

Accountability Report 2019-20

Contents	Page
Corporate Governance Report	
Part 1 Directors' Report	2
Part 2 Statement of the Chief Executive's Responsibilities as Accountable Officer	3
Part 3 Statement of Directors' Responsibilities in Respect of the Accounts	4
Part 4 Annual Governance Statement	5
Part 5 Remuneration Report	47
Part 6 Staff Report	54
Part 7 National Assembly for Wales Accountability and Audit Report	69
Financial Statements	

Part 1

Directors' Report

1.1 Composition of the University Health Board

The Cardiff and Vale University Health Board (UHB) is made up of Executive Directors, who are its employees, and Independent Board Members, who are appointed to the UHB by the Minister for Health and Social Services via an open and competitive public appointment process.

Pages 18-26 set out details of the Chair, Chief Executive, Executive Directors, Independent Members, advisory and non Executive members and confirms Board and Committee membership for 2019-20, meetings attended during the tenure of the individual and any Champion roles performed.

The Annual Governance Statement also contains further information in respect of the UHB's Governance/Assurance Framework (page 7), Board and Committee Activity (pages 8 -15) and system of internal control (page 28).

The Remuneration Report contains changes to Board Membership in 2019-20 at page 50.

1.2 Statement for Public Sector Information Holders

This is contained at 7.3 (page 69) of the National Assembly for Wales Accountability and Audit Report.

1.3 Register of Interests

The UHB has a Register of Interests which provides details of company directorships and other significant interests held by members of the management board which may conflict with their management responsibilities. The Register of Interests for 2019-20 is accessible via this link: <http://www.cardiffandvaleuhb.wales.nhs.uk/register-of-interests/>

1.4 Personal Data Related Incidents

Information on personal data related incidents where formal reports have been made to the Information Commissioner's Office (ICO) is contained in the Annual Governance Statement at page 33.

1.5 Environmental, Social and Community issues

These are included on page 31 of the Annual Governance Statement.

Part 2

Statement of the Chief Executive's Responsibilities as Accountable Officer

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the Health Board.

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

I confirm that, as far as I am aware, there is no relevant audit information of which the UHB's auditors are unaware, and I, as Accountable Officer, have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the UHB's auditors are aware of that information.

I confirm that the Accountability Report and accounts as a whole are fair, balanced and understandable and I take personal responsibility for the

Accountability Report and accounts and the judgements required for determining that they are fair, balanced and understandable.

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

Signed by:

Len Richards
Chief Executive

Date: 29th June 2020

Part 3

Statement of Directors' Responsibilities in Respect of the Accounts

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

In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury;
- make judgements and estimates which are responsible and prudent;
- state whether accounting standards have been followed, subject to any material departures disclosed and explained in the account.

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

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

By Order of the Board

Signed:

Chair:Dated: 29th June 2020

Chief Executive:Dated: 29th June 2020

Executive Director of Finance:Dated: 29th June 2020

Part 4 Annual Governance Statement

Contents	Page
4.1 Scope of Responsibility	6
4.2 Our Governance/Assurance Framework	7
4.3 The Board and its Committees	8
4.4 System of Internal Control	28
4.5 Capacity to Handle Risk	28
4.6 The Control Framework	31
4.7 Integrated Medium Term Plans	36
4.8 Review of Effectiveness	38
4.9 Internal Audit	40
4.10 Audit Wales	43
4.11 Conclusion	45

4.1 Scope of Responsibility

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

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

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

that decision-making has been efficient and will stand the test of scrutiny with respect to compliance with Managing Welsh Public Money and demonstrating Value for Money after the COVID-19 crisis has abated and the organisation returns to more normal operating conditions.

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

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

The Annual Governance Statement details the arrangements in place for discharging the Chief Executive's responsibilities to manage and control the UHB's resources during the financial year 2019-20; however due to the situation with COVID-19, this year's Statement is extended to cover the period up to the date of its approval on 29 June 2020 especially around the UHB's response to the ongoing pandemic. It also sets out the governance arrangements to ensure probity, that strategic and delivery plans are in place, risks mitigated and that we have appropriate controls to govern corporate and clinical situations.

The UHB is one of the largest NHS organisations in the UK. It employs approximately 14,500 staff and spends around £1.4 billion every year on providing health and wellbeing services to a population of around 490,000 in Cardiff and the Vale of Glamorgan. It also serves a wider population across South and Mid Wales for a range of specialities.

The UHB is a teaching Health Board with close links to the university sector, and together we are training the next generation of healthcare professionals.

The UHB has a clear purpose from which its strategic aims and objectives have been developed. Our vision is:

"Caring for people, keeping people"

The personal values of the UHB are illustrated below.

Kind and caring
Caredig a gofalgwr

Respectful
Dangos parch

Trust and integrity
Ymddiriedaeth ac uniondeb

Personal responsibility
Cyfrifoldeb personol



4.2 Our Governance/Assurance Framework

At a local level, Health Boards in Wales must agree [Standing Orders](#) for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the LHB (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice, and, together with the adoption of a scheme of matters reserved to the Board; a [Scheme of Delegation](#) to officers and others; and [Standing Financial Instructions](#), they provide the regulatory framework for the business conduct of the UHB and define - its 'ways of

working'. These documents, together with the range of corporate policies set by the Board make up the Governance Framework. The Board approved the All Wales Model Standing Orders, Reservation and Delegation of Power for Standing Orders at its November 2019 Board meeting.

The Board functions as a corporate decision-making body with Executive Directors and Independent Members being equal members, sharing corporate responsibility for all decisions and playing a key role in monitoring performance against strategic objectives and plans.

The principal role of the Board is to exercise effective leadership, direction and control, including:

- Setting the overall strategic direction of the UHB;
- Establishing and maintaining high levels of corporate governance and accountability including risk management and internal control;
- Ensuring delivery of the UHB's aims and objectives through effective challenge and scrutiny of performance across all areas of responsibility;
- Ensuring delivery of high quality and safe patient care;
- Building capacity and capability within the workforce to build on the values of the UHB and creating a strong culture of learning and development;
- Enacting effective financial stewardship by ensuring the UHB is administered prudently and economically with resources applied appropriately and efficiently;
- Instigating effective communication between the UHB and its community to ensure its services are planned and responsive to identified needs;

4.3 The Board and its Committees

The UHB Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors for these matters.

Our Board consists of 22 members (9 Executive Directors 10 Independent Members and 3 Associate Members). The Board is supported and advised by the Director of Corporate Governance and the Director of Transformation and Informatics who also attend its meetings. Whilst Associate Members take part in public Board meetings, they do not hold any voting rights. Biographies of all our Board members can be found here: [Board Members](#)

The Board provides leadership and direction to the organisation and is responsible for governance, scrutiny and public accountability. It ensures that its work is open and transparent by holding its meetings in public and where private meetings are held the meeting agendas are also published.

The Board is supported by a number of Committees, each chaired by an Independent Member. All Committees are constituted to comply with The Welsh Government Good Practice Guide – Effective Board Committees. The Committees, which meet in public (except the Remuneration and Terms of Service Committee), provide their minutes and a written report by the Committee Chair to each Board meeting. This enables all Board Members to be sighted on the major issues and

contribute to assessment of assurance and provide scrutiny against the delivery of strategic objectives.

Board papers are published on the UHB's website 10 days prior to each meeting and Committee papers a week prior to each meeting. A breach log is maintained as of 2019-20 to capture any departures from these timescales and reports delayed or not received. The website also contains a summary of each Committee's responsibilities and Terms of Reference. All action required by the Board and Committees is included on an Action Log and at each meeting, progress is monitored. The Action Logs are also published on the UHB's website. The papers for Board meetings can be accessed [here](#) and papers for Committee meetings [here](#).

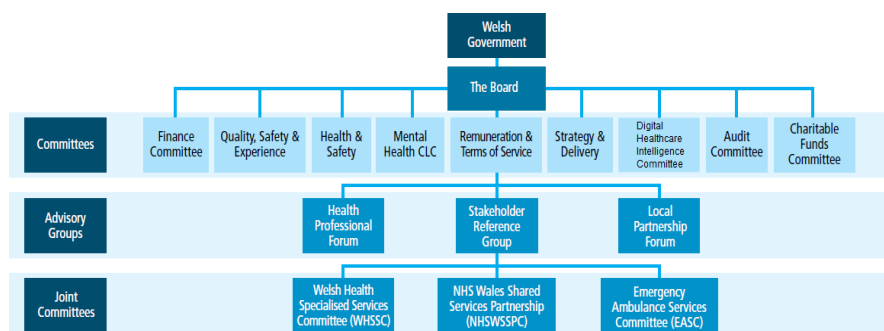
All Committees annually review their Terms of Reference and Work Plans to support the Board's business. Further, in line with Standing Orders, each Committee produces an annual report for the Board, the annual reports for 2019 - 20 can be accessed at: [Annual Reports](#)

Committees also work together on behalf of the Board to ensure that work is planned cohesively and focusses on matters of greatest risk that would prevent us from meeting our mission and objectives. To ensure consistency and links between Committees, the UHB has a Governance Co-ordinating Group, chaired by the Chair of the UHB.

The below diagram illustrates the Board and Committee structure for 2019-20.



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board



Items Considered by the Board in 2019-20 included:

- Approval of the Annual Accounts, Accountability and Remuneration Reports for 2018-19;
- The Capital Plan for 2019-20;
- Major Trauma Centre;
- Board Assurance Framework;
- Strategic Clinical Services Plan;
- Thoracic Surgery;
- IMTP 2020-23;
- Patient stories;
- Financial performance;
- Regular reports on Quality, Safety and Experience;
- Performance reports in relation to key national and local targets;
- Assurance reports from the Committees and Advisory Groups of the Board, Terms of Reference and Workplans;

- Nurse Staffing.

Audit Committee

The role of the Audit Committee is to advise and assure the Board, and the Accountable Officer, on whether effective arrangements are in place to support them in their decision taking and in discharging their accountabilities in accordance with the standards of good governance determined for the NHS in Wales.

Items Considered by Audit Committee in 2019-20 included:

- Internal Audit Plans were submitted to each meeting providing details relating to outcomes, key findings and conclusions;
- Wales Audit Office (known as Audit Wales since 1 April 2020) reports on current and planned audits;
- Declarations of Interest Reports;
- Regulatory Compliance Tracking Reports;
- Internal & External Audit Tracking Reports;
- Post Payment Verification and Counter Fraud Reports;
- Annual Accounts, Accountability and Remuneration Reports for 2018-19;
- Losses and Special Payments.

Finance Committee

The purpose of this Committee is to advise and assure the Board in discharging its responsibilities with regard to its current and forecast financial position, performance and delivery.

Items Considered by Finance Committee in 2019-20 included:

- IMTP;
- Cost Reduction Programme;
- Finance Risk Register;
- Financial Monitoring Returns;
- Dragon's Heart Hospital.

Strategy and Delivery Committee

The purpose of this Committee is to advise and assure the Board on the development and implementation of the UHB's overarching strategy, "Shaping our Future Wellbeing", and key enabling plans. This includes all aspects of delivery of the strategy through the IMTP and any risks that may hinder achievement of the objectives set out in the strategy, including mitigating actions against these.

Items Considered by Strategy and Delivery Committee in 2019-20 included:

- Shaping our Future Wellbeing Progress Reports;

- Capital Plan;
- Clinical Services Plan;
- A Healthier Wales;
- Commercial Developments;
- Employment Policies;
- Key Organisational Performance Indicators;
- Workforce Plan;
- IMTP.

Mental Health and Capacity Legislation Committee

This Committee advises the Board of any areas of concern relating to responsibilities under mental health legislation, and provides assurance that we are discharging our statutory duties under the relevant legislation.

Items Considered by Mental Health and Capacity Legislation Committee in 2019-20 included:

- Mental Capacity Act and Mental Health Act Monitoring Reports;
- Deprivation of Liberty Safeguards Internal Audit Report;
- Mental Health Measure;
- Children and Adolescent Mental Health Service;
- Healthcare Inspectorate Wales visit.

Quality, Safety and Experience Committee

The Annual Quality Statement for 2019-20 will be published in September 2020 and will include a summary of the work undertaken during the year by the Quality, Safety and Experience Committee.

The Annual Quality Statement will be published at:

<http://www.cardiffandvaleuhb.wales.nhs.uk/publications-annual-reports-accounts>

Charitable Funds Committee

Cardiff and Vale Health Charity is the official charity supporting all the work of the UHB. The Charity was created on 3 June 1996 by Declaration of Trust and following reorganisations of health services, was amended by Supplementary Deed on 12 July 2001 and 2 December 2010. The UHB is the Corporate Trustee for the Charity.

The UHB delegates responsibility for the management of the funds to the Charitable Funds Committee. The aim of the Corporate Trustee (Trustee) is to raise and use charitable funds to provide the maximum benefit to the patients of the UHB and associated local health services in Cardiff and the Vale of Glamorgan, by supplementing and not substituting government funding of the core services of the NHS.

The Committee is empowered with the responsibility to:

- Control, manage and monitor the use of the funds resources for the public benefit, having regard for the guidance issued by the Charity Commission;
- Agree governance arrangements for standards and monitoring;
- Review strategy to maximise benefits to the Charity;
- Determine the Charity's investment strategy;
- Agree expenditure plans;
- Determine fundraising objectives and strategy.

A financial control procedure, expenditure guideline, governance framework and strategy have been developed to ensure that there are sufficient management controls in place to:

- Ensure that spending is in accordance with objects and priorities agreed by the Charitable Funds Committee;
- Ensure the criteria for spending charitable monies are fully met;
- Ensure that accounting records are maintained;
- Ensure devolved decision making is within specific parameters.

Internal Audit also undertakes annual reviews of charitable funds. This year's review of governance arrangements, including the management of expenditure and donations, provided a Reasonable assurance rating.

Investment risk is mitigated by agreeing an Investment Policy with the Charity's Investment Managers which includes ethical consideration. The Investment Managers attend the Charitable Funds Committee twice a year to provide assurance on the management of the investment portfolio and to offer advice.

Each year the Charitable Fund Accounts are subject to external audit review by Audit Wales and audit certification by the Charity Commission's deadline of 31 January of the following year. The 2018-19 statements were certified as giving a true and fair view with an unqualified opinion on 30 January 2020.

Health and Safety Committee Information regarding this Committee can be found at page 64.

Digital Health and Intelligence Committee Information regarding this Committee can be found at page 32.

More detail regarding Board, its business and issues delegated to its Committees can be found at:

<http://www.cardiffandvaleuhb.wales.nhs.uk/the-board-and-committees>

In 2019-20 overall Committee attendance rates were as follows:

Charitable Funds - 59%
Digital and Health Intelligence - 100%
Finance - 83%
Health and Safety - 100%
Mental Health - 93%
Quality, Safety and Experience - 87%
Strategy and Delivery - 67%
Audit - 86%

The table on page 18 sets out details of the Chair, Chief Executive, Executive Directors and Independent Members and confirms Board and Committee membership for 2019-20, meetings attended during the tenure of the individual and any Champion roles performed. The table on page 26 sets out Board and Committee Dates for 2019-20. Those in red were inquorate however any decisions reached at these meetings are included in the Committee Chair's report to Board and highlighted for approval by the Board.

On 23 March 2020 the Welsh Government suspended all Ministerial Public Appointment Campaigns with immediate effect. At the time of this suspension, the UHB was awaiting the outcome of the appointment campaign relating to the Chair of the organisation. The Interim Chair and Interim Vice Chair continue to provide stability during this time. The intention is to recommence Campaigns in September 2020, however this is being kept under review as the public health response to COVID-19 develops.

Hosted Organisations, Partnerships and All Wales Services

The UHB delivers a range All Wales services including:

- Adult Cystic Fibrosis Centre;
- Artificial Limb and Appliance Service;
- Medical Genetics Service;
- Veterans NHS Wales

Much of the funding for these services comes from the Welsh Health Specialist Services Committee. In addition, the UHB and Cardiff University have a long and established track record of working together to deliver exceptional services through cutting edge innovation. Such partnership working has led to the establishment of Cardiff Medicentre a business incubator for biotech and medtech startups, and the Clinical Innovation Partnership.

The UHB also hosts the Wales External Quality Assessment Service (WEQAS), one of the largest External Quality Assessment providers in the UK.

Advisory Groups

In support of the Board, the UHB is also required to have three Advisory Groups. These are:

- Stakeholder Reference Group;
- Local Partnership Forum and
- Healthcare Professionals' Forum.

Stakeholder Reference Group (SRG)

The SRG is formed from a range of partner organisations from across the UHB area. Its role is to provide independent advice on any aspect of UHB business. It facilitates full engagement and active debate amongst stakeholders from across the communities served by the UHB, with the aim of presenting a cohesive and balanced stakeholder perspective to inform UHB planning and decision making.

This may include:

- Early engagement and involvement in the determination of the UHB's overall strategic direction;
- Provision of advice on specific service improvement proposals prior to formal consultation;
- Feedback on the impact of the UHB's operations on the communities it serves.

Significant issues upon which the SRG was engaged during 2019-20 include:

- Tertiary Services Plan;
- The Strategic Equality Plan;
- Integrated Medium Term Plan 2020-21 – Priority Setting;
- Move More, Eat Well Plan 2020-23;
- Annual Quality Statement;
- University Hospital of Wales 2.

Local Partnership Forum (LPF)

The LPF meets six times a year and is the formal mechanism for the UHB and Trade Union/Professional Organisation Representatives to work together to improve health services. Its purpose, as set out in the Terms of Reference, falls into four overarching themes: communicate, consider, consult and negotiate, and appraise.



The LPF is co-chaired by the Chair of Staff Representatives and the Executive Director of Workforce and Organisational Development. Membership is made up of Staff Representatives (including the Independent Member for Trade Unions), the Executive Team and Chief Executive, the Director of Corporate Governance, the Assistant Directors of Workforce and Organisational Development and the Head of Workforce Governance.

The LPF receives for noting regular reports from the Employment Policy Sub Group and Staff Benefits Group. Significant issues considered by the LPF during 2019-20 include:

Communication: <ul style="list-style-type: none"> • Integrated Medium Term Plan engagement and updates • First Minister's speech to the NHS Confederation • A regular verbal report from the Chief Executive on current 'hot topics' • Embedding prevention in the UHB • Nurse Staffing Act • 'Patient knows best' • Streamlining our employment policies 	Consideration: <ul style="list-style-type: none"> • Inclusivity • Prehabilitation to Rehabilitation • Clinical Services Strategy • Staff Survey Stakeholder Workshops and Steering Group (#CAVYourSay) • Shaping Our Future Wellbeing – midpoint review • CAV implementation of A Healthier Wales • Strategic Equality Plan • Standards of Behaviour Framework
---	---

<ul style="list-style-type: none"> • Sustainable travel • Performance and winter pressures • Tackling stress in the workplace 	<ul style="list-style-type: none"> • Move More, Eat Well Plan 2020-23 • Volunteers framework
Consultation /Negotiation: <ul style="list-style-type: none"> • Proposal to increase range of surgical treatments in UHL • Improving the Pathway for Frail Older People 	Appraisal: <ul style="list-style-type: none"> • Finance Report • Workforce Key Performance Indicators • Patient Quality, Safety and Experience Report

Healthcare Professionals' Forum (HPF)

The HPF comprises representatives from a range of clinical and healthcare professions within the UHB and across primary care. It has provided advice to the Board on professional and clinical issues it considers appropriate.

This Advisory Group is currently undergoing review and therefore has not met during 2019-20. The UHB has a number of mechanisms to seek clinical input, for example a representative of the Consulting body attended Board meetings, feeding in comment from Consultant engagement on key issues such as major trauma and thoracic surgery. Reviewing this Advisory Group's Terms of

Reference, membership and developing its work programme and function to best use these mechanisms, establish a robust structure and avoid duplication is a governance priority for 2020-21.

Terms of Reference and minutes of all the Advisory Groups are available via the following link:

<http://www.cardiffandvaleuhb.wales.nhs.uk/board-committees-and-advisory-groups>

COVID-19

It is acknowledged that in these unprecedented times, there are limitations on Boards and Committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admissions to Meetings) Act 1960, the organisation is required to meet in public. As a result of the public health risk linked to the pandemic, the UK and Welsh Government stopped public gatherings of more than two people and it is therefore not possible to allow the public to attend meetings of our Board and Committees from 20 March 2020. To ensure business was conducted in as open and transparent manner as possible during this time, the following actions were taken:

- Continuation of the publishing of Board and Committee papers in advance of meetings;

- Provision of a record of our Board meeting on our website, within 3 working days of the Board.

An assessment was also made to ensure that decisions were time critical and could not be held over until it is possible to allow members of the public to attend meetings.

Due to the pressures associated with COVID-19, the UHB stood down the meetings of some of its Committees, as summarised in the below table. This action was approved by the Board Governance Group described below and ratified at the Board meeting on 28 May 2020. Board meetings have continued as planned.

As the duration of the pandemic and the subsequent measures to be taken to mitigate spread are not yet known, it will be necessary to keep this under review.

Committee	Dates of Meetings (March-August 2020)	Actions
Audit	21 April 19 May 28 May 29 June 7 July	Meetings proceeding to review annual accounts, public disclosure statements and assurance for the audit opinion. Agendas reduced and items deferred where possible.
Quality, Safety and Experience	14 April	Meeting held but with a reduced agenda.

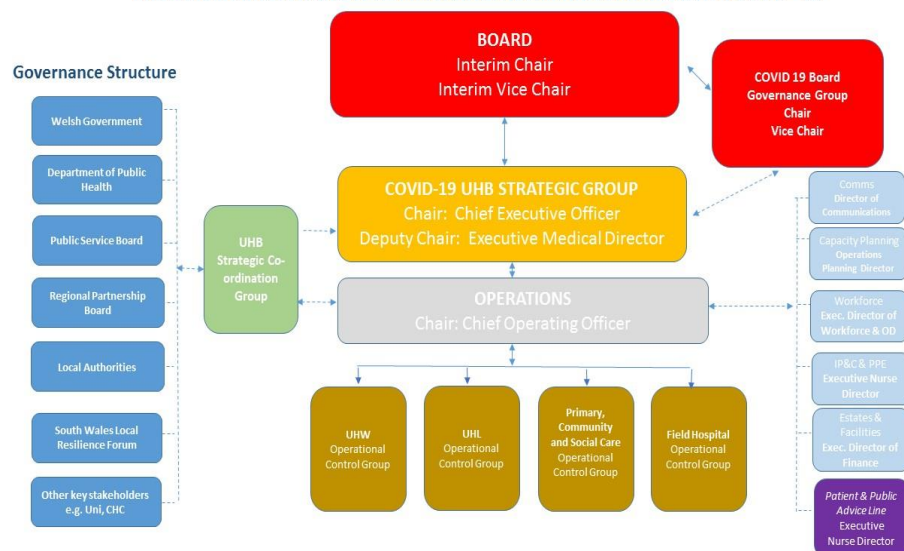


	16 June 18 August	June and August dates kept in diaries and to be reviewed.
Charitable Funds	17 March 5 May 23 June 4 August	Meeting held. Meeting cancelled. To proceed and will look at specific donations received as a result of COVID-19 To proceed
Digital and Health Intelligence Committee	9 June 9 July	Cancelled To proceed
Finance	25 March 29 April 27 May 24 June 29 July 26 August	March-June meetings held. July and August meetings will be reviewed and remain in diaries at present.
Health and Safety	7 April 30 June	April meeting held to consider PPE. Meeting cancelled. Reports relating to significant HSE cases or

		developments will be circulated to Committee members for scrutiny.
Mental Health and Capacity Legislation Committee	7 July	To be reviewed and will remain in diaries at present.
Strategy and Delivery	12 May 14 July	Meeting cancelled. July meeting will be reviewed and remain in diaries at present.

The below diagram demonstrates the UHB governance and delivery arrangements put in place for the management of COVID-19.

UHB GOVERNANCE AND DELIVERY ARRANGEMENTS FOR THE MANAGEMENT OF COVID – 19



UHB Strategic Group brings together Executive Directors to provide clear strategic direction for the UHB's response to COVID-19 and ensure the maximum effectiveness of this response.

Operations Group reports to the UHB Strategic Group and coordinates and reports on the UHB's operational response to COVID-19 to deliver the UHB's agreed strategic objectives.

Operational Control Groups report to the Operations Group and develop and coordinate the implementation plans, at the direction of the Operations Group, to deliver the UHB's operational objectives.

Functional Support Groups each has a nominated Executive Lead to provide accelerated functional decision making and support to enable the operational implementation plans, at the direction of the Operations Group, to deliver the UHB's operational objectives.

UHB Strategic Coordination Group coordinates the external requirements for information and action and provides co-ordination of strategic actions required to support the UHB's response to COVID-19; it reports to the Operations Group and UHB Strategic Group.

The **COVID-19 Board Governance Group** referenced in the diagram was also established in April 2020 to scrutinise the decisions of the UHB Strategic Group and provide support to the Chief Executive and Executive Directors to allow those decisions to progress quickly but within a governance framework with appropriate audit trail. Independent Members and Executive Directors attend the Group as necessary. Its remit is as follows:

- Decisions reserved for the Board in line with Standing Orders;
- Decisions with a financial value over £500k;
- Legal documents and contracts of significance either in value or content;
- Decisions with the potential for reputational damage;
- Strategic decisions beyond the authority of the UHB Strategic Group;
- Any other decisions requiring approval of the Group.

Name	Position	Area of Expertise Representation Role	Board Committee Membership 1 April 2019 – 31 March 2020	Number of Meetings Attended During Tenure	Champion Roles
John Antoniazzi	Independent Member (Until 31.10.19)	Capital and Estates	<ul style="list-style-type: none"> • Board • Trustee • Chair Audit • Finance • Remuneration and Terms of Service • Strategy & Delivery 	4/9 0/6 3/6 5/5 0/5 0/6	
Sue Bailey	Associate Member		<ul style="list-style-type: none"> • Board 	0/9	
Maria Battle	UHB Chair (Until 18.08.19)		<ul style="list-style-type: none"> • Board • Trustee • Charitable Funds • Finance • Remuneration and Terms of Service 	4/9 1/6 1/4 1/5 2/5	
Gary Baxter	Independent Member	University	<ul style="list-style-type: none"> • Board • Trustee • Digital & Health Intelligence • Quality, Safety and 	8/9 2/6 0/3	

			Experience • Strategy & Delivery	4/6 0/6	
Eileen Brandreth	Independent Member	Information Communication Technology	• Board • Trustee • Vice Chair, Audit and Assurance • Mental Health and Capacity Legislation Committee • Remuneration and Terms of Service • Strategy & Delivery • Digital & Health Intelligence	8/9 3/6 3/6 1/4 1/5 1/6 2/3	Lead for Children and Young People and Maternity
Lance Carver	Associate Member		• Board	0/9	
Robert Chadwick	Executive Director of Finance		• Board • Trustee • Strategy & Delivery • Audit & Assurance • Finance	8/9 3/6 4/6 6/6 11/11	Security Management
Steve Curry	Chief Operating Officer		• Board • Trustee • Strategy & Delivery	9/9 3/6 5/6	Delayed Transfers of Care Lead

			<ul style="list-style-type: none"> • Mental Health and Capacity Legislation Committee • Quality, Safety & Experience 	1/4 5/6	
Martin Driscoll	Executive Director of Workforce & Organisational Development		<ul style="list-style-type: none"> • Board • Trustee • Charitable Funds • Strategy & Delivery • Remuneration and Terms of Service 	8/9 1/6 1/4 6/6 4/5	Violence and Aggression Champion Fire Safety
Peter Durning	Interim Executive Medical Director (19.04.19-16.07.19)		<ul style="list-style-type: none"> • Board • Quality, Safety & Experience 	0/9 1/6	
Susan Elsmore	Independent Member	Local Authority Elected	<ul style="list-style-type: none"> • Board • Trustee • Charitable Funds • Finance • Quality, Safety and Experience 	6/9 1/6 0/4 0/3 6/6	Cleaning, Hygiene and Infection Management Social Services and Wellbeing (Wales) Act
Nicola Foreman	Director of Corporate		<ul style="list-style-type: none"> • Board • Trustee 	9/9 3/6	

	Governance (Other Directors)		<ul style="list-style-type: none"> • Audit and Assurance • Finance • Remuneration and Terms of Service • Mental Health Capacity and Legislation • Strategy and Delivery • Health & Safety • Digital & Health Intelligence • Charitable Funds • Quality, Safety & Experience 	6/6 11/11 4/5 2/4 5/6 5/5 3/3 3/4 6/6	
Jonathon Gray (Appointed 02.12.2019)	Director of Transformation and Informatics (Other Directors)		<ul style="list-style-type: none"> • Board • Trustee • Digital & Health Intelligence 	1/9 1/6 1/3	

Akmal Hanuk	Independent Member	Community	<ul style="list-style-type: none"> • Board • Trustee • Chair, Charitable Funds • Vice Chair, Health & Safety • Mental Health & Capacity Legislative 	6/9 2/6 3/4 5/5 3/4	
Abigail Harris	Executive Director of Planning		<ul style="list-style-type: none"> • Board • Trustee • Strategy & Delivery 	8/9 2/6 4/6	Healthy Sustainable Wales, Emergency Planning
Sharon Hopkins	Director of Transformation and Informatics (until 24 June 2019)		<ul style="list-style-type: none"> • Board • Strategy & Delivery 	2/9 1/6	
Michael Imperato <i>(Appointed as Interim Vice Chair 09/10/19)</i>	Independent Member		<ul style="list-style-type: none"> • Board • Trustee • Vice Chair, Digital Health Intelligence • Chair, Health and Safety • Quality, Safety and 	9/9 2/6 3/3 4/5 6/6	

			Experience • Remuneration and Terms of Service	2/5	
Charles Janczewski	Vice Chair / Interim UHB Chair (from 06.08.19)		• Board • Trustee • Audit and Assurance • Finance • Remuneration and Terms of Service • Mental Health Capacity and Legislation • Chair, Strategy and Delivery • Digital & Health Intelligence • Charitable Funds • Quality, Safety and Experience	9/9 3/6 2/6 11/11 5/5 1/4 6/6 3/3 1/4 1/6	Older Persons Champion, Public Patient Involvement, Wellbeing of Future Generations Act
Fiona Jenkins	Executive Director of Therapies and Health Science		• Board • Trustee • Charitable Funds • Quality, Safety and Experience	9/9 3/6 2/4 6/6	Armed Forces and Veterans Champion

Fiona Kinghorn	Executive Director of Public Health		<ul style="list-style-type: none"> • Board • Trustee • Strategy & Delivery • Quality, Safety and Experience 	9/9 2/6 4/6 5/6	Healthy Sustainable Wales, Wellbeing of Future Generations Act
Sara Moseley	Independent Member		<ul style="list-style-type: none"> • Board • Trustee • Vice and Interim Chair, Mental Health Capacity and Legislation • Strategy and Delivery • Charitable Funds • Remuneration and Terms of Service 	6/9 1/6 2/4 4/6 0/4 1/5	Welsh Language Champion, Equality and Human Rights
Len Richards	Chief Executive Officer		<ul style="list-style-type: none"> • Board • Trustee • Strategy & Delivery • Digital & Health Intelligence • Remuneration and Terms of Service 	9/9 3/6 2/6 1/3 3/5	Public Patient Involvement

Graham Shortland	Executive Medical Director (Until 18.04.19)		<ul style="list-style-type: none"> • Board • Quality, Safety & Experience 	2/9 1/6	
Richard Thomas	Associate Member		<ul style="list-style-type: none"> • Board 	0/9	
John Union	Independent Member	Finance	<ul style="list-style-type: none"> • Board • Trustee • Chair, Audit and Assurance • Vice Chair, Finance • Charitable Funds • Remuneration and Terms of Service 	7/9 2/6 6/6 9/11 3/4 3/5	
Rhian Thomas (Appointed 01.02.20)	Independent Member	Capital and Estates	<ul style="list-style-type: none"> • Board • Trustee • Chair, Finance • Strategy & Delivery • Health & Safety 	0/9 0/6 0/11 1/6 0/5	Design
Ruth Walker	Executive Nurse Director		<ul style="list-style-type: none"> • Board • Trustee • Charitable Funds • Strategy & Delivery • Quality, Safety & Experience 	8/9 2/6 2/4 2/6 6/6	Lead for Children and Young People and Maternity
Stuart Walker	Executive Medical Director		<ul style="list-style-type: none"> • Board • Trustee • Digital & Health 	6/9 2/6 1/3	Caldicott Guardian



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

(Appointed 17.07.19)			<ul style="list-style-type: none"> Intelligence • Strategy & Delivery • Mental Health Capacity and Legislation • Quality, Safety and Experience 	1/6 1/4 4/6	
Dawn Ward	Independent Member	Trade Union	<ul style="list-style-type: none"> • Board • Trustee • Audit and Assurance • Health and Safety • Quality, Safety and Experience • Strategy and Delivery 	8/9 1/6 6/6 3/5 5/6 1/6	

Board / Committee	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Board		30.05.19	27.06.19	04.07.19 25.07.19	29.08.19	26.09.19		28.11.19		30.01.20		27.03.20
Audit & Assurance	23.04.19	23.05.19 30.05.19				30.09.19			03.12.19			03.03.20
Charitable Funds			11.06.19			29.09.19		03.11.19	10.12.19			16.03.20
Digital & Health Intelligence					15.08.19				03.12.19		04.02.19	
Finance	24.04.19	29.05.19	26.06.19	31.07.19	28.08.19	25.09.19	30.10.19	27.11.19	18.12.19	29.01.19	26.02.20	
Health & Safety							08.10.19			21.01.20		
Mental Health & Capacity Legislation			04.06.19				22.10.19				21.02.20	
Quality, Safety & Experience	16.04.19		18.06.19			17.09.19	15.10.19		17.12.19		18.02.20	
Remuneration & Terms of Service							31.10.19				20.02.20	
Strategy & Delivery	30.04.19		25.06.20			03.09.19	29.10.19			12.01.20		09.03.20



4.4 System of Internal Control

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

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

4.5 Capacity to handle risk

The Board approved a new Risk Management and Board Assurance Framework (BAF) Strategy and supporting Risk Assessment and Risk Register Procedure in August 2019. A new Corporate Risk Register is being developed which will supplement and feed into the BAF.

Copies of the Strategy and Procedure can be found at:

<http://www.cardiffandvaleuhb.wales.nhs.uk/sitesplus/documents/1143/UHB%20470%20Risk%20Management%20and%20BAF%20Strategy%20final%20updated%2014.01.20.pdf>

<http://www.cardiffandvaleuhb.wales.nhs.uk/sitesplus/documents/1143/UHB%20024%20Risk%20Management%20Procedure%20updated%2014.01.20%20-linked.pdf>

The BAF lists the UHB's strategic objectives and sets out the:

- Principal risks that threaten the achievement of objectives;
- Controls in place to manage/mitigate the principal risks;
- Assurances on the controls in place;
- Gaps in control;
- Gaps in assurance; and
- Actions to address the gaps in control and assurance to enable delivery of objectives.

The following risks were identified in the BAF as posing the greatest risk to the delivery of the UHB's strategic objectives during 2019-20:

1. Workforce;
2. Financial Sustainability;
3. Sustainable Primary and Community Care;
4. Safety and Regulatory Compliance;
5. Sustainable Culture Change;
6. Capital Assets (including Estates, IT and Medical Equipment).

The BAF can be accessed via the following link and shows actions taken to mitigate the risks identified.

<http://www.cardiffandvaleuhb.wales.nhs.uk/sitesplus/documents/1143/BOARD%20ASSURANCE%20FRAMEWORK%20%28MARCH%202020%292.pdf>

The BAF is presented to the Board for scrutiny and approval on a bi-monthly basis and the Audit and Assurance Committee, as a sub-committee of the Board, has oversight of the processes through which the Board gains assurance in relation to management of the BAF.

Each Clinical Board and Corporate Department has responsibility for maintaining a comprehensive risk register and for highlighting the extreme risks (those scored 15 and above) for inclusion in the Corporate Risk Register. Risks scored 14 and below are managed locally within relevant Clinical Boards and Corporate Departments. Risk Assessments are undertaken based on a 5 x 5 scoring matrix i.e. the impact of the risk multiplied by the likelihood of it happening.

Training for staff in risk assessment and management is provided by the UHB Health and Safety and Corporate Governance departments. The focus of the training and support in 2020-21 will continue to be the development of the Corporate Risk Register. A draft Corporate Risk Register has been presented to the private sessions of the Board and its Committees, enabling review of the risks listed to determine whether they will impact on the UHB's Strategic Objectives. Any risks identified as impacting on our Strategic Objectives are added to the BAF. Once finalised, the Corporate Risk Register will be reported at the public meetings of the Board and its Committees.

The BAF and reports are also utilised to determine the UHB's risk appetite. In addition, our appetite for risk is reflected in the Integrated Medium Term Plan which sets out the UHB's priorities and focus for the next three years.

The Board assessed its risk appetite using the Good Governance Institute Matrix for NHS Organisations at a Board Development Workshop on 25 April 2019. The workshop results can be viewed at appendix 3 of the Risk Management and Board Assurance Framework Strategy via the below link.

<http://www.cardiffandvaleuhb.wales.nhs.uk/sitesplus/documents/1143/UHB%20470%20Risk%20Management%20and%20BAF%20Strategy%20final%20updated%2014.01.20.pdf>

The Board agreed that it had an overall risk appetite of 'cautious'. However, over time, and with a clear plan of development in place it agreed that it wished to have an appetite of 'seek'. The Board will review its risk appetite on an annual basis to ensure that it is progressing to its desired risk appetite.

The Director of Corporate Governance attends the SRG to brief public stakeholders on the activities of the Board including risk.

COVID-19

The aforementioned UHB Strategic Group has formulated and monitored a COVID-19 BAF since March 2020 capturing the strategic risks posed by the

pandemic. The current COVID-19 BAF can be accessed via the following link and shows actions taken to mitigate the risks identified.

<http://www.cardiffandvaleuhb.wales.nhs.uk/opendoc/358571>

The following six risks have been identified as posing the greatest risk to the delivery of the UHB's Strategic Objectives during the pandemic:

1. Staff Safety and Welfare;
2. Patient Safety;
3. Decision Making, financial control and governance;
4. Workforce;
5. Risk to delivery of Cardiff and Vale IMTP; and
6. Reputational damage.

The COVID-19 BAF is supplemented by four separate Risk Registers prepared by clinicians and Clinical Directors of Operations for each of the newly established command sites at University Hospital of Wales, University Hospital Llandough, the Dragon's Heart Hospital and within our community settings.

Following the move to new ways of working to respond to the COVID-19 pandemic, the UHB has had to adjust and significantly increase its Risk Appetite in a number of areas. This has been most evident in relation to Finance and Governance where the UHB has had to make swift decisions and take prompt action to combat an ever changing set of risks posed by the pandemic and to comply with developing policies and guidelines issued by clinical governing bodies and Governmental departments. The

UHB Strategic Group has enabled us to respond to COVID-19 within a governance framework.

Emergency Preparedness

NHS organisations must ensure that they have a Major Incident Plan that complies with the Civil Contingencies Act (2004) and associated Welsh Government Guidance. Most recently a combination of the Major Incident and Business Continuity Plans have been utilised in response to COVID-19.

The scale and impact of the pandemic has been unprecedented, and necessitated action at both a local and national level. The requirement to plan and respond to the pandemic presented a number of challenges to the UHB. The predicted impact on the organisation and population health was significant. This identified risks that dictated the activation of the Local Resilience Forum (LRF) Strategic Co-ordination Group (SCG).

A degree of uncertainty remains as to the overall impact on both immediate and longer term delivery of services by the organisation. However, a detailed proposal for Recovery detailing prioritised and appropriate action involving all appropriate partners has been produced. This will be supported by a robust risk management framework and the ability to identify, assess and mitigate risks which may impact on the ability to achieve UHB strategic objectives.

Environmental, Social and Community Issues

The Board is aware of the potential impact that the operation of the UHB has on the environment and it is committed to wherever possible:

- Ensuring compliance with all relevant legislation and Welsh Government Directives;
- Working in a manner that protects the environment for future generations by ensuring that long term and short-term environmental issues are considered;
- Preventing pollution and reducing potential environmental impact.

At the UHB's January Board meeting the Board committed to bring forward plans for co-ordinated additional action in a number of areas to address the UHB's greenhouse gas emissions, and wider environmental impact, including:

- Reducing our energy and water use through further phases of the Refit programme;
- Continuing to enhance our sustainable procurement approach;
- Catering and food retail;
- Healthy and sustainable travel;
- Maintaining and enhancing biodiversity on our estate.

Carbon Reduction Delivery Plans

The UHB has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the UHB's obligation under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Further information on key activities being undertaken in relation to environmental, social and community issues and carbon reduction delivery can be found in the Sustainability Report.

4.6 The Control Framework

Quality Governance Arrangements

An essential feature of our control framework is ensuring there is a robust system for measuring and reporting on the quality of our services. Our Quality Safety and Experience Committee provides timely evidence based advice to the Board to assist it in discharging its functions and meeting its responsibilities with regards to quality and safety as well as providing assurance in relation to improving the experience of all those that come into contact with our services.

The Annual Quality Statement forms part of our reporting process and provides an opportunity for us to describe in an open and honest way how we are ensuring all of our services are addressing local need and meeting the required high standard.

During 2019-20 the UHB carried out a self-assessment following the publication of the Review of Maternity Services at Cwm Taf Health Board. An assurance framework and improvement plan has been developed and outcomes will be presented to the Board in 2020-21.

COVID-19

As outlined earlier in the report, the Quality Safety and Experience Committee has continued to meet. Reporting of patient safety incidents has continued and themes and trends around incidents relating to COVID-19 are collated and reviewed on a regular basis.

The National Clinical Audit Plan has been stood down by Welsh Government and even though data is still being inputted, there will be a six month gap in data as a result of the pandemic.

Information Governance and Data Security

Risks relating to information are managed and controlled in accordance with the UHB's Information Governance Policy through the Digital Health and Intelligence Committee, which is chaired by an Independent Member.

The Executive Medical Director, as Caldicott Guardian, is responsible for the protection of patient information. All Information Governance issues are escalated through the Digital Health and Intelligence Committee. The Committee papers can be viewed here: [Digital & Health Intelligence Committee papers](#)

The following items were considered by the Committee in 2019-20:

- Digital Strategy;
- GDPR Audit Action Plan;
- IT Delivery Programme;
- Information Governance Compliance Reports;
- Information Governance Risk Register;
- Information Governance Policy.

The Senior Information Risk Owner (SIRO) provides an essential role in ensuring that identified information security risks are addressed and incidents properly managed.

Following the ICO audit, which took place in February 2020, the UHB has received 'reasonable assurance' on its assurance and compliance and 'reasonable assurance' on Cyber Security. An action plan, which incorporated outstanding recommendations from the ICO audit in 2016, the Internal Audit on GDPR compliance, the Audit Wales 2018 Structured Assessment and the Caldicott Principles in Practice (CPiP) will be superseded by recommendations from the ICO 2020 audit. The action plan is a standing agenda item at the Digital Health and Intelligence Committee. The 'urgent' recommendations for both the assurance and compliance and Cyber Security audits are:

- The UHB urgently needs to put in place an appropriate policy document to support the accuracy of determined lawful bases as required by Schedule 1 of the Data Protection Act 2018;

- The organisation should consider mandating the Cyber Awareness e-learning solution for staff who routinely handle digital patient information, have email accounts or who have any responsibility for digital information security in their roles or where supervising others;
- The ICO recommends that Information Governance and cyber security training is refreshed annually;
- The organisation should put in place regular Training Needs Analysis for staff with responsibilities for managing information securely;
- The organisation should ensure that any trainers put in place to deliver cybersecurity training are themselves trained to deliver that information effectively and field any questions.

The number of data protection breaches reported to the ICO remains low. Following the implementation of the GDPR, 5 breaches have been reported during 2019-20 in line with new reporting requirements. In addition to this, 14 breaches have been discussed with the ICO. The ICO considered that no formal action was warranted on any of the personal data related incidents reported or discussed for 2019-20.

The UHB continues to reinforce awareness of key principles of Data Protection legislation. This includes the overarching principle that users must only handle data in accordance with people's data protection rights.

Health and Care Standards

In 2017-18 a revised set of Health and Care Standards were issued to NHS Wales.

While the annual corporate assessment of the Health and Care standard has been delayed due to COVID-19, the process of ongoing monitoring of compliance by the groups and Committees across the UHB has been in place throughout the year.

Corporate Governance Code

Due to the timing of the COVID-19 response, the Board's assessment of its compliance with the Code, as it relates to an NHS public sector organisation in Wales, has been delayed and will be undertaken in the first quarter of 2020-21.

Equality, Diversity and Human Rights

Control measures are in place to ensure that the organisation complies with the requirements of equality, diversity and human rights legislation, these include:

- Developing and producing a new Strategic Equality Plan – Caring about Inclusion 2020-2024;
- The Annual Equality Report;
- Equality reports to the Strategy and Delivery Committee on the UHB's objectives and actions;

- Reports/Updates to the Centre for Equality and Human Rights as requested;
- Outcome Report to the Welsh Government Equalities Team regarding sensory loss;
- Provision of evidence to the Health and Care Standards self-assessment;
- Equality and Health Impact Assessments to ensure that the organisation demonstrates due regard to equality, diversity and human rights when making decisions and developing strategies or policies.

Further work is being taken forward to ensure that such legislation is properly embedded. Our focus this year has been on planning, consulting and engaging on our new Strategic Equality Plan – Caring about Inclusion. Initial discussions and engagement events with equality related organisations, experts and other key stakeholders regarding the Equality Objectives began in the summer of 2019. Participants provided us with all-embracing views and experiences of using our services, highlighting where they thought more could have been done to treat them (or the groups that their organisations represented) fairly. They also referenced barriers they have faced as a result of belonging to one or more protected group. We used the analysis from our early engagement with stakeholders, our partnership work with other public bodies, legislation, organisational plans and the evidence contained in *Is Wales Fairer?* 2018 to prepare our set of Equality Objectives. Focus was also aimed at ensuring the objectives themselves, and the long-term aims to which they will contribute, are the right ones.

The UHB has an [Equality, Diversity and Human Rights Policy](#) which sets out the organisation's commitment to promoting equality, diversity and human rights in relation to employment, service delivery, goods and service suppliers, contractors and partner agencies. It is accessible to the public as well as staff. The UHB aims to ensure that no individual or group receives less favourable treatment either directly or indirectly.

Further information on application of the equality, diversity and human rights legislation in relation to our workforce can be found at Section 6.4.

Welsh Language

The Welsh Language Standards (No.7) Regulations 2018 were approved by the National Assembly for Wales on 26 March 2018, and a Welsh Language Group has been established to oversee progress.

The UHB recognises the importance of delivering care and support to individuals who prefer to speak Welsh and we are continually working to achieve this. Control measures are in place to ensure that the UHB complies with the requirements of the Welsh Language Standards, these include:

- Developing a new UHB project plan to implement the Welsh Language Standards across the organisation;
- The Welsh Language Standards Annual Report for the Welsh Language Commissioner;
- Welsh Language reports to the Strategy and Delivery Committee on the UHB's objectives and actions;

- NHS Outcomes report for the Welsh Language for the Welsh Government;
- Welsh Language included in the Equality and Health Impact Assessment.

As part of our continual work, we have been raising awareness across the UHB's Clinical Boards reminding them of their obligations. We have been working to establish the infrastructure to assist these areas in complying with the standards. These include developing guidelines on following the Welsh Language Standards and promoting the new translation service available for all areas.

On a strategic level, the UHB is working towards establishing the Equality Strategy and Welsh Language Standards Group. Chaired by the Deputy Chief Executive, it will be tasked to ensure all areas of the UHB comply with the Welsh Language Standards.

While some progress was made in 2019-20 to comply, it is acknowledged that greater focus and urgency is needed. The Welsh Language Commissioner has informed the UHB that although he is currently not actively monitoring our work he is expecting us to continue to ensure we provide the best level of service in Welsh that we can. It is something that we remain committed to.

The Board will continue its commitment to the Welsh language by

providing clear leadership and direction, continuing to start Board and Committee meetings bilingually and each area committing to improve their Welsh language skills.

NHS Pension Scheme

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

For those staff who are not entitled to join the NHS Pension Scheme, as part of the pensions auto enrolment requirements, the UHB operates the National Employment Savings Trust (NEST) as our designated alternative pension scheme. As with the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Ministerial Directions

In 2019-20 a Ministerial Direction regarding the NHS Pension Tax Proposal was issued which can be viewed here: <https://gov.wales/ministerial-direction-regarding-nhs-pension-tax-proposal-2019-2020>

The UHB formally issued communication throughout the organisation and to the Local Negotiating Committee regarding this direction.

Welsh Health Circulars

A range of Welsh Health Circulars (WHCs) were published by Welsh Government during 2019-20 and can be viewed at: <https://gov.wales/health-circulars#Circulars2019>

These are centrally logged within the UHB with a lead Executive Director being assigned to oversee implementation of any required action. Where appropriate, the Board or one of its Committees is also sighted on the content of the WHC.

Regulatory and Inspection Reports

A formal system is in place to track regulatory and inspection reports against statutory requirements. These reports are made available to the appropriate Board Committee and are discussed at Management Executives and Health System Management Board which includes the entire leadership team of the organisation. Quarterly follow ups also take place with the Executive Leads.

During 2018-19, a Limited assurance report was received from Internal Audit on regulatory compliance. The UHB's process for monitoring the implementation of audit and inspection recommendations was also highlighted as an area for improvement by the Audit Wales Structured Assessment Report for 2018.

In 2019-20 we have strengthened our system for tracking recommendations and regulatory compliance. Three tracking reports have been implemented which capture: Internal Audit reviews, Audit Wales reviews and regulatory compliance. These reports are monitored at each Audit Committee and were first presented there on 30 September 2019.




The follow-up review undertaken by Internal Audit has provided Reasonable assurance. Our focus in 2020-21 is on addressing the high number of outstanding recommendations that remain.






4.7 Integrated Medium Term Plans (IMTP)




The Welsh Government formally approved the UHB's IMTP for 2019-22 on 26 March 2019. The Plan set out an ambitious programme of work for the UHB and can be found here:

<http://www.cardiffandvaleuhb.wales.nhs.uk/cav-imtp>

Significant progress was made against the plans through 2019-20 including:

We Said	We Did	Result
Support the sustainability of general medical services through the roll out of MSK and mental health cluster based services	Delivered 	Over 3400 slots with a first contact physiotherapist were made available between 01.04.19 and 31.08.19, and over 2800 patients booked appointments with the service, the majority of whom would previously have required appointments with a GP.
Development of response to population growth and establishment of a Primary Care Estates Strategy	Delivered 	We have undertaken a comprehensive review of our Primary Care estates and established a Primary Care Estates Strategy.
Repatriation of CAMHS and development of Emotional Wellbeing Service	Delivered 	Specialist CAMHS provision was successfully repatriated and there was no disruption to the running of clinical services as a result of the transfer. An objective of the repatriation was the development and implementation of a single point of access to improve the referral process and access into children's mental health services this went live from 01.04.19.

Improve access to Mental Health services for young people	Delivered 	We have established a Multi-Disciplinary Team with third sector support and enhanced the number of staff in the team. An evidence based specialist pathway has been introduced and demand is being met currently.
Development of team around the individual for dementia patients	Delivered 	Specialist Mental Health Practitioner posts have been developed to work in partnership with Community Resource Teams and Dementia Liaison Staff in GP practices.
Community Mental Health Team Review	Delivered 	All Vale teams are now co-located. New service model based on direct access, minimal assessments and strengths based outcomes commenced.
Open Young Onset Dementia unit	Delivered 	The unit has opened at Barry Hospital providing an age appropriate environment for patients.
Introduce Health Pathways	Delivered 	We have successfully introduced Health Pathways into our system with over 60 pathways live on the system. We introduced the first

		Sepsis health pathway across the UK, Australia and New Zealand.
Increase the number of patients who receive dialysis in the community	Delivered 	The nocturnal dialysis programme has commenced which converting existing patients from unit based to home therapies. The Renal Roadshow was held at the end of June helping to increase awareness of home therapies.
Establish Non-Invasive Ventilation (NIV) Unit at UHW	Delivered 	An initial 4 bedded NIV unit was opened in 2019.
ENT Surgery Moved to UHL	Delivered 	The first ENT elective lists have taken place in UHL, resulting in patients who would previously have had their surgery cancelled on the day due to emergency pressures receiving timely care.

The IMTP is the UHB's key planning document and sets out the milestones and actions we are taking in the next 1 to 3 years in order to progress [Shaping Our Future Wellbeing](#), our ten-year strategy. It is based on the health needs of our population, delivering quality services and ensuring equitable and timely access to services and sets out how we will deliver our mission Caring for People; Keeping People Well, and vision

that a person's chance of leading a healthy life is the same wherever they live and whoever they are.

The monitoring of its progress is embedded in our approach to performance management and governance across the UHB. A refreshed plan for 2020-23 was provided to Welsh Government in January 2020 and notification of approvable nature of the plan was received from Welsh Government on 19 March 2020. However, as a result of the current COVID-19 challenges, Welsh Government has confirmed that the IMTP processes will be paused to allow all resources to be redirected to sustaining key services.

4.8 Review of Effectiveness

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

Further sources of assurances are identified within the Board's own performance management and assurance framework and include, but are not limited to:

- Direct assurances from management on the operation of internal controls through the upward chain of accountability

- Internally assessed performance against the Health and Care Standards
- Results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management
- Reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period
- Reviews completed by external regulation and inspection bodies including the Audit Wales and Healthcare Inspectorate Wales.

The effectiveness of the system of internal control is maintained and reviewed by the Committees of the Board in respect of assurances received. This is also supported by the BAF with high risks being closely monitored by Board and the respective Committees.

Internal Sources	External Sources
<ul style="list-style-type: none"> - Performance management reports - Service change management reports - Workforce information and surveys - Benchmarking - Internal and clinical audit reports - Board and Committee reports - Local Counter Fraud work 	<ul style="list-style-type: none"> - Population Health Information - Audit Wales - Welsh Risk Pool Assessment reports - Healthcare Inspectorate Wales reports - Community Health Council visits and scrutiny reports

<ul style="list-style-type: none"> - Health and Care Standards assessments - Executive and Independent Member Safety WalkRounds - Results of internal investigations and Serious Incident reports - Concerns and compliments - Whistleblowing and Safety Valve - Infection prevention and control reports - Information governance toolkit self-assessment - Patient experience surveys and reports - Compliance with legislation (e.g. Mental Health Act/Health and Safety, Data Protection) 	<ul style="list-style-type: none"> - Feedback from healthcare and third sector partners - Royal College and Deanery visits - Regulatory, licensing and inspection bodies - External benchmarking and statistics - Accreditation Schemes - National audits - Peer reviews - Feedback from service users - Local networks (e.g. cancer networks) - Welsh Government reports and feedback
--	--

Governance, Leadership and Accountability

Due to pressures around COVID-19 the annual electronic self-assessment to review Board / Committee effectiveness, including the quality of data received by the Board and whether we meet the Health and Care Standard for Governance, Leadership and Accountability is not yet concluded. The self-assessment has however been circulated to Board

and Committee members, and results captured will feed into the continuing Board effectiveness work and action plan for 2020-21.

A Board/Committee review was commissioned in 2019-20 where views of members were sought and feedback was that a more forward looking and strategic approach is needed. A workshop was planned to follow this through but due to COVID-19 this was put on hold; this work will also recommence in 2020-21.

4.9 Internal Audit

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

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

The programme has been impacted by the need to respond to the COVID-19 pandemic with some audits deferred, cancelled or curtailed as the organisation responded to the pandemic. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the

reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the Opinion the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

The Head of Internal Audit Opinion

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

46 Internal Audit outputs had been anticipated at year end however due to the impact of COVID-19 the final position is: 37 Final reports, 2 Draft reports and 7 which were either removed or deferred into the 2020-21 Internal Audit plan. Where changes were made to the audit plan then the reasons were presented to the Audit Committee for consideration and approval. The significance of these deferred audits has been taken into account when assessing the ratings for the assurance domains and the overall assurance opinion.

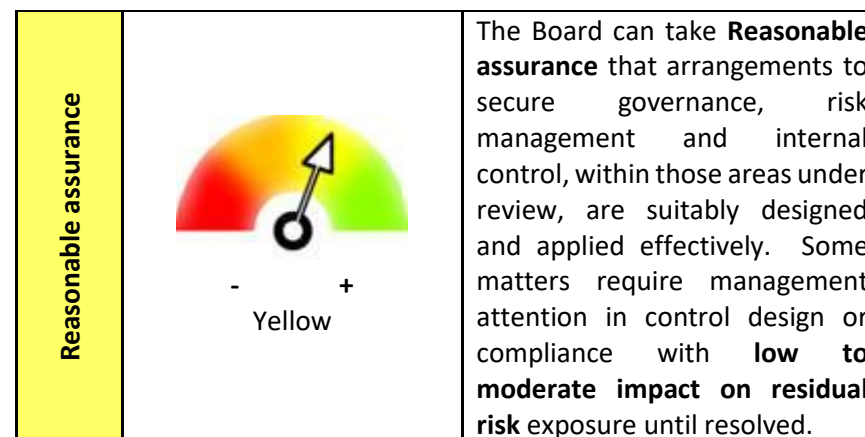
For those audits that are either at the Draft report stage or are work in progress, an appropriate approach will be agreed with the UHB to complete and finalise those audits for formal submission to the Audit Committee at a later date.

The following audits could not be completed due to the COVID-19 outbreak. This was reported to the Audit Committee at its meeting on 21 April 2020.

Review Title
Health and Care Standards
Strategic Performance Reporting
Data Quality Performance Reporting
IM&T Backlog
Medicine CB – QS&E Governance
Medicine CB – Internal Medicine Follow-up
Facilities / Estates Service Board Governance

The scope of this opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement.

The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.



In reaching the overall Reasonable assurance opinion the Head of Internal Audit has identified that the majority of reviews during the year concluded positively with sound control arrangements operating in many areas. In addition, seven of the eight individual domains would be classified with a positive assurance opinion; one being Substantial assurance and six being Reasonable assurance. One of the individual domains was classified with a Limited assurance opinion.

During the year ten Substantial Assurance and twenty five Reasonable assurance opinions were given for individual assignments. However it is important to highlight that two Limited assurance reports have been issued during the year and these were split across two of the eight assurance domains.

Limited assurance

In the following review areas the Board can take only **Limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

Review Title	Objectives	Issues leading to conclusion	Actions
Consultant Job Planning Follow-up	To provide the UHB with assurance that agreed actions from the previous Limited assurance review of Consultant Job Planning have been implemented appropriately.	The majority of the agreed management actions had not been progressed and the rating therefore remained as Limited assurance.	Internal Audit Report taken to the Health Systems Management Board. Centralized monitoring system and standardized job plans being developed. Business Case being prepared to achieve a digital solution.



Review Title	Objectives	Issues leading to conclusion	Actions
Tentacle IT System	To provide assurance that data held within the Tentacle system is accurate, secure from unauthorised access and loss and that the system is used fully.	A significant number of key weaknesses were identified around the current governance processes for the system, including a lack of system documentation and records of testing and acceptance of changes. There are also issues around the age of the system and its on-going compatibility and usability.	Interim steps taken to reduce access by authenticating system users. Tentacle system being put onto main PMS system by end of May.

There are no audited areas in which the Board has No assurance.

4.10 Audit Wales

The Auditor General for Wales is the UHB's statutory external auditor and the Wales Audit Office undertakes audits on his behalf. Since 1 April 2020 the Auditor General for Wales and the Wales Audit Office are known collectively as Audit Wales.

Audit Wales scrutinises the UHB's financial systems and processes, performance management, key risk areas and the Internal Audit function. The Annual Audit Report for 2019 can be viewed here:

<https://www.audit.wales/node/5841>

The following performance reviews were included in the Audit Wales 2019 Audit Plan. The resultant reports were presented to the Audit Committee and the review recommendations recorded in a tracking report which is provided to each Audit and Assurance Committee to provide assurance on their implementation. The Audit and Assurance Committee also reviews the outcomes of national reviews at each meeting.

The 2020 Annual Audit Plan has been set and was presented to the Audit and Assurance Committee on 3 March 2020 however COVID-19 will impact on Audit Wales audit work and as a result, this audit plan will be amended accordingly and changes fed into the Audit and Assurance Committee.



Title of Review	Date Issued	Date Considered by Committee
Clinical Coding Follow up From 2014 not yet completed	June 2019	30 September 2019
Audit of Financial Statements Report Addendum - Recommendations	July 2019	30 September 2019
Implementing the Wellbeing of Future Generations Act	November 2019	3 December 2019

The Audit Wales 2019 Structured Assessment of the UHB's corporate arrangements for ensuring that resources are used efficiently, effectively and economically can be viewed here: https://www.wao.gov.uk/system/files/publications/pdf_52.pdf and concluded that:

“The Health Board is strengthening processes that support board business, risk management and arrangements for tracking recommendations. It now has an approved IMTP, forecasts a break even position and is making progress in tackling workforce issues. But there are opportunities for improvement, these include; Board level performance reporting and scrutiny of IMTP delivery, flows of information between the senior management teams and the Board and addressing a large volume of outstanding audit recommendations”.

The UHB's progress with implementing the Structured Assessment recommendations (captured in the below table) has been monitored through the Audit Committee during 2019-20. The remaining performance management timescales have not been met due to COVID-19 and this will be rectified with new dates for completion set as the pandemic response lessens.

Recommendation	Response	Completion
Committee meeting frequency and timing a) Review the frequency of Audit Committee meetings to close the gap between the May and September meeting. b) Review Independent Member's capacity and timings of Committee meetings where there is infrequent Independent Member attendance.	a) An additional meeting will be added in for July. b) Already under review with the change in Chair and Vice Chair. Current proposals include increasing the membership of each Committee to ensure the meetings are quorate.	Complete
Performance Management Framework Extend the performance framework review to include: a) Monitoring IMTP delivery on a quarterly basis and reporting the wholesale position to the	a) Review Flash report used for Performance Reviews will be sent to the Committee on a quarterly basis.	Complete Provided to the Committee from January 2020



Strategy and Delivery Committee and Board. b) Ensuring the Strategy and Delivery Committee receives, the same or more, detailed performance information than that received by the Board.	b) Performance information under review alongside other performance information to the Committees to ensure a consistent approach and that assurance can then be appropriately provided to the Board from each Committee.	January 2020
c) Review the format and legibility of the performance dashboard currently reported to Board.	c) Committees of the Board will all be considering their respective KPIs and they will then provide assurance to the Board. The dashboard will be presented in a format which is legible and clearly identifies the areas for concern and what is happening with them.	March 2020

4.11 Conclusion

As Accountable Officer, based on the assurance process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. I can confirm that the Board and its Executive Directors are alert to their accountabilities in respect of internal control. During 2019-20, we have again proactively identified areas requiring improvement and requested Internal Audit to undertake detailed assessments in order to manage and mitigate associated risks. A number of reports issued by Internal Audit concur with our view and have consequently provided the UHB with clear recommendations to ensure that focussed and urgent management actions are in place to address identified shortcomings. These actions are then monitored through the Board and its Committees to ensure appropriate assurances can be provided.

I am pleased to note sufficient progress made in relation to our Standards of Behaviour to warrant an Internal Audit finding of Substantial assurance on follow-up review. In addition, assurance is provided by the audits of Budgetary Control and the Core Financial systems which were both given Substantial assurance.

There have been significant improvements to risk management, with the BAF now an integral part of the UHB's risk management process.

The UHB has an approved IMTP covering the years 2019-20 to 2021-22 however we have not achieved our financial duty of break even for the three years to 31 March 2020. We have operated within our capital

resource for the three years to 31 March 2020 (subject to current audit), but have not done so for the same three year period in respect of our revenue resource limit. More detail is provided in the Financial Statements, Note 2. If the UHB successfully delivers its current approved IMTP, it would achieve the Statutory Financial Duty to break even for the three years to 31 March 2022.

In 2019-20, the UHB received a Health and Safety Executive fine following the fall of a contractor on our premises. A great deal of work has been done within the UHB to improve our systems and processes around contractors and the Health and Safety Committee and the Board received reports to provide assurance around these lessons learned.

As indicated throughout this statement, the need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks.

The need to respond and recover from the pandemic will be with the organisation and wider society throughout 2020-21 and beyond. I will ensure our Governance Framework considers and responds to this need together with any recommendations received from the Welsh Government commissioned review of our governance processes around the construction of Dragon's Heart Hospital.

As a result of the COVID-19 governance structure put in place, the continuation of the Board and key Committees and continued presence of Executive Directors and Independent Members, I am confident that

our systems of internal control have not been materially affected and am assured that there have been no significant internal control or governance issues during the time of pandemic.

In summary, my review confirms that the Board has sound systems of internal control in place to support the delivery of policy aims and objectives and that there are no significant internal control or governance issues to report for 2019-20.

Signed by:

Len Richards
Chief Executive
Date: 29th June 2020

Part 5

Remuneration Report

Contents	Page
5.1 Salary and Pension Entitlements of Senior Managers 2019-20	48
5.2 Changes to Board Membership in 2019-20	50
5.3 Remuneration Relationship	51
5.4 Pension Benefits	51
5.4.1 Cash Equivalent Transfer Values	52
5.4.2 Real increase in Cash Equivalent Transfer Values	53



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

5.1 Salary and Pension Entitlements of Senior Managers 2019-20

The pay and Terms and Conditions of Employment for the Executive team and senior managers have been, and will be determined by, the UHB's Remuneration and Terms of Service Committee, within the framework set by Welsh Government. The Remuneration and Terms of Service Committee also considers and approves applications relating to the Voluntary Release Scheme. The Remuneration and Terms of Service Committee members are all Independent Members of the Board and the Committee is chaired by the UHB's chairperson.

The Remuneration Report is required to contain information about senior managers' remuneration. The senior management team consists of the Chief Executive, Officer Members, Independent Members and other Members of the UHB Board. Full details of senior managers' remunerations for 2019-20, including the 2% pay award effective from 1 April 2019, are provided in the audited tables that follow:

Salaries of Senior Managers

Name and title	31-Mar-2020					
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)	Pension Benefits (Rounded to the nearest £000)	Total (bands of £5,000)
	£000	£000	£000	£00	£000	£000
Cardiff and Vale University Local Health Board						
Officer Members						
Leonard Richards, Chief Executive	215-220	0	0	0	0	215-220
Ruth Walker, Executive Nurse Director (1)	130-135	0	0	0	0	130-135
Steve Curry, Chief Operating Officer	140-145	0	0	0	30	170-175
Abigail Harris, Executive Director of Planning	130-135	0	0	0	29	160-165
Robert Chadwick, Executive Director of Finance	170-175	0	0	0	0	170-175
Martin Driscoll, Executive Director of Workforce & Organisational Development (2)	140-145	0	0	0	33	175-180
Dr Fiona Jenkins, Executive Director of Therapies & Health Science	105-110	0	0	0	12	120-125
Dr Graham Shortland, Executive Medical Director (3)	5-10	0	0-5	0	0	10-15
Dr Peter Durning, Interim Executive Medical Director (3)	40-45	0	5-10	0	0	50-55
Dr Stuart Walker, Executive Medical Director (3)	155-160	0	0-5	1	0	155-160
Fiona Kinghorn, Executive Director of Public Health	120-125	0	0	0	65	185-190
Other Directors						
Nicola Foreman, Director of Corporate Governance	105-110	5-10	0	0	47	155-160
Jonathon Gray, Director of Transformation & Informatics (4) (see footnote)	50-55	0	0	0	0	50-55
Dr Sharon Hopkins, Director of Transformation & Informatics (5)	25-30	0	0	0	0	25-30
Independent Members (IM)						
Maria Battle, Chair (6)	25-30	0	0	0	0	25-30
Charles Janczewski, Interim Chair (6)	45-50	0	0	13	0	45-50
Charles Janczewski, Vice Chair (6)	15-20	0	0	0	0	15-20
Michael Imperato, IM - Interim Vice Chair (7)	25-30	0	0	0	0	25-30
Michael Imperato, IM - Legal (7)	5-10	0	0	0	0	5-10
John Union - Finance	15-20	0	0	3	0	15-20
Eileen Brandreth, IM - Information Communication & Technology	15-20	0	0	0	0	15-20
Professor Gary Baxter, IM - University	0	0	0	0	0	0
Sara Moseley, IM - Third (Voluntary) Sector	15-20	0	0	0	0	15-20
Councillor Susan Elsmore, IM - Local Authority	15-20	0	0	0	0	15-20
Akmal Hanuk, IM - Local Community	15-20	0	0	0	0	15-20
John Antoniazzi, IM - Estates (8)	5-10	0	0	0	0	5-10
Rhian Thomas, IM - Capital & Estates (8)	0-5	0	0	0	0	0-5
Dawn Ward, IM - Trade Union	0	40-45	0	0	0	40-45
Associate Members						
Richard Thomas, Chair, Stakeholder Reference Group	0	0	0	0	0	0
Susan Bailey, Chair, Health Professionals' Forum	0	85-90	0	0	0	85-90
Lance Carver, Associate Member - Local Authority	0	0	0	0	0	0



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

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

No Pension benefit figures have been shown for Jonathon Gray as his membership in the NHS Pension scheme was frozen in 2010 and only reactivated upon joining the UHB in December 2019. The calculation of pension benefit requires an individual to have been a scheme member in the previous financial year and therefore it will not be possible to calculate pension benefit figures until 2020-21.

Salaries of Senior Managers

Name and title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	31-Mar-2019 Bonus Payments (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)	Pension Benefits (Rounded to the nearest £000)	Total (bands of £5,000)
	£000	£000	£000	£00	£000	£000
Cardiff and Vale University Local Health Board						
<u>Officer Members</u>						
Leonard Richards, Chief Executive (see footnote)	205-210	0	0	0	14	220-225
Dr Sharon Hopkins, Executive Director of Public Health	65-70	0	0	0	0	65-70
Ruth Walker, Executive Nurse Director	135-140	0	0	0	0	135-140
Steve Curry, Chief Operating Officer	135-140	0	0	0	69	205-210
Abigail Harris, Executive Director of Planning	125-130	0	0	0	24	150-155
Robert Chadwick, Executive Director of Finance	155-160	0	0	0	0	155-160
Martin Driscoll, Executive Director of Workforce & Organisational Development	130-135	0	0	0	30	160-165
Dr Fiona Jenkins, Executive Director of Therapies & Health Science	105-110	0	0	0	5	110-115
Dr Graham Shortland, Executive Medical Director	165-170	0	45-50	0	0	215-220
Fiona Kinghorn, Interim Executive Director of Public Health	55-60	0	0	0	4	60-65
<u>Other Directors</u>						
Peter Welsh, Director of Corporate Governance	50-55	0	0	0	0	50-55
Nicola Foreman, Director of Corporate Governance	70-75	0	0	0	47	115-120
Dr Sharon Hopkins, Director of Transformation & Informatics	55-60	0	0	0	0	55-60
<u>Independent Members (IM)</u>						
Maria Battle, Chair	65-70	0	0	0	0	65-70
Charles Janczewski, Vice Chair	55-60	0	0	19	0	55-60
John Union - Finance	15-20	0	0	4	0	15-20
Eileen Brandreth, IM - Information Communication & Technology	15-20	0	0	0	0	15-20
Professor Gary Baxter, IM - University	0	0	0	0	0	0-5
Sara Moseley, IM - Third (Voluntary) Sector	15-20	0	0	0	0	15-20
Councillor Susan Elsmore, IM - Local Authority	15-20	0	0	0	0	15-20
Michael Imperato, IM - Legal	15-20	0	0	0	0	15-20
Akmal Hanuk, IM - Local Community	15-20	0	0	0	0	15-20
John Antoniazzi, IM - Estates	15-20	0	0	0	0	15-20
Dawn Ward, IM - Trade Union	0	40-45	0	0	0	40-45
<u>Associate Members</u>						
Paula Martyn, Chair, Stakeholder Reference Group	0	0	0	0	0	0
Richard Thomas, Chair, Stakeholder Reference Group	0	0	0	0	0	0
Susan Bailey, Chair, Health Professionals' Forum	0	80-85	0	0	0	80-85
Lance Carver, Associate Member - Local Authority	0	0	0	0	0	0

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

We wish to bring to your attention that the column for Bonus payments contains amounts paid to Dr Graham Shortland, Dr Peter Durning and Dr Stuart Walker under the national Clinical Excellence and Distinction award scheme.

Clinical Excellence and Distinction awards are awarded at a National level by the Advisory Committee on Clinical Excellence awards (ACCEA) which is an independent, advisory Non-Departmental Public Body (NDPB) and succeeded the Advisory Committee on Distinction awards (ACDA). The awards are given to recognise and reward the exceptional contribution of NHS consultants, over and above that normally expected in a job, to the values and goals of the NHS and to patient care.

Neither Dawn Ward nor Susan Bailey are remunerated as Members of the Board, however they are employees of the UHB and their salary costs are shown in the Other Remuneration column.

The Director of Corporate Governance has been paid £6,035 Relocation expenses and this amount has been included in the Other Remuneration column for the 2019-20 Remuneration table.

5.2 Changes to Board Membership in 2019-20

- (1) **Ruth Walker** retired on 26 May 2019 and returned to employment initially for 16 hours per week from 10 June 2019, increasing to full time hours from 28 June 2019 under the provisions of the 1995 NHS Pension Scheme. During the two week break in employment Jason Roberts, the Deputy Nurse Director, was temporary Nurse Director. He did not receive any additional remuneration for the two week period to 9 June.
- (2) **Martin Driscoll** was appointed Deputy Chief Executive from 1 November 2019.
- (3) **Graham Shortland** retired as Executive Medical Director on 18 April 2019. **Peter Durning** was interim Executive Medical Director from 19 April 2019 to 16 July 2019. **Stuart Walker** started on 17 July 2019.
- (4) **Jonathon Gray** started on 2 December 2019.
- (5) **Sharon Hopkins** ended on 23 June 2019.
- (6) **Charles Janczewski** started as Interim Chair on 6 August 2019 as Maria Battle was on leave from this date, her official end date was 18 August 2019.
- (7) **Michael Imperato** started as Interim Vice Chair on 9 October 2019.
- (8) **John Antoniazzi** ended 31 October 2019. **Rhian Thomas** started on 1 February 2020.

5.3 Remuneration Relationship

The details of the Remuneration Relationship are reported at section 9.6 of the Financial Statements.

5.4 Pension Benefits

Name and title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31/03/20 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31/03/2020 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real increase (decrease) in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	To nearest £100
Leonard Richards, Chief Executive (Note 1)						1,021		
Ruth Walker - Executive Nurse Director (Note 4)	(2.5) - 0	(2.5) - 0	55-60	170-175		1,225		
Steve Curry - Chief Operating Officer	2.5-5	0-2.5	60-65	150-155	1,270	1,176	41	
Abigail Harris - Executive Director of Planning	0-2.5	(2.5) - 0	40-45	90-95	767	704	27	
Martin Driscoll - Executive Director of Workforce & Organisational Development & Deputy Chief Executive	2.5-5	0	5-10	0	83	47	15	
Dr Fiona Jenkins, Executive Director of Therapies & Health Science (Note 3)	0-2.5	2.5-5	50-55	160-165		1,259		
Fiona Kinghorn - Executive Director of Public Health	2.5-5	2.5-5	40-45	95-100	861	756	69	
Nicola Foreman - Director of Governance	2.5-5	0	20-25	0	243	197	12	

Note 1 - The Chief Executive chose not to be covered by the NHS pension arrangements from 1 September 2018 and therefore there are no figures to be reported for 2019-20.

Note 2 - Sharon Hopkins, Graham Shortland, Robert Chadwick, Peter Durning and Stuart Walker chose not to be covered by the NHS Pension arrangements for 2019-2020 and 2018-2019 and hence are not included in the table above.

Note 3 - Fiona Jenkins is over the Normal Retirement Age for the NHS Pension scheme and therefore no CETV is reported in 2019-20.

Note 4 - Ruth Walker retired and returned during 2019-20 and therefore no CETV is reported.

Note 5 - No Pension benefit figures have been shown for Jonathon Gray as his membership in the NHS Pension scheme was frozen in 2010 and only reactivated upon joining the UHB in December 2019. The calculation of pension benefit requires an individual to have been a scheme member in the previous financial year and therefore it will not be possible to calculate pension benefit figures until 2020-21.

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

5.4.1 Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The audited pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The audited CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

5.4.2 Real Increase in Cash Equivalent Transfer Values

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Signed by:

Len Richards

Chief Executive

Date: 29th June 2020

Part 6

Staff Report

Contents	Page
6.1 Staff Numbers	55
6.2 Staff Composition	55
6.3 Sickness Absence Data	57
6.4 Staff Policies	59
6.5 Other Employee Matters	61
6.6 Consultancy Expenditure	66
6.7 Tax Assurance for Off-payroll Appointees	66

6.1 Staff Numbers

The UHB workforce profile identifies that approximately 76% of the workforce is female. This is not representative of the local community where a little more than half the population is female. The audited numbers of female and male directors, managers and employees as at 31 March 2020 were as follows:

	Female	Male	Total
Director	13	11	24
Manager	122	74	196
Employee	11783	3611	15394
Total	11918	3696	15614

6.2 Staff Composition

The charts below indicate the following challenges when determining optimal ways to deploy the current and future workforce and how to consider future supply against service priorities:

- The UHB has an aging workforce with the largest age categories being aged 51-55 years (over 2,100 staff). The impact of employees retiring from service critical areas is key in Clinical Boards undertaking local workforce planning;
- The largest grade categories are staff in Agenda for Change Bands 2, 5 and 6. Continually reviewing skill mix and new ways

of working is important in ensuring adequate future supply of skills in the right place and grade;

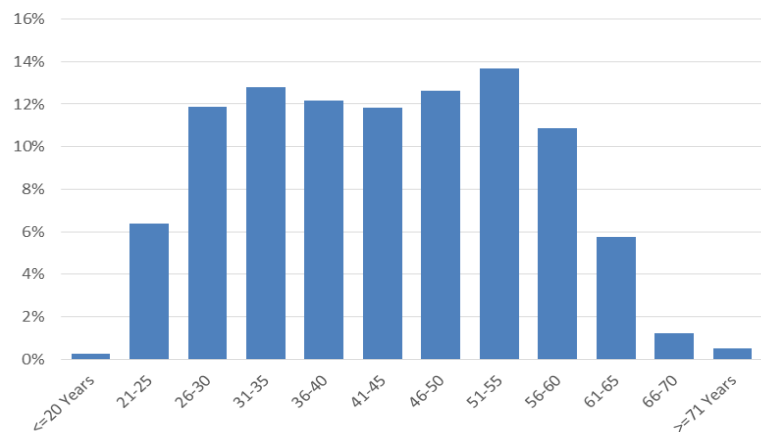
- The majority of the workforce is female (76%) with an even split in this group of full-time (38%) and part-time working (39%). Use of our employment policies, such as the Flexible Working Policy, is crucial to retaining talent and keeping staff engaged;
- The majority of the workforce is white (82%) with 10% in Black and Minority Ethnic categories and 8% not stated. The Strategic Equality Plan has a number of actions to continue review of our workforce in this regard to ensure it strives to reflect the local population where relevant e.g. in recruiting practices;
- The nursing and midwifery registered staff and unqualified nursing staff make up 42% of the total workforce. Given there is a recognised national shortage of registered nurses, the UHB has made nurse sustainability a high priority on its workforce agenda.



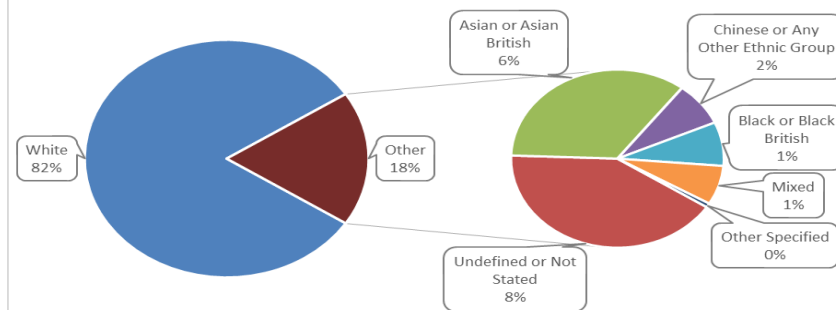
GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

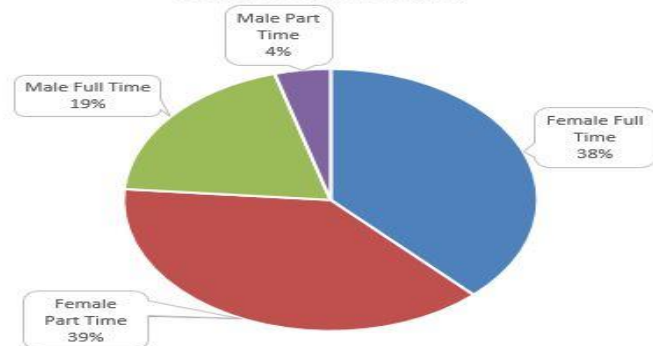
Age Profile



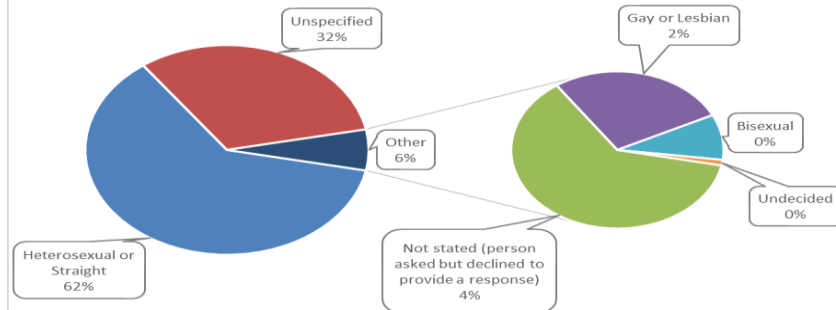
Ethnic Group



Gender and Contract



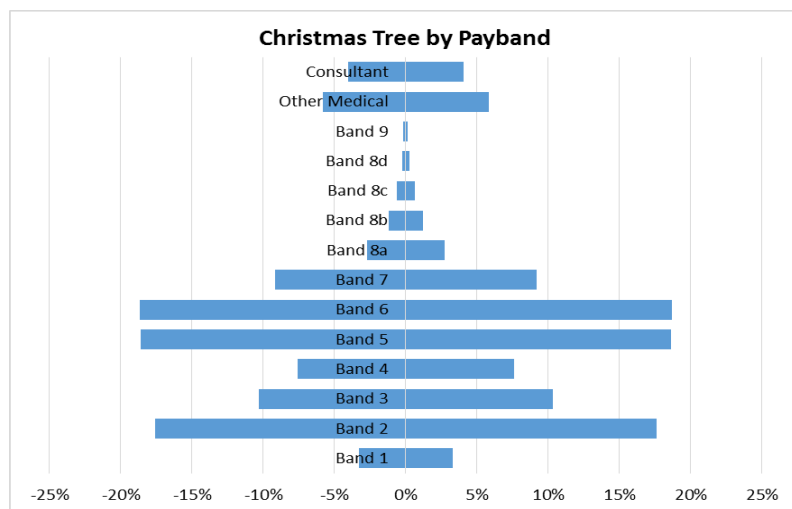
Sexual Orientation



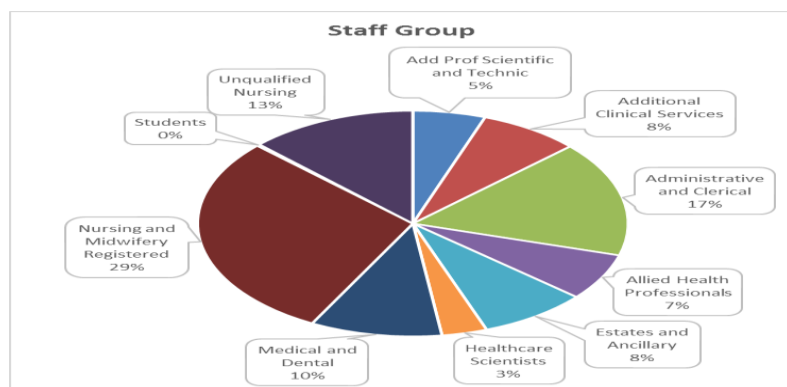
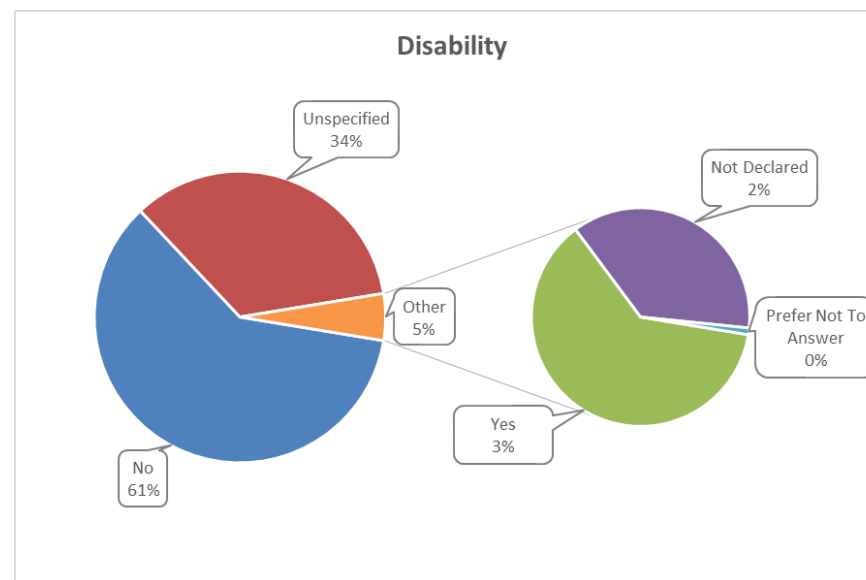


GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board



Workforce profile information collected for the UHB in March 2020 shows that 3% of staff consider themselves to have a disability, but this information is not known for a significant number of staff (34%).



6.3 Sickness Absence Data

Staff well-being remains a priority for the UHB and is key to staff feeling engaged.



A multi-disciplinary group leads a strategic action plan for **improving staff health and wellbeing**. Dietetics, physiotherapy, health and safety, transport and travel, occupational health, employee well-being and the Public Health team have developed a collaborative plan, which has realised improvements across a range of areas. The UHB has achieved both the Gold and Platinum Corporate Health Standards and has been recognised as an exemplar organisation. In 2019-20 we have continued to use the learning from these standards to stretch our health and wellbeing activity even further, and have begun to prepare for re-assessment against the standards in autumn 2020.

Sickness absence remains a priority for the UHB. The cumulative sickness rate for the 12-month period up to and including March 2020 is 5.41% which is 0.81% above the 2019-20 year-end target of 4.60%.

71% of this sickness was attributed to long-term absence and 29% to short-term absence. The UHB top reasons recorded for absence during 2019-20 were Anxiety/stress/depression/other psychiatric illnesses and Musculoskeletal.

The following table provides information on the number of days lost due to sickness during 2018-19 and 2019-20.

	2019-20	2018-19
	Number	Number
Days lost (long term)	182,907.36	174,637.03
Days lost (short term)	75,301.51	65,185.37
Total days lost	258,208.87	239,822.41
Total staff years	13,074.26	12,850.87
Average working days lost	12.33	11.65
Total staff employed in period (headcount)	14,658	14,474
Total staff employed in period with no absence (headcount)	6,144	6,213
Percentage staff with no sick leave	39.81%	41.31%

The UHB is passionate about caring for the wellbeing of its staff members. We are signatories of both the Time to Change Wales (TTCW) Campaign and Mindful Employer Charter, and run a number of initiatives such as the CAV a Coffee Campaign and Menopause Café which encourages staff to take time out and talk about their wellbeing. In 2019 we celebrated Men's International Day by promoting the Time for Change Campaign 'Talking is a Lifeline' which encourages men to talk about their mental health without fear of being judged. We have now trained over 40 TTCW wellbeing champions with further training planned.



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board



In 2019 the UHB's Health Charity provided a two year financial investment in the Employee Wellbeing Service which will double the number of counsellors and introduce a new assistant psychological therapy practitioner role thereby increasing access to low intensity support and reducing waiting times for staff.

In January 2020 the UHB also introduced the 'one small change' campaign, encouraging people to pledge to make one change to improve our health and wellbeing and to share their story via social media.

6.4 Staff Policies

In the 2018 staff survey, concerns were raised about some of our Employment (HR) Policies – we were told that at times they were woolly, confusing and did not help managers to manage effectively. We took this feedback on board and have made some changes.

We have reduced the number of our local UHB employment Policies to six:

- Recruitment and Selection
- Adaptable Workforce
- Employee Health and Wellbeing
- Learning Education and Development
- Equality, Diversity and Human Rights Policy
- Maternity, Adoption, Paternity and Shared Parental Leave

These set out our organisational commitments and what we are aiming to achieve. Each of them is supported by a number of procedures which describe the processes to follow, roles and responsibilities, and any entitlements or obligations. This means there is less duplication, more transparency and information which is easier to understand. The All Wales Policies remain unchanged and continue to apply to us and all other Health Boards in Wales.

All employment and other related Human Resources (HR), Workforce and Organisational Development (WOD) policies, procedures and guidelines are required to have at least two authors, i.e. a management and staff representative and they are subject to robust consultation processes. This includes publication on the UHB intranet for a period of at least 28 days and consideration at the Employment Policies Sub Group of the Local Partnership Forum.

The UHB is committed to ensuring that the recruitment and selection of staff is conducted in a systematic, comprehensive and fair manner, promoting equality of opportunity at all times, eliminating discrimination and promoting good relations between all. The [Recruitment and Selection Policy](#) was reviewed in 2019 and sets out

how we will attract, appoint and retain qualified, motivated staff with the right skills and experience to ensure the delivery of a quality service and support its values. This is supported by a number of procedures including the Recruitment and Selection Procedure, Fixed Term Contract Procedure and Professional Registration Procedure. The UHB is committed to equal opportunities in recruitment, and demonstrates this by displaying the Disability Confident symbol (which replaces the 'two ticks' scheme) in all adverts, as well as Supporting Age Positive, Mindful Employer and Stonewall Cymru symbols.



The UHB is committed to supporting its employees and keeping them well. In 2019 we adopted a new Employee Health and Wellbeing Policy which sets out our commitment to encourage and empower our employees to take personal responsibility for their lifestyle choices, health and wellbeing, and to guide managers on their roles and responsibilities.

The [NHS Wales Managing Attendance at Work Policy](#) assists managers in supporting staff when they are ill, managing their absence and facilitating their timely return to work. It is also designed to help managers know their staff and focus on their health and wellbeing to keep them well and in work.

The Managing Attendance at Work Policy includes a number of toolkits. One of these deals with reasonable/tailored adjustments and reminds

managers of our legal duty to make reasonable adjustments to ensure workers with disabilities, or physical or mental health impairments, are not disadvantaged when doing their jobs or during the recruitment process. The Policy states that not all illnesses are disabilities, however, if an employee is asking for support with a health and wellbeing condition, it is best to provide the support accordingly, assuming it is proportionate to do so. There are many benefits to this including supporting the employee back into work and helping them remain in work.

Our [Redeployment Policy](#) includes the following principles:

- We are committed to not discriminating on the grounds of the protected characteristics described in the Equality Act 2010;
- We recognise that we have a positive duty to make reasonable adjustments to ensure that employees with a disability remain in work whenever this is feasible;
- We want to provide security of employment and assist employees who are at risk of losing their job because of a change in circumstances;
- We recognise the skills and experience of our staff and want to retain them whenever possible.

By making reasonable adjustments for staff with disabilities we have been able to retain a number of valued employees in their substantive role. Typical changes include reviewing caseloads, changes to equipment used, purchase of specialist equipment and modifying workplaces. We have

worked with organisations such as Dyslexia Cymru and Access to Work to support our disabled employees.

In 2017 the UHB employed two people with learning disabilities at its restaurant, Y Gegin at the University Hospital of Wales in Cardiff. These staff members started off as interns under the 'Project Enable' Scheme (Quest) and were subsequently employed as catering assistants. Both individuals are still employed by us and have now moved into Band 2 positions. Our partnership work continues with Elite, a Working Group organisation to help young people with Learning Disabilities into employment.

6.5 Other Employee Matters

2019-20 is the fourth and final year of the Strategic Equality Plan (SEP) 'Fair Care' 2016-20. Our focus this year has been on planning, consulting and engaging on our new Strategic Equality Plan – Caring about Inclusion 2020-24. Initial discussions and engagement events with equality related organisations, experts and other key stakeholders regarding the Equality Objectives began in the summer of 2019. Participants shared their views, experiences of using our services and barriers they have faced because they belong to one or more protected group. We used the analysis from our early engagement with stakeholders, our partnership work with other public bodies, legislation, organisational plans and the evidence contained in *Is Wales Fairer?* 2018 to prepare our set of Equality Objectives. Focus was also aimed at ensuring the objectives themselves, and the long-term aims to which they will contribute, are the right ones.

We have also continued to ensure, as far as possible, that when we make a decision, develop a strategy or policy, or do anything else that affects our service users or staff, we do so in a fair, accountable and transparent way taking into account the needs and rights of all those who might be affected.

The UHB endeavours to communicate regularly and meaningfully with its staff through their managers and through the recognised staff organisations. Staff are encouraged to give their views and feedback to their appropriate manager, either personally or through the representative of the appropriate recognised staff organisation. Where members of staff have concerns they can raise them through the processes set out in the All-Wales Procedure for NHS Staff to Raise Concerns, the Freedom to Speak Up Helpline or, if they relate to patient safety, they can also contact the UHB Chair directly through the 'Safety Valve' system. In 2019-20 the Freedom to Speak Up webpages were improved and promoted and the number of hits increased from 135 per month to an average of 440 hits per month. We also made a commitment to investigate and respond to all concerns with 30 days.

The UHB is committed to improving staff engagement and recognises that staff who are engaged are more productive, content and more likely to remain within the UHB. Positive staff engagement has been linked to reduced staff turnover, lower sickness absence and improved patient experience, as well as being positively associated with staff-wellbeing. Therefore, obtaining staff views and helping managers to have meaningful conversations with staff/teams to find out what matters to them and to explore potential solutions is a priority for the UHB. When

leaders demonstrate that they value an employee's contribution, it fosters further engagement.

In 2018 NHS Wales conducted a Staff Survey. The UHB had a response rate of just 23% but we were able to identify some key themes. More than 50 people volunteered to take part in a stakeholder group to use the survey results to make a difference for our staff and patients. We have had 3 workshops and formulated objectives and actions around the following themes:

- Engagement
- Leadership
- Culture and Behaviour
- Involvement

In January 2020, we published a booklet for staff to let them know about some of the things we have done in response to their feedback including simplifying our policies, publicising ways of working flexibly, tackling stress in the workplace and improving the raising concerns system.

The UHB is committed to working in partnership with recognised Trade Unions and Professional Organisations. The UHB acknowledges the valuable contribution that staff representatives can make to corporate, strategic and operational planning processes and therefore ensures partnership working by:

- Developing and implementing an effective two-way communication process across the organisation;

- Developing a culture where managers involve staff at all times in decision making and where staff feel able to contribute and be confident that their contribution is valued;
- Developing and implementing a structure and process which requires managers at all levels to involve staff in day to day service decisions and formulation of service plans;
- Working in partnership to manage change more effectively and achieve long term goals.

The LPF is the formal mechanism where the Executives and Trade Unions/Professional Organisations work together. Each Clinical Board also has a Partnership Forum and a named Lead Representative. Engagement with medical staff is supported by partnership working through the Local Negotiating Committee.

All employment and other related HR/WOD policies, procedures and other control documents are required to have at least two authors, i.e. a management and staff representative and are subject to robust consultation processes. This includes publication on the UHB intranet for a period of at least 28 days and consideration at the Employment Policies Sub Group of the LPF.

The UHB launched its Talent Management Programme in April 2019, supporting our culture of being 'A Great Place to Work and Learn'. The Talent Management Programme is about encouraging open, honest and constructive conversations between managers and staff about where they are now, where they want to be and how to get there.

We have also made a clear commitment to develop our leaders in order to build leadership capacity and capability across all services that is reflective of the values of the organisation. The focus of the leadership and management development at all levels is on networking, supporting each other and stimulating staff to solicit new ideas and innovative solutions from each other and their teams and encouraging them to present ideas that are different from their own.

In 2019-20 a new suite of Leadership and Management development opportunities have been developed for all levels of UHB staff.

FIRST STEPS TO MANAGEMENT - To help new and existing supervisors develop key supervisory and management skills

ESSENTIAL MANAGEMENT SKILLS – for aspiring and existing managers to develop the essential skills required by all managers

OPER8 – a development programme for new and experienced Clinical Board Operational Managers

ACCELER8 – introduces leaders to the business of caring within the whole health and care system

INTEGR8 – introduces staff to the concept of leadership and service improvement within the health and social care system

COLLABOR8 – a one day programme that assists participants in building positive working relationships with people

LEADING THROUGH INCLUSION – a leadership programme that focuses on the diversity of our organisation and challenges staff to lead with an inclusive culture

The UHB has developed a learning alliance with Canterbury Health Board (CHB) in New Zealand to learn about the significant cultural and system improvements it has achieved over the last 10 years. CHB has benefitted

from improved staff morale and culture with a high trusting environment and a person centred approach.

We have designed a similar programme of work to develop our own health system for the benefit of patients and staff. The '**Amplify 2025**' engagement event was the first step in this process and enabled 80 leaders to think differently about delivering healthcare, ensuring we put the person 'Wyn' at the heart of all our decision making.



The UHB is a values based organisation and we want to recruit, develop and nurture engaged and motivated staff with the skills and confidence to live up to our values every day.

During 2019-20 we have developed a **Values Based Appraisal (VBA)** which will be rolled out across the UHB for all staff from April 2020. It is a focussed conversation around staff development, the value they bring,

and the position(s) that best suit their skills now and in the future. Training is available for managers and covers the new process to measure values and behaviours alongside performance objectives, developing a person centred approach around appraisal, talent management and succession planning in the organisation. Information sessions for staff are also available.

Values Based Recruitment (VBR) is an approach which attracts and recruits people on the basis that their values and behaviours align with those of the organisation. VBR training aims to provide all recruiting managers with the skills and tools they need.

Mandatory Training and Personal Appraisal and Development Review compliance are monitored monthly to ensure we are moving towards our 85% compliance target.

Health and Safety at Work

The Health and Safety Department reports to the Director of Workforce and Organisational Development. The team consists of Head of Health and Safety, Health and Safety Advisers, Environmental Adviser, Assistant Health and Safety Adviser, Manual Handling Advisers, Case Management Team, Administrators and Trainers.

The Health and Safety Committee is a full Committee of the Board and its membership includes Board Members, Management, Safety Specialists and Trade Union/staff representatives.

The Committee is chaired by an Independent Member, meets on a quarterly basis and has a clear responsibility to provide assurance to the Board. It also has a significant role in complying with The Safety Representatives and Safety Committee Regulations 1977.

There is both a Lead and Deputy Lead Health and Safety Staff Representative both of whom attend the Committee. To ensure Health and Safety Representatives participate at every level, the Lead and Deputy Lead Health and Safety Staff Side Representatives will attend the Health and Safety Committee, Operational Health and Safety Group, Fire Safety Group and the Anti Violence/Security Management Group.

Each Clinical Board has a designated Health and Safety Group with an agreed frequency of meeting. In some cases these are incorporated into the Clinical Board Quality, Safety and Experience meeting but with an emphasis on health and safety. The Clinical Board Health and Safety Group Chair also attends the Operational Health and Safety Group and each Clinical Board has a designated Health and Safety Adviser to support them with their health and safety responsibilities.

In 2019-20, the UHB received a Health and Safety Executive fine of £400k in relation to a contractor fall case. The associated learning from this incident was reported to the Health and Safety Committee.

COVID-19

COVID-19 has impacted on workforce priorities and duties in the following way:

- Regular monitoring of junior doctor's rotas/working time has stopped given that many doctors have been pulled into new rotas to cope with the crisis;
- A stay of Tribunal proceedings has been requested for complex Consultant case (involves partner organisation);
- Medical appraisal/revalidation activity has largely stopped with the impact of individual doctor's revalidation dates being pushed back and appraisal sessions being postponed;
- The annual Mandatory May Programme has been cancelled – this includes tutor led training for the following statutory/mandatory topics:

Fire Safety (Statutory requirement)	
Health and Safety)
Infection Control)
Equality) Mandatory requirement
Dementia)
Mental Capacity Act)

(Staff who are unable to access the e-learning/on-line modules rely on updating themselves during this week long programme;
- Delay in the implementation of the revised regulatory 2019 Nursing and Midwifery Council Education Standards, in particular the Standards for Supervision and Assessment which have been placed on hold;
- Consultant Medical recruitment has continued but reduced due to need to respond to COVID-19 and restrictions on running panels – these have been conducted remotely;

- Risk assessment of BAME staff and staff from other vulnerable groups – risk assessment form developed and issued;
- Work continues on the Welsh Language Standards although there are concerns about sending out communication messages in English only during the pandemic, especially on social media;
- Any statutory duties/requirements relating to workforce information (e.g. Freedom of Information requests, all-Wales reporting compliance etc.) are being met.

6.6 Consultancy Expenditure

As disclosed in note 3.3 of its annual accounts, the UHB spent £2.475m on consultancy services during 2019-20 compared to £2.186m in 2018-19. The majority of this expenditure is going towards projects aimed at delivering better clinical outcomes and efficiencies.

6.7 Tax Assurance for Off-payroll Appointees

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months

	Employees engaged via other public sector bodies	Employed for tax and NI purposes only	Other Engagements	Total
No. of existing engagements as of 31 March 2020	38	8	1	47
Of which:				
No. that have existed for less than one year at time of reporting	2	5	1	8
No. that have existed for between one and two years at the time of reporting	1	1	0	2
No. that have existed for between two and three years at the time of reporting	2	2	0	4
No. that have existed for between three and four years at the time of reporting	1	0	0	1
No. that have existed for four or more years at the time of reporting	32	0	0	32

The "other engagements" shown above represent staff employed via recruitment agencies. While the UHB is not responsible for deducting tax



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

and national insurance in respect of these engagements, we have written to the agencies concerned stating that we believe that our relationship with the staff is one of employment and so they should be paying these employees under deduction of tax and national insurance.

For all new off-payroll engagements, or those that reached six months in duration between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

	Employees engaged via other public sector bodies	Employed for tax and NI purposes only	Other Engagements	Total
No. of new engagements, or those that reached six months in duration between 1st April 2019 & 31st March 2020	2	9	2	13
of which.....				
No. assessed as caught by IR35	0	9	0	9
No. assessed as not caught by IR35	2	0	2	4
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0	9	0	9
No. of engagements reassessed for consistency / assurance purposes during the year whom assurance has been requested but not received, and	0	0	0	0
No. of engagements that saw a change to IR35 status following the consistency review	0	0	0	0



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

While the UHB does not have the contractual right to request assurance that the appropriate tax and national insurance is being deducted in respect of staff supplied by public sector bodies, it has been agreed by The Welsh Government that this assurance can be obtained via written confirmation from the Director of Finance of the public body who is invoicing us for the staff concerned. This has been requested and received for all staff meeting the disclosure criteria in 2019-20.

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

	Employees engaged via other public sector bodies	Employed for tax and NI purposes only	Other Engagements	Total
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0	0	0	0
No. of individuals that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year.	0	0	0	0

Please note that the UHB considers that its Board members are the only officials who have significant responsibility within the Health Board.

Part 7

National Assembly for Wales

Accountability and Audit

Report

7.1 Regularity of Expenditure

As a result of pressures on public spending, the UHB has had to meet considerable new cost pressures and increase in demand for high quality patient services, within a period of restricted growth in funding. This has resulted in the need to deliver significant cost and efficiency savings to offset unfunded cost pressures to work towards achieving its financial duty, which is break even over a three year period. Unfortunately this has not been achieved and the expenditure of £36.667m which it has incurred in excess of its resource limit over that period is deemed to be irregular. The UHB has an approved IMTP covering the years 2019-20 to 2021-22 which plans to deliver a break even position in each of these financial years. Successful delivery of this plan will result in the UHB achieving its Statutory Financial Duty of a break even position at the end of this period.

7.2 Fees and charges

The UHB levies charges or fees on its patients in a number of areas. Where the UHB makes such charges or fees, it does so in accordance with relevant Welsh Health Circulars and charging guidance. Charges are generally made on a full cost basis. None of the items for which charges are made are by themselves material to the UHB, however details of some of the larger items (Dental Fees, Private and Overseas Patient income) are disclosed within Note 4 of the Annual Accounts.

7.3 Managing public money

This is the required Statement for Public Sector Information Holders as referenced at 1.2 (page 2) of The Directors' Report. In line with other Welsh NHS bodies, the UHB has developed Standing Financial Instructions which enforce the principles outlined in HM Treasury on Managing Public Money. As a result the UHB should have complied with the cost allocation and charging requirements of this guidance and the UHB has not been made aware of any instances where this has not been done.

7.4 Material remote contingent liabilities

As disclosed in note 21.2 of its annual accounts, the UHB had net remote contingent liabilities as at 31 March 2020 of £0.050m. The liabilities relate to one clinical negligence claim and one personal injury claim and the above figure is net of potential recoveries from the NHS Wales Risk Pool of £0.114m.

7.5 The Certificate of the Auditor General for Wales to the Senedd

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

Opinion

In my opinion, except for the possible effects of the matters described in the 'Basis for qualified opinion' section of my report, the financial statements:

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

Basis for qualified opinion

The Health Board had an inventory balance of £16.784 million as at 31 March 2020, disclosed in Note 14.1 to the financial statements. Due to the impact of the COVID-19 pandemic and the statutory lockdown arrangements that took effect from 23 March 2020, I was unable to observe and reperform parts of the Health's Board's count of its inventories on 31 March 2020.

As I have been unable to obtain the required audit assurance by alternative means, I am therefore unable to determine whether the Health Board's reported year-end inventory balance of £16.784 million is materially true and fair.

Emphasis of Matter – effects of the COVID-19 pandemic on the valuation of land and buildings

I draw attention to Note 11.1 to the financial statements, which describes the impact of the COVID-19 pandemic on the valuation of land and buildings as at 31 March 2020.

As a result of the pandemic the Health Board's valuer declared a 'material valuation uncertainty' in four of their professional valuation reports, with a total valuation of £65.076 million. All four valuation reports were dated 31 March 2020. The Health Board has used these valuation reports to inform the measurement of certain of its property asset values in the financial statements at that date.

My opinion is not modified in respect of this matter.

Emphasis of Matter – clinicians’ pension tax liabilities

I draw attention to Note 21 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS Clinicians’ pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year.

The Health Board has disclosed the existence of a contingent liability at 31 March 2020, and my opinion is not modified in respect of this matter.

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

Conclusions relating to going concern

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Health Board’s ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

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

Qualified opinion on regularity

In my opinion, except for the irregular expenditure of £36.667 million explained in the paragraph below, in all material respects the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Basis for qualified opinion on regularity

The Health Board has breached its revenue resource limit by spending £36.667 million over the £2,832 million that it was authorised to spend in the three-year period 2017-18 to 2019-20. This spend constitutes irregular expenditure. Further detail is set out in my attached Report.

Report on other requirements

Opinion on other matters

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

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

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent

with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance; and

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

Matters on which I report by exception

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

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

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

Report

Please see my Report on page 74, in respect of my qualified opinion on regularity.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Responsibilities for regularity

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

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

Adrian Crompton
Auditor General for Wales
2 July 2020

24 Cathedral Road
Cardiff
CF11 9LJ

7.6 Report of the Auditor General to the Senedd

Introduction

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

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

Failure of the first financial duty

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

Note 2.1 to the Financial Statements shows that the LHB did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £2,832 million by £36.667 million. The Health Board therefore did not meet its first financial duty.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the resource allocation (i.e. spending limit) for those three years exceeds the LHB's authority to spend and is therefore

'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend.

Adrian Crompton
Auditor General for Wales
2 July 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Financial Statements

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 Cardiff & Vale NHS Trust, Cardiff Local Health Board and The Vale of Glamorgan Local Health Board. The main purpose of the body being, the provision of healthcare to and the procurement of healthcare for the populations of Cardiff and the Vale of Glamorgan. In addition as a Tertiary Centre the UHB serves the wider population across Wales (and the UK) via the provision of specialist and complex services.

Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2019-20. The annual financial duty has been

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

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

Under the National Health Services Finance (Wales) Act 2014, the annual requirement to achieve balance against Resource Limits has been replaced with a duty to ensure, in a rolling 3 year period, that its aggregate expenditure does not exceed its aggregate approved limits. The Act came into effect from 1 April 2014 and under the Act the first assessment of the 3 year rolling financial duty took place at the end of 2016-17.



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020				
			2019-20	2018-19
		Note	£'000	£'000
Expenditure on Primary Healthcare Services	3.1		238,456	233,138
Expenditure on healthcare from other providers	3.2		290,895	274,511
Expenditure on Hospital and Community Health Services	3.3		953,236	862,403
			1,482,587	1,370,052
Less: Miscellaneous Income	4		(437,774)	(406,760)
LHB net operating costs before interest and other gains and losses			1,044,813	963,292
Investment Revenue	5		0	0
Other (Gains) / Losses	6		(2,175)	9
Finance costs	7		1,278	1,332
Net operating costs for the financial year			1,043,916	964,633

See note 2 on page 23 for details of performance against Revenue and Capital allocations.

The notes on pages 5 to 57 form part of these accounts.

Other Comprehensive Net Expenditure				
			2019-20	2018-19
			£'000	£'000
Net (gain) / loss on revaluation of property, plant and equipment			(1,134)	(4,172)
Net (gain) / loss on revaluation of intangibles			0	0
(Gain) / loss on other reserves			0	(7)
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale			0	0
Net (gain)/loss on revaluation of financial assets held for sale			0	0
Impairment and reversals			0	0
Transfers between reserves			0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary			99	0
Reclassification adjustment on disposal of available for sale financial assets			0	0
Other comprehensive net expenditure for the year			(1,035)	(4,179)
Total comprehensive net expenditure for the year			1,042,881	960,454

The £99k on the Transfers to/from other bodies line reflects Assets transferred to Cwm Taf Morgannwg Health Board in 2019/20 relating to the community dental service.

The notes on pages 5 - 57 form part of these accounts.



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Statement of Financial Position as at 31 March 2020			
		31 March 2020	31 March 2019
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	11	687,650	675,904
Intangible assets	12	2,133	2,902
Trade and other receivables	15	17,779	21,432
Other financial assets	16	0	0
Total non-current assets		707,562	700,238
Current assets			
Inventories	14	16,784	16,926
Trade and other receivables	15	161,605	176,987
Other financial assets	16	0	0
Cash and cash equivalents	17	1,410	1,219
		179,799	195,132
Non-current assets classified as "Held for Sale"	11	0	1,906
Total current assets		179,799	197,038
Total assets		887,361	897,276
Current liabilities			
Trade and other payables	18	(182,792)	(174,685)
Other financial liabilities	19	0	0
Provisions	20	(113,580)	(129,087)
Total current liabilities		(296,372)	(303,772)
Net current assets/ (liabilities)		(116,573)	(106,734)
Non-current liabilities			
Trade and other payables	18	(8,489)	(9,095)
Other financial liabilities	19	0	0
Provisions	20	(19,327)	(24,862)
Total non-current liabilities		(27,816)	(33,957)
Total assets employed		563,173	559,547
Financed by :			
Taxpayers' equity			
General Fund		450,666	443,904
Revaluation reserve		112,507	115,643
Total taxpayers' equity		563,173	559,547

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020			
	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	443,904	115,643	559,547
Net operating cost for the year	(1,043,916)		(1,043,916)
Net gain/(loss) on revaluation of property, plant and equipment	0	1,134	1,134
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	4,270	(4,270)	0
Release of reserves to SoCNE	0	0	0
Transfers (to)/from LHBs	(99)	0	(99)
Total recognised income and expense for 2019-20	(1,039,745)	(3,136)	(1,042,881)
Net Welsh Government funding	1,019,429		1,019,429
Notional Welsh Government Funding	27,078		27,078
Balance at 31 March 2020	450,666	112,507	563,173

The financial statements on pages 2 to 4 were approved by the Board on 29th June 2020 and signed on its behalf by:

Chief Executive and Accountable Officer

Date: 29 June 2020

Leonard Richards

The notes on pages 5 – 57 form part of these accounts.

The notes on pages 5 – 57 form part of these accounts.

The £99k on the Transfers to/from line reflects Assets transferred to Cwm Taf Morgannwg Health Board in 2019/20 relating to the community dental service.



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Statement of Changes in Taxpayers' Equity			
For the year ended 31 March 2019			
	General	Revaluation	Total
	Fund	Reserve	Reserves
	£000s	£000s	£000s
Changes in taxpayers' equity for 2018-19			
Balance at 31 March 2018	417,207	112,765	529,972
Adjustment for Implementation of IFRS 9	(1,259)	0	(1,259)
Balance at 1 April 2018	415,948	112,765	528,713
Net operating cost for the year	(964,633)		(964,633)
Net gain/(loss) on revaluation of property, plant and equipment	0	4,172	4,172
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	1,294	(1,294)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	7	0	7
Total recognised income and expense for 2018-19	(963,332)	2,878	(960,454)
Net Welsh Government funding	991,288		991,288
Balance at 31 March 2019	443,904	115,643	559,547

The notes on pages 5 – 57 form part of these accounts.

The £7k on the Transfers to/from line reflects a correction in respect of balances transferred over from Abertawe Bro Morgannwg LHB in 2017/18.

Statement of Cash Flows for year ended 31 March 2020			
		2019-20	2018-19
		£'000	£'000
Cash Flows from operating activities			
Net operating cost for the financial year	Notes	(1,043,916)	(984,633)
Movements in Working Capital	27	21,891	22,537
Other cash flow adjustments	28	84,166	29,544
Provisions utilised	20	(30,300)	(25,133)
Net cash outflow from operating activities		(968,159)	(937,685)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(54,657)	(52,538)
Proceeds from disposal of property, plant and equipment		4,341	131
Purchase of intangible assets		(238)	(1,532)
Proceeds from disposal of intangible assets		0	170
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Net cash inflow/(outflow) from investing activities		(50,554)	(53,789)
Net cash inflow/(outflow) before financing		(1,018,713)	(991,464)
Cash Flows from financing activities			
Welsh Government funding (including capital)		1,019,429	991,288
Capital receipts surrendered		0	0
Capital grants received		0	0
Capital element of payments in respect of finance leases and on-SoFP		(525)	(471)
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		1,018,904	990,817
Net increase/(decrease) in cash and cash equivalents		191	(637)
Cash and cash equivalents (and bank overdrafts) at 1 April 2019		1,219	1,856
Cash and cash equivalents (and bank overdrafts) at 31 March 2020		1,410	1,219

The notes on pages 5 – 57 form part of these accounts.

Notes to the Accounts

1. Accounting policies

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

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

1.1. Accounting convention

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

1.2. Acquisitions and discontinued operations

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

1.3. Income and funding

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

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

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

Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity

costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.

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

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

Only non-NHS income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

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

1.4.2. Retirement benefit costs

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

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

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

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in the 2019-20 annual accounts. Payments made on their behalf by Welsh

Government are accounted for on a notional basis. For detailed information see Other Note within these accounts.

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

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

1.4.3. NEST Pension Scheme

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

1.5. Other expenses

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

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

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

1.6.2. Valuation

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

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

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

- **Specialised buildings – depreciated replacement cost**

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

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

Assets are revalued and depreciation commences when they are brought into use.

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

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

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

consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure (SoCNE).

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

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

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

should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

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

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

1.6.3. Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts.

This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

1.7. Intangible assets

1.7.1. Recognition

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

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

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

Measurement

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

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

1.8. Depreciation, amortisation and impairments

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

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

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

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

would have been charged under IAS 36 are transferred to retained earnings.

1.9. Research and Development

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

1.10 Non-current assets held for sale

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

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

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

1.11. Leases

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

1.11.1. The NHS Wales organisation as lessee

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

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

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

1.11.2. The NHS Wales organisation as lessor

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

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

1.12. Inventories

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

1.13. Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of

acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

1.14. Provisions

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

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

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

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

1.14.1. Clinical negligence and personal injury costs

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

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

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

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



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

1.15. Financial Instruments

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

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

1.16 Financial assets

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

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise

a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

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

1.16.1. Financial assets are initially recognised at fair value

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

1.16.2 Financial assets at fair value through SoCNE

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

1.16.3 Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition,

they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

1.16.4 Available for sale financial assets

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

1.16.5. Loans and receivables

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

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

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

At the SOFP date, the NHS Wales organisation assesses whether any financial assets, other than those held at 'fair value through profit and

loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

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

1.17. Financial liabilities

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



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

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 LHB has entered into a pooled arrangement with Cardiff and The Vale of Glamorgan Local Authorities, as permissible under section 33 of the NHS (Wales) Act 2006 for the operation of a Joint Equipment Store (JES). The purpose of the JES is the provision and delivery of common equipment and consumables to patients which are resident in the localities of the partners to the pooled budget. The pooled budget arrangement became operational from 1st January 2012.

During 2019-20 the UHB received funding from the Welsh Government's Integrated Care Fund and its Transformation Fund. The planning and

delivery of the programmes associated with this funding has the involvement of social services, housing and the third independent sector.

Also during 2019-20 the UHB received funding from Cardiff Council which had been allocated from Welsh Government Families First monies. The service provided from this funding is operationally managed by the Local Authority with the UHB offering professional support.

As required under Part 9 of the Social Services and Well-being (Wales) Act 2014, a pooled budget arrangement has been agreed between ourselves and the Cardiff and Vale Local Authorities. This came into effect from April 1st 2018.

Details of the operational and accounting arrangements in place around each of the above can be found in Note 32 of these accounts on page 67.

1.23. Critical Accounting Judgements and key sources of estimation uncertainty

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

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the

revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

1.24. Key sources of estimation uncertainty

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

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

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

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

1.24.1. Provisions

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

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

1.24.2. Probable & Certain Cases – Accounting Treatment

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

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



Certain	Probability of Settlement	95% - 100%
	Accounting Treatment	Full Provision

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

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

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

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

i) The LHB provides for potential bad debts both as a result of specific disputes and based on historic collectability patterns. As a result of this, the LHB is carrying a bad debt provision of £7.896m re non NHS organisations and a credit note provision of £0.712m in respect of NHS debts. While this provision is considered prudent and accurate as at the statement of financial position date, due to the ongoing trading

relationships it covers, potentially there could be gains and losses re the ultimate recoverability in respect of amounts provided for.

ii) In line with IAS 19 the LHB has reviewed the level of annual leave taken by its staff to March 31st 2020. Based on a sample the LHB has accrued £0.914m re untaken annual leave. This is based on a sample of the leave records of 29% of all LHB staff and reflects the LHB's policy of only allowing annual leave to be carried forward into 2019/20 under exceptional circumstances or when this has been necessary to help the LHB achieve service performance targets.

iii) The LHB has estimated a liability of £0.544m in respect of retrospective claims for continuing healthcare funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing healthcare and the actual costs incurred by individuals in care homes. The provision is based on information made available to the LHB at the time of these accounts and could be subject to significant change as outcomes are determined. Accordingly the UHB is disclosing a contingent liability of £1.674m in respect of such cases within note 21.1 of these Accounts.

iv) During 2009/10 the LHB counted inventory (excluding drugs which were already being counted) held on wards for the first time as part of its year end inventory figure. From a practical perspective it would be extremely difficult for the LHB to physically count all such areas immediately prior to March 31st, hence an extrapolation method was agreed. As a result, on a three yearly rolling basis the stock in 26 different wards has now been counted. This represents 638 beds out of a possible



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

1,939 across the LHB. In this way a figure of £0.622m has been calculated for ward stock and has been included within the inventory balance shown in note 14.1 of the accounts. As the number of wards counted increases a picture has emerged of a strata of wards which have a relatively low level of stockholding and one for those which have higher than average levels. This intelligence is now being built in to the calculation of the balance involved.

v) As in other years due to the relatively short timescale available to prepare the annual accounts, the primary care expenditure disclosed contains a number of significant estimates where the value of actual liabilities was not available prior to the date of the accounts submission.

The most material areas being:

- > GMS Enhanced Services £2.000m
- > GMS Schemes & Frameworks £3.154m
- > Prescribing £13.469m
- > Pharmacy £5.340m

vi) Due to restrictions created by the Covid 19 pandemic it was not possible to count all inventory items held at the end of March 2020. In these cases estimates have been made as to the value held based on previous counts. The value of these holdings included within note 14.1 is £2,195,814.

1.25 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the

end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The NHS Wales organisation therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

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

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

1.25.1. Services received

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

1.25.2. PFI asset

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

1.25.2. PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of



the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

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

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

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

1.25.3. Lifecycle replacement

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

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the

lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

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

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

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

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

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

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

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

1.26. Contingencies

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

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

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

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

1.27. Absorption accounting

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

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

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

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

IFRS14 Regulatory Deferral Accounts Not EU-endorsed.*

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

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

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



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

1.29. Accounting standards issued that have been adopted early

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

1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as the LHB is the corporate trustee of the linked NHS Charity (Cardiff & Vale Health Charity), it is considered for accounting standards compliance to have control of the Cardiff & Vale Health Charity as a subsidiary and therefore is required to consolidate the results of the Cardiff & Vale Health Charity within the statutory accounts of the LHB.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Cardiff & Vale Health Charity or its independence in its management of charitable funds.

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

2. Financial Duties Performance				
The National Health Service Finance (Wales) Act 2014 came into effect from 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:				
- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years				
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.				
The first assessment of performance against the 3 year statutory duty under section 175 (1) was at the end of 2016-17, being the first 3 year period of assessment.				
Welsh Health Circular WHC/2016/054 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" clarifies the statutory financial duties of NHS Wales bodies effective from 2016-17.				
2.1 Revenue Resource Performance				
Annual financial performance				
	2017-18	2018-19	2019-20	Total
	£'000	£'000	£'000	£'000
Net operating costs for the year	919,484	964,633	1,043,916	2,928,033
Less general ophthalmic services expenditure and other non-cash limited expenditure	(19,396)	(18,186)	(17,276)	(54,858)
Less revenue consequences of bringing PFI schemes onto SoFP	(1,028)	(1,028)	(1,028)	(3,084)
Total operating expenses	899,060	945,419	1,025,612	2,870,091
Revenue Resource Allocation	872,207	935,547	1,025,670	2,833,424
Under / (over) spend against Allocation	(26,853)	(9,872)	58	(36,667)
The LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2017-18 to 2019-20.				
The Health Board did not receive any repayable cash only support in 2019-20. The accumulated cash only support provided to the Health Board by the Welsh Government is £54.849m as at 31 March 2020. The cash only support is provided to assist the Health Board with ensuring payments to staff and suppliers, there is no interest payable on cash only support. Repayment of this cash assistance will be in accordance with the Health Boards future Integrated Medium Term Plan submissions.				
2.2 Capital Resource Performance				
	2017-18	2018-19	2019-20	Total
	£'000	£'000	£'000	£'000
Gross capital expenditure	55,936	49,349	61,333	166,618
Add: Losses on disposal of donated assets	0	4	13	17
Less NBV of property, plant and equipment and intangible assets disposed	(2,297)	(310)	(2,167)	(4,774)
Less capital grants received	0	0	0	0
Less donations received	(6,606)	(630)	(1,109)	(8,345)
Charge against Capital Resource Allocation	47,033	48,413	58,070	153,516
Capital Resource Allocation	47,121	48,487	58,159	153,767
(Over) / Underspend against Capital Resource Allocation	88	74	89	251
The LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2017-18 to 2019-20.				



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

2.3 Duty to prepare a 3 year plan					
The NHS Wales Planning Framework for the period 2019-20 to 2021-22 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.					
The LHB submitted an Integrated Medium Term Plan for the period 2019-20 to 2021-22 in accordance with NHS Wales Planning Framework.					
			</		

3. Analysis of gross operating costs				
3.1 Expenditure on Primary Healthcare Services				
	Cash	Non-cash	2019-20	2018-19
	limited	limited	Total	
	£'000	£'000	£'000	£'000
General Medical Services	76,550		76,550	74,929
Pharmaceutical Services	20,475	12,032	32,507	34,932
General Dental Services	33,739		33,739	32,806
General Ophthalmic Services	1,903	5,244	7,147	7,072
Other Primary Health Care expenditure	12,057		12,057	11,327
Prescribed drugs and appliances	76,456		76,456	72,072
Total	221,180	17,276	238,456	233,138
The Total expenditure above includes £15,469m in respect of staff costs (£12,923m 2018-19)				
				Re-stated
3.2 Expenditure on healthcare from other providers			2019-20	2018-19
			£'000	£'000
Goods and services from other NHS Wales Health Boards			24,048	26,331
Goods and services from other NHS Wales Trusts			30,938	28,606
Goods and services from Health Education and Improvement Wales (HEIW)			0	0
Goods and services from other non Welsh NHS bodies			2,147	2,244
Goods and services from WHSSC / EASC			128,702	121,693
Local Authorities			15,452	8,006
Voluntary organisations			7,290	7,309
NHS Funded Nursing Care			9,093	8,979
Continuing Care			59,128	57,757
Private providers			14,097	13,586
Specific projects funded by the Welsh Government			0	0
Other			0	0
Total			290,895	274,511
The 2018-19 Expenditure with Local Authorities included £27.4m re a payment to Cardiff Council in respect of a pooling arrangement re the purchase of continuing healthcare services. Under the terms of the agreement the Council returned to us the same figure which we recorded as income from Local Authorities in Note 4. We have subsequently been advised that these transactions are of no economic value and hence we have netted off the receipt and payment in 2019/20 and re-stated 18/19 to reflect the same treatment.				



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

3.3 Expenditure on Hospital and Community Health Services			2019-20	2018-19
			£'000	£'000
Directors' costs			2,373	2,331
Staff costs			651,637	597,790
Supplies and services - clinical			189,458	177,070
Supplies and services - general			8,837	8,561
Consultancy Services			2,475	2,186
Establishment			11,330	10,666
Transport			707	865
Premises			30,138	27,863
External Contractors			0	0
Depreciation			29,962	31,574
Amortisation			855	717
Fixed asset impairments and reversals (Property, plant & equipment)			19,963	(123)
Fixed asset impairments and reversals (Intangible assets)			0	0
Impairments & reversals of financial assets			0	0
Impairments & reversals of non-current assets held for sale			350	0
Audit fees			381	401
Other auditors' remuneration			0	0
Losses, special payments and irrecoverable debts			3,379	2,898
Research and Development			0	0
Other operating expenses			1,391	(396)
Total			953,236	862,403
3.4 Losses, special payments and irrecoverable debts: charges to operating expenses				
				Reclassified
			2019-20	2018-19
			£'000	£'000
Increase/(decrease) in provision for future payments:				
Clinical negligence;				0
Secondary care			30,437	22,264
Primary care			0	0
Redress Secondary Care			406	126
Redress Primary Care			0	0
Personal injury			2,226	277
All other losses and special payments			1,240	440
Defence legal fees and other administrative costs			729	372
Gross increase/(decrease) in provision for future payments			35,038	23,479
Contribution to Welsh Risk Pool			0	0
Premium for other insurance arrangements			0	0
Irrecoverable debts			(160)	875
Less: income received/due from Welsh Risk Pool			(31,499)	(21,456)
Total			3,379	2,898
			2019-20	2018-19
			£	£
Permanent injury included within personal injury £:			162,530	(20,000)

4. Miscellaneous Income			2019-20	Re-stated 2018-19
			£'000	£'000
Local Health Boards			74,359	71,217
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)			240,256	221,552
NHS Wales trusts			6,188	5,311
Health Education and Improvement Wales (HEIW)			20,685	9,953
Foundation Trusts			195	224
Other NHS England bodies			5,282	4,848
Other NHS Bodies			0	0
Local authorities			9,094	8,177
Welsh Government			5,121	4,739
Welsh Government Hosted bodies			0	0
Non NHS:				
Prescription charge income			0	83
Dental fee income			5,871	5,559
Private patient income			1,247	1,055
Overseas patients (non-reciprocal)			144	302
Injury Costs Recovery (ICR) Scheme			2,694	1,654
Other income from activities			2,144	1,965
Patient transport services			0	0
Education, training and research			28,847	38,520
Charitable and other contributions to expenditure			3,226	2,642
Receipt of donated assets			1,107	631
Receipt of Government granted assets			0	0
Non-patient care income generation schemes			3,542	2,227
NHS Wales Shared Services Partnership (NWSSP)			0	0
Deferred income released to revenue			750	224
Contingent rental income from finance leases			0	0
Rental income from operating leases			0	0
Other income:				
Provision of laundry, pathology, payroll services			7,613	7,415
Accommodation and catering charges			4,117	3,577
Mortuary fees			509	343
Staff payments for use of cars			0	0
Business Unit			0	0
Other			14,783	14,042
Total			437,774	405,760
Other income includes:				
Non Staff SLAs with Cardiff University			4,805	3,338
Creche Fees			708	600
Compensation Payments received			60	1,218
Pharmacy sales			0	2,070
Equipment Evaluation Income			232	442
NHS Non Patient Care Income			2,071	2,114
Non Patient Related Staff Recharges			665	1,305
Other			5,646	2,955
Total			14,187	14,042

The reclassification of 18/19 is presentation only with the Clinical negligence costs being further detailed into Primary and Secondary care in 19/20.

Injury Costs Recovery (ICR) Scheme income is subject to a provision for impairment of 50.28% re personal injury claims and 18.42% re RTA claims to reflect expected rates of collection based on the UHB's past



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

recoverability performance. The 2018-19 Local Authorities income included £27.4m re a receipt from Cardiff Council in respect of a pooling arrangement re the purchase of continuing healthcare services. Under the terms of the agreement, we made payments to the Council amounting to the same figure. This was disclosed as purchases of healthcare from Local Authorities in Note 3.2. We have subsequently been advised that these transactions are of no economic value and hence we have netted off the receipt and payment in 2019/20 and re-stated 18/19 to reflect the same treatment.

5. Investment Revenue					2019-20	2018-19
					£000	£000
Rental revenue :						
PFI Finance lease income						
planned					0	0
contingent					0	0
Other finance lease revenue					0	0
Interest revenue :						
Bank accounts					0	0
Other loans and receivables					0	0
Impaired financial assets					0	0
Other financial assets					0	0
Total					0	0
6. Other gains and losses					2019-20	2018-19
					£000	£000
Gain/(loss) on disposal of property, plant and equipment					105	(12)
Gain/(loss) on disposal of intangible assets					0	0
Gain/(loss) on disposal of assets held for sale					2,070	3
Gain/(loss) on disposal of financial assets					0	0
Change on foreign exchange					0	0
Change in fair value of financial assets at fair value through SoCNE					0	0
Change in fair value of financial liabilities at fair value through SoCNE					0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale					0	0
Total					2,175	(9)
For more information on the gain on disposal of buildings, please see page 41 of these accounts						
7. Finance costs					2019-20	2018-19
					£000	£000
Interest on loans and overdrafts					0	0
Interest on obligations under finance leases					5	8
Interest on obligations under PFI contracts						
main finance cost					1256	1,282
contingent finance cost					0	0
Interest on late payment of commercial debt					2	0
Other interest expense					0	0
Total interest expense					1,263	1,290
Provisions unwinding of discount					15	42
Other finance costs					0	0
Total					1,278	1,332



9. Employee benefits and staff numbers

27 | Page



9.5 Reporting of other compensation schemes - exit packages					
	2019-20	2019-20	2019-20	2019-20	2018-19
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	2
£25,000 to £50,000	0	1	1	1	4
£50,000 to £100,000	0	0	0	0	2
£100,000 to £150,000	0	1	1	1	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	2	2	2	8

	2019-20	2019-20	2019-20	2019-20	2018-19
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	28,098
£25,000 to £50,000	0	38,519	38,519	38,519	134,061
£50,000 to £100,000	0	0	0	0	153,161
£100,000 to £150,000	0	108,519	108,519	108,519	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	147,038	147,038	147,038	315,320

Redundancy costs have been paid in accordance with the NHS Redundancy provisions, 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 pension scheme. III-health retirement costs are met by the NHS pensions scheme and are not included in the table.

All 2 special payments are severance payments, the highest payment was £108,519 the lowest payment was £38,519 and the median payment was for £73,519.

The tables above report packages agreed in the financial year rather than packages paid during the financial year. During 2019-20 £329,514 was paid for exit packages (2018-19 £132,844).

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 2019-20 was £220,000 - £225,000 (2018-19, £215,000 - £220,000). This was 7.31 times (2018-19, 7.42) the median remuneration of the workforce, which was £30,442 (2018-19, £29,302). In both 2019-20 and 2018-19 the highest paid director was the Medical Director.

	2019-20	2018-19
Band of Chief Executive Remuneration	215-220	205-210
Median Total Remuneration £	30,442	29,302
Ratio	7.14	7.08
Band of Highest Paid Director's Remuneration	220-225	215-220
Median Total Remuneration £	30,442	29,302
Ratio	7.31	7.42

In 2019-20, 4 (2018-19, 6) employees received remuneration in excess of the highest-paid director. Remuneration for these staff ranged from £230,000 to £285,000 (2018-19 £215,000 to £250,000). All four employees are Medical Consultants and remuneration for the highest paid staff includes payments for additional sessions worked, and varies from month to month.

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension

contributions and the cash equivalent transfer value of pensions. The guidance also suggests that this information should include benefits-in-kind, the LHB does not have the relevant information available to comply with this requirement. In addition, please note that overtime payments are included where applicable in the calculation of both elements of the relationship.

There has been an increase in year in the median remuneration of the workforce, which was partly the result of an average 1.7% inflationary pay increase received by staff covered by the Agenda for Change agreement. In addition, Medical Staff and Executives received an inflationary pay award of 2.5% and 2% respectively and there were also slight changes to the composition of the workforce which will have contributed to the change in the ratio.

9.7 Pension costs

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

in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS

Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

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

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

c) National Employment Savings Trust (NEST)

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

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

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

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

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

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



10.2 The Late Payment of Commercial Debts (Interest) Act 1998				
			2019-20	2018-19
			£	£
Amounts included within finance costs (note 7) from claims made under this legislation			2508.26	0
Compensation paid to cover debt recovery costs under this legislation			0	0
Total			2508.26	

31 | Page



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

11.1 Property, plant and equipment														
		Buildings, excluding dwellings £000		Assets under construction & payments on account £000		Plant and machinery £000		Transport equipment £000		Information technology £000		Furniture & fittings £000		Total £000
	Land £000		Dwellings £000											
Cost or valuation at 1 April 2018	103,055	496,155	4,087	20,641	120,476	870	18,666	180						764,130
Indexation	2,041	1,113	41	0	0	0	0	0		0		0		3,195
Additions														
- purchased	425	6,199	0	29,772	8,914	0	1,877	0		1,877	0			47,187
- donated	0	191	0	200	206	0	22	0		22	0			619
- government granted	0	0	0	0	0	0	0	0		0	0			0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0		0	0			0
Reclassifications	1,950	10,729	0	(12,679)	0	0	0	0		0	0			0
Revaluations	0	1,019	0	0	0	0	0	0		0	0			1,019
Reversal of impairments	20	3,848	0	0	0	0	0	0		0	0			3,868
Impairments	(29)	(5,196)	0	0	0	0	0	0		0	0			(5,225)
Reclassified as held for sale	(1,122)	(2,675)	0	0	0	0	0	0		0	0			(3,797)
Disposals	0	0	0	0	(8,317)	(15)	(1,931)	0		(1,931)	0			(10,263)
At 31 March 2019	106,340	511,383	4,128	37,934	121,279	855	18,634	180						800,733
Depreciation at 1 April 2018	0	14,358	103	0	77,714	824	13,527	180						106,706
Indexation	0	41	1	0	0	0	0	0		0	0			42
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0		0	0			0
Reclassifications	0	0	0	0	0	0	0	0		0	0			0
Revaluations	0	0	0	0	0	0	0	0		0	0			0
Reversal of impairments	0	97	0	0	0	0	0	0		0	0			97
Impairments	0	(1,577)	0	0	0	0	0	0		0	0			(1,577)
Reclassified as held for sale	0	(1,773)	0	0	0	0	0	0		0	0			(1,773)
Disposals	0	0	0	0	(8,294)	(15)	(1,931)	0		0	0			(10,240)
Provided during the year	0	20,025	104	0	9,219	20	2,206	0		9,219	20			31,574
At 31 March 2019	0	31,171	208	0	76,639	829	13,802	180						124,829
Net book value at 1 April 2018	103,055	481,797	3,984	20,641	42,762	46	5,139	0						657,424
Net book value at 31 March 2019	106,340	480,212	3,920	37,934	42,640	26	4,832	0						675,904
Net book value at 31 March 2019 comprises:														
Purchased	106,340	464,037	3,920	37,734	39,521	26	4,748	0						656,326
Donated	0	16,175	0	200	3,119	0	84	0						19,578
Government Granted	0	0	0	0	0	0	0	0						0
At 31 March 2019	106,340	480,212	3,920	37,934	42,640	26	4,832	0						675,904
Asset financing:														
Owned	105,748	460,996	2,882	37,934	42,456	26	4,832	0						654,874
Held on finance lease	0	1,402	0	0	184	0	0	0		0	0			1,586
On-SuOPP PFI contracts	592	17,814	1,038	0	0	0	0	0		0	0			19,444
PFI residual interests	0	0	0	0	0	0	0	0		0	0			0
At 31 March 2019	106,340	480,212	3,920	37,934	42,640	26	4,832	0						675,904
The net book value of land, buildings and dwellings at 31 March 2019 comprises:														
Freehold														£900
Long Leasehold														569,626
Short Leasehold														20,846
														0
														590,472
The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation was 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 arm's length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.														
Of the totals at 31st March 2019, £0 related to land valued at open market value and £0 related to buildings, installations and fittings valued at open market value.														
Figures for freehold land and buildings are given gross with separate accumulated depreciation.														
The LHB had to charge accelerated depreciation on the following: (1) Rookwood Hospital which has been earmarked for closure, £0.659m. (2) Two buildings at UHW which have been earmarked for closure: Brecknock House £1.846m and Denbigh House £0.748m. (3) Non specialised assets reclassified as Assets Held for Sale: Iorwerth Jones £1.158m and Lansdowne Hospital £0.479m.														

Additional disclosures re Property, Plant and Equipment

i) Donated additions 2019/2020

Of the donated additions shown in Note 11.1, the Noah's Ark Charity funded £0.104m of equipment for the Children's Hospital. The LHB's Charitable Fund contributed £0.047m towards the purchase of equipment during the year. Other donors funded building and asset under construction costs worth £0.944m.

ii) Professional valuations are carried out by the District Valuer Service (which as the commercial arm of the Valuation Office Agency, is part of HMRC). The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Assembly and HM Treasury. The last full Valuation of the LHB's estate was carried out on 1st April 2017.

However, the LHB will periodically instruct the District Valuer to Carry out "Good Housekeeping Valuations" when assets resulting from major capital schemes are first brought into use. During the year the LHB carried out 7 such revaluations, the total effect of which were: Impairments written off via the Statement of Comprehensive Net Expenditure (SoCNE) were (£28.092m), reversal of Impairments of £0.717m were credited to the SoCNE.

The significant schemes brought into use were:

UHW Neonatal scheme (£18.536m) was written off the carrying value via the SoCNE.

CRI areas re services transferring from Rookwood Hospital (£4.936m) was written off the carrying value via the SoCNE.

In addition 5 minor schemes were brought into use and Impairments of (£4.620m) were written off the carrying value via the SoCNE, whilst a reversal of impairment of £0.717m was credited to the SoCNE.

iii) The useful economic life of LHB buildings has been determined on an asset by asset basis by the District Valuer. These lives are reviewed by the LHB on an annual basis to ascertain their appropriateness and are reviewed every five years by the District Valuer. Major new construction projects are allocated useful economic lives by the District Valuer when they are first brought into use, smaller alterations to existing structures are initially allocated a useful life of 30 years and alterations to mechanical and engineering assets are allocated 15 year lives. Equipment assets are allocated lives on an individual basis based on the professional judgement and past experience of clinicians, finance staff and other LHB professionals. Again the appropriateness of these lives is reviewed on an annual basis.

iv) During the year, there was a fire at one of the properties Held for Sale (Lansdowne Hospital), the property was revalued by the District Valuer and an impairment of (£0.350m) has been charged to the SoCNE, see Note 11.2 for further detail.

v) During the year the LHB has received Non Cash Allocation from the Welsh Government for impairment to assets charged to the SoCNE and this Allocation is included in our Revenue Resource Limit.

vi) As per Welsh Government guidance the LHB has applied an Indexation factor to its Land and Buildings for 2019/2020 for a handful of sites this has resulted in a reversal of a prior period Impairment charge and therefore £7.412m has been credited to the SoCNE.

vii) Transfers of Equipment within NHS Wales. On the 1st of April 2019 the LHB transferred the Community Dental service for the Cwm Taf area to Cwm Taf Morgannwg University Health Board. As Cwm Taf is inside the whole of government boundary this transaction is shown within the Transfers from/into other NHS Bodies line in Note 11.1.

viii) All fully depreciated assets still in use are being carried at nil net book value.



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

11. Property, plant and equipment						
11.2 Non-current assets held for sale						
	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2019	1,086	820	0	0	0	1,906
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	(1,086)	(470)	0	0	0	(1,556)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	(350)	0	0	0	(350)
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
Balance brought forward 1 April 2018	0	0	0	0	0	0
Plus assets classified as held for sale in the year	1,122	902	0	0	0	2,024
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(36)	(82)	0	0	0	(118)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2019	1,086	820	0	0	0	1,906
Assets sold in the period						
The LHB sold three properties in 2019/2020, at a profit of £2.070m. The largest profit (£1.661m) was in respect of the sale of the Site of the Former Lansdowne Hospital.						
Assets impaired during the year						
As mentioned on page 40 during 2019/20, there was a fire at the Site of the Former Lansdowne Hospital, the District Valuer valued the property after the fire and an impairment of (£0.350m) is shown above.						

12. Intangible non-current assets							
2019-20							
	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure-internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	6,934	0	112	0	500	196	7,742
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	238	0	0	0	0	0	238
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	14	0	0	0	0	0	14
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	(166)	(166)
Gross cost at 31 March 2020	7,186	0	112	0	500	30	7,828
Amortisation at 1 April 2019	4,728	0	112	0	0	0	4,840
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	762	0	0	0	93	0	855
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	5,490	0	112	0	93	0	5,695
Net book value at 1 April 2019	2,206	0	0	0	500	196	2,902
Net book value at 31 March 2020	1,696	0	0	0	407	30	2,133
At 31 March 2020							
Purchased	1,647	0	0	0	0	30	1,677
Donated	49	0	0	0	0	0	49
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	407	0	407
Total at 31 March 2020	1,696	0	0	0	407	30	2,133



12. Intangible non-current assets 2018-19							
	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	5,854	0	112	0	74	365	6,405
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	1,106	0	0	0	0	0	1,106
Additions- internally generated	0	0	0	0	426	0	426
Additions- donated	11	0	0	0	0	0	11
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	(37)	0	0	0	0	(169)	(206)
Gross cost at 31 March 2019	6,934	0	112	0	500	196	7,742
Amortisation at 1 April 2018	4,085	0	75	0	0	0	4,160
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	680	0	37	0	0	0	717
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(37)	0	0	0	0	0	(37)
Amortisation at 31 March 2019	4,728	0	112	0	0	0	4,840
Net book value at 1 April 2018	1,769	0	37	0	74	365	2,245
Net book value at 31 March 2019	2,206	0	0	0	500	196	2,902
At 31 March 2019							
Purchased	2,118	0	0	0	0	196	2,314
Donated	88	0	0	0	0	0	88
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	500	0	500
Total at 31 March 2019	2,206	0	0	0	500	196	2,902

Additional Disclosures re Intangible Assets

i) On initial recognition Intangible non-current assets are measured at cost. Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent asset basis), indexed for relevant price increases, as a proxy for fair value.

ii) The useful economic life of Intangible non-current assets are assigned on an individual basis based on the professional judgement and past experience of clinicians, finance staff and other LHB professionals. The appropriateness of these lives is reviewed on an annual basis.

iii) All fully depreciated assets still in use are being carried at nil net book value.

iv) The LHB's Charitable Fund contributed £0.014m to the purchase of intangible assets during the year.

13 . Impairments				
	2019-20		2018-19	
	Property, plant & equipment	Intangible assets	Property, plant & equipment	Intangible assets
	£000	£000	£000	£000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	28,442	0	3,648	0
Reversal of Impairments	(8,129)	0	(3,771)	0
Total of all impairments	20,313	0	(123)	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	20,313	0	(123)	0
Charged to Revaluation Reserve	0	0	0	0
	20,313	0	(123)	0
<p>Professional valuations are carried out by the District Valuer Service (which as the commercial arm of the Valuation Office Agency, is part of HMRC). The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Assembly and HM Treasury. The last full Valuation of the LHB's estate was carried out on 1st April 2017.</p> <p>However, the LHB will periodically instruct the District Valuer to Carry out "Good Housekeeping Valuations" when assets resulting from major capital schemes are first brought into use. During the year the LHB carried out 7 such revaluations, the total effect of which were:</p> <p>Impairments written off via the Statement of Comprehensive Net Expenditure (SoCNE) were (£28.092m), reversal of Impairments of £0.717m were credited to the SoCNE.</p> <p>The significant schemes brought into use were:</p> <p>UHW Neonatal scheme (£18.536m) was written off the carrying value via the SoCNE.</p> <p>CRI areas re services transferring from Rookwood Hospital (£4.936m) was written off the carrying value via the SoCNE.</p> <p>In addition 5 minor schemes were brought into use and Impairments of (£4.620m) were written off the carrying value via the SoCNE, whilst a reversal of impairment of £0.717m was credited to the SoCNE.</p> <p>During the year, there was a fire at one of the properties Held for Sale (Lansdowne Hospital), the property was revalued by the District Valuer and an impairment of (£0.350m) has been charged to the SoCNE, see Note 11.2 for further detail.</p> <p>As per Welsh Government guidance the LHB has applied an Indexation factor to its Land and Buildings for 2019/2020 for a handful of sites this has resulted in a reversal of a prior period impairment charge and therefore £7.412m has been credited to the SoCNE.</p>				

14.1 Inventories				
		31 March	31 March	
		2020	2019	
		£000	£000	
Drugs		5,477	4,809	
Consumables		11,273	12,071	
Energy		34	46	
Work in progress		0	0	
Other		0	0	
Total		16,784	16,926	
Of which held at realisable value		0	0	
14.2 Inventories recognised in expenses				
		31 March	31 March	
		2020	2019	
		£000	£000	
Inventories recognised as an expense in the period		2,845	2,795	
Write-down of inventories (including losses)		43	62	
Reversal of write-downs that reduced the expense		0	0	
Total		2,888	2,857	
<p>Due to restrictions created by the Covid 19 pandemic it was not possible to count all inventory items held at the end of March 2020. In these cases estimates have been made as to the value held based on previous counts. The value of these holdings included within note 14.1 is £2,195,814.</p>				



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

15. Trade and other Receivables					Reclassified
Current				31 March 2020 £000	31 March 2019 £000
Welsh Government				1,608	3,390
WHSSC / EASC				4,163	5,964
Welsh Health Boards				4,088	3,463
Welsh NHS Trusts				2,008	1,796
Health Education and Improvement Wales (HEIW)				195	653
Non - Welsh Trusts				2,814	2,508
Other NHS				145	131
Welsh Risk Pool Claim reimbursement					133,521
NHS Wales Secondary Health Sector				125,515	0
NHS Wales Primary Sector FLS Reimbursement				0	0
NHS Wales Redress				466	0
Other				0	0
Local Authorities				2,956	9,595
Capital debtors - Tangible				0	0
Capital debtors - Intangible				0	0
Other debtors				19,566	18,524
Provision for irrecoverable debts				(7,409)	(8,172)
Pension Prepayments NHS Pensions				0	0
Other prepayments				5,490	5,614
Other accrued income				0	0
Sub total				161,605	176,987
Non-current					
Welsh Government				0	0
WHSSC / EASC				0	0
Welsh Health Boards				0	0
Welsh NHS Trusts				0	0
Health Education and Improvement Wales (HEIW)				0	0
Non - Welsh Trusts				0	0
Other NHS				0	0
Welsh Risk Pool Claim reimbursement;					19,582
NHS Wales Secondary Health Sector				14,311	0
NHS Wales Primary Sector FLS Reimbursement				0	0
NHS Wales Redress				0	0
Other				0	0
Local Authorities				0	0
Capital debtors - Tangible				0	0
Capital debtors - Intangible				0	0
Other debtors				3,535	2,760
Provision for irrecoverable debts				(1,172)	(910)
Pension Prepayments NHS Pensions				0	0
Other prepayments				1,105	0
Other accrued income				0	0
Sub total				17,779	21,432
Total				179,384	198,419

Debtor) at year-end have been included net (£7231k). The 18/19 comparative has not been restated (£6851K).

In line with the WAO 19/20 revised guidance, amounts owing to the Pool (Cardiff CC Creditor) and amounts owing from the Pool (Cardiff CC

15. Trade and other Receivables (continued)				
	31 March	31 March		
	2020	2019		
	£000	£000		
Receivables past their due date but not impaired				
By up to three months	17,849	12,474		
By three to six months	899	1,092		
By more than six months	4,386	4,447		
	23,134	18,013		
Reflective of the fact that IFRS 9 requires bodies to account for the expected credit loss on all outstanding invoices (not just the non-NHS ones) the UHB from 2018-19 includes its NHS Credit note provision within the figure for irrecoverable debts in note 15 and has also included outstanding NHS invoices within the above disclosure on receivables not impaired.				
Expected Credit Losses (ECL) / Provision for impairment of receivables				
Balance at 31 March 2019		(7,012)		
Adjustment for Implementation of IFRS 9		(1,259)		
Balance at 1 April 2019	(9,082)	(8,271)		
Transfer to other NHS Wales body	0	0		
Amount written off during the year	341	63		
Amount recovered during the year	0	0		
(Increase) / decrease in receivables impaired	160	(874)		
Bad debts recovered during year	0	0		
Balance at 31 March 2020	(8,581)	(9,082)		
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		
Other	2,135	1,921		
Total	2,135	1,921		

16. Other Financial Assets				
	Current		Non-current	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£000	£000	£000	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)	0	0	0	0
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0
17. Cash and cash equivalents				
			2019-20	2018-19
			£000	£000
Balance at 1 April 2019			1,219	1,856
Net change in cash and cash equivalent balances			191	(637)
Balance at 31 March 2020			1,410	1,219
Made up of:				
Cash held at GBS			1,304	998
Commercial banks			0	0
Cash in hand			106	221
Current Investments			0	0
Cash and cash equivalents as in Statement of Financial Position			1,410	1,219
Bank overdraft - GBS			0	0
Bank overdraft - Commercial banks			0	0
Cash and cash equivalents as in Statement of Cash Flows			1,410	1,219

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

Lease Liabilities £299k
PFI liabilities £255k

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



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

18. Trade and other payables		
Current	31 March 2020 £000	Reclassified 31 March 2019 £000
Welsh Government	10	64
WHSSC / EASC	1,203	1,121
Welsh Health Boards	5,564	5,549
Welsh NHS Trusts	7,723	2,982
Health Education and Improvement Wales (HEIW)	7	0
Other NHS	16,280	15,508
Taxation and social security payable / refunds	5,684	5,663
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	7,684	7,010
Non-NHS payables - Revenue	39,477	24,983
Local Authorities	14,315	20,936
Capital payables- Tangible	17,073	11,744
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	301	299
Imputed finance lease element of on SoFP PFI contracts	283	225
Pensions: staff	0	0
Non NHS Accruals	52,160	57,394
Deferred Income:		
Deferred Income brought forward	1,664	1,059
Deferred Income Additions	463	829
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(750)	(224)
Other creditors	12,581	18,710
PFI assets –deferred credits	22	18
Payments on account	1,048	815
Sub Total	182,792	174,685
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	301
Imputed finance lease element of on SoFP PFI contracts	8,425	8,708
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	64	86
Payments on account	0	0
Sub Total	8,489	9,095
Total	191,281	183,780
It is intended to pay all invoices within the 30 day period directed by the Welsh Government.		
In line with the WAO 19/20 revised guidance, amounts owing to the Pool (Cardiff CC Creditor) and amounts owing from the Pool (Cardiff CC Debtor) at year-end have been included net (£7231k). The 18/19 comparative has not been restated (£6851K).		

18. Trade and other payables (continued).				
Amounts falling due more than one year are expected to be settled as follows:				
	31 March 2020 £000	31 March 2019 £000		
Between one and two years	413	602		
Between two and five years	1,552	1,344		
In five years or more	6,524	7,149		
Sub-total	8,489	9,095		
19. Other financial liabilities				
Financial liabilities	Current		Non-current	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	0	0	0	0



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

20. Provisions	Reclassified								
	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-	0								0
Secondary care	115,016	(22,741)	101	2,500	35,822	(24,972)	(3,196)	0	102,530
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	78	0	0	0	452	(211)	(46)	0	273
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	580	0	0	55	2,512	(766)	(286)	11	2,106
Other losses and special payments	0	0	0	0	293	(293)	0	0	0
Reference legal fees and other administration	1,856	0	0	254	1,163	(930)	(517)		1,826
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	186			106	70	(184)	0	4	182
Restructuring	0			0	0	0	0	0	0
Other	11,371		(287)	(13)	1,604	(2,332)	(3,680)		6,663
Total	129,087	(22,741)	(186)	2,902	41,916	(29,688)	(7,725)	15	113,580
Non Current									
Clinical negligence:-	0								0
Secondary care	18,894	0	0	(2,500)	589	(590)	(2,778)	0	13,615
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,677	0	0	(55)	0	0	0	0	3,622
Other losses and special payments	0	0	0	0	0	0	0	0	0
Reference legal fees and other administration	477	0	0	(254)	88	(22)	(5)		284
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,101			(106)	0	0	0	0	995
Restructuring	0			0	0	0	0	0	0
Other	713		0	13	85				811
Total	24,862	0	0	(2,902)	762	(612)	(2,783)	0	19,327
OTL									
Clinical negligence:-	0								0
Secondary care	133,910	(22,741)	101	0	36,411	(25,562)	(5,974)	0	116,145
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	78	0	0	0	452	(211)	(46)	0	273
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,257	0	0	0	2,512	(766)	(286)	11	5,728
Other losses and special payments	0	0	0	0	293	(293)	0	0	0
Reference legal fees and other administration	2,333	0	0	0	1,251	(952)	(522)		2,110
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,287			0	70	(184)	0	4	1,177
Restructuring	0			0	0	0	0	0	0
Other	12,084		(287)	0	1,689	(2,332)	(3,680)		7,474
Total	153,949	(22,741)	(186)	0	42,678	(30,300)	(10,508)	15	132,907
Expected timing of cash flows:									
					In year	Between	Thereafter		Total
					to 31 March 2021	1 April 2021			
						31 March 2025			£000
Clinical negligence:-					0				0
Secondary care					102,530	13,615	0		116,145
Primary care					0	0	0		0
Redress Secondary care					273	0	0		273
Redress Primary care					0	0	0		0
Personal injury					2,106	833	2,789		5,728
Other losses and special payments					0	0	0		0
Reference legal fees and other administration					1,826	284	0		2,110
Pensions relating to former directors					0	0	0		0
Pensions relating to other staff					182	739	256		1,177
Restructuring					0	0	0		0
Other					6,663	680	131		7,474
Total					113,580	16,151	3,176		132,907

Note 20. 2019/2020 (continued)

The expected timing of cashflows in respect of provisions arising from clinical negligence or personal injury claims (together with the associated defence costs) are based on legal opinion obtained by the LHB. The nature of litigation however means that these could be subject to change.

Amounts due in respect of pensions are profiled based on the regime which the NHS Pensions agency currently uses to recover payments in respect of such amounts. This could be subject to change in the future.

The LHB is able to recover amounts paid out in respect of clinical negligence or personal injury claims (subject to an excess per case of £25k) from the Welsh Risk Pool. An amount of £140.291m has been shown within note 15 (Trade and Other receivables) in respect of such expected reimbursements.

Other Provisions include:

Continuing Healthcare IRP & Ombudsman claims £0.544m

Potential Payments to staff in respect of time off in lieu £0.307m

Employment Tribunal Litigation Cases £0.938m

Carbon Reduction Commitments £0.024m

Holiday Pay on Voluntary Overtime £1.143m

Other provisions considered commercially sensitive £4.518m

Continuing Healthcare Cost uncertainties

Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. Following various annual deadlines for the submission of new claims, effected since 31st July 2014, which increased the number of claims registered each financial year, a rolling deadline now applies which allows new claims to go back one year from date of application.

Cardiff and Vale University Health Board 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 £0.544m provision made for probable continuing care costs relating to 21 claims received;

Note [21.1] sets out the £1.674m contingent liability for possible continuing care costs relating to 21 claims received;

The UHB is providing £0.211m in respect of 10 Phase 3 claims received between 1st May 2014 and 31st July 2014.

The UHB is providing £0.081m in respect of 2 Phase 5 claims received between 1st November 2015 and 31st October 2016.

The UHB is providing £0.205m in respect of 5 Phase 6 claims received between 1st November 2016 and 31st October 2017.

The UHB is providing £0.047m in respect of 4 Phase 7 claims received between 1st April 2018 and 31st March 2019.

For Phase 7 (2019/2020) claims received between 1st April 2019 and 31st March 2020, due to the low number of claims completed the UHB does not currently have sufficient information available regarding the likelihood of claim success to calculate a provision for this Phase.



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

0. Provisions (continued)	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	106,655	(27,171)	(2,110)	46,939	29,052	(19,182)	(19,167)	0	115,016
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	226	0	0	0	279	(275)	(152)	0	78
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	814	0	0	215	437	(758)	(169)	41	580
Other losses and special payments	0	0	0	0	440	(440)	0	0	0
Defence legal fees and other administration	2,383	0	0	544	912	(1,098)	(885)		1,856
Provisions relating to former directors	0			0	0	0	0	0	0
Provisions relating to other staff	189			71	115	(190)	0	1	186
Restructuring	0			0	0	0	0	0	0
Other	10,245		(444)	221	6,231	(2,840)	(2,042)		11,371
Total	120,512	(27,171)	(2,554)	47,990	37,466	(24,783)	(22,415)	42	129,087
Non Current									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	53,717	0	0	(46,939)	12,410	(262)	(32)	0	18,894
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,884	0	0	(215)	8	0	0	0	3,677
Other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	764	0	0	(544)	347	(88)	(2)		477
Provisions relating to former directors	0			0	0	0	0	0	0
Provisions relating to other staff	1,172			(71)	0	0	0	0	1,101
Restructuring	0			0	0	0	0	0	0
Other	934		0	(221)	0	0	0		713
Total	60,471	0	0	(47,990)	12,765	(350)	(34)	0	24,862
OTAL									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	160,372	(27,171)	(2,110)	0	41,462	(19,444)	(19,199)	0	133,910
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	226	0	0	0	279	(275)	(152)	0	78
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,698	0	0	0	445	(758)	(169)	41	4,257
Other losses and special payments	0	0	0	0	440	(440)	0	0	0
Defence legal fees and other administration	3,147	0	0	0	1,259	(1,186)	(887)		2,333
Provisions relating to former directors	0			0	0	0	0	0	0
Provisions relating to other staff	1,361			0	115	(190)	0	1	1,287
Restructuring	0			0	0	0	0	0	0
Other	11,179		(444)	0	6,231	(2,840)	(2,042)		12,084
Total	180,983	(27,171)	(2,554)	0	50,231	(25,133)	(22,449)	42	153,949

The Clinical Negligence provision includes £0.078m in respect of 13 potential claims under The Welsh Government "Putting Things Right" Redress Scheme. In addition 36 claims were settled during the year under this scheme to the value of £0.335m.

Note 20. 2018/2019 (continued)

The expected timing of cashflows in respect of provisions arising from clinical negligence or personal injury claims (together with the associated defence costs) are based on legal opinion obtained by the LHB. The nature of litigation however means that these could be subject to change.

Amounts due in respect of pensions are profiled based on the regime which the NHS Pensions agency currently uses to recover payments in respect of such amounts. This could be subject to change in the future. The LHB is able to recover amounts paid out in respect of clinical negligence or personal injury claims (subject to an excess per case of £25k) from the Welsh Risk Pool. An amount of £153.103m has been shown within note 15 (Trade and Other receivables) in respect of such expected reimbursements.

Other Provisions include:

Continuing Healthcare IRP & Ombudsman claims £2.503m
Potential Payments to staff in respect of time off in lieu £0.350m
Employment Tribunal Litigation Cases £1.050m
Carbon Reduction Commitments £0.190m
Holiday Pay on Voluntary Overtime £0.910m
Other provisions considered commercially sensitive £7.081m

Continuing Healthcare Cost uncertainties

Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. Following various annual deadlines for the submission of new claims, effected since 31st July 2014, which increased



the number of claims registered each financial year, a rolling deadline now applies which allows new claims to go back one year from date of application.

Cardiff and Vale University Health Board 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 £2.503m provision made for probable continuing care costs relating to 97 claims received;

Note [21.1] sets out the £7.869m contingent liability for possible continuing care costs relating to 97 claims received;

The UHB is providing £0.037m in respect of 2 Phase 2 claims received between 16th August 2010 and 30th April 2014.

The UHB is providing £1.500m in respect of 75 Phase 3 claims received between 1st May 2014 and 31st July 2014.

The UHB is providing £0.225m in respect of 6 Phase 5 claims received between 1st November 2015 and 31st October 2016.

The UHB is providing £0.741m in respect of 14 Phase 6 claims received between 1st November 2016 and 31st October 2017.

For Phase 7 (2018/19) claims received between 1st April 2018 and 31st March 2019, due to the low number of claims completed the LHB does not currently have sufficient information available regarding the likelihood of claim success to calculate a provision for this Phase.

21. Contingencies							
21.1 Contingent liabilities							
						Reclassified	
						2019-20	2018-19
						£'000	£'000
Provisions have not been made in these accounts for the following amounts :							
Legal claims for alleged medical or employer negligence:-							
Secondary care						192,191	152,590
Primary care						0	0
Redress Secondary care						0	0
Redress Primary care						0	0
Doubtful debts						0	0
Equal Pay costs						0	0
Defence costs						1,160	1,075
Continuing Health Care costs						1,674	7,869
Other						0	0
Total value of disputed claims						195,025	161,534
Amounts (recovered) in the event of claims being successful						(190,533)	(150,989)
Net contingent liability						4,492	10,545

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. The amounts disclosed as contingent liabilities in relation to potential clinical negligence or personal injury claims against the UHB arise where legal opinion as to the possibility of the claims success has deemed this to be possible, rather than remote, and no provision has already been made for such items within note 20. The UHB is assuming that all such costs would be reimbursed by the Welsh Risk Pool (subject to a £25k excess per claim). The net contingent liability contains £2.006m re clinical negligence and £0.812m re personal injury.

Continuing Healthcare Cost uncertainties

Liabilities for continuing healthcare costs continue to be a significant financial issue for the UHB. Various annual deadlines for the submission of new claims, effected since 31st July 2014, have increased the number of claims registered each financial year.

Cardiff and Vale University Health Board 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 £0.544m provision made for probable continuing care costs relating to 21 claims received;

Note 21.1 sets out the £1.674m contingent liability for possible continuing care costs relating to 21 claims received;

The UHB is providing £0.211m in respect of 10 Phase 3 claims received between 1st May 2014 and 31st July 2014.

The UHB is providing £0.081m in respect of 2 Phase 5 claims received between 1st November 2015 and 31st October 2016.

The UHB is providing £0.205m in respect of 5 Phase 6 claims received between 1st November 2016 and 31st October 2017.

The UHB is providing £0.047m in respect of 4 Phase 7 claims received between 1st April 2018 and 31st March 2019.

For Phase 7 (2019/2020) claims received between 1st April 2019 and 31st March 2020, due to the low number of claims completed the UHB does not currently have sufficient information available regarding the likelihood of claim success to calculate a provision for this Phase.

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;

Cardiff & Vale UHB will then pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be fully funded by the Welsh Government with no net cost to Cardiff & Vale UHB.

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

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



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

21.2 Remote Contingent liabilities						2019-20	2018-19
						£'000	£'000
Please disclose the values of the following categories of remote contingent liabilities :							
Guarantees						0	0
Indemnities						50	0
Letters of Comfort						0	0
Total						50	0
The figure shown above under Indemnities relates to Clinical Negligence & Personal Injury claims against the UHB, where our legal advisors informed us that the claimants chance of success is remote							
21.3 Contingent assets						2019-20	2018-19
						£'000	£'000
						0	0
						0	0
						0	0
Total						0	0
22. Capital commitments							
Contracted capital commitments at 31 March						2019-20	2018-19
						£'000	£'000
Property, plant and equipment						15,537	30,479
Intangible assets						0	0
Total						15,537	30,479
The in year decrease in commitments disclosed is largely due to the progress made in respect of the construction of our major capital schemes.							



23. Losses and special payments					
Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.					
Gross loss to the Exchequer					
Number of cases and associated amounts paid out or written-off during the financial year					
				Amounts paid out during period to 31 March 2020	
				Number	£
Clinical negligence				138	27,780,872
Personal injury				74	765,603
All other losses and special payments				328	3,567,571
Total				540	32,114,046
Analysis of cases which exceed £300,000 and all other cases					
				Amounts paid out in year	Cumulative amount
Cases where cumulative amount exceeds £300,000		Number	Case type	£	£
	00RWMN0008		Clinical Negligence	3,656,000	3,981,000
	09RWMN0026		Clinical Negligence	150,000	1,520,000
	10RWMN0013		Clinical Negligence	265,000	4,731,250
	13RWMN0047		Clinical Negligence	648,558	1,137,529
	14RWMN0001		Clinical Negligence	45,000	1,175,000
	14RWMN0016		Clinical Negligence	70,000	1,620,000
	15RWMN0010		Clinical Negligence	1,443,500	1,493,500
	15RWMN0020		Clinical Negligence	1,425,000	1,575,000
	15RWMN0113		Clinical Negligence	350,000	395,000
	15RWMN0127		Clinical Negligence	120,000	395,000
	16RWMN0007		Clinical Negligence	1,645,000	1,695,000
	16RWMN0025		Clinical Negligence	645,445	682,708
	16RWMN0050		Clinical Negligence	195,000	659,654
	16RWMN0084		Clinical Negligence	6,516,918	7,916,918
	16RWMN0134		Clinical Negligence	495,000	495,000
	17RWMN0030		Clinical Negligence	57,214	669,714
	17RWMN0052		Clinical Negligence	274,787	475,000
	17RWMN0097		Clinical Negligence	317,500	317,500
	17RWMN0118		Clinical Negligence	1,945,000	2,485,000
	17RWMN0166		Clinical Negligence	1,142,238	1,142,238
	18RWMN0067		Clinical Negligence	1,386,375	1,386,375
	20RWMG0001		General Litigation	416,016	416,016
	20RWMP0010		Fruitless Payment	315,446	315,446
	20RWMDP0012		Damage to Property	1,931,056	1,931,056
Sub-total				25,456,053	38,610,904
All other cases				6,657,993	10,641,359
Total cases				32,114,046	49,252,263

24. Finance leases			
24.1 Finance leases obligations (as lessee)			
As at 31st March 2019 the LHB currently has one finance lease agreement in place for the lease of a building. This lease agreement is due to expire in 2020/21. The LHB also had one finance lease agreement in place for the lease of equipment which is due to expire in 2020/21. The present value of the minimum lease payments have been arrived at by applying the treasury discount rate (1.27%) as it has not been possible to determine the discount rate implicit in the lease agreement.			
Amounts payable under finance leases:			
Land	31 March 2020 £000	31 March 2019 £000	
Minimum lease payments			
Within one year	0	0	
Between one and five years	0	0	
After five years	0	0	
Less finance charges allocated to future periods	0	0	
Minimum lease payments	0	0	
Included in:			
Current borrowings	0	0	
Non-current borrowings	0	0	
	0	0	
Present value of minimum lease payments			
Within one year	0	0	
Between one and five years	0	0	
After five years	0	0	
Present value of minimum lease payments	0	0	
Included in:			
Current borrowings	0	0	
Non-current borrowings	0	0	
	0	0	



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

24.1 Finance leases obligations (as lessee) continue				
Amounts payable under finance leases:				
Buildings	31 March	31 March		
	2020	2019		
	£000	£000		
Minimum lease payments				
Within one year	210	210		
Between one and five years	0	210		
After five years	0	0		
Less finance charges allocated to future periods	(2)	(5)		
Minimum lease payments	208	415		
Included in:				
Current borrowings	208	207		
Non-current borrowings	0	208		
	208	415		
Present value of minimum lease payments				
Within one year	206	200		
Between one and five years	0	194		
After five years	0	0		
Present value of minimum lease payments	206	394		
Included in:				
Current borrowings	0	0		
Non-current borrowings	0	0		
	0	0		
Other	31 March	31 March		
	2020	2019		
	£000	£000		
Minimum lease payments				
Within one year	94	94		
Between one and five years	0	94		
After five years	0	0		
Less finance charges allocated to future periods	(1)	(2)		
Minimum lease payments	93	186		
Included in:				
Current borrowings	93	93		
Non-current borrowings	0	93		
	93	186		
Present value of minimum lease payments				
Within one year	92	89		
Between one and five years	0	87		
After five years	0	0		
Present value of minimum lease payments	92	176		
Included in:				
Current borrowings	0	0		
Non-current borrowings	0	0		
	0	0		

24.2 Finance leases obligations (as lessor) continued				
The Local Health Board has no finance leases receivable as a lessor.				
Amounts receivable under finance leases:				
	31 March	31 March		
	2020	2019		
	£000	£000		
Gross Investment in leases				
Within one year	0	0		
Between one and five years	0	0		
After five years	0	0		
Less finance charges allocated to future periods	0	0		
Minimum lease payments	0	0		
Included in:				
Current borrowings	0	0		
Non-current borrowings	0	0		
	0	0		
Present value of minimum lease payments				
Within one year	0	0		
Between one and five years	0	0		
After five years	0	0		
Less finance charges allocated to future periods	0	0		
Present value of minimum lease payments	0	0		
Included in:				
Current borrowings	0	0		
Non-current borrowings	0	0		
	0	0		



25.3 Charges to expenditure						2019-20	2018-19
						£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)						2,279	2,201
Total expense for Off Statement of Financial Position PFI contracts						0	0
The total charged in the year to expenditure in respect of PFI contracts						2,279	2,201
The LHB is committed to the following annual charges							
						31 March 2020	31 March 2019
PFI scheme expiry date:						£000	£000
Not later than one year						2,347	2,207
Later than one year, not later than five years						9,147	8,588
Later than five years						13,269	14,805
Total						24,763	25,600
The estimated annual payments in future years will vary from those which the LHB is committed to make during the next year by the impact of movement in the Retail Prices Index.							
25.4 Number of PFI contracts							
						Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts						1	0
Number of PFI contracts which individually have a total commitment > £500m						0	0
						On / Off-statement of financial position	
PFI Contract							
Number of PFI contracts which individually have a total commitment > £500m						0	
PFI Contract							
St David's Hospital						On	
25.5 The LHB has one Public Private Partnerships							
In addition to the St David's PFI Scheme set out previously in Note 25.2, the LHB had one other Public Private Partnerships (PPP) Schemes during 2019/20 as set out below:							
<u>Llandough Hospital Staff Accommodation</u>							
On 28th October 1999, the former University Hospital and Llandough NHS Trust entered into an agreement with Charter Housing for the design, construction, fit out and the subsequent operation of its staff accommodation at Llandough Hospital. The contract period is 25 years; however Charter Housing have since undergone a restructure which has seen a transfer of its interest in the contract to Fairlake Properties Limited. This transfer was completed during 2007/8.							



25.5 The LHB had 1 Public Private Partnerships during the year (Continued)

In return for the provision of the new serviced accommodation, the Trust transferred a parcel of surplus land to Charter on which seven of its existing properties resided. These properties were subsequently demolished and the land sold off by Charter. The accommodation is located on the remaining land, which had previously housed three additional properties. This is granted to Charter under a 99 year head lease for a peppercorn rent. Charter then leases the properties back to the LHB in return for an annual unitary payment of £0.048m. The LHB then leases the property back to Charter under a 27 year sub-underlease. The value of the property transferred to Charter in 1999/2000 was £0.763m.					
The scheme has been assessed as being "on-statement of financial position" under IFRIC 12 and therefore the building is currently valued at £1.038m and the land at £0.586m on the LHB's statement of financial position (note 11).					
On initial recognition of the asset a deferred income creditor balance was recognised in the LHB's accounts at a value of £0.454m. In line with Department of Health Guidance this creditor is being released to the SoCNE annually over the 25 year life of the contract. The amount that has been credited to operating expenses in 2019/20 was £0.018m.					

26. Financial risk management

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

than being held to change the risks facing the LHB in undertaking its activities.

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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



27. Movements in working capital		
	2019-20	2018-19
	£000	£000
(Increase)/decrease in inventories	142	(1,229)
(Increase)/decrease in trade and other receivables - non-current	3,653	36,037
(Increase)/decrease in trade and other receivables - current	15,382	(10,798)
Increase/(decrease) in trade and other payables - non-current	(584)	(540)
Increase/(decrease) in trade and other payables - current	8,103	(5,504)
Total	26,696	17,966
Adjustment for accrual movements in fixed assets - creditors	(5,329)	5,351
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	524	(780)
	21,891	22,537
28. Other cash flow adjustments		
	2019-20	2018-19
	£000	£000
Depreciation	29,962	31,574
Amortisation	855	717
(Gains)/Loss on Disposal	(2,175)	9
Impairments and reversals	20,313	(123)
Release of PFI deferred credits	(18)	(101)
Donated assets received credited to revenue but non-cash	(1,107)	(631)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	9,258	(1,901)
Other movements	27,078	0
Total	84,166	29,544
Other movements relate to Staff Employer Pensions Contributions - Notional Element (Note 34.1)		

29. Events after the Reporting Period

The COVID-19 pandemic has presented a number of challenges for the Health Board, which are represented in the following disclosures within the financial statements. Included within Note 3.3 - Expenditure on Hospital and Community Health Services are costs of £1.057m associated with the COVID-19 pandemic during the latter part of March 2020. These costs have been covered by a resource allocation from Welsh Government and there is therefore no impact on the performance against the resource limits reported in Note 2. The UHB also received £1.786m additional capital funding to cover COVID related additions to cover both tangible and intangible capital additions during 2019-20.

The pandemic also restricted the UHB's ability to carry out yearend stock counts. Where this was the case, estimates have been made as to the value held based on previous counts. The value of these holdings included within note 14.1 is £2,195,814.

Most of the Health Board's Covid-related costs have occurred since April 2020 and they will therefore be reported in next year's 2020-21 financial statements.

The 2019-20 Annual Governance Statement at pages 15 to 17 explains how the Health Board has adapted its governance arrangements in order to strengthen its handling of the pandemic.

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



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

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

30. Related Party Transactions

The Welsh Government is regarded as a related party. During the year the LHB have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely				
Related Party	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	105	1,046,408	10	1,608
Swansea Bay University Health Board	6,405	5,793	1,872	685
Aneurin Bevan University Health Board	3,597	34,217	1,594	794
Betsi Cadwaladr University Health Board	604	706	175	107
Cwm Taf Morgannwg University Health Board	17,311	30,597	1,556	1,669
Hywel Dda University Health Board	532	6,240	342	255
Powys Teaching Health Board	162	2,304	24	578
Wales Ambulance NHS Trust	4,523	33	543	2
Velindre NHS Trust	34,626	5,349	5,696	1,372
Welsh Health Specialised Services Committee	128,886	240,390	1,203	4,163
Public Health Wales Trust	6,881	5,166	1,485	634
Health Education and Improvement Wales	7	20,793	7	195
	203,839	1,397,996	14,507	12,062
During the period, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.				
Mrs Maria Battle was Chair of the Cardiff and Vale University Health Board until 5th August 2019. During that time, she was also an Executive Director of Social Care Wales				
Charles Janczewski was vice Chair of the Cardiff and Vale Health Board from 6th August 2019. He is also Chair of Governance Board for Health & Wellbeing Academy at Swansea University .				
Mrs Eileen Brandeth is an independent member of Cardiff and Vale University Health Board. She is also Director of Information and Technology at Cardiff University .				
Sara Moseley is an independent member of Cardiff and Vale University Health Board. She is also Executive Director of Mind .				
Len Richards is Chief Executive of the Cardiff and Vale University Health Board. He is also advisor to the Life Sciences Hub Wales Board (Welsh Government), and an independent Member of Cardiff University .				
Prof Gary Baxter is an independent member of Cardiff and Vale University Health Board. He is also Pro Vice-Chancellor, College of Biomedical Life Sciences, Cardiff University and a member of Life Sciences Hub Wales Board (Welsh Government).				
Mrs Abigail Harris is the Executive Director of Strategic Planning for Cardiff & Vale University Health Board. She is also an independent member of Social Care Wales .				
Fiona Kinghorn is Director of Public Health for Cardiff and Vale University Health Board. Her Husband is Director of Public Protection in Rhondda Cynon Taf County Borough Council .				
Susan Elsmore is an Independent Member of Cardiff and Vale University Health Board and cabinet member for Social Care Health & Wellbeing for the City of Cardiff Council .				
Lance Carver is an Associate Member of Cardiff and Vale University Health Board and the Director of Social Services in the Vale of Glamorgan Council .				
Hanuk Akmal is Chair of the Cardiff and Vale Health Charity Chantable Funds Committee and an Independent Member of Cardiff and Vale University Health Board. He is also a member of Glas Cymru Holdings (Welsh Water) and the Chair of Internship and Business Valleys Taskforce Welsh Government .				
Michael Imperato is an independent member of Cardiff & Vale University Health Board. He is also an equity partner in Watkins & Gunn Solicitors .				
Jonathan Gray became Director of Transformation and Informatics for Cardiff and Vale University Health Board from 2nd December 2019. He is also Clinical Director for the Life Sciences HUB (Welsh Government).				
Rhian Thomas became an independent member of Cardiff and Vale University Health Board from 1st February 2020. She is also a member of Glas Cymru Holdings (Welsh Water).				

30. Related Party Transactions (Continued)				
The material transactions involving the related parties were as follows unless shown in the table re NHS Bodies above:				
	Expenditure to related party £'000	Income from related party £'000	Amounts owed to related party £'000	Amounts due from related party £'000
Cardiff & Vale Health Charity	7	1,439		511
Cardiff University	5,853	7,926	1,579	3,095
City of Cardiff Council	49,025	37,553	17,838	9,792
Vale of Glamorgan Council	8,608	1,252	3,707	358
MIND	254			
Cardiff Mind Ltd	146		6	
Mind Cymru	11		11	
Watkins & Gunn Solicitors	65			
Swansea University	197	132	114	-7
RCT Borough Council	93	20		20
Social Care Wales		6		
Welsh Water	1,426	30	271	
Total £'000s	65,685	48,358	23,526	13,769
We bring to your attention that during 2019/20 two invoices to Cardiff Council were written-off to the value of £640.00. The Write-Offs were due to normal operational issues and were not influenced by related parties named above.				
The LHB has close links with Cardiff University which includes the sharing of staff as well as sharing accommodation at the University Hospital of Wales Site.				
The LHB is a member of the Welsh Risk Pool for Clinical Negligence and Personal Injury Claims. During 2019/20 The LHB has received settlements of £21.569m in respect of claims made. In addition as at March 31st the LHB had a debtor balance of £140.291m in respect of amounts due from the Welsh Risk Pool.				
The corporate body is a registered charity and as Corporate Trustees, the LHB Board were responsible for the management of charitable fund expenditure in the period connected with Cardiff and Vale University Health Board.				
The LHB has been made aware that the wife of John Antoniazzi (Independent Member - Estates) is Chief Executive of the National Assembly Wales.				
During the period, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.				

The LHB held £192,291 cash at bank and in hand at 31 March 2020 (31 March 2019, £202,070) which relates to monies held by the LHB on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the Accounts. None of this Cash was held in Patients' Investment Accounts in either 2019-20 or 2018-19. In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at March 2020 was £11,080,726 (£11,779,421 31st March 2019).

The Health Board has entered into a pooled budget arrangement with Cardiff and Vale of Glamorgan Local Authorities, as permissible under section 33 of the NHS (Wales) Act 2006 for the operation of a Joint Equipment Store (JES). The purpose of the JES is the provision and delivery of common equipment and consumables to patients who are resident in the localities of the partners to the pooled budget. The pooled budget arrangement became operational from 1st January 2012.

The pool is hosted by Cardiff Council, who are the lead body and act as principal for this scheme. The financial operation of the pool is governed by a pooled budget agreement between Cardiff Council, Vale of Glamorgan Council and the Health Board. Currently the Health Board will make payments to Cardiff Council on receipt of an invoice in line with the agreed contributions to the pooled budget as set out in the agreement.



Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Expenditure incurred will be subject to regular review by the partners to the agreement. Any expenditure incurred by Cardiff Council above the agreed contributions in respect of NHS equipment and consumables will be invoiced separately. As the funding for the UHB's contribution to the pooled budget has not yet been topsliced and is being provided via invoicing, then no adjustment in respect of the income and expenditure arising from the activities of the pooled budget is required in these accounts. In addition as the UHB's proportion of the assets and liabilities held by the pool are not material in relation to the UHB, they have therefore not been consolidated within these financial statements. The JES service had an agreed budget for the 2019-20 of £1.821m of which Cardiff & Vale UHB's contribution was £1.258m. In addition Cardiff and Vale made an agreed contribution of £0.041m towards the cost of two drivers/installers.

Overall the Pooled Budget was overspent by £0.194m in the year. The Health element of the overspend was £0.035m and Cardiff & Vale has accounted for this in its annual accounts for the year ended 31/3/20. During the year the UHB received £11.803m of revenue income and a capital allocation of £3.630m from the Welsh Government integrated care fund. The Regional Partnership Board (RPB) leads on the planning and use of the funding to ensure delivery and to maximise outcomes for the use of this resource. The delivery mechanism provides assurance that the objectives for the use of this fund are met as outlined in the Welsh Government guidance. The planning and delivery of the programmes has the involvement of the social services, housing and third independent sector. The RPB has established a programme Board to monitor measurable performance outcomes and financial returns. A results based

accountability (outcome) methodology is used for this purpose. The expenditure for the year was £11.803m and the capital expenditure was £3.630m, which is in line with funding allocated.

In addition, the UHB received £3.035m of revenue income from the Welsh Government's Transformation fund. The planning and delivery of the programme is led by the Regional Partnership Board and has the involvement of local authorities and third sector as set out in the submission to Welsh Government. The expenditure for the year was in line with the funding allocated.

Also during 2019-20 Welsh Government passed funding for Integrated Family Support Services directly to Cardiff Council. From this allocation, £79,444 was passed to Cardiff & Vale UHB. This allocation has funded 2 Band 7 integrated Support workers with a Nursing background, one for the period 25/05/19 to 31/03/20 and one for the period 17/06/19 to 31/03/20, as part of the local delivery mechanism to support families. The team is operationally managed by the Local Authority with the UHB providing professional supervision.

Part 9 of the Social Services and Well-being (SSWWA) (Wales) Act 2014 requires Local Authorities and the Health Board for each region to establish and maintain pooled funds in relation to the exercise of care home accommodation functions. A pooled budget arrangement has been agreed between Cardiff and Vale Local Authorities and Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2018 for a period of 12 months renewable on an ongoing

basis. Cardiff Council is acting as host authority during this period. Whilst there is one pooled budget in place, the processes for commissioning and payment for services has remained with the three organisations, with each partner continuing to be responsible for their own budget and expenditure. The accountability for the functions of the statutory bodies remains with each individual organisation, in accordance with the Part 9 Guidance under SSWWA 2014. The transactions into the pool for 2019/20 were £29,064,199.

The LHB did operate as a home to one hosted body during the period, The Wales External Quality Assessment Service (WEQAS). During 2019/20 these accounts contain income of £3.721m and expenditure of £2.856m in respect of WEQAS. The UHB does not consider the amounts involved to be sufficiently material to be reported as a separate segment.

33. Operating Segments

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

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

- (1) Aggregation still allows users to evaluate the business and its operating environment.
- (2) Divisions have similar economic characteristics.
- (3) The Divisions are similar re all of the following:
 - (1) The nature of the services provided.
 - (2) The Divisions operate fundamentally similar processes.
 - (3) The end customers to the processes (the patients) fall into broadly similar categories.
 - (4) They share a common regulatory environment.



34. Other Information			
34.1. 6.3% Staff Employer Pension Contributions - Notional Element			
The value of notional transactions is based on estimated costs for the twelve month period 1 April 2019 to 31 March 2020. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2019 and February 2020 alongside Health Board/Trust/SHA data for March 2020. Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows			
Statement of Comprehensive Net Expenditure for the year ended 31 March 2020			£'000
Expenditure on Primary Healthcare Services	2019-20		577
Expenditure on Hospital and Community Health Services	2019-20		26,501
Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020			
Net operating cost for the year	Balance at 31 March 2020		27,078
Notional Welsh Government Funding	Balance at 31 March 2020		27,078
Statement of Cash Flows for year ended 31 March 2020			
Net operating cost for the financial year	2019-20		27,078
Other cash flow adjustments	2019-20		(27,078)
2.1 Revenue Resource Performance			
Revenue Resource Allocation	2019-20		27,078
3. Analysis of gross operating costs			
3.1 Expenditure on Primary Healthcare Services			
General Medical Services	2019-20		-
3.3 Expenditure on Hospital and Community Health Services			
Directors' costs	2019-20		52
Staff costs	2019-20		27,026
9.1 Employee costs			
Permanent Staff			
Employer contributions to NHS Pension Scheme	2019-20		27,078
Charged to capital	2019-20		-
Charged to revenue	2019-20		27,078
18. Trade and other payables			
Current			
Pensions: staff	Balance at 31 March 2020		-
28. Other cash flow adjustments			
Other movements	2019-20		27,078

34. Other Information

34.2) IFRS 15

Work was undertaken by the TAG IFRS sub group, consistent with the 'portfolio' approach allowed by the standard. Each income line in the notes from a previous year's annual accounts (either 2016/17 or 2017/18) was considered to determine how it would be affected by the implementation of IFRS 15. It was determined that the following types of consideration received from customers for goods and services (hereon referred to as income) fell outside the scope of the standard, as the body providing the income does not contract with the body to receive any direct goods or services in return for the income flow.

- Charitable Income and other contributions to Expenditure.
- Receipt of Donated Assets.
- WG Funding without direct performance obligation (e.g. SIFT/SIFT®/Junior Doctors & PDGME Funding).

Income that fell wholly or partially within the scope of the standard included:

- Welsh LHB & WHSCC LTA Income;
- Non Welsh Commissioner Income;
- NHS Trust Income;
- Foundation Trust Income;
- Other WG Income;
- Local Authority Income;
- ICR Income ;
- Training & Education income ;

- Accommodation & Catering income

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTAs). The adjustment being, for episodes of patient care which had started but not concluded (FCEs), as at period end, e.g. 31 March.

When calculating the income generated from these episodes, it was determined that it was appropriate to use length of stay as the best proxy for the attributable Work In Progress (WIP) value. In theory, as soon as an episode is opened, income is due. Under the terms and conditions of the contract this will only ever be realised on episode closure so the average length of stay would be the accepted normal proxy for the work in progress value.

For Cardiff & Vale University Health Board, the following methodology was applied to assess the value of the unaccounted WIP re Welsh In-patients:

1. For 2016/17, income for inpatient activity recorded on an FCE basis was £83m (total income from LTAs, including WHSSC and Welsh Health Boards, was £246m).
2. This related to circa 19,000 FCEs, with an estimated average unit cost of £4,400.
3. Most contracts still work on 25% marginal rates, however there are some cost per case contract (e.g. Orthopaedics or Thoracic Surgery). Therefore to ensure a prudent assessment of exposure, a 35% marginal rate has been determined for this calculation.

4. As such, £1,500 per FCE is the derived estimate for a WIP calculation.
5. Using available Business Intelligence/ Costing Information, the total open episodes at year-end and the average length of stay (ALoS) were identified.
6. This provided assumptions of a 6 day ALoS (with 50% completed) and circa 300 FCEs attributable to contracts at year-end, which lead to an adjustment calculation to align revenue recognised to the requirements of the standard :
 $\text{£1,500} / 6 \text{ days} \times 3 \text{ days} \times 300 \text{ FCEs} = 225\text{K}$
7. Because the number of non welsh inpatients which were undischarged at 31/3/17 was much smaller this was looked at on a case by case basis and in doing so it was established that the WIP in relation to these patients equated to 23 patient days and a cost of £20k.

A summary of the Impact Assessment carried out by Cardiff & Vale University Health Board is shown below:

Total Income Recorded in 2016/17 Annual Accounts £366.303m
 Total Income looked at during the IFRS 15 Impact Assessment £303.229m
 Total Income Looked at Considered to be outside the Scope of IFRS 15 £42.794m
 Total Income Looked at Considered to be inside the Scope of IFRS 15 £260.435m
 Total Income Looked at Considered to be inside the Scope of IFRS 15 and potentially requiring adjustment for incomplete service provision episodes £252.186m

Total Estimated Adjustment Required Under IFRS 15 £0.245m

The UHB has applied the same methodology to its activity data for 2018/19, this has produced a very similar result (an estimated adjustment of £0.226m). Hence due to the immaterial nature and in line with the agreed NHS Wales position, no such adjustment has been made to these accounts.

34.3) IFRS 16 Disclosure

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

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

34.4) Cardiff Medicentre

On its formation on 1st October 2009 the UHB inherited an interest in a joint venture which had been entered into by one of its predecessor organisations (South Glamorgan Health Authority) in 1992.

Our original partners in this venture are Cardiff Council, Cardiff University and the Welsh Government. The purpose of the venture was to provide dedicated business incubation facilities for start-up and spin-out companies operating in the medical healthcare and life sciences. On 1st

April 2016 Welsh Government and Cardiff Council withdrew from the joint venture and sold their shares in it to Cardiff University.

The UHB does not make any direct financial contribution into the venture and ordinarily does not ordinarily directly benefit financially from its operations. Given the immaterial amount involved, no adjustment has been made to these accounts to reflect the UHB's share of the joint venture. For illustrative purposes, had the UHB fully applied IFRS 11 "Joint Arrangements", then based on the last available published accounts of the Medicentre and applying the UHB's 11% share would mean that the UHB would show an investment in a joint venture (as defined by IAS 28 Investments in Associates and Joint Ventures) of £0.413m.

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net

expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed: Chris Hurst

Dated:

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