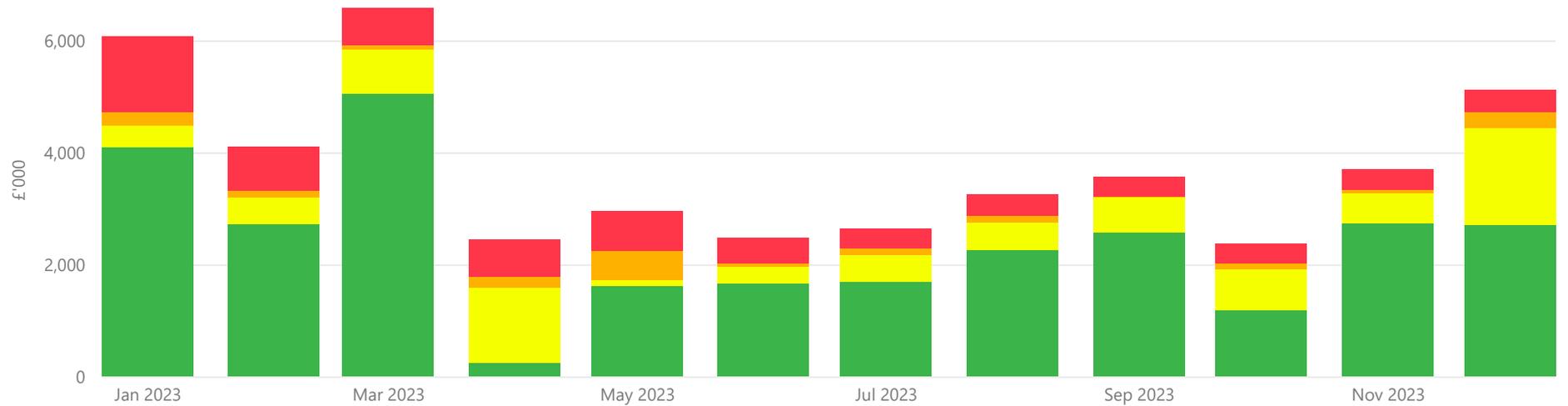
Working Capital



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 £78,982 is being repaid directly to the Health Board by instalment or salary deduction.

As at the end of December 2023 there was £5.1m (£3.5m at the end of September 2023), of debt owed to the Health Board, of this £2.7m, (53%) (30th September 2023 £2.6m, 72%) was under 30 days old.



Aged Payables



Aged Receivables



PSPP



Cash



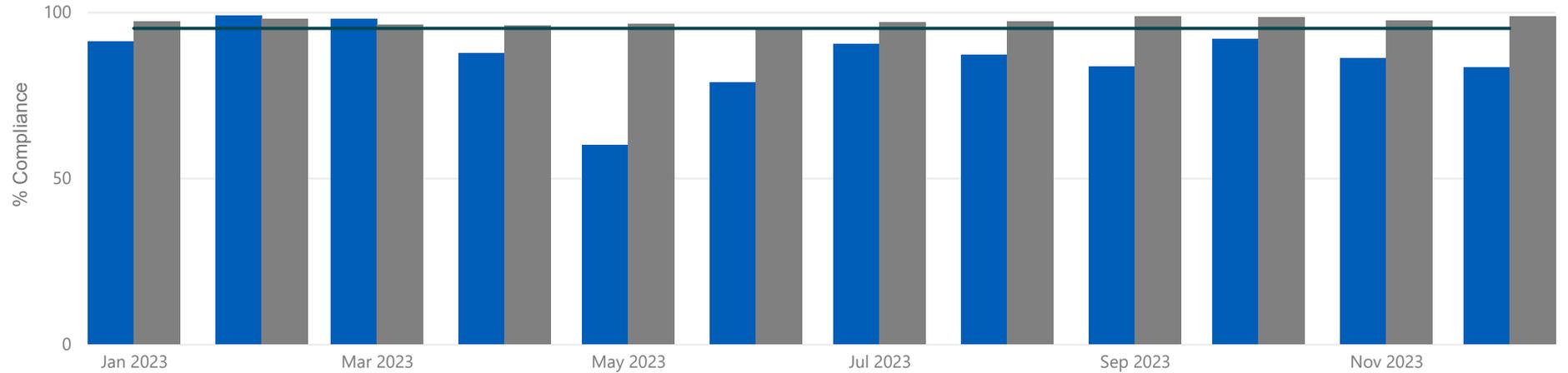
Working Capital



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 December with 98.7%, and a cumulative position of 97.0%. Compliance for Quarter 3 was 98.2% (97.6% for Q2). The Health Board failed to achieve its PSPP target of paying 95% of its NHS invoices within 30 days in December with 83.2%, and a cumulative position of 84.3%. Compliance for Quarter 3 was 87.0% (87.5% for Q2).



Aged Payables



Aged Receivables



PSPP



Cash



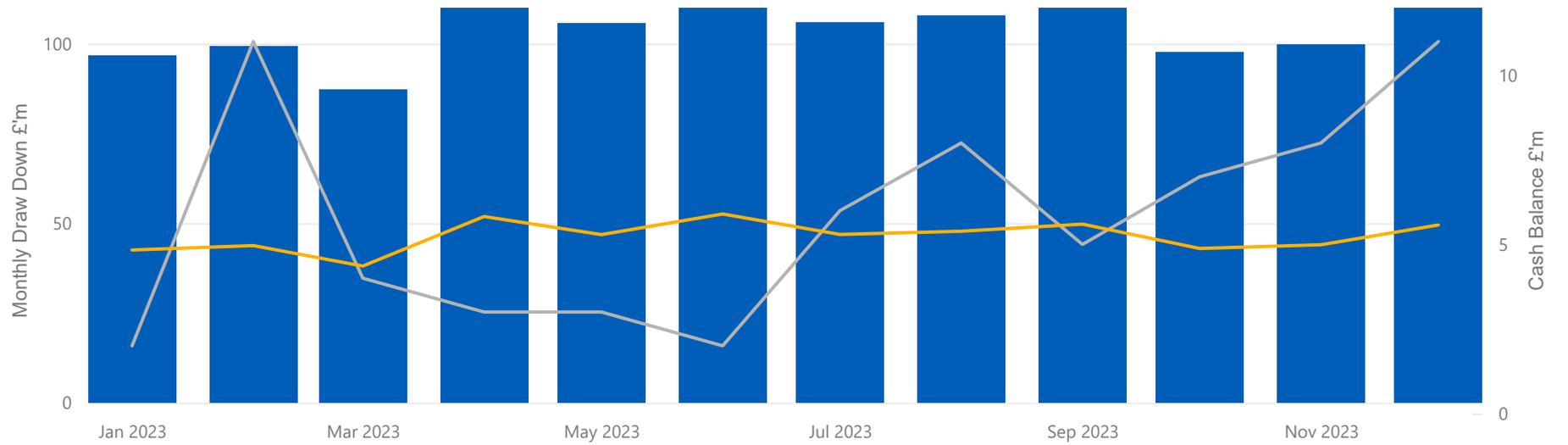
Working Capital



Medical Negligence

Cash WG Allocation

● Drawdown ● Cash ● 5% of drawdown



The Health Board has an approved cash limit of £1,114.5m split between revenue £1,075.6m and capital £38.9m. The amount of cash drawn down in total up to the end of December is £972.9m. The closing balance as at 31st December was £11.3m, this is higher than anticipated due to anticipated invoices not materialising.



Aged Payables



Aged Receivables



PSPP



Cash

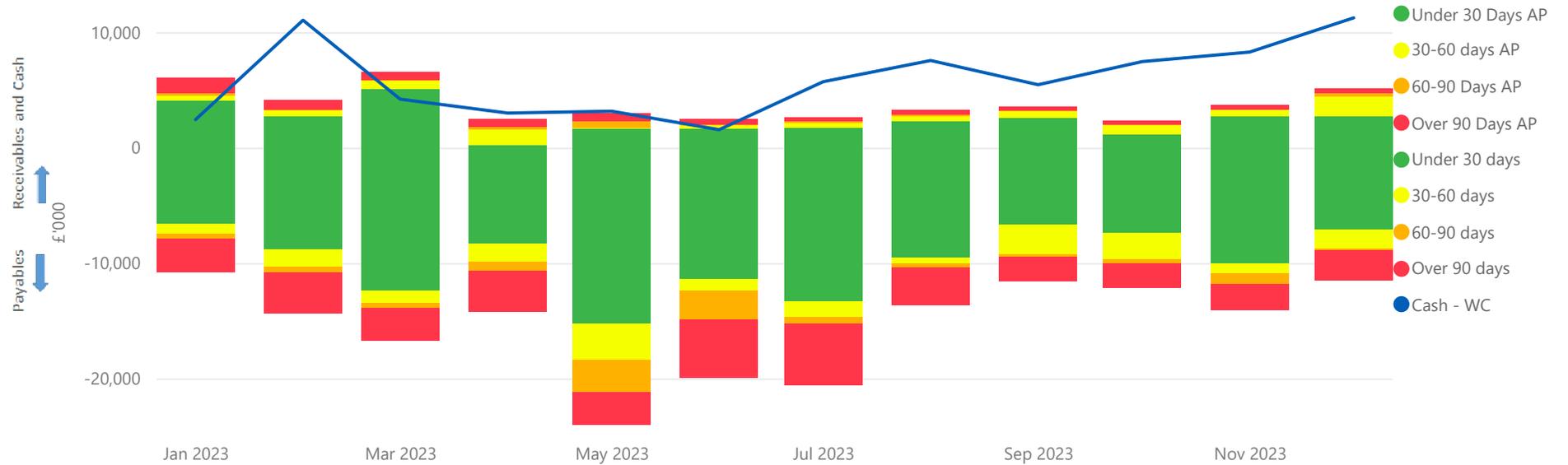


Working Capital



Medical Negligence

Working Capital



As at the end of December the cash balance is £11.3m (£5.5m at the end of September). Balances owed to the Health Board at the end of December are £5.1m (£3.7m 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 £11.6m (£11.6m in September).



Aged Payables



Aged Receivables



PSPP



Cash



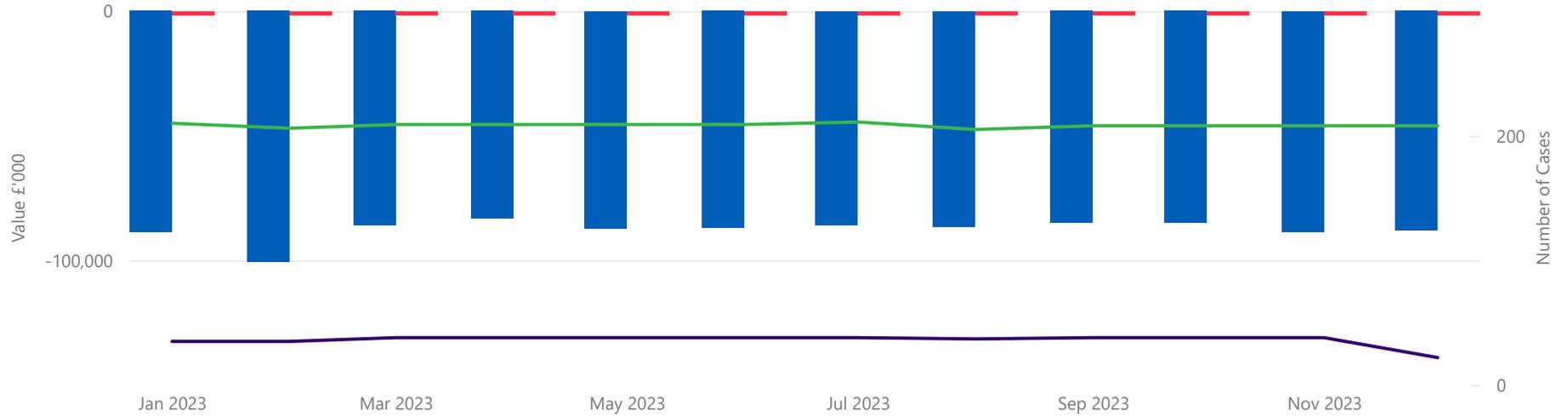
Working Capital



Medical Negligence

Medical Negligence & Personal Injury

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



The movement in the provision for medical negligence cases from the end of 2022/23 is £2.1m increase. This is due to increases across a number of cases.