



PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	05 May 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Draft Annual Accounts 2021/22
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 Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

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

The draft Accounts were submitted to Welsh Government on 29th April 2022.

The Accounts are now being scrutinised by Audit Wales and the Final Accounts will be presented to ARAC on 9th June 2022 in readiness to send to Welsh Government by 15th June 2022.

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 Draft Annual Accounts is enclosed for discussion along with an accompanying presentation.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to discuss the draft annual accounts for 2021/22.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	Financial Reporting 3.27 The Committee shall review the Annual Accounts and Financial Statements before submission to the Board, focusing particularly on: 3.27.1 the ISA 260 report to those charged with governance 3.27.2 changes in, and compliance with, accounting policies and practices 3.27.3 unadjusted mis-statements in the financial statements 3.27.4 major judgemental areas 3.27.5 significant adjustments resulting from the audit 3.27.6 other financial considerations include review of the Schedule of Losses and Compensation.
Cyfeirnod Cofrestr Risg Risk Register Reference:	1199
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	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 Termiau: *Glossary of Terms:	AP-Accounts Payable AR –Accounts Receivable CF –Counter Fraud COS-Contracted Out Service VAT ECN- Error Correction Notice EOY – End Of Year

	ERs NI-Employers National Insurance HMRC-Her Majesty's Revenue and Customs NWSSP-NHS Wales Shared Services Partnership NIC-National Insurance Contribution PID –Patient identifiable data PO –Purchase Order PSPP-Public Sector Payment Policy RTI-Real Time Information(transmitted to HMRC from the Payroll system) STA-Single Tender Action VAT-Value Added Tax
Partïon / 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

HYWEL DDA UNIVERSITY LOCAL 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 2020-21. 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 2022

	Note	2021-22 £000	2020-21 £000
Expenditure on Primary Healthcare Services	3.1	204,194	199,452
Expenditure on healthcare from other providers	3.2	250,710	252,310
Expenditure on Hospital and Community Health Services	3.3	708,942	665,902
		1,163,846	1,117,664
Less: Miscellaneous Income	4	(70,370)	(63,335)
LHB net operating costs before interest and other gains and losses		1,093,476	1,054,329
Investment Revenue	5	0	0
Other (Gains) / Losses	6	(28)	(20)
Finance costs	7	(39)	(30)
Net operating costs for the financial year		1,093,409	1,054,279

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

	2021-22	2020-21
	£000	£000
Net (gain) / loss on revaluation of property, plant and equipment	(7,383)	(3,020)
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	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(7,383)	(3,020)
Total comprehensive net expenditure for the year	1,086,026	1,051,259

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

Statement of Financial Position as at 31 March 2022

		31 March 2022 £000	31 March 2021 £000
	Notes		
Non-current assets			
Property, plant and equipment	11	331,552	290,648
Intangible assets	12	2,784	1,349
Trade and other receivables	15	68,904	59,024
Other financial assets	16	0	0
Total non-current assets		403,240	351,021
Current assets			
Inventories	14	10,399	9,029
Trade and other receivables	15	53,285	42,207
Other financial assets	16	0	0
Cash and cash equivalents	17	1,565	2,313
		65,249	53,549
Non-current assets classified as "Held for Sale"	11	0	392
Total current assets		65,249	53,941
Total assets		468,489	404,962
Current liabilities			
Trade and other payables	18	(174,551)	(152,942)
Other financial liabilities	19	0	0
Provisions	20	(22,400)	(21,116)
Total current liabilities		(196,951)	(174,058)
Net current assets/ (liabilities)		(131,702)	(120,117)
Non-current liabilities			
Trade and other payables	18	(829)	(1,123)
Other financial liabilities	19	0	0
Provisions	20	(70,059)	(59,381)
Total non-current liabilities		(70,888)	(60,504)
Total assets employed		200,650	170,400
Financed by :			
Taxpayers' equity			
General Fund		168,450	140,985
Revaluation reserve		32,200	29,415
Total taxpayers' equity		200,650	170,400

The financial statements on pages 2 to 7 were approved by the Board on 9th June 2022 and signed on its behalf by:

Chief Executive and Accountable Officer Date: 9th June 2022

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 as at 31 March 2021	140,985	29,415	170,400
Adjustment	0	0	0
Balance at 1 April 2021	140,985	29,415	170,400
Net operating cost for the year	(1,093,409)		(1,093,409)
Net gain/(loss) on revaluation of property, plant and equipment	0	7,383	7,383
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		1,095,811
Notional Welsh Government Funding	20,465		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 Changes in Taxpayers' Equity

For the year ended 31 March 2021

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2020-21			
Balance at 1 April 2020	173,027	28,055	201,082
Net operating cost for the year	(1,054,279)		(1,054,279)
Net gain/(loss) on revaluation of property, plant and equipment	0	3,020	3,020
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	10	10
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	1,670	(1,670)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2020-21	(1,052,609)	1,360	(1,051,249)
Net Welsh Government funding	1,001,297		1,001,297
Notional Welsh Government Funding	19,270		19,270
Balance at 31 March 2021	140,985	29,415	170,400

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

Statement of Cash Flows for year ended 31 March 2022

		2021-22	2020-21
		£000	£000
Cash Flows from operating activities	Notes		
Net operating cost for the financial year		(1,093,409)	(1,054,279)
Movements in Working Capital	27	(11,868)	62,450
Other cash flow adjustments	28	71,739	41,945
Provisions utilised	20	(12,854)	(17,690)
Net cash outflow from operating activities		(1,046,392)	(967,574)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(50,669)	(33,949)
Proceeds from disposal of property, plant and equipment		581	475
Purchase of intangible assets		(1,152)	(228)
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
Net cash inflow/(outflow) from investing activities		(51,240)	(33,702)
Net cash inflow/(outflow) before financing		(1,097,632)	(1,001,276)
Cash Flows from financing activities			
Welsh Government funding (including capital)		1,095,811	1,001,297
Capital receipts surrendered		0	0
Capital grants received		1,073	638
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		0	0
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		1,096,884	1,001,935
Net increase/(decrease) in cash and cash equivalents		(748)	659
Cash and cash equivalents (and bank overdrafts) at 1 April 2021		2,313	1,654
Cash and cash equivalents (and bank overdrafts) at 31 March 2022		1,565	2,313

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 2021-22 Manual for Accounts. The accounting policies contained in that manual follow the 2021-22 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; 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 FReM. 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 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 2017-18 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.

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

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

1.11.1. The NHS Wales organisation as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the SoCNE.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

1.11.2. The NHS Wales organisation as lessor

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

Rental income from operating leases is recognised on a straight-line 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 on a straight-line basis over the lease term.

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 2020-21 and 2019-20. The WRP is hosted by Velindre NHS 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	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.

1.25 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

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The NHS Wales organisation therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

1.26.1. Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.26.2. PFI asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the NHS Wales organisation's approach for each relevant class of asset in accordance with the principles of IAS 16.

1.26.2. PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the SoCNE.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the SoCNE.

1.26.3. Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Wales organisation's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.26.4. Assets contributed by the NHS Wales organisation to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Wales organisation's SoFP.

1.26.5. Other assets contributed by the NHS Wales organisation to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS Wales organisation to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS Wales organisation, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the NHS Wales organisation through the asset being made available to third party users.

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

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

Where transfer of function is between LHBs the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

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 16 Leases is to be effective from 1st April 2022.

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 2021-22 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 NHS Wales

organisation 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 NHS Wales organisation 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			
	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Net operating costs for the year	928,650	1,054,279	1,093,409	3,076,338
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,400	1,889	1,547	4,836
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	930,050	1,056,168	1,094,956	3,081,174
Revenue Resource Allocation	895,107	1,031,258	1,069,956	2,996,321
Under /(over) spend against Allocation	(34,943)	(24,910)	(25,000)	(84,853)

Hywel Dda University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2019-20 to 2021-22.

The Health Board received £16m strategic cash only support in 2021-22.

This cash only support is provided to assist the health board with payments to staff and suppliers, there is no requirement to repay this strategic cash assistance.

2.2 Capital Resource Performance

	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Gross capital expenditure	41,686	35,483	62,677	139,846
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(323)	(455)	(553)	(1,331)
Less capital grants received	0	0	0	0
Less donations received	(1,099)	(637)	(1,073)	(2,809)
Charge against Capital Resource Allocation	40,264	34,391	61,051	135,706
Capital Resource Allocation	40,295	34,451	61,113	135,859
(Over) / Underspend against Capital Resource Allocation	31	60	62	153

Hywel Dda University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2019-20 to 2021-22.

2.3 Duty to prepare a 3 year integrated plan

Due to the pandemic, the process for the 2020-23 integrated plan was paused, in spring 2020 temporary planning arrangements were implemented.

As a result the extant planning duty for 2021-22 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22.

The Hywel Dda University Health Board did not submit a 2019-22 integrated plan in accordance with the planning framework.

The LHB **has not** therefore met its statutory duty to have an approved financial plan.

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:

	2021-22	2020-21
Total number of non-NHS bills paid	240,786	201,912
Total number of non-NHS bills paid within target	229,189	192,345
Percentage of non-NHS bills paid within target	95.2%	95.3%

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	2021-22 Total £000	2020-21 Total £000
General Medical Services	75,641		75,641	74,179
Pharmaceutical Services	20,401	(6,109)	14,292	14,610
General Dental Services	21,738		21,738	19,578
General Ophthalmic Services	1,216	4,562	5,778	5,462
Other Primary Health Care expenditure	6,449		6,449	5,644
Prescribed drugs and appliances	80,296		80,296	79,979
Total	205,741	(1,547)	204,194	199,452

Staff Costs of £12.8m paid by the Health Board are included in General Medical Services

3.2 Expenditure on healthcare from other providers

	2021-22 £000	2020-21 £000
Goods and services from other NHS Wales Health Boards	44,776	41,765
Goods and services from other NHS Wales Trusts	9,497	13,560
Goods and services from Welsh Special Health Authorities	2,363	0
Goods and services from other non Welsh NHS bodies	1,712	2,193
Goods and services from WHSSC / EASC	109,290	102,617
Local Authorities	19,655	31,529
Voluntary organisations	2,735	3,393
NHS Funded Nursing Care	2,888	2,799
Continuing Care	48,638	49,440
Private providers	9,131	4,870
Specific projects funded by the Welsh Government	0	0
Other	25	144
Total	250,710	252,310

3.3 Expenditure on Hospital and Community Health Services

	2021-22 £000	2020-21 £000
Directors' costs	2,392	2,294
Operational Staff costs	520,279	496,799
Single lead employer Staff Trainee Cost	9,672	4,209
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	91,393	76,804
Supplies and services - general	10,363	7,708
Consultancy Services	1,741	1,838
Establishment	15,783	8,819
Transport	1,357	1,642
Premises	23,657	35,259
External Contractors	1,885	676
Depreciation	21,640	19,184
Amortisation	472	457
Fixed asset impairments and reversals (Property, plant & equipment)	5,436	6,970
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	11	0
Audit fees	360	371
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,617	1,649
Research and Development	0	0
Other operating expenses	884	1,223
Total	708,942	665,902

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

	2021-22 £000	2020-21 £000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	21,967	(5,209)
Primary care	0	0
Redress Secondary Care	244	103
Redress Primary Care	0	0
Personal injury	195	2,399
All other losses and special payments	342	342
Defence legal fees and other administrative costs	839	522
Gross increase/(decrease) in provision for future payments	23,587	(1,843)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	109	(62)
Less: income received/due from Welsh Risk Pool	(22,079)	3,554
Total	1,617	1,649

	2021-22 £	2020-21 £
Permanent injury included within personal injury £:	75,652	213,187

4. Miscellaneous Income

	2021-22 £000	2020-21 £000
Local Health Boards	20,680	19,673
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	2,697	2,459
NHS Wales trusts	8,732	6,790
Welsh Special Health Authorities	3,670	2,588
Foundation Trusts	0	0
Other NHS England bodies	3,737	2,210
Other NHS Bodies	0	0
Local authorities	7,815	6,515
Welsh Government	3,680	5,539
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	3	4
Dental fee income	1,734	1,077
Private patient income	20	5
Overseas patients (non-reciprocal)	169	29
Injury Costs Recovery (ICR) Scheme	623	784
Other income from activities	614	463
Patient transport services	0	0
Education, training and research	7,633	7,035
Charitable and other contributions to expenditure	998	819
Receipt of NWSSP Covid centrally purchased assets	0	3,189
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	213	348
Receipt of Government granted assets	860	364
Non-patient care income generation schemes	448	348
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	193	48
Contingent rental income from finance leases	0	0
Rental income from operating leases	514	39
Other income:		
Provision of laundry, pathology, payroll services	147	108
Accommodation and catering charges	1,343	1,112
Mortuary fees	180	178
Staff payments for use of cars	217	235
Business Unit	0	0
Scheme Pays Reimbursement Notional	923	0
Other	2,527	1,376
Total	70,370	63,335

Other income Includes;

Creche Fees	178	143
Design Fees Recharge	411	341
Drugs Rebate	612	0
Contribution from Ty Bryngwyn Hospice	207	0
Werndale Recharge of CSSD packs	137	195
Total	1,545	679

Injury Cost Recovery (ICR) Scheme income

	2021-22 %	2020-21 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.76	22.00

Welsh Government Covid-19 allocation is not included above and is detailed in Note 34.2.

5. Investment Revenue

	2021-22 £000	2020-21 £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

	2021-22 £000	2020-21 £000
Gain/(loss) on disposal of property, plant and equipment	28	20
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	28	20

7. Finance costs

	2021-22 £000	2020-21 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	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	0	0
Provisions unwinding of discount	(39)	(30)
Other finance costs	0	0
Total	(39)	(30)

8. Operating leases

LHB as lessee

As at 31st March 2022 the LHB had 36 operating lease agreements in place for the leases of premises, 220 arrangements in respect of equipment and 240 in respect of vehicles, with 5 premises, 63 equipment and 68 vehicle leases having expired in year.

Payments recognised as an expense	2021-22	2020-21
	£000	£000
Minimum lease payments	3,101	9,656
Contingent rents	0	0
Sub-lease payments	0	0
Total	3,101	9,656

Total future minimum lease payments

Payable	£000	£000
Not later than one year	2,132	1,326
Between one and five years	4,459	2,584
After 5 years	1,577	2,288
Total	8,168	6,198

LHB as lessor

Rental revenue	£000	£000
Rent	436	162
Contingent rents	0	0
Total revenue rental	436	162

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	386	426
Between one and five years	2,251	1,501
After 5 years	0	1,280
Total	2,637	3,207

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	2020-21
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	392,057	3,812	25,479	7,789	0	7,860	436,997	414,805
Social security costs	39,044	0	0	867	0	759	40,670	35,434
Employer contributions to NHS Pension Scheme	65,913	0	0	1,016	0	17	66,946	62,927
Other pension costs	265	0	0	0	0	0	265	199
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
Total	497,279	3,812	25,479	9,672	0	8,636	544,878	513,365

Charged to capital	662	97
Charged to revenue	544,216	513,268
	544,878	513,365

Net movement in accrued employee benefits (untaken staff leave total accrual included in note above)

The net movement in accrued employee benefits footnote above includes Covid 19 Net movement in accrued employee benefits

Please give detail of staff under "Other"

Staffflow and Medacs costs
Scheme Pays Payment Provision

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2020-21
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,978	49	1	0	0	0	2,028	1,883
Medical and dental	607	11	3	152	0	35	808	764
Nursing, midwifery registered	2,803	4	334	0	0	0	3,141	2,994
Professional, Scientific, and technical staff	327	0	0	0	0	0	327	339
Additional Clinical Services	2,098	0	1	0	0	0	2,099	2,067
Allied Health Professions	650	0	0	0	0	29	679	614
Healthcare Scientists	196	0	0	0	0	0	196	180
Estates and Ancillary	877	0	14	0	0	0	891	953
Students	0	0	0	0	0	0	0	1
Total	9,536	64	353	152	0	64	10,169	9,795

9.3. Retirements due to ill-health

	2021-22	2020-21
Number	12	12
Estimated additional pension costs £	438,633	246,309

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 LHB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

	2021-22	2021-22	2021-22	2021-22	2020-21
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	1	1
£10,000 to £25,000	0	0	0	0	2
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	1
£150,000 to £200,000	0	0	0	0	1
more than £200,000	0	0	0	0	0
Total	0	1	1	1	5

	2021-22	2021-22	2021-22	2021-22	2020-21
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	2,500	2,500	2,500	1,000
£10,000 to £25,000	0	0	0	0	45,287
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	143,529
£150,000 to £200,000	0	0	0	0	167,471
more than £200,000	0	0	0	0	0
Total	0	2,500	2,500	2,500	357,287

Exit costs paid in year of departure	Total paid in year	Total paid in year
	2021-22	2020-21
	£	£
Exit costs paid in year	0	312,000
Total	0	312,000

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. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required.

	2021-22 £000 Chief Executive	2021-22 £000 Employee	2021-22 £000 Ratio	2020-21 £000 Chief Executive	2020-21 £000 Employee	2020-21 £000 Ratio
Total pay and benefits						
25th percentile pay ratio	203	24	8.46	198	23	8.61
Median pay	203	34	5.97	198	34	5.82
75th percentile pay ratio	203	48	4.23	198	38	5.21
Salary component of total pay and benefits						
25th percentile pay ratio	203	24	8.46	198	23	8.61
Median pay	203	34	5.97	198	34	5.82
75th percentile pay ratio	203	48	4.23	198	38	5.21

In 2021-22, 29 (2020-21, 24) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £22,439 to £334,158 (2020-21, £21,879 to £318,973).

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

	2020-21 to 2021-22 %	2019-20 to 2020-21 %
% 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 takes as a whole		
Salary and allowances	(5)	7
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 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 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 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see [Amending Directions 2021](#)) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

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 £50,000 for the 2021-2022 tax year (2020-2021 £6,240 and £50,000).

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.

	2021-22 Number	2021-22 £000	2020-21 Number	2020-21 £000
NHS				
Total bills paid	3,303	286,827	3,795	273,347
Total bills paid within target	3,162	283,597	3,402	265,111
Percentage of bills paid within target	95.7%	98.9%	89.6%	97.0%
Non-NHS				
Total bills paid	240,786	454,040	201,912	504,230
Total bills paid within target	229,189	438,209	192,345	486,363
Percentage of bills paid within target	95.2%	96.5%	95.3%	96.5%
Total				
Total bills paid	244,089	740,867	205,707	777,577
Total bills paid within target	232,351	721,806	195,747	751,474
Percentage of bills paid within target	95.2%	97.4%	95.2%	96.6%

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

	2021-22 £	2020-21 £
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 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 :									
Freehold									£000
Long Leasehold									329,869
Short Leasehold									1,683
									0
									331,552

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards. LHB s 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.

11.1 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 2020	25,456	219,844	7,719	20,459	72,551	93	24,457	7,913	378,492
Indexation	(299)	3,475	225	0	0	0	0	0	3,401
Additions									
- purchased	0	4,462	0	8,756	11,528	0	5,665	4,090	34,501
- donated	0	0	0	0	310	0	25	12	347
- government granted	0	0	0	0	290	0	0	0	290
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	16,691	0	(16,785)	0	0	94	0	0
Revaluations	0	0	0	0	5	0	0	0	5
Reversal of impairments	0	2,927	0	0	0	0	0	0	2,927
Impairments	(205)	(10,462)	0	0	0	0	0	0	(10,667)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,256)	0	(746)	(14)	(3,016)
At 31 March 2021	24,952	236,937	7,944	12,430	82,428	93	29,495	12,001	406,280
Depreciation at 1 April 2020	0	20,919	1,053	0	57,295	93	14,940	5,543	99,843
Indexation	0	356	30	0	0	0	0	0	386
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	253	0	0	0	0	0	0	253
Impairments	0	(1,023)	0	0	0	0	0	0	(1,023)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,251)	0	(746)	(14)	(3,011)
Provided during the year	0	8,984	360	0	5,393	0	3,297	1,150	19,184
At 31 March 2021	0	29,489	1,443	0	60,437	93	17,491	6,679	115,632
Net book value at 1 April 2020	25,456	198,925	6,666	20,459	15,256	0	9,517	2,370	278,649
Net book value at 31 March 2021	24,952	207,448	6,501	12,430	21,991	0	12,004	5,322	290,648
Net book value at 31 March 2021 comprises :									
Purchased	24,705	203,267	6,501	12,430	20,844	0	11,833	5,119	284,699
Donated	247	4,181	0	0	863	0	153	203	5,647
Government Granted	0	0	0	0	284	0	18	0	302
At 31 March 2021	24,952	207,448	6,501	12,430	21,991	0	12,004	5,322	290,648
Asset financing :									
Owned	24,952	207,448	6,501	12,430	21,991	0	12,004	5,322	290,648
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 2021	24,952	207,448	6,501	12,430	21,991	0	12,004	5,322	290,648
The net book value of land, buildings and dwellings at 31 March 2021 comprises :									
Freehold									£000
Long Leasehold									237,210
Short Leasehold									1,692
									0
									238,902

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards. LHB s 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**

The LHB has received the following donated assets during the year :

Hywel Dda General Fund Charity (1147683) Plant and Machinery	£205,005
UK Government Department of Health & Social Care Granted Assets	£821,387
Other Contributions	£34,323
Total Donated Assets	£1,060,715

ii) Valuations

The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. 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.

Cardigan Health Centre and Neyland Health Centre were previously held for sale and have been sold in the period.

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 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
Balance brought forward 1 April 2020	636	196	0	0	0	832
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	10	0	0	0	0	10
Less assets sold in the year	(450)	0	0	0	0	(450)
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 2021	196	196	0	0	0	392

12. Intangible non-current assets

2021-22

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

12. Intangible non-current assets

2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	3,695	0	77	0	0	3,772
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Additions- purchased	345	0	0	0	0	345
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Gross cost at 31 March 2021	4,040	0	77	0	0	4,117
Amortisation at 1 April 2020	2,234	0	77	0	0	2,311
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Provided during the year	457	0	0	0	0	457
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Amortisation at 31 March 2021	2,691	0	77	0	0	2,768
Net book value at 1 April 2020	1,461	0	0	0	0	1,461
Net book value at 31 March 2021	1,349	0	0	0	0	1,349
At 31 March 2021						
Purchased	1,349	0	0	0	0	1,349
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0
Total at 31 March 2021	1,349	0	0	0	0	1,349

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 31st March 2022 was £2,261,382.

13 . Impairments

	2021-22	2021-22	2020-21	2020-21
	Property, plant	Intangible	Property, plant	Intangible
	& equipment	assets	& equipment	assets
	£000	£000	£000	£000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	8,834	0	9,440	0
Reversal of Impairments	(3,386)	0	(2,470)	0
Total of all impairments	5,448	0	6,970	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	5,448	0	6,970	0
Charged to Revaluation Reserve	0	0	0	0
	5,448	0	6,970	0

14.1 Inventories

	31 March 2022 £000	31 March 2021 £000
Drugs	5,052	4,008
Consumables	5,014	4,853
Energy	333	168
Work in progress	0	0
Other	0	0
Total	10,399	9,029
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2022 £000	31 March 2021 £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 2022 £000	31 March 2021 £000
Welsh Government	2,857	4,653
WHSSC / EASC	2,079	585
Welsh Health Boards	535	577
Welsh NHS Trusts	3,319	2,076
Welsh Special Health Authorities	266	277
Non - Welsh Trusts	40	10
Other NHS	327	308
2019-20 Scheme Pays - Welsh Government Reimbursement	923	0
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	28,672	25,233
NHS Wales Primary Sector FLS Reimbursement	4	0
NHS Wales Redress	1,390	1,347
Other	0	0
Local Authorities	2,135	1,050
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	6,886	4,163
Provision for irrecoverable debts	(1,077)	(967)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	4,929	2,895
Other accrued income	0	0
Sub total	53,285	42,207
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	68,904	59,024
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	68,904	59,024
Total	122,189	101,231

15. Trade and other Receivables (continued)**Receivables past their due date but not impaired**

	31 March 2022 £000	31 March 2021 £000
By up to three months	195	197
By three to six months	26	13
By more than six months	48	35
	269	245

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

Balance at 1 April	(967)	(1,171)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(110)	204
Bad debts recovered during year	0	0
Balance at 31 March	(1,077)	(967)

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	889	(90)
Other	0	0
Total	889	(90)

16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£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)				
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	0	0	0	0

17. Cash and cash equivalents

	2021-22	2020-21
	£000	£000
Balance at 1 April	2,313	1,654
Net change in cash and cash equivalent balances	(748)	659
Balance at 31 March	1,565	2,313
Made up of:		
Cash held at GBS	1,385	1,902
Commercial banks	160	384
Cash in hand	20	27
Cash and cash equivalents as in Statement of Financial Position	1,565	2,313
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	1,565	2,313

The movement relates to cash, no comparative information is required by IAS 7 in 2021-22.

18. Trade and other payables

Current	31 March 2022 £000	31 March 2021 £000
Welsh Government	0	0
WHSSC / EASC	910	1,007
Welsh Health Boards	693	1,766
Welsh NHS Trusts	1,770	918
Welsh Special Health Authorities	94	0
Other NHS	8,950	9,009
Taxation and social security payable / refunds	4,692	4,669
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	5,817	5,794
Non-NHS payables - Revenue	27,040	18,164
Local Authorities	10,642	11,993
Capital payables- Tangible	19,467	9,367
Capital payables- Intangible	1,037	294
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	82,926	69,118
Deferred Income:		
Deferred Income brought forward	237	67
Deferred Income Additions	576	218
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(193)	(48)
Other creditors	9,893	20,606
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	174,551	152,942
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	321
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	723	699
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	106	103
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	829	1,123
Total	175,380	154,065

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

Movement in Other creditors includes £11.3m in relation to the NHS Staff Bonus payment accrued in 2020-21

Non NHS Accruals includes £12.8m in relation to accrued annual leave as a result of untaken leave due to Covid-19

18. Trade and other payables (continued).**Amounts falling due more than one year are expected to be settled as follows:**

	31 March	31 March
	2022	2021
	£000	£000
Between one and two years	829	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	829	0

19. Other financial liabilities

	Current		Non-current	
Financial liabilities	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£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	0	0	0	0

20. Provisions

	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

Expected timing of cash flows:

	In year to 31 March 2023	Between 1 April 2023 31 March 2027	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	15,323	68,496	0	83,819
Primary care	0	0	0	0
Redress Secondary care	939	0	0	939
Redress Primary care	0	0	0	0
Personal injury	4,592	18	0	4,610
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	811	640	0	1,451
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	11	0	0	11
2019-20 Scheme Pays - Reimbursement	18	25	880	923
Restructuring	0	0	0	0
Other	706	0	0	706
Total	22,400	69,179	880	92,459

20. Provisions (continued)

	At 1 April 2020	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 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	33,990	0	(750)	11,027	9,356	(15,124)	(27,448)	0	11,051
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	1,111	0	(52)	(1)	569	(268)	(466)	0	893
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,170	0	(77)	33	2,444	(601)	(45)	(30)	4,894
All other losses and special payments	0	0	0	0	342	(342)	0	0	0
Defence legal fees and other administration	781	0	0	177	824	(555)	(403)		824
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	29			0	11	(20)	0	0	20
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	756		0	0	2,923	(48)	(197)		3,434
Total	39,837	0	(879)	11,236	16,469	(16,958)	(28,559)	(30)	21,116
Non Current									
Clinical negligence:-									
Secondary care	57,440	0	0	(11,027)	14,143	(595)	(1,259)	0	58,702
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	1	0	0	(1)	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	33	0	0	(33)	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	892	0	0	(177)	375	(137)	(274)		679
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	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	58,365	0	0	(11,236)	14,518	(732)	(1,534)	0	59,381
TOTAL									
Clinical negligence:-									
Secondary care	91,430	0	(750)	0	23,499	(15,719)	(28,707)	0	69,753
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	1,111	0	(52)	0	569	(268)	(467)	0	893
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,203	0	(77)	0	2,444	(601)	(45)	(30)	4,894
All other losses and special payments	0	0	0	0	342	(342)	0	0	0
Defence legal fees and other administration	1,673	0	0	0	1,199	(692)	(677)		1,503
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	29			0	11	(20)	0	0	20
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	756		0	0	2,923	(48)	(197)		3,434
Total	98,202	0	(879)	0	30,987	(17,690)	(30,093)	(30)	80,497

21. Contingencies**21.1 Contingent liabilities**

	2021-22 £'000	2020-21 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	108,513	71,875
Primary care	155	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	2,112	1,894
Continuing Health Care costs	481	1,196
Other	0	0
Total value of disputed claims	111,261	74,965
Amounts (recovered) in the event of claims being successful	(107,945)	(71,081)
Net contingent liability	3,316	3,884

21.2 Remote Contingent liabilities

	2021-22 £000	2020-21 £000
Guarantees	0	0
Indemnities	1,427	27
Letters of Comfort	0	0
Total	1,427	27

21.3 Contingent assets

	2021-22 £000	2020-21 £000
	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments**Contracted capital commitments at 31 March**

	2021-22 £000	2020-21 £000
Property, plant and equipment	14,182	4,411
Intangible assets	0	0
Total	14,182	4,411

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 2022	
	Number	£
Clinical negligence	65	8,276,003
Personal injury	34	518,608
All other losses and special payments	143	581,278
Total	242	9,375,889

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
13RYNMN0032	Clinical Negligence	1	60,000	1	8,540,000
17RYNMN0094	Clinical Negligence	1	118,750	1	3,969,628
12RYNMN0056	Clinical Negligence	1	14,461	1	3,003,661
16RYNMN0070	Clinical Negligence	1	1,930,000	1	1,930,000
16RYNMN0026	Clinical Negligence	1	725,000	1	1,235,000
13RYNMN0041	Clinical Negligence	0	0	1	1,150,000
16RYNMN0063	Clinical Negligence	1	75,000	1	1,101,046
15RYNMN0034	Clinical Negligence	0	0	1	1,072,345
18RYNMN0096	Clinical Negligence	1	965,000	1	1,025,000
21RYNMN0008	Clinical Negligence	1	741,000	1	795,000
06RR6MN0026	Clinical Negligence	0	0	1	665,465
14RYNMN0070	Clinical Negligence	0	0	1	542,000
18RYNMN0022	Clinical Negligence	1	52,585	1	475,585
18RYNPI0016	Personal Injury	1	115,385	1	468,356
16RYNMN0015	Clinical Negligence	1	400,000	1	400,000
16RYNMN0060	Clinical Negligence	0	0	1	385,000
14RYNMN0075	Clinical Negligence	1	220,000	1	350,000
Sub-total		12	5,417,181	18	36,462,585
All other cases		230	3,958,708	282	10,485,369
Total cases		242	9,375,889	300	46,947,954

24. Finance leases**24.1 Finance leases obligations (as lessee)**

The Local Health Board has no finance leases receivable as a lessee.

Amounts payable under finance leases:

Land	31 March	31 March
	2022	2021
	£000	£000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

24.1 Finance leases obligations (as lessee) continued**Amounts payable under finance leases:**

Buildings	31 March 2022 £000	31 March 2021 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Other

	31 March 2022 £000	31 March 2021 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

24.2 Finance leases obligations (as lessor) continued

The Local Health Board has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31 March 2022 £000	31 March 2021 £000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

25. Private Finance Initiative 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 2022 £000	31 March 2021 £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	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

25.2 PFI schemes on-Statement of Financial Position

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

	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	0	0	0

	On SoFP PFI Capital element 31 March 2021 £000	On SoFP PFI Imputed interest 31 March 2021 £000	On SoFP PFI Service charges 31 March 2021 £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	0	0	0

	31/03/2022 £000
Total present value of obligations for on-SoFP PFI contracts	0

25.3 Charges to expenditure

	2021-22	2020-21
	£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	0	0
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	0	0
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

PFI Contract

Number of PFI contracts which individually have a total commitment > £500m

On / Off-
statement
of financial
position

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

	2021-22	2020-21
	£000	£000
(Increase)/decrease in inventories	(1,370)	187
(Increase)/decrease in trade and other receivables - non-current	(9,880)	(923)
(Increase)/decrease in trade and other receivables - current	(11,078)	26,300
Increase/(decrease) in trade and other payables - non-current	(294)	1,123
Increase/(decrease) in trade and other payables - current	21,609	33,806
Total	(1,013)	60,493
Adjustment for accrual movements in fixed assets - creditors	(10,843)	(1,306)
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	(12)	3,263
	(11,868)	62,450

28. Other cash flow adjustments

	2021-22	2020-21
	£000	£000
Depreciation	21,640	19,184
Amortisation	472	457
(Gains)/Loss on Disposal	(28)	(20)
Impairments and reversals	5,447	6,970
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	(3,189)
Donated assets received credited to revenue but non-cash	(213)	(348)
Government Grant assets received credited to revenue but non-cash	(860)	(364)
Non-cash movements in provisions	24,816	(15)
Other movements	20,465	19,270
Total	71,739	41,945

29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 9th June 2022; post the date the financial statements were certified by the Auditor General for Wales.

30. Related Party Transactions

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

Name	Details	Interests
Ann Murphy	Independent Member	Member of Royal College of Nursing (RCN)
Anna Lewis	Independent Member	Visiting Senior Lecturer in Swansea University Consultancy work undertaken in Betsi Cadwaladr University Health Board Consultancy work undertaken in Cwm Taf Morgannwg University Health Board
Gareth John	Independent Member	County Councillor, Carmarthenshire Member of Delta Wellbeing Governance Group, Carmarthen Town Council
Hazel Lloyd-Lubran	Associate Member, Chair, Stakeholder Reference Group	Company Secretary of Cymdeithas Mudiadau Gwirfoddol Ceredigion / Ceredigion Association of Voluntary Organisations (CAVO)
Iwan Thomas	Independent Member	Independent Board Member on Pembrokeshire College Board (Chair) Chief Executive of PLANED
Huw Thomas	Director of Finance	Partner working in Ceredigion County Council
John Gammon	Independent Member	Independent Board Member on Pembrokeshire College Board
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
Michael Hearty	Associate Member	Non-Executive Director in HM Revenue & Customs (HMRC) Independent Advisor, Financial Reporting Council
Mo 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
Owen Burt	Independent Member	Close Family Member working in University of Wales Trinity St David
Philip Kloer	Medical Director	Honorary Professor in Swansea University Trustee of the Faculty of Medical Leadership & Management (FMLM) and FMLM Wales Lead
Ros Jervis	Director of Public Health	Close family member working at Sandwell & West Birmingham Hospital NHS Trust
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 are with entities at which Board members and key senior staff have influential interests in 2021-22:

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Birmingham & Solihull MH NHS Trust	2	0	0	0
Carmarthenshire County Council	17,554	3,578	5,848	1,352
CAVO	436	0	0	0
Ceredigion County Council	10,506	1,518	1,467	450
Community Pharmacy Wales	133	0	0	0
FMLM Applied Ltd	2	0	0	0
HM Revenue & Customs	76,620	0	0	0
Jamo Group Ltd	39	0	0	0
Magawell Ltd	5,864	0	0	0
Pembrokeshire College	23	0	0	0
Pembrokeshire County Council	17,616	4,254	3,327	328
Pembrokeshire Local Action Network for Enterprise and Development LTD TA (PLANED)	2	0	0	0
Royal College of Nursing	7	0	0	0
Sandwell & West Birmingham Hospitals NHS Trust	1	0	0	0
Swansea University	977	430	6	31
University of Wales Trinity St David	344	27	11	26
	130,126	9,807	10,659	2,187

The Welsh Government is regarded as a related party. During the year the LHB have 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

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	2	1,100,941	0	2,857
Aneurin Bevan University Health Board	316	993	2	59
Betsi Cadwaladr University Health Board	242	5,170	0	58
Cardiff & Vale University Health Board	6,574	617	118	31
Cwm Taf Morgannwg University Health Board	750	565	32	13
Digital Health & Care Wales (DHCW)	4,213	715	94	208
Powys Teaching Health Board	266	8,957	35	285
Public Health Wales NHS Trust	2,361	3,180	86	232
Swansea Bay University Health Board	39,561	4,398	471	89
Velindre NHS Trust	22,490	5,044	1,514	15,120
Welsh Ambulance Services Trust	5,343	417	170	19
Welsh Health Specialised Services Committee	109,290	2,697	910	2,079
Health Education & Improvement Wales (HEIW)	0	8,240	0	58
	191,408	1,141,934	3,432	21,108

31. Third Party assets

The LHB held £1,391,087 cash at bank and in hand at 31 March 2022 (31st March 2021, £1,425,138) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £1,017,369 at 31st March 2022 (31st March 2021, £954,366). 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 1st 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 £408,941 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 31st 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 1st 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 £376,000 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 31st March 2011 under section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community joint equipment store and from 1st 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 £274,792 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.

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 2021 to 31 March 2022. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2021 and February 2022 alongside Health Board/Trust/SHA data for March 2022.

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:

	2021-22
	£000
Statement of Comprehensive Net Expenditure for the year ended 31 March 2022	
Expenditure on Primary Healthcare Services	267
Expenditure on Hospital and Community Health Services	20,198
 Statement of Changes in Taxpayers' Equity For the year ended 31 March 2022	
Net operating cost for the year	20,465
Notional Welsh Government Funding	20,465
 Statement of Cash Flows for year ended 31 March 2022	
Net operating cost for the financial year	20,465
Other cash flow adjustments	20,465
 2.1 Revenue Resource Performance	
Revenue Resource Allocation	20,465
 3. Analysis of gross operating costs	
3.1 Expenditure on Primary Healthcare Services	
General Medical Services	267
 3.3 Expenditure on Hospital and Community Health Services	
Directors' costs	206
Staff costs	19,683
Single Lead Employer staff trainee costs	309
 9.1 Employee costs	
Permanent Staff	
Employer contributions to NHS Pension Scheme	20,465
Charged to capital	39
Charged to revenue	20,426
 18. Trade and other payables	
Current	
Pensions: staff	0
 28. Other cash flow adjustments	
Other movements	20,465

34. Other Information

34.2 Welsh Government Covid 19 Funding

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

	2021-22 £000	2020-21 £000	
Capital			
Capital Funding Field Hospitals		3,590	
Capital Funding Equipment & Works	23,065	8,990	
Capital Funding other (Specify)	0	0	
Welsh Government Covid 19 Capital Funding	23,065	12,580	
			As previously reported in 2020-21
Revenue			
Sustainability Funding			47,900
C-19 Pay Costs Q1 (Future Quarters covered by SF)			8,105
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)			17,019
Bonus Payment			11,250
Independent Health Sector			0
Stability Funding	63,991	84,274	
Covid Recovery	19,232	0	
Cleaning Standards	1,435	0	
PPE (including All Wales Equipment via NWSSP)	2,646	3,275	
Testing / TTP- Testing & Sampling - Pay & Non Pay	2,132	1,193	
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	6,740	3,369	
Extended Flu Vaccination / Vaccination - Extended Flu Programme	837	636	
Mass Covid-19 Vaccination / Vaccination - COVID-19	8,630	2,248	
Annual Leave Accrual - Increase due to Covid	510	11,733	
Urgent & Emergency Care	2,536	2,460	
Private Providers Adult Care / Support for Adult Social Care Providers	2,001	3,548	
Hospices	0	0	
Other Mental Health / Mental Health	0	625	
Other Primary Care	0	1,304	
Social Care	1,583	0	
Other	153	1,528	
Welsh Government Covid 19 Revenue Funding	112,426	116,193	

Other includes COVID Therapeutic Medicines (Treatment)

34. Other Information

34.3 Changes to accounting standards not yet effective - IFRS 16 Impact

IFRS 16 Leases supersedes IAS 17 Leases and is effective in the public sector from 1 April 2022. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise right-of-use assets and liabilities for leases with a term more than 12 months unless the underlying value is of low value. The FReM makes two public sector adaptations

- The definition of a contract is expanded to include intra UK government agreements that are not legally enforceable;
- The definition of a contract is expanded to included agreements that have nil consideration.

IFRS 16 gives a narrower definition of a lease than IAS 17 and IFRIC 4 by requiring that assets and liabilities will be recognised initially at the discounted value of minimum lease payments. After initial recognition, right of use assets will be depreciated on a straight line basis and interest recognised on the liabilities. Except where modified for revaluation where material, the cost model will be applied to assets other than peppercorn leases which will be measured on a depreciated replacement cost basis. The right of use asset in a peppercorn lease is accounted for similarly to a donated asset.

As required by the FReM IFRS 16 will be implemented using the accumulated catch up method.

The right of use assets and leasing obligation have been calculated and indicated that the total discounted value of right of use assets and liabilities under IFRS 16 is lower than the value of minimum lease commitments under IAS 17 due to the discount factor applied. The impact of implementation is a

- decrease in expenditure of £12k for 2022/23;
- increase in assets and liabilities of £14,066k.

These figures are calculated before intercompany eliminations are made, these will not have a material impact on the figures.

Right of Use (RoU) Assets Impact

	Property £000	Non Property £000	Total £000
Statement of financial Position			
RoU Asset Recognition			
+ Transitioning Adjustment	9,498	3,718	13,216
+ As at 1 April 2022	9,498	3,718	13,216
+ Renewal / New RoU Assets 2022-23	83	767	850
- Less (Depreciation)	(1,301)	(770)	(2,071)
+ As at 31 March	8,280	3,715	11,995
RoU Asset Liability			
	Property £000	Non Property £000	Total £000
- Transitioning Adjustment	(9,498)	(3,718)	(13,216)
- As at 1 April 2022	(9,498)	(3,718)	(13,216)
- Renewal / New RoU Liability 2022-23	(83)	(767)	(850)
+ Working Capital	1,289	793	2,082
- Interest	(54)	(37)	(91)
- As at 31 March	(8,346)	(3,729)	(12,075)
Charges			
	Property £000	Non Property £000	Total £000
Expenditure			
RoU Asset depreciation ⁽¹⁾	1,301	770	2,071
Interest on obligations under RoU Asset leases ⁽²⁾	54	37	91
	1,355	807	2,162

LHB

1 Expenditure on Hospital and Community Health Services

2 Finance Costs

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 2021/22

Annual Accounts 2021/22

Adding value. Today. Tomorrow. Together.
Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

Content

- Performance against Financial Targets
- Key issues affecting Annual Accounts -
 - Covid-19
 - High level analysis of movement
- Summary and next steps

Adding value. Today. Tomorrow. Together.
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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 2021-22

The Health Board received £16m strategic non-repayable cash only support in 2021-22.

	Year 1 2019/20 £'000	Year 2 2020/21 £'000	Year 3 2021/22 £'000	Total £'000
Revenue Resource Funding	895,107	1,031,258	1,069,956	2,996,321
Total Operating Expenses	930,050	1,056,168	1,094,956	3,081,174
Under / (Over) spend against Allocation	(34,943)	(24,910)	(25,000)	(84,853)

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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 2021/22

	Year 1 2019/20 £'000	Year 2 2020/21 £'000	Year 3 2021/22 £'000	Total £'000
Capital Resource Funding	40,295	34,451	61,113	135,859
Charge against Capital Allocation	40,264	34,391	61,051	135,706
Under / (Over) spend against Allocation	31	60	62	153

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Note 2.3 (Page 27)

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

Due to the pandemic, the process for the 2020-23 integrated plan was paused, in spring 2020 temporary planning arrangements were implemented.

As a result the extant planning duty for 2021-22 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22.

The Health Board did not submit a 2019-22 integrated plan in accordance with the planning framework.

Target Not achieved in 2021-22

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 2021/22

Non-NHS Invoices	2021/22	2020/21
Total number of Invoices Paid	240,786	201,912
Total number paid within Target	229,189	192,345
% of Invoices Paid within Target	95.2%	95.3%

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Covid-19

- Continued high level of spend in the year - £112m Revenue, £23m capital supported by WG funding. Capital totally aimed at supporting Covid recovery.
- Annual Leave accrual remained high - £12.8m

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Note 34.2 Welsh Government Covid Funding

Revenue	2021/22 £'000	2020/21 £'000
Stability Funding	63,991	84,274
Covid Recovery	19,232	0
Cleaning Standards	1,435	0
PPE (including All Wales Equipment via NWSSP)	2,646	3,275
Test Trace Protect (TTP) - Testing & Sampling - Pay & Non Pay	2,132	1,193
TTP - NHS & LA Tracing - Pay & Non Pay	6,740	3,369
Vaccination - Extended Flu Programme	837	636
Vaccination - Covid-19	8,630	2,248
Annual Leave Accrual - Increase due to Covid	510	11,733
Urgent & Emergency Care	2,536	2,460
Support for Adult Social Care Providers	2,001	3,548
Mental Health		625
Other Primary Care		1,304
Social Care	1,583	0
Other	153	1,528
Welsh Government Covid 19 Revenue Funding	112,426	116,193

Capital	2021/22 £'000	2021/22 £'000
Capital Funding Field Hospitals		3,590
Capital Funding Equipment & Works	23,065	8,990
Welsh Government Covid 19 Capital Funding	23,065	12,580

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Key movement

- Expenditure on healthcare from other providers – Note 3.2 (Page 28)
- Expenditure on Hospital & Community Health Services – Note 3.3 (Page 29)
- Balance sheet – Primary Note (Page 4)
- Provisions – Note 20 (Page 53)

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	2021/22 £'000	2020/21 £'000
Goods and services from other NHS Wales Health Boards	44,776	41,765
Goods and services from other NHS Wales Trusts	9,497	13,560
Goods and services from Welsh Special Health Authorities	2,363	0
Goods and services from other non Welsh NHS bodies	1,712	2,193
Goods and services from WHSSC / EASC	109,290	102,617
Local Authorities	19,655	31,529
Voluntary organisations	2,735	3,393
NHS Funded Nursing Care	2,888	2,799
Continuing Care	48,638	49,440
Private providers	9,131	4,870
Other	25	144
Total	250,710	252,310

Increase in WHSCC is mainly due to:
Increase in new developments for which we received WG allocations

Movement in Local Authority spend is driven by:

£1.6m increase in Intermediate Care Fund (ICF) funding for carers, winter pressure costs and joint equipment stores within the counties, £3.8m increase for Test, Trace and Protect offset by £14.6m reduction for field hospitals and Covid winter pressures and £1.9m reduction for ICF capital projects in year.

Increase in Private Providers is due to:
£6.1m increase in outsourced activity as part of elective recovery programme offset by £1.6m reduction for expedited mental health care packages.

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Expenditure on Hospital and Community Health Services

	2021/22 £'000	2020/21 £'000
Directors' costs	2,392	2,294
Operational Staff costs	520,279	496,799
Single lead employer Staff Trainee Cost	9,672	4,209
Supplies and services - clinical	91,393	76,804
Supplies and services - general	10,363	7,708
Consultancy Services	1,741	1,838
Establishment	15,783	8,819
Transport	1,357	1,642
Premises	23,657	35,259
External Contractors	1,885	676
Depreciation, Amortisation & Fixed Asset impairment	27,559	26,611
Audit fees	360	371
Losses, special payments and irrecoverable debts	1,617	1,649
Other operating expenses	884	1,223
Total	708,942	665,902

Increase in Operational staff costs is mainly due to:

£10m agency nursing (mainly unscheduled care) and circa £15.7m wage award and on costs

Increase in Clinical supplies and services mainly driven by:

£5.7m drugs particularly in oncology, pathology and homecare; £1.1m vaccines; £2.3m Covid PPE and £1.6m support to planned care recovery

Increase in Establishment costs is mainly due to:

£2.8m training costs(re-classified); £1m international recruitment; £1m Covid letters and postage; £1m digitalisation of records

Reduction in Premises costs is primarily due to impact of Covid last financial year where:

£8m Field Hospitals - rent / consequential losses was incurred

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Movement in the Balance Sheet

	Opening balance 1/4/2021 £'000	Closing balance 31/3/2022 £'000	Movement £'000
Property, plant and equipment	290,648	331,552	40,904
Intangible assets	1,349	2,784	1,435
Trade and other receivables	59,024	68,904	9,880
Total non-current assets	351,021	403,240	52,219
Inventories	9,029	10,399	1,370
Trade and other receivables	42,207	53,285	11,078
Cash and cash equivalents	2,313	1,565	(748)
Non-current assets 'held for sale'	392	0	(392)
Total current assets	53,941	65,249	11,308
Total assets	404,962	468,489	63,527
Trade and other payables	(152,942)	(174,551)	(21,609)
Provisions	(21,116)	(22,400)	(1,284)
Total current liabilities	(174,058)	(196,951)	(22,893)
Net current assets/(liabilities)	(120,117)	(131,702)	(11,585)
Trade and other payables	(1,123)	(829)	294
Provisions	(59,381)	(70,059)	(10,678)
Total non-current liabilities	(60,504)	(70,888)	(10,384)
Total assets employed	170,400	200,650	30,250

Movement in fixed asset additions totalled £62.6m; the most significant of these were the Modular Theatre Facility at Prince Phillip Hospital £18.0m and Covid Recovery Funding £4.8m. These were offset by depreciation charged and impairments, which led to the net increase of £42m fixed assets during the year.

Increase in the Welsh Risk Pool debtor due to increase in provision.

The movement in Current Liabilities is mainly attributable to an increase in non-NHS accruals £14m (which includes Continuing Health Care, Agency Nursing, Outsourcing), capital creditors £10m and increases in trade payables £9m offset by a reduction in other creditors of £11m relating to the bonus payment for 2020/21.

Increase in provision is due mainly to Clinical Negligence

	2021/22 £'000	2020/21 £'000
Clinical negligence:-		
Secondary care	83,819	69,753
Redress Secondary care	939	893
Personal injury	4,610	4,894
Defence legal fees and other administration	1,451	1,503
Pensions relating to other staff	11	20
2019/20 Scheme Pays - reimbursement	923	0
Other	706	3,434
Total	92,459	80,497

The increase is due to:
 Four cases for £8.1m, £2.5m, £1.6m and £1.4m - two of the cases increased in value and two changed due to an increase of probability of settlement with the full value of the case now being provided for (defence costs only previously provided).
 Corresponding asset in Trade Receivables.

Cases summary	2021/22			2020/21		
	Number of cases	Provision £'000	Avge/case £'000	Number of cases	Provision £'000	Avge/case £'000
Clinical Negligence	307	84,758	276	299	70,646	236
Personal Injury	59	4,610	78	60	4,894	82

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Known
adjustments
required to
draft
accounts –
due to late
receipt of
information

- Scheme Pays - Actual Payments to Retired Employees £2.7k adjustment

Next Steps

- Audit Wales currently auditing the accounts
- Final Accounts to be presented to the Audit Committee on the 9th June 2022
- Final Accounts to Welsh Government 15th June 2022