



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	05 May 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Draft Annual Accounts 2020/21
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	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 was submitted to Welsh Government on the 30<sup>th</sup> April 2021.

The Accounts are now being scrutinised by Wales Audit, and the Final Accounts will be presented to ARAC on the 10<sup>th</sup> June 2021 in readiness to send to Welsh Government by the 11<sup>th</sup> June 2021.

#### 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 2020/21.

### **Amcanion: (rhaid cwblhau)**

#### **Objectives: (must be completed)**

Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	4.4 The Committee's principle duties encompass the following: 4.4.2 Maintain an appropriate financial focus demonstrated through robust financial reporting and maintenance of sound systems of internal control. 5.13 Approve the writing off of losses or the making of special payments within delegated limits. 5.15 Receive a report on all Single Tender Actions and extensions of contracts.
Cyfeirnod Cofrestr Risg Risk Register Reference:	BAF S09-PR20 BAF SO10-PR33
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:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Improve efficiency and quality of services through collaboration with people, communities and partners

### **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 HOLD- Invoices that cannot be paid, as there is a query with the price or quantity or validity 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

<b>Effaith: (rhaid cwblhau)</b> <b>Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian:</b> <b>Financial / Service:</b>	Financial implications are inherent within the report
<b>Ansawdd / Gofal Claf:</b> <b>Quality / Patient Care:</b>	Risk to our financial position affects our ability to discharge timely and effective care to patients
<b>Gweithlu:</b> <b>Workforce:</b>	Overpayments are reported within this report.
<b>Risg:</b> <b>Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol:</b> <b>Legal:</b>	The UHB has a legal 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.
<b>Enw Da:</b> <b>Reputational:</b>	Adverse variance against the UHB's financial plan will affect our reputation with Welsh Government, the Wales Audit Office, and with external stakeholders
<b>Gyfrinachedd:</b> <b>Privacy:</b>	Not Applicable
<b>Cydraddoldeb:</b> <b>Equality:</b>	Not Applicable



## HYWEL DDA 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 2021

	Note	2020-21 £'000	2019-20 £'000
Expenditure on Primary Healthcare Services	3.1	<b>199,452</b>	191,967
Expenditure on healthcare from other providers	3.2	<b>252,310</b>	211,453
Expenditure on Hospital and Community Health Services	3.3	<b>665,902</b>	587,107
		<b>1,117,664</b>	990,527
Less: Miscellaneous Income	4	<b>(63,335)</b>	<b>(61,806)</b>
<b>LHB net operating costs before interest and other gains and losses</b>		<b>1,054,329</b>	928,721
Investment Revenue	5	<b>0</b>	0
Other (Gains) / Losses	6	<b>(20)</b>	<b>(55)</b>
Finance costs	7	<b>(30)</b>	<b>(16)</b>
<b>Net operating costs for the financial year</b>		<b>1,054,279</b>	<b>928,650</b>

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

The notes on pages 8 to 74 form part of these accounts.

**Other Comprehensive Net Expenditure**

	<b>2020-21</b>	2019-20
	<b>£'000</b>	£'000
Net (gain) / loss on revaluation of property, plant and equipment	<b>(3,020)</b>	<b>(1,522)</b>
Net (gain) / loss on revaluation of intangibles	<b>0</b>	0
(Gain) / loss on other reserves	<b>0</b>	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	<b>0</b>	0
Net (gain)/loss on revaluation of financial assets held for sale	<b>0</b>	0
Impairment and reversals	<b>0</b>	0
Transfers between reserves	<b>0</b>	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	<b>0</b>	0
Reclassification adjustment on disposal of available for sale financial assets	<b>0</b>	246
Other comprehensive net expenditure for the year	<b>(3,020)</b>	<b>(1,276)</b>
<b>Total comprehensive net expenditure for the year</b>	<b>1,051,259</b>	<b>927,374</b>

The notes on pages 8 to 74 form part of these accounts.

**Statement of Financial Position as at 31 March 2021**

		<b>31 March 2021 £'000</b>	31 March 2020 £'000
	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>290,648</b>	278,649
Intangible assets	12	<b>1,349</b>	1,461
Trade and other receivables	15	<b>59,024</b>	58,101
Other financial assets	16	<b>0</b>	0
<b>Total non-current assets</b>		<b>351,021</b>	338,211
<b>Current assets</b>			
Inventories	14	<b>9,029</b>	9,216
Trade and other receivables	15	<b>42,207</b>	68,507
Other financial assets	16	<b>0</b>	0
Cash and cash equivalents	17	<b>2,313</b>	1,654
		<b>53,549</b>	79,377
Non-current assets classified as "Held for Sale"	11	<b>392</b>	832
<b>Total current assets</b>		<b>53,941</b>	80,209
<b>Total assets</b>		<b>404,962</b>	418,420
<b>Current liabilities</b>			
Trade and other payables	18	<b>(153,634)</b>	(119,136)
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(21,116)</b>	(39,837)
<b>Total current liabilities</b>		<b>(174,750)</b>	(158,973)
<b>Net current assets/ (liabilities)</b>		<b>(120,809)</b>	(78,764)
<b>Non-current liabilities</b>			
Trade and other payables	18	<b>0</b>	0
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(59,381)</b>	(58,365)
<b>Total non-current liabilities</b>		<b>(59,381)</b>	(58,365)
<b>Total assets employed</b>		<b>170,831</b>	201,082
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		<b>141,416</b>	173,027
Revaluation reserve		<b>29,415</b>	28,055
<b>Total taxpayers' equity</b>		<b>170,831</b>	201,082

The financial statements on pages 2 to 7 were approved by the Board on xx xxx 2021 and signed on its behalf by:

Chief Executive and Accountable Officer .....

Date: xx xxx 2021

The notes on pages 8 to 74 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2021

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity for 2020-21</b>			
<b>Balance at 1 April 2020</b>	173,027	28,055	<b>201,082</b>
Net operating cost for the year	(1,054,279)		<b>(1,054,279)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	3,020	<b>3,020</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	10	<b>10</b>
Impairments and reversals	0	0	<b>0</b>
Other Reserve Movement	0	0	<b>0</b>
Transfers between reserves	1,670	(1,670)	<b>0</b>
Release of reserves to SoCNE	0	0	<b>0</b>
Transfers to/from LHBs	0	0	<b>0</b>
<b>Total recognised income and expense for 2020-21</b>	<b>(1,052,609)</b>	<b>1,360</b>	<b>(1,051,249)</b>
Net Welsh Government funding	1,001,297		<b>1,001,297</b>
Notional Welsh Government Funding	19,701		<b>19,701</b>
<b>Balance at 31 March 2021</b>	<b>141,416</b>	<b>29,415</b>	<b>170,831</b>
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	12,580		<b>12,580</b>
Welsh Government Covid 19 Revenue Funding	82,924		<b>82,924</b>

The Welsh Government Covid 19 Capital and Revenue funding totals in this note is the cash draw down only.

A breakdown of the Welsh Government Revenue and capital allocation to fund Covid 19 costs is detailed in Note 34.2.

The notes on pages 8 to 74 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity for 2019-20</b>			
<b>Balance at 1 April 2019</b>	167,572	26,806	<b>194,378</b>
Net operating cost for the year	(928,650)		<b>(928,650)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	1,522	<b>1,522</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other reserve movement	0	0	<b>0</b>
Transfers between reserves	273	(273)	<b>0</b>
Release of reserves to SoCNE	0	0	<b>0</b>
Transfers to/from LHBs	0	0	<b>0</b>
<b>Total recognised income and expense for 2019-20</b>	<b>(928,377)</b>	<b>1,249</b>	<b>(927,128)</b>
Net Welsh Government funding	916,303		<b>916,303</b>
Notional Welsh Government Funding	17,529		<b>17,529</b>
<b>Balance at 31 March 2020</b>	<b>173,027</b>	<b>28,055</b>	<b>201,082</b>

The notes on pages 8 to 74 form part of these accounts.

**Statement of Cash Flows for year ended 31 March 2021**

		<b>2020-21</b>	<b>2019-20</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash Flows from operating activities</b>	Notes		
Net operating cost for the financial year		<b>(1,054,279)</b>	(928,650)
Movements in Working Capital	27	<b>58,756</b>	(24,862)
Other cash flow adjustments	28	<b>45,565</b>	91,269
Provisions utilised	20	<b>(17,690)</b>	(13,944)
<b>Net cash outflow from operating activities</b>		<b>(967,648)</b>	(876,187)
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(33,875)</b>	(40,957)
Proceeds from disposal of property, plant and equipment		<b>475</b>	378
Purchase of intangible assets		<b>(228)</b>	(442)
Proceeds from disposal of intangible assets		<b>0</b>	0
Payment for other financial assets		<b>0</b>	0
Proceeds from disposal of other financial assets		<b>0</b>	0
Payment for other assets		<b>0</b>	0
Proceeds from disposal of other assets		<b>0</b>	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(33,628)</b>	(41,021)
<b>Net cash inflow/(outflow) before financing</b>		<b>(1,001,276)</b>	(917,208)
<b>Cash Flows from financing activities</b>			
Welsh Government funding (including capital)		<b>1,001,297</b>	916,303
Capital receipts surrendered		<b>0</b>	0
Capital grants received		<b>638</b>	1,099
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		<b>0</b>	0
Cash transferred (to)/ from other NHS bodies		<b>0</b>	0
<b>Net financing</b>		<b>1,001,935</b>	917,402
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>659</b>	194
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2020</b>		<b>1,654</b>	1,460
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2021</b>		<b>2,313</b>	1,654

The notes on pages 8 to 74 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 2020-21 Manual for Accounts. The accounting policies contained in that manual follow the 2020-21 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

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

## 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/has not 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;

<b>Remote</b>	Probability of Settlement	0 – 5%
	Accounting Treatment	Contingent Liability.
<b>Possible</b>	Probability of Settlement	6% - 49%
	Accounting Treatment	Defence Fee - Provision*
	Contingent Liability for all other estimated expenditure.	
<b>Probable</b>	Probability of Settlement	50% - 94%
	Accounting Treatment	Full Provision
<b>Certain</b>	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 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'.

#### **1.25.1. Services received**

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

#### **1.25.2. 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.

#### **1.25.2. 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.

#### **1.25.3. 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.

#### **1.25.4. 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.

#### **1.25.5. 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.

### **1.26. 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.

### **1.27. 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.

### **1.28. 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.

### **1.29. Accounting standards issued that have been adopted early**

During 2020-21 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### **1.30. 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			
	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
<b>Net operating costs for the year</b>	862,414	928,650	1,054,279	2,845,343
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,722	1,400	1,889	5,011
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	864,136	930,050	1,056,168	2,850,354
Revenue Resource Allocation	828,698	895,107	1,031,258	2,755,063
<b>Under /(over) spend against Allocation</b>	<b>(35,438)</b>	<b>(34,943)</b>	<b>(24,910)</b>	<b>(95,291)</b>

Hywel Dda University LHB **has not** met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2018-19 to 2020-21.

The health board received £16m strategic cash only support in 2020-21.

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

	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
<b>Gross capital expenditure</b>	31,820	41,686	35,483	108,989
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	0	(323)	(455)	(778)
Less capital grants received	0	0	0	0
Less donations received	(952)	(1,099)	(637)	(2,688)
Charge against Capital Resource Allocation	30,868	40,264	34,391	105,523
Capital Resource Allocation	30,893	40,295	34,451	105,639
<b>(Over) / Underspend against Capital Resource Allocation</b>	<b>25</b>	<b>31</b>	<b>60</b>	<b>116</b>

Hywel Dda University LHB **has** met its financial duty to break-even against its Capital Resource Limit over the 3 years 2018-19 to 2020-21.

### 2.3 Duty to prepare a 3 year plan

Following discussions between the University Health Board (UHB) and Welsh Government (WG), it was acknowledged that the UHB was not in a position to submit an Integrated Medium Term Plan (IMTP) for 2020/23 given the financial position and three year forecast. Instead, the UHB prepared a 3 Year Plan 2020/23, incorporating the 2020/21 Annual Plan (The Plan) addressing bespoke WG annual planning guidance. The Plan was submitted to WG on 31<sup>st</sup> March 2020. The Plan was prepared before the extent of the COVID-19 pandemic implications were known.

The process for 2020/2023 was paused in the spring and the approval process was not completed, so the approval/non-approval status of all organisations remain extant as at that point (i.e. the previous January 2019 submission). The Health Board was not in a position to submit an IMTP for the period 2019-20 to 2021-22 given the status of the Transforming Clinical Services and Turnaround Programmes. In the absence of an IMTP, the Health Board developed an Annual Plan that was submitted to Welsh Government by the Board on 29<sup>th</sup> March 2019. The statutory financial duty under section 175 (2A) of the National Health Services (Wales) Act 2006 to prepare a three year plan was therefore not met.

The Minister for Health and Social Services has issued directions for NHS organisations to develop and submit an annual plan for 2021-2022. The annual plans for 2021-2022 will not be formally approved by the Minister, however, an assessment process will be conducted and feedback provided to the NHS.

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:

	2020-21	2019-20
Total number of non-NHS bills paid	201,912	195,925
Total number of non-NHS bills paid within target	192,345	188,489
Percentage of non-NHS bills paid within target	95.3%	96.2%

**The LHB has met the target.**

### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2020-21 Total £'000	2019-20 £'000
General Medical Services	74,179		74,179	73,954
Pharmaceutical Services	20,722	(6,112)	14,610	14,057
General Dental Services	19,578		19,578	21,035
General Ophthalmic Services	1,239	4,223	5,462	5,543
Other Primary Health Care expenditure	5,644		5,644	4,801
Prescribed drugs and appliances	79,979		79,979	72,577
<b>Total</b>	<b>201,341</b>	<b>(1,889)</b>	<b>199,452</b>	<b>191,967</b>

#### 3.2 Expenditure on healthcare from other providers

	2020-21 £'000	2019-20 £'000
Goods and services from other NHS Wales Health Boards	41,765	38,048
Goods and services from other NHS Wales Trusts	13,560	6,218
Goods and services from Health Education and Improvement Wales (HEIW)	0	3
Goods and services from other non Welsh NHS bodies	2,193	44
Goods and services from WHSSC / EASC	102,617	94,452
Local Authorities	31,529	15,521
Voluntary organisations	3,393	2,672
NHS Funded Nursing Care	2,799	3,102
Continuing Care	49,440	45,118
Private providers	4,870	6,038
Specific projects funded by the Welsh Government	0	0
Other	144	237
<b>Total</b>	<b>252,310</b>	<b>211,453</b>

**3.3 Expenditure on Hospital and Community Health Services**

	2020-21 £'000	2019-20 £'000
		Reclassified
Directors' costs	2,294	2,445
Operational Staff costs	496,799	432,363
Single lead employer Staff Trainee Cost	4,209	3,874
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	76,804	78,038
Supplies and services - general	7,708	6,392
Consultancy Services	1,838	1,518
Establishment	8,819	8,447
Transport	1,642	1,817
Premises	35,259	18,003
External Contractors	676	719
Depreciation	19,184	16,171
Amortisation	457	496
Fixed asset impairments and reversals (Property, plant & equipment)	6,970	13,119
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	371	344
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,649	1,755
Research and Development	0	0
Other operating expenses	1,223	1,606
<b>Total</b>	<b>665,902</b>	<b>587,107</b>

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

	2020-21 £'000	2019-20 £'000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	(5,209)	49,957
Primary care	0	0
Redress Secondary Care	103	1,083
Redress Primary Care	0	0
Personal injury	2,399	450
All other losses and special payments	342	253
Defence legal fees and other administrative costs	522	1,355
Gross increase/(decrease) in provision for future payments	(1,843)	53,098
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(62)	118
<b>Less: income received/due from Welsh Risk Pool</b>	<b>3,554</b>	<b>(51,461)</b>
<b>Total</b>	<b>1,649</b>	<b>1,755</b>

	2020-21 £	2019-20 £
Permanent injury included within personal injury £:	213,187	269,446

2019-20 Reclassified to show the comparative figure in relation to the 'Single lead employer Staff trainee cost'

**4. Miscellaneous Income**

	2020-21 £'000	2019-20 £'000
Local Health Boards	19,673	19,360
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	2,459	2,370
NHS Wales trusts	6,790	5,581
Health Education and Improvement Wales (HEIW)	2,588	2,028
Foundation Trusts	0	0
Other NHS England bodies	2,210	4,445
Other NHS Bodies	0	0
Local authorities	6,515	5,316
Welsh Government	5,539	3,753
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	4	5
Dental fee income	1,077	3,159
Private patient income	5	13
Overseas patients (non-reciprocal)	29	266
Injury Costs Recovery (ICR) Scheme	784	1,080
Other income from activities	463	562
Patient transport services	0	0
Education, training and research	7,035	6,836
Charitable and other contributions to expenditure	819	1,089
Receipt of NWSSP Covid centrally purchased assets	3,189	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	638	1,099
Receipt of Government granted assets	74	0
Non-patient care income generation schemes	348	496
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	48	446
Contingent rental income from finance leases	0	0
Rental income from operating leases	39	353
Other income:		
Provision of laundry, pathology, payroll services	108	102
Accommodation and catering charges	1,112	1,523
Mortuary fees	178	202
Staff payments for use of cars	235	224
Business Unit	0	0
Other	1,376	1,498
<b>Total</b>	<b>63,335</b>	<b>61,806</b>
Other income Includes;		
	0	0
	0	0
	0	0
Creche Fees	143	168
Design Fees Recharge	341	428
Werndale Recharge of CSSD packs	195	70
<b>Total</b>	<b>679</b>	<b>666</b>

Welsh Government Covid 19 income included in total above;.

0

Injury Cost Recovery (ICR) Scheme income

2020-21      2019-20

%      %

To reflect expected rates of collection ICR income is subject to a provision for impairment of:

22.43      21.79

**Covid-19 note**

As part of the NHS Wales response to the Covid pandemic, a number of consumable and revenue equipment items have been purchased centrally within NWSSP and provided to UHBs/Trusts free of charge. The Health Board received £3,188,593 worth of stock which has been fully utilised within the Health Board, this is included above under the heading 'Receipt of NWSSP Centrally Purchased assets'.

Included within 'Education, Training and research' is £60,790 of Covid-19 income sources in the form of grants and research income.

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

**5. Investment Revenue**

	<b>2020-21</b>	2019-20
	<b>£000</b>	£000
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**6. Other gains and losses**

	<b>2020-21</b>	2019-20
	<b>£000</b>	£000
Gain/(loss) on disposal of property, plant and equipment	20	55
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
<b>Total</b>	<b>20</b>	<b>55</b>

**7. Finance costs**

	<b>2020-21</b>	2019-20
	<b>£000</b>	£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
<b>Total interest expense</b>	<b>0</b>	<b>0</b>
Provisions unwinding of discount	(30)	(16)
Other finance costs	0	0
<b>Total</b>	<b>(30)</b>	<b>(16)</b>

## 8. Operating leases

### LHB as lessee

As at 31st March 2021 the LHB had 433 operating leases agreements in place for the leases of 27 premises, 239 arrangement in respect of equipment and 167 in respect of vehicles, with 3 premises, 29 equipment and 94 vehicle leases having expired in year.

Payments recognised as an expense	2020-21 £000	2019-20 £000
Minimum lease payments	2,714	2,296
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>2,714</b>	<b>2,296</b>

### Total future minimum lease payments

Payable	£000	£000
Not later than one year	1,326	1,358
Between one and five years	2,584	2,536
After 5 years	2,288	2,607
<b>Total</b>	<b>6,198</b>	<b>6,501</b>

### LHB as lessor

Rental revenue	£000	£000
Rent	162	303
Contingent rents	0	0
<b>Total revenue rental</b>	<b>162</b>	<b>303</b>

### Total future minimum lease payments

Receivable	£000	£000
Not later than one year	426	303
Between one and five years	1,501	1,210
After 5 years	1,280	1,718
<b>Total</b>	<b>3,207</b>	<b>3,231</b>

**9. Employee benefits and staff numbers**

<b>9.1 Employee costs</b>	<b>Permanent Staff</b>	<b>Staff on Inward Secondment</b>	<b>Agency Staff</b>	<b>Specialist Trainee (SLE)</b>	<b>Collaborative Bank Staff</b>	<b>Other</b>	<b>Total</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Salaries and wages	383,888	4,502	15,590	3,752	0	7,073	414,805	359,850
Social security costs	34,601	0	0	165	0	668	35,434	32,568
Employer contributions to NHS Pension Scheme	62,608	0	0	293	0	26	62,927	57,535
Other pension costs	199	0	0	0	0	0	199	167
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
<b>Total</b>	<b>481,296</b>	<b>4,502</b>	<b>15,590</b>	<b>4,210</b>	<b>0</b>	<b>7,767</b>	<b>513,365</b>	<b>450,120</b>

Charged to capital	97	578
Charged to revenue	513,268	449,542
	<b>513,365</b>	<b>450,120</b>

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

0 (394)

Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above)

11,877 0

Please give detail of staff under "Other".

Included in 'Other costs' are contracted medical and dental staff and therapists

**9.2 Average number of employees**

	<b>Permanent Staff</b>	<b>Staff on Inward Secondment</b>	<b>Agency Staff</b>	<b>Specialist Trainee (SLE)</b>	<b>Collaborative Bank Staff</b>	<b>Other</b>	<b>Total</b>	<b>2019-20</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Administrative, clerical and board members	1,840	42	1	0	0	0	1,883	1,695
Medical and dental	641	25	2	69	0	27	764	760
Nursing, midwifery registered	2,789	1	204	0	0	0	2,994	2,937
Professional, Scientific, and technical staff	339	0	0	0	0	0	339	334
Additional Clinical Services	2,067	0	0	0	0	0	2,067	1,832
Allied Health Professions	591	1	0	0	0	22	614	572
Healthcare Scientists	180	0	0	0	0	0	180	179
Estates and Ancillary	943	0	10	0	0	0	953	782
Students	1	0	0	0	0	0	1	1
<b>Total</b>	<b>9,391</b>	<b>69</b>	<b>217</b>	<b>69</b>	<b>0</b>	<b>48</b>	<b>9,794</b>	<b>9,092</b>

**9.3. Retirements due to ill-health**

	<b>2020-21</b>	<b>2019-20</b>
Number	12	8
Estimated additional pension costs £	246,309	487,916

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

	2020-21	2020-21	2020-21	2020-21	2019-20
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	2	2	2	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	0
£150,000 to £200,000	0	1	1	1	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>

	2020-21	2020-21	2020-21	2020-21	2019-20
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
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	1,000	1,000	1,000	2,500
£10,000 to £25,000	0	45,287	45,287	45,287	22,300
£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	0
£150,000 to £200,000	0	168,845	168,845	168,845	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>215,132</b>	<b>215,132</b>	<b>215,132</b>	<b>24,800</b>

Exit costs paid in year of departure	Total paid in year 2020-21	Total paid in year 2019-20
	£'s	£'s
Exit costs paid in year	169,845	24,800
<b>Total</b>	<b>169,845</b>	<b>24,800</b>

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 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Hywel Dda LHB in the financial year 2020-21 was £195,000 to £200,000 (2019-20, £190,000 to £195,000. This was 6 times (2019-20, 6 times) the median remuneration of the workforce, which was £34,027 (2019-20, £33,758).

In 2020-21, 24 (2019-20, 32) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £21,879 to £318,973 (2019-20, £21,450 to £360,373).

Total remuneration includes salary and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## 9.7 Pension costs

### 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](http://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 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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 was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced 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.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included

**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 2020-2021 tax year (2019-2020 £6,136 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.

	2020-21 Number	2020-21 £000	2019-20 Number	2019-20 £000
<b>NHS</b>				
Total bills paid	3,795	273,347	3,623	247,454
Total bills paid within target	3,402	265,111	3,199	244,394
Percentage of bills paid within target	89.6%	97.0%	88.3%	98.8%
<b>Non-NHS</b>				
Total bills paid	201,912	504,230	195,925	451,748
Total bills paid within target	192,345	486,363	188,489	438,423
Percentage of bills paid within target	95.3%	96.5%	96.2%	97.1%
<b>Total</b>				
Total bills paid	205,707	777,577	199,548	699,202
Total bills paid within target	195,747	751,474	191,688	682,817
Percentage of bills paid within target	95.2%	96.6%	96.1%	97.7%

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

	2020-21 £	2019-20 £
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
<b>Total</b>	<b>0</b>	<b>0</b>

## 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
<b>Cost or valuation at 1 April 2020</b>	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)
<b>At 31 March 2021</b>	<b>24,952</b>	<b>236,937</b>	<b>7,944</b>	<b>12,430</b>	<b>82,428</b>	<b>93</b>	<b>29,495</b>	<b>12,001</b>	<b>406,280</b>
<b>Depreciation at 1 April 2020</b>	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
<b>At 31 March 2021</b>	<b>0</b>	<b>29,489</b>	<b>1,443</b>	<b>0</b>	<b>60,437</b>	<b>93</b>	<b>17,491</b>	<b>6,679</b>	<b>115,632</b>
<b>Net book value at 1 April 2020</b>	<b>25,456</b>	<b>198,925</b>	<b>6,666</b>	<b>20,459</b>	<b>15,256</b>	<b>0</b>	<b>9,517</b>	<b>2,370</b>	<b>278,649</b>
<b>Net book value at 31 March 2021</b>	<b>24,952</b>	<b>207,448</b>	<b>6,501</b>	<b>12,430</b>	<b>21,991</b>	<b>0</b>	<b>12,004</b>	<b>5,322</b>	<b>290,648</b>
<b>Net book value at 31 March 2021 comprises :</b>									
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
<b>At 31 March 2021</b>	<b>24,952</b>	<b>207,448</b>	<b>6,501</b>	<b>12,430</b>	<b>21,991</b>	<b>0</b>	<b>12,004</b>	<b>5,322</b>	<b>290,648</b>
<b>Asset financing :</b>									
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
<b>At 31 March 2021</b>	<b>24,952</b>	<b>207,448</b>	<b>6,501</b>	<b>12,430</b>	<b>21,991</b>	<b>0</b>	<b>12,004</b>	<b>5,322</b>	<b>290,648</b>

The net book value of land, buildings and dwellings at 31 March 2021 comprises :

	£000
Freehold	237,210
Long Leasehold	1,692
Short Leasehold	0
	<b>238,902</b>

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

0

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

## 11.1 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
<b>Cost or valuation at 1 April 2019</b>	26,209	203,080	7,569	22,076	67,694	240	20,861	6,141	<b>353,870</b>
Indexation	(157)	1,900	150	0	0	0	0	0	<b>1,893</b>
Additions									
- purchased	0	4,074	0	24,284	6,701	0	3,534	1,658	<b>40,251</b>
- donated	0	326	0	305	239	0	115	114	<b>1,099</b>
- government granted	0	0	0	0	0	0	0	0	<b>0</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	375	25,816	0	(26,206)	0	0	15	0	<b>0</b>
Revaluations	0	(245)	0	0	22	0	0	0	<b>(223)</b>
Reversal of impairments	0	2,121	0	0	0	0	0	0	<b>2,121</b>
Impairments	(35)	(17,032)	0	0	0	0	0	0	<b>(17,067)</b>
Reclassified as held for sale	(936)	(196)	0	0	0	0	0	0	<b>(1,132)</b>
Disposals	0	0	0	0	(2,105)	(147)	(68)	0	<b>(2,320)</b>
<b>At 31 March 2020</b>	<b>25,456</b>	<b>219,844</b>	<b>7,719</b>	<b>20,459</b>	<b>72,551</b>	<b>93</b>	<b>24,457</b>	<b>7,913</b>	<b>378,492</b>
<b>Depreciation at 1 April 2019</b>	0	14,490	689	0	54,869	240	12,330	5,030	<b>87,648</b>
Indexation	0	134	14	0	0	0	0	0	<b>148</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	153	0	0	0	0	0	0	<b>153</b>
Impairments	0	(1,980)	0	0	0	0	0	0	<b>(1,980)</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	(2,082)	(147)	(68)	0	<b>(2,297)</b>
Provided during the year	0	8,122	350	0	4,508	0	2,678	513	<b>16,171</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>20,919</b>	<b>1,053</b>	<b>0</b>	<b>57,295</b>	<b>93</b>	<b>14,940</b>	<b>5,543</b>	<b>99,843</b>
<b>Net book value at 1 April 2019</b>	<b>26,209</b>	<b>188,590</b>	<b>6,880</b>	<b>22,076</b>	<b>12,825</b>	<b>0</b>	<b>8,531</b>	<b>1,111</b>	<b>266,222</b>
<b>Net book value at 31 March 2020</b>	<b>25,456</b>	<b>198,925</b>	<b>6,666</b>	<b>20,459</b>	<b>15,256</b>	<b>0</b>	<b>9,517</b>	<b>2,370</b>	<b>278,649</b>
<b>Net book value at 31 March 2020 comprises :</b>									
Purchased	25,203	194,977	6,666	20,154	14,372	9,316	2,099	0	<b>272,787</b>
Donated	253	3,948	0	305	884	189	271	0	<b>5,850</b>
Government Granted	0	0	0	0	0	12	0	0	<b>12</b>
<b>At 31 March 2020</b>	<b>25,456</b>	<b>198,925</b>	<b>6,666</b>	<b>20,459</b>	<b>15,256</b>	<b>9,517</b>	<b>2,370</b>	<b>0</b>	<b>278,649</b>
<b>Asset financing :</b>									
Owned	25,456	198,925	6,666	20,459	15,256	0	9,517	2,370	<b>278,649</b>
Held on finance lease	0	0	0	0	0	0	0	0	<b>0</b>
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	<b>0</b>
PFI residual interests	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>25,456</b>	<b>198,925</b>	<b>6,666</b>	<b>20,459</b>	<b>15,256</b>	<b>0</b>	<b>9,517</b>	<b>2,370</b>	<b>278,649</b>

The net book value of land, buildings and dwellings at 31 March 2020 comprises :

	£000
Freehold	229,335
Long Leasehold	1,714
Short Leasehold	0
	<b>231,049</b>

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

0

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

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

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

Acquisitions shown as donated assets within Note 11 were bought using monies donated by the public into the Charitable Funds, Granted contributions from Department of Health and other charities.

During 2020-21 fixed assets purchased to the following value were funded by the following :

Hywel Dda General Fund Charity (1147683) Plant and Machinery	£259,817
Hywel Dda General Fund Charity (1147863) Furniture and Fittings	£12,433
Hywel Dda General Fund Charity (1147863) Information Technology	£8,280
UK Government Department of Health & Social Care Granted Assets	£289,825
Other Contributions	£67,847
<b>Total Donated Assets</b>	<b>£638,202</b>

**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 Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

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 not been write downs.

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

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

There are assets held for sale or sold in the period.

Assets held for sale include Cardigan Health Centre and Neyland Health Centre.

Asset sold in the period is Cardigan Hospital.

**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
<b>Balance brought forward 1 April 2020</b>	636	196	0	0	0	<b>832</b>
Plus assets classified as held for sale in the year	0	0	0	0	0	<b>0</b>
Revaluation	10	0	0	0	0	<b>10</b>
Less assets sold in the year	(450)	0	0	0	0	<b>(450)</b>
Add reversal of impairment of assets held for sale	0	0	0	0	0	<b>0</b>
Less impairment of assets held for sale	0	0	0	0	0	<b>0</b>
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	<b>0</b>
<b>Balance carried forward 31 March 2021</b>	<b>196</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>392</b>
<b>Balance brought forward 1 April 2019</b>	0	0	0	0	0	<b>0</b>
Plus assets classified as held for sale in the year	936	196	0	0	0	<b>1,132</b>
Revaluation	0	0	0	0	0	<b>0</b>
Less assets sold in the year	(300)	0	0	0	0	<b>(300)</b>
Add reversal of impairment of assets held for sale	0	0	0	0	0	<b>0</b>
Less impairment of assets held for sale	0	0	0	0	0	<b>0</b>
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	<b>0</b>
<b>Balance carried forward 31 March 2020</b>	<b>636</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>832</b>

## 12. Intangible non-current assets

### 2020-21

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

## 12. Intangible non-current assets

### 2019-20

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2019</b>	3,359	0	77	0	0	0	<b>3,436</b>
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	336	0	0	0	0	0	<b>336</b>
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2020</b>	<b>3,695</b>	<b>0</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,772</b>
<b>Amortisation at 1 April 2019</b>	1,738	0	77	0	0	0	<b>1,815</b>
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	496	0	0	0	0	0	<b>496</b>
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2020</b>	<b>2,234</b>	<b>0</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,311</b>
<b>Net book value at 1 April 2019</b>	<b>1,621</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,621</b>
<b>Net book value at 31 March 2020</b>	<b>1,461</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,461</b>
<b>At 31 March 2020</b>							
Purchased	1,614	0	0	0	0	0	<b>1,614</b>
Donated	7	0	0	0	0	0	<b>7</b>
Government Granted	0	0	0	0	0	0	<b>0</b>
Internally generated	0	0	0	0	0	0	<b>0</b>
<b>Total at 31 March 2020</b>	<b>1,621</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,621</b>

#### **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 2021 was £1,726,089.

**13 . Impairments**

	2020-21		2019-20	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £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	100	0
Others (specify)	9,440	0	15,238	0
Reversal of Impairments	(2,470)	0	(1,973)	0
<b>Total of all impairments</b>	<b>6,970</b>	<b>0</b>	<b>13,365</b>	<b>0</b>

**Analysis of impairments charged to reserves in year :**

Charged to the Statement of Comprehensive Net Expenditure	6,970	0	13,119	0
Charged to Revaluation Reserve	0	0	246	0
	<b>6,970</b>	<b>0</b>	<b>13,365</b>	<b>0</b>

**14.1 Inventories**

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
Drugs	<b>4,008</b>	4,081
Consumables	<b>4,853</b>	4,888
Energy	<b>168</b>	247
Work in progress	<b>0</b>	0
Other	<b>0</b>	0
<b>Total</b>	<b>9,029</b>	9,216
Of which held at realisable value	<b>0</b>	0

**14.2 Inventories recognised in expenses**

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
Inventories recognised as an expense in the period	<b>0</b>	0
Write-down of inventories (including losses)	<b>0</b>	0
Reversal of write-downs that reduced the expense	<b>0</b>	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Covid 19 Disclosure**

As part of the NHS Wales response to the Covid pandemic, a number of consumable and revenue equipment items have been purchased centrally within NWSSP and provided to UHBs/Trusts free of charge. The Health Board received £3,188,593 worth of stock which has been fully consumed within the Health Board. The stock value of these items as at 31 March 2021 was zero.

**15. Trade and other Receivables**

<b>Current</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Welsh Government	4,653	2,829
WHSSC / EASC	585	1,180
Welsh Health Boards	577	1,294
Welsh NHS Trusts	2,076	1,391
Health Education and Improvement Wales (HEIW)	277	494
Non - Welsh Trusts	10	27
Other NHS	308	939
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
<b>Welsh Risk Pool Claim reimbursement</b>		
NHS Wales Secondary Health Sector	25,233	51,437
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	1,347	1,549
Other	0	0
Local Authorities	1,050	1,016
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	4,163	5,121
Provision for irrecoverable debts	(967)	(1,171)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	2,895	2,401
Other accrued income	0	0
<b>Sub total</b>	<b>42,207</b>	<b>68,507</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
<b>Welsh Risk Pool Claim reimbursement;</b>		
NHS Wales Secondary Health Sector	59,024	58,101
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
<b>Sub total</b>	<b>59,024</b>	<b>58,101</b>
<b>Total</b>	<b>101,231</b>	<b>126,608</b>

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

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
By up to three months	197	589
By three to six months	13	449
By more than six months	35	24
	<b>245</b>	<b>1,062</b>

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

Balance at 1 April 2020	(1,171)	(1,053)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	59
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	204	(177)
Bad debts recovered during year	0	0
Balance at 31 March 2021	<b>(967)</b>	<b>(1,171)</b>

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	(90)	401
Other	0	0
Total	<b>(90)</b>	<b>401</b>

**16. Other Financial Assets**

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Financial assets</b>				
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**17. Cash and cash equivalents**

	2020-21	2019-20
	£000	£000
Balance at 1 April 2020	1,654	1,460
Net change in cash and cash equivalent balances	659	194
Balance at 31 March 2021	<b>2,313</b>	<b>1,654</b>
Made up of:		
Cash held at GBS	1,902	1,273
Commercial banks	384	355
Cash in hand	27	26
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>2,313</b>	<b>1,654</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>2,313</b>	<b>1,654</b>

The movement relates to cash, no comparative information is required by IAS 7 in 2020-21.

**18. Trade and other payables**

<b>Current</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Welsh Government	0	39
WHSSC / EASC	1,007	78
Welsh Health Boards	1,766	1,922
Welsh NHS Trusts	918	2,059
Health Education and Improvement Wales (HEIW)	0	3
Other NHS	9,009	7,157
Taxation and social security payable / refunds	4,669	2,066
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	5,794	2,160
Non-NHS payables - Revenue	18,164	12,807
Local Authorities	12,314	8,382
Capital payables- Tangible	9,367	8,178
Capital payables- Intangible	294	177
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	69,386	66,075
Deferred Income:		
Deferred Income brought forward	67	418
Deferred Income Additions	218	67
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(48)	(418)
Other creditors	20,709	7,966
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub Total</b>	<b>153,634</b>	<b>119,136</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
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	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub Total</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>153,634</b>	<b>119,136</b>

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

Other creditors includes £11,250k in relation to the NHS Staff Bonus payment

Non NHS Accruals includes £11,839k 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:**

	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	<u>0</u>	<u>0</u>

**19. Other financial liabilities**

	<b>Current</b>		<b>Non-current</b>	
<b>Financial liabilities</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## 20. Provisions

	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
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
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
<b>Total</b>	<b>39,837</b>	<b>0</b>	<b>(879)</b>	<b>11,236</b>	<b>16,469</b>	<b>(16,958)</b>	<b>(28,559)</b>	<b>(30)</b>	<b>21,116</b>
<b>Non Current</b>									
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
<b>Total</b>	<b>58,365</b>	<b>0</b>	<b>0</b>	<b>(11,236)</b>	<b>14,518</b>	<b>(732)</b>	<b>(1,534)</b>	<b>0</b>	<b>59,381</b>
<b>TOTAL</b>									
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
<b>Total</b>	<b>98,202</b>	<b>0</b>	<b>(879)</b>	<b>0</b>	<b>30,987</b>	<b>(17,690)</b>	<b>(30,093)</b>	<b>(30)</b>	<b>80,497</b>

## Expected timing of cash flows:

	In year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	11,051	58,702	0	69,753
Primary care	0	0	0	0
Redress Secondary care	893	0	0	893
Redress Primary care	0	0	0	0
Personal injury	4,894	0	0	4,894
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	824	679	0	1,503
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	20	0	0	20
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	3,434	0	0	3,434
<b>Total</b>	<b>21,116</b>	<b>59,381</b>	<b>0</b>	<b>80,497</b>

## 20. Provisions (continued)

	At 1 April 2019	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 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	17,221	0	(8,185)	2,804	37,138	(8,291)	(6,697)	0	33,990
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	384	0	0	0	1,309	(358)	(224)	0	1,111
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,146	0	0	(28)	530	(372)	(90)	(16)	3,170
All other losses and special payments	0	0	0	0	253	(253)	0	0	0
Defence legal fees and other administration	693	0	0	96	1,353	(659)	(702)		781
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	37			0	14	(22)	0	0	29
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	2,060		0	0	1,166	(1,501)	(969)		756
<b>Total</b>	<b>23,541</b>	<b>0</b>	<b>(8,185)</b>	<b>2,872</b>	<b>41,763</b>	<b>(11,456)</b>	<b>(8,682)</b>	<b>(16)</b>	<b>39,837</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	43,048	0	0	(2,804)	27,165	(2,318)	(7,651)	0	57,440
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	28	24	(5)	(14)	0	33
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	449	0	0	(96)	836	(165)	(132)		892
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
<b>Total</b>	<b>43,497</b>	<b>0</b>	<b>0</b>	<b>(2,872)</b>	<b>28,025</b>	<b>(2,488)</b>	<b>(7,797)</b>	<b>0</b>	<b>58,365</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	60,269	0	(8,185)	0	64,303	(10,609)	(14,348)	0	91,430
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	384	0	0	0	1,309	(358)	(224)	0	1,111
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,146	0	0	0	554	(377)	(104)	(16)	3,203
All other losses and special payments	0	0	0	0	253	(253)	0	0	0
Defence legal fees and other administration	1,142	0	0	0	2,189	(824)	(834)		1,673
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	37			0	14	(22)	0	0	29
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	2,060		0	0	1,166	(1,501)	(969)		756
<b>Total</b>	<b>67,038</b>	<b>0</b>	<b>(8,185)</b>	<b>0</b>	<b>69,788</b>	<b>(13,944)</b>	<b>(16,479)</b>	<b>(16)</b>	<b>98,202</b>

## 21. Contingencies

### 21.1 Contingent liabilities

	2020-21 £'000	2019-20 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	71,875	93,702
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	1,894	2,669
Continuing Health Care costs	1,196	1,841
Other	0	693
Total value of disputed claims	74,965	98,905
Amounts (recovered) in the event of claims being successful	(71,081)	(93,443)
<b>Net contingent liability</b>	<b>3,884</b>	<b>5,462</b>

**21.2 Remote Contingent liabilities**

2020-21	2019-20
£'000	£'000

Please disclose the values of the following categories of remote contingent liabilities :

Guarantees	0	0
Indemnities	27	175
Letters of Comfort	0	0
<b>Total</b>	<b>27</b>	<b>175</b>

**21.3 Contingent assets**

2020-21	2019-20
£'000	£'000

	0	0
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

2020-21	2019-20
£'000	£'000

Property, plant and equipment	4,411	6,305
Intangible assets	0	0
<b>Total</b>	<b>4,411</b>	<b>6,305</b>



## 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 2021 £000	31 March 2020 £000
<b>Minimum lease payments</b>		
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>
<b>Present value of minimum lease payments</b>		
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**

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Minimum lease payments</b>		
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**

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Minimum lease payments</b>		
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 2021 £000	31 March 2020 £000
<b>Gross Investment in leases</b>		
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	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0
<b>Present value of minimum lease payments</b>		
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	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

**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 2021 £000	31 March 2020 £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 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

	On SoFP PFI Capital element 31 March 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £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 March 2021 £000
Total present value of obligations for on-SoFP PFI contracts	0

**25.3 Charges to expenditure**

	2020-21	2019-20
	£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

	31 March 2021	31 March 2020
	£000	£000
<b>PFI scheme expiry date:</b>		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

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

**25.4 Number of PFI contracts**

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

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

**PFI Contract****25.5 The LHB has no Public Private Partnerships**

**26. Financial risk management**

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

**Currency risk**

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

**Interest rate risk**

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

**Credit risk**

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

**Liquidity risk**

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

**27. Movements in working capital**

	2020-21 £000	2019-20 £000
(Increase)/decrease in inventories	187	(1,132)
(Increase)/decrease in trade and other receivables - non-current	(923)	(14,918)
(Increase)/decrease in trade and other receivables - current	26,300	(34,177)
Increase/(decrease) in trade and other payables - non-current	0	0
Increase/(decrease) in trade and other payables - current	34,498	25,652
<b>Total</b>	<b>60,062</b>	<b>(24,575)</b>
Adjustment for accrual movements in fixed assets - creditors	(1,306)	(287)
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	0	0
	<b>58,756</b>	<b>(24,862)</b>

**28. Other cash flow adjustments**

	2020-21 £000	2019-20 £000
Depreciation	19,184	16,171
Amortisation	457	496
(Gains)/Loss on Disposal	(20)	(55)
Impairments and reversals	6,970	13,119
Release of PFI deferred credits	0	0
Covid assets received credited to revenue but non-cash		0
Donated assets received credited to revenue but non-cash	(638)	(1,099)
Government Grant assets received credited to revenue but non-cash	(74)	0
Non-cash movements in provisions	(15)	45,108
Other movements	19,701	17,529
<b>Total</b>	<b>45,565</b>	<b>91,269</b>

**29. Events after the Reporting Period**

### 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
Huw Thomas	Director of Finance	Partner working in Ceredigion County Council
Judith Hardisty	Independent Member	Assessor for the Corporate Health Standard under auspices of A2 Consultancy who are instructed by Welsh Government
Karen Miles	Director of Planning, Performance & Commissioning	Close Family Member working in Swansea University Close Family Member working in University of Wales Trinity St David
Maria Battle	Chair	Board Member, Social Care Wales
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 Public Health England Non-Executive Director in HM Revenue & Customs (HMRC) Independent Advisor, Financial Reporting Council
Mike Lewis	Independent Member	Independent Member, City & County of Swansea Standards Committee Close family member working at Velindre NHS Trust
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
Ros Jervis	Director of Public Health	Close family member working at Sandwell & West Birmingham Hospital NHS Trust
Simon Hancock	Independent Member	Member of Pembrokeshire Mencap Chair of Pembrokeshire County Council Member of Court of Swansea University Part time employee of Bluestone Ltd
Steve Moore	Chief Executive	Honorary Professor in University of Wales Trinity St David

Total value of transactions are with entities at which Board members and key senior staff have influential interests in 2020-21:

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Royal College of Nursing	41	0	0	0
City & County of Swansea	4	0	0	0
Magawell Ltd	1,997	0	0	0
Jamo Group Ltd	4	0	0	0
Community Pharmacy Wales	44	0	0	0
Mencap	14	0	0	0
Pembrokeshire County Council	16,721	3,619	606	17
Ceredigion County Council	11,056	358	5	62
Public Health England	7	0	0	0
Swansea University	380	418	-38	38
University of Wales Trinity St David	53	1	5	-1
HM Revenue & Customs	113,365	0	0	0
Social Care Wales	23	0	0	0
Financial Reporting Council	3	0	3	0
Bluestone Ltd	8,017	0	0	0
Sandwell & West Birmingham Hospitals NHS Trust	8	19	0	0
	<b>143,720</b>	<b>4,415</b>	<b>620</b>	<b>117</b>

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	94	1,008,330	0	4,653
Aneurin Bevan University Health Board	714	748	5	228
Betsi Cadwaladr University Health Board	236	5,012	1	0
Cardiff & Vale University Health Board	6,317	492	375	70
Cwm Taf Morgannwg University Health Board	685	546	43	30
Powys Teaching Health Board	269	8,743	0	200
Public Health Wales NHS Trust	2,236	3,422	5	555
Swansea Bay University Health Board	37,062	4,149	247	49
Velindre NHS Trust	19,892	3,199	885	14,342
Welsh Ambulance Services Trust	5,087	122	28	10
Welsh Health Specialised Services Committee	102,631	2,459	1,007	0
Health Education & Improvement Wales (HEIW)	0	7684	0	277
	<b>175,223</b>	<b>1,044,906</b>	<b>2,596</b>	<b>20,414</b>

### **31. Third Party assets**

The LHB held £1,425,138 cash at bank and in hand at 31 March 2021 (31 March 2020, £1,313,859) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £954,366 at 31 March 2021 (31 March 2020, £713,895). 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 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 £342,000 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 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 £381,960 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 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 £310,781 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 2020 to 31 March 2021. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2020 and February 2021 alongside Health Board/Trust/SHA data for March 2021.

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:

	2020-21 £000	2019-20 £000
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2021</b>		
Expenditure on Primary Healthcare Services	247	291
Expenditure on Hospital and Community Health Services	19,454	17,238

### Statement of Changes in Taxpayers' Equity For the year ended 31 March 2021

Net operating cost for the year	19,701	17,529
Notional Welsh Government Funding	19,701	17,529

### Statement of Cash Flows for year ended 31 March 2021

Net operating cost for the financial year	19,701	0
Other cash flow adjustments	19,701	0

## 2.1 Revenue Resource Performance

Revenue Resource Allocation	19,270	17,529
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## 3. Analysis of gross operating costs

### 3.1 Expenditure on Primary Healthcare Services

General Medical Services	247	291
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### 3.3 Expenditure on Hospital and Community Health Services

Directors' costs	183	117
Staff costs	19,271	17,121

## 9.1 Employee costs

### Permanent Staff

Employer contributions to NHS Pension Scheme	19,701	17,529
Charged to capital	6	36
Charged to revenue	19,695	17,493

## 18. Trade and other payables

### Current

Pensions: staff	0	0
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## 28. Other cash flow adjustments

Other movements	70	17,529
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**34. Other Information****34.2. Other (continued)****Welsh Government Covid 19 Funding****2020-21****£000****Capital**

Capital Funding Field Hospitals and Equipment	3,590
Capital Funding Equipment	8,990
Capital Funding other (Specify)	0

**Welsh Government Covid 19 Capital Funding****12,580****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
PPE (including All Wales Equipment via NWSSP)	3,275
TTP- Testing & Sampling - Pay & Non Pay	1,193
TTP - NHS & LA Tracing - Pay & Non Pay	3,369
Vaccination - Extended Flu Programme	636
Vaccination - COVID-19	2,248
Bonus Payment	11,733
Annual Leave Accrual - Increase due to Covid	11,250
Urgent & Emergency Care	2,460
Support for Adult Social Care Providers	3,548
Hospices	0
Independent Health Sector	0
Mental Health	625
Other Primary Care	1,304
Other	1,528

**Welsh Government Covid 19 Revenue Funding****116,193****Additional Information :**

The UK Government Department of Health & Social Care donated equipment to the value of £364,273.

These included Ultrasounds, Patient Monitors and Ventilators.

Total value of capital equipment - £289,825

Total value of revenue equipment - £74,448

## 34. Other Information

### 34.3 Implementation of IFRS 16

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2022, because of the circumstances caused by Covid-19.

To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will have a significant impact and this will be worked through for disclosure in our 2021-22 financial statements.

**34. Other Information**

**34. Other Information**







**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)<sup>1</sup>, 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 :

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 2020/21

## Annual Accounts 2020/21

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# Content

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

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## Note 2.1 (Page 26)

### 1. Revenue Resource Performance (Statutory)

From 1<sup>st</sup> 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 2020-21

The Health Board did not receive any repayable brokerage during the year but did receive £16m in non-repayable cash only support in 2020-21.

	Year 1 2018/19 £'000	Year 2 2019/20 £'000	Year 3 2020/21 £'000	Total £'000
Revenue Resource Funding	828,698	895,107	1,031,258	<b>2,755,063</b>
Total Operating Expenses	864,136	930,050	1,056,168	<b>2,850,354</b>
<b>Under / (Over) spend against Allocation</b>	<b>(35,438)</b>	<b>(34,943)</b>	<b>(24,910)</b>	<b>(95,291)</b>

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## Note 2.2 (Page 26)

### 2. Capital Resource Performance (Statutory)

From 1<sup>st</sup> 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 2020/21**

	Year 1 2018/19 £'000	Year 2 2019/20 £'000	Year 3 2020/21 £'000	Total £'000
Capital Resource Funding	30,893	40,295	34,451	<b>105,639</b>
Charge against Capital Allocation	30,868	40,264	34,391	<b>105,523</b>
<b>Under / (Over) spend against Allocation</b>	25	31	60	<b>116</b>

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## Note 2.3 (Page 27)

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

Following discussions between the University Health Board (UHB) and Welsh Government (WG), it was acknowledged that the UHB was not in a position to submit an Integrated Medium Term Plan (IMTP) for 2020/23 given the financial position and three year forecast. Instead, the UHB prepared a 3 Year Plan 2020/23, incorporating the 2020/21 Annual Plan (The Plan) addressing bespoke WG annual planning guidance. The Plan was submitted to WG on 31<sup>st</sup> March 2020. The Plan was prepared before the extent of the Covid-19 pandemic implications were known.

The process for 2020/2023 was paused in the spring and the approval process was not completed, so the approval/non-approval status of all organisations remain extant as at that point (i.e. the previous January 2019 submission). The Health Board was not in a position to submit an IMTP for the period 2019-20 to 2021-22 given the status of the Transforming Clinical Services and Turnaround Programmes. In the absence of an IMTP, the Health Board developed an Annual Plan that was submitted to Welsh Government by the Board on 29<sup>th</sup> March 2019. The statutory financial duty under section 175 (2A) of the National Health Services (Wales) Act 2006 to prepare a three year plan was therefore not met.

**Target Not achieved in 2020-21**

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## Note 10.1 (Page 38)

### 4. Prompt Payment Code (Non-Statutory)

The Welsh Government requires that Health Boards pay their trade creditors in accordance with the **CBI Prompt Payment Code (PSPP)** and Government Accounting rules. The financial target is to pay 95% of these non NHS invoices (number, not financial value) within 30 days of delivery.

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

### Target achieved in 2020/21

Non-NHS Invoices	2020/21	2019/20
Total number of Invoices Paid	201,912	195,925
Total number paid within Target	192,345	188,489
<b>% of Invoices Paid within Target</b>	<b>95.3%</b>	<b>96.2%</b>

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# Covid-19

- Increased spend in the year - £116m Revenue, £12.6m capital supported by WG funding
- Annual Leave accrual - £12m
- PPE 'donated goods' £3.2m
- Increased staff numbers and those on fixed term contracts – 702wte

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## Note 34.2 Welsh Government Covid Funding

Revenue	2020/21 £'000
Sustainability Funding (SF)	47,900
Covid-19 Pay Costs Q1 (Future Quarters covered by SF)	8,105
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	17,019
PPE (including All Wales Equipment via NWSSP)	3,275
Test Trace Protect (TTP) - Testing & Sampling - Pay & Non Pay	1,193
TTP - NHS & LA Tracing - Pay & Non Pay	3,369
Vaccination - Extended Flu Programme	636
Vaccination - Covid-19	2,248
Bonus Payment	11,733
Annual Leave Accrual - Increase due to Covid	11,250
Urgent & Emergency Care	2,460
Support for Adult Social Care Providers	3,548
Mental Health	625
Other Primary Care	1,304
Other	1,528
<b>Welsh Government Covid 19 Revenue Funding</b>	<b>116,193</b>

Capital	2020/21 £'000
Capital Funding Field Hospitals and Equipment	3,590
Capital Funding Equipment	8,990
<b>Welsh Government Covid 19 Capital Funding</b>	<b>12,580</b>

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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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	2020/21 £'000	2019/20 £'000
Goods and services from other NHS Wales Health Boards	41,765	38,048
Goods and services from other NHS Wales Trusts	13,560	6,218
Goods and services from Health Education and Improvement Wales (HEIW)	0	3
Goods and services from other non Welsh NHS bodies	2,193	44
Goods and services from WHSSC / EASC	102,617	94,452
Local Authorities	31,529	15,521
Voluntary organisations	3,393	2,672
NHS Funded Nursing Care	2,799	3,102
Continuing Care	49,440	45,118
Private providers	4,870	6,038
Other	144	237
<b>Total</b>	<b>252,310</b>	<b>211,453</b>

## Increase in WHSCC is mainly due to:

Base adjustments in this financial year of £3.1m (Inflation £1m, Annual Plan investment £2m) and new allocations of £4.5m (including Major Trauma centre £2m and high cost drugs £1.7m).

## Movement in Local Authority spend is driven by increase in spend due to:

£10m for Covid Field Hospitals, £3m increase of spend relating to winter pressure costs within the counties, £3m increase for Test, Trace and Protect and £1.5m under Intermediate Care Fund due to additional capital projects in year.

	2020/21 £'000	2019/20 £'000
Directors' costs	2,294	2,445
Operational Staff costs	496,799	432,363
Single lead employer Staff Trainee Cost	4,209	3,874
Supplies and services - clinical	76,804	78,038
Supplies and services - general	7,708	6,392
Consultancy Services	1,838	1,518
Establishment	8,819	8,447
Transport	1,642	1,817
Premises	35,259	18,003
External Contractors	676	719
Depreciation, Amortisation & Fixed Asset impairment	26,611	29,786
Audit fees	371	344
Losses, special payments and irrecoverable debts	1,649	1,755
Other operating expenses	1,223	1,606
<b>Total</b>	<b>665,902</b>	<b>587,107</b>

## Increase in Operational staff costs is mainly due to:

£2m Medical & Dental Pay Award, £10.2m A4C Pay award, £0.8m Increments (Medical), £53m Covid/ Increase in on costs due to additional contracted staff in year (702wte)

## Movement in Premises costs is primarily due to impact of Covid:

£1.1m Furniture & Fittings across operational & Field Hospitals to be Covid compliant; Computer Software, maintenance & contracts +£3m and £0.7m Premises Rent due to commissioning, running costs of Field Hospitals and accommodation costs for GPs during the pandemic, £8m Field Hospitals - rent / consequential losses

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# Movement in the Balance Sheet

Statement of Financial Position as at 31 March 2021	Opening Balance 1 <sup>st</sup> April 2020 £'000	Closing Balance 31 <sup>st</sup> March 2021 £'000	Movement £'000
<b>Non Current Assets</b>			
Property, plant and equipment	278,649	290,648	11,999
Intangible assets	1,461	1,349	(112)
Trade and other receivables	58,101	59,024	923
<b>Non-Current Assets sub total</b>	<b>338,211</b>	<b>351,021</b>	<b>12,810</b>
<b>Current Assets</b>			
Inventories	9,216	9,029	(187)
Trade and other receivables	68,507	42,207	(26,300)
Cash and cash equivalents	1,654	2,313	659
Non-current assets classified as held for sale	832	392	(440)
<b>TOTAL CURRENT ASSETS</b>	<b>80,209</b>	<b>53,941</b>	<b>(26,268)</b>
<b>TOTAL ASSETS</b>	<b>418,420</b>	<b>404,962</b>	<b>(13,458)</b>
Current Liabilities	(119,136)	(153,634)	(34,498)
Provisions	(39,837)	(21,116)	18,721
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<b>(78,764)</b>	<b>(120,809)</b>	<b>(42,045)</b>
<b>Non-Current Liabilities</b>			
Provisions	(58,365)	(59,381)	(1,016)
<b>TOTAL ASSETS EMPLOYED</b>	<b>201,082</b>	<b>170,831</b>	<b>(30,251)</b>

Movement in fixed asset additions totalled £35.1m; the most significant of these were Covid-19 assets valued at £12.5m and Womens & Childrens Scheme at £6.8m. These were offset by depreciation charged and impairments, which has led to the net increase of £12m in fixed assets during the year.

Decrease in the Welsh Risk Pool debtor due to closure of medical negligence claims; decrease in reduction in defrayed cases £5m, and 2 large cases which have been closed £21m.

The movement in Current Liabilities is mainly attributable to an increase in Annual Leave accrual of £12m, Tax & NI £6m due to prepayment of same value in 19/20, £5.4m increase due to outstanding ICF (mainly capital) invoices, £2.2m prescribing, £2m 6.3% additional pension contribution accrual, capital creditors £3.3m and increases in trade payables £2.5m

Decrease in provision is due to change in value of medical negligence cases

	2020/21 £'000	2019/20 £'000
<b>Clinical negligence:-</b>		
Secondary care	69,753	91,430
Redress Secondary care	893	1,111
Personal injury	4,894	3,203
Defence legal fees and other administration	1,503	1,673
Pensions relating to other staff	20	29
Other	3,434	756
<b>Total</b>	<b>80,497</b>	<b>98,202</b>

**The reduction is mainly due to:**  
 Two cases for £5.3m and £2.5m were classified as non-current in 2019/20 but were reclassified as current in 2020/21. Provision has decreased for 1 case for £15.8m.

Corresponding asset in Trade Receivables

Cases summary	2020/21			2019/20		
	Number of cases	Provision £'000	Avge/case £'000	Number of cases	Provision £'000	Avge/case £'000
Clinical Negligence	299	70,646	236	210	92,541	441
Personal Injury	60	1,503	82	41	3,203	78

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Known  
adjustments  
required to  
draft  
accounts –  
due to  
information  
not available

- Covid vaccine received free of charge – awaiting WG information
- Scheme Pays – provision for reimbursement of Clinicians pension £1.6m (to be confirmed), with corresponding WG debtor of same value
- Post Balance Sheet note – donations to India £0.5m

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## Next Steps

- Audit Wales currently auditing the accounts
- Final Accounts to be presented to the Audit Committee on the 10<sup>th</sup> June 2021
- Final Accounts to Welsh Government 11<sup>th</sup> June 2021

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