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Public Health Wales NHS Trust

**ANNUAL
ACCOUNTS**
2019/20

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Foreword

These accounts for the period ended 31 March 2020 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Public Health Wales NHS Trust 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, with the approval of the Treasury, directed.

Statutory background

The establishment of Public Health Wales NHS Trust in 2009, created for the first time, an independent NHS body with a clear and specific public health focus, and a remit to act across all the domains of public health practice. The Minister for Health and Social Services confirmed Public Health Wales NHS Trust would provide the national resource for the effective delivery of public health services at national, local and community level.

Public Health Wales NHS Trust originally incorporated the functions and services previously provided by the National Public Health Service (NPHS), Wales Centre for Health (WCFH), Welsh Cancer Intelligence Surveillance Unit (WCISU), Congenital Anomaly Register and Information Service (CARIS) and Screening Services Wales.

Since 2009, the organisation has continued to grow, taking on a range of additional functions and services from both the Welsh Government and NHS Wales, including several Health Improvement Programmes, Newborn Bloodspot Screening, Abdominal Aortic Aneurysm Screening and the Wrexham Microbiology Laboratory and the Diabetic Eye Screening Service for Wales (DESW). In addition, Public Health Wales hosts the NHS Wales Health Collaborative, which has expanded to include a number of clinical networks since it became part of Public Health Wales during 2016/17. In February 2018, the NHS Wales Finance Delivery Unit was established, which is also hosted by Public Health Wales NHS Trust.

Performance Management and Financial Results

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 The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4 2(2). Each NHS Trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account. The first assessment of performance against the 3-year statutory duty under Schedules 4 2(1) and 4 2(2) was at the end of 2016-17, being the first three year period of assessment

Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Revenue from patient care activities	3	105,300	94,334
Other operating revenue	4	47,611	41,047
Operating expenses	5.1	(152,952)	(135,403)
Operating (deficit)/surplus		(41)	(22)
Investment revenue	6	73	48
Other gains and losses	7	10	0
Finance costs	8	0	0
Retained surplus	2.1.1	42	26
Other Comprehensive Income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment		46	40
Net gain/(loss) on revaluation of intangible assets		0	0
Movements in other reserves		0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0
Impairments and reversals		0	0
Transfers between reserves		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
Sub total		46	40
Items that may be reclassified subsequently to net operating costs			
Net gain/(loss) on revaluation of financial assets held for sale		0	0
Sub total		0	0
Total other comprehensive income for the year		46	40
Total comprehensive income for the year		88	66

The notes on pages 10 to 77 form part of these accounts.

Statement of Financial Position

as at 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Property, plant and equipment	13	11,941	11,352
Intangible assets	14	1,334	913
Trade and other receivables	17.1	0	327
Other financial assets	18	0	0
Total non-current assets		13,275	12,592
Current assets			
Inventories	16.1	866	569
Trade and other receivables	17.1	14,379	11,372
Other financial assets	18	0	0
Cash and cash equivalents	19	8,819	5,146
		24,064	17,087
Non-current assets held for sale	13.2	0	0
Total current assets		24,064	17,087
Total assets		37,339	29,679
Current liabilities			
Trade and other payables	20	(18,898)	(12,219)
Borrowings	21	0	0
Other financial liabilities	22	0	0
Provisions	23	(1,206)	(1,284)
Total current liabilities		(20,104)	(13,503)
Net current assets/(liabilities)		3,960	3,584
Total assets less current liabilities		17,235	16,176
Non-current liabilities			
Trade and other payables	20	(1,381)	(1,004)
Borrowings	21	0	0
Other financial liabilities	22	0	0
Provisions	23	(1,291)	(1,672)
Total non-current liabilities		(2,672)	(2,676)
Total assets employed		14,563	13,500
Financed by Taxpayers' equity:			
Public dividend capital		13,444	12,469
Retained earnings		609	567
Revaluation reserve		510	464
Other reserves		0	0
Total taxpayers' equity		14,563	13,500

The financial statements were approved by the Board on 25th June 2020 and signed on behalf of the Board by:

Chief Executive and Accountable Officer



Date

The notes on pages 10 to 77 form part of these accounts.

Statement of Changes in Taxpayers' Equity 2019-20

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Total £000
Changes in taxpayers' equity for 2019-20				
Balance at 1 April 2019	12,469	567	464	13,500
Retained surplus/(deficit) for the year		42		42
Net gain/(loss) on revaluation of property, plant and equipment		0	46	46
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
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0
Impairments and reversals		0	0	0
Other reserve movement		0	0	0
Transfers between reserves		0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0
Reserves eliminated on dissolution	0			0
Total in year movement	0	42	46	88
New Public Dividend Capital received	975			975
Public Dividend Capital repaid in year	0			0
Public Dividend Capital extinguished/written off	0			0
Other movements in PDC in year	0			0
Balance at 31 March 2020	13,444	609	510	14,563

The notes on pages 10 to 77 form part of these accounts.

Statement of Changes in Taxpayers' Equity 2018-19

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Total £000
Changes in taxpayers' equity for 2018-19				
Balance at 31 March 2018	13,017	597	368	13,982
Adjustment for Implementation of IFRS 9	0	0	0	0
Balance at 1 April 2018	13,017	597	368	13,982
Retained surplus/(deficit) for the year		26		26
Net gain/(loss) on revaluation of property, plant and equipment		0	40	40
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
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0
Impairments and reversals		0	0	0
Other reserve movement		0	0	0
Transfers between reserves		(56)	56	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0
Reserves eliminated on dissolution	0			0
Total in year movement	0	(30)	96	66
New Public Dividend Capital received	0			0
Public Dividend Capital repaid in year	(548)			(548)
Public Dividend Capital extinguished/written off	0			0
Other movements in PDC in year	0			0
Balance at 31 March 2019	12,469	567	464	13,500

The notes on pages 10 to 77 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Cash flows from operating activities			
Operating surplus/(deficit)	SOCI	(41)	(22)
Movements in working capital	30	3,926	179
Other cash flow adjustments	31	3,536	3,791
Provisions utilised		(999)	(2,897)
Interest paid		0	0
Net cash inflow (outflow) from operating activities		6,422	1,051
Cash flows from investing activities			
Interest received		73	48
(Payments) for property, plant and equipment		(3,048)	(1,398)
Proceeds from disposal of property, plant and equipment		10	0
(Payments) for intangible assets		(759)	(439)
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with Welsh Government		0	0
Proceeds from disposal of investments with Welsh Government		0	0
(Payments) for financial assets		0	0
Proceeds from disposal of financial assets		0	0
Net cash inflow (outflow) from investing activities		(3,724)	(1,789)
Net cash inflow (outflow) before financing		2,698	(738)

	Note	2019-20 £000	2018-19 £000
Cash flows from financing activities			
Public Dividend Capital received		975	0
Public Dividend Capital repaid		0	(548)
Loans received from Welsh Government		0	0
Other loans received		0	0
Loans repaid to Welsh Government		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital elements of finance leases and on-SOFP PFI		0	0
Cash transferred (to)/from other NHS Wales bodies		0	0
Net cash inflow (outflow) from financing activities		975	(548)
Net increase (decrease) in cash and cash equivalents		3,673	(1,286)
Cash [and] cash equivalents			
at the beginning of the financial year	19	5,146	6,432
Cash [and] cash equivalents			
at the end of the financial year	19	8,819	5,146

The notes on pages 10 to 77 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 NHS Trusts (NHST) 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 (FRoM), 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 NHST 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 NHST for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NHST 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 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Where income is received from Non NHS bodies for a specific activity that is to be delivered in the following year that income is deferred. Only non-NHS income may be deferred.

Public Health Wales NHS Trust does not receive income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FRoM. 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

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.

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.

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

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, Public Health Wales NHS Trust;
- 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.

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 Income (SoCI).

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 Public Health Wales NHS Trust or the asset which would prevent access to the market at the reporting date. If the Public Health Wales NHS Trust 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.

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 SoCI. 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, Public Health Wales NHS Trust 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

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, Public Health Wales NHS Trust; 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 Public Health Wales NHS Trust expects to obtain economic benefits or service potential from the asset. This is specific to Public Health Wales NHS Trust 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, Public Health Wales NHS Trust 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 SoCI. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCI. 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 SoCI 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 SoCI. On disposal, the balance for the asset on the revaluation reserve, is transferred to retained earnings.

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 Public Health Wales NHS Trust 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 recognised in calculating Public Health Wales NHS Trust's surplus/deficit charged.

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 Public Health Wales NHS Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of Public Health Wales NHS Trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on Public Health Wales NHS Trust'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 Public Health Wales NHS Trust has a present legal or constructive obligation as a result of a past event, it is probable that Public Health Wales NHS Trust 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 WRPS is hosted by Velindre University NHS Trust.

1.15 Financial Instruments

From 2018-19 IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by Public Health Wales NHS Trust, will be 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 shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes 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 Public Health Wales NHS Trust 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 SoCI; '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 SoCI

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 SoCI. They are held at fair value, with any resultant gain or loss recognised in the SoCI. 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 SoCI 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, Public Health Wales NHS Trust 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 Expenditure 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 Expenditure 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.

1.16.6 Other financial assets

Listed investments are stated at market value. Unlisted investments are included at cost as an approximation to market value. Quoted stocks are included in the balance sheet at mid-market price, and where holdings are subject to bid / offer pricing their valuations are shown on a bid price. The shares are not held for trading and accordingly are classified as available for sale. Other financial assets are classified as available for sale investments carried at fair value within the financial statements.

1.17 Financial liabilities

Financial liabilities are recognised on the SoFP when Public Health Wales NHS Trust 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. Loans from Welsh Government are recognised at historical cost.

1.17.1 Financial liabilities are initially recognised at fair value through SoCI

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

1.17.2 Financial liabilities at fair value through the SoCI

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 SoCI. 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 Public Health Wales NHS Trust 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 SoCI. 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 Public Health Wales NHS Trust has no beneficial interest in them.

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 SoCI on an accruals basis, including losses which would have been made good through insurance cover had Public Health Wales NHS Trust 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.

Public Health Wales NHS Trust accounts for all losses and special payments gross (including assistance from the WRPS).

Public Health Wales NHS Trust accrues or provides for the best estimate of future payouts 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

Public Health Wales NHS Trust has not entered into pooled budgets with Local Authorities.

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.

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

Any material changes in liabilities associated with these claims would be recoverable through the WRPS.

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.

1.25 Provisions

Public Health Wales NHS Trust 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 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 Public Health Wales NHS Trust, 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.

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 -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.

1.26 Private Finance Initiative (PFI) transactions

Public Health Wales NHS Trust has no PFI arrangements.

1.27 Contingencies

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

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

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

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

1.28 Absorption accounting

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

For transfers of functions involving Public Health Wales NHS Trust in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC.

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

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

IFRS14 Regulatory Deferral Accounts 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.

1.30 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.

1.31 Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, Public Health Wales NHS Trust has established that as it is not the corporate trustee of Charitable Funds, it is considered for accounting standards compliance to not have control of any Charitable Funds as a subsidiary and therefore is not required to consolidate the results of any Charitable Funds within its statutory accounts.

1.32 Subsidiaries

Material entities over which Public Health Wales NHS Trust has the power to exercise control so as to obtain economic or other benefits are

classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Public Health Wales NHS Trust or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.33 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.34 Public Dividend Capital (PDC) and PDC dividend

PDC represents taxpayers' equity in Public Health Wales NHS Trust. At any time the Minister for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from Public Health Wales NHS Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

2. Financial Performance

2.1 Statutory Financial Duties

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4(2).

The Trust is required to achieve financial breakeven over a rolling 3 year period.

Welsh Health Circular WHC/2016/054 replaced WHC/2015/014 'Statutory and Financial Duties of Local Health Boards and NHS Trusts' and further clarifies the statutory financial duties of NHS Wales bodies.

2.1.1 Financial Duty

	Annual financial performance			2017-18 to 2019-20 Financial duty £000
	2017-18	2018-19	2019-20	
	£000	£000	£000	
Retained surplus	28	26	42	96
Less Donated asset / grant funded revenue adjustment	0	0	0	0
Adjusted surplus/ (Deficit)	28	26	42	96

Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2017-18 to 2019-20.

2.1.2 Integrated Medium Term Plan (IMTP)

The NHS Wales Planning Framework issued to NHS Trusts places a requirement upon NHS Trusts to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The Trust has submitted an Integrated Medium Term Plan for the period 2019-20 to 2021-22 in accordance with NHS Wales Planning Framework.

	Financial duty 2019-20 to 2021-22
The Minister for Health and Social Services approval	
Status	Approved
Date	26/03/2019

Public Health Wales NHS Trust has met its annual financial duty to have an approved financial plan for the period 2019-20 to 2021-22.

2.2 Administrative Requirements

2.2.1. External financing

Due to the circumstances that arose as a result of Coronavirus Covid 19,

- the suspension of the National Loan Fund temporary deposit facility, and
- the requirement to issue year-end capital adjustments,

the requirement to achieve the administrative External Financing Target has been suspended for 2019-20.

2.3. Creditor payment

The Trust 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 Trust has achieved the following results:

	2019-20	2018-19
Total number of non-NHS bills paid	21,899	21,972
Total number of non-NHS bills paid within target	21,095	21,104
Percentage of non-NHS bills paid within target	96.3%	96.0%

The Trust has met the target.

3. Revenue from patient care activities

	2019-20 £000	2018-19 £000
Local health boards	0	0
Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC)	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Foundation Trusts	0	0
Other NHS England bodies	0	0
Other NHS Bodies	0	0
Local Authorities	0	0
Welsh Government	105,300	94,334
Welsh Government - Hosted Bodies	0	0
Non NHS:		
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other revenue from activities	0	0
Total	105,300	94,334

	2019-20 %	2018-19 %
Injury Cost Recovery (ICR) Scheme income	21.79	21.89
To reflect expected rates of collection ICR income is subject to a provision for impairment of:		

4. Other operating revenue

	2019-20 £000	2018-19 £000
Income generation	347	276
Patient transport services	0	0
Education, training and research	1,694	1,582
Charitable and other contributions to expenditure	0	0
Receipt of donations for capital acquisitions	0	0
Receipt of government grants for capital acquisitions	0	0
Non-patient care services to other bodies	0	0
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue:		
Provision of pathology/microbiology services	18,064	16,781
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	0	0
Business unit	0	0
Other	27,506	22,408
Total	47,611	41,047
Other revenue comprises:		
Excellence Awards	0	90
Grants - LA	1,191	92
Grants - Other	715	1,264
LHB & Trusts - Non Core Income	3,420	1,987
WG - Non Core Income	18,167	14,692
Staff Recharge	2,679	2,858
Other	1,334	1,425
Total	27,506	22,408

5. Operating expenses

5.1 Operating expenses

	2019-20 £000	2018-19 £000
Local Health Boards	15,587	15,503
Welsh NHS Trusts	2,888	2,263
Health Education and Improvement Wales (HEIW)	0	0
Goods and services from other non Welsh NHS bodies	0	0
WHSSC/EASC	0	0
Local Authorities	4,857	4,447
Purchase of healthcare from non-NHS bodies	0	0
Welsh Government	0	0
Other NHS Trusts	72	78
Directors' costs	1,637	1,489
Staff costs	92,528	81,350
Supplies and services - clinical	11,884	10,725
Supplies and services - general	1,327	869
Consultancy Services	448	359
Establishment	8,648	6,676
Transport	791	635
Premises	7,070	6,401
Impairments and Reversals of Receivables	0	0
Depreciation	2,773	3,045
Amortisation	233	155
Impairments and reversals of property, plant and equipment	0	0
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Audit fees	151	151
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	337	346
Research and development	0	0
Other operating expenses	1,721	911
Total	152,952	135,403

Expenditure incurred relating to the COVID-19 pandemic is £917k.

5.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses Increase/(decrease) in provision for future payments:	2019-20 £000	Reclassified 2018-19 £000
Clinical negligence;-		
Secondary care	372	257
Primary care	0	0
Redress Secondary Care	0	0
Redress Primary Care	0	0
Personal injury	27	(10)
All other losses and special payments	107	315
Defence legal fees and other administrative costs	34	29
Structured Settlements Welsh Risk Pool	0	0
Gross increase/(decrease) in provision for future payments	540	591
Contribution to Welsh Risk Pool	48	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	(251)	(245)
Total charge	337	346

	2019-20 £	2018-19 £
Permanent injury included within personal injury £:	27,024	5,000

6. Investment revenue

	2019-20 £000	2018-19 £000
Rental revenue:		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	73	48
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	73	48

7. Other gains and losses

	2019-20 £000	2018-19 £000
Gain/(loss) on disposal of property, plant and equipment	10	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through income statement	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	10	0

8. Finance costs

	2019-20 £000	2018-19 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts:		
Main finance cost	0	0
Contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	0	0
Provisions unwinding of discount	0	0
Periodical Payment Order unwinding of discount	0	0
Other finance costs	0	0
Total	0	0

9. Operating leases

9.1 Trust as lessee

Operating lease payments represent rentals payable by Public Health Wales NHS Trust for properties and equipment.

Payments recognised as an expense	2019-20 £000	2018-19 £000
Minimum lease payments	1,250	1,035
Contingent rents	0	0
Sub-lease payments	0	0
Total	1,250	1,035

Total future minimum lease payments	2019-20 £000	2018-19 £000
Payable:		
Not later than one year	1,086	1,111
Between one and five years	6,438	5,258
After 5 years	5,070	6,193
Total	12,594	12,562

Total future sublease payments expected to be received	0	0
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9.2 Trust as lessor

There are no leasing arrangements where the Trust is the lessor.

Rental Revenue

Receipts recognised as income	2019-20 £000	2018-19 £000
Rent	0	0
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

Total future minimum lease payments	2019-20 £000	2018-19 £000
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

10. Employee costs and numbers

10.1 Employee costs

	Permanently employed staff £000	Staff on Inward Secondment £000	Agency Staff £000	Other Staff £000	2019-20 £000	2018-20 £000
Salaries and wages	66,567	6,290	2,152	0	75,009	68,163
Social security costs	6,845	0	0	0	6,845	6,239
Employer contributions to NHS Pensions Scheme	12,703	0	0	0	12,703	8,310
Other pension costs	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total	86,115	6,290	2,152	0	94,557	82,712
Of the total above:						
Charged to capital					505	0
Charged to revenue					94,052	82,712
Total					94,557	82,712
Net movement in accrued employee benefits (untaken staff leave accrual included above)					39	(9)

Employee costs capitalised include £278k for Cervical Screening Information Management System (CSIMS) project and £227k for Laboratory Information Network Cymru (LINC) project (NHS Wales Health Collaborative).

10.2 Average number of employees

	Permanently employed	Staff on Inward Secondment	Agency Staff	Other Staff	2019-20 Total	2018-20 Total
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	981	41	22	0	1,044	940
Ambulance staff	0	0	0	0	0	0
Medical and dental	90	25	0	0	115	105
Nursing, midwifery registered	56	6	0	0	62	58
Professional, scientific and technical staff	509	2	0	0	511	489
Additional Clinical Services	0	0	0	0	0	0
Allied Health Professions	61	0	1	0	62	59
Healthcare scientists	0	0	8	0	8	0
Estates and Ancillary	0	0	0	0	0	0
Students	0	0	0	0	0	0
Total	1,697	74	31	0	1,802	1,651

10.3. Retirements due to ill-health

	2019-20 £000	2018-19 £000
Number	1	1
Estimated additional pension costs £	110,956	17,032

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.

10.4 Employee benefits

Public Health Wales NHS Trust offers a lease car scheme and two salary sacrifice schemes (childcare and bikes).

10.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2019-20	2019-20	2019-20	2019-20	2018-19
	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	1	1	2	0	4
£10,000 to £25,000	0	1	1	0	0
£25,000 to £50,000	1	1	2	0	1
£50,000 to £100,000	0	1	1	0	1
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	2	4	6	0	6

Exit packages cost band (including any special payment element)	2019-20	2019-20	2019-20	2019-20	2018-19
	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£	£	£	£	£
less than £10,000	7,434	7,524	14,958	0	10,878
£10,000 to £25,000	0	23,761	23,761	0	0
£25,000 to £50,000	40,889	43,772	84,661	0	43,772
£50,000 to £100,000	0	55,291	55,291	0	65,651
£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	48,323	130,348	178,671	0	120,301

Redundancy, voluntary early release, and other departure costs have been paid in accordance with the provisions of the relevant schemes / legislation. Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust 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 (see note 10.3 for details of ill health retirement costs).

The disclosure reports the number and value of exit packages agreed in the year in line with the Welsh Government manual for accounts. The expense associated with these departures may have been recognised in part or in full in a previous period.

The redundancy reported above in category 'less than £10,000' for £7,434, has been fully funded through the Early Action Together (EAT) programme and authorised by the Finance, Risk and Internal Control Sub-Committee (FRICS). This is a collaborative programme that Public Health Wales NHS Trust is a member of alongside South Wales Police and other organisations.

10.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Public Health Wales NHS Trust in the financial year 2019-20 was £155,000 to £160,000 (2018-19, £160,000 to £165,000. This was 4.34 times (2018-19, 5.31 times) the median remuneration of the workforce, which was £36,326 (2018-19, £30,588).

In 2019-20, 3 (2018-19, 0) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £17,652 to £279,474 (2018-19, £17,460 to £162,954).

The increase in number of employees who are remunerated in excess of the highest-paid director and the related increase in range of staff remuneration is due to employing staff in highly paid roles for medical specialisms.

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.

Overtime payments are included for the calculation of both elements of the relationship.

11. Pensions

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.

12. Public Sector Payment Policy

12.1 Prompt payment code - measure of compliance

The Welsh Government requires that trusts 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 trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the later.

	2019-20 Number	2019-20 £000	2018-19 Number	2018-19 £000
NHS				
Total bills paid in year	2,410	26,667	2,325	24,880
Total bills paid within target	2,071	19,837	1,945	19,605
Percentage of bills paid within target	85.9%	74.4%	83.7%	78.8%
Non-NHS				
Total bills paid in year	21,899	57,105	21,972	53,907
Total bills paid within target	21,095	54,004	21,104	51,473
Percentage of bills paid within target	96.3%	94.6%	96.0%	95.5%
Total				
Total bills paid in year	24,309	83,772	24,297	78,787
Total bills paid within target	23,166	73,841	23,049	71,078
Percentage of bills paid within target	95.3%	88.1%	94.9%	90.2%

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

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

13. Property, plant and equipment

2019-20	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2019	566	4,929	0	0	13,628	3,484	5,954	1,810	30,371
Indexation	(6)	67	0	0	0	0	0	0	61
Additions - purchased	0	0	0	0	546	893	1,840	35	3,314
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(64)	(174)	(9)	(7)	(254)
At 31 March 2020	560	4,996	0	0	14,110	4,203	7,785	1,838	33,492
Depreciation									
At 1 April 2019	0	2,301	0	0	11,314	898	3,684	822	19,019
Indexation	0	15	0	0	0	0	0	0	15
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(66)	(174)	(9)	(7)	(256)
Charged during the year	0	231	0	0	1,089	405	871	177	2,773
At 31 March 2020	0	2,547	0	0	12,337	1,129	4,546	992	21,551
Net book value									
At 1 April 2019	566	2,628	0	0	2,314	2,586	2,270	988	11,352
Net book value									
At 31 March 2020	560	2,449	0	0	1,773	3,074	3,239	846	11,941

13. Property, plant and equipment (continued)

2019-20	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020 comprises:									
Purchased	560	2,449	0	0	1,773	3,074	3,239	846	11,941
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2020	560	2,449	0	0	1,773	3,074	3,239	846	11,941
Asset Financing:									
Owned	560	2,449	0	0	1,773	3,074	3,239	846	11,941
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2020	560	2,449	0	0	1,773	3,074	3,239	846	11,941
The net book value of land, buildings and dwellings at 31 March 2020 comprises:									£000
Freehold									3,009
Long Leasehold									0
Short Leasehold									0
Total									3,009

13. Property, plant and equipment (continued)

2018-19	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2018	555	4,893	0	0	13,427	1,948	10,486	2,109	33,418
Indexation	11	49	0	0	0	0	0	0	60
Additions - purchased	0	6	0	0	401	1,563	193	41	2,204
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	1	0	0	21	0	(548)	(307)	(833)
Revaluation	0	0	0	0	0	0	0	0	0
Reversal of impairment	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(20)	0	0	(221)	(27)	(4,177)	(33)	(4,478)
At 31 March 2019	566	4,929	0	0	13,628	3,484	5,954	1,810	30,371
Depreciation									
At 1 April 2018	0	2,029	0	0	10,011	735	7,151	710	20,636
Indexation	0	20	0	0	0	0	0	0	20
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	1	0	0	2	0	(178)	(29)	(204)
Revaluation	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(20)	0	0	(221)	(27)	(4,177)	(33)	(4,478)
Charged during the year	0	271	0	0	1,522	190	888	174	3,045
At 31 March 2019	0	2,301	0	0	11,314	898	3,684	822	19,019
Net book value									
At 1 April 2018	555	2,864	0	0	3,416	1,213	3,335	1,399	12,782
Net book value									
At 31 March 2019	566	2,628	0	0	2,314	2,586	2,270	988	11,352

13. Property, plant and equipment (continued)

2018-19	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019 comprises:									
Purchased	566	2,159	0	0	2,314	2,586	2,270	988	10,883
Donated	0	469	0	0	0	0	0	0	469
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2019	566	2,628	0	0	2,314	2,586	2,270	988	11,352
Asset Financing									
Owned	566	2,628	0	0	2,314	2,586	2,270	988	11,352
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2019	566	2,628	0	0	2,314	2,586	2,270	988	11,352
The net book value of land, buildings and dwellings at 31 March 2019 comprises:									£000
Freehold									3,194
Long Leasehold									0
Short Leasehold									0
Total									3,194

The NHS Trust 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 Institution of Chartered Surveyors' Valuation Standards, 6th Edition. Trusts 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.

13. Property, plant and equipment (continued)

Disclosures:

i) Donated Assets

Public Health Wales NHS Trust has not received any donated assets during the year.

ii) Valuations

The Trust'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.

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

iii) Asset Lives

Depreciated as follows:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 5-15 years.

iv) Compensation

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

v) Write Downs

There have been no write downs.

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

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

The Trust sold several assets during the period resulting in a net gain on sales. Detail of sales is provided below.

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
Diabetic Eyescreening Screening Wales Vans including retrofitted lifts	Replacement programme	10
Microbiology lab equipment	Replacement programme	1
Anerobic cabinet	Early upgrade due to COVID-19	-2
Radiation test instrument #1	Replacement programme	1
		10

13.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2019	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0
Less impairment for 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 c/f 31 March 2020	0	0	0	0	0	0
Balance b/f 1 April 2018	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0
Less impairment for 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 c/f 31 March 2019	0	0	0	0	0	0

14. Intangible assets

	Computer software purchased £000	Computer software internally developed £000	Licenses and trade-marks £000	Patents £000	Development expenditure internally generated £000	CRC Emission Trading Scheme £000	Total £000
Cost or valuation							
At 1 April 2019	359	419	494	0	0	0	1,272
Revaluation		0			0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions							
- purchased	37	304	84	0	229	0	654
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
At 31 March 2020	396	723	578	0	229	0	1,926

14. Intangible assets (continued)

	Computer software purchased £000	Computer software internally developed £000	Licenses and trade-marks £000	Patents £000	Development expenditure internally generated £000	CRC Emission Trading Scheme £000	Total £000
Amortisation							
At 1 April 2019	222	51	86	0	0	0	359
Revaluation		0			0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Charged during the year	54	84	95	0	0	0	233
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2020	276	135	181	0	0	0	592
Net book value							
At 1 April 2019	137	368	408	0	0	0	913
Net book value							
At 31 March 2020	120	588	397	0	229	0	1,334
Net book value							
Purchased	120	588	397	0	229	0	1,334
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0
At 31 March 2020	120	588	397	0	229	0	1,334

14. Intangible assets (continued)

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2018	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Reclassifications	359	241	233	0	0	0	833
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions							
- purchased	0	178	261	0	0	0	439
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
At 31 March 2019	359	419	494	0	0	0	1,272

14. Intangible assets (continued)

	Computer software purchased £000	Computer software internally developed £000	Licenses and trade-marks £000	Patents £000	Development expenditure internally generated £000	CRC Emission Trading Scheme £000	Total £000
Amortisation							
At 1 April 2018	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Reclassifications	148	12	44	0	0	0	204
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Charged during the year	74	39	42	0	0	0	155
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2019	222	51	86	0	0	0	359
Net book value							
At 1 April 2018	0	0	0	0	0	0	0
Net book value							
At 31 March 2019	137	368	408	0	0	0	913
Net book value							
Purchased	137	368	408	0	0	0	913
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0
At 31 March 2019	137	368	408	0	0	0	913

14. Intangible assets (continued)

Disclosures:

i) Recognition

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

ii) Asset Lives

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

iii) Additions during the period

Additions during 2019/20 consisted of software to upgrade and expand capacity of data storage for Public Health Wales, further costs to develop the bespoke computer system Cervical Screening Information Management System (CSIMS) and costs to purchase, upgrade or expand licences for Public Health Wales to ensure sufficient user capacity and data security.

Further costs were incurred to develop another bespoke computer system; Laboratory Information Network Cymru (LINC). The system is currently in the development stage and is not yet in use. It has been classified as Development expenditure internally generated. Ammortisation will commence when the system is brought into use.

iv) Disposals during the period

There have been no Intangible disposals during the period.

15. Impairments

	2019-20		2018-19	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments in the period arose from:				
Loss or damage from normal operations	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Other (Specify)	0	0	0	0
Reversal of impairment	0	0	0	0
Impairments charged to operating expenses	0	0	0	0
Analysis of impairments:				
Operating expenses in Statement of Comprehensive Income	0	0	0	0
Revaluation reserve	0	0	0	0
Total	0	0	0	0

16. Inventories

16.1 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	0	0
Consumables	866	569
Energy	0	0
Work in progress	0	0
Other	0	0
Total	866	569
Of which held at net realisable value:	0	0

16.2 Inventories recognised in expenses

	31 March 2020 £000	31 March 2019 £000
Inventories recognised as an expense in the period	0	217
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	217

Due to the anticipated effect of Brexit, the inventory balance has been increased during the year and has been maintained at the level recorded in note 16.1.

17. Trade and other receivables

17.1 Trade and other receivables

	31 March 2020 £000	Reclassified 31 March 2019 £000
Current		
Welsh Government	2,936	2,145
WHSSC & EASC	219	0
Welsh Health Boards	5,397	2,489
Welsh NHS Trusts	259	141
Health Education and Improvement Wales (HEIW)	37	46
Non - Welsh Trusts	49	41
Other NHS	20	9
Welsh Risk Pool Claim reimbursement:		
NHS Wales Secondary Health Sector	1,461	2,993
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	51	44
Local Authorities	707	116
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	1,234	1,358
Provision for impairment of trade receivables	(9)	(17)
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	1,514	1,681
Accrued income	504	326
Sub-total	14,379	11,372

17.1 Trade and other receivables (continued)

	31 March 2020 £000	Reclassified 31 March 2019 £000
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	0	325
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	2
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	0	0
Provision for impairment of trade receivables	0	0
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	0	0
Accrued income	0	0
Sub-total	0	327
Total trade and other receivables	14,379	11,699

The great majority of trade is with other NHS bodies. As NHS bodies are funded by Welsh Government, no credit scoring of them is considered necessary.

The value of trade receivables that are past their payment date but not impaired is £1,529k (£1,169k in 2018-19).

The Welsh Government receivables balance includes £421k in respect of additional revenue funding agreed at year-end to help cover additional costs incurred by the Trust due to the COVID-19 pandemic.

17.2 Receivables past their due date but not impaired

	31 March 2020 £000	31 March 2019 £000
By up to 3 months	1,287	1,110
By 3 to 6 months	187	23
By more than 6 months	55	36
Balance at end of financial year	1,529	1,169

17.3 Expected Credit Losses (ECL) Allowance for bad and doubtful debts

	31 March 2020 £000	31 March 2019 £000
Balance at 31 March		(12)
Adjustment for Implementation of IFRS 9		0
Balance at 1 April	(17)	(12)
Transfer to other NHS Wales body	0	0
Provision utilised (Amount written off during the year)	8	0
Provision written back during the year no longer required	0	0
(Increase)/Decrease in provision during year	0	(5)
ECL/Bad debts recovered during year	0	0
Balance at end of financial year	(9)	(17)

17.4 Receivables VAT

	31 March 2020 £000	31 March 2019 £000
Trade receivables	495	275
Other	0	0
Total	495	275

18. Other financial assets

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

19. Cash and cash equivalents

	31 March 2020 £000	31 March 2019 £000
Opening Balance	5,146	6,432
Net change in year	3,673	(1,286)
Closing Balance	8,819	5,146
Made up of:		
Cash with Government Banking Service (GBS)	8,819	5,146
Cash with Commercial banks	0	0
Cash in hand	0	0
Total cash	8,819	5,146
Current investments	0	0
Cash and cash equivalents as in SoFP	8,819	5,146
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash & cash equivalents as in Statement of Cash Flows	8,819	5,146

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

Lease Liabilities £1,250,000

PFI liabilities £Nil

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

20. Trade and other payables at the SoFP Date

	31 March 2020 £000	Reclassified 31 March 2019 £000
Current		
Welsh Government	256	36
WHSSC & EASC	26	4
Welsh Health Boards	2,094	2,642
Welsh NHS Trusts	491	307
Health Education and Improvement Wales (HEIW)	9	0
Other NHS	163	167
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	12	0
Other taxes payable to HMRC	812	38
National Insurance contributions payable to HMRC	1,037	17
Non-NHS trade payables - revenue	3,695	4,590
Local Authorities	2,160	933
Capital payables - Tangible	1,496	1,230
Capital payables - Intangible	53	158
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations due under finance leases and HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	1,284	1,238
Non NHS Accruals	4,727	237
Deferred Income:		
Deferred income brought forward	622	1,146
Deferred income additions	279	308
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	(318)	(832)
Other liabilities - all other payables	0	0
PFI assets - deferred credits	0	0
PFI - Payments on account	0	0
Sub-total	18,898	12,219

Payables relating to the COVID-19 pandemic total £505k.

Clarification on the definition of Non-NHS Payables in the 2019-20 Manual for Accounts has resulted in an increase in Non NHS Accruals between 2018-19 and 2019-20.

20. Trade and other payables at the SoFP Date (continued)

	31 March 2020 £000	Reclassified 31 March 2019 £000
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:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	0	0
Non-NHS trade 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	1,381	1,004
Obligations due under finance leases and HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income:		
Deferred income brought forward	0	0
Deferred income additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	0
Other liabilities - all other payables	0	0
Payments on account	0	0
Sub-total	1,381	1,004
Total	20,279	13,223

Public Health Wales NHS Trust aims to pay all invoices within the 30 day period directed by the Welsh Government.

21. Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Bank overdraft - Government Banking Service (GBS)	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0
Non-current		
Bank overdraft - GBS	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0

21.2 Loan advance/strategic assistance funding

	31 March 2020 £000	31 March 2019 £000
Amounts falling due:		
In one year or less	0	0
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	0	0
Wholly repayable within five years	0	0
Wholly repayable after five years, not by instalments	0	0
Wholly or partially repayable after five years by instalments	0	0
Sub-total	0	0
Total repayable after five years by instalments	0	0

Public Health Wales NHS Trust has not received a loan advance or strategic funding from the Welsh Government.

22. Other financial liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	0	0
Non-current		
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	0	0

23. Provisions

2019-20	Reclassified At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/ from other NHS body	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	£000
Current										
Clinical negligence:-										
Secondary Care	942	0	0	332	0	481	(652)	(109)	0	994
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	0	0	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	87	0	0	82	0	0	(81)	(6)	0	82
All other losses and special payments	226	0	0	0	0	107	(233)	0	0	100
Defence legal fees and other administration	29	0	0	0	0	48	(33)	(14)	0	30
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,284	0	0	414	0	636	(999)	(129)	0	1,206
Non Current										
Clinical negligence:-										
Secondary Care	332	0	0	(332)	0	0	0	0	0	0
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	0	0	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	1,340	0	0	(82)	0	126	0	(93)	0	1,291
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,672	0	0	(414)	0	126	0	(93)	0	1,291

23. Provisions (continued)

2019-20	Reclassified At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/ from other NHS body	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	£000
TOTAL										
Clinical negligence:-										
Secondary Care	1,274	0	0	0	0	481	(652)	(109)	0	994
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	0	0	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	1,427	0	0	0	0	126	(81)	(99)	0	1,373
All other losses and special payments	226	0	0	0	0	107	(233)	0	0	100
Defence legal fees and other administration	29	0	0	0	0	48	(33)	(14)	0	30
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0	0	0
Other	0		0	0	0	0	0	0	0	0
Total	2,956	0	0	0	0	762	(999)	(222)	0	2,497

Expected timing of cash flows:

	In year to 31 March 2021	Between 01-Apr-21 to 31 March 2025	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence:-				
Secondary Care	994	0	0	994
Primary Care	0	0	0	0
Redress Secondary Care	0	0	0	0
Redress Primary Care	0	0	0	0
Personal injury	82	331	960	1,373
All other losses and special payments	100	0	0	100
Defence legal fees and other administration	30	0	0	30
Structured Settlements - WRPS	0	0	0	0
Pensions - former directors	0	0	0	0
Pensions - other staff	0	0	0	0
Restructuring	0	0	0	0
Other	0	0	0	0
Total	1,206	331	960	2,497

23. Provisions (continued)

2018-19 NHS Trust and Welsh Risk Pool	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/ from other NHS body	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	£000
Current										
Clinical negligence:-										
Secondary Care	3,711	0	0	(148)	0	1,118	(2,681)	(1,058)	0	942
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	12	(12)	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	102	0	0	84	0	5	(84)	(20)	0	87
All other losses and special payments	0	0	0	0	0	315	(89)	0	0	226
Defence legal fees and other administration	30	0	0	0	0	45	(30)	(16)	0	29
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	3,843	0	0	(64)	0	1,495	(2,896)	(1,094)	0	1,284
Non Current										
Clinical negligence:-										
Secondary Care	0	0	0	148	0	210	(1)	(25)	0	332
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	0	0	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	1,419	0	0	(84)	0	5	0	0	0	1,340
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,419	0	0	64	0	215	(1)	(25)	0	1,672

23. Provisions (continued)

2018-19
NHS Trust and Welsh Risk Pool

	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/ from other NHS body	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	£000
TOTAL										
Clinical negligence:-										
Secondary Care	3,711	0	0	0	0	1,328	(2,682)	(1,083)	0	1,274
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	12	(12)	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	1,521	0	0	0	0	10	(84)	(20)	0	1,427
All other losses and special payments	0	0	0	0	0	315	(89)	0	0	226
Defence legal fees and other administration	30	0	0	0	0	45	(30)	(16)	0	29
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	5,262	0	0	0	0	1,710	(2,897)	(1,119)	0	2,956

24 Contingencies

24.1 Contingent liabilities

Provision has not been made in these accounts for the following amounts:

	31 March 2020 £000	Reclassified 31 March 2019 £000
Legal claims for alleged medical or employer negligence;		
Secondary care	3,527	440
Primary Care	0	0
Secondary care - Redress	0	0
Primary Care - Redress	0	0
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	86	27
Other (Please specify)	0	0
Total value of disputed claims	3,613	467
Amount recovered under insurance arrangements in the event of these claims being successful	(3,463)	(415)
Net contingent liability	150	52

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;
- Public Health Wales NHS Trust 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 Public Health Wales NHS Trust.

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.

24.2. Remote contingent liabilities

	31 March 2020 £000	31 March 2019 £000
Guarantees	0	0
Indemnities	0	0
Letters of comfort	0	0
Total	0	0

24.3 Contingent assets

	31 March 2020 £000	31 March 2019 £000
Please complete headings if applicable	0	0
	0	0
	0	0
	0	0

The Trust has no contingent assets.

25. Capital commitments

Commitments under capital expenditure contracts at the statement of financial position sheet date were:

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

26. Losses and special payments

Losses and special payments are charged to the Income statement 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 year to 31 March 2020	
	Number	£
Clinical negligence	13	695,794
Personal injury	0	0
All other losses and special payments	5	197,860
Total	18	893,654

Analysis of cases:

Case Reference	Number	Case Type	Amounts paid out in year	Cumulative amount
Cases where cumulative amount exceeds £300,000				
13RYTMN0001	1	Clinical Negligence	45,174	1,678,853
CN-007-14	1	Clinical Negligence	45,000	510,640
CN-W016	1	Clinical Negligence	1,936	690,808
Sub-total	3		92,110	2,880,301
All other cases	15		801,544	914,911
Total cases	18		893,654	3,795,212

27. Finance leases

27.1 Finance leases obligations (as lessee)

Public Health Wales NHS Trust does not have any finance leases.

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	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	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
Total present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0

27.1 Finance leases obligations (as lessee) (continued)

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
Total	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
Total present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0

27.1 Finance leases obligations (as lessee) (continued)

Amounts payable under finance leases:

OTHER	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
Total	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
Total present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0

27.2 Finance lease receivables (as lessor)

Public Health Wales NHS Trust 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
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	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
Less finance charges allocated to future periods	0	0
Total present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0

27.3 Finance Lease Commitment

Public Health Wales NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during 2019-20.

28. Private finance transactions

Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)

Public Health Wales NHS Trust has no PFI or PPP Schemes.

29. Financial Risk Management

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

NHS Trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust treasury activity is subject to review by the Trust's internal auditors.

Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with various Health bodies, which are financed from resources voted annually by parliament. NHS Trusts also largely finance their capital expenditure from funds made available from the Welsh Government under agreed borrowing limits. NHS Trusts are not, therefore, exposed to significant liquidity risks.

Interest-rate risks

The great majority of NHS Trust's financial assets and financial liabilities carry nil or fixed rates of interest. NHS Trusts are not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

NHS Trusts have no or negligible foreign currency income or expenditure and therefore are not exposed to significant foreign currency risk.

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers as disclosed in the trade and other receivables note.

General

The powers of the Trust to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

30. Movements in working capital

	31 March 2020 £000	31 March 2019 £000
Movements in working capital		
(Increase) / decrease in inventories	(297)	217
(Increase) / decrease in trade and other receivables - non-current	327	(327)
(Increase) / decrease in trade and other receivables - current	(3,007)	(1,109)
Increase / (decrease) in trade and other payables - non-current	377	382
Increase / (decrease) in trade and other payables - current	6,679	1,822
Total	4,079	985
Adjustment for accrual movements in fixed assets - creditors	(161)	(806)
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	8	0
Total	3,926	179

31. Other cash flow adjustments

	31 March 2020 £000	31 March 2019 £000
Other cash flow adjustments		
Depreciation	2,773	3,045
Amortisation	233	155
(Gains)/Loss on Disposal	(10)	0
Impairments and reversals	0	0
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	0	0
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	540	591
Total	3,536	3,791

32. Events after reporting period

The need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, 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 organisation and wider society throughout 2020/21 and beyond. The organisation's Governance Framework will need to consider and respond to this need.

The COVID-19 pandemic presented a number of challenges to the organisation and disclosures have been made in the relevant notes to the financial statements to quantify this. There has not been a material impact on the financial statements in 2019/20.

Looking ahead to the 2020/21 financial year, the impact on expenditure due to the COVID-19 pandemic will be material.

33. Related Party transactions

The Trust is a body corporate established by order of the Welsh Minister for Health and Social Services.

The Welsh Government is regarded as a related party. During the year NHS Trust have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Please list all Related party Transactions to include;				
Welsh Government	400	121,242	256	2,936
Aneurin Bevan University Health Board	3,267	1,745	411	504
Betsi Cadwaladr University Health Board	3,540	5,344	165	1,282
Cardiff and Vale University Health Board	5,166	6,881	634	1,485
Cwm Taf Morgannwg University Health Board	2,629	1,832	510	411
Hywel Dda University Health Board	2,168	2,454	184	488
Powys Teaching Health Board	390	335	73	115
Swansea Bay University Health Board	3,737	3,889	117	1,112
Velindre University NHS Trust	4,691	2,584	491	1,770
Welsh Ambulance Service NHS Trust	41	30	0	1
WHSSC/EASC	26	225	26	219
HEIW	9	1,240	9	37
Local Authorities	6,386	1,296	2,161	707

33. Related Party transactions (continued)

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Related Party Transactions where Board members have declared an interest (see notes below for details of relationships):				
Arts Council of Wales	0	2	0	0
Calan Domestic Violence Services	0	13	0	0
Cardiff University	836	46	129	1
Home Office	171	0	63	0
Institute for Healthcare Improvement	392	0	20	0
Sport Wales	0	0	0	0
Swansea University	209	150	93	65
Torfaen County Borough Council (included in Local Authority figure)	223	0	55	8
University College London	5	0	0	0
University of Wales Bangor	185	2	78	0
	34,471	149,310	5,475	11,141

33. Related Party transactions (continued)

Kate Eden, Non-Executive Director, is a Board member and Trustee of the Arts Council of Wales.

Rhiannon Beaumont-Wood, Executive Director of Quality, Nursing and Allied Health Professionals, is a Trustee of Calan Domestic Violence Services.

Professor Mark Bellis, Director of Policy, Research and International Development, is an Honorary Professor at Cardiff University School of Medicine.

Professor Shantini Paranjothy, Non-Executive Director, is a Professor of Preventative Medicine and Co-Director of the Division of Population Medicine at Cardiff University School of Medicine.

Jan Williams, Chair (Board), is Welsh member of the Home Office Domestic Homicide Review Quality Assurance Panel.

Dr John Boulton, Director for NHS Quality Improvement and Patient Safety/Director 1000 Lives Improvement Service, is European Faculty for the Institute for Healthcare Improvement's Improvement Coach Development Programme.

Judi Rhys, Non-Executive Director, is a Non-Executive Director at Sport Wales.

Professor Mark Bellis, Director of Policy, Research and International Development, is an Honorary Professor at Swansea University Medical School.

Dr John Boulton, Director for NHS Quality Improvement and Patient Safety/Director 1000 Lives Improvement Service, is an Honorary Professor at Swansea University.

Alison Ward, Non-Executive Director, is Chief Executive of Torfaen County Borough Council.

Dr Quentin Sandifer, Executive Director of Public Health Services, is an Honorary Senior Lecturer at University College London.

Professor Mark Bellis, Director of Policy, Research and International Development, is a visiting Professor of Public Health at University of Wales, Bangor.

Transactions with Velindre University NHS Trust include the following balances with the Welsh Risk Pool which is hosted by the Trust: expenditure £48k, income £1,852k and amounts due £1,512k.

34. Third party assets

Public Health Wales NHS Trust held £0 cash at bank and in hand at 31 March 2020 (31 March 2019, £0) which relates to monies held by Public Health Wales NHS Trust on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31 March 2020 (31 March 2019, £0).

35. Pooled budgets

Public Health Wales NHS Trust has no pooled budgets.

36. Operating Segments

	PHW NHS Trust		NHS Collaboratives		Finance Delivery Unit		TOTAL		ELIMINATIONS		TOTAL	
	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000
Operating Revenue												
Segmental Income	135,911	123,122	15,571	11,672	1,575	725	153,057	135,519	(146)	(138)	152,911	135,381
	135,911	123,122	15,571	11,672	1,575	725	153,057	135,519	(146)	(138)	152,911	135,381
Operating expenses												
Welsh Government	0	0	0	0	0	0	0	0	0	0	0	0
WHSSC & EASC	0	0	0	0	0	0	0	0	0	0	0	0
Local Health Boards	11,402	11,641	4,305	3,829	15	33	15,722	15,503	(135)	0	15,587	15,503
Welsh NHS Trusts	932	868	1,849	1,395	107	0	2,888	2,263	0	0	2,888	2,263
Other NHS Trusts	72	78	0	0	0	0	72	78	0	0	72	78
Goods and services from other NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of healthcare from non-NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0
Welsh Local Authorities	4,857	4,447	0	0	0	0	4,857	4,447	0	0	4,857	4,447
Other Local Authorities	0	0	0	0	0	0	0	0	0	0	0	0
Directors' costs	1,637	1,489	0	0	0	0	1,637	1,489	0	0	1,637	1,489
Staff costs	84,195	75,426	7,291	5,373	1,042	533	92,528	81,332	0	18	92,528	81,350
Supplies and services - clinical	11,884	10,725	0	0	0	0	11,884	10,725	0	0	11,884	10,725
Supplies and services - general	1,048	977	278	47	1	1	1,327	1,025	0	(156)	1,327	869
Consultancy Services	318	276	80	33	50	50	448	359	0	0	448	359
Establishment	7,743	6,233	854	406	51	37	8,648	6,676	0	0	8,648	6,676
Transport	782	616	9	19	0	0	791	635	0	0	791	635
Premises	6,383	5,888	607	443	80	70	7,070	6,401	0	0	7,070	6,401
Impairments and Reversals of Receivables	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	2,773	3,045	0	0	0	0	2,773	3,045	0	0	2,773	3,045
Amortisation	233	155	0	0	0	0	233	155	0	0	233	155
Impairments and reversals of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Audit fees	151	151	0	0	0	0	151	151	0	0	151	151
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	337	346	0	0	0	0	337	346	0	0	337	346
Research and development	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	1,205	784	298	127	229	0	1,732	911	(11)	0	1,721	911
Total	135,952	123,145	15,571	11,672	1,575	724	153,098	135,541	(146)	(138)	152,952	135,403
Investment Revenue	73	48	0	0	0	0	73	48	0	0	73	48
Other Gains and Losses	10	0	0	0	0	0	10	0	0	0	10	0
Finance Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total	83	48	0	0	0	0	83	48	0	0	83	48
SURPLUS / (DEFICIT)	42	25	0	0	0	1	42	26	0	0	42	26

37. Other Information

37.1. 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 Trust data for March 2020.

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020		£'000
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Revenue from patient care activities	2019-20	3866
Operating expenses	2019-20	-3866

3. Analysis of gross operating costs

3. Revenue from patient care activities

Welsh Government	2019-20	3866
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5.1 Operating expenses

Directors' costs	2019-20	70
Staff costs	2019-20	3796

10.1 Employee costs

Permanent Staff

Employer contributions to NHS Pension Scheme	2019-20	3866
Charged to capital	2019-20	0
Charged to revenue	2019-20	3866

20. Trade and other payables at the SoFP Date

Current

Pensions: staff	Balance at 31 March 2020	0
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37.2. IFRS 16 Disclosure

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 be fully funded and so will not have a significant impact and this will be worked through for disclosure in our 2020-21 financial statements.

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

NHS TRUSTS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2010 and subsequent financial years in respect of the NHS Wales Trusts in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:
 - (a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;
 - (b) any other specific guidance or disclosures required by the Welsh Government.

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, 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 to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.
4. For the financial year ended 31 March 2010 and subsequent years, the account of the Trust 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.

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 : 17.06.2010

1 Please see regulation 3 of the 2009 No 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities) (Wales) Order 2009

