



Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

FINANCE DEPT. PRESENTATION TO HEALTH BOARD 2020/2021 ANNUAL ACCOUNTS

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Interim Director of Finance
7th June 2021



Bwrdd Iechyd Prifysgol Bae Abertawe

TŷM CYLLID

FINANCE TEAM

Swansea Bay University Health Board



GIG
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Bwrdd Iechyd Prifysgol
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Swansea Bay University
Health Board

1. Financial Context of the 2020/21 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

| The 2020/21 IMTP Financial Framework Plan | |
|---|--------|
| | £m |
| Forecast Opening Position | 28.0 |
| Unavoidable Cost Pressures | 41.4 |
| Core Funding Uplift | -21.6 |
| LTA Benefit | -0.4 |
| Required Savings | 47.4 |
| Savings & Cost Containment | -23.0 |
| 2020/21 Forecast Deficit Position | 24.4 |
| 2020/21 Actual Position | 24.304 |

COVID – Welsh Government Funding

| Note 34.2 | 2020-21 |
|---|---------|
| | £000 |
| Capital | |
| Field Hospitals, Equipment & Works | 8,549 |
| Welsh Government COVID 19 Capital Funding | 8,549 |
| Revenue | |
| Sustainability Funding | 48,200 |
| C-19 Pay Costs Q1 (Future Quarters covered by SF) | 6,831 |
| Field Hospital (Set Up Costs, Decommissioning & Consequential losses) | 35,985 |
| PPE (including All Wales Equipment via NWSSP) | 8,644 |
| Test, Trace, Protect (TTP) | 7,362 |
| Vaccination | 4,571 |
| Bonus Payment | 14,401 |
| Annual Leave Accrual - Increase due to Covid | 11,615 |
| Urgent & Emergency Care | 3,375 |
| Support for Adult Social Care Providers | 2,905 |
| Hospices | - |
| Independent Health Sector | 1,044 |
| Mental Health | 666 |
| Other Primary Care | 1,603 |
| Other | 1,744 |
| Welsh Government COVID 19 Revenue Funding | 148,947 |

Capital

- Field Hospitals = £521,000
- Equipment & Works = £8,028,000

Sustainability Funding

- Population share allocation of the £371.4m that WG made available to HBs to support the general costs of COVID response not covered by specific allocations
- This allocation recognised the additional running costs of surge capacity, along with additional staffing, equipping, consumables and other COVID response costs.

Test, Trace, Protect (TTP)

- Testing & Sampling (Pay & Non Pay) = £2,461,000
- NHS & LA Tracing (Pay & Non Pay) = £4,901,000

Vaccination

- Extended Flu Programme = £893,000
- COVID-19 = £3,678,000

Bonus Payment

£500 bonus payment (£735 gross) per staff member announced and funded by Welsh Government.

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 2018/19 £000 | Year 2 2019/20 £000 | Year 3 2020/21 £000 | Total £000 |
|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------|
| Revenue Resource Funding | 1,133,300 | 914,561 | 1,071,257 | 3,119,118 |
| Total Operating Expenses | 1,143,179 | 930,845 | 1,095,561 | 3,169,585 |
| Under/(Over) spend against Allocation | (9,879) | (16,284) | (24,304) | (50,467) |
| As a % of Target | 0.87% | 1.78% | 2.27% | 1.62% |

Swansea Bay University Health Board has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2018/19 to 2020/21

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 2018/19 | Year 2 2019/20 | Year 3 2020/21 | Total |
|--|-------------------|-------------------|-------------------|---------|
| | £000 | £000 | £000 | £000 |
| Capital Resource Allocation | 36,447 | 30,901 | 47,984 | 115,332 |
| Charge against Capital Resource Allocation | 36,407 | 30,873 | 47,956 | 115,236 |
| Under /(Over) Spend Against Allocation | 40 | 28 | 28 | 96 |
| As % of Target | 0.11% | 0.09% | 0.06% | 0.08% |

Swansea Bay University Health Board has met its duty to break-even against its Capital Resource Limit over the 3 years 2018/19 to 2020/21

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

From 1st April 2014, Health Boards were required to prepare a plan in accordance with planning directions issued by Welsh Ministers, to secure compliance with the duty, while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and a temporary quarterly planning arrangement put in place for 2020-21.

As a result the extant planning duty for 2020-21 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 LHB did not submit a 2019-22 integrated plan in accordance with the planning framework.

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.

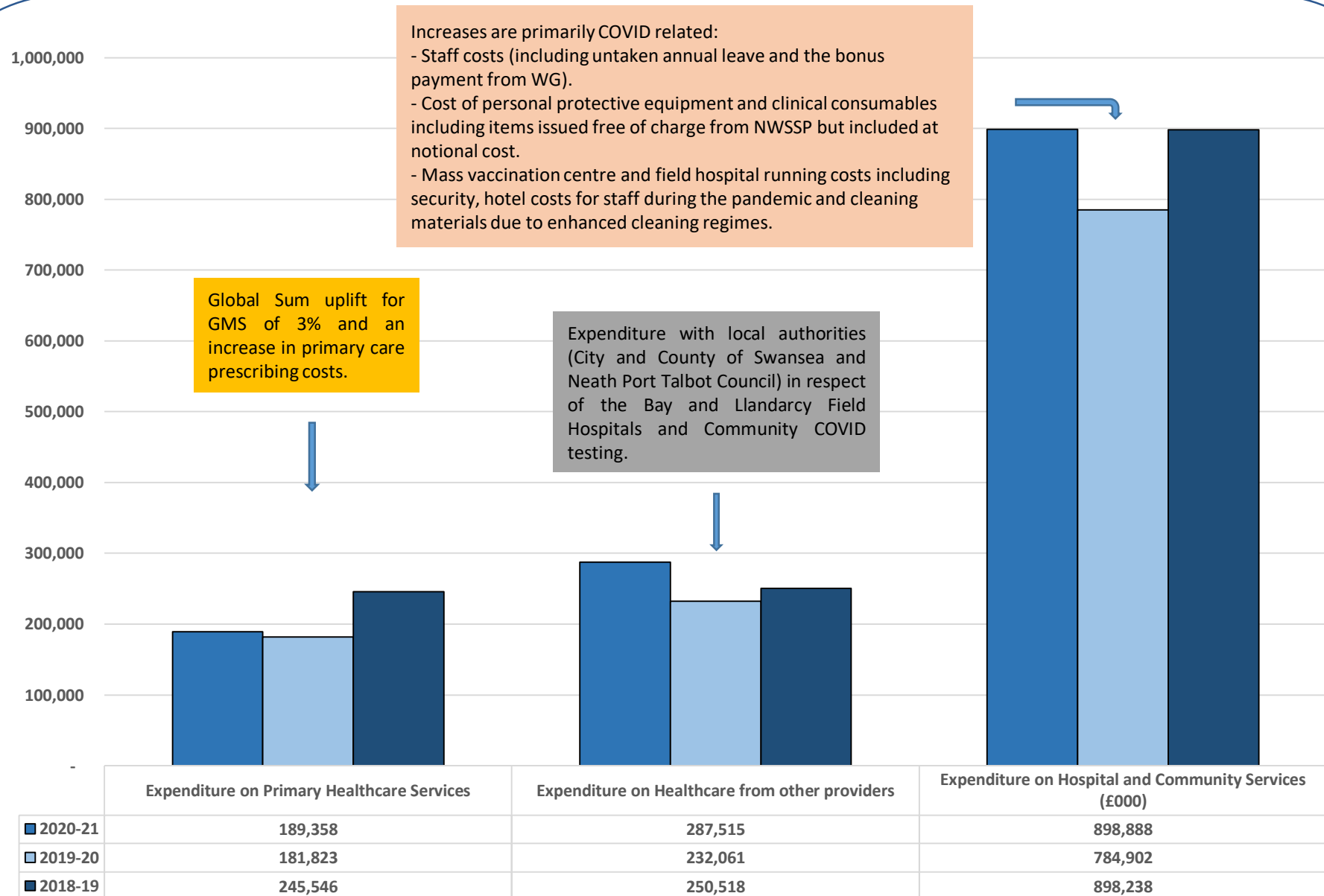
This service is provided to all Health Boards by NWSSP Accounts Payable Services

| Non-NHS Invoices | 2020/21 | 2019/20 | 2018/19 |
|----------------------------------|---------|---------|----------|
| Total number of Invoices Paid | 233,909 | 269,432 | 310,861 |
| Total number paid within Target | 219,612 | 254,141 | 2294,597 |
| % of Invoices Paid within Target | 93.9% | 94.3% | 94.8% |

Swansea Bay University Health Board did not achieve the best practice PSPP target for 2020/21. This was mainly due to delays in the processing of nurse bank invoices and delays in receipting of orders early in the financial year.

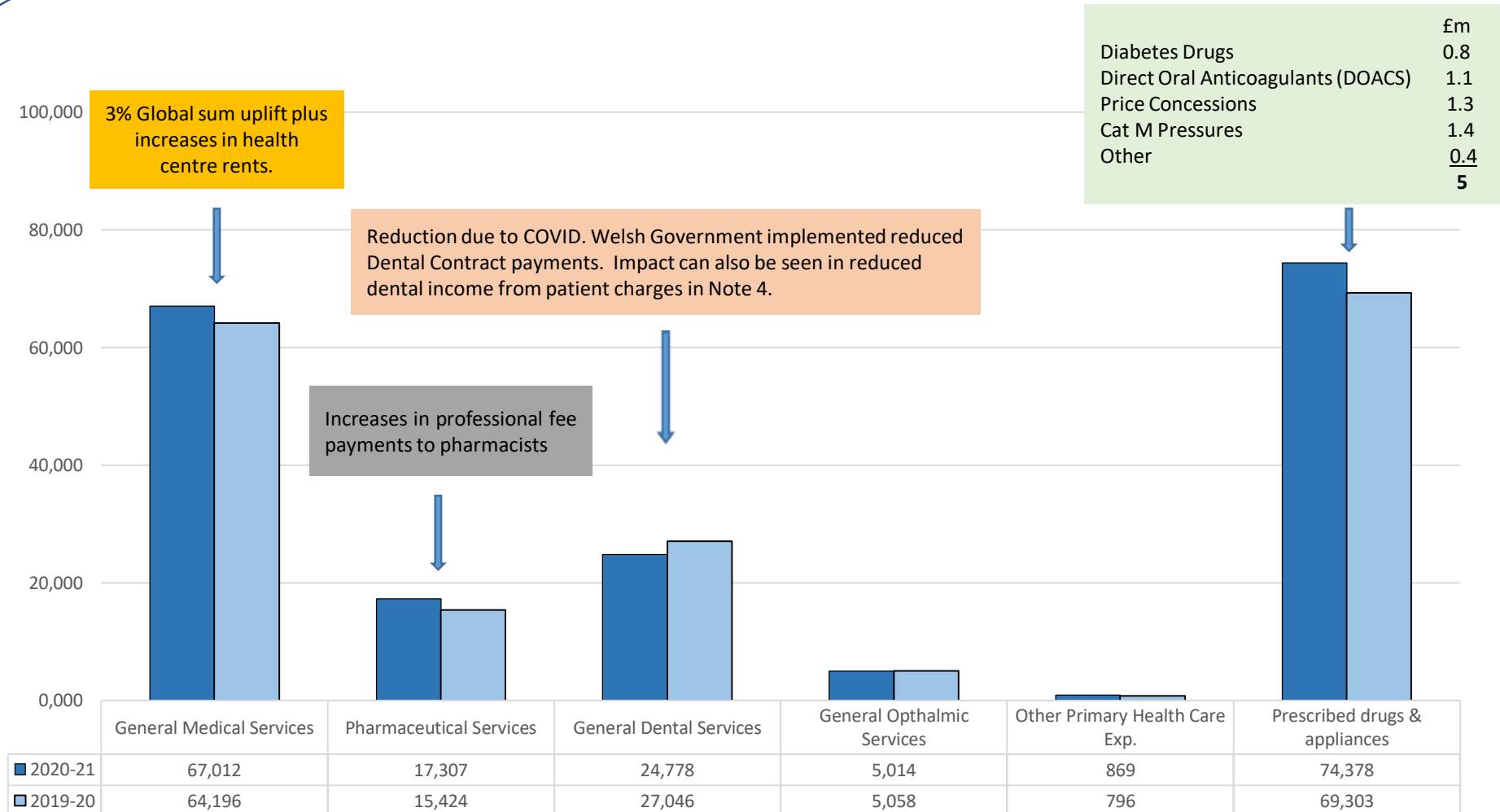
Statement of Comprehensive Net Expenditure (SOCNE)

| SOCNE (Page 2) | 2020/21 | 2019/20 | Variances | |
|---|------------------|------------------|----------------|--------------|
| | £000 | £000 | £000 | % |
| Expenditure on Primary Health Care | 189,358 | 181,823 | 7,535 | 4.14 |
| Expenditure on Healthcare from Other Providers | 287,515 | 232,061 | 55,454 | 23.9 |
| Expenditure on Hospital & Community Health Services | 898,888 | 784,902 | 133,986 | 17.07 |
| Sub Total | 1,375,761 | 1,198,786 | 176,975 | 14.76 |
| Less Miscellaneous Income | -283,717 | -271,930 | -11,787 | -4.33 |
| Net Operating Costs Before Interest and Other Gains & Losses | 1,092,044 | 926,856 | 165,188 | 17.82 |
| Other (Gains)/Losses | -33 | -5 | -28 | -560 |
| Finance Costs | 4,975 | 4,926 | 49 | 0.99 |
| Net Operating Costs for the Financial Year | 1,096,986 | 931,777 | 165,209 | 17.73 |

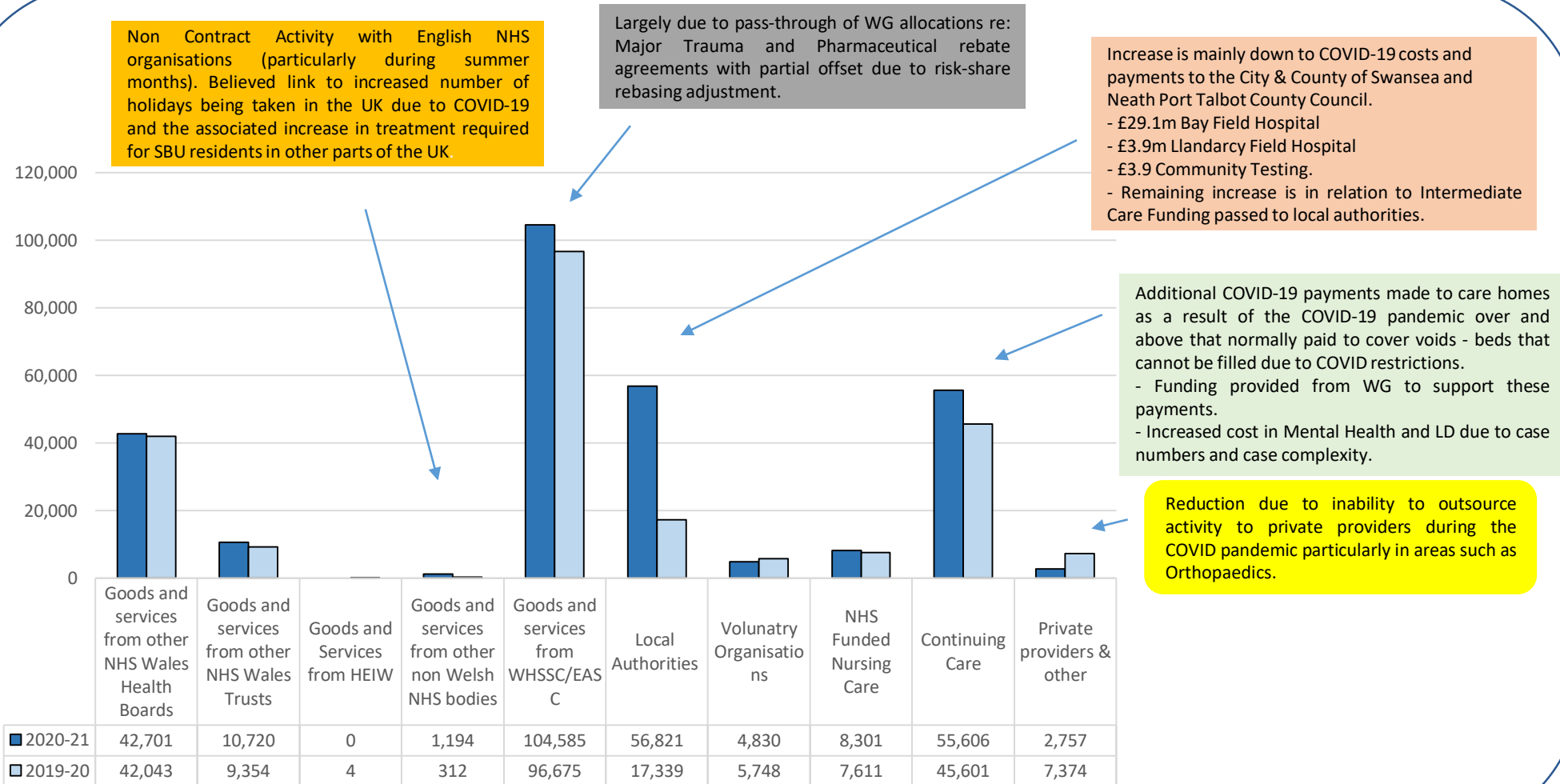


Expenditure on Primary Healthcare Services (£000) – Note 3.1 (Page 29)

2020/21 £189m 2019/20 £182m (4.14%)



Expenditure on Healthcare from Other Providers (£000) Note 3.2 (Page 29) 2020/21 £288m 2019/20 £232m (23.9%)



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

| | 2020/21 | 2019/20 |
|--|----------------|----------------|
| | £000 | £000 |
| Directors' costs | 1,858 | 1,928 |
| Staff costs | 647,051 | 566,776 |
| Single Lead Employee - Staff Trainee Cost | 5,746 | - |
| Collaborative Bank - Staff Cost | 149 | - |
| Supplies and Services - Clinical | 134,339 | 119,341 |
| Supplies and Services – General | 13,486 | 8,468 |
| Consultancy Services | 368 | 349 |
| Establishment | 14,981 | 11,981 |
| Transport | 1,701 | 1,538 |
| Premises | 35,073 | 24,414 |
| External Contractors | 4,149 | 3,550 |
| Depreciation | 26,763 | 26,837 |
| Amortisation | 1,752 | 1,953 |
| Fixed asset impairments & reversals | (577) | 4,351 |
| Audit fees | 372 | 382 |
| Losses, special payments and irrecoverable debts | 2,510 | 5,503 |
| Research and Development | 4,947 | 4,006 |
| Other operating expenses | 4,220 | 3,525 |
| Total | 898,888 | 784,902 |

Staff Costs

Of £80m increase, £67.2m is estimated to be due to the COVID response.

- £27m in additional hours and bank costs.
- £4.3m in agency costs.
- £0.4m in respect of retired staff returning.
- £4.8m in respect of medical and dental and nursing students utilised during COVID.
- £2.7m in respect of additional temporary staff.
- Increase of £13.281m in the untaken annual leave accrual as a result of COVID.
- £14.4m relating to the £500 bonus payment (£735 gross) per staff member.
- Impact of the pay award and other pay investments.

Clinical Services & Supplies

Main increases are due to the impact of COVID.

- £11m in medical and surgical consumables, including £7.606m FOC issues from NWSSP.
- £0.581m of donated items from DOH.
- Planned reductions in stock due to the introduction of Omnicell cabinets.
- COVID costs also include mass vaccination centre consumables of £0.781m.
- Elective activity that **could be** undertaken during COVID saw reductions in appliance and increases in heart valve expenditure.

General Services & Supplies

- Protective clothing (PPE) due to COVID - £4m.
- Staff uniforms & clothing for additional staff including those in mass vaccination centres.
- In cleaning costs due to enhanced cleaning regimes as a result of COVID.

Premises

- Mass vaccination centre running costs (security costs, routine maintenance etc).
- Computer supplies such as VPN tokens etc to allow staff to work from home.

Miscellaneous Income – Note 4 (Page 31) 2020/21 £284m 2019/20 £272m (+4.33%)

| | 2020/21 | 2019/20 | Variances | |
|---|----------------|----------------|---------------|--------------|
| | £000 | £000 | £000 | % |
| LHBs | 99,758 | 97,753 | 2,005 | 2.05% |
| WHSCC/EASC | 120,179 | 112,307 | 7,872 | 7.01% |
| NHS Trusts | 6,251 | 5,120 | 1,131 | 22.09% |
| Health Education & Improvement | 12,627 | 11,661 | 966 | 8.28% |
| Other NHS England and Scotland bodies | 1,397 | 2,764 | -1,368 | -49.49% |
| Local Authorities | 5,875 | 5,498 | 377 | 6.88% |
| Welsh Government | 9,778 | 10,084 | -306 | -3.03% |
| Non NHS | 4,043 | 11,320 | -7,277 | -64.28% |
| Education , Training & Research | 6,788 | 6,886 | -108 | -1.57% |
| Charitable contributions to Expenditure & Receipt of Donated Assets | 911 | 965 | -54 | -5.6% |
| Receipt of NWSSP COVID centrally purchased assets | 7,606 | - | 7,606 | N/A |
| Receipt of Government granted assets | 2,097 | 197 | 1,900 | 964.47% |
| Non Patient Care Income Generation | 357 | 676 | -319 | -47.19% |
| Deferred income released to revenue | 1,528 | 1,384 | 144 | 10.4% |
| Rental Income from Operating Leases | 92 | 479 | -387 | -80.79% |
| Other Income | 4,440 | 4,836 | -396 | -8.19% |
| Total | 283,717 | 271,930 | 11,787 | 4.33% |

- Impacts of block arrangements being in place for majority of specialties.
- Rebase of Cardiology/Cardiac/TAVI.
- Increased funding outside main contract arrangements with significant element relating to Major Trauma Centre/Network.

- Burns income from English NHS bodies (£750k)
- Income in respect of non contract activity(NCA)- i.e. elective patients treated from English/ Scottish NHS organisations.
- Both factors are COVID related

Free of Charge issues from NWSSP.
Offset to expenditure in Note 3.3

DOH donated assets

Dental Income

- Reduction in income from patient charges.
- Offset to this is seen in Note 3.1 in the reduction in dental expenditure as reduction in the dental contract activity due to COVID.

Private Patient Income

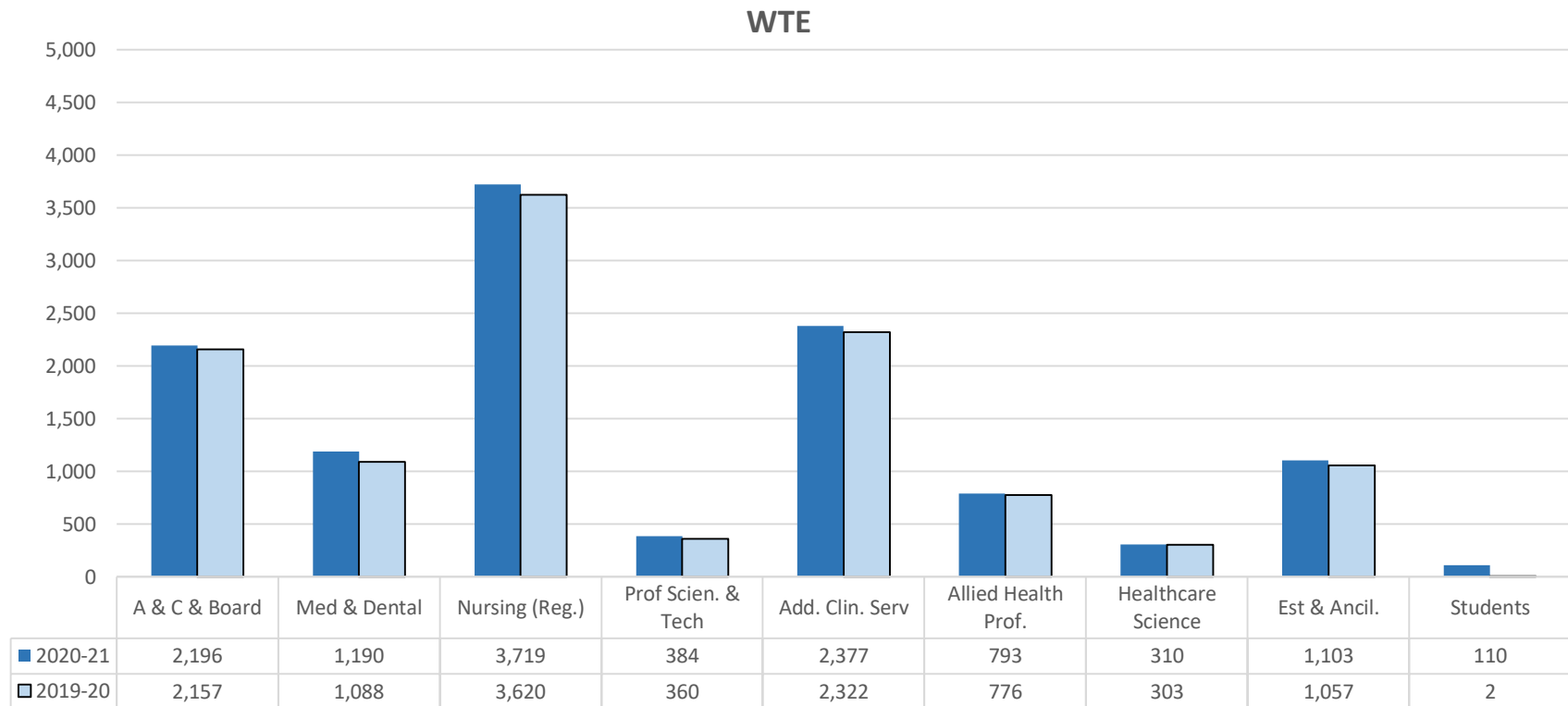
COVID limited private patient activity undertaken during 2020/21.

Injury Cost Recovery Scheme

Linked to COVID as this income comes primarily from Road Traffic and other accidents affected by reduction in traffic during lockdowns.

- GENTIAN (SWANSEA) LTD:
Decreased due to COVID, no rental income in 20/21 as units shut, no income expected for 9 months of 21/22.
- AVENANCE PLC: Decrease - lease expired

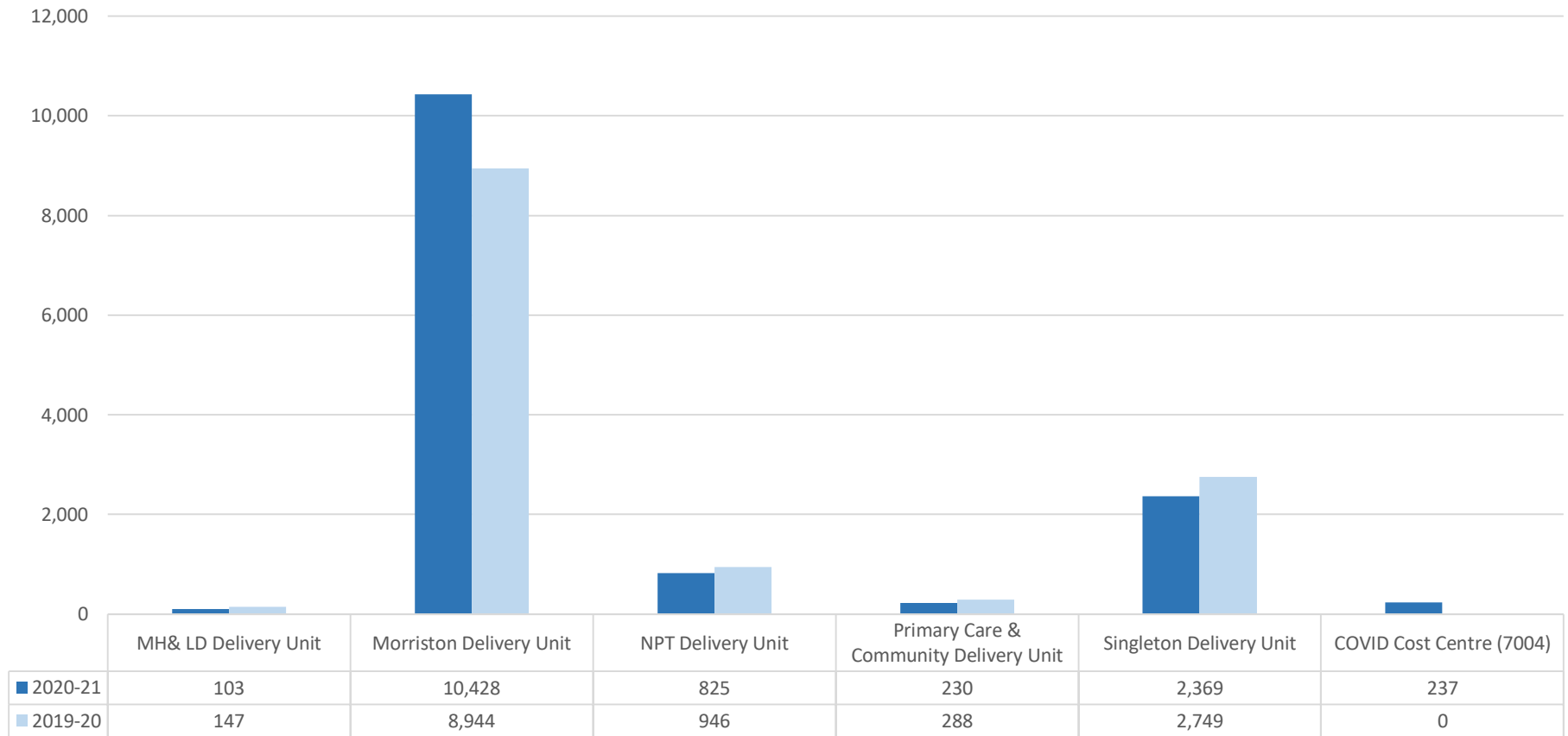
Directors & Staff Numbers (WTE)



Notes

- Staff numbers in 2019-20 and 2020-21 are the average of the WTE in post at the end of each month as per the manual for accounts definition.
- Staff numbers in 2020/2021 increased due to the additional temporary staff being taken on during COVID including in respect of the vaccine rollout.

Agency Cost Comparison – Nursing, midwifery and health visiting staff by delivery unit



Agency Nurse Costs have seen an increase in the Morryston Delivery Unit but a reduction in all other Delivery Support Units. For the COVID cost centre (7004) the costs cannot be separated out into the various Delivery Support Units.

| Statement of Financial Position (Page 4)33 | | 31 March 2021 | 31 March 2020 | Variance |
|--|--------------------------------------|-----------------|----------------|----------------|
| | | £000 | £000 | £000 |
| Non Current Assets | Property, Plant & Equipment | 488,388 | 460,560 | 27,828 |
| | Intangible Assets | 5,249 | 4,928 | 321 |
| | Trade & Other Receivables | 96,637 | 102,559 | -5,922 |
| | Total Non Current Assets | 590,274 | 568,047 | 22,227 |
| | | | | |
| Current Assets | Inventories | 9,415 | 10,012 | -597 |
| | Trade & Other Receivables | 93,670 | 66,267 | 27,403 |
| | Cash & Cash Equivalents | 1,270 | 486 | 784 |
| | | 104,355 | 76,765 | 27,590 |
| Non Current Assets "Held for Sale" | | 532 | 475 | 57 |
| | Total Assets | 695,161 | 645,287 | 49,874 |
| Current Liabilities | Trade & Other Payables | 199,286 | 127,631 | -71,655 |
| | Provisions | 47,019 | 28,761 | -18,258 |
| | Total Current Liabilities | 246,305 | 156,392 | -89,913 |
| | Net Current Liabilities | -141,418 | -79,152 | -62,266 |
| Non Current Liabilities | Trade & Other Payables | 33,815 | 37,136 | -3,321 |
| | Provisions | 102,490 | 108,301 | 5,811 |
| | Total Non Current Liabilities | 136,305 | 145,437 | 9,132 |
| | Total Assets Employed | 312,551 | 343,458 | -30,907 |
| Financed By: | | | | |
| Taxpayers Equity | General Fund | 273,547 | 310,914 | -37,367 |
| | Revaluation Reserve | 39,004 | 32,544 | 6,460 |
| | Total Taxpayers Equity | 312,551 | 343,458 | -30,907 |

Key Variances – Assets (Trade & Other Receivables)

Assets

| | | | Non Current £m | Current £m | Net Change £m |
|--------------------|--|---|----------------------|---------------|---------------------|
| Note 15 P48 | Welsh Risk Pool Debtor | Clinical Negligence | -5.9 | 33.2 | 27.3 |
| Receivables | Other Debtors | RTA Income Accrual | | 2.2 | 2.2 |
| | Provision for irrecoverable debts | Increase in bad debt provision linked to section 117 invoices | | -0.8 | -0.8 |
| | Welsh Health Boards | 2019/20 included debts for LTA underperformance with Hywel Dda and Cwm Taf Morgannwg. For the 20/21 financial year LTA's operated on a block basis due to COVID so there is no under/over performance at year end. | | -4.8 | -4.8 |
| Note 14 P47 | Consumables | Planned Theatre stock reductions as part of introduction of Omnicell cabinets. | | -0.411 | -0.411 |
| Inventories | Drugs | | | -0.24 | -0.240 |
| | | | | | |

Key Variances – Liabilities

Liabilities

| | | | Non Current £m | Current £m | Net Change £m |
|-------------|--------------------------------|--|-------------------|---------------|---------------------|
| Note 18 P51 | Finance Leases & PFI Contracts | Reduction in deferred creditor, end of contract 1 year closer. | -3.3 | | -3.3 |
| Payables | Non NHS Accruals | Field Hospitals, Transfer Provision of Clin Neg. & PI Cases, Annual Leave Accrual & Bonus Payment. | | 67.8 | 67.8 |
| | Welsh Health Boards & Trusts | General reduction in creditors following a push to clear creditors in March to assist with the year-end cash position. | | -1.9 | -1.9 |
| | Capital Creditors | Increase in goods received not invoiced of £2m and increase of £1.1m in outstanding invoices linked to receipt of items late in March following additional capital allocations from WG. | | 5.2 | 5.2 |
| Note 20 P53 | Clinical Negligence | Increase in the value of cases arising in year with the negative change in the discount rate leading to solicitors pushing for higher lump sums upfront thereby increasing the quantum values. | -5.9 | 16.9 | 11.0 |
| | | | | | |

Clinical Negligence

| | 2020/21 | 2019/20 | Movement |
|--------------------------|----------------|----------------|---------------|
| | £000 | £000 | £000 |
| Opening Provision | 126,574 | 137,578 | |
| Arising during the year | 42,094 | 36,001 | |
| Utilised during the year | -20,281 | -16,141 | |
| Reversed unused | -10,806 | -30,864 | |
| Closing Provision | 137,581 | 126,575 | 11,006 |

Clinical Negligence – Comparison of Cases

| Cases Summary | | | | | | | | |
|---------------|--------|----------------|---------|-----------------|-----|---------|-----------------|-----|
| Probability | | | 2020/21 | | | 2019/20 | | |
| | | | Cases | Provisions £000 | % | Cases | Provisions £000 | % |
| 1 | > 95% | Certain | 90 | 106,988 | 78 | 90 | 115,851 | 92 |
| 2 | 50-95% | Probable | 32 | 30,591 | 22 | 28 | 10,724 | 8 |
| 3 | 6-49% | Possible | 158 | - | - | 163 | - | - |
| 4 | 0-5% | Remote | 16 | - | - | 11 | - | - |
| 5 | | Closed/Settled | 20 | - | - | 26 | - | - |
| Totals | | | 316 | 137,581 | 100 | 318 | 126,575 | 100 |

Taxpayers Equity – Key Variances**➤ General Fund – Reduced by £37.37mm mainly due to:**

- +£47.984m Funding drawn down to finance the Capital Programme
- -£110.70m **Non Cash Adjustments (Impairment & Depreciation Funding)**
- +£0.026m Transfer from Revaluation Reserve
- +£25.321m Notional Funding re the 6.3% Pension Increase

➤ Revaluation Reserve – Increased by £6.46m mainly due to:

- +£6.486m Revaluation of Property Plant & Equipment
- -£0.026m Release of reserves to general fund following initial valuation on completion of schemes

1. Subject to Audit Wales 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 |

- The draft accounts were reviewed by the Audit Committee at its meeting on 18th May and the Audited Accounts were reviewed by the Audit Committee earlier today (7th June).
- The Audit Committee received the Audit Wales ISA260 report “Audit of Financial Statements” earlier today (7th June).
- 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 (7th June 2021).
- Submission of Audited Accounts to Welsh Government on Friday, 11th June 2021
- Auditor General for Wales Opinion & Sign Off on Tuesday, 15th June 2021
- Accounts laid before National Assembly for Wales is planned for Wednesday 16th June 2021
- Accounts included within the Annual Report issued at Health Board AGM (July)