



Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board

# FINANCE DEPT. PRESENTATION TO AUDIT COMMITTEE 2022/2023 DRAFT ANNUAL ACCOUNTS

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18<sup>th</sup> May 2023



Bwrdd Iechyd Prifysgol Bae Abertawe

Tîm Cyllid

FINANCE TEAM

Swansea Bay University Health Board



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board

1. Financial Context of the 2022/23 year and COVID Impact
2. Performance against Financial Targets
3. Analytical review of Comprehensive Net Expenditure
  - a) Expenditure on Primary Healthcare Services
  - b) Expenditure on Healthcare from Other Providers
  - c) Expenditure on Hospital & Community Health Services
  - d) Miscellaneous Income
4. Staffing Analysis
5. Analytical review of Statement of Financial Position (Balance Sheet)
  - a) Receivables, Payables & Provisions
  - b) Taxpayers Equity
6. Summary & Next Steps

	YEAR 2 2022-2025 IMTP	Financial Plan 2023/24
	£M	£M
Section 1: 2022/23 Impact Into 2023/24 (Underlying Issues)	22.9	32.2
Section 2: 2023/24 Inflation, Demand Growth, National Programmes & Extraordinary Pressures	43.6	74.5
Section 3: Health Board Specific Service Pressures	27.1	77.3
Section 4: Savings	(16.3)	(22.2)
Section 5: Allocations/Income Assumptions	(77.4)	(92.0)
Total	(0.0)	69.9
21/22 Actual Position -	0.401	

## COVID – Welsh Government Funding 2022-23 = £58.661m, 2021-22 = £130.407m

Note 34.2	2022-23
	£000
<b>Capital</b>	
Capital Funding Equipment & Works	2,505
<b>Welsh Government Covid 19 Capital Funding</b>	<b>2,505</b>
<b>Revenue</b>	
Stability Funding	34,604
Covid Recovery	0
Cleaning Standards	0
PPE (including All Wales Equipment via NWSSP)	4,285
Testing / TTP- Testing & Sampling - Pay & Non Pay	2,286
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	5,601
Extended Flu Vaccination / Vaccination - Extended Flu Programme	918
Mass Covid-19 Vaccination / Vaccination - COVID-19	8,977
Annual Leave Accrual - Increase due to Covid	
Urgent & Emergency Care	
Private Providers Adult Care / Support for Adult Social Care Providers	
Hospices	
Other Mental Health / Mental Health	
Other Primary Care	1,560
Other	430
<b>Welsh Government Covid 19 Revenue Funding</b>	<b>58,661</b>

### Capital

- Equipment & Works = £2,505,000

### Stability Funding

-Funding made available from a total allocation of £157.681m that WG made available to HBs to support the stabilisation of the service following the COVID response.

Total is part of all Wales total of £306.810m

## Note 2.1 (Page 27)

### 1. Revenue Resource Performance (Statutory)

From 1<sup>st</sup> April 2014, Health Boards were required to ensure that expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years. Taken from accounts note. 2.1

	Year 1 2020-21 £000	Year 2 2021-22 £000	Year 3 2022-23 £000	Total £000
Revenue Resource Allocation	1,071,257	1,087,612	1,166,697	3,325,566
Total operating expenses	1,095,561	1,112,011	1,166,296	3,373,868
Under /(over) spend against Allocation	(24,304)	(24,399)	401	(48,302)
As a % of target	-2.27%	-2.24%	0.03%	-1.45%

**Swansea Bay University Health Board has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2020/21 to 2022/23**

## Note 2.2 (Page 27)

### 2. Capital Resource Performance (Statutory)

From 1<sup>st</sup> April 2014, Health Boards were required to ensure that expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years.

	Year 1 2020-21 £000	Year 2 2021-22 £000	Year 3 2022-23 £000	Total £000
Capital Resource Allocation	47,984	67,417	38,684	154,085
Charge against Capital Resource Allocation	47,956	67,385	38,646	153,987
<b>(Over) / Underspend against Capital Resource Allocation</b>	<b>28</b>	<b>32</b>	<b>38</b>	<b>98</b>
<b>As a % of target</b>	<b>0.06%</b>	<b>0.05%</b>	<b>0.10%</b>	<b>0.06%</b>

**Swansea Bay University Health Board has met its duty to break-even against its Capital Resource Limit over the 3 years 2020/21 to 2022/23**

## Note 2.3 (Page 28)

### 3. Duty to prepare a 3 Year integrated Plan

The NHS Wales Planning Framework for the period 2022-2025, issued to LHBs, placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2022-2025 in accordance with NHS Wales Planning Framework in March 2022. This plan did not include a financially balanced position.

In July 2022 Welsh Government advised the health board that an analysis of the health board's current allocation showed that the funding it receives was nearly 6% lower than the amount it would receive under a revised formula based on its relative population size adjusted for demographic and health needs factors.

In light of this, Minister for Health & Social Services agreed that an allocation for population need be made to the health board and an additional recurrent allocation of £24.4m was approved in line with the population requirements. At that time the health board was requested to revise its IMTP to reflect this and resubmit the IMTP to Welsh Government.

The revised IMTP was approved by the Minister for Health and Social Services on 6th September 2022.

**The LHB has therefore met its statutory duty to have an approved financial plan.**

**Note 2.4 (Page 28)****4. Creditor Payment (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

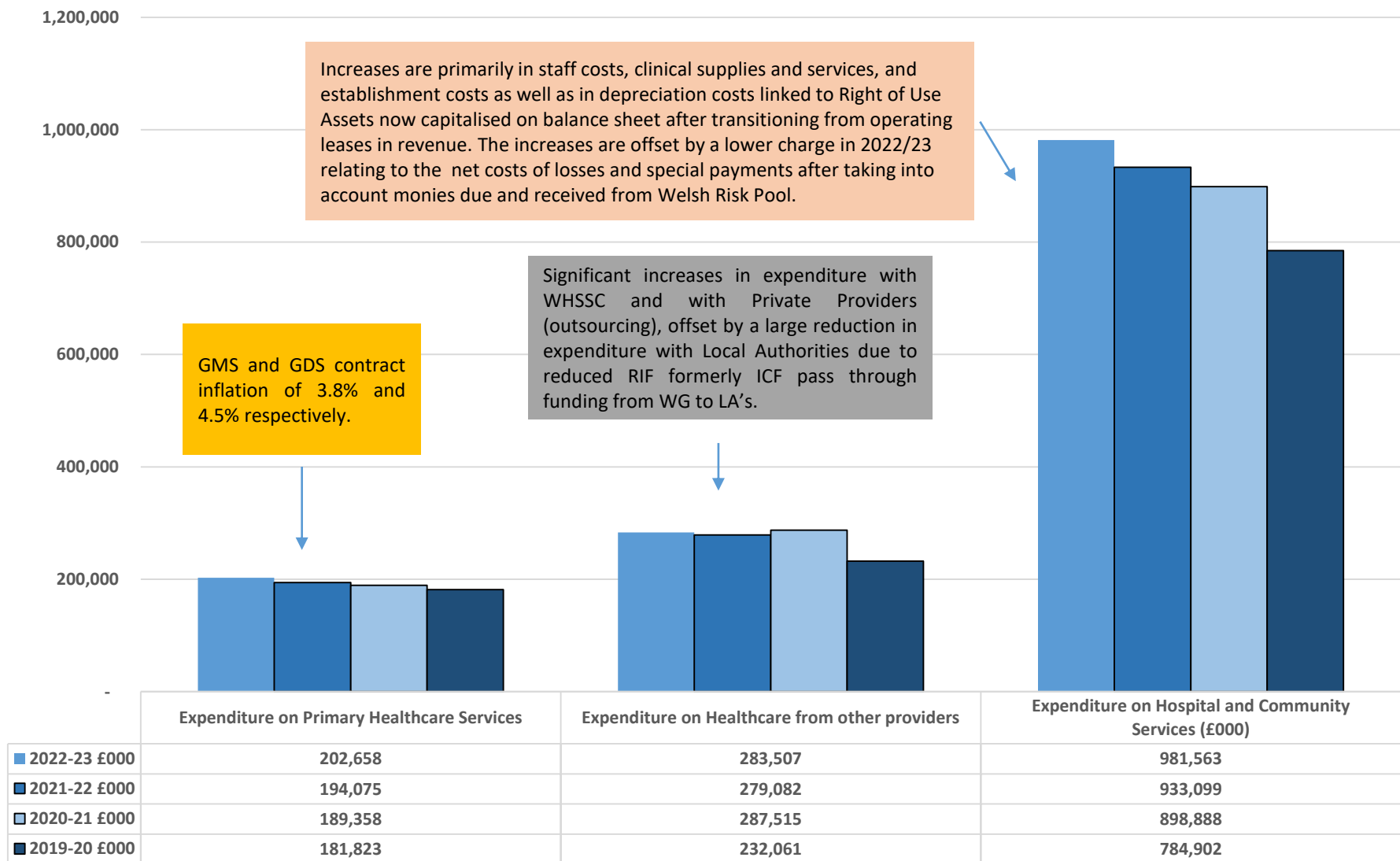
	2022-23	2021-22	2020-21
Total number of non-NHS bills paid	315,307	271,459	233,909
Total number of non-NHS bills paid within target	298,578	255,707	219,612
Percentage of non-NHS bills paid within target	94.70%	94.20%	93.89%

**Swansea Bay University Health Board did not achieve the best practice PSPP target for 2022/23.**



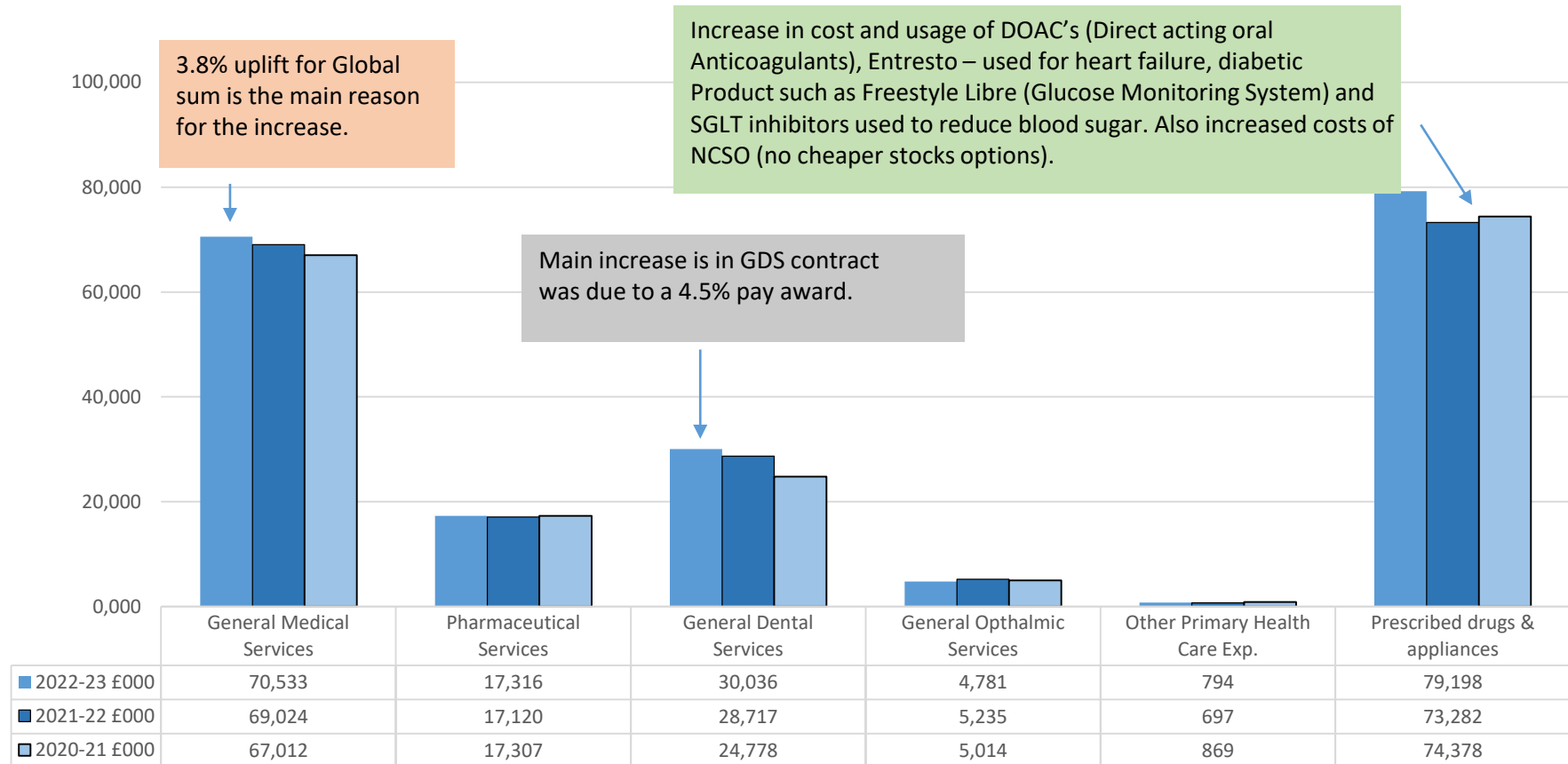
## Statement of Comprehensive Net Expenditure (SOCNE)

SOCNE (Page 2)	2022-23	2021-22	Variances	
	£000	£000	£000	%
Expenditure on Primary Healthcare Services	202,658	194,075	8,583	4.42%
Expenditure on healthcare from other providers	283,507	279,082	4,425	1.59%
Expenditure on Hospital and Community Health Services	981,563	933,099	48,464	5.19%
<b>Sub Total</b>	<b>1,467,728</b>	<b>1,406,256</b>	<b>61,472</b>	<b>4.37%</b>
Less: Miscellaneous Income	- 305,442	- 297,902	- 7,540	2.53%
<b>LHB net operating costs before interest and other gains and losses</b>	<b>1,162,286</b>	<b>1,108,354</b>	<b>53,932</b>	<b>4.87%</b>
Other (Gains) / Losses	- 116	- 249	133	-53.41%
Finance costs	4,944	5,156	- 212	-4.11%
<b>Net operating costs for the financial year</b>	<b>1,167,114</b>	<b>1,113,261</b>	<b>53,853</b>	<b>4.84%</b>



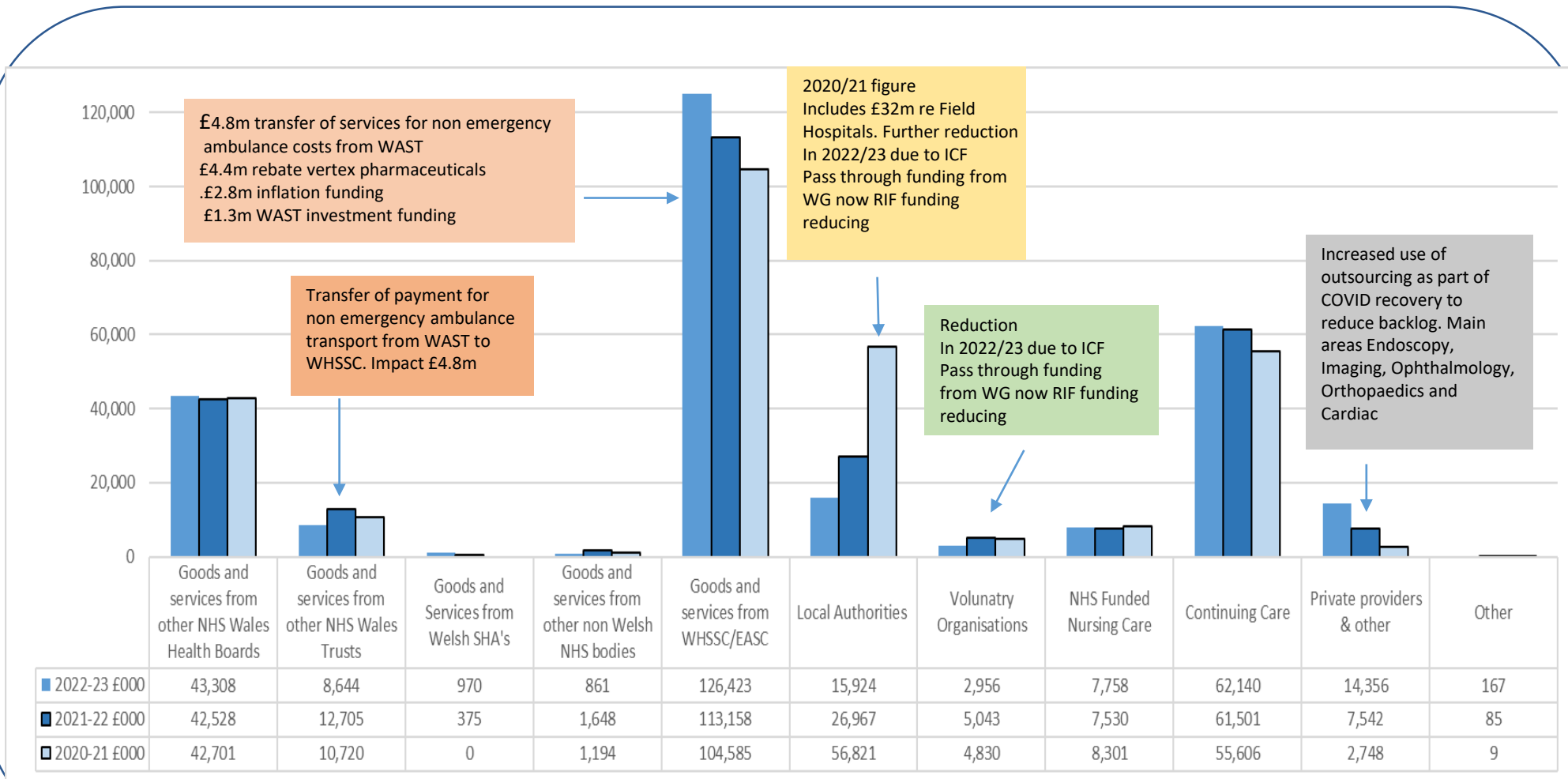
## Expenditure on Primary Healthcare Services (£000) – Note 3.1 (Page 29)

2022-23 £203m 21/22 £194m 2020/21 £189m



## Expenditure on Healthcare from Other Providers (£000) Note 3.2 (Page 29)

2022-23 £284m 2021/22 £279m (1.6%)



## Expenditure on Hospital & Community Health Services – Note 3.3 (Page 30)

	2022-23 £000	2021-22 £000
Directors' costs	1,930	1,761
Operational Staff costs	692,437	654,489
Single lead employer Staff Trainee Cost	32,746	17,385
Collaborative Bank Staff Cost	335	214
Supplies and services - clinical	145,993	143,765
Supplies and services - general	9,500	11,916
Consultancy Services	1,065	594
Establishment	18,080	15,959
Transport	1,367	1,645
Premises	34,980	35,017
External Contractors	4,033	4,346
Depreciation	30,497	28,512
Depreciation (Right of Use assets RoU)	2,526	0
Amortisation	1,847	1,848
Fixed asset impairments and reversals (Property, plant & equipment)	- 5,690	- 5,567
Audit fees	418	378
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	3,790	14,484
Research and Development	5,380	6,105
Other operating expenses	329	248
<b>Total</b>	<b>981,563</b>	<b>933,099</b>

### Staff Costs

Total increase £53.599m over 2021/221 for all staff including SLE and collaborative bank. Bulk of the movement is due to the pay award for 2022/23 comprising.

- £28.483m initial pay award.
- £7.015m re 1.5% non –consolidated pay award paid in March 2023.
- £8.806m re 1.5% consolidated pay award – accrued to be paid in May 2023.

Remaining increase is £5.8m increased agency staff costs and an increase in staff numbers in year.

### Clinical Services & Supplies

Increase is due to drug costs offset by reductions in maintenance contract costs.

### General Services & Supplies

Continuing reduction in Staff uniforms & clothing.

Consultancy costs relates mainly to AMSR work and Morriston financial position support.

Establishment due to advertising costs linked to overseas recruitment. Also increases in printing & stationery and travel expenses.

Premises costs in total show little movement but large increases in utility costs offset by reductions on building and engineering materials and contracts and rent payments.

Losses is the net charge to I&E comprising the movement in the future provision for loss payments less amount due from Welsh Risk pool. Fluctuates annually depending on timing of settlement.

## Miscellaneous Income – Note 4 (Page 31) 2022/23 £305m 2021/22 £298m (+3%)

WHSSC Increased funding comprises £3.2m inflation funding, £2.1m activity increases and £3.9m investments and rebasing of baseline in areas such as renal, TAVI and neonatal services.

£1.4m increase in funding from HEIW and £0.4m in DHCW income linked to funding for Welsh Nursing Care Record.

Reduction in WG income due to reduction in pass through funding re ICF/RIF. Opposite entry to note 3.2 local authorities and voluntary organisations.

Reduction in R&D income linked to reduction in R&D expenditure in Note 3.3 linked to deferral of income and reduced activity.

Reduction of £2.778m in income in respect of Scheme Pays. Increases in catering income, staff payments for the use of cars and other income due to one off licence fee income.

	2022-23 £000	2021-22 £000	Variances	
			£000	%
Local Health Boards	104,208	103,418	790	0.76%
WHSSC/EASC	136,194	126,961	9,233	7.27%
NHS Wales trusts	6,163	6,603	(440)	-6.66%
Welsh Special Health Authorities	16,588	14,914	1,674	11.22%
Other NHS England bodies	1,956	2,281	(325)	-14.25%
Other NHS Bodies	22	58	(36)	-62.07%
Local authorities	6,221	5,974	247	4.13%
Welsh Government	7,350	10,126	(2,776)	-27.41%
Dental fee income	2,876	2,413	463	19.19%
Private patient income	356	70	286	408.57%
Overseas patients (non-reciprocal)	85	57	28	49.12%
Injury Costs Recovery (ICR) Scheme	1,268	1,185	83	7.00%
Other income from activities	3,177	2,894	283	9.78%
Education, training and research	8,991	10,644	(1,653)	-15.53%
Charitable and other contributions to expenditure	293	544	(251)	-46.14%
Receipt of donated assets	232	185	47	25.41%
Receipt of Government granted assets	43	707	(664)	-93.92%
Right of Use Grant (Peppercorn Lease)	969	0	969	
Non-patient care income generation schemes	590	486	104	21.40%
Deferred income released to revenue	594	509	85	16.70%
Rental income from operating leases	47	47	0	0.00%
Other income:	7,219	7,826	(607)	-8%
<b>Total</b>	<b>305,442</b>	<b>297,902</b>	<b>7,540</b>	<b>3%</b>

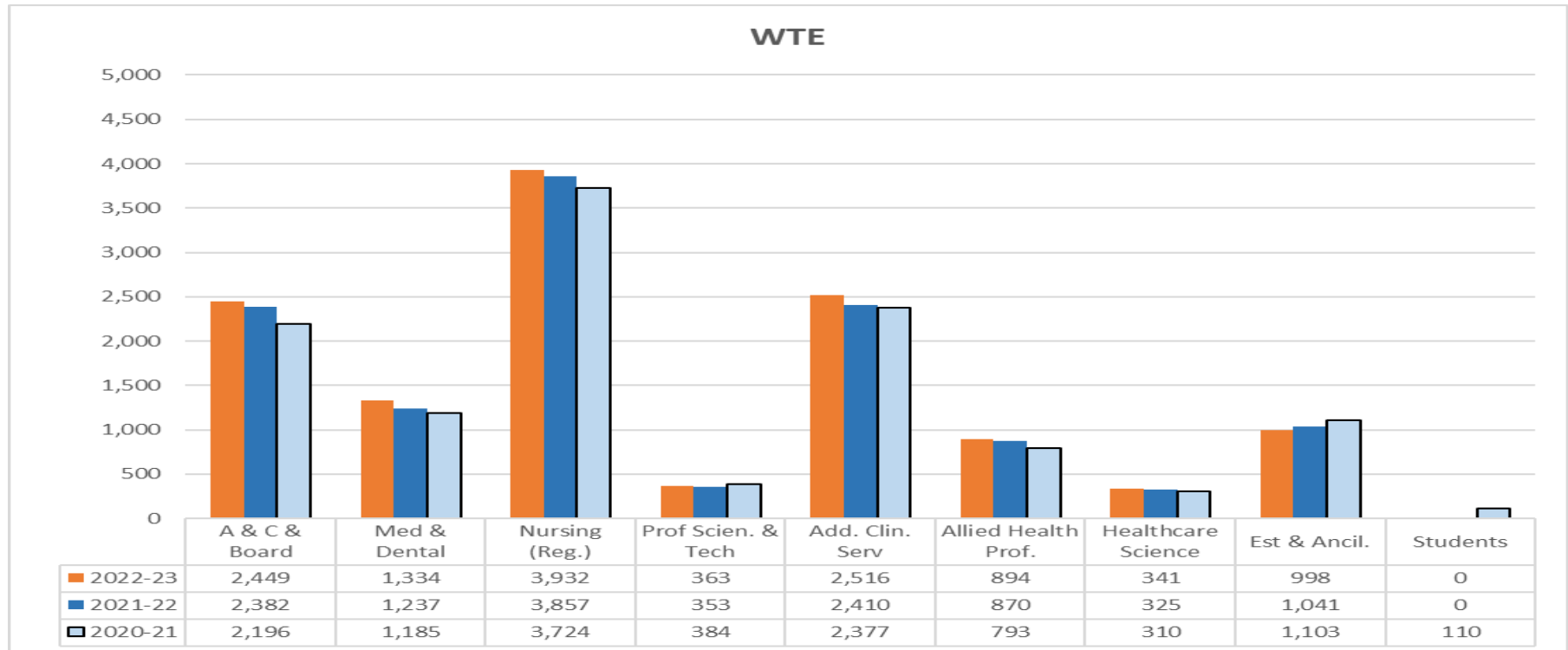
**Dental Income**  
Continued recovery of dental income back to pre-COVID levels.

Recommendation of private patient activity following COVID.

Ventilators and other items from DOH free of charge.

Income from peppercorn leases which are now on balance sheet under IFRS16.

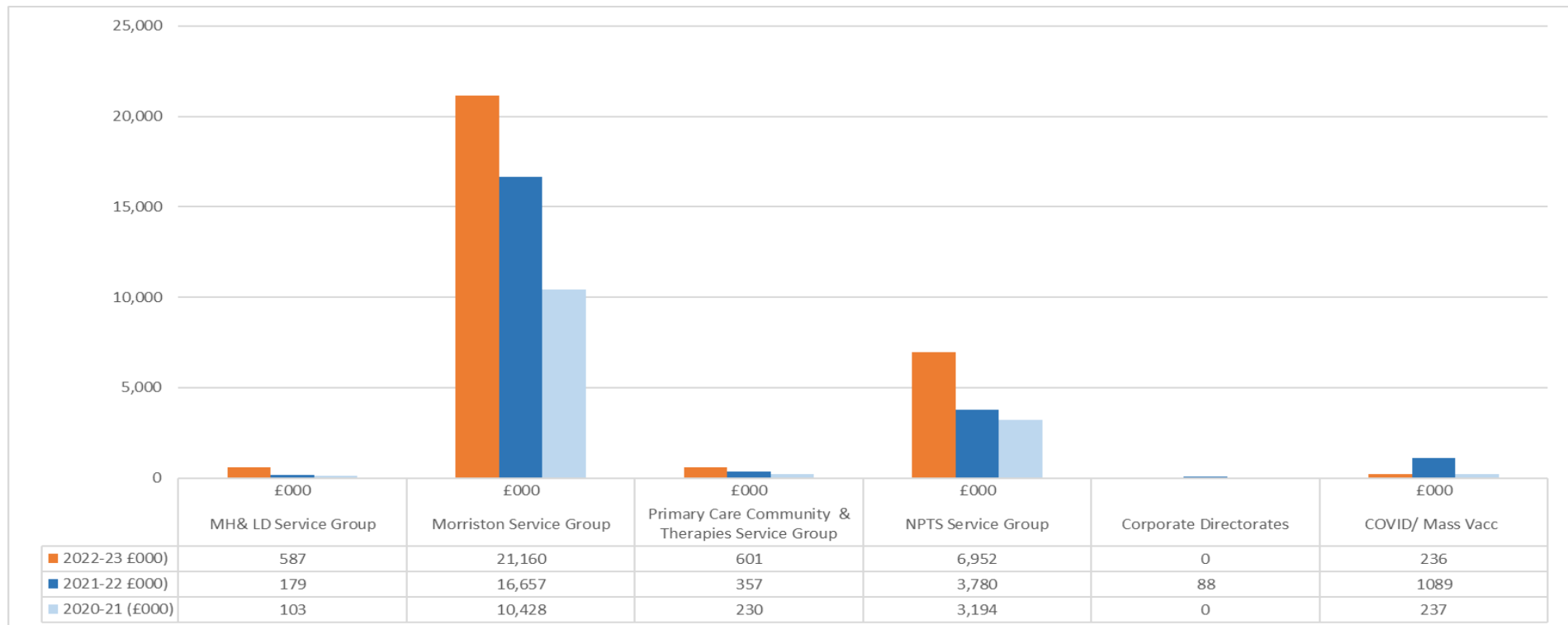
## Directors & Staff Numbers (WTE)



### Notes

- Staff numbers in each year are the average of the WTE in post at the end of each month as per the manual for accounts definition. Staff numbers include agency staff, staff on inward secondment and junior doctors employed under the Single Lead Employer arrangements managed by Velindre Trust.

## Agency Cost Comparison – Nursing, midwifery and health visiting staff by service group



**Main area of use are Morryston – ED (£4.8m), Critical Care (£1.5m), AMAU (£1.1m), SDU (£1.1m) together with 11 wards over £0.5m each. NPTS 3 areas over £0.5m, SAU, Labour Ward and Ward 8. MHLD 3 areas over £50k, Onnen Ward, Perinatal Inpatient Unit and Tenby Ward. PCTS is mainly Gorseinon (£0.4m). Reduction in costs for the Mass Vaccination Campaign.**



Statement of Financial Position		31 March 2023	31 March 2022	Variance
		£000	£000	£000
<b>Non-current assets</b>	Property, plant and equipment	578,411	542,917	35,494
	Right of Use Assets	16,802		16,802
	Intangible assets	4,033	5,542	(1,509)
	Trade and other receivables	124,590	120,572	4,018
	Other financial assets	0	0	0
	<b>Total non-current assets</b>	<b>723,836</b>	<b>669,031</b>	<b>54,805</b>
<b>Current assets</b>	Inventories	10,714	9,372	1,342
	Trade and other receivables	75,640	65,390	10,250
	Other financial assets	0	0	0
	Cash and cash equivalents	2,859	4,398	(1,539)
<b>Non-current assets classified as "Held for Sale"</b>		0	0	0
	<b>Total current assets</b>	<b>89,213</b>	<b>79,160</b>	<b>10,053</b>
<b>Total assets</b>		<b>813,049</b>	<b>748,191</b>	<b>64,858</b>
<b>Current liabilities</b>				0
	Trade and other payables	(220,603)	(237,873)	17,270
	Other financial liabilities	0	0	0
	Provisions	(29,851)	(24,449)	(5,402)
	<b>Total current liabilities</b>	<b>(250,454)</b>	<b>(262,322)</b>	<b>11,868</b>
	<b>Net current assets/ (liabilities)</b>	<b>(161,241)</b>	<b>(183,162)</b>	<b>21,921</b>
<b>Non-current liabilities</b>				0
	Trade and other payables	(41,052)	(30,916)	(10,136)
	Other financial liabilities	0	0	0
	Provisions	(128,622)	(126,206)	(2,416)
	<b>Total non-current liabilities</b>	<b>(169,674)</b>	<b>(157,122)</b>	<b>(12,552)</b>
<b>Total assets employed</b>		<b>392,921</b>	<b>328,747</b>	<b>64,174</b>
<b>Financed by :</b>				
<b>Taxpayers' equity</b>	General Fund	326,192	282,899	43,293
	Revaluation reserve	66,729	45,848	20,881
<b>Total taxpayers' equity</b>		<b>392,921</b>	<b>328,747</b>	<b>64,174</b>

## Key Variances – Assets (Trade &amp; Other Receivables)

Assets

			Non Current £m	Current £m	Net Change £m
<b>Notes 11</b>	<b>Property Plant and Equipment</b>	<b>Tangible Fixed Assets Funded by capital Programme</b>	<b>35.5</b>		<b>35.5</b>
	<b>Right of Use Assets</b>	<b>Capitalisation of operating leases - IFRS 16</b>	<b>16.8</b>		<b>16.8</b>
<b>Receivables</b>					
<b>Note 15</b>	<b>Welsh Risk Pool Debtor</b>	<b>Clinical Negligence/Personal Injury/Redress/GMPI</b>	<b>4.8</b>	<b>6.2</b>	<b>11.0</b>
	<b>Scheme Pays</b>	<b>Debtor Matching the Provision Required from WG</b>	<b>-0.8</b>	<b>0.0</b>	<b>-0.8</b>
	<b>NHS Wales</b>	<b>Increases in CTM of £1.651m, Powys £0.649m, Hywel Dda £0.580m, Aneurin Bevan £0.203m and Cardiff £0.141m. Mainly linked to invoices raised in March for LTA underperformance and NICE costs above LTA value.</b>		<b>4.6</b>	<b>4.6</b>
	<b>Prepayments</b>	<b>Increase in number of salary sacrifice cars - annual contracts</b>		<b>0.7</b>	<b>0.7</b>
	<b>Provision for irrecoverable debts</b>	<b>Reduction in bad debt provision</b>		<b>0.6</b>	<b>0.6</b>
	<b>Other</b>	<b>Reduction in LA debts - resolution of S117 issues and general reduction in trade debtors</b>		<b>-1.8</b>	<b>-1.8</b>
	<b>Movement as per accounts</b>		<b>4</b>	<b>10.3</b>	<b>14.3</b>
<b>Inventories</b>					
<b>Note 14</b>	<b>Consumables</b>	<b>Consumables increases linked to Theatre stock following further roll out of Omnicell across NPT Theatres and in Cardiac Omnicell stocks. Drug stock increases across all pharmacies and linked to price increases and wider stock range.</b>		<b>0.481</b>	<b>0.481</b>
	<b>Drugs</b>			<b>0.810</b>	<b>0.810</b>
	<b>Energy</b>			<b>0.051</b>	<b>0.051</b>
	<b>Movement as per accounts</b>			<b>1.342</b>	<b>1.342</b>

## Key Variances – Liabilities

## Liabilities

			Non Current £m	Current £m	Net Change £m
<b>Payables</b>					
<b>Note 18 P52</b>	<b>Finance Leases &amp; PFI Contracts</b>	Reduction in deferred creditor, end of contract 1 year closer	-3.2	0.3	-2.9
	<b>RoU Lease Liability</b>	New liability to recognise lease obligations of RoU assets	13.3	2.3	15.6
	<b>Capital Creditors</b>	Significant reduction in capital creditors. 2021/22 was high due to the number of items delivered right at year end due to supply chain issues		-18.2	-18.2
	<b>Non NHS Creditors</b>	Main reduction is with local authorities due to the reduction in ICF/RIF pass invoices outstanding at year end due to reductions in WG funding		-1.2	-1.2
	<b>Non NHS Accruals</b>	Main movement is the reduction in the annual leave accrual following the return to pre-COVID annual leave carry over rules, with carry over capped at a maximum of 5 days		-9.92	-9.9
	<b>Welsh NHS creditors</b>	Main increases in Cwm Taf Morgannwg Cardiff & Vale and Hywel Dda linked to year end performance adjustments under the LTA's and with CTM for NICE High Cost Drugs.		3.86	3.9
	<b>Non Welsh NHS Creditors</b>	Salary sacrifice cars - Northumbria NHS Trust due to the increase in the number of cars in year and NCA invoices		1.1	1.1
	<b>Other</b>	Taxation and NI contributions payable to HMRC relating to March due to payment of the 1.5% non consolidated pay award in March.		4.5	4.5
	<b>Movement as per accounts</b>		10.1	-17.3	-7.2
<b>Provisions</b>					
<b>Note 20 P54</b>	<b>Clinical Negligence</b>	Increase in provision values matched off by increase in Welsh Risk pool debtor. Trend across Wales of claims increasing in value	4.26	4.28	8.54
	<b>Defence Fees</b>	Linked to the increase in claims values	0.65	0.07	0.72
	<b>Scheme Pays</b>	Provision for scheme pays as per WG - reduction as advised by Govt Actuary Department	-0.83	-0.02	-0.85
	<b>Other</b>	Non current reduction due to Permanent Injury Benefit Provisions as a result of the change in ght discount rate from (1.3%) to 1.7%. Increase in current provisions due to new provisions for rebanding claims and potential annual leave carry over re M&D staff	-1.66	1.07	-0.59
	<b>Movement as per accounts</b>		2.42	5.40	7.82

## Clinical Negligence

	2022/23	2021/22	Movement
	£000	£000	£000
<b>Opening Provision</b>	137,076	137,581	-505
Arising during the year	47,343	59,600	-12,257
Utilised during the year	-17,141	-24,931	7,790
Tfr of provisions to Creditors	-4,151	-3,977	-174
Structured Settlement cases tfr to Risk Pool	-7,834		-7,834
Reversed unused	-9,930	-31,197	21,267
<b>Closing Provision</b>	145,363	137,076	8,287

## Clinical Negligence – Comparison of Cases

Cases Summary								
Probability			2022/23			2021/22		
			Cases	Provisions £000	%	Cases	Provisions £000	%
1	>95%		83	90,357	62%	91	82,560	60%
2	50-95%		23	55,006	38%	32	54,516	40%
3	6-49%		156	-	-	176	-	-
4	0-5%		3	-	-	1	-	-
5		Closed/Settled	18	-	-	19	-	-
Totals			283	145,363	100%	319	137,076	100%

In line with trends across Wales, whilst the number of cases is remaining steady or reducing as in the SBU case, the value of claims is increasing. This will mean that the WRP risk sharing process will continue to be invoked in the future.

## Taxpayers Equity – Key Variances

### ➤ General Fund – Increased by £43.293m mainly due to:

- +£69.181m Funding drawn down to finance the Capital Programme
- -£0.902m Right of Use Asset Transitioning Adjustment
- -£55.580m Non Cash Adjustments (Impairment & Depreciation Funding)
- +£3.874m Transfer from Revaluation Reserve
- +£28.483m Notional Funding re the 6.3% Pension Increase
- -£1.788m Transfer of ultrasound scanners to other HB
- £0.024m Scheme pays payments made by WG

### ➤ Revaluation Reserve – Increased by £20.881m due to:

- +£24.755m Revaluation of Property Plant & Equipment
- -£-3.874m Release of reserves to general fund following initial valuation on completion of schemes

## 1. Subject to WAO completion of their Audit Review Work and Opinion:

The Health Board met two financial targets:

- |                                |                                |
|--------------------------------|--------------------------------|
| ✓ Capital Resource Performance | X Revenue Resource Performance |
| ✓ 3 Year Approved IMTP         | X Public Sector Payment Policy |

2. Income & Expenditure has been analysed over the main headings, with key variances between the 2 years explained.
3. Meeting of Audit Committee on Thursday, 13<sup>th</sup> July 2023 to review the Audited Accounts & receive the ISA 260 Report from Wales Audit Office.
4. Meeting of the Health Board on Thursday, 13<sup>th</sup> July 2023 to adopt Audited Accounts.
5. Submission of Audited Accounts to Welsh Government on Wednesday, 18<sup>th</sup> July 2023.
6. Auditor General for Wales Opinion & Sign Off - 18<sup>th</sup> July 2023.
7. Accounts laid before the Senedd is planned – w/c 17<sup>th</sup> July 2023.
8. Accounts included within the Annual Report issued at Health Board AGM 11<sup>th</sup> September (TBC).