

SWANSEA BAY UNIVERSITY LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

The Local Health Board was established on 1st April 2019 under statutory instrument 2019 No.349 (W.83), the Local Health Boards (Area Change) (Wales) (Miscellaneous Amendment) Order 2019.

This statutory instrument transferred the principal local government area of Bridgend from Abertawe Bro Morgannwg University Local Health Board to Cwm Taf Morgannwg Local Health Board in addition to confirming that Abertawe Bro Morgannwg University Local Health Board is renamed and is to be known as Swansea Bay University Local Health Board.

Swansea Bay University Local Health Board is responsible for the provision of healthcare services for the populations falling under the local government areas of Swansea and Neath Port Talbot.

On 1st April 2019 all staff property, assets and liabilities relating to services provided to the local government area of Bridgend transferred from Swansea Bay University Local Health Board to Cwm Taf Morgannwg Local Health Board. This transfer was undertaken in line with the Local Health Boards (Area Change) (transfer of Staff, Property and Liabilities) (Wales) Order 2019. The transfer was accounted for under absorption accounting rules.

The health board's predecessor organisation Abertawe Bro Morgannwg University Health Board was established on 1st October 2009 following the merger of the former Abertawe Bro Morgannwg University NHS Trust, Swansea Local Health Board, Neath Port Talbot Local Health Board and Bridgend Local Health Board, providing services to the local government areas of Swansea, Neath Port Talbot and Bridgend.

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 The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.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	189,358	181,823
Expenditure on healthcare from other providers	3.2	287,515	232,061
Expenditure on Hospital and Community Health Services	3.3	898,888	784,902
		1,375,761	1,198,786
Less: Miscellaneous Income	4	(283,717)	(271,930)
LHB net operating costs before interest and other gains and losses		1,092,044	926,856
Investment Revenue	5	0	0
Other (Gains) / Losses	6	(33)	(5)
Finance costs	7	4,975	4,926
Net operating costs for the financial year		1,096,986	931,777

See note 2 on page 27 for details of performance against Revenue and Capital allocations.

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

Other Comprehensive Net Expenditure

	2020-21 £'000	2019-20 £'000
Net (gain) / loss on revaluation of property, plant and equipment	(6,486)	(3,487)
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	88
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	150,340
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(6,486)	146,941
Total comprehensive net expenditure for the year	1,090,500	1,078,718

The transfer to other bodies within the Resource Accounting Boundary in 2019/20 relates to the transfer of property, plant and equipment to Cwm Taf Morgannwg Health Board as a result of the Bridgend boundary change enacted under statutory instrument 2019 No.349 (W.83), the Local Health Boards (Area Change) (Wales) (Miscellaneous Amendment) Order 2019.

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

Statement of Financial Position as at 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	11	488,388	460,560
Intangible assets	12	5,249	4,928
Trade and other receivables	15	96,637	102,559
Other financial assets	16	0	0
Total non-current assets		590,274	568,047
Current assets			
Inventories	14	9,415	10,012
Trade and other receivables	15	93,670	66,267
Other financial assets	16	0	0
Cash and cash equivalents	17	1,270	486
		104,355	76,765
Non-current assets classified as "Held for Sale"	11	532	475
Total current assets		104,887	77,240
Total assets		695,161	645,287
Current liabilities			
Trade and other payables	18	(199,286)	(127,631)
Other financial liabilities	19	0	0
Provisions	20	(47,019)	(28,761)
Total current liabilities		(246,305)	(156,392)
Net current assets/ (liabilities)		(141,418)	(79,152)
Non-current liabilities			
Trade and other payables	18	(33,815)	(37,136)
Other financial liabilities	19	0	0
Provisions	20	(102,490)	(108,301)
Total non-current liabilities		(136,305)	(145,437)
Total assets employed		312,551	343,458
Financed by :			
Taxpayers' equity			
General Fund		273,547	310,914
Revaluation reserve		39,004	32,544
Total taxpayers' equity		312,551	343,458

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

Chief Executive and Accountable Officer Date: 7th June 2021

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

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2020-21			
Balance at 1 April 2020	310,914	32,544	343,458
Net operating cost for the year	(1,096,986)		(1,096,986)
Net gain/(loss) on revaluation of property, plant and equipment	0	6,486	6,486
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other Reserve Movement	0	0	0
Transfers between reserves	26	(26)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2020-21	(1,096,960)	6,460	(1,090,500)
Net Welsh Government funding	1,034,272		1,034,272
Notional Welsh Government Funding	25,321		25,321
Balance at 31 March 2021	273,547	39,004	312,551
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	8,549		8,549
Welsh Government Covid 19 Revenue Funding	148,887		148,887

The notes on pages 8 to 73 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
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	408,417	50,891	459,308
Net operating cost for the year	(931,777)		(931,777)
Net gain/(loss) on revaluation of property, plant and equipment	0	3,487	3,487
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	(88)	(88)
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	2,895	(2,895)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	(131,489)	(18,851)	(150,340)
Total recognised income and expense for 2019-20	(1,060,371)	(18,347)	(1,078,718)
Net Welsh Government funding	939,284		939,284
Notional Welsh Government Funding	23,584		23,584
Balance at 31 March 2020	310,914	32,544	343,458

The transfer to/from LHBs relates to the transfer of property, plant and equipment to Cwm Taf Morgannwg Health Board as a result of the Bridgend boundary change enacted under statutory instrument 2019 No.349 (W.83), the Local Health Boards (Area Change) (Wales) (Miscellaneous Amendment) Order 2019.

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

Statement of Cash Flows for year ended 31 March 2021

	2020-21	2019-20
	£'000	£'000
Cash Flows from operating activities	Notes	
Net operating cost for the financial year	(1,096,986)	(931,777)
Movements in Working Capital	27 46,096	(18,657)
Other cash flow adjustments	28 72,645	62,689
Provisions utilised	20 (16,280)	(19,699)
Net cash outflow from operating activities	(994,525)	(907,444)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(41,868)	(34,882)
Proceeds from disposal of property, plant and equipment	174	43
Purchase of intangible assets	(590)	(381)
Proceeds from disposal of intangible assets	0	0
Payment for other financial assets	0	0
Proceeds from disposal of other financial assets	0	0
Payment for other assets	0	0
Proceeds from disposal of other assets	0	0
Net cash inflow/(outflow) from investing activities	(42,284)	(35,220)
Net cash inflow/(outflow) before financing	(1,036,809)	(942,664)
Cash Flows from financing activities		
Welsh Government funding (including capital)	1,034,272	939,284
Capital receipts surrendered	0	0
Capital grants received	0	197
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes	3,321	2,839
Cash transferred (to)/ from other NHS bodies		0
Net financing	1,037,593	942,320
Net increase/(decrease) in cash and cash equivalents	784	(344)
Cash and cash equivalents (and bank overdrafts) at 1 April 2020	486	830
Cash and cash equivalents (and bank overdrafts) at 31 March 2021	1,270	486

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

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 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;

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

* *Personal injury cases - Defence fee costs are provided for at 100%.*

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 0.75%.

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.

Annual Leave Accrual

In line with International Accounting Standard (IAS) 19, the Health Board has included in its accounts an accrual for untaken annual leave as at 31st March 2021. The impact of Covid-19 and the availability of staff across the service due to sickness absence and the requirement for staff to shield has had a significant impact on the ability of staff to take annual leave during 2020-21.

Whilst the health board has traditionally allowed staff to carry over up to 5 days annual leave in exceptional circumstances, for 2020-21 where employees have been unable to take their annual leave allocation within the 2020-21 leave year, carry forward of up to 15 days outstanding leave (pro rata for part time staff) has been permitted. 50% of the leave carried over may be further carried forward to the 2022-23 leave year with the requirement that all carried forward annual leave must be used by the end of that leave year.

The impact of the additional annual leave being carried forward as at 31st March 2021 has been to increase the annual leave accrual by £13.281m as detailed in Note 9.1 to the accounts, this increase being partly funded by £11.615m from Welsh Government as detailed in Note 34.2 of the accounts.

Retrospective Continuing Healthcare Claims

The Health Board has an estimated liability of £0.115m (2019-20: £0.3m) in respect of retrospective claims for continuing healthcare funding. The provision is based upon an assessment of the likelihood of claims meeting the criteria for continuing healthcare and is based on actual costs incurred by individuals in care homes. The provision is based on information available to the Health Board as at the Statement of Financial Position date and could be subject to change as outcomes are determined. In 2020-21, as in 2019-20, the provision is based on the average weekly rate reimbursed for successful claims together with the success factor for the claims made against the LHB.

Primary Care Expenditure

As in previous years, due to the short timescale available to prepare the year end accounts, the primary care expenditure disclosed contains a number of significant estimates where the value of the actual liabilities was not available prior to the date for accounts submission, the most material areas being:

General Medical Services Quality and Assurance Improvement Framework (QAIF)

From 1st October 2019, QAIF was introduced as part of the 2019/20 GMS contract reform, replacing the quality and outcomes framework. The QAIF consists of three domains; Quality Assurance (QA), Quality Improvement (QI) and the new domain of Access.

The points available for QAIF are:
QA-382, QI – 185 and Access - 125

As for 2019-20 the value of QAIF points remains at £179 per point.

The Access standards have remained in place for 2020-21, though some of the requirements have been stood down due to COVID-19 and therefore the assumption has been made in calculating the year end accrual that there will be full achievement for 2020-21.

An amount of £1.130m (2019-20, £0.844m) has therefore been accrued on the basis of the number of points achieved by each GP Practice in 2020/21 capped at 692 points payable at £179 per point.

Prescribing Costs

In March 2020, the start of the COVID-19 pandemic had an unprecedented impact on Primary Care Prescribing. At draft accounts stage, Welsh Government's advice was to accrue for February and March costs on the same basis as in previous years. This resulted in a significant under accrual at draft accounts stage. This was a pattern seen across Wales and due to the extension of the deadline date for the 2019/20 audited annual accounts of the end of June, actual information for February and March was available prior to final accounts submission which is not normally the case.

Welsh Government in association with the Prescription Pricing authority calculated the additional costs for health boards on an average basis compared to the average of previous years and health boards were instructed to change their accrual in line with these calculations, with the increase funded by Welsh Government.

Since then although there has been some monthly variation in the number of items prescribed and an increase in the price per item as there has been an escalation in the Prescribing of drugs such as DOACs in response to the pandemic, generally this has stabilised.

For 2020/21, therefore the Health Board has reverted to the accrual methodology used at draft accounts stage for 2019/20 and for previous years. This has resulted in an accrual of £12.397m (2019-20: £11.502m at draft accounts) in respect of prescribing costs for the months of February and March 2021. The costs were derived using the average daily charge for the 4 month period October to January to derive an average weighted daily run rate for prescribing. This weighted daily run rate is based on 50% calendar days in the month and 50% prescribing days in the month. This average cost was then applied to the number of days in February and March to arrive at an amount for accrual.

As in previous years, this amount was then reviewed to take into account the estimated impact of category M changes effective from January 2021 which impact in February and March. In addition No Cheaper Stock Option (NCSO) information was assessed to determine whether adjustments needed to be made for any specific drugs within the accrual methodology.

Pharmacy

A total of £3.638m (2019-20: £3.745m) was accrued for February and March pharmacy contract payments.

For the past six years, the run rate for November to January was used to accrue for February and March due to several changes to the fees and allowances within the pharmacy contract from April to October. This approach was used again for 2020-21 with estimated adjustments made for the increase in contract price per item for February and March 2021.

The basis of the primary care estimates disclosed above was agreed in advance with the Health Board's Auditors and reported to the Health Board's Audit Committee in March 2021.

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 Swansea Bay University LHB NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Swansea Bay University LHB NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Swansea Bay 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 Swansea Bay 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
Net operating costs for the year	1,143,379	931,777	1,096,986	3,172,142
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,484	993	739	3,216
Less revenue consequences of bringing PFI schemes onto SoFP	(1,684)	(1,925)	(2,164)	(5,773)
Total operating expenses	1,143,179	930,845	1,095,561	3,169,585
Revenue Resource Allocation	1,133,300	914,561	1,071,257	3,119,118
Under /(over) spend against Allocation	(9,879)	(16,284)	(24,304)	(50,467)

Swansea 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 did not receive any strategic cash only support in 2020-21.

2.2 Capital Resource Performance

	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Gross capital expenditure	37,873	31,196	49,799	118,868
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(352)	(38)	(140)	(530)
Less capital grants received	(384)	(197)	(1,517)	(2,098)
Less donations received	(730)	(88)	(186)	(1,004)
Charge against Capital Resource Allocation	36,407	30,873	47,956	115,236
Capital Resource Allocation	36,447	30,901	47,984	115,332
(Over) / Underspend against Capital Resource Allocation	40	28	28	96

Swansea Bay 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

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 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 Minister for Health and Social Services extant approval

Status

Not Approved

Date

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

Following the LHB being placed in Targeted Intervention in September 2016, it was not in a position to submit a three year Integrated Medium Term Plan for 2019-2022. The LHB has since operated, in agreement with Welsh Government, under annual planning arrangements.

The LHB's Annual Operating Plan for 2020-21, identified a deficit financial plan of £24.4m which was supported by its board for submission to Welsh Government in March 2020, prior to the pausing of the planning process due to the pandemic response. Actual outturn for 2020-21 was a financial deficit of £24.304m.

On 7th October 2020, Welsh Government confirmed that the LHB had been de-escalated from Targeted Intervention to Enhanced Monitoring.

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	233,909	269,432
Total number of non-NHS bills paid within target	219,612	254,141
Percentage of non-NHS bills paid within target	93.9%	94.3%

The LHB has not 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	67,012		67,012	64,196
Pharmaceutical Services	21,981	(4,674)	17,307	15,424
General Dental Services	24,778		24,778	27,046
General Ophthalmic Services	1,079	3,935	5,014	5,058
Other Primary Health Care expenditure	869		869	796
Prescribed drugs and appliances	74,378		74,378	69,303
Total	190,097	(739)	189,358	181,823

The expenditure above for General Medical Services includes includes £0.426m in respect of staff costs relating to the Cymmer managed GP practice, (2019-20: £0.454m).

3.2 Expenditure on healthcare from other providers

	2020-21 £'000	2019-20 £'000
Goods and services from other NHS Wales Health Boards	42,701	42,043
Goods and services from other NHS Wales Trusts	10,720	9,354
Goods and services from Health Education and Improvement Wales (HEIW)	0	4
Goods and services from other non Welsh NHS bodies	1,194	312
Goods and services from WHSSC / EASC	104,585	96,675
Local Authorities	56,821	17,339
Voluntary organisations	4,830	5,748
NHS Funded Nursing Care	8,301	7,611
Continuing Care	55,606	45,601
Private providers	2,748	7,366
Specific projects funded by the Welsh Government	0	0
Other	9	8
Total	287,515	232,061

Expenditure with Local Authorities in 2020-21 includes £29.1m to City & County of Swansea in respect of the Bay Field Hospital Commissioning and other costs, £3.9m to Neath Port Talbot Council in respect of the commissioning, decommissioning and other costs of the Llandarcy Field Hospital and £3.8m relating to community COVID-19 testing costs with payments to both City & County of Swansea and Neath Port Talbot Council included within that sum.

The remaining expenditure with local authorities primarily relates to Continuing Healthcare Costs for services provided to the Health Board's residents within Local Authority Residential and Nursing Homes and in respect of contributions to the Community Equipment Pooled Budgets scheme with the City & County of Swansea.

Expenditure in respect of other projects run by Local Authorities but where contributions are made by the Health Board are also included here as are payments made to Local Authorities under the Integrated Care Fund (ICF) where the funding flows through the Health Board to Local Authorities from Welsh Government for approved ICF schemes.

3.3 Expenditure on Hospital and Community Health Services

	2020-21 £'000	2019-20 £'000
Directors' costs	1,854	1,928
Operational Staff costs	647,055	566,776
Single lead employer Staff Trainee Cost	5,746	0
Collaborative Bank Staff Cost	149	0
Supplies and services - clinical	134,339	119,341
Supplies and services - general	13,486	8,468
Consultancy Services	368	349
Establishment	14,981	11,981
Transport	1,701	1,538
Premises	35,073	24,414
External Contractors	4,149	3,550
Depreciation	26,763	26,837
Amortisation	1,752	1,953
Fixed asset impairments and reversals (Property, plant & equipment)	(577)	4,290
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	61
Audit fees	372	382
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	2,510	5,503
Research and Development	4,947	4,006
Other operating expenses	4,220	3,525
Total	898,888	784,902

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

	2020-21 £'000	2019-20 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	34,874	5,643
Primary care	70	0
Redress Secondary Care	734	864
Redress Primary Care	0	0
Personal injury	1,400	1,731
All other losses and special payments	149	48
Defence legal fees and other administrative costs	1,679	812
Gross increase/(decrease) in provision for future payments	38,906	9,098
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/due from Welsh Risk Pool	(36,396)	(3,595)
Total	2,510	5,503

	2020-21 £	2019-20 £
Permanent injury included within personal injury £:	481,000	1,192,000

4. Miscellaneous Income

	2020-21 £'000	2019-20 £'000
Local Health Boards	99,758	97,753
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	120,179	112,307
NHS Wales trusts	6,251	5,120
Health Education and Improvement Wales (HEIW)	12,627	11,661
Foundation Trusts	0	0
Other NHS England bodies	1,381	2,721
Other NHS Bodies	15	43
Local authorities	5,876	5,498
Welsh Government	9,778	10,084
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	1,042	4,521
Private patient income	73	818
Overseas patients (non-reciprocal)	134	396
Injury Costs Recovery (ICR) Scheme	703	2,271
Other income from activities	2,091	3,314
Patient transport services	0	0
Education, training and research	6,778	6,886
Charitable and other contributions to expenditure	725	876
Receipt of NWSSP Covid centrally purchased assets	7,606	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	186	89
Receipt of Government granted assets	2,097	197
Non-patient care income generation schemes	357	676
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	1,528	1,384
Contingent rental income from finance leases	0	0
Rental income from operating leases	92	479
Other income:		
Provision of laundry, pathology, payroll services	21	186
Accommodation and catering charges	1,571	2,288
Mortuary fees	571	273
Staff payments for use of cars	2,069	1,727
Business Unit	0	0
Other	208	362
Total	283,717	271,930
Other income Includes;		
Grant income	36	59
Pharmacy and other sales income	27	44
Clinical trial income	86	99
Search fee income	0	0
Syrian Refugee income	0	0
All other income	59	160
Total	208	362
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:	22.34	21.79

The income disclosed above as Receipt of NWSSP Covid centrally purchased assets comprises the following items:

Equipment Consumables - £3,235k, Personal Protective Equipment (PPE) - £3,163k, Testing Equipment £47k, Vaccination Packs PPE £1,128k, Vaccination Pack Consumables £33k. These items are accounted for as expenditure in Note 3.3 Clinical Supplies and Services with items held as stock amounting to £245k disclosed as consumable in Note 14.1.

The Receipt of Government Granted assets of £2,097k comprises items supplied by the Department of Health. Of this sum £1,516k are capital assets and included in note 11.1 with the remaining £581k relating to revenue equipment which is disclosed in Note 3.3 in Clinical Supplies and Services.

5. Investment Revenue

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

6. Other gains and losses

	2020-21 £000	2019-20 £000
Gain/(loss) on disposal of property, plant and equipment	33	5
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	33	5

7. Finance costs

	2020-21 £000	2019-20 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	2	14
Interest on obligations under PFI contracts		
main finance cost	2,221	2,369
contingent finance cost	2,782	2,528
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	5,005	4,911
Provisions unwinding of discount	(30)	15
Other finance costs	0	0
Total	4,975	4,926

8. Operating leases

LHB as lessee

As at 31st March 2021 the LHB had 25 operating lease agreements in place for the leases of premises, 337 arrangement in respect of equipment and 277 in respect of vehicles, with 0 premises, 21 equipment and 84 vehicle leases having expired in year. The periods in which the remaining 639 agreements expire are shown below.

Payments recognised as an expense	2020-21	2019-20
	£000	£000
Minimum lease payments	6,647	6,613
Contingent rents	0	0
Sub-lease payments	0	0
Total	6,647	6,613

Total future minimum lease payments

Payable	£000	£000
Not later than one year	5,962	5,726
Between one and five years	9,969	11,454
After 5 years	7,392	8,557
Total	23,323	25,737

LHB as lessor

Rental revenue	£000	£000
Rent	91	479
Contingent rents	0	0
Total revenue rental	91	479

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	105	403
Between one and five years	1,659	1,404
After 5 years	766	1,544
Total	2,530	3,351

9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2019-20
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	502,866	1,443	21,445	4,621	124	3,953	534,452	456,165
Social security costs	42,019	0	0	515	8	600	43,142	41,693
Employer contributions to NHS Pension Scheme	81,167	0	0	610	17	0	81,794	77,137
Other pension costs	304	0	0	0	0	0	304	152
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	42	0	0	0	0	0	42	140
Total	626,398	1,443	21,445	5,746	149	4,553	659,734	575,287

Charged to capital	512	590
Charged to revenue	659,222	574,697
	659,734	575,287
Net movement in accrued employee benefits (untaken staff leave accrual included above)	147	(122)
Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above)	13,281	0

The employer contributions to the NHS Pension Scheme disclosed above includes £25.321m of NHS Pension contributions paid by Welsh Government for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions. This expenditure accounted for by the health board as notional expenditure paid to NHS BSA by Welsh Government has been covered off by notional funding provided to the health board. There is therefore no impact on the health board's Revenue Resource Performance as a result of the inclusion of these notional transactions. Further information is disclosed in Note 34.1.

Included within Note 9.1 above are £333k of final pay control charges relating to 8 individuals. Final pay control is applicable to all Officer and Practice Staff members of the 1995 Section of the NHS Pension Scheme, including 1995/2015 transition members, who retire with entitlement to pension benefits.

If a member receives an increase to pensionable pay that exceeds the 'allowable amount' the relevant employer is liable for a final pay control charge. The 'allowable amount' is the amount that pensionable pay can increase by before the employer is liable for a final pay control charge. The 'allowable amount' is the lesser of:

- the member's pensionable pay in the relevant year, or
- the member's pensionable pay in the previous year plus three Consumer Price Index % plus 4.5%), or
- the percentage increase in the member's pensionable pay for the current year compared with the previous year".

The £4,553k other staffing cost included within Note 9.1 relates to the cost of temporary staff sourced through the MEDACS managed service contract. These staff are paid through the NHS payroll.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2019-20
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,158	14	24	0	0	0	2,196	2,157
Medical and dental	1,025	3	41	73	0	43	1,185	1,088
Nursing, midwifery registered	3,533	2	184	0	5	0	3,724	3,620
Professional, Scientific, and technical staff	383	1	0	0	0	0	384	360
Additional Clinical Services	2,373	0	4	0	0	0	2,377	2,322
Allied Health Professions	788	1	4	0	0	0	793	776
Healthcare Scientists	305	0	5	0	0	0	310	303
Estates and Ancillary	1,070	0	33	0	0	0	1,103	1,057
Students	110	0	0	0	0	0	110	2
Total	11,746	21	295	73	5	43	12,182	11,685

9.3. Retirements due to ill-health

	2020-21	2019-20
Number	11	8
Estimated additional pension costs £	347,218	299,543

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	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	1
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	1

	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	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	73,922
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	73,922

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	0	0
Total	0	0

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS).

Exit costs in this note are accounted for in full in the year of departure.

There were no exit packages for 2020/21.

The exit package disclosed above for 2019/20 was paid in April 2020 and relates to a payment made to the former Director of Finance who left the Health Board on 29th February 2020. The package comprised payments in lieu of notice, for untaken annual leave and an ex-gratia payment on termination.

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 in their organisation and the median remuneration of the organisation's workforce.

In 2020-21 as was the case in 2019-20 the highest paid director was the Chief Executive.

The banded remuneration of the Chief Executive in Swansea Bay University LHB in the financial year 2020-21 was £210,000 to £215,000 (2019-20, £200,000 to £205,000. This was 7.7 times (2019-20, 6.8 times) the median remuneration of the workforce, which was £27,761 (2019-20, £29,881).

In 2020-21, 0 (2019-20, 5) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £18,005 to £214,938 (2019-20, £17,652 to £249,523).

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.

The employees who received remuneration in excess of the highest paid director in 2019-20 were all medical staff. None of these staff were related to the Chairman, Executive Directors or Independent Members.

9.7 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 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 in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

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
NHS				
Total bills paid	5,054	196,206	5,494	182,055
Total bills paid within target	4,314	186,550	4,722	173,401
Percentage of bills paid within target	85.4%	95.1%	85.9%	95.2%
Non-NHS				
Total bills paid	233,909	418,479	269,432	351,373
Total bills paid within target	219,612	384,896	254,141	326,396
Percentage of bills paid within target	93.9%	92.0%	94.3%	92.9%
Total				
Total bills paid	238,963	614,685	274,926	533,428
Total bills paid within target	223,926	571,446	258,863	499,797
Percentage of bills paid within target	93.7%	93.0%	94.2%	93.7%

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
Total	0	0

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2020	39,555	388,019	9,321	13,002	110,315	1,342	36,925	3,892	602,371
Indexation	(540)	5,150	270	0	0	0	0	0	4,880
Additions									
- purchased	257	3,074	0	25,804	11,423	0	5,897	547	47,002
- donated	0	0	0	0	171	0	15	0	186
- government granted	0	0	0	0	1,517	0	0	0	1,517
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	11,011	0	(13,488)	1,331	0	170	0	(976)
Revaluations	0	(708)	0	0	0	0	0	0	(708)
Reversal of impairments	0	6,151	0	0	0	0	0	0	6,151
Impairments	(248)	(7,258)	0	0	0	0	0	0	(7,506)
Reclassified as held for sale	(187)	0	0	0	0	0	0	0	(187)
Disposals	(12)	0	0	0	(1,360)	(47)	0	0	(1,419)
At 31 March 2021	38,825	405,439	9,591	25,318	123,397	1,295	43,007	4,439	651,311
Depreciation at 1 April 2020	0	33,476	648	0	80,886	1,086	23,727	1,988	141,811
Indexation	0	975	19	0	0	0	0	0	994
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	(3,307)	0	0	0	0	0	0	(3,307)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(1,932)	0	0	0	0	0	0	(1,932)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(1,360)	(46)	0	0	(1,406)
Provided during the year	0	13,871	242	0	7,516	84	4,667	383	26,763
At 31 March 2021	0	43,083	909	0	87,042	1,124	28,394	2,371	162,923
Net book value at 1 April 2020	39,555	354,543	8,673	13,002	29,429	256	13,198	1,904	460,560
Net book value at 31 March 2021	38,825	362,356	8,682	25,318	36,355	171	14,613	2,068	488,388
Net book value at 31 March 2021 comprises :									
Purchased	38,825	359,647	8,682	25,312	34,297	171	14,421	2,055	483,410
Donated	0	1,858	0	6	672	0	190	3	2,729
Government Granted	0	851	0	0	1,386	0	2	10	2,249
At 31 March 2021	38,825	362,356	8,682	25,318	36,355	171	14,613	2,068	488,388
Asset financing :									
Owned	36,845	308,418	8,682	25,318	36,355	171	14,613	2,068	432,470
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	1,980	53,938	0	0	0	0	0	0	55,918
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2021	38,825	362,356	8,682	25,318	36,355	171	14,613	2,068	488,388

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

	£000
Freehold	353,049
Long Leasehold	56,814
Short Leasehold	0
	409,863

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

0

Within the note above, reclassifications of (£976) are shown. This is due to the reclassification of an intangible asset from assets under construction and the opposite entry is shown in Note 12.

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
Cost or valuation at 1 April 2019	56,827	494,129	12,958	20,731	136,664	1,626	43,407	5,656	771,998
Indexation	(342)	3,250	181	0	0	0	0	0	3,089
Additions									
- purchased	152	660	0	22,907	3,576	0	2,926	310	30,531
- donated	0	0	0	0	41	0	46	0	87
- government granted	0	0	0	197	0	0	0	0	197
Transfer from/into other NHS bodies	(16,677)	(124,604)	(3,818)	(566)	(23,954)	(60)	(4,136)	(1,164)	(174,979)
Reclassifications	0	19,950	0	(30,267)	4,242	0	2,326	0	(3,749)
Revaluations	(32)	(279)	0	0	0	0	0	0	(311)
Reversal of impairments	0	4,067	0	0	0	0	0	0	4,067
Impairments	(53)	(9,154)	0	0	0	0	0	0	(9,207)
Reclassified as held for sale	(320)	0	0	0	0	0	0	0	(320)
Disposals	0	0	0	0	(10,254)	(224)	(7,644)	(910)	(19,032)
At 31 March 2020	39,555	388,019	9,321	13,002	110,315	1,342	36,925	3,892	602,371
Depreciation at 1 April 2019	0	26,844	525	0	100,297	1,259	27,879	3,212	160,016
Indexation	0	429	8	0	0	0	0	0	437
Transfer from/into other NHS bodies	0	(5,152)	(122)	0	(16,462)	(60)	(2,140)	(702)	(24,638)
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(1,058)	0	0	0	0	0	0	(1,058)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(789)	0	0	0	0	0	0	(789)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(10,216)	(224)	(7,644)	(910)	(18,994)
Provided during the year	0	13,202	237	0	7,267	111	5,632	388	26,837
At 31 March 2020	0	33,476	648	0	80,886	1,086	23,727	1,988	141,811
Net book value at 1 April 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	611,982
Net book value at 31 March 2020	39,555	354,543	8,673	13,002	29,429	256	13,198	1,904	460,560
Net book value at 31 March 2020 comprises :									
Purchased	39,555	351,779	8,673	12,996	28,734	253	12,915	1,886	456,791
Donated	0	1,911	0	6	686	0	276	4	2,883
Government Granted	0	853	0	0	9	3	8	13	886
At 31 March 2020	39,555	354,543	8,673	13,002	29,429	256	13,198	1,903	460,560
Asset financing :									
Owned	37,535	302,149	8,673	13,002	29,219	256	13,198	1,904	405,936
Held on finance lease	0	0	0	0	210	0	0	0	210
On-SoFP PFI contracts	2,020	52,394	0	0	0	0	0	0	54,414
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2020	39,555	354,543	8,673	13,002	29,429	256	13,198	1,904	460,560

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

	£000
Freehold	347,445
Long Leasehold	55,326
Short Leasehold	0
	402,771

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.

Within the above note reclassifications of (£3,749k) are shown. This is due to reclassification of an intangible asset from assets under construction with the opposite entry shown in Note 12.

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

All donated assets were purchased from Swansea Bay ABMU Charitable funds. Government Granted assets of £1.517m were received via income from Welsh Government following the transfer of COVID medical equipment from the UK Government Department of Health.

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

Building asset lives are as determined by the District Valuer and range from 2 to 84 years.

Equipment assets are allocated lives on based on the professional judgement and past experience of clinicians, finance staff and other Health Board professionals. The appropriateness of these lives is reviewed regularly

Medical Equipment range from 5 to 15 Years

Non-clinical Equipment - 5 Years

Vehicles - 7 Years

Furniture - 10 Years

IMT Hardware & Software - 5 years or reflects contract life for some software assets

iv) Compensation

There has not been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

v) Write Downs

There have been two DEL impairments for the following schemes which are not continuing:

- Gorseinon Car Park £0.036m

- South Wales Assisted Reproduction Unit (SWARU) - £0.002m

vi) The LHB does/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. These are:

- Coelbren Health Centre

- Glynneath Clinic

- Resolven Clinic

- Fairfield Care Centre

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

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2020	475	0	0	0	0	475
Plus assets classified as held for sale in the year	187	0	0	0	0	187
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(130)	0	0	0	0	(130)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2021	532	0	0	0	0	532
Balance brought forward 1 April 2019	155	0	0	0	0	155
Plus assets classified as held for sale in the year	320	0	0	0	0	320
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2020	475	0	0	0	0	475

The following asset was classified as Held for Sale during the year:-

Trehafod Cefn Coed

The following assets classified as Held for Sale as at 31st March 2020 were sold during the year:-

Glyneath Clinic and Resolven Clinic

Coelbren Health Centre was classified as an asset held for sale in 2018-19 and remains held for sale as at 31st March 2021.

Fairfield at Cefn Coed Hospital was classified as an asset held for sale in 2019-20 and remains held for sale as at 31st March 2021.

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
Cost or valuation at 1 April 2020	9,194	0	653	0	0	0	9,847
Revaluation	0	0	0	0	0	0	0
Reclassifications	976	0	0	0	0	0	976
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	715	0	382	0	0	0	1,097
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2021	10,885	0	1,035	0	0	0	11,920
Amortisation at 1 April 2020	4,764	0	155	0	0	0	4,919
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	1,752	0	0	0	0	0	1,752
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2021	6,516	0	155	0	0	0	6,671
Net book value at 1 April 2020	4,430	0	498	0	0	0	4,928
Net book value at 31 March 2021	4,369	0	880	0	0	0	5,249
At 31 March 2021							
Purchased	4,359	0	880	0	0	0	5,239
Donated	10	0	0	0	0	0	10
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2021	4,369	0	880	0	0	0	5,249

The reclassification of £976k in this note relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1.

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
Cost or valuation at 1 April 2019	7,806	0	475	0	0	0	8,281
Revaluation	0	0	0	0	0	0	0
Reclassifications	3,749	0	0	0	0	0	3,749
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	203	0	178	0	0	0	381
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	(2,564)	0	0	0	0	0	(2,564)
Gross cost at 31 March 2020	9,194	0	653	0	0	0	9,847
Amortisation at 1 April 2019	5,375	0	155	0	0	0	5,530
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	1,953	0	0	0	0	0	1,953
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(2,564)	0	0	0	0	0	(2,564)
Amortisation at 31 March 2020	4,764	0	155	0	0	0	4,919
Net book value at 1 April 2019	2,431	0	320	0	0	0	2,751
Net book value at 31 March 2020	4,430	0	498	0	0	0	4,928
At 31 March 2020							
Purchased	4,414	0	498	0	0	0	4,912
Donated	16	0	0	0	0	0	16
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2020	4,430	0	498	0	0	0	4,928

The reclassification of £3,749k in this note relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1.

Additional Disclosures re Intangible Assets

For each class of intangible asset disclose :

the effective date of revaluation - **None**

the methods and significant assumptions applied in estimating fair values - **Estimated at Cost less depreciation to date**

the carrying amount had they been told at cost - **£0**

For each class of intangible asset, distinguishing between internally generated intangible assets and others disclose :

whether the useful lives are indefinite or finite - **Finite**

the useful lives or the amortisation rates used - **Standard life of 5 years or the period that the licence covers as applicable**

Intangible assets, assessed as having indefinite useful lives - **None**

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	38	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	6,079	0	8,486	0
Reversal of Impairments	(6,152)	0	(4,068)	0
Total of all impairments	(35)	0	4,418	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(577)	0	4,298	0
Charged to Revaluation Reserve	542	0	120	0
	(35)	0	4,418	0

14.1 Inventories

	31 March	31 March
	2021	2020
	£000	£000
Drugs	4,499	4,739
Consumables	4,659	5,070
Energy	257	203
Work in progress	0	0
Other	0	0
Total	9,415	10,012
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

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

Note 14.1 discloses the stock values held at 31st March 2021. Where stock is counted manually stock takes are undertaken throughout February and March in order to ensure that stock valuations are available at the balance sheet date due to the time taken to price the items of stock counted.

In line with the 2015-16 guidance Note 14.2 only relates to Health bodies that purchase assets to sell and as such does not apply to the Health Board.

Consumables stock in note 14.1 includes £245k of items relating to the COVID-19 pandemic.

15. Trade and other Receivables

Current	31 March 2021 £000	31 March 2020 £000
Welsh Government	4,542	4,161
WHSSC / EASC	3,526	3,327
Welsh Health Boards	1,831	6,598
Welsh NHS Trusts	1,365	975
Health Education and Improvement Wales (HEIW)	103	266
Non - Welsh Trusts	53	240
Other NHS	88	238
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	67,449	34,218
NHS Wales Primary Sector FLS Reimbursement	87	0
NHS Wales Redress	1,646	1,099
Other	0	0
Local Authorities	3,447	2,857
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	7,696	9,910
Provision for irrecoverable debts	(4,377)	(3,518)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	6,034	5,150
Other accrued income	180	746
Sub total	93,670	66,267
Non-current		
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
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	96,629	102,539
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	8	20
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	96,637	102,559
Total	190,307	168,826

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

	31 March 2021 £000	31 March 2020 £000
By up to three months	8,001	14,685
By three to six months	226	664
By more than six months	470	592
	8,697	15,941

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

Balance at 1 April 2020	(3,518)	(3,068)
Transfer to other NHS Wales body	0	350
Amount written off during the year	4	17
Amount recovered during the year	4	14
(Increase) / decrease in receivables impaired	(867)	(831)
Bad debts recovered during year	0	0
Balance at 31 March 2021	(4,377)	(3,518)

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	2,179	2,648
Other	0	0
Total	2,179	2,648

16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0

17. Cash and cash equivalents

	2020-21	2019-20
	£000	£000
Balance at 1 April 2020	486	830
Net change in cash and cash equivalent balances	784	(344)
Balance at 31 March 2021	1,270	486
Made up of:		
Cash held at GBS	1,176	402
Commercial banks	0	0
Cash in hand	94	84
Cash and cash equivalents as in Statement of Financial Position	1,270	486
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	1,270	486

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are:

Lease Liabilities £211k
PFI liabilities £2,831k

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

18. Trade and other payables

Current	31 March 2021 £000	31 March 2020 £000
Welsh Government	1	8
WHSSC / EASC	486	278
Welsh Health Boards	2,020	2,856
Welsh NHS Trusts	2,032	3,125
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	1,058	966
Taxation and social security payable / refunds	5,344	4,732
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	72	217
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	6,769	6,275
Non-NHS payables - Revenue	19,124	19,593
Local Authorities	873	1,264
Capital payables- Tangible	11,603	6,418
Capital payables- Intangible	526	71
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	211
Imputed finance lease element of on SoFP PFI contracts	3,321	2,831
Pensions: staff	8,663	7,908
Non NHS Accruals	136,504	68,737
Deferred Income:		
Deferred Income brought forward	1,899	2,959
Deferred Income Additions	188	324
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(1,529)	(1,384)
Other creditors	332	242
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	199,286	127,631
Non-current		
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	33,815	37,136
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	33,815	37,136
Total	233,101	164,767

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

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March	31 March
	2021	2020
	£000	£000
Between one and two years	2,899	3,321
Between two and five years	11,136	9,564
In five years or more	19,780	24,251
Sub-total	<u>33,815</u>	<u>37,136</u>

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

20. Provisions

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	25,224	0	(11,228)	27,586	20,441	(11,162)	(8,702)	0	42,159
Primary care	0	0	0	0	70	0	0	0	70
Redress Secondary care	800	0	(335)	(5)	1,106	(519)	(378)	0	669
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	703	0	(57)	325	1,085	(1,111)	(59)	(30)	856
All other losses and special payments	0	0	0	0	149	(149)	0	0	0
Defence legal fees and other administration	1,682	0	0	534	1,551	(1,184)	(555)		2,028
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	52			6	40	(46)	(7)	0	45
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	300		0	0	1,527	(545)	(90)		1,192
Total	28,761	0	(11,620)	28,446	25,969	(14,716)	(9,791)	(30)	47,019
Non Current									
Clinical negligence:-									
Secondary care	101,351	0	0	(27,566)	25,406	(1,499)	(2,270)	0	95,422
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	15	0	0	(15)	5	0	0	0	5
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	5,568	0	0	(325)	374	0	0	0	5,617
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,339	0	0	(534)	714	(65)	(31)		1,423
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	28			(6)	1	0	0	0	23
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	108,301	0	0	(28,446)	26,500	(1,564)	(2,301)	0	102,490
TOTAL									
Clinical negligence:-									
Secondary care	126,575	0	(11,228)	20	45,847	(12,661)	(10,972)	0	137,581
Primary care	0	0	0	0	70	0	0	0	70
Redress Secondary care	815	0	(335)	(20)	1,111	(519)	(378)	0	674
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	6,271	0	(57)	0	1,459	(1,111)	(59)	(30)	6,473
All other losses and special payments	0	0	0	0	149	(149)	0	0	0
Defence legal fees and other administration	3,021	0	0	0	2,265	(1,249)	(586)		3,451
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	80			0	41	(46)	(7)	0	68
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	300		0	0	1,527	(545)	(90)		1,192
Total	137,062	0	(11,620)	0	52,469	(16,280)	(12,092)	(30)	149,509

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	42,159	95,422	0	137,581
Primary care	70	0	0	70
Redress Secondary care	669	5	0	674
Redress Primary care	0	0	0	0
Personal injury	856	1,635	3,982	6,473
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	2,028	1,423	0	3,451
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	45	17	6	68
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	1,192	0	0	1,192
Total	47,019	98,502	3,988	149,509

The expected timing of cash flows are based on best available information; but they could change on the basis of individual case changes.

Other provisions relates to retrospective Continuing Healthcare (CHC) claims which are subject to review by the CHC team in Swansea Bay University LHB together with a provision for decommissioning costs for the Bay Field Hospital which is due to be decommissioned in 2021/22.

Reimbursements are anticipated from Welsh Risk Pool against the provisions detailed above for Clinical Negligence, Redress, Personal Injury Claims and defence legal fees and other administration provisions. The value of the anticipated reimbursement against these provisions amounts to £140.013m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

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
Current									
Clinical negligence:-									
Secondary care	29,964	0	(3,600)	5,326	23,497	(11,450)	(18,513)	0	25,224
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	433	0	0	0	995	(481)	(147)	0	800
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	728	0	0	474	767	(1,201)	(80)	15	703
All other losses and special payments	0	0	0	0	48	(48)	0	0	0
Defence legal fees and other administration	2,154	0	0	136	1,766	(1,019)	(1,355)		1,682
Pensions relating to former directors	4			0	0	(4)	0	0	0
Pensions relating to other staff	139			99	58	(241)	(3)	0	52
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	2,036		0	0	1,154	(2,422)	(468)		300
Total	35,458	0	(3,600)	6,035	28,285	(16,866)	(20,566)	15	28,761
Non Current									
Clinical negligence:-									
Secondary care	107,945	0	0	(5,326)	17,149	(1,928)	(16,489)	0	101,351
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	15	0	0	0	15
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	5,744	0	0	(474)	1,044	(746)	0	0	5,568
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,191	0	0	(136)	426	(117)	(25)		1,339
Pensions relating to former directors	12			0	0	(12)	0	0	0
Pensions relating to other staff	156			(99)	2	(30)	(1)	0	28
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	115,048	0	0	(6,035)	18,636	(2,833)	(16,515)	0	108,301
TOTAL									
Clinical negligence:-									
Secondary care	137,909	0	(3,600)	0	40,646	(13,378)	(35,002)	0	126,575
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	433	0	0	0	1,010	(481)	(147)	0	815
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	6,472	0	0	0	1,811	(1,947)	(80)	15	6,271
All other losses and special payments	0	0	0	0	48	(48)	0	0	0
Defence legal fees and other administration	3,345	0	0	0	2,192	(1,136)	(1,380)		3,021
Pensions relating to former directors	16			0	0	(16)	0	0	0
Pensions relating to other staff	295			0	60	(271)	(4)	0	80
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	2,036		0	0	1,154	(2,422)	(468)		300
Total	150,506	0	(3,600)	0	46,921	(19,699)	(37,081)	15	137,062

1. Contingencies**1.1 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	195,386	165,208
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Reference costs	4,707	4,468
Continuing Health Care costs	64	60
Other	0	0
Total value of disputed claims	200,157	169,736
Amounts (recovered) in the event of claims being successful	(196,309)	(165,665)
Net contingent liability	3,848	4,071

Continuing Healthcare Cost Uncertainties

Prior to 2019/20, liabilities for continuing healthcare costs were a significant issue for the LHB. However, since the 2017-18 financial year significant progress has been made in progressing phase 3, 4, 5 and 7 claims, to the extent that as at 31st March 2021 there are no phase 3 or phase 5 cases remaining and only 1 phase 6 claim remains.

As at 31st March 2021, the LHB has included the following amounts relating to these uncertain continuing healthcare costs:

Note 20 sets out the £114,955 provision for probable continuing care costs relating to 15 claims received.

Note 21.1 sets out the £64,439 contingent liability for possible continuing care costs relating to 14 claims received.

21.2 Remote Contingent liabilities

	2020-21	2019-20
	£'000	£'000
Guarantees	122	215
Indemnities	0	0
Letters of Comfort	0	0
Total	122	215

21.3 Contingent assets

	2020-21	2019-20
	£'000	£'000
The Health Board has no contingent assets	0	0
	0	0
	0	0
Total	0	0

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

	2020-21	2019-20
	£'000	£'000
Property, plant and equipment	15,893	6,199
Intangible assets	0	0
Total	15,893	6,199

23. Losses and special payments

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

Gross loss to the Exchequer

Number of cases and associated amounts paid out or written-off during the financial year:

	Amounts paid out during period to 31 March 2021	
	Number	£
Clinical negligence	144	13,180,620
Personal injury	30	715,810
All other losses and special payments	116	149,068
Total	290	14,045,498

Analysis of cases which exceed £300,000 and all other cases:

Cases where cumulative amount exceeds £300,000	Number	Case type	Amounts paid out in year	Cumulative amount
			£	£
08RVCMN0008	1	Clinical Negligence With Advice	0	390,000
08RVCMN0021	1	Clinical Negligence With Advice	0	1,129,996
10RYMMN0033	1	Clinical Negligence With Advice	100,000	1,200,000
10RYMMN0205	1	Clinical Negligence With Advice	0	481,250
10RYMMN0212	1	Clinical Negligence With Advice	0	751,100
10RYMMN0223	1	Clinical Negligence With Advice	0	3,935,000
11RYMMN0156	1	Clinical Negligence With Advice	0	2,331,278
12RYMMN0001	1	Clinical Negligence With Advice	0	1,254,880
12RYMMN0130	1	Clinical Negligence With Advice	34,319	558,319
13RYMMN0037	1	Clinical Negligence With Advice	0	331,247
13RYMMN0094	1	Clinical Negligence With Advice	0	778,061
13RYMMN0218	1	Clinical Negligence With Advice	750,000	850,000
13RYMMN0225	1	Clinical Negligence With Advice	720,000	860,000
13RYMMN0234	1	Clinical Negligence With Advice	315,000	315,000
13RYMMN0235	1	Clinical Negligence With Advice	0	5,595,000
14RYMMN0033	1	Clinical Negligence With Advice	60,000	810,000
14RYMMN0034	1	Clinical Negligence With Advice	531,281	1,621,281
14RYMMN0047	1	Clinical Negligence With Advice	0	547,837
14RYMMN0083	1	Clinical Negligence With Advice	31,904	351,904
14RYMMN0103	1	Clinical Negligence With Advice	0	2,610,619
14RYMMN0110	1	Clinical Negligence With Advice	0	301,705
14RYMMN0120	1	Clinical Negligence With Advice	3,757,694	4,362,000
15RYMMN0040	1	Clinical Negligence With Advice	300,000	509,149
15RYMMN0151	1	Clinical Negligence With Advice	150,000	1,505,000
15RYMMN0154	1	Clinical Negligence With Advice	100,000	350,000
15RYMMN0176	1	Clinical Negligence With Advice	0	1,778,329
15RYMMN0190	1	Clinical Negligence With Advice	1,563,000	1,588,000
15RYMMN0232	1	Clinical Negligence With Advice	0	522,550
15RYMMN0240	1	Clinical Negligence With Advice	0	417,100
16RYMMN0057	1	Clinical Negligence With Advice	710,133	772,633
16RYMMN0161	1	Clinical Negligence With Advice	0	925,000
17RYMMN0006	1	Clinical Negligence With Advice	0	1,912,500
17RYMMN0030	1	Clinical Negligence With Advice	0	1,360,284
17RYMMN0047	1	Clinical Negligence With Advice	0	311,830
20RYMPI0037	1	Personal Injury with Advice	365,000	365,000
			0	0
			0	0
			0	0
			0	0
Sub-total	35		9,488,331	43,683,852
All other cases	255		4,557,167	15,833,054
Total cases	290		14,045,498	59,516,906

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

The Health Board had one lease arrangement classified as a finance lease under IFRS for the lease hire and use of hospital beds, which expired during the 2020/21 financial year.

Under that lease all rentals paid incurred a standard rental charge with no index linked payments.

The Health Board has no contingent rentals to disclose on these arrangements.

Future sub lease payments expected to be received total £Nil (2019-20 £Nil).

Contingent rents recognised as an expense £Nil (2019-20 £Nil).

The Health Board does not hold any finance leases in respect of land and buildings.

Amounts payable under finance leases:

Land	31 March 2021 £000	31 March 2020 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

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

	31 March	31 March
	2021	2020
	£000	£000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

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	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

Other

	31 March	31 March
	2021	2020
	£000	£000
Minimum lease payments		
Within one year	0	213
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	(2)
Minimum lease payments	0	211
Included in:		
Current borrowings	0	211
Non-current borrowings	0	0
	0	211

Present value of minimum lease payments

Within one year	0	211
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	0	211
Included in:		
Current borrowings	0	211
Non-current borrowings	0	0
	0	211

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

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

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

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts 31 March 2021 £000	Off-SoFP PFI contracts 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

Capital value of scheme included in Fixed Assets Note 11	£000
	55,918
Contract start date:	12th May 2000
Contract end date:	31st May 2030

On 12th May 2000, a 30 year Private Finance Initiative (PFI) contract was signed between the Health Board's predecessor organisation Bro Morgannwg NHS Trust and Baglan Moors Healthcare for the provision of a 270 bed local general hospital to serve the population of Neath and Port Talbot. The services to be provided in the new hospital which was completed in Autumn 2002 resulted in the transfer of services from the subsequently closed Neath and Port Talbot Hospitals.

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	3,321	5,215	4,306
Total payments due between 1 and 5 years	14,035	20,579	20,047
Total payments due thereafter	19,780	28,410	14,802
Total future payments in relation to PFI contracts	37,136	54,204	39,155

	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	2,831	5,003	4,694
Total payments due between 1 and 5 years	12,885	20,131	20,312
Total payments due thereafter	24,251	34,073	18,843
Total future payments in relation to PFI contracts	39,967	59,207	43,849

	31 March 2021 £000
Total present value of obligations for on-SoFP PFI contracts	130,495

25.3 Charges to expenditure

	2020-21	2019-20
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,614	2,550
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	2,614	2,550

The LHB is committed to the following annual charges

	31 March 2021	31 March 2020
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	12,842	12,529
Total	12,842	12,529

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	1	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

PFI Contract

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

On / Off-statement of financial position
0

PFI Contract

Neath Port Talbot Hospital

On

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	2019-20
	£000	£000
(Increase)/decrease in inventories	597	222
(Increase)/decrease in trade and other receivables - non-current	5,922	6,321
(Increase)/decrease in trade and other receivables - current	(27,403)	64
Increase/(decrease) in trade and other payables - non-current	(3,321)	(3,042)
Increase/(decrease) in trade and other payables - current	71,655	(23,540)
Total	47,450	(19,975)
Adjustment for accrual movements in fixed assets - creditors	(5,639)	4,155
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	4,285	(2,837)
	46,096	(18,657)

28. Other cash flow adjustments

	2020-21	2019-20
	£000	£000
Depreciation	26,763	26,837
Amortisation	1,752	1,953
(Gains)/Loss on Disposal	(33)	(5)
Impairments and reversals	(577)	4,351
Release of PFI deferred credits	0	0
Covid assets received credited to revenue but non-cash	(7,606)	0
Donated assets received credited to revenue but non-cash	(186)	(89)
Government Grant assets received credited to revenue but non-cash	(2,097)	(197)
Non-cash movements in provisions	28,727	6,255
Other movements	25,902	23,584
Total	72,645	62,689

Other adjustments in Note 27 relates to the capital element of payments in respect of finance leases and on SoFP PFI schemes and the notional costs of the COVID assets received from NHS Wales Shared Services Partnership free of charge.

Other adjustments in Note 28 relates to the notional funding provided by Welsh Government in respect of the 6.3% NHS Pension Contributions paid by Welsh Government and notionally charged to the Health Board and the revenue assets received from the Department of Health as government granted assets.

29. Events after the Reporting Period

NHS and social care staff bonus payment

The Minister for Health and Social Services announced on 17th March 2021 that all directly employed NHS staff with at least one month's continuous service in the NHS in Wales between 17th March 2020 and 28th February 2021 would receive a one off non-consolidated non-pensionable payment of £500, including directly employed bank workers and locums paid through NHS payrolls who worked four shifts between 17th March 2020 and 28th February 2021.

The Welsh Government's intention is that all directly employed staff will receive their bonus payment during May 2021.

Included within staff costs in Note 3.3 and 9.1 of the accounts are the estimated costs of £14.401m in respect of these bonus payments, this equating to £735 per employee including employer on costs.

The estimated cost of the bonus payment has been directly funded by Welsh Government through a revenue allocation to the health board as detailed in Note 34.2 to the accounts.

30. Related Party Transactions

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

Name	Details	Related Party Interest
Mrs. M Berry	Independent Member	Trust and Vice Chair - Care & Repair Cymru
Mr. M Child	Independent Member	Councillor, City & County of Swansea
Professor T.Crick	Independent Member	Non Executive Director of Welsh Water/Dwr Cymru
Mr. A Jarrett	Associate Board Member	Director of Social Services for Neath Port Talbot CBC
Mr. K Lloyd	Independent Member	Vice President - Royal College of Psychiatrists
Mr.S Spill	Vice Chair	Non Executive Director - Coastal Housing Group and Trustee Platform for Change
Mr M Waygood	Independent Member, Interim Vice Chair until from 18th January 2021	Member of the Ospreys in the Community Charity Board

The total value of transactions with related parties in 2020/21 were as follows:

Related Party	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Care and Repair Cymru	43	0	0	0
City & County of Swansea Council	49,969	3,589	889	1,051
Welsh Water - Dwr Cymru	697	0	0	0
Neath Port Talbot County Council	12,677	4,078	91	1,860
Royal College of Psychiatrists	4	0	3	0
Coastal Housing Group	143	0	30	0
Platform for Change	13	0	0	0
Ospreys in the Community	45	0	0	0

The Welsh Government is regarded as a related party. During the year Swansea Bay University Local Health Board has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely:

Entity	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	192	1,049,066	1	4,542
Welsh Health Specialised Services Commission	104,627	120,510	486	3,526
Aneurin Bevan LHB	1,197	3,207	118	421
Betsi Cadwaladr LHB	362	214	62	9
Cardiff & Vale LHB	5,821	5,790	655	611
Cwm Taf LHB	33,199	44,724	1,132	375
Health Education & Improvement Wales	0	13,085	0	103
Hywel Dda LHB	4,149	37,062	49	247
Powys LHB	1,265	9,404	5	169
Public Health Wales NHS Trust	4,156	4,201	43	423
Velindre NHS Trust	28,350	3,848	1,877	932
Welsh Ambulance Services NHS Trust	5,671	66	147	14
Total	188,989	1,291,177	4,575	11,372

31. Third Party assets

The LHB held £653,521 cash at bank and in hand at 31 March 2021 (31st March 2020, £623,205) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £491,402 at 31st March 2021 (31st March 2020, £568,775. This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2021 amounted to £468,874 (£586,026 as at 31st March 2020).

32. Pooled budgets

The Health Board (Swansea Locality) has participated in a formal pooled budget arrangement in 2020/21 which commenced in April 2012 and replaced previous agreements in place between 2008/09 and March 2012.. The pooled budget arrangement is accounted for in accordance with IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities.

Section 33 Partnership : Community Equipment

1. Statutory Partners

City & County of Swansea
Neath Port Talbot County Borough Council
Swansea Bay University Health Board

2. Aims of the Partnership

To provide an integrated community equipment service that meets the defining criteria and good practice within the guidance

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and

To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint

To develop more accessible services with consistent eligibility criteria, which will improve co-ordination between partner agencies

To provide an assessment, demonstration display and learning facility for service users and practitioners from health, education

To meet the above in respect of beds, mattresses and cot sides and other equipment

3. Pooled Budget Memorandum Account

Gross Funding	2021/21	2019/20
	£	£
City & County of Swansea	700,500	624,250
Neath Port Talbot County Borough Council	394,000	351,000
Swansea Bay University Health Board	1,405,500	1,524,749
Other	1,772,565	526,327
Total Funding	4,272,565	3,026,326
Expenditure	2,936,630	2,233,243
Net (under)/over spend	(1,335,935)	(793,083)

The underspend will be transferred into a ring fenced specific reserve to the equipment pool.

33. Operating segments

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

Swansea Bay University Health Board has organised its operational services into 5 Service Delivery Units (SDUs). Three of these units are centred on the Health Board's main hospital sites of Morriston, Neath Port Talbot, and Singleton. The remaining two SDUs cover Mental Health and Learning Disabilities Services and Primary Care and Community Services

The LHB has formed the view that the activities of its SDUs are sufficiently similar for the results of their operations not to have to be disclosed separately. In reaching this decision the Health Board is satisfied that the following criteria are met:

1. Aggregation still allows users to evaluate the business and its operating environment.
2. Service Delivery Units have similar economic characteristics.
3. The Service Delivery Units are similar in respect of all of the following.

- > The nature of the service provided
- > The Service Delivery Units operate fundamentally similar processes
- > The end customers (the patients) fall into broadly similar categories
- > The Service Delivery Units share a common regulatory environment

The LHB did operate as a home to one hosted body during 2020/21, which is the NHS Wales Delivery Unit (DU). This unit is responsible for the functions of assurance, improvement of performance and delivery for NHS Wales, with the unit being aligned to the priorities of and directly funded by the Welsh Government.

During 2020/21 these accounts contain income of £3.374m and expenditure of £3.172m in respect of the DU.

The LHB does not consider the amounts involved to be sufficiently material to be reported as a separate segment.

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
Statement of Comprehensive Net Expenditure for the year ended 31 March 2021	
Expenditure on Primary Healthcare Services	0
Expenditure on Hospital and Community Health Services	25,321
 Statement of Changes in Taxpayers' Equity For the year ended 31 March 2021	
Net operating cost for the year	25,321
Notional Welsh Government Funding	25,321
 Statement of Cash Flows for year ended 31 March 2021	
Net operating cost for the financial year	25,321
Other cash flow adjustments	25,321
 2.1 Revenue Resource Performance	
Revenue Resource Allocation	25,321
 3. Analysis of gross operating costs	
3.1 Expenditure on Primary Healthcare Services	
General Medical Services	0
3.3 Expenditure on Hospital and Community Health Services	
Directors' costs	75
Staff costs	25,246
 9.1 Employee costs	
Permanent Staff	
Employer contributions to NHS Pension Scheme	25,321
Charged to capital	26
Charged to revenue	25,295
 18. Trade and other payables	
Current	
Pensions: staff	0
 28. Other cash flow adjustments	
Other movements	25,321

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

Capital Funding Field Hospitals	521
Capital Funding Equipment & Works	8028
Capital Funding other (Specify)	0

Welsh Government Covid 19 Capital Funding**8,549****Revenue****£000**

Sustainability Funding	48,200
C-19 Pay Costs Q1 (Future Quarters covered by SF)	6,831
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	35,985
PPE (including All Wales Equipment via NWSSP)	8,644
TTP- Testing & Sampling - Pay & Non Pay	2,461
TTP - NHS & LA Tracing - Pay & Non Pay	4,901
Vaccination - Extended Flu Programme	893
Vaccination - COVID-19	3,678
Bonus Payment	14,401
Annual Leave Accrual - Increase due to Covid	11,615
Urgent & Emergency Care	3,375
Support for Adult Social Care Providers	2,905
Hospices	0
Independent Health Sector	1,044
Mental Health	666
Other Primary Care	1,603
Other	1,684

Welsh Government Covid 19 Revenue Funding**148,887**

The Health Board has also received free of charge items to the value of £7,606k in respect of NHS Wales Shared Services Partnership Covid centrally purchased assets. This value comprises the following items :

Equipment Consumables - £3,235k, Personal Protective Equipment (PPE) - £3,163k, Testing Equipment £47k, Vaccination Packs PPE £1,128k, Vaccination Pack Consumables £33k.

These items are accounted for as expenditure in Note 3.3 Clinical Supplies and Services, as income in Note 4.1 with items held as stock amounting to £245k disclosed as consumables in Note 14.1.

The Health Board has also received Government Granted assets of £2,097k comprising items supplied by the Department of Health. This income is disclosed in Note 4 to the accounts.

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.

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

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