

# CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD

## FOREWORD

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

### Statutory background

The Local Health Board was established on 1 October 2009 following the merger of Cwm Taf NHS Trust, Rhondda Cynon Taf Local Health Board and Merthyr Tydfil Local Health Board.

The Welsh Health Specialised Services Committee (WHSSC) was established on 1 April 2010, responsible for the joint planning of specialised and tertiary services on behalf of Local Health Boards in Wales. The Committee is hosted by Cwm Taf Morgannwg University Local Health Board.

The Emergency Ambulance Services Committee (EASC) was established on 1 April 2014, responsible for planning and securing the provision of emergency ambulance services on behalf of Local Health Boards in Wales. The Committee is hosted by Cwm Taf Morgannwg University Local Health Board.

Following the Bridgend boundary change on 1 April 2019, Cwm Taf Morgannwg University Health Board has responsibility for the commissioning and provision of healthcare for the communities of Merthyr Tydfil, Rhondda Cynon Taf and Bridgend County Borough Council.

### Performance Management and Financial Results

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 The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

These accounts are a consolidation of the Health Board, WHSSC and EASC activities, with the balances relating to Cwm Taf Morgannwg University Health Board only separately disclosed where appropriate.

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

	Note	2020-21 £'000	2020-21 £'000	2019-20 £'000	2019-20 £'000
		Cwm Taf		Cwm Taf	
		HB Activities		HB Activities	
Expenditure on Primary Healthcare Services	3.1	243,573	243,573	234,802	234,802
Expenditure on healthcare from other providers	3.2	335,415	1,057,090	292,814	955,323
Expenditure on Hospital and Community Health Services	3.3	797,071	804,495	684,350	691,200
		<b>1,376,060</b>	<b>2,105,158</b>	1,211,966	1,881,325
Less: Miscellaneous Income	4	(141,362)	(870,461)	(144,961)	(814,320)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>1,234,698</b>	<b>1,234,697</b>	1,067,005	1,067,005
Investment Revenue	5	0	0	(2)	(2)
Other (Gains) / Losses	6	(121)	(121)	(82)	(82)
Finance costs	7	8	8	65	65
<b>Net operating costs for the financial year</b>		<b>1,234,585</b>	<b>1,234,584</b>	<b>1,066,986</b>	<b>1,066,986</b>

See note 2 on page 25 for details of performance against Revenue and Capital allocations.

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

## Other Comprehensive Net Expenditure

	2020-21 £'000	2019-20 £'000
Net (gain) / loss on revaluation of property, plant and equipment	(7,930)	(4,024)
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	(7,930)	(4,024)
<b>Total comprehensive net expenditure for the year</b>	<b>1,226,654</b>	<b>1,062,962</b>

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

## Statement of Financial Position as at 31 March 2021

		31 March 2021 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2020 £'000
	Notes	Cwm Taf	Cwm Taf	Cwm Taf	Cwm Taf
<b>Non-current assets</b>		<b>HB Activities</b>	<b>HB Activities</b>		
Property, plant and equipment	11	549,909	549,909	532,624	532,624
Intangible assets	12	4,150	4,150	3,631	3,631
Trade and other receivables	15	39,298	39,298	50,069	50,069
Other financial assets	16	0	0	0	0
<b>Total non-current assets</b>		<b>593,357</b>	<b>593,357</b>	<b>586,324</b>	<b>586,324</b>
<b>Current assets</b>					
Inventories	14	6,061	6,061	6,071	6,071
Trade and other receivables	15	124,984	138,477	101,242	107,185
Other financial assets	16	0	0	0	0
Cash and cash equivalents	17	687	18,964	376	14,755
		<b>131,732</b>	<b>163,502</b>	<b>107,689</b>	<b>128,011</b>
Non-current assets classified as "Held for Sale"	11	0	0	0	0
<b>Total current assets</b>		<b>131,732</b>	<b>163,502</b>	<b>107,689</b>	<b>128,011</b>
<b>Total assets</b>		<b>725,089</b>	<b>756,859</b>	<b>694,013</b>	<b>714,335</b>
<b>Current liabilities</b>					
Trade and other payables	18	(175,210)	(218,462)	(133,114)	(165,137)
Other financial liabilities	19	0	0	0	0
Provisions	20	(49,579)	(49,939)	(38,844)	(38,985)
<b>Total current liabilities</b>		<b>(224,789)</b>	<b>(268,401)</b>	<b>(171,958)</b>	<b>(204,122)</b>
<b>Net current assets/ (liabilities)</b>		<b>(93,057)</b>	<b>(104,899)</b>	<b>(64,269)</b>	<b>(76,111)</b>
<b>Non-current liabilities</b>					
Trade and other payables	18	(1,143)	(1,143)	(1,307)	(1,307)
Other financial liabilities	19	0	0	0	0
Provisions	20	(45,680)	(45,680)	(56,259)	(56,259)
<b>Total non-current liabilities</b>		<b>(46,823)</b>	<b>(46,823)</b>	<b>(57,566)</b>	<b>(57,566)</b>
<b>Total assets employed</b>		<b>453,477</b>	<b>441,635</b>	<b>464,489</b>	<b>452,647</b>
<b>Financed by :</b>					
<b>Taxpayers' equity</b>					
General Fund		404,625	392,783	416,325	404,483
Revaluation reserve		48,852	48,852	48,164	48,164
<b>Total taxpayers' equity</b>		<b>453,477</b>	<b>441,635</b>	<b>464,489</b>	<b>452,647</b>

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

Chief Executive and Accountable Officer .....

Date: 09 June 2021.

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

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2021

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity for 2020-21</b>			
<b>Balance at 1 April 2020</b>	<b>404,483</b>	<b>48,164</b>	<b>452,647</b>
Net operating cost for the year	(1,234,584)		(1,234,584)
Net gain/(loss) on revaluation of property, plant and equipment	0	7,930	7,930
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	7,242	(7,242)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for 2020-21</b>	<b>(1,227,342)</b>	<b>688</b>	<b>(1,226,654)</b>
Net Welsh Government funding	1,191,754		1,191,754
Notional Welsh Government Funding	23,888		23,888
<b>Balance at 31 March 2021</b>	<b>392,783</b>	<b>48,852</b>	<b>441,635</b>
Included in Net Welsh Government Funding			
Welsh Government Covid 19 Capital Funding	11,092		11,092
Welsh Government Covid 19 Revenue Funding	131,014		131,014

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

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity for 2019-20</b>			
<b>Balance at 1 April 2019</b>	265,228	26,004	291,232
Net operating cost for the year	(1,066,986)		(1,066,986)
Net gain/(loss) on revaluation of property, plant and equipment	0	4,024	4,024
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	715	(715)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	131,589	18,851	150,440
<b>Total recognised income and expense for 2019-20</b>	(934,682)	22,160	(912,522)
Net Welsh Government funding	1,052,205		1,052,205
Notional Welsh Government Funding	21,732		21,732
<b>Balance at 31 March 2020</b>	404,483	48,164	452,647

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

## Statement of Cash Flows for year ended 31 March 2021

		2020-21	2020-21	2019-20	2019-20
		£'000	£'000	£'000	£'000
		Cwm Taf	Cwm Taf	Cwm Taf	Cwm Taf
	Notes	HB Activities	HB Activities	HB Activities	HB Activities
<b>Cash Flows from operating activities</b>					
Net operating cost for the financial year		(1,234,585)	(1,234,584)	(1,066,986)	(1,066,986)
Movements in Working Capital	27	29,930	33,609	8,767	14,526
Other cash flow adjustments	28	74,642	74,934	63,927	63,913
Provisions utilised	20	(13,999)	(14,073)	(17,121)	(17,128)
<b>Net cash outflow from operating activities</b>		<b>(1,144,012)</b>	<b>(1,140,114)</b>	<b>(1,011,413)</b>	<b>(1,005,675)</b>
<b>Cash Flows from investing activities</b>					
Purchase of property, plant and equipment		(46,217)	(46,217)	(39,114)	(39,114)
Proceeds from disposal of property, plant and equipment		201	201	88	88
Purchase of intangible assets		(1,257)	(1,257)	(1,548)	(1,548)
Proceeds from disposal of intangible assets		0	0	0	0
Payment for other financial assets		0	0	0	0
Proceeds from disposal of other financial assets		0	0	0	0
Payment for other assets		0	0	0	0
Proceeds from disposal of other assets		0	0	0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(47,273)</b>	<b>(47,273)</b>	<b>(40,574)</b>	<b>(40,574)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(1,191,285)</b>	<b>(1,187,387)</b>	<b>(1,051,987)</b>	<b>(1,046,249)</b>
<b>Cash Flows from financing activities</b>					
Welsh Government funding (including capital)		1,191,754	1,191,754	1,052,205	1,052,205
Capital receipts surrendered		0	0	0	0
Capital grants received		0	0	0	0
Capital element of payments in respect of finance leases and on-SoFP		(158)	(158)	(158)	(158)
Cash transferred (to)/ from other NHS bodies		0	0	0	0
<b>Net financing</b>		<b>1,191,596</b>	<b>1,191,596</b>	<b>1,052,047</b>	<b>1,052,047</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>311</b>	<b>4,209</b>	<b>60</b>	<b>5,798</b>
<b>Cash and cash equivalents (and bank overdrafts) at 1 April</b>		<b>376</b>	<b>14,755</b>	<b>316</b>	<b>8,957</b>
<b>Cash and cash equivalents (and bank overdrafts) at 31 March</b>		<b>687</b>	<b>18,964</b>	<b>376</b>	<b>14,755</b>

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

## Notes to the Accounts

### 1. Accounting policies

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

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

#### 1.1. Accounting convention

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

#### 1.2. Acquisitions and discontinued operations

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

#### 1.3. Income and funding

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

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

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

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

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



identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

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

Only non-NHS income may be deferred.

### **1.3.1. WHSSC/EASC**

Neither Welsh Health Specialised Services Committee nor Emergency Ambulance Services Committee hold any statutory responsibility for a resource limit. Services are funded by income from LHBs and based on an agreed financial plan. The committees account for all expenditure on agreed services against the income received as part of their plans. All variances from plan are allocated to LHBs on the basis of an agreed risk sharing framework and matched by income adjustments consistent with this framework. The net operating cost for the financial year is therefore zero.

## **1.4. Employee benefits**

### **1.4.1. Short-term employee benefits**

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

### **1.4.2. Retirement benefit costs**

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

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

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

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

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time

the NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

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

#### **1.4.3. NEST Pension Scheme**

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

### **1.5. Other expenses**

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

### **1.6. Property, plant and equipment**

#### **1.6.1. Recognition**

Property, plant and equipment is capitalised if:

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

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

### 1.6.2. Valuation

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

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

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

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

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

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

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

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

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

In accordance with the adaptation of IAS 16 in table 6.2 of the FReM, for non-specialised assets in

operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

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

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

### **1.6.3. Subsequent expenditure**

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

## **1.7. Intangible assets**

### **1.7.1. Recognition**

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example

application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

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

### **Measurement**

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

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

### **1.8. Depreciation, amortisation and impairments**

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

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

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

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

### **1.9. Research and Development**

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

### **1.10 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

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

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

### **1.11. Leases**

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

#### **1.11.1. The NHS Wales organisation as lessee**

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

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

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

### **1.11.2. The NHS Wales organisation as lessor**

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

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

### **1.12. Inventories**

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

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

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

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

### **1.14. Provisions**

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

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

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

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out

the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **1.17. Financial liabilities**

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

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

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

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

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

#### **1.17.3. Other financial liabilities**

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

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

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

**1.19. Foreign currencies**

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

**1.20. Third party assets**

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

**1.21. Losses and Special Payments**

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

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

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

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

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

**1.22. Pooled budget**

The NHS Wales organisation has/has not entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

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

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

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

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

Significant estimations are made in relation to the accruals/creditors for the bonus payments and the annual leave accrual.

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

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

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

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

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

#### **1.24.1. Provisions**

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

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

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

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

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

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

*Clinical negligence cases - In accordance with the Manual for Accounts, defence fee provision calculation is based on analysis of historical information covering a three year period. Accordingly, 26.56% of the defence fee costs are accounted for as provision and the remaining 73.44% is accounted for in Contingent Liabilities.*

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

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

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

**1.25 Private Finance Initiative (PFI) transactions**

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

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

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

#### **1.25.1. Services received**

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

#### **1.25.2. PFI asset**

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

#### **1.25.2. PFI liability**

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

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

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

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

#### **1.25.3. Lifecycle replacement**

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

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

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

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

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

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

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

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

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

### **1.26. Contingencies**

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

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

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

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

### **1.27. Absorption accounting**

Transfers of function are accounted for as either by merger or by absorption accounting dependent

upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

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

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

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

IFRS14 Regulatory Deferral Accounts

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

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

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

#### **1.29. Accounting standards issued that have been adopted early**

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

#### **1.30. Charities**

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Wales organisation has established that as it is the corporate trustee of the Cwm Taf Morgannwg NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Cwm Taf Morgannwg NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Cwm Taf Morgannwg 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 Cwm Taf Morgannwg NHS Charitable Fund or its independence in its management of charitable funds.

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



## 2. Financial Duties Performance

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

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

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

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

### 2.1 Revenue Resource Performance

	Annual financial performance			
	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
<b>Net operating costs for the year</b>	687,347	1,066,986	<b>1,234,585</b>	<b>2,988,918</b>
Less general ophthalmic services expenditure and other non-cash limited expenditure	(725)	(672)	<b>93</b>	<b>(1,304)</b>
Less revenue consequences of bringing PFI schemes onto SoFP	(120)	(122)	<b>(126)</b>	<b>(368)</b>
Total operating expenses	686,502	1,066,192	<b>1,234,552</b>	<b>2,987,246</b>
Revenue Resource Allocation	686,518	1,067,075	<b>1,234,640</b>	<b>2,988,233</b>
<b>Under /(over) spend against Allocation</b>	<b>16</b>	<b>883</b>	<b>88</b>	<b>987</b>

Cwm Taf LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2018-19 to 2020-21.

### 2.2 Capital Resource Performance

	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
	27,283	40,244	<b>53,772</b>	<b>121,299</b>
<b>Gross capital expenditure</b>	0	0	<b>0</b>	<b>0</b>
Add: Losses on disposal of donated assets	0	(5)	<b>(80)</b>	<b>(85)</b>
Less NBV of property, plant and equipment and intangible assets disposed	0	(49)	<b>(1,264)</b>	<b>(1,313)</b>
Less capital grants received	(3,115)	(1,862)	<b>(197)</b>	<b>(5,174)</b>
Less donations received	24,168	38,328	<b>52,231</b>	<b>114,727</b>
Charge against Capital Resource Allocation	24,178	38,352	<b>52,278</b>	<b>114,808</b>
Capital Resource Allocation	<b>10</b>	<b>24</b>	<b>47</b>	<b>81</b>
<b>(Over) / Underspend against Capital Resource Allocation</b>				

Cwm Taf LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2018-19 to 2020-21.

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

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

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

The LHB submitted a 2019-22 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval

**Status**  
**Date**

**Approved**  
26/03/2019

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

**2.4. Creditor payment**

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

	<b>2020-21</b>	2019-20
Total number of non-NHS bills paid	<b>214,788</b>	220,616
Total number of non-NHS bills paid within target	<b>201,425</b>	210,771
Percentage of non-NHS bills paid within target	<b>93.8%</b>	95.5%

**The LHB has not met the target.**

### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2020-21 Total £'000	2019-20 £'000
General Medical Services	82,559		82,559	79,585
Pharmaceutical Services	27,062	(5,866)	21,196	21,081
General Dental Services	25,470		25,470	27,248
General Ophthalmic Services	1,328	5,773	7,101	7,211
Other Primary Health Care expenditure	14,984		14,984	12,231
Prescribed drugs and appliances	92,263		92,263	87,446
<b>Total</b>	<b>243,666</b>	<b>(93)</b>	<b>243,573</b>	<b>234,802</b>

Included within Note 3.1 General Medical Services are staff costs of £7.107m (2019-20 £6.184m).

#### 3.2 Expenditure on healthcare from other providers

	2020-21 £'000	2020-21 £'000	2019-20 £'000	2019-20 £'000
<b>CT activities</b>			<b>CT activities</b>	
Goods and services from other NHS Wales Health Boards	74,359	517,518	72,875	478,394
Goods and services from other NHS Wales Trusts	23,392	242,851	21,462	226,818
Goods and services from Health Education and Improvement Wales (HEIW)	0	0	4	4
Goods and services from other non Welsh NHS bodies	153	159,575	1,385	143,747
Goods and services from WHSSC / EASC	155,190	0	115,411	0
Local Authorities	23,209	23,209	7,813	7,813
Voluntary organisations	3,920	8,243	11,481	15,467
NHS Funded Nursing Care	7,022	7,022	7,269	7,269
Continuing Care	46,093	46,093	46,653	46,653
Private providers	1,724	52,226	8,290	28,987
Specific projects funded by the Welsh Government	0	0	0	0
Other	354	353	171	171
<b>Total</b>	<b>335,415</b>	<b>1,057,090</b>	<b>292,814</b>	<b>955,323</b>

WHSSC do not hold any statutory responsibility for a resource limit and as such cannot receive funding directly from Welsh Government. Any funding from Welsh Government for WHSSC activities is received by Cwm Taf Morgannwg UHB. This funding is then passed to WHSSC, classified as expenditure between Cwm Taf Morgannwg and WHSSC.

Included within CT activities figures above is the following Welsh Government funding relating to WHSSC activities.

£000

Goods and Services from WHSSC/EASC

29,412

Included within the consolidated figures above within Private Providers, is the following COVID-19 related expenditure.

£000

Expenditure securing additional independent sector capacity

22,690

Expenditure securing additional mental health bed capacity

3,773

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

	2020-21 £'000	2020-21 £'000	2019-20 £'000	2019-20 £'000
	CT activities		CT activities	
Directors' costs	2,042	2,042	2,275	2,275
Operational Staff costs	600,081	606,092	529,622	535,178
Non operational collaborative bank staff costs	0	0	0	0
Single lead employer Staff Trainee Cost	6,123	6,123	0	0
Collaborative Bank Staff Cost	27	27	0	0
Supplies and services - clinical	73,183	73,192	75,481	75,662
Supplies and services - general	11,969	11,969	9,302	9,302
Consultancy Services	423	1,453	335	477
Establishment	9,700	9,744	9,718	10,026
Transport	2,042	2,042	2,053	2,053
Premises	35,044	35,647	22,985	23,604
External Contractors	70	70	88	88
Depreciation	25,678	25,678	23,901	23,901
Amortisation	300	300	421	421
Fixed asset impairments and reversals (Property, plant & equipment)	17,840	17,840	(1,189)	(1,189)
Fixed asset impairments and reversals (Intangible assets)	0	0	0	0
Impairments & reversals of financial assets	0	0	0	0
Impairments & reversals of non-current assets held for sale	0	0	0	0
Audit fees	459	509	350	400
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	2,602	2,602	1,586	1,586
Research and Development	0	0	0	0
Other operating expenses	9,488	9,165	7,422	7,416
<b>Total</b>	<b>797,071</b>	<b>804,495</b>	<b>684,350</b>	<b>691,200</b>

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

	2020-21 £'000	2019-20 £'000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	12,553	17,841
Primary care	0	0
Redress Secondary Care	221	274
Redress Primary Care	0	0
Personal injury	705	1,487
All other losses and special payments	625	412
Defence legal fees and other administrative costs	750	823
Gross increase/(decrease) in provision for future payments	14,854	20,837
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	197	(1,026)
<b>Less: income received/due from Welsh Risk Pool</b>	<b>(12,449)</b>	<b>(18,225)</b>
<b>Total</b>	<b>2,602</b>	<b>1,586</b>

	2020-21 £	2019-20 £
Permanent injury included within personal injury £:	502,060	2,058,803

COVID 19 related expenditure Included within consolidated Consultancy services expenditure in Note 3.3 is:

	£000
KPMG LLP support in securing and validating additional independent sector capacity	780

#### 4. Miscellaneous Income

	2020-21 £'000	2020-21 £'000	2019-20 £'000	2019-20 £'000
	CT activities		CT activities	
Local Health Boards	74,939	812,604	74,972	753,699
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	10,617	0	9,859	0
NHS trusts	7,111	7,207	8,415	8,537
Health Education and Improvement Wales (HEIW)	0	0	15	15
Foundation Trusts	0	0	0	0
Other NHS England bodies	341	341	650	650
Other NHS Bodies	0	0	0	0
Local authorities	10,859	10,859	10,329	10,329
Welsh Government	4,524	5,254	5,225	5,370
Welsh Government Hosted bodies	0	0	0	0
Non NHS:				
Prescription charge income	0	0	0	0
Dental fee income	1,433	1,433	5,917	5,917
Private patient income	152	152	2,470	2,470
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	807	807	(237)	(237)
Other income from activities	438	1,812	567	842
Patient transport services	0	0	0	0
Education, training and research	16,466	16,466	16,491	16,491
Charitable and other contributions to expenditure	264	264	415	415
Receipt of NWSSP Covid centrally purchased assets	5,471	5,471	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0	0	0
Receipt of donated assets	200	200	1,862	1,862
Receipt of Government granted assets	1,428	1,428	49	49
Non-patient care income generation schemes	274	274	716	716
NHS Wales Shared Services Partnership (NWSSP)	0	0	0	0
Deferred income released to revenue	376	376	363	363
Contingent rental income from finance leases	0	0	0	0
Rental income from operating leases	0	0	0	0
Other income:				
Provision of laundry, pathology, payroll services	494	494	799	799
Accommodation and catering charges	2,472	2,472	3,944	3,944
Mortuary fees	484	484	403	403
Staff payments for use of cars	250	250	277	277
Business Unit	0	0	0	0
Other	1,960	1,813	1,460	1,409
<b>Total</b>	<b>141,362</b>	<b>870,461</b>	<b>144,961</b>	<b>814,320</b>
Welsh Government Covid 19 income included in total above;.	0	0	0	0

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment re personal injury claims

	2020-21 %	2019-20 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	22.43	21.79

**5. Investment Revenue**

	<b>2020-21</b>	2019-20
	<b>£000</b>	£000
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	2
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>0</b>	<b>2</b>

**6. Other gains and losses**

	<b>2020-21</b>	2019-20
	<b>£000</b>	£000
Gain/(loss) on disposal of property, plant and equipment	63	82
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	58	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>121</b>	<b>82</b>

**7. Finance costs**

	<b>2020-21</b>	2019-20
	<b>£000</b>	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	1
Interest on obligations under PFI contracts		
main finance cost	41	46
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>41</b>	<b>47</b>
Provisions unwinding of discount	(33)	18
Other finance costs	0	0
<b>Total</b>	<b>8</b>	<b>65</b>

## 8. Operating leases

### LHB as lessee

The lease information below relates to lease agreements for buildings, vehicles and equipment.  
There are no significant leasing arrangements that require further disclosure.

<b>Payments recognised as an expense</b>	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Minimum lease payments	<b>5,046</b>	4,608
Contingent rents	<b>0</b>	0
Sub-lease payments	<b>0</b>	0
<b>Total</b>	<b>5,046</b>	4,608

### **Total future minimum lease payments**

<b>Payable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	<b>4,710</b>	3,916
Between one and five years	<b>9,658</b>	9,169
After 5 years	<b>14,510</b>	17,445
<b>Total</b>	<b>28,878</b>	30,530

### LHB as lessor

<b>Rental revenue</b>	<b>£000</b>	<b>£000</b>
Rent	<b>119</b>	237
Contingent rents	<b>0</b>	0
<b>Total revenue rental</b>	<b>119</b>	237

### **Total future minimum lease payments**

<b>Receivable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	<b>235</b>	240
Between one and five years	<b>613</b>	853
After 5 years	<b>945</b>	945
<b>Total</b>	<b>1,793</b>	2,038

**9. Employee benefits and staff numbers**

<b>9.1 Employee costs</b>	<b>Permanent Staff</b>	<b>Staff on Inward Secondment</b>	<b>Agency Staff</b>	<b>Specialist Trainee (SLE)</b>	<b>Collaborative Bank Staff</b>	<b>Other</b>	<b>Total</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Salaries and wages	456,490	1,359	29,847	4,908	0	14,965	507,569	442,865
Social security costs	47,618	55	0	558	0	0	48,231	43,024
Employer contributions to NHS Pension Scheme	81,599	77	0	685	0	0	82,361	74,868
Other pension costs	199	0	0	0	0	0	199	139
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
<b>Total</b>	<b>585,906</b>	<b>1,491</b>	<b>29,847</b>	<b>6,151</b>	<b>0</b>	<b>14,965</b>	<b>638,360</b>	<b>560,896</b>

Charged to capital	1,300	2,393
Charged to revenue	637,060	558,503
	<b>638,360</b>	<b>560,896</b>

Net movement in accrued employee benefits (untaken staff leave accrual included above)

Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above) 0 (126)

Following categories of costs are included within the 'Other' heading:

- 1) Medacs/Retinue contracted staff.
- 2) IR35 applicable staff.
- 3) GP out of hours staff.

**9.2 Average number of employees**

	<b>Permanent Staff</b>	<b>Staff on Inward Secondment</b>	<b>Agency Staff</b>	<b>Specialist Trainee (SLE)</b>	<b>Collaborative Bank Staff</b>	<b>Other</b>	<b>Total</b>	<b>2019-20</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Administrative, clerical and board members	2,106	20	37	0	0	2	2,165	2,030
Medical and dental	863	0	2	107	0	149	1,121	1,160
Nursing, midwifery registered	3,362	0	361	1	0	0	3,724	3,593
Professional, Scientific, and technical staff	376	0	1	0	0	0	377	356
Additional Clinical Services	1,998	0	8	0	0	0	2,006	1,938
Allied Health Professions	630	0	26	0	0	0	656	616
Healthcare Scientists	204	0	12	0	0	0	216	198
Estates and Ancillary	1,107	0	65	0	0	0	1,172	1,107
Students	148	0	0	0	0	0	148	9
<b>Total</b>	<b>10,794</b>	<b>20</b>	<b>512</b>	<b>108</b>	<b>0</b>	<b>151</b>	<b>11,585</b>	<b>11,007</b>

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

	<b>2020-21</b>	<b>2019-20</b>
Number	15	9
Estimated additional pension costs £	474,604	274,395

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

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	4	4	0	1
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	1
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>3</b>

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	76,254	76,254	0	10,000
£25,000 to £50,000	0	0	0	0	40,152
£50,000 to £100,000	0	0	0	0	81,297
£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
<b>Total</b>	<b>0</b>	<b>76,254</b>	<b>76,254</b>	<b>0</b>	<b>131,449</b>

## Exit costs paid in year of departure

	2020-21	2019-20
	£'s	£'s
Exit costs paid in year	76,254	131,449
<b>Total</b>	<b>76,254</b>	<b>131,449</b>

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.

All 4 special payments are severance payments, the highest payment was £21,254 the lowest payment was £15,000 and the median value was for £20,000.

Four of the exit packages are in relation to Cwm Taf Morgannwg employees.

## 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 in the financial year 2020-21 was £200,000 - £205,000 (2019-20, £185,000 - £190,000). This was 6.5 times (2019-20, 6.6) the median remuneration of the workforce, which was £31,365 (2019-20, £28,481).

In 2020-21, 13 (2019-20, 22) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £200,000 to £365,000 (2019-20 £185,001 to £500,000).

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

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

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

#### a) Accounting valuation

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

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

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government

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

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

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

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

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

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

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

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

## 10. Public Sector Payment Policy - Measure of Compliance

### 10.1 Prompt payment code - measure of compliance

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

	2020-21 Number	2020-21 £000	2019-20 Number	2019-20 £000
<b>NHS</b>				
Total bills paid	8,060	960,506	8,487	879,857
Total bills paid within target	5,903	947,369	6,923	864,126
Percentage of bills paid within target	73.2%	98.6%	81.6%	98.2%
<b>Non-NHS</b>				
Total bills paid	214,788	507,341	220,616	429,950
Total bills paid within target	201,425	479,306	210,771	406,291
Percentage of bills paid within target	93.8%	94.5%	95.5%	94.5%
<b>Total</b>				
Total bills paid	222,848	1,467,847	229,103	1,309,807
Total bills paid within target	207,328	1,426,675	217,694	1,270,417
Percentage of bills paid within target	93.0%	97.2%	95.0%	97.0%

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

	2020-21 £	2019-20 £
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2020</b>	38,312	489,519	6,589	33,019	97,298	329	32,467	8,094	705,627
Indexation	(233)	9,140	70	0	0	0	0	0	8,977
Additions									
- purchased	0	9,970	0	24,549	10,800	0	5,732	465	51,516
- donated	0	60	0	0	70	0	44	0	174
- government granted	0	0	0	0	1,260	0	3	0	1,263
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	24,811	0	(24,832)	(4)	0	21	4	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	3,888	108	0	0	0	0	0	3,996
Impairments	(570)	(22,549)	0	0	0	0	0	0	(23,119)
Reclassified as held for sale	(15)	(55)	0	0	0	0	0	0	(70)
Disposals	0	0	0	0	(7,131)	0	(6,102)	(1,748)	(14,981)
<b>At 31 March 2021</b>	<b>37,494</b>	<b>514,784</b>	<b>6,767</b>	<b>32,736</b>	<b>102,293</b>	<b>329</b>	<b>32,165</b>	<b>6,815</b>	<b>733,383</b>
<b>Depreciation at 1 April 2020</b>	0	76,907	861	0	66,164	279	22,211	6,581	173,003
Indexation	0	1,033	14	0	0	0	0	0	1,047
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(2)	0	0	2	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(1,283)	0	0	0	0	0	0	(1,283)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(7,121)	0	(6,102)	(1,748)	(14,971)
Provided during the year	0	13,923	211	0	7,521	10	3,454	559	25,678
<b>At 31 March 2021</b>	<b>0</b>	<b>90,580</b>	<b>1,086</b>	<b>0</b>	<b>66,562</b>	<b>289</b>	<b>19,563</b>	<b>5,394</b>	<b>183,474</b>
<b>Net book value at 1 April 2020</b>	<b>38,312</b>	<b>412,612</b>	<b>5,728</b>	<b>33,019</b>	<b>31,134</b>	<b>50</b>	<b>10,256</b>	<b>1,513</b>	<b>532,624</b>
<b>Net book value at 31 March 2021</b>	<b>37,494</b>	<b>424,204</b>	<b>5,681</b>	<b>32,736</b>	<b>35,731</b>	<b>40</b>	<b>12,602</b>	<b>1,421</b>	<b>549,909</b>
<b>Net book value at 31 March 2021 comprises :</b>									
Purchased	36,638	417,140	5,681	32,736	34,366	40	12,343	1,352	540,296
Donated	856	7,064	0	0	180	0	242	69	8,411
Government Granted	0	0	0	0	1,185	0	17	0	1,202
<b>At 31 March 2021</b>	<b>37,494</b>	<b>424,204</b>	<b>5,681</b>	<b>32,736</b>	<b>35,731</b>	<b>40</b>	<b>12,602</b>	<b>1,421</b>	<b>549,909</b>
<b>Asset financing :</b>									
Owned	37,261	422,938	4,488	32,736	35,732	40	12,603	1,421	547,219
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	233	1,266	1,191	0	0	0	0	0	2,690
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>37,494</b>	<b>424,204</b>	<b>5,679</b>	<b>32,736</b>	<b>35,732</b>	<b>40</b>	<b>12,603</b>	<b>1,421</b>	<b>549,909</b>

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

	£000
Freehold	467,380
Long Leasehold	0
Short Leasehold	0
	<b>467,380</b>

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

0

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

## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2019	22,017	344,872	2,652	20,691	67,098	165	25,949	6,804	490,248
Indexation	(185)	4,609	42	0	0	0	0	0	4,466
Additions									
- purchased	0	5,433	0	19,278	8,511	0	3,053	94	36,369
- donated	0	1,501	0	0	35	0	229	79	1,844
- government granted	0	0	0	0	0	0	19	0	19
Transfer from/into other NHS bodies	16,677	124,604	3,818	565	24,529	164	4,171	1,164	175,692
Reclassifications	0	7,344	0	(7,515)	0	0	(954)	0	(1,125)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	3,860	77	0	0	0	0	0	3,937
Impairments	(197)	(2,704)	0	0	0	0	0	0	(2,901)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,875)	0	0	(47)	(2,922)
At 31 March 2020	38,312	489,519	6,589	33,019	97,298	329	32,467	8,094	705,627
Depreciation at 1 April 2019	0	58,303	528	0	45,539	111	16,622	5,373	126,476
Indexation	0	436	6	0	0	0	0	0	442
Transfer from/into other NHS bodies	0	5,152	122	0	16,952	158	2,168	702	25,254
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(153)	0	0	0	0	0	0	(153)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,870)	0	0	(47)	(2,917)
Provided during the year	0	13,169	205	0	6,543	10	3,421	553	23,901
At 31 March 2020	0	76,907	861	0	66,164	279	22,211	6,581	173,003
Net book value at 1 April 2019	22,017	286,569	2,124	20,691	21,559	54	9,327	1,431	363,772
Net book value at 31 March 2020	38,312	412,612	5,728	33,019	31,134	50	10,256	1,513	532,624
Net book value at 31 March 2020 comprises :									
Purchased	37,438	405,584	5,728	33,019	30,980	50	9,976	1,435	524,210
Donated	874	7,028	0	0	154	0	257	78	8,391
Government Granted	0	0	0	0	0	0	23	0	23
At 31 March 2020	38,312	412,612	5,728	33,019	31,134	50	10,256	1,513	532,624
Asset financing :									
Owned	38,075	411,296	4,534	33,019	31,132	50	10,256	1,513	529,875
Held on finance lease	0	0	0	0	2	0	0	0	2
On-SoFP PFI contracts	237	1,316	1,194	0	0	0	0	0	2,747
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2020	38,312	412,612	5,728	33,019	31,134	50	10,256	1,513	532,624

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

	£000
Freehold	456,651
Long Leasehold	0
Short Leasehold	0
	<u>456,651</u>

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

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

**11. Property, plant and equipment (continued)****Disclosures:****i) Donated Assets**

Cwm Taf Morgannwg has received the following donated assets during the year:

	£'000
Cardiology Fysicon System	46
Vital Signs Monitors	9
Bioscan Touch montior with Ipads 18	
Post Graduate kitchen fit out	7
Lung Function Machine	38
Mortuary Refurbishment	52
Laptop	1
ECG Machine	6
Workflow Software	20
Total	197

**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.

**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**

During 20-21 the following impairments arose:

	£'000
The impairments as a result of bringing assets into use:	
PCH Ground and first floor refurbishment phase 1b 19,256	
CT Scanner Princess of Wales Hospital	1,001
Dewi Sant Health Park phase 2	845
The following impairment arose as a result of an asset held for sale:	
Ystrad Clinic	208
Impairment due to negative indexation on land	526
Reversal of impairments	(3,996)
Total impairments	17,840

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.**

Ystrad Clinic was held for sale and sold during the period.



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

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance brought forward 1 April 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Plus assets classified as held for sale in the year	15	55	0	0	0	70
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(15)	(55)	0	0	0	(70)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance brought forward 1 April 2019	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2020	0	0	0	0	0	0

## 12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2020</b>	<b>3,549</b>	<b>0</b>	<b>2,496</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,045</b>
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	796	0	0	0	0	0	796
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	23	0	0	0	0	0	23
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	(136)	0	0	0	0	0	(136)
<b>Gross cost at 31 March 2021</b>	<b>4,232</b>	<b>0</b>	<b>2,496</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,728</b>
<b>Amortisation at 1 April 2020</b>	<b>377</b>	<b>0</b>	<b>2,037</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,414</b>
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	145	0	155	0	0	0	300
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(136)	0	0	0	0	0	(136)
<b>Amortisation at 31 March 2021</b>	<b>386</b>	<b>0</b>	<b>2,192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,578</b>
<b>Net book value at 1 April 2020</b>	<b>3,172</b>	<b>0</b>	<b>459</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,631</b>
<b>Net book value at 31 March 2021</b>	<b>3,846</b>	<b>0</b>	<b>304</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,150</b>
<b>At 31 March 2021</b>							
Purchased	3,795	0	297	0	0	0	4,092
Donated	30	0	7	0	0	0	37
Government Granted	21	0	0	0	0	0	21
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2021</b>	<b>3,846</b>	<b>0</b>	<b>304</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,150</b>

**12. Intangible non-current assets**

	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	416	0	2,490	0	0	0	2,906
Revaluation	0	0	0	0	0	0	0
Reclassifications	1,126	0	0	0	0	0	1,126
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	1,965	0	0	0	0	0	1,965
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	13	0	6	0	0	0	19
Additions- government granted	29	0	0	0	0	0	29
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	3,549	0	2,496	0	0	0	6,045
Amortisation at 1 April 2019	349	0	1,644	0	0	0	1,993
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	28	0	393	0	0	0	421
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	377	0	2,037	0	0	0	2,414
Net book value at 1 April 2019	67	0	846	0	0	0	913
Net book value at 31 March 2020	3,172	0	459	0	0	0	3,631
At 31 March 2020							
Purchased	3,132	0	446	0	0	0	3,578
Donated	13	0	6	0	0	0	19
Government Granted	27	0	7	0	0	0	34
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2020	3,172	0	459	0	0	0	3,631

**Additional disclosures re Intangible Assets**

No significant matters to report.

**13 . Impairments**

	<b>2020-21</b>		<b>2019-20</b>	
	<b>Property, plant &amp; equipment £000</b>	<b>Intangible assets £000</b>	<b>Property, plant &amp; equipment £000</b>	<b>Intangible assets £000</b>
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	21,836	0	2,747	0
Reversal of Impairments	(3,996)	0	(3,936)	0
<b>Total of all impairments</b>	<b>17,840</b>	<b>0</b>	<b>(1,189)</b>	<b>0</b>

**Analysis of impairments charged to reserves in year :**

Charged to the Statement of Comprehensive Net Expenditure	17,840	0	(1,189)	0
Charged to Revaluation Reserve	0	0	0	0
	<b>17,840</b>	<b>0</b>	<b>(1,189)</b>	<b>0</b>

**14.1 Inventories**

	<b>31 March 2021 £000</b>	31 March 2020 £000
Drugs	<b>2,590</b>	2,451
Consumables	<b>3,317</b>	3,512
Energy	<b>154</b>	108
Work in progress	<b>0</b>	0
Other	<b>0</b>	0
<b>Total</b>	<b>6,061</b>	6,071
Of which held at realisable value	<b>0</b>	0

**14.2 Inventories recognised in expenses**

	<b>31 March 2021 £000</b>	31 March 2020 £000
Inventories recognised as an expense in the period	<b>82</b>	60
Write-down of inventories (including losses)	<b>0</b>	0
Reversal of write-downs that reduced the expense	<b>0</b>	0
<b>Total</b>	<b>82</b>	60

**15. Trade and other Receivables**

<b>Current</b>	<b>31 March 2021 £000</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>	<b>31 March 2020 £000</b>
	<b>CT activities</b>		<b>CT activities</b>	
Welsh Government	4,326	4,739	5,244	5,389
WHSSC / EASC	2,016	0	117	0
Welsh Health Boards	1,983	13,733	4,043	6,254
Welsh NHS Trusts	2,682	4,722	2,646	3,514
Health Education and Improvement Wales (HEIW)	382	382	311	311
Non - Welsh Trusts	161	1,306	135	2,864
Other NHS	0	0	64	64
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0	0	0
Welsh Risk Pool Claim reimbursement;				
NHS Wales Secondary Health Sector	75,060	75,060	64,660	64,660
NHS Wales Primary Sector FLS Reimbursement	0	0	0	0
NHS Wales Redress	608	608	531	531
Other	0	0	0	0
Local Authorities	22,787	22,787	12,634	12,634
Capital debtors - Tangible	430	430	77	77
Capital debtors - Intangible	0	0	0	0
Other debtors	6,564	6,633	7,190	7,238
Provision for irrecoverable debts	(2,850)	(2,850)	(2,516)	(2,516)
NHS Pension Prepayments	0	0	0	0
Other prepayments	9,601	9,693	5,286	5,345
Other accrued income	1,234	1,234	820	820
<b>Sub total</b>	<b>124,984</b>	<b>138,477</b>	<b>101,242</b>	<b>107,185</b>
<b>Non-current</b>				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Health Education and Improvement Wales (HEIW)	0	0	0	0
Non - Welsh Trusts	0	0	0	0
Other NHS	0	0	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0	0	0
Welsh Risk Pool Claim reimbursement;				
NHS Wales Secondary Health Sector	39,195	39,195	49,860	49,860
NHS Wales Primary Sector FLS Reimbursement	0	0	0	0
NHS Wales Redress	0	0	106	106
Other	0	0	0	0
Local Authorities	0	0	0	0
Capital debtors - Tangible	0	0	0	0
Capital debtors - Intangible	0	0	0	0
Other debtors	0	0	0	0
Provision for irrecoverable debts	0	0	0	0
NHS Pension Prepayments	0	0	0	0
NEST Pension Repayments	0	0	0	0
Other prepayments	103	103	103	103
Other accrued income	0	0	0	0
<b>Sub total</b>	<b>39,298</b>	<b>39,298</b>	<b>50,069</b>	<b>50,069</b>
<b>Total</b>	<b>164,282</b>	<b>177,775</b>	<b>151,311</b>	<b>157,254</b>

**15. Trade and other Receivables**

	31 March 2021 £000 CT activities	31 March 2021 £000 CT activities	31 March 2020 £000 CT activities	31 March 2020 £000 CT activities
<b>Receivables past their due date but not impaired</b>				
By up to three months	2,005	2,102	4,507	4,637
By three to six months	654	654	430	470
By more than six months	995	995	325	325
	<b>3,654</b>	<b>3,751</b>	5,262	5,432

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

Balance at 1 April 2020	(2,516)	(2,516)	(3,045)	(3,045)
Transfer from other NHS Wales body	0	0	(350)	(350)
Amount written off during the year	244	244	519	519
Amount recovered during the year	511	511	94	94
(Increase) / decrease in receivables impaired	(1,089)	(1,089)	266	266
Bad debts recovered during year	0	0	0	0
Balance at 31 March 2021	<b>(2,850)</b>	<b>(2,850)</b>	<b>(2,516)</b>	<b>(2,516)</b>

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	0	0	0	0
Other	2,201	2,201	1,631	1,631
Total	<b>2,201</b>	<b>2,201</b>	1,631	1,631



**16. Other Financial Assets**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Financial assets</b>				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**17. Cash and cash equivalents**

	<b>2020-21 £000</b>	<b>2020-21 £000</b>	<b>2019-20 £000</b>	<b>2019-20 £000</b>
<b>CT activities</b>			<b>CT activities</b>	
Balance at 1 April 2020	376	14,755	316	8,957
Net change in cash and cash equivalent balances	311	4,209	60	5,798
Balance at 31 March 2021	<b>687</b>	<b>18,964</b>	<b>376</b>	<b>14,755</b>
 Made up of:				
Cash held at GBS	640	18,917	322	14,701
Commercial banks	21	21	4	4
Cash in hand	26	26	50	50
<b>Cash Total</b>	<b>687</b>	<b>18,964</b>	<b>376</b>	<b>14,755</b>
Current Investments	0	0	0	0
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>687</b>	<b>18,964</b>	<b>376</b>	<b>14,755</b>
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial banks	0	0	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>687</b>	<b>18,964</b>	<b>376</b>	<b>14,755</b>

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

Lease Liabilities £2k  
PFI liabilities £57k

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

## 18. Trade and other payables

Current	31 March 2021 £000	31 March 2021 £000	31 March 2020 £000	31 March 2020 £000
	CT activities		CT activities	
Welsh Government	0	0	6	28
WHSSC / EASC	1,373	0	1,450	0
Welsh Health Boards	1,740	14,795	5,181	17,132
Welsh NHS Trusts	1,949	3,431	2,853	3,281
Health Education and Improvement Wales (HEIW)	0	0	4	4
Other NHS	1,907	23,928	2,741	19,756
Taxation and social security payable / refunds	0	58	0	54
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	5,648	5,648	867	867
NI contributions payable to HMRC	4,794	4,860	4,810	4,873
Non-NHS payables revenue	13,474	17,334	13,874	15,537
Local Authorities	17,517	17,517	16,478	16,478
Capital Creditors-Tangible	8,010	8,010	2,358	2,358
Capital Creditors- Intangible	0	0	461	461
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	1	1	1	1
Imputed finance lease element of on SoFP PFI contracts	163	163	157	157
Pensions: staff	5,128	5,128	1,214	1,214
Non NHS Accruals	84,334	88,413	66,778	69,050
Deferred Income:				
Deferred Income brought forward	492	492	521	521
Deferred Income Additions	766	766	334	334
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	(376)	(376)	(363)	(363)
Other creditors	28,290	28,290	13,389	13,389
PFI assets –deferred credits	0	0	0	0
Payments on account	0	4	0	5
<b>Total</b>	<b>175,210</b>	<b>218,462</b>	<b>133,114</b>	<b>165,137</b>
<b>Non-current</b>				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Health Education and Improvement Wales (HEIW)	0	0	0	0
Other NHS	0	0	0	0
Taxation and social security payable / refunds	0	0	0	0
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	0	0	0	0
NI contributions payable to HMRC	0	0	0	0
Non-NHS payables revenue	0	0	0	0
Local Authorities	0	0	0	0
Capital Creditors-Tangible	0	0	0	0
Capital Creditors- Intangible	0	0	0	0
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	1,143	1,143	1,307	1,307
Pensions: staff	0	0	0	0
Non NHS Accruals	0	0	0	0
Deferred Income :				
Deferred Income brought forward	0	0	0	0
Deferred Income Additions	0	0	0	0
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	0	0	0	0
Other creditors	0	0	0	0
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
<b>Total</b>	<b>1,143</b>	<b>1,143</b>	<b>1,307</b>	<b>1,307</b>
<b>Total</b>	<b>176,353</b>	<b>219,605</b>	<b>134,421</b>	<b>166,444</b>

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

**19. Other financial liabilities**

<b>Financial liabilities</b>	<b>Current</b>		<b>Non-current</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 20. Provisions

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2021
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence:-									
Secondary care	34,103	(14,834)	(1,254)	25,344	21,464	(9,847)	(10,148)	0	44,828
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	334	0	(116)	26	593	(231)	(376)	0	230
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	843	0	0	388	555	(784)	(326)	0	676
All other losses and special payments	0	0	0	0	625	(625)	0	0	0
Defence legal fees and other administration	1,749	0	0	534	1,365	(868)	(943)	0	1,837
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	153			100	167	(300)	(3)	0	117
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	1,803		(40)	0	975	(373)	(114)		2,251
<b>Total</b>	<b>38,985</b>	<b>(14,834)</b>	<b>(1,410)</b>	<b>26,392</b>	<b>25,744</b>	<b>(13,028)</b>	<b>(11,910)</b>	<b>0</b>	<b>49,939</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	49,115	0	0	(25,344)	16,075	(1,020)	0	0	38,826
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	26	0	0	(26)	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	5,836	0	0	(388)	476	0	0	(31)	5,893
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,027	0	0	(534)	328	(25)			796
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	255			(100)	12	0	0	(2)	165
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0		0	0
<b>Total</b>	<b>56,259</b>	<b>0</b>	<b>0</b>	<b>(26,392)</b>	<b>16,891</b>	<b>(1,045)</b>	<b>0</b>	<b>(33)</b>	<b>45,680</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	83,218	(14,834)	(1,254)	0	37,539	(10,867)	(10,148)	0	83,654
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	360	0	(116)	0	593	(231)	(376)	0	230
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	6,679	0	0	0	1,031	(784)	(326)	(31)	6,569
All other losses and special payments	0	0	0	0	625	(625)	0	0	0
Defence legal fees and other administration	2,776	0	0	0	1,693	(893)	(943)	0	2,633
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	408			0	179	(300)	(3)	(2)	282
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	1,803		(40)	0	975	(373)	(114)	0	2,251
<b>Total</b>	<b>95,244</b>	<b>(14,834)</b>	<b>(1,410)</b>	<b>0</b>	<b>42,635</b>	<b>(14,073)</b>	<b>(11,910)</b>	<b>(33)</b>	<b>95,619</b>

## Expected timing of cash flows:

	In year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	44,828	38,826	0	83,654
Primary care	0	0	0	0
Redress Secondary care	230	0	0	230
Redress Primary care	0	0	0	0
Personal injury	676	1,657	4,236	6,569
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	1,837	796	0	2,633
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	117	165	0	282
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	2,251	0	0	2,251
<b>Total</b>	<b>49,939</b>	<b>41,444</b>	<b>4,236</b>	<b>95,619</b>

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

The Legal & Risk Service (part of the NHS Wales Shared Service Partnership) provide details of Clinical Negligence and personal Injury cases including estimated settlement amounts and the timing of the cashflow.

The provision for Permanent Injury Benefit is supplied by NHS Pensions Agency.

Other provisions include £981k for Continuing Healthcare Claims being £42k for retrospective claims and £937k for Continuing Healthcare - Judicial Review impact.

The Health Board estimates that it will receive £84,943k from the Welsh Risk Pool in respect of losses and special payments cases (including Clinical Negligence, Redress and Personal Injury). In addition to the provisions shown above, contingent liabilities are given in Note 21.1 Contingent Liabilities.

## 20. Provisions (continued)

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	41,408	(8,319)	0	(6,078)	30,139	(11,458)	(11,589)	0	34,103
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	134	0	0	0	1,650	(76)	(1,374)	0	334
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	603	0	0	(429)	1,477	(725)	(83)	0	843
All other losses and special payments	0	0	0	0	432	(412)	(20)	0	0
Defence legal fees and other administration	1,674	0	0	17	1,422	(570)	(794)		1,749
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	137			9	314	(304)	(3)	0	153
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	4,003		(3)	0	(454)	(999)	(744)		1,803
<b>Total</b>	<b>47,959</b>	<b>(8,319)</b>	<b>(3)</b>	<b>(6,481)</b>	<b>34,980</b>	<b>(14,544)</b>	<b>(14,607)</b>	<b>0</b>	<b>38,985</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	37,964	0	0	6,078	17,668	(2,510)	(10,085)	0	49,115
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	61	1	(36)	0	26
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,264	0	0	429	1,127	0	0	16	5,836
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	924	0	0	(17)	337	(75)	(142)		1,027
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	220			(9)	42	0	0	2	255
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>43,372</b>	<b>0</b>	<b>0</b>	<b>6,481</b>	<b>19,235</b>	<b>(2,584)</b>	<b>(10,263)</b>	<b>18</b>	<b>56,259</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	79,372	(8,319)	0	0	47,807	(13,968)	(21,674)	0	83,218
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	134	0	0	0	1,711	(75)	(1,410)	0	360
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,867	0	0	0	2,604	(725)	(83)	16	6,679
All other losses and special payments	0	0	0	0	432	(412)	(20)	0	0
Defence legal fees and other administration	2,598	0	0	0	1,759	(645)	(936)		2,776
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	357			0	356	(304)	(3)	2	408
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	4,003		(3)	0	(454)	(999)	(744)		1,803
<b>Total</b>	<b>91,331</b>	<b>(8,319)</b>	<b>(3)</b>	<b>0</b>	<b>54,215</b>	<b>(17,128)</b>	<b>(24,870)</b>	<b>18</b>	<b>95,244</b>

## 21. Contingencies

### 21.1 Contingent liabilities

	2020-21 £'000	2019-20 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence;		
Secondary Care	217,628	148,467
Primary Care	225	0
Secondary Care Redress	1,009	1,190
Primary Care Redress	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	2,245	1,974
Continuing Health Care costs	15	839
Other	0	235
Total value of disputed claims	221,122	152,705
Amounts (recoverable) in the event of claims being successful	(217,807)	(148,642)
<b>Net contingent liability</b>	<b>3,315</b>	<b>4,063</b>

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.

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.

Liabilities for continuing healthcare costs continue to reduce following periods of increasing volume of claims after the introduction of deadlines and cut off dates by Welsh Government commencing on the 31st July 2014. The contingent liability reflects claims that have been received by the LHB at the 31st March 2021.

Cwm Taf LHB is responsible for post 1st April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 sets out the £0.04m provision made for probable continuing care costs relating to 2 claims received;  
 Note 21.1 sets out the £0.02m contingent liability for possible continuing care costs relating to 1 claim received.  
 Other contingent liabilities includes claims from employees where the outcome of the claims are uncertain.

#### Pensions tax annual allowance – Scheme Pays arrangements 2019/20

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that:

clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

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

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

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

At the date of approval of these accounts, there was insufficient data of take-up of the scheme by the Welsh clinical staff to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2021, the existence of an unquantified contingent liability is instead disclosed.

**21.2 Remote Contingent liabilities**

2020-21	2019-20
£'000	£'000

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

Guarantees	0	0
Indemnities	125	275
Letters of Comfort	0	0
<b>Total</b>	<b>125</b>	<b>275</b>

**21.3 Contingent assets**

2020-21	2019-20
£'000	£'000

Please detail

	0	0
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

2020-21	2019-20
£'000	£'000

Property, plant and equipment	197,652	15,215
Intangible assets	0	0
<b>Total</b>	<b>197,652</b>	<b>15,215</b>

## 23. Losses and special payments

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

### Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2021	
	Number	£
Clinical negligence	155	10,913,821
Personal injury	59	803,356
All other losses and special payments	249	605,818
<b>Total</b>	<b>463</b>	<b>12,322,995</b>

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

Cases exceeding £300,000	Number	Case type	Amounts paid out in year	Cumulative amount
			£	£
	03RRSPI0020	Personal Injury	48,211	777,269
	05RRSMN0039	Clinical Negligence	0	830,800
	05RVEMN0022	Clinical Negligence	0	460,000
	08RVEMN0013	Clinical Negligence	150,000	5,760,000
	09RVEMN0017	Clinical Negligence	0	944,619
	10RYLMN0092	Clinical Negligence	0	343,000
	11RYLMN0068	Clinical Negligence	(39,403)	376,597
	12RYLMN0004	Clinical Negligence	600,000	2,660,000
	12RYLMN0037	Clinical Negligence	0	1,300,000
	13RYLMN0096	Clinical Negligence	100,000	450,000
	13RYLMN0131	Clinical Negligence	0	8,255,000
	14RYLMN0062	Clinical Negligence	0	1,170,000
	14RYLMN0127	Clinical Negligence	0	1,367,733
	14RYLMN0193	Clinical Negligence	54,000	312,500
	14RYLMN0200	Clinical Negligence	320,000	2,035,880
	14RYLMN0208	Clinical Negligence	0	377,520
	14RYLPI0055	Personal Injury	0	361,722
	15RYLMN0010	Clinical Negligence	0	1,907,205
	15RYLMN0079	Clinical Negligence	653,100	828,344
	15RYLMN0109	Clinical Negligence	2,462,560	3,957,560
	15RYLMN0171	Clinical Negligence	400,000	400,000
	16RYLMN0078	Clinical Negligence	0	973,030
	16RYLMN0138	Clinical Negligence	840,270	865,270
	17RYLMN0022	Clinical Negligence	629,614	629,614
	17RYLMN0093	Clinical Negligence	421,919	421,919
	17RYLMN0185	Clinical Negligence	0	714,284
	19RYLMN0006	Clinical Negligence	285,000	285,000
	19RYLMN0056	Clinical Negligence	225,000	225,000
<b>Sub-total</b>			<b>7,150,271</b>	<b>38,989,866</b>
<b>All other cases</b>			<b>5,172,724</b>	<b>13,724,578</b>
<b>Total cases</b>			<b>12,322,995</b>	<b>52,714,444</b>



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

There are no leasing arrangements which require further disclosure.

**Amounts payable under finance leases:**

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

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

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

**Present value of minimum lease payments**

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

**Other**

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Minimum lease payments</b>		
Within one year	0	2
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Minimum lease payments</b>	<b>0</b>	<b>2</b>
Included in:		
Current borrowings	0	2
Non-current borrowings	0	0
	<b>0</b>	<b>2</b>

**Present value of minimum lease payments**

Within one year	0	2
Between one and five years	0	0
After five years	0	0
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>2</b>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<b>0</b>	<b>0</b>

**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:**

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

## 25. Private Finance Initiative contracts

### 25.1 PFI schemes off-Statement of Financial Position

The Local Health Board has no PFI Schemes off-statement of financial position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts 31 March 2021 £000	Off-SoFP PFI contracts 31 March 2020 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

### 25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	£000
<b>Staff Residences - Royal Glamorgan Hospital</b>	<b>1,424</b>
Contract start date:	09/10/1998
Contract end date:	21/09/2028
Scheme Description	
The staff residences scheme covers the design, build, financing and operation of staff accommodation on the Royal Glamorgan Hospital site. The Health Board entered into a project agreement with Charter Housing Association on the 9th October 1998.	
	£000
<b>Combined Heat and Power Plant-Prince Charles Hospital</b>	<b>1,266</b>
Contract start date:	01/04/2004
Contract end date:	31/03/2029

The contract is for the installation, operation, maintenance and ownership of a Combined Heat and Power plant and the complete management and operation of a central boiler plant installation, light fittings and building management system on the Prince Charles Hospital site.

The contract includes performance guarantees for the supply of hot water and electricity.

The charging structure requires the Health Board to pay for heat (in the form of hot water) created from the electricity generated by the Combined Heat and Power plant being supplied free of charge to the Health Board.

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

	On SoFP PFI Capital element 31 March 2021 £000	On SoFP PFI Imputed interest 31 March 2021 £000	On SoFP PFI Service charges 31 March 2021 £000
Total payments due within one year	163	36	435
Total payments due between 1 and 5 years	704	89	1,738
Total payments due thereafter	439	13	1,304
Total future payments in relation to PFI contracts	1,306	138	3,477

	On SoFP PFI Capital element 31 March 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £000
Total payments due within one year	157	41	428
Total payments due between 1 and 5 years	684	111	1,714
Total payments due thereafter	624	27	1,500
Total future payments in relation to PFI contracts	1,465	179	3,642

Total present value of obligations for on-SoFP PFI contracts 0

**25.3 Charges to expenditure**

	2020-21	2019-20
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	435	424
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	<u>435</u>	<u>424</u>

The LHB is committed to the following annual charges

	31 March 2021	31 March 2020
	£000	£000
<b>PFI scheme expiry date:</b>		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	435	428
<b>Total</b>	<u>435</u>	<u>428</u>

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

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

**PFI Contract**

Staff residences, Royal Glamorgan Hospital	On
Combined heat and power plant, Prince Charles Hospital	On

**25.5 The LHB has no Public Private Partnerships**

**26. Financial risk management**

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

**Currency risk**

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

**Interest rate risk**

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

**Credit risk**

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

**Liquidity risk**

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

**27. Movements in working capital**

	2020-21 £000	2020-21 £000	2019-20 £000	2019-20 £000
	<b>CT activities</b>		<b>CT activities</b>	
(Increase)/decrease in inventories	10	10	(1,780)	(1,780)
(Increase)/decrease in trade and other receivables - non-current	10,771	10,771	(11,335)	(11,335)
(Increase)/decrease in trade and other receivables - current	(23,742)	(31,292)	(17,059)	(13,387)
Increase/(decrease) in trade and other payables - non-current	(164)	(164)	(159)	(159)
Increase/(decrease) in trade and other payables - current	42,096	53,325	36,614	38,701
<b>Total</b>	<b>28,971</b>	<b>32,650</b>	6,281	12,040
Adjustment for accrual movements in fixed assets - creditors	(5,191)	(5,191)	2,251	2,251
Adjustment for accrual movements in fixed assets - debtors	353	353	77	77
Other adjustments	5,797	5,797	158	158
	<b>29,930</b>	<b>33,609</b>	8,767	14,526

**28. Other cash flow adjustments**

	2020-21 £000	2020-21 £000	2019-20 £000	2019-20 £000
	<b>CT activities</b>		<b>CT activities</b>	
Depreciation	25,678	25,678	23,901	23,901
Amortisation	300	300	421	421
(Gains)/Loss on Disposal	(121)	(121)	(82)	(82)
Impairments and reversals	17,840	17,840	(1,189)	(1,189)
Release of PFI deferred credits	0	0	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0	0	0
Covid assets received credited to revenue but non-cash	(5,471)	(5,471)	0	0
Donated assets received credited to revenue but non-cash	(200)	(200)	(1,862)	(1,862)
Government Grant assets received credited to revenue but non-cash	(1,428)	(1,428)	(49)	(49)
Non-cash movements in provisions	14,156	14,448	21,055	21,041
Other movements	23,888	23,888	21,732	21,732
<b>Total</b>	<b>74,642</b>	<b>74,934</b>	63,927	63,913

## **29. Events after the Reporting Period**

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 9th June 2021 and are expected to be certified by the Auditor General for Wales on 15<sup>th</sup> June 2021.



### 30. Related Party Transactions

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Local Health Board.

The Welsh Government is regarded as a related party. During the year Cwm Taf Morgannwg 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,

	2020-21 Expenditure £000	2020-21 Income £000	2020-21 Creditors £000	2020-21 Debtors £000
Welsh Assembly Government	22	1,201,044	0	4,326
WHSSC (see below)	155,740	10,816	1,373	2,016
<b>NHS Trusts</b>				
Public Health Wales	1,319	3,088	557	563
Velindre	38,786	5,976	796	2,116
Welsh Ambulance Services	2,413	35	595	3
<b>Local Health Boards</b>				
Aneurin Bevan	1,936	22,629	75	358
Betsi Cadwaladr	36	137	(11)	14
Cardiff & Vale	31,885	16,491	1,716	392
Hywel Dda	546	685	30	43
Powys	15	2,461	11	44
Swansea Bay	44,724	33,199	375	1,132
<b>Special Health Authority</b>				
HEIW	0	11,729	0	382
<b>TOTAL</b>	<b>277,422</b>	<b>1,308,290</b>	<b>5,517</b>	<b>11,389</b>

In addition, the Local Health Board has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with:

Bridgend County Borough Council	15,312	2,279	7,957	1,117
Rhondda Cynon Taf County Borough Council	25,155	16,352	7,916	20,820
Merthyr Tydfil County Borough Council	3,492	1,300	1,627	594

The LHB has also received revenue payments from Cwm Taf Morgannwg NHS Charitable Funds totalling £0.264m (£0.415m in 2019-20) and capital contributions totalling £0.051m (£0.059m in 2019-20). The Trustees for which are also members of the Board.

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

Name	Details	Interests
Mr Greg Dix	Director of Nursing, Midwifery & Patient Care	Visiting Professor University of South Wales
Dr Nicholas T Lyons	Medical Director	Husband is employee of Cwm Taf Morgannwg University Health Board.
Dr Kelechi Nnoaham	Director of Public Health	Spouse is employee of Cwm Taf Morgannwg University Health Board.
Dr Fiona Jenkins	Director of Therapies and Health Sciences	Spouse is employee of Cwm Taf Morgannwg University Health Board.
Mrs Maria Thomas	Vice Chair	Director Welsh Wound Innovation (Ceased November 2020)
Mr Ian Wells	Independent Member	Executive Director Therapies and Health Science at Cardiff and Vale University Health Board
Mr Keiron Montague	Independent Member	Executive Member Macmillan Cancer Support Merthyr.
Mr Melvin Jehu	Independent Member	Trustee Safer Merthyr Tydfil.
Cllr Philip Joseph White	Independent Member	Member of the Order St John Cymru Wales.
Mrs Jayne Sadgrove	Independent Member	Vice Chair St John Council, Cardiff & Vale.
Mrs Nicola Milligan	Independent Member	Researcher University of Wales Trinity Saint David.
Mrs Dilys Jouvenat	Independent Member	Researcher NHS Wales Informatics Service
Ms Suzanne Scott-Thomas	Associate Member	Director Trivallis Ltd.
Mrs Sharon Richards	Associate Board Member	Independent Member (Vice Chair) South Wales Police Crime Panel.
		Chair (Standards Committee) Rhondda Cynon Taff Council.
		Trustee Cancer Aid, Merthyr Tydfil.
		Trustee Safer Merthyr Tydfil.
		Wife is employee of Cwm Taf Morgannwg University Health Board.
		Trustee Care & Repair Bridgend
		Senior Professional Fellow Cardiff University.
		Director Cardiff Union Services Ltd.
		Trustee and Vice-Chair of Board Cardiff University Students Union.
		Son is employee of Cardiff University of Healthcare Sciences.
		Board Member Royal College of Nursing in Wales.
		Vice Chair, Royal College of Nursing in Wales.
		Chair Rhondda Cynon Taf Citizens Advice
		Chair Royal Pharmaceutical Society Welsh Pharmacy Board
		Sister is Professor and Director of Dementia Research Centre at Cardiff University.
		Sister-in-law and niece are employees of Cwm Taf Morgannwg University Health Board
		Company Secretary and Chief Officer of Voluntary Action Merthyr Tydfil

Total value of transactions with these related parties:

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Cancer Aid, Merthyr Tydfil	15	0	49	0
Cardiff University	286	51	48	8
Care and Repair Bridgend	130	0	120	0
Macmillan Cancer Support Merthyr	0	151	0	363
Neath YMCA	0	0	0	0
Rhondda Cynon Taf Citizens Advice	13	0	0	0
Royal College of Nursing in Wales	56	0	0	0
Royal Pharmaceutical Society Welsh Pharmacy Board	2	0	0	0
Safer Merthyr Tydfil	74	0	4	0
South Wales Police Crime Panel	0	233	0	65
St John Cymru Wales	151	0	38	0
Trivallis Ltd	0	0	0	0
University of South Wales	762	0	81	0
University of Wales Trinity Saint David	5	0	2	0
Voluntary Action Merthyr Tydfil	626	0	0	0
Welsh Wound Innovation Ltd	177	0	0	0

### 30. Related Party Transactions

#### Welsh Health Specialised Services and Emergency Ambulance Services

WHSSC and EASC are sub-committees of each of the 7 Local Health Boards in Wales. Therefore, any related transaction would form part of each LHB's statutory financial statements. Whilst the committees have executive teams these are not executive directors and they are employed by Cwm Taf Morgannwg LHB as the host organisation.

During 2020/2021, the Joint Committees adopted a risk sharing approach which is applied to all financial transactions. In accordance with the Standing Orders, the Joint Committees must agree a total budget to plan and secure the relevant services delegated to them. The Joint Committees must also agree the appropriate contribution of funding required from each LHB.

Each LHB will be required to make available to the Joint Committees the level of funds outlined in the annual plan.

The plan will include the risk sharing income received from each LHB during 2020/2021 as per Note 4, expenditure incurred by WHSSC and EASC with providers of tertiary and specialist services is as per Note 3.2 and analysed in the Segmental Analysis in Note 33. Running costs, staffing and admin expenditure incurred with other NHS Wales organisations has been extracted from Note 3.3 but does not encompass the total of all running costs, the majority of which are transactions with organisations outside NHS Wales or are staff costs.

**Velindre and The Welsh Ambulance Service are included as providers only, as both are merely associate members of the Committees and do not have voting rights.**

	Income ( Note 4 ) £000's	Expenditure ( Note 3.2 ) £000's	Running costs ( Note 3.3 ) £000's	Debtor ( Note 15 ) £000's	Creditor ( Note 18 ) £000's
Cardiff and Vale UHB	137,992	266,982	219	4,441	3,322
Aneurin Bevan UHB	161,384	8,759	146	2,370	441
Betsi Cadwaladr UHB	189,601	44,247	0	3,101	4,688
Swansea Bay UHB	104,627	120,445	64	486	3,526
Cwm Taf Morgannwg UHB	155,740	10,151	665	1,373	2,016
Hywel Dda UHB	102,632	2,414	45	1,006	585
Powys Teaching HB	41,429	57	14	346	493
Public Health Wales NHS Trust	56	102	34	16	22
Velindre NHS Trust		47,432	51	2,012	7
Welsh Ambulance Services NHS Trust	40	172,180	140	12	1,453
	<b>893,501</b>	<b>672,769</b>	<b>1,378</b>	<b>15,163</b>	<b>16,553</b>

#### Membership of the Joint Committees and voting rights:

**LHB Chief Executives have voting rights on the committee while Trust Chief Executives are associate members only**  
**During 2020/2021 WHSSC and EASC have entered into material transactions with the organisations represented as listed above**

Judith Paget	Member WHSSC & EASC		Chief Executive Aneurin Bevan UHB
Carol Shillabeer	Member WHSSC & EASC		Chief Executive Powys Teaching HB
Simon Dean	Member WHSSC & EASC	to Aug 2020	Interim Chief Executive Betsi Cadwaladr UHB
Gill Harris	Member WHSSC & EASC	Sept to Dec 2020	Interim Chief Executive Betsi Cadwaladr UHB
Jo Whitehead	Member WHSSC & EASC	from Jan 2021	Chief Executive Betsi Cadwaladr UHB
Sharon Hopkins	Member WHSSC & EASC	to Aug 2020	Interim Chief Executive Cwm Taf Morgannwg UHB
Paul Mears	Member WHSSC & EASC	from Sept 2020	Chief Executive Cwm Taf Morgannwg UHB
Len Richards	Member WHSSC & EASC		Chief Executive Cardiff and Vale UHB
Steve Moore	Member WHSSC & EASC		Chief Executive Hywel Dda UHB
Tracy Myhill	Member WHSSC & EASC	to Dec 2020	Chief Executive Swansea Bay UHB
Mark Hackett	Member WHSSC & EASC	from Jan 2021	Chief Executive Swansea Bay UHB

#### The following are Associate Members of the Joint Committees and therefore have no voting rights.

Tracey Cooper	Associate Member WHSSC & EASC		Chief Executive Public Health Wales NHS Trust
Steve Ham	Associate Member WHSSC		Chief Executive Velindre NHS Trust
Jason Killens	Associate Member EASC		Chief Executive, Welsh Ambulance Services NHS Trust
Kieron Donovan	Affiliated Member WHSSC	to March 2021	Chair of the Wales Renal Clinical Network

#### The following are officers with voting rights on the joint committee

Sian Lewis	Managing Director WHSSC		No declared interests
Stuart Davies	Director of Finance WHSSC & EASC		No declared interests
Iolo Doull	Acting Medical Director WHSSC	from Sept 2020	Trustee for Ash Wales, No transactions in 2020/2021
Jennifer Thomas	Medical Director WHSSC	to Aug 2020	No declared interests
Carole Bell	Nurse Director WHSSC		No declared interests
Stephen Harthy	Chief Ambulance Services Officer EASC		No declared interests

#### Independent Members With a Declared Interest

Vivienne Harpwood	Chair WHSSC	to Sept 2020	Chair, Powys Teaching HB
Kate Eden	Chair WHSSC	from Oct 2020	Chair, Public Health Wales NHS Trust
Emrys Elias	Independent Member and Vice Chair WHSSC		Independent Board Member, Aneurin Bevan UHB
Ian Phillips	Independent Member WHSSC		Independent Board Member, Powys Teaching HB
Paul Griffiths	Independent Member WHSSC	to Dec 2020	Independent Board Member, Cwm Taf Morgannwg UHB
Chris Turner	Independent Member and Chair EASC		Independent Board Member, Cwm Taf Morgannwg UHB
			Governor Cardiff Metropolitan University
			Recorded spend with Cardiff Metropolitan University in 2020/2021 was £21,067

### **31. Third Party assets**

The LHB held £8,862.32 cash at bank and in hand at 31 March 2021 (31 March 2020, £9,895.30) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £nil at 31 March 2021 (31 March 2020, £nil). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

## 32. Pooled budgets

### Rhondda Cynon Taf, Bridgend and Merthyr Tydfil Integrated Community Equipment Service

The Health Board has entered into a pooled budget with

Rhondda Cynon Taf County Borough Council  
Merthyr Tydfil County Borough Council  
Bridgend County Borough Council

The partnership arrangement with Abertawe Bro Morgannwg University Local Health Board ended on 31st March 2019 due to the transfer of the responsibility for providing healthcare services for the people in the Bridgend County Borough Council (BCBC) area from Abertawe Bro Morgannwg UHB to Cwm Taf Morgannwg UHB from 1st April 2019.

Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an Integrated Community Equipment Service. The service is to enable children and adults who require assistance to perform essential activities of daily living to maintain their health and autonomy and to live life as fully as possible. The equipment provided can include, but is not limited to

- Community home nursing equipment
- Equipment for daily living
- Physiotherapy living
- Static Seating

A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Rhondda Cynon Taf County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the above named organisations and the Health Board. The Health Board accounts for its share of contributions to the budget in expenditure. Contributions are based on each individual organisations forecast activities. Assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Funding	2020-21 £'000	2019-20 £'000
Rhondda Cynon Taf County Borough Council	1,260	812
Merthyr Tydfil County Borough Council	140	126
Bridgend County Borough Council	691	729
Cwm Taf Morgannwg University Local Health Board	640	919
Total Partners Funding	2,731	2,586
I.C.F Funding	39	28
Other Income Received	242	218
Total Funding	3,012	2,832
Expenditure		
Provision of community equipment services within Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Boroughs.	3,317	2,799
Pooled Budget surplus carried forward	(305)	33

## 32. Pooled budgets(cont)

### Cwm Taf Morgannwg Care Home Accommodation

The Health Board has entered into a pool fund arrangement with Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council & Bridgend County Borough Council.

The Agreement for the CWM TAF MORGANNWG CARE HOME ACCOMMODATION POOLED FUND is made under The Social Services and Well-being (Wales) Act 2014 (the 'Act') and the Partnership Arrangements (Wales) Regulations 2015 (the 'Regulations').

The Agreement provides for the establishment of the CWM TAF MORGANNWG CARE HOME ACCOMMODATION POOLED FUND which will undertake the following functions on behalf of the Parties.

- The functions of a local authority under sections 35 and 36 of the Act, where it has been decided to meet the adult's needs by providing or arranging to provide accommodation in a care home;
- The functions of a Local Health Board under section 3 of the National Health Service (Wales) Act 2006 in relation to an adult, in cases where:
  - The adult has a primary need for health care and it has been decided to meet the needs of the adult by arranging the provision of accommodation in a care home, or
  - The adult does not have a primary need for health care but the adult's needs can only be met by the local authority arranging for the provision of accommodation together with nursing care

A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Rhondda Cynon Taf County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the above named organisations and the Health Board. The Health Board accounts for its share of contributions to the budget in expenditure. Contributions are based on each individual organisations forecast activities. Assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Funding	2020-21 £'000	2019-20 £'000
Rhondda Cynon Taf County Borough Council	24,618	23,187
Merthyr Tydfil County Borough Council	4,478	5,209
Cwm Taf Morgannwg University Local Health Board	15,679	11,773
Bridgend County Borough Council	9,510	0
<b>Total Partners Funding</b>	<b>54,285</b>	<b>40,169</b>
Other Income Received	0	19
Balance carried forward	21	6
<b>Total Funding (a)</b>	<b>54,306</b>	<b>40,194</b>
<b>Expenditure (b)</b>		
Objective - paying care fees to homes for the provision of residential & nursing care within the Rhondda Cynon Taf and Merthyr Tydfil County Boroughs.	54,291	40,173
<b>Net underspend/(overspend) (a) - (b)</b>	<b>15</b>	<b>21</b>

## 32. Pooled budgets(cont)

### **Bridgend Integrated Community Services**

The Health Board has entered into a pooled budget with:

Bridgend County Borough Council

Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an Integrated Community Service. The approach of the Partners will be consistent with the principles in "Sustainable Social Services: A Framework for Action" which sets out the action needed to ensure care and support services respond to rising levels of demand and changing expectations, particularly for frail older people.

Partners deliver their stated commitment to benefit adults in the region:

- Support for people to remain independent and keep well
- More people cared for at home to maximise their recovery, with shorter stays in hospital if they are unwell
- A change in the pathway away from institutional care to community care, available on a 7-day basis
- Fewer people being asked to consider long term residential or nursing home care, particularly in a crisis
- Earlier diagnosis of dementia and quicker access to specialist support for those who need it
- More people living with the support of technology and appropriate support services
- Provision of services that are more joined up around the needs of the individual with less duplication or hand-offs between health and social care agencies

A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Bridgend County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the above named organisations and the Health Board. The Health Board accounts for its share of contributions to the budget in expenditure. Assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

### **Pooled budget memorandum account for the period 1 April 2020 – 31 March 2021**

<b>Funding</b>	<b>2020-21</b>	<b>2019-20</b>
	£'000	£'000
Bridgend County Borough Council	£2,231	2,539
Cwm Taf Morgannwg University Local Health Board	£2,455	2,637
<b>Total Funding</b>	<b>£4,686</b>	<b>5,176</b>
<b>Expenditure</b>		
Provision of Community Support Service & reablement	£4,686	5,176
<b>Net under/Over spend</b>	<b>NIL</b>	<b>NIL</b>

### 33. Operating segments

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

The following information segments the results of Cwm Taf Morgannwg Local Health Board by:

- Healthcare activities
- Welsh Health Specialised Services Committee (WHSSC)
- Emergency Ambulance Services Joint Committee (EASC)

#### Operating Costs 2020-21

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	243,573	0	0	0	243,573
Expenditure on healthcare from other providers	335,415	706,342	180,674	(165,341)	1,057,090
Expenditure on hospital and community health services	796,974	5,544	3,045	(1,165)	804,398
	1,375,962	711,886	183,719	(166,506)	2,105,061
Less: Miscellaneous Income	(141,265)	(711,886)	(183,719)	166,506	(870,364)
LHB net operating costs before interest and other gains and losses	1,234,697	0	0	0	1,234,697
Investment Income	0	0	0	0	0
Other (Gains) / Losses	(121)	0	0	0	(121)
Finance costs	8	0	0	0	8
Net operating costs for the financial year	1,234,584	0	0	0	1,234,584

#### Net Assets 2020-21

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	593,357	0	0	0	593,357
Total current assets	131,732	31,481	3,678	(3,389)	163,502
Total current liabilities	(224,789)	(43,323)	(3,678)	3,389	(268,401)
Total non-current liabilities	(46,823)	0	0	0	(46,823)
Total assets employed	453,477	(11,842)	0	0	441,635
Total taxpayers' equity	453,477	(11,842)	0	0	441,635

#### Operating Costs 2019-20

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	234,802	0	0		234,802
Expenditure on healthcare from other providers	292,814	624,252	163,092	(124,835)	955,323
Expenditure on hospital and community health services	684,350	4,398	2,962	(510)	691,200
	1,211,966	628,650	166,054	(125,345)	1,881,325
Less: Miscellaneous Income	(144,961)	(628,650)	(166,054)	125,345	(814,320)
losses	1,067,005	0	0	0	1,067,005
Investment Income	(2)	0	0	0	(2)
Other (Gains) / Losses	(82)	0	0	0	(82)
Finance costs	65	0	0	0	65
Net operating costs for the financial year	1,066,986	0	0	0	1,066,986

#### Net Assets 2019-20

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	586,324	0			586,324
Total current assets	107,689	20,584	1,305	(1,567)	128,011
Total current liabilities	(171,958)	(32,426)	(1,305)	1,567	(204,122)
Total non-current liabilities	(57,566)				(57,566)
Total assets employed	464,489	(11,842)	0	0	452,647
Total taxpayers' equity	464,489	(11,842)	0	0	452,647

## 34. Other Information

### 34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The notional transactions are based on estimated costs for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions as at month ten. Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

	2020-21 £000	2019-20 £000
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2021</b>		
Expenditure on Primary Healthcare Services	658	588
Expenditure on Hospital and Community Health Services	23230	21144
 <b>Statement of Changes in Taxpayers' Equity For the year ended 31 March 2021</b>		
Net operating cost for the year	23888	21732
Notional Welsh Government Funding	23888	21732
 <b>Statement of Cash Flows for year ended 31 March 2020</b>		
Net operating cost for the financial year	23888	21732
Other cash flow adjustments	23888	21732
 <b>2.1 Revenue Resource Performance</b>		
Revenue Resource Allocation	23888	21732
 <b>3. Analysis of gross operating costs</b>		
<b>3.1 Expenditure on Primary Healthcare Services</b>		
General Medical Services	34	33
General Dental Services	79	54
Other Primary Health Care expenditure	545	502
<b>3.3 Expenditure on Hospital and Community Health Services</b>		
Directors' costs	56	57
Staff costs	23174	21086
 <b>9.1 Employee costs</b>		
<b>Permanent Staff</b>		
Employer contributions to NHS Pension Scheme	23888	21732
Charged to capital	0	0
Charged to revenue	23888	21732
 <b>18. Trade and other payables</b>		
<b>Current</b>		
Pensions: staff	0	0
 <b>28. Other cash flow adjustments</b>		
Other movements	23888	21732



**34. Other Information (continued)****34.2 Other (continued)****Welsh Government Covid 19 Funding**

	<b>CTM</b>	<b>WHSSC</b>
	<b>2020-21</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>
<b>Capital</b>		
Capital Funding Field Hospitals	571	0
Capital Funding Equipment & Works	5,118	0
Capital Funding other (Specify)		
ICT Investment	2,552	0
Investment in surge capacity, oxygen supply and ICU in owned HB estate	2,464	0
Covid delay on WG AWCP funded schemes	232	0
Investment in Vaccine Research Centre	155	0

**Welsh Government Covid 19 Capital Funding**

<b>11,092</b>	<b>0</b>
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**Revenue**

Sustainability Funding	29,300	0
C-19 Pay Costs Q1 (Future Quarters covered by SF)	7,875	0
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	6,054	0
PPE (including All Wales Equipment via NWSSP)	6,063	0
TTP- Testing & Sampling - Pay & Non Pay	5,759	0
TTP - NHS & LA Tracing - Pay & Non Pay	4,450	0
Vaccination - Extended Flu Programme	238	0
Vaccination - COVID-19	2,758	0
Bonus Payment	13,498	0
Annual Leave Accrual - Increase due to Covid	13,400	0
Urgent & Emergency Care	4,723	0
Support for Adult Social Care Providers	3,400	0
Hospices	0	0
Independent Health Sector	0	23,470
Mental Health	789	5,774
Other Primary Care	1,875	0
Other	1,588	0

**Welsh Government Covid 19 Revenue Funding**

<b>101,770</b>	<b>29,244</b>
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## **34. Other Information (continued)**

### **34.3 Implementation of IFRS 16**

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

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

We expect the introduction of IFRS16 will have a significant impact and this will be worked through for disclosure in our 2021-22 financial statements.

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

**LOCAL HEALTH BOARDS**

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

**BASIS OF PREPARATION**

2. The account of the LHB shall comply with:

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

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

**FORM AND CONTENT**

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the 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