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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	19th May 2022	Agenda Item	2.1
Report Title	Draft Annual Accounts 2021/22		
Report Author	Andrew Biston, Assistant Director of Finance (Accounting & Governance)		
Report Sponsor	Darren Griffiths, Director of Finance and Performance		
Presented by	Darren Griffiths, Director of Finance and Performance		
Freedom of Information	Closed		
Purpose of the Report	To provide the Audit Committee with the draft annual accounts for Swansea Bay University Health Board for 2021/22 and to provide an opportunity for the Audit Committee to raise any questions or concerns in relation to the accounts.		
Key Issues	<p>The draft accounts were submitted to Welsh Government by midday on Friday 29th April 2022 in line with the deadline issued by Welsh Government (WG).</p> <p>This was particularly challenging as there was a delay in the receipt of final allocations from Welsh Government for non-cash adjustments and the notional 6.3% pension funding. In addition the information required for the disclosure of scheme pays information was not provided to Welsh Government by the Government Actuary Department until 15th April 2022.</p> <p>These delays meant that the Health Board was unable to close its ledger until late in the evening on 15th April 2022, 3 days later than planned.</p> <p>Audit Wales commenced their audit of the accounts on Tuesday 3rd May 2022. The accounts will be audited remotely using the electronic working paper files saved on the secure file sharing portal. Audit Wales have also been provided with Oracle ledger and Qlikview financial reporting access and it is planned that they will provide their report on the accounts to the Audit Committee and Board on 9th June 2022.</p> <p>The audited accounts, ratified by the Board will need to be submitted to Welsh Government by midday on</p>		

	Wednesday 15 th June 2022.			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
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Recommendations	Members are asked to: <ul style="list-style-type: none"> • Discuss and Note the draft annual accounts for 2021/22 which are currently subject to audit by Audit Wales. 			

DRAFT ANNUAL ACCOUNTS 2021/22

1. INTRODUCTION

- 1.1. The draft accounts were submitted to Welsh Government (WG) at midday on Friday 29th April 2022 in line with the deadline issued by Welsh Government.
- 1.2. Achievement of the submission deadline was challenging given the lateness of receipt of resource allocations from WG and delays in the provision of information on scheme pays from the Government Actuary Department which delayed the ledger close by 3 days. The information provided by the Government Actuary Department and NHS Pensions Agency in respect of scheme pays has now resulted in all NHS bodies having a provision for the amounts advised in their 2021/22 accounts backed off by a debtor with WG, with the expenditure accounted for as staff costs and the income from WG accounted for as miscellaneous income. The Audit Committee will recall that the Auditor General for Wales has previously stated that should such a provision appear in the health board accounts that the accounts would be qualified under the regularity opinion and this qualified opinion is expected to form part of the auditor's report on the accounts.
- 1.3. The draft accounts remain subject to audit and may therefore be amended prior to formal approval by the Audit Committee and the Health Board on 9th June 2022.

2. BACKGROUND

- 2.1. The health board has prepared a set of accounts in line with the Welsh Government Manual for Accounts and relevant International Financial Reporting Standards (IFRS).
- 2.2. The audit process is currently being undertaken remotely by Audit Wales who have been provided with all working papers electronically through a secure file sharing portal. Oracle ledger access and Qlikview financial reporting access has also been provided.
- 2.3. Audit Wales aim to issue their draft ISA 260 report on the accounts for discussion with the health board on 30th May 2022 and it is envisaged that this report will be agreed and circulated to Audit Committee and Board members on Wednesday 1st June 2022 together with the final accounts in readiness for the Audit Committee and board meetings on 9th June 2022. Any changes recommended by Audit Wales and accepted by the health board will be included in the final accounts and reported to the 9th June Audit Committee. The Audit Committee will then be asked to approve the accounts at the meeting on 9th June 2022 for ratification by the Board at the meeting following the Audit

Committee. The accounts will need to be submitted to Welsh Government by midday on Wednesday 15th June 2022.

- 2.4. In completing the accounts a pragmatic approach was taken on areas requiring estimations and judgements, with these approaches discussed and agreed with Audit Wales at both a local and national level and reported to the Audit Committee at its March 2022 meeting.

3. GOVERNANCE AND RISK ISSUES

- 3.1. The health board is required by Welsh Government to achieve 3 financial targets and comply with the CBI prompt payment guidance for payment of its non NHS invoices. Performance against each of these areas is described below:

Revenue Resource Limit

The health board is required to remain within its revenue resource limit over a 3 year rolling period. For 2021/22 the health board did not remain within this limit, exceeding it by £24.399m. Over the rolling 3 year period from 2019/20 to 2021/22 the health board exceeded its revenue resource limit by £64.987m as detailed on page 27 of the accounts meaning that this target was not achieved.

Capital Resource Limit

Similarly the health board is required to remain within its capital resource limit over a 3 year rolling period. For 2021/22 the health board achieved this target with an under spend of £0.032m. The target was also achieved over the 3 year period from 2019/20 to 2021/22 with a cumulative under spend of £0.088m as detailed on page 27 of the accounts.

Integrated Medium Term Plan

The health board also has a financial duty to have a 3 year approved Integrated Medium Term Plan. Although this requirement was paused in spring 2020 due to the COVID-19 pandemic, the approval status of the plan remains extant at the point that the requirement was paused. On that basis the health board has not achieved this financial target for 2021/22.

Public Sector Prompt Payment (PSPP) Target

The health board is expected to comply with the CBI prompt payment guidance of paying 95% of its non NHS creditor invoices within 30 days of receipt of the goods or a valid invoice whichever is the latter. The health board did not achieve this target in 2021/22 with performance being 94.2%, this being due to issues with payment of nurse bank invoices and delays in receipting of goods and authorisation of invoices during the early months of the 2021/22 financial year.

4. ANALYSIS OF ACCOUNTS

- 4.1. A more detailed analytical review of the accounts will be presented to the Committee at the meeting on 19th May. However, the high level issues to note from the accounts main statements are as follows:

Statement of Comprehensive Net Expenditure (SOCNE) - Page 2

This statement reports the net costs of the health board's operating activities. As was the case in 2020/21, the 2021/22 financial year continued to be significantly impacted by the COVID-19 pandemic and therefore a detailed analytical review of movements for each accounts note is again very difficult. In light of the large sums of money provided by WG as was the case in 2020/21 there is the requirement to include within the 2021/22 accounts a table provided by WG detailing all COVID-19 related allocations issued by WG. This information is detailed in Note 34.2 to the accounts and amounts to £130.407m (2021/21 = £148.887m) of revenue funding as detailed below:

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

Primary care services expenditure totalled £194.075m, an increase of £4.717m or 2.5% against the previous year. The increases were in General Medical Services of £2.012m (3.0%), General Dental Services of £3.939m (15.9%) and General Ophthalmic Services of £0.221m (4.4%). These increases were offset by reductions in Pharmaceutical Services of £0.187m (1.1%), Prescribed Drugs and Appliances of £1.096m (1.5%) and Other Primary Care Expenditure of £0.172m (19.8%).

Expenditure on healthcare from other providers totalled £279.082m, a reduction of £8.433m (2.9%) against 2020/21. The largest reduction was in expenditure with local authorities which reduced by £29.854m. It must be remembered, however, that in 2020/21 the costs of the development of The Bay Field Hospital and Llandarcy Field Hospital were shown under expenditure with local authorities.

There were also some significant increases in expenditure including £5.895m in continuing care, £8.573m in expenditure with WHSSC, and £4.794m in expenditure with private providers as a result of increased outsourcing of patient treatments.

Expenditure on hospital and community services also saw an increase amounting to £34.211m (3.8%). The biggest increase was in staff costs of £19.045m (2.9%). Included within the staff costs are £26.782m for the 6.3% employer pension contributions paid directly by Welsh Government and £1.953m in respect of the provision for scheme pays. The accrual for untaken annual leave included in staff costs amounted to £11.883m a reduction of £2.518m on the figure accrued as at 31st March 2021.

Other significant expenditure increases centred on clinical supplies and services of £9.426m and the net charge to revenue from the net movement in the losses provision of £8.002m.

Statement of Financial Position – Balance Sheet - Page 4

This statement provides a summary of the organisation's assets and liabilities.

Assets

The total value of property plant and equipment increased by £54.290m primarily due to asset additions in year of £69.546m through the health board's capital programme, offset by depreciation of £28.512m, with the remaining increase due to indexation of existing assets (£7.818)m and movements on previously impaired assets of £4.027m.

Trade and other receivables, current and non-current reduced by £4.345m. The biggest change related to a reduction in the amounts due/recoverable from Welsh Risk Pool which reduced by £7.837m, linked to a reduction in clinical negligence and personal injury provisions, together with clinical negligence creditors. This was largely offset by the creation of the debtor with WG for scheme pays of £1.953m with the remaining movement being across a number of trade debtor areas. The analysis of other movements in trade and other receivables is provided in the presentation supporting the draft accounts.

Liabilities

Trade and other liabilities current and non-current increased by £35.688m. This was largely due to an increase in capital creditors of £17.632m as a result of delivery of capital equipment right at the end of the financial year and after the final date for payment of invoices. There were also increases of £9.603m in non NHS accruals and £7.097m in revenue trade creditors.

Provisions

There was a small increase in provisions of £1.146m. The movement is due to the creation of the scheme pays provision of £1.953m, offset by reductions in clinical negligence, personal injury and other provisions.

Statement of Changes in Taxpayers Equity - Page 5

This statement reports movements in the general fund and revaluation reserve. The general fund is the cumulative year on year position of cash funding received from Welsh Government less net operating costs. Cash funding in 2021/22 amounted to £1,091.784m, with notional funding of £26.782m representing the amount paid by Welsh Government directly to the NHS Pensions Agency in respect of the 6.3% employer pension contributions. Net operating costs amounted to £1,113.261m.

The revaluation reserve records retained increases in asset values as a result of indexation or previous upward revaluations, which increased by £6.844m due to indexation of land and building assets.

Statement of Cash Flows –Page 7

This statement provides a summary of the cash transactions for the year. Cash spent on revenue activities amounted to £1,042.049m with capital activities resulting in a cash outflow of £49.506m. These cash outflows were funded by £1,091.784m of cash from Welsh Government and £2.899m relating to the capital element of payments in respect of the PFI scheme. In 2021/22 no cash was received from WG for movement in working capital balances or strategic cash assistance. The closing cash balance for the health board was £4.398m.

5. RECOMMENDATIONS

Members are asked to:

- **Discuss** and **Note** the draft annual accounts for 2021/22 which are currently subject to audit by Audit Wales.

Governance and Assurance		
Link to Enabling Objectives (please choose)	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input checked="" type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input checked="" type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input checked="" type="checkbox"/>
	Dignified Care	<input checked="" type="checkbox"/>
	Timely Care	<input checked="" type="checkbox"/>
	Individual Care	<input checked="" type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
There are no direct quality, safety and patient experience issues associated with this report.		
Financial Implications		
There are no direct financial implications associated with this report.		
Legal Implications (including equality and diversity assessment)		
There are no direct legal implications associated with this report.		
Staffing Implications		
There are no direct staffing implications associated with this report.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
None		
Report History	This is an annual report to the Audit Committee. The	

	previous report was presented to Audit Committee in May 2021.
Appendices	Appendix A provides the draft accounts for the Swansea Bay University Health Board for the 2021/22 financial year.