



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 February 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Balance Sheet Analysis – as at 31 st December 2021
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Nerys 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 the report is to outline Hywel Dda University Health Board's (HDdUHB) Balance Sheet position as at Quarter 3 2021/22 (M9) 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 3 2021-22 Balance Sheet Review

The Month 9 Balance Sheet, with explanation of key variances, is shown in Appendix 1. The movement of £13m from the opening position can be summarised as follows:

Balance Sheet Heading	2021-22 Opening Balance £m	31 Dec 2021 £'m	Movement £'m
Fixed Assets	292	284	-8
Other non-current assets	59	72	13
Current assets	53	65	12
Total Assets	404	421	17
Trade and other Payables	-154	-141	13
Provisions	-80	-97	-17
Total Liabilities	-234	-238	-4
Net Assets less Liabilities	170	183	13

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 one bank account reconciliation successfully automated, the remainder are planned to be concluded by March 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 3 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 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 Termiau: 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 December 2021 £'000	Movement £'000	
Non Current Assets				
Property, plant and equipment	290,648	283,765	(6,883)	
Intangible assets	1,349	1,054	(295)	
Trade and other receivables	59,024	71,791	12,767	
Non-Current Assets sub total	351,021	356,610	5,589	
Current Assets				
Inventories	9,029	9,931	902	
Trade and other receivables	42,207	53,096	10,889	
Cash and cash equivalents	2,313	1,867	(446)	
Non-current assets classified as held for sale	392	0	(392)	
TOTAL CURRENT ASSETS	53,941	64,894	10,953	
TOTAL ASSETS	404,962	421,504	16,542	
Current Liabilities	(152,942)	(140,758)	11,998	
Provisions	(21,116)	(30,209)	(9,093)	
NET CURRENT ASSETS / (LIABILITIES)	230,904	250,537	19,633	
Non-Current Liabilities				
Trade and other Payables	(1,123)	0	1,123	

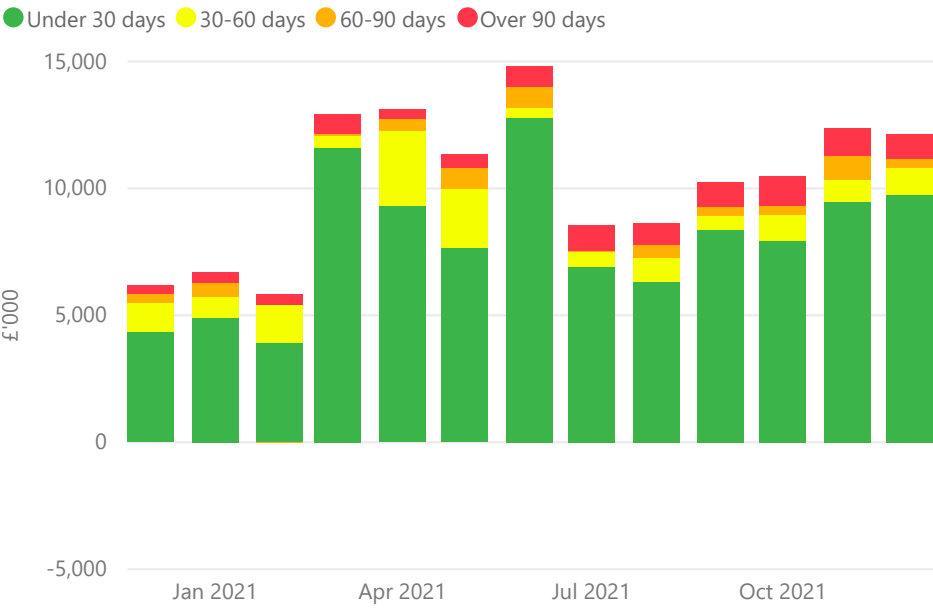
The trade receivables movement is due to increases in the VAT debtor £1m, non NHS receivables £1.5m, prepayments £4m with the remainder of £13m attributable to an increase in the Welsh Risk Pool debtor as a result of medical negligence claims.

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 2021

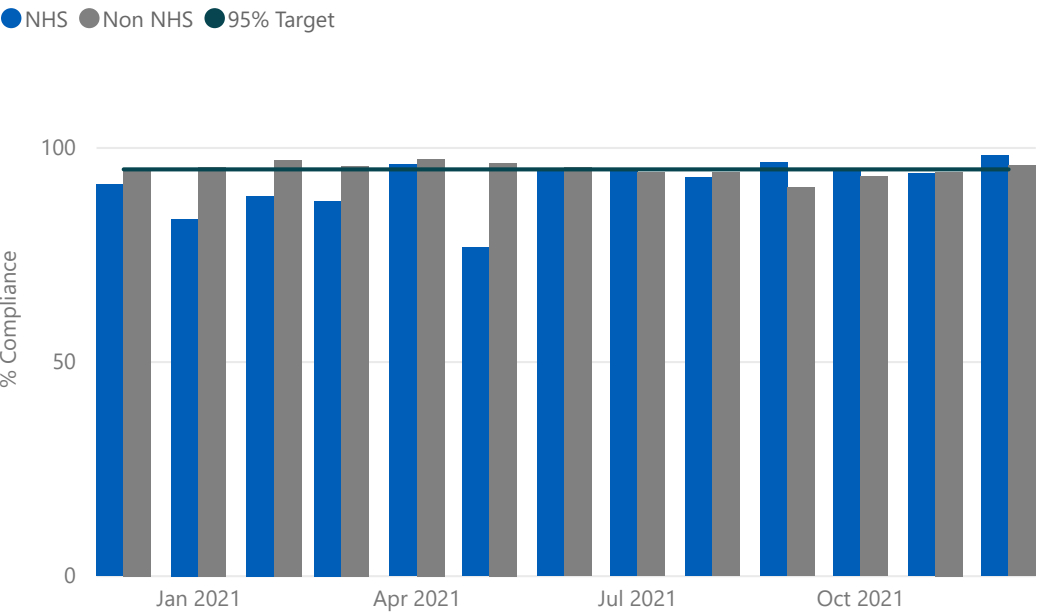
The movement in total provision is in relation to medical negligence cases, this is mainly due to an increase in the value of damages for 3 cases.

Provisions	(59,381)	(67,238)	(7,857)	
TOTAL ASSETS EMPLOYED	170,400	183,299	12,899	
FINANCED BY:				
Taxpayers' Equity				
General Fund	140,985	146,563	5,578	
Revaluation Reserve	29,415	36,736	7,321	
TOTAL TAXPAYERS' EQUITY	170,400	183,299	12,899	

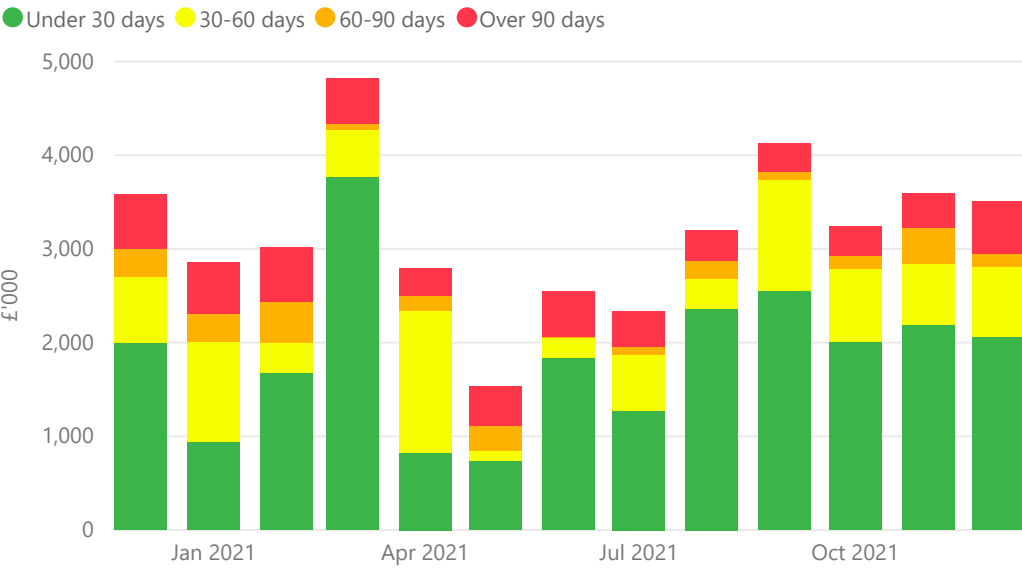
Aged Payables



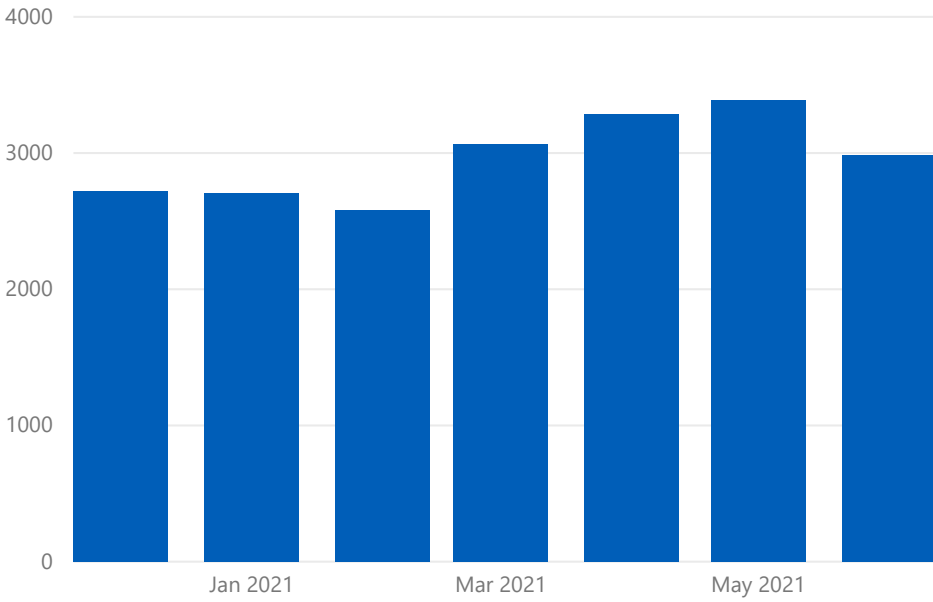
Public Sector Payment Policy (PSPP)



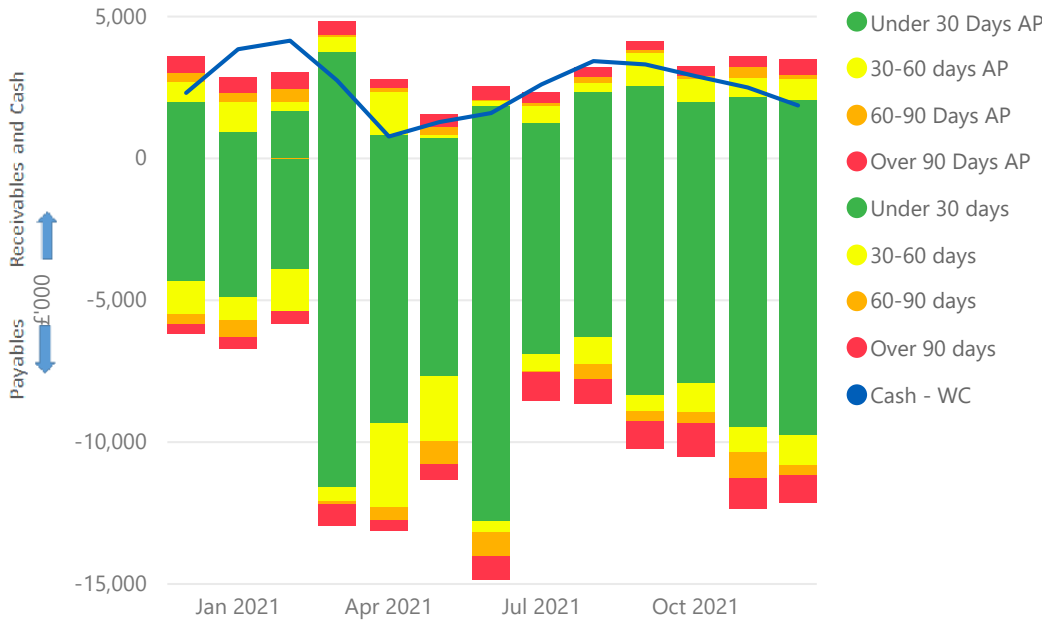
Aged Receivables



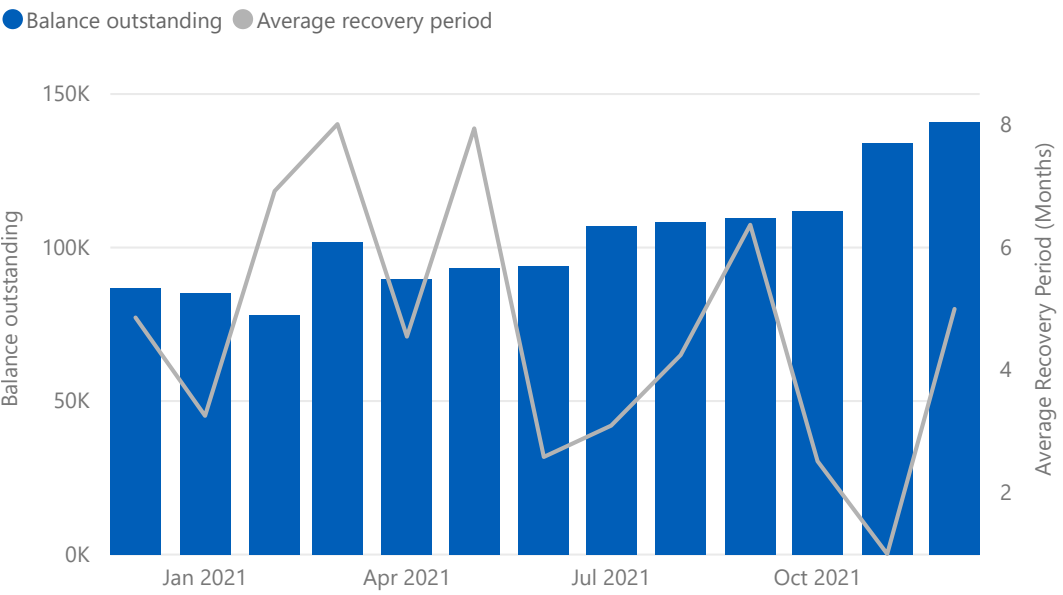
On Hold Volume



Working Capital

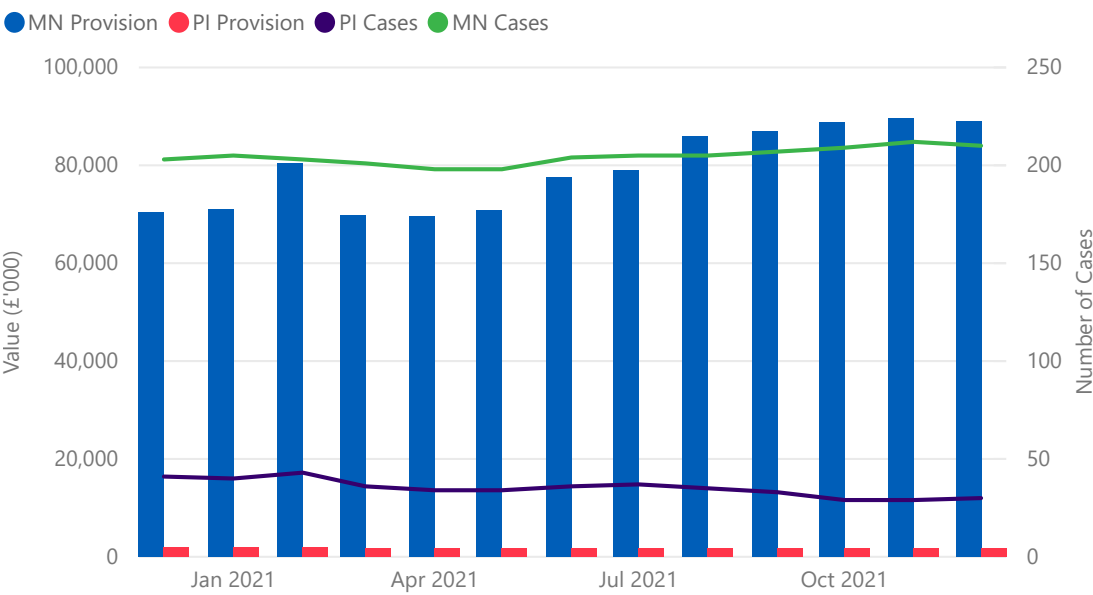


Overpayments of Salaries

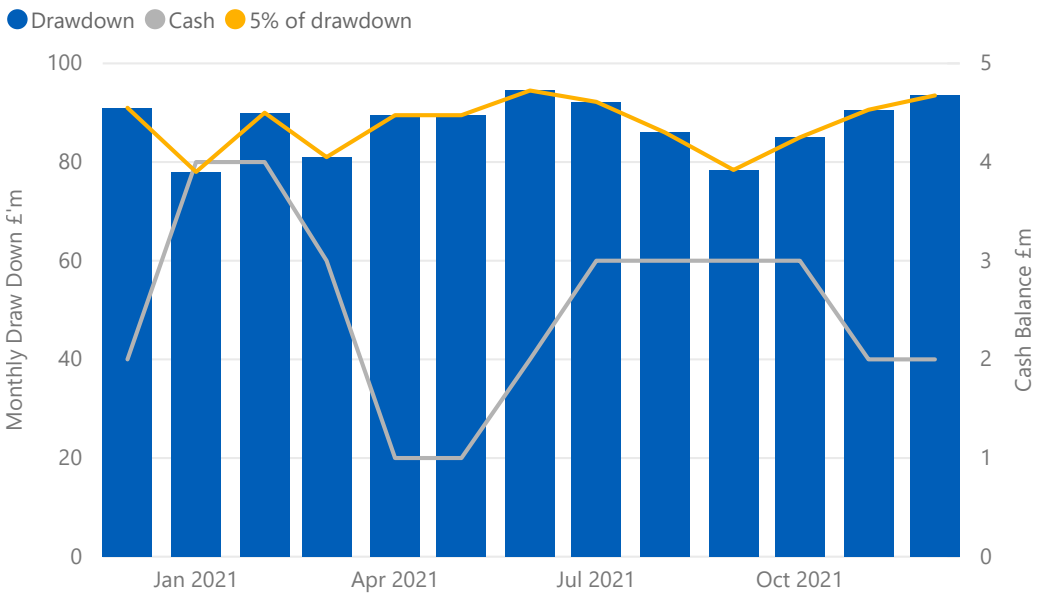


Summarised	2021-22 Opening Balance	Month 9 £'000	Movement M9 £'000
Fixed assets	290,648	283,765	-6,883
Other non current assets	60,373	72,846	12,473
Total Non Current Assests	351,021	356,610	5,589
Cash	2,705	1,867	-838
Inventories	9,029	9,931	902
Other financial assets	0	0	0
Trade and other receivables	42,207	53,096	10,889
Total Current Assets	53,941	64,894	10,953
Total Assets	404,962	421,504	16,542
Provisions	21,116	30,208	9,092
Trade and other payables	152,942	140,758	-12,184
Total Current Liabilities	174,058	170,966	-3,092
Total Net Assets less Liabilities	230,904	250,538	19,634
Provisions	59,381	67,238	7,857
Trade and other payables	1,123	-1,123	-1,123
Total Non-current liabilities	60,504	67,238	6,734
Total Assets Employed	170,400	183,300	12,900
General Fund	140,985	146,564	5,579
Revaluation reserve	29,415	36,736	7,321
Total Taxpayers' equity	170,400	183,300	12,900

Medical Negligence & Personal Injury



Cash WG Allocation





Aged Payables



Aged Receivables



PSPP



Cash

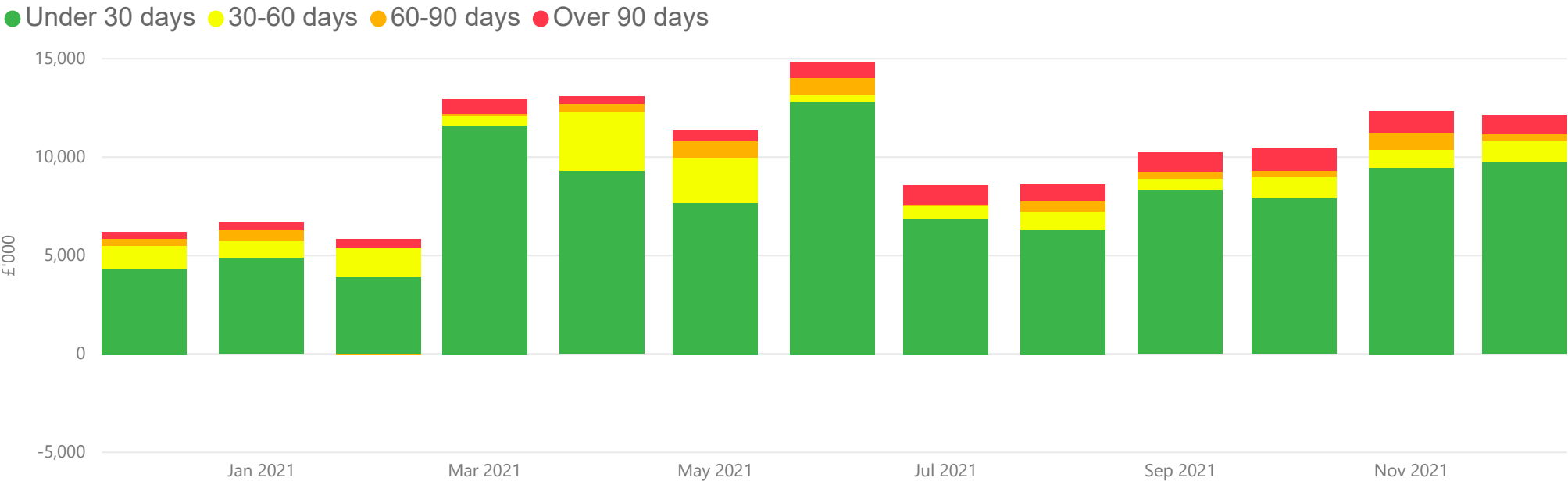


Working Capital



Medical Negligence

Aged Payables



As at 31st December 2021 there were £12.1m of unpaid supplier invoices in the Oracle financial ledger system (£10.2m at the end of September), of these, £2.4m were over 30 days old, representing 20% of the overall outstanding number of invoices (£1.9m at the end of September).



Aged Payables



Aged Receivables



PSPP



Cash

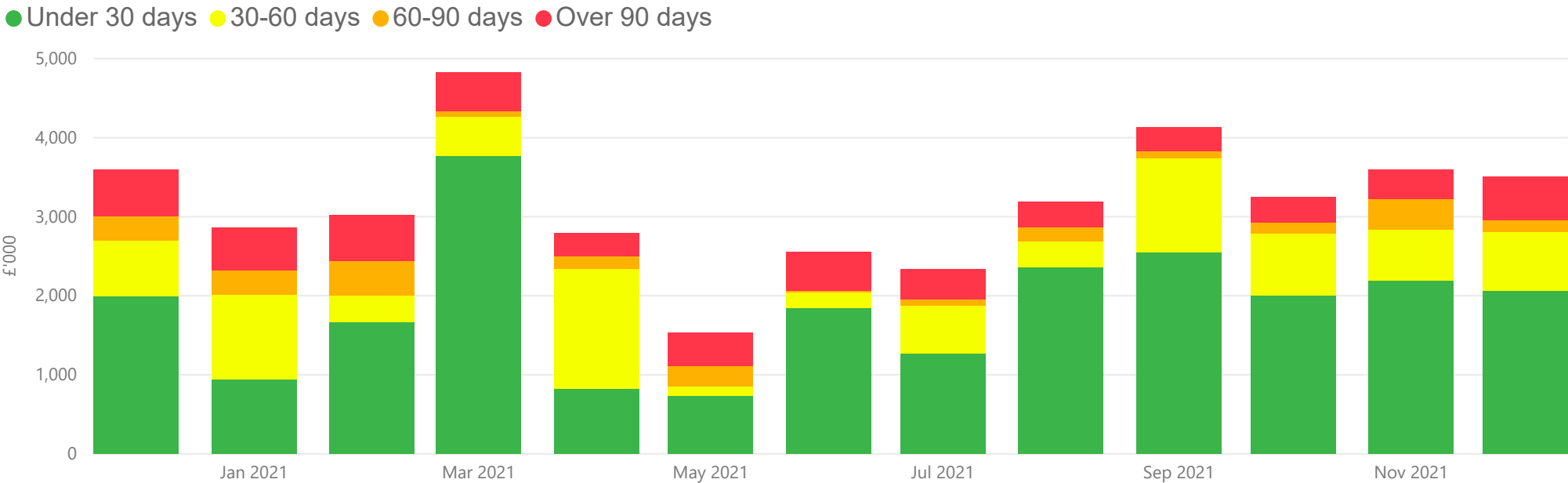


Working Capital



Medical Negligence

Aged Receivables



A sum of £0.2m is currently being managed on our behalf by our debt recovery agency, CCI.

A sum of £48,809 is being repaid directly to the Health Board by instalment or salary deduction.

As at the end of December 2021 there was £3.5m (£4.1m at the end of September 2021), of debt owed to the Health Board, of this £2.1m (59%) (30th September 2021 £2.5m, 62%) was under 30 days old. The decrease in the overall value of debt is partly due to Public Health Wales invoices now being paid £331K and a decrease in the outstanding Non-Contractual Activity invoices of £449K



Aged Payables



Aged Receivables



PSPP



Cash



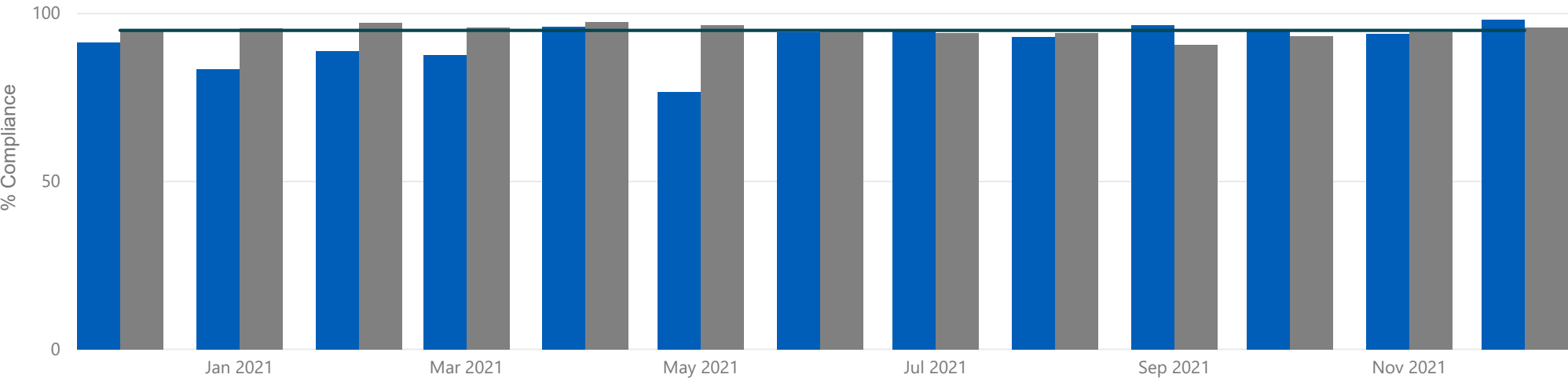
Working Capital



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 December with 95.87%, and a cumulative position of 94.4%. Compliance for Quarter 3 was 94.64% (93% for Q2).



Aged Payables



Aged Receivables



PSPP



Cash

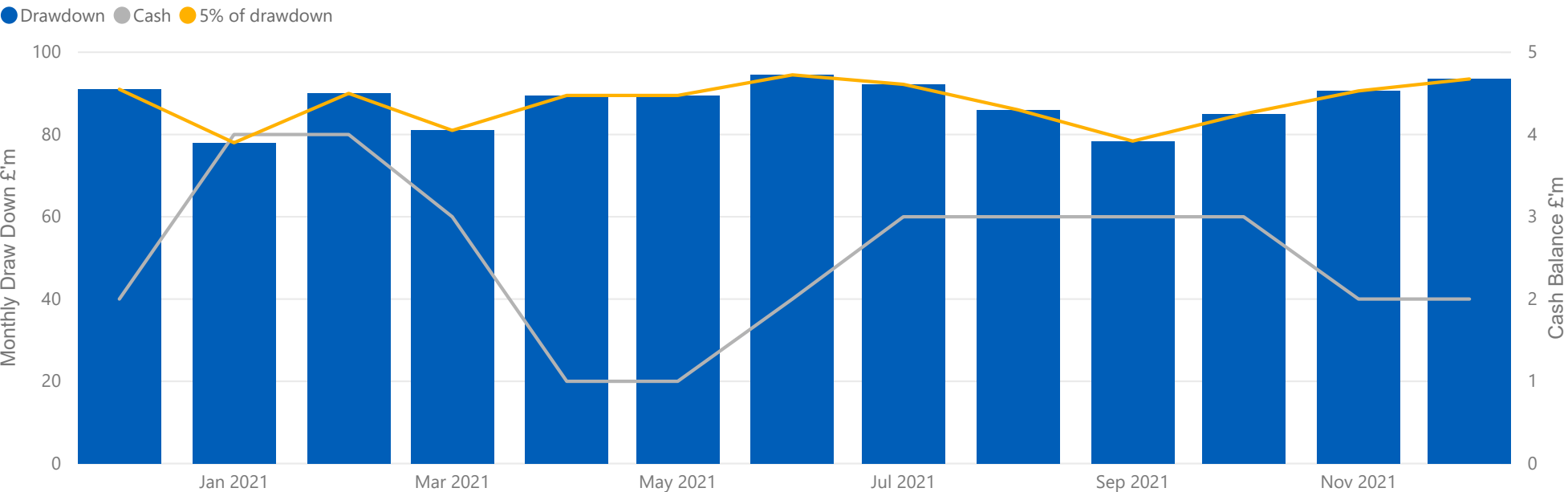


Working Capital



Medical Negligence

Cash WG Allocation



The Health Board has as approved cash limit of £1,071.7m split between revenue £1,013.1m and capital £58.6m. The amount of cash drawn down in total up to the end of December is £799.2m. The closing balance of £1.9m did not exceed 5% of the total monthly draw down from Welsh Government.



Aged Payables



Aged Receivables



PSPP



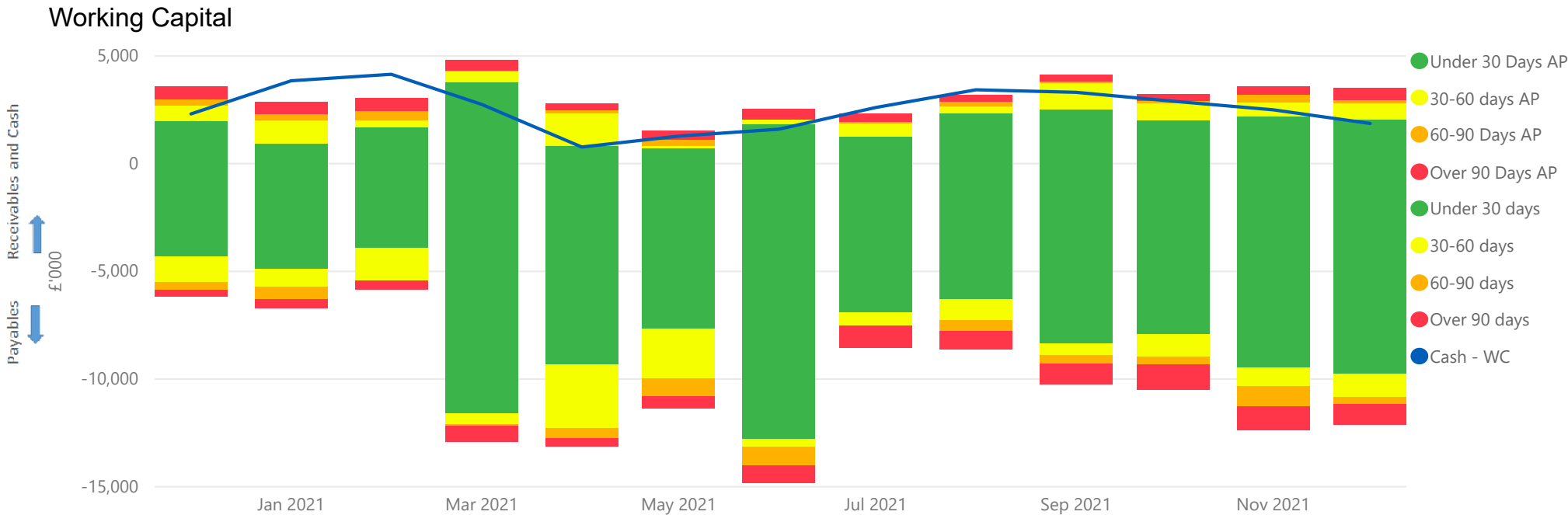
Cash



Working Capital



Medical Negligence



As at the end of December the cash and cash equivalents balance is £1.9m (2.5m at the end of November). Balances owed to the Health Board at the end of December are £3.5m (£3.6m in November). 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 £12.1m (£12.3m in November).



Aged Payables



Aged Receivables



PSPP



Cash

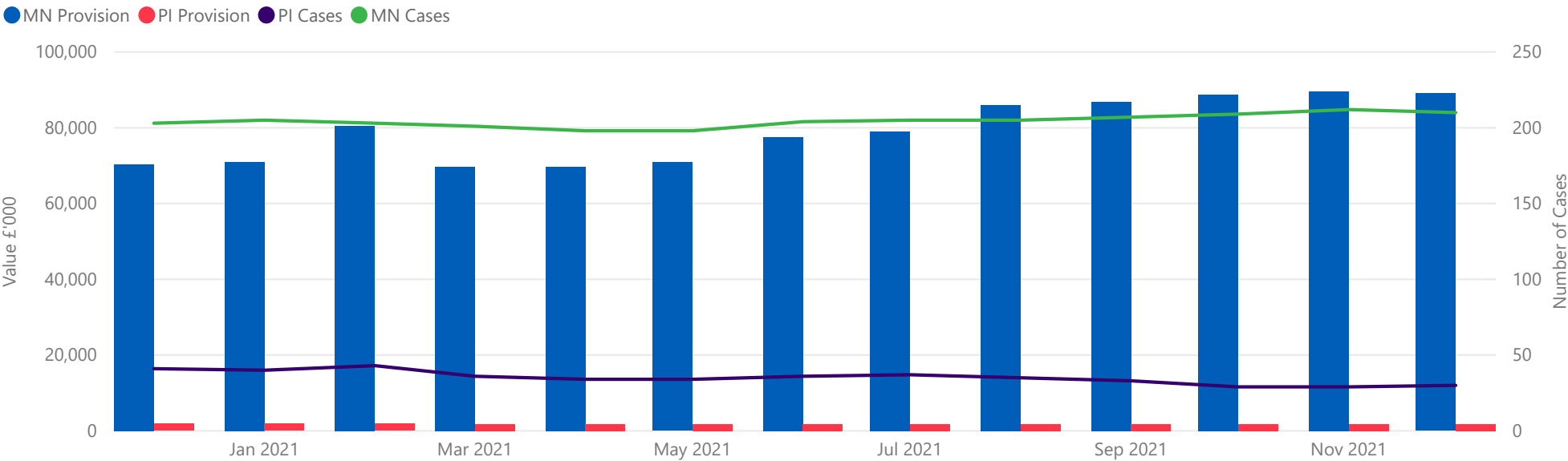


Working Capital



Medical Negligence

Medical Negligence & Personal Injury



The movement in the provision for medical negligence cases from the end of 2020/21 is £19.3m. This is attributable primarily to the increase in damages provision for five cases. Case 21RYNMN0018 had an increase of £1.2m, 20RYNMN0023 increased by £1.7m 13RYNMN0041 increased by £2.5m, 16RYNMN0070 increased by £5.7m and 17RYNMN0072 increased by £8.2m