

ANEURIN BEVAN UNIVERSITY LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

The Local Health Board was established on 1st October 2009 following the merger of Gwent Healthcare NHS Trust and the following Local Health Boards.

Blaenau Gwent Local Health Board
Caerphilly Local Health Board
Monmouthshire Local Health Board
Newport Local Health Board
Torfaen Local Health Board

The Health Board covers the areas of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen with a population of approximately 600,000 people. The Health Board has an annual budget from the Welsh Government of just over £1.3 billion per year from which we plan and deliver services for the population of the Health Board area. The Health Board, as well as providing services locally, works in partnership to seek to improve health and well-being in the area, particularly through our partnership arrangements to respond to the Social Services and Well-Being Act and the Well Being of Future Generations Act.

Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2020-21. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Expenditure on Primary Healthcare Services	3.1	287,056	276,914
Expenditure on healthcare from other providers	3.2	417,804	379,749
Expenditure on Hospital and Community Health Services	3.3	951,356	766,378
		1,656,216	1,423,041
Less: Miscellaneous Income	4	(105,020)	(103,895)
LHB net operating costs before interest and other gains and losses		1,551,196	1,319,146
Investment Revenue	5	(17)	(18)
Other (Gains) / Losses	6	(43)	(78)
Finance costs	7	683	753
Net operating costs for the financial year		1,551,819	1,319,803

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

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

Other Comprehensive Net Expenditure

	2020-21 £'000	2019-20 £'000
Net (gain) / loss on revaluation of property, plant and equipment	(6,695)	(1,737)
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(6,695)	(1,737)
Total comprehensive net expenditure for the year	1,545,124	1,318,066

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

Statement of Financial Position as at 31 March 2021

		31 March 2021 £'000	31 March 2020 £'000
	Notes		
Non-current assets			
Property, plant and equipment	11	779,935	760,424
Intangible assets	12	6,595	4,563
Trade and other receivables	15	118,391	148,912
Other financial assets	16	554	586
Total non-current assets		905,475	914,485
Current assets			
Inventories	14	9,857	9,486
Trade and other receivables	15	95,887	58,561
Other financial assets	16	32	31
Cash and cash equivalents	17	1,821	1,301
		107,597	69,379
Non-current assets classified as "Held for Sale"	11	1,205	1,131
Total current assets		108,802	70,510
Total assets		1,014,277	984,995
Current liabilities			
Trade and other payables	18	(202,444)	(144,924)
Other financial liabilities	19	0	0
Provisions	20	(45,999)	(18,372)
Total current liabilities		(248,443)	(163,296)
Net current assets/ (liabilities)		(139,641)	(92,786)
Non-current liabilities			
Trade and other payables	18	(4,315)	(5,226)
Other financial liabilities	19	0	0
Provisions	20	(124,942)	(155,459)
Total non-current liabilities		(129,257)	(160,685)
Total assets employed		636,577	661,014
Financed by :			
Taxpayers' equity			
General Fund		512,572	543,040
Revaluation reserve		124,005	117,974
Total taxpayers' equity		636,577	661,014

The financial statements on pages 2 to 7 were approved by the Board on 9th June 2021 and signed on its behalf by:

Chief Executive and Accountable Officer

Judith Paget

Date: 9th June 2021

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

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2020-21			
Balance at 1 April 2020	543,040	117,974	661,014
Net operating cost for the year	(1,551,819)		(1,551,819)
Net gain/(loss) on revaluation of property, plant and equipment	0	6,695	6,695
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other Reserve Movement	0	0	0
Transfers between reserves	664	(664)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2020-21	(1,551,155)	6,031	(1,545,124)
Net Welsh Government funding	1,495,498		1,495,498
Notional Welsh Government Funding	25,189		25,189
Balance at 31 March 2021	512,572	124,005	636,577
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	18,261		18,261
Welsh Government Covid 19 Revenue Funding	142,557		142,557

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

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	430,993	117,518	548,511
Net operating cost for the year	(1,319,803)		(1,319,803)
Net gain/(loss) on revaluation of property, plant and equipment	0	1,737	1,737
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	1,281	(1,281)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2019-20	(1,318,522)	456	(1,318,066)
Net Welsh Government funding	1,407,584		1,407,584
Notional Welsh Government Funding	22,985		22,985
Balance at 31 March 2020	543,040	117,974	661,014

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

Statement of Cash Flows for year ended 31 March 2021

		2020-21 £'000	2019-20 £'000
Cash Flows from operating activities	Notes		
Net operating cost for the financial year		(1,551,819)	(1,319,803)
Movements in Working Capital	27	52,668	(40,771)
Other cash flow adjustments	28	123,531	97,738
Provisions utilised	20	(12,352)	(11,006)
Net cash outflow from operating activities		(1,387,972)	(1,273,842)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(104,378)	(130,693)
Proceeds from disposal of property, plant and equipment		927	633
Purchase of intangible assets		(2,723)	(2,833)
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Net cash inflow/(outflow) from investing activities		(106,174)	(132,893)
Net cash inflow/(outflow) before financing		(1,494,146)	(1,406,735)
Cash Flows from financing activities			
Welsh Government funding (including capital)		1,495,498	1,407,584
Capital receipts surrendered		0	0
Capital grants received		0	93
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		(832)	(625)
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		1,494,666	1,407,052
Net increase/(decrease) in cash and cash equivalents		520	317
Cash and cash equivalents (and bank overdrafts) at 1 April 2020		1,301	984
Cash and cash equivalents (and bank overdrafts) at 31 March 2021		1,821	1,301

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

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2020-21 Manual for Accounts. The accounting policies contained in that manual follow the 2020-21 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

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

1.1. Accounting convention

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

1.2. Acquisitions and discontinued operations

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

1.3. Income and funding

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

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

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

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

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FReM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non-NHS income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.4.2. Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated from 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34 within these accounts.

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

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

1.4.3. NEST Pension Scheme

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

1.5. Other expenses

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

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

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

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

1.6.2. Valuation

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

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

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

- Specialised buildings – depreciated replacement cost

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

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

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

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

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

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

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

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

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

1.6.3. Subsequent expenditure

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

1.7. Intangible assets

1.7.1. Recognition

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

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

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

Measurement

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

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

1.8. Depreciation, amortisation and impairments

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

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

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

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

1.9. Research and Development

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

1.10 Non-current assets held for sale

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

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

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

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

1.11. Leases

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

1.11.1. The LHB as lessee

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

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

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

1.11.2. The LHB as lessor

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

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

1.12. Inventories

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

Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13. Cash and cash equivalents

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

1.14. Provisions

Provisions are recognised when the LHB has a present legal or constructive obligation as a result of a past event, it is probable that the LHB 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 LHB 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 LHB has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2020-21 and 2019-20. The WRP is hosted by Velindre NHS Trust.

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

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

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

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

1.15. Financial Instruments

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

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

1.16. Financial assets

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

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

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

1.16.1. Financial assets are initially recognised at fair value

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

1.16.2. Financial assets at fair value through SoCNE

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

1.16.3 Held to maturity investments

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

1.16.4. Available for sale financial assets

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

1.16.5. Loans and receivables

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

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

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

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

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

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

1.17. Financial liabilities

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

1.17.1. Financial liabilities are initially recognised at fair value

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

1.17.2. Financial liabilities at fair value through the SoCNE

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

1.17.3. Other financial liabilities

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

1.18. Value Added Tax (VAT)

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

1.19. Foreign currencies

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

1.20. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in Note 31 to the accounts.

1.21. Losses and Special Payments

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

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

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

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

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

1.22. Pooled budget

The LHB has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

The pool budget is hosted by one organisation. Payments for services provided are accounted for as miscellaneous income. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

Monmouthshire County Council - Monnow Vale Health and Social Care Unit

Funds are pooled for the provision of health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs. The pool is hosted by Aneurin Bevan University Local Health Board. The financial operation of the pool is governed by a pooled budget agreement between the Local Health Board and Monmouthshire County Council. The income from Monmouthshire County Council is recorded as Local Authority Income in these accounts.

Expenditure for services provided under the arrangement is recorded under the appropriate expense headings in these accounts.

The property in which the unit is housed has been provided by a Private Finance Partner; the contract with the PFI partner is for 30 years and is categorised as an on balance sheet PFI scheme with the HB recognising **72%** of the property - see Note 32 of these accounts for further details.

The five Local Authorities in Gwent - Gwent Wide Integrated Community Equipment Service

Funds are pooled for the provision of an efficient and effective GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partner localities. The pool is hosted by Torfaen County Borough Council. The Health Board makes a financial contribution to the scheme but does not account for the schemes expenditure or assets/liabilities generated by this expenditure.

The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Torfaen County Borough Council, are accounted for as expenditure within these accounts.

Monmouthshire County Council - Mardy Park Rehabilitation Centre

Funds are pooled for the provision of care to individuals who have rehabilitation needs. The LHB has entered into a pooled budget with Monmouthshire County Council. The pool is hosted by Monmouthshire County Council.

The five Local Authorities in Gwent - Gwent Frailty Programme

Funds are pooled for the purpose of establishing a consistent service across Gwent. The pool is hosted by Caerphilly County Borough Council, as lead commissioner. The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Caerphilly County Borough Council, are accounted for as expenditure within these accounts. Additional information is provided in Note 32.

The five Local Authorities in Gwent and ABUHB – A pooled Fund for Care Home Accommodation functions for Older People

Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions.

The overarching strategic aim of this Agreement is: -

- To ensure coordinated arrangements for ensuring an integrated approach across the Partnership to the commissioning and arranging for Care Home Accommodation for Older People.
- To ensure provision of high quality, cost effective Care Home Accommodation which meets local health and social care needs, through the establishment of a pooled fund
- To develop a managed market approach to the supply of quality provision to meets the needs of Older People Care Home Accommodation.

Funds are pooled for the provision and commissioning of specified services for older people (>65 years of age) in a care home setting in Gwent. The pool has been hosted by Torfaen County Borough Council since August 2018.

The Health Board makes a financial contribution to the scheme equivalent to actual expenditure incurred in commissioning related placements in homes during the year, but in addition does incur minimal costs associated with a share of the services provided by the host organisation and these are accounted for as expenditure within these accounts.

1.23. Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.24. Key sources of estimation uncertainty

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

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

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

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

In line with International Accounting Standard (IAS)19, the Health Board has included in its accounts an accrual for untaken annual leave as at 31st March 2021. The impact of COVID-19 has had a significant impact on the ability of staff to take annual leave during 2020-21. The accrual is reflected in notes 3.1, 3.3 and 9.1 to the accounts.

1.24.1. Provisions

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

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

1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

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

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

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.25%.

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

The Health Board has provided for some £163m (£168m 2019/20) within note 20 in respect of potential clinical negligence and personal injury claims and associated defence fees. These provisions have been arrived at on the advice of NHS Wales Shared Services Partnership - Legal & Risk Services. Given the nature of such claims this figure could be subject to significant change in future periods. However, the potential financial effect of such uncertainty is mitigated by the fact that the LHB's ultimate liability in respect of individual cases is capped at £0.025m, with amounts above this excess level being reimbursed by the Welsh Risk Pool.

The Health Board has estimated a liability of £0.458m (£0.289m 2019/20) in respect of retrospective claims for Continuing Health Care funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing health care and the actual costs incurred by individuals in care homes. The provision is based on information made available to the Health Board at the time of these accounts and could be subject to significant change as outcomes are determined. Aneurin Bevan University Local Health Board has reviewed its portfolio of outstanding claims for continuing healthcare and made an assessment of likely financial liability based on an estimated success factor, eligibility factor and expected weekly average costs of claims. The assumptions have been derived by reviewing a sample of claims.

Primary care expenditure includes estimates for areas which are paid in arrears and not finalised at the time of producing the accounts. These estimates relate to GMS Quality Assurance and Improvement Framework, GMS Enhanced Services, and pharmacy estimates, which are based on an assessment of likely final performance.

1.25 Private Finance Initiative (PFI) transactions

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

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

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

1.25.1. Services received

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

1.25.2. PFI asset

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

1.25.2. PFI liability

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

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

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

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

1.25.3. Lifecycle replacement

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

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

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

1.25.4. Assets contributed by the LHB to the operator for use in the scheme

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

1.25.5. Other assets contributed by the LHB to the operator

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

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

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

Other PFI arrangements off Statement of Financial Position

Where the LHB has no control or residual interest in the assets and the balance of risks and rewards lie with the operator, the arrangement is treated as an operating lease and the costs are included in the SoCNE as incurred. The LHB has two such arrangements relating to the maintenance of the energy systems in the Royal Gwent and Nevill Hall Hospitals.

Joint PFI contract

The LHB has entered into an agreement to share a facility, provided by a Private Finance Partner, with Monmouthshire County Council to match the agreement with the Private Finance Partner. The arrangement is treated as a PFI arrangement and the total obligation is included as a liability of the LHB. The contribution towards the unitary charge committed by Monmouthshire County Council is treated as a financial asset. The future contribution was measured initially at the same amount as the fair value of the share of the PFI asset and is subsequently measured as a finance lease.

1.26. Contingencies

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

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

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

1.27. Absorption accounting

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

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

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

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

IFRS14 Regulatory Deferral Accounts

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

IFRS 16 Leases is to be effective from 1st April 2022.

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

1.29. Accounting standards issued that have been adopted early

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

1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Wales organisation has established that as it is the corporate trustee of the Aneurin Bevan University LHB NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Aneurin Bevan University LHB NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Aneurin Bevan University LHB NHS Charitable Fund within the statutory accounts of the LHB.

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

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

2. Financial Duties Performance

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

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

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

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Net operating costs for the year	1,226,261	1,319,803	1,551,819	4,097,883
Less general ophthalmic services expenditure and other non-cash limited expenditure	(2,149)	(161)	(1,423)	(3,733)
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	1,224,112	1,319,642	1,550,396	4,094,150
Revenue Resource Allocation	1,224,347	1,319,674	1,550,641	4,094,662
Under /(over) spend against Allocation	235	32	245	512

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

The health board received £0 strategic cash only support in 2020-21.

This cash only support is provided to assist the health board with payments to staff and suppliers, there is no requirement to repay this strategic cash assistance.

2.2 Capital Resource Performance

	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Gross capital expenditure	141,139	133,286	112,376	386,801
Add: Losses on disposal of donated assets	0	7	0	7
Less NBV of property, plant and equipment and intangible assets disposed	(81)	(555)	(884)	(1,520)
Less capital grants received	(45)	(93)	(333)	(471)
Less donations received	(121)	(300)	(201)	(622)
Charge against Capital Resource Allocation	140,892	132,345	110,958	384,195
Capital Resource Allocation	140,933	132,373	110,971	384,277
(Over) / Underspend against Capital Resource Allocation	41	28	13	82

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

2.3 Duty to prepare a 3 year integrated plan

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and a temporary quarterly planning arrangement put in place for 2020-21.

As a result the extant planning duty for 2020-21 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22.

The Aneurin Bevan University Health Board submitted a 2019-22 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval

Status

Approved

Date

27/03/2019

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

2.4 Creditor payment

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

	2020-21	2019-20
Total number of non-NHS bills paid	245,667	281,043
Total number of non-NHS bills paid within target	236,594	273,053
Percentage of non-NHS bills paid within target	96.3%	97.2%

The LHB has met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2020-21 Total £'000	2019-20 £'000
General Medical Services	108,993		108,993	103,343
Pharmaceutical Services	32,317	(5,208)	27,109	22,900
General Dental Services	33,079		33,079	36,608
General Ophthalmic Services	2,103	6,631	8,734	8,911
Other Primary Health Care expenditure	2,289		2,289	2,872
Prescribed drugs and appliances	106,852		106,852	102,280
Total	285,633	1,423	287,056	276,914

Note 3.1 - Expenditure on Primary Healthcare Services

The General Medical Services expenditure includes £13,743k (2019/20 £12,427k) in relation to staff salaries, the General Dental Services expenditure includes £1,719k (2019/20 £2,283k) in relation to staff salaries, and the Prescribed Drugs & Appliance expenditure includes £313k (2019/20 £337k) in relation to staff salaries.

3.2 Expenditure on healthcare from other providers

	2020-21 £'000	2019-20 £'000
Goods and services from other NHS Wales Health Boards	58,322	59,424
Goods and services from other NHS Wales Trusts	36,487	34,079
Goods and services from Health Education and Improvement Wales (HEIW)	0	0
Goods and services from other non Welsh NHS bodies	8,469	9,676
Goods and services from WHSSC / EASC	161,384	144,458
Local Authorities	43,934	39,205
Voluntary organisations	14,833	12,953
NHS Funded Nursing Care	8,660	7,671
Continuing Care	81,347	71,005
Private providers	4,228	1,287
Specific projects funded by the Welsh Government	0	0
Other	140	(9)
Total	417,804	379,749

Local Authorities expenditure relates to the following bodies:

	£'000	£'000
Blaenau Gwent County Borough Council	4,442	3,361
Caerphilly County Borough Council	17,785	15,545
Monmouthshire County Council	4,932	4,485
Newport City Council	8,039	8,210
Torfaen County Borough Council	8,626	7,520
Gloucestershire County Council	87	84
Cardiff City Council	21	0
Pembrokeshire County Council	2	0
	43,934	39,205

3.3 Expenditure on Hospital and Community Health Services

	2020-21 £'000	2019-20 £'000 Reclassified
Directors' costs	2,346	2,448
Operational Staff costs	664,559	577,312
Single lead employer Staff Trainee Cost	5,067	0
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	100,158	97,510
Supplies and services - general	23,734	14,125
Consultancy Services	168	848
Establishment	8,670	8,090
Transport	2,429	1,974
Premises	36,870	29,348
External Contractors	0	0
Depreciation	32,654	25,403
Amortisation	1,574	948
Fixed asset impairments and reversals (Property, plant & equipment)	62,133	(3,154)
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	209	0
Audit fees	373	382
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,886	3,154
Research and Development	0	0
Other operating expenses	8,526	7,990
Total	951,356	766,378

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

	2020-21 £'000	2019-20 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	10,844	51,032
Primary care	0	0
Redress Secondary Care	5	498
Redress Primary Care	0	0
Personal injury	86	751
All other losses and special payments	30	198
Defence legal fees and other administrative costs	1,731	1,614
Gross increase/(decrease) in provision for future payments	12,696	54,093
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(95)	475
Less: income received/due from Welsh Risk Pool	(10,715)	(51,414)
Total	1,886	3,154

	2020-21 £	2019-20 £
Permanent injury included within personal injury £:	34,156	374,241

The Health Board spent £2.2m (£2.2m 2019/20) on Research and Development. The majority of this spend relates to staff £1.9m (£1.8m 2019/20) which along with the non-staff spend is reflected under the various headings within note 3.3.

Note 3.4 includes £548,056 (£959,157 2019/20) relating to Redress cases which represents 75 (96 2019/20) cases where payments were made in year totalling £236,694 (£412,812 2019/20) including defence fees. An additional provision has been created for a further 36 (50 2019/20) cases where an offer has been made or causation and breach have been proven with estimated costs of £311,362 (£546,345 2019/20).

4. Miscellaneous Income

	2020-21 £'000	2019-20 £'000
Local Health Boards	21,348	21,221
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	8,905	8,881
NHS Wales trusts	10,172	8,429
Health Education and Improvement Wales (HEIW)	10,130	9,623
Foundation Trusts	4	37
Other NHS England bodies	1,211	2,431
Other NHS Bodies	16	62
Local authorities	18,260	17,553
Welsh Government	7,252	7,146
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	1,865	6,997
Private patient income	16	312
Overseas patients (non-reciprocal)	63	246
Injury Costs Recovery (ICR) Scheme	886	1,777
Other income from activities	972	930
Patient transport services	0	0
Education, training and research	3,689	3,558
Charitable and other contributions to expenditure	1,243	1,091
Receipt of NWSSP Covid centrally purchased assets	7,057	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	201	300
Receipt of Government granted assets	389	93
Non-patient care income generation schemes	69	125
NHS Wales Shared Services Partnership (NWSSP)	0	(2)
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
Other income:		
Provision of laundry, pathology, payroll services	72	73
Accommodation and catering charges	1,736	3,292
Mortuary fees	331	259
Staff payments for use of cars	758	791
Business Unit	1,887	1,800
Other	6,488	6,870
Total	105,020	103,895
Other income Includes;		
Salary Sacrifice Schemes & Fleet Vehicles	2,129	2,165
VAT recoveries re Business Activities and accrued income	1,060	1,062
Other	3,299	3,643
	0	0
	0	0
	0	0
Total	6,488	6,870
Welsh Government Covid 19 income included in total above;.	20	0
Injury Cost Recovery (ICR) Scheme income		
	2020-21	2019-20
	%	%
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	22.43	21.79

Welsh Government provided a Cyber Security Grant totalling £20K in relation to IT infrastructure as part Health Board's response Covid-19.

Included in note 3.3 is £7.057m of Personal Protective Equipment (PPE) items received from NWSSP which have been offset by the income identified in note 4 above. There is no overall financial impact on the Health Board in relation to these PPE items.

5. Investment Revenue

	2020-21 £000	2019-20 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	17	18
Total	17	18

6. Other gains and losses

	2020-21 £000	2019-20 £000
Gain/(loss) on disposal of property, plant and equipment	43	80
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	(2)
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	43	78

7. Finance costs

	2020-21 £000	2019-20 £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	381	439
contingent finance cost	375	353
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	756	792
Provisions unwinding of discount	(73)	(39)
Other finance costs	0	0
Total	683	753

8. Operating leases

LHB as lessee

As at 31st March 2021 the LHB had 35 operating leases agreements in place for the leases of premises, 697 arrangements in respect of equipment and 395 in respect of vehicles, with 6 premises, 5 equipment and 190 vehicle leases having expired in year.

Payments recognised as an expense	2020-21	2019-20
	£000	£000
Minimum lease payments	6,070	6,120
Contingent rents	0	0
Sub-lease payments	0	0
Total	6,070	6,120

Total future minimum lease payments	£000	£000
Payable		
Not later than one year	4,725	4,188
Between one and five years	9,110	6,628
After 5 years	9,355	10,432
Total	23,190	21,248

LHB as lessor

Rental revenue	£000	£000
Rent	190	190
Contingent rents	0	0
Total revenue rental	190	190

Total future minimum lease payments	£000	£000
Receivable		
Not later than one year	176	176
Between one and five years	704	704
After 5 years	1,085	1,181
Total	1,965	2,061

LHB as Lessee

The LHB has the following leases, none of which is subject to any contingency:

- Leases on properties which are at fixed rentals subject to periodic review. The significant Leases expire at dates between August 2021 and November 2043 except for one lease which does not expire until March 2064
- Leases of medical and other equipment, IT equipment and photocopiers, at fixed rentals, generally for between three and seven years and
- Vehicle leases at fixed rentals generally for a period of three to five years

9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2019-20
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	510,752	2,731	38,406	4,083	0	2,211	558,183	476,844
Social security costs	47,931	0	0	462	0	0	48,393	44,178
Employer contributions to NHS Pension Scheme	82,247	0	0	522	0	0	82,769	75,449
Other pension costs	332	0	0	0	0	0	332	349
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
Total	641,262	2,731	38,406	5,067	0	2,211	689,677	596,820

Charged to capital	1,930	2,013
Charged to revenue	687,747	594,807
	689,677	596,820
Net movement in accrued employee benefits (untaken staff leave accrual included above)	245	94
Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above)	17,129	0

The staff under the 'Other' heading relate to Agency Medical Staff who are paid via a direct engagement scheme which commenced in January 2020.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2019-20
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,352	22	16	0	0	0	2,390	2,270
Medical and dental	1,010	8	60	89	0	12	1,179	1,111
Nursing, midwifery registered	3,601	1	223	0	0	0	3,825	3,616
Professional, Scientific, and technical staff	451	1	4	0	0	0	456	427
Additional Clinical Services	2,566	0	16	0	0	0	2,582	2,322
Allied Health Professions	764	0	10	0	0	0	774	756
Healthcare Scientists	226	5	6	0	0	0	237	234
Estates and Ancillary	1,001	0	216	0	0	0	1,217	1,092
Students	1	0	0	0	0	0	1	3
Total	11,972	37	551	89	0	12	12,661	11,831

9.3. Retirements due to ill-health

	2020-21	2019-20
Number	12	7
Estimated additional pension costs £	473,647	541,118

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

9.4 Employee benefits

The LHB does not have an employee benefit scheme, please give details.

9.5 Reporting of other compensation schemes - exit packages

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

Exit costs paid in year of departure	Total paid in year 2020-21	Total paid in year 2019-20
	£'s	£'s
Exit costs paid in year	0	0
Total	0	0

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

The Health Board has not approved any VERS in 2020/21.

Additional requirement as per FReM

£0 exit costs were paid in 2020-21, the year of departure (£0 - 2019-20).

9.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB for the financial year 2020-21 was £205k - £210k (2019-20, £200k - £205k). This was 6.8 times (2019-20, 6.7 times) the median remuneration of the workforce, which was £30,615 (2019-20, £30,038).

In 2020-21, 3 (2019-20, 14) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £18k to £228k (2019-20, £18k to £301k).

There was a 1.9% increase in the median remuneration of the workforce due to the pay awards, incremental pay progressions and workforce composition fluctuations.

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions or benefits-in-kind which due to their value are not material.

9.7 Pension costs

PENSION COSTS

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation.

In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

c) National Employment Savings Trust (NEST)

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

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

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

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

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,000 for the 2020-2021 tax year (2019-2020 £6,136 and £50,000).

Restrictions on the annual contribution limits were removed on 1st April 2017.

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

The Welsh Government requires that Health Boards pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the Health Board financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	2020-21	2020-21	2019-20	2019-20
	Number	£000	Number	£000
NHS				
Total bills paid	5,719	302,038	6,234	273,895
Total bills paid within target	4,858	295,559	5,544	265,363
Percentage of bills paid within target	84.9%	97.9%	88.9%	96.9%
Non-NHS				
Total bills paid	245,667	596,364	281,043	589,202
Total bills paid within target	236,594	569,515	273,053	571,483
Percentage of bills paid within target	96.3%	95.5%	97.2%	97.0%
Total				
Total bills paid	251,386	898,402	287,277	863,097
Total bills paid within target	241,452	865,074	278,597	836,846
Percentage of bills paid within target	96.0%	96.3%	97.0%	97.0%

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

	2020-21	2019-20
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	1,466	1,048
Total	1466	1048

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2020	78,457	378,550	2,687	296,279	88,798	548	27,676	3,269	876,264
Indexation	(1,489)	5,349	40	0	0	0	0	0	3,900
Additions									
- purchased	0	7,715	18	47,429	40,469	0	10,587	2,019	108,237
- donated	0	8	0	0	193	0	0	0	201
- government granted	0	0	0	0	333	0	0	0	333
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	319,613	0	(319,613)	0	0	0	0	0
Revaluations	0	(2,819)	0	0	0	0	0	0	(2,819)
Reversal of impairments	0	5,677	38	0	0	0	0	0	5,715
Impairments	(65)	(70,503)	0	0	(374)	0	0	0	(70,942)
Reclassified as held for sale	0	0	0	0	(493)	0	0	0	(493)
Disposals	0	0	0	(835)	(4,482)	0	(2,151)	(421)	(7,889)
At 31 March 2021	76,903	643,590	2,783	23,260	124,444	548	36,112	4,867	912,507
Depreciation at 1 April 2020	0	40,327	227	1,792	58,071	407	13,157	1,859	115,840
Indexation	0	760	4	0	0	0	0	0	764
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	1,792	0	(1,792)	0	0	0	0	0
Revaluations	0	(6,378)	0	0	0	0	0	0	(6,378)
Reversal of impairments	0	414	3	0	0	0	0	0	417
Impairments	0	(3,325)	0	0	(186)	0	0	0	(3,511)
Reclassified as held for sale	0	0	0	0	(210)	0	0	0	(210)
Disposals	0	1	0	0	(4,452)	0	(2,132)	(421)	(7,004)
Provided during the year	0	17,972	80	0	9,190	32	5,036	344	32,654
At 31 March 2021	0	51,563	314	0	62,413	439	16,061	1,782	132,572
Net book value at 1 April 2020	78,457	338,223	2,460	294,487	30,727	141	14,519	1,410	760,424
Net book value at 31 March 2021	76,903	592,027	2,469	23,260	62,031	109	20,051	3,085	779,935
Net book value at 31 March 2021 comprises :									
Purchased	73,857	590,186	2,469	23,260	61,020	109	20,030	3,057	773,988
Donated	3,046	1,709	0	0	685	0	21	28	5,489
Government Granted	0	132	0	0	326	0	0	0	458
At 31 March 2021	76,903	592,027	2,469	23,260	62,031	109	20,051	3,085	779,935
Asset financing :									
Owned	76,903	584,103	2,469	23,260	61,492	109	20,051	3,085	771,472
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	7,924	0	0	539	0	0	0	8,463
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2021	76,903	592,027	2,469	23,260	62,031	109	20,051	3,085	779,935

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

	£000
Freehold	663,123
Long Leasehold	8,276
Short Leasehold	0
	671,399

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

0

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

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2019	79,574	367,313	2,611	186,786	88,831	676	22,929	2,663	751,383
Indexation	(748)	2,740	27	0	0	0	0	0	2,019
Additions									
- purchased	0	4,204	24	111,767	6,675	0	6,838	552	130,060
- donated	0	13	0	0	239	0	28	20	300
- government granted	0	93	0	0	0	0	0	0	93
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	2,076	0	(2,244)	0	0	0	168	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	4,533	25	0	0	0	0	0	4,558
Impairments	(32)	(1,574)	0	(30)	0	0	0	0	(1,636)
Reclassified as held for sale	(337)	(848)	0	0	0	0	0	0	(1,185)
Disposals	0	0	0	0	(6,947)	(128)	(2,119)	(134)	(9,328)
At 31 March 2020	78,457	378,550	2,687	296,279	88,798	548	27,676	3,269	876,264
Depreciation at 1 April 2019	0	26,202	147	1,792	57,306	503	11,963	1,721	99,634
Indexation	0	280	2	0	0	0	0	0	282
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	239	1	0	0	0	0	0	240
Impairments	0	(472)	0	0	0	0	0	0	(472)
Reclassified as held for sale	0	(54)	0	0	0	0	0	0	(54)
Disposals	0	0	0	0	(6,835)	(128)	(2,096)	(134)	(9,193)
Provided during the year	0	14,132	77	0	7,600	32	3,290	272	25,403
At 31 March 2020	0	40,327	227	1,792	58,071	407	13,157	1,859	115,840
Net book value at 1 April 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	651,749
Net book value at 31 March 2020	78,457	338,223	2,460	294,487	30,727	141	14,519	1,410	760,424
Net book value at 31 March 2020 comprises :									
Purchased	75,350	336,313	2,460	294,487	30,005	141	14,491	1,374	754,621
Donated	3,107	1,777	0	0	694	0	28	36	5,642
Government Granted	0	133	0	0	28	0	0	0	161
At 31 March 2020	78,457	338,223	2,460	294,487	30,727	141	14,519	1,410	760,424
Asset financing :									
Owned	78,457	329,052	2,460	294,487	30,010	141	14,519	1,410	750,536
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	9,171	0	0	717	0	0	0	9,888
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2020	78,457	338,223	2,460	294,487	30,727	141	14,519	1,410	760,424
The net book value of land, buildings and dwellings at 31 March 2020 comprises :									
Freehold									£000
Long Leasehold									409,655
Short Leasehold									9,485
									0
									419,140

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

0

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

11. Property, plant and equipment (continued)

Disclosures:

i) Donated Assets

Assets totalling £201k during the year were purchased via Charitable Funds donations, and Government Granted equipment assets totalling £333k were received from the Department of Health in relation to the Covid-19 response.

ii) Valuations

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

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

In 2020-21 indexation has been applied to land and buildings based on indices received from the Valuation Office Agency. In 2020-21, no indexation has been applied to equipment.

In addition, in 2020-21 there have been separate revaluations for three assets under construction coming into use. The most significant of these is the opening of the Grange University Hospital, with the others relating to the Lift Replacement Programme in Royal Gwent and Nevill Hall Hospitals and the Theatres Laminar Flow installation at RGH. Updated valuations have also been undertaken for two Assets Held for Sale and reflected in Note 13.

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

The Health Board is required to assess whether it owns any surplus assets which have no sale restrictions and plans for future use to comply with IFRS 13. One equipment asset (RGH Cardiac Catheter Lab 1 imaging system) has been identified as such in 2020/21 following the service relocation to the Grange University Hospital. The asset has been written down to fair value in the accounts and included as an impairment in Note 13.

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

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

There were no disposals of Assets Held for Sale in 2020/21. The two properties classified as Assets Held for Sale during 2019/20 have been revalued during the year and are now planned to be sold in quarter one of 2021/22. One equipment asset (RGH Cardiac Catheter Lab 2 imaging system) has been reclassified to Assets Held for Sale in the period following the service relocation to the Grange University Hospital.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2020	337	794	0	0	0	1,131
Plus assets classified as held for sale in the year	0	0	283	0	0	283
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	(12)	(197)	0	0	(209)
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2021	337	782	86	0	0	1,205
Balance brought forward 1 April 2019	127	293	0	0	0	420
Plus assets classified as held for sale in the year	337	794	0	0	0	1,131
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(127)	(293)	0	0	0	(420)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2020	337	794	0	0	0	1,131

12. Intangible non-current assets

2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	1,514	0	6,001	0	0	0	7,515
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	1,146	0	2,459	0	0	0	3,605
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(217)	0	(1,299)	0	0	0	(1,516)
Gross cost at 31 March 2021	2,443	0	7,161	0	0	0	9,604
Amortisation at 1 April 2020	943	0	2,009	0	0	0	2,952
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	245	0	1,329	0	0	0	1,574
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(218)	0	(1,299)	0	0	0	(1,517)
Amortisation at 31 March 2021	970	0	2,039	0	0	0	3,009
Net book value at 1 April 2020	571	0	3,992	0	0	0	4,563
Net book value at 31 March 2021	1,473	0	5,122	0	0	0	6,595
At 31 March 2021							
Purchased	1,468	0	5,122	0	0	0	6,590
Donated	5	0	0	0	0	0	5
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2021	1,473	0	5,122	0	0	0	6,595

12. Intangible non-current assets

2019-20

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	1,479	0	3,203	0	0	0	4,682
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	35	0	2,798	0	0	0	2,833
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2020	1,514	0	6,001	0	0	0	7,515
Amortisation at 1 April 2019	673	0	1,331	0	0	0	2,004
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	270	0	678	0	0	0	948
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2020	943	0	2,009	0	0	0	2,952
Net book value at 1 April 2019	806	0	1,872	0	0	0	2,678
Net book value at 31 March 2020	571	0	3,992	0	0	0	4,563
At 31 March 2020							
Purchased	561	0	3,992	0	0	0	4,553
Donated	10	0	0	0	0	0	10
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2020	571	0	3,992	0	0	0	4,563

Additional Disclosures re Intangible Assets

i) On initial recognition Intangible non-current assets are measured at cost. 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 asset basis), indexed for relevant price increases, as a proxy for fair value.

ii) The useful economic life of Intangible non-current assets are assigned on an individual asset basis using either a standard life of 5 years or the period covered by a licence.

iii) All fully depreciated assets still in use are being carried at nil net book value. Fully depreciated assets with a GBV of £1,573k were disposed of during the year.

iv) These assets have not been subject to indexation or revaluation during the year.

Additions during the year comprised:

1. Dr Doctor Software Licence £873k with a 2 year life
2. Lightfoot SFN Licence £1,456k with a 3 year life
3. Citrix Licences £450k with a 4 year life
4. ArcServe Anti-Ransomware System £350k with a 5 year life
5. G2 Digital Dictation Licences £168k with a 5 year life
6. Pharmacy Stock Control System £97k with a 5 year life
7. ICT Flow Centre System Licences £57k with a 5 year life
8. Various ICT Software & Licenses £156k with a 5 year life

13 . Impairments

	2020-21	Intangible	2019-20	Intangible
	Property, plant	assets	Property, plant	assets
	& equipment		& equipment	
	£000	£000	£000	£000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	69,129	0	1,912	0
Reversal of Impairments	(5,298)	0	(4,318)	0
Total of all impairments	63,831	0	(2,406)	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	62,342	0	(3,154)	0
Charged to Revaluation Reserve	1,489	0	748	0
	63,831	0	(2,406)	0

	2020-21	Impairment amount	Reason for impairment	Nature of Asset	Valuation basis	Charge to SoCNE	Charge to reserve
		£000				£000	£000
Grange University Hospital		66,585	Assets Valued on Coming Into Use	Operational	Existing Use	66,585	0
Laminar Flow RGH		593	Assets Valued on Coming Into Use	Operational	Existing Use	593	0
Cath Lab 2 RGH		197	Asset valued on moving to AHFS	Held for Sale	Fair Value	197	0
Cath Lab 1 RGH		188	Revalued on Surplus Asset basis	Surplus Plant	Fair Value	188	0
Indexation - Land		1,554	Indexation Loss	Operational	Fair Value	65	1,489
Homelands		12	Updated Market Valuation	Held for Sale	Fair Value	12	0
Total Impairment		69,129				67,640	1,489

Reversal of Impairments

Ysbyty Aneurin Bevan	(950)					(950)	0
Ysbyty Ystrad Fawr	(3,558)					(3,558)	0
Serennu Childrens Centre	(217)					(217)	0
Royal Gwent	(360)		Indexation - reversal of impairment in previous years	Operational Assets	Indexation	(360)	0
St Cadocs	(135)					(135)	0
Llanfrehfa Grange	(37)					(37)	0
Neville Hall	(26)					(26)	0
Various Community Sites	(15)					(15)	0
Total Reversal of Impairments	(5,298)					(5,298)	0
Net credit to SoCNE	63,831					62,342	1,489

14.1 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	3,117	3,428
Consumables	6,563	5,841
Energy	177	217
Work in progress	0	0
Other	0	0
Total	9,857	9,486
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

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

15. Trade and other Receivables

Current	31 March 2021 £000	31 March 2020 £000
Welsh Government	7,017	6,826
WHSSC / EASC	441	998
Welsh Health Boards	1,672	3,447
Welsh NHS Trusts	3,500	3,328
Health Education and Improvement Wales (HEIW)	111	217
Non - Welsh Trusts	208	455
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	63,083	24,895
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	488	752
Other	0	0
Local Authorities	4,273	3,823
Capital debtors - Tangible	0	53
Capital debtors - Intangible	0	0
Other debtors	11,399	11,268
Provision for irrecoverable debts	(1,951)	(2,070)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	5,646	4,569
Other accrued income	0	0
Sub total	95,887	58,561
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	117,181	146,889
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	1,210	2,023
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	118,391	148,912
Total	214,278	207,473

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired

	31 March 2021 £000	31 March 2020 £000
By up to three months	1,264	1,891
By three to six months	194	180
By more than six months	1,257	844
	2,715	2,915

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

Balance at 1 April 2020	(2,070)	(1,663)
Transfer to other NHS Wales body	0	0
Amount written off during the year	24	69
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	89	(497)
Bad debts recovered during year	6	21
Balance at 31 March 2021	(1,951)	(2,070)

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

Receivables VAT

Trade receivables	2,625	2,205
Other	458	220
Total	3,083	2,425

16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	32	31	554	586
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	32	31	554	586

17. Cash and cash equivalents

	2020-21	2019-20
	£000	£000
Balance at 1 April 2020	1,301	984
Net change in cash and cash equivalent balances	520	317
Balance at 31 March 2021	1,821	1,301
Made up of:		
Cash held at GBS	1,797	1,278
Commercial banks	0	0
Cash in hand	24	23
Cash and cash equivalents as in Statement of Financial Position	1,821	1,301
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	1,821	1,301

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

Lease Liabilities £0k
PFI liabilities £832k

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

18. Trade and other payables

Current	31 March 2021 £000	31 March 2020 £000
Welsh Government	66	66
WHSSC / EASC	2,370	164
Welsh Health Boards	2,569	1,557
Welsh NHS Trusts	3,935	3,626
Health Education and Improvement Wales (HEIW)	0	4
Other NHS	4,335	6,113
Taxation and social security payable / refunds	5,170	3,932
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	59,115	46,154
Local Authorities	16,562	18,501
Capital payables- Tangible	11,886	8,080
Capital payables- Intangible	882	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	911	832
Pensions: staff	9,001	8,328
Non NHS Accruals	97,401	56,576
Deferred Income:		
Deferred Income brought forward	0	70
Deferred Income Additions	0	(70)
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	(11,759)	(9,009)
Sub Total	202,444	144,924
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	4,315	5,226
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	4,315	5,226
Total	206,759	150,150

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

The Capital Payables - Tangible figure includes balances that have been agreed with other NHS Wales bodies, as part of the Agreement of Balances process. A balance of £526K was agreed with Cardiff & Vale UHB and £71K was agreed with Velindre University NHS Trust as part of this process.

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March 2021 £000	31 March 2020 £000
Between one and two years	997	911
Between two and five years	1,854	2,725
In five years or more	1,464	1,590
Sub-total	<u>4,315</u>	<u>5,226</u>

19. Other financial liabilities

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

20. Provisions

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	14,314	0	(1,178)	35,737	7,723	(8,735)	(7,468)	0	40,393
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	524	0	0	0	237	(218)	(231)	0	312
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	497	0	0	(169)	165	(263)	(113)	0	117
All other losses and special payments	0	0	0	0	30	(30)	0	0	0
Defence legal fees and other administration	1,155	0	0	660	1,653	(1,032)	(579)		1,857
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	440			90	438	(410)	(107)	(39)	412
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	1,442		0	0	1,719	(52)	(201)		2,908
Total	18,372	0	(1,178)	36,318	11,965	(10,740)	(8,699)	(39)	45,999
Non Current									
Clinical negligence:-									
Secondary care	146,409	0	(4,118)	(35,737)	11,811	(1,074)	(1,223)	0	116,068
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,443	0	0	169	223	(259)	(189)	(34)	3,353
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,686	0	0	(660)	681	(158)	(24)		1,525
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	3,718			(90)	0	0	0	0	3,628
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	203		0	0	327	(121)	(41)		368
Total	155,459	0	(4,118)	(36,318)	13,042	(1,612)	(1,477)	(34)	124,942
TOTAL									
Clinical negligence:-									
Secondary care	160,723	0	(5,296)	0	19,534	(9,809)	(8,691)	0	156,461
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	524	0	0	0	237	(218)	(231)	0	312
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,940	0	0	0	388	(522)	(302)	(34)	3,470
All other losses and special payments	0	0	0	0	30	(30)	0	0	0
Defence legal fees and other administration	2,841	0	0	0	2,334	(1,190)	(603)		3,382
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,158			0	438	(410)	(107)	(39)	4,040
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	1,645		0	0	2,046	(173)	(242)		3,276
Total	173,831	0	(5,296)	0	25,007	(12,352)	(10,176)	(73)	170,941

Expected timing of cash flows:

	In year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	40,393	116,068	0	156,461
Primary care	0	0	0	0
Redress Secondary care	312	0	0	312
Redress Primary care	0	0	0	0
Personal injury	117	1,277	2,076	3,470
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	1,857	1,525	0	3,382
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	412	3,628	0	4,040
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	2,908	368	0	3,276
Total	45,999	122,866	2,076	170,941

The expected timing of cash flows are based on best available information; but they could change on the basis of individual case changes. The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors. The Health Board estimates that in 2021/22 it will receive £40,616,280 and in 2022/23 and beyond £117,181,426 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £458,086. The estimation method used to calculate the provision for 2020/21 is consistent with the methodology used in 2019/20. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established.

Other provisions include an amount for Ancillary Staff Banked Annual Leave Payments, potential VAT payment to HMRC and a provision for potential pension costs known as 'final pay control'.

The total Health Board provision also includes an amount of £311,362 which relates to 36 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

20. Provisions (continued)

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	30,372	(305)	(1,723)	5,179	7,741	(5,936)	(21,014)	0	14,314
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	439	0	0	0	533	(413)	(35)	0	524
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	388	0	0	(96)	682	(441)	(18)	(18)	497
All other losses and special payments	0	0	0	0	198	(198)	0	0	0
Defence legal fees and other administration	1,098	0	0	134	1,060	(746)	(391)		1,155
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	423			113	510	(424)	(161)	(21)	440
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	2,559		0	0	562	(229)	(1,450)		1,442
Total	35,279	(305)	(1,723)	5,330	11,286	(8,387)	(23,069)	(39)	18,372
Non Current									
Clinical negligence:-									
Secondary care	88,484	0	0	(5,179)	65,661	(1,506)	(1,051)	0	146,409
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,260	0	0	96	87	0	0	0	3,443
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,037	0	0	(134)	1,078	(162)	(133)		1,686
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	3,831			(113)	0	0	0	0	3,718
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	919		0	0	988	(951)	(753)		203
Total	97,531	0	0	(5,330)	67,814	(2,619)	(1,937)	0	155,459
TOTAL									
Clinical negligence:-									
Secondary care	118,856	(305)	(1,723)	0	73,402	(7,442)	(22,065)	0	160,723
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	439	0	0	0	533	(413)	(35)	0	524
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,648	0	0	0	769	(441)	(18)	(18)	3,940
All other losses and special payments	0	0	0	0	198	(198)	0	0	0
Defence legal fees and other administration	2,135	0	0	0	2,138	(908)	(524)		2,841
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,254			0	510	(424)	(161)	(21)	4,158
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	3,478		0	0	1,550	(1,180)	(2,203)		1,645
Total	132,810	(305)	(1,723)	0	79,100	(11,006)	(25,006)	(39)	173,831

21. Contingencies

21.1 Contingent liabilities

	2020-21 £'000	2019-20 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	420,315	339,883
Primary care	45	45
Redress Secondary care	146	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	5,719	4,675
Continuing Health Care costs	1,364	2,022
Other	0	0
Total value of disputed claims	427,589	346,625
Amounts (recovered) in the event of claims being successful	(422,167)	(340,543)
Net contingent liability	5,422	6,082

ABUHB – Contingent Liability Note

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them. The legal claims have increased by £81m from 2019/20 with the number of claims increasing from 146 in 2019/20 to 273 in 2020/21.

Liability for Permanent Injury Benefit under the NHS Injury Benefit Scheme lies with the employer. Individual claims to the NHS Pensions Agency could arise due to known incidents.

Continuing Healthcare Cost uncertainties

The Health Board has made progress in completing the review of the outstanding claims for reimbursement of retrospective care payments (IRPs) during 2020/21. As a consequence there has been a movement in the level of provision and uncertainty including in these Accounts.

Note 20 sets out the £0.458m provision made for probable continuing care costs relating to 57 outstanding claims received by 31st March 2021. This compares with the 2019/20 provision of £0.288m and 82 outstanding phase 1 to 7 claims.

Note 21.1 also sets out the £1.364m contingent liability for possible additional continuing care costs relating to those claims if they are all settled and in full, comparing favourably with the £2.022m reported for 2019/20.

During 2016/17 ABUHB took the decision to close 116 claims that had become dormant i.e. no progress made in establishing eligibility, between December 2007 and November 2014. A further 4 claims were added in 2018/19. The contingent liability for these claims reported for 2019/20 was £3.187m. There has been no change to the volume of dormant claims during 20/21 and given their age, the claims have now been closed.

In addition the LHB has a further 7 new (Phase 7) claims, which have been received in the latter part of the financial year for which the assessment process remains incomplete. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however, they may result in additional costs to the LHB, which cannot be quantified at this time.

ABUHB – Contingent Liability Note continued

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.

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

This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants.

Clinical staff have until 31 March 2022 to opt for this scheme and the ability to make changes up to 31 July 2026.

At the date of approval of these accounts, there was insufficient data of take-up of the scheme by the Welsh clinical staff 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 2021, the existence of an unquantified contingent liability is instead disclosed.

21.2 Remote Contingent liabilities

	2020-21 £'000	2019-20 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	14,159	9,800
Letters of Comfort	0	0
Total	14,159	9,800

21.3 Contingent assets

	2020-21 £'000	2019-20 £'000
Please give detail	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March

	2020-21 £'000	2019-20 £'000
Property, plant and equipment	10,090	46,614
Intangible assets	0	0
Total	10,090	46,614

23. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2021	
	Number	£
Clinical negligence	120	10,027,088
Personal injury	47	522,123
All other losses and special payments	149	53,843
Total	316	10,603,054

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

Cases where cumulative amount exceeds £300,000	Number	Case type	Amounts paid out in year	Cumulative amount
			£	£
04RVFPI0038	04RVFPI0038	PI	27,201	438,390
09RVFMN0033	09RVFMN0033	MN	1,728,000	1,918,000
10RVFMN0058	10RVFMN0058	MN	34,900	459,900
14RVFMN0015	14RVFMN0015	MN	0	1,875,324
14RVFMN0061	14RVFMN0061	MN	201,500	1,871,500
14RVFMN0114	14RVFMN0114	MN	74,000	1,308,993
14RVFMN0118	14RVFMN0118	MN	79,967	2,152,500
15RVFMN0185	15RVFMN0185	MN	900,000	1,050,000
16RVFMN0131	16RVFMN0131	MN	93,932	300,781
16RVFMN0139	16RVFMN0139	MN	652,500	745,000
16RVFMN0187	16RVFMN0187	MN	31,000	416,000
16RVFMN0202	16RVFMN0202	MN	433,500	433,500
16RVFMN0206	16RVFMN0206	MN	300,000	495,000
16RVFMN0216	16RVFMN0216	MN	300,000	995,000
16RVFMN0242	16RVFMN0242	MN	0	632,000
17RVFMN0034	17RVFMN0034	MN	1,100,000	1,100,000
17RVFMN0070	17RVFMN0070	MN	136,000	311,000
18RVFMN0110	18RVFMN0110	MN	40,000	340,000
18RVFPI0022	18RVFPI0022	PI	61,873	309,887
20RVFMN0129	20RVFMN0129	MN	350,000	350,000
			0	0
			0	0
Sub-total	20		6,544,373	17,502,775
All other cases	296		4,058,681	10,132,703
Total cases	316		10,603,054	27,635,478

24. Finance leases

24.1 Finance leases obligations (as lessee)

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

Amounts payable under finance leases:

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

24.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

Buildings

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

Present value of minimum lease payments

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

Other

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

Present value of minimum lease payments

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

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

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

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The LHB has two PFI operational schemes deemed to be off-statement of Financial Position

	Newport Hospitals Energy Scheme	Nevill Hall Hospitals Energy Scheme	Total
	£000	£000	£000
Estimated capital value of the PFI scheme	1182	3300	4482

Both schemes relate to the provision of replacement heating and lighting systems within the respective hospitals. Neither has resulted in guarantees, commitments or other rights and obligations upon the LHB. The Newport hospitals scheme commenced in 2015 for a period of 5 years ending in September 2020. The Nevill Hall scheme commenced in 2000 for a period of 25 years. The payments are made quarterly in advance with prepayments at year end for the period beyond 31 March 2021 included in debtors.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts 31 March 2021 £000	Off-SoFP PFI contracts 31 March 2020 £000
Total payments due within one year	861	1,103
Total payments due between 1 and 5 years	3,200	3,359
Total payments due thereafter	0	603
Total future payments in relation to PFI contracts	4,061	5,065
Total estimated capital value of off-SoFP PFI contracts	3,300	4,482

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11

	£000	£000	£000
	4,244	3,118	1,100
	Chepstow Community Hospital	Monnow Vale Health and Social Care Facility	Nevill Hall Hospital Day Surgery
Contract start date:	Feb-00	Mar-04	Sep-99
Contract end date:	Feb-25	Mar-36	Sep-24

Chepstow Community Hospital - a new community hospital including the provision of ancillary support services. This scheme commenced in 1998 with unitary charge payments being made for a period of 25 years from February 2000. The obligation for the scheme is £2,027k.

Monnow Vale Health and Social Care Facility - a new health and social care facility. This scheme commenced in 2006 with unitary charge payments being made for a period of 30 years from 2006. The obligation for the scheme is £2,058k.

Nevill Hall Hospital Day Surgery - a purpose built day unit including the provision of medical equipment for the unit. The PFI partner has responsibility for maintaining the building and replacing the equipment used with the unit. The scheme commenced in 1998 with unitary charge payments being made for a period of 25 years from 1999. The obligation for the scheme is £1,141k.

Total obligations for on-Statement of Financial Position PFI contracts due:

	On SoFP PFI Capital element 31 March 2021 £000	On SoFP PFI Imputed interest 31 March 2021 £000	On SoFP PFI Service charges 31 March 2021 £000
Total payments due within one year	911	318	2,400
Total payments due between 1 and 5 years	2,850	550	8,557
Total payments due thereafter	1,465	234	6,421
Total future payments in relation to PFI contracts	5,226	1,102	17,378
	On SoFP PFI Capital element 31 March 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £000
Total payments due within one year	832	381	2,502
Total payments due between 1 and 5 years	3,636	823	10,485
Total payments due thereafter	1,590	280	6,922
Total future payments in relation to PFI contracts	6,058	1,484	19,909
	31 March 2021 £000		
Total present value of obligations for on-SoFP PFI contracts	23,706		

25.3 Charges to expenditure

	2020-21	2019-20
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	1,987	2,081
Total expense for Off Statement of Financial Position PFI contracts	1,109	1,313
The total charged in the year to expenditure in respect of PFI contracts	3,096	3,394

The LHB is committed to the following annual charges

	31 March 2021	31 March 2020
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	264
Later than one year, not later than five years	2,321	1,584
Later than five years	553	1,383
Total	2,874	3,231

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

The estimated annual payments in future years will vary from those which the LHB is committed to make during the next year by the impact of movement in the Retail Prices Index. One of the Off SoFP PFI contracts ceased during 2020/21 and as such the number entered reflects the number of contracts in existence at the end of March 2021.

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	3	1
Number of PFI contracts which individually have a total commitment > £500m	0	0

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

PFI Contract

25.5 The LHB has no Public Private Partnerships

26. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

27. Movements in working capital

	2020-21 £000	2019-20 £000
(Increase)/decrease in inventories	(371)	(1,913)
(Increase)/decrease in trade and other receivables - non-current	30,553	(57,837)
(Increase)/decrease in trade and other receivables - current	(37,327)	11,518
Increase/(decrease) in trade and other payables - non-current	(911)	(166)
Increase/(decrease) in trade and other payables - current	57,520	6,462
Total	49,464	(41,936)
Adjustment for accrual movements in fixed assets - creditors	(4,688)	487
Adjustment for accrual movements in fixed assets - debtors	(53)	53
Other adjustments	7,945	625
	52,668	(40,771)

28. Other cash flow adjustments

	2020-21 £000	2019-20 £000
Depreciation	32,654	25,403
Amortisation	1,574	948
(Gains)/Loss on Disposal	(43)	(78)
Impairments and reversals	62,342	(3,154)
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	(7,057)	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	(201)	(300)
Government Grant assets received credited to revenue but non-cash	(389)	(93)
Non-cash movements in provisions	9,462	52,027
Other movements	25,189	22,985
Total	123,531	97,738

29. Events after the Reporting Period

The need to plan and respond to the Covid-19 pandemic has impacted significantly on the Health Board, wider NHS and society in the past year. This has required a dynamic response which has presented a number of opportunities in addition to risks. The need to respond and recover from the pandemic will be with the Health Board and wider society throughout 2021-22 and beyond and the Health Board's Governance Framework will need to consider and respond to this on an ongoing basis.

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 15th June 2021 the date they were certified by the Auditor General for Wales.

30. Related Party Transactions

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

	2020-21		As at 31st March 2021	
	Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	217	11,327	66	7,017
Betsi Cadwaladr University Health Board	566	81	462	17
Cardiff & Vale University Health Board	34,283	3,441	1,586	746
Cwm Taf University Health Board	22,629	1,936	358	75
Hywel Dda University Health Board	748	714	228	5
Powys Teaching Health Board	247	16,152	40	711
Swansea Bay University Health Board	3,207	1,197	421	118
Velindre NHS Trust	52,477	8,211	3,082	2,900
Welsh Ambulance Services NHS Trust	10,721	1,144	477	82
Public Health Wales NHS Trust	1,778	4,254	392	517
Welsh Health Specialised Services Committee	161,384	8,905	2,370	441
Health Education and Improvement Wales (HEIW)	0	10,222	0	111

In addition the LHB has had significant number of material transactions with other Government Departments and other central and local Government bodies. The most significant of these transactions are with the following:-

Government Body	2020-21		As at 31st March 2021	
	Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Blaenau Gwent County Borough Council	5,849	1,435	2,123	304
Caerphilly County Borough Council	19,314	11,635	4,513	2,696
Monmouthshire County Council	6,923	1,593	1,882	543
Newport City Council	10,334	1,939	2,908	444
Torfaen County Borough Council	11,640	1,918	5,049	281

The LHB has also had significant material transactions with the following:

Aneurin Bevan Local Health Board Charitable Fund	17	1,170	32	25
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A number of the LHB's Board members have interests in related parties as follows:

Member	Related Organisation	Relationship with Related Party	2020-21		As at 31st March 2021	
			Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
			£000	£000	£000	£000
Glyn Jones	Citizens Advice Bureau (Caerphilly & Blaenau Gwent)	Voluntary Treasurer and Board Trustee	190	0	0	0
	Royal Brompton & Harefield NHS Foundation Trust	Son is on Student/Clinical Placement	42	1	46	0
	NHS Wales Informatics Service (Hosted by Velindre NHS Trust)	Sister is Project Manager	52,477	8,211	3,082	2,900
	Swansea Bay University Health Board	Niece is on the NHS Wales Graduate Finance Training Scheme	3,207	1,197	421	118
Dr James Calvert	Royal College of Physicians	Clinical Lead of National Asthma Audit	14	0	2	0
Mererid Bowley	Mitie Engineering	Husband employed by	399	0	162	0
Dr Paul Buss	HFMA	Council Member of Institute Costing for Value	3	0	3	0
Richard Bevan	Carers Trust South East Wales	Voluntary Director and Chair of the People and Well Being Committee	223	0	126	0
Philip Robson	Hospice of Valleys	Trustee	408	0	6	0
Chris Koehli	Pobl Group Limited	Non Executive Director	2,067	0	110	0
	Carers Trust Wales	Chair	223	0	126	0
Emrys Elias	Mind UK	Vice Chair and Director Trustee	30	0	0	0
	Mind Cymru	Chair of Governance Board				
	Welsh Health Specialised Services Committee	Vice Chair	161,384	8,905	2,370	441
Katija Dew	Newport Live	Trustee	74	0	6	0
Richard Clark	Torfaen County Borough Council	County Borough Councillor, Deputy Leader and Elected Member	11,640	1,918	5,049	281
David Jones	Ofcom	Non Executive Director for Wales	2	0	0	0
David Street	Caerphilly County Borough Council	Corporate Director, Social Services and Housing	19,314	11,635	4,513	2,696

31. Third Party assets

The LHB held £31,205.63 cash at bank and in hand at 31 March 2021 (31st March 2020, £19,758.14) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £0 at 31st March 2021 (31st March 2020, £0). This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

In addition the LHB had located on its premises £2.0m of consignment stock. This stock remains the property of the supplier until it is used.

32. Pooled budgets

The Health Board has five pooled budgets. The specific accounting treatment of each pooled budget is covered within Accounting Policies note 1.22.

Monnow Vale Health and Social Care Unit

The Health Board has entered into a pooled budget with Monmouthshire County Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 to provide health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs and a memorandum note to the accounts provides details of the joint income and expenditure. The asset value of property, plant & equipment is £4,437K which is split 72% Aneurin Bevan Health Board and 28% Monmouthshire County Council. The costs incurred under the pooled budget is declared in the memorandum trading account.

Gwent Wide Integrated Community Equipment Service

The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen County Borough Councils, for the provision of an effective integrated GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the joint equipment store in the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £903K for 2020/21 (£918K in 2019/20).

Mardy Park Rehabilitation Centre

The Health Board has entered into a pooled budget arrangement with Monmouthshire County Council. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide care to individuals who have rehabilitation needs. The pool is hosted by Monmouthshire County Council and the LHBs contribution is £207K for 2020/21 (£203K in 2019/20).

Gwent Frailty Programme

The Health Board has entered into a pooled budget with 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen County councils, for the provision of a Gwent wide integrated health and social care Frailty service, for service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the purpose of establishing a consistent service for the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £9,730K for 2020/21 (£9,714K in 2019/20).

Continuing Healthcare - Older People in Care Homes

The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen County Councils, for the provision and commissioning of certain specialised services for older people (>65 years of age) in a care home setting in Gwent. Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions. The pool was established in August 2018 and is hosted by Torfaen County Borough Council. Under the arrangement, the Health Board makes a financial contribution equivalent to related expenditure in commissioning related placements in homes during the year. The LHB's contribution is £31,117K for 2020/21 (£37,641K in 2019/20).

Pooled Budget memorandum account for the period 1st April 2020 - 31st March 2021

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,481,819	0	2,481,819
Monmouthshire County Council	361,508	768,436	0	1,129,944
Total Funding	361,508	3,250,255	0	3,611,763
Expenditure				
Aneurin Bevan Health Board	0	2,596,627	0	2,596,627
Monmouthshire County Council	405,864	765,470	0	1,171,334
Total Expenditure	405,864	3,362,097	0	3,767,961
Net (under)/over spend	44,356	111,842	0	156,198

33. Operating segments

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

Whilst the organisation is structured into divisions, the performance management and the allocation of resources flow from the Board of Aneurin Bevan University Health Board.

There are no hosted services within the health board. Divisions do not manage capital programmes, have any autonomy in relation to balance sheets or produce discrete accounts.

For the purposes of IFRS 8 it is therefore deemed that there is no requirement to report any operating segments.

34. Other Information

34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2020 to 31 March 2021. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2020 and February 2021 alongside Health Board/Trust/SHA data for March 2021.

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

	2020-21 £000	2019-20 £000
Statement of Comprehensive Net Expenditure for the year ended 31 March 2021		
Expenditure on Primary Healthcare Services	512	441
Expenditure on Hospital and Community Health Services	24,677	22,544
 Statement of Changes in Taxpayers' Equity For the year ended 31 March 2021		
Net operating cost for the year	25,189	22,985
Notional Welsh Government Funding	25,189	22,985
 Statement of Cash Flows for year ended 31 March 2021		
Net operating cost for the financial year	25,189	22,985
Other cash flow adjustments	25,189	22,985
 2.1 Revenue Resource Performance		
Revenue Resource Allocation	25,189	22,985
 3. Analysis of gross operating costs		
3.1 Expenditure on Primary Healthcare Services		
General Medical, Dental & Prescribing Services	512	441
3.3 Expenditure on Hospital and Community Health Services		
Directors' costs	68	89
Staff costs	24,609	22,455
 9.1 Employee costs		
Permanent Staff		
Employer contributions to NHS Pension Scheme	25,189	22,985
Charged to capital	0	0
Charged to revenue	25,189	22,985
 18. Trade and other payables		
Current		
Pensions: staff	0	0
 28. Other cash flow adjustments		
Other movements	25,189	22,985

34. Other Information

34.2. Other (continued)

Welsh Government Covid 19 Funding

2020-21

£000

Capital

Capital Funding Field Hospitals	9,300
Capital Funding Equipment & Works	8,961
Capital Funding other (Specify)	-

Welsh Government Covid 19 Capital Funding

18,261

Revenue

Sustainability Funding	56,400
C-19 Pay Costs Q1 (Future Quarters covered by SF)	8,527
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	-
PPE (including All Wales Equipment via NWSSP)	8,950
TTP- Testing & Sampling - Pay & Non Pay	-
TTP - NHS & LA Tracing - Pay & Non Pay	7,487
Vaccination - Extended Flu Programme	894
Vaccination - COVID-19	4,911
Bonus Payment	14,663
Annual Leave Accrual - Increase due to Covid	20,295
Urgent & Emergency Care	4,441
Support for Adult Social Care Providers	6,205
Hospices	-
Independent Health Sector	2,127
Mental Health	1,079
Other Primary Care	2,083
Other	4,495

Welsh Government Covid 19 Revenue Funding

142,557

34.3 NHS and Social care staff bonus payment

The Minister for Health and Social Services announced on 17th March 2021 that all directly employed NHS staff with at least one month's continuous services in the NHS in Wales between 17th March 2020 and 28th February 2021 would receive a one off non-consolidated non-pensionable payment of £500.

Included within staff costs in Note 3.3 and 9.1 of the accounts are the estimated costs of £14.7m in respect of these bonus payments, this equating to £735 per employee excluding employer on costs.

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

34. Other Information

34.4 Implementation of IFRS 16

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

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

We expect the introduction of IFRS16 will have a significant impact and this will be worked through for disclosure in our 2022-23 financial statements.

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

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

The maintenance and integrity of Aneurin Bevan university Health Board's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.