



Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

FINANCE DEPT. PRESENTATION TO AUDIT COMMITTEE 2021/2022 ANNUAL ACCOUNTS

Darren Griffiths
Interim Director of Finance
19th May 2022



1. Financial Context of the 2021/22 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

2021/22 IMTP Financial Framework Plan	
	£M
20/21 Core Underlying Position	24.405
20/21 Savings COVID Impact	17.672
20/21 Underlying Position	42.077
Cost Pressures	25.600
WG Allocation	- 15.100
Investment Commitments	8.500
Planned Savings	- 27.700
Investments to enable Savings	8.700
21/22 Underlying Position	42.077
WG Allocation Support Covid impact on b/f underlying position	- 17.672
21/22 Forecast Deficit Position	24.405
21/22 Actual Position	24.399

COVID – Welsh Government Funding 2021-22 = £130.407m, 2020-21 = £148.947m

Note 34.2	2021-22
	£000
Capital	
Capital Funding Equipment & Works	7,038
Welsh Government Covid 19 Capital Funding	7,038
Revenue	
Sustainability Funding	
C-19 Pay Costs Q1 (Future Quarters covered by SF)	
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	
Bonus Payment	
Independent Health Sector	
Stability Funding	59,758
Covid Recovery	25,307
Cleaning Standards	2,366
PPE (including All Wales Equipment via NWSSP)	4,797
Testing / TTP- Testing & Sampling - Pay & Non Pay	3,104
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	13,090
Extended Flu Vaccination / Vaccination - Extended Flu Programme	825
Mass Covid-19 Vaccination / Vaccination - COVID-19	13,647
Annual Leave Accrual - Increase due to Covid	0
Urgent & Emergency Care	3,383
Private Providers Adult Care / Support for Adult Social Care Providers	4,059
Hospices	0
Other Mental Health / Mental Health	0
Other Primary Care	0
Other	71
Welsh Government Covid 19 Revenue Funding	130,407

Capital

- Equipment & Works = £7,038,000

Stability Funding

-Funding made available from a total allocation of the £434.1m that WG made available to HBs to support the stabilisation of the service following the COVID response.

COVID Recovery

Funding released to the health board from a total sum of £159.9m following bids requested by WG

Note 2.1 (Page 27)

1. Revenue Resource Performance (Statutory)

From 1st 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. Take from accounts. 2.1

	Year 1 2019-20 £000	Year 2 2020-21 £000	Year 3 2021-22 £000	Total £000
Revenue Resource Allocation	914,561	1,071,257	1,087,612	3,073,430
Total operating expenses	930,845	1,095,561	1,112,011	3,138,417
Under /(over) spend against Allocation	(16,284)	(24,304)	(24,399)	(64,987)
As a % of target	-1.78%	-2.27%	-2.24%	-2.11%

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 2021/22

Note 2.2 (Page 27)**2. Capital Resource Performance (Statutory)**

From 1st 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 2019-20 £000	Year 2 2020-21 £000	Year 3 2021-22 £000	Total £000
Capital Resource Allocation	30,901	47,984	67,417	146,302
Charge against Capital Resource Allocation	30,873	47,956	67,385	146,214
(Over) / Underspend against Capital Resource Allocation	28	28	32	88
As a % of target	0.09%	0.06%	0.05%	0.06%

Swansea Bay University Health Board has met its duty to break-even against its Capital Resource Limit over the 3 years 2020/21 to 2021/22

Note 2.3 (Page 28)**3. Duty to prepare a 3 Year integrated Plan**

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and 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 Swansea Bay University Health Board did not submit a 2019-22 integrated plan in accordance with the planning framework.

The Health Board has stabilised its financial position during the two financial years of the pandemic, with the 2021/22 outturn being in line with the plan agreed with Welsh Government. The health board plans to maintain this stability for the next three financial years based on current financial planning assumptions

The Health Board has therefore not met its statutory duty to have an approved IMTP for the period 2020/21 to 2022/23

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.

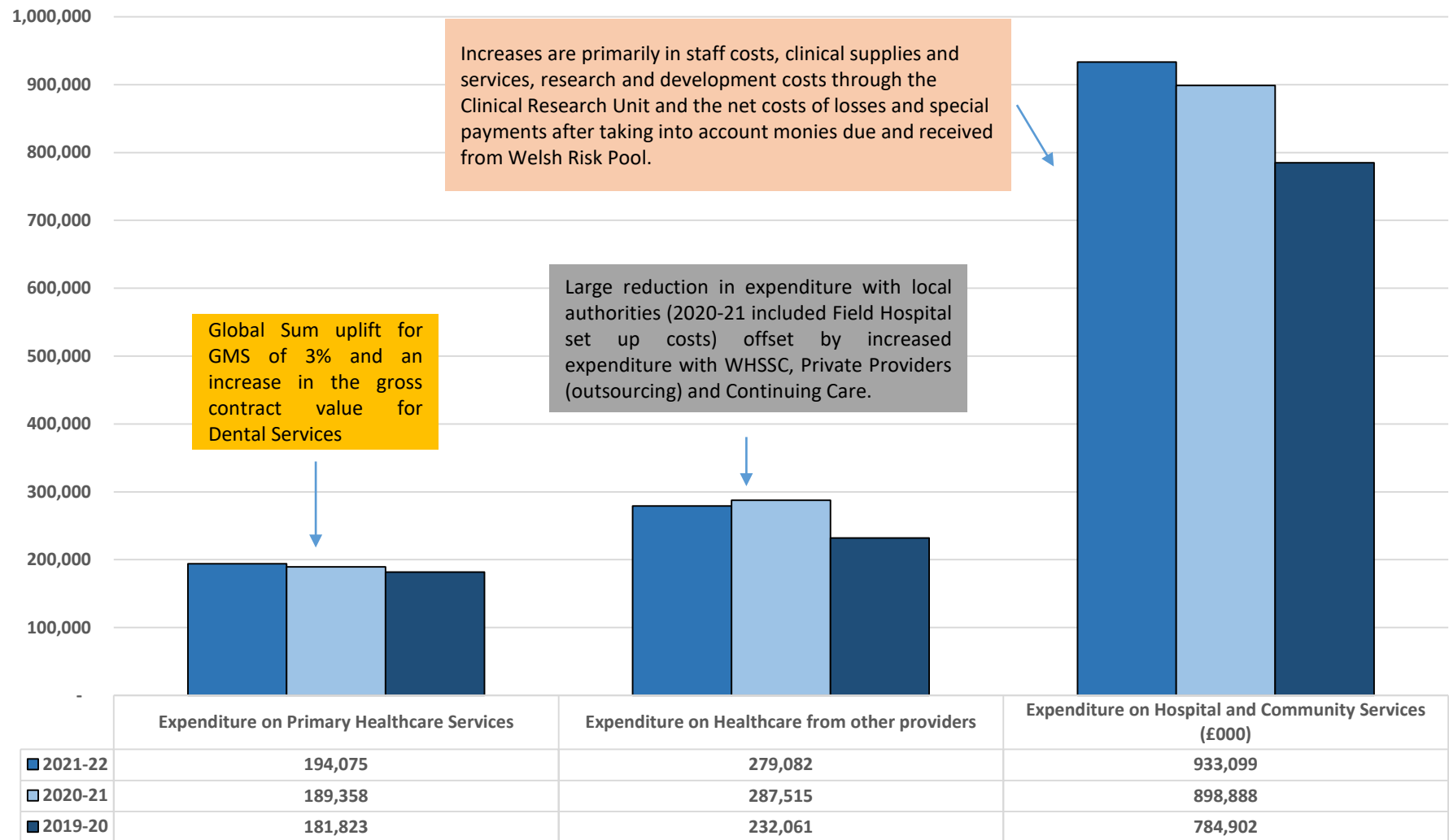
This service is provided to all Health Boards by NWSSP Accounts Payable Services

	2021-22	2020-21	2019-20
Total number of non-NHS bills paid	271,459	233,909	269,432
Total number of non-NHS bills paid within target	255,707	219,612	254,141
Percentage of non-NHS bills paid within target	94.20%	93.89%	94.32%

Swansea Bay University Health Board did not achieve the best practice PSPP target for 2021/22.

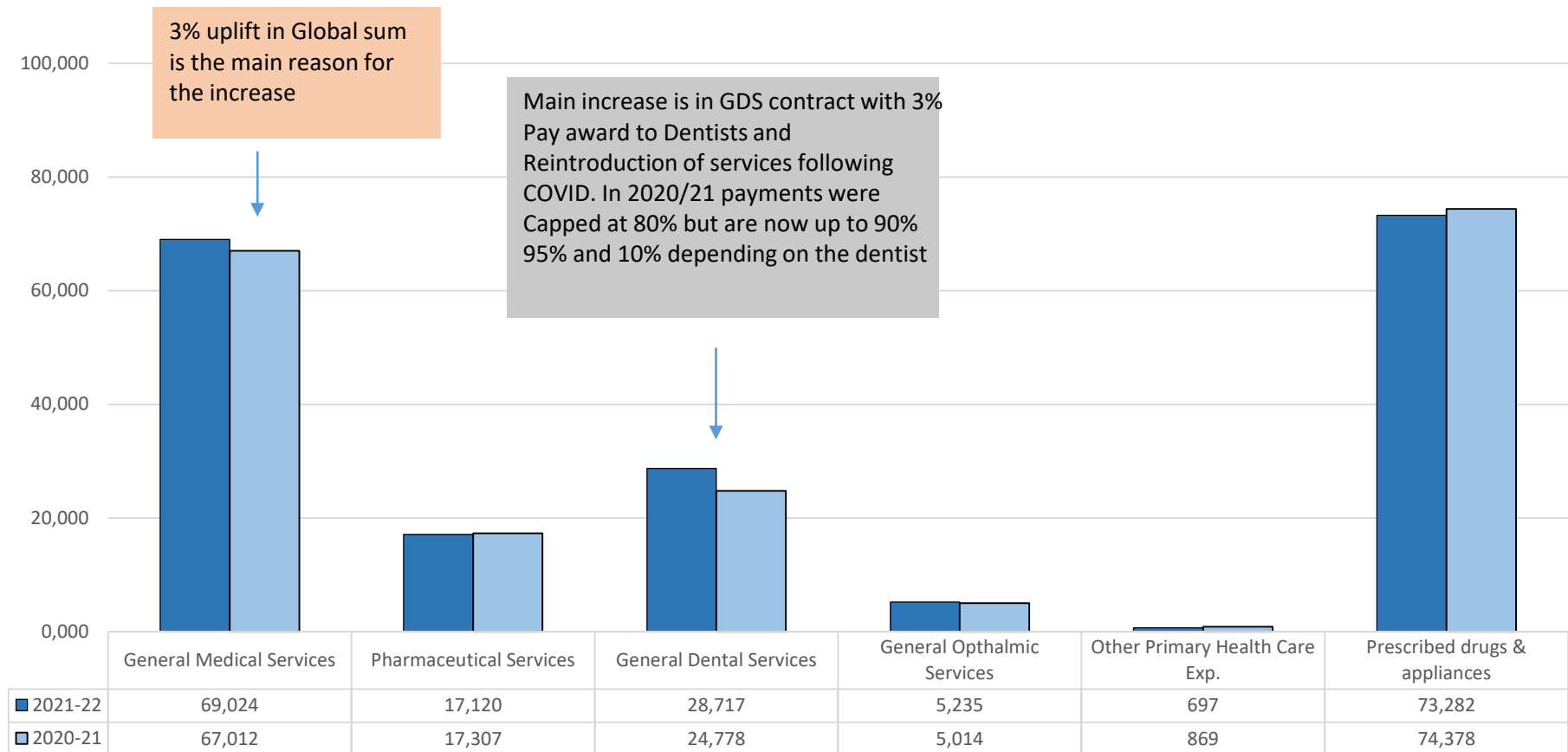
Statement of Comprehensive Net Expenditure (SOCNE)

SOCNE (Page 2)	2021-22	2020-21	Variances	
	£000	£000	£0	%
Expenditure on Primary Healthcare Services	194,075	189,358	4,717	2.49%
Expenditure on healthcare from other providers	279,082	287,515	-8,433	-2.93%
Expenditure on Hospital and Community Health Services	933,099	898,888	34,211	3.81%
Sub Total	1,406,256	1,375,761	30,495	2.22%
Less: Miscellaneous Income	-297,902	-283,717	-14,185	5.00%
LHB net operating costs before interest and other gains and loss	1,108,354	1,092,044	16,310	1.49%
Other (Gains) / Losses	-249	-33	-216	654.55%
Finance costs	5,156	4,975	181	3.64%
Net operating costs for the financial year	1,113,261	1,096,986	16,275	1.48%

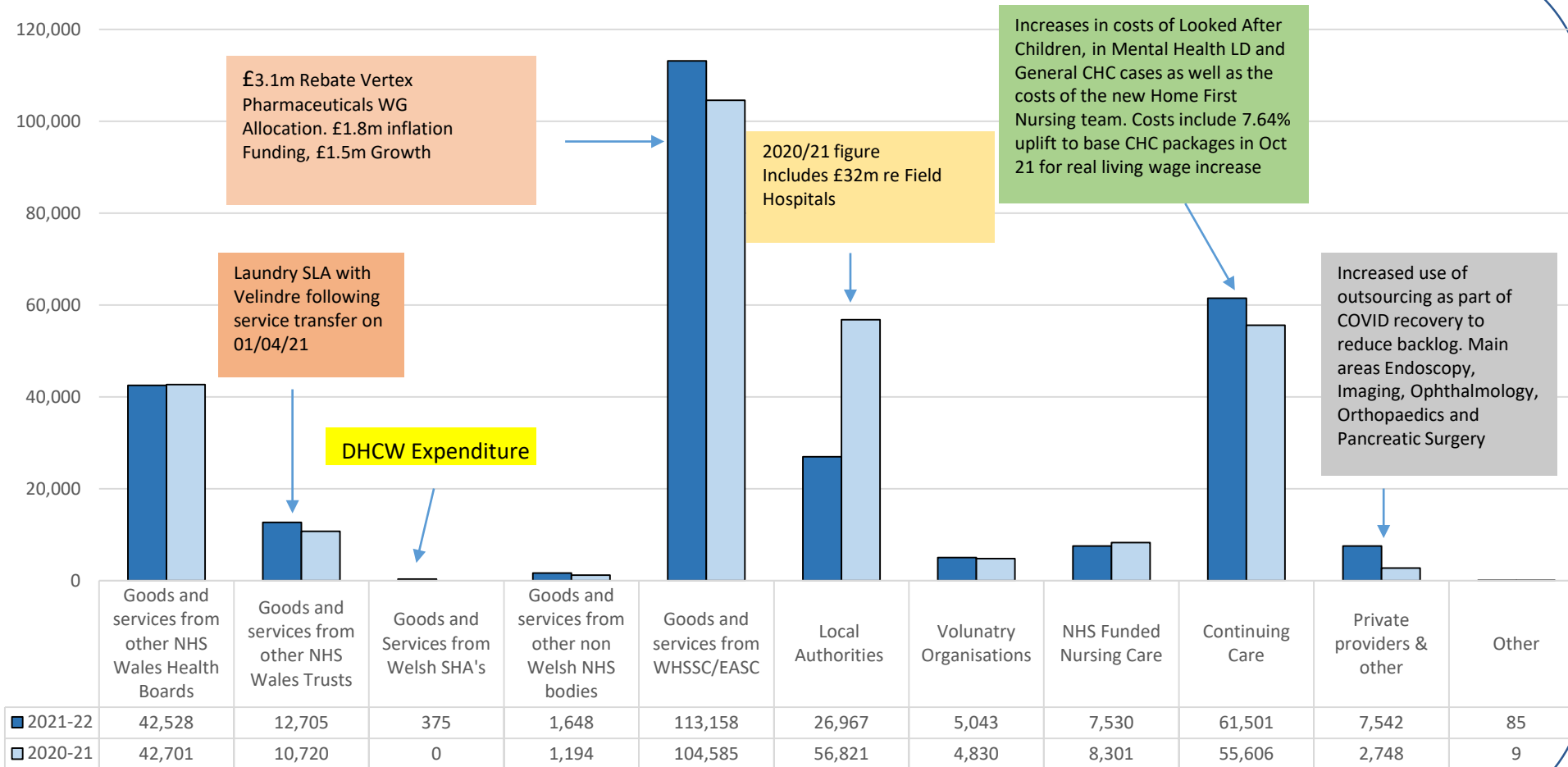


Expenditure on Primary Healthcare Services (£000) – Note 3.1 (Page 29)

2021/22 £194m 2020/21 £189m (2.49%)



Expenditure on Healthcare from Other Providers (£000) Note 3.2 (Page 29) 2021/22 £279m 2019/20 £288m (-2.93%)



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

	2021-22 £000	2020-21 £000
Directors' costs	1,761	1,858
Operational Staff costs	654,489	647,051
Single lead employer Staff Trainee Cost	17,385	5,746
Collaborative Bank Staff Cost	214	149
Supplies and services - clinical	143,765	134,339
Supplies and services - general	11,916	13,486
Consultancy Services	594	368
Establishment	15,959	14,981
Transport	1,645	1,701
Premises	35,017	35,073
External Contractors	4,346	4,149
Depreciation	28,512	26,763
Amortisation	1,848	1,752
Fixed asset impairments and reversals (PPE)	-5,567	-577
Audit fees	378	372
Other auditors' remuneration	0	
Losses, special payments and irrecoverable debts	14,484	2,510
Research and Development	6,105	4,947
Other operating expenses	248	4,220
Total	933,099	898,888

Staff Costs

Total increase £19.045m over 2020/21. Movement comprises.

- £19.4m for the 3% pay award to employed staff.
- £9.8m extra cost due to COVID Recovery.
- £5.8m mass vaccination campaign.
- £1.1m TTP staff.

Offset by reductions of £2.8m in the untaken annual leave accrual and the fact that 2020-21 included £14.4m relating to the £500 bonus payment (£735 gross) per staff member.

Clinical Services & Supplies

Main increase is due to drugs £8.4m, vaccines £0.5m and Blood Products £0.4m. Increase in drugs costs in most areas but mainly Oncology, Gastroenterology, Neurology and Rheumatology

General Services & Supplies

- Reduction as 2020/21 costs were high due to Protective clothing (PPE) due to COVID and purchase of Staff uniforms & clothing for additional staff including those in mass vaccination centres.

Establishment due to advertising costs linked to overseas recruitment.

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

Research and Development

Increase in activity following resumption of trials as part of COVID recovery

Other Operating Expenses

Improved financial coding to correctly allocate costs

Miscellaneous Income – Note 4 (Page 31) 2021/22 £298mm 2020/21 £284m (+5%)

	2021-22 £000	2020-21 £000	£000	%
Local Health Boards	103,418	99,758	3,660	3.67%
WHSSC/EASC	126,961	120,179	6,782	5.64%
NHS Wales trusts	6,603	6,251	352	5.63%
Welsh Special Health Authorities	14,914	12,627	2,287	18.11%
Other NHS England bodies	2,281	1,381	900	65.17%
Other NHS Bodies	58	15	43	286.67%
Local authorities	5,974	5,876	98	1.67%
Welsh Government	10,126	9,778	348	3.56%
Dental fee income	2,413	1,042	1,371	131.57%
Private patient income	70	73	-3	-4.11%
Overseas patients (non-reciprocal)	57	134	-77	-57.46%
Injury Costs Recovery (ICR) Scheme	1,185	703	482	68.56%
Other income from activities	2,894	2,091	803	38.40%
Education, training and research	10,644	6,778	3,866	57.04%
Charitable and other contributions to expenditure	544	725	-181	-24.97%
Receipt of NWSSP Covid centrally purchased assets	0	7,606	-7,606	-100.00%
Receipt of donated assets	185	186	-1	-0.54%
Receipt of Government granted assets	707	2,097	-1,390	-66.29%
Non-patient care income generation schemes	486	357	129	36.13%
Deferred income released to revenue	509	1,528	-1,019	-66.69%
Rental income from operating leases	47	92	-45	-48.91%
Other income:	7,826	4,440	3,386	76%
Total	297,902	283,717	14,185	5%

- Impacts of block arrangements being in place for majority of specialties.
WHSSC Increased funding for EMRTS, Perinatal Mother and Baby Unit, Renal Network and Major Trauma Centre Specialist Services.

DHCW new from 01.04.21

- Recovery of income in respect of non contract activity(NCA) - i.e. patients treated from English/ Scottish NHS organisations after reduction in 2020-21 due to COVID

£3.4m increase in R&D Income including £1.5m deferred into 2021/22 due to COVID-19. Also increased funding for SIFT (Service Increment for Training and , GP Registrar Training

Includes £1.953m income in respect of Scheme Pays. Increases in catering income, staff payments for the use of cars and pathology income from Sancta Maria Hospital

Dental Income

- Income beginning to recover as dentists reopen. Offset in Note 3.1.

Injury Cost Recovery Scheme

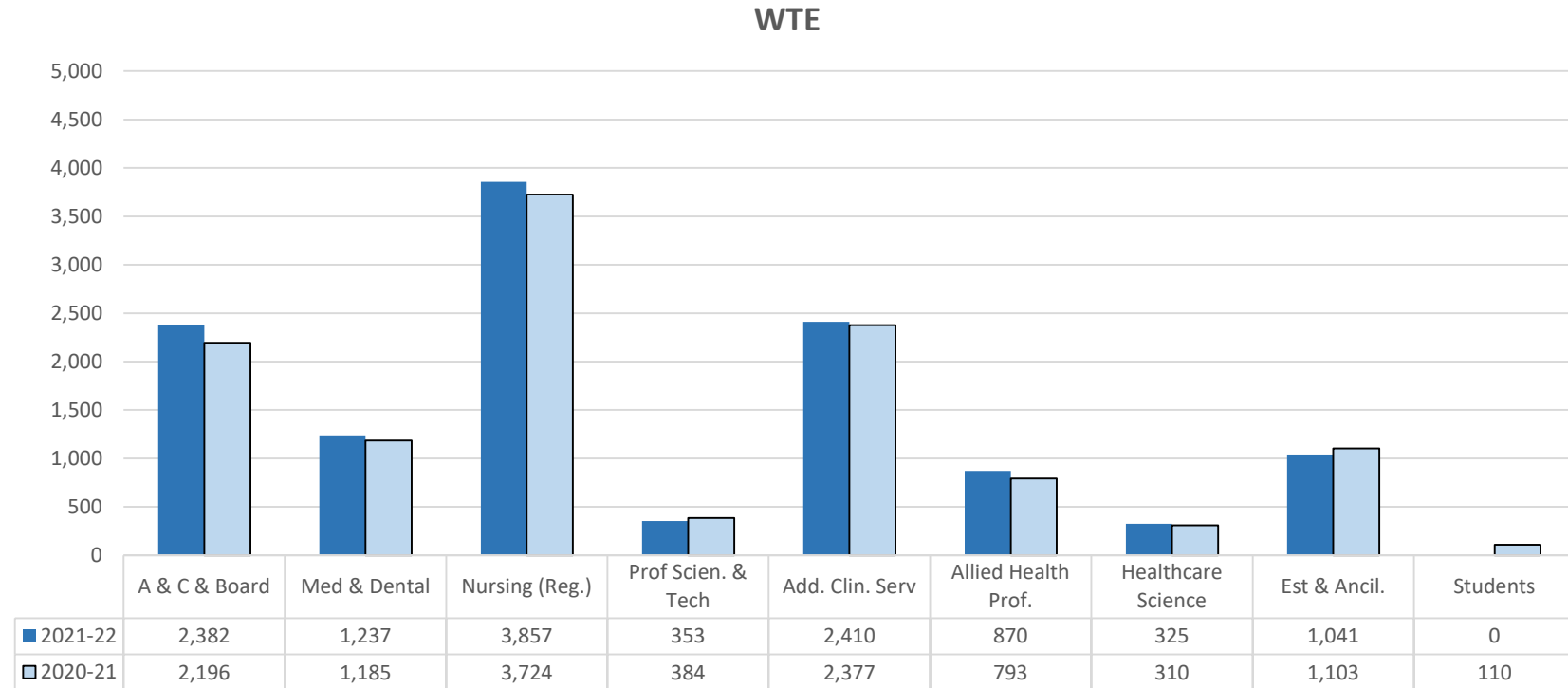
Linked to COVID as this income comes primarily from Road Traffic and other accidents.

Free of Charge issues from NWSSP. None in 2021-22

Ventilators and other items from DOH free of charge

R&D income deferred to 2021/22 due to COVID

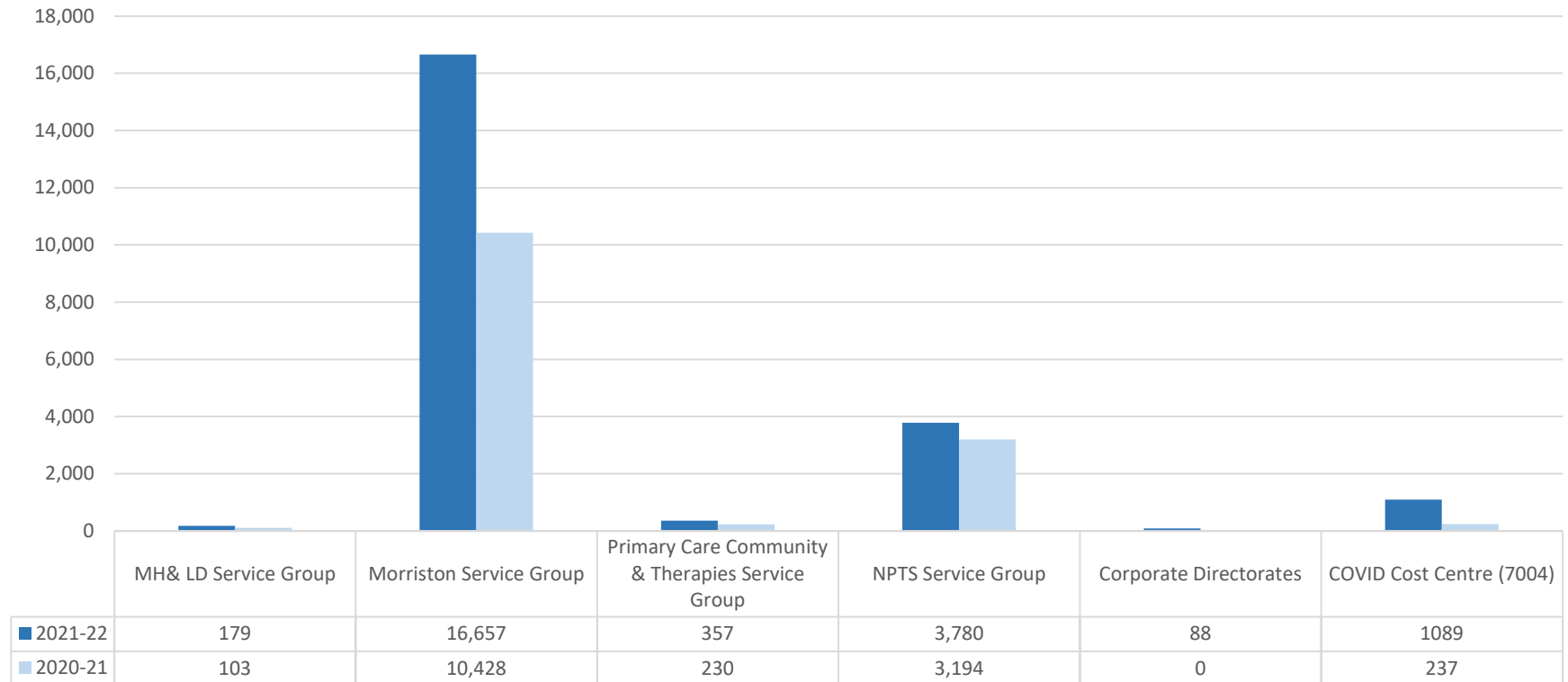
Directors & Staff Numbers (WTE)



Notes

- Staff numbers in 2020-21 and 2021-22 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



The increase in the COVID cost centre in 2021/22 is due to agency staff employed in the Mass Vaccination Campaign. Morriston main increases Emergency Department, SDMU and Critical Care Areas

Statement of Financial Position (Page 4) 33		31 March 2022	31 March 2021	Variance
		£000	£000	£000
Non-current assets	Property, plant and equipment	542,917	488,388	54,529
	Intangible assets	5,542	5,249	293
	Trade and other receivables	120,572	96,637	23,935
	Other financial assets	0	0	0
	Total non-current assets	669,031	590,274	78,757
Current assets	Inventories	9,372	9,415	-43
	Trade and other receivables	65,390	93,670	-28,280
	Other financial assets	0	0	0
	Cash and cash equivalents	4,398	1,270	3,128
Non-current assets classified as "Held for Sale"		0	532	-532
	Total current assets	79,160	104,887	-25,727
Total assets		748,191	695,161	53,030
Current liabilities				0
	Trade and other payables	-237,873	-199,286	-38,587
	Other financial liabilities	0	0	0
	Provisions	-24,449	-47,019	22,570
	Total current liabilities	-262,322	-246,305	-16,017
	Net current assets/ (liabilities)	-183,162	-141,418	-41,744
Non-current liabilities				0
	Trade and other payables	-30,916	-33,815	2,899
	Other financial liabilities	0	0	0
	Provisions	-126,206	-102,490	-23,716
	Total non-current liabilities	-157,122	-136,305	-20,817
Total assets employed		328,747	312,551	16,196
Financed by :				
Taxpayers' equity	General Fund	282,899	273,547	9,352
	Revaluation reserve	45,848	39,004	6,844
Total taxpayers' equity		328,747	312,551	16,196

Key Variances – Assets (Trade & Other Receivables)

Assets

			Non Current £m	Current £m	Net Change £m
Notes 11 P40	Property Plant and Equipment	Tangible Fixed Assets Funded by capital Programme		54.5	54.5
Receivables			23.9	-28.2	-4.3
Note 15 P49	Welsh Risk Pool Debtor	Clinical Negligence/Personal Injury/Redress/GMPI	22	-29.9	-7.9
	Scheme Pays	Debtor Matching the Provsion Required from WG	1.9	0.0	1.9
	Local Authorities	LA Section 117 invoices cleared		-1.8	-1.8
	Prepayments	Linked to increase in number of salary sacrifice cars		1.1	1.1
	Provision for irrecoverable debts	Reduction due to payment of S117 invoices		1.4	1.4
	Other			1.0	1.0
	Movement as per accounts		23.9	-28.2	-4.3
Inventories					
Note 14 P48	Consumables	Consumables linked to Laundry transfer, drugs due to stocking up at year end 2020/21 due to COVID and energy due to price incresae for fuel oil.		0.135	0.135
	Drugs			-0.327	-0.327
	Energy			0.149	0.149
	Movement as per accounts			-0.043	-0.043

Key Variances – Liabilities

Liabilities

			Non Current £m	Current £m	Net Change £m
Payables					
Note 18 P52	Finance Leases & PFI Contracts	Reduction in deferred creditor, end of contract 1 year closer	-2.9		-2.9
	Capital Creditors	Number of items delivered right at year end due to supply chain issues		12.5	12.5
	Non NHS Creditors	Mainly linked to goods received not invoiced - Items delivered at year end and increase in invoices unpaid on the AP system. Final cash payment run 29th March		12.2	12.2
	Non NHS Accruals	Increases in CHC Accruals, Primary Care Contracts, Nurse Agency Accruals		9.6	9.6
	Welsh NHS creditors	Welsh Health Boards - mainly Cwm Taf - £0.2m of invoices received after final NHS pay date		0.6	0.6
	Non Welsh NHS Creditors	Salary sacrifice cars - Northumbria NHS Trust and NCA invoices		3.0	3.0
	Other			0.7	0.7
	Movement as per accounts		-2.9	38.6	35.7
Provisions					
Note 20 P54	Clinical Negligence		21.7	-22.1	-0.4
	Defence Fees		0.2	-0.4	-0.2
	Scheme Pays	Provision for scheme pays as per WG	1.9	0	1.9
	Other	Retrospective CHC claims and HMRC review of employment			0.0
	Movement as per accounts		23.8	-22.5	1.3

Clinical Negligence

	2021/22	2020/21	Movement
	£000	£000	£000
Opening Provision	137,581	126,574	11,007
Arising during the year	59,600	42,094	17,506
Utilised during the year	-24,931	-20,281	-4,650
Tfer of provisions to Creditors	-3,977	0	-3,977
Reversed unused	-31,197	-10,806	-20,391
Closing Provision	137,076	137,581	-505

Clinical Negligence – Comparison of Cases

Cases Summary								
Probability			2021/22			2020/21		
			Cases	Provisions £000	%	Cases	Provisions £000	%
1	>95%		91	82,560	60%	90	106,988	78%
2	50-95%		32	54,516	40%	32	30,591	22%
3	6-49%		176	-	-	158	-	-
4	0-5%		1	-	-	16	-	-
5		Closed/Settled	19	-	-	20	-	-
Totals			319	137,076	100%	316	137,579	100%

Taxpayers Equity – Key Variances**➤ General Fund – Increased by £9.352m mainly due to:**

- +£47.984m Funding drawn down to finance the Capital Programme
- -£69.461m **Non Cash Adjustments (Impairment & Depreciation Funding)**
- +£4.047m Transfer from Revaluation Reserve
- +£26.782m Notional Funding re the 6.3% Pension Increase

➤ Revaluation Reserve – Increased by £6.844m mainly due to:

- +£10.891m Revaluation of Property Plant & Equipment
- -£-4.047m 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 just one financial targets:

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

2. The draft accounts were reviewed by the Audit Committee at its meeting on 19h May and the Audited Accounts were reviewed by the Audit Committee earlier today (8th June).
3. The Audit Committee received the Audit Wales ISA260 report “Audit of Financial Statements” earlier today (8th June).
4. Subject to the recommendation of the Audit Committee, following its review of the Audited Accounts and ISA260 report from Audit Wales, the Health Board will be asked to adopt the Audited Accounts (8th June 2022).
5. Submission of Audited Accounts to Welsh Government on Wednesday, 15th June 2022
6. Auditor General for Wales Opinion & Sign Off - 15th June 2022
7. Accounts laid before National Assembly for Wales is planned – 16th June 2022
8. Accounts included within the Annual Report issued at Health Board AGM (July)