



**PWYLLGOR ARCHWILIO A SICRWYDD RISG
AUDIT AND RISK ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	26 July 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audited Annual Accounts 2022/23
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The Statutory Annual Accounts have been prepared in accordance with the Welsh Government timetable and guidelines. The Audit and Risk Assurance Committee (ARAC) is asked to review and discuss the audited Accounts.

The draft Accounts were submitted to Welsh Government on 5 May 2023.

The Accounts have been scrutinised by Audit Wales since 5 May, with the Final Accounts now presented to ARAC along with the ISA260 from Audit Wales.

The Accounts are being presented to the Board for approval on 27 July 2023.

Submission to Welsh Government is required by 31 July 2023.

Cefndir / Background

Under the National Health Service Act (Wales) 2006, the Health Board is required to prepare accounts for each financial year.

The Accounts must comply with the accounting guidance of the Government Reporting Manual (FReM) which is in force for the financial year in which the accounts are prepared and has been applied by Welsh Government and detailed in the NHS Wales LHB Manual of Accounts.

In preparing the accounts, the Directors are required to apply on a consistent basis the accounting principles laid down by Welsh Ministers, make judgements and estimates which are responsible and prudent, and state whether applicable accounting standards have been followed.

Asesiad / Assessment

The Audited Annual Accounts are enclosed for discussion, along with an accompanying presentation.

Key points to note are:

- There has been a protracted audit period this year as Audit Wales implemented a new risk based approach. This, coupled with the introduction of IFRS16, Audit Wales staffing issues and the lack of an interim audit, meant that the Health Board had to submit the draft accounts by 5 May 2023; however, the audited accounts did not need to be submitted to WG until 31 July 2023. The Health Board and Audit Wales used the Inflo platform to manage queries this year, with more than 300 queries being addressed. Practical completion of the audit was week ending 14 July 2023.
- Changes to the accounts have been made for:
 - Welsh Risk Pool – unfortunately the Health Board was not notified by the WRP team that a settlement of one of its cases had occurred before year end. This was picked up by the Velindre Audit team. Whilst this was not material and had no impact on the bottom line, the decision was made to adjust the relevant notes in the accounts.
 - Continuing Health Care (CHC) – the Health Board has followed the same process for several years; however, this year this has been challenged and Audit Wales have recommended that the process be reviewed. Details in Appendix 1.
 - A number of other misclassifications have been corrected (all below the materiality threshold and none affecting the bottom line) to help the reader of the accounts.

Argymhelliad / Recommendation

The Audit and Risk Assurance Committee is asked to **APPROVE** the audited annual accounts for 2022/23, for onward ratification by the Board.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1432 - Risk to the delivery of the Health Board's draft interim Financial Plan for 2022/23 Score 25
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable

Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system. Activity recorded in the AR and AP modules of the Oracle business system; activity recorded in the procurement Bravo system.
Rhestr Termau: Glossary of Terms:	Included within body of the report.
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	UHB's Finance Team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report
Ansawdd / Gofal Claf: Quality / Patient Care:	Risk to our financial position affects our ability to discharge timely and effective care to patients
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Not Applicable
Cyfreithiol: Legal:	The UHB has a statutory duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against the UHB's financial plan will affect our reputation with Welsh Government, Audit Wales and with external stakeholders
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

Issue

Following an audit query regarding the year end accounting of CHC invoices and the early closing of the CHC database the Director of Finance has requested that the CHC Accounting team look at how they can close the National Continuing Care Database (NCCD) later than the current process.

This paper sets out the timelines of 2022/23 closedown and proposals for 2023/24 and going forward.

Overview

The CHC Accounting team produce financial management information for all client packages via the NCCD, which is the client database. To ensure that we have a fully reconciled position per package at year end and a robust accrual, we close the database at the end of February as there are c3500 packages to check.

The reconciliation process involves checking that for each package all invoices have been matched correctly and identify exactly what is outstanding such as credit notes, uplift adjustments or missing invoices.

A letter is sent out to providers at the end of January to advise them that they need to get their invoicing up to date as soon as possible as the database will close for payments at the end of February.

Once we have reconciled and the accrual is posted the database is reopened after soft close.

This practice has been in place since at least 2010. Since the team has been managed as part of the Accounting and Statutory Reporting team there has been a periodic checking process implemented which means that we are looking through these reconciliations regularly so it's not all done at year end and lightens the load as there are nine criteria which is a significant amount of work.

Options

A discussion and review has been undertaken within the team of all the tasks that are carried out and how we can cut back on the timelines, taking into account available staffing and other tasks that need to be completed.

Following the review of tasks, we have identified that we have two options that we can propose.

Option 1

Option 1 would be to push back closing the database by a week. To do this we would need to have additional resource of a full time Accounts Assistant for a fortnight from the Core Processing Team (CPT) or possibly the Finance Apprentice as this time will be the key month end time for CPT as well. We would look to get them trained up prior to March so that they are familiar with the process prior to year-end to alleviate the additional pressure of training in March as well.

Option 1 timeline is below, and this would cut the time to get the reconciliations done from 3 weeks to 2. We will aim to close on WD-1 (28th March) as we will still need to get the accrual transacted in time

for the non-pay review. Should this work, we could potentially look to pull back again the following year. However, we need to be mindful that the MH&LD reconciliation takes around a week on its own due to the volume and complexity.

To address the early closure of the database and the invoices that are received between this date and 31 March, we will ask the service administrators to maintain a record of all invoices received so that these can be accounted for correctly.

Task	FY 2022/23	Proposed 2023/24
Close database	24 February	27 February
Last invoices processed	21 February	27 February
AP payment run	27 February	4 March
Final database adjustments	24 February	1 March
Commence reconciliations	27 February	8 March

Option 2

Option 2 would be to close year end like we do at a normal month end. This would involve extracting a list of live contracts from the database and projecting the accrual based on days left less what has gone through the ledger via accounts payable. We would have the reconciliations carried out throughout the year as usual however we wouldn't have as accurate an accrual by package it will be an estimate. The risk around this would be that we haven't reconciled each package in totality, and we will lose the accuracy and robustness of the accrual.

Moving the timeline back from WD-1 is not in the equation as this would impact on the time available for Business Partners to look at the data for their requirements.

Conclusion

The information contained in this analysis will be considered to help decide how to proceed prior to next year end.

HYWEL DDA UNIVERSITY HEALTH BOARD

FOREWORD

These accounts have been prepared by the Local Health Board under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have, with the approval of the Treasury, directed.

Statutory background

The Local Health Board was established on 1st June 2009 and became operational on 1st October 2009 and comprises the former organisations of Hywel Dda NHS Trust and Carmarthenshire, Ceredigion and Pembrokeshire Local Health Boards.

Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2022-23. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

Local Health Boards in Wales must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result, the Primary Statement of in-year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by the LHB which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

Under the National Health Services Finance (Wales) Act 2014, the annual requirement to achieve balance against Resource Limits has been replaced with a duty to ensure, in a rolling 3 year period, that its aggregate expenditure does not exceed its aggregate approved limits.

The Act came into effect from 1 April 2014 and under the Act the first assessment of the 3 year rolling financial duty took place at the end of 2016-17.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Expenditure on Primary Healthcare Services	3.1	217,876	204,170
Expenditure on healthcare from other providers	3.2	259,628	250,710
Expenditure on Hospital and Community Health Services	3.3	748,787	708,966
		<u>1,226,291</u>	<u>1,163,846</u>
Less: Miscellaneous Income	4	(71,422)	(70,370)
LHB net operating costs before interest and other gains and losses		1,154,869	1,093,476
Investment Revenue	5	0	0
Other (Gains) / Losses	6	(17)	(28)
Finance costs	7	140	(39)
Net operating costs for the financial year		<u>1,154,992</u>	<u>1,093,409</u>

See note 2 on page 26 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 73 form part of these accounts.

Other Comprehensive Net Expenditure

	2022-23	2021-22
	£000	£000
Net (gain) / loss on revaluation of property, plant and equipment	(27,943)	(7,383)
Net gain/(loss) on revaluation of right of use assets	0	0
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	(582)	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(28,525)	(7,383)
Total comprehensive net expenditure for the year	1,126,467	1,086,026

The notes on pages 8 to 73 form part of these accounts.

Statement of Financial Position as at 31 March 2023

		31 March	31 March
		2023	2022
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	11	358,516	331,552
Right of Use Assets	11.3	9,285	0
Intangible assets	12	2,096	2,784
Trade and other receivables	15	77,539	68,904
Other financial assets	16	1,121	0
Total non-current assets		448,557	403,240
Current assets			
Inventories	14	11,542	10,399
Trade and other receivables	15	57,188	53,285
Other financial assets	16	145	0
Cash and cash equivalents	17	3,944	1,565
		72,819	65,249
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		72,819	65,249
Total assets		521,376	468,489
Current liabilities			
Trade and other payables	18	(186,627)	(175,380)
Other financial liabilities	19	0	0
Provisions	20	(14,923)	(22,400)
Total current liabilities		(201,550)	(197,780)
Net current assets/ (liabilities)		(128,731)	(132,531)
Non-current liabilities			
Trade and other payables	18	(8,401)	0
Other financial liabilities	19	0	0
Provisions	20	(78,359)	(70,059)
Total non-current liabilities		(86,760)	(70,059)
Total assets employed		233,066	200,650
Financed by :			
Taxpayers' equity			
General Fund		174,600	168,450
Revaluation reserve		58,466	32,200
Total taxpayers' equity		233,066	200,650

The financial statements on pages 2 to 7 were approved by the Board on 27 July 2023 and signed on its behalf by:

Chief Executive and Accountable Officer

Date:
27 July 2023

The notes on pages 8 to 73 form part of these accounts.

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2023**

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2022-23			
Balance as at 31 March 2022	168,450	32,200	200,650
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	187	0	187
Balance at 1 April 2022	168,637	32,200	200,837
Net operating cost for the year	#####		(1,154,992)
Net gain/(loss) on revaluation of property, plant and equipment	0	27,943	27,943
Net gain/(loss) on revaluation of right of use assets	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other Reserve Movement	0	0	0
Transfers between reserves	1,677	(1,677)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	582	0	582
Total recognised income and expense for 2022-23	#####	26,266	(1,126,467)
Net Welsh Government funding	1,136,697		1,136,697
Notional Welsh Government Funding	21,999		21,999
Balance at 31 March 2023	174,600	58,466	233,066

The notes on pages 8 to 73 form part of these accounts.

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2022

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2021-22			
Balance at 31 March 2021	140,985	29,415	170,400
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	0	0	0
Balance at 1 April 2021	140,985	29,415	170,400
Net operating cost for the year	(1,093,409)	0	(1,093,409)
Net gain/(loss) on revaluation of property, plant and equipment	0	7,383	7,383
Net gain/(loss) on revaluation of right of use assets	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	4,598	(4,598)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2021-22	(1,088,811)	2,785	(1,086,026)
Net Welsh Government funding	1,095,811	0	1,095,811
Notional Welsh Government Funding	20,465	0	20,465
Balance at 31 March 2022	168,450	32,200	200,650

The notes on pages 8 to 73 form part of these accounts.

Statement of Cash Flows for year ended 31 March 2023

	2022-23 £000	2021-22 £000
Cash Flows from operating activities		
Net operating cost for the financial year	(1,154,992)	(1,093,409)
Movements in Working Capital	27 539	(11,868)
Other cash flow adjustments	28 78,580	71,739
Provisions utilised	20 (12,736)	(12,854)
Net cash outflow from operating activities	(1,088,609)	(1,046,392)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(38,569)	(50,669)
Proceeds from disposal of property, plant and equipment	213	581
Purchase of intangible assets	(872)	(1,152)
Proceeds from disposal of intangible assets	0	0
Payment for other financial assets	0	0
Proceeds from disposal of other financial assets	0	0
Payment for other assets	0	0
Proceeds from disposal of other assets	0	0
Net cash inflow/(outflow) from investing activities	(39,228)	(51,240)
Net cash inflow/(outflow) before financing	(1,127,837)	(1,097,632)
Cash Flows from financing activities		
Welsh Government funding (including capital)	1,136,697	1,095,811
Capital receipts surrendered	0	0
Capital grants received	0	1,073
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes	0	0
Capital element of payments in respect of on-SoFP PFI	0	0
Capital element of payments in respect of Right of Use Assets	(1,893)	0
Cash transferred (to)/ from other NHS bodies	0	0
Net financing	1,134,804	1,096,884
Net increase/(decrease) in cash and cash equivalents	6,967	(748)
Cash and cash equivalents (and bank overdrafts) at 1 April 2022	1,565	2,313
Cash and cash equivalents (and bank overdrafts) at 31 March 2023	8,532	1,565

The notes on pages 8 to 73 form part of these accounts.

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2022-23 Manual for Accounts. The accounting policies contained in that manual follow the 2022-23 Financial Reporting Manual (FRoM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1. Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.2. Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3. Income and funding

The main source of funding for the LHBs are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the LHB. Welsh Government funding is recognised in the financial period in which the cash is received.

Non-discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FRoM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non-NHS R&D income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.4.2. Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated from 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Other Note within these accounts.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the NHS Wales organisation's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

1.4.3. NEST Pension Scheme

An alternative pensions scheme for employees not eligible to join the NHS Pensions scheme has to be offered. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

1.5. Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

1.6.2. Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings used for services or for administrative purposes are stated in the Statement of Financial Position (SoFP) at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use

- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales' organisations have applied these new valuation requirements from 1 April 2009.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

In 2022-23 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that the impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure (SoCNE).

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However, IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

In accordance with the adaptation of IAS 16 in table 6.2 of the FReM, for non-specialised assets in operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the NHS organisation or the asset which would prevent access to the market at the reporting date. If the NHS organisation could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

1.6.3. Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

1.7. Intangible assets

1.7.1. Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Wales organisation; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- the intention to complete the intangible asset and use it.
- the ability to use the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.8. Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Wales Organisation expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Wales organisation and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the NHS Wales organisation checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

Impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

1.9. Research and Development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and benefits there from can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

1.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale,

within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the SoCNE. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead it is retained as an operational asset and its economic life adjusted. The asset is derecognised when it is scrapped or demolished.

1.11 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

IFRS 16 leases is effective across public sector from 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the standard have been employed. These are as follows: Hywel Dda UHB has applied the practical expedient offered in the standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 leases and IFRIC 4 determining whether an arrangement contains a lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application Hywel Dda UHB has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the standard.

The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application has been employed per paragraph C10 (c) of IFRS 16.

Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2022 will be assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by Hywel Dda UHB in applying IFRS 16.

These include:

- the measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less under paragraph 5 (a) of IFRS 16
- the measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16

Hywel Dda UHB will not apply IFRS 16 to any new leases of in tangible assets applying the treatment described in section 1.14 instead.

Hywel Dda UHB is required to apply IFRS 16 to lease like arrangements entered into with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16 Hywel Dda UHB has assessed that in all other respects these arrangements meet the definition of a lease under the standard.

The entity is required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

For the lessor leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases.

1.11.1 Hywel Dda UHB as lessee

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. Hywel Dda UHB employs a revaluation model for the subsequent measurement of its right of use assets unless cost is considered to be an appropriate proxy for current value in existing use or fair value in line with the accounting policy for owned assets. Where consideration exchanged is identified as below market value, cost is not considered to be an appropriate proxy to value the right of use asset.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

The incremental borrowing rate of 0.95% has been applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset Hywel Dda UHB applies a revised rate to the remaining lease liability.

Where existing leases are modified Hywel Dda UHB must determine whether the arrangement constitutes a separate lease and apply the standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by Hywel Dda UHB.

1.11.2 Hywel Dda UHB as lessor

A lessor shall classify each of its leases as an operating or finance lease. A lease is classified as finance lease when the lease substantially transfers all the risks and rewards incidental to ownership of an underlying asset. Where substantially all the risks and rewards are not transferred, a lease is classified as an operating lease.

Amounts due from lessees under finance leases are recorded as receivables at the amount of Hywel Dda UHB's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on Hywel Dda UHB's net investment outstanding in respect of the leases.

Income from operating leases is recognised on a straight-line or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Where Hywel Dda UHB is an intermediate lessor, being a lessor and a lessee regarding the same underlying asset, classification of the sublease is required to be made by the intermediate lessor considering the term of the arrangement and the nature of the right of use asset arising from the head lease.

On transition Hywel Dda UHB has reassessed the classification of all of its continuing subleasing arrangements to include peppercorn leases.

1.12. Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13. Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

1.14. Provisions

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the NHS Wales organisation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2022-23 and 2021-22. The WRP is hosted by Velindre NHS University Trust.

1.14.2. Future Liability Scheme (FLS) - General Medical Practice Indemnity (GMPI)

The FLS is a state backed scheme to provide clinical negligence General Medical Practice Indemnity (GMPI) for providers of GMP services in Wales.

In March 2019, the Minister issued a Direction to Velindre NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 1 April 2019.

GMP Service Providers are not direct members of the GMPI FLS, their qualifying liabilities are the subject of an arrangement between them and their relevant LHB, which is a member of the scheme. The qualifying reimbursements to the LHB are not subject to the £25,000 excess.

1.15. Financial Instruments

From 2018-19 IFRS 9 Financial Instruments has applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales' organisations, was to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

All entities applying the FReM recognised the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that included the date of initial application in the opening general fund within Taxpayer's equity.

1.16. Financial assets

Financial assets are recognised on the SoFP when the NHS Wales organisation becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

1.16.1. Financial assets are initially recognised at fair value

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNE'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1.16.2. Financial assets at fair value through SoCNE

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

1.16.3 Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

1.16.4. Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the SoCNE on de-recognition.

1.16.5. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the SOFP date, the NHS Wales organisation assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the SoCNE and the carrying amount of the asset is reduced directly, or through a provision of impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the SoCNE to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.17. Financial liabilities

Financial liabilities are recognised on the SOFP when the NHS Wales organisation becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

1.17.1. Financial liabilities are initially recognised at fair value

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

1.17.2. Financial liabilities at fair value through the SoCNE

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

1.17.3. Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.18. Value Added Tax (VAT)

Most of the activities of the NHS Wales organisation are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19. Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

1.20. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in the Notes to the accounts.

1.21. Losses and Special Payments

Losses and special payments are items that the Welsh Government would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the SoCNE on an accruals basis, including losses which would have been made good through insurance cover had the NHS Wales organisation not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The NHS Wales organisation accounts for all losses and special payments gross (including assistance from the WRP).

The NHS Wales organisation accrues or provides for the best estimate of future pay-outs for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the WRP are included in debtors. For those claims where the probability of settlement is between 5- 50%, the liability is disclosed as a contingent liability.

1.22. Pooled budget

The NHS Wales organisation has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

The pool budget is hosted by one NHS Wales's organisation. Payments for services provided are accounted for as miscellaneous income. The NHS Wales organisation accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.23. Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

1.24. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the SoFP date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant estimations are made in relation to on-going clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these claims would be recoverable through the Welsh Risk Pool.

Significant estimations are also made for continuing care costs resulting from claims post 1 April 2003. An assessment of likely outcomes, potential liabilities and timings of these claims are made on a case by case basis. Material changes associated with these claims would be adjusted in the period in which they are revised.

Estimates are also made for contracted primary care services. These estimates are based on the latest payment levels. Changes associated with these liabilities are adjusted in the following reporting period.

1.24.1. Provisions

The NHS Wales organisation provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the NHS Wales organisation, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

1.24.2. Probable & Certain Cases – Accounting Treatment

A provision for these cases is calculated in accordance with IAS 37. Cases are assessed and divided into four categories according to their probability of settlement;

Remote	Probability of Settlement	0 – 5%
	Accounting Treatment	Remote Contingent Liability.
Possible	Probability of Settlement	6% - 49%
	Accounting Treatment	Defence Fee - Provision
	Contingent Liability for all other estimated expenditure.	
Probable	Probability of Settlement	50% - 94%
	Accounting Treatment	Full Provision
Certain	Probability of Settlement	95% - 100%
	Accounting Treatment	Full Provision

The provision for probable and certain cases is based on case estimates of individual reported claims received by Legal & Risk Services within NHS Wales Shared Services Partnership.

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary’s Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.25%.

Future liabilities for certain & probable cases with a probability of 95%-100% and 50%- 94% respectively are held as a provision on the balance sheet. Cases typically take a number of years to settle, particularly for high value cases where a period of development is necessary to establish the full extent of the injury caused.

1.24.3 Annual leave accrual

Pre Covid 19 allowances for carry forward of annual leave have been reinstated. The individual approved requests from staff to carry forward leave have been used to derive the 2022/23 provision.

1.24.4 Primary Care Expenditure

As in previous years, there are a number of estimates due to the way practices are reimbursed for their services through claim forms sent to NWSSP. Therefore, primary care expenditure disclosed contains significant estimates where the value of the actual liabilities were not available prior to the date for accounts submission. Claims for a service could be paid a month or a quarter in arrears, therefore for these claims, accruals are based on a rolling three-month average. This is the case for General Medical Services (GMS), Dental and Community Pharmacy, with the exceptions being:

- a) PADM’s (Prescribing and Dispensing GPs) within the GMS contract - accruals were based on April to September rather than a three month average as the flu vaccination programme in the period October to December has a large effect on the run rate and would not be a suitable enough period to base an accrual for February and March on, when the flu programme has ended.
- b) The Quality Access standards within the GMS contracts - accruals have remained in place for 2022-23 therefore the assumption has been made in calculating the year end accrual that there will be full achievement for 2022-23. Payment of this annual cost will be realised in June.

1.24.4 Primary Care Expenditure (continued)

In terms of prescribing costs for 2022-23, the Health Board has used the accrual methodology consistent with previous years.

The cost per item for all items excluding Vaccinations, Immunisations and Stoma (Net Prescribing Audit Reports - PARS) was derived by using the cost per item as detailed in the Health Board's January 2023 PAR, taking into consideration the impact of the Category M changes, effective for Q4 FY23.

The number of items used to calculate net PARS items was derived from the following methodology:

Total item growth over 10 years

10 years

Growth in reported item numbers over the past 6 months has been factored in to prescribing costs to bring item numbers in line with the average item numbers prescribed per day over the last 6 months, as published in PARS (August-January 2023).

Vaccination and Immunisation costs were calculated by applying the prior year percentage of spend to January 2022 to the YTD spend to January 2023.

Stoma costs were calculated on a straight-line basis based on the YTD cost to January 2023.

1.25 Discount Rates

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities to be included for the relevant notes. The disclosure should include where possible undiscounted values to demonstrate the impact. An explanation of the source of the discount rate or how the discount rate has been determined to be included.

1.26 Private Finance Initiative (PFI) transactions - Hywel Dda UHB has no PFI transactions

1.27. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value. Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

1.28. Absorption accounting - not applicable

1.29. Accounting standards that have been issued but not yet been adopted

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS14 Regulatory Deferral Accounts

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

1.30. Accounting standards issued that have been adopted early

During 2022-23 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.31. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the Hywel Dda UHB has established that as it is the corporate trustee of the Hywel Dda University LHB NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Hywel Dda University LHB NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Hywel Dda University LHB NHS Charitable Fund within the statutory accounts of the NHS Wales organisation.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Hywel Dda University LHB NHS Charitable Fund or its independence in its management of charitable funds.

However, the Hywel Dda UHB has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts. Details of the transactions with the charity are included in the related parties' notes.

2. Financial Duties Performance

The National Health Service Finance (Wales) Act 2014 came into effect from 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) 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 first assessment of performance against the 3 year statutory duty under section 175 (1) was at the end of 2016-17, being the first 3 year period of assessment.

Welsh Health Circular WHC/2016/054 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" clarifies the statutory financial duties of NHS Wales bodies effective from 2016-17.

2.1 Revenue Resource Performance

	Annual financial performance			
	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
Net operating costs for the year	1,054,279	1,093,409	1,154,992	3,302,680
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,889	1,547	2,431	5,867
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Less unfunded revenue consequences of bringing RoU Leases onto SoFP	0	0	0	0
Total operating expenses	1,056,168	1,094,956	1,157,423	3,308,547
Revenue Resource Allocation	1,031,258	1,069,956	1,098,379	3,199,593
Under /(over) spend against Allocation	(24,910)	(25,000)	(59,044)	(108,954)

Hywel Dda University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2020-21 to 2022-23.

The health board received non-repayable strategic cash support of £52.3m in 2022-23.

2.2 Capital Resource Performance

	2020-21	2021-22	2022-23	Total
	£000	£000	£000	£000
Gross capital expenditure	35,483	62,677	34,256	132,416
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(455)	(553)	(196)	(1,204)
Less capital grants received	0	0	0	0
Less donations received	(637)	(1,073)	(476)	(2,186)
Less initial recognition of RoU Asset Dilapidations	0	0	0	0
Add: recognition of RoU Assets Dilapidations on crystallisation	0	0	0	0
Charge against Capital Resource Allocation	34,391	61,051	33,584	129,026
Capital Resource Allocation	34,451	61,113	33,653	129,217
(Over) / Underspend against Capital Resource Allocation	60	62	69	191

Hywel Dda University LHB **has met** its financial duty to break-even against its Capital Resource Limit over the 3 years 2020-21 to 2022-23.

2.3 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 (WG).

Hywel Dda UHB wrote to WG, to formally notify them through an accountability letter that, unfortunately, we would not be in a position to submit a financially balanced IMTP by 31 March 2022. Instead, the Health Board submitted a draft Three-Year Plan 2022-2025, with a focus on 2022/23 actions, which we intended would set the foundations for an IMTP to be submitted in the summer.

This was based on the premise that the Health Board's underlying deficit has worsened over the last two financial years following the gaps in delivery of recurrent savings in 2020/21 and 2021/22.

Following submission of the Plan, the Chief Executive of NHS Wales wrote to the Health Board in May 2022, noting that, given our financial situation we would not be in a position to have our Plan sent to the Minister for approval. The letter also noted areas which needed review.

During the course of the work to further develop the Plan which included discussion with the Board the Health Board concluded that it would not be in a position to submit a balanced financial plan during 2022/23 and therefore the updated Plan remained an annual plan set in a three year context, rather than an IMTP. The updated plan was submitted to WG in July 2022.

WG wrote to the Health Board on 29 September 2022 to advise: "The Minister has accepted the recommendation of Welsh Government officials that the escalation status of Hywel Dda University Health Board be raised to 'targeted intervention' for planning and finance but will remain at 'enhanced monitoring' for quality issues related to performance resulting in long waiting times and poor patient experience. The reason for increasing the escalation level to targeted intervention for finance and planning is because the health board has been unable to produce an approvable three-year IMTP, or a finalised annual plan and the growing financial deficit being noted".

The Minister for Health and Social Services extant approval

Status
Date

Not Approved

The LHB **has not** therefore met its statutory duty to have an approved financial plan for the period 2022-2025.

2.4 Creditor payment

The LHB is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The LHB has achieved the following results:

	2022-23	2021-22
Total number of non-NHS bills paid	282,778	240,786
Total number of non-NHS bills paid within target	270,188	229,189
Percentage of non-NHS bills paid within target	95.5%	95.2%

The LHB has met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	2022-23 Total £000	2021-22 Total £000
General Medical Services	79,855		79,855	76,935
Pharmaceutical Services	21,114	(6,277)	14,837	14,292
General Dental Services	23,308		23,308	21,738
General Ophthalmic Services	1,360	3,846	5,206	5,778
Other Primary Health Care expenditure	7,972		7,972	6,449
Prescribed drugs and appliances	86,698		86,698	78,978
Total	220,307	(2,431)	217,876	204,170

GMS includes £6.595m for managed practice staff costs

3.2 Expenditure on healthcare from other providers

	2022-23 £000	2021-22 £000
Goods and services from other NHS Wales Health Boards	47,949	44,776
Goods and services from other NHS Wales Trusts	9,423	9,497
Goods and services from Welsh Special Health Authorities	0	2,363
Goods and services from other non Welsh NHS bodies	1,612	1,712
Goods and services from WHSSC / EASC	121,541	109,290
Local Authorities	20,059	19,655
Voluntary organisations	4,003	2,735
NHS Funded Nursing Care	3,325	2,888
Continuing Care	49,203	48,638
Private providers	2,473	9,131
Specific projects funded by the Welsh Government	0	0
Other	40	25
Total	259,628	250,710

3.3 Expenditure on Hospital and Community Health Services

	2022-23	2021-22
	£000	£000
Directors' costs	2,351	2,392
Operational Staff costs	552,152	520,279
Single lead employer Staff Trainee Cost	14,882	9,672
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	92,113	91,417
Supplies and services - general	7,160	10,363
Consultancy Services	1,629	1,741
Establishment	8,631	15,783
Transport	1,410	1,357
Premises	28,108	23,657
External Contractors	498	1,885
Depreciation	23,000	21,640
Depreciation (Right of Use assets RoU)	1,932	
Amortisation	750	472
Fixed asset impairments and reversals (Property, plant & equipment)	11,973	5,436
Fixed asset impairments and reversals (RoU Assets)	0	
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	11
Audit fees	412	360
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,030	1,617
Research and Development	0	0
Expense related to short-term leases	178	
Expense related to low-value asset leases (excluding short-term leases)	583	
Other operating expenses	(5)	884
Total	748,787	708,966

3.4 Losses, special payments and irrecoverable debts: charges to operating expenses

	2022-23	2021-22
	£000	£000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	22,475	21,967
Primary care	161	0
Redress Secondary Care	189	244
Redress Primary Care	0	0
Personal injury	(159)	195
All other losses and special payments	468	342
Defence legal fees and other administrative costs	1,057	839
Gross increase/(decrease) in provision for future payments	24,191	23,587
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	147	109
Less: income received/due from Welsh Risk Pool	(23,308)	(22,079)
Total	1,030	1,617

	2022-23	2021-22
	£	£
Permanent injury included within personal injury £:	(609,907)	75,652

The negative figure for permanent injury is due to the change in the interest rate from a negative rate to a positive rate.

4. Miscellaneous Income

	2022-23 £000	2021-22 £000
Local Health Boards	22,605	20,680
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	3,079	2,697
NHS Wales trusts	8,587	8,732
Welsh Special Health Authorities	4,540	3,670
Foundation Trusts	0	0
Other NHS England bodies	4,289	3,737
Other NHS Bodies	148	0
Local authorities	5,603	7,815
Welsh Government	2,623	3,680
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	2	3
Dental fee income	1,813	1,734
Private patient income	24	20
Overseas patients (non-reciprocal)	145	169
Injury Costs Recovery (ICR) Scheme	701	623
Other income from activities	513	614
Patient transport services	0	0
Education, training and research	8,235	7,633
Charitable and other contributions to expenditure	1,266	998
Receipt of NWSSP Covid centrally purchased assets	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	476	213
Receipt of Government granted assets	0	860
Right of Use Grant (Peppercorn Lease)	0	0
Non-patient care income generation schemes	517	448
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	619	193
Right of Use Asset Sub-leasing rental income	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	345	514
Other income:		
Provision of laundry, pathology, payroll services	190	147
Accommodation and catering charges	1,290	1,343
Mortuary fees	195	180
Staff payments for use of cars	209	217
Business Unit	0	0
Scheme Pays Reimbursement Notional	(319)	923
Other	3,727	2,527
Total	71,422	70,370
Other 'other' income Includes;		
Creche Fees	161	178
Design Fees Recharge	482	411
Drugs Rebate	662	612
Contribution from Ty Bryngwyn Hospice	207	207
Werndale Recharge of CSSD packs	140	137
Energy performance contract	578	0
Total	2,230	1,545

Injury Cost Recovery (ICR) Scheme income	2022-23 %	2021-22 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.76	23.76

5. Investment Revenue

	2022-23	2021-22
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2022-23	2021-22
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	17	28
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	17	28

7. Finance costs

	2022-23	2021-22
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	12	0
Interest on obligations under Right of Use Leases	92	0
Interest on obligations under PFI contracts;		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	104	0
Provisions unwinding of discount	36	(39)
Other finance costs	0	0
Total	140	(39)

8. Future change to SoCNE/Operating Leases**LHB as lessee**

As at 31 March 2023 the LHB had 579 operating leases agreements.

	Post Implementation of IFRS 16		Pre implementation of IFRS 16
	Low Value & Short Term	Other	
Payments recognised as an expense	2022-23	2022-23	2021-22
	£000	£000	£000
Minimum lease payments	760	2,153	3,101
Contingent rents	0	0	0
Sub-lease payments	0	0	0
Total	760	2,153	3,101
Total future minimum lease payments			
Payable	£000	£000	£000
Not later than one year	89	1,429	2,132
Between one and five years	152	1,509	4,459
After 5 years	0	0	1,577
Total	241	2,938	8,168

As a result of the implementation of IFRS 16 the current year operating lease figures relate to low value and short term leases only. Previously reported Expenditure £3.101m and Minimum lease Payments £2.637m transitioned to the balance sheet as right of use assets.

LHB as lessor

	Post Implementation of IFRS 16	Pre implementation of IFRS 16
		£000
Rental revenue		
Rent	292	436
Contingent rents	0	0
Total revenue rental	292	436
Total future minimum lease payments		
Receivable	£000	£000
Not later than one year	292	386
Between one and five years	1,461	2,251
After 5 years	561	0
Total	2,314	2,637

9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2021-22
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	409,199	2,735	34,679	12,378	0	8,549	467,540	436,997
Social security costs	42,942	0	0	1,467	0	745	45,154	40,670
Employer contributions to NHS Pension Scheme	71,160	0	0	1,492	0	0	72,652	66,946
Other pension costs	319	0	0	0	0	0	319	265
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
Total	523,620	2,735	34,679	15,337	0	9,294	585,665	544,878
Charged to capital						835	835	662
Charged to revenue						584,830	584,830	544,216
						585,665	585,665	544,878
Net movement in accrued employee benefits (untaken staff leave)						(11,969)	(11,969)	511

'Other' employee costs include the following:

- Medacs - Medical & Dental
- Medacs - Additional Healthcare Professionals
- Scheme Pay Payment Provision (PAACCS)

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2021-22
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,163	2	1	0	0	0	2,166	2,028
Medical and dental	638	2	2	218	0	29	889	808
Nursing, midwifery registered	2,960	2	456	0	0	0	3,418	3,141
Professional, Scientific, and technical staff	357	1	0	0	0	0	358	327
Additional Clinical Services	2,266	0	2	0	0	0	2,268	2,099
Allied Health Professions	685	0	0	0	0	21	706	679
Healthcare Scientists	194	1	0	0	0	0	195	196
Estates and Ancillary	836	0	9	0	0	0	845	891
Students	0	0	0	0	0	0	0	0
Total	10,099	8	470	218	0	50	10,845	10,169

9.3. Retirements due to ill-health

	2022-23	2021-22
Number	10	12
Estimated additional pension costs £	555,270	438,633

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

9.4 Employee benefits

The Health Board has no employee benefits.

9.5 Reporting of other compensation schemes - exit packages

	2022-23	2022-23	2022-23	2022-23	2021-22
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	1	1	0	1
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	1	1	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	2	2	0	1

	2022-23	2022-23	2022-23	2022-23	2021-22
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£	£	£	£	£
less than £10,000	0	1,295	1,295	0	2,500
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	49,338	49,338	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	50,633	50,633	0	2,500

Exit costs paid in year of departure	Total paid in year	Total paid in year
	2022-23	2021-22
	£	£
Exit costs paid in year	50,633	0
Total	50,633	0

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

9.6 Fair Pay disclosures

9.6.1 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce.

	2022-23 £000 Chief	2022-23 £000 Employee	2022-23 £000 Ratio	2021-22 £000 Chief	2021-22 £000 Employee	2021-22 £000 Ratio
Total pay and benefits	Executive	Employee	Ratio	Executive	Employee	Ratio
25th percentile pay ratio	208	23	9.04	203	20	10.15
Median pay	208	29	7.17	203	32	6.34
75th percentile pay ratio	208	43	4.84	203	39	5.21
Salary component of total pay and benefits						
25th percentile pay ratio	208	23	9.04	203	20	10.15
Median pay	208	29	7.17	203	32	6.34
75th percentile pay ratio	208	43	4.84	203	39	5.21

In 2022-23, 41 (2021-22, 29) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £20,758 to £367,923 (2021-22, £18,545 to £334,158).

The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

The Chief Executive is the highest paid Director.

Financial year summary

The median pay of the workforce has remained consistent year on year.

9.6.2 Percentage Changes

	2021-22 to 2022-23	2020-21 to 2021-22
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	2	2
Performance pay and bonuses	0	0
Average % Change from previous financial year in respect of employees taken as a whole		
Salary and allowances	0	1
Performance pay and bonuses	0	0

9.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

c) National Employment Savings Trust (NEST)

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It's a non-departmental public body (NDPB) that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,270 for the 2022-2023 tax year (2021-2022 £6,240 and £50,270).

Restrictions on the annual contribution limits were removed on 1st April 2017.

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

The Welsh Government requires that Health Boards pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the Health Board financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	2022-23	2022-23	2021-22	2021-22
	Number	£000	Number	£000
NHS				
Total bills paid	3,776	316,452	3,303	286,827
Total bills paid within target	3,610	315,273	3,162	283,597
Percentage of bills paid within target	95.6%	99.6%	95.7%	98.9%
Non-NHS				
Total bills paid	282,778	616,240	240,786	454,040
Total bills paid within target	270,188	603,658	229,189	438,209
Percentage of bills paid within target	95.5%	98.0%	95.2%	96.5%
Total				
Total bills paid	286,554	932,692	244,089	740,867
Total bills paid within target	273,798	918,931	232,351	721,806
Percentage of bills paid within target	95.5%	98.5%	95.2%	97.4%

10.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2022-23	2021-22
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost at 31 March bf	25,456	253,270	8,424	37,369	95,575	129	33,137	12,567	465,927
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	0	0	0	0	0	0	0	0
Cost or valuation at 1 April 2022	25,456	253,270	8,424	37,369	95,575	129	33,137	12,567	465,927
Indexation	(468)	6,269	391	0	0	0	0	0	6,192
Additions									
- purchased	0	3,198	0	23,551	3,289	136	1,735	1,223	33,132
- donated	0	0	0	0	445	0	6	25	476
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	582	0	0	0	582
Reclassifications	0	30,359	0	(30,405)	46	0	0	0	0
Revaluations	326	(5,242)	(186)	0	0	0	0	0	(5,102)
Reversal of impairments	8	(1,652)	0	0	0	0	0	0	(1,644)
Impairments	(493)	(22,139)	0	(2,649)	0	0	0	0	(25,281)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(5,383)	0	0	0	(5,383)
At 31 March 2023	24,829	264,063	8,629	27,866	94,554	265	34,878	13,815	468,899
Depreciation at 31 March bf	0	39,270	1,882	0	63,661	95	21,411	8,056	134,375
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	0	0	0	0	0	0	0	0
Depreciation at 1 April 2022	0	39,270	1,882	0	63,661	95	21,411	8,056	134,375
Indexation	0	(2)	2	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(24,794)	(1,878)	0	(181)	0	0	0	(26,853)
Reversal of impairments	0	(13,027)	0	0	0	0	0	0	(13,027)
Impairments	0	(1,925)	0	0	0	0	0	0	(1,925)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(5,187)	0	0	0	(5,187)
Provided during the year	0	9,689	458	0	7,577	7	3,827	1,442	23,000
At 31 March 2023	0	9,211	464	0	65,870	102	25,238	9,498	110,383
Net book value at 1 April 2022	25,456	214,000	6,542	37,369	31,914	34	11,726	4,511	331,552
Net book value at 31 March 2023	24,829	254,852	8,165	27,866	28,684	163	9,640	4,317	358,516
Net book value at 31 March 2023 comprises :									
Purchased	24,615	250,133	8,165	27,866	26,963	163	9,563	4,224	351,692
Donated	214	4,719	0	0	879	0	70	93	5,975
Government Granted	0	0	0	0	842	0	7	0	849
At 31 March 2023	24,829	254,852	8,165	27,866	28,684	163	9,640	4,317	358,516
Asset financing :									
Owned	24,829	254,852	8,165	27,866	28,684	163	9,640	4,317	358,516
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2023	24,829	254,852	8,165	27,866	28,684	163	9,640	4,317	358,516

The net book value of land, buildings and dwellings at 31 March 2023 comprises :

	£000
Freehold	284,900
Long Leasehold	2,946
Short Leasehold	0
	287,846

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

0

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1 April 2022. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards. LHBs are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

During 2022-23 there were some equipment transfers from the National Equipment Reserve & NHS Regional Leads network. The legal transfer of these did not take place during 2022/23 due to late notification of transfer. The total estimated value of these are £25,000.

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2021	24,952	236,937	7,944	12,430	82,428	93	29,495	12,001	406,280
Indexation	299	7,821	375	0	0	0	0	0	8,495
Additions									
- purchased	0	1,005	0	38,714	15,784	36	3,601	569	59,709
- donated	0	0	0	0	212	0	0	0	212
- government granted	0	0	0	27	821	0	0	0	848
Transfer from/into other NHS bodies	0	0	0	0	(456)	0	0	0	(456)
Reclassifications	0	13,656	105	(13,802)	0	0	41	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	205	2,608	0	0	0	0	0	0	2,813
Impairments	0	(8,757)	0	0	(541)	0	0	0	(9,298)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,673)	0	0	(3)	(2,676)
At 31 March 2022	25,456	253,270	8,424	37,369	95,575	129	33,137	12,567	465,927
Depreciation at 1 April 2021	0	29,489	1,443	0	60,437	93	17,491	6,679	115,632
Indexation	0	1,124	68	0	0	0	0	0	1,192
Transfer from/into other NHS bodies	0	0	0	0	(364)	0	0	0	(364)
Reclassifications	0	(2)	2	0	0	0	0	0	0
Revaluations	0	0	0	0	(72)	0	0	0	(72)
Reversal of impairments	0	(573)	0	0	0	0	0	0	(573)
Impairments	0	(386)	0	0	(90)	0	0	0	(476)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,601)	0	0	(3)	(2,604)
Provided during the year	0	9,618	369	0	6,351	2	3,920	1,380	21,640
At 31 March 2022	0	39,270	1,882	0	63,661	95	21,411	8,056	134,375
Net book value at 1 April 2021	24,952	207,448	6,501	12,430	21,991	0	12,004	5,322	290,648
Net book value at 31 March 2022	25,456	214,000	6,542	37,369	31,914	34	11,726	4,511	331,552
Net book value at 31 March 2022 comprises :									
Purchased	25,203	209,795	6,542	37,369	30,145	34	11,612	4,388	325,088
Donated	253	4,181	0	0	758	0	103	123	5,418
Government Granted	0	24	0	0	1,011	0	11	0	1,046
At 31 March 2022	25,456	214,000	6,542	37,369	31,914	34	11,726	4,511	331,552
Asset financing :									
Owned	25,456	214,000	6,542	37,369	31,914	34	11,726	4,511	331,552
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2022	25,456	214,000	6,542	37,369	31,914	34	11,726	4,511	331,552

The net book value of land, buildings and dwellings at 31 March 2022 comprises :

	£000
Freehold	329,869
Long Leasehold	1,683
Short Leasehold	0
	331,552

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account. 0

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1 April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition. LHBs are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

11. Property, plant and equipment (continued)**Disclosures:****i) Donated Assets**

Hywel Dda LHB has received the following donated assets during the year:

Hywel Dda General Fund Charity (1147683) Plant and Machinery	£470,291
Other Contributions	£5,944

Total Donated Assets	476,235
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ii) Valuations

The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1 April 2022. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards.

The LHB is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in operation.

iii) Asset Lives

Depreciated as follows:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 5-15 years.

iv) Compensation

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

v) Write Downs

There have been no write downs.

vi) The LHB does not hold any property where the value is materially different from its open market value.

vii) Assets Held for Sale or sold in the period.

There are not assets held for sale or sold in the period other than surplus Plant and Machinery.

viii) Reinforced Autoclaved Aerated Concrete (RAAC)

RAAC has been identified within the Health Board Estate. The detailed extent and condition of the NHS Wales organisations identified as having RAAC has yet to be completed. Thus to make an informed assessment to determine the remaining life assessment of the buildings further work is required. This work is being undertaken at present across all of the NHS Estate (which will hopefully be completed by late summer 2023) which will enable such an assessment to be made for the 23-24 financial year.

11. Property, plant and equipment**11.2 Non-current assets held for sale**

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2022	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2023	0	0	0	0	0	0
Balance brought forward 1 April 2021	196	196	0	0	0	392
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	8	0	0	0	0	8
Less assets sold in the year	(193)	(196)	0	0	0	(389)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	(11)	0	0	0	0	(11)
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2022	0	0	0	0	0	0

11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings below. Most are individually insignificant, however, one is significant in its own right: Equipment provided under the Managed Services Contract for Pathology - NBV at 31 March 2023 £1.605m.

	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
2022-23									
Cost or valuation at 31 March	0	0	0	0	0	0	0	0	0
Lease prepayments in relation to RoU Assets	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	0	0	0	0	0	0	0
Operating Leases Transitioning	182	7617	0	0	2048	288	496	0	10631
Cost or valuation at 1 April	182	7617	0	0	2048	288	496	0	10631
Additions	41	87	0	0	201	257	0	0	586
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
At 31 March	223	7704	0	0	2249	545	496	0	11217
Depreciation at 31 March	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	0	0	0	0	0	0	0
Operating Leases Transitioning	0	0	0	0	0	0	0	0	0
Depreciation at 1 April	0	0	0	0	0	0	0	0	0
Recognition	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
Provided during the year	11	1199	0	0	317	228	177	0	1932
At 31 March	11	1199	0	0	317	228	177	0	1932
Net book value at 1 April	182	7617	0	0	2048	288	496	0	10631
Net book value at 31 March	212	6505	0	0	1932	317	319	0	9285
RoU Asset Total Value Split by Lessor									
	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
NHS Wales Peppercorn Leases	0	4	0	0	0	0	0	0	4
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercorn Leases	177	0	0	0	0	0	0	0	177
Other Public Sector Market Value Leases	0	1792	0	0	0	0	0	0	1792
Private Sector Peppercorn Leases	0	0	0	0	0	0	0	0	0
Private Sector Market Value Leases	35	4709	0	0	1932	317	319	0	7312
Total	212	6505	0	0	1932	317	319	0	9285

11.3 Right of Use Assets continued

Quantitative disclosures

Maturity analysis

Contractual undiscounted cash flows relating to lease liabilities	£000
Less than 1 year	1,935
2-5 years	5,258
> 5 years	2,237
Total	9,430

Lease Liabilities (net of irrecoverable VAT)

	£000
Current	1,856
Non-Current	7,280
Total	9,136

Amounts Recognised in Statement of Comprehensive Net Expenditure

	£000
Depreciation	1,932
Impairment	0
Variable lease payments not included in lease liabilities - Interest expense	92
Sub-leasing income	0
Expense related to short-term leases	178
Expense related to low-value asset leases (excluding short-term leases)	583

Amounts Recognised in Statement of Cashflows (net of irrecoverable VAT)

	£000
Interest expense	92
Repayments of principal on leases	1,893
Total	1,985

12. Intangible non-current assets

2022-23

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2022	5,947	0	77	0	0	0	6,024
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	62	0	0	0	0	0	62
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2023	6,009	0	77	0	0	0	6,086
Amortisation at 1 April 2022	3,163	0	77	0	0	0	3,240
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	750	0	0	0	0	0	750
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2023	3,913	0	77	0	0	0	3,990
Net book value at 1 April 2022	2,784	0	0	0	0	0	2,784
Net book value at 31 March 2023	2,096	0	0	0	0	0	2,096
NBV at 31 March 2023							
Purchased	2,088	0	0	0	0	0	2,088
Donated	0	0	0	0	0	0	0
Government Granted	8	0	0	0	0	0	8
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2023	2,096	0	0	0	0	0	2,096

12. Intangible non-current assets 2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2021	4,040	0	77	0	0	0	4,117
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	1,895	0	0	0	0	0	1,895
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	12	0	0	0	0	0	12
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2022	5,947	0	77	0	0	0	6,024
Amortisation at 1 April 2021	2,691	0	77	0	0	0	2,768
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	472	0	0	0	0	0	472
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2022	3,163	0	77	0	0	0	3,240
Net book value at 1 April 2021	1,349	0	0	0	0	0	1,349
Net book value at 31 March 2022	2,784	0	0	0	0	0	2,784
NBV at 31 March 2022							
Purchased	2,774	0	0	0	0	0	2,774
Donated	0	0	0	0	0	0	0
Government Granted	10	0	0	0	0	0	10
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2022	2,784	0	0	0	0	0	2,784

Additional Disclosures re Intangible Assets

Computer Software & Licences are capitalised at their purchased price.

Computer Software & Licences are not indexed as IT assets and are not subject to indexation.

The assets are amortised monthly over their expected life.

The gross carrying amount of fully amortised intangible assets still in use as at 31 March 2023 was £2,489,883.

13 . Impairments

	2022-23 Property, plant & equipment £000	2022-23 Right of Use Assets £000	2022-23 Intangible assets £000	2021-22 Property, plant & equipment £000	2021-22 Right of Use Assets £000	2021-22 Intangible assets £000
Impairments arising from :						
Loss or damage from normal operations	0	0	0	0		0
Abandonment in the course of construction	0	0	0	0		0
Over specification of assets (Gold Plating)	0	0	0	0		0
Loss as a result of a catastrophe	0	0	0	0		0
Unforeseen obsolescence	0	0	0	0		0
Changes in market price	0	0	0	0		0
Others (specify)	24,176	0	0	8,834		0
Reversal of Impairments	(11,383)	0	0	(3,386)		0
Total of all impairments	12,793	0	0	5,448		0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditu	11,973	0	0	5,448		0
Charged to Revaluation Reserve	820	0	0	0		0
Total	12,793	0	0	5,448		0

Other includes:

5 yearly revaluation of estate	10,770
Revaluation of schemes on completion of major projects:	
Prince Philip Hospital Day Surgery Unit	11,970
Prince Philip Hospital CT Installation works	890
Withubush Hospital CT Insallation works	546
Total	24,176

14.1 Inventories

	31 March	31 March
	2023	2022
	£000	£000
Drugs	5,843	5,052
Consumables	5,442	5,014
Energy	257	333
Work in progress	0	0
Other	0	0
Total	11,542	10,399
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2023	2022
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

15. Trade and other Receivables

Current	31 March 2023 £000	31 March 2022 £000
Welsh Government	166	2,857
WHSSC / EASC	728	2,079
Welsh Health Boards	2,301	535
Welsh NHS Trusts	1,907	3,319
Welsh Special Health Authorities	653	266
Non - Welsh Trusts	39	40
Other NHS	829	327
2019-20 Scheme Pays - Welsh Government Reimbursement	604	923
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	29,662	28,672
NHS Wales Primary Sector FLS Reimbursement	182	4
NHS Wales Redress	1,268	1,390
Other	0	0
Local Authorities	1,469	2,135
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	12,618	6,886
Provision for irrecoverable debts	(930)	(1,077)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	5,692	4,929
Other accrued income	0	0
Sub total	57,188	53,285
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	77,539	68,904
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	77,539	68,904
Total	134,727	122,189

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired

	31 March 2023 £000	31 March 2022 £000
By up to three months	764	195
By three to six months	78	26
By more than six months	116	48
	<u>958</u>	<u>269</u>

Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 1 April	(1,077)	(967)
Transfer to other NHS Wales body	0	0
Amount written off during the year	80	0
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	67	(110)
Bad debts recovered during year	0	0
Balance at 31 March	<u>(930)</u>	<u>(1,077)</u>

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

Receivables VAT

Trade receivables	658	889
Other	0	0
Total	<u>658</u>	<u>889</u>

16. Other Financial Assets

	Current		Non-current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Right of Use Asset Finance Sublease	145		1,121	
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	145	0	1,121	0

17. Cash and cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	1,565	2,313
Net change in cash and cash equivalent balances	2,379	(748)
Balance at 31 March	3,944	1,565
Made up of:		
Cash held at GBS	3,680	1,385
Commercial banks	245	160
Cash in hand	19	20
Cash and cash equivalents as in Statement of Financial Position	3,944	1,565
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	3,944	1,565

The movement relates to cash, no comparative information is required by IAS 7 in 2022-23.

18. Trade and other payables

Current	31 March	31 March
	2023	2022
	£000	£000
Welsh Government	19	0
WHSSC / EASC	2,533	910
Welsh Health Boards	1,941	693
Welsh NHS Trusts	2,480	1,770
Welsh Special Health Authorities	58	94
Other NHS	9,268	8,950
Taxation and social security payable / refunds	6,530	4,692
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	6,850	5,817
Non-NHS payables - Revenue	30,547	27,040
Local Authorities	12,256	10,642
Capital payables- Tangible	14,030	19,467
Capital payables- Intangible	227	1,037
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	2,001	
Obligations under finance leases, HP contracts		0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	80,436	83,649
Deferred Income:		
Deferred Income brought forward	620	237
Deferred Income Additions	1,030	576
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(619)	(193)
Other creditors	16,420	9,999
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	186,627	175,380
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	8,401	
Obligations under finance leases, HP contracts		0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	8,401	0
Total	195,028	175,380

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.

The value below relates to all IFRS16 liabilities.

	£000
RoU Lease Liability Transitioning & Transferring	
RoU liability as at 31 March 2022	0
Transfer of Finance Leases from PPE Note	0
Operating Leases Transitioning	10,402
RoU Lease liability as at 1 April 2022	<u>10,402</u>

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March	31 March
	2023	2022
	£000	£000
Between one and two years	1,830	0
Between two and five years	3,860	0
In five years or more	2,711	0
Sub-total	<u>8,401</u>	<u>0</u>

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

20. Provisions

	At 1 April 2022	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	15,323	0	(10,126)	(527)	14,642	648	(11,004)	0	8,956
Primary care	0	0	0	0	161	0	0	0	161
Redress Secondary care	939	0	(10)	0	638	(105)	(449)	0	1,013
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,592	0	0	18	580	(686)	(739)	36	3,801
All other losses and special payments	0	0	0	0	468	(468)	0	0	0
Defence legal fees and other administration	811	0	0	103	1,009	(615)	(473)		835
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	11			0	11	(16)	0	0	6
2019-20 Scheme Pays - Reimbursement	18			2	0	(11)	0	0	9
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	706		(53)	0	248	(329)	(430)		142
Total	22,400	0	(10,189)	(404)	17,757	(1,582)	(13,095)	36	14,923

Non Current

Clinical negligence:-									
Secondary care	68,496	0	0	527	27,775	(10,872)	(8,938)	0	76,988
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	18	0	0	(18)	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	640	0	0	(103)	586	(282)	(65)		776
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	905			(2)	0	0	(308)	0	595
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	70,059	0	0	404	28,361	(11,154)	(9,311)	0	78,359

TOTAL

Clinical negligence:-									
Secondary care	83,819	0	(10,126)	0	42,417	(10,224)	(19,942)	0	85,944
Primary care	0	0	0	0	161	0	0	0	161
Redress Secondary care	939	0	(10)	0	638	(105)	(449)	0	1,013
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,610	0	0	0	580	(686)	(739)	36	3,801
All other losses and special payments	0	0	0	0	468	(468)	0	0	0
Defence legal fees and other administration	1,451	0	0	0	1,595	(897)	(538)		1,611
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	11			0	11	(16)	0	0	6
2019-20 Scheme Pays - Reimbursement	923			0	0	(11)	(308)	0	604
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	706		(53)	0	248	(329)	(430)		142
Total	92,459	0	(10,189)	0	46,118	(12,736)	(22,406)	36	93,282

Expected timing of cash flows:

	In year to 31 March 2024	Between 1 April 2024 and 31 March 2028	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	8,956	76,988	0	85,944
Primary care	161	0	0	161
Redress Secondary care	1,013	0	0	1,013
Redress Primary care	0	0	0	0
Personal injury	3,801	0	0	3,801
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	835	776	0	1,611
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	6	0	0	6
2019-20 Scheme Pays - Reimbursement	9	17	578	604
Restructuring	0	0	0	0
RoU Asset Dilapidations CAME	0	0	0	0
Other Capital Provisions	0	0	0	0
Other	142	0	0	142
Total	14,923	77,781	578	93,282

20. Provisions (continued)

	At 1 April 2021	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	11,051	0	375	4,916	18,819	(8,027)	(11,811)	0	15,323
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	893	0	41	0	597	(239)	(353)	0	939
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,894	0	77	0	263	(518)	(86)	(38)	4,592
All other losses and special payments	0	0	0	0	346	(342)	(4)	0	0
Defence legal fees and other administration	824	0	0	156	1,031	(692)	(508)		811
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	20			0	9	(18)	0	0	11
2019-20 Scheme Pays - Reimbursement	0			0	18	0	0	0	18
Restructuring	0			0	0	0	0	0	0
Other	3,434		(474)	0	580	(2,570)	(264)		706
Total	21,116	0	19	5,072	21,663	(12,406)	(13,026)	(38)	22,400
Non Current									
Clinical negligence:-									
Secondary care	58,702	0	0	(4,916)	15,429	(249)	(470)	0	68,496
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	18	0	0	0	18
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	679	0	0	(156)	368	(199)	(52)		640
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	905	0	0	0	905
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	59,381	0	0	(5,072)	16,720	(448)	(522)	0	70,059
TOTAL									
Clinical negligence:-									
Secondary care	69,753	0	375	0	34,248	(8,276)	(12,281)	0	83,819
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	893	0	41	0	597	(239)	(353)	0	939
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,894	0	77	0	281	(518)	(86)	(38)	4,610
All other losses and special payments	0	0	0	0	346	(342)	(4)	0	0
Defence legal fees and other administration	1,503	0	0	0	1,399	(891)	(560)		1,451
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	20			0	9	(18)	0	0	11
2019-20 Scheme Pays - Reimbursement	0			0	923	0	0	0	923
Restructuring	0			0	0	0	0	0	0
Other	3,434		(474)	0	580	(2,570)	(264)		706
Total	80,497	0	19	0	38,383	(12,854)	(13,548)	(38)	92,459

21. Contingencies**21.1 Contingent liabilities**

	2022-23	2021-22
	£'000	£'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	91,824	108,513
Primary care	1,175	155
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	1,817	2,112
Continuing Health Care costs	494	481
Other	0	0
Total value of disputed claims	95,310	111,261
Amounts (recovered) in the event of claims being successful	(92,479)	(107,945)
Net contingent liability	2,831	3,316

Contingent Liability - Reinforced Autoclaved Aerated Concrete (RAAC)

An issue has been identified with RAAC within the Health Board Estate and investigative work and surveys are ongoing to ascertain the extent and financial impact of any remedial work. Given the uncertainties surrounding the timing of the conclusion to the investigative work and its findings to be known, it is not possible to estimate the financial effect.

21.2 Remote Contingent liabilities	2022-23	2021-22
	£000	£000
Guarantees	0	0
Indemnities	1,147	1,427
Letters of Comfort	0	0
	<hr/>	<hr/>
Total	1,147	1,427

21.3 Contingent assets	2022-23	2021-22
	£000	£000
	0	0
	0	0
	0	0
	<hr/>	<hr/>
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March

The disclosure of future capital commitments not already disclosed as liabilities in the accounts.

	2022-23	2021-22
	£000	£000
Property, plant and equipment	11,663	14,182
Right of Use Assets	0	
Intangible assets	0	0
	<hr/>	<hr/>
Total	11,663	14,182

23. Losses and special payments

Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore, this note is prepared on a cash basis.

Gross loss to the Exchequer

Number of cases and associated amounts paid out during the financial year

	Amounts paid out during period to 31 March 2023	
	Number	£
Clinical negligence	63	10,223,664
Personal injury	29	686,221
All other losses and special payments	200	573,622
Total	292	11,483,507

Analysis of cases in excess of £300,000

	Case Type	In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
		Number	£	Number	£
Cases in excess of £300,000:					
12RYNMN0077	Clinical Negligence	0	0	1	9,354,500
17RYNMN0094	Clinical Negligence	1	46,831	1	3,916,459
12RYNMN0056	Clinical Negligence	0	0	1	3,003,661
15RYNMN0034	Clinical Negligence	1	1,190,000	1	2,262,345
16RYNMN0070	Clinical Negligence	0	0	1	1,930,000
13RYNMN0041	Clinical Negligence	1	720,000	1	1,870,000
17RYNMN0070	Clinical Negligence	1	1,600,125	1	1,856,189
18RYNMN0076	Clinical Negligence	1	1,810,000	1	1,810,000
17RYNMN0072	Clinical Negligence	1	900,000	1	925,000
16RYNMN0026	Clinical Negligence	1	55,000	1	830,000
21RYNMN0008	Clinical Negligence	0	0	1	795,000
06RR6MN0026	Clinical Negligence	0	0	1	665,465
19RYNMN0013	Clinical Negligence	1	556,000	1	556,000
14RYNMN0075	Clinical Negligence	1	130,000	1	480,000
18RYNMN0022	Clinical Negligence	0	0	1	415,585
16RYNMN0015	Clinical Negligence	0	0	1	400,000
18RYNPI0016	Clinical Negligence	0	0	1	390,856
20RYNPI0010	Clinical Negligence	1	377,000	1	377,000
17RYNMN0048	Clinical Negligence	1	76,000	1	346,000
18RYNMN0070	Personal Injury	1	316,000	1	330,000
11RYNMN0026	Personal Injury	0	0	1	311,499
18RYNMN0042	Clinical Negligence	1	70,000	1	310,000
15RYNPI0017	Clinical Negligence	1	24,143	1	307,280
Sub-total		14	7,871,099	23	33,442,839
All other cases		278	3,612,408	336	10,340,250
Total cases		292	11,483,507	359	43,783,089

24. Right of Use / Finance leases obligations**24.1 Obligations (as lessee)**

The Local Health Board has two finance leases payable as a lessee, following the implementation of IFRS 16.

Amounts payable under right of use asset / finance leases:	Post Implementation of IFRS 16 (RoU)	Pre implementatio n of IFRS 16 (FL)
Land	31 March 2023 £000	31 March 2022 £000
Minimum lease payments		
Within one year	9	0
Between one and five years	27	0
After five years	0	0
Less finance charges allocated to future periods	(1)	0
Minimum lease payments	<u>35</u>	<u>0</u>
Included in:		
Current borrowings	9	0
Non-current borrowings	<u>26</u>	<u>0</u>
	<u>35</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	9	0
Between one and five years	26	0
After five years	0	0
Present value of minimum lease payments	<u>35</u>	<u>0</u>
Included in:		
Current borrowings	9	0
Non-current borrowings	<u>26</u>	<u>0</u>
	<u>35</u>	<u>0</u>

24.1 Right of Use / Finance leases obligations

	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023	31 March 2022
	£000	£000
Buildings		
Minimum lease payments		
Within one year	1,393	0
Between one and five years	4,340	0
After five years	2,321	0
Less finance charges allocated to future periods	(270)	0
Minimum lease payments	7,784	0
Included in:		
Current borrowings	1,328	0
Non-current borrowings	6,455	0
	7,783	0
Present value of minimum lease payments		
Within one year	1,375	0
Between one and five years	4,195	0
After five years	2,139	0
Present value of minimum lease payments	7,709	0
Included in:		
Current borrowings	1,375	0
Non-current borrowings	6,334	0
	7,709	0
Other- Non property		
Minimum lease payments		
Within one year	689	0
Between one and five years	1,518	0
After five years	451	0
Less finance charges allocated to future periods	(74)	0
Minimum lease payments	2,584	0
Included in:		
Current borrowings	665	0
Non-current borrowings	1,919	0
	2,584	0
Present value of minimum lease payments		
Within one year	679	0
Between one and five years	1,461	0
After five years	421	0
Present value of minimum lease payments	2,561	0
Included in:		
Current borrowings	679	0
Non-current borrowings	1,882	0
	2,561	0

24.2 Right of Use Assets / Finance lease receivables (as lessor)

The Local Health Board has two finance leases receivable as a lessor.

Amounts receivable under right of use assets / finance leases:	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023	31 March 2022
	£000	£000
Gross Investment in leases		
Within one year	157	0
Between one and five years	626	0
After five years	535	0
Less finance charges allocated to future periods	(51)	0
Minimum lease payments	<u>1,267</u>	<u>0</u>
Included in:		
Current financial assets	145	0
Non-current financial assets	<u>1,121</u>	<u>0</u>
	<u>1,266</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	154	0
Between one and five years	603	0
After five years	497	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>1,254</u>	<u>0</u>
Included in:		
Current financial assets	154	0
Non-current financial assets	<u>1,100</u>	<u>0</u>
	<u>1,254</u>	<u>0</u>

25. Private Finance Initiative contracts - Hywel Dda UHB has no PFI contracts

25.1 PFI schemes off-Statement of Financial Position

The LHB has no PFI Schemes off-statement of financial position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2023 £000	31 March 2022 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	<u>0</u>	<u>0</u>

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11 £000
0

Contract start date:
Contract end date:

Total obligations for on-Statement of Financial Position PFI contracts due:

	On SoFP PFI Capital element 31 March 2023 £000	On SoFP PFI Imputed interest 31 March 2023 £000	On SoFP PFI Service charges 31 March 2023 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>	<u>0</u>

	On SoFP PFI Capital element 31 March 2022 £000	On SoFP PFI Imputed interest 31 March 2022 £000	On SoFP PFI Service charges 31 March 2022 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>	<u>0</u>

31/03/2023
£000

Total present value of obligations for on-SoFP PFI contracts 0

25.3 Charges to expenditure

	2022-23	2021-22
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	<u>0</u>	<u>0</u>
The total charged in the year to expenditure in respect of PFI contracts	<u>0</u>	<u>0</u>

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

The estimated annual payments in future years will vary from those which the LHB is committed to make during the next year by the impact of movement in the Retail Prices Index.

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	0	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

	On / Off- statement of financial position
PFI Contract	
Number of PFI contracts which individually have a total commitment > £500m	0

PFI Contract

25.5 The LHB has no Public Private Partnerships

26. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The LHB is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The LHB has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

Currency risk

The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

Interest rate risk

LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the LHB's funding derives from funds voted by the Welsh Government the LHB has low exposure to credit risk.

Liquidity risk

The LHB is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	2022-23	2021-22
	£000	£000
(Increase)/decrease in inventories	(1,143)	(1,370)
(Increase)/decrease in trade and other receivables - non-current	(9,756)	(9,880)
(Increase)/decrease in trade and other receivables - current	(4,048)	(11,078)
Increase/(decrease) in trade and other payables - non-current	8,401	(1,123)
Increase/(decrease) in trade and other payables - current	11,247	22,438
Total	4,701	(1,013)
Adjustment for accrual movements in fixed assets - creditors	(4,155)	(10,843)
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	(7)	(12)
	539	(11,868)

28. Other cash flow adjustments

	2022-23	2021-22
	£000	£000
Depreciation	23,000	21,640
Amortisation	750	472
(Gains)/Loss on Disposal	(17)	(28)
Impairments and reversals	11,973	5,447
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	(476)	(213)
Government Grant assets received credited to revenue but non-cash	0	(860)
Right of Use Grant (Peppercorn Lease) credited to revenue but non cash	0	0
Non-cash movements in provisions	18,147	24,816
Other movements	25,203	20,465
Total	78,580	71,739

29. Events after the Reporting Period

NHS Wales Recovery payment 2022-23

NHS Wales bodies were notified in a pay circular letter issued on 25 May 2023 by the Welsh Government, of the additional pay arrangements for employees covered by the Agenda for Change terms and conditions in Wales for 2022-23, which will be funded by the Welsh Government.

NHS Wales bodies will make a one off non-consolidated, prorated "recovery payment" for staff employed on the Agenda for Change terms and conditions (this includes most NHS staff including nursing staff but excludes medical staff).

30. Related Party Transactions

A number of the UHB's Board members have interests in related parties as follows:

Name	Details	Interests
Ann Murphy	Independent Member	Member of Royal College of Nursing (RCN)
Chantal Patel (started 1 August 2022)	Independent Member	Associate Professor, Swansea University
Gareth John (left 14 June 2022)	Independent Member	County Councillor, Carmarthenshire Member of Delta Wellbeing Governance Group, Carmarthen Town Council
Hazel Lloyd-Lubran	Associate Member, Chair, Stakeholder Reference Group	Ceredigion Association of Voluntary Organisations (CAVO)
Huw Thomas	Director of Finance	Partner working in Carmarthenshire County Council Honorary Professor in Aberystwyth University
John Gammon (left 31 July 2022)	Independent Member	Independent Member on Pembrokeshire College Board
Iwan Thomas	Independent Member	Independent Board Member on Pembrokeshire College Board (Chair) Chief Executive of PLANED
Judith Hardisty	Independent Member	Assessor for the Corporate Health Standard under auspices of A2 Consultancy who are instructed by Welsh Government
Lisa Gostling	Director of Workforce & OD	Independent Board Member on Pembrokeshire College Board
Maynard Davies	Independent Member	Member of the Information Governance Review Panel for the SAIL Databank run by Swansea University
Mohammed Nazemi	Associate Member, Chair Healthcare Professionals Forum	Director & Shareholder & Ownership in Magawell Ltd Shareholder & Ownership in Jamo Group Ltd Board member of Community Pharmacy Wales Close family member is a Director and shareholder in Jamo Group Ltd
Philip Kloer	Medical Director	Honorary Professor in Swansea University Trustee of the Faculty of Medical Leadership & Management (FMLM) and FMLM Wales Lead
Rhodri Evans (started 15 November 2022)	Independent Member	Ceredigion County Councillor
Steve Moore	Chief Executive	Honorary Professor in University of Wales Trinity St David
Winston Weir	Independent Member	Non-Executive Director - Birmingham & Solihull Mental Health Foundation NHS Trust

Total value of transactions with entities at which Board members and key senior staff have influential interests in 2022-23:

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Aberystwyth University	53		1	
Birmingham & Solihull MH NHS Trust	1	251		10
Carmarthenshire County Council	16,821	3,638	7,581	155
CAVO	83			
Ceredigion County Council	9,920	646	988	95
Community Pharmacy Wales	138			
Jamo Group Ltd	7			
Magawell Ltd	6,274			
Pembrokeshire College	86	43	0	
Pembrokeshire Local Action Network for Enterprise and Development LTD TA (PLANED)	5			
Royal College of Nursing	4			
RCN Welsh Board	6			
Swansea University	682	3,361	33	90
University of Wales Trinity St David	313	63	20	
	34,393	8,002	8,623	350

The Welsh Government is regarded as a related party. During the year the LHB has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely

Related Party	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	20	1,141,159	19	166
Aneurin Bevan University Health Board	327	1,250	12	273
Betsi Cadwaladr University Health Board	658	5,301	83	123
Cardiff & Vale University Health Board	7,551	664	657	125
Cwm Taf Morgannwg University Health Board	843	635	92	83
Digital Health & Care Wales (DHCW)	5,033	667	55	210
Powys Teaching Health Board	227	10,049	22	859
Public Health Wales NHS Trust	2,648	3,155	229	388
Swansea Bay University Health Board	41,551	4,706	1,051	838
Velindre NHS Trust	28,595	5,336	2,199	1,510
Welsh Ambulance Services Trust	1,745	96	37	9
Welsh Health Specialised Services Committee	121,557	3,079	2,533	728
Health Education & Improvement Wales (HEIW)	3	9,678	3	443
	210,758	1,185,775	6,992	5,755

31. Third Party assets

The LHB held £1,277,138 cash at bank and in hand at 31 March 2023 (31 March 2022, £1,391,087) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £960,305 at 31 March 2023 (31 March 2022, £1,017,369). This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

32. Pooled budgets

The Health Board has entered into a pooled budget with Carmarthenshire County Council on the 1 October 2009. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community joint equipment store. The pool is hosted by Carmarthenshire County Council and a memorandum note to the final accounts will provide details of the joint income and expenditure. The financial operation of the pool is governed by a pooled budget agreement between Carmarthenshire County Council and the Health Board. Payments for services provided by Carmarthenshire County Council in the sum of £408,940 are accounted for as expenditure in the accounts of the Health Board. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

The Health Board has entered into an agreement with Carmarthenshire County Council on the 3 March 2011 under section 33 of the NHS (Wales) Act 2006 for the provision of Carmarthenshire Community Health and Social Care services. The section 33 agreement itself will initially only provide the framework for taking forward future schedules and therefore references all community based health, social care (adults & children) and related housing and public protection services so that if any future developments are considered a separate agreement will not have to be prepared. There are currently no pooled budgets related to this agreement.

The Health Board has entered into a pooled budget with Ceredigion County Council on the 1 April 2009. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community joint equipment store. The pool is hosted by Ceredigion County Council and a memorandum note to the final accounts will provide details of the joint income and expenditure. The financial operation of the pool is governed by a pooled budget agreement between Ceredigion County Council and the Health Board. Payments for services provided by Ceredigion County Council in the sum of £399,000 are accounted for as expenditure in the accounts of the Health Board. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

The Health Board has entered into an agreement with Pembrokeshire County Council on the 31 March 2011 under section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community joint equipment store and from 1 October 2012 the agreement has operated as a pooled fund. The pool is hosted by Pembrokeshire County Council and a memorandum note to the final accounts will provide details of the joint income and expenditure. The financial operation of the pool is governed by a pooled budget agreement between Pembrokeshire County Council and the Health Board. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement and the sum of £304,081 has been accounted for as expenditure in the accounts of the Health Board.

33. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments.

The Health Board has no operating segments.

34. Other Information**34.1. 6.3% Staff Employer Pension Contributions - Notional Element**

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2022 to 31 March 2023. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2022 and February 2023 alongside Health Board data for March 2023.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

	2022-23
	£000
Statement of Comprehensive Net Expenditure for the year ended 31 March 2023	
Expenditure on Primary Healthcare Services	285
Expenditure on Hospital and Community Health Services	21,714
Statement of Changes in Taxpayers' Equity For the year ended 31 March 2023	
Net operating cost for the year	21,999
Notional Welsh Government Funding	21,999
Statement of Cash Flows for year ended 31 March 2023	
Net operating cost for the financial year	21,999
Other cash flow adjustments	21,999
2.1 Revenue Resource Performance	
Revenue Resource Allocation	21,999
3. Analysis of gross operating costs	
3.1 Expenditure on Primary Healthcare Services	
General Medical Services	224
3.3 Expenditure on Hospital and Community Health Services	
Directors' costs	224
Staff costs	21,320
Single Lead Employer staff trainee costs	455
9.1 Employee costs	
Permanent Staff	
Employer contributions to NHS Pension Scheme	21,999
Charged to capital	68
Charged to revenue	21,931
18. Trade and other payables	
Current	
Pensions: staff	0
28. Other cash flow adjustments	
Other movements	21,999

34. Other Information**34.2 Welsh Government Covid 19 Funding**

Details of Covid 19 Pandemic Welsh Government funding amounts provided to NHS Wales bodies:

	2022-23 £000	2021-22 £000
Capital		
Capital Funding Field Hospitals		0
Capital Funding Equipment & Works		23,065
Capital Funding other (Specify)		0
Welsh Government Covid 19 Capital Funding	0	23,065

2022-23 There was no Covid Recovery Capital Funding.

Revenue

Stability Funding	0	63,991
Covid Recovery	0	19,232
Cleaning Standards	0	1,435
PPE (including All Wales Equipment via NWSSP)	1,689	2,646
Testing / TTP- Testing & Sampling - Pay & Non Pay	1,108	2,132
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	2,917	6,740
Extended Flu Vaccination / Vaccination - Extended Flu Programme	943	837
Mass Covid-19 Vaccination / Vaccination - COVID-19	6,782	8,630
Annual Leave Accrual - Increase due to Covid		510
Urgent & Emergency Care	0	2,536
Private Providers Adult Care / Support for Adult Social Care Providers	6,946	2,001
Hospices	0	0
Other Mental Health / Mental Health		0
Other Primary Care		0
Social Care		1,583
Dental Patient charges	1,089	0
Nosocomial C19 Funding	492	0
Other	358	153
Welsh Government Covid 19 Revenue Funding	22,324	112,426

2021-22 Other category includes COVID Therapeutic Medicines (Treatment)
2022-23 Other category relates to C19 Long Covid 19

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2011 and subsequent financial years in respect of the Local Health Boards (LHB)¹, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year in which the accounts are being prepared, and has been applied by the Welsh Government and detailed in the NHS Wales LHB Manual for Accounts;

(b) any other specific guidance or disclosures required by the Welsh Government.

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive of the LHB.

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009.

Cyfrifon blynyddol 2022/23

Annual Accounts 2022/23

Adding value. Today. Tomorrow. Together.
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Content

- Performance against Financial Targets
- Key issues affecting Annual Accounts -
 - Change in Audit approach
 - IFRS 16
- Changes to the Accounts – from Draft to Audited
- Summary and next steps

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Note 2.1 (Page 26)

1. Revenue Resource Performance (Statutory)

From 1st April 2014, the Health Board is required to ensure that expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years.

Target Not achieved in 2022/23

The Health Board received £52.3m strategic non-repayable cash only support in 2022/23.

	Year 1 2020/21 £'000	Year 2 2021/22 £'000	Year 3 2022/23 £'000	Total £'000
Revenue Resource Funding	1,031,258	1,069,956	1,098,379	3,199,593
Total Operating Expenses	1,056,168	1,094,956	1,157,423	3,308,547
Under / (Over) spend against Allocation	(24,910)	(25,000)	(59,044)	(108,954)

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Note 2.2 (Page 26)

2. Capital Resource Performance (Statutory)

From 1st April 2014, the Health Board is required to ensure that expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years.

Target achieved in 2022/23

	Year 1 2020/21 £'000	Year 2 2021/22 £'000	Year 3 2022/23 £'000	Total £'000
Capital Resource Funding	34,451	61,113	33,653	129,217
Charge against Capital Allocation	34,391	61,051	33,584	129,026
Under / (Over) spend against Allocation	60	62	69	191

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Note 2.3 (Page 27)

3. Duty to prepare a 3 Year Plan (Statutory)

Hywel Dda UHB wrote to WG, that, unfortunately, we would not be in a position to submit a financially balanced IMTP by 31 March 2022. Instead, the Health Board submitted a draft Three-Year Plan 2022-2025, which we intended would set the foundations for an IMTP to be submitted in the summer.

Work was undertaken to review and develop the Plan however, the Health Board concluded that it would not be in a position to submit a balanced financial plan during 2022/23 and therefore the updated Plan remained an annual plan set in a three year context, rather than an IMTP. The updated plan was submitted to WG in July 2022.

WG wrote to the Health Board in September 2022 to advise: “The Minister has accepted the recommendation of Welsh Government officials that the escalation status of Hywel Dda University Health Board be raised to ‘targeted intervention’ for planning and finance but will remain at ‘enhanced monitoring’ for quality issues related to performance resulting in long waiting times and poor patient experience. The reason for increasing the escalation level to targeted intervention for finance and planning is because the health board has been unable to produce an approvable three-year IMTP, or a finalised annual plan and the growing financial deficit being noted”.

Target Not achieved in 2022/23

Note 2.4 (Page 27)

4. Creditor Payment

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

Target achieved in 2022/23

Non-NHS Invoices	2022/23	2021/22
Total number of Invoices Paid	282,778	240,786
Total number paid within Target	270,188	229,189
% of Invoices Paid within Target	95.5%	95.2%

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Changes
to draft
accounts
presented
11 May
2023

As outlined in ISA 260

- Note 15 and 18 Misclassifications amended
- Remuneration report and Note 30 Related Party Transactions
- Note 15 and 20 Welsh Risk Pool ‘transferred out’ amended
- Note 23 disclosure corrected

- Note 29 NHS Wales Recovery Payment 2022/23 – agreed by WG/AW that this was a non-adjusting post balance sheet event as the arrangements were not confirmed until after year end

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	Final £'000	Change	Draft £'000
Property, plant and equipment	358,516		358,516
Right of Use Assets	9,285		9,285
Intangible assets	2,096		2,096
Trade and other receivables	77,539	(4,588)	82,127
Other financial assets	1,121		1,121
Total non-current assets	448,557		453,145
Inventories	11,542		11,542
Trade and other receivables	57,188	7,485	49,703
Other financial assets	145		145
Cash and cash equivalents	3,944		3,944
Total current assets	72,819		65,334
Total assets	521,376		518,479
Trade and other payables	(186,627)	(7,485)	(179,142)
Provisions	(14,923)		(14,923)
Total current liabilities	(201,550)		(194,065)
Net current assets/(liabilities)	(128,731)		(128,731)
Trade and other payables	(8,401)		(8,401)
Provisions	(78,359)	4,588	(82,947)
Total non-current liabilities	(86,760)		(91,348)

Trade and other receivables/Provisions

Income from WRP and Provisions reduced by **£4,588k** due to transfer out to the Welsh Risk Pool not notified to UHB prior to year end

Trade and other receivables/Trade and other payables

Receivables increased by/Payables decreased by **£7,485k** due to reclassification of payments on account

All other classification changes within the same balance sheet category

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Note 15	2022/23 £'000	Draft £'000
Local Authorities	1,469	430
Other debtors	12,618	6,126
Other prepayments	5,692	5,738
All other current	37,409	37,409
Non current - Welsh Risk Pool	77,539	82,127
Total	134,727	131,830

Note 18	2022/23 £'000	Draft £'000
Non-NHS payables	30,547	27,595
Non-NHS accruals	80,436	75,903
All other	84,045	84,045
Total	195,028	187,543

Note 20	2022/23 £'000	Draft £'000
Clinical Negligence: Secondary Care	85,944	90,532
All other	7,338	7,338
Total	93,282	97,870

Correction of misclassification of Other Debtors £993k and Other Prepayments £46k to Local Authorities

Correction of misclassification of Non NHS Accruals £7,485k to Other Debtors

Reduction in income £4,588k to offset reduction in provision due to transfer to WRP not notified prior to year end

Correction of misclassification of CHC Non-NHS accruals £2,952k to Non NHS payables

Next Steps

- Audit and Risk Assurance Committee is asked to approve the ISA260 and Audited Accounts
- Final Accounts to be to the Board on 27 July 2023
- Auditor General proposed sign off 28 July 2023
- Final Accounts to WG by 31 July 2023