Remuneration Report

Salary and Pension entitlements of Senior Managers Remuneration

		2019-20				2018-19			
Name	**Title**	**Salary (bands of £5,000)**	**Benefits in kind (to nearest £100)**	**Pension Benefits**	**Total (bands of £5,000)**	**Salary (bands of £5,000)**	**Benefits in kind (to nearest £100)**	**Pension Benefits**	**Total (bands of £5,000)**
		£000	**£00**	**£000**	**£000**	**£000**	**£00**	**£000**	**£000**
Executive Directors									
Judith Paget	Chief Executive	200 - 205	0	20	225 - 230	200 - 205	0	7	205 - 210
Glyn Jones	Director of Finance & Performance / Deputy Chief Executive (Since 01.07.18)	150 - 155	0	(19)	130 - 135	145 - 150	87	45	195 - 200
Nicola Prygodzicz	Director of Planning, Digital & IT	110 - 115	6	25	135 - 140	110 - 115	4	20	130 - 135
Bronagh Scott	Director of Nursing (Until 30.11.18)	0	0	0	0	85 - 90	0	6	90 - 95
Martine Price	Acting Director of Nursing (From 01.12.18 Until 14.07.19)	35 - 40	0	11	45 - 50	40 - 45	0	42	80 - 85
Rhiannon Jones	Director of Nursing (Since 15.07.19)	90 - 95	0	110	200 - 205	0	0	0	0
Geraint Evans	Director of Workforce and Organisational Development / Deputy Chief Executive (From 01.04.18 to 30.06.18)	130 - 135	0	0	130 - 135	130 - 135	0	0	130 - 135
Dr Sarah Aitken	Director of Public Health & Strategic Partnerships (Until 29.03.20) / Interim Medical Director (Since 30.03.20)	125 - 130	0	33	160 - 165	120 - 125	0	4	125 - 130
Dr Paul Buss	Medical Director	195 - 200	0	0	195 - 200	190 - 195	0	0	190 - 195
Peter Carr	Director of Therapies and Health Sciences (Since 17.10.18)	105 - 110	0	75	180 - 185	45 - 50	0	67	110 - 115
Nick Wood	Chief Operating Officer (Until 09.12.18) / Director of Primary, Community and Mental Health (Since 09.11.18)	145 - 150	51	34	185 - 190	140 - 145	41	23	170 - 175
Director of Operations									
Claire Birchall	Interim Director of Operations (From 20.08.18 Until 11.12.18) / Director of Operations (Since 12.12.18)	105 - 110	0	45	150 - 155	65 - 70	0	11	75 - 80
Board Secretary									
Richard Bevan	Board Secretary	100 - 105	0	23	125 - 130	100 - 105	0	34	135 - 140
Special Advisor to the Board									
Philip Robson	Special Advisor to the Board (Since 24.05.18)	35 - 40	0	0	35 - 40	30 - 35	0	0	30 - 35
Chris Koehli	Special Advisor to the Board (Since 15.07.19)	20 - 25	0	0	20 - 25	0	0	0	0
Non-Executive Directors									
Ann Lloyd CBE	Chairman	65 - 70	0	0	65 - 70	65 - 70	0	0	65 - 70
Philip Robson	Vice Chair (Until 23.05.18)	0	0	0	0	5 - 10	1	0	5 - 10
Emrys Elias	Vice Chair (Since 05.11.18)	55 - 60	0	0	55 - 60	20 - 25	0	0	20 - 25

Katija Dew	Independent Member (Third/Voluntary Sector)	15 - 20	0	0	15 - 20	15 - 20	0	0	15 - 20
Prof. Dianne Watkins	Independent Member (University) (Until 31.12.19)	10 - 15	0	0	10 - 15	15 - 20	0	0	15 - 20
Catherine Brown	Independent Member (Finance) (Until 14.09.19)	5 - 10	0	0	5 - 10	15 - 20	0	0	15 - 20
Richard Clark	Independent Member (Local Authority)	15 - 20	0	0	15 - 20	15 - 20	0	0	15 - 20
Pippa Britton	Independent Member (Community)	15 - 20	0	0	15 - 20	15 - 20	0	0	15 - 20
Frances Taylor	Independent Member (Community) (Until 31.01.20)	10 - 15	0	0	10 - 15	15 - 20	0	0	15 - 20
Paul Daneen	Independent Member (Community) (Since 05.03.20)	0 - 5	0	0	0 - 5	0	0	0	0
Shelley Bosson	Independent Member (Community)	15 - 20	0	0	15 - 20	15 - 20	1	0	15 - 20
David Jones	Independent Member (ICT)	15 - 20	0	0	15 - 20	15 - 20	0	0	15 - 20
Louise Wright	Independent Member (Trade Union)	0	0	0	0	0	0	0	0
Lorraine Morgan	Associate Independent Member (Chair of Stakeholder Group) (Until 30.09.18)	0	0	0	0	0	0	0	0
Keith Sutcliffe	Associate Independent Member (Chair of Stakeholder Group) (Since 05.03.19)	0	0	0	0	0	0	0	0
Claire Marchant	Associate Independent Member (Social Services) (Until 30.05.18)	0	0	0	0	0	0	0	0
David Street	Associate Independent Member (Social Services) (Since 04.10.18)	0	0	0	0	0	0	0	0
Colin Powell	Associate Independent Member (Chair of Health Professionals Forum) (Until 30.11.18)	0	0	0	0	0	0	0	0
Louise Taylor	Associate Independent Member (Chair of Health Professionals Forum) (Since 01.10.19)	0	0	0	0	0	0	0	0

	2019-20	**2018-19**
Band of Highest paid Director's Total Remuneration £000	200 - 205	200 - 205
Median Total Remuneration £	30,038	28,766
Ratio	6.7	7.0

Salary has been reported as gross pay, which is before the deduction of any salary sacrifice schemes. During 2019 -20 Nick Wood had £5k sacrificed in respect of the lease car scheme, Nicola Prygodzicz had £1k sacrificed in respect of the home computing scheme and Claire Birchall had £2k sacrificed in respect of the purchase of annual leave scheme.

The Interim Medical Director was appointed from 30.03.20 to ensure cover whilst the existing Medical Director (who retires on 30.04.20) was on sick leave.

The post of Special Advisor to the Board has been disclosed as it has been deemed to have an influence over board decisions.

The amount of pension benefits for the year which contributes to the single total figure is calculated using a similar method to that used to derive pension values for tax purposes and is based on information received from NHS BSA Pensions Agency.

The value of pension benefits is calculated as follows:
(real increase in pension* x20) + (real increase in any lump sum) – (contributions made by member)
*excluding increases due to inflation or any increase of decrease due to a transfer of pension rights

This is not an amount which has been paid to an individual by the Health Board during the year, it is a calculation which use s information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a persons salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

Remuneration Report continued

Salary and Pension entitlements of Senior Managers Pension Benefits

Name	Title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2020 £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
Judith Paget	Chief Executive	0.0 - 2.5	5.0 - 7.5	100 - 105	300 - 305	2,423	2,256	84	0
Glyn Jones	Director of Finance & Performance / Deputy Chief Executive	0.0 - 2.5	0.0 - 0.0	20 - 25	0 - 0	285	275	(18)	0
Nicola Prygodzicz	Director of Planning, Digital and IT	0.0 - 2.5	(2.5) - 0.0	40 - 45	100 - 105	773	715	24	0
Rhiannon Jones	Director of Nursing (since 15.07.19)	5.0 - 7.5	15.0 - 17.5	50 - 55	155 - 160	1,092	891	115	0
Martine Price	Acting Director of Nursing (until 14.07.19)	0.0 - 2.5	0.0 - 2.5	50 - 55	150 - 155	1,094	990	18	0
Dr Sarah Aitken	Director of Public Health & Strategic Partnerships (Until 29.03.20) / Interim Medical Director (Since 30.03.20)	0.0 - 2.5	5.0 - 7.5	40 - 45	125 - 130	1,041	938	63	0
Peter Carr	Director of Therapies and Health Sciences	2.5 - 5.0	5.0 - 7.5	30 - 35	80 - 85	592	505	60	0
Claire Birchall	Director of Operations	2.5 - 5.0	0.0 - 2.5	35 - 40	75 - 80	616	551	37	0
Nick Wood	Director of Primary, Community & Mental Health	2.5 - 5.0	0.0 - 0.0	25 - 30	0 - 0	354	304	21	0
Richard Bevan	Board Secretary	0.0 - 2.5	(2.5) - 0.0	45 - 50	110 - 115	917	852	30	0

Geraint Evans has chosen not to be covered by the NHS Pension Scheme from June 2017.

Dr Paul Buss was not covered by the NHS Pension Scheme for 2018/19 and 2019/20

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

Aneurin Bevan University Health Board

Annual Governance Statement 2019/2020

1. Scope of responsibility

The Board of Aneurin Bevan University Health Board is accountable for good governance, risk management and internal control of the organisation. As Chief Executive of the Health Board, I have responsibility for maintaining appropriate governance structures and procedures, as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst also safeguarding public funds and this organisation's assets, for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

At the time of preparing this Annual Governance Statement the Health Board and the NHS in Wales are facing unprecedented and increasing pressure in planning and providing services to meet the needs of those who are affected by COVID-19, whilst also planning to resume other activity where this has been impacted.

The required response has meant the whole organisation has had to work very differently both internally and with our staff, partners and stakeholders and it has been necessary to revise the way the governance and operational framework is discharged. In recognition of this, Dr Andrew Goodall, Director General Health and Social Services/NHS Wales Chief Executive wrote to all NHS Chief Executives in Wales, with regard to "COVID -19- Decision Making and Financial Guidance". The letter recognised that organisations would be likely to make potentially difficult decisions at pace and without a firm evidence base or the support of key individuals which under normal operating circumstances would be available. Nevertheless, the organisation is still required to demonstrate that decision-making has been efficient and will stand the test of scrutiny with respect to compliance with Managing Welsh Public Money and demonstrating Value for Money after the COVID-19 crisis has abated and the organisation returns to more normal operating conditions.

To demonstrate this the organisation is recording how the effects of COVID-19 have impacted on any changes to normal decision making processes, for example through the use of a register recording any deviations from normal operating procedures.

Where relevant these, and other actions taken have been explained within this Annual Governance Statement.

This Annual Governance Statement therefore reflects an extended period, including the period from the 1st April 2020 to 30th June 2020 to reflect the amended timescale for development of the Annual Accounts and Annual Governance Statement as a result of NHS Wales' response to the COVID-19 Pandemic.

Aneurin Bevan University Health Board, established on 1st October 2009, covers the areas of Blaenau Gwent, Caerphilly, Monmouthshire, Newport, Torfaen and provides some services for the population of South Powys. The Health Board area has a population of approximately 600,000 people. The Health Board has an annual budget from the Welsh Government of £1.3 billion per year from which we plan, commission 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. These regional statutory partnerships also have the responsibility for the management of funds directly allocated from Welsh Government and the development and delivery of integrated care and services to meet the identified needs of our local population.

During the year the Health Board has been committed to a number of high level objectives expressed within our IMTP and in line with our Clinical Futures Strategy and Programme. The Clinical Futures Programme sets out how we are focusing on population health and well-being and also moving to a better balance of services and care by:

- making primary and community services central to this new integrated model of care and services. Also by developing new relationships with patients to preserve, maintain and improve their own health and well-being;
- delivering most care close to home;
- creating a network of local hospitals providing routine diagnostic and treatment services;
- centralising specialist and critical care services in a purpose built Specialist and Critical Care Centre to be called The Grange University Hospital.

The Health Board in its Integrated Medium Term Plan has expressed a clear change ambition for our organisation and the population that we serve. This change ambition frames our organisational priorities and plans.

Our Change Ambition

In our area, people are looking after their own health and well-being and that of their families. When they need help, this is readily available at home and in their community and supported through innovative technology.

We work in a modern system that with partners delivers the best quality outcomes, utilising best practice in the most appropriate setting. Our service provides truly holistic care from home to home and continuously evolves so it remains leading edge.

Compassionate care is delivered by talented creative teams that we trust and respect to put the needs of our patients at the heart of everything we do.

Our staff tell us they feel empowered, equipped and driven to make a difference to the lives and outcomes of people. Our teams feel listened to, valued and trusted.

We are a dynamic organisation that cares, learns and improves together.

In this Annual Governance Statement the Health Board provides an overview of its performance against this position and also outlines decisions made, areas considered during the year and key risks identified and responded to by the Board and the wider organisation. This is reflected in the IMTP section on page 23 and will be further reflected in the Health Board's Performance Report to be issued in September 2020.

During 2019/2020, the Health Board has continued to develop and improve its system of governance and assurance. This has included the development and approval of a new Board Assurance Framework for the Health Board and a new Risk Management Strategy and approach.

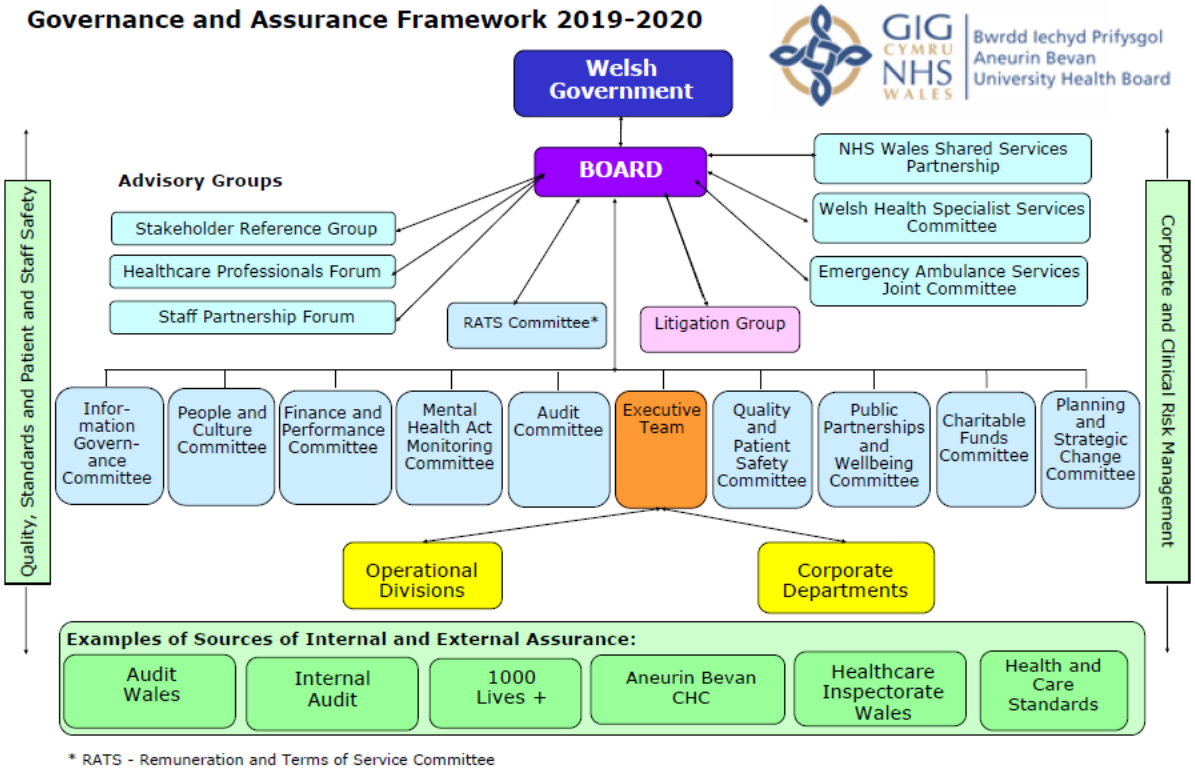
However, as an organisation we are not complacent and we are aware that there is continuing work that has to be undertaken to further develop as an organisation, especially to continue to realise the opportunities and requirements of our status as a University Health Board and as we continue to deliver our Clinical Futures Programme. The Grange University Hospital construction, as part of Clinical Futures, remains on time and to budget. Sights continue to be set on Operational Commissioning when the building is handed over to the Health Board later this year. However, toward the end

of the reporting period of this report early commissioning of 350 beds took place at The Grange University Hospital to support the Health Board's response to the COVID-19 Pandemic. However, these beds are yet to be utilised.

The Health Board's current leadership and stewardship of governance and assurance arrangements include taking assurance from work of our Committees and assessments against the Health and Care Standards for Wales and other professional standards and regulatory frameworks. This is alongside a range of sources of assurance from within and outside the organisation. Further work was undertaken and will continue to be taken forward during 2020/21 to ensure all our arrangements are fit for purpose and appropriately aligned through a comprehensive governance and assurance framework with a key focus on the quality and safety of our clinical services and the key priorities in our Integrated Medium Term Plan (IMTP).

The Health Board's approach also seeks to ensure we meet national priorities set by Welsh Government, locally determined priorities and also national and professional standards throughout the conduct of our business. These are clearly expressed in the Health Board's Integrated Medium Term Plan (IMTP). Further information regarding the IMTP is provided within this Statement. Reporting and monitoring against objectives and the risks associated with their delivery and achievement are actively considered and responded to by the Health Board and its Committees

1.1 Our System of Governance and Assurance



* RATS - Remuneration and Terms of Service Committee

In line with all Health Boards in Wales, Aneurin Bevan University Health Board has agreed Standing Orders for the regulation of proceedings and business of the organisation. New Standing Orders were approved by the Board in November 2019 following new revised Standing Orders being issued by Welsh Government after a national review. These are designed to translate the statutory requirements set out in the LHB (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice, and together with the adoption of a scheme of matters reserved to the Board; a scheme of delegation to officers and others; and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define its 'ways of working'. These documents, together with the Board Assurance Framework and a range of corporate policies set by the Health Board make up the Governance and Assurance Framework and arrangements of the organisation.

During 2019/20 the Health Board completed work to develop a new board assurance framework which had started the previous year. The Board has approved a written Board Assurance Framework, which includes a Board Assurance Map. This outlines the key strategic risks and sources of assurance used by the Board. The Board Assurance Framework was approved by the Board in March 2020 and will be fully implemented during 2020/21. The Board Assurance Framework is also being reviewed and adjusted to reflect the organisation's response to the COVID-19 Pandemic.

The Health Board continues to implement its Values and Behaviours Framework, which was launched by the Board in November 2013 and activity has been undertaken to embed this throughout the organisation and the Framework has been regularly refreshed and updated. The Health Board also introduced an Employee Experience Framework in February 2019, as we are clear that good employee experience and organisational culture shapes positive patient experience. The Health Board has asked the Internal Audit Service to assess how well embedded the Framework is and this will be completed by the end of 2020/21 as it is currently delayed by the COVID-19 Pandemic.

During the year the Health Board's Declarations of Interest and Staff Code of Business Conduct Policy has been reviewed and revised, as part of the regular review process and the new document approved by the Audit Committee. This new document and approach has continued to be publicised and further embedded across the organisation to better manage any conflicts of interest that might arise for our Board Members and staff. This continues to be rolled out across the organisation and communication and engagement undertaken on the requirements of the policy. It is also now included as an element of the annual staff performance review process to encourage conversations between staff and their managers. This work has resulted in an increasing awareness across the Health Board and increased levels of submitted declarations of interest and nil returns.

1.2 The Role of the Board

The Board is chaired by Ann Lloyd CBE and the organisation's operational delivery is led by Judith Paget CBE, Chief Executive, who is the Health Board's Accountable Officer. There has been some change in the executive and Independent membership of the Board during the last year. These changes are outlined in **Table One,** starting on page 18.

Members of the Board have been able to access a programme of development at a national level facilitated by Academi Wales and the Welsh Government. The Health Board has also provided complementary local development and briefing activities at a local level also facilitated through Academi Wales. The Health Board developed an action plan following a first session in April 2019 and this was followed up and reviewed at a further development session in February 2020.

The Health Board usually meets six times a year in public. The Board is made up of individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises the Chair, Vice Chair and nine other Independent Members and the Chief Executive and eight Executive Directors. There are also Associate Independent Members and other senior managers who routinely attend Board Meetings. The full membership of the Board and their lead roles and committee responsibilities are outlined in **Table One** starting on page 18.

The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place. The Board also seeks to ensure that it has an open culture and high standards in the ways in which its work is conducted. Together, Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation.

All the meetings of the Board in 2019/20 were appropriately constituted with a quorum. In March 2020 the Board meeting was held on a quorum basis only due to the COVID-19 pandemic and not in public in line with agreed adjusted governance arrangements, guidance from Welsh Government and also national restrictions in place prohibiting public gatherings. However, the papers were published a week in advance of the meeting and a full report of the minutes were developed and published within a week of the meeting. The key business and risk matters considered by the Board during 2019/20 are outlined in this statement and further information can be obtained from the published Health Board meeting papers on the Health Board's web pages via the following link.

1.3 Committees of the Board

The Health Board has established a range of committees, as outlined in the diagram on page 4. These Committees are chaired by Independent Members of the Board and the Committees have key roles in relation to the system of governance and assurance, decision making, scrutiny, development

discussions, an assessment of current risks and also performance monitoring.

The Health Board has continued to keep its committee structure under review and a revised committee structure was implemented during 2019/2020 following approval by the Board in May 2019 in line with the Health Board's governance framework and priorities of the IMTP.

As part of this review a new **People and Culture Committee** was established to focus on workforce and organisational development aspects of the Health Board's approach. Also, the Mental Health and Learning Disabilities Committee changed to the **Mental Health Act Monitoring Committee**. Key matters with regard to strategy, service change and development are considered through the organisation's committee structure, and particularly the **Planning and Strategic Change Committee**, as is the case for other services of the Health Board. All other Committee remained unchanged, however, the membership was amended and members rotated between committees in line with good practice.

In terms of the existing committee structure, the Planning and Strategic Change Committee has a different model of membership, which includes both Independent Members and Executive Members of the Board. This recognises that the committee is constituted to focus on development and medium and longer term planning matters, rather than acting as an assurance committee for scrutiny purposes.

The committees provide assurance reports and the minutes of their meetings to each Board meeting to contribute to the Board's assessment of assurance and to provide scrutiny on the delivery of objectives. There is some cross representation between committees to support the connection of the business of committees. This was further strengthened during 2019/20 with the introduction of the 'Chairs of Committees' meeting to facilitate the flow of business and assurance between committees and the Board and training has also been undertaken for Chairs of Committees facilitated by Academi Wales. The Health Board is continuing to develop the ways in which its committees operate and work together to ensure the Board has assurance on the breadth of the Health Board's work to meet its objectives and responsibilities and the risks against their non-achievement in line with the Health Board's Board Assurance Framework.

During 2019/20, the Health Board continued to increase its openness and transparency with regard to the ways in which it conducted its committee business. The majority of the committees of the Board continue to meet in public with their papers published on our website prior to their meetings.

The meetings that currently do not meet in public are either because of the confidential nature of their business such as the Remuneration and Terms of Service (RATS) Committee or they are development meetings such as the Planning and Strategic Change Committee, discussing plans and ideas often in their formative stages. The Health Board and its committees have also

sought to undertake a minimum of its business in private sessions and ensure business, wherever possible, is considered in public. During the coming year as part of the Health Board's overall plan for Board and Committee business further work will be completed to continue to build on this position and ensure that we maximise the amount of our business undertaken in public.

The Board, as part of its committee structure, also has a **Charitable Funds Committee** which oversees the Health Board's Charitable Funds on behalf of the Board, as Corporate Trustee for charitable funds. The work of the Committee provides assurance through reporting to the Board that charitable funds are being appropriately considered and overseen within the organisation.

This statement provides below more detailed updates on the Audit Committee, Quality and Patient Safety Committee and the Public Partnerships and Well Being Committee and where Committees have been introduced during the year i.e. the People and Culture Committee. However, further information with regard to the purpose and business of all the Health Board's Committees can be found on the Health Board's web pages via the following link:

https://abuhb.nhs.wales/about-us/committees-partnerships/

A key Committee of the Board in relation to this Annual Governance Statement is the **Audit Committee**, which on behalf of the Board keeps under review the design and adequacy of the Health Board's governance and assurance arrangements and its system of internal control. During 2019/2020, key issues considered by the Audit Committee relating to the overall governance of the organisation have been:

- The Committee approved an Internal Audit Plan for 2019/20 and has kept under review the resulting Internal Audit Reports, noted key areas of risk and tracked the management responses made to improve systems and organisational policies. Improvement of the completion of agreed actions and the sharing of learning has been demonstrated during the year. It also provides the opportunity to scrutinise and challenge areas where anticipated progress has not been made and agree further remedial actions. This has assisted the organisation in assessing and checking the effectiveness of the controls and actions that have been put in place. Further detail is provided in Section 4.1 of this report.

- Continuing to oversee a comprehensive programme of internal audits in Operational Divisions of the organisation with a range of supportive follow-up activity undertaken. The Committee has kept these reports, in particular, on the forward work programme and regular updates from the leads for each area have been submitted to the Committee, to ensure progress and continued traction, where appropriate. There has been a particular focus on monitoring continuing improvement and

seeking assurance regarding the organisation's arrangements for clinical audit, following limited assurance reports in this area in previous years. The Committee had been assured that significant progress had been made, however, the Audit Committee in association with the Quality and Patient Safety Committee will continue to closely scrutinise the progress being made in this area.

- During the year the Committee also considered limited assurance reports on pay incentives, Medical Locum and Agency and Health and Safety and have closely monitored and checked progress in these areas to ensure that the improvements identified are realised and progress in what can be complex areas has been achieved, but recognised there is still more to do and progress in these areas will continue to be monitored in the coming year.

- The Committee continues to work with Audit Wales with regard to the work of external audit on the accuracy of financial statements. The Committee also liaises with Audit Wales on a programme of performance audits within the organisation and assurance reports. This includes the comprehensive Structured Assessment undertaken annually. The Committee has received this assessment and an Action Plan, which will be monitored during the year. The Committee noted the progress that had been made in key areas in response to the Structured Assessment for 2018 and engaged and monitored progress during the year through tracking arrangements. This approach will continue for the published 2019 Action Plan. Further information of the Structured Assessment is provided on page 24.

- The Committee has maintained a focus on improvements in the financial systems and control procedures and the monitoring of payments and trending processes and regular monitoring of implementation of the financial control policies.

- Engaged actively with Counter Fraud, receiving regular update reports throughout the year and approving the Counter Fraud Annual Plan and Annual Report with positive independent assessments received with regard to the effectiveness of the Health Board's Counter Fraud Service.

- Continuing to seek assurance on the processes for post payment verification (PPV) reviews for primary care practitioners with positive progress achieved and noted in key priority areas.

- Further developing the Health Board's approach to risk management strategy and processes. Comprehensive work has been undertaken during the year to implement the recommendations of the Risk Management Landscape Review and the agreed Action Plan. A revised Risk Management Strategy, including a revised 'risk on a page' report and a Board Assurance Framework has been developed and approved, on which the Committee has provided advice to the Board.

- Continued to extend the coverage of the Health Board's current Register of Interests and has advised the updating and further promotion of the Health Board's Code of Business Conduct Policy. The Register of Interested is available on the following link: Register of Interests.

- Produced Practice Note to provide clarity on its expectation for the reporting framework for monitoring the acceptance and implementation of audit recommendations in accordance with agreed timescales. More specifically, it is also intended to clarify the reporting expectations of the Committee and the information required in support of any progress update or any request for implementation deadlines to be extended.

The **Quality and Patient Safety Committee** is also an important committee with regard to the assessment of the Health Board's overall governance and assurance and particularly the quality and safety of the Health Board's services. Key issues and outcomes considered by this committee are outlined below, but have not been highlighted in detail in this document as they are covered comprehensively in the Health Board's Annual Quality Statement to be published in September 2020. The Committee has identified a number of key issues and achievements during 2019/20, which are outlined below:

- The Committee has continued to monitor organisational performance against quality and safety measures, including mortality data, participation in National Clinical Audits, compliance with sepsis bundles, health care associated infections and falls. The Committee received the Infection Control Annual Report and was assured that infection control and prevention was being robustly monitored across the Health Board and that the Health Board was acting to reduce Infection Rates and to prevent Hospital Acquired Infections;

- The regulations for the management of concerns in Wales were introduced in April 2011. The regulations required health bodies to 'investigate once, investigate well'. The Committee has continued to monitor organisational and divisional performance against the 20 and 30 day compliance targets for response and to receive assurance that there is learning from each complaint and/or incident and that this is communicated across the Health Board. Improvement in these compliance rates have been noted across the organisation since the introduction of new processes and additional investment in the capacity of the team. The compliance levels are provided in the Health Board's Annual Quality Statement for 2019/20, which is published in September 2020.

- Any adverse incidents that have occurred within our Health Board or other health bodies, have been considered by the Committee to ensure that the Health Board's arrangements are safe and to consider recommendations for further improvement. In particular, the Committee has considered the learning from the Cwm Taf UHB Maternity Services Report. The Committee took assurance that the

Health Board had in place a clear governance framework on the reporting and learning from quality and safety issues arising within maternity services and has kept this monitored.

- The Committee has continued to monitor performance and progress against a number of key areas of activity, women and children's services, falls prevention, the Health Board's response to the learning from the Independent Investigation into the Care and Treatment provided on Tawel Fan Ward in Betsi Cadwaladr Health Board and quality and safety in theatres in our own Health Board.

- The Committee has continued to monitor Winter Plans to ensure the reduction in patient care delays, improvements to the flow of patients across the system, and improvements of timely access for patients into and out of our system. The Committee received a detailed presentation on the outcome of the Winter Plan 2018/19 and in the development of Winter Plan for 2019/20. The Plans have highlighted areas of good practice and learning to build on the evaluation and experiences of this winter and previous years. This is covered in more detail in the Annual Quality Statement which will be published later this year.

- The Committee receives updates on all Healthcare Inspectorate Wales (HIW) and Aneurin Bevan Community Health Council reports going forward to ensure recommendations made are being progressed across the organisation to enable learning. The Committee has overseen the arrangements for the establishment of a comprehensive tracking and reporting process for all recommendations and actions agreed as a result of these reports.

The **Public Partnerships and Well Being Committee** is also an important Committee of the Board, as it provides assurance to the Health Board regarding the organisation's contribution and commitment to public partnerships, in which the Health Board is playing a key role. This Committee has continued to hold its meetings across the 5 localities of the Health Board in association with its partners and in the context of the work of the Regional Partnership Board for the Health and Social Services Act.

- This includes the Regional Partnership Board for the Social Services and Well Being Act and also the five Public Service Boards in the Health Board area under the Well Being of Future Generations Act. The Committee has ensured that the Health Board has contributed to the proposals for the local Transformation Programme in response to the Transformation Fund provided by Welsh Government.

- The Committee played a key role in the development of "Building a Healthier Gwent" about how we achieve the ambition of people in all communities in Gwent living more of their lives in good health.

- It also focuses on plans for promoting good public health and the prevention and early intervention programmes to support improved

health and well-being outcomes for the population of the Health Board area.

The **People and Culture Committee** was established as a new Committee in 2019/20 to provide assurance and advice to the Board that the organisation's arrangements for Workforce and Organisational Development are in line with the Integrated and Medium Term Plan, Clinical Futures Programme and meet all the requirements set by Welsh Government. Also, to provide assurance that the organisation is complying with all relevant employment legislation and the requirements of the Equality Act 2010 and Welsh Language (Wales) Measure 2011.

Litigation Group: Under WHC (97) 17 on Clinical Negligence and Personal Injury Litigation – Claims Handling, the Welsh Assembly Government formally delegated its authority for the management of clinical negligence and personal injury litigation claims with a value of under £1m to Health Boards and NHS Trusts on the condition that guidance in the circular was followed.

The Health Board has approved the Policy for the Management of Clinical Negligence and Personal Injury Litigation, which formally sets out the Health Board's financial scheme of delegation following the guidelines within the Welsh Health Circular. Under the scheme a formal sub group of the Board, known as the **Litigation Group** has been established with delegated authority to make decisions on claims with a value above £100,000, where cases may be taken to trial and for cases which significantly risk the reputation of the Health Board (those below £100,000 are approved in line with the Health Board's Scheme of Delegation).

The Health Board also has a **Redress Panel**, under the Putting Things Right Regulations that govern the investigation of Concerns in Wales. There is a requirement to - **"Investigate once, investigate well".** If the investigation of a concern (e.g. complaint or incident) has identified that there have been or may have been failings in care, and that, as a result of those failings, a patient has, or may have, suffered harm, then the concern is presented to the Redress Panel before a response to the concern can be issued.

The purpose of the Redress Panel is to consider the findings of the investigation and to make final determinations as to whether there has been a breach of duty of care and whether any harm ('causation') has been caused to the patient by such a breach. Further information on this work is provided in the Annual Quality Statement.

The Health Board, as part of its wider governance arrangements also has reporting to it a number of Wales-wide **Joint Committees**, which regularly provide written update reports to the Board.

These are:

Welsh Health Specialised Services Committee (WHSSC): The Welsh Health Specialised Services Committee (WHSSC) is responsible for the joint planning of Specialised and Tertiary Services on behalf of Local Health Boards in Wales.

WHSSC was established in 2010 by the seven Local Health Boards (LHBs) in Wales to ensure that the population of Wales has fair and equitable access to the full range of specialised services. In establishing WHSSC to work on their behalf, the seven LHBs recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency.

WHSSC is hosted by Cwm Taf Morgannwg University Local Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the joint committee's activity are regularly reported to the Board.

Emergency Ambulance Services Committee (EASC): Ambulance commissioning in Wales is a collaborative process underpinned by a national collaborative commissioning quality and delivery framework. All seven Health Boards have signed up to the framework. Emergency Ambulance services in Wales are provided by a single national organisation – Welsh Ambulance Services NHS Trust (WAST).

The framework provides a mechanism to support the recommendations of the 2013 McClelland review of ambulance services. It puts in place a structure which is clear and directly aligned to the delivery of better care. The framework introduces clear accountability for the provision of emergency ambulance services and sees the Chief Ambulance Services Commissioner (CASC) and the Emergency Ambulance Services Committee (EASC) acting on behalf of health boards and holding WAST to account as the provider of emergency ambulance services.

EASC is hosted by Cwm Taf Morgannwg University Local Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the joint committee's activity are regularly reported to the Board. During the last year, as part of our governance arrangements, reports from these joint Committees as well as the **NHS Wales Shared Services Partnership** and the **National Informatics Board and NHS Wales Informatics Service** have been reported to the Health Board and Committee meetings to discuss key issues, plans for the future and organisational, partnership and system risks.

1.4 Discharging Good Governance during the Covid-19 Pandemic

In response to the COVID-19 Pandemic, it was necessary for the organisation to discharge its duties differently from the 23rd March 2020, which was guided by new advice and guidance issued by Welsh Government. These adjusted governance and assurance arrangements were approved on 9th April 2020 and are provided in overview below. The full document is available on the following link. These are being continuously assessed and adjusted as required as the pandemic progresses and we learn from the experience of new technologies and approaches.

Revised Board and Committee Arrangements: Formal Board meetings continue bi-monthly, as per the published meeting programme, but with a shortened agenda. Meetings are held virtually.

The programme of Board Development and Board Briefing Sessions, as programmed will continue to go ahead. However, these have a reduced running time. These have also been held via telephone or video conferencing until restrictions are lifted and are likely in the main to focus on the response to and impact of the COVID-19 Pandemic. Weekly briefings have been held with Independent Members to ensure they are kept aware of developments and decisions taken by the Executive Team and to enable appropriate scrutiny and challenge of these decisions.

During the COVOID-19 Pandemic, it was recognised that the full Committee structure of the Health Board would not continue to meet. However, it was important that as a minimum the Audit Committee and the Quality and Patient Safety Committee continued to meet and this principle has been established. All other committees are currently suspended until further notice however, key matters covered by these committees are either considered by Audit or Quality and Patient Safety Committee or the Board. This position is being regularly reviewed on a month by month basis.

- **Audit Committee:** To focus only on the statutory requirements including accounts, annual report and also risk management and the profile of risks of the organisation. During the COVID-19 pandemic the Committee has also been asked to monitor the financial position of the organisation as the Finance and Performance Committee has been suspended. Performance matters are reported directly to the Board.

- **Quality and Patient Safety Committee:** The Quality and Patient Safety Committee has a critical role during this public health emergency and the challenging decisions needed to ensure actions are quality and risk assessed and organisations act in the best interest of the public and staff. The Chair of the People and Culture Committee who is a member of the Committee ensures that the health and safety interests of staff are considered at the committee and the terms of reference of the committee have been temporarily amended to reflect this additional responsibility of the Committee.

- **Charitable Funds Committee (suspended)**
  Urgent matters have continued to be considered via Chair's Action by the Committee Chair with prior virtual consideration by the Committee.

- **Public Partnerships and Well Being Committee (suspended)**
  These matters are raised directly at the Board.

- **Finance and Performance Committee (suspended)**
  Finance and Performance matters have been raised directly at the Board. The Board also has put in place a mechanism via the Director of Finance and Performance to track COVID-19 related expenditure and also any other financial expenditure changes due to suspending of usual Health Board service activity. This is being tracked by the Audit Committee and reported to the Board.

- **Mental Health Act Monitoring Committee:** The Vice Chair in their statutory role in this area has kept these matters under review with the Director of Primary, Community and Mental Health.

- **Remuneration and Terms of Service Committee (as required).** This Committee will meet if required. However, the Health Board also has an agreed approach of Chair's Action for the Chair of RATS and this is used, where required.

- **People and Culture Committee (suspended)**
  Workforce considerations, especially with regard to health and safety of staff are now being considered by the Quality and Safety Committee and other workface considerations are being directly considered by the Board.

- **Information Governance Committee (suspended)**
  Information Governance have been arranged to go directly to the Board.

- **Planning and Strategic Change Committee (suspended)**
  These matters are considered directly by the Board, particularly the progress with the Clinical Futures Programme. This Committee was resumed on 17th June 2020.

- **Health Board Advisory Groups (suspended)**
  The Healthcare Professionals Forum and the Stakeholder Reference Group have been suspended for the period, but it has been important that the membership continues to be engaged through the provision of briefings and communication.

- **Regional Partnership arrangements.** It is recognised that it is not in the gift of the Health Board alone to stand down or adjust regional partnership arrangements, such as the Regional Partnership Board and Public Service Board, during the period of the pandemic.

To ensure that the Health Board can facilitate agile decision making and reduce unnecessary bureaucracy (recognising that there will be a level of bureaucracy required to discharge ongoing functions and responsibilities), without compromising strong governance, temporary variation to parts of the Standing Orders were made and these are outlined below. Also, following the COVID-19 Pandemic the organisation will need to review what new procedures and approaches worked well and consider if these adjusted arrangements should be used going forward.

It is acknowledged that in these unprecedented times, there are limitations on Boards and Committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic the UK and Welsh Government stopped public gatherings of more than two people and it is therefore not possible to allow the public to attend meetings of our Board and Committees from 23rd March 2020. To ensure business was conducted in as open and transparent manner as possible during this time the actions outlined in Table One above were undertaken.

An assessment was also made to ensure that time critical decisions were taken and not held over until it is possible to allow members of the public to attend meetings. As the duration of the pandemic and the subsequent measures to be taken to mitigate spread are not yet known, it will be necessary to keep this under review.

1.4 Membership of the Health Board and its Committees:

In **Table One** starting on page 18, the membership of the Board is outlined for 2019/2020 and the attendance at Board meetings for this period. It also highlights the membership of Health Board Committees and the areas of Health Board responsibilities that are championed by the members of the Board.

The Chair of the Health Board keeps under review the membership of Board Committees to ensure changes are made regularly to refresh the membership of each committee and respond to circumstances when new members join the Board. This ensures that the Board maximises the skills and knowledge of the members of the Board by engaging them in the right committee to effectively utilise their background and areas of interest. It also supports succession planning for future roles on committees, particularly Chair and Vice Chair roles. A report of any proposed changes to the structure and membership of Health Board committees is approved by the Board.

On 23 March 2020 the Welsh Government suspended all Ministerial Public Appointment campaigns with immediate effect. At the time of this suspension the Health Board was actively recruiting to the Independent Member (Finance) and Independent Member (University). Action taken to ensure the Board remains quorate and stable during this time has included

the extension of the appointment of a Special Advisor to the Board (Finance) in addition to the existing Special Board Adviser role which has also been extended until 31st March 2021. This additional appointment was made in July 2019 and has been extended during the pandemic. The intention is to recommence recruitment campaigns in September 2020, however this is being kept under review as the public health response to COVID-19 develops.

The Board also ensures that terms of reference for each committee are reviewed annually to confirm the work of committees clearly reflects any required governance requirements or changes to delegation arrangements or areas of responsibility from the Board. During the period, as part of the review of Committees undertaken in the last year, all Terms of Reference of Board committees have been fully reviewed and the updated terms of reference for each committee have been approved by the Board at its meeting in November 2019.

For the period of the COVID-19 Pandemic the Health Board adjusted the agenda of the Board and key committees to focus on essential business only and operating on the basis of a quorum only.

Health Board Attendance at Public Board Meetings and Committee Membership 2019/2020:

Key:

- ● Audit Committee
- ◆ Quality and Patient Safety Committee
- ■ Information Governance Committee
- ▲ Public Partnerships and Well Being Committee
- ⬟ Charitable Funds Committee
- ❖ Remuneration and Terms of Service Committee
- ⊙ Finance and Performance Committee
- ☸ Planning and Strategic Change Committee
- ◻ Litigation Group
- ⁂ Mental Health Act Monitoring Committee
- ⧫ People and Culture Committee

The members shown in grey boxes were those that left the organisation during 2019/2020.

Table One

Name	Position	Board Committee Membership 2019/2020	Champion Roles	Attendance Record at Board 2019/2020
Ann Lloyd CBE	Chair	☸ Chair ❖ Chair ◻ Chair Attends all other Committees as an observer on a periodic basis during the year.		8 out of 8 possible meetings attended
Judith Paget CBE	Chief Executive	☸ ⬟ ❖ Lead Officer ◻ Attends all committees on a periodic basis		8 out of 8 possible meetings attended
Glyn Jones	Director of Finance and Performance/ Deputy Chief Executive	● Lead Officer ⊙ Lead Officer ☸ ⬟ Lead Officer		8 out of 8 possible meetings attended
Dr Paul Buss	Medical Director	◆ Lead Officer ☸ ◻		7 out of 8 possible meetings attended*
Bronagh Scott (on secondment from 30th	Director of Nursing			

Name	Position	Board Committee Membership 2019/2020	Champion Roles	Attendance Record at Board 2019/2020
November 2018 to 3rd July 2019)				
Martine Price (acting Director of Nursing from 1st December 2018 to 14th July 2019)	Acting Director of Nursing	☸ ◆ Lead Officer ◘		2 out of 2 possible meetings attended
Rhiannon Jones (from 15th July 2019)	Director of Nursing	◆ Lead Officer ☸ ◘		2 out of 6 possible meetings attended*
Nick Wood	Director of Primary, Community and Mental Health	☸ ⁂ Lead Officer		7 out of 8 meetings attended.
Geraint Evans	Director of Workforce and OD	☸ ♦ Lead Officer ❖ Lead Officer		8 out of 8 possible meetings attended
Dr Sarah Aitken	Director of Public Health and Strategic Partnerships	▲ Lead Officer ☸		6 out of 8 possible meetings attended*
Philip Robson (from 24th May 2018)	Special Adviser to the Board	Attends the Board and a range of committee meetings on a regular basis. Mr Robson is also Chair of the Regional Partnership Board under the Social Services and Well Being Act arrangements in the Gwent area. ▲		6 out of 8 possible meetings attended in this role.
Emrys Elias	Vice Chair of the Board	● ◆ Chair (from February 2020) ▲ Vice Chair ☸ ⁂ Chair ♦ ❖ Vice Chair ◘ Vice Chair	• Safeguarding Champion • Children and Young People Lead • Mental Health Lead/Champion	7 out of 8 possible meetings attended
Nicola Prygodzicz	Director of Planning, Digital and IT	■ Lead Officer ☸ Lead Officer		8 out of 8 possible meetings attended
Katija Dew	Independent Member (Third/Voluntary Sector)	■ Vice Chair ▲ Chair ⁂	•Citizen Engagement Champion •Mental Health Lead/Champion • Newport Lead/Champion	7 out of 8 possible meetings attended*

Name	Position	Board Committee Membership 2019/2020	Champion Roles	Attendance Record at Board 2019/2020
		⬟		
Professor Dianne Watkins (left post on 31st December 2019)	Independent Member (University)	◆ Chair ▲ ☸ ● ▢	• University and Research Lead/Champion • ABCI Lead/Champion • Monmouthshire Lead/Champion • Pharmaceutical Applications Lead/Champion	5 out of 6 possible meetings attended
Frances Taylor (left post on 31 January 2020)	Independent Member (Community)	◆ Vice Chair ⊙ ⁂ ⬟	• Patient Champion • Charitable Funds Lead/Champion	3 out of 7 possible meetings attended
Louise Wright	Independent Member (Trade Union)	◆ ■ ⬟ ● ❖	• Equalities Champion/Lead • Welsh Language Champion/Lead • Staff Welfare Champion/Lead	7 out of 8 possible meetings attended*
Shelley Bosson	Independent Member (Community)	● Chair from September 2019, Vice Chair until September 2019 ▲ ⊙	• Putting Things Right Champion/Lead • Out of Area Referrals Champion/Lead • Caerphilly Champion/Lead • Structural Design Champion/Lead • Pharmaceutical Applications Champion/Lead	7 out of 8 possible meetings attended*
Pippa Britton	Independent Member (Community)	◆ ▲ ☸ ● Chair	• Torfaen Champion/Lead	7 out of 8 possible meetings attended*
Catherine Brown (left post on 14th September 2019)	Independent Member (Finance)	● Chair ⊙ ❖		2 out of 4 possible meetings attended
Cllr Richard Clark	Independent Member (Local Authority)	⊙ Chair	• Local Government Champion/Lead	6 out of 8 possible meetings attended
David Jones	Independent Member (ICT)	● ■ Chair ☸ ●		4 out of 8 possible meetings attended*
Dave Street	Independent Member (Directors of Social Services)	▲ ☸		4 out of 8 possible meetings attended*

Name	Position	Board Committee Membership 2019/2020	Champion Roles	Attendance Record at Board 2019/2020
Keith Sutcliffe	Associate Independent Member (Chair of Stakeholder Group)	▲ ⬟		6 of 8 possible meetings attended*
Richard Bevan	Board Secretary	Attends a range of committee meetings on a regular basis. Lead Officer for the Stakeholder Reference Group and Healthcare Professionals Forum. ☸ ● Lead Officer		8 out of 8 possible meetings attended
Claire Birchall	Director of Operations	☸		6 out of 8 possible meetings attended*
Peter Carr	Director of Therapies and Health Sciences	◆ Lead Officer □		8 out of 8 possible meetings attended
Chris Koehli (from 15th July 2019)	Special Advisor - Finance			3 out of 6 possible meetings attended*
Louise Taylor (from 1st October 2019)	Associate Independent Member (Chair of Health Professionals Forum)			1 out of 3 possible meetings attended*
Paul Deneen (from 5th March 2020)	Independent Member (community)	◆ ▲	Communications and Engagement	0 out 1 possible meetings attended*
Sarah Aitken (from 30th March 2020)	Interim Medical Director	◆ Lead Officer ☸ □		0 out of 0 possible meetings attended
Please note that Executive members of the Board are lead officers for some committees, but can be required to attend all committees.				

*The Public Board in March 2020 was held on a quorum only basis due to the COVID-19 Pandemic.

Member attendance at Committees is provided in Attachment One.

The attendance of Board Members at the in-public Board meetings during the last year is shown in the above table and all of the meetings of the Board in 2019/20 were quorate. Members are involved in a range of other activities on behalf of the Board, such as Board Briefing Meetings (at least six a year), Board Development Sessions, meetings of Committees of the Board, service visits and a range of other internal and external meetings.

The Board also held one additional meeting of the Board in 2019/2020 (over and above the scheduled six meetings) on the 21st August 2019 to formally consider and approve the Tredegar Health and Well Being Centre Outline Business Care for submission to Welsh Government.

The Board also held its Annual General Meeting on Wednesday 25th July 2019.

The Board also met in May 2019 to formally approve the Annual Accounts 2018/19 following detailed consideration by the Health Board's Audit Committee. This meeting has not been included in the above attendance record as this is a procedural meeting and is run with the required number of members for a quorum for the Board only and therefore not all members are required to attend.

All of the meetings of the Committees of the Board during 2019/20 were appropriately constituted and were quorate, with the exception of the Quality and Patient Safety Committee held on held on Wednesday 4th April 2019. However, the meeting continued to be held and any required decisions were ratified at the next meeting of the Committee, which was held on the 12th June 2019.

Advisory Groups: The Board also has three advisory groups. These are the Stakeholder Reference Group, Healthcare Professionals Forum and the Trade Union Partnership Forum (Local Partnership Forum) established in line with our Standing Orders.

Stakeholder Reference Group: The Group is made up of a range of partner organisations from across the Health Board area. The Group is chaired by an Associate Independent Member of the Board. The Group is chaired by Keith Sutcliffe, Veterans Representative. The Group during the year has continued to advise the Health Board on a range of service issues and planning and development matters and acts as a 'critical friend' to the organisation with regard to its emerging plans. Issues discussed by the Group in 2019/20 include Winter Planning, Clinical Futures, Regional Partnership Boards and Veterans.

Healthcare Professionals Forum: The Forum comprises representatives from a range of clinical and health professions within the Health Board and across primary care practitioners. The Forum is chaired by an Associate Independent Member of the Board. Louise Taylor, Consultant Midwife, was appointed as Chair of the Forum in November 2019. The Forum is currently going through a period of redevelopment and the membership of the Forum

is being refreshed and a plan of business for 2020/2021 is being put in place. Issues discussed by the Forum in 2019/20 include the Annual Quality Statement, Winter Planning, Clinical Futures and Regional Partnership Boards.

Trade Union Partnership Forum (Local Partnership Forum): The Trade Union Partnership Forum (TUPF) is jointly chaired by George Puckett on behalf of the staff side and Judith Paget, Chief Executive for the management side. The Forum is responsible for engaging with staff organisations on key issues facing the organisation. The TUPF provides the formal mechanism for consultation, negotiation and communication between our staff and the Health Board, embracing the Trades Union Congress principles of partnership.

1.5 Integrated Medium Term Plan

The National Health Service Finance (Wales) Act 2014 became law in Wales from 27th January 2014, new duties with regard to operational planning were placed upon Local Health Boards. The legislative changes were made to section 175 of the NHS Wales Act 2006.

In line with its planning duty, the Health Board progressed as planned its IMTP during 2019/20. Further information with regard to this progress is outlined in the Health Board's Performance Report to be published in August 2020. The Health Board endorsed the IMTP 2020/21 to 2022/23 on 22nd January 2020 for submission to Welsh Government. Due to the COVID-19 pandemic, the IMTP process has been paused by the Welsh Government. The Welsh Government was therefore unable to consider the Health Board's IMTP for 2020-2023 for approval as there are a number of challenging areas that are the subject of ongoing discussions with Welsh Government officials.

The Health Board currently has an approved plan for 2019-2022 and **this approval is extant**.

In terms of progress against the IMTP, the Health Board has assessed that it has progressed well with the delivery of the previously agreed IMTP and further information will be provided in the Performance Report to be published in August aligned to the Health Boards Annual Report. This will also cover the period of the impact of the COVID-19 pandemic on the Health Board's performance. There is continuing implementation work to deliver the agreed objectives and priorities of the IMTP. There has been reporting to the Board also to the Committees of the Board in particular the Finance and Performance Committee and the Planning and Strategic Change Committee. The Board has not commented specifically on the quality of data received at the Board and Committees. However, the ways in which performance information and data have been reported to the Board in the last year has been further developed and the Board has commented positively on the change that have been made in the reporting of data and information.

Revenue Resource Performance

The Health Board met its Revenue Resource Limit for the year and delivered a surplus of £32k. Against the breakeven duty over a rolling three year period, the Board reported a surplus of £513k as shown below:

3 Year Revenue Breakeven Duty	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Underspend Against Allocation	246	235	32	513

Capital Resource Performance

In addition to a revenue resource limit the Health Board has a capital resource limit (CRL) that sets the target for capital expenditure. The target of £132.373m was met in 2019/20 with a small underspend of £28k. The target is measured over a 3 year period as shown below:

3 Capital Resource Duty	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Underspend Against Allocation	78	41	28	147

1.6 All-Wales Risk Pool Arrangements

The Welsh Risk Pool Services (WRPS) is a risk sharing mechanism, akin to an insurance arrangement which provides indemnity to NHS Wales' organisations against negligence claims and losses. Individual NHS organisations must meet the first £25,000 of a claim or loss which is similar to an insurance policy excess charge. Until the beginning of financial year 2014/15 the WRPS was funded directly by Welsh Government with overspends being covered directly from Welsh Government budgets. With effect from 2015/2016, the overall budget was transferred into NHS Wales on a risk share basis.

1.7 Audit Wales Structured Assessment

The Audit Wales Structured Assessment Report for 2019, which examines the arrangements the Health Board has in place to support good governance across key areas of the Health Board's business and the efficient, effective and economic use of resources, made the following assessment:

'Our overall conclusion from 2019 structured assessment work is that the Health Board's corporate governance arrangements generally work well but risks to achieving strategic priorities have not been clearly articulated and documented in a board assurance framework (BAF). There is scope to improve aspects of risk management, and to increase reporting on patient experience and progress against IMTP priorities. In addition, there are significant performance challenges and an increasing risk that the Health Board will fail to achieve financial balance'.

The Health Board has committed to undertake a number of improvement actions during 2020 to respond to this assessment. Progress against these actions have already been achieved, such as approval of the Board Assurance Framework and revised Risk Management Strategy, and other work is underway. The progress against these actions will be monitored by the Executive Team and the Health Board's Committees, but the overall organisational response to these actions will be kept under review through the Audit Committee's reporting and tracking mechanisms.

The Health Board also uses reports from Healthcare Inspectorate Wales, the Welsh Risk Pool and other inspectorates and regulatory bodies to inform the governance and assurance approaches established by the organisation. A tracking mechanism for these recommendations is also in place and is monitored by the Quality and Patient Safety Committee and progress will be reported through the Annual Quality Statement.

1.8 Annual Quality Statement

The Health Board published its seventh Annual Quality Statement in 2019, which provided the organisation with an opportunity to outline for the public an assessment of what the Health Board has been doing to ensure our services are meeting local needs and are achieving the required standards of quality and safety. The eighth Annual Quality Statement will be published in September 2020.

1.9 Aneurin Bevan Continuous Improvement (ABC*i*)

The Health Board also uses information regarding best practice available inside and outside the public sector to benchmark its performance and continue to foster a culture of continuous improvement that has been established by the ABCi (Aneurin Bevan Continuous Improvement) initiative in the Health Board to lead and advise on areas of this work. ABC*i* lead for the organisation on engagement with the 1000 Lives Plus Programme and the Board promotes the use of these methodologies for improvement and is aware of improvements made and barrier to improvements and these are monitored by the Quality and Patient Safety Committee on behalf of the Board. Further information on this will be provided in the AQS to be published in September.

1.10 Value Based Healthcare

The Value Based Healthcare Programme at Aneurin Bevan was initially established in support of Prudent Healthcare, and looks to support other National and Local initiatives including the Wellbeing of Future Generations Act, the Parliamentary Review and of Health and Social Care in Wales and Clinical Futures Strategy. The Health Board is ambitious in its vision to build and implement at scale and with pace a value based care system with the aim of ***'achieving the outcomes that matter to people and being good stewards of the financial resource available, working together to do the right thing across the whole system – improving Value for people with a range of medical conditions'***.

The Programme is currently working across a number of live projects (i.e. specific disease/condition areas) and will continue to grow in line with the priorities laid out in the Clinical Futures Programme and Integrated Medium Term Plan. Further information is available in the Health Board's Annual Quality Statement.

2. The purpose of the system of internal control

The Health Board's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2020 and up to the date of approval of the Annual Accounts at the end of June 2020.

The system of internal control had to be adapted in the last quarter of 2019/20 and up to the date of approval of the Accounts due to the COVID-19 Pandemic, in line with the Health Board's adjusted governance arrangements and the adjustment of the Internal Audit and External Audit programmes. However, the Health Board has kept this monitored, particularly through the work of the Audit Committee and the Quality and Patient Safety Committee.

Also, organisational activity and the control of this activity during the COVID-19 Pandemic has been led and monitored by a dedicated Pandemic programme management structure with reporting to the Board. The Health Board has ensured that it has kept the effectiveness of controls under review and has used external review and advice to guide its Pandemic response including military and fire and rescue advisers. A specific advisory internal audit on the adapted and adjusted organisational governance and control arrangements has been commissioned from the Health Board's Internal Audit Service. The Health Board continues to use the outputs of the above work to learn and share this learning across the organisation.

3. Capacity to handle risk

Aneurin Bevan University Health Board has continued to develop and embed its approaches to risk management over the last year and has undertaken a comprehensive review and redevelopment of its approach to risk management early in 2019 and has implemented an Action Plan during the last year. The Health Board's approach includes reporting arrangements for the Board and its committees using a Risk Dashboard format and a new 'risk on a page' format that was introduced in 2019. The Health Board also agreed a new Risk Management Strategy in March 2020, which is linked to a Board Assurance Framework, which was also approved in March 2020 and will be implemented

during 2020/2021. A link to the Health Board's Risk Dashboard as at the 31st March 2020 is provided below:

Risk Dashboard – 31st March 2020

The key risk themes for the Health Board during 2019/20 are identified as the Principal Risk areas in the **Board Assurance Framework March 2020.**

Risk Arrangements during the COVID-19 Pandemic: The Health Board developed a specific Risk Register for the period of the COVID-19 pandemic and this profile of risks is provided through the following link.

Work is underway to further implement our risk approach across the Health Board and embed new assessment and reporting arrangements including the approved written Board Assurance Framework, Assurance Map and the further use of 'Risk on a Page' reporting. This work will ensure risk systems continue to be streamlined and are interconnected and that our understanding of risks actively informs the Health Board's key priorities and actions and our overall approach to risk governance. The Health Board's approach to risk management for 2018/2019 was given a 'reasonable' assurance rating by Internal Audit, but the report for 2019/2020 was not completed as part of the Internal Audit Programme due to the impact of the COVID-19 Pandemic at the time the audit was scheduled to take place.

Further work on risk management was undertaken during 2019 and early 2020 to revise the Health Board's approach to risk management through active Board Member engagement and a new risk appetite statement was also agreed, in line with the work outlined above, which built on the existing risk appetite statement agreed in 2017. The Health Board's consistency of approach on risk management will be supported through the use of standardised software across the organisation and also increased training and awareness raising work across the organisation.

Work is also underway to reflect in the Health Board's risk approaches the short, medium and longer term risks as required by the Well Being of Future Generations Act and the Social Services and Well Being Act and ensure this is reflected in the Health Board's risk appetite statement. Through this work the Health Board is actively working with partners through Public Service Boards and our Regional Partnership Board for the Social Services and Well Being Act to develop and agree partnership risk assessments, which enable local partners to inform and advise the assessments of Health Board risks and vice versa.

The Health Board sees active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business. This assists in ensuring high quality and safe heath care is provided to local people, that we contribute to improving the health and well-being of our population and that a safe and supportive working environment is provided for our staff.

The Health Board also recognises that risks can arise from not taking opportunities to develop and deliver improved services. The Health Board recognises it might need to take controlled risks over time or at certain times to enable the delivery of new forms of services or different ways of delivering services in changing economic, political and social contexts and the Health Board's appetite for risk is assessed on an issue by issue basis bearing in mind the issues outlined above. The Health Board via its Public Partnerships and Well Being Committee has also developed a Public Health and Health Promotion Risk Register, which recognises the different nature of public health risks and also potentially the longer timeframes involved with these types of risks. This work is contributing to the Health Board's response to the Well Being of Future Generations Act.

As Chief Executive, I have overall responsibility for the management of risk for the Health Board. The Executive Lead for clinical risk management is the Director of Therapies and Health Science and has delegated responsibility for ensuring that arrangements are in place to effectively assess and manage clinical risks across the Health Board. The Board Secretary along with the Director of Therapies and Health Science work together to design systems and processes for risk management with the Board Secretary having responsibility for maintaining and co-ordinating a corporate risk register and the corporate reporting of risks. The Health Board and its committees identify and monitor risks within the organisation. Specifically, the Executive Team meetings present an opportunity for the executive function to consider and address risk and actively engage with and report to the Board and its committees on the organisation's risk profile. The Board and the Executive Team undertook specific consideration of our approach to risk management through a Board Development session in February 2020, which built on previous work on Board Development and the Action Plan agreed in April 2019.

The Health Board is also committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage, escalate and report risks and further work continues to embed good risk management throughout the organisation. Further work has been undertaken through the review to extend the scope of risk management training and awareness raising across the organisation. The Health Board has established a network of risk leads across the divisions and departments of the Health Board and has undertaken an assessment of risk management training needs as part of the review to further inform a programme of training and development for 2020/2021.

This work throughout the Health Board is being informed by best practice examples identified through external advice to support the risk management review and through advice from the Health Board's Internal Auditors and Audit Wales.

The risk profile of the Health Board is continually changing, but the key risks that emerge and can impact upon the Health Board's achievement of its objectives include strategic, operational, financial, compliance and public

health risks. Towards the end of the reporting period the Health Board's risk profile changed further due to the required response to the COVID-19 Pandemic. The Health Board's Corporate Risk Register includes a specific risk in relation to the impact of the Pandemic. However, the Health Board since the end of March 2020 has developed a specific operational risk register for the organisation's management of the Pandemic and this is held, reviewed and updated by the Strategic Group for the Pandemic and monitored by the Executive Team.

There were **29** risks on the Health Board's Corporate Risk Register at the end of March 2020.

The profile of risks are as follows:

Category of Risk	**Number of Risks at March 2020**
Strategic Risks	9
Financial Risks	4
Operational/Business Risks	10
Compliance Risks	3
Public Health Risk	3

The profile of the assessed level of risks as at 31st March 2020 is outlined in the risk map below. Further information is provided below with regard to the highest assessed risks.

Consequence Score	**Likelihood Score**				
	1 Rare	**2 Unlikely**	**3 Possible**	**4 Likely**	**5 Almost certain**
5 - Catastrophic		**1**	**6**	**3**	**1**
4 - Major	**1**	**2**	**7**	**6**	
3 - Moderate		**1**	**1**		
2 - Minor					
1 - Negligible					

The Health Board as at the 31st March 2020 had four risks which were assessed as high level risks. These were:

CRR036	Failure to prevent and control communicable disease outbreaks and provide immunisations (COVID-19)	**25**
CRR012	Failure to meet the needs of the local people in relation to emergency care provision including WAST provision	**20**
CRR09	Failure to implement Welsh Community Care Information System (WCCIS)	**20**

CRR029	Failure to recruit and retain appropriately skilled staff and senior leadership to deliver high quality care.	**20**

The Health Board during the year has also assessed significant financial risk with regard to financially breaking even and meeting its statutory financial duties, but this risk was effectively mitigated during the year and the Health Board reported a small surplus.

3.1 The risk and control framework

The Health Board's approach to risk management provides a framework and structured process for the identification and management of risk across the organisation to better inform decision making. The Health Board's decision to accept and actively manage risks might be different for the range of its responsibilities and this is reflected in the Health Board's current Risk Appetite Statement which can be accessed through the following link. The Health Board's systems and processes allow for the Board and staff to implement necessary actions to respond to risks at all organisational levels. They also facilitate the reporting of risks throughout the organisation, escalating to senior levels of management, where required, and to the Health Board and its Committees via the Executive Team, or vice versa, to further inform corporate decisions.

The Health Board recognises that through these processes it is not possible to eliminate or avoid all risks and that in some instances the Board, the wider organisation and with our partners we might have to take informed risks to further our stated aims and objectives. However, as risks are recognised and identified, actions to understand and respond to these risks are undertaken and implemented. If after all necessary steps have been taken and the risk remains, the Health Board may decide to accept the risk and continue to actively manage it.

The Board through information and intelligence from within and outside the organisation will determine the level of risk it is willing to accept for each area of its plans and business – known as its 'risk appetite'. A risk appetite statement has been agreed by the Board as part of the updated Risk Management Strategy. Further work will be required in the coming year to embed the risk appetite statement in the Health Board's strategic and operational planning activities and also to ensure that it becomes evident in the decision making of the Health Board.

The Health Board links closely with public service partners, such as Local Authorities and other bodies and organisations to assess and manage risk and to understand key issues and risk that could impact upon the Health Board and affect the effective and efficient delivery of its services and functions to support patient care. This work has been taken forward particularly in the last year on the implementation of key areas of legislation such as the Social Services and Well Being Act and the Well Being of Future Generations Act through our local Partnership Board and the five local Public Service Boards

in the Health Board area. Our work with partners had also been focused in recent months on the multi-agency approach and response to the COVID-19 Pandemic through the Local Resilience Forum.

The Health Board also uses the Health and Care Standards for Wales as a part of our framework for gaining assurance on our ability to fulfil our aims and objectives for the delivery of safe and high quality health services. This involves self-assessment of our performance against the standards across all activities and at all levels throughout the organisation and this is also linked to the Health Board's approach to risk management. An assessment against the Health and Care Standards has been undertaken and will be reported in the Health Board's Annual Quality Statement (AQS).

3.2 UK Corporate Governance Code

The Health Board has also undertaken an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by Audit Wales Structured Assessment, key feedback from the Internal Audit Programme and the Board's assessment of its own effectiveness. This has been supplemented by a self-assessment and action plan, which was developed by members of the Board at a development session in April 2019 and followed up in February 2020. The Health Board is satisfied that it was complying with the main principles of the Code and is conducting its business openly and in line with the Code, however recognises that there may have been some impact during COVID-19. The Health Board has not identified any departures from the Code through the year. However, the Board recognises that not all reporting elements of the Code are outlined in this Governance Statement, but are reported more fully in the Health Board's wider Annual Report.

3.3 Ministerial Directions 2019/2020 and Welsh Health Circulars

A list of Welsh Government Ministerial Directions issued in 2019/2020 is available at the following Welsh Government website:

Ministerial Directions 2019/20 and Welsh Health Circulars
https://gov.wales/ministerial-direction-regarding-nhs-pension-tax-proposal-2019-2020.

The Health Board can confirm that all of these directions including the Ministerial Directive on Pensions Tax proposals for 2019/20 have been fully considered and assessed and where appropriate implemented by the Health Board or in partnership with other NHS organisations.

The Welsh Government reintroduced Welsh Health Circulars during 2014/2015, which replaced the former system of Ministerial Letters/Directions. These are centrally logged within the Health Board with a lead Executive Director identified to oversee the implementation of the

required action or to develop the required response. Also, where appropriate the Board, a designated Committee or the Executive Team monitors progress against the circulars depending on the subject matter or actions required within the circular.

There are no major issues to report with regard to the implementation of these Ministerial Directions or Welsh Health Circulars.

3.4 Information Governance

The Health Board has a range of responsibilities in relation to the information that it holds, uses and shares. The Medical Director is the Health Board's Caldicott Guardian and the Director of Planning, Digital and ICT is the Senior Information Risk Owner (SIRO).

The Information Governance Committee (IGC) provides assurance and advice to the Board to assist it in discharging its legal obligations and meeting its responsibilities with regard to the Health Board's management arrangements for information and ICT. The Transformation to Digital (T2D) Delivery Board ensures that the Health Board's programme for change to digital information and technological frameworks is managed effectively. The T2D Delivery Board provides the direct link between operational services and informatics strategy and plans and provides a mechanism for Division engagement and participation. The T2D Delivery Board is chaired by the Health Board's Director of Planning, Digital and ICT. The Health Board has participated in a major review of the way its digital programme is managed and overseen and it was intended to implement a change during 2020-21, however, this is now postponed and continues to be kept under review until conditions are more favourable (post-COVID pandemic) however, aspects of the Strategy will have been used to provide a flexible response to the COVID-19 Pandemic.

The Health Board continues to implement processes and communication around information asset tracking, GDPR and data protection. The information governance e-learning training material has been revised and made available on the intranet. Revision of privacy notices at a national and local level have taken place and are being deployed. Information governance policies continue to be reviewed on an all-Wales basis as part of the collaborative work required in light of GDPR to ensure consistency of policy content and context across and this will continue.

The Health Board continues to be proactive in the NHS Wales Information Governance management support framework to ensure consistency of policy, standards and interpretation of the law and regulation across NHS Wales' organisations.

During 2019-20, the Health Board received nearly 5,800 Data Protection Act Subject Access Requests (SARs); this is a 5% increase from 2018-19. The largest proportion of requests received continues to be made by solicitors and legal services. The challenge of meeting the 30 day time limit coupled with staff availability has meant that at times it has been challenging but the

compliance rate has been steady over 90% for the past few years with this year's rate at approximately 92%.

Divisional Information Governance Delivery Groups (IGDGs) are an essential mechanism by which the Health Board integrates the necessary knowledge and changes to the ways of working to ensure all staff are provided with consistent information and they are consistent in their own actions. Each IGDG is the responsibility of each Division and chaired by Assistant Directors, which provides authority and credibility to embed the information governance requirements at operational level.

The Wales Accord on the Sharing of Personal Information (WASPI) framework is embedded in the way in which the Health Board shares relevant information with its partner organisations. The Health Board plays a leading role as part of the South-East Wales Information Sharing Partnership and continues to review and discuss information sharing and assure the local Information Sharing Protocols (ISP) between health, social care, police and fire and rescue service partners via a South East Wales Partnership.

There were 714 information governance incidents recorded by staff this year on the Health Board's DATIX Incident Reporting System; a decrease of over 100. These incidents are of various levels of concern, such as missing pages in a paper record to IT systems being unavailable for a period of time. The IGDGs are an important mechanism to increase staff awareness, share learning and knowledge to reduce the number of incidents. All significant incidents are reported to and monitored by the Information Governance Committee. The papers for this Committee are available on the following link.

Five complaints were made to the ICO by complainants (and three concerns were reported by the Health Board). The Health Board provided supportive evidence to the ICO to show that it was acting within the law and had provided the complainants with an effective service regarding their information. Again, this year, no action was taken by the ICO against the Health Board. The Health Board is open and transparent about the way it manages information; it believes it has a co-operative and trusted relationship with the public, its health and care partners and the ICO.

4. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors, and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their annual audit letter and other reports.

As Accountable Officer, I have overall responsibility for risk management and report to the Board regarding the effectiveness of risk management across the Health Board. My advice to the Board is informed by reports on internal

controls received from all its committees and in particular the Audit Committee and Quality and Patient Safety Committee. The Quality and Patient Safety Committee also provides assurance relating to issues of clinical governance, patient safety and health standards. In addition, reports submitted to the Board by the Executive Team identify risk issues for consideration.

Each of the Health Board's Committees have considered a range of reports relating to their areas of business during the last year, which have included a comprehensive range of internal audit reports and external audit reports and reports on professional standards and from other regulatory bodies. The Committees have also considered and advised on areas for local and national strategic developments and new policy areas. Each Committee undertakes an annual review of their effectiveness and develops an annual report of its business and the areas that it has covered during the last year and these are reported in public to the Health Board. However these have not been developed during this reporting year due to the impact of COVID-19. This will be resumed as soon as possible and will be part of a wider review of governance and reflection on learning following the COVID-19 pandemic period.

4.1 Internal Audit

Internal Audit provides me as Accountable Officer, and the Board through the Audit Committee, with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focused on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The programme has been impacted by the need to respond to the COVID-19 pandemic with some audits deferred, cancelled or curtailed as the organisation responded to the pandemic. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the Opinion the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

4.2 Health and Care Standards

The Health and Care Standards set out the Welsh Government's common framework of standards to support the NHS and partner organisations in providing effective, timely and quality services across all health care settings. They set out what the people of Wales can expect when they access

health services and what part they themselves can play in promoting their own health and wellbeing. They set out the expectations for services and organisations, whether they provide or commission services for their local citizens.

The Health and Care Standards came into force from 1 April 2015 and incorporate a revision of the 'Doing Well, Doing Better: Standards for Health Services in Wales (2010)' and the 'Fundamentals of Care Standards (2003)'.

Standards provide a consistent framework that enables the Health Board to look across the range of our services in an integrated way to ensure that all we do is of the highest quality and that we are doing the right thing, in the right way, in the right place at the right time and with the right staff. The work on Health and Care Standards is led within the organisation by the Director of Nursing and monitored in terms of compliance by the Quality and Patient Safety Committee. During the last year, the Health Board's Internal Auditors undertook a review of the implementation of Health and Care Standards in the organisation and this received an assessment of 'reasonable' assurance. However, it is acknowledged that the scope of the audit was limited due to COVID-19 and the deep dives into 3 sample standards were not able to be undertaken. There was a high priority recommendation regarding the clarity and flow of assurance and sustaining the implementation of previous recommendations. It has been agreed that this will be achieved by September 2020 and progress will be tracked by the Executive Team and Quality and Patient Safety Committee.

As indicated below, the Health and Care Standards cover seven key themes, but also have at their core a focus on patient-centred care and it is recognised are surrounded by the requirement for clear governance, leadership and accountability. Further information on compliance with standards are covered in the Annual Quality Statement. This is outlined in the diagram below.

Health Board Review of Effectiveness

The Health Board has during the last year undertaken a review of its effectiveness through two full Board workshops in April 2019 and February 2020. These were organised in partnership with Academi Wales and were independently facilitated. An additional development and review session was also held with Chairs of Committee, which was also independently facilitated. This programme of review built on the externally facilitated work that was undertaken in May 2018 through a Board observation exercise, Board Member survey and workshop review. This has resulted in a development programme over the last year in addition to existing arrangements in order to focus on key areas of the Board's responsibilities, such as planning, finance, safeguarding, Mental Health Act and risk management.

The effectiveness review work undertaken through the independently facilitated Board development sessions was informed by a member questionnaire. The second session in February 2020 assessed progress against an action that had been agreed. The February session also focused on revising the Health Board's approach to risk management and our assurance arrangements. This collective assessment identified the progress against the key areas for improvement identified for 2019/20 and supplementary actions agreed as part of the Health Board's response to the Wales Audit Office Structured Assessment. As a result of this work the new Risk Management Strategy, Risk Appetite Statement and Board Assurance Framework were approved formally by the Board at its meeting in March 2020. The programme of development and assessment and review of effectiveness will continue during 2020/2021 and will again supplement this work by using the agreed Audit Wales Structured Assessment areas for improvement.

4.3 Additional Assurance Disclosures

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are also in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with and the Health Board is implementing an Equality and Human Rights Strategy approved by the Board. The Health Board has previously agreed a series of Equality Objectives for the organisation and reconfirmed these in March 2020. However, it is recognised that further work is required across the organisation to further embed equality impact assessment activity and also assessments against the five ways of working as outlined in the Well Being of Future Generations Act (2015). The Health Board adopted a new Board paper

format in 2018/19 which required an active assessment against these requirements when reporting to the Board and its committees and this continued to be implemented during 2019/20.

Risk assessments have been undertaken and delivery plans are in place in accordance with emergency preparedness and civil contingency requirements to adapt and mitigate for the extreme weather predicted as a consequence of climate change based on UK Climate Impacts programme 2009 projections.

The organisation has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the climate change Act and the Adaptation Reporting requirements are complied with. Reports are made to the Executive Team and Planning and Strategic Change Committee with regard to these areas.

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation. A number of new and emerging risks where identified. Whilst the organisation did have a major incident and business continuity plan in place, as required by the Civil Contingencies Act 2004, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and population. This has also involved working in partnership on the multi-agency response as a key member of the Strategic Co-ordination Group. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer term delivery of services by the organisation, although I am confident that all appropriate action is being taken.

The organisation continues to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery phase. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives.

Further to the National Health Service Finance (Wales) Act 2014 becoming law in Wales from 27th January 2014, new duties with regard to operational planning were placed upon the Local Health Boards. The legislative changes are effected to section 175 of the NHS Wales Act 2006. The Health Board therefore approved an Integrated Medium Term Plan for 2019/2022 at a meeting in January 2019 for submission to Welsh Government.

4.4 Post Payment Verification

In accordance with the Welsh Government directions the Post Payment Verification (PPV) Team, (a role undertaken for the Health Board by the NHS Shared Services Partnership), in respect of General Medical Services

Enhanced Services, General Dental Services and General Ophthalmic Services has carried out its work under the terms of the service level agreement (SLA) and in accordance with NHS Wales agreed protocols. This area is scrutinised by the Audit Committee via regular reporting throughout the year.

5. Head of Internal Audit Opinion

Internal audit provides me as Accountable Officer and the Board through the Audit Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The full report of the Head of Internal Audit is available via the following link:

Head of Internal Audit Opinion and Annual Report 2019/20

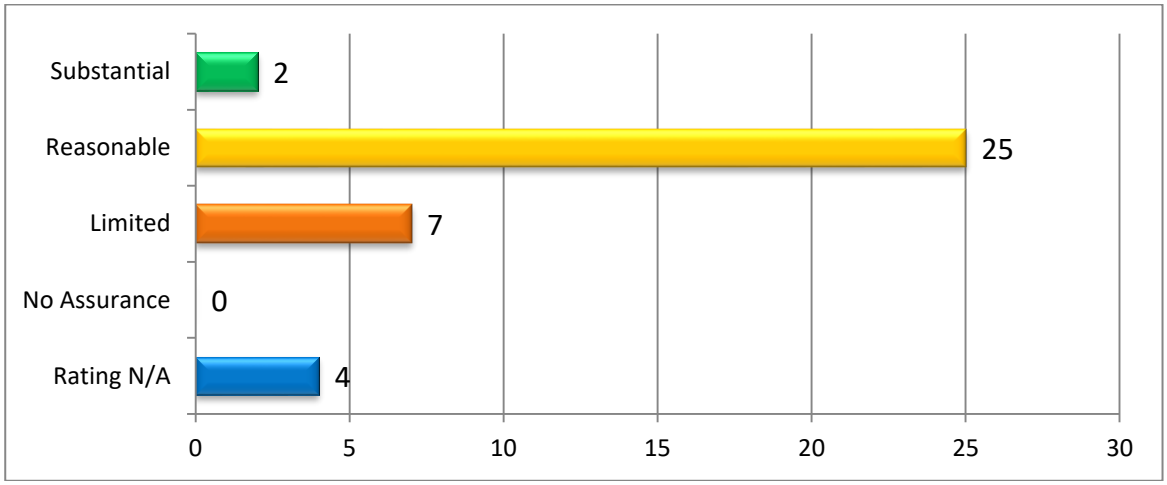
The Head of Internal Audit has concluded:

'In my opinion, the Board can take **Reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved'.

A risk based internal audit planning approach was undertaken during the year. This recognises the need for the prioritisation of audit coverage to provide assurance on the management of key areas of risk, and the approach addresses this through the consideration of:

- The organisation's risk assessment and maturity;
- The coverage of the audit domains;
- Previous years' internal audit activities; and
- Audit resources required to provide a balanced and comprehensive view

In total 38 audit reviews were reported during the year. Figure 1 below presents the assurance ratings and the number of audits derived for each.



As a result of the COVID-19 pandemic and the response to it from the Health Board Internal Audit have not been able to complete their audit programme in full. However, they have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

Limited assurance follow-up reviews were received for Health and Safety and Fire Safety and the interim report on Clinical Audit highlighting difficulties in implementing recommendations within the agreed timescales. Questions regarding both the appropriateness of the timescales and the progress made have been discussed regarding a number of audits in the Audit Committee.

Limited assurance opinions were also given for Pay Incentives, Job Planning, the Omnicell System and Procurement. All of these reviews contain both an operational and financial element and pose the question of the capacity within divisions to ensure compliance with Health Board policies and processes and the accountability arrangements in place.

The Health Board has in place a tracking system for internal audit recommendations and the agreed management actions, which is reported to the Health Board's Audit Committee. For each limited assurance report the action that the Health Board agreed to take in response to each report and the progress against these priority actions are tracked by the Executive Team and Audit Committee. These Audit Committee reports are available on the following link.

Estates Assurance – Control of Contractors also received a limited assurance opinion during the year, however a re-audit soon after identified the actions taken and a reasonable assurance opinion was provided.

As a result of COVID-19, 6 audits originally included within the Internal Audit Plan have not been able to be undertaken at this stage. A revised Internal Audit Plan for the remainder of the six months will be considered by the Audit Committee at its July 2020 Meeting.

6. Conclusion

At the end of the 2019/2020 financial year, the Health Board along with other NHS organisations saw unprecedented demands on our services due to the COVID-19 Pandemic and this required changes and adjustments to the ways in which we delivered our services and governed our organisation. These impacts have been reflected in this Statement.

The Health Board with our partners continue to respond to the Pandemic, but we are also reflecting on and keeping under active review our adjusted governance and operational arrangements.

We are also learning from the experience of the Pandemic and will seek to adopt those adjustments to our arrangements that have had a positive effect on the ways in which we deliver our business, such as virtual meetings and continue to plan and actively respond to those areas where risks continue to our governance and operational activity due to the Pandemic.

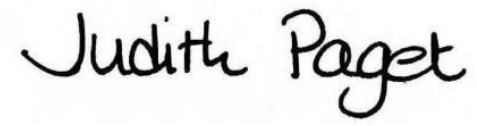
However, this Governance Statement indicates, even with the impact of the Pandemic that the Health Board has continued to make progress and develop during 2019/2020. We have been further developing and embedding our approach to good governance and an appropriate controls framework across the organisation. This has been supported through the adoption of a new Board Assurance Framework, Risk Management Strategy and development and review work undertaken with the Board. However, there are a number of challenges and areas for further development that the Health Board will need to be progress during the coming year based on our own improvement plans and also the assessments made by our Internal Auditors, Audit Wales and our inspectors and regulators. Progress against these areas of improvement will be monitored particularly by the Audit Committee, Quality and Patient Safety Committee and other committees on behalf of the Board.

The Health Board is aware, that the areas of our business that received 'limited' assurance from Internal Audit relate to business areas across the organisation and not in one specific area. Responding to these areas will be a key focus for the Health Board in the coming year to actively respond to these areas of limited assurance assessment and ensure that improvement is achieved and sustained. In particular responding to the ongoing limited assurance in the Operational Service and Functional Management domain. There are also a number of suggested areas of improvement from Audit Wales through the Structured Assessment, which require continuing management action to respond to the impact of potential risks and will be tested in the 2020 Structured Assessment. Improvement in these areas across Health Board Divisions and Departments will be overseen and monitored by the Executive Team and reported to the Board and its committees.

The Health Board is committed to continue to progress and improve our arrangements as we further develop as an organisation in the coming year and also continue to respond to the COVID-19 Pandemic and its impact. We will also during the coming year be realising our Clinical Futures Programme

and the formal opening of The Grange University Hospital. In taking forward these improvements and new developments, we will continue to undertake our business openly and provide information publically on our performance, which will be further supported by digital platforms taken forward during the Pandemic and also actively engage with local people and our partners.

Information about our services will also be published to provide assurance to our citizens and stakeholders that the services we provide are efficient, effective and are of a high quality and level of safety. We will also actively involve patients and citizens in the design, delivery and transformation of our services, particularly the new arrangements that the Clinical Futures Programme will bring to meet the needs and expectations of patients, citizens and the wider communities we serve. We will develop structured ways for this to be reported to the Board and through our public reporting of our performance in relation to our services and delivery of our plans through the Clinical Futures Programme.



Judith Paget
Chief Executive

Date: 25th June 2020

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Report on the audit of the financial statements

Opinion

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

In my opinion the financial statements:

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

Basis for opinion

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

Emphasis of matter

I draw attention to Note 21.1 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS Clinicians' pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year. The Health Board has disclosed the existence of a contingent liability at 31 March 2020, and my opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

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

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

Opinion on regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

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

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

Responsibilities for regularity

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

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

Adrian Crompton
Auditor General for Wales
2 July 2020

24 Cathedral Road
Cardiff
CF11 9LJ

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

FOREWORD

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

Statutory background

The Aneurin Bevan University Local Health Board was established on 1 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 2019-20. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

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

	Note	2019-20 £'000	2018-19 £'000
Expenditure on Primary Healthcare Services	3.1	**276,914**	267,432
Expenditure on healthcare from other providers	3.2	**379,749**	349,991
Expenditure on Hospital and Community Health Services	3.3	**766,378**	706,609
		1,423,041	1,324,032
Less: Miscellaneous Income	4	**(103,895)**	(98,524)
LHB net operating costs before interest and other gains and losses		**1,319,146**	1,225,508
Investment Revenue	5	**(18)**	(20)
Other (Gains) / Losses	6	**(78)**	(10)
Finance costs	7	**753**	783
Net operating costs for the financial year		**1,319,803**	**1,226,261**

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

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

Other Comprehensive Net Expenditure

	2019-20 £'000	2018-19 £'000
Net (gain) / loss on revaluation of property, plant and equipment	**(1,737)**	(2,811)
Net (gain) / loss on revaluation of intangibles	**0**	0
(Gain) / loss on other reserves	**0**	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	**0**	0
Net (gain)/loss on revaluation of financial assets held for sale	**0**	0
Impairment and reversals	**0**	0
Transfers between reserves	**0**	0
Transfers (to) / from other bodies within the Resource Accounting Boundar	**0**	0
Reclassification adjustment on disposal of available for sale financial asset	**0**	0
Other comprehensive net expenditure for the year	**(1,737)**	(2,811)
Total comprehensive net expenditure for the year	**1,318,066**	1,223,450

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

Statement of Financial Position as at 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	11	**760,424**	651,749
Intangible assets	12	**4,563**	2,678
Trade and other receivables	15	**148,912**	91,000
Other financial assets	16	**586**	661
Total non-current assets		**914,485**	746,088
Current assets			
Inventories	14	**9,486**	7,573
Trade and other receivables	15	**58,561**	70,078
Other financial assets	16	**31**	32
Cash and cash equivalents	17	**1,301**	984
		69,379	78,667
Non-current assets classified as "Held for Sale"	11	**1,131**	420
Total current assets		**70,510**	79,087
Total assets		**984,995**	825,175
Current liabilities			
Trade and other payables	18	**(144,924)**	(138,462)
Other financial liabilities	19	**0**	0
Provisions	20	**(18,372)**	(35,279)
Total current liabilities		**(163,296)**	(173,741)
Net current assets/ (liabilities)		**(92,786)**	(94,654)
Non-current liabilities			
Trade and other payables	18	**(5,226)**	(5,392)
Other financial liabilities	19	**0**	0
Provisions	20	**(155,459)**	(97,531)
Total non-current liabilities		**(160,685)**	(102,923)
Total assets employed		**661,014**	548,511
Financed by :			
Taxpayers' equity			
General Fund		**543,040**	430,993
Revaluation reserve		**117,974**	117,518
Total taxpayers' equity		**661,014**	548,511

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

Chief Executive and Accountable Officer Judith Paget ..... Date: 25th June 2020

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

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	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 73 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance at 31 March 2018	316,574	115,618	**432,192**
Adjustment for Implementation of IFRS 9	(407)	0	**(407)**
Balance at 1 April 2018	316,167	115,618	**431,785**
Net operating cost for the year	(1,226,261)		**(1,226,261)**
Net gain/(loss) on revaluation of property, plant and equipment	0	2,811	**2,811**
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	911	(911)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2018-19	(1,225,350)	1,900	**(1,223,450)**
Net Welsh Government funding	1,340,176		**1,340,176**
Balance at 31 March 2019	430,993	117,518	**548,511**

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

Statement of Cash Flows for year ended 31 March 2020

	Notes	2019-20 £'000	2018-19 £'000
Cash Flows from operating activities			
Net operating cost for the financial year		**(1,319,803)**	(1,226,261)
Movements in Working Capital	27	**(40,771)**	(27,266)
Other cash flow adjustments	28	**97,738**	63,161
Provisions utilised	20	**(11,006)**	(10,459)
Net cash outflow from operating activities		**(1,273,842)**	(1,200,825)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(130,693)**	(138,641)
Proceeds from disposal of property, plant and equipment		**633**	91
Purchase of intangible assets		**(2,833)**	(712)
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		**(132,893)**	(139,262)
Net cash inflow/(outflow) before financing		**(1,406,735)**	(1,340,087)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**1,407,584**	1,340,176
Capital receipts surrendered		**0**	0
Capital grants received		**93**	45
Capital element of payments in respect of finance leases and on-SoFP		**(625)**	(756)
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,407,052**	1,339,465
Net increase/(decrease) in cash and cash equivalents		**317**	(622)
Cash and cash equivalents (and bank overdrafts) at 1 April 2019		**984**	1,606
Cash and cash equivalents (and bank overdrafts) at 31 March 2020		**1,301**	984

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

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2019-20 Manual for Accounts. The accounting policies contained in that manual follow the 2019-20 Financial Reporting Manual (FReM), which applies European Union adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2019, except for IFRS 16 Leases, which is deferred until 1 April 2021; to the extent that they are meaningful and appropriate to the NHS in Wales.

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

1.1. Accounting convention

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

1.2. Acquisitions and discontinued operations

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

1.3. Income and funding

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

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

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

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

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

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

Only non-NHS income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

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

1.4.2. Retirement benefit costs

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

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

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

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in the 2019-20 annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Other Note - 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 LHB expects to obtain economic benefits or service potential from the asset. This is specific to the LHB 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 NHS Wales organisation as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the LHBs 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 LHBs net investment outstanding in respect of the leases.

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

1.12. Inventories

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

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

1.13. Cash and cash equivalents

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

1.14. Provisions

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the 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 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 Statement of Financial Position (SoFP) when the LHB 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 LHB 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 LHB 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 32.

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 through the Welsh Risk Pool.

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

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

1.24.1. Provisions

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

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

1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

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

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

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

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

The Health Board has provided for some £168m (£125m 2018/19) 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 £0.289m (£2m 2018/19) 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 Outcome Framework, GMS Quality Assurance and Improvement Framework, GMS Enhanced Services, dental contract performance 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 LHB 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 LHBs approach for each relevant class of asset in accordance with the principles of IAS 16.

1.25.3. 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.

1.25.4. Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the LHBs 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.

1.25.5. 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 LHBs SoFP.

1.25.6. Other assets contributed by the LHB to the operator

Assets contributed (e.g. cash payments, surplus property) by 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 NHS Wales organisation, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

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

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

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 Not EU-endorsed.*
Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

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

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

1.29. Accounting standards issued that have been adopted early

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

1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as it is the corporate trustee of the Aneurin Bevan University Local Health Board Charitable Fund and Other Related Charities NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Aneurin Bevan University Local Health Board Charitable Fund and Other Related Charities NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Aneurin Bevan University Local Health Board Charitable Fund and Other Related Charities NHS Charitable Fund within the statutory accounts of the NHS Wales organisation. The determination of control is an accounting standard test of control and there has been no change to the operation of the Aneurin Bevan University Local Health Board Charitable Fund and Other Related Charities NHS Charitable Fund or its independence in its management of charitable funds.

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

2. Financial Duties Performance

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

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

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

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2017-18	2018-19	2019-20	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	1,170,232	1,226,261	1,319,803	**3,716,296**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(1,743)	(2,149)	(161)	**(4,053)**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	**0**
Total operating expenses	1,168,489	1,224,112	1,319,642	**3,712,243**
Revenue Resource Allocation	1,168,735	1,224,347	1,319,674	**3,712,756**
Under /(over) spend against Allocation	246	235	32	**513**

Aneurin Bevan University LHB **has** met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2017-18 to 2019-20.

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

2.2 Capital Resource Performance

	2017-18	2018-19	2019-20	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	50,648	141,139	133,286	**325,073**
Add: Losses on disposal of donated assets	11	0	7	**18**
Less NBV of property, plant and equipment and intangible assets disposed	(127)	(81)	(555)	**(763)**
Less capital grants received	(8)	(45)	(93)	**(146)**
Less donations received	(126)	(121)	(300)	**(547)**
Charge against Capital Resource Allocation	50,398	140,892	132,345	**323,635**
Capital Resource Allocation	50,476	140,933	132,373	**323,782**
(Over) / Underspend against Capital Resource Allocation	78	41	28	**147**

Aneurin Bevan University LHB **has** met its financial duty to break-even against its Capital Resource Limit over the 3 years 2017-18 to 2019-20.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2019-20 to 2021-22 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

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

	2019-20 to 2021-22
The Minister for Health and Social Services approval	
Status	**Approved**
Date	**27/03/2019**

The LHB **has** therefore met its statutory duty to have an approved financial plan for the period 2019-20 to 2021-22.

2.4 Creditor payment

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

	2019-20	2018-19
Total number of non-NHS bills paid	**281,043**	253,860
Total number of non-NHS bills paid within target	**273,053**	241,381
Percentage of non-NHS bills paid within target	97.2%	95.1%

The LHB has met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2019-20 Total	2018-19
	£'000	£'000	£'000	£'000
General Medical Services	103,343		**103,343**	99,491
Pharmaceutical Services	29,505	(6,605)	**22,900**	24,995
General Dental Services	36,608		**36,608**	36,232
General Ophthalmic Services	2,145	6,766	**8,911**	8,419
Other Primary Health Care expenditure	2,872		**2,872**	2,738
Prescribed drugs and appliances	102,280		**102,280**	95,557
Total	**276,753**	**161**	**276,914**	267,432

The total expenditure above includes £15.047m in respect of staff costs (£14.081m 2018/19). A detailed breakdown is shown below.

3.2 Expenditure on healthcare from other providers

	2019-20	2018-19
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**59,424**	57,379
Goods and services from other NHS Wales Trusts	**34,079**	29,290
Goods and services from Health Education and Improvement Wales (HEIW)	**0**	0
Goods and services from other non Welsh NHS bodies	**9,676**	8,875
Goods and services from WHSSC / EASC	**144,458**	136,682
Local Authorities	**39,205**	30,009
Voluntary organisations	**12,953**	6,714
NHS Funded Nursing Care	**7,671**	7,548
Continuing Care	**71,005**	71,481
Private providers	**1,287**	2,156
Specific projects funded by the Welsh Government	**0**	0
Other	**(9)**	(143)
Total	**379,749**	**349,991**

Local Authorities expenditure relates to the following bodies:	**£'000**	£'000
Blaenau Gwenty County Borough Council	**3,361**	1,445
Caerphilly County Borough Council	**15,545**	14,043
Monmouthshire County Borough Council	**4,485**	4,371
Newport City Council	**8,210**	5,084
Torfaen County Borough Council	**7,520**	5,122
Gloucestershire County Council	**84**	-56
	39,205	30,009

Note 3.1 - Expenditure on Primary Healthcare Services
The General Medical Services expenditure includes £12,427k (2018/19 £11,025k) in relation to staff salaries, the General Dental Services expenditure includes £2,283k (2018/19 £2,592k) in relation to staff salaries, and the Prescribed Drugs & Appliance expenditure includes £337k (2018/19 £464k) in relation to staff salaries.

3.3 Expenditure on Hospital and Community Health Services

	2019-20 £'000	2018-19 £'000
Directors' costs	2,448	2,013
Staff costs	577,312	522,079
Supplies and services - clinical	97,510	98,580
Supplies and services - general	14,125	13,801
Consultancy Services	848	349
Establishment	8,090	7,983
Transport	1,974	1,852
Premises	29,348	26,057
External Contractors	0	0
Depreciation	25,403	24,200
Amortisation	948	839
Fixed asset impairments and reversals (Property, plant & equipment)	(3,154)	(1,443)
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	382	400
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	3,154	2,024
Research and Development	0	0
Other operating expenses	7,990	7,875
Total	**766,378**	706,609

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

Increase/(decrease) in provision for future payments:	2019-20 £'000	Reclassified 2018-19 £'000
Clinical negligence;		0
Secondary care	51,032	37,494
Primary care	0	0
Redress Secondary Care	498	593
Redress Primary Care	0	0
Personal injury	751	660
All other losses and special payments	198	220
Defence legal fees and other administrative costs	1,614	632
Gross increase/(decrease) in provision for future payments	**54,093**	**39,599**
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	475	81
Less: income received/due from Welsh Risk Pool	(51,414)	(37,656)
Total	**3,154**	**2,024**

	2019-20 £	2018-19 £
Permanent injury included within personal injury	374,241	345,411

The Health Board spent £2.2m (£1.9m 2018/19) on Research and Development. The majority of this spend relates to staff £1.8m (£1.6m 2018/19) which along with the non-staff spend is reflected under the various headings within note 3.3.

Note 3.4 includes £959,157 (£800,786 2018/19) relating to Redress cases which represents 96 (90 2018/19) cases where payments were made in year totalling £412,812 (£355,025 2018/19) including defence fees. An additional provision has been created for a further 50 (41 2018/19) cases where an offer has been made or causation and breach have been proven with estimated costs of £546,345 (£445,761 2018/19).

4. Miscellaneous Income

	2019-20 £'000	2018-19 £'000 Reclassified
Local Health Boards	21,221	20,118
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	8,881	8,223
NHS Wales trusts	8,429	7,733
Health Education and Improvement Wales (HEIW)	9,623	1,012
Foundation Trusts	37	5
Other NHS England bodies	2,431	2,520
Other NHS Bodies	62	56
Local authorities	17,553	16,656
Welsh Government	7,146	5,945
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	6,997	7,313
Private patient income	312	321
Overseas patients (non-reciprocal)	246	87
Injury Costs Recovery (ICR) Scheme	1,777	1,879
Other income from activities	930	966
Patient transport services	0	0
Education, training and research	3,558	10,904
Charitable and other contributions to expenditure	1,091	1,016
Receipt of donated assets	300	121
Receipt of Government granted assets	93	45
Non-patient care income generation schemes	125	121
NHS Wales Shared Services Partnership (NWSSP)	(2)	39
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	73	69
Accommodation and catering charges	3,292	3,247
Mortuary fees	259	255
Staff payments for use of cars	791	818
Business Unit	1,800	1,815
Other	6,870	7,240
Total	**103,895**	98,524

Other income Includes;		
Salary Sacrifice Schemes & Fleet Vehicles	2,165	2,812
VAT recoveries re Business Activities and accrued income	1,062	541
Other	3,643	3,887
	0	0
Total	**6,870**	**7,240**

Injury Cost Recovery (ICR) Scheme income

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

5. Investment Revenue

	2019-20	2018-19
	£000	£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	18	20
Total	18	20

6. Other gains and losses

	2019-20	2018-19
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	80	10
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	(2)	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	78	10

7. Finance costs

	2019-20	2018-19
	£000	£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	439	428
contingent finance cost	353	332
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	792	760
Provisions unwinding of discount	(39)	23
Other finance costs	0	0
Total	753	783

8. Operating leases

LHB as lessee

As at 31st March 2020 the LHB had 34 operating leases agreements in place for the leases of premises, 610 arrangement in respect of equipment and 545 in respect of vehicles, with 0 premises, 8 equipment and 181 vehicle leases having expired in year.

Payments recognised as an expense	**2019-20**	2018-19
	£000	£000
Minimum lease payments	**6,120**	6,579
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**6,120**	6,579

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**4,188**	5,823
Between one and five years	**6,628**	7,948
After 5 years	**10,432**	11,517
Total	**21,248**	25,288

LHB as lessor

Rental revenue	**£000**	£000
Rent	**190**	192
Contingent rents	**0**	0
Total revenue rental	**190**	192

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**176**	178
Between one and five years	**704**	705
After 5 years	**1,181**	1,358
Total	**2,061**	2,241

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 May 2020 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	Other	Total	2018-19
	£000	£000	£000	£000	£000	£000
Salaries and wages	448,022	2,052	26,568	202	**476,844**	447,302
Social security costs	44,178	0	0	0	**44,178**	42,029
Employer contributions to NHS Pension Scheme	75,449	0	0	0	**75,449**	50,337
Other pension costs	349	0	0	0	**349**	0
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	0	0	0	0	**0**	0
Total	567,998	2,052	26,568	202	**596,820**	539,668
Charged to capital					**2,013**	1,495
Charged to revenue					**594,807**	538,173
					596,820	539,668
Net movement in accrued employee benefits (untaken staff leave accrual included above)					94	52

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	Other	Total	2018-19
	Number	Number	Number		Number	Number
Administrative, clerical and board members	2,237	27	6	0	**2,270**	2,277
Medical and dental	1,016	6	88	1	**1,111**	1,073
Nursing, midwifery registered	3,479	1	136	0	**3,616**	3,562
Professional, Scientific, and technical staff	418	6	3	0	**427**	551
Additional Clinical Services	2,316	0	6	0	**2,322**	2,089
Allied Health Professions	734	1	21	0	**756**	725
Healthcare Scientists	228	0	6	0	**234**	232
Estates and Ancilliary	1,045	0	47	0	**1,092**	981
Students	3	0	0	0	**3**	0
Total	**11,476**	**41**	**313**	**1**	**11,831**	11,490

9.3. Retirements due to ill-health

	2019-20	2018-19
Number	7	5
Estimated additional pension costs £	541,118	207,779

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

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2019-20 Number of compulsory redundancies	2019-20 Number of other departures	2019-20 Total number of exit packages	2019-20 Number of departures where special payments have been made	2018-19 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

Exit packages cost band (including any special payment element)	2019-20 Cost of compulsory redundancies	2019-20 Cost of other departures	2019-20 Total cost of exit packages	2019-20 Cost of special element included in exit packages	2018-19 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

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 2019/20.

Additional requirement as per FReM
£0 exit costs were paid in 2019-20, the year of departure (£0 - 2018-19).

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 2019-20 was £200k - £205k (2018-19, £200k - £205k). This was 6.7 times (2018-19, 7.0 times) the median remuneration of the workforce, which was £30,038 (2018-19, £28,766).

In 2019-20, 14 (2018-19, 16) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £18k to £301k (2018-19, £17k to £273k).

There was a 4.4% 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 beneifuts-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 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

c) National Employment Savings Trust (NEST)

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

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

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

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

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,136 and £50,000 for the 2019-20 tax year (2018-19 £6,032 and £46,350).

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

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

	2019-20	**2019-20**	2018-19	2018-19
NHS	**Number**	**£000**	Number	£000
Total bills paid	**6,234**	**273,895**	5,870	256,692
Total bills paid within target	**5,544**	**265,363**	5,356	253,807
Percentage of bills paid within target	**88.9%**	**96.9%**	91.2%	98.9%
Non-NHS				
Total bills paid	**281,043**	**589,202**	253,860	550,766
Total bills paid within target	**273,053**	**571,483**	241,381	533,136
Percentage of bills paid within target	**97.2%**	**97.0%**	95.1%	96.8%
Total				
Total bills paid	**287,277**	**863,097**	259,730	807,458
Total bills paid within target	**278,597**	**836,846**	246,737	786,943
Percentage of bills paid within target	**97.0%**	**97.0%**	95.0%	97.5%

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

	2019-20	2018-19
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**1048**	870
Total	**1048**	870

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 :

	£000
Freehold	**409,655**
Long Leasehold	**9,485**
Short Leasehold	**0**
	419,140

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

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2018	78,138	359,367	2,575	64,350	82,933	632	19,711	2,678	**610,384**
Indexation	1,499	1,371	12	0	0	0	0	0	**2,882**
Additions									
- purchased	0	3,981	11	124,514	7,498	44	3,947	266	**140,261**
- donated	0	26	0	0	95	0	0	0	**121**
- government granted	0	17	0	0	28	0	0	0	**45**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	67	1,488	0	(2,078)	422	0	0	0	**(101)**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	64	2,223	13	0	0	0	0	0	**2,300**
Impairments	(34)	(830)	0	0	0	0	0	0	**(864)**
Reclassified as held for sale	(127)	(293)	0	0	0	0	0	0	**(420)**
Disposals	(33)	(37)	0	0	(2,145)	0	(729)	(281)	**(3,225)**
At 31 March 2019	79,574	367,313	2,611	186,786	88,831	676	22,929	2,663	**751,383**
Depreciation at 1 April 2018	0	12,856	71	1,792	51,514	476	10,059	1,746	**78,514**
Indexation	0	70	1	0	0	0	0	0	**71**
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	58	0	0	0	0	0	0	**58**
Impairments	0	(65)	0	0	0	0	0	0	**(65)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(2,134)	0	(729)	(281)	**(3,144)**
Provided during the year	0	13,283	75	0	7,926	27	2,633	256	**24,200**
At 31 March 2019	0	26,202	147	1,792	57,306	503	11,963	1,721	**99,634**
Net book value at 1 April 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	**531,870**
Net book value at 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	**651,749**
Net book value at 31 March 2019 comprises :									
Purchased	76,436	339,219	2,464	184,994	30,783	173	10,963	922	**645,954**
Donated	3,138	1,848	0	0	704	0	3	20	**5,713**
Government Granted	0	44	0	0	38	0	0	0	**82**
At 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	**651,749**
Asset financing :									
Owned	79,574	330,718	2,464	184,994	31,432	173	10,966	942	**641,263**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	10,393	0	0	93	0	0	0	**10,486**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	**651,749**

The net book value of land, buildings and dwellings at 31 March 2019 comprises :

	£000
Freehold	**412,442**
Long Leasehold	**10,707**
Short Leasehold	**0**
	423,149

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 Institutie of Chartered Surveyors Valuation Standards, 6th Edition . LHB s are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

11. Property, plant and equipment (continued)

Disclosures:

i) Donated Assets
Assets totalling £300k during the year were purchased via charitable funds donations, and grant contributions totalling £93k were received from Sparkle in relation to works at the Serennu Children's Centre.

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 2019-20 indexation has been applied to land and buildings based on indices received from the Valuation Office Agency. In 2019-20, no indexation has been applied to equipment.

In addition, in 2019-20 there have been separate revaluations for two assets under construction coming into use (relating to the Children's Assessment Unit and Maternity Scheme and the refurbishment of Ward 3/3 at Neville Hall Hospital), and two assets that have been assessed as surplus and revalued prior to reclassification to Asset Held for Sale.

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
Two assets have been written down during the year and included in the impairments in note 13. Fees incurred in relation to a Mental Health Accommodation review have been written out as the scheme has been discontinued. Pembroke Villa at Llanfrechfa Grange Hospital has been demolished during the year as a result of a fire.

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.
The Health Board has reclassified two properties as assets held for sale during the period (Leechpool and Bridgeview - previously used by the Mental Health and Learning Disability division). Another asset held for sale, Lamb House, has been sold during 2019/20.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2019	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**
Balance brought forward 1 April 2018	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	127	293	0	0	0	**420**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2019	127	293	0	0	0	**420**

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**

12. Intangible non-current assets
2018-19

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	1,609	0	3,162	0	0	0	**4,771**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	101	0	0	0	0	0	**101**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	**0**
Additions- purchased	364	0	348	0	0	0	**712**
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	(595)	0	(307)	0	0	0	**(902)**
Gross cost at 31 March 2019	**1,479**	**0**	**3,203**	**0**	**0**	**0**	**4,682**
Amortisation at 1 April 2018	1,058	0	1,009	0	0	0	**2,067**
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	210	0	629	0	0	0	**839**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	(595)	0	(307)	0	0	0	**(902)**
Amortisation at 31 March 2019	**673**	**0**	**1,331**	**0**	**0**	**0**	**2,004**
Net book value at 1 April 2018	**551**	**0**	**2,153**	**0**	**0**	**0**	**2,704**
Net book value at 31 March 2019	**806**	**0**	**1,872**	**0**	**0**	**0**	**2,678**
At 31 March 2019							
Purchased	790	0	1,872	0	0	0	**2,662**
Donated	16	0	0	0	0	0	**16**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2019	**806**	**0**	**1,872**	**0**	**0**	**0**	**2,678**

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

Additions during the year comprised:

1. Grange University Hospital LAN Licenses £448k with a 5 year life
2. Anti Virus Licenses £338k with a 3 year life
3. Microsoft Server License £442k with a 5 year life
4. Web Filtering License £123k with a 5 year life
5. ICT National Careflow Licenses £1.28m with a 3 year life
6. Voice Regonition Software £65k with a 5 year life
7. National Data Resource Licenses £48k with a 5 year life
8. Various ICT Software & Licenses £89k with a 3 or 5 year life

13 . Impairments

	2019-20 Property, plant & equipment £000	2019-20 Intangible assets £000	2018-19 Property, plant & equipment £000	2018-19 Intangible assets £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	66	0
Others (specify)	1,912	0	733	0
Reversal of Impairments	(4,318)	0	(2,242)	0
Total of all impairments	(2,406)	0	(1,443)	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	(3,154)	0	(1,443)	0
Charged to Revaluation Reserve	748	0	0	0
	(2,406)	0	(1,443)	0

Impairments

2019-20	Impairment amount £000	Reason for impairment £000	Nature of Asset £000	Valuation basis £000	Charge to SoCNE £000	Charge to reserve £000
Ward 3/3 Refurbishment Scheme	280	Assets Valued on Coming Into Use	Operational	Fair Value	280	0
CAU & Maternity Scheme	691	Assets Valued on Coming Into Use	Operational	Fair Value	691	0
Pembroke Villa	131	Asset demolished	Operational	Demolition	131	0
MH Accommodation Review	30	Project discontinued	AUC	Fair Value	30	0
Indexation - Land	780	Indexation Loss	Operational	Fair Value	32	748
Total Impairment	1,912				1,164	748
Reversal of Impairments						
Ysbyty Aneurin Bevan	-648	Indexation - reversal of impairment in previous years	Operational Assets	Indexation	(648)	0
Ysbyty Ystrad Fawr	-2418				(2,418)	0
Serennu Childrens Centre	-146				(146)	0
Royal Gwent	-944				(944)	0
St Cadocs	-97				(97)	0
Llanfrechfa Grange	-26				(26)	0
Neville Hall	-17				(17)	0
Various Community Sites	-22				(22)	0
	-4,318				(4,318)	0
Net credit to SoCNE	-2,406				(3,154)	748

14.1 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	3,428	3,200
Consumables	5,841	4,147
Energy	217	226
Work in progress	0	0
Other	0	0
Total	**9,486**	7,573
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

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

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

15. Trade and other Receivables

Current	31 March 2020 £000	Reclassified 31 March 2019 £000
Welsh Government	6,826	5,448
WHSSC / EASC	998	47
Welsh Health Boards	3,447	3,164
Welsh NHS Trusts	3,328	2,235
Health Education and Improvement Wales (HEIW)	217	424
Non - Welsh Trusts	455	402
Other NHS	0	0
Welsh Risk Pool Claim reimbursement		0
NHS Wales Secondary Health Sector	24,895	37,602
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	752	507
Other	0	0
Local Authorities	3,823	5,116
Capital debtors - Tangible	53	0
Capital debtors - Intangible	0	0
Other debtors	11,268	11,559
Provision for irrecoverable debts	(2,070)	(1,663)
Pension Prepayments NHS Pensions	0	0
Other prepayments	4,569	5,237
Other accrued income	0	0
Sub total	**58,561**	70,078
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool Claim reimbursement;		0
NHS Wales Secondary Health Sector	146,889	89,097
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	2,023	1,903
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	**148,912**	91,000
Total	**207,473**	161,078

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired	31 March 2020 £000	31 March 2019 £000
By up to three months	1,891	1,593
By three to six months	180	356
By more than six months	844	747
	2,915	2,696

Expected Credit Losses (ECL) / Provision for impairment of receivables		
Balance at 31 March 2019		(1,240)
Adjustment for Implementation of IFRS 9		(407)
Balance at 1 April 2019	(1,663)	(1,647)
Transfer to other NHS Wales body	0	0
Amount written off during the year	69	0
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(497)	(5)
Bad debts recovered during year	21	(11)
Balance at 31 March 2020	(2,070)	(1,663)

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	2,205	2,452
Other	220	275
Total	2,425	2,727

16. Other Financial Assets

	Current		Non-current	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**31**	32	**586**	661
Derivatives	**0**	0	**0**	0
Other (Specify)	**0**	0	**0**	0
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Total	**31**	**32**	**586**	**661**

17. Cash and cash equivalents

	2019-20	2018-19
	£000	£000
Balance at 1 April 2019	**984**	1,606
Net change in cash and cash equivalent balances	**317**	(622)
Balance at 31 March 2020	**1,301**	984
Made up of:		
Cash held at GBS	**1,278**	964
Commercial banks	**0**	0
Cash in hand	**23**	20
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**1,301**	984
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**1,301**	984

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

Lease Liabilities £0k
PFI liabilities £760k

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

18. Trade and other payables

Current	31 March 2020 £000	Reclassified 31 March 2019 £000
Welsh Government	66	0
WHSSC / EASC	164	2,304
Welsh Health Boards	1,557	1,882
Welsh NHS Trusts	3,626	2,509
Health Education and Improvement Wales (HEIW)	4	0
Other NHS	6,113	6,181
Taxation and social security payable / refunds	3,932	9,774
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	46,154	43,067
Local Authorities	18,501	11,932
Capital payables- Tangible	8,080	8,567
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	832	625
Pensions: staff	8,328	8,136
Non NHS Accruals	56,576	52,177
Deferred Income:		
Deferred Income brought forward	70	70
Deferred Income Additions	(70)	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	(9,009)	(8,762)
Sub Total	**144,924**	138,462
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	5,226	5,392
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	**5,226**	5,392
Total	**150,150**	143,854

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

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	**31 March 2020 £000**	31 March 2019 £000
Between one and two years	**911**	685
Between two and five years	**2,725**	2,480
In five years or more	**1,590**	2,227
Sub-total	**5,226**	5,392

19. Other financial liabilities

	Current		**Non-current**	
Financial liabilities	**31 March 2,020 £000**	31 March 2,019 £000	**31 March 2,020 £000**	31 March 2,019 £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	**0**	0	**0**	0

20. Provisions

Reclassified

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2020
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence:-	**0**								**0**
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**
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:-									**0**
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**
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**
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**

Expected timing of cash flows:

	In year to 31 March 2021	Between 1 April 2021 31 March 2025	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	14,314	146,409	0	**160,723**
Primary care	0	0	0	**0**
Redress Secondary care	524	0	0	**524**
Redress Primary care	0	0	0	**0**
Personal injury	497	1,190	2,253	**3,940**
All other losses and special payments	0	0	0	**0**
Defence legal fees and other administration	1,155	1,686	0	**2,841**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	440	3,718	0	**4,158**
Restructuring	0	0	0	**0**
Other	1,442	203	0	**1,645**
Total	**18,372**	**153,206**	**2,253**	**173,831**

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 2020/21 it will receive £15,083,530 and in 2021/22 and beyond £146,888,792 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 £288,559. As per above the Local Health Board has estimated a liability of £0.289m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2019/20 is consistent with the methodology used in 2018/19. 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 also include £16,223 for Ancillary Staff Banked Annual Leave Payments, £65,466 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £949,005 potential VAT payments to HMRC re over claimed VAT in relation to Research and development and other Invoices raised by the Health Board and £327,608 in relation to potential final pay controls. The total Health Board provision also includes an amount of £546,345 which relates to 50 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 2018	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2019
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence:-									**0**
Secondary care	37,728	(1,147)	0	(6,551)	13,293	(5,749)	(7,202)	0	**30,372**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	199	0	0	0	674	(353)	(81)	0	**439**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	278	0	0	(11)	665	(549)	(5)	10	**388**
All other losses and special payments	0	0	0	0	220	(220)	0	0	**0**
Defence legal fees and other administration	1,441	0	0	46	841	(671)	(559)		**1,098**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	423			238	257	(427)	(81)	13	**423**
Restructuring	0			0	0	0	0	0	**0**
Other	2,886		0	0	1,100	(468)	(959)		**2,559**
Total	**42,955**	**(1,147)**	**0**	**(6,278)**	**17,050**	**(8,437)**	**(8,887)**	**23**	**35,279**
Non Current									
Clinical negligence:-									
Secondary care	49,978	0	0	6,551	44,047	(595)	(11,497)	0	**88,484**
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	3,249	0	0	11	0	0	0	0	**3,260**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	823	0	0	(46)	468	(90)	(118)		**1,037**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	4,069			(238)	0	0	0	0	**3,831**
Restructuring	0			0	0	0	0	0	**0**
Other	2,454		0	0	724	(1,337)	(922)		**919**
Total	**60,573**	**0**	**0**	**6,278**	**45,239**	**(2,022)**	**(12,537)**	**0**	**97,531**
TOTAL									
Clinical negligence:-									
Secondary care	87,706	(1,147)	0	0	57,340	(6,344)	(18,699)	0	**118,856**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	199	0	0	0	674	(353)	(81)	0	**439**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	3,527	0	0	0	665	(549)	(5)	10	**3,648**
All other losses and special payments	0	0	0	0	220	(220)	0	0	**0**
Defence legal fees and other administration	2,264	0	0	0	1,309	(761)	(677)		**2,135**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	4,492			0	257	(427)	(81)	13	**4,254**
Restructuring	0			0	0	0	0	0	**0**
Other	5,340		0	0	1,824	(1,805)	(1,881)		**3,478**
Total	**103,528**	**(1,147)**	**0**	**0**	**62,289**	**(10,459)**	**(21,424)**	**23**	**132,810**

The expected timing of cashflows 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 2019/20 it will receive £30,332,948 and in 2020/21 and beyond £89,097,104 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 £2,186,260. As per above the Local Health Board has estimated a liability of £2.186m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2018/19 is consistent with the methodology used in 2017/18. 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 also include £15,958 for Ancillary Staff Banked Annual Leave Payments, £127,351 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £1,148,477 potential VAT payments to HMRC re overclaimed VAT in relation to Research and Development and other invoices raised by the Health Board. It also includes a potential penalty payment previoulsy identified by the Health Board to HMRC. The total Health Board provision also includes an amount of £445,761 which relates to 41 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

21. Contingencies

21.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	2019-20 £'000	Reclassified 2018-19 £'000
Legal claims for alleged medical or employer negligence:-		
Secondary care	339,883	340,890
Primary care	45	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	4,675	4,881
Continuing Health Care costs	2,022	5,579
Other	0	0
Total value of disputed claims	346,625	351,350
Amounts (recovered) in the event of claims being successful	(340,543)	(341,256)
Net contingent liability	6,082	10,094

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 £14m from 2018/19 with the number of claims decreasing from 248 in 2018/19 to 239 in 2019/20.

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, with the assistance of the dedicated Team in Powys LHB prior to decommissioning, has made significant progress in completing the review of outstanding claims for reimbursement of retrospective care payments (IRPs) during 2019/20. As a consequence there has been a material shift in the level of provision and uncertainty included in these Accounts.

Note 20 sets out the **£0.288m** provision made for probable continuing care costs relating to **82** outstanding claims received by 31st October 2019 (including 44 of the first tranche of claims under Phase 7 with an associated new provision in 2019/20 of £0.054m). This compares favourably with the 2018/19 provision of £2.186m and 179 outstanding phase 1 to 6 claims.

Note 21.1 also sets out the **£2.022m** contingent liability for possible additional continuing care costs relating to those claims if they were all settled and in full, again comparing favourably with the £5.579m reported for 2018/19;

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. It is highly improbable that these claims will ever progress to settlement stage, but have been considered as a contingent liability until formally accepted as closed by the claimant. Whilst there has been no change to the volume of dormant claims in 2019/20, at current average settlement rates the potential liability would be **£3.187m.** Given their age, it is likely that a recommendation to close these claims will be made in the forthcoming financial year.

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;

- ABUHB will then pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be fully funded by the Welsh Government with no net cost to ABUHB.

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

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

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

21.2 Remote Contingent liabilities

	2019-20 £'000	2018-19 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	9,800	482
Letters of Comfort	0	0
Total	**9,800**	**482**

21.3 Contingent assets

	2019-20 £'000	2018-19 £'000
	0	0
	0	0
	0	0
Total	**0**	0

22. Capital commitments

Contracted capital commitments at 31 March	2019-20 £'000	2018-19 £'000
Property, plant and equipment	46,614	97,386
Intangible assets	0	0
Total	**46,614**	97,386

23. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2020	
	Number	**£**
Clinical negligence	146	7,855,576
Personal injury	41	440,998
All other losses and special payments	237	266,568
Total	424	8,563,142

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	Personal Injury	26,691	411,188
	08RVFMN0070	Medical Negligence	8,250	1,108,250
	10RVFMN0058	Medical Negligence	25,000	425,000
	13RVFMN0188	Medical Negligence	26,000	374,201
	14RVFMN0015	Medical Negligence	220,000	1,875,324
	14RVFMN0052	Medical Negligence	10,000	380,000
	14RVFMN0061	Medical Negligence	1,670,000	1,670,000
	14RVFMN0114	Medical Negligence	100,000	1,234,993
	14RVFMN0118	Medical Negligence	50,000	350,000
	14RVFMN0228	Medical Negligence	0	332,500
	16RVFMN0093	Medical Negligence	0	1,212,000
	16RVFMN0106	Medical Negligence	0	334,800
	16RVFNMN0187	Medical Negligence	335,000	385,000
	16RVFMN0216	Medical Negligence	225,000	695,000
	16RVFMN0242	Medical Negligence	612,000	632,000
Sub-total			**3,307,941**	**11,420,256**
All other cases			5,255,201	10,093,553
Total cases			**8,563,142**	**21,513,809**

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

24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

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

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

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

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

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Local Health Board has two PFI Schemes 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 and 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 2020 included in debtors.

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	Off-SoFP PFI contracts
	31 March 2020	31 March 2019
	£000	£000
Total payments due within one year	**1,103**	1,336
Total payments due between 1 and 5 years	**3,359**	3,536
Total payments due thereafter	**603**	3,046
Total future payments in relation to PFI contracts	**5,065**	7,918
Total estimated capital value of off-SoFP PFI contracts	**4,482**	4,482

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11		**£000**
Contract start date:	Chwef-00	**5,221**
Contract end date:	Chwef-25	

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 £2,441k.

		£000
Contract start date:	Maw-04	**3,164**
Contract end date:	Maw-36	

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 £2,167k.

		£000
Contract start date:	Medi-99	**1,504**
Contract end date:	Medi-24	

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

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

	On SoFP PFI Capital element 31 March 2020	**On SoFP PFI Imputed interest 31 March 2020**	**On SoFP PFI Service charges 31 March 2020**
	£000	**£000**	**£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**

	On SoFP PFI Capital element 31 March 2019	On SoFP PFI Imputed interest 31 March 2019	On SoFP PFI Service charges 31 March 2019
	£000	£000	£000
Total payments due within one year	625	371	2,656
Total payments due between 1 and 5 years	3,165	971	10,120
Total payments due thereafter	2,227	365	9,034
Total future payments in relation to PFI contracts	6,017	1,707	21,810

Total present value of obligations for on-SoFP PFI contracts **27,451**

25.3 Charges to expenditure	2019-20	2018-19
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,081	2,062
Total expense for Off Statement of Financial Position PFI contracts	1,313	1,265
The total charged in the year to expenditure in respect of PFI contracts	3,394	3,327

The LHB is committed to the following annual charges

PFI scheme expiry date:	31 March 2020 £000	31 March 2019 £000
Not later than one year	264	0
Later than one year, not later than five years	1,584	678
Later than five years	1,383	2,758
Total	3,231	3,436

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

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	3	2
Number of PFI contracts which individually have a total commitment > £500m	0	0

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

PFI Contract

25.5 The LHB has 5 Public Private Partnerships

26. Financial risk management

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

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

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

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

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

27. Movements in working capital

	2019-20 £000	2018-19 £000
(Increase)/decrease in inventories	(1,913)	(517)
(Increase)/decrease in trade and other receivables - non-current	(57,837)	(38,775)
(Increase)/decrease in trade and other receivables - current	11,518	6,458
Increase/(decrease) in trade and other payables - non-current	(166)	(625)
Increase/(decrease) in trade and other payables - current	6,462	7,509
Total	**(41,936)**	(25,950)
Adjustment for accrual movements in fixed assets - creditors	487	(1,665)
Adjustment for accrual movements in fixed assets - debtors	53	0
Other adjustments	625	349
	(40,771)	(27,266)

28. Other cash flow adjustments

	2019-20 £000	2018-19 £000
Depreciation	25,403	24,200
Amortisation	948	839
(Gains)/Loss on Disposal	(78)	(10)
Impairments and reversals	(3,154)	(1,443)
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(300)	(121)
Government Grant assets received credited to revenue but non-cash	(93)	(45)
Non-cash movements in provisions	52,027	39,741
Other movements	22,985	0
Total	**97,738**	63,161

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 as a whole. 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 2020-21 and beyond and the Health Board's Governance Framework will need to consider and respond to this need on an on-going basis.

30. Related Party Transactions

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

	2019-20		As at 31st March 2020	
	Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	348	1,418,362	66	6,826
Betsi Cadwaladr University Health Board	953	44	67	13
Cardiff & Vale University Health Board	34,217	3,597	794	1,594
Cwm Taf University Health Board	22,570	1,609	277	869
Hywel Dda University Health Board	750	886	116	119
Powys Teaching Health Board	356	15,744	174	757
Swansea Bay University Health Board	2,892	1,091	137	95
Velindre NHS Trust	40,611	6,900	2,903	2,875
Welsh Ambulance Services NHS Trust	8,716	147	257	42
Public Health Wales NHS Trust	1,745	3,267	504	411
Welsh Health Specialised Services Committee	144,529	8,899	164	998
Health Education and Improvement Wales (HEIW)	4	9,689	4	217

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	2019-20		As at 31st March 2020	
	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	4,635	1,220	2,519	271
Caerphilly County Borough Council	17,710	11,208	5,155	2,366
Monmouthshire County Council	5,824	1,907	2,753	568
Newport City Council	10,294	1,843	4,723	266
Torfaen County Borough Council	8,262	1,720	3,293	258

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

Aneurin Bevan Local Health Board Charitable Fund	119	1,091	15	4

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

Member	Related Organisation	Relationship with Related Party	2019-20		As at 31st March 2020	
			Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
			£000	£000	£000	£000
Dr Paul Buss	HFMA	Council Member of Institue Costing for Value	5	0	1	0
Glyn Jones	Royal Brompton & Harefield NHS Foundation Trust	Son is on Student/Clinical Placement	4	2	4	0
	NHS Wales Informatics Service (Hosted by Velindre NHS Trust)	Sister is Project Manager	40,611	6,900	2,903	2,875
	Swansea Bay University Health Board	Niece is on the NHS Wales Graduate Finance Training Scheme	2,892	1,091	137	95
Richard Bevan	Carers Trust South East Wales	Voluntary Director and Chair of the People and Well Being Committee	445	1	29	0
Philip Robson	Hospice of Valleys	Trustee	354	0	4	0
Chris Koehli	Pobl Care and Support Limited	Non Executive Director	4,864	0	3,353	0
	Carers Trust Wales	Chair	510	0	510	0
Emrys Elias	Mind Cymru	Chair of Governance Board	3	0	0	0
	Cardiff & Vale University Health Board	Consultancy	34,217	3,597	794	1,594
	Velindre NHS Trust	Spouse was Interim Director of Nursing & Service Improvement until 31.08.2019 and then Deputy Director of Nursing & Service Improvement until 17.02.20	40,611	6,900	2,903	2,875
Katija Dew	Newport Live	Trustee	99	7	23	2
	Melin Homes	Spouse is Executive Director	339	0	79	0
Prof Dianne Watkins	Cardiff University	Deputy Head, School of Healthcare Sciences	1,094	349	448	126
Catherine Brown	Natural Resources Wales	Board Member	8	0	0	0
Richard Clark	Torfaen Voluntary Alliance	Director and Company Secretary	329	0	33	0
	Torfaen County Borough Council	County Borough Councillor, Deputy Leader and Executive Member for Economy Skills and Regeneration	8,262	1,720	3,293	258
	Shared Resource Services (SRS Strategic Board)	Director	6	0	0	0
Frances Taylor	Monmouthshire County Council	County Councillor	5,824	1,907	2,753	568
David Jones	Ofcom	Non Executive Director for Wales	1	0	0	0
Louise Wright	Coleg Q S	Partner is Owner / Director	7	0	0	0
David Street	Caerphilly County Borough Council	Corporate Director, Social Services and Housing	17,710	11,208	5,155	2,366
	Welsh Government	Spouse is Assistant Director of Social Care Policy	348	1,418,362	66	6,826

31. Third Party assets

The LHB held £19,758.14 cash at bank and in hand at 31 March 2020 (31 March 2019, £612,213.70) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31 March 2020 (31 March 2019 £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 a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of the consignment stock at 31 March 2020 was £86,266 (£69,393 31st March 2019). This has been excluded from the inventory balance reported in the Accounts.

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 £4,496K 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 £918K for 2019/20 (£895K for 2018/19).

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 £203K for 2019/20 (£195K 2018/19).

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 £9,714K for 2019/20 (£9,616K 2018/19).

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 £37,641K for 2019/20 (£34,973K in 2018/19).

Pooled Budget memorandum account for the period 1st April 2019 - 31st March 2020

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,382,143	0	2,382,143
Monmouthshire County Council	352,784	754,122	0	1,106,906
Total Funding	**352,784**	**3,136,265**	**0**	**3,489,049**
Expenditure				
Aneurin Bevan Health Board	0	2,520,852	0	2,520,852
Monmouthshire County Council	407,701	758,002	0	1,165,703
Total Expenditure	**407,701**	**3,278,854**	**0**	**3,686,555**
Net (under)/over spend	**54,917**	**142,589**	**0**	**197,506**

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 resourcews 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 2019 to 31 March 2020. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2019 and February 2020 alongside Health Board/Trust/SHA data for March 2020.
Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020		**£'000**
Expenditure on Primary Healthcare Services	**2019-20**	441
Expenditure on Hospital and Community Health Services	**2019-20**	22,544

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020		
Net operating cost for the year	**Balance at 31 March 2020**	22,985
Notional Welsh Government Funding	**Balance at 31 March 2020**	22,985

Statement of Cash Flows for year ended 31 March 2020		
Net operating cost for the financial year	**2019-20**	22,985
Other cash flow adjustments	**2019-20**	22,985

2.1 Revenue Resource Performance		
Revenue Resource Allocation	**2019-20**	22,985

3. Analysis of gross operating costs		
3.1 Expenditure on Primary Healthcare Services		
General Medical Services	**2019-20**	441
3.3 Expenditure on Hospital and Community Health Services		
Directors' costs	**2019-20**	89
Staff costs	**2019-20**	22,455

9.1 Employee costs		
Permanent Staff		
Employer contributions to NHS Pension Scheme	**2019-20**	22,985
Charged to capital	**2019-20**	0
Charged to revenue	**2019-20**	22,985

18. Trade and other payables		
Current		
Pensions: staff	**Balance at 31 March 2020**	0

28. Other cash flow adjustments		
Other movements	**2019-20**	22,985

34. Other Information continued

34.2 COVID-19 Disclosure

The COVID-19 pandemic presented a number of challenges to the Health Board during March 2020 including unplanned additional expenditure in response to the crisis. Additional funding from Welsh Government of £0.499m was received for these costs.

The Health Board held additional stock levels at the end of March of £1.4m as a result of the suspension of non-urgent outpatient appointments, surgical admissions and procedures. The additional stock is reflected in Note 14.1 Inventories on page 48.

34.3 IFRS16

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2021, because of the circumstances caused by Covid-19. To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will have a significant impact and this will be worked through for disclosure in our 2020-21 financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are required under the National Health Service Act (Wales) 2006 to prepare accounts for each financial year. The Welsh Ministers, with the approval of the Treasury, direct that these accounts give a true and fair view of the state of affairs of the Health Board and of the income and expenditure of the Health Board for that period.

In preparing those accounts, the Directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury;

- make judgements and estimates which are responsible and prudent;

- state whether accounting standards have been followed, subject to any material departures disclosed and explained in the account.

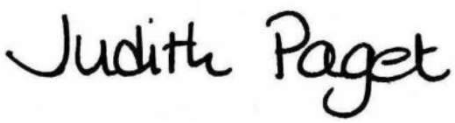
The Directors confirm that they have complied with the above requirements in preparing the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with the requirements outlined in the above mentioned direction by the Welsh Ministers.

By Order of the Board

Signed:

Chairman: ……  …….. Dated 25th June 2020

Chief Executive: .  …….. Dated: 25th June 2020

Director of Finance & Performance:  . Dated: 25th June 2020

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS ACCOUNTABLE OFFICER

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the health board.

The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer's memorandum issued by the Welsh Government.

The Accountable Officer is required to confirm that, as far as she is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accountable Officer has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accountable Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that they take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Date 25th June 2020 …….. .. Judith Paget …. Chief Executive

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