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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	25th June 2020		Agenda Item	2.1
Report Title	Annual Accounts 2019/20			
Report Author	Andrew Biston, Head of Accounting & Governance			
Report Sponsor	Darren Griffiths, Interim Director of Finance			
Presented by	Darren Griffiths, Interim Director of Finance			
Freedom of Information	Closed			
Purpose of the Report	To provide the audited accounts for Swansea Bay University Health Board for 2019/20.			
Key Issues	<p>Due to the COVID-19 pandemic, Welsh Government extended the draft accounts submission deadline from 28th April 2020 to 22nd May 2020. The draft annual accounts which are the first set of annual accounts for the Swansea Bay University Health Board following the Bridgend boundary change were submitted to Welsh Government on Thursday 14th May. This was ahead of the revised deadline issued by Welsh Government.</p> <p>Audit Wales (formerly) Wales Audit Office have completed their audit of the accounts and have issued their "Audit of Financial Statements Report" on the accounts which was discussed by the Audit Committee at its meeting earlier today and is attached as agenda item 2.2.</p> <p>The audited accounts will need to be approved by the Board and be submitted to Welsh Government by midday on Tuesday 30th June 2020.</p>			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
				✓
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> Approve the audited annual accounts for 2019/20. 			

ANNUAL ACCOUNTS 2019/20

1. INTRODUCTION

- 1.1. As a result of the COVID-19 pandemic, Welsh Government extended the deadline for the submission of the draft annual accounts from 28th April 2020 to 22nd May 2020. The draft annual accounts, which are the first for the Swansea Bay University Health Board were submitted to Welsh Government on 14th May 2020 before the revised deadline. The audit of the accounts has now been completed by Audit Wales and the audited accounts attached as **Appendix A** need to be approved by the Board.

2. BACKGROUND

- 2.1. The health board has prepared a set of accounts in line with the Welsh Government Manual for Accounts and relevant International Financial Reporting Standards (IFRS). The draft accounts were reviewed by the Audit Committee at its meeting on 27th May 2020.
- 2.2. Audit Wales have completed their audit of the accounts and issued to the Audit Committee and Board their “Audit of Financial Statements (ISA 260) report. This report is attached as agenda item 2.2. The changes to the draft accounts recommended by Audit Wales Office have been accepted by the Audit Committee at its meeting earlier today and are reflected in the audited accounts attached as **Appendix A**.

3. GOVERNANCE AND RISK ISSUES

- 3.1. The health board is required by Welsh Government to achieve 3 financial targets and comply with the CBI prompt payment guidance for payment of its non NHS invoices. Performance against each of these areas is described below:

Revenue Resource Limit

The health board is required to remain within its revenue resource limit over a 3 year rolling period. For 2019/20 the health board did not remain within this limit, exceeding it by £16.284m. Over the rolling 3 year period from 2017/18 to 2019/20 the health board exceeded its revenue resource limit by £58.580m as detailed on page 26 of the accounts meaning that this target was not achieved.

Capital Resource Limit

Similarly the health board is required to remain within its capital resource limit over a 3 year rolling period. For 2019/20 the health board achieved this target with an under spend of £0.028m. The target was also achieved over the 3 year period from 2017/18 to 2019/20 with a cumulative under spend of £0.110m as detailed on page 26 of the accounts.

Integrated Medium Term Plan

The health board also has a financial duty to have a 3 year approved Integrated Medium Term Plan. The health board has not achieved this financial target for 2019/20.

Public Sector Prompt Payment (PSPP) Target

The health board is expected to comply with the CBI prompt payment guidance of paying 95% of its non NHS creditor invoices within 30 days of receipt of the goods or a valid invoice whichever is the latter. The health board did not achieve this target in 2019/20 with performance being 94.3%, this being due to cash management issues during December 2019 and January 2020 with supplier payment runs being reduced in value whilst awaiting confirmation from Welsh Government that the strategic cash support and working capital cash support requested had been approved. The health board performance with regard to payment of NHS invoices within 30 days remained poor, despite an increase from 84% in 2018/19 to 85.9% in 2019/20. Action will continue to be taken in 2020/21 to further improve this performance.

4. ANALYSIS OF ACCOUNTS

- 4.1. For information purposes a slide deck has been attached as **Appendix B** to this report providing an analytical review of the accounts. This slide deck was formally presented to the Audit Committee at its meeting on 27th May, however, due to the complexities associated with the Bridgend boundary change the review is at a higher level than that provided in previous years. The remainder of this report, however, provides a summary of the high level issues to note from the accounts main statements.

Statement of Comprehensive Net Expenditure (SOCNE) - Page 2

This statement reports the net costs of the health board's operating activities. It must be noted that as the 2019/20 financial year was the first year of the Swansea Bay University Health Board following the Bridgend boundary change, that the 2018/19 values against which the 2019/20 costs are compared will include the services for Bridgend which transferred on 1st April 2019. Board members are reminded that this transfer resulted in a 28% reduction in the resource allocation for the Swansea Bay University Health Board when compared with the former ABMU Health Board.

Primary care services expenditure totalled £181.823m, a reduction of £63.723m or 26% against the previous year. The reductions were in General Medical Services of £22.346m (25.8%), Pharmaceutical Services of £4.834m (23.9%), General Dental Services of £9.279m (25.5%), Prescribed Drugs and Appliances of £25.041m (26.5%), with smaller reductions in Ophthalmic costs of £2.062m (29%) and Other Primary Care Expenditure of £0.201m (21%).

Expenditure on healthcare from other providers totalled £232.061m, a reduction of £18.457m (7.4%) against 2018/19. Expenditure on goods and services from other NHS Wales Health Boards almost doubled from £21.969m to £42.043m, primarily as a result of clinical service level

agreements with Cwm Taf Morgannwg Health Board for services transferred as a result of the Bridgend boundary change which are provided back to Swansea Bay Health Board. These service level agreements comprise a significant number of services provided at Neath Port Talbot Hospital.

Other significant movements in expenditure on healthcare from other providers saw reductions of £26.535m (21.5%) in goods and services from WHSSC, £6.475m in continuing healthcare, £4.772m in goods and services from other NHS Trusts, £2.558m in funded nursing care and £1.885m with private providers in respect of outsourcing. These reductions were partly offset by an increase of £4.426m in expenditure with local authorities and a small increase of £0.590m in expenditure with voluntary organisations.

Expenditure on hospital and community services reduced by £113.336m (12.7%). The largest reduction was in staff costs of £90.314m (13.7%), although it should be noted that the 2019/20 cost includes £23.584m for the 6.3% increase in employer pension contributions funded by Welsh Government. All other non-pay expenditure headings saw reductions linked to the Bridgend boundary change, with the exception of increases of £3.262m in fixed asset impairments and reversals which can fluctuate considerably from year to year, £1.181m in amortisation of intangible fixed assets and £2.468m in losses, special payments and irrecoverable debts.

Statement of Financial Position – Balance Sheet - Page 4

This statement provides a summary of the organisation's assets and liabilities. As at 1st April 2019, all assets and liabilities relating to services provided to the Bridgend population transferred to Cwm Taf Morgannwg Health Board. The value of the balances to transfer was agreed by both health boards and audited by Audit Wales with the formal transfer completed through the completion of transfer documentation known as S1 and S2 documents signed by the Chief Executives of the two health boards.

Assets

The total value of property plant and equipment reduced by £148.925m. This was primarily due to the transfer of £150.341m of assets to Cwm Taf Morgannwg Health Board as a result of the Bridgend boundary change.

Trade and other receivables, current and non-current have reduced by £6.385m. The biggest change relates to amounts due/recoverable from Welsh Risk Pool which has reduced by £9.235m, linked to an overall reduction in clinical negligence and personal injury provisions. In addition £6.089m of trade and other receivables transferred to Cwm Taf Morgannwg Health Board on 1st April 2019. The main areas of increase in year are in respect of amounts due from other Welsh Health Boards and from WHSSC. The analysis of other movements in trade and other receivables is provided **Appendix B.**

Liabilities

Trade and other liabilities current and non-current reduced by £26.582m which was primarily due to the transfer of £24.943m of liabilities to Cwm Taf Morgannwg Health Board on 1st April 2019. The remaining reduction is due to the reduction in the PFI deferred creditor.

Provisions

Provisions, current and non-current reduced by £13.444m with the bulk of this reduction being in clinical negligence provisions (£11.334m). There was also a reduction in other provisions of £1.736m mainly relating to retrospective CHC claims and the settlement of the GP Out of Hours issue with HM Revenue and Customs which was provided for in 2018/19.

Statement of Changes in Taxpayers Equity - Page 5

This statement reports movements in the general fund and revaluation reserve. The general fund is the cumulative year on year position of cash funding received from Welsh Government less net operating costs. Cash funding in 2019/20 amounted to £939.284m, with notional funding of £23.854m representing the amount paid by Welsh Government directly to the NHS Pensions Agency in respect of the 6.3% increase in employer pension contributions. Net operating costs amounted to £931.777m with £131.489m of the general fund transferred to Cwm Taf Morgannwg Health Board in respect of property, plant and equipment.

The revaluation reserve records retained increases in asset values as a result of indexation or previous upward revaluations. There was an increase of £3.399m due to indexation of land, building and assets held for sale, with £18.851m of the reserve transferred to Cwm Taf Morgannwg Health Board, this being the value held in the revaluation reserve in respect of the property plant and equipment transferred under the Bridgend boundary change.

Statement of Cash Flows –Page 7

This statement provides a summary of the cash transactions for the year. Cash spent on revenue activities amounted to £907.444m with capital activities resulting in a cash outflow of £35.220m. These cash outflows were funded by £939.284m of cash from Welsh Government, £0.197m of capital grants and £2.839m relating to the capital element of payments in respect of the PFI scheme. Of the Welsh Government funding £33.794m of cash was provided for movement in working capital balances (largely due to the transfer of £20.061m for the Bridgend boundary change) and £15.3m in repayable strategic cash assistance to support the revenue deficit position.

5. RECOMMENDATIONS

- 5.1. The Board is asked to approve the audited annual accounts for 2019/20 to enable them to be submitted to Welsh Government by the deadline of midday on 30th June 2020.

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input checked="" type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
<i>(please choose)</i>	Staying Healthy	<input checked="" type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input checked="" type="checkbox"/>
	Dignified Care	<input checked="" type="checkbox"/>
	Timely Care	<input checked="" type="checkbox"/>
	Individual Care	<input checked="" type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
Financial Governance supports quality, safety and patient experience.		
Financial Implications		
The audited accounts report a £16.284m year-end deficit financial outturn and that only 1 of the 3 financial targets set by Welsh Government was achieved in 2019/20.		
Legal Implications (including equality and diversity assessment)		
No implications for the Board to be aware of.		
Staffing Implications		
No implications for the Board to be aware of.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
No implications for the Board to be aware of.		
Report History	This is an annual report to the Board	
Appendices	Appendix A – Health Board Audited Accounts Appendix B – For information only – analytical review of the audited accounts.	

SWANSEA BAY UNIVERSITY LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

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

This statutory instrument transferred the principal local government area of Bridgend from Abertawe Bro Morgannwg University Local Health Board to Cwm Taf 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 which do not require the restatement of prior year balances.

The 2018-19 values reported in these accounts and in particular the 2018-19 and 2017-18 financial performance reported in notes 2.1 to 2.4 on pages 27 and 28 of these accounts therefore relate to the former Abertawe Bro Morgannwg University Health Board, whilst the 2019-20 values relate to Swansea Bay University Health Board. The financial impact of the transfer is detailed in Note 34.2 of these accounts.

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 2019-20. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
Expenditure on Primary Healthcare Services	3.1	181,823	245,546
Expenditure on healthcare from other providers	3.2	232,061	250,518
Expenditure on Hospital and Community Health Services	3.3	784,902	898,238
		1,198,786	1,394,302
Less: Miscellaneous Income	4	(271,930)	(255,796)
LHB net operating costs before interest and other gains and losses		926,856	1,138,506
Investment Revenue	5	0	0
Other (Gains) / Losses	6	(5)	(292)
Finance costs	7	4,926	5,165
Net operating costs for the financial year		931,777	1,143,379

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

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

Other Comprehensive Net Expenditure

	2019-20	2018-19
	£'000	£'000
Net (gain) / loss on revaluation of property, plant and equipment	(3,399)	(3,526)
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers (to) / from other bodies within the Resource Accounting Boundar	150,340	0
Reclassification adjustment on disposal of available for sale financial asse	0	0
Other comprehensive net expenditure for the year	146,941	(3,526)
Total comprehensive net expenditure for the year	1,078,718	1,139,853

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

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

Statement of Financial Position as at 31 March 2020

		31 March 2020 £'000	31 March 2019 £'000
	Notes		
Non-current assets			
Property, plant and equipment	11	460,560	611,982
Intangible assets	12	4,928	2,751
Trade and other receivables	15	102,559	108,880
Other financial assets	16	0	0
Total non-current assets		568,047	723,613
Current assets			
Inventories	14	10,012	10,234
Trade and other receivables	15	66,267	66,331
Other financial assets	16	0	0
Cash and cash equivalents	17	486	830
		76,765	77,395
Non-current assets classified as "Held for Sale"	11	475	155
Total current assets		77,240	77,550
Total assets		645,287	801,163
Current liabilities			
Trade and other payables	18	(127,631)	(151,171)
Other financial liabilities	19	0	0
Provisions	20	(28,761)	(35,458)
Total current liabilities		(156,392)	(186,629)
Net current assets/ (liabilities)		(79,152)	(109,079)
Non-current liabilities			
Trade and other payables	18	(37,136)	(40,178)
Other financial liabilities	19	0	0
Provisions	20	(108,301)	(115,048)
Total non-current liabilities		(145,437)	(155,226)
Total assets employed		343,458	459,308
Financed by :			
Taxpayers' equity			
General Fund		310,914	408,417
Revaluation reserve		32,544	50,891
Total taxpayers' equity		343,458	459,308

The financial statements on pages 2 to 7 were approved by the Board on 25th June 2020 and signed on its behalf by:

Chief Executive and Accountable Officer Date: 25th June 2020

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

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	408,417	50,891	459,308
Net operating cost for the year	(931,777)		(931,777)
Net gain/(loss) on revaluation of property, plant and equipment	0	3,487	3,487
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	(88)	(88)
Impairments and reversals	0	0	0
Other Reserve Movement	0	0	0
Transfers between reserves	2,895	(2,895)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	(131,489)	(18,851)	(150,340)
Total recognised income and expense for 2019-20	(1,060,371)	(18,347)	(1,078,718)
Net Welsh Government funding	939,284		939,284
Notional Welsh Government Funding	23,584		23,584
Balance at 31 March 2020	310,914	32,544	343,458

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

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

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance at 31 March 2018	399,366	48,641	448,007
Adjustment for Implementation of IFRS 9	(504)	0	(504)
Balance at 1 April 2018	398,862	48,641	447,503
Net operating cost for the year	(1,143,379)		(1,143,379)
Net gain/(loss) on revaluation of property, plant and equipment	0	3,526	3,526
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	1,276	(1,276)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2018-19	(1,142,103)	2,250	(1,139,853)
Net Welsh Government funding	1,151,658		1,151,658
Balance at 31 March 2019	408,417	50,891	459,308

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

Statement of Cash Flows for year ended 31 March 2020

		2019-20	2018-19
		£'000	£'000
Cash Flows from operating activities	Notes		
Net operating cost for the financial year		(931,777)	(1,143,379)
Movements in Working Capital	27	(18,657)	27,348
Other cash flow adjustments	28	62,689	22,203
Provisions utilised	20	(19,699)	(25,389)
Net cash outflow from operating activities		(907,444)	(1,119,217)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(34,882)	(35,340)
Proceeds from disposal of property, plant and equipment		43	644
Purchase of intangible assets		(381)	(994)
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Net cash inflow/(outflow) from investing activities		(35,220)	(35,690)
Net cash inflow/(outflow) before financing		(942,664)	(1,154,907)
Cash Flows from financing activities			
Welsh Government funding (including capital)		939,284	1,151,658
Capital receipts surrendered		0	0
Capital grants received		197	384
Capital element of payments in respect of finance leases and on-SoFP		2,839	3,204
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		942,320	1,155,246
Net increase/(decrease) in cash and cash equivalents		(344)	339
Cash and cash equivalents (and bank overdrafts) at 1 April 2019		830	491
Cash and cash equivalents (and bank overdrafts) at 31 March 2020		486	830

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 2019-20 Manual for Accounts. The accounting policies contained in that manual follow the 2019-20 Financial Reporting Manual (FReM), which applies European Union adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2019, except for IFRS 16 Leases, which is deferred until 1 April 2021; 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 in 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 the 2019-20 annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Other Note within these accounts.

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

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

1.4.3. NEST Pension Scheme

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

1.5. Other expenses

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

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

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

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

1.6.2. Valuation

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

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

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

- Specialised buildings – depreciated replacement cost

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

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

In 2017-18 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

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

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

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

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver

services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

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

1.6.3. Subsequent expenditure

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

1.7. Intangible assets

1.7.1. Recognition

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

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

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

Measurement

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

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

1.8. Depreciation, amortisation and impairments

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

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

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

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

1.9. Research and Development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and benefits 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

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

1.11.1. The NHS Wales organisation as lessee

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

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

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

1.11.2. The NHS Wales organisation as lessor

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

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

1.12. Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is

considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13. Cash and cash equivalents

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

1.14. Provisions

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

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

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

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

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in 2019-20. The WRP is hosted by Velindre NHS Trust.

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

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

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

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

1.15. Financial Instruments

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

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

1.16. Financial assets

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

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

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

1.16.1. Financial assets are initially recognised at fair value

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

1.16.2. Financial assets at fair value through SoCNE

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

1.16.3 Held to maturity investments

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

1.16.4. Available for sale financial assets

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

1.16.5. Loans and receivables

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

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

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

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

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

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

1.17. Financial liabilities

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

1.17.1. Financial liabilities are initially recognised at fair value

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

1.17.2. Financial liabilities at fair value through the SoCNE

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

1.17.3. Other financial liabilities

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

1.18. Value Added Tax (VAT)

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

1.19. Foreign currencies

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

1.20. Third party assets

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

1.21. Losses and Special Payments

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

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

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

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

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

1.22. Pooled budget

The NHS Wales organisation has entered a pooled budget with the City & County of Swansea Local Authority. 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, Note 32.

The pool budget is hosted by City & 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;

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

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

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

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.75%.

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

Annual Leave Accrual

In line with International Accounting Standard (IAS) 19, the Health Board has included in its accounts an accrual for untaken annual leave as at 31st March 2020. The accrual is based on the level of untaken annual leave determined from a sample of the leave records provided by LHB staff and reflects the Health Board's policy of only allowing staff to carry over annual leave in exceptional circumstances.

Due to the outbreak of the COVID-19 pandemic which began to impact the health board in March 2020 it has not been possible to obtain updated records from LHB staff of their untaken annual leave as at 31st March 2020. In light of this and given that COVID-19 did not become an issue for the health board until mid March, the health board has accrued an amount for untaken annual leave based on the figure as at 31st March 2019, reduced by 28% to reflect the reduction in staff numbers following the transfer of services for the Bridgend population to Cwm Taf Morgannwg Health Board. The amount included in the health board accounts for untaken annual leave as at 31st March 2020 amounts to £0.734m.

It must be noted that in some instances, the annual leave year for staff, particularly Consultant Medical Staff, does not run co-terminus with the financial year and for these staff the untaken annual leave has been calculated on a pro-rata basis to arrive at the figure as at 31st March 2020.

Retrospective Continuing Healthcare Claims

The Health Board has an estimated liability of £0.3m (2018-19: £1.166m) in respect of retrospective claims for continuing healthcare funding. The provision is based upon an assessment of the likelihood of claims meeting the criteria for continuing healthcare and is based on actual costs incurred by individuals in care homes. The provision is based on information available to the Health Board as at the Statement of Financial Position date and could be subject to change as outcomes are determined. In 2019/20, as in 2018/19, the provision is based on the average weekly rate reimbursed for successful claims together with the success factor for the claims made against the LHB.

Primary Care Expenditure

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

General Medical Services Quality and Assurance Improvement Framework (QAIF)

In 2019/20 the QAIF framework replaced the previous QOF framework with the number of points available under the new framework being increased from 567 to 692 with the addition of 125 access points. An amount of £0.844m was accrued on the basis of the number of points achieved by each GP Practice in 2019/20 capped at 692 points which is the maximum number of points available under this scheme, payable at £179 per point. This compares with the amount accrued under QOF of £0.843m in 2018/19, (Swansea and Neath Port Talbot GP Practices only).

Prescribing Costs

The Health Board has accrued a total of £11.802m (2018-19: £10.351m for Swansea and Neath Port Talbot only) in respect of prescribing costs for the months of February and March 2020. 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. This amount was then reviewed to take into account the estimated impact of category M changes effective from January 2020 which impact in February and March. In addition No Cheaper Stock Option (NCSO) information was assessed to determine whether adjustments needed to be made for any specific drugs within the accrual methodology.

Pharmacy

A total of £3.745m (2018-19: £3.292m for Swansea and Neath Port Talbot only) was accrued for February and March pharmacy contract payments. For the past five 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 2019/20 with estimated adjustments made for the increase in contract price per item for February and March 2020.

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 2020.

1.25 Private Finance Initiative (PFI) transactions

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

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

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

1.25.1. Services received

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

1.25.2. PFI asset

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

1.25.2. PFI liability

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

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

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

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

1.25.3. Lifecycle replacement

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

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

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

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

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

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

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

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

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

1.26. Contingencies

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

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

Where the time value of money is material, contingencies are disclosed at their present value.

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

1.27. Absorption accounting

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

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

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

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

IFRS14 Regulatory Deferral Accounts Not EU-endorsed.*

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

IFRS 16 Leases is to be effective from 1st April 2021.

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

1.29. Accounting standards issued that have been adopted early

During 2019-20 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Wales

organisation has established that as it is the corporate trustee of the Swansea Bay University LHB NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Swansea Bay University LHB NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Swansea Bay University LHB NHS Charitable Fund within the statutory accounts of the NHS Wales organisation.

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

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

2. Financial Duties Performance

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

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The first assessment of performance against the 3 year statutory duty under section 175 (1) was at the end of 2016-17, being the first 3 year period of assessment.

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Net operating costs for the year	1,129,492	1,143,379	931,777	3,204,648
Less general ophthalmic services expenditure and other non-cash limited expenditure	726	1,484	993	3,203
Less revenue consequences of bringing PFI schemes onto SoFP	(1,551)	(1,684)	(1,925)	(5,160)
Total operating expenses	1,128,667	1,143,179	930,845	3,202,691
Revenue Resource Allocation	1,096,250	1,133,300	914,561	3,144,111
Under /(over) spend against Allocation	(32,417)	(9,879)	(16,284)	(58,580)

Swansea Bay University LHB and its' predecessor Abertawe Bro Morgannwg University LHB **has not** met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2017-18 to 2019-20.

The Health Board **did not** receive any repayable brokerage during the year.

The health board received £15.3m cash only support in 2019-20. The accumulated cash support provided to the health board by Welsh Government is £78.571m as at 31st March 2020. The cash only support is provided to assist the health board with payments to staff and suppliers. There is no interest payable on cash only support. Repayment of this cash assistance will be in accordance with the health board's future Integrated Medium Term Plan.

2.2 Capital Resource Performance

	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Gross capital expenditure	42,663	37,873	31,196	111,732
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(1,918)	(352)	(38)	(2,308)
Less capital grants received	0	(384)	(197)	(581)
Less donations received	(694)	(730)	(88)	(1,512)
Charge against Capital Resource Allocation	40,051	36,407	30,873	107,331
Capital Resource Allocation	40,093	36,447	30,901	107,441
(Over) / Underspend against Capital Resource Allocation	42	40	28	110

Swansea Bay University LHB and its' predecessor Abertawe Bro Morgannwg University LHB **has** met its financial duty to break-even against its Capital Resource Limit over the 3 years 2017-18 to 2019-20.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2019-20 to 2021-22 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 2019-20 to 2021-22 in accordance with NHS Wales Planning Framework.

**2019-20
to
2021-22**

The Minister for Health and Social Services approval

**Status
Date**

Not Approved

The LHB **has not** therefore met its statutory duty to have an approved financial plan for the period 2019-20 to 2021-22.

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

The LHB's Annual Operating Plan for 2019-20, identified a balanced financial plan which was approved in principle by its board in March 2019, subject to agreement on the impact of the Bridgend boundary change. During 2019-20, the health board experienced significant operational pressures which resulted in the health board forecast annual deficit being increased to £16.3m.

The LHB's eventual deficit for 2019-20 was £16.284m.

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:

	2019-20	2018-19
Total number of non-NHS bills paid	269,432	310,861
Total number of non-NHS bills paid within target	254,141	294,597
Percentage of non-NHS bills paid within target	94.3%	94.8%

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	2019-20 Total £'000	2018-19 £'000
General Medical Services	64,196		64,196	86,542
Pharmaceutical Services	20,406	(4,982)	15,424	20,258
General Dental Services	27,046		27,046	36,325
General Ophthalmic Services	1,069	3,989	5,058	7,120
Other Primary Health Care expenditure	796		796	957
Prescribed drugs and appliances	69,303		69,303	94,344
Total	182,816	(993)	181,823	245,546

The total expenditure above includes £0.454m in respect of staff costs (2018-19 £0.460m)

3.2 Expenditure on healthcare from other providers

	2019-20 £'000	2018-19 £'000
Goods and services from other NHS Wales Health Boards	42,043	21,969
Goods and services from other NHS Wales Trusts	9,354	14,126
Goods and services from Health Education and Improvement Wales (HEIW)	4	0
Goods and services from other non Welsh NHS bodies	312	1,641
Goods and services from WHSSC / EASC	96,675	123,210
Local Authorities	17,339	12,913
Voluntary organisations	5,748	5,158
NHS Funded Nursing Care	7,611	10,169
Continuing Care	45,601	52,076
Private providers	7,366	9,251
Specific projects funded by the Welsh Government	0	0
Other	8	5
Total	232,061	250,518

GMS expenditure in Note 3.1 in 2018-19 included £0.068m of rates rebates received in respect of GP premises rates for previous financial years following a successful appeal against the rateable value of GP premises. The GMS expenditure for 2018-19 is therefore net of the rates rebates received. No rebates were received in 2019-20.

Expenditure with Local Authorities in Note 3.2 is in respect of Continuing Healthcare Costs for services provided to the health board's residents within Local Authority Residential and Nursing Homes and in respect of contributions to the Community Equipment Pooled Budgets scheme with the City & County of Swansea. Expenditure in respect of other projects run by Local Authorities but where contributions are made by the health board are also included here as are payments made to Local Authorities under the Integrated Care Fund (ICF) where the funding flows through the health board to Local Authorities from Welsh Government for approved ICF schemes. The increase in expenditure with Local Authorities in 2019-20 is due to the increase in the ICF funding made available.

3.3 Expenditure on Hospital and Community Health Services

	2019-20 £'000	2018-19 £'000
Directors' costs	1,928	1,846
Staff costs	566,776	657,097
Supplies and services - clinical	119,341	130,772
Supplies and services - general	8,468	10,886
Consultancy Services	349	530
Establishment	11,981	14,365
Transport	1,538	2,881
Premises	24,414	29,340
External Contractors	3,550	3,816
Depreciation	26,837	30,529
Amortisation	1,953	772
Fixed asset impairments and reversals (Property, plant & equipment)	4,290	1,089
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	61	0
Audit fees	382	402
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	5,503	3,035
Research and Development	4,006	5,978
Other operating expenses	3,525	4,900
Total	784,902	898,238

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

	2019-20 £'000	Reclassified 2018-19 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	5,643	(10,511)
Primary care	0	0
Redress Secondary Care	864	523
Redress Primary Care	0	0
Personal injury	1,731	396
All other losses and special payments	48	693
Defence legal fees and other administrative costs	812	1,458
Gross increase/(decrease) in provision for future payments	9,098	(7,441)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/due from Welsh Risk Pool	(3,595)	10,476
Total	5,503	3,035

	2019-20 £	2018-19 £
Permanent injury included within personal injury £:	1,192,000	276,000

4. Miscellaneous Income

	2019-20 £'000	2018-19 £'000
Local Health Boards	97,753	69,037
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	112,307	107,369
NHS Wales trusts	5,120	6,059
Health Education and Improvement Wales (HEIW)	11,661	5,976
Foundation Trusts	0	0
Other NHS England bodies	2,721	3,521
Other NHS Bodies	43	0
Local authorities	5,498	7,404
Welsh Government	10,084	11,168
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	4,521	6,843
Private patient income	818	3,862
Overseas patients (non-reciprocal)	396	144
Injury Costs Recovery (ICR) Scheme	2,271	2,685
Other income from activities	3,314	3,545
Patient transport services	0	0
Education, training and research	6,886	17,460
Charitable and other contributions to expenditure	876	784
Receipt of donated assets	89	730
Receipt of Government granted assets	197	384
Non-patient care income generation schemes	676	656
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	1,384	822
Contingent rental income from finance leases	0	0
Rental income from operating leases	479	509
Other income:		
Provision of laundry, pathology, payroll services	186	267
Accommodation and catering charges	2,288	3,380
Mortuary fees	273	322
Staff payments for use of cars	1,727	1,916
Business Unit	0	0
Other	362	953
Total	271,930	255,796
Other income Includes;		
Grant income	59	20
Pharmacy and other sales income	44	97
Clinical trial income	99	96
Search fee income	0	34
Syrian Refugee income	0	109
All other income	160	597
Total	362	953
Injury Cost Recovery (ICR) Scheme income		
	2019-20 %	2018-19 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	21.79	21.89

Health Education and Improvement Wales (HEIW) came into being on 1st October 2018. The income received from HEIW prior to 1st October 2018 is included in Education, Training & Research Income.

5. Investment Revenue

	2019-20 £000	2018-19 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2019-20 £000	2018-19 £000
Gain/(loss) on disposal of property, plant and equipment	5	142
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	150
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	5	292

7. Finance costs

	2019-20 £000	2018-19 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	14	26
Interest on obligations under PFI contracts		
main finance cost	2,369	2,529
contingent finance cost	2,528	2,604
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	4,911	5,159
Provisions unwinding of discount	15	6
Other finance costs	0	0
Total	4,926	5,165

8. Operating leases

LHB as lessee

As at 31st March 2020 the LHB had 24 operating leases agreements in place for the leases of premises, 9 arrangements in respect of equipment and 298 in respect of vehicles, with 5 premises. Nil equipment and 137 vehicle leases having expired in year. The periods in which the remaining 331 agreements expire are shown below.

Payments recognised as an expense	2019-20 £000	2018-19 £000
Minimum lease payments	6,613	7,207
Contingent rents	0	0
Sub-lease payments	0	0
Total	6,613	7,207

Total future minimum lease payments

Payable	£000	£000
Not later than one year	5,726	6,815
Between one and five years	11,454	15,759
After 5 years	8,557	11,264
Total	25,737	33,838

LHB as lessor

Rental revenue	£000	£000
Rent	479	509
Contingent rents	0	0
Total revenue rental	479	509

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	403	361
Between one and five years	1,404	1,143
After 5 years	1,544	1,718
Total	3,351	3,222

9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2018-19
	£000	£000	£000	£000	£000	£000
Salaries and wages	432,029	1,241	18,834	4,061	456,165	548,779
Social security costs	41,181	0	0	512	41,693	49,917
Employer contributions to NHS Pension Scheme	77,121	0	0	16	77,137	65,202
Other pension costs	152	0	0	0	152	196
Other employment benefits	0	0	0	0	0	0
Termination benefits	140	0	0	0	140	70
Total	550,623	1,241	18,834	4,589	575,287	664,164
Charged to capital					590	708
Charged to revenue					574,697	663,456
					575,287	664,164
Net movement in accrued employee benefits (untaken staff leave accrual included above)					(122)	1,086

The employer contributions to the NHS Pension Scheme disclosed above includes £23.584m of NHS Pension contributions paid by Welsh Government for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions. This expenditure accounted for by the health board as notional expenditure paid to NHS BSA by Welsh Government has been covered off by notional funding provided to the health board. There is therefore no impact on the health board's Revenue Resource Performance as a result of the inclusion of these notional transactions. Further information is disclosed in Note 34.1.

Included within Note 9.1 above are £1,128k of final pay control charges relating to 8 individuals of which £819k relates to a charge in respect of a retired senior clinician. Final pay control is applicable to all Officer and Practice Staff members of the 1995 Section of the NHS Pension Scheme, including 1995/2015 transition members, who retire with entitlement to pension benefits.

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

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

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2018-19
	Number	Number	Number		Number	Number
Administrative, clerical and board members	2,106	16	35	0	2,157	2,535
Medical and dental	1,044	0	13	31	1,088	1,392
Nursing, midwifery registered	3,449	0	171	0	3,620	4,636
Professional, Scientific, and technical staff	360	0	0	0	360	448
Additional Clinical Services	2,297	0	25	0	2,322	2,767
Allied Health Professions	760	0	16	0	776	921
Healthcare Scientists	298	0	5	0	303	324
Estates and Ancillary	1,036	0	21	0	1,057	1,410
Students	2	0	0	0	2	5
Total	11,352	16	286	31	11,685	14,438

9.3. Retirements due to ill-health

	2019-20	2018-19
Number	8	15
Estimated additional pension costs £	299,543	660,912

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

	2019-20	2019-20	2019-20	2019-20	2018-19
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	1
£50,000 to £100,000	0	1	1	1	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	1	1	1	1

	2019-20	2019-20	2019-20	2019-20	2018-19
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	45,805
£50,000 to £100,000	0	73,922	73,922	35,465	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	73,922	73,922	35,465	45,805

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

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

The exit package disclosed above for 2018/19 comprises departure costs paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS).

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

£0 exit costs were paid in 2019-20, the year of departure (2018-19, £45,805).

9.6 Remuneration Relationship

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

In 2019-20 as was the case in 2018-19 the highest paid director was the Chief Executive.

The banded remuneration of the Chief Executive in Swansea Bay University LHB in the financial year 2019-20 was £200,000 to £205,000 (2018-19, £200,000 to £205,000. This was 6.8 times (2018-19, 7.0 times) the median remuneration of the workforce, which was £29,881 (2018-19, £28,840).

In 2019-20, 5 (2018-19, 11) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £17,652 to £249,523 (2018-19, £17,460 to £245,038).

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

The employees who received remuneration in excess of the highest paid director in 2019-20 were all medical staff as in 2018-19. None of these staff are related to the Chairman, Executive Directors or Independent Members.

9.7 Pension costs

PENSION COSTS

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. 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 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 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%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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 £6,136 and £50,000 for the 2019-20 tax year (2018-19 £6,032 and £46,350).

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.

	2019-20 Number	2019-20 £000	2018-19 Number	2018-19 £000
NHS				
Total bills paid	5,494	182,055	5,770	189,151
Total bills paid within target	4,722	173,401	4,845	182,341
Percentage of bills paid within target	85.9%	95.2%	84.0%	96.4%
Non-NHS				
Total bills paid	269,432	351,373	310,861	374,262
Total bills paid within target	254,141	326,396	294,597	353,753
Percentage of bills paid within target	94.3%	92.9%	94.8%	94.5%
Total				
Total bills paid	274,926	533,428	316,631	563,413
Total bills paid within target	258,863	499,797	299,442	536,094
Percentage of bills paid within target	94.2%	93.7%	94.6%	95.2%

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

	2019-20 £	2018-19 £
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2019	56,827	494,129	12,958	20,731	136,664	1,626	43,407	5,656	771,998
Indexation	(342)	3,250	181	0	0	0	0	0	3,089
Additions									
- purchased	152	660	0	22,907	3,576	0	2,926	310	30,531
- donated	0	0	0	0	41	0	46	0	87
- government granted	0	0	0	197	0	0	0	0	197
Transfer from/into other NHS bodies	(16,677)	(124,604)	(3,818)	(566)	(23,954)	(60)	(4,136)	(1,164)	(174,979)
Reclassifications	0	19,950	0	(30,267)	4,242	0	2,326	0	(3,749)
Revaluations	(32)	(279)	0	0	0	0	0	0	(311)
Reversal of impairments	0	4,067	0	0	0	0	0	0	4,067
Impairments	(53)	(9,154)	0	0	0	0	0	0	(9,207)
Reclassified as held for sale	(320)	0	0	0	0	0	0	0	(320)
Disposals	0	0	0	0	(10,254)	(224)	(7,644)	(910)	(19,032)
At 31 March 2020	39,555	388,019	9,321	13,002	110,315	1,342	36,925	3,892	602,371
Depreciation at 1 April 2019	0	26,844	525	0	100,297	1,259	27,879	3,212	160,016
Indexation	0	429	8	0	0	0	0	0	437
Transfer from/into other NHS bodies	0	(5,152)	(122)	0	(16,462)	(60)	(2,140)	(702)	(24,638)
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(1,058)	0	0	0	0	0	0	(1,058)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(789)	0	0	0	0	0	0	(789)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(10,216)	(224)	(7,644)	(910)	(18,994)
Provided during the year	0	13,202	237	0	7,267	111	5,632	388	26,837
At 31 March 2020	0	33,476	648	0	80,886	1,086	23,727	1,988	141,811
Net book value at 1 April 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	611,982
Net book value at 31 March 2020	39,555	354,543	8,673	13,002	29,429	256	13,198	1,904	460,560
Net book value at 31 March 2020 comprises :									
Purchased	39,555	351,779	8,673	12,996	28,734	253	12,915	1,886	456,791
Donated	0	1,911	0	6	686	0	276	4	2,883
Government Granted	0	853	0	0	9	3	8	13	886
At 31 March 2020	39,555	354,543	8,673	13,002	29,429	256	13,199	1,903	460,560
Asset financing :									
Owned	37,535	302,149	8,673	13,002	29,219	256	13,198	1,904	405,936
Held on finance lease	0	0	0	0	210	0	0	0	210
On-SoFP PFI contracts	2,020	52,394	0	0	0	0	0	0	54,414
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2020	39,555	354,543	8,673	13,002	29,429	256	13,198	1,904	460,560

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

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

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

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. For valuations reported to the health board after 11th March 2020, the District Valuer has advised that less certainty and a higher degree of caution should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the District Valuer has recommended that the valuation of these properties should be kept under frequent review. Included within the note above are the following valuations which were received after 11th March 2020 :

Singleton Hospital Ward 21 - £3,482k – effective date 27/09/2019
Singleton Hospital Ward 12 - £1,128k – effective date 20/12/2019
Singleton hospital Ward 5 - £1,732k – effective date 31/01/2020.

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2018	55,640	477,074	12,829	15,541	133,243	1,585	41,983	7,978	745,873
Indexation	987	2,519	129	0	0	0	0	0	3,635
Additions									
- purchased	136	5,237	0	16,486	9,371	165	4,121	250	35,766
- donated	0	38	0	188	398	0	106	0	730
- government granted	0	0	0	383	0	0	1	0	384
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	10,830	0	(11,867)	592	0	323	66	(56)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	126	2,253	0	0	0	0	0	0	2,379
Impairments	113	(3,887)	0	0	0	0	0	0	(3,774)
Reclassified as held for sale	(155)	0	0	0	0	0	0	0	(155)
Disposals	(20)	65	0	0	(6,940)	(124)	(3,127)	(2,638)	(12,784)
At 31 March 2019	56,827	494,129	12,958	20,731	136,664	1,626	43,407	5,656	771,998
Depreciation at 1 April 2018	0	10,476	169	0	99,012	1,272	26,228	5,288	142,445
Indexation	0	105	2	0	0	0	0	0	107
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	3	0	0	0	3
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(306)	0	0	0	0	0	0	(306)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	65	0	0	(6,938)	(124)	(3,127)	(2,638)	(12,762)
Provided during the year	0	16,504	354	0	8,220	111	4,778	562	30,529
At 31 March 2019	0	26,844	525	0	100,297	1,259	27,879	3,212	160,016
Net book value at 1 April 2018	55,640	466,598	12,660	15,541	34,231	313	15,755	2,690	603,428
Net book value at 31 March 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	611,982
Net book value at 31 March 2019 comprises :									
Purchased	56,827	463,491	12,433	20,234	35,455	362	15,111	2,418	606,331
Donated	0	3,720	0	188	897	0	354	5	5,164
Government Granted	0	74	0	309	15	5	63	21	487
At 31 March 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	611,982
Asset financing :									
Owned	54,787	416,318	12,433	20,731	35,947	367	15,528	2,444	558,555
Held on finance lease	0	0	0	0	420	0	0	0	420
On-SoFP PFI contracts	2,040	50,967	0	0	0	0	0	0	53,007
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	611,982
The net book value of land, buildings and dwellings at 31 March 2019 comprises :									
Freehold									£000
Long Leasehold									481,080
Short Leasehold									55,465
									0
									536,545

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 (£56k) 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:****Donated Assets**

The majority of donated assets were purchased by the Swansea Bay University Health Board Charity and donated to the health board.

Valuations

The LHB's Land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

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

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

Singleton Hospital Linac B Replacement - April 2019
Singleton Hospital MRI Replacement - May 2019
Penclawdd Health Centre Refurbishment - January 2020
Murton Health Centre Refurbishment - November 2019
Singleton Hospital Ward 10 - July 2019
Isolation Unit Morriston - September 2019
Morriston Hospital New Generator - December 2019
Singleton Hospital Ward 12 - December 2019
Singleton Hospital Ward 5 - March 2020
Singleton Hospital Ward 21 - September 2019

Asset Lives

Depreciated as follows:

- Land is not depreciated
- Building asset lives are as determined by the District Valuer and range from 2 to 84 years
- Equipment assets are allocated lives on based on the professional judgement and past experience of clinicians, finance staff and other Health Board professionals. The appropriateness of these lives is reviewed regularly.

Medical Equipment range from 5 to 15 Years
Non-clinical Equipment - 5 Years
Vehicles - 7 Years
Furniture - 10 Years
IMT Hardware & Software - 5 years or reflects contract life for some software assets

Compensation

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

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

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2019	155	0	0	0	0	155
Plus assets classified as held for sale in the year	320	0	0	0	0	320
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2020	475	0	0	0	0	475
Balance brought forward 1 April 2018	330	0	0	0	0	330
Plus assets classified as held for sale in the year	155	0	0	0	0	155
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(330)	0	0	0	0	(330)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2019	155	0	0	0	0	155

The following assets were classified as for sale during the year:-

Glyneath Clinic, Resolven Clinic and Fairfield at Cefn Coed Hospital were classified as assets held for sale during the year.

Coelbren Health Centre was classified as an asset held for sale in 2018-19 and remains held for sale as at 31st March 2020.

12. Intangible non-current assets

2019-20

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	7,806	0	475	0	0	0	8,281
Revaluation	0	0	0	0	0	0	0
Reclassifications	3,749	0	0	0	0	0	3,749
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	203	0	178	0	0	0	381
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(2,564)	0	0	0	0	0	(2,564)
Gross cost at 31 March 2020	9,194	0	653	0	0	0	9,847
Amortisation at 1 April 2019	5,375	0	155	0	0	0	5,530
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	1,953	0	0	0	0	0	1,953
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(2,564)	0	0	0	0	0	(2,564)
Amortisation at 31 March 2020	4,764	0	155	0	0	0	4,919
Net book value at 1 April 2019	2,431	0	320	0	0	0	2,751
Net book value at 31 March 2020	4,430	0	498	0	0	0	4,928
At 31 March 2020							
Purchased	4,414	0	498	0	0	0	4,912
Donated	16	0	0	0	0	0	16
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2020	4,430	0	498	0	0	0	4,928

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

12. Intangible non-current assets

2018-19

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	6,953	0	279	0	0	0	7,232
Revaluation	0	0	0	0	0	0	0
Reclassifications	56	0	0	0	0	0	56
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	797	0	196	0	0	0	993
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2019	7,806	0	475	0	0	0	8,281
Amortisation at 1 April 2018	4,756	0	2	0	0	0	4,758
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	619	0	153	0	0	0	772
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2019	5,375	0	155	0	0	0	5,530
Net book value at 1 April 2018	2,197	0	277	0	0	0	2,474
Net book value at 31 March 2019	2,431	0	320	0	0	0	2,751
At 31 March 2019							
Purchased	2,409	0	320	0	0	0	2,729
Donated	22	0	0	0	0	0	22
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2019	2,431	0	320	0	0	0	2,751

The reclassification of £56k in this note relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1.

Additional Disclosures re Intangible Assets

For each class of intangible asset disclose :

The effective date of revaluation - **None**

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

The carrying amount had they been sold at cost - **£0**

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

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

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

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

13 . Impairments

	2019-20		2018-19	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	24	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	10	0
Others (specify)	8,486	0	3,434	0
Reversal of Impairments	(4,068)	0	(2,379)	0
Total of all impairments	4,418	0	1,089	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	4,298	0	1,089	0
Charged to Revaluation Reserve	120	0	0	0
	4,418	0	1,089	0

14.1 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	4,739	4,525
Consumables	5,070	5,334
Energy	203	375
Work in progress	0	0
Other	0	0
Total	10,012	10,234
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2020 £000	31 March 2019 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

Note 14.1 discloses the stock values held at 31st March 2020. Where stock is counted manually stock takes are undertaken throughout February and March in order to ensure that stock valuations are available at the balance sheet date due to the time taken to price the items of stock counted.

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

Consumables stock in note 14.1 includes £238k of items relating to the COVID-19 pandemic.

15. Trade and other Receivables

Reclassified

Current	31 March 2020 £000	31 March 2019 £000
Welsh Government	4,161	4,853
WHSSC / EASC	3,327	1,981
Welsh Health Boards	6,598	3,612
Welsh NHS Trusts	975	1,640
Health Education and Improvement Wales (HEIW)	266	329
Non - Welsh Trusts	240	75
Other NHS	238	253
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	34,218	37,701
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	1,099	510
Other	0	0
Local Authorities	2,857	2,235
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	9,910	10,522
Provision for irrecoverable debts	(3,518)	(3,068)
Pension Prepayments NHS Pensions	0	0
Other prepayments	5,150	5,037
Other accrued income	746	651
Sub total	66,267	66,331
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	102,539	108,880
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	20	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
Other prepayments	0	0
Other accrued income	0	0
Sub total	102,559	108,880
Total	168,826	175,211

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

	31 March 2020 £000	31 March 2019 £000
By up to three months	14,685	6,772
By three to six months	664	358
By more than six months	592	467
	15,941	7,597

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

Balance at 31 March 2019		(2,222)
Adjustment for Implementation of IFRS 9		(504)
Balance at 1 April 2019	(3,068)	(2,726)
Transfer to other NHS Wales body	350	0
Amount written off during the year	17	635
Amount recovered during the year	14	94
(Increase) / decrease in receivables impaired	(831)	(1,071)
Bad debts recovered during year	0	0
Balance at 31 March 2020	(3,518)	(3,068)

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

Receivables VAT

Trade receivables	2,648	2,373
Other	0	0
Total	2,648	2,373

16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£000	£000	£000	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)	0	0	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
Total	0	0	0	0

17. Cash and cash equivalents

	2019-20	2018-19
	£000	£000
Balance at 1 April 2019	830	491
Net change in cash and cash equivalent balances	(344)	339
Balance at 31 March 2020	486	830
Made up of:		
Cash held at GBS	402	708
Commercial banks	0	0
Cash in hand	84	122
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	486	830
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	486	830

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

Lease Liabilities £270k
PFI liabilities £2,569k

The movement relates to cash, no comparative information is required by IAS 7 in 2019-20.

18. Trade and other payables

Current	31 March	Reclassified 31 March
	2020	2019
	£000	£000
Welsh Government	8	16
WHSSC / EASC	278	650
Welsh Health Boards	2,856	4,532
Welsh NHS Trusts	3,125	2,540
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	966	1,192
Taxation and social security payable / refunds	4,732	5,896
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	217	241
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	6,275	7,571
Non-NHS payables - Revenue	19,593	19,622
Local Authorities	1,264	6,285
Capital payables- Tangible	6,418	10,224
Capital payables- Intangible	71	419
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	211	270
Imputed finance lease element of on SoFP PFI contracts	2,831	2,569
Pensions: staff	7,908	10,297
Non NHS Accruals	68,737	75,354
Deferred Income:		
Deferred Income brought forward	2,959	2,720
Deferred Income Additions	324	1,061
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(1,384)	(822)
Other creditors	242	534
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	127,631	151,171
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	211
Imputed finance lease element of on SoFP PFI contracts	37,136	39,967
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	37,136	40,178
Total	164,767	191,349

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

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March 2020 £000	31 March 2019 £000
Between one and two years	3,321	3,042
Between two and five years	9,564	10,878
In five years or more	24,251	26,258
Sub-total	<u>37,136</u>	<u>40,178</u>

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

20. Provisions

Reclassified

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									0
Secondary care	29,964	0	(3,600)	5,326	23,497	(11,450)	(18,513)	0	25,224
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	433	0	0	0	995	(481)	(147)	0	800
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	728	0	0	474	767	(1,201)	(80)	15	703
All other losses and special payments	0	0	0	0	48	(48)	0	0	0
Defence legal fees and other administration	2,154	0	0	136	1,766	(1,019)	(1,355)		1,682
Pensions relating to former directors	4			0	0	(4)	0	0	0
Pensions relating to other staff	139			99	58	(241)	(3)	0	52
Restructuring	0			0	0	0	0	0	0
Other	2,036		0	0	1,154	(2,422)	(468)		300
Total	35,458	0	(3,600)	6,035	28,285	(16,866)	(20,566)	15	28,761

Non Current

Clinical negligence:-									
Secondary care	107,945	0	0	(5,326)	17,149	(1,928)	(16,489)	0	101,351
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	15	0	0	0	15
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	5,744	0	0	(474)	1,044	(746)	0	0	5,568
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,191	0	0	(136)	426	(117)	(25)		1,339
Pensions relating to former directors	12			0	0	(12)	0	0	0
Pensions relating to other staff	156			(99)	2	(30)	(1)	0	28
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	115,048	0	0	(6,035)	18,636	(2,833)	(16,515)	0	108,301

TOTAL

Clinical negligence:-	0								0
Secondary care	137,909	0	(3,600)	0	40,646	(13,378)	(35,002)	0	126,575
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	433	0	0	0	1,010	(481)	(147)	0	815
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	6,472	0	0	0	1,811	(1,947)	(80)	15	6,271
All other losses and special payments	0	0	0	0	48	(48)	0	0	0
Defence legal fees and other administration	3,345	0	0	0	2,192	(1,136)	(1,380)		3,021
Pensions relating to former directors	16			0	0	(16)	0	0	0
Pensions relating to other staff	295			0	60	(271)	(4)	0	80
Restructuring	0			0	0	0	0	0	0
Other	2,036		0	0	1,154	(2,422)	(468)		300
Total	150,506	0	(3,600)	0	46,921	(19,699)	(37,081)	15	137,062

Expected timing of cash flows:

	In year to 31 March 2021	Between 1 April 2021 31 March 2025	Thereafter	Total
				£000
Clinical negligence:-	0			0
Secondary care	25,224	101,351	0	126,575
Primary care	0	0	0	0
Redress Secondary care	800	15	0	815
Redress Primary care	0	0	0	0
Personal injury	703	1,613	3,955	6,271
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	1,682	1,339	0	3,021
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	52	21	7	80
Restructuring	0	0	0	0
Other	300	0	0	300
Total	28,761	104,339	3,962	137,062

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

Other provisions relates to retrospective Continuing Healthcare (CHC) claims which are subject to review by the CHC team in S wansea Bay University LHB.

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 £ 128.534m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

20. Provisions (continued)

					Reclassified	Reclassified	Reclassified		Reclassified
	At 1 April 2018	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 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	17,587	0	(714)	43,837	27,458	(20,296)	(37,908)	0	29,964
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	488	(51)	(4)	0	433
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,010	0	0	446	554	(976)	(312)	6	728
All other losses and special payments	0	0	0	0	693	(693)	0	0	0
Defence legal fees and other administration	1,489	0	0	275	2,389	(862)	(1,137)		2,154
Pensions relating to former directors	4			4	0	(4)	0	0	4
Pensions relating to other staff	139			47	96	(139)	(4)	0	139
Restructuring	0			0	0	0	0	0	0
Other	3,863		0	0	1,437	(1,247)	(2,017)		2,036
Total	24,092	0	(714)	44,609	33,115	(24,268)	(41,382)	6	35,458
Non Current									
Clinical negligence:-		0	0					0	0
Secondary care	152,908	0	0	(43,837)	5,067	(1,104)	(5,089)	0	107,945
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	6,036	0	0	(446)	275	0	(121)	0	5,744
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,277	0	0	(275)	210	(17)	(4)		1,191
Pensions relating to former directors	16			(4)	0	0	0	0	12
Pensions relating to other staff	200			(47)	4	0	(1)	0	156
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	160,437	0	0	(44,609)	5,556	(1,121)	(5,215)	0	115,048
TOTAL									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	170,495	0	(714)	0	32,525	(21,400)	(42,997)	0	137,909
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	488	(51)	(4)	0	433
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	7,046	0	0	0	829	(976)	(433)	6	6,472
All other losses and special payments	0	0	0	0	693	(693)	0	0	0
Defence legal fees and other administration	2,766	0	0	0	2,599	(879)	(1,141)		3,345
Pensions relating to former directors	20			0	0	(4)	0	0	16
Pensions relating to other staff	339			0	100	(139)	(5)	0	295
Restructuring	0			0	0	0	0	0	0
Other	3,863		0	0	1,437	(1,247)	(2,017)		2,036
Total	184,529	0	(714)	0	38,671	(25,389)	(46,597)	6	150,506

21. Contingencies

21.1 Contingent liabilities

	2019-20 £'000	Reclassified 2018-19 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	165,208	146,656
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	4,468	3,831
Continuing Health Care costs	60	3,398
Other	0	0
Total value of disputed claims	169,736	153,885
Amounts (recovered) in the event of claims being successful	(165,665)	(138,606)
Net contingent liability	4,071	15,279

Continuing Healthcare Cost Uncertainties

In previous years liabilities for continuing healthcare costs were a significant issue for the LHB. However, during both the 2017-18 and 2018-19 financial years significant progress was made in progressing phase 3, 4, 5 and 7 claims and this progress continued in 2019/20. Progress in clearing all phase 3 claims was such that the Powys retrospective continuing healthcare team which assessed all phase 3 claims on an all Wales basis completed its work and the small number of remaining phase 3 claims were transferred back to the Swansea Bay University LHB during 2019-20.

Progress in clearing the claims is such that as at 31st March 2020, the LHB has included the following amounts relating to these uncertain continuing healthcare costs:

Note 20 sets out the £299,632 provision for probable continuing care costs relating to 32 claims received.

Note 21.1 sets out the £60,427 contingent liability for possible continuing care costs relating to 9 claims received.

Pensions tax annual allowance – Scheme Pays arrangements 2019/20

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;

Swansea Bay University Local Health Board will then pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be fully funded by the Welsh Government with no net cost to Swansea Bay University Health Board.

Clinical staff have until 31 July 2021 to opt for this scheme and the ability to make changes up to 31 July 2024.

Using information provided by the Government Actuaries Department and the NHS Business Services Authority, a national 'average discounted value per nomination' (calculated at £3,345) could be used by NHS bodies to estimate a local provision by multiplying it by the number of staff expected to take up the offer.

At the date of approval of these accounts, there was no evidence of take-up of the scheme by our clinical staff in 2019-20 and no information was available to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2020, the existence of an unquantified contingent liability is instead disclosed.

21.2 Remote Contingent liabilities

2019-20	2018-19
£'000	£'000

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

Guarantees	215	290
Indemnities	0	0
Letters of Comfort	0	0
Total	215	290

21.3 Contingent assets

2019-20	2018-19
£'000	£'000

0	0
0	0
0	0

Total	0	0
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22. Capital commitments**Contracted capital commitments at 31 March**

2019-20	2018-19
£'000	£'000

Property, plant and equipment	6,199	8,214
Intangible assets	0	0

Total	6,199	8,214
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23. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2020	
	Number	£
Clinical negligence	202	13,858,566
Personal injury	35	478,513
All other losses and special payments	172	47,862
Total	409	14,384,941

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

Cases where cumulative amount exceeds £300,000	Number	Case type	Amounts paid out in year	Cumulative amount
			£	£
04RVCMN0045	1	Clinical Negligence	0	2,182,651
07RVCMN0045	1	Clinical Negligence	0	710,000
08RVCMN0008	1	Clinical Negligence	160,000	390,000
08RVCMN0021	1	Clinical Negligence	0	1,129,996
08RVCMN0035	1	Clinical Negligence	0	708,000
10RYMMN0033	1	Clinical Negligence	0	1,100,000
10RYMMN0057	1	Clinical Negligence	0	2,312,556
10RYMMN0173	1	Clinical Negligence	0	831,250
10RYMMN0205	1	Clinical Negligence	0	481,250
10RYMMN0212	1	Clinical Negligence	0	751,100
10RYMMN0223	1	Clinical Negligence	0	3,935,000
11RYMMN0156	1	Clinical Negligence	1,961,278	2,331,278
11RYMMN0179	1	Clinical Negligence	0	839,224
12RYMMN0001	1	Clinical Negligence	0	1,254,880
12RYMMN0047	1	Clinical Negligence	0	338,000
12RYMMN0106	1	Clinical Negligence	0	845,541
12RYMMN0108	1	Clinical Negligence	0	736,164
12RYMMN0130	1	Clinical Negligence	100,000	524,000
13RYMMN0004	1	Clinical Negligence	0	319,550
13RYMMN0010	1	Clinical Negligence	0	730,311
13RYMMN0037	1	Clinical Negligence	125,000	331,247
13RYMMN0094	1	Clinical Negligence	0	778,061
13RYMMN0235	1	Clinical Negligence	270,000	5,595,000
14RYMMN0033	1	Clinical Negligence	659,393	750,000
14RYMMN0034	1	Clinical Negligence	200,000	1,090,000
14RYMMN0047	1	Clinical Negligence	0	547,837
14RYMMN0083	1	Clinical Negligence	320,000	320,000
14RYMMN0103	1	Clinical Negligence	42,500	2,610,619
14RYMMN0120	1	Clinical Negligence	174,306	604,306
14RYMMN0169	1	Clinical Negligence	0	481,517
14RYMMN0207	1	Clinical Negligence	0	615,000
15RYMMN0151	1	Clinical Negligence	1,105,000	1,355,000
15RYMMN0176	1	Clinical Negligence	115,000	1,778,329
15RYMMN0232	1	Clinical Negligence	106,750	522,550
12RYMMN0240	1	Clinical Negligence	0	417,100
16RYMMN0161	1	Clinical Negligence	925,000	925,000
17RYMMN0006	1	Clinical Negligence	1,902,500	1,912,500
17RYMMN0030	1	Clinical Negligence	0	1,360,284
17RYMMN0047	1	Clinical Negligence	36,830	311,830
Sub-total	39		8,203,557	44,756,931
All other cases	370		6,181,384	19,486,706
Total cases	409		14,384,941	64,243,637

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

The Local Health Board has one lease arrangement classified as a finance lease under IFRS for the lease hire and use of hospital beds.

All rentals paid incur a standard rental charge with no index linked payments. The Health Board has no contingent rentals to disclose on these arrangements.

Future sub lease payments expected to be received total £Nil (2018-19 £Nil).

Contingent rents recognised as an expense total £Nil (2018-19 £Nil).

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

Amounts payable under finance leases:

Land	31 March 2020 £000	31 March 2019 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

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

Buildings	31 March 2020 £000	31 March 2019 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

Present value of minimum lease payments

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

Other

	31 March 2020 £000	31 March 2019 £000
Minimum lease payments		
Within one year	213	284
Between one and five years	0	213
After five years	0	0
Less finance charges allocated to future periods	(2)	(16)
Minimum lease payments	211	481
Included in:		
Current borrowings	211	270
Non-current borrowings	0	211
	211	481

Present value of minimum lease payments

Within one year	211	270
Between one and five years	0	211
After five years	0	0
Present value of minimum lease payments	211	481
Included in:		
Current borrowings	211	270
Non-current borrowings	0	211
	211	481

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2020 £000	31 March 2019 £000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
 Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

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

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2020 £000	31 March 2019 £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 54,414
Contract start date:	12/05/2000
Contract end date:	31/05/2030

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 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £000
Total payments due within one year	2,831	5,003	4,694
Total payments due between 1 and 5 years	12,885	20,131	20,312
Total payments due thereafter	24,251	34,073	18,843
Total future payments in relation to PFI contracts	39,967	59,207	43,849

	On SoFP PFI Capital element 31 March 2019 £000	On SoFP PFI Imputed interest 31 March 2019 £000	On SoFP PFI Service charges 31 March 2019 £000
Total payments due within one year	2,569	4,897	4,757
Total payments due between 1 and 5 years	12,245	20,054	19,728
Total payments due thereafter	27,722	39,154	24,122
Total future payments in relation to PFI contracts	42,536	64,105	48,607

Total present value of obligations for on-SoFP PFI contracts **£143m**

25.3 Charges to expenditure

	2019-20	2018-19
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,550	2,488
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	2,550	2,488

The LHB is committed to the following annual charges

	31 March 2020	31 March 2019
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	12,529	12,223
Total	12,529	12,223

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

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

PFI Contract

Neath Port Talbot Hospital

On

25.5 The LHB has no Public Private Partnerships

26. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

27. Movements in working capital

	2019-20	2018-19
	£000	£000
(Increase)/decrease in inventories	222	(509)
(Increase)/decrease in trade and other receivables - non-current	6,321	45,103
(Increase)/decrease in trade and other receivables - current	64	(10,430)
Increase/(decrease) in trade and other payables - non-current	(3,042)	(2,840)
Increase/(decrease) in trade and other payables - current	(23,540)	393
Total	(19,975)	31,717
Adjustment for accrual movements in fixed assets - creditors	4,155	(654)
Adjustment for accrual movements in fixed assets - debtors	0	(7)
Other adjustments	(2,837)	(3,708)
	(18,657)	27,348

28. Other cash flow adjustments

	2019-20	2018-19
	£000	£000
Depreciation	26,837	30,529
Amortisation	1,953	772
(Gains)/Loss on Disposal	(5)	(292)
Impairments and reversals	4,351	1,089
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(89)	(730)
Government Grant assets received credited to revenue but non-cash	(197)	(384)
Non-cash movements in provisions	6,255	(8,781)
Other movements	23,584	0
Total	62,689	22,203

Other adjustments in Note 27 relates to the capital element of payments in respect of finance leases and on SoFP PFI schemes.

Other adjustments in Note 28 relates to the notional funding provided by Welsh Government in respect of the 6.3% NHS Pension Contributions paid by Welsh Government and notionally charged to the health board.

29. Events after the Reporting Period

COVID-19

The need to plan and respond to the COVID-19 pandemic has had a significant impact on the LHB, wider NHS and society as a whole.

It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the LHB and wider society throughout 2020/21 and beyond. The LHBs Governance Framework will need to consider and respond to this need.

The COVID-19 pandemic presented a number of challenges to the organisation which are represented in the following disclosures within the financial statements.

Included within Note 3.3 - Expenditure on Hospital and Community Health Services are costs of £0.698m associated with the COVID-19 pandemic during the latter part of March 2020. These costs have been covered by a resource allocation from Welsh Government and there is therefore no impact on the performance against the Revenue Resource Performance reported in Note 2.1 as a result of these costs.

Consumables stock in note 14.1 includes £0.238m of items relating to the COVID-19 pandemic.

30. Related Party Transactions

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

Name	Details	Related Party Interest
Mr. M Child	Independent Member	Cabinet Member for Care, Health & Aging Well, Swansea Council
Professor T.Crick	Independent Member	Non Executive Director of Welsh Water/Dwr Cymru
Mrs. J Davies	Independent Board Member	Royal College of Nursing Wales Board Member
Mr G Howells	Director of Nursing & Patient Experience	Member of Royal College of Nursing Wales Executive Board
Mrs. A James	Associate Board Member - Chair SRG	Chief Executive, Neath Port Talbot Carers Service Ltd
Mr. A Jarrett	Associate Board Member	Director of Social Services for Neath Port Talbot CBC
Mr M Waygood	Independent Member - Interim Vice Chair from July 23rd 2019	Member of the Ospreys in the Community Charity Board (From December 2019)

The total value of transactions with related parties in 2019/20 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
City & County of Swansea Council	14,640	3,087	1,177	1,197
Welsh Water - Dwr Cymru	832	0	0	0
Royal College of Nursing	0	1	0	0
Neath Port Talbot Carers Service	108	4	3	2
Neath Port Talbot County Council	9,198	6,497	14	1,626
Ospreys Rugby	0	3	0	2

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	313	954,185	8	4,161
Welsh Health Specialised Services Commission	96,701	112,315	278	3,327
Aneurin Bevan LHB	1,091	2,892	95	137
Betsi Cadwaladr LHB	288	186	66	8
Cardiff & Vale LHB	5,793	6,405	685	1,872
Cwm Taf LHB	33,087	45,109	1,824	2,419
Health Education & Improvement Wales	4	12,082	0	266
Hywel Dda LHB	4,092	36,567	139	1,303
Powys LHB	1,440	9,221	48	859
Public Health Wales NHS Trust	3,889	3,737	1,112	117
Velindre NHS Trust	17,564	3,686	1,915	847
Welsh Ambulance Services NHS Trust	4,978	65	98	11
Total	169,240	1,186,450	6,268	15,327

31. Third Party assets

The LHB held £623,305 cash at bank and in hand at 31 March 2020 (31st March 2019, £721,755) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £568,775 at 31st March 2020 (31st March 2019, £616,247). This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2020 amounted to £586,026 (£593,564 as at 31st March 2019).

32. Pooled budgets

The Health Board (Swansea Locality) has participated in a formal pooled budget arrangement in 2019/20 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 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

Gross Funding	2019/20	2018/19
	£	£
City & County of Swansea	624,250	705,000
Neath Port Talbot County Borough Council	351,000	470,000
Swansea Bay University Health Board	1,524,749	1,175,000
Other	526,327	354,383
Total Funding	3,026,326	2,704,383
 Expenditure	 2,233,243	 2,333,546
 Net (under)/over spend	 <u>(793,083)</u>	 <u>(370,837)</u>

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

33. Operating segments

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

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

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

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

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

The LHB did operate as a home to one hosted body during 2019/20, which is the NHS Wales Delivery Unit (DU). This unit is responsible for the functions of assurance, improvement of performance and delivery for NHS Wales . with the unit being aligned to the priorities of and directly funded by the Welsh Government.

During 2019/20 these accounts contain income of £3.169m and expenditure of £3.101m in respect of the DU.

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

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

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2019 to 31 March 2020. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2019 and February 2020 alongside Health Board/Trust/SHA data for March 2020.

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:

Statement of Comprehensive Net Expenditure **£'000**
for the year ended 31 March 2020

Expenditure on Primary Healthcare Services	2019-20	0
Expenditure on Hospital and Community Health Services	2019-20	23,584

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2020

Net operating cost for the year	Balance at 31 March 2020	23,584
Notional Welsh Government Funding	Balance at 31 March 2020	23,584

Statement of Cash Flows for year ended 31 March 2020

Net operating cost for the financial year	2019-20	23,584
Other cash flow adjustments	2019-20	23,584

2.1 Revenue Resource Performance

Revenue Resource Allocation	2019-20	23,584
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3. Analysis of gross operating costs**3.1 Expenditure on Primary Healthcare Services**

General Medical Services	2019-20	0
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3.3 Expenditure on Hospital and Community Health Services

Directors' costs	2019-20	82
Staff costs	2019-20	23,502

9.1 Employee costs**Permanent Staff**

Employer contributions to NHS Pension Scheme	2019-20	23,584
Charged to capital	2019-20	24
Charged to revenue	2019-20	23,560

18. Trade and other payables**Current**

Pensions: staff	Balance at 31 March 2020	0
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28. Other cash flow adjustments

Other movements	2019-20	23,584
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34. Other Information

34.2 Bridgend Boundary Change

The Cabinet Secretary for Health and Social Services announced on 14 June 2018 that from 1 April 2019, the responsibility for providing healthcare services for the people in the Bridgend County Borough Council (BCBC) area would move from Abertawe Bro Morgannwg ULHB to Cwm Taf ULHB.

The Local Health Boards (Area Change) (Wales) (Miscellaneous Amendments) Order 2019 transferred the principal local government area of Bridgend from Abertawe Bro Morgannwg ULHB to Cwm Taf ULHB and also changed the health board names to Cwm Taf Morgannwg University Local Health Board and Swansea Bay University Local Health Board. In accordance with the Local Health Boards (Area Change) (Transfer of Staff, Property and Liabilities) (Wales) Order 2019 made on 19th March 2019 and effective on 1 April 2019.

Assets and liabilities relating to Bridgend services transferred from Swansea Bay ULHB to Cwm Taf Morgannwg ULHB on 1 April 2019. The transfer was accounted for as a 'Transfer by Absorption' in accordance with the Government Financial Reporting Manual. The recorded amounts of net assets were brought into the financial statements of Cwm Taf Morgannwg ULHB from the 1 April 2019. Prior year restatement of the closing balances at 31st March 2019 is not required and the tables below identify the balances recorded in the Statement of Financial Position as at 31st March 2019 which transferred to Cwm Taf Morgannwg ULHB on 1st April 2019.

Non-current assets	Non-Donated £000	Donated £000	Lease £000	Government Granted £000	Total £000
Property, plant and equipment					
Land	16,677	0	0	0	16,677
Buildings excluding dwellings	117,655	1,797	0	0	119,452
Dwellings	3,696	0	0	0	3,696
Assets under construction and paymer	437	129	0	0	566
Plant and machinery	7,492	0	0	0	7,492
Transport Equipment	0	0	0	0	0
Information Technology	1,996	0	0	0	1,996
Furniture and fittings	462	0	0	0	462
	148,415	1,926	0	0	150,341
Intangible Assets					
Computer Software purchased	0	0	0	0	0
Computer software internally develop	0	0	0	0	0
Licences and trademarks	0	0	0	0	0
Patents	0	0	0	0	0
Development Expenditure	0	0	0	0	0
EU Emission trading scheme allowanc	0	0	0	0	0
	0	0	0	0	0
Total Property plant and equipment	148,415	1,926	0	0	150,341
Intangible Assets					
Non current assets held for sale	0	0	0	0	0
Total Value	148,415	1,926	0	0	150,341

34. Other Information

34.2 Bridgend Boundary Change (Continued)

<u>Working Capital Balances</u>	£000
<u>Non Current Assets</u>	
Trade and other receivables	0
Other financial assets	0
Other current assets	0
<u>Current Assets</u>	
Inventories	1,712
Trade and other receivables	4,343
Other financial assets	0
Other current assets	0
Cash and cash equivalents	34
Total Value of Assets	6,089
<u>Liabilities</u>	
Trade and other payables	(24,943)
Borrowings	0
Other financial liabilities	0
Provisions	(1,207)
Other liabilities	0
Total Value of Liabilities	(26,150)
Total Value Net Working Capital Transferred	(20,061)

The estimated impact of the transfer for Swansea Bay ULHB is to reduce the expenditure and associated funding by 28% in 2019-20.

34. Other Information

34.2 Bridgend Boundary Change (Continued)

In addition to the transfer of assets and liabilities, the Local Health Boards (Area Change) (transfer of Staff, Property and Liabilities) (Wales) Order 2019. resulted in the transfer of staff providing services to the local government area of Bridgend to Cwm Taf Morgannwg Local Health Board.

The transfer of staff was completed in line with Transfer of Undertakings (Protection of Employment) - TUPE regulations. The number of whole time equivalent (wte) staff who transferred to Cwm Taf Morgannwg Health Board under these arrangements is detailed below by staff group

	Number
Administrative, clerical and board members	416
Medical and dental	314
Nursing, midwifery registered	1,020
Professional, Scientific, and technical staff	98
Additional Clinical Services	550
Allied Health Professions	172
Healthcare Scientists	32
Estates and Ancillary	357
Students	1
Total	2,960

34. Other Information

34.3 International Financial Reporting Standard (IFRS) 16

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2021, because of the circumstances caused by Covid-19.

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

We expect the introduction of IFRS16 will/will not have a significant impact and this will be worked through for disclosure in our 2020-21 financial statements.”

The Certificate of the Auditor General for Wales to the Senedd

I certify that I have audited the financial statements of Swansea Bay University Local Health Board for the year ended 31 March 2020 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

Opinion

In my opinion the financial statements:

give a true and fair view of the state of affairs of Swansea Bay University Local Health Board as at 31 March 2020 and of its net operating costs for the year then ended; and have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

I draw attention to Note 21 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS Clinicians' pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year. The Health Board has disclosed the existence of a contingent liability at 31 March 2020, and my opinion is not modified in respect of this matter.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Qualified opinion on regularity

Basis for qualified opinion on regularity

The Health Board has breached its resource limit by spending £58.580 million over the £3,143 million that it was authorised to spend in the three-year period 2017-18 to 2019-20. This spend constitutes irregular expenditure. Further detail is set out in the attached Report.

Qualified opinion on regularity

In my opinion, except for the irregular expenditure of £58.580 million explained in the paragraph above, in all material respects, the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;

the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword and Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion: proper accounting records have not been kept;

the financial statements are not in agreement with the accounting records and returns;

information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or

I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Adrian Crompton
Auditor General for Wales
2 July 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the Senedd

Introduction

Local Health Board (LHBs) are required to meet two statutory financial duties – known as the first and second financial duties.

For 2019-20 Swansea Bay University Local Health Board (the LHB) failed to meet both the first and the second financial duty and so I have decided to issue a narrative report to explain the position.

Failure of the first financial duty

The **first financial duty** gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The fourth three-year period under this duty is 2017-18 to 2019-20, and so it is measured this year for the fourth time.

As shown in Note 2.1 to the Financial Statements, the LHB did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £3,143 million by £58.580 million. The LHB did not therefore meet its first financial duty.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the resource allocation (i.e. spending limit) for those three years exceeds the LHB's authority to spend and is therefore 'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend.

Failure of the second financial duty

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2019-20 if it submitted a 2019-20 to 2021-22 plan approved by its Board to the Welsh Ministers who then approved it by the 30th June 2019.

As shown in Note 2.3 to the Financial Statements, the LHB did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2019-20 to 2021-22. On 1 April 2019, the responsibility for commissioning healthcare services for the people in the Bridgend County Borough Council area transferred from the former Abertawe Bro Morgannwg University Health Board to Cwm Taf Morgannwg University Health Board, and the former Health Board was renamed Swansea Bay University Local Health Board.

However, the Welsh Government determined that the accumulated deficit of the former Health Board should remain in its entirety with the Swansea Bay University Health Board, rather than be apportioned as part of the transfer process. The effect of that decision is to increase the scale of the financial challenge faced by the Health Board in recovering its financial position.

Adrian Crompton
Auditor General for Wales
2 July 2020

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

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



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

FINANCE DEPT. PRESENTATION TO SBU HEALTH BOARD 2019/2020 ANNUAL ACCOUNTS

Darren Griffiths
Interim Director of Finance
25th June 2020

1. Financial Context of the 2019/20 year
2. Performance against Financial Targets
3. Analytical review of Comprehensive Net Expenditure
 - a) Expenditure on Primary Healthcare Services
 - b) Expenditure on Healthcare from Other Providers
 - c) Expenditure on Hospital & Community Health Services
 - d) Miscellaneous Income
4. Staffing Analysis
5. Analytical review of Statement of Financial Position (Balance Sheet)
 - a) Receivables, Payables & Provisions
 - b) Taxpayers Equity
6. Summary & Next Steps

The 2019/20 IMTP Financial Framework Plan	
	£m
Forecast Opening Position Post Bridgend Transfer	23.3
Unavoidable Cost Pressures	42.3
Core Funding Uplift	-33.2
LTA Benefit	-0.4
Welsh Government Non Recurrent Funding Supporting Developments	-10.0
Required Savings	22.0
Savings & Cost Containment	-22.0
Position Prior to Bridgend Boundary Change	0.0
Bridgend Boundary Change Diseconomies Not met	3.0
Savings Delivery Shortfall	3.0
Operational Pressures	10.3
2019/20 Forecast Deficit Position	16.3
2019/20 Actual Position	16.284

Note 2.1 (Page 26)

1. Revenue Resource Performance (Statutory)

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

The Health Board received £15.3 million repayable cash only support in 2019-20. The accumulated cash only support provided to the Health Board by the Welsh Government is £78.571 million as at 31 March 2020.

	Year 1 2017/18	Year 2 2018/19	Year 3 2019/20	Total
	£000	£000	£000	£000
Revenue Resource Funding	1,096,250	1,133,300	914,561	3,144,111
Total Operating Expenses	1,128,667	1,143,179	930,845	3,202,691
Under/(Over) spend against Allocation	(32,417)	(9,879)	(16,284)	(58,580)
As a % of Target	2.96%	0.87%	1.78%	1.86%

Swansea Bay University Health Board has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2017/18 to 2019/20

Note 2.2 (Page 26)**2. Capital Resource Performance (Statutory)**

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

	Year 1 2017/18	Year 2 2018/19	Year 3 2019/20	Total
	£000	£000	£000	£000
Capital Resource Allocation	40,093	36,447	30,901	107,441
Charge against Capital Resource Allocation	40,051	36,407	30,873	107,331
Under /(Over) Spend Against Allocation	42	40	28	110
As % of Target	0.10%	0.11%	0.09%	0.10%

Swansea Bay University Health Board has met its duty to break-even against its Capital Resource Limit over the 3 years 2017/18 to 2019/20

Note 2.3 (Page 27)

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

From 1st April 2014, Health Boards were required to prepare a plan in accordance with planning directions issued by Welsh Ministers, to secure compliance with the duty, 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 Health Board IMTP Plan was not approved in 2019/20

The Cabinet Secretary for Health & Social Services approval status for 2017/18 to 2019/20 is Not Approved

The Health Board has therefore not met its statutory duty to have an approved IMTP for the period 2017/18 to 2019/20

Note 2.4 (Page 27)**4. Creditor Payment (Non Statutory)**

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

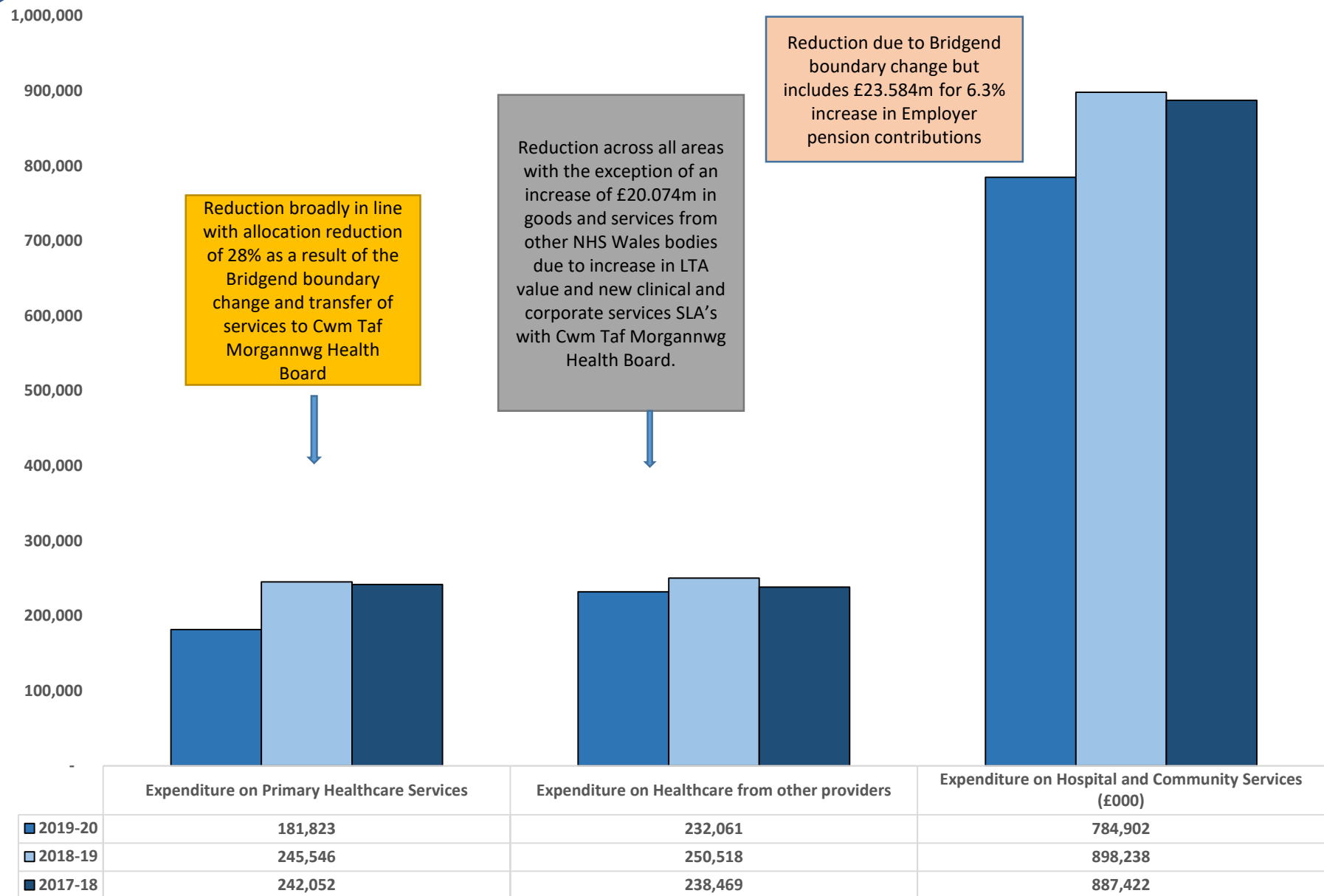
This service is provided to all Health Boards by NWSSP Accounts Payable Services

Non-NHS Invoices	2019/20	2018/19	2017/18
Total number of Invoices Paid	269,432	310,861	300,160
Total number paid within Target	254,141	2294,597	282,150
% of Invoices Paid within Target	94.3%	94.8%	94.0%

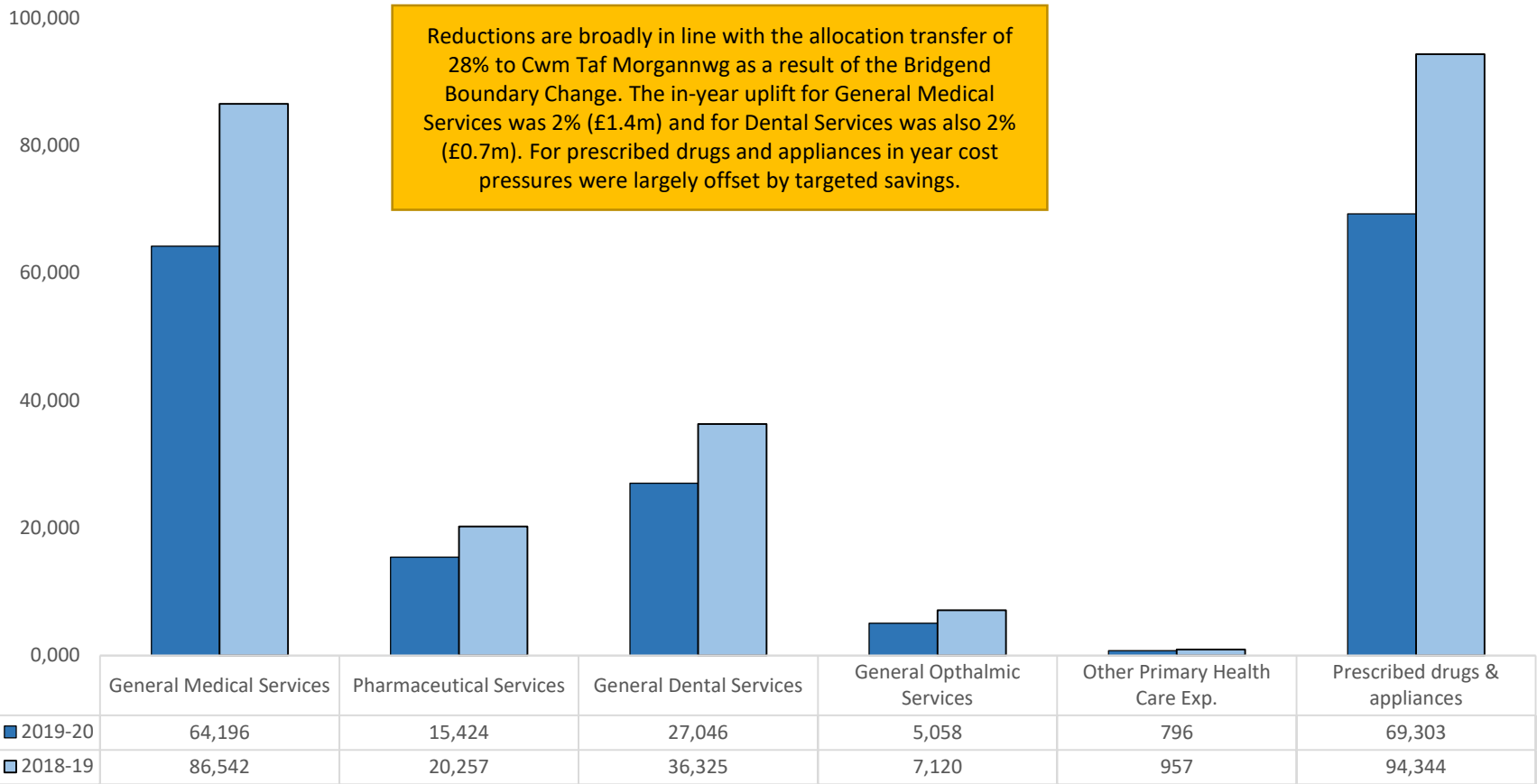
Swansea Bay University Health Board did not achieve the best practice PSPP target for 2019/20. This was mainly due to delays in the processing of nurse bank invoices early in the financial year and reduced cash payments in December 2019 and January 2020 whilst awaiting receipt of working capital and strategic cash support from Welsh Government.

Statement of Comprehensive Net Expenditure (SOCNE)

SOCNE (Page 2)	2019/20	2018/19	Variances	
	£000	£000	£000	%
Expenditure on Primary Health Care	181,823	245,546	-63,723	-26.0
Expenditure on Healthcare from Other Providers	232,061	250,518	-18,457	-7.4
Expenditure on Hospital & Community Health Services	784,902	898,238	-113,336	-12.6
Sub Total	1,198,786	1,394,302	-195,516	-14.0
Less Miscellaneous Income	-271,930	-255,796	-16,134	-6.3
Net Operating Costs Before Interest and Other Gains & Losses	926,856	1,138,506	-211,650	-18.6
Other (Gains)/Losses	-5	-292	+ 287	
Finance Costs	4,926	5,165	-239	
Net Operating Costs for the Financial Year	931,777	1,143,379	-211,602	-18.5

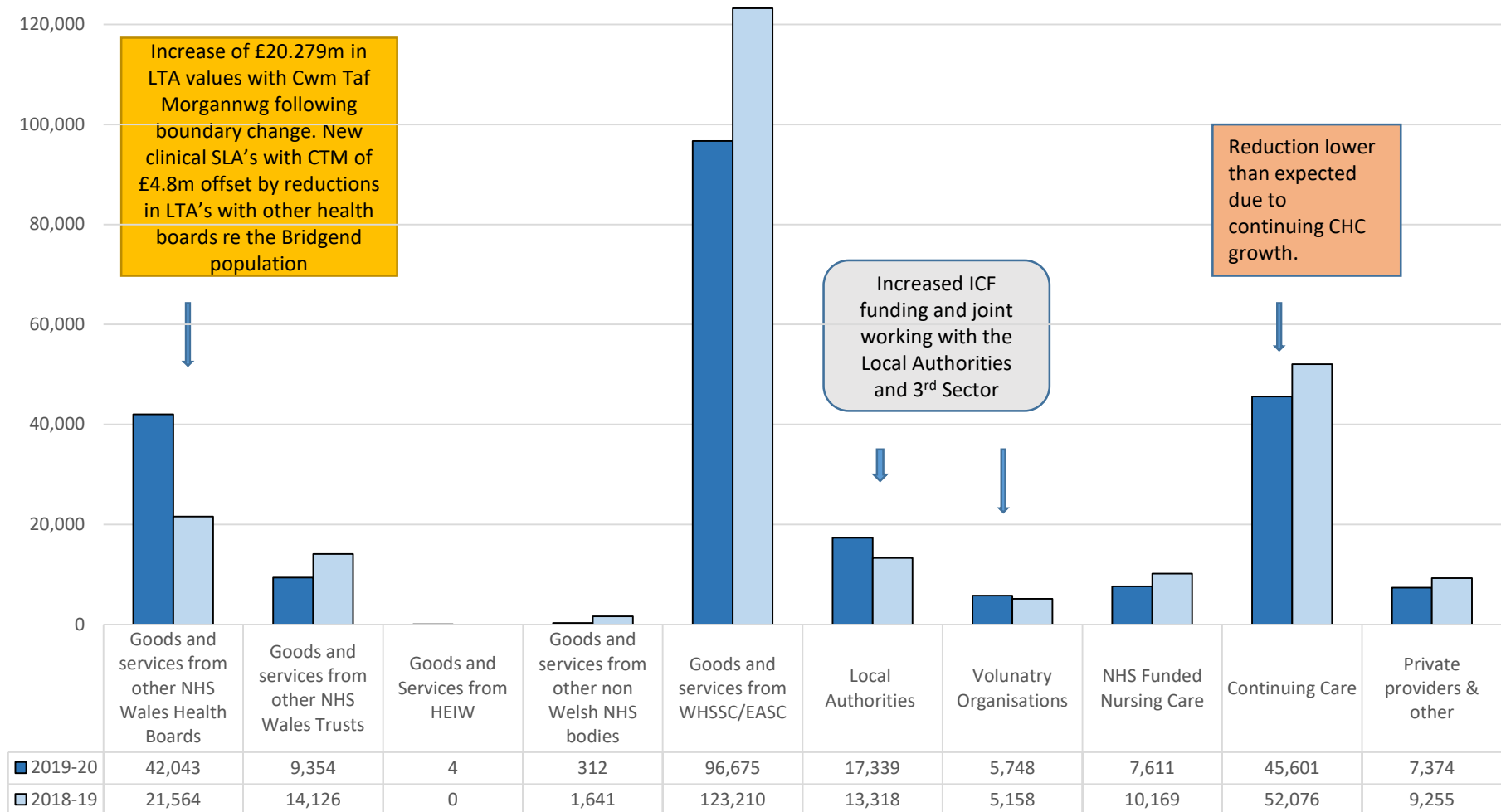


Expenditure on Primary Healthcare Services (£000) – Note 3.1 (Page 28)
2019/20 £182m 2018/19 £246m (-26.0%)



Expenditure on Healthcare from Other Providers (£000) Note 3.2 (Page 28)

2019/20 £232m 2018/19 £251m (-7.4%)



Expenditure on Hospital & Community Health Services – Note 3.3 (Page 29)

	2019/20 £000	2018/19 £000
Directors' costs	1,928	1,846
Staff costs	566,776	657,097
Supplies and Services - Clinical	119,341	130,772
Supplies and Services – General	8,468	10,886
Consultancy Services	349	530
Establishment	11,981	14,365
Transport	1,538	2,881
Premises	24,414	29,340
External Contractors	3,550	3,816
Depreciation	26,837	30,529
Amortisation	1,953	772
Fixed asset impairments & reversals	4,351	1,089
Audit fees	382	402
Losses, special payments and irrecoverable debts	5,503	3,035
Research and Development	4,006	5,978
Other operating expenses	3,525	4,900
Total	784,902	898,238

Staff Costs -£90.2m mainly due to Bridgend boundary change. In year cost increases post Bridgend change.

- £23.5m Employers Pension Contributions increase (6.3%)
- £8.8m - Pay Award Impact
- £4.1m Agency spend Increase (after excluding Bridgend)
- £1.6m - Nurse Staffing Act

Non Staff Costs

Reductions linked to Bridgend boundary change offset by cost pressures in NICE drugs (Clinical Supplies).

Fixed Asset impairments & reversals

The 2019/20 figure includes write down on initial valuation of 9 schemes

Losses, Special Payments

Increase in net provision for future payments

Miscellaneous Income – Note 4 (Page 30)

2020/21 £272m 2018/19 £256m (+6.3%)

	2019/20	2018/19	Variances	
	£000	£000	£000	%
LHBs	97,753	69,037	28,716	41.6%
WHSCC/EASC	112,307	107,369	4,938	4.6%
NHS Trusts	5,120	6,059	-939	-15.5%
Health Education & Improvement	11,661	5,976	5,685	95.1%
Other NHS England and Scotland bodies	2,764	3,521	-757	-21.5%
Local Authorities	5,498	7,404	-1,906	-25.7%
Welsh Government	10,084	11,168	-1,084	-9.7%
Non NHS	11,320	17,079	-5,759	-33.7%
Education , Training & Research	6,886	17,460	-10,574	-60.6%
Charitable contributions to Expenditure & Receipt of Donated Assets	965	1,514	-549	-36.3%
Receipt of Government granted assets	197	384	-187	-48.7%
Non Patient Care Income Generation	676	656	20	3.1%
Deferred income released to revenue	1,384	822	562	68.4%
Rental Income from Operating Leases	479	509	-30	-5.9%
Other Income	4,836	6,838	-2,002	-29.3%
Total	271,930	255,796	+16,134	6.3%

Increases of £11.9m in provider LTA with CTM plus new clinical services SLA's of £17.8m and corporate services SLA's of £2.5m with CTM following Bridgend boundary change.

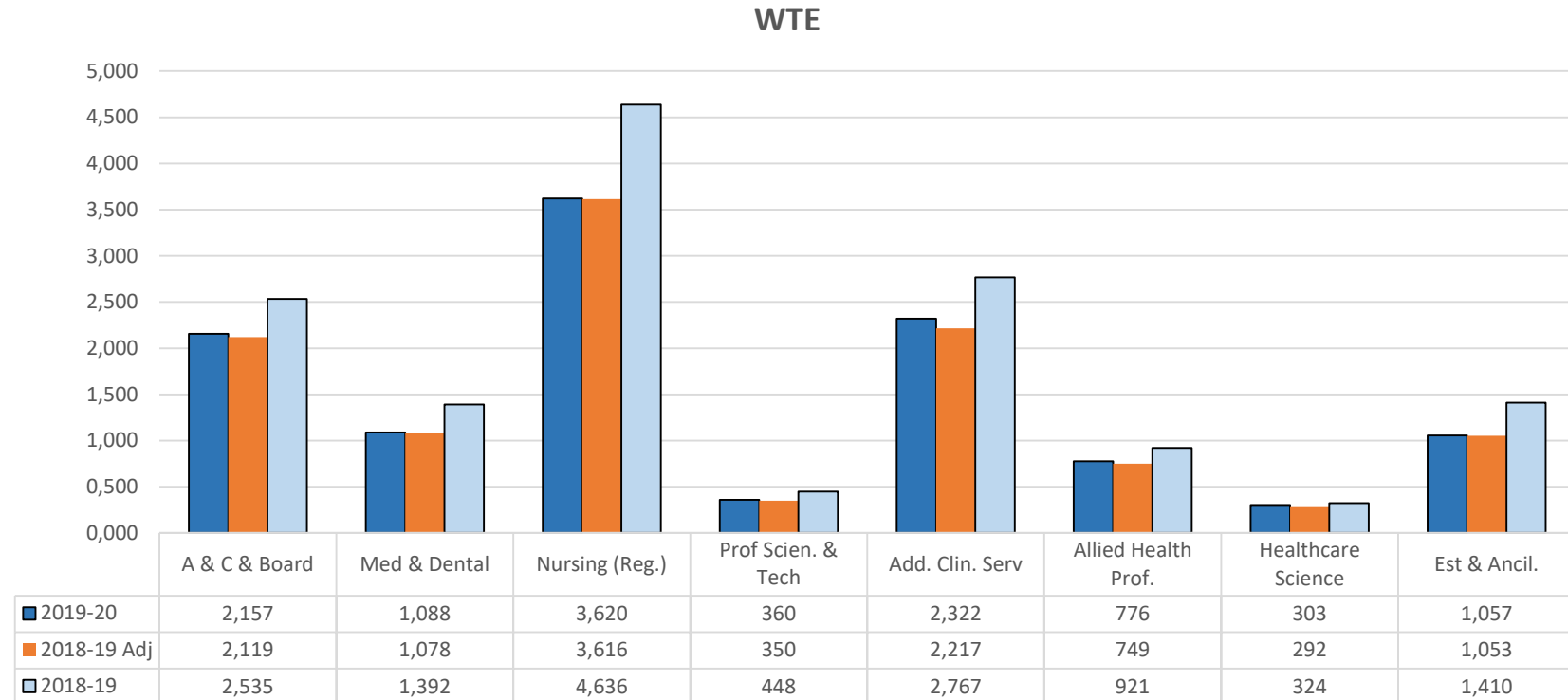
£3m investment & Growth monies and £1.5m for activity developments

HEIW came into existence on the 1st October 2018. Income from HEIW relates primarily to staff training. There is a corresponding reduction in Education, Training and Research Income below.

Loss of private patient income following transfer of Bridgend Clinic to CTM

HEIW income moved from here to separate heading above

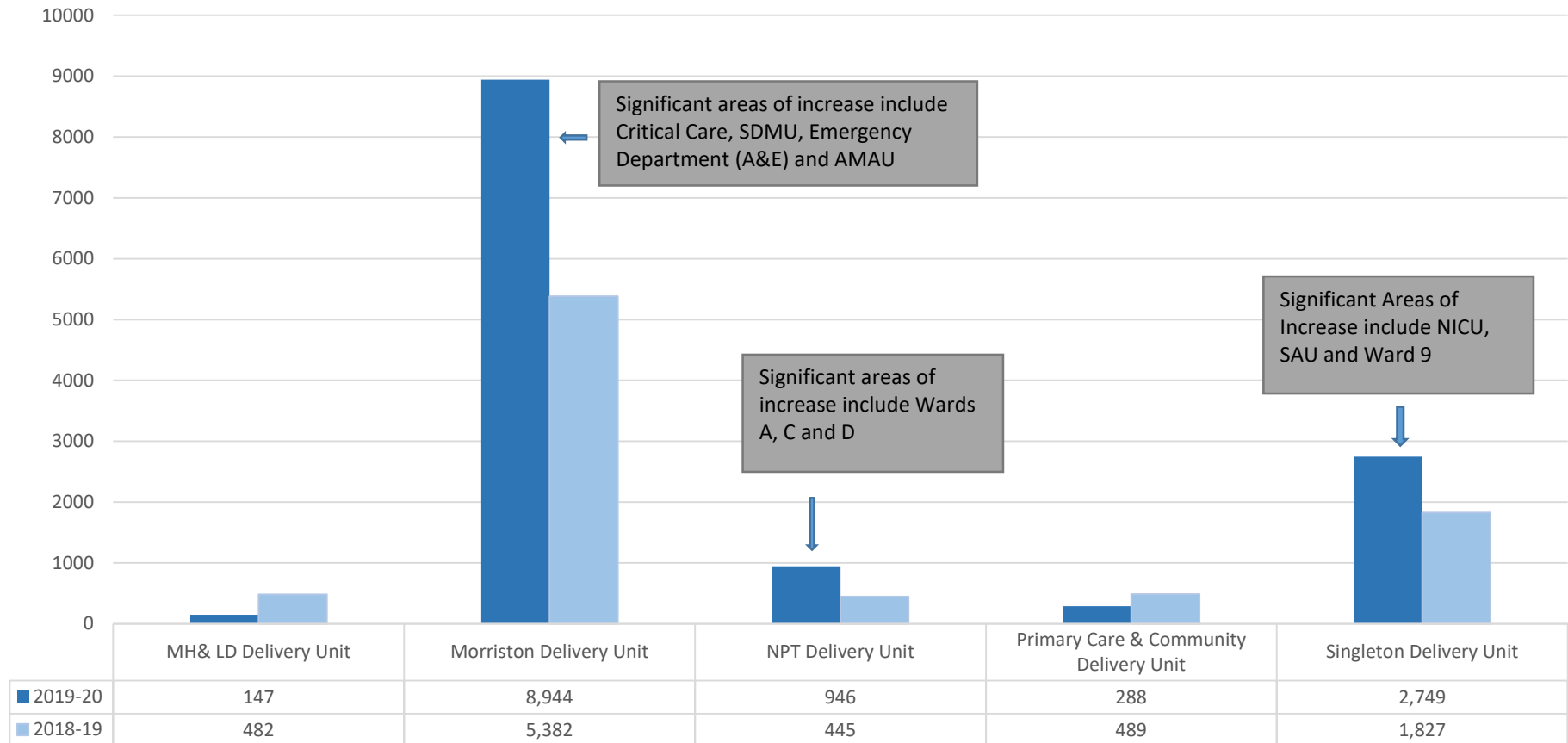
Directors & Staff Numbers (WTE)



Notes

- Staff numbers in 2018-19 and 2019-20 are the average of the WTE in post at the end of each month as per the manual for accounts definition.
- The 2018-19 adjusted figures take out the actual wte as at 31st March 2019 of staff who TUPE'd to CTM. This is done as a guide to the impact on staff numbers of the Bridgend transfer.

Agency Cost Comparison – Nursing, midwifery and health visiting staff by delivery unit



Agency Nurse Costs have increased in the 3 Acute Service Delivery Units in 2019/20 with reductions in both Mental Health & LD and Primary Care and Community

Statement of Financial Position (Page 4)		31 March 2020	31 March 2019	Variance	BBC Impact
		£000	£000	£000	£000
Non Current Assets	Property, Plant & Equipment	460,560	611,982	-151,422	-150,341
	Intangible Assets	4,928	2,751	2,177	0
	Trade & Other Receivables	102,559	108,880	-6,321	0
	Total Non Current Assets	568,047	723,613	-155,566	-150,341
Current Assets	Inventories	10,012	10,234	-222	-1,712
	Trade & Other Receivables	66,267	66,331	-64	-4,343
	Cash & Cash Equivalents	486	830	-344	-34
		76,765	77,395	-630	-6,089
Non Current Assets "Held for Sale"		475	155	320	0
	Total Assets	645,287	801,163	-155,876	-156,430
Current Liabilities	Trade & Other Payables	127,631	151,171	-23,540	-24,943
	Provisions	28,761	35,458	-6,697	-1,207
	Total Current Liabilities	156,392	186,629	-30,237	-26,150
	Net Current Liabilities	-79,152	-109,079	-29,927	-20,061
Non Current Liabilities	Trade & Other Payables	37,136	40,178	-3,042	0
	Provisions	108,301	115,048	-6,747	0
	Total Non Current Liabilities	145,437	155,226	-9,789	0
	Total Assets Employed	343,458	459,308	-115,850	-130,280
Financed By:					
Taxpayers Equity	General Fund	310,914	408,417	-97,503	-131,490
	Revaluation Reserve	32,544	50,891	-18,347	-18,851
	Total Taxpayers Equity	343,458	459,308	-115,850	-150,341

Key Variances – Assets (Trade & Other Receivables) – Post Bridgend Impact

Assets

			Non Current £m	Current £m	Net Change £m
Note 15 P48	Welsh Risk Pool Debtor	Clinical Negligence/Personal Injury	-6.3	-3.4	-9.7
Receivables	Welsh Health Boards	Increase in outstanding invoices linked to year end settlements and other o/s invoices, primarily CTM ,Hywel Dda and Powys		4.9	4.9
	WHSSC	End of Year Risk Sharing Adjustment		1.3	1.3
	Prepayments	Increase in invoices paid at year end for maintenance contracts commencing 1 st April 2020		0.9	0.9
	Local Authorities	Section 117 Invoices		0.6	0.6
Movement as per accounts after Bridgend Impact			-6.3	4.3	-2.0
Note 14 P47	Consumables	Increases in drugs stocks, theatre stock and Cardiac stock including £0.2m specifically COVID-19 related due to reduction in elective activity in March.		0.7	0.7
Inventories	Drugs			0.8	0.8
Movement as per accounts after Bridgend Impact				1.5	1.5

Key Variances – Liabilities- Post Bridgend Impact

Liabilities

			Non Current £m	Current £m	Net Change £m
Note 18 P51	Finance Leases & PFI Contracts	Reduction in deferred creditor, end of contract 1 year closer	-3.0		-3.0
Payables	Accruals	Increase in accruals for goods received not invoiced.		4.8	4.8
	Local Authorities	Reduction in invoices outstanding to Local Authorities mainly in respect of ICF funding and settlement of LAC invoices		-3.8	-3.8
Movement as per accounts after Bridgend Impact			-3.0	1.0	-4.0
Note 20 P53	Clinical Negligence	Reduction in provision due to a reduction in the number of certain and probable cases in year (12) as advised by Legal & Risk Services. This is linked to settlement of old Bridgend cases with no new cases coming on line from Bridgend.	-6.6	-4.7	-11.3
Provisions	Other	Settlement of Retrospective CHC claims and settlement of the HMRC review of employment status of GPOOH.		-1.7	-1.7
Movement as per accounts after Bridgend Impact			-6.6	-6.4	-13.0

Clinical Negligence

	2019/20	2018/19	Movement
	£000	£000	£000
Opening Provision	137,909	170,495	
Transfer of Provisions to Creditors	-3,600	-714	
Arising during the year	+40,646	+32,525	
Utilised during the year	-13,378	-21,400	
Reversed unused	-35,002	-42,997	
Closing Provision	126,575	137,909	-11,334

Clinical Negligence – Comparison of Cases

Cases Summary								
Probability			2019/20			2018/19		
			Cases	Provisions £000	%	Cases	Provisions £000	%
1	> 95%	Certain	90	115,851	92	110	128,073	93
2	50-95%	Probable	56	10,724	8	48	9,836	7
3	6-49%	Possible	163	-	-	205	-	-
4	0-5%	Remote	11	-	-	11	-	-
5		Closed/Settled	26	-	-	22	-	-
					-	-	-	-
Change in Discount Rate						-	-	-
Totals			346	126,575	100	396	137,909	100

Taxpayers Equity – Key Variances**➤ General Fund – Reduced by £97.503m mainly due to:**

- +£41.238m Funding drawn down to finance the Capital Programme
- **-£33.731m** Non Cash Adjustments (Impairment & Depreciation Funding)
- +£2.895m Transfer from Revaluation Reserve
- **-£131.489m** Transfer of Property Plant & Equipment to CTM
- +£23.584m Notional Funding re the 6.3% Pension Increase

➤ Revaluation Reserve – Reduced by £18.347m mainly due to:

- +£3.399m Revaluation of Property Plant & Equipment
- **-£2.895m** Release of reserves to general fund following initial valuation on completion of schemes
- **-£18.851m** Transfer of Property Plant & Equipment to CTM

1. Subject to Audit Wales completion of their Audit Review Work and Opinion:

The Health Board met just one financial targets:

✓ Capital Resource Performance	X Revenue Resource Performance
X Public Sector Payment Policy	X 3 Year Approved IMTP

2. The draft accounts were reviewed by the Audit Committee at its meeting on 27th May and the Audited Accounts were reviewed by the Audit Committee earlier today (25th June).
3. The Audit Committee received the Audit Wales ISA260 report “Audit of Financial Statements” earlier today (25th June).
4. Subject to the recommendation of the Audit Committee, following its review of the Audited Accounts and ISA260 report from Audit Wales, the Health Board will be asked to adopt the Audited Accounts (25th June 2020).
5. Submission of Audited Accounts to Welsh Government on Tuesday 30th June 2020
6. Auditor General for Wales Opinion & Sign Off on Thursday 2nd July 2020
7. Accounts laid before National Assembly for Wales is planned for Friday 3rd July 2020
8. Accounts included within the Annual Report issued at Health Board AGM (November)