

# Cyfrifon blynyddol 2021/22

## Annual Accounts 2021/22

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# Content

- Performance against Financial Targets
- Key issues affecting Annual Accounts
  - Covid-19
- Material changes to the Accounts – from Draft to Audited
- Summary and next steps

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## Note 2.1 (Page 26)

### 1. Revenue Resource Performance (Statutory)

From 1<sup>st</sup> 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 2021-22

The Health Board received £16m strategic non-repayable cash only support in 2021-22.

	Year 1 2019/20 £'000	Year 2 2020/21 £'000	Year 3 2021/22 £'000	Total £'000
Revenue Resource Funding	895,107	1,031,258	1,069,956	<b>2,996,321</b>
Total Operating Expenses	930,050	1,056,168	1,094,956	<b>3,081,174</b>
<b>Under / (Over) spend against Allocation</b>	(34,943)	(24,910)	(25,000)	<b>(84,853)</b>

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## Note 2.2 (Page 26)

### 2. Capital Resource Performance (Statutory)

From 1<sup>st</sup> 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 2021/22**

	Year 1 2019/20 £'000	Year 2 2020/21 £'000	Year 3 2021/22 £'000	Total £'000
Capital Resource Funding	40,295	34,451	61,113	<b>135,859</b>
Charge against Capital Allocation	40,264	34,391	61,051	<b>135,706</b>
<b>Under / (Over) spend against Allocation</b>	31	60	62	<b>153</b>

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## Note 2.3 (Page 27)

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

Due to the pandemic, the process for the 2020-23 integrated plan was paused, in spring 2020 temporary planning arrangements were implemented.

As a result the extant planning duty for 2021-22 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22.

The Health Board did not submit a 2019-22 integrated plan in accordance with the planning framework.

**Target Not achieved in 2021-22**

## Note 2.4 (Page 27)

### 4. Creditor Payment

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 2021/22**

Non-NHS Invoices	2021/22	2020/21
Total number of Invoices Paid	240,786	201,912
Total number paid within Target	229,189	192,345
<b>% of Invoices Paid within Target</b>	<b>95.2%</b>	<b>95.3%</b>

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# Covid-19

- Continued high level of spend in the year - £112m Revenue, £23m capital supported by WG funding. Capital totally aimed at supporting Covid recovery.
- Annual Leave accrual remained high - £12.8m

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# Note 34.2 Welsh Government Covid Funding

Revenue	2021/22 £'000	2020/21 £'000
Stability Funding	63,991	84,274
Covid Recovery	19,232	0
Cleaning Standards	1,435	0
PPE (including All Wales Equipment via NWSSP)	2,646	3,275
Test Trace Protect (TTP) - Testing & Sampling - Pay & Non Pay	2,132	1,193
TTP - NHS & LA Tracing - Pay & Non Pay	6,740	3,369
Vaccination - Extended Flu Programme	837	636
Vaccination - Covid-19	8,630	2,248
Annual Leave Accrual - Increase due to Covid	510	11,733
Urgent & Emergency Care	2,536	2,460
Support for Adult Social Care Providers	2,001	3,548
Mental Health		625
Other Primary Care		1,304
Social Care	1,583	0
Other	153	1,528
<b>Welsh Government Covid 19 Revenue Funding</b>	<b>112,426</b>	<b>116,193</b>

Capital	2021/22 £'000	2021/22 £'000
Capital Funding Field Hospitals		3,590
Capital Funding Equipment & Works	23,065	8,990
<b>Welsh Government Covid 19 Capital Funding</b>	<b>23,065</b>	<b>12,580</b>

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Material  
changes  
to draft  
accounts  
presented  
on 5<sup>th</sup> May  
2022

- **As outlined in ISA 260**
- Regularity opinion in relation to Clinicians' Pension Tax Liabilities
- Indexation of land and buildings - no amendment to reflect change from 5% to 7% in final quarter, in line with all other Welsh health bodies and in compliance with instructions from WG
- Remuneration report and Note 30 Related Party Transactions
- Note 3.1 and 3.3 Misclassification amended
- Note 9.1 Misclassification amended
  
- Expected change for Scheme Pays following draft accounts not made - immaterial

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In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government has committed to making payments to clinical staff to restore the value of their pension benefits packages for additional work undertaken. If NHS clinicians opted to use the ‘Scheme Pays’ facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The LHB has received sufficient information during the year to calculate and recognise an estimate of the potential costs of compensating senior clinical staff for pension benefits that they would otherwise have lost, by using the ‘Scheme Pays’ arrangement. As a result, expenditure of £0.9m has been recognised as a provision as shown in note 20 of the financial statements.

All NHS bodies will be held harmless for the impact of the Ministerial Direction. However, in the Auditor General’s opinion, the transactions included in the LHB’s financial statements to recognise this liability are irregular and material by their nature.

As a result, the ‘regularity’ opinion for 2021-22 has been qualified.

	Cash Limited 2021/22 £'000
	76,935
Pharmaceutical Services	20,401
General Dental Services	21,738
General Ophthalmic Services	1,216
Other Primary Health Care Expenditure	6,449
Prescribed Drugs and Appliances	78,978
<b>Total</b>	<b>205,717</b>

Increase in GMS of £1.318m (and increase of £0.024m Clinical Supplies and Services note 3.3) with corresponding decrease Prescribed Drugs and Appliances due to miscoding of contractor bonus payments.

Decrease in Primary Healthcare services overall of £0.024m with corresponding increase in Hospital and Community Services due to miscoding of contractor bonus payments.

	2021/22 £'000
<b>Expenditure on Hospital and Community Services</b>	<b>708,966</b>

Salaries and wages	2021/22 £'000
Permanent Staff	386,629
Staff on Inward Secondment	3,812
Agency Staff	30,907
Specialist Trainee	7,789
Collaborative Bank	0
Other	7,860
<b>Total</b>	<b>436,997</b>

Reduction in permanent staff of £5.428m with corresponding increase in agency staff due to miscoding.

## Next Steps

- Final Accounts to be approved by the Board on the 9<sup>th</sup> June 2022 following approval by the Audit and Risk Assurance Committee
- Final Accounts to Welsh Government 15<sup>th</sup> June 2022