



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

FINANCE DEPT. PRESENTATION TO THE HEALTH BOARD 2018/19 AUDITED ANNUAL ACCOUNTS

Lynne Hamilton
Director of Finance
29th May 2019

1. Performance against Financial Targets
2. Key Issues for the Board to Note
 - a) Expenditure – High Level Analysis
 - b) Staff Costs and Numbers - Increase in Agency Staff Costs
 - c) Impact of Clinical Negligence
3. Summary & Next Steps

Note 2.1 (Page 23)**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.

The Health Board received £7.979 million repayable cash only support in 2018-19. The accumulated cash only support provided to the Health Board by the Welsh Government is £63.271 million as at 31 March 2019.

	Year 1 2016/17	Year 2 2017/18	Year 3 2018/19	Total
	£000	£000	£000	£000
Revenue Resource Funding	1,060,938	1,096,250	1,133,300	3,290,488
Total Operating Expenses	1,100,254	1,128,667	1,143,179	3,372,100
Under/(Over) spend against Allocation	(39,316)	(32,417)	(9,879)	(81,612)
As a % of Target	3.71%	2.96%	0.87%	2.48%

ABMU Health Board has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2016/17 to 2018/19

Note 2.1 (Page 23)**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 2016/17	Year 2 2017/18	Year 3 2018/19	Total
	£000	£000	£000	£000
Capital Resource Allocation	43,845	40,093	36,447	120,385
Charge against Capital Resource Allocation	43,751	40,051	36,407	120,209
Under /(Over) Spend Against Allocation	94	42	40	176
As % of Target	0.21%	0.10%	0.11%	0.15%

ABMU Health Board has met its duty to break-even against its Capital Resource Limit over the 3 years 2016/17 to 2018/19

Note 2.3 (Page 24)

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.

The Health Board IMTP Plan was not approved in 2016/17

The Cabinet Secretary for Health & Social Services approval status for 2017/18 to 2019/20 is Not Approved

The Health Board has therefore not met its statutory duty to have an approved IMTP for the period 2017/18 to 2019/20

Note 10.1 (Page 35)**4. Prompt Payment Code (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.

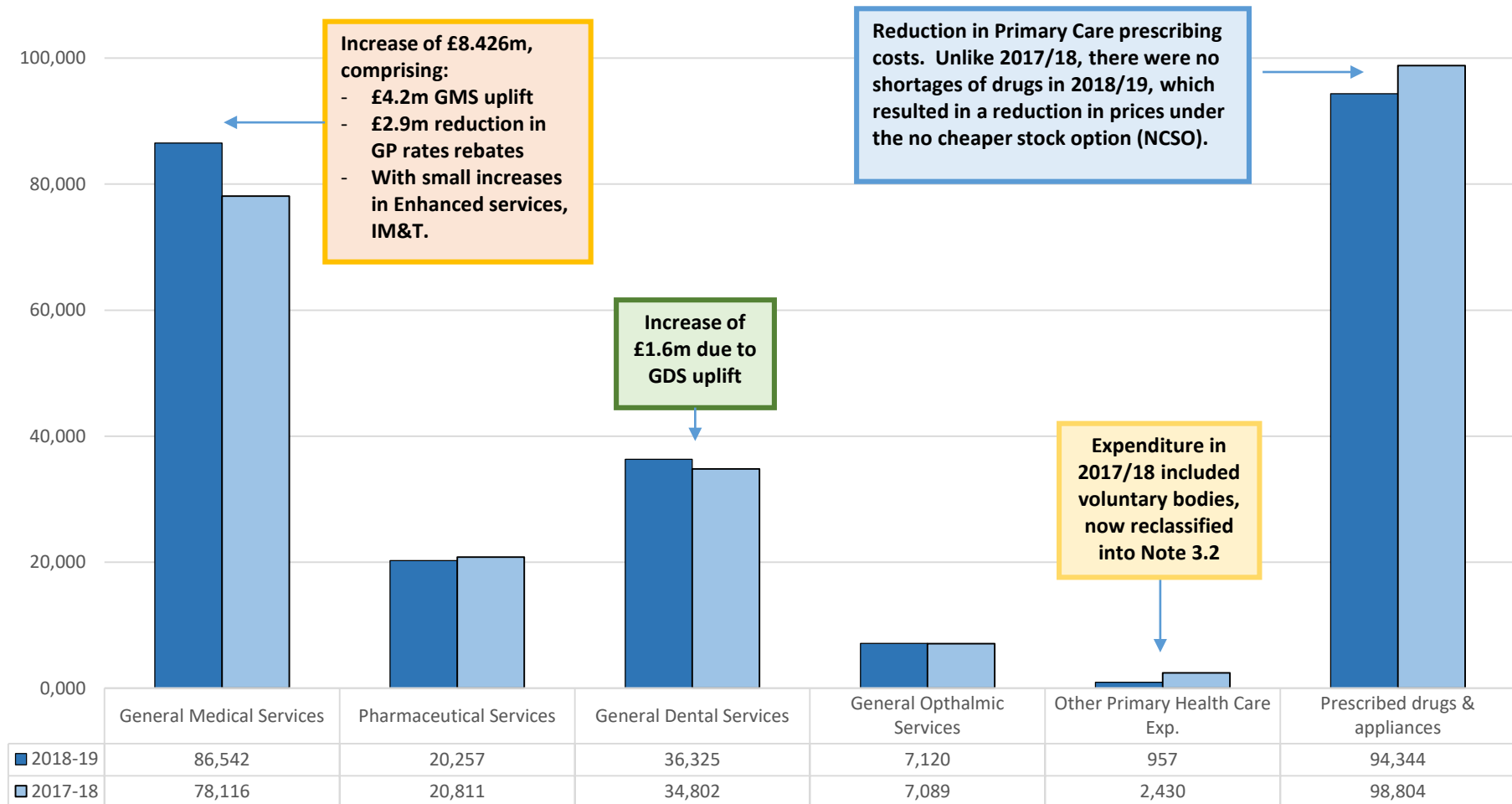
This service is provided to all Health Boards by NWSSP Accounts Payable Services

Non-NHS Invoices	2018/19	2017/18	2016/17
Total number of Invoices Paid	310,861	300,160	297,931
Total number paid within Target	294,597	282,150	286,394
% of Invoices Paid within Target	94.8%	94.0%	96.1%

ABMU Health Board did not achieve the best practice PSPP target for 2018/19. This was mainly due to delays in processing nurse bank invoices in the early months of 2018/19, relating to a backlog of prior year invoices, without this backlog the PSPP target would have been achieved.

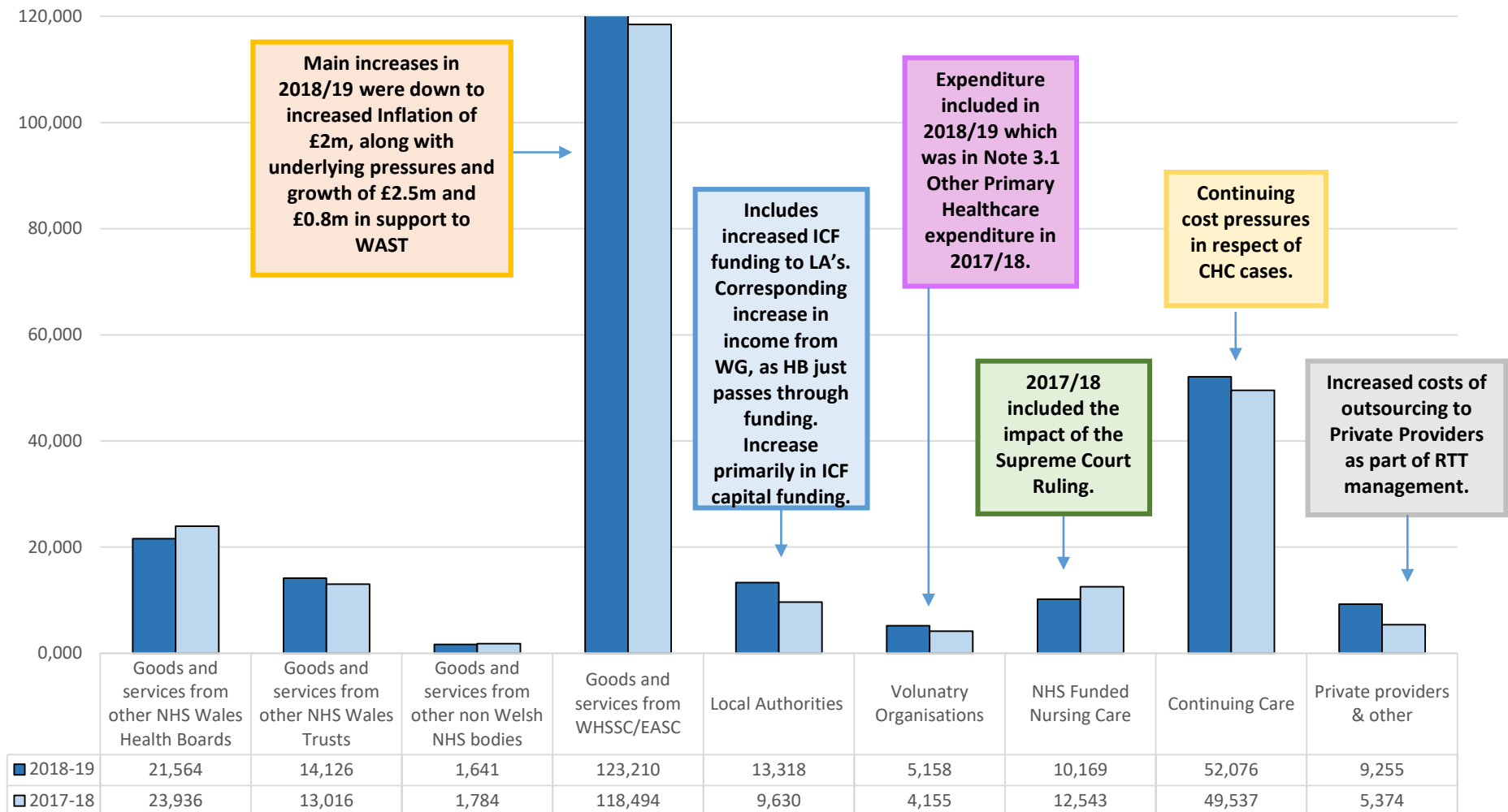
Expenditure on Primary Healthcare Services (£000) – Note 3.1 (Page 25)

2018/19 £246m 2017/18 £242m (1.4%)



Expenditure on Healthcare from Other Providers (£000) Note 3.2 (Page 25)

2018/19 £251m 2017/18 £238m (5.1%)



Expenditure on Hospital & Community Health Services – Note 3.3 (Page 26)

	2018/19 £0	2017/18 £0
Directors' costs	1,846	1,799
Staff costs	657,097	627,156
Supplies and Services - Clinical	130,772	134,734
Supplies and Services – General	10,886	11,117
Consultancy Services	530	476
Establishment	14,365	14,817
Transport	2,881	3,208
Premises	29,340	28,866
External Contractors	3,816	3,829
Depreciation	30,529	32,495
Amortisation	772	607
Fixed asset impairments & reversals	1,089	14,716
Audit fees	402	407
Losses, special payments and irrecoverable debts	3,035	3,739
Research and Development	5,978	4,982
Other operating expenses	4,900	4,475
Total	898,238	887,423

Staff Costs +£29.9m mainly due to:

- £20m - Pay Award Impact
- £5m - Agency spend Increase
- £1.3m - Nurse Staffing Act Investment
- £1.3m - Overtime Holiday Pay
- £2.3m - Other investments (MH transformation, Winter, Critical Care)

Supplies & Services – Clinical

Linked to the one off benefit of £4m in drugs costs from the review of goods received not invoiced reported in November to Audit Committee.

Non Staff Costs

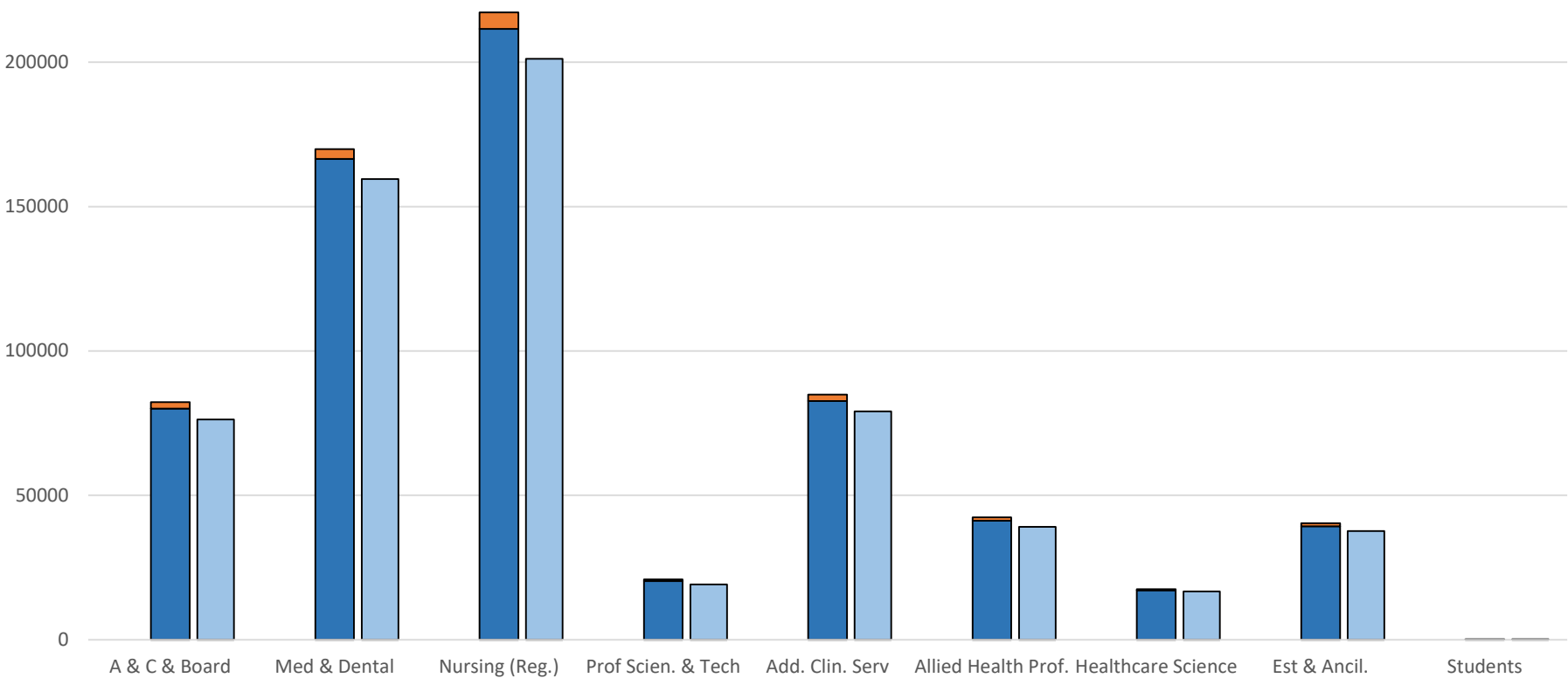
These costs remain stable, with no dramatic movements during the year.

Fixed Asset impairments & reversals

The 2017/18 figure includes the impact of the 5 yearly revaluation of the NHS Estate effective from 1st April 2017.

Directors & Staff Costs

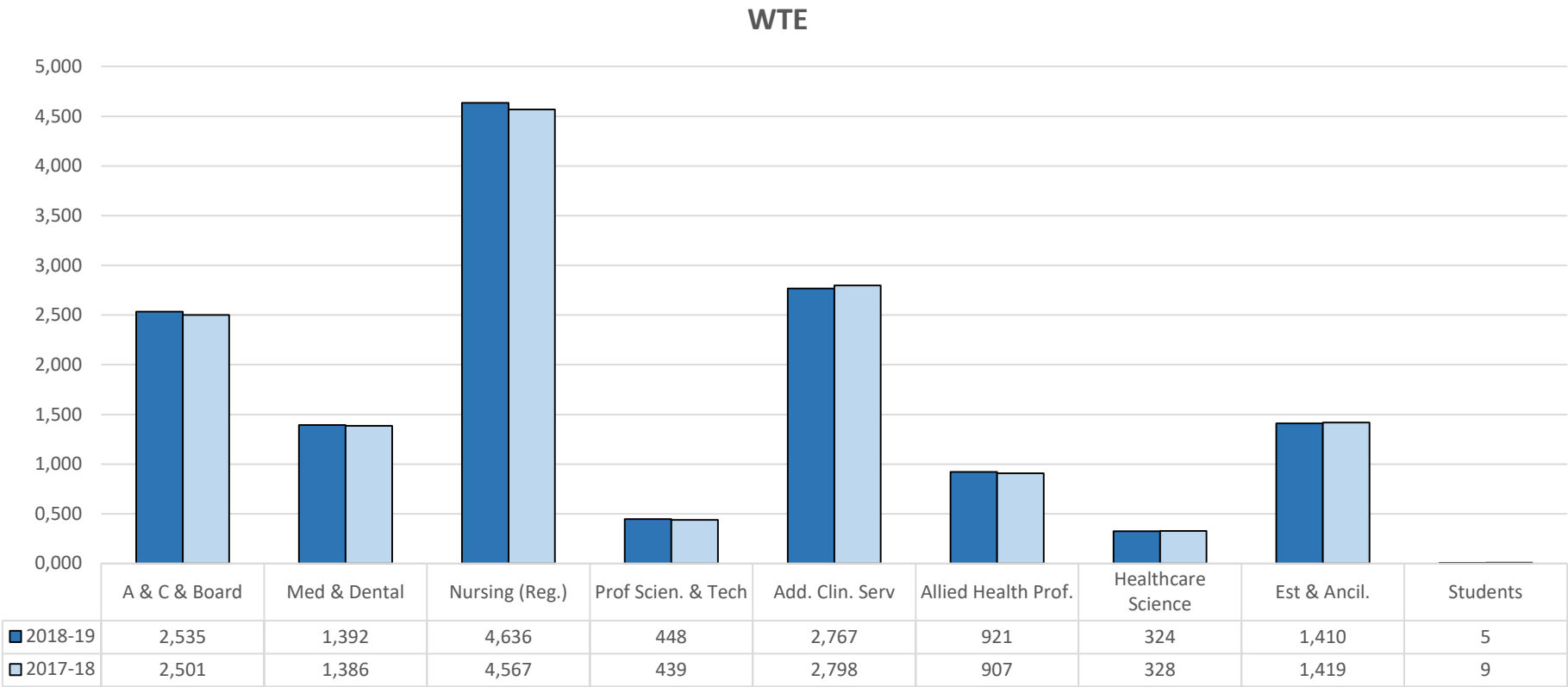
Costs (£'000)



	A & C & Board	Med & Dental	Nursing (Reg.)	Prof Scien. & Tech	Add. Clin. Serv	Allied Health Prof.	Healthcare Science	Est & Ancil.	Students
Pay Awards 2018-19	2,162	3,331	5,713	548	2,233	1,114	461	1,060	3
Actual 2018-19	80,079	166,560	211,584	20,306	82,709	41,268	17,080	39,261	96
Actual 2017-19	76,276	159,586	201,146	19,160	79,125	39,132	16,745	37,621	164

Staff costs have increased in all areas during 2018/19, primarily as a result of the impact of the pay award (shown in Orange above). There was also a significant increase in Agency staff costs in year.

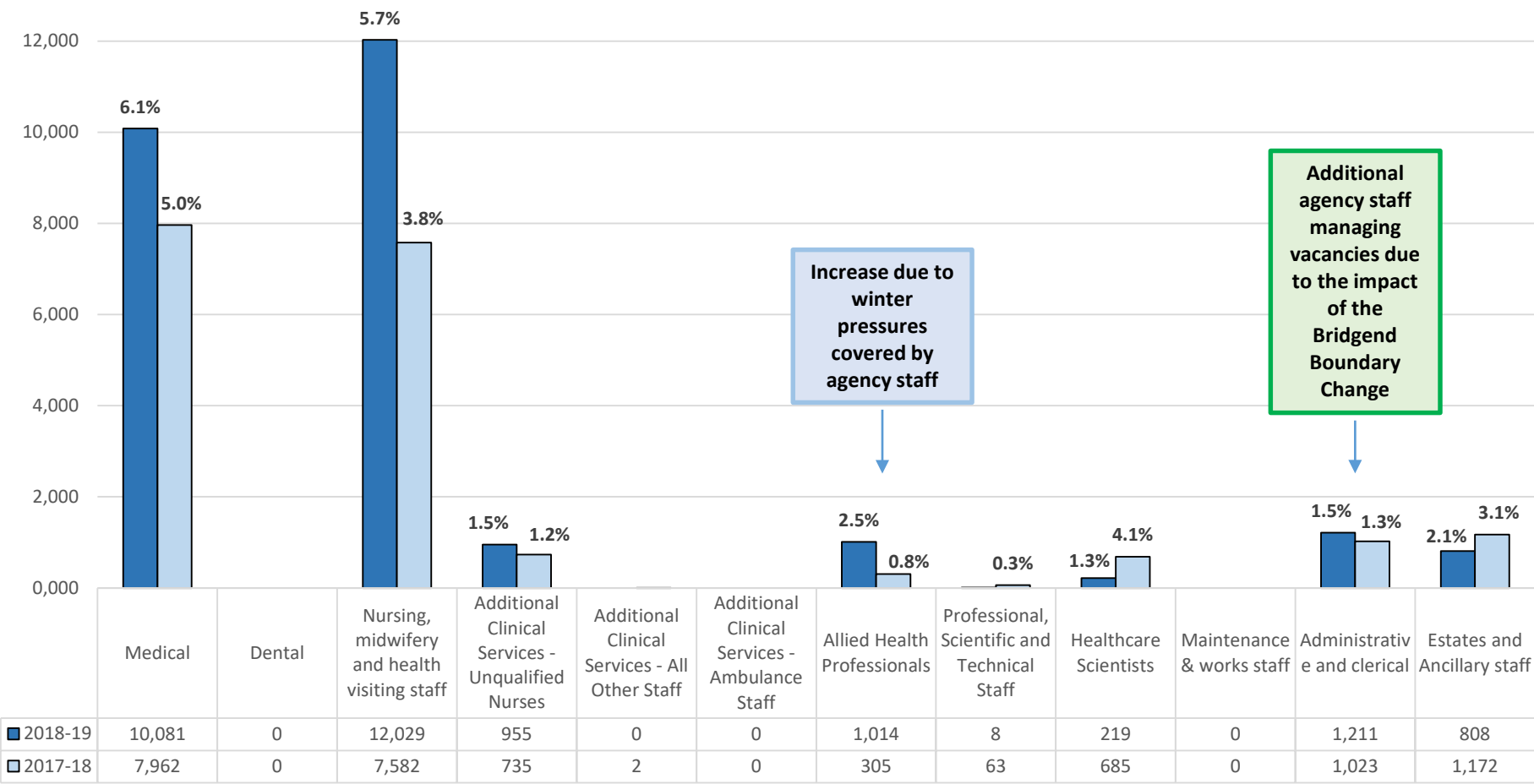
Directors & Staff Numbers (WTE)



Main increases

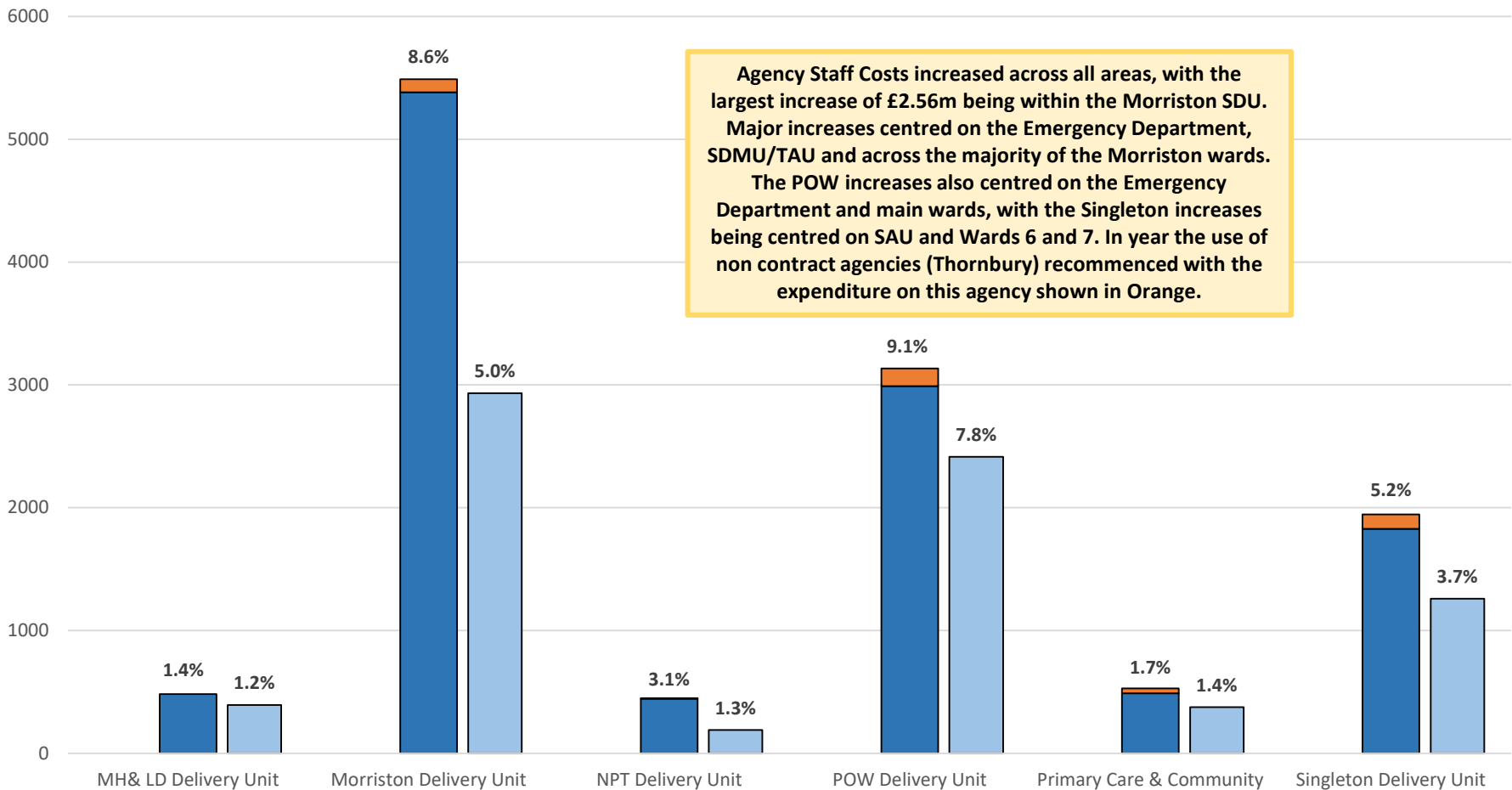
- **Nursing linked to investment as a result of Nurse staffing act.**
- **Allied Health Professionals investment for winter pressures.**
- **Increase in A&C staff, following reductions in previous years. However, an element of the increase is linked to temporary posts regarding Bridgend Boundary Change.**

Agency Cost Comparison



The percentage of agency costs against total actual pay costs by staff group is highlighted above and shows significant increases in Medical, Nursing and Allied Health Professionals.

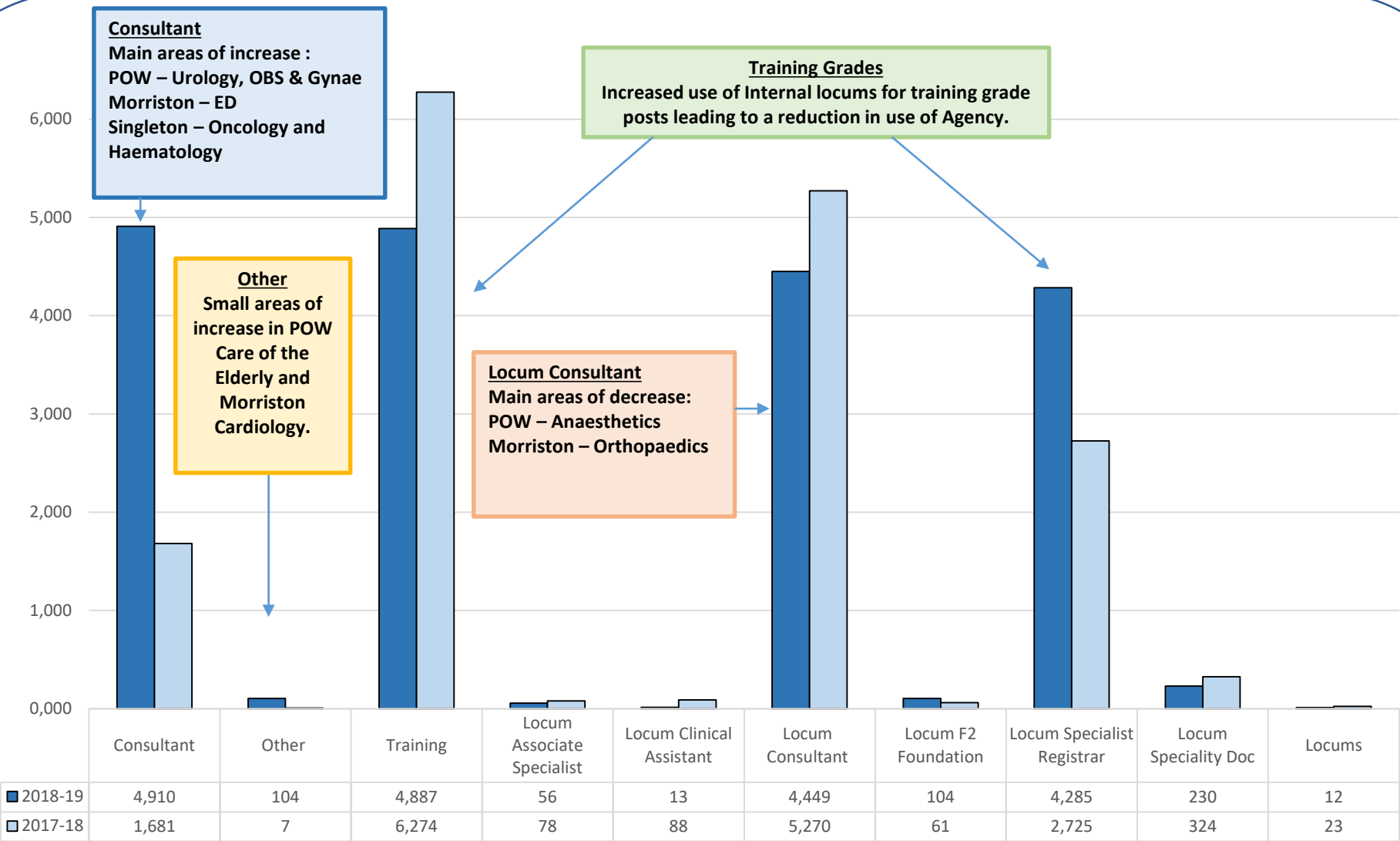
Agency Cost Comparison – Nursing, midwifery and health visiting staff by delivery unit



Agency Staff Costs increased across all areas, with the largest increase of £2.56m being within the Morriston SDU. Major increases centred on the Emergency Department, SDMU/TAU and across the majority of the Morriston wards. The POW increases also centred on the Emergency Department and main wards, with the Singleton increases being centred on SAU and Wards 6 and 7. In year the use of non contract agencies (Thornbury) recommenced with the expenditure on this agency shown in Orange.

	MH& LD Delivery Unit	Morriston Delivery Unit	NPT Delivery Unit	POW Delivery Unit	Primary Care & Community Delivery Unit	Singleton Delivery Unit
2017-18	394	2,933	189	2,415	377	1,259
2018-19 - Non Contract Costs	-	107	3	145	39	119
2018-19 - Contract Costs	482	5,382	445	2,989	489	1,827

Medical Agency and Locum Cost Comparison by Grade



Clinical Negligence – Comparison of Cases

Cases Summary								
Probability			2018/19			2017/18		
			Cases	Provisions £000	%	Cases	Provisions £000	%
1	> 95%	Certain	110	128,506	93	122	163,244	96
2	50-95%	Probable	48	9,836	7	58	7,251	4
3	6-49%	Possible	205	-	-	233	-	-
4	0-5%	Remote	11	-	-	9	-	-
				-	-		-	-
Totals			374	138,342	100	422	170,495	100

Redress reported now within Provisions as change in accounting treatment to accruals basis in 2018/19 following transfer of redress process to WRP. Previously accounted for on a cash basis when managed by WG.

Clinical Negligence Provisions – 10 Highest Provision Cases

	Support Unit	Specialty	Date of Claim	Prob.	Revised Total Quantum £m	Less Payments made to 31/03/19 £m	Closing Net Liability (i.e. Provision) £m	% of Total Provision
1	Singleton	Obs & Gynae	13/01/15	1	22.550	-0.250	22.300	
2	POW	Obs & Gynae	31/03/09	1	12.775	-0.751	12.024	
3	Singleton	Obs & Gynae	23/01/15	1	10.815	-0.200	10.615	
4	Singleton	Obs & Gynae	10/06/09	1	10.072	-1.100	8.972	
5	Singleton	Obs & Gynae	11/07/12	1	8.615	-0.045	8.570	
6	Singleton	Obs & Gynae	21/02/12	1	8.250	-0.424	7.826	
7	Singleton	Obs & Gynae	12/07/13	1	8.700	-0.890	7.810	
8	Singleton	Obs & Gynae	03/05/13	1	6.800	-0.090	6.710	
9	POW	Obs & Gynae	06/06/13	1	6.600	-0.073	6.527	
10	Singleton	Obs & Gynae	21/11/13	1	4.700	-0.430	4.270	
Sub Totals					99.877	-4.253	95.624	74%
All Other Cases							42.284	26%
Totals							128.506	100%

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

The Health Board met one of its 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 16th May and the Audited Accounts were reviewed by the Audit Committee earlier today (29th May).
3. The Audit Committee received the Wales Audit Office ISA260 report “Audit of Financial Statements” earlier today (29th May).
4. Subject to the recommendation of the Audit Committee, following its review of the audited accounts and ISA260 report from Wales Audit Office, the Health Board will be asked to adopt the audited accounts (29th May 2019).
5. Submission of Audited Accounts to Welsh Government on Friday, 31st May 2019
6. Auditor General for Wales Opinion & Sign Off on Tuesday, 11th June 2019
7. Accounts laid before National Assembly for Wales is planned for Wednesday, 12th June 2019
8. Accounts included within the Annual Report issued at Health Board AGM (July)