

## SWANSEA BAY UNIVERSITY HEALTH BOARD

### FOREWORD

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

#### Statutory background

The Local Health Board was established on 1st 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 University 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 2021-22. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.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.

#### COVID-19

The 2022/23 financial year saw the continued impact of the recovery from the COVID-19 pandemic with the ongoing COVID-19 vaccination programme and the actions taken to recover from COVID through reducing the backlog of patients waiting for treatment.

In recognition of the challenges faced and the increased costs, the health board again received specific additional COVID-19 revenue funding of £58.661m and additional capital funding of £2.505m, the details of which are disclosed in Note 34.2 of these accounts. The increased costs associated with the ongoing impact of recovery from the pandemic manifest themselves in notes 3.1 to 3.3 of the accounts.

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

	Note	2022-23 £000	2021-22 £000
Expenditure on Primary Healthcare Services	3.1	202,658	194,075
Expenditure on healthcare from other providers	3.2	283,507	279,082
Expenditure on Hospital and Community Health Services	3.3	981,563	933,099
		<b>1,467,728</b>	<b>1,406,256</b>
Less: Miscellaneous Income	4	<b>(305,442)</b>	<b>(297,902)</b>
<b>LHB net operating costs before interest and other gains and losses</b>		<b>1,162,286</b>	<b>1,108,354</b>
Investment Revenue	5	0	0
Other (Gains) / Losses	6	<b>(116)</b>	<b>(249)</b>
Finance costs	7	4,944	5,156
<b>Net operating costs for the financial year</b>		<b>1,167,114</b>	<b>1,113,261</b>

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

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

**Other Comprehensive Net Expenditure**

	<b>2022-23</b>	2021-22
	<b>£000</b>	£000
Net (gain) / loss on revaluation of property, plant and equipment	<b>(24,674)</b>	<b>(10,891)</b>
Net gain/(loss) on revaluation of right of use assets	<b>0</b>	
Net (gain) / loss on revaluation of intangibles	<b>0</b>	0
(Gain) / loss on other reserves	<b>0</b>	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	<b>0</b>	0
Net (gain)/loss on revaluation of financial assets held for sale	<b>0</b>	0
Impairment and reversals	<b>0</b>	0
Transfers between reserves	<b>0</b>	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	<b>0</b>	0
Reclassification adjustment on disposal of available for sale financial assets	<b>0</b>	0
Other comprehensive net expenditure for the year	<b>(24,674)</b>	<b>(10,891)</b>
<b>Total comprehensive net expenditure for the year</b>	<b>1,142,440</b>	<b>1,102,370</b>

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

**Statement of Financial Position as at 31 March 2023**

		<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>578,411</b>	542,917
Right of Use Assets	11.3	<b>16,802</b>	
Intangible assets	12	<b>4,033</b>	5,542
Trade and other receivables	15	<b>124,590</b>	120,572
Other financial assets	16	<b>0</b>	0
<b>Total non-current assets</b>		<b>723,836</b>	669,031
<b>Current assets</b>			
Inventories	14	<b>10,714</b>	9,372
Trade and other receivables	15	<b>75,640</b>	65,390
Other financial assets	16	<b>0</b>	0
Cash and cash equivalents	17	<b>2,859</b>	4,398
		<b>89,213</b>	79,160
Non-current assets classified as "Held for Sale"	11	<b>0</b>	0
<b>Total current assets</b>		<b>89,213</b>	79,160
<b>Total assets</b>		<b>813,049</b>	748,191
<b>Current liabilities</b>			
Trade and other payables	18	<b>(220,603)</b>	(237,873)
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(29,851)</b>	(24,449)
<b>Total current liabilities</b>		<b>(250,454)</b>	(262,322)
<b>Net current assets/ (liabilities)</b>		<b>(161,241)</b>	(183,162)
<b>Non-current liabilities</b>			
Trade and other payables	18	<b>(41,052)</b>	(30,916)
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(128,622)</b>	(126,206)
<b>Total non-current liabilities</b>		<b>(169,674)</b>	(157,122)
<b>Total assets employed</b>		<b>392,921</b>	328,747
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		<b>326,192</b>	282,899
Revaluation reserve		<b>66,729</b>	45,848
<b>Total taxpayers' equity</b>		<b>392,921</b>	328,747

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

Chief Executive and Accountable Officer .....

Date:

xx xx xxxx

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

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2023

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2022-23</b>			
Balance as at 31 March 2022	282,899	45,848	328,747
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	(902)	0	(902)
<b>Balance at 1 April 2022</b>	<b>281,997</b>	<b>45,848</b>	<b>327,845</b>
Net operating cost for the year	(1,167,114)		(1,167,114)
Net gain/(loss) on revaluation of property, plant and equipment	0	24,674	24,674
Net gain/(loss) on revaluation of right of use assets	0	81	81
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	3,874	(3,874)	0
Release of reserves to SoCNE	24	0	24
Transfers to/from LHBs	(1,788)	0	(1,788)
<b>Total recognised income and expense for 2022-23</b>	<b>(1,165,004)</b>	<b>20,881</b>	<b>(1,144,123)</b>
Net Welsh Government funding	1,180,716		1,180,716
Notional Welsh Government Funding	28,483		28,483
<b>Balance at 31 March 2023</b>	<b>326,192</b>	<b>66,729</b>	<b>392,921</b>
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	2,505		2,505
Welsh Government Covid 19 Revenue Funding	58,661		58,661

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

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2022

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2021-22</b>			
<b>Balance at 31 March 2021</b>	273,547	39,004	312,551
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment			
<b>Balance at 1 April 2021</b>	273,547	39,004	312,551
Net operating cost for the year	(1,113,261)		(1,113,261)
Net gain/(loss) on revaluation of property, plant and equipment	0	10,891	10,891
Net gain/(loss) on revaluation of right of use assets			
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	4,047	(4,047)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for 2021-22</b>	(1,109,214)	6,844	(1,102,370)
Net Welsh Government funding	1,091,784		1,091,784
Notional Welsh Government Funding	26,782		26,782
<b>Balance at 31 March 2022</b>	282,899	45,848	328,747

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

**Statement of Cash Flows for year ended 31 March 2023**

		<b>2022-23</b>	<b>2021-22</b>
		<b>£000</b>	<b>£000</b>
<b>Cash Flows from operating activities</b>	Notes		
Net operating cost for the financial year		<b>(1,167,114)</b>	<b>(1,113,261)</b>
Movements in Working Capital	27	<b>(13,660)</b>	23,735
Other cash flow adjustments	28	<b>82,627</b>	80,729
Provisions utilised	20	<b>(19,500)</b>	<b>(29,149)</b>
<b>Net cash outflow from operating activities</b>		<b>(1,117,647)</b>	<b>(1,037,946)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(56,613)</b>	<b>(54,082)</b>
Proceeds from disposal of property, plant and equipment		<b>131</b>	1,602
Purchase of intangible assets		<b>(771)</b>	<b>(1,129)</b>
Proceeds from disposal of intangible assets		<b>0</b>	0
Payment for other financial assets		<b>0</b>	0
Proceeds from disposal of other financial assets		<b>0</b>	0
Payment for other assets		<b>0</b>	0
Proceeds from disposal of other assets		<b>0</b>	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(57,253)</b>	<b>(53,609)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(1,174,900)</b>	<b>(1,091,555)</b>
<b>Cash Flows from financing activities</b>			
Welsh Government funding (including capital)		<b>1,180,716</b>	1,091,784
Capital receipts surrendered		<b>0</b>	0
Capital grants received		<b>0</b>	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		<b>3,194</b>	2,899
Capital element of payments in respect of on-SoFP PFI		<b>0</b>	0
Capital element of payments in respect of Right of Use Assets		<b>(10,549)</b>	
Cash transferred (to)/ from other NHS bodies		<b>0</b>	0
<b>Net financing</b>		<b>1,173,361</b>	1,094,683
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,539)</b>	3,128
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2022</b>		<b>4,398</b>	1,270
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2023</b>		<b>2,859</b>	4,398

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

## Notes to the Accounts

### 1. Accounting policies

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

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

#### 1.1. Accounting convention

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

#### 1.2. Acquisitions and discontinued operations

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

#### 1.3. Income and funding

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

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

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

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

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the 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 2022-23 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

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

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

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

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

### **1.6.3. Subsequent expenditure**

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

## **1.7. Intangible assets**

### **1.7.1. Recognition**

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

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

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

## Measurement

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

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

### 1.8. Depreciation, amortisation and impairments

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

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

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

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

### 1.9. Research and Development

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

### 1.10 Non-current assets held for sale

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

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

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

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

### 1.11 Leases

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

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

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

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

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

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

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

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

There are further expedients or election that have been employed by Swansea Bay University LHB in applying IFRS 16.

These include:

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

Swansea Bay University LHB will not apply IFRS 16 to any new leases of intangible assets applying the treatment described in section 1.7 instead.

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

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

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

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

#### **1.11.1 The entity as lessee**

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

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

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

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

Where there is a change in a lease term or an option to purchase the underlying asset Swansea Bay University LHB applies a revised rate to the remaining lease liability.

Where existing leases are modified Swansea Bay University LHB must determine whether the arrangement constitutes a separate lease and apply the standard accordingly.

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

#### **1.11.2 Swansea Bay University LHB as lessor**

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

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

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

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

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

### **1.12. Inventories**

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

### **1.13. Cash and cash equivalents**

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

### **1.14. Provisions**

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

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

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

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

#### **1.14.1. Clinical negligence and personal injury costs**

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



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

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

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

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

#### **1.15. Financial Instruments**

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

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

#### **1.16. Financial assets**

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

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

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

##### **1.16.1. Financial assets are initially recognised at fair value**

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

##### **1.16.2. Financial assets at fair value through SoCNE**

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

### **1.16.3 Held to maturity investments**

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

### **1.16.4. Available for sale financial assets**

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

### **1.16.5. Loans and receivables**

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

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

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

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

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

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

### **1.17. Financial liabilities**

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

**1.17.1. Financial liabilities are initially recognised at fair value**

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

**1.17.2. Financial liabilities at fair value through the SoCNE**

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

**1.17.3. Other financial liabilities**

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

**1.18. Value Added Tax (VAT)**

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

**1.19. Foreign currencies**

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

**1.20. Third party assets**

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

**1.21. Losses and Special Payments**

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

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

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

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

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

#### **1.22. Pooled budget**

The NHS Wales organisation has entered into a pooled budget with the City and County of Swansea and Neath Port Talbot County Borough Council 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 the City and County of Swansea. Payments for services provided are accounted for as miscellaneous income. The NHS Wales organisation accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

#### **1.23. Critical Accounting Judgements and key sources of estimation uncertainty**

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

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

#### **1.24. Key sources of estimation uncertainty**

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

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

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

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

##### **1.24.1. Provisions**

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

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

**1.24.2. Probable & Certain Cases – Accounting Treatment**

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

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

*\* 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 0.25%.

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

#### 1.24.3 Annual Leave Accrual

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 2022. The impact of Covid-19 and the availability of staff across the service due to sickness absence had a significant impact on the ability of staff to take annual leave during both 2020-21 and 2021-22.

For the 2020-21 financial year employees who were unable to take their annual leave allocation within the 2020-21 leave year, were allowed to carry forward of up to 20 days outstanding leave (pro rata for part time staff) in accordance with Welsh Government guidance. 50% of the leave carried over could 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.

In January 2022, Welsh Government updated the annual leave guidance to allow staff who had been unable to take their annual leave to carry forward up to 10 days outstanding leave (pro rata for part time staff) from 2021-22 into 2022-23 and to sell back to the health board up to 10 days untaken annual leave from 2021-22 (pro rata for part time staff). An additional day's annual leave was also provided to all staff.

Given the ability to sell back leave and the reducing prevalence of Covid-19 the normal carry forward arrangements of a maximum of 5 days untaken leave with managers approval was in place at the end of the 2022-23 financial year and the health board introduced a formal application process for staff who wished to carry forward annual leave into 2023/24, capped at a maximum of 5 days. for those staff whose 2022-23 leave year does not end until after 31st March 2023, applications can be made at the end of their leave year. This applies to many medical staff whose annual leave year is based on their start date.

For 2022-23, the impact of the reversion to pre Covid-19 rules on untaken annual leave has been to reduce the annual leave accrual by £9.386m as detailed in Note 9.1 to the accounts.

#### 1.24.4 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 1<sup>st</sup> October 2019, QAIF was introduced as part of the 2019/20 GMS contract reform, replacing the quality and outcomes framework. Under both schemes, GP Practices achieve a certain level of points and these are multiplied by a financial value per point to establish the payments due.

Clinical QAIF domains transferred into Core contract from 1 October 2022, resulting in a transfer of funding into Global Sum (GSUM). This quantum represents full achievement in all indicators for all practices moving into total GSUM and then distributed to practices via the Carr-Hill formula. The removal of Assurance indicators from the framework means that QAIF has become QIF (Quality Improvement Framework).

The points that are remaining in the Quality Improvement domains, namely Access (100 pts) and the newly drafted mandatory QI projects (170 pts), have been revalued at £189 per point for 2022/23.

This compares to the 2021/22 points of Access (125 pts) and QI projects (185 pts) and QA projects (382 pts).

An amount of £1.962m (2021-22, £2.077m) has therefore been accrued on the basis of the number of points achieved by each GP Practice in 2022/23 capped at 692 points payable at £189 per point.

### Prescribing Costs

For 2022/23, the Health Board has used the accrual methodology used in previous years. This has resulted in an accrual of £12.974m (2021-22: £11.896m) in respect of prescribing costs for the months of February and March 2023.

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 any category M changes effective from January 2023 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 £4.431m (2021-22: £4.190m) 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 2022-23 with estimated adjustments made for the increase in contract price per item for February and March 2023.

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 2023.

## **1.25 Discount Rates**

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

### **1.26 Private Finance Initiative (PFI) transactions**

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

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

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

#### **1.26.1. Services received**

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

#### **1.26.2. PFI asset**

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

#### **1.26.2. PFI liability**

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

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

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

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



### **1.26.3. Lifecycle replacement**

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

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

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

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

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

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

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

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

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

## **1.27. Contingencies**

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

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

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

**1.28. Absorption accounting**

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

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

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

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

IFRS14 Regulatory Deferral Accounts

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

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

**1.30. Accounting standards issued that have been adopted early**

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

**1.31. Charities**

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the 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			
	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
<b>Net operating costs for the year</b>	1,096,986	1,113,261	1,167,114	3,377,361
Less general ophthalmic services expenditure and other non-cash limited expenditure	739	1,156	1,206	3,101
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	(2,164)	(2,406)	(2,024)	(6,594)
Less unfunded revenue consequences of bringing RoU Leases onto SoFP	0	0	0	0
Total operating expenses	1,095,561	1,112,011	1,166,296	3,373,868
Revenue Resource Allocation	1,071,257	1,087,612	1,166,697	3,325,566
<b>Under /(over) spend against Allocation</b>	<b>(24,304)</b>	<b>(24,399)</b>	<b>401</b>	<b>(48,302)</b>

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

The health board did not receive strategic cash support in 2022-23.

### 2.2 Capital Resource Performance

	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
<b>Gross capital expenditure</b>	49,799	69,545	38,937	158,281
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(140)	(1,354)	(16)	(1,510)
Less capital grants received	(1,517)	(621)	(43)	(2,181)
Less donations received	(186)	(185)	(232)	(603)
Less <b>initial recognition</b> of RoU Asset Dilapidations	0	0	0	0
Add: recognition of RoU Assets Dilapidations <b>on crystallisation</b>	0	0	0	0
Charge against Capital Resource Allocation	47,956	67,385	38,646	153,987
Capital Resource Allocation	47,984	67,417	38,684	154,085
<b>(Over) / Underspend against Capital Resource Allocation</b>	<b>28</b>	<b>32</b>	<b>38</b>	<b>98</b>

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

### 2.3 Duty to prepare a 3 year integrated plan

The NHS Wales Planning Framework for the period 2022-2025 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2022-2025 in accordance with NHS Wales Planning Framework in March 2022. This plan did not include a financially balanced position.

In July 2022 Welsh Government advised the health board that an analysis of the health board's current allocation showed that the funding it receives was nearly 6% lower than the amount it would receive under a revised formula based on its relative population size adjusted for demographic and health needs factors.

In light of this, Minister for Health & Social Services agreed that an allocation for population need be made to the health board and an additional recurrent allocation of £24.4m was approved in line with the population requirements. At that time the health board was requested to revise its IMTP to reflect this and resubmit the IMTP to Welsh Government.

The revised IMTP was approved by the Minister for Health and Social Services on 6th September 2022.

The Minister for Health and Social Services extant approval

**Status**  
**Date**

**Approved**  
06/09/2022

The LHB has therefore met its statutory duty to have an approved financial plan.

### 2.4 Creditor payment

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

	<b>2022-23</b>	2021-22
Total number of non-NHS bills paid	<b>315,307</b>	271,459
Total number of non-NHS bills paid within target	<b>298,578</b>	255,707
Percentage of non-NHS bills paid within target	94.7%	94.2%

**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	2022-23 Total £000	2021-22 Total £000
General Medical Services	70,533		70,533	69,024
Pharmaceutical Services	22,120	(4,804)	17,316	17,120
General Dental Services	30,036		30,036	28,717
General Ophthalmic Services	1,183	3,598	4,781	5,235
Other Primary Health Care expenditure	794		794	697
Prescribed drugs and appliances	79,198		79,198	73,282
<b>Total</b>	<b>203,864</b>	<b>(1,206)</b>	<b>202,658</b>	<b>194,075</b>

The expenditure above for General Medical Services includes £0.475m in respect of staff costs relating to the Cymmer managed GP practice, (2021-22: £0.581m).

#### 3.2 Expenditure on healthcare from other providers

	2022-23 £000	2021-22 £000
Goods and services from other NHS Wales Health Boards	43,308	42,528
Goods and services from other NHS Wales Trusts	8,644	12,705
Goods and services from Welsh Special Health Authorities	970	375
Goods and services from other non Welsh NHS bodies	861	1,648
Goods and services from WHSSC / EASC	126,423	113,158
Local Authorities	15,924	26,967
Voluntary organisations	2,956	5,043
NHS Funded Nursing Care	7,758	7,530
Continuing Care	62,140	61,501
Private providers	14,356	7,542
Specific projects funded by the Welsh Government	0	0
Other	167	85
<b>Total</b>	<b>283,507</b>	<b>279,082</b>

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 Regional Investment Fund (RIF) (Previously known as the Integrated Care Fund (ICF)) where the funding flows through the Health Board to Local Authorities from Welsh Government for approved RIF schemes.

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

	2022-23	2021-22
	£000	£000
Directors' costs	1,930	1,761
Operational Staff costs	692,437	654,489
Single lead employer Staff Trainee Cost	32,746	17,385
Collaborative Bank Staff Cost	335	214
Supplies and services - clinical	145,993	143,765
Supplies and services - general	9,500	11,916
Consultancy Services	1,065	594
Establishment	18,080	15,959
Transport	1,367	1,645
Premises	34,980	35,017
External Contractors	4,033	4,346
Depreciation	30,497	28,512
Depreciation (Right of Use assets RoU)	2,526	
Amortisation	1,847	1,848
Fixed asset impairments and reversals (Property, plant & equipment)	(5,690)	(5,567)
Fixed asset impairments and reversals (RoU Assets)	0	
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	418	378
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	3,790	14,484
Research and Development	5,380	6,105
Expense related to short-term leases	0	
Expense related to low-value asset leases (excluding short-term leases)	0	
Other operating expenses	329	248
<b>Total</b>	<b>981,563</b>	<b>933,099</b>

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

	2022-23	2021-22
	£000	£000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	29,579	28,403
Primary care	233	0
Redress Secondary Care	357	797
Redress Primary Care	0	0
Personal injury	(738)	930
All other losses and special payments	100	591
Defence legal fees and other administrative costs	1,807	1,271
Gross increase/(decrease) in provision for future payments	31,338	31,992
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
<b>Less: income received/due from Welsh Risk Pool</b>	<b>(27,548)</b>	<b>(17,508)</b>
<b>Total</b>	<b>3,790</b>	<b>14,484</b>

	2022-23	2021-22
	£	£
Permanent injury included within personal injury £:	(1,173,000)	313,000

The reduction in year in the permanent injury charge to operating expenses is largely due to the change in the HM Treasury discount rate which changed from (1.3%) to 1.7% during 2022/23.

## 4. Miscellaneous Income

	2022-23 £000	2021-22 £000
Local Health Boards	104,208	103,418
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	136,194	126,961
NHS Wales trusts	6,163	6,603
Welsh Special Health Authorities	16,588	14,914
Foundation Trusts	0	0
Other NHS England bodies	1,956	2,281
Other NHS Bodies	22	58
Local authorities	6,221	5,974
Welsh Government	7,350	10,126
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	2,876	2,413
Private patient income	356	70
Overseas patients (non-reciprocal)	85	57
Injury Costs Recovery (ICR) Scheme	1,268	1,185
Other income from activities	3,177	2,894
Patient transport services	0	0
Education, training and research	8,991	10,644
Charitable and other contributions to expenditure	293	544
Receipt of NWSSP Covid centrally purchased assets	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	232	185
Receipt of Government granted assets	43	707
Right of Use Grant (Peppercorn Lease)	969	
Non-patient care income generation schemes	590	486
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	594	509
Right of Use Asset Sub-leasing rental income	0	
Contingent rental income from finance leases	0	0
Rental income from operating leases	47	47
Other income:		
Provision of laundry, pathology, payroll services	237	222
Accommodation and catering charges	2,760	2,002
Mortuary fees	415	369
Staff payments for use of cars	3,805	2,962
Business Unit	0	0
Scheme Pays Reimbursement Notional	(825)	1,953
Other	827	318
<b>Total</b>	<b>305,442</b>	<b>297,902</b>
Other income Includes;		
Grant income	0	5
Pharmacy and other sales income	74	45
Clinical trial income	181	131
All other income	182	136
Licence Fee Income	390	0
<b>Total</b>	<b>827</b>	<b>318</b>
Injury Cost Recovery (ICR) Scheme income		
	2022-23	2021-22
	%	%
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.76	23.76

## 5. Investment Revenue

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

## 6. Other gains and losses

	2022-23 £000	2021-22 £000
Gain/(loss) on disposal of property, plant and equipment	116	249
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>116</b>	<b>249</b>

## 7. Finance costs

	2022-23 £000	2021-22 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under Right of Use Leases	158	
Interest on obligations under PFI contracts;		
main finance cost	1,868	2,051
contingent finance cost	2,995	3,163
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>5,021</b>	<b>5,214</b>
Provisions unwinding of discount	(77)	(58)
Other finance costs	0	0
<b>Total</b>	<b>4,944</b>	<b>5,156</b>



## 8. Future change to SoCNE/Operating Leases

### LHB as lessee

As at 31st March 2023 the LHB had 334 operating leases agreements.

	Post Implementation of IFRS 16		Pre implementation of IFRS 16
	Low Value & Short Term	Other	
Payments recognised as an expense	2022-23	2022-23	2021-22
	£000	£000	£000
Minimum lease payments	1,996	382	5,567
Contingent rents	0	0	0
Sub-lease payments	0	0	0
<b>Total</b>	<b>1,996</b>	<b>382</b>	<b>5,567</b>
<b>Total future minimum lease payments</b>			
<b>Payable</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	93	218	4,404
Between one and five years	52	121	10,664
After 5 years	0	0	9,056
<b>Total</b>	<b>145</b>	<b>339</b>	<b>24,124</b>

As a result of the implementation of IFRS 16 the current year operating lease figures relate to low value and short term leases only. Previously reported Expenditure £3.8m and Minimum lease Payments £23.3m transitioned to the balance sheet as right of use assets.

### LHB as lessor

	Post Implementation of IFRS 16	Pre implementation of IFRS 16
Rental revenue	£000	£000
Rent	47	47
Contingent rents	0	0
<b>Total revenue rental</b>	<b>47</b>	<b>47</b>
<b>Total future minimum lease payments</b>		
<b>Receivable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	286	247
Between one and five years	1,185	1,406
After 5 years	415	590
<b>Total</b>	<b>1,886</b>	<b>2,243</b>

**9. Employee benefits and staff numbers****9.1 Employee costs**

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2021-22
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	512,069	1,529	40,315	26,098	287	1,961	582,259	547,369
Social security costs	45,051	0	0	3,128	19	483	48,681	45,884
Employer contributions to NHS Pension Scheme	83,202	0	0	3,519	29	0	86,750	84,174
Other pension costs	261	0	0	0	0	0	261	71
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	3	0	0	0	0	0	3	0
<b>Total</b>	<b>640,586</b>	<b>1,529</b>	<b>40,315</b>	<b>32,745</b>	<b>335</b>	<b>2,444</b>	<b>717,954</b>	<b>677,498</b>
Charged to capital						732		591
Charged to revenue						717,222		676,907
						<b>717,954</b>		<b>677,498</b>
Net movement in accrued employee benefits (untaken staff leave)						(9,386)		(1,731)
Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								787
Non Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								(2,518)

The employer contributions to the NHS Pension Scheme disclosed above include £28.483m of NHS Pension contributions paid by Welsh Government for the twelve month period, 1 April 2022 to 31 March 2023. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2022 and February 2023 alongside Health Board data for March 2023. 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 £61k (2021-22 £162K) of final pay control charges relating to 3 (2021-22, 5) individuals. These costs are partly offset by credits of £44k from payments made in previous years which have been appealed successfully. 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 the 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 £2,444k other staffing cost in Note 9.1 relates to the cost of temporary staff sourced through the MEDACS managed service contract. These staff are paid via payroll.

**9.2 Average number of employees**

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2021-22
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,402	16	31	0	0	0	2,449	2,382
Medical and dental	786	3	27	468	0	50	1,334	1,237
Nursing, midwifery registered	3,631	6	278	0	17	0	3,932	3,857
Professional, Scientific, and technical staff	363	0	0	0	0	0	363	353
Additional Clinical Services	2,479	0	37	0	0	0	2,516	2,410
Allied Health Professions	888	1	5	0	0	0	894	870
Healthcare Scientists	329	0	12	0	0	0	341	325
Estates and Ancillary	993	0	5	0	0	0	998	1,041
Students	0	0	0	0	0	0	0	0
<b>Total</b>	<b>11,871</b>	<b>26</b>	<b>395</b>	<b>468</b>	<b>17</b>	<b>50</b>	<b>12,827</b>	<b>12,475</b>

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

	2022-23	2021-22
Number	10	8
Estimated additional pension costs £	522,551	412,632

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

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

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

Exit costs paid in year of departure	Total paid in year	Total paid in year
	2022-23	2021-22
	£	£
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).

There were no exit packages for either 2022/23 or 2021/22.

Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. If health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

## 9.6 Fair Pay disclosures

## 9.6.1 Remuneration Relationship

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

	2022-23 £000 Chief Executive	2022-23 £000 Employee	2022-23 £000 Ratio	2021-22 £000 Chief Executive	2021-22 £000 Employee	2021-22 £000 Ratio
<b>Total pay and benefits</b>						
25th percentile pay ratio	228	25	9.12:1	223	21	10.62:1
Median pay	228	31	7.35:1	223	28	7.96:1
75th percentile pay ratio	228	44	5.18:1	223	39	5.72:1
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	228	25		223	21	
Median pay	228	31		223	28	
75th percentile pay ratio	228	44		223	39	
	<b>Highest Paid Director</b>	<b>Employee</b>	<b>Ratio</b>	<b>Highest Paid Director</b>	<b>Employee</b>	<b>Ratio</b>
<b>Total pay and benefits</b>						
25th percentile pay ratio	228	25	9.12:1	223	21	10.62:1
Median pay	228	31	7.35:1	223	28	7.96:1
75th percentile pay ratio	228	44	5.18:1	223	39	5.72:1
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	228	25		223	21	
Median pay	228	31		223	28	
75th percentile pay ratio	228	44		223	39	

In 2022-23, 9 (2021-22, 1) employees received remuneration in excess of the highest-paid director. These staff members were all medical staff and none of them were related to the Chair, Executive Directors or Independent Members.

Remuneration for all staff ranged from £20,758 to £294,062 (2021-22, £18,546 to £240,823).

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

## Financial year summary

The reduction in the ratio of the Chief Executive salary to the 25th percentile, median and 75th percentile is due to the impact of the 2022/23 NHS pay award which gave higher percentage increases to staff at lower pay bands.

There have been increases in the 25th percentile salary, the median salary and the 75th percentile salary during 2022/23.

## 9.6.2 Percentage Changes

	2021-22 to 2022-23 %	2020-21 to 2021-22 %
% Change from previous financial year in respect of Chief Executive		
Salary and allowances	2	3
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	2	3
Performance pay and bonuses	0	0
Average % Change from previous financial year in respect of employees taken as a whole		
Salary and allowances	19	(12)
Performance pay and bonuses	0	0

The Health Board does not pay any performance pay or other bonuses

## 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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

### **a) Accounting valuation**

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

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

### **b) Full actuarial (funding) valuation**

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

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

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

**c) National Employment Savings Trust (NEST)**

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

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

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

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

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,270 for the 2022-2023 tax year (2021-2022 £6,240 and £50,000).

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.

	2022-23 Number	2022-23 £000	2021-22 Number	2021-22 £000
<b>NHS</b>				
Total bills paid	5,009	246,350	4,393	213,253
Total bills paid within target	4,352	239,972	3,675	206,127
Percentage of bills paid within target	86.9%	97.4%	83.7%	96.7%
<b>Non-NHS</b>				
Total bills paid	315,307	482,714	271,459	419,512
Total bills paid within target	298,578	440,446	255,707	382,894
Percentage of bills paid within target	94.7%	91.2%	94.2%	91.3%
<b>Total</b>				
Total bills paid	320,316	729,064	275,852	632,765
Total bills paid within target	302,930	680,418	259,382	589,021
Percentage of bills paid within target	94.6%	93.3%	94.0%	93.1%

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

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

## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost at 31 March bf	39,850	438,311	10,043	40,475	140,081	1,350	44,471	3,997	718,578
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	(283)	(768)	0	0	0	0	0	0	(1,051)
<b>Cost or valuation at 1 April 2022</b>	<b>39,567</b>	<b>437,543</b>	<b>10,043</b>	<b>40,475</b>	<b>140,081</b>	<b>1,350</b>	<b>44,471</b>	<b>3,997</b>	<b>717,527</b>
Indexation	(967)	21,546	463	0	0	0	0	0	21,042
Additions									
- purchased	29	460	0	28,899	4,065	12	3,877	716	38,058
- donated	0	110	0	0	121	0	1	0	232
- government granted	0	0	0	0	43	0	0	0	43
Transfer from/into other NHS bodies	0	0	0	(1,788)	0	0	0	0	(1,788)
Reclassifications	0	22,959	0	(29,081)	5,181	0	940	0	(1)
Revaluations	2,387	(48,815)	(292)	0	0	0	0	0	(46,720)
Reversal of impairments	74	15,922	0	0	0	0	0	0	15,996
Impairments	(295)	(11,976)	0	0	0	0	0	0	(12,271)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(4,194)	(59)	(1,372)	(147)	(5,772)
<b>At 31 March 2023</b>	<b>40,795</b>	<b>437,749</b>	<b>10,214</b>	<b>38,505</b>	<b>145,297</b>	<b>1,303</b>	<b>47,917</b>	<b>4,566</b>	<b>726,346</b>
Depreciation at 31 March bf	0	49,354	1,207	0	92,272	1,166	29,671	1,991	175,661
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	(151)	0	0	0	0	0	0	(151)
<b>Depreciation at 1 April 2022</b>	<b>0</b>	<b>49,203</b>	<b>1,207</b>	<b>0</b>	<b>92,272</b>	<b>1,166</b>	<b>29,671</b>	<b>1,991</b>	<b>175,510</b>
Indexation	0	54	1	0	0	0	0	0	55
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	(49,198)	(1,207)	0	0	0	0	0	(50,405)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(1,965)	0	0	0	0	0	0	(1,965)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(4,179)	(59)	(1,372)	(147)	(5,757)
Provided during the year	0	14,497	315	0	10,083	47	5,165	390	30,497
<b>At 31 March 2023</b>	<b>0</b>	<b>12,591</b>	<b>316</b>	<b>0</b>	<b>98,176</b>	<b>1,154</b>	<b>33,464</b>	<b>2,234</b>	<b>147,935</b>
<b>Net book value at 1 April 2022</b>	<b>39,567</b>	<b>388,340</b>	<b>8,836</b>	<b>40,475</b>	<b>47,809</b>	<b>184</b>	<b>14,800</b>	<b>2,006</b>	<b>542,017</b>
<b>Net book value at 31 March 2023</b>	<b>40,795</b>	<b>425,158</b>	<b>9,898</b>	<b>38,505</b>	<b>47,121</b>	<b>149</b>	<b>14,453</b>	<b>2,332</b>	<b>578,411</b>
<b>Net book value at 31 March 2023 comprises :</b>									
Purchased	40,795	421,825	9,898	38,505	45,161	149	14,402	2,327	573,062
Donated	0	2,654	0	0	513	0	51	0	3,218
Government Granted	0	679	0	0	1,447	0	0	5	2,131
<b>At 31 March 2023</b>	<b>40,795</b>	<b>425,158</b>	<b>9,898</b>	<b>38,505</b>	<b>47,121</b>	<b>149</b>	<b>14,453</b>	<b>2,332</b>	<b>578,411</b>
<b>Asset financing :</b>									
Owned	38,855	365,160	9,898	38,505	47,121	149	14,453	2,332	516,473
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	1,940	59,998	0	0	0	0	0	0	61,938
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>40,795</b>	<b>425,158</b>	<b>9,898</b>	<b>38,505</b>	<b>47,121</b>	<b>149</b>	<b>14,453</b>	<b>2,332</b>	<b>578,411</b>

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

	£000
Freehold	475,850
Long Leasehold	0
Short Leasehold	0
	<b>475,850</b>

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

0

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



## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2021</b>	38,825	405,439	9,591	25,318	123,397	1,295	43,007	4,439	651,311
Indexation	546	8,870	452	0	0	0	0	0	9,868
Additions									
- purchased	(43)	642	0	48,401	13,861	88	5,011	315	68,275
- donated	0	94	0	0	88	0	3	0	185
- government granted	0	0	0	0	621	0	0	0	621
Transfer from/into other NHS bodies	(79)	(1,077)	0	0	(413)	(33)	(3)	0	(1,605)
Reclassifications	0	26,527	0	(33,244)	4,995	0	46	0	(1,676)
Revaluations	0	(5,516)	0	0	0	0	0	0	(5,516)
Reversal of impairments	244	10,183	0	0	0	0	0	0	10,427
Impairments	0	(6,400)	0	0	0	0	0	0	(6,400)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	357	(451)	0	0	(2,468)	0	(3,593)	(757)	(6,912)
<b>At 31 March 2022</b>	<b>39,850</b>	<b>438,311</b>	<b>10,043</b>	<b>40,475</b>	<b>140,081</b>	<b>1,350</b>	<b>44,471</b>	<b>3,997</b>	<b>718,578</b>
<b>Depreciation at 1 April 2021</b>	0	43,083	909	0	87,042	1,124	28,394	2,371	162,923
Indexation	0	2,007	43	0	0	0	0	0	2,050
Transfer from/into other NHS bodies	0	(415)	0	0	(322)	(33)	(2)	0	(772)
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(8,590)	0	0	0	0	0	0	(8,590)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(1,540)	0	0	0	0	0	0	(1,540)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	(105)	0	0	(2,468)	0	(3,592)	(757)	(6,922)
Provided during the year	0	14,914	255	0	8,020	75	4,871	377	28,512
<b>At 31 March 2022</b>	<b>0</b>	<b>49,354</b>	<b>1,207</b>	<b>0</b>	<b>92,272</b>	<b>1,166</b>	<b>29,671</b>	<b>1,991</b>	<b>175,661</b>
<b>Net book value at 1 April 2021</b>	<b>38,825</b>	<b>362,356</b>	<b>8,682</b>	<b>25,318</b>	<b>36,355</b>	<b>171</b>	<b>14,613</b>	<b>2,068</b>	<b>488,388</b>
<b>Net book value at 31 March 2022</b>	<b>39,850</b>	<b>388,957</b>	<b>8,836</b>	<b>40,475</b>	<b>47,809</b>	<b>184</b>	<b>14,800</b>	<b>2,006</b>	<b>542,917</b>
<b>Net book value at 31 March 2022 comprises :</b>									
Purchased	39,850	386,166	8,836	40,470	45,530	184	14,687	1,997	537,720
Donated	0	1,927	0	5	565	0	113	1	2,611
Government Granted	0	864	0	0	1,714	0	0	8	2,586
<b>At 31 March 2022</b>	<b>39,850</b>	<b>388,957</b>	<b>8,836</b>	<b>40,475</b>	<b>47,809</b>	<b>184</b>	<b>14,800</b>	<b>2,006</b>	<b>542,917</b>
<b>Asset financing :</b>									
Owned	37,830	329,177	8,836	40,350	47,809	184	14,800	2,006	480,992
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	2,020	59,780	0	125	0	0	0	0	61,925
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>39,850</b>	<b>388,957</b>	<b>8,836</b>	<b>40,475</b>	<b>47,809</b>	<b>184</b>	<b>14,800</b>	<b>2,006</b>	<b>542,917</b>
<b>The net book value of land, buildings and dwellings at 31 March 2022 comprises :</b>									
Freehold									£000
Long Leasehold									374,942
Short Leasehold									62,701
									0
									437,643

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 (£1,676k) 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**

The majority of donated assets were purchased from Swansea Bay University Health Board Charitable Funds. Government Granted assets of £0.043m were received via income from Welsh Government.

**ii) Valuations**

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

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

**iii) Asset Lives**

Depreciated as follows:

Land is not depreciated.

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

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

**v) Write Downs**

£7.799m of assets have been written down to depreciated replacement cost following the initial professional valuation on completion of 8 specialised building assets. These are detailed in Note 13 on page 49 of these accounts.

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

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

There are no assets held for sale or sold in the period.

The following assets were valued on completion by the District Valuer:

National Programmes – Decarbonisation - April 2022

National Programmes – Mental Health - April 2022

Ophthalmology Day Theatre, Singleton - April 2022

Replacement of CT Scanner at Morriston Hospital - July 2022

Fracture and Orthopaedic Unit (FOU) - Morriston - October 2022

Anti-Ligature - October 2022

Enfys Ward Morriston - October 2022

Linear Accelerator D at Singleton Hospital - October 2022

**IFRS 13 Fair value measurement**

There are no assets requiring Fair Value measurement under IFRS 13.

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

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance brought forward 1 April 2022</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2023</b>	0	0	0	0	0	0
<b>Balance brought forward 1 April 2021</b>	532	0	0	0	0	532
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(532)	0	0	0	0	(532)
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
<b>Balance carried forward 31 March 2022</b>	0	0	0	0	0	0

The following assets classified as Held for Sale as at 31st March 2021 were sold during the year:-

- Coelbren Health Centre
- Fairfield Cefn Coed
- Trehafod Cefn Coed

### 11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings below. Most are individually insignificant, however, five are significant in their own right:  
- Briton Ferry Primary Care Centre (GP1 Premises) held under land and buildings NBV at 31 March 2023 £1,307k  
- Briton Ferry Primary Care Centre (GP2 Premises) held under land and buildings NBV at 31 March 2023 £1,193k  
- Mayhill Primary Care Centre held under land and buildings NBV at 31 March 2023 £1,295k  
- Port Talbot Resource Centre held under land and buildings NBV at 31 March 2023 £2,246k  
- Vale of Neath Primary Care Centre (GP2 Premises) held under land and buildings NBV at 31 March 2023 £2,829k

	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>2022-23</b>									
<b>Cost or valuation at 31 March</b>	0	0	0	0	0	0	0	0	0
Lease prepayments in relation to RoU Assets	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	0	0	0	0	0	0	0
Operating Leases Transitioning	0	15,829	0	0	1,186	863	1,101	0	18,979
<b>Cost or valuation at 1 April</b>	0	15,829	0	0	1,186	863	1,101	0	18,979
Additions	0	163	0	0	64	40	0	0	267
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	81	0	0	0	0	0	0	81
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
<b>At 31 March</b>	0	16,073	0	0	1,250	903	1,101	0	19,327
<b>Depreciation at 31 March</b>	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	0	0	0	0	0	0	0
Operating Leases Transitioning	0	0	0	0	0	0	0	0	0
<b>Depreciation at 1 April</b>	0	0	0	0	0	0	0	0	0
Recognition	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
Provided during the year	0	1,535	0	0	398	315	277	0	2,525
<b>At 31 March</b>	0	1,535	0	0	398	315	277	0	2,525
<b>Net book value at 1 April</b>	0	15,829	0	0	1,186	863	1,101	0	18,979
<b>Net book value at 31 March</b>	0	14,538	0	0	852	588	824	0	16,802
<b>RoU Asset Total Value Split by Lessor</b>									
<b>Lessor</b>	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
NHS Wales Peppercorn Leases	0	0	0	0	0	0	0	0	0
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercorn Leases	0	994	0	0	0	0	0	0	994
Other Public Sector Market Value Leases	0	0	0	0	0	0	0	0	0
Private Sector Peppercorn Leases	0	0	0	0	0	0	0	0	0
Private Sector Market Value Leases	0	13,544	0	0	852	588	824	0	15,808
<b>Total</b>	0	14,538	0	0	852	588	824	0	16,802

### 11.3 Right of Use Assets continued

#### Quantitative disclosures

##### Maturity analysis

<b>Contractual undiscounted cash flows relating to lease liabilities</b>	<b>£000</b>
Less than 1 year	2,462
2-5 years	7,197
> 5 years	6,748
<b>Total</b>	<b>16,407</b>

##### Lease Liabilities (net of irrecoverable VAT)

	<b>£000</b>
Current	2,324
Non-Current	13,330
<b>Total</b>	<b>15,654</b>

##### Amounts Recognised in Statement of Comprehensive Net Expenditure

	<b>£000</b>
Depreciation	2,526
Impairment	0
Variable lease payments not included in lease liabilities - Interest expense	0
Sub-leasing income	0
Expense related to short-term leases	0
Expense related to low-value asset leases (excluding short-term leases)	0

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

	<b>£000</b>
Interest expense	158
Repayments of principal on leases	2,623
<b>Total</b>	<b>2,781</b>

The Health Board has 28 property leases from which it provides services, 77 leases for transport vehicles and 7 for equipment.

## 12. Intangible non-current assets

### 2022-23

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2022	12,862	0	1,029	0	0	0	13,891
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	338	0	0	0	0	0	338
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2023</b>	<b>13,200</b>	<b>0</b>	<b>1,029</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,229</b>
Amortisation at 1 April 2022	8,232	0	117	0	0	0	8,349
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	1,847	0	0	0	0	0	1,847
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2023</b>	<b>10,079</b>	<b>0</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,196</b>
<b>Net book value at 1 April 2022</b>	<b>4,630</b>	<b>0</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,542</b>
<b>Net book value at 31 March 2023</b>	<b>3,121</b>	<b>0</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,033</b>
<b>NBV at 31 March 2023</b>							
Purchased	3,121	0	912	0	0	0	4,033
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2023</b>	<b>3,121</b>	<b>0</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,033</b>

## 12. Intangible non-current assets

### 2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2021</b>	10,885	0	1,035	0	0	0	11,920
Revaluation	0	0	0	0	0	0	0
Reclassifications	1,676	0	0	0	0	0	<b>1,676</b>
Reversal of impairments	0	0	0	0	0	0	<b>0</b>
Impairments	0	0	0	0	0	0	<b>0</b>
Additions- purchased	433	0	32	0	0	0	<b>465</b>
Additions- internally generated	0	0	0	0	0	0	<b>0</b>
Additions- donated	0	0	0	0	0	0	<b>0</b>
Additions- government granted	0	0	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	<b>0</b>
Transfers	0	0	0	0	0	0	<b>0</b>
Disposals	(132)	0	(38)	0	0	0	<b>(170)</b>
<b>Gross cost at 31 March 2022</b>	<b>12,862</b>	<b>0</b>	<b>1,029</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,891</b>
<b>Amortisation at 1 April 2021</b>	<b>6,516</b>	<b>0</b>	<b>155</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,671</b>
Revaluation	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	0	<b>0</b>
Impairment	0	0	0	0	0	0	<b>0</b>
Provided during the year	1,848	0	0	0	0	0	<b>1,848</b>
Reclassified as held for sale	0	0	0	0	0	0	<b>0</b>
Transfers	0	0	0	0	0	0	<b>0</b>
Disposals	(132)	0	(38)	0	0	0	<b>(170)</b>
<b>Amortisation at 31 March 2022</b>	<b>8,232</b>	<b>0</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,349</b>
<b>Net book value at 1 April 2021</b>	<b>4,369</b>	<b>0</b>	<b>880</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,249</b>
<b>Net book value at 31 March 2022</b>	<b>4,630</b>	<b>0</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,542</b>
<b>NBV at 31 March 2022</b>							
Purchased	4,626	0	912	0	0	0	<b>5,538</b>
Donated	4	0	0	0	0	0	<b>4</b>
Government Granted	0	0	0	0	0	0	<b>0</b>
Internally generated	0	0	0	0	0	0	<b>0</b>
<b>Total at 31 March 2022</b>	<b>4,630</b>	<b>0</b>	<b>912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,542</b>

The reclassification of £1,676k relates to the transfer of an asset in year from assets under construction disclosed in note 11.1

## **Additional Disclosures re Intangible Assets**

### **Disclosures:**

#### **i) Donated Assets**

Swansea Bay University LHB has not received any donated intangible assets during the year.

#### **ii) Recognition**

Intangible assets acquired separately are initially recognised at fair value. The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred to date when the criteria for recognising internally generated assets has been met (see accounting policy 1.7 for criteria).

#### **iii) Asset Lives**

The useful economic life of Intangible non-current assets are assigned on an individual asset basis. Software is generally assigned a 5 year UEL and the UEL of internally generated software is based on the professional judgement of LHB professionals and Finance staff.

#### **iv) Additions during the period**

Additions during 2022/23 relate to software.

#### **v) Disposals during the period**

There were no intangible disposals in 2022/23.



## 13 . Impairments

	2022-23 Property, plant & equipment £000	2022-23 Right of Use Assets £000	2022-23 Intangible assets £000	2021-22 Property, plant & equipment £000	2021-22 Right of Use Assets £000	2021-22 Intangible assets £000
Impairments arising from :						
Loss or damage from normal operations	0	0	0	0		0
Abandonment in the course of construction	153	0	0	0		0
Over specification of assets (Gold Plating)	0	0	0	0		0
Loss as a result of a catastrophe	0	0	0	0		0
Unforeseen obsolescence	0	0	0	0		0
Changes in market price	0	0	0	0		0
Others (specify)	7,799	0	0	4,860		0
Reversal of Impairments	(13,642)	0	0	(10,427)		0
<b>Total of all impairments</b>	<b>(5,690)</b>	<b>0</b>	<b>0</b>	<b>(5,567)</b>		<b>0</b>

## Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(5,689)	0	0	(5,567)		0
Charged to Revaluation Reserve	0	0	0	0		0
<b>Total</b>	<b>(5,689)</b>	<b>0</b>	<b>0</b>	<b>(5,567)</b>		<b>0</b>

The impairment losses disclosed above as "other" comprise

**£7.799m for the write down to depreciated replacement cost following the initial professional valuation on completion of 8 specialised building assets as detailed below;**

- National Programmes – Decarbonisation	£0.635m
- National Programmes – Mental Health	£0.980m
- Ophthalmology Day Theatre, Singleton Hospital	£1.900m
- Replacement of CT-Scanner, Morriston Hospital	£0.466m
- Fracture and Orthopaedic Unit (FOU), Morriston Hospital	£1.007m
- Anti-Ligature	£0.729m
- Enfys Ward Morriston Hospital	£1.450m
- Linear Accelerator D, Singleton Hospital	£0.631m

**14.1 Inventories**

	<b>31 March</b>	31 March
	<b>2023</b>	2022
	<b>£000</b>	£000
Drugs	<b>4,982</b>	4,172
Consumables	<b>5,275</b>	4,794
Energy	<b>457</b>	406
Work in progress	<b>0</b>	0
Other	<b>0</b>	0
<b>Total</b>	<b>10,714</b>	9,372
Of which held at realisable value	<b>0</b>	0

**14.2 Inventories recognised in expenses**

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

Note 14.1 discloses the stock values held at 31st March 2023. 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.

The health board no longer holds separate stocks of PPE items relating to the COVID-19 pandemic, as compared to 2021/22 when stock of £22k was held.

**15. Trade and other Receivables**

<b>Current</b>	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
Welsh Government	1,534	3,805
WHSSC / EASC	5,009	2,259
Welsh Health Boards	5,770	2,564
Welsh NHS Trusts	1,632	1,225
Welsh Special Health Authorities	995	494
Non - Welsh Trusts	295	88
Other NHS	155	323
2019-20 Scheme Pays - Welsh Government Reimbursement	10	28
<b>Welsh Risk Pool Claim reimbursement</b>		
NHS Wales Secondary Health Sector	44,156	37,856
NHS Wales Primary Sector FLS Reimbursement	418	108
NHS Wales Redress	903	1,363
Other	0	0
Local Authorities	914	1,662
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	8,074	9,071
Provision for irrecoverable debts	(2,326)	(2,916)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	7,910	7,170
Other accrued income	191	290
<b>Sub total</b>	<b>75,640</b>	<b>65,390</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	1,094	1,925
<b>Welsh Risk Pool Claim reimbursement;</b>		
NHS Wales Secondary Health Sector	123,494	118,647
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	2	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	0	0
Other accrued income	0	0
<b>Sub total</b>	<b>124,590</b>	<b>120,572</b>
<b>Total</b>	<b>200,230</b>	<b>185,962</b>

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

	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
By up to three months	<b>13,147</b>	12,151
By three to six months	<b>387</b>	314
By more than six months	<b>617</b>	767
	<b>14,151</b>	13,232

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

Balance at 1 April	<b>(2,916)</b>	(4,377)
Transfer to other NHS Wales body	<b>0</b>	0
Amount written off during the year	<b>58</b>	22
Amount recovered during the year	<b>4</b>	2,230
(Increase) / decrease in receivables impaired	<b>528</b>	(791)
Bad debts recovered during year	<b>0</b>	0
Balance at 31 March	<b>(2,326)</b>	(2,916)

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	<b>2,360</b>	2,377
Other	<b>0</b>	0
Total	<b>2,360</b>	2,377

**16. Other Financial Assets**

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

**17. Cash and cash equivalents**

	2022-23	2021-22
	£000	£000
Balance at 1 April	4,398	1,270
Net change in cash and cash equivalent balances	(1,539)	3,128
Balance at 31 March	<b>2,859</b>	<b>4,398</b>
Made up of:		
Cash held at GBS	2,774	4,308
Commercial banks	0	0
Cash in hand	85	90
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>2,859</b>	<b>4,398</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>2,859</b>	<b>4,398</b>

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

Lease Liabilities £0  
PFI liabilities £2,899k

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

**18. Trade and other payables**

Current	31 March 2023 £000	31 March 2022 £000
Welsh Government	46	4
WHSSC / EASC	907	264
Welsh Health Boards	5,052	2,663
Welsh NHS Trusts	2,966	2,116
Welsh Special Health Authorities	56	117
Other NHS	2,643	1,503
Taxation and social security payable / refunds	7,606	5,399
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	145	82
Other taxes payable to HMRC	2	1
NI contributions payable to HMRC	8,356	6,881
Non-NHS payables - Revenue	34,909	33,940
Local Authorities	353	1,565
Capital payables- Tangible	5,402	24,193
Capital payables- Intangible	38	471
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	2,324	
Obligations under finance leases, HP contracts		0
Imputed finance lease element of on SoFP PFI contracts	3,194	2,899
Pensions: staff	9,325	8,884
Non NHS Accruals	136,189	146,107
Deferred Income:		
Deferred Income brought forward	660	558
Deferred Income Additions	810	612
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(594)	(510)
Other creditors	214	124
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub Total</b>	<b>220,603</b>	<b>237,873</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	13,330	
Obligations under finance leases, HP contracts		0
Imputed finance lease element of on SoFP PFI contracts	27,722	30,916
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub Total</b>	<b>41,052</b>	<b>30,916</b>
<b>Total</b>	<b>261,655</b>	<b>268,789</b>

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

Footnote re change in current year operating lease figures

<b>RoU Lease Liability Transitioning &amp; Transferring</b>	<b>£000</b>
RoU liability as at 31 March 2022	0
Transfer of Finance Leases from PPE Note	0
Operating Leases Transitioning	18,010
RoU Lease liability as at 1 April 2022	18,010

**18. Trade and other payables (continued).**

Amounts falling due more than one year are expected to be settled as follows:	<b>31 March 2023 £000</b>	31 March 2022 £000
Between one and two years	<b>3,471</b>	3,194
Between two and five years	<b>14,210</b>	12,721
In five years or more	<b>10,041</b>	15,001
Sub-total	<b>27,722</b>	30,916

**19. Other financial liabilities**

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

## 10. Provisions

	At 1 April 2022	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	19,969	(7,834)	(4,151)	11,834	27,190	(16,284)	(6,730)	0	23,994
Primary care	70	0	0	0	298	(35)	(65)	0	268
Redress Secondary care	538	0	(98)	0	633	(202)	(278)	0	593
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	652	0	0	424	817	(728)	(320)	(76)	769
Other losses and special payments	0	0	0	0	100	(100)	0	0	0
Defence legal fees and other administration	1,624	0	0	150	1,994	(1,047)	(1,028)		1,693
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	41			3	36	(39)	(4)	(1)	36
019-20 Scheme Pays - Reimbursement	28			0	6	(24)	0	0	10
Restructuring	0			0	0	0	0	0	0
Local Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	1,527		0	0	2,191	(140)	(1,090)		2,488
<b>Total</b>	<b>24,449</b>	<b>(7,834)</b>	<b>(4,249)</b>	<b>12,411</b>	<b>33,265</b>	<b>(18,599)</b>	<b>(9,515)</b>	<b>(77)</b>	<b>29,851</b>

## Non Current

Clinical negligence:-									
Secondary care	117,107	0	0	(11,834)	20,153	(857)	(3,200)	0	121,369
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	2	0	0	0	2
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	5,472	0	0	(424)	115	0	(1,350)	0	3,813
Other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,685	0	0	(150)	843	(44)	(2)		2,332
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	17			(3)	0	0	(2)	0	12
019-20 Scheme Pays - Reimbursement	1,925			0	0	0	(831)	0	1,094
Restructuring	0			0	0	0	0	0	0
Local Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	0		0	0	0	0			0
<b>Total</b>	<b>126,206</b>	<b>0</b>	<b>0</b>	<b>(12,411)</b>	<b>21,113</b>	<b>(901)</b>	<b>(5,385)</b>	<b>0</b>	<b>128,622</b>

## TOTAL

Clinical negligence:-									
Secondary care	137,076	(7,834)	(4,151)	0	47,343	(17,141)	(9,930)	0	145,363
Primary care	70	0	0	0	298	(35)	(65)	0	268
Redress Secondary care	538	0	(98)	0	635	(202)	(278)	0	595
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	6,124	0	0	0	932	(728)	(1,670)	(76)	4,582
Other losses and special payments	0	0	0	0	100	(100)	0	0	0
Defence legal fees and other administration	3,309	0	0	0	2,837	(1,091)	(1,030)		4,025
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	58			0	36	(39)	(6)	(1)	48
019-20 Scheme Pays - Reimbursement	1,953			0	6	(24)	(831)	0	1,104
Restructuring	0			0	0	0	0	0	0
Local Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	1,527		0	0	2,191	(140)	(1,090)		2,488
<b>Total</b>	<b>150,655</b>	<b>(7,834)</b>	<b>(4,249)</b>	<b>0</b>	<b>54,378</b>	<b>(19,500)</b>	<b>(14,900)</b>	<b>(77)</b>	<b>158,473</b>

## Expected timing of cash flows:

	In year to 31 March 2024	Between 1 April 2024 31 March 2028	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	23,994	121,369	0	145,363
Primary care	268	0	0	268
Redress Secondary care	593	2	0	595
Redress Primary care	0	0	0	0
Personal injury	769	1,461	2,352	4,582
Other losses and special payments	0	0	0	0
Defence legal fees and other administration	1,693	2,332	0	4,025
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	36	12	0	48
019-20 Scheme Pays - Reimbursement	10	48	1,046	1,104
Restructuring	0	0	0	0
Local Asset Dilapidations CAME	0	0	0	0
Other Capital Provisions	0	0	0	0
Other	2,488	0	0	2,488
<b>Total</b>	<b>29,851</b>	<b>125,224</b>	<b>3,398</b>	<b>158,473</b>

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

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 £168.973m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

## 2019-20 Scheme Pays Reimbursement

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government on behalf of Swansea Bay University LHB, will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants. The figure disclosed above as a provision is based on details provided to Welsh Government by the Government Actuary Department in respect of individuals employed by the Health Board who have taken up the option. The provision is backed off by a debtor with Welsh Government disclosed in Note 15 to these accounts.



## 20. Provisions (continued)

	At 1 April 2021	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	42,159	0	(3,977)	6,855	25,939	(23,510)	(27,497)	0	19,969
Primary care	70	0	0	0	0	0	0	0	70
Redress Secondary care	669	0	(166)	5	1,082	(767)	(285)	0	538
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	856	0	0	389	874	(1,222)	(188)	(57)	652
All other losses and special payments	0	0	0	0	591	(591)	0	0	0
Defence legal fees and other administration	2,028	0	0	159	1,799	(1,362)	(1,000)		1,624
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	45			6	37	(43)	(3)	(1)	41
2019-20 Scheme Pays - Reimbursement	0			0	28	0	0	0	28
Restructuring	0			0	0	0	0	0	0
Other	1,192		0	0	555	(182)	(38)		1,527
<b>Total</b>	<b>47,019</b>	<b>0</b>	<b>(4,143)</b>	<b>7,414</b>	<b>30,905</b>	<b>(27,677)</b>	<b>(29,011)</b>	<b>(58)</b>	<b>24,449</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	95,422	0	0	(6,855)	33,661	(1,421)	(3,700)	0	117,107
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	5	0	0	(5)	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	5,617	0	0	(389)	244	0	0	0	5,472
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,423	0	0	(159)	475	(51)	(3)		1,685
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	23			(6)	0	0	0	0	17
2019-20 Scheme Pays - Reimbursement	0			0	1,925	0	0	0	1,925
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>102,490</b>	<b>0</b>	<b>0</b>	<b>(7,414)</b>	<b>36,305</b>	<b>(1,472)</b>	<b>(3,703)</b>	<b>0</b>	<b>126,206</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	137,581	0	(3,977)	0	59,600	(24,931)	(31,197)	0	137,076
Primary care	70	0	0	0	0	0	0	0	70
Redress Secondary care	674	0	(166)	0	1,082	(767)	(285)	0	538
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	6,473	0	0	0	1,118	(1,222)	(188)	(57)	6,124
All other losses and special payments	0	0	0	0	591	(591)	0	0	0
Defence legal fees and other administration	3,451	0	0	0	2,274	(1,413)	(1,003)		3,309
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	68			0	37	(43)	(3)	(1)	58
2019-20 Scheme Pays - Reimbursement	0			0	1,953	0	0	0	1,953
Restructuring	0			0	0	0	0	0	0
Other	1,192		0	0	555	(182)	(38)		1,527
<b>Total</b>	<b>149,509</b>	<b>0</b>	<b>(4,143)</b>	<b>0</b>	<b>67,210</b>	<b>(29,149)</b>	<b>(32,714)</b>	<b>(58)</b>	<b>150,655</b>

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

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 £157.974m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

## 2019-20 Scheme Pays Reimbursement

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government on behalf of Swansea Bay University LHB, will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants. The figure disclosed above as a provision is based on details provided to Welsh Government by the Government Actuary Department in respect of individuals employed by the Health Board who took up the option. The provision is backed off by a debtor with Welsh Government disclosed in Note 15 to these accounts.

## 21. Contingencies

### 21.1 Contingent liabilities

	2022-23 £'000	2021-22 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	173,077	214,448
Primary care	689	80
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	3,903	5,509
Continuing Health Care costs	120	46
Other	0	0
Total value of disputed claims	177,789	220,083
Amounts (recovered) in the event of claims being successful	(174,008)	(216,307)
<b>Net contingent liability</b>	<b>3,781</b>	<b>3,776</b>

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 made in progressing phase 3, 4, 5 and 7 claims, to the extent that as at 31st March 2023 there are no phase 3 or phase 5 cases remaining and only 1 phase 6 claim remains.

As at 31st March 2023, the LHB has included the following amounts relating to these uncertain continuing healthcare costs:

Note 20 sets out the £182,486 provision for probable continuing care costs relating to 19 claims received.

Note 21.1 sets out the £120,498 contingent liability for possible continuing care costs relating to 18 claims received.

**21.2 Remote Contingent liabilities**

	<b>2022-23</b> <b>£000</b>	2021-22 £000
Guarantees	0	0
Indemnities	106	25
Letters of Comfort	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>106</b>	<b>25</b>

**21.3 Contingent assets**

	<b>2022-23</b> <b>£000</b>	2021-22 £000
The Health Board has no contingent assets	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>0</b>	<b>0</b>

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

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

	<b>2022-23</b> <b>£000</b>	2021-22 £000
Property, plant and equipment	20,058	9,473
Right of Use Assets	0	
Intangible assets	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>20,058</b>	<b>9,473</b>

## 23. Losses and special payments

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

### Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2023	
	Number	£
Clinical negligence	128	17,378,035
Personal injury	33	319,150
All other losses and special payments	212	99,652
<b>Total</b>	<b>373</b>	<b>17,796,837</b>

### Analysis of cases in excess of £300,000

	Case Type	In year claims in excess of		Cumulative claims in excess of	
		£300,000		£300,000	
		Number	£	Number	£
Cases in excess of £300,000:					
10RYMMN0033	Clinical Negligence With	1	50000	1	1,250,000
10RYMMN0205	Clinical Negligence With	1	0	1	481,250
10RYMMN0212	Clinical Negligence With	1	40000	1	6,091,100
10RYMMN0223	Clinical Negligence With	1	0	1	3,935,000
11RYMMN0156	Clinical Negligence With	1	0	1	2,331,278
12RYMMN0130	Clinical Negligence With	1	100000	1	758,319
13RYMMN0115	Clinical Negligence With	1	532170	1	655,000
13RYMMN0234	Clinical Negligence With	1	0	1	565,000
13RYMMN0247	Clinical Negligence With	1	30000	1	307,375
14RYMMN0034	Clinical Negligence With	1	400000	1	2,271,281
14RYMMN0122	Clinical Negligence With	1	325,000	1	725,000
14RYMMN0131	Clinical Negligence With	1	(90,000)	1	510,573
14RYMMN0136	Clinical Negligence With	1	2,375,228	1	2,600,000
15RYMMN0040	Clinical Negligence With	1	61,000	1	2,906,000
15RYMMN0151	Clinical Negligence With	1	0	1	6,700,000
15RYMMN0154	Clinical Negligence With	1	115,774	1	1,218,995
16RYMMN0057	Clinical Negligence With	1	35,000	1	890,133
16RYMMN0068	Clinical Negligence With	1	100,000	1	390,000
16RYMMN0126	Clinical Negligence With	1	787,500	1	792,500
16RYMMN0161	Clinical Negligence With	1	285,000	1	2,431,831
16RYMMN0185	Clinical Negligence With	1	0	1	360,000
16RYMMN0199	Clinical Negligence With	1	0	1	446,069
17RYMMN0040	Clinical Negligence With	1	354,000	1	354,000
17RYMMN0047	Clinical Negligence With	1	0	1	311,830
17RYMMN0090	Clinical Negligence With	1	47,000	1	372,000
17RYMMN0102	Clinical Negligence With	1	47,500	1	1,267,500
17RYMMN0114	Clinical Negligence With	1	0	1	1,395,000
17RYMMN0176	Clinical Negligence With	1	55,000	1	325,000
18RYMMN0061	Clinical Negligence With	1	0	1	710,000
18RYMMN0092	Clinical Negligence With	1	1,020,000	1	1,130,000
18RYMMN0122	Clinical Negligence With	1	616,912	1	616,912
18RYMMN0156	Clinical Negligence With	1	1,009,824	1	1,009,824
18RYMMN0158	Clinical Negligence With	1	450,000	1	450,000
19RYMMN0003	Clinical Negligence With	1	2,910,570	1	3,160,000
19RYMMN0019	Clinical Negligence With	1	570,000	1	610,000
19RYMMN0080	Clinical Negligence With	1	560,000	1	560,000
20RYMMN0002	Clinical Negligence With	1	80,000	1	482,000
20RYMPI0037	Personal Injury with Adv	1	0	1	555,562
Sub-total		38	12,867,478	38	51,926,332
All other cases		335	4,929,359	335	10,384,217
Total cases		373	17,796,837	373	62,310,549

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

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

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

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

## 24.1 Right of Use / Finance leases obligations

	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023	31 March 2022
<b>Buildings</b>		
<b>Minimum lease payments</b>	<b>£000</b>	<b>£000</b>
Within one year	1,550	0
Between one and five years	5,898	0
After five years	6,749	0
Less finance charges allocated to future periods	(724)	0
Minimum lease payments	13,473	0
Included in:		
Current borrowings	1,430	0
Non-current borrowings	12,043	0
	13,473	0
<b>Present value of minimum lease payments</b>		
Within one year	1,430	0
Between one and five years	5,551	0
After five years	6,492	0
Present value of minimum lease payments	13,473	0
Included in:		
Current borrowings	1,430	0
Non-current borrowings	12,043	0
	13,473	0
<b>Other- Non property</b>		
	31 March 2023	31 March 2022
<b>Minimum lease payments</b>	<b>£000</b>	<b>£000</b>
Within one year	911	0
Between one and five years	1,299	0
After five years	0	0
Less finance charges allocated to future periods	(28)	0
Minimum lease payments	2,182	0
Included in:		
Current borrowings	894	0
Non-current borrowings	1,288	0
	2,182	0
<b>Present value of minimum lease payments</b>		
Within one year	894	0
Between one and five years	1,288	0
After five years	0	0
Present value of minimum lease payments	2,182	0
Included in:		
Current borrowings	894	0
Non-current borrowings	1,288	0
	2,182	0

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

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

	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023 £000	31 March 2022 £000
<b>Amounts receivable under right of use assets / finance leases:</b>		
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
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	<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 2023 £000	Off-SoFP PFI contracts 31 March 2022 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	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

61,938

#### 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 2023 £000	On SoFP PFI Imputed interest 31 March 2023 £000	On SoFP PFI Service charges 31 March 2023 £000
Total payments due within one year	3,194	4,972	5,326
Total payments due between 1 and 5 years	17,681	22,076	17,672
Total payments due thereafter	10,041	17,078	6,450
Total future payments in relation to PFI contracts	30,916	44,126	29,448

  

	On SoFP PFI Capital element 31 March 2022 £000	On SoFP PFI Imputed interest 31 March 2022 £000	On SoFP PFI Service charges 31 March 2022 £000
Total payments due within one year	2,899	4,863	5,402
Total payments due between 1 and 5 years	15,915	21,417	18,695
Total payments due thereafter	15,001	22,709	10,753
Total future payments in relation to PFI contracts	33,815	48,989	34,850

31/03/2023

£000

Total present value of obligations for on-SoFP PFI contracts

104,490



### 25.3 Charges to expenditure

	2022-23	2021-22
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,747	2,680
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	2,747	2,680

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	13,492	13,163
<b>Total</b>	<b>13,492</b>	<b>13,163</b>

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

	<b>2022-23</b>	2021-22
	<b>£000</b>	£000
(Increase)/decrease in inventories	<b>(1,342)</b>	43
(Increase)/decrease in trade and other receivables - non-current	<b>(4,018)</b>	(23,935)
(Increase)/decrease in trade and other receivables - current	<b>(10,250)</b>	28,280
Increase/(decrease) in trade and other payables - non-current	<b>10,136</b>	(2,899)
Increase/(decrease) in trade and other payables - current	<b>(17,270)</b>	38,587
<b>Total</b>	<b>(22,744)</b>	40,076
Adjustment for accrual movements in fixed assets - creditors	<b>19,220</b>	(12,534)
Adjustment for accrual movements in fixed assets - debtors	<b>0</b>	0
Other adjustments	<b>(10,136)</b>	(3,807)
	<b>(13,660)</b>	23,735

**28. Other cash flow adjustments**

	<b>2022-23</b>	2021-22
	<b>£000</b>	£000
Depreciation	<b>30,497</b>	28,512
Amortisation	<b>1,847</b>	1,848
(Gains)/Loss on Disposal	<b>(116)</b>	(249)
Impairments and reversals	<b>(5,690)</b>	(5,567)
Release of PFI deferred credits	<b>0</b>	0
NWSSP Covid assets issued debited to expenditure but non-cash	<b>0</b>	0
Covid assets received credited to revenue but non-cash	<b>0</b>	0
Donated assets received credited to revenue but non-cash	<b>(232)</b>	(185)
Government Grant assets received credited to revenue but non-cash	<b>(43)</b>	(707)
Right of Use Grant (Peppercorn Lease) credited to revenue but non cash	<b>(969)</b>	
Non-cash movements in provisions	<b>26,324</b>	30,295
Other movements	<b>31,009</b>	26,782
<b>Total</b>	<b>82,627</b>	80,729

Other Adjustments in Note 27 relates to the capital element of payments in respect of finance leases, on SoFP PFI schemes and Right of Use (ROU) assets.

Other movements 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 depreciation on Right of Use (ROU) assets.

**29. Events after the Reporting Period**

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on xx xxx 2023; post the date the financial statements were certified by the Auditor General for Wales.

**Delivery Unit**

On 1st April 2023 the Delivery Unit which is currently hosted by Swansea Bay University Health Board and reported as an operating segment in note 33 to these accounts will transfer to Public Health Wales NHS Trust. All assets and liabilities associated with the Delivery Unit will transfer as at 1st April 2023.

### 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	Cabinet member for Adult Social Care City and County of Swansea Council
Professor T.Crick	Independent Member	Non Executive Director of Welsh Water/Dwr Cymru
Mrs. J Davies	Independent Member	Board Member Royal College of Nursing Wales
Mr. D Griffiths	Director of Finance and Performance	Governor of Gower College Swansea and Wife is Director for Wales for the British Red Cross
Mr. A Jarrett	Associate Board Member	Director of Social Services for Neath Port Talbot CBC
Mr. K Lloyd	Independent Member	Board member of Mind and Executive Dean and Pro Vice Chancellor at Swansea University
Ms N Matthews	Independent Member	Councillor- City and County of Swansea Council
Mr. P Mapson	Board Adviser	Non Executive Director of Somerset District Hospital NHS Foundation Trust
Mr.S Spill	Vice Chair	Non Executive Director - Coastal Housing Group and Trustee Platform for Change
Mr. M Waygood	Board Adviser	Trustee of the Ospreys in the Community Charity
Ms. N Zolle	Independent Member	Trustee of the Ospreys in the Community Charity

The total value of transactions with related parties in 2022/23 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	23,713	3,387	309	610
Welsh Water - Dwr Cymru	783	0	0	0
Royal College of Nursing	8	6	1	0
Gower College	9	0	3	0
British Red Cross	155	0	18	0
Neath Port Talbot County Council	12,896	4,474	27	1,160
Swansea University	6,974	911	1,564	330
MIND Cymru	68	0	34	0
Somerset District Hospital NHS Foundation Trust	26	0	0	0
Coastal Housing Group	398	0	176	0
Platform for Change	13	0	0	0
Wales NHS Confederation	67	0	115	0
Ospreys in the Community	112	0	0	0

The Swansea Bay University Health Board Charity is the linked charity to the Swansea Bay University Health Board. During the financial year the health board for operational reasons may make payments on behalf of the NHS Charity and the NHS Charity may make payments on behalf of the health board. These payments are cleared monthly via an intercompany transfer within the financial ledgers. In 2022/23 the health board made cash payments of £1,994,207 on behalf of the NHS Charity and the NHS Charity made payments of £599,935 on behalf of the health board. As at 31st March 2023 the amount owed to the health board by the NHS Charity amounted to £175,653 with the health board owing the NHS Charity £14,999. These balances will be cleared in April 2023.

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	218	1,193,767	46	1,534
Welsh Health Specialised Services Commission	126,540	136,194	907	5,009
Aneurin Bevan LHB	1,018	3,992	222	598
Betsi Cadwaladr LHB	455	170	107	32
Cardiff & Vale LHB	7,472	6,347	1,374	590
Cwm Taf LHB	32,548	43,159	2,340	2,511
Digital Health Care Wales	5,228	1,153	54	184
Health Education & Improvement Wales	2	15,621	2	811
Hywel Dda LHB	4,706	41,551	838	1,051
Powys LHB	1,481	10,315	171	988
Public Health Wales NHS Trust	4,414	4,038	398	502
Velindre NHS Trust	51,982	5,055	2,440	1,107
Welsh Ambulance Services NHS Trust	1,214	140	128	23
<b>Total</b>	<b>237,278</b>	<b>1,461,502</b>	<b>9,027</b>	<b>14,940</b>

### 31. Third Party assets

The LHB held £1,009,643 cash at bank and in hand at 31 March 2023 (31st March 2022, £590,080) which relates to monies held by the LHB on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

Cash held in Patient's Investment Accounts amounted to £0.00 at 31st March 2023 (31st March 2022, £491,452). Due to a change in money laundering regulations in year, the LHB is no longer permitted to hold client call accounts in the names of patients, which was how the Lloyds investment accounts were held. As a result the Lloyds Investment accounts were closed by Lloyds Bank in August 2022 and the sum of £437,236 transferred into the Patients Monies Current Account.

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 2023 was £969,856 (£436,794 as at 31st March 2022).

## 32. Pooled budgets

The Health Board (Swansea Locality) has participated in a formal pooled budget arrangement in 2022/23 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 provided by the Welsh Assembly Government.

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which avoids duplication and barriers to provision.

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor adaptations within a seven day target.

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

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

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

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

#### 3. Pooled Budget Memorandum Account

<b>Gross Funding</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£</b>	<b>£</b>
City & County of Swansea	634,110	634,800
Neath Port Talbot County Borough Council	356,730	357,190
Swansea Bay University Health Board	1,309,160	1,308,010
Other	632,080	356,365
<b>Total Funding</b>	<b>2,932,080</b>	<b>2,656,365</b>
<b>Expenditure</b>	<b>3,419,496</b>	<b>3,101,992</b>
<b>Net (under)/over spend</b>	<b>487,416</b>	<b>445,627</b>

The overspend will be funded through an equivalent drawdown from a ring fenced reserve specific 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 4 Service Groups.

Two of these service groups are centred on the Health Board's main hospital sites of Morriston, Neath Port Talbot, and Singleton. The remaining two SDU's cover Mental Health and Learning Disabilities Services and Primary Care Community and Therapy Services

The LHB has formed the view that the activities of its service groups 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 Groups have similar economic characteristics
3. The Service Groups are similar in respect of all of the following
  - > The nature of the service provided
  - > The Service Groups operate fundamentally similar processes
  - > The end customers (the patients) fall into broadly similar categories
  - > The Service Groups share a common regulatory environment

The LHB did operate as a home to two hosted bodies during 2022/23.

The first of these 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 with the priorities of and directly funded by the Welsh Government. As of 1st April 2023 the NHS Wales Delivery Unit will transfer to Public Health Wales NHS Trust.

During 2022/23 these accounts contain income of £6.637m and expenditure of £6.967m in respect of the DU.

The second hosted body is the Emergency Medical Retrieval and Transfer Service (EMRTS). This service provides pre-hospital critical care for all age groups and undertakes time critical life or limb threatening adult and paediatric transfers from Emergency Departments, Medical Assessment Units, Intensive Care Units and Minor Injury Units for patients requiring specialist intervention at the receiving hospital. The service is mainly funded directly by Welsh Government

During 2022/23 these accounts contain income of £0.311m and expenditure of £8.830m in respect of EMRTS.

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 2022 to 31 March 2023. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2022 and February 2023 alongside Health Board/Trust/SHA data for March 2023.

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

	2022-23 £000
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2023</b>	
Expenditure on Primary Healthcare Services	0
Expenditure on Hospital and Community Health Services	28,483

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

Net operating cost for the year	28,483
Notional Welsh Government Funding	28,483

### Statement of Cash Flows for year ended 31 March 2023

Net operating cost for the financial year	28,483
Other cash flow adjustments	28,483

### 2.1 Revenue Resource Performance

Revenue Resource Allocation	28,483
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## 3. Analysis of gross operating costs

### 3.1 Expenditure on Primary Healthcare Services

General Medical Services	0
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### 3.3 Expenditure on Hospital and Community Health Services

Directors' costs	60
Staff costs	28,423

## 9.1 Employee costs

### Permanent Staff

Employer contributions to NHS Pension Scheme	28,483
Charged to capital	41
Charged to revenue	28,442

## 18. Trade and other payables

### Current

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

Other movements	28,483
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### 34. Other Information

#### 34.2 Welsh Government Covid 19 Funding

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

	2022-23 £000	2021-22 £000
<b>Capital</b>		
Capital Funding Field Hospitals	0	0
Capital Funding Equipment & Works	2505	7038
Capital Funding other (Specify)	0	0
<b>Welsh Government Covid 19 Capital Funding</b>	<b>2,505</b>	<b>7,038</b>

<b>Revenue</b>		
Stability Funding	34,604	59,758
Covid Recovery	0	25,307
Cleaning Standards	0	2,366
PPE (including All Wales Equipment via NWSSP)	4,285	4,797
Testing / TTP- Testing & Sampling - Pay & Non Pay	2,286	3,104
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	5,601	13,090
Extended Flu Vaccination / Vaccination - Extended Flu Programme	918	825
Mass Covid-19 Vaccination / Vaccination - COVID-19	8,977	13,647
Annual Leave Accrual - Increase due to Covid		0
Urgent & Emergency Care		3,383
Private Providers Adult Care / Support for Adult Social Care Providers		2,243
Hospices		0
Other Mental Health / Mental Health		0
Other Primary Care	1,560	0
Social Care		1,816
Other	430	71
<b>Welsh Government Covid 19 Revenue Funding</b>	<b>58,661</b>	<b>130,407</b>

**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 and subsequent financial years in respect of the Local Health Boards (LHB)<sup>1</sup>, in the form specified in paragraphs [2] to [7] below.

**BASIS OF PREPARATION**

2. The account of the LHB shall comply with:

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

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

**FORM AND CONTENT**

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the Companies Act 2006 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 Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009.