

Cyfrifon Blynyddol 2020/21

Annual Accounts 2020/21

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Content

- Performance against Financial Targets
- Key issues affecting Annual Accounts
 - Covid-19
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Note 2.1 (Page 26)

1. Revenue Resource Performance (Statutory)

From 1st April 2014, the Health Board is required to ensure that expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years.

Target Not achieved in 2020/21

The Health Board did not receive any repayable brokerage during the year but did receive £16m in non-repayable cash only support in 2020/21.

	Year 1 2018/19 £'000	Year 2 2019/20 £'000	Year 3 2020/21 £'000	Total £'000
Revenue Resource Funding	828,698	895,107	1,031,258	2,755,063
Total Operating Expenses	864,136	930,050	1,056,168	2,850,354
Under / (Over) spend against Allocation	(35,438)	(34,943)	(24,910)	(95,291)

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Note 2.2 (Page 26)

2. Capital Resource Performance (Statutory)

From 1st April 2014, the Health Board is required to ensure that expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years.

Target achieved in 2020/21

	Year 1 2018/19 £'000	Year 2 2019/20 £'000	Year 3 2020/21 £'000	Total £'000
Capital Resource Funding	30,893	40,295	34,451	105,639
Charge against Capital Allocation	30,868	40,264	34,391	105,523
Under / (Over) spend against Allocation	25	31	60	116

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Note 2.3 (Page 27)

3. Duty to prepare a 3 Year Plan (Statutory)

Following discussions between the University Health Board (UHB) and Welsh Government (WG), it was acknowledged that the UHB was not in a position to submit an Integrated Medium Term Plan (IMTP) for 2020/23 given the financial position and three year forecast. Instead, the UHB prepared a 3 Year Plan 2020/23, incorporating the 2020/21 Annual Plan (The Plan) addressing bespoke WG annual planning guidance. The Plan was submitted to WG on 31st March 2020. The Plan was prepared before the extent of the Covid-19 pandemic implications were known.

The process for 2020/2023 was paused in the spring and the approval process was not completed, so the approval/non-approval status of all organisations remain extant as at that point (i.e. the previous January 2019 submission). The Health Board was not in a position to submit an IMTP for the period 2019-20 to 2021-22 given the status of the Transforming Clinical Services and Turnaround Programmes. In the absence of an IMTP, the Health Board developed an Annual Plan that was submitted to Welsh Government by the Board on 29th March 2019. The statutory financial duty under section 175 (2A) of the National Health Services (Wales) Act 2006 to prepare a three year plan was therefore not met.

Target Not achieved in 2020/21

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Note 10.1 (Page 38)

4. Prompt Payment Code (Non-Statutory)

The Welsh Government requires that Health Boards pay their trade creditors in accordance with the **CBI Prompt Payment Code (PSPP)** and Government Accounting rules. The financial target is to pay 95% of these non NHS invoices (number, not financial value) within 30 days of delivery.

This service is provided to all Health Boards by NWSSP Accounts Payable Services

Target achieved in 2020/21

Non-NHS Invoices	2020/21	2019/20
Total number of Invoices Paid	201,912	195,925
Total number paid within Target	192,345	188,489
% of Invoices Paid within Target	95.3%	96.2%

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Covid-19

- Increased spend in the year - £116m Revenue, £12.6m capital supported by WG funding
- Annual Leave accrual - £12m
- PPE 'donated goods' £3.2m
- Increased staff numbers and those on fixed term contracts – 702wte

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Note 34.2 Welsh Government Covid Funding

Revenue	2020/21 £'000
Sustainability Funding (SF)	47,900
Covid-19 Pay Costs Q1 (Future Quarters covered by SF)	8,105
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	17,019
PPE (including All Wales Equipment via NWSSP)	3,275
Test Trace Protect (TTP) - Testing & Sampling - Pay & Non Pay	1,193
TTP - NHS & LA Tracing - Pay & Non Pay	3,369
Vaccination - Extended Flu Programme	636
Vaccination - Covid-19	2,248
Bonus Payment	11,250
Annual Leave Accrual - Increase due to Covid	11,733
Urgent & Emergency Care	2,460
Support for Adult Social Care Providers	3,548
Mental Health	625
Other Primary Care	1,304
Other	1,528
Welsh Government Covid 19 Revenue Funding	116,193

Capital	2020/21 £'000
Capital Funding Field Hospitals and Equipment	3,590
Capital Funding Equipment	8,990
Welsh Government Covid 19 Capital Funding	12,580

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Material
changes to
draft
accounts
presented
on 5th May
2021

- **As outlined in ISA 260**
- Disclosure for Clinicians' Pension Tax Liabilities
- Note 8: Operating Leases
- Remuneration report
- Note 18 Trade and Other Payables
- Note 30 Related Party Transactions
- Note 34.1 6.3% Staff Employer Pension Contributions
- Cashflow statement
- Note 29: Events after the reporting period

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Note 21 – Contingencies - Disclosure for Clinicians' Pension Tax Liabilities (Page 55)

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that: clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government, on behalf of (Hywel Dda UHB), will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction. This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants. Clinical staff have until 31 March 2022 to opt for this scheme and the ability to make changes up to 31 July 2026.

At the date of approval of these accounts, there was insufficient data of take-up of the scheme by the Welsh clinical staff to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2021, the existence of an unquantified contingent liability is instead disclosed.

Rental / licence to occupy payments for Field Hospitals have been included as lease payments in 2020-21. These amount to £7.2m.

Payments recognised as an expense	2020-21 £'000
Minimum lease payments	9,656
Contingent rents	0
Sub-lease payments	0
Total	9,656

Amendment from draft accounts to the disclosure note to show totality of rental/licence to occupy payments as opposed to rental value only for the Field Hospitals.

Note 28 – Other Cashflow Adjustments – impact of Covid donated assets and annual leave accrual notional pension contribution –(Page 64)

Other cash flow adjustments	2020/21 £'000
Depreciation	19,184
Amortisation	457
(Gains)/Loss on Disposal	(20)
Impairments and reversals	6,970
Release of PFI deferred credits	0
NWSSP Covid assets issued debited to expenditure but non-cash	0
Covid assets received credited to revenue but non-cash	(3,189)
Donated assets received credited to revenue but non-cash	(348)
Government Grant assets received credited to revenue but non-cash	(364)
Non-cash movements in provisions	(15)
Other movements	19,270
Total	41,945

Amended to disclose the value of donated assets from WG of £3.189m. Cashflow statement also amended.

Amended for removal of notional element of 6.3% staff employer pension contribution relating to annual leave accrual of £0.431m as advised by WG during course of audit. Also impacts cashflow statement, statement of taxpayers equity, Notes 18, 27 and 34.1

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Donation of Oxygen Concentrators & CPAP machines to India

As a result of India experiencing a high level of coronavirus deaths and hospitals unable to meet the increased demand for treatment, in May 2021, Welsh Government requested NHS Wales Shared Services Partnership (NWSSP) to coordinate the release of surplus oxygen delivery equipment from across Wales to support the Indian healthcare system.

In response to this, following approval from Executive Team on the 11th May 2021, Hywel Dda University Health Board has donated 450 Oxygen Concentrators and 50 CPAP (Continuous Positive Airway Pressure) machines, worth £618,250. This amount will feature in the 2021/22 Annual Accounts as a write off.

Next Steps

- Audit & Assurance Committee is asked to **approve** the ISA 260 and Audited Accounts
- Final Accounts to be presented to the Board on the 10th June 2021
- Final Accounts to Welsh Government 11th June 2021

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