



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 December 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Strategic Cash Assistance
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This report sets out the process for requesting Strategic Cash Support for 2021/22 and the reason for the request.

The Committee is asked to note the process and approve the request for Strategic Cash Support prior to onward ratification by the Board in January 2022.

Cefndir / Background

Welsh Government (WG) provides cash assistance for organisations in deficit from existing budget resources.

The process to request Strategic Cash support is for the Board to approve the requirement, be apprised on the cumulative cash assistance the Health Board has sought since April 2014 and, the reasons behind the support and the actions taken to manage and mitigate the need for cash assistance.

Formal notification by the Health Board's Chief Executive to the Chief Executive NHS Wales is required by 16th December 2021.

Asesiad / Assessment

The request for Strategic Cash Support is £16m for 2021/22. This figure represents the current forecast deficit of £25m, reduced by £9m due to management of year end creditors. This process is in line with 2020/21; see table below.

	2021/22	2020/21
	£m	£m
Forecast deficit	25	25
Management of year end creditors – trade payables	(3)	(3)
Management of year end creditors – Non NHS payables	(3)	(3)
Management of year end creditors – Local Authorities	(3)	(3)
Strategic cash request	16	16

A review of creditor types has been undertaken to identify different payment policies that could be adopted should strategic cash assistance not be made available. Priority creditors would need to be paid to maintain service levels. If no strategic cash assistance is made available, and restrictions on creditor payments is not undertaken, the Health Board will fully utilise its approved cash resource limits on 1st March 2022.

The following risks are associated with the adoption of the above measures:

- Suppliers would not supply goods and services – this would mean services would have to be curtailed
- Local Authorities / other bodies not paying the Health Board invoices
- Breach of contract leading to legal action
- Removal of credit facilities and difficulty in opening credit facilities with new suppliers
- Potential interest charge for late payments
- Increased costs where discounts will not be realised from early payments
- Impact of the prompt payment policy
- Reputation

Given the level of cash assistance required, any shortfall will impact services.

Since April 2014, the cumulative cash support received up to 2020/21 is £201.9m.

A copy of the letter from the Chief Executive setting out the Health Board's strategic cash request, attached at Appendix 1, was circulated to Board Members prior to submission.

Argymhelliad / Recommendation

The Committee is asked to approve the request for Strategic Cash Support for 2021/22 prior to onward ratification by the Board in January 2022.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y
Pwyllgor:

4.5 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:

735 (score 16)
646 (score 12)

Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve efficiency and quality of services through collaboration with people, communities and partners

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:	Included within the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	HDdUHB Board Members

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:	Ceasing of supply of goods and services could lead to services being curtailed.
Gweithlu: Workforce:	Not applicable.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	Late payment of invoices could lead to legal challenge.
Enw Da: Reputational:	Failure to pay creditors on a timely basis could affect the UHB's reputation with Welsh Government, Wales Audit Office, and external stakeholders.
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable



To: Judith Paget

Dear Judith

Strategic Cash Assistance 2021/22

I refer to Technical update Note 02 from Welsh Government dated 3rd December 2021, that requests Chief Executives, as Accountable Officers, to formally notify the Chief Executive of NHS Wales of requests for repayable Strategic Cash assistance by the 16th December 2021.

Hywel Dda University Health Board is requesting strategic cash assistance for 2021/22 of £16m. This request is based on the Health Board achieving its forecast deficit of £25m.

A review of creditor types has been undertaken to identify different payment policies that could be adopted should strategic cash assistance not be made available. Priority creditors would need to be paid to maintain service levels. If no strategic cash assistance is made available and restrictions on creditor payments is not undertaken, the Health Board will fully utilise its approved cash resource limits on the 1st March 2022.

Adopting the above measures is not without risk. Given the level of cash assistance required, any shortfall will impact services.

The Board has not met formally during December but have been circulated a copy of this letter prior to submission. The matter will be discussed at the Board meeting on 27th January 2022.

I look forward to receiving confirmation that strategic cash assistance as set out above will be made available to the Health Board.

Yours sincerely

Steve Moore
Chief Executive

cc Jaqueline Salmon, Welsh Government
cc Steve Elliott, Welsh Government