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Public Health Wales NHS Trust

Accountability Report and Financial Statements 2019/20

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Annex 1 –Public Health Wales Directors’ Report 2019/20

In accordance with the Financial Reporting Manual (FRM), the Directors’ Report must include the following, unless disclosed elsewhere in the Annual Report and Accounts (ARA) in which case a cross-reference is provided:

| Requirement | Cross-Reference |
|---|--|
| <p>1. The names of the Chair and Chief Executive, and the names of any individuals who were directors of the entity at any point in the financial year and up to the date the ARA was approved.</p> | <p>See Annex 1 in the Annual Governance Statement.</p> |
| <p>2. The composition of the management board (including advisory and non-Executive members) having authority or responsibility for directing or controlling the major activities of the entity during the year.</p> | <p>See Annex 1 in the Annual Governance Statement.</p> |
| <p>3. The names of the directors forming an audit committee or committees.</p> | <p>See Annex 1 in the Annual Governance Statement.</p> |
| <p>4. Details of company directorships and other significant interests held by members of the management board, which may conflict with their management responsibilities. Where a Register of Interests is available online, a web link may be provided instead of a detailed disclosure in the annual report.</p> | <p>See the Register of Interests 2019/20.</p> |
| <p>5. Information on personal data related incidents where these have been formally reported to the information commissioner’s office. Reporting of personal data related incidents including “serious untoward incidents” involving data loss or confidentiality breaches and details of how the risks to information are managed and controlled.</p> | <p>See Data Breaches section (page 64) of this the Annual Governance Statement.</p> |
| <p>6. Information on environmental, social and community issues.</p> | <p>See the Annual Sustainability Report 2019/20 for information on environmental issues.</p> <p>See the Annual Report and Wellbeing of Future Generations report for</p> |

| Requirement | Cross-Reference |
|--|--|
| | information on Social and Community issues |
| <p>7. As a public sector information holder, Public Health Wales has complied with the cost allocation and charging requirements set out in HM Treasury guidance.</p> | |

Annex 2 - Statement of Chief Executive's Responsibilities as Accountable Officer

The Welsh ministers have directed that the Chief Executive should be the accountable officer to the Trust.

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.

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

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

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

Signed:

Chief Executive

Dr Tracey Cooper

Date: 25 June 2020

Annex 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 Trust 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: Jan Williams OBE | Date: 25 June 2020 |
| Chief Executive: Dr Tracey Cooper | Date: 25 June 2020 |
| Director of Finance: Huw George | Date: 25 June 2020 |



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Annual Governance Statement 2019/20

Purpose and Summary of Document:

Public Health Wales is required to provide an Annual Governance Statement as part of the Accountability Report, which is part of the Annual Report and Accounts 2019/20. The information provided in this Statement has been compiled using assurance information and documentation collated throughout the financial year. The Welsh Government issued guidance in the Manual for Accounts. The Financial Reporting Manual (FRoM), issued by Her Majesty's Treasury, has also been used to help shape the final Statement.

The Audit and Corporate Governance Committee considered the draft for submission at its meeting on 18 May 2020.

This final version was presented to the Committee on 23 June 2020 for recommendation to the Board for approval on 25 June 2020. The Board approved this Statement for submission to Welsh Government at a Board meeting on 25 June 2020.

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1. Scope of Responsibility

As the national Public Health Institute in Wales, our vision is '*Working to achieve a healthier future for Wales*'. This annual governance statement reflects the second full year of implementation of our new Long Term Strategy that was approved in 2017/2018.

The Board is accountable for setting the strategic direction, setting the culture and tone for the organisation, ensuring that effective governance and risk management arrangements are in place, and monitoring performance in the effective delivery of our strategic plan. As Chief Executive of Public Health Wales, I have responsibility for ensuring that we have effective and robust governance arrangements in place as well as a sound system of internal control that supports the achievement of the organisation's purpose and strategic priorities, whilst safeguarding the public funds and the organisation's assets. These are carried out in accordance with my Accountable Officer responsibilities allocated by the Director General for Health and Social Services in the Welsh Government.

At the time of finalising this Annual Governance Statement, Public Health Wales 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 the coronavirus pandemic (COVID-19) – a public health emergency of international concern.

The required response to the pandemic has resulted in the organisation needing to scale up core health protection and diagnostic functions to a level that has never been undertaken before. Consequently, the latter months of the financial year has seen the re-purposing of the organisation's priorities to focusing singularly on the coordination, advice, support and response to COVID-19. In addition to the functions that we discharge, our staff have also been affected by the social measures in relation to the 'lockdown' period from the end of March and a key focus has been on supporting our people to work within such an environment.

This has meant that our people across the organisation have been skilled in new activities and have had to work very differently both internally and with our partners and stakeholders. It has therefore been necessary to revise aspects of how we discharge our governance and operational framework. 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, we are 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 we are recording how the effects of COVID-19 have influenced any changes to normal decision-making processes, for example using a register to record any deviations from normal operating procedures.

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

I have personal overall responsibility for the management and staffing of the organisation. I am required to assure myself, and therefore the Board, that the organisation's Executive management arrangements are fit for purpose and enable effective leadership. The following statement demonstrates the mechanisms and methods used to enable me to gain that assurance.

2. Governance Framework

We have continued to evolve and mature our governance arrangements across the organisation. Following the approval of the [Strategic Plan](#) for 2019, our focus has shifted towards achieving the outcomes within the strategic priorities, and delivering our Long Term Strategy.

The Board functions as a corporate decision-making body, with Executive Directors and Non-Executive Directors being full and equal members and sharing corporate responsibility for all the decisions of the Board. Other Directors within the Executive team are also in attendance at Board meetings.

In particular, the Board has responsibility for setting the strategic direction, governance framework, organisational tone and culture, steering the risk appetite, overseeing strategic risks, developing strong relationships with key stakeholders and partners, and the successful delivery of Public Health Wales' aims and objectives. In addition, Executive Directors have Board-level responsibility for effectively discharging our functions. The Board is supported by the Board Secretary and Head of the Board Business Unit.

This strategic plan is the second three-year plan to deliver our new Long Term Strategy, which spans from 2018 to 2030. Building on a successful first year, it details the actions we will take over the next three years to continue our work towards the delivery of our new Long Term Strategy and how we intend to achieve our purpose of '*Working to achieve a healthier future for Wales*'. It demonstrates how we will focus our efforts, through the delivery of our seven strategic priorities, on making the maximum difference to the health and well-being of our present and future generations.

This year, we have established the Strategic Priority Groups to take forward the work streams within each priority area, and have ensured the appropriate governance arrangements and enabling functions underpin the decision making process.

The Board has focused on a number of areas to drive forward improvements during the year, these include:

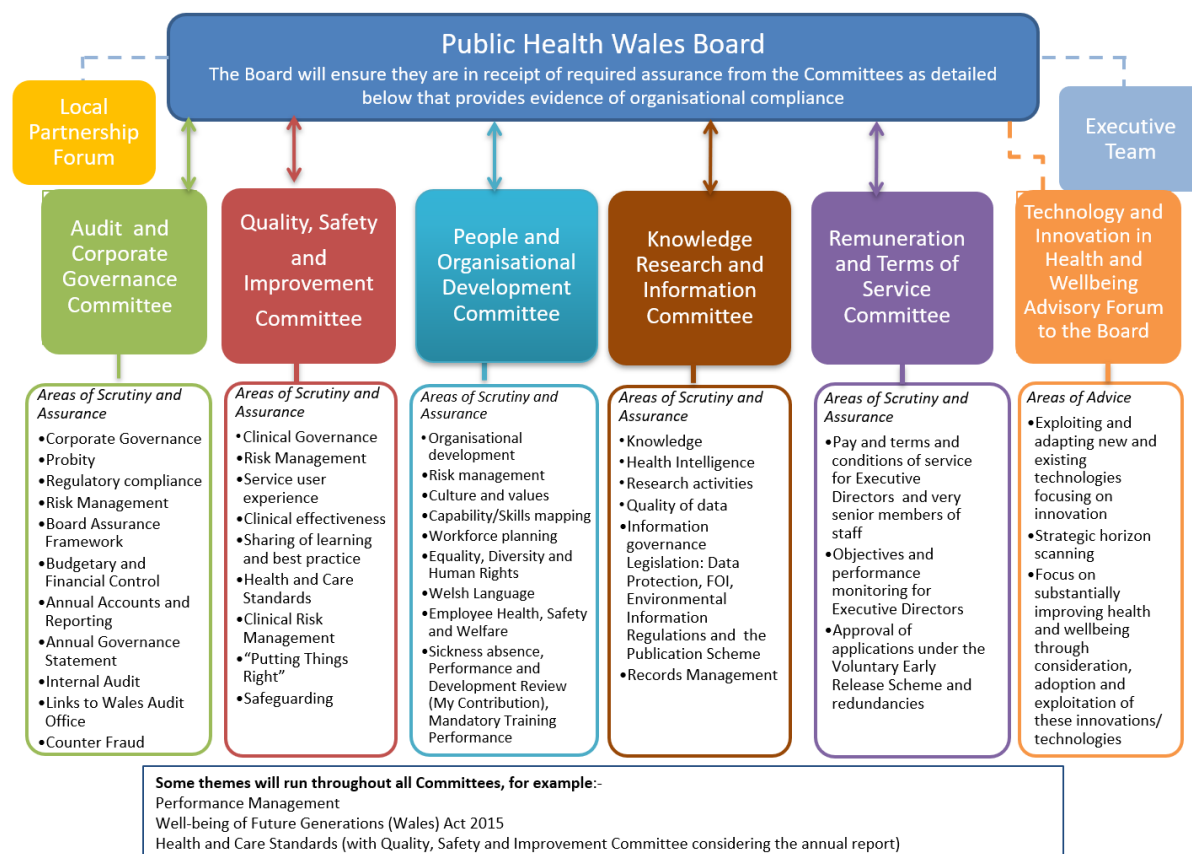
- Ensuring strategic oversight of the 'bigger picture' issues and horizon scanning; this has included a number of key partners attending Board meetings
- Tracking delivering against strategic milestones
- Enhancing the Board Committee roles
- Realigning internal resource allocation.

The Board has continued its programme of development and learning, reflecting constantly on its effectiveness, both as a full Board and working

through its Committees. Committee Chairs and lead Executives have undertaken some joint development to develop further committee-level effectiveness.

The current Board and Committee structure was approved in August 2018, and was operational from 1 April 2019. Since this structure was revised, the focus this year has been on embedding the roles of the Committees and developing a more systematic approach to assurance. During the year a number of improvements have been made to further strengthen the corporate infrastructure, while providing a stronger focus on quality, risk management and governance (see corresponding sections later in this report).

Figure 1: Board and Committee structure approved by Board in July 2018 and operational from 1 April 2019.



The Board has sought to increase its visibility and promote even greater transparency during the year. Up until February 2020, we live streamed all public Board meetings via social media with a question and answer session where questions were submitted for the Board to answer. This was paused as a result of COVID-19 and the move to remote working and social restrictions. We will continue to develop and promote this during 2020/21. (Section 2.2.11 of this report provides further information on the impact of COVID-19 on these arrangements).

2.1 Impact of COVID-19

Novel Coronavirus, COVID-19 was declared a pandemic by the World Health Organisation on the 13 March 2020. Public Health Wales has been actively managing Novel Coronavirus as an incident since late January with the Gold Command structure meeting for the first time on the 25 February 2020.

On the 28 February 2020, the Board approved the rapid mobilisation of staff across the organisation in support of the COVID-19 response. With the exception of maintaining microbiology and health protection services, screening services, communications and infrastructure, responding to COVID-19 became the sole priority for the organisation until further notice

Mobilising the organisation to both fulfil the leadership and support requirements of Public Health Wales' roles and responsibilities, as well as supporting the wider health and social care system, has been, and continues to be, a significant undertaking. The form and focus for the entire organisation changed significantly with the vast majority of staff being diverted into the delivery of COVID-19 essential activities.

In support of the wider health and social care system, significant effort and resources have been committed to ensuring the required services and expertise have been provided during each phase of the pandemic. This has included services that Public Health Wales is directly responsible for as well as providing leadership and support to the wider health and social care system. As the national public health institute, we also have a significant role to provide expert public health advice to Welsh Ministers and to the Welsh Government. Being actively involved in daily four nations engagement with the other public health agencies in the United Kingdom has been a routine activity for the response to COVID-19. In addition, connecting with other National Public Health Institutes worldwide in order to apply learning and sharing within Wales has been a key activity for us.

On the 17 March 2020, the National Assembly for Wales approved *The Health Protection (Coronavirus) (Wales) Regulations 2020*. The Act provided additional powers to enforce the compliance of those who were instructed to isolate (in the context of reducing the spread of an infectious disease). The regulations also required Public Health Wales to comply with social distancing measures in the workplace, the requirements of which we continue to comply with.

2.2 Governance Structure

Because of the pandemic, changes have been made to both the executive and Board governance structures. These changes are summarised below.

2.2.1 Board Governance

We 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.

Because of the public health risk linked to the pandemic, the UK Government and the Welsh Government stopped public gatherings of more than two people. It was therefore not possible to comply with the Public Bodies (Admissions to meeting) Act 1960 to allow the public to attend meetings of our Board and Committees from mid-March 2020.

Variations to the Standing Orders

On the 26 March 2020, the Board approved a number of variations to the Standing Orders in light of COVID-19 and its implications to fulfil the Standing Orders. The Board paper, with full details of the approved variations, is available on the Public Health Wales [website](#). In summary, the approved changes were:

- a change to the programme of Board Committees with People and Organisational Development Committee and Knowledge, Research and Information Committee both suspended for the foreseeable future
- the redirection of Information Governance matters to the Audit and Corporate Governance Committee and Health and Safety matters to the Quality, Safety and Improvement Committee
- a change of approval process for People and HR related policies
- suspension of the Boards annual plan for the foreseeable future
- the Annual General Meeting was unlikely to be run by the end of July 2020
- Board papers were unlikely to be available in their entirety seven days in advance of meetings
- Board meetings could not be conducted in public.

On the basis the Board was unlikely to meet in person for the foreseeable future, it was agreed it would meet through electronic/telephony means. As a result, members of the public would be unable to attend or observe and Board meetings were not live streamed from March onwards.

To facilitate as much transparency and openness as possible at this extraordinary time, we have undertaken to:

- publish agendas as far in advance as possible – ideally seven days
- publish reports as far in advance as possible – recognising that some may be tabled and therefore published after the event. We will also increase our use of verbal reporting which will be captured in the meeting minutes
- publish a draft set of minutes from the meeting for public view as soon as possible
- for all of the above, we will publish a clear link to our website pages and social media accounts signposting to further information.

To ensure Board business is conducted in as open and transparent a manner as possible, the Board put a number of measures in place. (*Further information on the impact of COVID-19 on the governance arrangements is provided in section [2.2.11](#) of this report*).

It is planned that from June, livestreaming of Board meetings will resume to allow the public to access Board meetings, providing appropriate IT solutions can be put in place to support livestreaming by this time.

2.2.2 Executive Governance

The Business Executive Team met monthly for the majority of the year in order to lead, oversee and manage the performance and corporate business of the organisation. For the 11 months up to and including February, the Business Executive Team met as scheduled.

The response to COVID-19 has required coordination and resources in addition to those provided by normal operational capacity. On the 25 February, the Gold command structure was stood up and the organisation mobilised to respond to COVID-19 as its single priority. The Gold Group is responsible for managing the incident that is COVID-19. The Business Executive Team stopped meeting on the basis that the whole organisational resource was diverted to the management of the incident. As such, Gold became the function by which the incident was led with the Chief Executive and three Strategic Directors leading the incident (all of whom are Executive Board members and supported by three Incident Directors), and additional Executive Team members attending for the purpose of leading designated programmes of work. Additional Executive weekly huddle meetings have continued.

A summary of the structure is shown below:



Members of the Executive Team are actively involved in the Incident management arrangements with the terms of reference for the Gold group being amended to reflect Gold as the vehicle for relevant corporate decision making.

From June 2020, the Business Executive Team will be reconvened as the incident moves into the next phase and will support Gold from a strategic focus. Gold will retain oversight of the incident and will report to the Business Executive Team.

2.3 Improvements to the Governance Framework

During the year, work has been ongoing to further strengthen the governance framework for the organisation and test its robustness. This included the following main areas:

2.3.1 Review of the Standing Orders

On 13 September 2019, Welsh Government issued revised Model Standing Orders, which we were asked to incorporate and adopt by 30 November 2019. We have adopted the model Standing Orders and Reservation and Delegation of Powers for the regulation of proceedings and business.¹ They are based on Model Standing Orders designed for NHS Wales and the expectation is that the organisation will adhere to these unless there is a genuine need to deviate. Welsh Government has issued a summary of the changes made and instructions on sections which may be for local resolution and those which are subject to Ministerial Direction or are a legislative requirement.

The Standing Orders are designed to translate the statutory requirements set out in the *Public Health Wales NHS Trust (Membership and Procedures) Regulations 2009* (as amended) into day-to-day operating practice. Together with the adoption of a scheme of decisions reserved for the Board, a scheme of delegations to officers and others, and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the organisation. These documents, together with the range of corporate policies set by the Board, contribute to the Governance Framework.

These are available on the website:

[\(https://phw.nhs.wales/about-us/policies-and-procedures/policies-and-procedures-documents/corporate-governance-communications-and-finance-policies/\)](https://phw.nhs.wales/about-us/policies-and-procedures/policies-and-procedures-documents/corporate-governance-communications-and-finance-policies/)

2.3.2 Scheme of Delegation

To support the Board to fulfil its full range of strategic responsibilities and have time and space to focus on future matters, the scheme of delegation was reviewed, and the Board decided to develop a scheme of escalation (and de-escalation) to enhance the assurance of the appropriate decision making processes in place to best achieve its corporate level outcomes. The

¹ *Public Health Wales has fully adopted the model Standing Orders, with one amendment to Section 6.4.3: changing the circulation of agenda and supporting papers to Board/Committee members from 10 to 7 calendar days before a meeting.*

scheme of delegation supports the Board to have confidence and take assurance that the business of the organisation is effectively delegated to its Committees and/or advisory groups, Chief Executive and Executive Team or to other relevant parties.

The Board agreed that its vision for this framework was:

'Our way of working will ensure that the right decisions are taken at the right time by the right people for the right reasons'.

Further development work will continue into 2020/21 on the Scheme of Delegation and will take into account any changes made to the Model Scheme of Delegation currently under review by Welsh Government.

2.1.3 Development of the Strategic Risk Register and the wider Board Assurance Framework

The Strategic Risk Register (SRR) provides the Executive team, Board and Board Committees with clearly identified and analysed risks and then assurances on the management of those risks.

The SRR is underpinned by the seven strategic priorities outlined within the Strategic Plan (Integrated Medium Term Plan (IMTP)), and supported by robust risk management processes. The Board is responsible for setting the strategic risk appetite and ensuring an appropriate risk management strategy is in place. The SRR plays a key role in providing assurance to the Board and supporting the oversight of strategic risks.

The SRR aligns strategic risks, key controls, the risk appetite and assurance on controls alongside each priority. Gaps are identified where key controls are insufficient to mitigate the risk of non-delivery of objectives. This enables the Board to scrutinise and monitor action plans intended to close the gap.

During 2019/20, the Strategic Risk Register (SRR) has been revised and developed to provide a stronger and more robust level of assurance to the Board, the Board Committees and Executive Team.

This development provides the Board with a greater understanding of the quality of assurance within each risk area and helps to better assess the quality and reliability of controls. The new approach will drive our agendas more overtly and provide a clearer view of what the Committees, Board and other forums should be focussing on in terms of gaining assurances and overseeing strategic risk.

2.3.4 Review of the Board Committee Terms of Reference

The Committee terms of reference have been reviewed this year and minor changes agreed by the Board in November 2019. The Terms of Reference of the Knowledge, Research and information Committee were reviewed in September 2019. Papers relating to these changes are available on our [website](#).

2.3.5 Performance and Effectiveness Cycle

The Board is developing a model to pull together all elements of the review of performance and effectiveness into an annual cycle. The following elements of the cycle have been in place this year:

a) External and Internal Assurances to the Board

During the year we have undertaken or engaged in a number of assessments that provide internal and external sources of assurances to support the Board in undertaking its annual effectiveness assessment, the main reviews that relate to the Board are outlined below.

- Audit Wales has completed the **Structured Assessment Review in 2019/20**, focusing on corporate arrangements, including the governance arrangements, for ensuring that resources are used efficiently, effectively and economically. The overall conclusion of this assessment was that the Trust is generally well led and well governed and the Board continues to operate effectively, and seek opportunities to improve.
- Internal Audit has undertaken a review on '**Board and Committee Functions**' as part of its 2019/20 work plan. The overall objective of the review was to evaluate and determine the adequacy of the systems and controls in place in relation to two of our Committees. This review was presented to the Audit and Corporate Governance Committee in May 2020, and has a 'substantial' audit rating.
- We have completed the **Welsh Government "All Wales Self-Assessment of Current Quality Governance Arrangements"** at the request of the Minister for Health and Social Services. *(Further information is provided in section [2.2.4](#) of this report)*
- We have completed an assessment against the Corporate Governance in Central Government Departments: **Code of Good Practice 2017**. We used the "Comply" or "Explain" approach in relation to the Code of Good Practice. This was presented to the Audit and Corporate Governance Committee in March 2020 who took **assurance** of our

compliance with the Corporate Governance in Central Government Departments – Code of Practice 2017. *(Further information is provided in section [9.10](#) of this report)*

b) Board Committee Effectiveness

There is a programme in place to ensure Board Committees review the following activity for each Committee:

- Terms of Reference and Operating Arrangements
- Committee Effectiveness Questionnaire
- Annual Committees Report on Activity to the Board
- Committee review of effectiveness to include a review of the Committee Effectiveness Workshops and questionnaire; *(further information below)*
- Feedback session at the end of every meetings.

Between January and August 2019, an online questionnaire was completed by members of the Audit and Corporate Governance, the People and Organisational Development and the Quality, Safety and Improvement Committees. The questions were based primarily on the Audit Committee Handbook (2012) suggested self-assessment questions and were adapted for each Committee. The results of the respective questionnaires were fed into three Committee workshops that were held between May and August 2019. The format for each was the same and included:

- the context the committee operates in
- a review of our work
- vision and future direction
- the associated action plan
- next steps and conclusions.

In July 2018, the Board agreed a new Committee structure and revised terms of reference for each Committee. Because of this, the Knowledge, Research and Information Committee was established, with the first meeting taking place in April 2019. As a new Committee, we decided not to ask the Knowledge, Research and Information Committee to undergo a self-assessment or review of effectiveness, although this is scheduled for next year. However, any relevant findings from this internal review are being applied to the new Committee where appropriate.

The discussions from each workshop were developed into an action plan to capture the common themes across Committees as well as specific Committee actions (with the exception of the Remuneration and Terms of Service Committee).

Common themes arising from the discussion included:

- ensure the agenda is clearly linked to the Strategic Risk Register and Corporate Risk Register.
- improve the active engagement from all attendees to the Committees. further promote our culture of openness and transparency.
- ensure consistency in membership and attendance.
- review the performance scrutiny role of Committees.
- create more time for ongoing review and reflection.
- clarify roles and responsibilities for all those attending Committee meetings.
- clarify delegation and escalation arrangements particularly in areas of overlap with other Committees.

c) High Performing Board Criteria

At the February 2020 Board Development session, Board members considered the development of a High Performing Board model.

Future developments of the High Performing Board model will include the Board undertaking a self-assessment of its own performance, an externally facilitated development session to review the outcome of the self-assessment exercise and the development of an annual Board development programme to meet the needs of an ever-evolving landscape. Due to the ongoing work relating to the COVID-19 response, this work will be concluded later in 2020/21.

d) Chair's Appraisal with the Minister

The Chair of the Board undertakes an Annual appraisal with the Minister, including setting objectives at the beginning of the year, mid-year review of performance against these objectives, and a year-end appraisal on the year's performance.

e) Public Health Wales Chair's review led by the Vice Chair

Between April and June 2019, an internal review was undertaken of the Chair's performance by the Vice Chair. This process was established in 2019 and will be repeated annually. It provides an opportunity for effective appraisal of the Chair at Board and Executive level and is in addition to the review held by the Minister for Health and Social Services.

f) Chief Executive Appraisal

The Chief Executive undertakes an Annual appraisal with the Chair of the Board, including setting objectives at the beginning of the year, mid-year

Review of performance against these objectives, and a year-end appraisal on the year's performance. The Chief Executive also has an end-of-year review with the Chair and the Director General for Health and Social Services and NHS Wales Chief Executive consistent with the Accountable Officer designation.

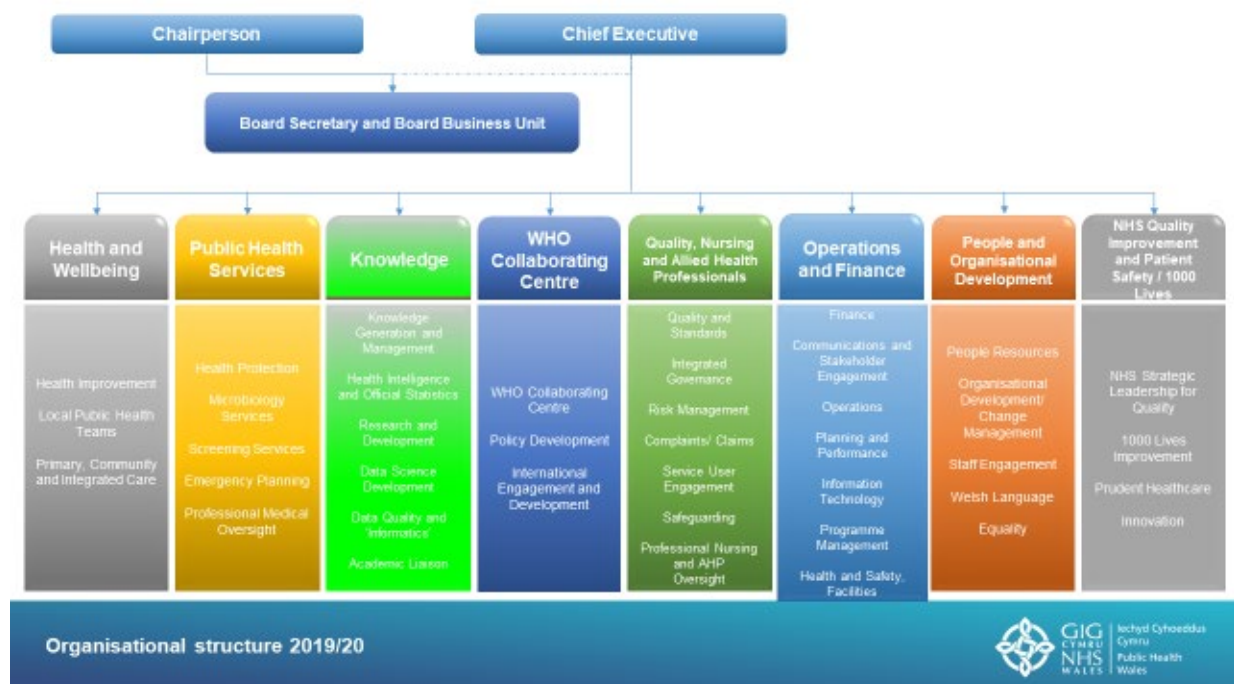
g) Non-Executive Director appraisal with the Board Chair and Executive team appraisals with the Chief Executive

The Chair of the Board undertakes a bi-annual review of the performance and personal development of Non-Executive Directors. The Chief Executive does the same with the Executive team. The process of appraisal for both groups includes objective setting, a mid-year review and an end of year review. The Chair also meets with each Executive Director to discuss their Board member role on an annual basis.

2.3.6 Executive Team and Directorate Structure

The Executive team comprises of the Chief Executive and Directors (some of whom are Executive Directors) and has responsibility for the leadership and operational management of the organisation. Figure 2 shows the Executive Team and Directorate Structure in operation during 2019/20.

Figure 2: Executive Team and Directorate Structure in operation from 1 April 2019



Financial performance, quality and risk management, workforce information and delivery against the organisation's strategic and operational plans are scrutinised at meetings of the Board, Board Committees, and Executive Team meetings and at various operational team meetings across the organisation.

The form of Executive Team meetings changed in March 2020 as a result of the COVID-19 pandemic, please see section 2.1 (Impact of COVID-19) for further details.

2.3.7 Board Development Sessions

The Board has considered its effectiveness and ongoing development throughout 2019/20. During the year, the Board undertook a number of development sessions, topics included the following.

a) Value, Impact and Measurement

The Board undertook a session that provided an overview of the work to focus the organisation on the delivery of improved outcomes for the people of Wales and discussed how the Board plays a pivotal role in overseeing delivery of the strategy.

b) Outcome Measures

At this session the Board received an update on the work to develop key outcomes, the approach adopted and progress made to date and considered the adoption of three 'system level ambitions' to progress against the long-term strategy.

The session provided an opportunity for the Board to consider a framework, which has shaped the approach of the work going forward.

c) Public Health Wales – a Learning Organisation

The Board undertook a session to reflect on the findings of the '*Review of quality governance arrangements at Cwm Taf Morgannwg University Health Board*' (November 2020) and what this means for us in continuing our journey as a learning and improvement organisation.

The Board reflected on the:

- high level themes from the recommendations arising from report and how they may apply to us
- types of assurance we currently have in place
- definition of a learning organisation and understanding how that can be applied in a public health context

- high performing organisation /Board.

The Board considered an overview of quality improvement methodology, some case studies and a proposal to move the work forward within Public Health Wales.

d) Managing for Quality

In this session, the Board discussed how approaches to managing for quality could support us in continuing our journey as a high performing organisation and in response to the emerging Quality and Engagement (Wales) Bill and Welsh Government Quality and Safety plan.

e) Mortality and Life Expectancy Trends

The session included a presentation identifying the declining position in relation to mortality and life expectancy trends in Wales; including the significant changes in trends in mortality and life expectancy in Wales and internationally since 2010/11, our knowledge base and gaps, and learning from other Countries.

The Board agreed that there was need for further work, underpinned by rapid, dynamic and accessible data and a clear set of research questions.

f) Population-Based Screening Programmes in Wales

The session included a presentation session on the 'Life course of a population based screening programme to reduce the burden of disease' followed by a specific session focussing on 'Improving uptake and reducing inequalities within Bowel Cancer screening'.

The Board considered how we could further reduce the inequality of uptake. There was strong support to take a risk-based approach to prioritising resources to reduce the inequality in the uptake of screening programmes. The Board strongly supported this, acknowledging the need for discussions with Welsh Government in relation to the impact on the current performance indicator and measurement system.

g) Behaviour Change

This session introduced the ongoing work to integrate behavioural science into the work of the organisation by:

- explaining the importance of behavioural science and behavioural intervention in public health practice
- sharing the development and implementation of our behavioural analysis approach within the 10 Steps to a Healthy Weight Programme.

h) Safeguarding and Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 (VAWDSV)

This session provided the Board with a refresh of their roles and responsibilities with regard to ensuring they are effectively discharging their Safeguarding and VAWDSV legislative duties.

2.4 Key issues considered by the Board

During the year, the Board has considered a number of key issues and taken action where appropriate, these are summarised below:

2.4.1 Deep Dives

The Board has undertaken a number of deep dives, aiming to provide a detailed look at specific areas of the organisation:

a) Recruitment

The Board received a deep dive into Recruitment, noting the vital links between recruitment and delivery of our Long Term Strategy, People Strategy and the Workforce Plan. The Board reflected on the work underway, which underpinned the Strategic Plan and People Strategy and sought assurance on the required recruitment in the first quarter for 2020-21 as a critical element to enable delivery of the operational plan.

The Board considered and discussed the need to develop in the following areas.

- a strategic approach at an international level, and the effect of the uncertainty around the UK's position on migration on European / international recruitment efforts
- the need to strengthen links to education establishments, noting the investment in the graduate scheme
- establish links to new markets for recruitment, as well as ensuring Public Health Wales retains those who train in Wales.

b) Strategic Priority 3 – Promoting Healthy Behaviours

The Board noted the complexity of the topic, and that delivery was dependent, in large part, on partnership working with others. The Public Health Wales system leadership role involved advocacy, including the provision of strong and meaningful evidence.

The Board reflected on what success looked like for Public Health Wales, referencing the potential for the system of measurement. The need for a

creative approach to recruitment, optimum working with academia and a proactive approach to data science and research was highlighted.

2.4.2 People Strategy 2020-2030

The Board contributed to the development of the People Strategy for the organisation at an early stage, discussions centred on projecting the 2030 outcomes against each of the draft strategic themes and the strategic actions needed to deliver against those outcomes. This was a substantial piece of work that was led by the Executive Team and the People and Organisational Development team, together with teams from across the organisation.

The Board approved the People Strategy on the 23 January 2020 following consideration by the People and Organisational Development Committee at its meeting on the 2 October 2019.

2.4.3 Strategic Plan Approval for 2020-23

The Board approved the revised and updated 2020-2023 Strategic Plan (Integrated Medium Term Plan) which outlined the key roles, risks and deliverables and provided greater accountability against organisational ambitions. The strategic plan supports the delivery of the Long Term Strategy 2018-2030 '*Working to achieve a healthier future for Wales*', and provides information on how our medium term plans will contribute to our long term goals.

2.4.4 Self-Assessment – Quality Governance Arrangements

Following publication of the Healthcare Inspectorate Wales and the Audit Wales report titled '*A review of quality governance arrangements at Cwm Taf Morgannwg University Health Board*' (November 2020), the Minister for Health and Social Services requested that all Health Boards and NHS Trusts in Wales assess themselves against the recommendations and provide plans for future review of arrangements and/or a necessary action to be undertaken.

The self-assessment was informed by a range of corporate information sources, including internal audit report findings and evidence from Audit Wales 2019 Structured Assessment findings, together with other sources of assurance that could support the assessment such as internal or external reviews. Professional judgement also formed part of the assessment process.

The Board considered the Self-assessment of Current Quality Governance Arrangements report, and reflected on their substantive contribution to the self-assessment report submitted to Welsh Government in January 2020.

The Board noted that the Audit and Corporate Governance Committee, and Quality, Safety and Improvement Committee would take forward ongoing monitoring arrangements.

2.4.5 Tuberculosis update and Escalation framework agreed

The Board received regular updates on the Tuberculosis Outbreak in Llwynhendy, which included the governance and assurance arrangements in place, the revised outbreak escalation framework, communication and the internal process of reflection and learning. At the request of the Chief Executive, a rapid internal review of the outbreak was conducted by the Executive Director of Public Health Services, supported by a Non-Executive Director. The Executive and Board subsequently chose to commission an external review of the outbreak and did so in agreement with the Hywel Dda University Health Board, who were responsible for the clinical aspects of the care pathway. The panel members for the review have been appointed and the review has been paused due to the COVID-19 pandemic and will be concluded as soon as is practically possible. The response to the outbreak has continued.

2.4.6 Strategic Equality Objectives

The Board considered the draft Strategic Equalities Objectives in July 2019 contributing prior to the objectives being published for public consultation.

Following consultation, the objectives were considered by the People and Organisation Development Committee in February 2020, and will be considered by the Board in due course.

2.4.7 Building a Healthier Wales

In meeting the challenges and opportunities facing our population in Wales, a proposal was developed in 2019, to galvanise action across public, private and voluntary sectors, based on evidence-based priorities to create a managed shift to prevention and transform health outcomes in Wales.

The proposal, referred to as *Building a Healthier Wales*, forms the prevention element of *A Healthier Wales - our plan for Health and Social Care*.

This was approved by the Minister for Health and Social Services during 2019 and a multi-agency Strategic Coordination Group was established to drive the actions required to implement the priorities within *Building a Healthier Wales*. These priorities span the breadth of greatest impact to transform health and well-being in Wales through a focus on prevention and early intervention. The priorities are:

1. tackling the wider determinants
2. ensuring the best start in life: optimising our early years
3. enabling healthy behaviours
4. minimising the impact of clinical risk factors and the burden of disease
5. enabling transformational change.

The Building a Healthier Wales work has been paused due to the system-wide response to COVID-19 and will be reconvened as soon as is practicable.

The Board received a number of updates throughout the year about Building a Healthier Wales recognising the organisation's role as a system leader in this work.

The Board also reflected on the engagement with Cymru Well Wales and the early success of securing investment for prevention and early years.

2.4.8 Partnership Working

The Board has undertaken a number of presentations and discussions relating to strategic partnerships including:

a) Sport Wales

The Chair and Chief Executive of Sport Wales joined the Board and discussed the alignment between Sport Wales and Public Health Wales strategies, reflecting the Future Generations agenda to improve the physical and mental wellbeing of the population. The discussion emphasised the importance of the partnership with Sport Wales (and Natural Resources Wales) and the role that the partnership plays in the delivery of significant aspects of our strategy.

b) Older People's Commissioner

The Older People's Commissioner joined the Board to discuss areas of joint interest with Public Health Wales, including the alignment of the aging well agenda with Public Health Wales' Strategic Priority influencing the wider determinants of health.

The emphasis of the discussion was on celebrating older people's contribution to society, the need for long-term infrastructure planning in both urban and rural areas, balancing the need to manage professionals and individual assessment of risk, gender inequalities in older age and measurements of happiness and satisfaction in older age.

c) South Wales Police

The Chief Constable of South Wales Police discussed with the Board the joint partnership and working agenda between the Police and Public Health Wales, highlighting the all Wales partnership working, the benefits being accrued from the Early Action Together programme and the opportunities presented by the Home Office sponsored work around violence prevention and reduction. The effectiveness of the partnership approach was highlighted, particularly around civil contingencies, local resilience and the preparations for leaving the European Union.

2.4.9 European Union Transition

Public Health Wales played a significant role in supporting the Welsh Government, and the wider system, in relation to the potential implications of the European Union Transition.

This included undertaking a Health Impact Assessment of the implications on health and well-being in Wales – the first of which was published in January 2019 and a subsequent updated version was published in September 2019. Similarly, direct support and resource was provided to the Welsh Government to enable the rapid contingency management arrangements across the NHS and social care. Internally, the organisation established business continuity arrangements in order to mitigate any direct impacts of leaving the European Union on the functions of the organisation.

The Board received an update on the European Union Transition at every meeting, and in the Board development sessions. The Board undertook several sessions to seek assurance in relation to Public Health Wales' and the wider health and social care systems preparedness. This included an overview to the Board on the key updates to the Brexit Health Impact Assessment, and considered the strategic and operational impacts of Brexit, particularly in a 'no-deal' scenario, on our plans and services. The Board used the strategic opportunities to inform discussions on how to implement the necessary transformation.

2.4.10 Help Me Quit

The Board received a presentation on the progressive social marketing approach used as part of *Help me Quit*, which explained how this could have wider application for the use of progressive social marketing in other areas of the organisation. The Board considered the constructive partnership working with S3 agency using marketing techniques for social good, the customer oriented approach which was adapted to suit customer needs and responded to trends; the transfer of skills across the two organisations and the alignment with the vision of the Future Generations Commissioner in respect of social marketing, digital technology and big data.

2.4.11 Young Ambassadors

The Board had regular updates with our Young Ambassadors who added great value to Board discussion as well as events such as our Annual General Meeting. Working in partnership, the Young Ambassadors programme was launched at the Annual General Meeting in July 2019. During the year, Young Ambassadors and the Board have agreed a programme of work for 2020/21 onwards, which will include regular attendance at Board meetings from our Young Ambassadors. The new scheme was agreed in February 2020 and will be put in place in 2020/21.

2.4.12 Novel Coronavirus (COVID-19)

The Board has been actively engaged with the developments of the Novel Coronavirus (COVID-19) since the reported outbreak in China in December 2019.

As well as understanding the global position and the changing landscape in Europe, the UK and Wales, the Board has received and scrutinised comprehensive briefings on the actions taken to date in relation to the outbreak.

Following the developments in January and February with a confirmed case in the UK and then Wales, the Board continued to receive comprehensive updates and spent considerable time discussing the strategic issues to support our response. At a Board meeting in February, the Board approved the mobilisation of the organisation to respond to COVID-19.

The Board continues to receive regular updates on the progressive situation with the response to COVID-19 and has itself, followed the national guidance taking measures to enable the Board and Committees to continue to operate remotely, with reduced agendas focusing on statutory and core assurance roles.

A number of changes were required to the Board's way of working which are summarised below:

- A Chair's Action was taken on behalf of the Board to approve that the Board meeting on the 26 March be run via electronic / telephony means and not be held in public
- At its meeting in March 2020, the Board approved a number of interim governance arrangements resulting in variations to the Standing Orders and other statutory requirements. The papers are available on the website [here](#). The Board also noted there would be an interruption to the delivery of some of our statutory functions.

2.4.13 Private Board Sessions

The Board held a Private Board session at the end of every public session in 2019/20 to consider business of a confidential nature. A large proportion of time in private session was spent considering aspects of significant issues such as Tuberculosis Outbreak in Llwynhendy and the Novel Coronavirus (COVID-19).

2.5 Board and Executive Team Membership

The Board is constituted to comply with the *Public Health Wales National Health Service Trust (Membership and Procedure) Regulations 2009 (as amended)*. 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 (see Annex 1). As previously indicated the Board is constituted with Non-Executive and Executive Directors.

In addition to the Executive Directors appointed in accordance with the *Regulations*, individuals have also been appointed to other Director positions. They, together, with Executive Directors, are members of the Executive Team. They have a standing invitation to Board meetings where they can contribute to discussions although do not have voting rights.

2.5.1 Departure and appointment of Non-Executive Directors

Since July 2018, there has been a full time Non-Executive Director (Generalist) vacancy. As an interim arrangement, Dyfed Edwards, who was fulfilling a 0.5 role, took on the full time role from 1 July 2018. Following a successful recruitment exercise, Dyfed was appointed to a substantive full time post from 3 December 2019. This appointment resulted in a job-share vacancy for the Local Authority role (which Dyfed had previously filled).

Shantini Paranjothy, Non-Executive Director (University) completed her term of office on the 31 March 2020.

Professor Stephen Palmer has continued as Non-Executive Director on an interim basis to cover the vacant position (Public Health). This interim arrangement will remain in place until a substantive post holder is appointed.

On 23 March 2020, the Welsh Government suspended all Ministerial Public Appointment campaigns with immediate effect. At the time of suspension, a recruitment process was in progress to recruit the three positions:

- University Role (Vacant as of 31 March 2020)
- Local Authority 0.5 role (Vacant as of 3 December 2019)
- Public Health Portfolio (Stephen Palmer continues to fill on an interim basis)

The recruitment for the University and Public Health portfolio posts are planned to recommence in July 2020, pending approval from the Minister responsible for Public Appointments. The Local Authority 0.5 post will recommence at a later stage; this will be kept under review as the public health response to COVID-19 develops.

2.5.2 Board Succession Planning

Succession planning has been actively considered during the year and following the review of Board skills, skills required for the future and appointment terms, the recruitment campaign as referred to above was launched.

We have a clear timetable of appointment terms and actively monitor this on an ongoing basis to ensure the Board has the appropriate skills and appointments in place as required to meet the needs of the strategic direction of the organisation as well as comply with our Standing Orders and Regulations.

2.5.3 Senior Staff Appointments and Departures

The current Executive Team structure has been in place since 1 April 2019. There have been the following changes in post holders during the year:

Executive Director of Health and Well-being

Jyoti Atri was appointed as Interim Executive Director of Health and Well-being from 25 February 2019 for a 6-month period pending recruitment of a permanent Executive Director for this position.

Following an unsuccessful recruitment campaign to the Director post, Jyoti Atri has continued to fulfil this role on an interim basis. The permanent Director role will be re-advertised at a later date taking into account the current pandemic.

Transitional Director of Knowledge

Sian Bolton was appointed Transition Director – Knowledge in April 2019.

Following an unsuccessful recruitment campaign to the Director post, Sian Bolton has continued to fulfil this role on an interim basis. The permanent Director role will be re-advertised at a later date taking into account the current pandemic.

Director of NHS Quality Improvement and Patient Safety/Director Improvement Cymru

As at 1 April 2019, John Boulton was the Interim Director for NHS Quality Improvement and Patient Safety/ Director 1000 Lives Improvement Service until 31 August 2019 on secondment from Aneurin Bevan University Health Board.

On 1 September 2019, John Boulton was appointed as the substantive Director for NHS Quality Improvement and Patient Safety/ Director Improvement Service / Improvement Cymru following a recruitment campaign.

2.5.4 Staff Representation at Board and Committee Meetings

Union representatives are invited to all Board, Board Development and relevant Committee meetings throughout the year. Union representatives are encouraged to play a full and active role in Board discussions, the Board recognises the important role of Unions in contributing to our organisation.

We have continued to engage with all Unions and representatives on the Staff Partnership Forum to encourage greater staff representation at Board and Board Committee meetings.

2.5.5 Board Diversity

The Board recognises the importance of ensuring a diverse range of backgrounds, skills and experiences to add value to the Board discussions and decisions.

For the 2019/20 period, the Board had a gender balance of 66% female, 34% male. 17% of members were from a Black and Ethnic Minority background, 0% declared a disability. One Board member is a fluent Welsh speaker and further two are advanced learners.

The Board is very committed to enhancing diversity and ensuring an appropriate range of skills and experiences to fulfil its role, more work will be undertaken in 2020/21 to consider how our diversity can be further enhanced.

2.6 Board Committees

During 2019/20 five standing Board Committees were in operation, chaired by Non-Executive Directors. The Committee have key roles in relation to the system of governance and assurance, decision-making, scrutiny, development discussions, assessment of current risks, and performance monitoring.

The Board established the Knowledge, Research and Information Committee during 2018/19, with its first meeting held in April 2019.

With the exception of the Remuneration and Terms of Service Committee, papers and minutes for each meeting are published on our [website](#). Private sessions of the Committees are held as required to receive and discuss sensitive or protected information.

The Committee Chairs report to the Board through a composite Chair's report, providing an overview of items considered by the Committee and highlighting any cross-committee issues / themes or items needing to be brought to the Board's attention.

Each committee produces an annual report, which provides a summary of business undertaken during the year. The Committee Annual Reports provide the Board with assurance that they are working effectively and contribute to the overall assessment of Board effectiveness. They also provide an additional opportunity to raise any areas that require the Board's attention.

We have not established a Charitable Funds Committee, as we do not have our own charity. We do have access to a fund administered by Velindre NHS

Trust and the Executive Director of Finance has delegated authority to manage this fund.





The following paragraphs provide highlights of reports received by Committees throughout the year. These highlights provide evidence of the governance framework working in practice.





2.6.1 Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee met five times during 2019/20 and was quorate on all five occasions. The Committee provides advice and assurance to the Board on the systems of internal control, governance and efficient and effective use of resources by overseeing and monitoring a programme of internal and external audit.

During the year, the Committee received and discussed a number of reports produced by Internal Audit. These are listed in Figure 3 below, together with the assurance rating provided.

Figure 3: Internal Audit Reports Assurance ratings 2019/20

| Report | Level of assurance provided | | | |
|--|---|--|--|--|
| | No assurance  | Limited assurance  | Reasonable assurance  | Substantial assurance  |
| Annual Quality Statement | | | | ✓ |
| Environmental Sustainability Report | | | | ✓ |
| Quality and Impact Framework | | | ✓ | |
| Declarations of Interest | | | ✓ | |
| Freedom of Information | | | | ✓ |
| Performance Management, Monitoring and Reporting | | | | ✓ |
| Welsh Risk Pool | | | | ✓ |
| Management of Contracts | | | ✓ | |

| Report | Level of assurance provided | | | |
|---------------------------------------|---|--|--|--|
| | No assurance  | Limited assurance  | Reasonable assurance  | Substantial assurance  |
| Management of Alerts | | ✓ | | |
| Management of Vacancies | | | ✓ | |
| Personal Development /My Contribution | | ✓ | | |
| Board and Committees | | | | ✓ |
| IT Review- Datastore | | | ✓ | |
| Risk Management | | | ✓ | |
| Core Financials | | | | ✓ |
| Long Term Planning | | | ✓ | |

In 2018/19, there were no limited assurance reports, as such there were no follow up reports in 2019/20.

During 2019/20, there were two limited assurance reports issued relating to the Management of Alerts and Personal Development/ My Contribution. Management Actions have been accepted for both reports with internal action plans being put in place. The actions will be followed up and reviewed in 2020/21 by both Internal Auditors and the Audit and Corporate Governance Committee.

All internal audit reports, including the two limited reports can be viewed on our website within the [Audit and Corporate Governance Committee section](#). Internal Audit Reports are contained within individual Committee meetings.

Internal audit work was planned but not started in in the following areas, due to the relevant staff being mobilised to support the response to COVID-19:

- Workforce Planning
- Directorate Review (Diabetic Eye Screening Wales)
- Incident Reporting.

NHS Wales Shared Services Partnership carried out a number of functions on behalf of Public Health Wales. Including the internal audit function,

procurement support, people and organisational development activities and legal advice.

The Audit and Corporate Governance Committee received reports from the internal audit function, which provide it with assurance that these functions are efficient and cost effective. We also have representation on the NHS Wales Shared Services Partnership Committee where any issues, which have been identified, are shared and fed back to the Committee. The Committee also receive reports relating to procurement services to assure the Committee that it was operating in line with the requirements of the Standing Financial Instructions.

Audit Wales (AW) provided the Committee with regular progress reports on external audits and monitored progress against recommendations:

Audit Wales Structured Assessment

The Committee considered the Structured Assessment report from Audit Wales (AW), noting the positive report with no recommendations for improvements made.

Financial Statements Memorandum

The Committee received the Financial Statements Memorandum from AW, noting that the organisation had an effective closedown process, which resulted in an unqualified opinion on the Financial Statements.

AW Annual Report 2019

The Committee received the AW Annual Report for 2019 summarising the audit work undertaken during 2019, and noted that it was a positive report.

AW Implementing of the Wellbeing of Future Generations Act

The Committee received the AW Implementing of the Wellbeing of Future Generations Act, noting it was a positive report that outlined the positive ways in which we have changed our ways of working.

The Committee also received the following **standing items**:

- From August 2019, the Committee agreed to receive a quarterly update on the **Financial Performance** of the Organisation, discussing and reviewing the achievement of efficiency savings
- **Procurement report** and **Losses and Special Payments** to assure the Committee that these was taken in line with the requirements of the Standing Financial Instructions (SFIs)
- **Counter Fraud Progress Report**
- The Committee received briefings on the **Impact of leaving the European Union** on the organisation, and the preparedness work to mitigate potential business continuity / and or emergency planning incidents that may occur. The Committee reviewed the priority areas

of work, and received assurance that individual risks would be managed via the organisation's risk register.

A report on the **Joint Working Framework** from the Board Business Unit provided assurance that effective progress was being made to ensure that all memoranda and agreements were being developed in line with this framework.

The Committee considered a paper providing assurance on the implementation of the **Declarations of Interest, Gifts, Hospitality and Sponsorship Policy and Procedure**.

The Committee considered a report providing assurance of the organisations compliance against the **Corporate Governance in Central Governance Departments: Code of Practice 2017**.

In addition to the Quarterly update on **Counter Fraud**, the Committee also received the following Counter Fraud Reports:

- Annual report 2018-20
- Counter Fraud Self Review Tool 2018-19
- Counter Fraud Work Plan 2019-20.

The Committee also approved the Reporting damage or loss to personal property **Policy and Procedure**.

The Committee received the **Strategic Risk Register** (SRR) at meetings and has oversight of those elements of the SRR falling under the remit of the Committee. It also received the SRR and **Corporate Risk Register** in its entirety in order to seek assurances that the risks are being effectively managed and that the controls that are in place are adequate and fit for purpose. The Committee discharged its role to scrutinise the Executive on the management of the risks, in particular to test the efficacy of the controls and to make recommendations to strengthen the control environment where necessary.

The last meeting of the year was held on 19 March 2020. Due to the ongoing issues for the organisation in responding to the COVID-19 outbreak, the meeting was held electronically.

2.6.2 Quality, Safety and Improvement Committee

The Quality, Safety and Improvement Committee met four times during 2019/20 and was quorate on all four occasions.

The Quality, Safety and Improvement Committee assists the Board in discharging its functions in meeting its responsibilities with regard to quality

and safety. The Committee is responsible for seeking assurances on all aspects of quality of services and clinical care, governance systems including risk for clinical, corporate and regulatory standards for quality and safety. Following the implementation of the new Committee Structure in April 2019, Information Governance and Information Security were no longer within the remit of this Committee, transferring to the newly established Knowledge, Research and Information Committee.

At each meeting, the Committee received a **service user experience story** from the perspective of service users or a member of staff. The stories included lessons learnt and action taken in response to the key messages from the story. This ensured the Committee brings scrutiny and emphasis on placing service users at the centre of improving, developing and planning services.

In November 2019, the Committee approved the **Quality and Clinical Audit Plan 2019/20**, following improvements identified by the Committee on its first consideration of the plan in August 2019, relating to increasing the representation of audits across the breadth of the organisation. Individual audits would be subject to 'deep dives' as required. This plan was also received by the Audit and Corporate Governance Committee for information.

The Committee undertook further scrutiny of the following areas during 2019/20:

- Update on the **Flu Campaign**, receiving assurance on the delivery of the 2018/19 campaign, noting the take up rates exceeded the Welsh Government target of 60%, and that there was a robust programme evaluation in place which would continue to improve on this success
- The **Annual Quality Statement** report, recommending it to the Board for approval
- The **Quality and Engagement (Wales) Bill** – contributing to the feedback that was submitted on behalf of the organisation to the Welsh Government
- **Microbiology Stabilisation** update – making recommendations to the Board that it consider the vision statement, model proposed and risks and benefits in more detail
- **Bi-Annual Review of Policies** – it is within the Committees remit to receive assurance on the prioritisation and progress being made to review policies, procedures and other written control documents
- **Audit of Lessons Learnt from Complaints** Report - noting that further progress was underway to ensure the effectiveness of the management of complaints which would be further considered by the Committee
- **Update on the Quality and Impact Framework** - focusing on the work underway to deliver improvements on the Quality and Impact framework, requesting further clarity on the complexity of the

relationships between the organisation's work streams on outcomes, transformation and quality, which was to be provided to the Board

- **Update on the arrangements for Medical Devices** - focusing the discussion on the work to strengthen arrangements for the management of medical devices as part of the improvement work on integrated governance arrangements more broadly
- **Draft Quality and Improvement Outline Plan** - consideration of the plans in place to develop the next Quality and Improvement Strategy
- The **framework for assuring service user experience** - noting the further planned work to meet the aspirations of the organisation for service user experience to be embedded more and routinely collected as a matter of course.

The Committee also received the following **Deep Dives and Service User Experience Stories**:

- **Health Protection Deep Dive** receiving assurance that the Acute Health Protection response services were being delivered safely and effectively and to expected quality standards
- **Cervical Screening Deep Dive** and Service User Experience story - The focus was on the methods to improve engagement and uptake of screening services within the community, including social media campaigns and service user engagement and feedback
- A deep dive and service user experience update on the **First 1000 Days** programme
- A deep dive service user experience on **Bowel Screening Wales**, noting the levels of screening uptake, seeking assurance that the service had plans in place to actively improve uptake
- A deep dive and progress update on the **Wales Abdominal Aortic Aneurysm Screening Programme**, with the focus on their key achievements, challenges, risks and future progression within the service. Alongside this was a service user experience story from within the programme
- A deep dive and progress update on the **Welsh Network of Healthy School Schemes**. Alongside this was a service user experience story from within the Programme. The Committee noted its concerns in relation to how value for money could be demonstrated without robust evaluation in place.

The Committee also received the following **standing items** on a quarterly basis:

- **Putting Things Right Report** - an analysis of incidents, complaints, claims and compliments to identify trends, themes and lessons learnt. At its meeting in February, the Committee considered a presentation of the Draft Quality Assurance Dashboard which would develop the

level of assurance and information provided to the Committee in the future

- An update on **claims** was received in private sessions of the Committee due to the sensitivity of the information
- Updates on the **alerts management system**, receiving assurance that the system was effective and working appropriately. The Quality, Safety and Improvement Committee received the alerts management system paper at its meeting in February 2020 for the 2019/20 period. Since then, the final report of the Internal Audit review into the Management of Alerts was issued, and received a limited assurance rating. This Internal Audit Final report was reported to the Audit and Corporate Governance Committee at its meeting on 19 March 2020 and will be received and considered by the Quality, Safety and Improvement Committee in May 2020. All management responses have been completed other than one, which is due to be completed in June 2020.

The Committee received **Annual Reports** covering the following areas: Corporate Safeguarding; Putting Things Right; and Infection, Prevention and Control. The Committee also received the Healthcare Inspectorate Wales Annual Report, referring to the specific section for Public Health Wales.

All **serious incidents** reported within Public Health Wales were reviewed by the Committee. For each serious incident, the Committee queried what lessons had been learnt and reviewed the action plan, which detailed the improvements made consequently. *(Further information on serious incidents are provided in [section 9.3](#) of this report)*

The Committee approved the Infection, Prevention and Control **Policy** and Decontamination **Policy and Procedure**.

The Committee received the relevant extract of **Strategic Risk Register** (SRR) at meetings in addition to the relevant extract of the Corporate Risk Register. The Committee recognised the importance of the SRR and agreed that it be reviewed earlier on the agenda of each meeting in order that members could highlight any areas that require additional information in order to gain appropriate assurance.

2.6.3 People and Organisational Development Committee

The People and Organisational Development Committee met four times during 2019/20 and was quorate on all four occasions.

The People and Organisational Development Committee assists the Board in discharging its functions in meeting its responsibilities with regard to

workforce issues. The Committee is responsible for seeking assurances on all aspects of this including people strategies and plans, workforce planning, organisational development implications, culture, health safety and welfare, equality, diversity and human rights and Welsh language provision.

A summary of the key items received by the Committee in 2019/20 included:

- Staff Experience Story from the Staff Flu Campaign 2018/19
- Progress updates on **staff engagement** and an action plan of priority areas in response to 2018 Staff Survey
- Reviewed the **Health and Safety Group Terms of Reference** and took assurance that appropriate governance and operations measures were in place to ensure the effective functioning of the Health and Safety Group, which reported into the Committee
- **Managing Attendance at work** update, and the effective management of this in line with the new All Wales Managing Attendance at Work Policy
- **Partnership Forum Update** and adopted the Partnership Forum's Terms of Reference following review
- Support for higher-level learning and the **Quality and Career Framework** for health care support workers. The Committee received assurance on the variety of training options for new and existing staff and that learning and development of staff was a priority
- The achievement of the Gold Health, Well-being and Corporate Health Standard
- Endorsed the work being undertaken relating to '**Becoming an Organisation of Sanctuary**'
- **Training and Development** update report
- Bi-Annual updates on progress with the implementation of the **People Strategy**
- An update on the Task and Finish Group activity in response to the Audit Wales Report on '**Collaborative Arrangements for Managing Local Public Health Resources**', and received assurance on the continued people activity in response to the Audit Wales Report.

Audit Wales Reports

The Committee was remitted oversight of the embedded framework and consultant engagement resulting from the Audit Wales **Review of Consult Contracts** in January 2019. The Committee received the update against the action plan, noting challenges around job planning, and a summary of activities.

The Committee receives People and Organisational Development **updates from directorates** on a rolling programme:

- **Health and Wellbeing Directorate** – discussed talent succession planning, Masters level progress and the funding resources available, and the Audit Wales review into collaborative arrangements for managing local public health resources action plan
- **Operations and Finance Directorate** update along with a **staff experience story**, focusing on the different methods of engagement and feedback within the Directorate, and the reflections of a new starter in the service area
- **Public Health Services Directorate** update, alongside a Staff Experience Story from the **Environmental Health Protection Team**;
- **Staff Experience Story** 'My Journey to Public Health' from a member of staff from the Health Foundation Project, provided insight into her initial experience of joining Public Health Wales, including integration of new starters into the multifunctional workspace
- **Staff Experience Story** from the Staff Flu Campaign 2018/19, the Committee recognising the added engagement and inclusion of staff across office sites.

The Committee also received the following standing items on a quarterly basis:

- **Health and Safety Report** – the Committee received quarterly updates from the Health and Safety Group and received assurance on progress against the Health and Safety NHS Executive Action Plan. This report was supplemented by the Health and Safety Risk Register
(Further information on Health and Safety is contained section 6 of this report)
- **Welsh Language Standards** (Healthcare) update – this update focused on implementation progress against the standards. *(Further information on the Welsh Language is contained section 9.2 of this report)*

The Committee has discharged its responsibilities with regard to **equality, diversity and inclusion**. The Committee reviewed progress against the Implementation Plan for the Public Health Wales Strategic Equality Plan and approved the Strategic Equality annual report 2018/19. The Committee also considered improvements to Public Health Wales' position in the Stonewall Equality Index. The Committee also considered the draft Strategic Equality Plan and Objectives 2020-2024 and recommended to the Board for approval. *(Further information on equality is provided in section 9.1 of this report)*

The Committee approved or adopted the following **policies and procedures** during 2019/20: Flexible Working Policy and amendments to the All Wales Managing Attendance at Work Policy.

The Committee received an update on staff **disciplinary cases** and the lessons learnt during private sessions of the Committee.

The Committee received **Annual reports** covering:

- Health and Safety Annual Report including the Health and Safety Risk Register
- Revalidation and Appraisal annual report: Public Health Wales consultants, nurses and allied health professionals
- Annual Equality Report 2018-19
- Approved the Gender Pay Gap Annual report
- Registration of Public Health Wales Nurses.

The Committee received the relevant extract of the **Strategic Risk Register** (SRR) at each meeting in addition to the **Corporate Risk Register**.

2.6.4 Knowledge, Research and Information Board Committee

In order to effectively discharge its responsibilities in overseeing the implementation of the new Long Term Strategy, 2018 – 2030 (and associated new strategic priorities), the Board approved the establishment of a new Knowledge, Research and Information Committee. The new Knowledge Directorate was established from 1 April 2019.

The role of this Committee is to provide advice and assurance to the Board in relation to the quality and impact of our knowledge, health intelligence and research activities and the data quality and information governance arrangements in the organisation. This Committee therefore took over the scrutiny and assurance of the information governance aspects previously received in the Quality, Safety and Improvement Committee.

The Knowledge, Research and Information Committee met four times during 2019/20 and was quorate on all four occasions.

Some of the key items received by the Committee in 2019/20 included:

- **Official Statistics update report**, providing assurance on the organisations management of statistics, and approved a voluntary compliance statement for statistical products not yet released as official statistics
- **Research and Evaluation Strategy**, including its implementation plan, agreeing how the Committee would review the achievement of key milestones and targets within the three year strategy
- Report on the **Research Governance** for Public Health Wales
- Research and Evaluation Annual Highlights report
- Outcomes of the independent Audit on compliance within the **process for applying for research permissions** within Public Health Wales
- **Evaluation and Impact** Annual Update, providing a good baseline understanding of evaluation and impact across the organisation.

The Committee also received the **Information Governance Performance Report** on a quarterly basis, providing a consolidated view of the performance of the Information Governance Management System, reflecting the breadth and depth of information governance issues across the organisation.

The Committee also received the following **Deep Dives and Service User Experience Stories:**

- **World Health Organisation Collaborating Centre** – detailed consideration of the governance structures of the centre, the progression of activities providing assurance on the establishment and progression of this in line with organisational strategic priorities and objectives
- **Knowledge Mobilisation (Evidence Guide)** deep dive and Service User Experience Story from the Health Improvement division, recommended to the Board to adopt the principles within the evidence guides to govern evidence reviews and used within the organisation
- **Health Intelligence deep dive** into the evidence service, identifying the need to develop the organisations matrix working approach to progress integrated working
- **Health Experiences of Asylum Seekers** Service User Experience Story providing insight programme with Swansea University. Focus of the discussion was on the collaborative approach with the third sector partners, and how impact was measured
- **Research Partnerships Fund** Deep Dive, the consideration was focused on the management of the fund, its relationship with the wider organisation and alignment with strategic priorities
- **Data Quality Management** deep dive for understanding, highlighting the organisations dependence on accurate data and the need to undertake a baseline audit
- **Academic Relations** deep dive for understanding, focusing on the organisational wide approach being taken to build and embed staff research capability to the heart of the new People Strategy, and the development of a revised model of honorary contracts
- **Clinical Research Time Awards** Service User Experience Story, noting the positive and practical outcomes for public Health and service users in the examples discussed, and highlighting the excellent work carried out through these awards.

The Committee approved the Research and Misconduct **Policy and Procedure**.

The Committee received the **Cyber Security Annual Report**.

The Committee received the relevant extract of **Strategic Risk Framework** (SRR) at each meeting in addition to the relevant extract of the **Corporate Risk Register**.

2.6.5 Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee met seven times during 2019/20 and was quorate on six of those seven occasions. On the one occasion the committee was not quorate, the decisions taken were ratified at its next meeting and by the Board.

The role of the Committee is to approve, and provide assurance to the Board on matters relating to the appointment, termination, remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government in accordance with the scheme of delegation.

The Committee also approved proposals regarding termination arrangements, including those under the Voluntary Early Release Scheme, ensuring the proper calculation and scrutiny of termination payments in accordance with the relevant Welsh Government guidance.

The matters approved by the Committee were ratified by the full Board up to and including the Board meeting on the 30 November 2019. At the November Board, the terms of reference for the Committee were amended meaning a number of decisions made by the Committee in the future, would not require Board ratification. The Remuneration Report provides relevant information regarding the matters considered by the Committee during 2019/20.

2.6.6 Board and Committee meetings held during 2019/20

Figure 4 outlines the dates of Board and Committee meetings held during 2019/20. With the exception of one Remuneration and Terms of Service Committee meeting, all of our Board and Committee meetings were quorate during this period. Escalation arrangements are in place to ensure that, in the event of a committee not being quorate, any matters of significant concern are brought to the attention of the Chair of the Board.

Figure 4: Board and Committee Meetings 2019/20

| Board/ Committee | | | | | | | | | | |
|-----------------------------|---------|--------|--------|---------|---------|--------|--------|-----------------------------|-----------------------------|----------|
| Board meetings | 29 May* | 30 May | 22 Aug | 25 July | 26 Sept | 28 Nov | 23 Jan | 20 Feb (Private Session) | 28 Feb (Private Session) | 26 Mar** |

| | | | | | | | |
|---------------------------------------|---------|---------|---------|--------|--------|--------|--------|
| Board Development sessions | 25 Apr | 27 June | 22 Aug | 31 Oct | 12 Dec | 20 Feb | |
| Audit and Corporate Governance | 1 May | 29 May | 25 Sept | 15 Jan | 19 Mar | | |
| Knowledge, Research and Information | 17 Apr | 24 July | 9 Oct | 6 Feb | | | |
| Quality, Safety and Improvement | 16 Apr | 6 Aug | 12 Nov | 11 Feb | | | |
| People and Organisational Development | 24 Apr | 3 July | 2 Oct | 27 Feb | | | |
| Remuneration and Terms of Service | 27 June | 22 Aug | 31 Oct | 12 Dec | 23 Jan | 27 Jan | 26 Mar |

* *Extra-ordinary meeting held to approve the Welsh Language Standards submission*

** This meeting was an open meeting of the Board, however due to COVID-19, it was not possible to allow the public to attend meetings of our Board and Committees from mid-March 2020.

3. The Purpose of the System of Internal Control

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

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

We use a Strategic Risk Register (SRR) system and process to monitor, seek assurance and ensure shortfalls are addressed through the scrutiny of the Board and its committees.

Key controls are defined as those controls and systems in place to assist in securing the delivery of the Board's strategic objectives. Examples of key controls include:

- Schemes of delegation
- Policies and procedures
- Performance data
- Financial management information
- Quality and Safety processes

The effectiveness of the system of internal control is assessed by our internal and external auditors.

3.1 Capacity to Handle Risk

As part of the planning process and development of the Long Term Strategy, which included full engagement with stakeholders, seven strategic risks were identified. Stakeholders continue to be engaged in managing these risks through performance review meetings with Welsh Government and Executive-to-Executive meetings with Public Health Wales and health boards. In March 2019, the Board approved the strategic risks that faced the organisation for 2019/20. In December 2019, an eighth strategic risk around data quality management was also identified this is currently in development.

The Board approved the Risk Management Policy in June 2017 and a supporting Risk Management Procedure in March 2018, which includes the requirement for an Annual Statement of Risk Appetite. The Statement for

Risk Appetite was included in the [Annual Plan](#) for 2018-19. The Policy and Procedure are currently under review for re-issue in 2020/21.

Figure 5 outlines the key strategic risks together with the assessed risk scores (once existing risk control measures have been taken into account.)

Figure 5: Public Health Wales Key Strategic Risks 2019/20

| Strategic Risk | Risk Score*Max Score 20 |
|--|--------------------------------|
| There is a risk that Public Health Wales will find itself without the workforce it requires to deliver on its strategic priorities. | 8 |
| There is a risk that Public Health Wales will fail to effectively respond to new and emerging Government priorities brought about by a dynamic and evolving political agenda | 8 |
| There is a risk that Public Health Wales will fail to achieve population health gains through ineffective organisational and system leadership (including poor alignment with the Well-being of Future Generations (Wales) Act 2015) | 12 |
| There is a risk that Public Health Wales will fail to fulfil its statutory functions as laid down in the Public Health Wales NHS Trust (Establishment) Order 2009, to the required quality, performance and compliance standards. | 10 |
| There is a risk that Public Health Wales will not comply with its statutory and regulatory obligations to such a degree that it fails to achieve its strategic priorities | 16 |
| There is a risk that Public Health Wales will fail to influence key partners to the depth required to enable it to provide the required leadership to progress essential cross sector work | 8 |
| There is a risk that Public Health Wales will find itself without the financial resources required to deliver on its strategic priorities | 5 |

* Public Health Wales utilises a 5x5 matrix to calculate the risk score. This method is widely used within the NHS. Likelihood and Impact of the risk occurring are assessed on a scale of one to five, and then the two scores are multiplied to arrive at the final risk score (between one and 25 with one being the lowest). Further information can be found in the Public Health Wales [Risk Management Procedure](#).

The Board received updates on each risk and the respective actions at Board meetings throughout the year in the form of the Strategic Risk Register that forms part of the wider Board Assurance Framework (BAF). It approved any amendments to the BAF, including the extension of individual action due dates.

There are now in excess of 100 Risk Handlers trained across the organisation whose role is to support directors and other Risk Owners, and training is offered to all senior managers who are expected to take on the responsibilities of risk owners. Guidance documents, nominated Risk Handlers, and a submission form available on the web-based incident reporting and risk management software, Datix, all provide staff with support for reporting risks across the organisation. This makes the identification, reporting and management of risks more streamlined and effective.

At an operational level, Executive/Divisional directors are responsible for regularly reviewing their Directorate/Divisional Risk Registers, and for ensuring that effective controls and action plans are in place and monitoring progress. Directorate Risk Registers receive scrutiny at the Senior Leadership Team meetings on a rotational basis every month.

The Executive Team reviews the Corporate Risk Register at its regular business meeting, and the Strategic Risk Register (SRR) is also reviewed monthly in readiness for consideration at formal Board meetings.

The SRR is published on our [website](#) with the Board papers for Board meetings.

In January 2020, we received a reasonable assurance report from internal audit following an audit of the risk management system.

As the COVID-19 emergency developed and Public Health Wales moved into its enhanced emergency response level, the organisation moved swiftly to identify both strategic and operational risks. Ten new operational risks were added to the Corporate Risk Register and are currently under active management by Executive risk owners. These risks are primarily around delivering an effective response to the emergency, temporarily stopping existing activities and the welfare and availability of our workforce.

In addition, much discussion has been had at Board level on strategic risks, but with the evolving situation these have been kept under constant review. There are two strategic risks that broadly cover our response to the emergency and our recovery from it. It is anticipated that the final versions of these risks with all of the requisite management details will be presented to the formal Board meeting in May for approval.

Another strand of risk management has evolved in the development of the Public Health Protection Response Plan. A comprehensive threat assessment was carried out and as a result one strategic and 10 operational risks have been identified. These are under active management on their own risk register as part of the programme approach to the delivery of the plan and are underpinned by a series of work-stream risk registers, where operational risks to the achievement of plan delivery milestones are managed.

The Board and Executive recognise that the risks that existed pre-COVID-19 still threaten the organisation and these are given appropriate management treatment, bearing in mind the need to prioritise activities and put appropriate resource into managing those risks that present the greatest threat.

4. Quality Governance Arrangements

The following arrangements are in place for assessing the quality of Public Health Wales' work.

4.1 Quality, Nursing and Allied Health Professionals Directorate

From the 1 April 2019, the Quality, Nursing and Allied Health Professionals (AHP) Directorate took over responsibility for integrated governance. This includes clinical, information and corporate governance. The team works closely with the Board Secretary and Head of the Board Business Unit who has responsibility to support the Board governance elements for the organisation. The directorate went through a re-structure during 2019/20 to reflect these new changes and is responsible for the following functions:

- Quality and Standards
- Risk Management and Information Governance
- Putting Things Right (incidents, complaints and claims)
- Integrated governance
- Service User Engagement
- Infection, Prevention and Control (internal-facing)
- Safeguarding (internal facing)
- National Safeguarding Team (external-facing)
- Leadership and support to the all Wales NHS agenda for Equality and Human Rights (external facing)
- Professional Oversight for Nursing/Midwifery, Health Care Scientists, AHP's and Healthcare support workers.

The Executive Director for Quality, Nursing and Allied Health Professionals (AHP) has the responsibility to lead, drive and continuously improve our

systems, processes and arrangements for quality and elements of governance across the organisation. Also accountable for the professional oversight arrangements for nurses and midwives, Health Care Scientists, AHP's and Health Care Support Workers. The Executive Director is a member of the Executive Team, which is collectively accountable for the operational management of the organisation and the delivery of the corporate objectives.

The Executive Director for Quality, Nursing and Allied Health Professionals has shared responsibility with the Executive Director of Public Health Services/Medical Director for clinical governance arrangements across the organisation.

Building on the work of the Quality and Impact Framework implemented between 2016 and 2019, and in light of the *Quality and Engagement (Wales) Bill* which is being progressed we are seeking to go to the next level of maturity in our approach to quality and improvement, through the development and implementation of a new Quality and Improvement Strategy. This will aim to support us in becoming a high performing organisation that achieves its strategic aims and optimises the quality of our services, functions and programmes.

We are in the process of developing our new set of Key Performance Indicators for 20/21 aligned to our strategic outcomes and will be refreshing our performance metrics considered through recognised domains of quality.

There are a number of existing corporate groups that support the work of the Quality, Safety and Improvement Committee, which assists the Board in discharging its functions in meeting its responsibilities with regard to quality and safety. These include:

- Service User Experience and Learning Panel
- Safeguarding Group
- Infection, Prevention and Control Group.

(Further information on the Committees can be found in [section 2.2.4](#) of this report.)

As part of our development work in integrated governance, we will be reviewing the current arrangements and mechanisms which exist, to see how we can strengthen, improve and better integrate our approach in supporting the quality agenda going forward.

The Annual Quality Statement (AQS) is produced for the public and provides information about the work, function and progress of Public Health Wales. It is developed with involvement from service users and existing third

sector networks that represent the public. The AQS 2019/20 will be published on our website no later than 30 September 2020.

For the second year running, we have supported the publication of a young person's AQS which led to the organisation holding a number of young person's residential events. We also extended our support for the Youth Summit by introducing a North Wales event. The North and South Wales Youth Summits were held and attracted over 160 young people aged between 11 to 23 years. The geographic representation was pan Wales.

Further work was undertaken to support seldom heard young people to attend and representation included young people from the following groups:

- LGBT, young carers
- Learning disability
- Looked after children
- Asylum seekers and refugees.

The Youth Summit offered the young people an opportunity to support developments in a range of Public Health agendas.

We also acknowledge that the quality agenda is interdependent with our corporate governance, information governance and risk management arrangements and over the coming year we will be focusing more on how we develop our integrated governance systems, processes and culture within the organisation.

4.2 Information Governance

We have well established arrangements for information governance to ensure that information is managed in line with relevant information governance law, regulations and Information Commissioner's Office guidance. During 2019/20 the Knowledge, Research and Information Committee assumed responsibility on behalf of the Board for receiving assurances that the Information Governance system was operating effectively and having oversight of information governance issues.

The Caldicott Guardian is the responsible person for protecting the confidentiality of patient and service-user information and enabling appropriate information sharing. The Executive Director of Public Health Services/Medical Director performs this role.

The Senior Information Risk Office (SIRO) is the Executive Director for Quality, Nursing and Allied Health Professionals. The role of the SIRO is that of the advocate for information risk on the Board. The SIRO is responsible for setting up an accountability framework within the

organisation to achieve a consistent and comprehensive approach to information risk assessment.

The Chief Risk Officer is also the Head of Information Governance and holds the formal position of Data Protection Officer as required by the General Data Protection Regulation 2016 (GDPR). This role has responsibility for implementing the management system that delivers our Information Governance requirements, and for ensuring compliance with all relevant legislation and regulation.

Due to the all-Wales remit of Public Health Wales, along with the diverse services it provides, it is acknowledged that the Guardian requires the support of appropriate delegates to enable the duties of the role, as set out above, to be fulfilled. Caldicott delegates have been identified and are required, along with the Caldicott Guardian and SIRO, to undertake the agreed Caldicott Guardian/SIRO training on an annual basis, as a requirement of the role.

We have made great strides towards compliance with the requirements of the GDPR, which came into effect in the UK in May 2018 along with the new Data Protection Act 2018.

5. Health and Care Standards

The Welsh Government *Health and Care Standards* are the framework by which all NHS Wales organisations form the basis by which we can identify strengths and areas for improvement within the organisation. Our approach to the Health and Care Standards has been the subject of an Internal Audit report, for which we received a 'substantial' level of assurance. (*Further information on the Internal Audit Reports can be found in [section 2.4.1](#) of this report*)

The processes are well embedded with Directorates/ Divisions undertaking self-assessment against each of the standards to determine what areas are doing well and identify areas where improvements may be required. The peer review process enables scrutiny of Directorate/Divisional self-assessments and representatives of Internal Audit attended this event to observe the process being followed as part of their audit of the arrangements for Health and Care Standards. Directorates/Divisions are expected to demonstrate that the standards are being applied and are met or exceeded on a continuous basis.

The improvement actions identified by Directorates as part of the self-assessment process are incorporated within the performance-monitoring framework, which is completed quarterly, and monitored through the organisational performance arrangements. A collective organisational self-assessment report based on returns from the nine Directorates along with their self-assessment reports will be reported in due course. This has been delayed this year due to the impact of COVID-19.

6. Health and Safety

The Health and Safety Group is a sub-group of the People and Organisational Development Committee. The group provides advice and assurance to the People and Organisational Development Committee, the Board and the Accountable Officer. This includes whether effective arrangements are in place to ensure organisational wide compliance with the Public Health Wales Health and Safety Policy, approving and monitoring delivery against the Health and Safety action plan and ensuring compliance with the relevant Health and Care Standards for Wales. The group receives a single estates and health and safety report covering compliance, risks, incidents and health and safety issues. This enables the group to concentrate on key issues or challenges and to identify any organisational risks that require escalating to the Corporate Health and Safety Risk Register.

In 2018/19 a number of actions were undertaken to strengthen the governance of health and safety issues. These have been implemented and further developed during 2019/20 including:

- Closing down the original Health and Safety Action Plan and establishing a rolling 5 year action plan that is monitored through the Health and Safety Group on a quarterly basis
- The Health and Safety Risk Register has been continuously monitored to ensure all risks on the register are reviewed and updated
- Maintenance of 100% compliance across our estate; asbestos; gas safety; legionella; fire and fixed wiring (5 yearly certificate)
- Works completed in Microbiology following capital funding being secured to improve microbiology laboratory environments, providing better welfare facilities for staff
- Health, Safety and Welfare approach developed for Public Health Wales.

Executive oversight is the responsibility of the Deputy Chief Executive/Executive Director Operations and Finance. At an operational level, the Head of Estates (Facilities) and the Health and Safety Team continues to build a positive health and safety framework and culture.

The Board approved the revised Health and Safety Policy in March 2018. Sub-policies and a suite of detailed procedures and control documents support the policy.

7. Long Term Strategy

Since the launch of our Long Term Strategy in 2018, we have been embedding new arrangements for managing our priorities. These have been developed to support our organisational transformation with a focus on improving how we collaborate across the organisation and work with partners. Each of our strategic priorities has a lead Executive Director and strategic priority groups are chaired by a member of the Senior Leadership Team. This is in line with our direction of travel towards a matrix style of working supported by mature governance and oversight mechanisms as well as monitoring the Public Health Outcomes Framework measures we are seeking to influence. The overarching aim of each strategic priority group is to consider whether the work is on track to deliver the outcomes in the Long Term Strategy. The arrangements include responsibility for governing, and delegating our main priorities from our Executive Team to the strategic priority groups.

In summer 2018, we launched our Long Term Strategy '*Working to achieve a healthier future for Wales*'. We have undertaken significant work during 2019/20 to continue our 2030 Vision (Long Term Strategy). This has

allowed us to focus on how we can best work with our partners to have the greatest effect on improving health and well-being and reducing health inequalities in Wales.

To achieve an overall transformational improvement in population health and well-being that we need in Wales, we recognised we need to move away from short-term thinking and have a longer-term strategic approach to how we will tackle public health issues effectively.

Our longer-term approach will:

- Deliver the most we can for the people of Wales
- Meet and exceed the requirements of the Well-being of Future Generations (Wales) Act
- Collaborate with our partners in the areas of most need (topic areas)
- Understand the challenges facing us as we advance towards an ageing population with greater and more complex health challenges.

During 2019, we have continued our work to deliver on the seven priorities that were identified in the development of our Long Term Strategy. For 2020/21, we have committed to a programme to transform our enabling functions. We have identified eight areas where we intend to make improvements; underpinned by both Quality and our planned Quality and Improvement Strategy.

Our Quality and Improvement strategy will reinforce our organisational approach to delivering quality through new ways of working and transforming our enablers. This will enable continuous improvement across all areas of the organisation to achieve improved outcomes and impact, which is key to delivering our Long Term Strategy.

Over and above these improvement processes, we have drawn out three inter-related themes that are transformational:

- Adopting new ways of working
- Smart delivery using information and knowledge
- Prioritising our digital offer to improve outcomes.

In 2020, the organisation received a reasonable assurance rating from Internal Audit following a review of the Long Term Planning Process. *(Further information on the Internal Audit Reports can be found in [section 2.4.1](#) of this report)*

For more information, the Long Term Strategy is available in [English](#) or [Welsh](#).

8. Our Strategic Plan (Integrated Medium Term Plan)

In January 2020, the Board approved our Integrated Medium Term Plan (IMTP) 2020-23 that was subsequently submitted to the Minister for Health and Social Services in March 2020 for approval.

Following a robust assessment, the IMTP was considered to be approvable, which stands us in good stead for the future and provides a baseline for future planning discussions. However, in light of the current COVID-19 challenges, the decision has been taken to pause the IMTP processes and allow all resources to be redirected to sustaining key services.

Until further review of the IMTP for 2020-23 by the Minister, the IMTP for 2019-22 remains in place, therefore satisfying the statutory duty for us to have an approved plan in place.

During the pandemic, we have developed implementation plans that focus on our role for COVID-19. The stage one plan covered the period May to June 2020, Stage 2 will cover June to August 2020.

Our refreshed plan is the final year in the current three-year planning cycle to deliver our new Long Term Strategy, which spans from 2018 to 2030. Building on a successful second year, it details the actions we will take over the next three years to continue our work towards the delivery of our new Long Term Strategy and how we intend to achieve our purpose of *'Working to achieve a healthier future for Wales'*. Framed in the context of A Healthier Wales, the national IMTP and Ministerial Priorities, it demonstrates how we will focus our efforts, through the delivery of our seven strategic priorities, on making the maximum difference to the health and well-being of our present and future generations.

Financial performance was in line with the approved IMTP and Public Health Wales NHS Trust has continued to meet its statutory financial duty to break-even during 2019-20.

Our Strategic Plan is refreshed on an annual basis through our business and strategic planning processes. Our new governance arrangements for managing our strategic priorities have been continuing to evolve and develop. This includes responsibility for governing and leading priorities being delegated from the Executive Team to ensure we remain on track with delivering our Long Term Strategy and planning for the future. A Strategic Priority Coordination Group has been created to provide collective oversight between the Strategic Priority groups and agree changes to the plan.

Draft versions of the Strategic Plan were discussed with the Executive Team and Board as part of the development process. The Strategic Priority groups have focussed on developing a set of outcome measures for their areas facilitated discussions and this process will continue during 2020 with the involvement of Non-Executive Directors. The Board also considered the financial position and budget strategy and reviewed the organisations strategic risks at a Board development session in January 2020. The Strategic Plan was formally approved by the Board in January 2020.

The Board actively managed our progress in delivering our plans as part of our performance management arrangements. During 2019/20, we continued to develop our integrated performance report which provides key information on our operational, people, quality and financial performance and now reflects our Strategic Priorities. Our integrated performance report is scrutinised by our Executive team on a monthly basis and by Board on a bi-monthly basis at each formal Board meeting. The information included in these reports enable our Board to receive assurance on the services that we deliver and that progress was being made against actions included in the Integrated Medium Term Plan. Further assurance has been gained from feedback of the Joint Executive Team meeting between Public Health Wales and Welsh Government held at the mid year point.

We have identified performance as a key strand of our internal transformation to help ensure that we effectively deliver our long-term strategy. The vision of moving towards more timely and granular integrated performance information, subjected to robust analysis, is seen as key in enabling us to make effective decisions.

During 2019/20, we established a programme of work to help us implement our Performance Framework. This is focused around producing our monthly Integrated Performance Report utilising business intelligence tools and developing a small number of key performance indicators, which we will report to the Executive Team and Board.

This will provide us with more integrated and joined-up information that allows us to make effective decisions and understand how we are delivering against our Strategy and Plans.

As part of taking forward our Strategy a number of areas were identified including governance, planning, performance management, communication and engagement and organisational design. Based on the early work to progress these themes we recognised that this is moving us towards a programme of transformation. This will be a key element of our work for 2020/21.

The impacts of COVID-19, and the organisation's response to manage the incident, has meant that not all aspects of the Strategic Plan have been

delivered from the end of February 2020. This is likely to continue well into 2020/21.

On the 28 February, the Board took the decision to approve the rapid mobilisation of staff across the organisation in support of the COVID-19 response. With the exception of maintaining microbiology and health protection services, screening services, communications and infrastructure services, responding to COVID-19 will be the sole priority for the organisation until further notice.

A revised performance report has been developed and was presented to the Board in April 2020 providing a summary of our performance in key areas of activity. The development of the organisational recovery plan will assist us in planning when and how those services that are either on hold or not fully active, will be resumed.

9. Mandatory Disclosures

9.1 Equality, Diversity and Human Rights

We are fully committed to meeting the general and specific duties set out in the Public Sector Equality Duties (2011). Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

We have continued to fulfil the existing equality objectives set out in our Strategic Equality Plan 2016 - 2020 which was published in March 2016, but also have been out to consultation with staff and the public to identify and develop a new set of strategic equality objectives for the period April 2020 – March 2024. This will be published in 2020/21. We are also particularly keen to promote equality through positive action ensuring that what we do as part of our everyday business is fair, fully accessible and inclusive to all populations and individuals, including those who are protected from discrimination under the Equality Act 2010.

In order to support the revised Strategic Equality Plan, an implementation plan is being developed. A Stakeholder Reference Group made up of external organisations who represent the different protected characteristics has also been set up to monitor and oversee progress being made towards achieving the objectives. Corporately, the governance arrangements for equality are managed through the People and Organisation Development Committee. Progress against the actions in the Strategic Equality Plan are reported to the People and Organisational Development Committee regularly. (*Further information on the Committees can be found in [section 2.2.3](#) of this report.*)

In delivering against this plan, a firm commitment was made by all parts and levels of the organisation to consider equality as part of the work they are doing. In line with the public sector reporting duties, we are about to publish our 2018-19 report highlighting progress so far. We have published a separate report on our Gender Pay Gap, which has also been reported on the Government portal. We have also reported on our employment, training and equality data.

We recognise that we need to continue to ensure that the services we deliver are inclusive and that the workforce we have is diverse. As equality is integral to every part of our business, services areas, departments and teams are being encouraged to consider the impacts of what they are doing in relation to equality. Work must also continue, to reduce inequalities. We are engaging more with people from protected communities to inform our work. In adopting this practice, we will develop strong partnerships with people from protected communities and learn from them and with them. We are committed to a number of workforce related initiatives and achieved Disability Confident Leader status in July 2019, and we are currently working on an assessment of our inclusion for Black, Asian and Minority Ethnic (BAME) staff. We are also a member of the Stonewall Diversity Champion Scheme, and were placed 100th out of 502 organisations taking part in the Workplace Equality Index; an increase of 73 places from our position last year, and saw us entering the Top 100 Employers in the UK list for the first time. This has shown extensive improvement, with further work planned to continue on our journey of inclusivity. Supporting such initiatives will move us forward as an organisation in terms of workforce diversity.

By implementing our actions in line with the Strategic Equality Plan, this work will make a significant contribution to delivering our vision for Wales.

9.2 Welsh Language

We acknowledge that care provision and language go hand in hand. The quality of care provision, patient safety, dignity and respect may be compromised by the failure to communicate with patients and service users in their first language. Many people can only communicate and participate in their care as equal partners effectively through the medium of Welsh. We are committed to meeting the Welsh language needs and preferences of our service users.

Over the past decade, we have worked hard to improve the availability, accessibility, quality and equality of our Welsh medium services by implementing our Welsh Language Scheme and *'More Than Just Words'*, the Welsh Government's strategic framework for Welsh language services in health, social services and social care. Our work to promote and develop the use of the Welsh language supports the Welsh Government aim to have

1 million Welsh speakers by 2050. We have reported progress internally to our Welsh Language Group, Executive Team, People and Organisational Development Committee and Board. Externally, we have submitted Welsh Language Scheme Annual Monitoring Reports to the Welsh Language Commissioner and *'More Than Just Words'* progress reports to the Welsh Government's Department of Health and Social Services as part of our NHS Delivery Framework submission.

Our monitoring activities and reports have led us to the conclusion that there is still much to do to ensure that service users can access a full range of Welsh medium services without delay wherever they live in Wales. We have been subject to Welsh Language Standards (No. 7) Regulations since 30 May 2019. The standards, which have replaced our Welsh Language Scheme, have provided new impetus, focus and momentum to achieve our Welsh language obligations. We have a growing Welsh language team, a range of action plans, and 'Hwb' - our Welsh language section on our staff intranet containing a variety of advice, guidance and practical tools. These support the implementation of the standards as do initiatives such as our new language preference database, access to translation services and online Welsh language training classes, and our Welsh learners' network. Our Executive Team and Board have monitored progress closely throughout the implementation of the standards. They have received regular compliance reports that demonstrate good progress and highlight practical challenges. Risks and challenges in relation to implementing the standards are recorded on our Risk Register. In October 2020, we will present our first Welsh Language Standards Annual Report to the Board's People and Organisational Development Committee and it will be available on our website.

Supporting the compliance aspects of our work is our stance that the Welsh language is an important element of our organisational culture. We want the Welsh language to be a natural and integral part of what we do every day. We acknowledge that there is a need for a culture shift and we expect our first Policy and Procedure on the use of the Welsh language within our internal administration to help in that respect. In addition, we launched an internal Welsh Language Promotion Programme in September 2019 with our first ever Welsh Language Week and our monthly Welsh language newsletter *Iaith Pawb*.

9.3 Handling Complaints and Concerns

We have arrangements in place to enable us to manage and respond to complaints and concerns in order to meet the requirements of the *NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011* and the *All Wales Policy Guidance for Putting Things Right*. The Quality, Safety and Improvement Committee has oversight of complaints

and concerns. *(Further information on the Committees consideration of complaints can be found in [section 2.2.4](#) of this report)*

In 2019/20, eight Screening Division Serious Incidents were reported to the Welsh Government. In addition, 49 formal complaints were received for the period of which 86% were responded to within 30 working days.

A review of the claims reimbursement process within Public Health Wales was also undertaken by Internal Audit in line with the 2019-2020 Internal Audit Plan, for which a 'substantial' assurance rating was provided. *(Further information on the Committees consideration of claims can be found in [section 2.2.4](#) of this report).*

9.4 Freedom of Information Requests

The Freedom of Information Act (FOIA) 2000 gives the public right of access to a variety of records and information held by public bodies and provides commitment to greater openness and transparency in the public sector. In 2019/20, we received 107 requests for information by the end of March 2020.

102 of these were answered within the 20-day target, with three being responded to outside of the deadline. One was due to a delay in receiving the information from the service/department that held it, the second was a complex enquiry linked to a subject access request. One response is on hold and one is due to be sent shortly, these FOIs are COVID-19 queries of which there has been an expected rise in information requests and will continue into the next quarter.

In 2019, the organisation received a 'substantial' assurance rating from internal audit on our compliance with handling Freedom of Information requests. *(Further information on the Internal Audit Reports can be found in [section 2.4.1](#) of this report)*

9.5 Subject Access Requests

In 2019/20, we received 11 subject access requests. Seven of these were answered within the target of one calendar month. Of the remaining four, one was caused by difficulties in getting hold of the enquirer once the information was found, one was caused by a delay in getting the request to the Risk and Information Governance team for action and two were caused by delays in getting the information required from NWIS.

9.6 Sustainability and Carbon Reduction Delivery Plan

We are committed to embedding sustainable development as the central organising principle of public sector bodies in Wales by ensuring a clear focus on outcomes and that strategic decisions are informed by consideration of the wider determinants of health and well-being. We recognise that sustainable development and public health are intrinsically linked and that complementary and coordinated actions are necessary to address the key challenges facing Wales in relation to both.

There are a number of UK and EU legislative drivers for decarbonisation. First among them was the *'UK Climate Change Act 2008'*, and in 2010 the Welsh Government published *'One Wales: One Planet'*, their first climate change strategy. In Wales, two specific pieces of legislation are used to drive decarbonisation activity; the *'Environment (Wales) Act 2016'* and the *'Well-being of Future Generations (Wales) Act 2015'*.

The Environment Act commits the Welsh Government to reducing Wales' carbon emissions by at least 80% by 2050, against a 1990 baseline. We monitor the organisation's carbon footprint using 2016/17 as a baseline figure and we have adopted the Welsh Government initiative of ensuring sustainability is embedded in everything we do.

We have committed to matching the targets set down by Welsh Government in the Climate Change Strategy, who have set a 3% year on year reduction target in greenhouse gas emissions and an overall emissions target of 40% by 2020. We continue to remain on target to achieve this having reduced greenhouse gas emissions by 5% in 2016/17, 17.14% in 2017/18 and 56.22% in 2018/19.

We are committed to environmental sustainability through:

- Our Long Term Strategy 2018-30 is committed to dealing with the effects of climate change as measure of its success
- Working towards a platinum level Corporate Health Standard
- Working towards the internationally recognised BS EN ISO 14001:2015, which is included in our Strategic Plan
- Alignment to the Well Being of Future Generations (Wales) Act 2015, particularly the goal of being a 'resilient' and 'globally responsible' Wales.

We have two main programmes addressing this issue – our Environmental Sustainability Programme, who are focused internally, and the Health and Sustainability Hub who support sustainability as a way of working across Wales. In addition to this, we are also conducting work on circular economy approaches.

a) Environmental Sustainability Programme

We established an Environmental Sustainability Group in 2017. The group has representation from the Health and Sustainability Hub, Environmental Health, and is made up of volunteers from across the organisation. This is now a formal programme, with co-ordination over the five dedicated work streams:

- Plastics Reduction
- Green Travel
- Estates, buildings and waste
- Monitoring and Evaluation
- Leadership, Engagement and Learning

These work streams have been working to address behavioural change within the organisation and make some quick-wins. Further work is needed to embed a culture of sustainable working in everything we do, and reduce our carbon emissions.

The annual internal audit review of the Environmental Sustainability Report for 2018/19 was undertaken in line with the Internal Audit Plan, for which a substantial assurance rating was provided. *(Further information on the Internal Audit Reports can be found in [section 2.4.1](#) of this report)*

b) Circular economy and decarbonisation

A circular economy is based on three principles: designing out waste and pollution; regenerating natural systems; and keeping products and materials in use. In 2017, we used a circular economy approach to refurbish three sites. By remanufacturing our office furniture using local social enterprise businesses, multiple co-benefits were secured:

- Decarbonisation, reduced landfill waste, and reduced use of virgin resources
- Training and employment for disabled people
- Furthering social objectives of social businesses.

Through using a circular economy approach in the procurement of our new central Cardiff office building, actions resulted in:

- 94% of refit items being re-used or remade
- 41 tonnes of waste being diverted from landfill
- Saving around 134 tonnes of CO₂.

Through Welsh Government funding, we progressed a feasibility study between March and June 2019 that explored to what extent circularity could be harnessed across the Welsh public sector.

c) The Health and Sustainability Hub

The Health and Sustainability Hub supports us with its contribution towards Wales' well-being goals, the wider United Nations Sustainable Development Goals, and in applying the sustainable development principle. The Hub works closely with and in support of other public bodies and cross-sector stakeholder organisations to support system change and strengthen the impact of the Well-being of Future Generations (Wales) Act on public health, planetary health and environmental sustainability.

The Hub undertakes considerable staff engagement to raise awareness and understanding of the opportunities for supporting biodiversity, including:

- Presenting on environmental sustainability and carbon reduction at the staff induction event 'Welcome, Engage, Network, Develop', which take place three times a year
- Running awareness raising days and piloting 'mini-market' events to engage with colleagues across Wales
- Supporting the delivery of our environmental sustainability programme, including chairing the 'Leadership, Engagement and Learning' working group, as mentioned above.

The Hub has co-ordinated and published our Biodiversity Plan '*Making Space for Nature*' to maintain and enhance biodiversity and promote the resilience of ecosystems, which includes:

- Sustainable procurement, such as sourcing paper from sustainable forests, reducing paper use and printing, ensuring the purchase of biodegradable cleaning supplies, reducing the consumption of new goods where possible and supporting the circular economy by purchasing goods made from re-used / recycled materials, locally sourced where possible
- Supporting biodiversity by encouraging a diverse range of plants and wildflower habitats to attract pollinators and leaving areas of grass unmown to provide shelter and habitat for insects and other animals.

The Hub continues to support NHS Wales' Health Boards and Trusts to comply with the Biodiversity Duty in the Environment Act.

Furthermore, a Memorandum of Understanding has been developed between Natural Resources and ourselves to enable greater collaboration and to support a joint approach to the delivery of well-being objectives.

9.7 Emergency Planning/Civil Contingencies

We are responsible for providing public health emergency preparedness, resilience and response leadership, and scientific and technical advice at all organisational levels, working in partnership with other organisations to protect the health of the public within Wales. The *Civil Contingencies Act (2004)* places a number of civil protection duties on Public Health Wales in respect of:

- Risk assessment
- Emergency plans
- Warning and Informing
- Sharing of information
- Cooperation with local responders.

To effectively deliver the duties (that need to be developed in a multi-agency environment), we have representation on all four Local Resilience Forums in Wales. This allows the establishment and maintenance of effective multi-agency arrangements to respond to an emergency. The organisation regularly collaborates with partner agencies to develop flexible plans to enable a joint effective response to an incident, in order to establish resilience in the face of a broad range of disruptive challenges. As a Category one responder, we are required under the *Civil Contingencies Act (2004)* to maintain and develop plans to ensure that if an emergency occurs or is likely to occur, the organisation can deliver its functions so far as necessary or desirable for the purpose of preventing the emergency, reducing, controlling or mitigating its effects, or taking other action in connection with it. The Emergency Response Plan was reviewed and agreed by the Board in September 2018.

Our Emergency Response Plan details the organisation's response arrangements to any emergency, incident or outbreak that impacts on or requires the mobilisation of public health resources and capabilities beyond normal operations. We continue to engage in training and exercises both internally and externally. We also continue to conduct a live exercise every three years, a table-top exercise and physical setting-up of the control centre annually and a test of communications cascades every six months as required by the *NHS Wales Emergency Planning Public Core Guidance*.

We have an Emergency Planning and Business Continuity Group to co-ordinate emergency planning activity within the organisation. The group has an established workplan which over a three year period aims to drive further improvements for planning and response.

As previously highlighted, the need to plan and respond to the COVID-19 pandemic presented us with a number of challenges. A number of new and emerging risks were identified. Whilst we did have a major incident and

business continuity plan in place, as required by the *Civil Contingencies Act 2004*, the scale and impact of the pandemic has been unprecedented.

Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and population. This has also involved working in partnership on the multi-agency response as a key member of the Strategic Co-ordination Groups. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer term delivery of services by the organisation, although I am confident that all appropriate action is being taken. We continue to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery phase. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives.

9.8 Business Continuity

The NHS needs to be able to plan and respond to a wide range of incidents and emergencies. We therefore need to ensure key services are maintained when faced with disruption.

Our Business Continuity Framework provides the principles, approach and assumptions that drive the development, implementation and ongoing maintenance of business continuity arrangements within the organisation. This framework sets the business continuity objectives of the organisation and is a formal commitment to deliver the business continuity management programme and continual improvement.

The Business Continuity Framework sits alongside a Business Continuity Incident Management Process and is underpinned by individual business continuity Directorate/Divisional plans. These outline the specific actions and processes for invoking plans, roles and responsibilities and how the impact of the risks will be managed. This is to ensure that critical activities can be recovered in appropriate time scales. The plans take direction from risk assessment to identify hazards and threats in which the organisation needs to plan, within the context of critical activities.

To further develop and strengthen our business continuity arrangements, an Emergency Planning and Business Continuity workplan continues to be implemented and developed. The work plan includes actions and lessons identified through the testing and learning from incidents. The implementation of the work plan is overseen by the Emergency Planning and Business Continuity Group, which includes representation from all our services in Public Health Wales.

During the COVID-19 pandemic, our business continuity plans have been drawn upon to support the management of the emergency response.

9.9 Data Breaches

Information governance incidents and 'near misses' are reported through the organisation's incident management system. Since May 2018, personal data breaches (as defined in GDPR) are required to be risk assessed and in the most serious cases reported to the Information Commissioner's Office (ICO). All data breaches are reported quarterly to the Knowledge, Research and Information Committee. Where appropriate they are reported to the Welsh Government and full incident investigations are undertaken.

During 2019/2020, we recorded a total of three reportable data breaches, all of which were reported to both the Information Commissioner's Office (ICO) and Welsh Government. On all three, the ICO responded to say that they were satisfied with the action we had taken and that no further action was required on their part.

9.10 UK Corporate Governance Code

We are required to comply with the *UK Corporate Governance Code: Corporate Governance in Central Government Departments: Code of Good Practice 2017*.

The information provided in this governance statement provides an assessment of how we comply with the main principles of the Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the organisation's self-assessment against the Governance, Leadership and Accountability Standard (as part of the Health and Care Standards), and supported by evidence from internal and external audits. Public Health Wales is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this governance statement but are reported more fully in the organisation's wider Annual Report.

A report was provided to the Audit and Corporate Governance Committee at its meeting on 19 March 2020 outlining how the organisation has complied with the code, the report noted that there have been no reported departures from the Corporate Governance Code. This assessment was completed before the outlined impact of the COVID-19 pandemic.

9.11 NHS Pensions 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. Note 11 to the accounts provides details of the scheme, how it operates and the entitlement of employees.

9.12 Ministerial Directions

Whilst Ministerial Directions are received by NHS Wales organisations, these are not always applicable to Public Health Wales. Ministerial Directions issued throughout the year are listed on the [Welsh Government website](#).

During 2019/20, 1 Ministerial Direction (Non-Statutory Instruments) was issued by the Welsh Government that required action from Public Health Wales. The Ministerial Direction referred to Pension Tax Impacts for clinicians during 2019/20. We complied with the direction.

We have acted upon, and responded to all Welsh Health Circulars (WHCs) issued during 2019/20 which were applicable to Public Health Wales. Of the 31 issued, 20 of these were applicable to Public Health Wales. 15 required action, two were for information and three were for compliance.

10. Hosted Bodies

We have continued to host two bodies during 2019/20:

10.1 NHS Wales Health Collaborative

The NHS Wales Health Collaborative was established in 2015 at the request of NHS Wales Chief Executives to improve the level of joint working between NHS Wales' bodies, NHS Wales and its stakeholders. The Collaborative's work supports improving the quality of care for patients and, ultimately, improving NHS services Wales-wide.

The Collaborative's core functions are the:

- Planning of services across organisational boundaries to support strategic goals

- Management of clinical networks, strategic programmes and projects across organisational boundaries
- Co-ordination of activities and teams across NHS Wales with a view to simplifying existing processes.

The Collaborative is hosted by Public Health Wales, on behalf of NHS Wales, under a formal hosting agreement, which is signed by the ten NHS Wales Chief Executives of Health Boards and NHS trusts and the Director of the Collaborative. The Collaborative has a clear reporting line upwards to the Collaborative Executive Group (Chief Executives meeting monthly) and, ultimately, to the Collaborative Leadership Forum (Chairs and Chief Executives meeting approximately quarterly). The Collaborative Executive Group and Collaborative Leadership Forum sign off the Collaborative's work plan annually.

A hosting agreement has been in place since 2015, the current agreement was extended by the Board in March 2020, and runs to 31 March 2021. The agreement provides details of the responsibilities of the Public Health Wales Board and the hosted body. The Board receives assurance on compliance with the terms of the agreement through the production of an Annual Compliance Statement and Report from the Collaborative. The Report for 2019/20 was received by the Audit and Corporate Governance Committee and Board in March 2020.

The Collaborative has its own risk management process (that is compliant with the relevant Public Health Wales policy and procedures) and risks from their Corporate Risk Register are escalated to the Public Health Wales Board as appropriate.

10.2 Finance Delivery Unit

The Finance Delivery Unit (the Unit) was formally established in January 2018, following an announcement by the Cabinet Secretary for Health and Social Services.

The purpose of the Unit is to enhance the capacity to:

- Monitor and manage financial risk in NHS Wales and to respond at pace where organisations are demonstrating evidence of potential financial failure
- To accelerate the uptake across Wales of best practice in financial management and technical and allocative efficiency.

The Unit is hosted by Public Health Wales under a formal hosting agreement signed by Public Health Wales, the Director of the Finance Delivery Unit and the Director of Finance, Health and Social Services Group, Welsh Government. The Unit is accountable to the Director of Finance, Health and

Social Services Group at Welsh Government and the annual work programme is agreed and monitored through regular meetings with Welsh Government.

The Board receives assurance on compliance with the terms of the hosting agreement through the production of an Annual Assurance Statement and Report from the Unit. The Report for 2019/20 was received by the Audit and Corporate Governance Committee and Board in March 2020.

11. Staff and Staff Engagement

We engage with our staff in a number of ways which are part of the checks and balances we undertake to enable good governance.

In support of the Board and Executive, we have one formal advisory group - the Local Partnership Forum, formally the Joint Negotiating Committee (JNC).

In 2019/20, the Local Partnership Forum considered the following matters:

- Staff Survey
- Mental Health
- NHS Wales Anti Violence
- Competency Framework
- Menopause
- Managers Induction
- Organisational Change Projects
- Welsh Language Standards
- People Strategy
- Workforce Planning
- Dying to Work Charter
- Fair Treatment Advisors
- Pay Progression

The Group has also had Occupational Health, Sickness and Facilities Time as standing agenda items at each meeting, and the Forum has also commented on and recommended several policies for approval.

The terms of reference for the Local Partnership Forum were reviewed in 2019/20, and were approved by the People and Organisational Development Committee on 2 October 2019. The Local Partnership Forum has met five times during 2019/20.

We also have a well-established Joint Medical and Dental Negotiating Group. The organisation's Nursing Senedd advises and provides updates on professional issues relating to Nursing and Midwifery professionals. These

fora provide mechanisms which allow for feedback to senior management on organisational performance or any other issues that staff wish to raise, which aids transparency.

In addition to these formal partnering mechanisms, we have a consultation process open to all staff for all new and revised organisational policies, an annual staff conference (including our Diolch! staff awards programme), staff engagement events, all of which are used to hold meaningful individual and group conversations with our colleagues. These mechanisms are used in parallel with an open blog, a web forum and other virtual ways for staff to share their work and opinions, including a Public Health Wales Staff Facebook group, whose membership now accounts for over half of the workforce. During the year, we have run engagement events with staff to share the IMTP and to generate discussion about the values and what they mean to all staff across the organisation. The People and Organisational Development team also ran open forum sessions across the organisation to engage and involve staff in the development of our People Strategy 2030.

The NHS Wales Staff Survey 2018 provided an analysis of workforce engagement and some broader cultural indicators. Our response rate to the survey was 56%. Following the publication of the results in late 2018, we have held focus groups across Wales, providing an opportunity for people to clarify any ambiguous results, to celebrate positive results, to provide specific examples of concerns, as well as good practice and to suggest recommendations for change and improvement, which will have the most impact. The outputs from the focus groups have led to the development of an organisational staff survey action plan for 2019/2020, cross-referenced with our annual plan and both the Executive Team and our Board are updated on progress regularly. Furthermore, we have developed a draft approach to exploring, analysing, diagnosing and improving our culture, which we intended to discuss and finalise later in 2020.

12. Review of Effectiveness

As Chief Executive and Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The review of the system of internal control is informed by the work of the internal auditors, 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.

The Board and Committees have reviewed the effectiveness of the system of internal control in respect of the assurances received. The Strategic Risk Register is the mechanism for close monitoring of strategic risks and is scrutinised by the Board and Committees. On reviewing the system of

internal control, I can confirm that it is effective in providing the necessary assurance to the Board and Committees.

Each Committee undertook a self-assessment during 2019/20 via Committee Effectiveness workshops. There is an action plan following from this which will be reported to the Committee. The Audit and Corporate Governance Committee has completed a self-assessment questionnaire and will be considering the findings further at a workshop scheduled for 2020/21, where the Committee will also be reviewing its role and purpose of the Committee alongside the Strategic Priorities.


(Further information on the Effectiveness cycle can be found in section 2.1.5 of this report)

12.1 Internal Audit

Internal audit provides the Accountable Officer, and the Board through the Audit and Corporate Governance Committee, with a flow of assurance on the system of internal control. As Chief Executive, I have commissioned a programme of audit work which has been delivered in accordance with the Public Sector Internal Audit Standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit and Corporate Governance 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 Head of Internal Audit has concluded:

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

The audit work undertaken during 2019/20, was reported to the Audit and Corporate Governance Committee.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit and Corporate Governance Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements. The result of audit assignments that have been issued in draft to the organisation before the issue of this opinion, but have yet to be reported to the Audit and Corporate Governance Committee
- The results of any audit work related to the Health and Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module. Other assurance reviews, which impact on the Head of Internal Audit opinion including audit work performed at other organisations.

As stated above, these detailed results have been aggregated to build a picture of assurance across the organisation.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Where changes are made to the audit plan then the reasons are presented to the Audit and Corporate Governance Committee for consideration and approval. Notwithstanding that, the opinion is restricted to those areas, which were subject to audit review; the Head of Internal Audit considers the impact of changes made to the plan when forming their overall opinion.

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 proposed review of workforce planning, incident reporting, and the directorate Review of Diabetic Eye Screening Wales, which was in the original plan and scheduled for quarter four, have been deferred.

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.

(Further information on the Internal Audit Reports received by the Audit and Corporate Governance Committee see [section 2.4.1](#) of this report)

12.2 Counter Fraud

The Lead Local Counter Fraud Specialist (LCFS) for Public Health Wales was nominated to the post with effect from 1st April 2012. The Officer completed their Counter Fraud training in December 2000 and was accredited in January 2001.

During 2019/20 there have been three referrals to Counter Fraud which required further investigation. In summary,

- One case has been closed with no fraud identified and so no further action was required
- One case is near conclusion
- One case is currently being taken forward in conjunction with the organisations Workforce Department and NWSSP Payroll Services.

Advice about how to proceed is sought on each individual case from the NHS Counter Fraud Service (Wales) and once the investigation into the allegations has been concluded, legal opinion is also taken from the Specialist Fraud Division - Crown Prosecution Service as to whether there is sufficient evidence to warrant and support a criminal prosecution.

12.3 External Audit – Audit Wales (AW*)

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. AW undertakes the external auditor role for Public Health Wales on behalf of the Auditor General.

AW completed the Structured Assessment for 2019 and reported:

"Our overall conclusion from 2019 structured assessment work is that the Trust is generally well led and well-governed and has made good progress adapting its processes and structures to better deliver its strategic priorities. The Trust has an ambitious programme of work planned for the rest of 2019-20 including revising the outcome measures in its long-term strategy, adapting its performance framework and developing a framework to measure value and impact. Going forward, we would expect the Trust to coordinate workstreams to ensure it makes relevant links and does not duplicate work. We will look to review progress in next years' structured assessment.

The Trust is generally well-led and well-governed, and is identifying ways to improve data quality, incident management and cyber security. The Board continues to operate effectively and seek opportunities to improve. The Trust has effective performance and risk management arrangements and is identifying improvements where gaps or weaknesses exist. The Trust has made good progress aligning its structures and processes to its

strategic priorities and is scrutinising parts of the business not typically covered by its Board and committees”.

**Audit Wales has changed its name from the Wales Audit Office to Audit Wales from 1 April 2020 but is referred to as Audit Wales throughout this document.*

12.4 Quality of Data

The Board felt that the information it and its key committees received during 2019/20 generally supported scrutiny and assurance, although there were gaps in some areas.

The Knowledge, Research and Information Committee was established in April 2019. One of its key purposes is to provide advice and assurance to the Board in relation to data quality and information governance arrangements in the organisation.

At each Committee, members receive assurance on the risks assigned to the Committee (via the Strategic Risk Register and Corporate Risk Register) and Information Governance (via the Information Governance Performance Report).

Overall, the Committee gained assurance from their scrutiny of the various papers and presentations presented to them. A key area for development was identified as follows:

- Following a presentation and paper to the Committee in November 2019, regarding Data Quality Management, the Committee advised that given the organisation’s dependence on accurate data, a revised timeline for implementation would be required once a baseline audit had been undertaken. The results of the baseline audit and a revised time line will be presented to the Committee in 2020/21.

13. Conclusion

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.

This Annual Governance Statement confirms that Public Health Wales has continued to mature as an organisation and no significant internal control or governance issues have been identified. The organisation will continue

to address key risks and embed good governance and appropriate controls throughout the organisation.

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.

I can confirm that the Board and the Executive Team has had in place a sound and effective system of internal control, which provides regular assurance, aligned to the organisation's strategic objectives and strategic risks.

Signed: Dr Tracey Cooper

Date: 25 June 2020

**Dr Tracey Cooper
Chief Executive and Accountable Officer, Public Health Wales**

| NAME | POSITION | BOARD COMMITTEE MEMBERSHIP | ATTENDANCE AT MEETINGS 2019/20*** |
|---------------------------|--|---|-----------------------------------|
| | Allied Health Professionals | <ul style="list-style-type: none"> • Audit and Corporate Governance Committee** • People and Organisational Development Committee** | 4/5 4/4 |
| Professor Mark Bellis OBE | Director of Policy and International Health, WHO Collaborating Centre on Investment for Health & Well-being | <ul style="list-style-type: none"> • Board* • Board Development * • Knowledge, Research and Information Committee** | 6/10 4/6 1/4 |
| Sian Bolton | Transition Director of Knowledge | <ul style="list-style-type: none"> • Board* • Board Development * • Knowledge, Research and Information Committee** | 8/10 6/6 4/4 |
| Dr John Boulton | <p>Interim Director for NHS Quality Improvement and Patient Safety/ Director 1000 Lives Improvement Service <i>1 April 2019 – 31 August 2019</i> - Secondment from Aneurin Bevan University Health Board)</p> <p>Director for NHS Quality Improvement and Patient Safety/ Director 1000 Lives Improvement Service / Improvement Cymru <i>(1 September 2019 to 31 March 2020)</i></p> | <ul style="list-style-type: none"> • Board* • Board Development * • Quality, Safety and Improvement Committee** • Knowledge, Research and Information Committee** | 9/10 6/6 1/4 0/4 |

| NAME | POSITION | BOARD COMMITTEE MEMBERSHIP | ATTENDANCE AT MEETINGS 2019/20*** |
|---------------|--|---|---|
| Philip Bushby | Director of People and Organisational Development | <ul style="list-style-type: none"> • Board* • Board Development * • Remuneration and Terms of Service Committee** • People and Organisational Development Committee** | 10/10 6/6 6/7 4/4 |
| Helen Bushell | Board Secretary and Head of Board Business Unit | <ul style="list-style-type: none"> • Board* • Board Development * • Remuneration and Terms of Service Committee** • Audit and Corporate Governance Committee • Quality, Safety and Improvement Committee** • People and Organisational Development Committee • Knowledge, Research and Information Committee** | 10/10 6/6 7/7 5/5 4/4 2/4 3/4 |
| Kate Eden | Vice Chair And Non-Executive Director | <ul style="list-style-type: none"> • Board • Board Development • Remuneration and Terms of Service Committee • Audit and Corporate Governance Committee • (Chair)Quality, Safety and Improvement Committee • Knowledge, Research and Information Committee | 7/10 5/6 6/7 2/2 4/4 4/4 |
| Dyfed Edwards | <p>Non-Executive Director</p> <p><i>(Local Authority 1 April 2019 to 3 December 2019 - 0.5 appointment. Acting full time from 1 April 2019 to 3 December 2019.)</i></p> <p>Appointed to full time Non Executive Director (Generalist) on 4 December 2019)</p> | <ul style="list-style-type: none"> • Board • Board Development • (Chair) Audit and Corporate Governance Committee • Remuneration and Terms of Service Committee • People and Organisational Development Committee | 10/10 5/6 5/5 4/7 4/4 |
| Huw George | Deputy Chief Executive and | <ul style="list-style-type: none"> • Board • Board Development | 9/10 5/6 |

| NAME | POSITION | BOARD COMMITTEE MEMBERSHIP | ATTENDANCE AT MEETINGS 2019/20*** |
|-------------------------------|---|---|---|
| | Executive Director of Operations and Finance | <ul style="list-style-type: none"> • Remuneration and Terms of Service Committee** • Audit and Corporate Governance Committee** • People and Organisational Development Committee** | 4/7 5/5 3/4 |
| Professor Shantini Paranjothy | Non-Executive Director (University) | <ul style="list-style-type: none"> • Board • Board Development • (Chair) Knowledge, Research and Information Committee • Remuneration and Terms of Service • Quality, Safety and Improvement Committee • People and Organisational Development Committee | 6/10 5/6 4/4 3/7 2/2 2/2 |
| Professor Stephen Palmer | Non-Executive Director | <ul style="list-style-type: none"> • Board • Board Development • Remuneration and Terms of Service Committee • Quality, Safety and Improvement Committee • Audit and Corporate Governance Committee | 5/10 5/6 6/7 4/4 4/5 |
| Judith Rhys | Non-Executive Director (Third Sector) | <ul style="list-style-type: none"> • Board • Board Development • Remuneration and Terms of Service Committee • Audit and Corporate Governance Committee • (Chair) People and Organisational Development Committee • Quality, Safety and Improvement Committee | 9/10 5/6 4/7 2/2 4/4 3/3 |
| Dr Quentin Sandifer | Executive Director of Public Health Services and Medical Director | <ul style="list-style-type: none"> • Board • Board Development • Quality, Safety and Improvement Committee** • People and Organisational Development Committee** • Knowledge, Research and Information Committee** | 8/10 6/6 4/4 2/4 2/4 |
| Alison Ward CBE | Non-Executive Director (Local Authority - 0.5 appointment) | <ul style="list-style-type: none"> • Board • Board Development • Remuneration and Terms of Service Committee • Audit and Corporate Governance Committee | 5/10 5/6 3/7 1/3 |

* Attend Board meetings, but are not members of the Board and therefore do not have voting rights.

*** Attend Committee meetings, but are not members of the Committee and therefore do not have voting rights.*

**** The actual number of meetings attended/the number of meetings which it was possible to attend. This varies from individual to individual as some joined the Committee partway through the year.*

+ The allocation of champion roles is under review, awaiting confirmation from Welsh Government.

Note – Executive Team Members may attend other Committees on request.

Remuneration and Staff Report

- 1.1 The information contained in this report relates to the remuneration of the senior managers employed by Public Health Wales and other people-related matters.
- 1.2 The Pay Policy Statement (Annex 3) relates to Public Health Wales' strategic stance on senior manager remuneration and provides a clear statement of the principles underpinning decisions on the use of public funds.
- 1.3 The definition of "Senior Manager" is:
'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.'
- 1.4 For Public Health Wales, the Senior Managers are considered to be the regular attendees of the Trust Board meetings, i.e. the Executive Directors, the Non-Executive Directors and the remaining Board-Level Directors. Collectively the Executive and Board-Level Directors are known as the Executive Team. Although not formally a member of the Executive Team, the Board Secretary and Head of the Board Business Unit is also included within the definition of Senior Manager.

2. Remuneration and Terms of Service Committee

- 2.1 The Public Health Wales Remuneration and Terms of Service Committee considers and approves salaries, pay awards and terms and conditions of employment for the Executive Team and other key senior staff.
- 2.2 The Remuneration and Terms of Service Committee also considers and approves applications relating to the Voluntary Early Release Scheme, redundancy payments and early retirements.
- 2.3 All Executive Directors' pay and terms and conditions have been, and will be, determined by the Remuneration and Terms of Service Committee within the Framework set by the Welsh Government.
- 2.4 During 2019/20 the Public Health Wales Remuneration and Terms of Service Committee consisted of the following Members:
 - Jan Williams OBE (Chair)
 - Dr Tracey Cooper (Chief Executive). The role of CEO was made a member of the committee from November 2019
 - Judith Rhys (Non-Executive Director)
 - Professor Shantini Paranjothy (Non-Executive Director)
 - Kate Eden (Vice Chair and Non-Executive Director)
 - Alison Ward (Non-Executive Director)

- Dyfed Edwards (Non-Executive Director)
 - Professor Stephen Palmer (Non-Executive Director).
- 2.5 The performance of Executive Directors is assessed against individual objectives and the overall performance of Public Health Wales. Public Health Wales does not make bonus payments of any kind.
- 2.6 All payments are against the pay envelope in the annual letter from the Chief Executive of NHS Wales on this matter. The Senior Managers to receive pay-awards have been those remunerated on 'Medical and Dental' or 'Agenda for Change' pay scales and those in 'Executive and Senior Posts'.
- 2.7 During 2019/2020, the Public Health Wales Board noted that the roles of Executive Director of Health and Well-being and Director of Knowledge had not been recruited to despite extensive executive searches and approved the extension of the interim arrangements until the end of the year.
- 25 July 2019 – approved the extension of Jyoti Atri as Interim Executive Director of Health and Well-being until the end of 2019.
 - 25 July 2019 – approved the extension of Sian Bolton as Transition Director, Knowledge until the end of 2019.
- 2.8 During 2019/20, the Remuneration and Terms of Service Committee approved the following (in consultation with Welsh Government where appropriate):
- 28 March 2019 - approved the change in salary for Dr Quentin Sandifer, noting adjustments to certain allowances relating to his Public Health leadership role and in particular concerning the change of payment from Clinical Excellence Award to Commitment Award. This resulted in a reduction in overall salary as noted in Annex 1a. Although these decisions were taken in the previous financial year, the material change did not take effect until 1 April 2019 and are therefore included in this report.
 - 27 June 2019 – approved the appointment of Dr John Boulton as Director of NHS Quality Improvement and Patient Safety and Director of the 1000 Lives Improvement Service (Improvement Cymru) following a successful interview and assessment process on 24 June 2019, subject to agreement of salary and subsequent approval by Welsh Government.
 - 22 August 2019 – approved the salary of Dr John Boulton, Director of NHS Quality Improvement and Patient Safety/Director of the 1000 Lives Improvement Service (Improvement Cymru).

- 27 January 2020 – approved the extension of Jyoti Atri as Interim Executive Director of Health and Well-being until 31 July 2020.
- 27 January 2020 - approved the extension of Sian Bolton as Transition Director, Knowledge until 31 July 2020.

Voluntary Early Release and Redundancy payments:

- Approval of four applications, totalling £130,348 under the Voluntary Early Release Scheme.
- Approval of one redundancy payment, totalling £40,889 and one redundancy payment of £7,434 which is fully funded through the Early Action Together (EAT) programme and authorised by the Finance, Risk and Internal Control Sub-Committee (FRICS). This is a collaborative programme that Public Health Wales is a member of alongside South Wales Police and other organisations.

3. Salary and Pension Disclosures

- 3.1 Details of salaries and pension benefits for Senior Managers captured within this report are given in Annexes 1 and 2.
- 3.2 The single figure of remuneration (Annex 1) is intended to be a comprehensive figure that includes all types of reward received by Senior Managers in the period being reported on, including fixed and variable elements as well as pension provision.
- 3.3 The single figure includes the following:
- Salary and fees both pensionable and non-pensionable elements.
 - benefits in kind (taxable, total to the nearest £100)
 - pension-related benefits - those benefits accruing to Senior Managers from membership of a participating defined benefit pension scheme.
- 3.4 There are no annual or long-term performance-related bonuses.
- 3.5 Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.
- 3.6 The value of pension-related benefits accrued during the year is calculated as the employee's real increase in pension multiplied by 20, plus any real increase in pension lump sum (for scheme members entitled to a lump sum), less the contributions made by the employee. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

- 3.7 Annex 2 gives the total pension benefits for all Senior Managers. The inflationary rate applied to the 2018/19 figure is 2.4% as set out by the 2019/20 Greenbury guidance.

4. Remuneration Relationship

- 4.1 NHS bodies in Wales 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. This information is provided in note 10.6 to the Financial Statements.

5. 2019/20 Staff Report

5.1 Number of Senior Managers

As of 31 March 2020 there were 10 Senior Managers that made up the Executive Team (including the role of Board Secretary and Head of the Board Business Unit); they were also Board members or regular attendees. Their terms and conditions are broken down as follows:

| | |
|---------------------------------------|---|
| Consultant (Medical and Dental): | 1 |
| Executive and Senior Posts pay scale: | 6 |
| Agenda for Change Wales: | 3 |

5.2 Staff Numbers

The following table shows the average number of staff employed by Public Health Wales NHS Trust, by group as defined in the annual accounts.

| | Permanently Employed (inc Fixed Term) WTE | Agency Staff WTE | Staff on inward secondment WTE | 2019/20 Total WTE | 2018/19 Total WTE |
|--|---|------------------|--------------------------------|-------------------|-------------------|
| Administrative, clerical and board members | 981 | 22 | 41 | 1,044 | 940 |
| Ambulance Staff | 0 | 0 | 0 | 0 | 0 |
| Medical and Dental | 90 | 0 | 25 | 115 | 105 |
| Nursing, Midwifery registered | 56 | 0 | 6 | 62 | 58 |
| Professional, scientific and technical staff | 509 | 0 | 2 | 511 | 489 |
| Additional Clinical Services | 0 | 0 | 0 | 0 | 0 |
| Allied Health Professionals | 61 | 1 | 0 | 62 | 59 |
| Healthcare Scientists | 0 | 8 | 0 | 8 | 0 |
| Estates and Ancillary | 0 | 0 | 0 | 0 | 0 |

| | | | | | |
|--------------|--------------|-----------|-----------|--------------|--------------|
| Students | 0 | 0 | 0 | 0 | 0 |
| Total | 1,697 | 31 | 74 | 1,802 | 1,651 |

5.3 Staff Composition

The gender breakdown of the Senior Managers and other employees as of 31 March 2020 was as follows:

| | Male | Female |
|-----------------|------|--------|
| Senior Managers | 50% | 50% |
| Other employees | 23% | 77% |

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 came into force on 6 April 2017, which require employers in England and Wales with 250 or more employees to publish statutory calculations every year showing the pay gap between their male and female employees.

- mean gender pay gap in hourly pay;
- median gender pay gap in hourly pay;
- proportion of males and females in each pay quartile.

In Public Health Wales, the mean and median hourly rate by Gender as of 31 March 2019 was as follows:

| Gender | Mean. Hourly Rate (£) | Median Hourly Rate (£) |
|------------|-----------------------|------------------------|
| Male | 22.73 | 18.74 |
| Female | 17.98 | 15.07 |
| Difference | 4.75 | 3.67 |
| Pay Gap % | 20.89 | 19.57 |

The figures highlight a gap between the pay for men and women in the organisation. This is attributable to the high proportion of women in some of the lower grades, as well as a high proportion of men in certain senior grades, where staff numbers are not so large. We will review the gender profile of our workforce across service areas, identifying whether there are any barriers to recruitment and progression and taking necessary steps to address this, with targeted interventions to support women balancing domestic commitments and a career.

5.4 **Sickness Absence data**

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

| | 2019-2020 Number | 2018-2019 Number |
|--|-----------------------------|-----------------------------|
| Days lost (long term) | 15,316 | 15,467 |
| Days lost (short term) | 7,575 | 6,823 |
| Total days lost | 22,891 | 22,294 |
| Total staff years | 1,699 | 1,586 |
| Average working days lost | 898 | 880 |
| Total staff employed in period (headcount) | 1,866 | 1,786 |
| Total staff employed in period with no absence (headcount) | 848 | 837 |
| Percentage staff with no sick leave | 47.50% | 46.27% |

Sickness absence rates across Public Health Wales over 2019/2020 have seen a slight increase with number of days lost due to sickness absence up by 598 days from 2018/2019. The last few months of 2019/2020 saw an increase in sickness absence rates in comparison to 2018/2019 which is likely to be related to the Covid-19 pandemic.

There has however been a slight increase in the percentage of staff with no sickness absence.

Each long-term sickness case is managed by the Line Manager concerned, supported by a HR representative, and the number of days lost due to long-term sickness absence has fallen slightly (1%) since last year.

The All Wales Managing Attendance at Work Policy has been in place within Public Health Wales for just over a year (since December 2018) and the People and Organisational Development team are on schedule to deliver training on the new policy to all Line Managers within the agreed two-year timeframe.

5.5 **Staff policies applied during the financial year**

The Trust's workforce policies cover all aspects of employment, from recruitment and selection, training and development to terms and conditions of service and termination of employment. They also set out the guiding principles that influence the way that Public Health Wales carries out its employment based activities and the expectations of all staff. Some of these policies are developed and reviewed with other NHS organisations on an "all Wales" basis

and their adoption is mandatory. All other employment policies are developed and reviewed through policy workshops attended by various stakeholders from within the organisation.

Public Health Wales also has a range of policies which enable people with a protected characteristic (including disability) to gain employment with the Trust, and remain in employment where appropriate, should they become covered by a protected characteristic during their employment. We have flexible working arrangements for staff to enable them to accommodate their personal situations and requirements, as well as an Occupational Health service who can advise on reasonable adjustments for those who require them. Our Recruitment Policy and candidate information promotes the use of inclusive and welcoming language and ensures that we will make reasonable adjustments to the process as required. We also have guidance for staff who are Transitioning in the workplace, to help individuals and managers through the process.

Public Health Wales' Recruitment Policy makes reference to eliminating all forms of discrimination in accordance with the Equality Act 2010. Public Health Wales operates a guaranteed interview scheme whereby disabled applicants are guaranteed an interview if they meet the essential requirements of the person specification for the post they are applying for. When invited to interview, all applicants are asked if any adjustments are required to enable them to attend.

Where a disabled candidate is appointed, Public Health Wales is responsible for carrying out any reasonable adaptations to the workplace or supplying additional equipment to assist the new employee in their role. This usually follows assessment, advice and support from the Trust's Occupational Health Service.

In July 2019, we were assessed and awarded Disability Confident Leader Status; the second NHS Organisation in Wales to be awarded this. A lot of work was put into reviewing and improving processes, awareness and our environment to get us to this stage and the feedback from disabled staff has been positive. This also builds on our reputation as an inclusive employer, building confidence for staff and prospective job applicants.

The All Wales Managing Attendance at Work Policy which was introduced in December 2018 has a focus on managers knowing and understanding their staff, and working in partnership to support individuals in the workplace. The policy has an emphasis on wellbeing rather than managing absence and is designed to support individuals to remain in the workplace. The policy retains mechanisms for phased return to work, with no loss of pay and makes enhancements in support for appointments linked to underlying health concerns. There is a greater emphasis on access to advice and support (EAP, Occupational Health, GP, Physiotherapy, Counselling, etc.) to enable the organisation to facilitate a more rapid return to the workplace, along with greater support to remain in work. Where a return to an individual's role is not possible, redeployment to a suitable alternative role is explored with an expectation that

the redeployment process will be supported across all NHS organisations, not just within Public Health Wales. A further emphasis is also made on temporary redeployment to an alternative role, which helps an individual to return to the workplace earlier, where they are currently not fit to return to their substantive role.

There are also a number of policies, procedures and guidelines that support staff health and well-being such as the Flexible Working Policy and Toolkit, Career Break Scheme, Annual Leave Purchase Scheme, Prevention of Stress and Management of Mental Health and Well-Being Policy. Public Health Wales also runs a workplace mediation service for staff.

In July 2019, we were assessed and awarded the Gold level of the Corporate Health Standard Award, which required a multi-site, two-day assessment process. This required significant work from every part of the organisation, and would not have been possible without the work of our Employee well-being Group, and our network of well-being Links. The latter signpost their colleagues to ongoing work to enable wellbeing and facilitate two way communication throughout all of our many sites and bases. We are continuing on our journey through the stages of the award system to the ultimate level of Platinum.

Public Health Wales is committed to providing a working environment free from harassment and bullying and ensuring all staff are treated, and treat others, with dignity and respect. Our Dignity at Work Process promotes dignity and respect at work and supports and helps employees who may be experiencing bullying, harassment and/or victimisation.

All staff have equal access to appraisal, via Public Health Wales' 'My Contribution' process, training opportunities and career development. They are expected to undertake statutory and mandatory training applicable to their post.

In relation to staff organisational change and restructuring of services, Public Health Wales has adopted the All Wales Organisational Change Policy and has in place a Redundancy Policy and Voluntary Early Release Scheme.

All workforce policies are reviewed and developed jointly with the recognised trade unions, in accordance with an agreed review and development schedule.

Policies are published on the Public Health Wales website at <https://phw.nhs.wales/about-us/policies-and-procedures/policies-and-procedures-documents/human-resources-policies/>

5.6 Other Employee Matters

Our Staff Diversity Networks continue to grow and embed themselves within the organisation. We now have networks for Women, Carers, LGBT+, Disabled and BAME Staff. Members of these networks have been actively involved in developing the Strategic Equality Plan for 2020 – 2024, which will be published during 2020.

We have continued to hold various awareness raising events throughout the year, and attended Pride events in Swansea, Llanelli and Cardiff. Once again we held “Diversity and Inclusion Week” in January, which involved a range of speakers, Intranet articles, “Rainbow Day” and opportunities for staff to celebrate difference. Many more staff were involved this year with attendance at each event averaging around 50 people across several sites.

We participated in the Stonewall Workplace Equality Index for the third time, and were placed 100th out of 502 organisations taking part, which sees us enter the Top 100 employers in the UK for the first time. This is an increase of 73 places from the previous year and a total advance of 238 since the start of our participation three years ago. This clearly shows the improvements made towards creating an inclusive culture and bringing our organisation’s values to life.

5.7 Expenditure on Consultancy

For the purposes of the statutory accounts, Consultancy is defined as time limited/ad-hoc assignments that are not considered to be related to the day-to-day activities of the Trust. This can include expenditure on services such as:

- General Management Consultancy
- Legal
- Human Resources
- Financial
- IT Consultancy
- Property Services/Estates
- Marketing and Communication
- Programme and Project Management

During 2019/20, Public Health Wales’ expenditure on consultancy was £448k compared to £359k in 2018/19.

5.8 Tax Assurance for Off-Payroll Engagements

The Trust is required to disclose any arrangements it has whereby individuals are paid through their own companies or off-payroll. Where off-payroll payments have been made, the Trust has sought assurance from all relevant parties that the appropriate tax arrangements are in place. Full details of these arrangements are published on the Public Health Wales website at <https://phw.nhs.wales/about-us/publication-scheme/#what>

5.9 Exit Packages

The figures disclosed in this note relate to exit packages agreed in the year. The actual date of departure might be in a subsequent period, and the expense in relation to the departure costs may have been accrued in a previous period. The data are therefore presented on a different basis to other staff cost and expenditure notes in the accounts.

| Table 1 | 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 |
| less than £10,000 | 1 | 1 | 2 | 0 | 4 |
| £10,000 to £25,000 | 0 | 1 | 1 | 0 | 0 |
| £25,000 to £50,000 | 1 | 1 | 2 | 0 | 1 |
| £50,000 to £100,000 | 0 | 1 | 1 | 0 | 1 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 2 | 4 | 6 | 0 | 6 |
| | 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 | 7,434 ¹ | 7,524 | 14,958 | 0 | 10,878 |
| £10,000 to £25,000 | 0 | 23,761 | 23,761 | 0 | 0 |
| £25,000 to £50,000 | 40,889 | 43,772 | 84,661 | 0 | 43,772 |
| £50,000 to £100,000 | 0 | 55,291 | 55,291 | 0 | 65,651 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 48,323 | 130,348 | 178,671 | 0 | 120,301 |

1. Redundancy fully funded by EAT/FRICS see section 2.8

6. Statement of Assurance

- 6.1 I confirm that there is no relevant audit information in the Annual Report of which the Wales Audit Office is unaware. As Chief Executive, I have taken all the steps in order to make myself aware of any relevant information and ensure the Wales Audit Office is aware of that information.

Signed: **Dr Tracey Cooper** Date: **25 June 2020**

Dr Tracey Cooper
Chief Executive and Accountable Officer, Public Health Wales

Annex 1a - Single Figure of Remuneration (2019/20)

(Audited)

| Name and Title | Salary (Bands of £5k) | Other (bands of £5,000) | Benefits in kind (taxable) to nearest £100 | Pension Benefit to nearest £1,000 | Total to nearest (Bands of £5k) |
|---|-----------------------------|----------------------------------|---|--|--|
| Dr Tracey Cooper, Chief Executive | 155-160 | - | - | 39 | 195-200 |
| Huw George, Deputy Chief Executive and Executive Director of Operations and Finance ¹ | 130-135 | - | - | 24 | 150-155 |
| Dr Quentin Sandifer, Executive Director of Public Health Services and Medical Director | 150-155 | - | - | 0 | 150-155 |
| Rhiannon Beaumont-Wood, Executive Director of Quality, Nursing and Allied Health Professionals | 105-110 | - | - | 17 | 125-130 |
| Jyoti Atri, Interim Executive Director of Health and Well-being | 120-125 | - | - | 23 | 145-150 |
| Professor Mark Bellis OBE, Director of Policy and International Health, WHO Collaborating Centre on Investment for Health and Well-being | 120-125 | - | - | 26 | 150-155 |
| Dr John Boulton, Director for NHS Quality Improvement and Patient Safety/Director 1000 Lives Improvement Service (Improvement Cymru) ² | 120-125 | - | - | 36 | 155-160 |
| Philip Bushby, Director of People and Organisational Development ³ | 100-105 | - | 4,500 | 25 | 130-135 |
| Sian Bolton, Transition Director, Knowledge | 105-110 | - | - | 0 | 105-110 |
| Helen Bushell, Board Secretary and Head of Board Business Unit | 70-75 | - | - | 20 | 90-95 |
| Non-Executive Directors: | | | | | |
| Jan Williams OBE | 40-45 | - | - | 0 | 40-45 |
| Kate Eden | 15-20 | - | - | 0 | 15-20 |
| Judith Rhys | 5-10 | - | - | 0 | 5-10 |

| | | | | | |
|-------------------------------|------|---|---|---|-------------|
| Professor Shantini Paranjothy | 5-10 | - | - | 0 | 5-10 |
| Dyfed Edwards | 5-10 | - | - | 0 | 5-10 |
| Professor Stephen Palmer | 5-10 | - | - | 0 | 5-10 |
| Alison Ward ⁴ | 5-10 | - | - | 0 | 5-10 |

1. Salary includes £575 sacrificed in respect of cycle to work scheme.
2. Dr John Boulton's secondment to PHW from Aneurin Bevan ended on 31st August 2019 when he was appointed Director for NHS Quality Improvement and Patient Safety/Director 1000 Lives Improvement Service (Improvement Cymru).
3. Salary includes £3,895 sacrificed in respect of a personal lease car.
4. Alison Ward receives no direct benefit as the above costs are paid directly to her employer.

Annex 1b - Single Figure of Remuneration (2018/19)

(Audited)

| Name and Title | Salary (Bands of £5k) | Other (bands of £5,000) | Benefits in kind (taxable) to nearest £100 | Pension Benefit to nearest £1,000 | Total to nearest (Bands of £5k) |
|---|-----------------------------|----------------------------------|---|--|--|
| Dr Tracey Cooper, Chief Executive | 150 - 155 | - | - | 37 | 190 – 195 |
| Huw George, Deputy Chief Executive and Executive Director of Operations and Finance | 125 - 130 | - | - | 25 | 150 – 155 |
| Dr Quentin Sandifer, Executive Director of Public Health Services ¹ | 160 - 165 | - | - | 21 | 180 – 185 |
| Rhiannon Beaumont-Wood, Executive Director of Quality, Nursing and Allied Health Professionals ² | 15 - 20 | - | - | 11 | 25 – 30 |
| Dr Christine Pickin, Executive Director of Health and Well-being ³ | 120 - 125 | 65 - 70 | - | 28 | 210 – 215 |
| Jyoti Atri, Interim Executive Director of Health and Well-being ⁴ | 30 - 35 | - | - | 6 | 35 – 40 |
| Dr Aidan Fowler, Director of Patient Safety and Healthcare Quality/ Director 1000 Lives ⁵ | 40 - 45 | - | - | 26 | 65 – 70 |
| Professor Mark Bellis, Director of Policy Research and International Development | 120 - 125 | - | - | 25 | 145 – 150 |
| Dr John Boulton, Interim Director for NHS Quality Improvement and Patient Safety/Director 1000 Lives ⁶ | 60 - 65 | - | - | *** | 60 – 65 |
| Philip Bushby, Director of People and Organisational Development ¹ | 100 - 105 | - | - | 25 | 125 – 130 |
| Sian Bolton, Acting Executive Director of Nursing and Quality ⁷ | 85 - 90 | - | - | 129 | 215 – 220 |
| Sian Bolton, Transition Director, Knowledge | 15 - 20 | - | - | 25 | 40 - 45 |
| Helen Bushell, Board Secretary ⁸ | 0 - 5 | - | - | 0 | 0 – 5 |
| Eleanor Higgins, Acting Board Secretary ⁹ | 0 - 5 | - | - | 2 | 5 – 10 |

| | | | | | |
|--|---------|---|---|-----|---------|
| Catherine Steele, Acting Board Secretary ¹⁰ | 20 - 25 | - | - | *** | 20 – 25 |
| Melanie Westlake, Board Secretary ¹¹ | 20 - 25 | | - | 10 | 30 – 35 |
| Non Executive Directors: | | | | | |
| Jan Williams | 40 - 45 | - | - | 0 | 40 - 45 |
| Terence Rose ¹² | 5 - 10 | - | - | 0 | 5 - 10 |
| Kate Eden | 15 - 20 | - | - | 0 | 15 - 20 |
| Judith Rhys | 5 - 10 | - | - | 0 | 5 - 10 |
| Professor Shantini Paranjothy | 5 - 10 | - | - | 0 | 5 - 10 |
| Dyfed Edwards ¹³ | 5 - 10 | - | - | 0 | 5 - 10 |
| Professor Stephen Palmer ¹⁴ | 0 - 5 | - | - | 0 | 0 - 5 |
| Alison Ward ¹⁵ | 0 - 5 | - | - | 0 | 0 - 5 |

1. Dr Quentin Sandifer and Philip Bushby moved pay bands due to pay increase (2%) that applied to all directors with effect of 01 April 2018
2. Rhiannon Beaumont- Wood returned from secondment on 4 February 2019 from Powys Teaching Health Board
3. Dr Christine Pickin left the organisation on 24 February 2019
4. Jyoti Atri commenced the interim role on 25 February 2019 as Executive Director of Health and Wellbeing. She was acting up from 1 January 2019 to cover some planned annual leave at the beginning of the year for Dr Christine Pickin
5. Dr Aidan Fowler left the organisation on 15 July 2018
6. Dr John Boulton commenced a secondment on 01 August 2018. Reimbursement for all payroll costs are to Aneurin Bevan Health Board. There is no pension information available.
7. Sian Bolton finished acting up in the role on 4 February 2019 as Executive Director of Nursing and Quality and was appointed as Transition Director for the Knowledge Directorate on 5 February for a 6 month period
8. Helen Bushell was appointed on 11 March 2019 as Board Secretary
9. Eleanor Higgins acted up from 1 February 2019 to 10 March 2019 as Board Secretary
10. Cathie Steele was seconded from WHSSC from 12 July 2018 to 31 January 2019 as Board Secretary. There is no pension information available.
11. Melanie Westlake was seconded to Welsh Government on 11 July 2018
12. Terence Rose left the organisation on 31 October 2018
13. Dyfed Edwards was appointed on 1 May 2018
14. Stephen Palmer was appointed 1 September 2018
15. Alison Ward was appointed 1 April 2018. She receives no direct benefit as the above costs are paid directly to her employer.

Annex 2 - Pension Benefits

(Audited)

| Name and Title | Real increase in pension at pension age, (bands of £2,500) £'000 | Real increase in pension lump sum at pension age, (bands of £2,500) £'000 | Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £'000 | Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £'000 | Cash Equivalent Transfer Value at 31 March 2020 £'000 | Cash Equivalent Transfer Value at 31 March 2019 £'000 | Real increase in Cash Equivalent Transfer Value £'000 | Employer's contribution to stakeholder pension £'000 |
|--|---|--|--|--|--|--|--|---|
| Dr Tracey Cooper, Chief Executive | 2.5-5 | (2.5)-0 | 35-40 | 55-60 | 648 | 580 | 31 | 0 |
| Huw George, Deputy Chief Executive and Executive Director of Operations and Finance | 0-2.5 | (2.5)-0 | 45-50 | 105-110 | 934 | 866 | 29 | 0 |
| Dr Quentin Sandifer Executive Director of Public Health Services and Medical Director | (5)-(2.5) | (15)-(12.5) | 50-55 | 160-165 | 1,347 | 1,384 | 0 | 0 |
| Rhiannon Beaumont-Wood, Executive Director Quality, Nursing and Allied Health Professionals | 0-2.5 | 0-2.5 | 25-30 | 75-80 | 616 | 562 | 26 | 0 |
| Jyoti Atri, Interim Executive Director of Health and Wellbeing | 0-2.5 | (2.5)-0 | 35-40 | 70-75 | 632 | 581 | 19 | 0 |
| Professor Mark Bellis OBE, Director of Policy and International Health, WHO Collaborating Centre and Investment for Health and Well-being. | 0-2.5 | 0 | 15-20 | 0 | 221 | 179 | 16 | 0 |
| Dr John Boulton, Interim Director for NHS Quality Improvement and Patient Safety/Director 1000 Lives | 2.5-5 | 0 | 0-5 | 0 | 28 | 0 | 12 | 0 |

| | | | | | | | | |
|--|-------|-------|-------|---------|-----|-----|----|---|
| Philip Bushby, Director of People & Organisational Development | 0-2.5 | 0 | 5-10 | 0 | 93 | 65 | 12 | 0 |
| Sian Bolton, Transition Director, Knowledge | 0-2.5 | 0-2.5 | 40-45 | 120-125 | 889 | 844 | 10 | 0 |
| Helen Bushell, Board Secretary and Head of Board Business Unit | 0-2.5 | 0 | 0-5 | 0 | 14 | 0 | 5 | 0 |

Annex 3 – Pay Policy Statement 2019/20

1.0 Introduction and Purpose

- 1.1 The purpose of this policy statement is to clarify Public Health Wales' strategic stance on senior remuneration and to provide a clear statement of the principles underpinning decisions on the use of public funds.
- 1.2 The annual Pay Policy Statement (the “statement”) is produced for each financial year, in accordance with the Welsh Government’s principles and minimum standards as set out in the document “Transparency of Senior Remuneration in the Devolved Welsh Public Sector” which includes a set of high level principles regarding the reporting of senior pay. The document sets out arrangements and principles in a series of standards and non statutory requirements on organisations in the devolved Welsh public sector. It includes a requirement to publish annual reports as well as an annual pay policy statement
- 1.3 The purpose of the statement is to provide transparency with regard to Public Health Wales' approach to setting the pay of its senior employees (this excludes staff employed on nationally set terms and conditions of employment) by stating:
 - a) the definition of “senior posts” adopted by Public Health Wales for the purposes of the pay policy statement,
 - b) the definition of “lowest-paid employees” adopted by Public Health Wales for the purposes of the pay policy statement,
 - c) Public Health Wales' reasons for adopting those definitions, and
 - d) the relationship between the remuneration of senior posts and that of the lowest-paid employees.

2.0 Legislative Framework

In determining the pay and remuneration of all of its employees, Public Health Wales will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the NHS Trust ensures there is no pay discrimination within its pay structures for employees covered by the NHS National Terms and Conditions (Agenda for Change), the Medical and Dental Staff (Wales) Handbook and the Executive and Senior Posts cohort and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

3.0 Pay Structure

Senior posts are defined by Public Health Wales as all staff who are not covered by Agenda for Change or Medical and Dental contracts (with the exception of our Executive Director of Public Health Services who also holds the position of Medical Director and is covered by a Medical and Dental Contract and the Director of Policy Research and International Development who is paid on Agenda for Change payscale).

This cohort of staff are referred to as “Executive and Senior Posts (ESPs)”

- a) In relation to this statement the ESP posts within the NHS Trust are:

Chief Executive

Deputy Chief Executive / Executive Director of Operations and Finance

Executive Director of Health and Wellbeing

Executive Director of Public Health Services

Executive Director of Quality, Nursing and Allied Health Professionals

Director for NHS Quality Improvement and Patient Safety/ Director of Improvement Cymru

Director of People and Organisational Development

Director of Policy and International Health, WHO Collaborating Centre on Investment for Health and Well-being

Director of Knowledge

- b) The “lowest-paid employees” within Public Health Wales are paid £17,652 per annum (£9.05 per hour) in accordance with the nationally set Pay Bands and pay points in Wales.
- c) The definitions for senior posts and the lowest paid employees are in accordance with the national provisions as determined and set by Welsh Government as noted in a) above.
- d) The remuneration of senior posts is determined by a job evaluation process (Job Evaluation for Senior Posts (JESP)) and all salaries are agreed by Welsh Government. The remuneration of the lowest-paid employees is set by reference to the national Job Evaluation system (Agenda for Change) and salaries for the all Agenda for Change pay spine points (including the lowest) are set following receipt of recommendations from the Pay Review Body. From 1st January 2015, the lowest spine points were adjusted to incorporate the Living Wage.
- e) The annual process of submitting evidence to the pay review bodies (NHS Pay Review Body and Review Body on Doctors' and Dentists' Remuneration) enables an independent assessment to be made on NHS pay. The pay review bodies have regard to the following considerations in making their recommendations:
- the need to recruit, retain and motivate suitably able and qualified staff;

- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
 - the funds available to the Health Departments, as set out in the Government's Departmental Expenditure Limits;
 - the Government's inflation target;
 - the principle of equal pay for work of equal value in the NHS;
 - the overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved.
- f) Salary information relating to senior posts is provided in Annex 1a to the Remuneration and Staff report.
- g) Public Health Wales' approach to internal talent management is to share all vacancies and opportunities internally to encourage career mobility and development of all our employees. In addition, through our workforce planning process, we undertake learning needs analysis and succession planning processes to identify developmental needs of all staff. Succession planning is the process of identifying critical positions, assessing current staff members who may be able to fill these positions within several timescales (ready now; 1-2 years and 2-5 years) and developing action plans for these individuals to assume those positions.
- h) Public Health Wales does not use any system of performance related pay for senior posts.
- i) Public Health Wales has a comprehensive approach to performance, development and review and the policies / processes to support this are:

Strategic Workforce Planning Toolkit
My Contribution Policy (Performance Appraisal)
Core Skills and Training Framework
Learning and Development Programme
Management and Leadership Development Programme
Induction Policy and Process

- j) The highest and lowest Agenda for Change pay points set by Public Health Wales are:
- Highest point - £103,860
- Lowest point - £17,652
- k) The severance policies which are operated by Public Health Wales are;
- set out in Section 16 of the nationally agreed NHS Terms and Conditions of Service Handbook for redundancy and these conditions can only be varied by national agreement between government, employers and trade unions;

- the Voluntary Early Release scheme which requires Welsh Government authorization for any payment to be made and;
- the NHS Wales Organisational Change Policy which provides for a consistent approach to the management of organisational change and provides for redeployment and protection of pay.
- the Public Health Wales Redundancy Policy which sets out an organisational approach to managing situations where redundancies (or the risk of redundancies) arise

4.0 **Wider Reward and Recognition Package**

l) Additional Benefits offered by Public Health Wales are;

- **Annual leave** - Staff receive an annual leave allowance of 27 days a year plus bank holidays, rising to 29 days after five years and 33 days after ten years.
- **Flexible working** –. The Trust offers a flexible working policy to help balance home and working life, including: working from home, part-time hours and job sharing options.
- **Pension** - We are signed up to the NHS pension scheme. If staff join the NHS pension scheme the Trust will contribute 20.6% towards their pension.
- **Childcare Vouchers** - We offer membership to the childcare vouchers scheme to all employees who have children
- **Cycle to work scheme** – The Trust participates in a [cycle to work scheme](#), which offers savings of up to 42% off the cost of a new bike.
- **Travel loans** - Interest free season ticket loans are available to staff (on an annual basis).
- **Health and well-being** - Health and well-being initiatives are available across the Trust, including discounted gym membership across Wales.
- **Occupational Health** - All employees have access to our Occupational Health services: the service can support staff with, stress management, confidential counselling and seasonal vaccinations.
- **Car Lease scheme** - The NHS Wales Shared services partnership scheme allows Public Health Wales staff to apply for a [lease car](#), for business and personal use.

6.0 **Approach to Providing Support to lower paid staff**

Public Health Wales, in keeping with the wider NHS, ensures that all of its employees are paid the living wage.

National Assembly for Wales Accountability and Audit Report

Expenditure is compliant with the relevant legislation. Charges for services provided by public sector organisations pass on the full cost of providing those services. We ensure public funds are used appropriately and to deliver the intended objectives.

Where we undertake activities that are not funded directly by the Welsh Government we receive income to cover our costs. Further detail of income received is published in the annual accounts; within note 4 headed 'other operating revenue'.

We confirm we have complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

We have been informed by our legal advisors that £3,613,000 of claims for alleged medical or employer negligence against us have been assessed as having a remote chance of succeeding. If the claims were to succeed against us, £3,463,000 of this figure would be recoverable from the Welsh Risk Pool. Therefore, the net liability to Public Health Wales NHS Trust is £150,000

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

Report on the audit of the financial statements

Opinion

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

In my opinion the financial statements:

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

Basis for opinion

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

Emphasis of matter

I draw attention to Note 24 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 Trust has disclosed the existence of a contingent liability at 31 March 2020, and my opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the trust'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.

Opinion on regularity

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

Report on other requirements

Opinion on other matters

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

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

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the 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 trust and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report or the Annual Governance Statement.

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

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

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of Directors and the Chief Executive

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 6 and 7 of the Accountability

Report, 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 trust'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

List of hyperlinks included in Accountability Report

| | |
|--|--|
| Register of Interests 2019/20 | https://phw.nhs.wales/about-us/publication-scheme/nbsp-register-of-interests-2019-20-public-version/ |
| Strategic Plan | https://phw.nhs.wales/about-us/our-priorities/long-term-strategy-documents/public-health-wales-strategic-plan-2019-22/ |
| Board Governance Board Report March 2020 | https://phw.nhs.wales/about-us/board-and-executive-team/board-papers/board-meetings/2019-2020/28-march-2020/board-26-march-2020-papers/3-260320-board-governance-paper/ |
| Review of Terms of Reference Board Report November 2019 | https://phw.nhs.wales/about-us/board-and-executive-team/board-papers/board-meetings/2019-2020/28-november-2019/board-28-nov-papers/8-4-2-281119-review-of-committee-terms-of-reference/ |
| Board and Committee Papers and Minutes | https://phw.nhs.wales/about-us/board-and-executive-team/board-committees/ |
| Reporting damage or loss to personal property Procedure | https://phw.nhs.wales/about-us/policies-and-procedures/policies-and-procedures-documents/risk-management-health-and-safety-and-estates-policies/reporting-damage-or-loss-to-personal-property-procedure/ |
| The Statement for Risk Appetite included in the Annual Plan for 2018-19 | http://howis.wales.nhs.uk/sitesplus/documents/888/Annual%20Plan%202018-19%20V11.pdf |
| Risk Management Procedure | http://www2.nphs.wales.nhs.uk:8080/PHWPoliciesDocs.nsf/0/ba7f686bc7bee034802581380048153a/\$FILE/PHW56-TP01%20Risk%20Managment%20Procedure%20v2.pdf |
| Audit and Corporate Governance Committee Papers | http://www2.nphs.wales.nhs.uk:8080/AuditCommitteeDocs.nsf/Main%20Frameset?OpenFrameSet&Frame=Right&Src=%2FAuditCommitteeDocs.nsf%2FMeetingPublicPage%3FOpenPage%26AutoFramed |
| Board Papers | http://www.wales.nhs.uk/sitesplus/888/page/46810 |
| Committee Papers | https://phw.nhs.wales/about-us/board-and-executive-team/board-committees/ |
| Long Term Strategy | English - https://phw.nhs.wales/about-us/our-priorities/long-term-strategy-documents/public-health-wales-long-term-strategy-working-to-achieve-a-healthier-future-for-wales/ Welsh - https://icc.gig.cymru/amdanom-ni/ein-blaenoriaethau/strategaeth-hirdymor/gweithio-i-wireddu-dyfodol-iachach-i-gymru/ |

List of hyperlinks included in Accountability Report

| | |
|--|---|
| <p>NHS (Concerns, Complaints & Redress Arrangements) (Wales) Regulations 2011</p> | <p>http://howis.wales.nhs.uk/sites3/Documents/932/The%20NHS%20Concerns%2C%20Complaints%20and%20Redress%20Arrangements%20Wales%20Regulations%202011%20Inc%20SI%20Number.pdf</p> |
| <p>All Wales Policy Guidance for Putting Things Right</p> | <p>http://www.wales.nhs.uk/sitesplus/documents/861/Healthcare%20Quality%20-%20Guidance%20-%20Dealing%20with%20concerns%20about%20the%20NHS%20-%20Version%203%20-%20CLEAN%20VERSION%20-%202020140122.pdf</p> |
| <p>Ministerial Directions</p> | <p>https://gov.wales/health-social-care</p> |
| <p>Welsh Health Circulars</p> | <p>https://gov.wales/topics/health/nhswales/circulars/?lang=en</p> |
| <p>Policies</p> | <p>https://phw.nhs.wales/about-us/policies-and-procedures/policies-and-procedures-documents/human-resources-policies/</p> <p>https://phw.nhs.wales/about-us/policies-and-procedures/policies-and-procedures-documents/corporate-governance-communications-and-finance-policies/</p> |
| <p>Tax Assurance for Off-Payroll Engagements</p> | <p>https://phw.nhs.wales/about-us/publication-scheme/#what</p> |
| <p>Cycle to work scheme</p> | <p>https://www.cyclescheme.co.uk/</p> |
| <p>Application for lease cars</p> | <p>http://howis.wales.nhs.uk/sitesplus/888/news/59479</p> |

Section 2: Financial Statements and Notes

Public Health Wales NHS Trust

Foreword

These accounts for the period ended 31 March 2020 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Public Health Wales NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

Statutory background

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

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

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

Performance Management and Financial Results

This Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2019-20. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

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

The notes on pages 6 to 72 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

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

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

Chief Executive and Accountable Officer.....Tracey Cooper
Date.....25th June 2020.....

The notes on pages 6 to 72 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

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

The notes on pages 6 to 72 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

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

The notes on pages 6 to 72 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

| | Note | 2019-20 £000 | 2018-19 £000 |
|---|-----------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Operating surplus/(deficit) | SOCI | (41) | (22) |
| Movements in working capital | 30 | 3,926 | 179 |
| Other cash flow adjustments | 31 | 3,536 | 3,791 |
| Provisions utilised | | (999) | (2,897) |
| Interest paid | | 0 | 0 |
| Net cash inflow (outflow) from operating activities | | 6,422 | 1,051 |
| Cash flows from investing activities | | | |
| Interest received | | 73 | 48 |
| (Payments) for property, plant and equipment | | (3,048) | (1,398) |
| Proceeds from disposal of property, plant and equipment | | 10 | 0 |
| (Payments) for intangible assets | | (759) | (439) |
| Proceeds from disposal of intangible assets | | 0 | 0 |
| (Payments) for investments with Welsh Government | | 0 | 0 |
| Proceeds from disposal of investments with Welsh Government | | 0 | 0 |
| (Payments) for financial assets. | | 0 | 0 |
| Proceeds from disposal of financial assets. | | 0 | 0 |
| Net cash inflow (outflow) from investing activities | | (3,724) | (1,789) |
| Net cash inflow (outflow) before financing | | 2,698 | (738) |
| Cash flows from financing activities | | | |
| Public Dividend Capital received | | 975 | 0 |
| Public Dividend Capital repaid | | 0 | (548) |
| Loans received from Welsh Government | | 0 | 0 |
| Other loans received | | 0 | 0 |
| Loans repaid to Welsh Government | | 0 | 0 |
| Other loans repaid | | 0 | 0 |
| Other capital receipts | | 0 | 0 |
| Capital elements of finance leases and on-SOFP PFI | | 0 | 0 |
| Cash transferred (to)/from other NHS Wales bodies | | 0 | 0 |
| Net cash inflow (outflow) from financing activities | | 975 | (548) |
| Net increase (decrease) in cash and cash equivalents | | 3,673 | (1,286) |
| Cash [and] cash equivalents at the beginning of the financial year | 19 | 5,146 | 6,432 |
| Cash [and] cash equivalents at the end of the financial year | 19 | 8,819 | 5,146 |

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of NHS Trusts (NHST) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2019-20 Manual for Accounts. The accounting policies contained in that manual follow the 2019-20 Financial Reporting Manual (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 NHST Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the NHST for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NHST are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Revenue

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

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

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

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

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

Only non-NHS income may be deferred.

1.4 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

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

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in the 2019-20 annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Other Note within these accounts.

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

NEST Pension Scheme

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, Public Health Wales NHS Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Valuation

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

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

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

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

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

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

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

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

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

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

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

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

Subsequent expenditure

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

For All Wales Capital Schemes that are completed in a financial year, Public Health Wales NHS Trust are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

1.7 Intangible assets

Recognition

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

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

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

Measurement

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

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

increases in development costs and technological advances.

1.8 Depreciation, amortisation and impairments

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

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

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

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

1.9 Research and Development

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

1.10 Non-current assets held for sale

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

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 SoCl. On disposal, the balance for the asset on the revaluation reserve, is transferred to retained earnings.

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

1.11 Leases

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

1.11.1 Public Health Wales NHS Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in calculating Public Health Wales NHS Trust's surplus/deficit charged.

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

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

1.11.2 Public Health Wales NHS Trust as lessor

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

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

1.12 Inventories

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

1.13 Cash and cash equivalents

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

1.14 Provisions

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

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

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

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.14.1 Clinical negligence and personal injury costs

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

1.15 Financial Instruments

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

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

1.16 Financial assets

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

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

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

1.16.1 Financial assets are initially recognised at fair value

Financial assets are classified into the following categories: financial assets 'at fair value through SoCI; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1.16.2 Financial assets at fair value through SoCI

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

1.16.3 Held to maturity investments

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

1.16.4 Available for sale financial assets

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

1.16.5 Loans and receivables

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

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

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

At the SOFP date, Public Health Wales NHS Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of

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

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

1.16.6 Other financial assets

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

1.17 Financial liabilities

Financial liabilities are recognised on the SOFP when Public Health Wales NHS Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. Loans from Welsh Government are recognised at historical cost.

1.17.1 Financial liabilities are initially recognised at fair value through SoCI

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

1.17.2 Financial liabilities at fair value through the SoCI

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

1.17.3 Other financial liabilities

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

1.18 Value Added Tax (VAT)

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

1.19 Foreign currencies

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

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since Public Health Wales NHS Trust has no beneficial interest in them.

1.21 Losses and Special Payments

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

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

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

Public Health Wales NHS Trust accrues or provides for the best estimate of future payouts for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

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

1.22 Pooled budget

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

1.23 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.24 Key sources of estimation uncertainty

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

Significant estimations are made in relation to on-going clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors.

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

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

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

1.25 Provisions

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

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

Probable & Certain Cases – Accounting Treatment

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

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

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

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

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

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

1.26 Private Finance Initiative (PFI) transactions

Public Health Wales NHS Trust has no PFI arrangements.

1.27 Contingencies

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

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

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

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

1.28 Absorption accounting

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

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

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

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

IFRS14 Regulatory Deferral Accounts Not EU-endorsed.

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

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

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

1.30 Accounting standards issued that have been adopted early

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

1.31 Charities

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

1.32 Subsidiaries

Material entities over which Public Health Wales NHS Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Public Health Wales NHS Trust or where the subsidiary's accounting date is before 1 January or after 30 June.

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

1.33 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.34 Public Dividend Capital (PDC) and PDC dividend

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

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

2. Financial Performance

2.1 STATUTORY FINANCIAL DUTIES

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

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

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

2.1.1 Financial Duty

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

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

2.1.2 Integrated Medium Term Plan (IMTP)

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

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

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

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

2. Financial Performance (cont)

2.2 ADMINISTRATIVE REQUIREMENTS

2.2.1. External financing

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

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

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

2.3. Creditor payment

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

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

The Trust has met the target.

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| 3. Revenue from patient care activities | 2019-20 | 2018-19 |
|---|----------------|----------------|
| | £000 | £000 |
| Local health boards | 0 | 0 |
| Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC) | 0 | 0 |
| Welsh NHS Trusts | 0 | 0 |
| Health Education and Improvement Wales (HEIW) | 0 | 0 |
| Foundation Trusts | 0 | 0 |
| Other NHS England bodies | 0 | 0 |
| Other NHS Bodies | 0 | 0 |
| Local Authorities | 0 | 0 |
| Welsh Government | 105,300 | 94,334 |
| Welsh Government - Hosted Bodies | 0 | 0 |
| Non NHS: | | |
| Private patient income | 0 | 0 |
| Overseas patients (non-reciprocal) | 0 | 0 |
| Injury Costs Recovery (ICR) Scheme | 0 | 0 |
| Other revenue from activities | 0 | 0 |
| Total | 105,300 | 94,334 |

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

| 4. Other operating revenue | 2019-20 | 2018-19 |
|---|----------------|----------------|
| | £000 | £000 |
| Income generation | 347 | 276 |
| Patient transport services | 0 | 0 |
| Education, training and research | 1,694 | 1,582 |
| Charitable and other contributions to expenditure | 0 | 0 |
| Receipt of donations for capital acquisitions | 0 | 0 |
| Receipt of government grants for capital acquisitions | 0 | 0 |
| Non-patient care services to other bodies | 0 | 0 |
| Rental revenue from finance leases | 0 | 0 |
| Rental revenue from operating leases | 0 | 0 |
| Other revenue: | | |
| Provision of pathology/microbiology services | 18,064 | 16,781 |
| Accommodation and catering charges | 0 | 0 |
| Mortuary fees | 0 | 0 |
| Staff payments for use of cars | 0 | 0 |
| Business unit | 0 | 0 |
| Other | 27,506 | 22,408 |
| Total | 47,611 | 41,047 |

| Other revenue comprises: | | |
|--------------------------------|---------------|---------------|
| Excellence Awards | 0 | 90 |
| Grants - LA | 1,191 | 92 |
| Grants - Other | 715 | 1,264 |
| LHB & Trusts - Non Core Income | 3,420 | 1,987 |
| WG - Non Core Income | 18,167 | 14,692 |
| Staff Recharge | 2,679 | 2,858 |
| Other | 1,334 | 1,425 |
| Total | 27,506 | 22,408 |

| 5. Operating expenses | 2019-20 | 2018-19 |
|---|----------------|---------|
| 5.1 Operating expenses | £000 | £000 |
| Local Health Boards | 15,587 | 15,503 |
| Welsh NHS Trusts | 2,888 | 2,263 |
| Health Education and Improvement Wales (HEIW) | 0 | 0 |
| Goods and services from other non Welsh NHS bodies | 0 | 0 |
| WHSSC/EASC | 0 | 0 |
| Local Authorities | 4,857 | 4,447 |
| Purchase of healthcare from non-NHS bodies | 0 | 0 |
| Welsh Government | 0 | 0 |
| Other NHS Trusts | 72 | 78 |
| Directors' costs | 1,637 | 1,489 |
| Staff costs | 92,528 | 81,350 |
| Supplies and services - clinical | 11,884 | 10,725 |
| Supplies and services - general | 1,327 | 869 |
| Consultancy Services | 448 | 359 |
| Establishment | 8,648 | 6,676 |
| Transport | 791 | 635 |
| Premises | 7,070 | 6,401 |
| Impairments and Reversals of Receivables | 0 | 0 |
| Depreciation | 2,773 | 3,045 |
| Amortisation | 233 | 155 |
| Impairments and reversals of property, plant and equipment | 0 | 0 |
| Impairments and reversals of intangible assets | 0 | 0 |
| Impairments and reversals of financial assets | 0 | 0 |
| Impairments and reversals of non current assets held for sale | 0 | 0 |
| Audit fees | 151 | 151 |
| Other auditors' remuneration | 0 | 0 |
| Losses, special payments and irrecoverable debts | 337 | 346 |
| Research and development | 0 | 0 |
| Other operating expenses | 1,721 | 911 |
| Total | 152,952 | 135,403 |

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

5. Operating expenses (continued)

5.2 Losses, special payments and irrecoverable debts:

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

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

| 6. Investment revenue | 2019-20 | 2018-19 |
|------------------------------|----------------|-----------|
| Rental revenue : | £000 | £000 |
| PFI finance lease revenue: | | |
| Planned | 0 | 0 |
| Contingent | 0 | 0 |
| Other finance lease revenue | 0 | 0 |
| Interest revenue: | | |
| Bank accounts | 73 | 48 |
| Other loans and receivables | 0 | 0 |
| Impaired financial assets | 0 | 0 |
| Other financial assets | 0 | 0 |
| Total | 73 | 48 |

| 7. Other gains and losses | 2019-20 | 2018-19 |
|--|----------------|----------|
| | £000 | £000 |
| Gain/(loss) on disposal of property, plant and equipment | 10 | 0 |
| Gain/(loss) on disposal of intangible assets | 0 | 0 |
| Gain/(loss) on disposal of assets held for sale | 0 | 0 |
| Gain/(loss) on disposal of financial assets | 0 | 0 |
| Gains/(loss) on foreign exchange | 0 | 0 |
| Change in fair value of financial assets at fair value through income statement | 0 | 0 |
| Change in fair value of financial liabilities at fair value through income statement | 0 | 0 |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale | 0 | 0 |
| Total | 10 | 0 |

| 8. Finance costs | 2019-20 | 2018-19 |
|--|----------------|----------|
| | £000 | £000 |
| Interest on loans and overdrafts | 0 | 0 |
| Interest on obligations under finance leases | 0 | 0 |
| Interest on obligations under PFI contracts: | | |
| Main finance cost | 0 | 0 |
| Contingent finance cost | 0 | 0 |
| Interest on late payment of commercial debt | 0 | 0 |
| Other interest expense | 0 | 0 |
| Total interest expense | 0 | 0 |
| Provisions unwinding of discount | 0 | 0 |
| Periodical Payment Order unwinding of discount | 0 | 0 |
| Other finance costs | 0 | 0 |
| Total | 0 | 0 |

9. Operating leases

9.1 Trust as lessee

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

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

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

| | | |
|--|----------|---|
| Total future sublease payments expected to be received | 0 | 0 |
|--|----------|---|

9. Operating leases (continued)

9.2 Trust as lessor

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

Rental Revenue

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

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

10. Employee costs and numbers

| 10.1 Employee costs | Permanently employed staff | Staff on Inward Secondment | Agency Staff | Other Staff | 2019-20 | 2018-19 |
|--|----------------------------------|----------------------------------|-----------------|----------------|---------------|---------------|
| | | | | | £000 | £000 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Salaries and wages | 66,567 | 6,290 | 2,152 | 0 | 75,009 | 68,163 |
| Social security costs | 6,845 | 0 | 0 | 0 | 6,845 | 6,239 |
| Employer contributions to NHS Pensions Scheme | 12,703 | 0 | 0 | 0 | 12,703 | 8,310 |
| Other pension costs | 0 | 0 | 0 | 0 | 0 | 0 |
| Other post-employment benefits | 0 | 0 | 0 | 0 | 0 | 0 |
| Termination benefits | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 86,115 | 6,290 | 2,152 | 0 | 94,557 | 82,712 |
| Of the total above: | | | | | | |
| Charged to capital | | | | | 505 | 0 |
| Charged to revenue | | | | | 94,052 | 82,712 |
| Total | | | | | 94,557 | 82,712 |
| Net movement in accrued employee benefits (untaken staff leave accrual included above) | | | | | 39 | (9) |

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

10.2 Average number of employees

| 10.2 Average number of employees | Permanently Employed | Staff on Inward Secondment | Agency Staff | Other Staff | 2019-20 | 2018-19 |
|--|-------------------------|----------------------------------|-----------------|----------------|--------------|--------------|
| | | | | | Total | Total |
| | Number | Number | Number | Number | Number | Number |
| Administrative, clerical and board members | 981 | 41 | 22 | 0 | 1,044 | 940 |
| Ambulance staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Medical and dental | 90 | 25 | 0 | 0 | 115 | 105 |
| Nursing, midwifery registered | 56 | 6 | 0 | 0 | 62 | 58 |
| Professional, scientific and technical staff | 509 | 2 | 0 | 0 | 511 | 489 |
| Additional Clinical Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Allied Health Professions | 61 | 0 | 1 | 0 | 62 | 59 |
| Healthcare scientists | 0 | 0 | 8 | 0 | 8 | 0 |
| Estates and Ancillary | 0 | 0 | 0 | 0 | 0 | 0 |
| Students | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1,697 | 74 | 31 | 0 | 1,802 | 1,651 |

10.3. Retirements due to ill-health

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

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

10.5 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 | 1 | 1 | 2 | 0 | 4 |
| £10,000 to £25,000 | 0 | 1 | 1 | 0 | 0 |
| £25,000 to £50,000 | 1 | 1 | 2 | 0 | 1 |
| £50,000 to £100,000 | 0 | 1 | 1 | 0 | 1 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 2 | 4 | 6 | 0 | 6 |

| | 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 |
| | £ | £ | £ | £ | £ |
| less than £10,000 | 7,434 | 7,524 | 14,958 | 0 | 10,878 |
| £10,000 to £25,000 | 0 | 23,761 | 23,761 | 0 | 0 |
| £25,000 to £50,000 | 40,889 | 43,772 | 84,661 | 0 | 43,772 |
| £50,000 to £100,000 | 0 | 55,291 | 55,291 | 0 | 65,651 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 48,323 | 130,348 | 178,671 | 0 | 120,301 |

Redundancy, voluntary early release, and other departure costs have been paid in accordance with the provisions of the relevant schemes / legislation. Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table (see note 10.3 for details of ill health retirement costs).

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

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

10.6 Remuneration Relationship

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

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

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

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

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

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

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

11. Pensions

PENSION COSTS

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

c) National Employment Savings Trust (NEST)

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

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

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

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

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

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

12. Public Sector Payment Policy

12.1 Prompt payment code - measure of compliance

The Welsh Government requires that trusts pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the later.

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

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

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

13. Property, plant and equipment :

2019-20

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

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

| | £000 |
|-----------------|--------------|
| Freehold | 3,009 |
| Long Leasehold | 0 |
| Short Leasehold | 0 |
| Total | 3,009 |

13. Property, plant and equipment :

| 2018-19 | Land | Buildings, excluding dwellings | Dwellings | Assets under construction and payments on account | Plant & machinery | Transport Equipment | Information Technology | Furniture and fittings | Total |
|--|------------|--------------------------------|-----------|---|-------------------|---------------------|------------------------|------------------------|---------------|
| Cost or valuation | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2018 | 555 | 4,893 | 0 | 0 | 13,427 | 1,948 | 10,486 | 2,109 | 33,418 |
| Indexation | 11 | 49 | 0 | 0 | 0 | 0 | 0 | 0 | 60 |
| Additions - purchased | 0 | 6 | 0 | 0 | 401 | 1,563 | 193 | 41 | 2,204 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers from/(into) other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 1 | 0 | 0 | 21 | 0 | (548) | (307) | (833) |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | (20) | 0 | 0 | (221) | (27) | (4,177) | (33) | (4,478) |
| At 31 March 2019 | 566 | 4,929 | 0 | 0 | 13,628 | 3,484 | 5,954 | 1,810 | 30,371 |
| Depreciation | | | | | | | | | |
| At 1 April 2018 | 0 | 2,029 | 0 | 0 | 10,011 | 735 | 7,151 | 710 | 20,636 |
| Indexation | 0 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| Transfers from/(into) other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 1 | 0 | 0 | 2 | 0 | (178) | (29) | (204) |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | (20) | 0 | 0 | (221) | (27) | (4,177) | (33) | (4,478) |
| Charged during the year | 0 | 271 | 0 | 0 | 1,522 | 190 | 888 | 174 | 3,045 |
| At 31 March 2019 | 0 | 2,301 | 0 | 0 | 11,314 | 898 | 3,684 | 822 | 19,019 |
| Net book value | | | | | | | | | |
| At 1 April 2018 | 555 | 2,864 | 0 | 0 | 3,416 | 1,213 | 3,335 | 1,399 | 12,782 |
| Net book value | | | | | | | | | |
| At 31 March 2019 | 566 | 2,628 | 0 | 0 | 2,314 | 2,586 | 2,270 | 988 | 11,352 |
| Net book value at 31 March 2019 comprises : | | | | | | | | | |
| Purchased | 566 | 2,159 | 0 | 0 | 2,314 | 2,586 | 2,270 | 988 | 10,883 |
| Donated | 0 | 469 | 0 | 0 | 0 | 0 | 0 | 0 | 469 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2019 | 566 | 2,628 | 0 | 0 | 2,314 | 2,586 | 2,270 | 988 | 11,352 |
| Asset Financing: | | | | | | | | | |
| Owned | 566 | 2,628 | 0 | 0 | 2,314 | 2,586 | 2,270 | 988 | 11,352 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SoFP PFI contract | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI residual interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2019 | 566 | 2,628 | 0 | 0 | 2,314 | 2,586 | 2,270 | 988 | 11,352 |

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

| | £000 |
|-----------------|--------------|
| Freehold | 3,194 |
| Long Leasehold | 0 |
| Short Leasehold | 0 |
| Total | 3,194 |

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

13. Property, plant and equipment :

Disclosures:

i) Donated Assets

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

ii) Valuations

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

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

iii) Asset Lives

Depreciated as follows:

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

iv) Compensation

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

v) Write Downs

There have been no write downs.

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

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

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

Gain/(Loss) on Sale

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

13.2 Non-current assets held for sale

| | Land | Buildings, including dwellings | Other property plant and equipment | Intangible assets | Other assets | Total |
|---|----------|--------------------------------------|--|----------------------|--------------|----------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance b/f 1 April 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus assets classified as held for sale in year | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets sold in year | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Less impairment for assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets no longer classified as held for sale for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance c/f 31 March 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance b/f 1 April 2018 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus assets classified as held for sale in year | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets sold in year | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Less impairment for assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets no longer classified as held for sale for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance c/f 31 March 2019 | 0 | 0 | 0 | 0 | 0 | 0 |

14. Intangible assets

| | Computer software purchased | Computer software internally developed | Licenses and trade-marks | Patents | Development expenditure internally generated | CRC Emission Trading Scheme | Total |
|--|-----------------------------|--|--------------------------|----------|--|-----------------------------|--------------|
| Cost or valuation | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2019 | 359 | 419 | 494 | 0 | 0 | 0 | 1,272 |
| Revaluation | | 0 | | | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | | | | | | | |
| - purchased | 37 | 304 | 84 | 0 | 229 | 0 | 654 |
| - internally generated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers from/(into) other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2020 | 396 | 723 | 578 | 0 | 229 | 0 | 1,926 |
| Amortisation | | | | | | | |
| At 1 April 2019 | 222 | 51 | 86 | 0 | 0 | 0 | 359 |
| Revaluation | | 0 | | | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charged during the year | 54 | 84 | 95 | 0 | 0 | 0 | 233 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers from/(into) other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortisation at 31 March 2020 | 276 | 135 | 181 | 0 | 0 | 0 | 592 |
| Net book value At 1 April 2019 | 137 | 368 | 408 | 0 | 0 | 0 | 913 |
| Net book value At 31 March 2020 | 120 | 588 | 397 | 0 | 229 | 0 | 1,334 |
| Net book value | | | | | | | |
| Purchased | 120 | 588 | 397 | 0 | 229 | 0 | 1,334 |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Internally Generated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2020 | 120 | 588 | 397 | 0 | 229 | 0 | 1,334 |

14. Intangible assets

| | Computer software purchased | Computer software internally developed | Licenses and trade-marks | Patents | Development expenditure internally generated | CRC Emission Trading Scheme | Total |
|--|-----------------------------|--|--------------------------|----------|--|-----------------------------|--------------|
| Cost or valuation | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | | 0 | | | 0 | 0 | 0 |
| Reclassifications | 359 | 241 | 233 | 0 | 0 | 0 | 833 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | | | | | | | |
| - purchased | 0 | 178 | 261 | 0 | 0 | 0 | 439 |
| - internally generated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers from/(into) other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2019 | 359 | 419 | 494 | 0 | 0 | 0 | 1,272 |
| Amortisation | | | | | | | |
| At 1 April 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | | 0 | | | 0 | 0 | 0 |
| Reclassifications | 148 | 12 | 44 | 0 | 0 | 0 | 204 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charged during the year | 74 | 39 | 42 | 0 | 0 | 0 | 155 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers from/(into) other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortisation at 31 March 2019 | 222 | 51 | 86 | 0 | 0 | 0 | 359 |
| Net book value At 1 April 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net book value At 31 March 2019 | 137 | 368 | 408 | 0 | 0 | 0 | 913 |
| Net book value | | | | | | | |
| Purchased | 137 | 368 | 408 | 0 | 0 | 0 | 913 |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Internally Generated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2019 | 137 | 368 | 408 | 0 | 0 | 0 | 913 |

14. Intangible assets

Disclosures:

i) Recognition

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

ii) Asset Lives

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

iii) Additions during the period

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

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

iv) Disposals during the period

There have been no Intangible disposals during the period.

15. Impairments

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

Analysis of impairments :

| | | | | |
|---|----------|----------|----------|----------|
| Operating expenses in Statement of Comprehensive Income | 0 | 0 | 0 | 0 |
| Revaluation reserve | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

16. Inventories

16.1 Inventories

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

16.2 Inventories recognised in expenses

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

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

17. Trade and other receivables

17.1 Trade and other receivables

| | 31 March 2020 £000 | Reclassified 31 March 2019 £000 |
|---|--------------------------|--|
| Current | | |
| Welsh Government | 2,936 | 2,145 |
| WHSSC & EASC | 219 | 0 |
| Welsh Health Boards | 5,397 | 2,489 |
| Welsh NHS Trusts | 259 | 141 |
| Health Education and Improvement Wales (HEIW) | 37 | 46 |
| Non - Welsh Trusts | 49 | 41 |
| Other NHS | 20 | 9 |
| Welsh Risk Pool Claim reimbursement:- | | |
| NHS Wales Secondary Health Sector | 1,461 | 2,993 |
| NHS Wales Primary Sector FLS Reimbursement | 0 | 0 |
| NHS Wales Redress | 0 | 0 |
| Other | 51 | 44 |
| Local Authorities | 707 | 116 |
| Capital debtors- Tangible | 0 | 0 |
| Capital debtors- Intangible | 0 | 0 |
| Other debtors | 1,234 | 1,358 |
| Provision for impairment of trade receivables | (9) | (17) |
| Pension Prepayments | | |
| NHS Pensions Agency | 0 | 0 |
| NEST | 0 | 0 |
| Other prepayments | 1,514 | 1,681 |
| Accrued income | 504 | 326 |
| Sub-total | <u>14,379</u> | <u>11,372</u> |
| Non-current | | |
| Welsh Government | 0 | 0 |
| WHSSC & EASC | 0 | 0 |
| Welsh Health Boards | 0 | 0 |
| Welsh NHS Trusts | 0 | 0 |
| Health Education and Improvement Wales (HEIW) | 0 | 0 |
| Non - Welsh Trusts | 0 | 0 |
| Other NHS | 0 | 0 |
| Welsh Risk Pool Claim reimbursement | | |
| NHS Wales Secondary Health Sector | 0 | 325 |
| NHS Wales Primary Sector FLS Reimbursement | 0 | 0 |
| NHS Wales Redress | 0 | 0 |
| Other | 0 | 2 |
| Local Authorities | 0 | 0 |
| Capital debtors- Tangible | 0 | 0 |
| Capital debtors- Intangible | 0 | 0 |
| Other debtors | 0 | 0 |
| Provision for impairment of trade receivables | 0 | 0 |
| Pension Prepayments | | |
| NHS Pensions Agency | 0 | 0 |
| NEST | 0 | 0 |
| Other prepayments | 0 | 0 |
| Accrued income | 0 | 0 |
| Sub-total | <u>0</u> | <u>327</u> |
| Total trade and other receivables | <u>14,379</u> | <u>11,699</u> |

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

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

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

17.2 Receivables past their due date but not impaired

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

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

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

17.4 Receivables VAT

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

18. Other financial assets

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

19. Cash and cash equivalents

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

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

Lease Liabilities £1,250,000
PFI liabilities £Nil

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

| 20. Trade and other payables at the SoFP Date | 31 March | Reclassified |
|--|---------------|---------------|
| | 2020 | 31 March |
| Current | £000 | £000 |
| Welsh Government | 256 | 36 |
| WHSSC & EASC | 26 | 4 |
| Welsh Health Boards | 2,094 | 2,642 |
| Welsh NHS Trusts | 491 | 307 |
| Health Education and Improvement Wales (HEIW) | 9 | 0 |
| Other NHS | 163 | 167 |
| Taxation and social security payable / refunds: | | |
| Refunds of taxation by HMRC | 0 | 0 |
| VAT payable to HMRC | 12 | 0 |
| Other taxes payable to HMRC | 812 | 38 |
| National Insurance contributions payable to HMRC | 1,037 | 17 |
| Non-NHS trade payables - revenue | 3,695 | 4,590 |
| Local Authorities | 2,160 | 933 |
| Capital payables-Tangible | 1,496 | 1,230 |
| Capital payables- Intangible | 53 | 158 |
| Overdraft | 0 | 0 |
| Rentals due under operating leases | 0 | 0 |
| Obligations due under finance leases and HP contracts | 0 | 0 |
| Imputed finance lease element of on SoFP PFI contracts | 0 | 0 |
| Pensions: staff | 1,284 | 1,238 |
| Non NHS Accruals | 4,727 | 237 |
| Deferred Income: | | |
| Deferred income brought forward | 622 | 1,146 |
| Deferred income additions | 279 | 308 |
| Transfer to/from current/non current deferred income | 0 | 0 |
| Released to the Income Statement | (318) | (832) |
| Other liabilities - all other payables | 0 | 0 |
| PFI assets – deferred credits | 0 | 0 |
| PFI - Payments on account | 0 | 0 |
| Sub-total | 18,898 | 12,219 |

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

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

| 20. Trade and other payables at the SoFP Date (cont) | 31 March 2020 £000 | Reclassified 31 March 2019 £000 |
|--|--------------------------|--|
| Non-current | | |
| Welsh Government | 0 | 0 |
| WHSSC & EASC | 0 | 0 |
| Welsh Health Boards | 0 | 0 |
| Welsh NHS Trusts | 0 | 0 |
| Health Education and Improvement Wales (HEIW) | 0 | 0 |
| Other NHS | 0 | 0 |
| Taxation and social security payable / refunds: | | |
| Refunds of taxation by HMRC | 0 | 0 |
| VAT payable to HMRC | 0 | 0 |
| Other taxes payable to HMRC | 0 | 0 |
| National Insurance contributions payable to HMRC | 0 | 0 |
| Non-NHS trade payables - revenue | 0 | 0 |
| Local Authorities | 0 | 0 |
| Capital payables- Tangible | 0 | 0 |
| Capital payables- Intangible | 0 | 0 |
| Overdraft | 0 | 0 |
| Rentals due under operating leases | 1,381 | 1,004 |
| Obligations due under finance leases and HP contracts | 0 | 0 |
| Imputed finance lease element of on SoFP PFI contracts | 0 | 0 |
| Pensions: staff | 0 | 0 |
| Non NHS Accruals | 0 | 0 |
| Deferred Income: | | |
| Deferred income brought forward | 0 | 0 |
| Deferred income additions | 0 | 0 |
| Transfer to/from current/non current deferred income | 0 | 0 |
| Released to the Income Statement | 0 | 0 |
| Other liabilities - all other payables | 0 | 0 |
| PFI assets –deferred credits | 0 | 0 |
| Payments on account | 0 | 0 |
| Sub-total | <u>1,381</u> | <u>1,004</u> |
| Total | <u>20,279</u> | <u>13,223</u> |

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

| 21. Borrowings | 31 March | 31 March |
|---|-----------------|----------|
| Current | 2020 | 2019 |
| | £000 | £000 |
| Bank overdraft - Government Banking Service (GBS) | 0 | 0 |
| Bank overdraft - Commercial bank | 0 | 0 |
| Loans from: | | |
| Welsh Government | 0 | 0 |
| Other entities | 0 | 0 |
| PFI liabilities: | | |
| Main liability | 0 | 0 |
| Lifecycle replacement received in advance | 0 | 0 |
| Finance lease liabilities | 0 | 0 |
| Other | 0 | 0 |
| Total | 0 | 0 |
| Non-current | | |
| Bank overdraft - GBS | 0 | 0 |
| Bank overdraft - Commercial bank | 0 | 0 |
| Loans from: | | |
| Welsh Government | 0 | 0 |
| Other entities | 0 | 0 |
| PFI liabilities: | | |
| Main liability | 0 | 0 |
| Lifecycle replacement received in advance | 0 | 0 |
| Finance lease liabilities | 0 | 0 |
| Other | 0 | 0 |
| Total | 0 | 0 |

21.2 Loan advance/strategic assistance funding

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

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

22. Other financial liabilities

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

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

23. Provisions
2019-20

Reclassified

| | At 1 April 2019 | Structured settlement cases transferred to Risk Pool | Transfers to creditors | Transfers between current and non current | Transfers (to)/from other NHS body | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2020 |
|---|-----------------|--|------------------------|---|------------------------------------|-------------------------|--------------------------|-----------------|-----------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Current | | | | | | | | | | |
| Clinical negligence:- | | | | | | | | | | 0 |
| Secondary Care | 942 | 0 | 0 | 332 | 0 | 481 | (652) | (109) | 0 | 994 |
| Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 87 | 0 | 0 | 82 | 0 | 0 | (81) | (6) | 0 | 82 |
| All other losses and special payments | 226 | 0 | 0 | 0 | 0 | 107 | (233) | 0 | 0 | 100 |
| Defence legal fees and other administration | 29 | 0 | 0 | 0 | 0 | 48 | (33) | (14) | 0 | 30 |
| Structured Settlements - WRPS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: former directors | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: other staff | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructurings | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Total | 1,284 | 0 | 0 | 414 | 0 | 636 | (999) | (129) | 0 | 1,206 |
| Non Current | | | | | | | | | | |
| Clinical negligence:- | | | | | | | | | | 0 |
| Secondary Care | 332 | 0 | 0 | (332) | 0 | 0 | 0 | 0 | 0 | 0 |
| Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 1,340 | 0 | 0 | (82) | 0 | 126 | 0 | (93) | 0 | 1,291 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Structured Settlements - WRPS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: former directors | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: other staff | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructurings | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Total | 1,672 | 0 | 0 | (414) | 0 | 126 | 0 | (93) | 0 | 1,291 |
| TOTAL | | | | | | | | | | |
| Clinical negligence:- | 0 | | | | | | | | | 0 |
| Secondary Care | 1,274 | 0 | 0 | 0 | 0 | 481 | (652) | (109) | 0 | 994 |
| Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 1,427 | 0 | 0 | 0 | 0 | 126 | (81) | (99) | 0 | 1,373 |
| All other losses and special payments | 226 | 0 | 0 | 0 | 0 | 107 | (233) | 0 | 0 | 100 |
| Defence legal fees and other administration | 29 | 0 | 0 | 0 | 0 | 48 | (33) | (14) | 0 | 30 |
| Structured Settlements - WRPS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: former directors | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: other staff | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructurings | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Total | 2,956 | 0 | 0 | 0 | 0 | 762 | (999) | (222) | 0 | 2,497 |

Expected timing of cash flows:

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

23. Provisions (continued)

2018-19

NHS Trust and Welsh Risk Pool

| | At 1 April 2018 | Structured settlement cases transferred to Risk Pool | Transfers to creditors | Transfers between current and non current | Transfers (to)/from other NHS body | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2019 |
|---|-----------------|--|------------------------|---|------------------------------------|-------------------------|--------------------------|-----------------|-----------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Current | | | | | | | | | | |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary Care | 3,711 | 0 | 0 | (148) | 0 | 1,118 | (2,681) | (1,058) | 0 | 942 |
| Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary Care | 0 | 0 | 0 | 0 | 0 | 12 | (12) | 0 | 0 | 0 |
| Redress Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 102 | 0 | 0 | 84 | 0 | 5 | (84) | (20) | 0 | 87 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 315 | (89) | 0 | 0 | 226 |
| Defence legal fees and other administration | 30 | 0 | 0 | 0 | 0 | 45 | (30) | (16) | 0 | 29 |
| Structured Settlements - WRPS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: former directors | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: other staff | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructurings | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Total | 3,843 | 0 | 0 | (64) | 0 | 1,495 | (2,896) | (1,094) | 0 | 1,284 |
| Non Current | | | | | | | | | | |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary Care | 0 | 0 | 0 | 148 | 0 | 210 | (1) | (25) | 0 | 332 |
| Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 1,419 | 0 | 0 | (84) | 0 | 5 | 0 | 0 | 0 | 1,340 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Structured Settlements - WRPS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: former directors | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: other staff | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructurings | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Total | 1,419 | 0 | 0 | 64 | 0 | 215 | (1) | (25) | 0 | 1,672 |
| TOTAL | | | | | | | | | | |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary Care | 3,711 | 0 | 0 | 0 | 0 | 1,328 | (2,682) | (1,083) | 0 | 1,274 |
| Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary Care | 0 | 0 | 0 | 0 | 0 | 12 | (12) | 0 | 0 | 0 |
| Redress Primary Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 1,521 | 0 | 0 | 0 | 0 | 10 | (84) | (20) | 0 | 1,427 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 315 | (89) | 0 | 0 | 226 |
| Defence legal fees and other administration | 30 | 0 | 0 | 0 | 0 | 45 | (30) | (16) | 0 | 29 |
| Structured Settlements - WRPS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: former directors | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to: other staff | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructurings | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Total | 5,262 | 0 | 0 | 0 | 0 | 1,710 | (2,897) | (1,119) | 0 | 2,956 |

24 Contingencies

24.1 Contingent liabilities

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

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

Pensions tax annual allowance – Scheme Pays arrangements 2019/20

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

- clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement;
- Public Health Wales NHS Trust will then pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be fully funded by the Welsh Government with no net cost to Public Health Wales NHS Trust.

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

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

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

24.2. Remote contingent liabilities

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

24.3 Contingent assets

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

The Trust has no contingent assets.

25. Capital commitments

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

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

26. Losses and special payments

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

Gross loss to the Exchequer

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

| | Amounts paid out during year to 31 March 2020 | |
|---------------------------------------|--|----------------|
| | Number | £ |
| Clinical negligence | 13 | 695,794 |
| Personal injury | 0 | 0 |
| All other losses and special payments | 5 | 197,860 |
| Total | 18 | 893,654 |

Analysis of cases:

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

27. Finance leases

27.1 Finance leases obligations (as lessee)

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

Amounts payable under finance leases:

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

27.1 Finance leases obligations (as lessee) continued**Amounts payable under finance leases:**

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

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

27.2 Finance lease receivables (as lessor)

Public Health Wales NHS Trust has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

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

27.3 Finance Lease Commitment

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

28. Private finance transactions

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

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

29. Financial Risk Management

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

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

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

Liquidity risk

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

Interest-rate risks

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

Foreign currency risk

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

Credit Risk

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

General

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

30. Movements in working capital

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

31. Other cash flow adjustments

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

32. Events after reporting period

The need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout 2020/21 and beyond. The organisation's Governance Framework will need to consider and respond to this need.

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

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

33. Related Party transactions

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

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

| | Expenditure to related party £000 | Income from related party £000 | Amounts owed to related party £000 | Amounts due from related party £000 |
|--|---|--------------------------------------|--|---|
| Please list all Related party Transactions to include; | | | | |
| Welsh Government | 400 | 121,242 | 256 | 2,936 |
| Aneurin Bevan University Health Board | 3,267 | 1,745 | 411 | 504 |
| Betsi Cadwaladr University Health Board | 3,540 | 5,344 | 165 | 1,282 |
| Cardiff and Vale University Health Board | 5,166 | 6,881 | 634 | 1,485 |
| Cwm Taf Morgannwg University Health Board | 2,629 | 1,832 | 510 | 411 |
| Hywel Dda University Health Board | 2,168 | 2,454 | 184 | 488 |
| Powys Teaching Health Board | 390 | 335 | 73 | 115 |
| Swansea Bay University Health Board | 3,737 | 3,889 | 117 | 1,112 |
| Velindre University NHS Trust | 4,691 | 2,584 | 491 | 1,770 |
| Welsh Ambulance Service NHS Trust | 41 | 30 | 0 | 1 |
| WHSSC/EASC | 26 | 225 | 26 | 219 |
| HEIW | 9 | 1,240 | 9 | 37 |
| Local Authorities | 6,386 | 1,296 | 2,161 | 707 |
| Related Party Transactions where Board members have declared an interest (see notes below for details of relationships): | | | | |
| Arts Council of Wales | 0 | 2 | 0 | 0 |
| Calan Domestic Violence Services | 0 | 13 | 0 | 0 |
| Cardiff University | 836 | 46 | 129 | 1 |
| Home Office | 171 | 0 | 63 | 0 |
| Institute for Healthcare Improvement | 392 | 0 | 20 | 0 |
| Sport Wales | 0 | 0 | 0 | 0 |
| Swansea University | 209 | 150 | 93 | 65 |
| Torfaen County Borough Council (included in Local Authority figure) | 223 | 0 | 55 | 8 |
| University College London | 5 | 0 | 0 | 0 |
| University of Wales Bangor | 185 | 2 | 78 | 0 |
| | 34,471 | 149,310 | 5,475 | 11,141 |

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

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

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

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

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

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

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

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

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

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

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

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

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

34. Third party assets

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

35. Pooled budgets

Public Health Wales NHS Trust has no pooled budgets.

36. Operating Segments

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

37. Other Information

37.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2019 to 31 March 2020. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2019 and February 2020 alongside Trust data for March 2020.

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020** **£'000**

| | | |
|--------------------------------------|----------------|-------|
| Revenue from patient care activities | 2019-20 | 3866 |
| Operating expenses | 2019-20 | -3866 |

3. Analysis of gross operating costs

3. Revenue from patient care activities

| | | |
|------------------|----------------|------|
| Welsh Government | 2019-20 | 3866 |
|------------------|----------------|------|

5.1 Operating expenses

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

10.1 Employee costs

Permanent Staff

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

20. Trade and other payables at the SoFP Date

Current

| | | |
|-----------------|---------------------------------|---|
| Pensions: staff | Balance at 31 March 2020 | 0 |
|-----------------|---------------------------------|---|

37. Other Information (continued)

37.2. IFRS 16 Disclosure

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

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

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

NHS TRUSTS

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

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;

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

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2010 and subsequent years, the account of the Trust shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

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