

# Public Health Wales NHS Trust

## Foreword

These accounts for the period ended 31 March 2013 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's I-FReM by the 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.

Public Health Wales NHS Trust ("Public Health Wales") was established in shadow form on 1 August 2009, and became fully operational from 1 October 2009, incorporating 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. It was decided that the Welsh Blood Service, which was included in the consultation, would remain part of Velindre NHS Trust.

The Minister for Health and Social Services confirmed Public Health Wales would provide the national resource for the effective delivery of public health services at national, local and community level. It was also announced that seven Directors of Public Health would be employed by the new Local Health Boards, although they will be an integral part of the public health system in Wales.

During 2011/12 and 2012/13, the following programmes were realigned into Public Health Wales, some of which were already non core funded programmes within the Trust:

- All Wales Perinatal Survey
- All Wales Injury Surveillance Service
- Welsh Oral Health Information Unit
- Welsh Paediatric Surveillance Unit
- Healthcare Associated Infection Programme
- Vaccine Preventable Diseases
- Assist (a peer led young people's smoking prevention)
- Brief Interventions (Alcohol)
- National Breast Feeding Programme and dietician post
- Cooking Bus
- Children's Obesity Referral Programme
- Smokebugs
- Health Challenge Wales Website
- National Exercise Referral Scheme
- Mental Health First Aid
- Smokers Helpline
- Health Challenge Wales Activity Grant

In addition, the Programme Management Unit was separately realigned into Public Health Wales in on 1 December 2011.

A review has been undertaken of the National Leadership and Innovation Agency for Healthcare (NLIAH), the purpose of which was to simplify, align and streamline functions and accountabilities.

One of the outcomes is that from 1 April 2013, the improvement functions within NLIAH will transfer into Public Health Wales, along with the functions of equality and human rights.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2013

	Note	2012-13 £000	2011-12 £000
Revenue from patient care activities	2	79,098	66,008
Other operating revenue	3	19,299	19,502
Operating expenses	6	(98,314)	(85,491)
<b>Operating surplus/(deficit)</b>		<b>83</b>	<b>19</b>
Investment revenue	7	55	25
Other gains and losses	8	(86)	(20)
Finance costs	9	(42)	(12)
<b>Retained surplus/(deficit)</b>	<b>33.1</b>	<b>10</b>	<b>12</b>
<b>Other Comprehensive Income</b>			
Net gain/(loss) on revaluation of property, plant and equipment		0	142
Net gain/(loss) on revaluation of intangible assets		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Net gain/(loss) on revaluation of assets held for sale		0	0
Impairments and reversals		(187)	0
Movements in other reserves		0	0
Transfers between reserves		0	0
Net gain/loss on Other Reserve		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
<b>Total other comprehensive income for the year</b>		<b>(187)</b>	<b>142</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 March 2013

	Note	31 March 2013	31 March 2012
		£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	14	15,684	17,590
Intangible assets	15	0	0
Trade and other receivables	20	0	0
Other financial assets	21	0	0
Other assets	22	0	0
<b>Total non-current assets</b>		<b>15,684</b>	<b>17,590</b>
<b>Current assets</b>			
Inventories	19	86	111
Trade and other receivables	20	7,539	5,493
Other financial assets	21	0	0
Other assets	22	0	0
Cash and cash equivalents	23	2,501	3,968
		<b>10,126</b>	<b>9,572</b>
Non-current assets held for sale	14.2	0	0
<b>Total current assets</b>		<b>10,126</b>	<b>9,572</b>
<b>Total assets</b>		<b>25,810</b>	<b>27,162</b>
<b>Current liabilities</b>			
Trade and other payables	24	(5,745)	(5,413)
Borrowings	25	0	0
Other financial liabilities	26	(623)	(450)
Provisions	28	(2,365)	(2,268)
Other liabilities	27	0	0
<b>Total current liabilities</b>		<b>(8,733)</b>	<b>(8,131)</b>
<b>Net current assets/(liabilities)</b>		<b>1,393</b>	<b>1,441</b>
<b>Total assets less current liabilities</b>		<b>17,077</b>	<b>19,031</b>
<b>Non-current liabilities</b>			
Trade and other payables	24	0	0
Borrowings	25	0	0
Other financial liabilities	26	(1,713)	(1,663)
Provisions	28	(1,050)	(1,127)
Other liabilities	27	0	0
<b>Total non-current liabilities</b>		<b>(2,763)</b>	<b>(2,790)</b>
<b>Total assets employed</b>		<b>14,314</b>	<b>16,241</b>
<b>Financed by Taxpayers' equity:</b>			
Public dividend capital		13,846	15,596
Retained earnings		468	458
Revaluation reserve		0	187
Other reserves		0	0
<b>Total taxpayers' equity</b>		<b>14,314</b>	<b>16,241</b>

The financial statements were approved by the Audit Committee on behalf of the Board on 6th June 2013 and signed on behalf of the Board by:

Chief Executive ..... **Bob Hudson**

Date..... **6th June 2013**

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2012-13	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
<b>Balance at 1 April 2012</b>	15,596	458	187	0	<b>16,241</b>
<b>Changes in taxpayers' equity for 2012-13</b>					
Retained surplus/(deficit) for the year		10			10
Net gain/(loss) on revaluation of property, plant and equipment		0	0	0	0
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of assets held for sale		0	0	0	0
Impairments and reversals		0	(187)	0	(187)
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	0				0
Public Dividend Capital repaid in year	(1,812)				(1,812)
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	62				62
<b>Balance at 31 March 2013</b>	<b>13,846</b>	<b>468</b>	<b>0</b>	<b>0</b>	<b>14,314</b>

The notes on pages 6 to 62 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2011-12	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
<b>Balance at 1 April 2011</b>	14,141	446	45	0	<b>14,632</b>
<b>Changes in taxpayers' equity for 2011-12</b>					
Retained surplus/(deficit) for the year		12			12
Net gain/(loss) on revaluation of property, plant and equipment		0	142	0	142
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	1,706				1,706
Public Dividend Capital repaid in year	0				0
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	(251)				(251)
<b>Restated balance at 31 March 2012</b>	<b>15,596</b>	<b>458</b>	<b>187</b>	<b>0</b>	<b>16,241</b>

The notes on pages 6 to 62 form part of these accounts.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Note	2012-13 £000	2011-12 £000
<b>Cash flows from operating activities</b>			
Operating surplus/(deficit)	SOCI	83	19
Depreciation and amortisation	6	2,438	1,599
Impairments and reversals	6	1,783	85
Release of PFI deferred credits		0	0
Donated Assets received credited to revenue but non-cash	3	0	0
Government Granted Assets received credited to revenue but non-cash	3	0	0
Interest paid		(42)	(12)
(Increase)/decrease in inventories		25	311
(Increase)/decrease in trade and other receivables		(1,984)	(1,741)
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade and other payables		418	920
Increase/(decrease) in other current liabilities		223	2,113
Increase/(decrease) in provisions		20	1,521
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,964</b>	<b>4,815</b>
<b>Cash flows from investing activities</b>			
Interest received		55	25
(Payments) for property, plant and equipment		(1,924)	(4,811)
Proceeds from disposal of property, plant and equipment		0	(4)
(Payments) for intangible assets		0	0
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.		(780)	0
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(2,649)</b>	<b>(4,790)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>315</b>	<b>25</b>
<b>Cash flows from financing activities</b>			
Public Dividend Capital received		0	1,455
Public Dividend Capital repaid		(1,812)	0
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		30	0
Cash transferred (to)/from other NHS Wales bodies		0	0
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(1,782)</b>	<b>1,455</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,467)</b>	<b>1,480</b>
<b>Cash [and] cash equivalents [and bank overdrafts] at the beginning of the financial year</b>	<b>23</b>	<b>3,968</b>	<b>2,488</b>
<b>Cash [and] cash equivalents [and bank overdrafts] at the end of the financial year</b>	<b>23</b>	<b>2,501</b>	<b>3,968</b>

The notes on pages 6 to 62 form part of these accounts.

## Notes to the Accounts

### Accounting policies

The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2012/13 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts 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 trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust 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 Pooled budgets

The trust has not entered into any pooled budget arrangements with Local Authorities.

#### 1.4 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. The main source of revenue for the trust is from the Welsh Government and the Health Boards. This revenue is recognised in the period in which services are provided.

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.

The Trust receives no income under the NHS Injury Cost Recovery Scheme.

#### 1.5 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 yet 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.

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 trust commits itself to the retirement, regardless of the method of payment.

### **1.6 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.

### **1.7 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, the 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 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 the trust's services or for administrative purposes are stated in the balance sheet at their revalued amounts 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 balance sheet date. Fair values are determined as follows:

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

From 1 April 2009 the depreciated replacement cost valuation applies the Modern Equivalent Asset (MEA) cost basis of estimation to arrive at the cost of replacing the capacity and utility of a building rather than a like for like replacement cost.



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.

For 2012-13 a formal revaluation exercise by the District Valuation Office has been applied to the Land and Properties of NHS Wales Trusts as from 1 April 2012. 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. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. However, to ensure that the outcome as reflected in the reserves figure on the Statement of Financial Position is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to Retained earnings.

### **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 existing carrying value of the item replaced is written-out and charged to operating expenses.

## **1.8 Intangible assets**

### **Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the 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 sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

### **Measurement**

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met.

Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

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

### **1.9 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 Depreciation, amortisation and impairments**

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the 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

At each reporting period end, the 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 Statement of Comprehensive Net Expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to the Statement of Comprehensive Net Expenditure. 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.

#### **1.11 Borrowing costs**

Borrowing costs are recognised as expenses as they are incurred.

#### **1.12 Donated assets**

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

This accounting policy change was applied retrospectively and the 2010-11 results were restated.

#### **1.13 Government grants**

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

This accounting policy change was applied retrospectively and consequently the 2010-11 results were restated.

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

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. 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 is adjusted. The asset is de-recognised when it is scrapped or demolished.

### **1.15 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.

#### **The 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 on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

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.

#### **The trust as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the 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 the 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.

### **1.16 Private Finance Initiative (PFI) transactions**

The Trust has no PFI arrangements.

**1.17 Inventories**

Inventories are valued at the lower of cost and net realisable value using the first in first out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

**1.18 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, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the trust's cash management.

**1.19 Provisions**

Provisions are recognised when the trust has a present legal or constructive obligation as a result of a past event, it is probable that the 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 discount rates 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 amount 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 trust 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 trust 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.

**1.20 Clinical Negligence Costs**

The Welsh Risk Pool operates a risk pooling scheme which is currently funded by the Welsh Government. The WRP was hosted by Betsi Cadwaladr University LHB until 31 May 2012 and Velindre NHS Trust from 1 June 2012.

**1.21 Carbon Reduction Commitment Scheme**

The trust is not a member of the Carbon Reduction Commitment Scheme.

**1.22 Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 trust. 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.

**1.23 Financial assets**

Financial assets are recognised when the 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.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit and loss'; '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.

**Financial assets at fair value through SOCI**

The Trust has no embedded derivatives.

**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.

**Available for sale financial assets**

The Trust does not have any available for sale financial assets.

**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 initial fair value of the financial asset.

The Trust has no financial assets, other than those held at 'fair value through profit and loss' that will need to be impaired.

**1.24 Financial liabilities**

Financial liabilities are recognised on the statement of financial position when the 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 the Welsh Government are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

The Trust has a financial lease obligation for Picture Archive Computer System (PACS) equipment which is included at the present value of the future minimum lease payments.

**Financial guarantee contract liabilities**

Financial guarantee contract liabilities are subsequently measured at the higher of:

- the premium received (or imputed) for entering into the guarantee less cumulative amortisation;
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**Financial liabilities 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 liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

The Trust does not have any financial guarantee contract liabilities nor any financial derivatives requiring to be stated at fair value through profit and loss.

**Other financial liabilities**

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from the Welsh Government, which are carried at historic cost. 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.

**1.25 Value Added Tax**

Most of the activities of the 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.

**1.26 Foreign currencies**

The trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

**1.27 Third party assets**

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

**1.28 Public Dividend Capital (PDC) and PDC dividend**

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Welsh Minister for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from the 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.

**1.29 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 income statement on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts 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 and compensations register which is prepared on a cash basis.

The Trust accounts for all losses and special payments gross (including assistance from the Welsh Risk Pool). The Trust accrues or provides for the best estimate of its future payouts for certain or probable 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 Welsh Risk Pool are included in debtors. For those claims where the probability of settlement is below 50%, the liability is disclosed as a contingent liability.

### **1.30 Critical Accounting Judgements and key sources of estimation uncertainty**

In the application of the trust's 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 and 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.

### **1.31 Critical Judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Assets Under Construction are included for those assets which are not fully commissioned at the year end but for which the Trust has been invoiced based upon an independent evaluation of the state of completeness.

### **1.32 Key sources of estimation uncertainty**

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

*Annual Leave Provision*

*Cost of Voluntary Early Release for applicaitons approved but not paid*

### **1.33 Subsidiaries**

Material entities over which the 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 trust's 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'

For 2012/13 the Trust has not consolidated the NHS charitable funds for which it is the corporate trustee.

**1.34 Absorption Accounting**

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. The FReM was amended in 2012-13 to provide for transfer by absorption accounting, it does not require retrospective adoption so prior year transactions have not been restated. 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 NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC or General Reserve as appropriate.

**1.35 Accounting standards that have been issued but have not yet been adopted**

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

IFRS 9 Financial Instruments - subject to consultation - subject to consultation.

IFRS 10 Consolidated Financial Statements - subject to consultation.

IFRS 11 Joint Arrangements - subject to consultation.

IFRS 12 Disclosure of Interests in Other Entities - subject to consultation.

IFRS 13 Fair Value Measurement - subject to consultation.

IPSAS 32 Service Concession Arrangements - subject to consultation.

**1.36 Accounting standards issued that have been adopted early**

No accounting standards issued have been adopted early

## Public Health Wales Trust Annual Accounts 2012-13

<b>2. Revenue from patient care activities</b>	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
Welsh Government	<b>79,098</b>	66,008
Welsh Health Specialised Services Committee (WHSSC)	<b>0</b>	0
Local health boards	<b>0</b>	0
Welsh NHS Trusts	<b>0</b>	0
Other NHS trusts	<b>0</b>	0
Strategic health authorities and primary care trusts	<b>0</b>	0
Foundation Trusts	<b>0</b>	0
Welsh Local Authorities	<b>0</b>	0
Local authorities	<b>0</b>	0
Non NHS:		
Private patient income	<b>0</b>	0
Overseas patients (non-reciprocal)	<b>0</b>	0
Injury Costs Recovery (ICR) Scheme	<b>0</b>	0
Other revenue from activities	<b>0</b>	0
<b>Total</b>	<b>79,098</b>	66,008

ICR income is subject to a provision for impairment of 12.6% to reflect expected rates of collection.

<b>3. Other operating revenue</b>	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
Patient transport services	<b>0</b>	0
Education, training and research	<b>1,490</b>	1,334
Charitable and other contributions to expenditure	<b>0</b>	0
Receipt of donations for capital acquisitions	<b>0</b>	0
Receipt of government grants for capital acquisitions	<b>0</b>	0
Non-patient care services to other bodies	<b>0</b>	0
Income generation	<b>43</b>	12
Rental revenue from finance leases	<b>0</b>	0
Rental revenue from operating leases	<b>0</b>	0
Other revenue:		
Provision of laundry, pathology, payroll services	<b>12,495</b>	11,857
Accommodation and catering charges	<b>0</b>	15
Mortuary fees	<b>0</b>	0
Staff payments for use of cars	<b>0</b>	0
Business unit	<b>0</b>	0
Other	<b>5,271</b>	6,284
<b>Total</b>	<b>19,299</b>	19,502

Other revenue of £5,271k (2011-12 £6,284k) comprises

1 Excellence Awards	335	420
2 Grants - other	373	515
3 Grants - LA	254	274
4 WG - non Core Income	1,990	3,143
5 Staff Recharges	2,065	1,803
6 Other	254	129
7		
8		

<b>Total</b>	<b>5,271</b>	<b>6,284</b>
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#### 4. Revenue

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

#### 5. Income generation activities

The Trust does not undertake income generation activities with an aim of achieving profit, which is then used in patient care.

	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
Income	<b>0</b>	0
Full cost	<b>0</b>	0
Surplus/(deficit)	<b>0</b>	<b>0</b>

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**Public Health Wales Trust Annual Accounts 2012-13**

<b>6. Operating expenses</b>	<b>2012-13</b>	<b>2011-12</b>
<b>6.1 Operating expenses</b>	<b>£000</b>	<b>£000</b>
Welsh Government	49	0
WHSSC	0	0
Local Health Boards	13,692	12,997
Welsh NHS Trusts	1,160	1,197
Other NHS Trusts	382	450
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	0	0
Welsh Local Authorities	4,912	91
Other Local Authorities	0	0
Directors' costs	1,203	1,030
Staff costs	53,302	50,790
Supplies and services - clinical	7,524	7,335
Supplies and services - general	247	223
Consultancy Services	397	631
Establishment	5,388	4,585
Transport	471	396
Premises	3,534	3,244
Impairments and Reversals of Receivables	0	0
Depreciation	2,438	1,599
Amortisation	0	0
Impairments and reversals of property, plant and equipment	1,783	85
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	155	171
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	149	73
Research and development	0	0
Other operating expenses	1,528	594
<b>Total</b>	<b>98,314</b>	<b>85,491</b>

Expenditure with Welsh Local Authorities has increased significantly in 2012/13 as a result of the realigned programmes transferring from Welsh Government to Public Health Wales. Many of the programmes are delivered in partnership with Welsh Local Authorities and payments are therefore made for service provision.

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**Public Health Wales Trust Annual Accounts 2012-13**

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**6. Operating expenses (continued)****6.2 Losses, special payments and irrecoverable debts:**

<b>Charges to operating expenses</b>	<b>2012-13</b>	2011-12
<b>Increase/(decrease) in provision for future payments:</b>	<b>£000</b>	£000
Clinical negligence	448	1,713
Personal injury	373	(5)
All other losses and special payments	20	12
Defence legal fees and other administrative costs	67	46
Gross increase/(decrease) in provision for future payments	<u>908</u>	<u>1,766</u>
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	3	0
<b>Less: income received/ due from Welsh Risk Pool</b>	<u>(762)</u>	<u>(1,693)</u>
<b>Total charge</b>	<u>149</u>	<u>73</u>

Personal injury includes £80k (2011-12 -£17k) in respect of permanent injury benefits.

<b>7. Investment revenue</b>	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
<b>Rental revenue :</b>		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue:</b>		
Bank accounts	55	25
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>55</b>	<b>25</b>

<b>8. Other gains and losses</b>	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
Gain/(loss) on disposal of property, plant and equipment	(86)	(20)
Gain/(loss) on disposal of intangible assets	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
<b>Total</b>	<b>(86)</b>	<b>(20)</b>

<b>9. Finance costs</b>	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	42	12
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
<b>Total interest expense</b>	<b>42</b>	<b>12</b>
<b>Provisions unwinding of discount</b>	<b>0</b>	<b>0</b>
Other finance costs	0	0
<b>Total</b>	<b>42</b>	<b>12</b>

## 10. Operating leases

### 10.1 Trust as lessee

There are some significant leasing arrangements where the Trust is the lessee; the trust leases a number of buildings where the lease agreement exceeds 5 years.

There have been several new lease agreements entered into during 2012/13, the majority of which relate to additional accommodation needed for the realigned programme staff and PMU.

	2012-13	2011-12
	£000	£000
<b>Payments recognised as an expense</b>		
Minimum lease payments	832	771
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>832</b>	<b>771</b>

	2012-13	2011-12
	£000	£000
<b>Total future minimum lease payments</b>		
Payable:		
Not later than one year	735	769
Between one and five years	1,293	1,637
After 5 years	191	417
<b>Total</b>	<b>2,219</b>	<b>2,823</b>
Total future sublease payments expected to be received	0	0



10. Operating leases (continued)

**10.2 Trust as lessor**

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

	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
<b>Receipts recognised as income</b>		
Rent	<b>0</b>	0
Contingent rent	<b>0</b>	0
Other	<b>0</b>	0
<b>Total rental revenue</b>	<b>0</b>	0

	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
<b>Total future minimum lease payments</b>		
Receivable:		
Not later than one year	<b>0</b>	0
Between one and five years	<b>0</b>	0
After 5 years	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

## 11. Employee costs and numbers

11.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2012-13	2011-12
				£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	41,589	303	3,820	45,712	43,397
Social security costs	3,340	0	0	3,340	3,187
Employer contributions to NHS Pensions Scheme	5,361	0	0	5,361	5,154
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
<b>Total</b>	<b>50,290</b>	<b>303</b>	<b>3,820</b>	<b>54,413</b>	<b>51,738</b>
<b>Of the total above:</b>					
Charged to capital				0	0
Charged to revenue				54,413	51,738
<b>Total</b>				<b>54,413</b>	<b>51,738</b>

## 11.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Total	Total
	Number	Number	Number	Number	Number
Medical and dental	90	0	28	118	109
Ambulance staff	0	0	0	0	0
Administrative and estates	593	12	14	619	598
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	44	0	4	48	44
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	389	2	2	393	361
Social care staff	0	0	0	0	0
Other	2	0	1	3	0
<b>Total</b>	<b>1,118</b>	<b>14</b>	<b>49</b>	<b>1,181</b>	<b>1,112</b>

## 11.3 Employee benefits

The Trust operates a lease car policy and childcare voucher (salary sacrifice) scheme for employees.

11.4 Reporting of other compensation schemes - exit packages

	Total number of exit packages by cost band Number 2012-13	Total number of exit packages by cost band Number 2011-12
<b>Exit package cost band</b>		
<£10,000	1	4
£10,000 to £25,000	1	4
£25,000 to £50,000	2	5
£50,000 to £100,000	1	1
£100,000 to £150,000	0	0
£150,000 to £200,000	0	0
£200,000+	0	0
Total number of exit packages by type	5	14
Total resource cost £	102	356

The above exit packages all relate to the nationally agreed NHS Wales Voluntary Early Release Scheme (VERS)

This disclosure reports the number and value of exit packages taken by staff leaving in the year.

## 11.5 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Public Health Wales in the financial year 2012-13 was £150-155k (2011-12, £140-145k). This was 5.17 times (2011-12, 4.75) the median remuneration of the workforce, which was £29,464 (2011-12, £30,459).

In 2012-13, 1 (2011-12, 4) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £10,029 to £155,477 (2011-12 £9,360 - £155,477).

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

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

There was an increase in the banded remuneration of the highest paid director as a result of a new appointment made in 2012/13. This, along with the fact that the workforce within Public Health Wales has changed to comprise more lower banded staff in total, has resulted in an increase in the multiplier factor of the median salary to the highest paid director from 4.75 in 2011/12 to 5.17 in 2012/13.

## 12. Pensions

### Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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.

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 the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations, using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013 is based on the valuation data as 31 March 2012, updated to 31 March 2013 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. 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 scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

### **c) Scheme provisions**

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

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 the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

[Where the organisation has employees who are members of other schemes, disclosures will be required in respect of them too.]

### **12.1 Retirement costs due to ill-health**

During 2012-13 there were no (2011-12 nil) early retirements from the trust agreed on the grounds of ill-health.

**13. Public Sector Payment Policy**

**13.1 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.

	<b>2012-13</b>	<b>2012-13</b>	2011-12	2011-12
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
<b>NHS</b>				
Total bills paid in year	1,614	20,079	1,618	17,353
Total bills paid within target	1,501	18,756	1,241	13,481
Percentage of bills paid within target	93.0%	93.4%	76.7%	77.7%
<b>Non-NHS</b>				
Total bills paid in year	21,117	25,574	19,660	18,365
Total bills paid within target	20,316	25,226	18,801	17,680
Percentage of bills paid within target	96.2%	98.6%	95.6%	96.3%
<b>Total</b>				
Total bills paid in year	22,731	45,653	21,278	35,718
Total bills paid within target	21,817	43,982	20,042	31,161
Percentage of bills paid within target	96.0%	96.3%	94.2%	87.2%

**13.2 The Late Payment of Commercial Debts (Interest) Act 1998**

	<b>2012-13</b>	2011-12
	<b>£</b>	<b>£</b>
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 14. Property, plant and equipment :

2012-13

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc- tion 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
<b>At 1 April 2012</b>	1,060	5,574	0	1,848	9,763	45	4,907	535	<b>23,732</b>
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	(74)	0	0	0	0	0	0	(74)
Additions - purchased	0	374	0	476	369	0	1,314	54	<b>2,587</b>
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	15	0	(1,848)	1,824	0	9	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	(1,356)	0	(86)	(56)	(1,498)
Impairments	(125)	(2,144)	0	0	0	0	0	0	(2,269)
<b>At 31 March 2013</b>	<b>935</b>	<b>3,745</b>	<b>0</b>	<b>476</b>	<b>10,600</b>	<b>45</b>	<b>6,144</b>	<b>533</b>	<b>22,478</b>
<b>Depreciation</b>									
<b>At 1 April 2012</b>	0	1,109	0	0	3,259	25	1,399	350	<b>6,142</b>
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	(233)	0	0	0	0	0	0	(233)
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
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(1,270)	0	(86)	(56)	(1,412)
Impairments	0	(209)	0	0	68	0	0	0	(141)
Charged during the year	0	241	0	0	1,156	4	963	74	<b>2,438</b>
<b>At 31 March 2013</b>	<b>0</b>	<b>908</b>	<b>0</b>	<b>0</b>	<b>3,213</b>	<b>29</b>	<b>2,276</b>	<b>368</b>	<b>6,794</b>
<b>Net book value</b>									
<b>At 1 April 2012</b>	1,060	4,465	0	1,848	6,504	20	3,508	185	17,590
<b>At 31 March 2013</b>	<b>935</b>	<b>2,837</b>	<b>0</b>	<b>476</b>	<b>7,387</b>	<b>16</b>	<b>3,868</b>	<b>165</b>	<b>15,684</b>
<b>Net book value at 31 March 2013 comprises :</b>									
<b>Purchased</b>	935	2,697	0	476	8,587	16	2,668	165	<b>15,544</b>
<b>Donated</b>	0	140	0	0	0	0	0	0	<b>140</b>
<b>Government Granted</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2013</b>	<b>935</b>	<b>2,837</b>	<b>0</b>	<b>476</b>	<b>8,587</b>	<b>16</b>	<b>2,668</b>	<b>165</b>	<b>15,684</b>
<b>Asset Financing:</b>									
<b>Owned</b>	935	2,837	0	476	8,587	16	2,668	165	<b>15,684</b>
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>On-SoFP PFI contract</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>PFI residual interest</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2013</b>	<b>935</b>	<b>2,837</b>	<b>0</b>	<b>476</b>	<b>8,587</b>	<b>16</b>	<b>2,668</b>	<b>165</b>	<b>15,684</b>

The net book value of land, buildings and dwellings at 31 March 2013 comprises :

	£000
Freehold	1,250
Long Leasehold	849
Short Leasehold	1,673
<b>Total</b>	<b>3,772</b>



## 14. Property, plant and equipment :

2011-12	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
<b>At 1 April 2011</b>	1,060	4,403	0	6,178	6,717	46	2,170	484	<b>21,058</b>
Indexation	0	177	0	0	0	0	0	0	<b>177</b>
Revaluation	0	0	0	0	0	0	0	0	<b>0</b>
Additions - purchased	0	983	0	24	798	8	2,812	42	<b>4,667</b>
Additions - donated	0	0	0	0	0	0	0	0	<b>0</b>
Additions - government granted	0	0	0	0	0	0	0	0	<b>0</b>
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	11	0	(4,354)	4,319	0	15	9	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	(1,986)	(9)	(90)	0	<b>(2,085)</b>
Impairments	0	0	0	0	(85)	0	0	0	<b>(85)</b>
<b>At 31 March 2012</b>	<b>1,060</b>	<b>5,574</b>	<b>0</b>	<b>1,848</b>	<b>9,763</b>	<b>45</b>	<b>4,907</b>	<b>535</b>	<b>23,732</b>
<b>Depreciation</b>									
<b>At 1 April 2011</b>	0	751	0	0	4,481	31	1,039	275	<b>6,577</b>
Indexation	0	31	0	0	0	0	0	0	<b>31</b>
Revaluation	0	0	0	0	0	0	0	0	<b>0</b>
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	12	0	0	(15)	0	(3)	6	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	(1,966)	(9)	(90)	0	<b>(2,065)</b>
Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Charged during the year	0	315	0	0	759	3	453	69	<b>1,599</b>
<b>At 31 March 2012</b>	<b>0</b>	<b>1,109</b>	<b>0</b>	<b>0</b>	<b>3,259</b>	<b>25</b>	<b>1,399</b>	<b>350</b>	<b>6,142</b>
<b>Net book value at 1 April 2011</b>	<b>1,060</b>	<b>3,652</b>	<b>0</b>	<b>6,178</b>	<b>2,236</b>	<b>15</b>	<b>1,131</b>	<b>209</b>	<b>14,481</b>
<b>Net book value at 31 March 2012</b>	<b>1,060</b>	<b>4,465</b>	<b>0</b>	<b>1,848</b>	<b>6,504</b>	<b>20</b>	<b>3,508</b>	<b>185</b>	<b>17,590</b>
<b>Net book value at 31 March 2012 comprises :</b>									
<b>Purchased</b>	1,060	4,297	0	1,848	6,458	20	3,508	185	<b>17,376</b>
<b>Donated</b>	0	168	0	0	46	0	0	0	<b>214</b>
<b>Government Granted</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total 31 March 2012</b>	<b>1,060</b>	<b>4,465</b>	<b>0</b>	<b>1,848</b>	<b>6,504</b>	<b>20</b>	<b>3,508</b>	<b>185</b>	<b>17,590</b>
<b>Asset Financing:</b>									
<b>Owned</b>	1,060	4,465	0	1,848	6,504	20	1,395	185	<b>15,477</b>
<b>Held on finance lease</b>	0	0	0	0	0	0	2,113	0	<b>2,113</b>
<b>On-SoFP PFI contract</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>PFI residual interest</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total 31 March 2012</b>	<b>1,060</b>	<b>4,465</b>	<b>0</b>	<b>1,848</b>	<b>6,504</b>	<b>20</b>	<b>3,508</b>	<b>185</b>	<b>17,590</b>

The net book value of land, buildings and dwellings at 31 March 2012 comprises :

	£000
Freehold	3,543
Long Leasehold	0
Short Leasehold	1,982
	<b>5,525</b>

**Disclosures:**

**i) Donated Assets**

Public Health Wales NHS Trust did not receive any donated assets during the year.

**ii) Valuations**

The Trusts Land and Buildings were revalued by the District Valuation Service with an effective date of 1st April 2012. The valuation has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition. The 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 IAS16 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.

**iii) Asset Lives**

Land is not depreciated

Buildings as determined by the District Valuation service

Equipment 5-20 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**

There are no assets held for sale or sold in the period

14.2 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
<b>Balance b/f 1 April 2012</b>	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	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
<b>Balance c/f 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance b/f 1 April 2011</b>	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	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
<b>Balance c/f 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 15. Intangible assets

2012-13	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
<b>At 1 April 2012</b>	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- 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
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>							
<b>Accumulated amortisation at 1 April 2012</b>	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
<b>Accumulated amortisation at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net book value at 1 April 2012	0	0	0	0	0	0	0
<b>Net book value at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value</b>							
Purchased	0	0	0	0	0	0	0
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
<b>Total at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 15. Intangible assets

2011-12	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 2011	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- 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
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2012	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>							
Accumulated amortisation at 1 April 2011	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2012	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net book value at 1 April 2011	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net book value at 31 March 2012	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value</b>							
Purchased	0	0	0	0	0	0	0
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
Total at 31 March 2012	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**15. Intangible assets**

Public Health Wales has no intangible assets

**16. Revaluation reserve balance for intangible assets**

	<b>2012-13</b>	2011-12
	£000	£000
At 1 April	0	0
Changes (itemised)	0	0
At 31 March	<u>0</u>	<u>0</u>

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**17. Impairments**

Impairments in the period arose from:	2012-13		2011-12	
	Property, plant & equipment	Intangible assets	Property, plant & equipment	Intangible assets
	£000	£000	£000	£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	85	0
Changes in market price	1,676	0	0	0
Other (tech change)	107	0	0	0
<b>Impairments charged to operating expenses</b>	<b>1,783</b>	<b>0</b>	<b>85</b>	<b>0</b>

**Impairments charged in the year to**

Operating expenses in Statement of Comprehensive Income	1,783	0	85	0
Revaluation reserve	187	0	0	0
<b>Total</b>	<b>1,970</b>	<b>0</b>	<b>85</b>	<b>0</b>

The main reason for the above impairment is the revaluation of land and buildings undertaken by the district valuer during 2012/13.

**18. Capital commitments**

Commitments under capital expenditure contracts at the statement of financial position sheet date were:

	31 March 2013	31 March 2012
	£000	£000
Property, plant and equipment	0	750
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>750</b>

**19. Inventories**

**19.1 Inventories**

	<b>31 March</b>	<b>31 March</b>
	<b>2013</b>	<b>2012</b>
	£000	£000
Drugs	0	0
Consumables	86	111
Energy	0	0
Work in progress	0	0
Other	0	0
<b>Total</b>	<u>86</u>	<u>111</u>
<b>Of which held at net realisable value:</b>	<u>0</u>	<u>0</u>

**19.2 Inventories recognised in expenses**

	<b>31 March</b>	<b>31 March</b>
	<b>2013</b>	<b>2012</b>
	£000	£000
Inventories recognised as an expense in the period	25	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<u>25</u>	<u>0</u>



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**20. Trade and other receivables**

**20.1 Trade and other receivables**

	<b>31 March</b>	<b>31 March</b>
	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Welsh Government	848	(62)
Welsh Health Specialised Services Committee	60	17
Welsh Health Boards	2,554	2,264
Welsh NHS Trusts	10	25
Non - Welsh Trusts	43	49
Other NHS	0	0
Welsh Risk Pool	2,314	2,187
Welsh Local Authorities	131	325
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	1,112	496
Provision for impairment of trade receivables	(41)	(38)
Pension Prepayments	0	0
Other prepayments and accrued income	508	230
Sub-total	<u>7,539</u>	<u>5,493</u>
<b>Non-current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for impairment of trade receivables	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
Sub-total	<u>0</u>	<u>0</u>
<b>Total trade and other receivables</b>	<u><u>7,539</u></u>	<u><u>5,493</u></u>

No interest is charged on trade receivables.

The value of trade receivables that are past their due payment date but not impaired is £550k. (£376k in 2011-12)

**20.2 Receivables past their due date but not impaired**

	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
By up to 3 months	279	213
By 3 to 6 months	89	126
By more than 6 months	182	37
<b>Balance at end of financial year</b>	<b>550</b>	<b>376</b>

**20.3 Provision for the impairment of receivables**

	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
Balance at beginning of the year	(38)	(62)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	(12)
Amount recovered during the year	0	12
Increase/(decrease) in receivables impaired	(3)	24
<b>Balance at end of financial year</b>	<b>(41)</b>	<b>(38)</b>

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

**21. Other financial assets**

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£000	£000
<b>Non-current</b>		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Current</b>		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**22. Other assets**

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£000	£000
<b>Non-current</b>		
Other assets	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Current</b>		
CRC Emissions trading scheme allowances	0	0
Other assets	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**23. Cash and cash equivalents**

	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
Opening Balance	3,968	2,488
Net change in year	(1,467)	(20)
<b>Closing Balance</b>	<u>2,501</u>	<u>2,468</u>
<b>Made up of:</b>		
Cash with Government Banking Service (GBS)	2,501	2,457
Commercial banks	0	0
Cash in hand	0	11
Current investments	0	1,500
<b>Cash and cash equivalents as in SoFP</b>	<u>2,501</u>	<u>3,968</u>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash &amp; cash equivalents as in Statement of Cash Flows</b>	<u>2,501</u>	<u>3,968</u>

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<b>24. Trade and other payables at the SoFP Date</b>	<b>31 March</b>	<b>31 March</b>
	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Welsh Government	124	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	762	1,344
Welsh NHS Trusts	876	514
Other NHS	198	123
Welsh Local Authorities	214	67
Other Local Authorities	0	0
Income tax and social security	0	0
Non-NHS trade payables - revenue	3,362	2,857
Non-NHS trade payables - capital	26	112
Rentals due under operating leases	74	106
Pensions: staff	0	0
Accruals	24	227
Deferred Income	85	63
Other liabilities - all other payables	0	0
Sub-total	<b>5,745</b>	<b>5,413</b>
<b>Non-current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Income tax and social security	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Rentals due under operating leases	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income	0	0
Other liabilities - all other payables	0	0
Sub-total	<b>0</b>	<b>0</b>
<b>Total</b>	<b>5,745</b>	<b>5,413</b>

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

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**Public Health Wales Trust Annual Accounts 2012-13**

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<b>25. Borrowings</b>	<b>31 March</b>	<b>31 March</b>
<b>Current</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
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
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Non-current</b>		
Bank overdraft - OPG	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
<b>Total</b>	<b>0</b>	<b>0</b>

**25.2 Loan advance/strategic assistance funding**

The NHS trust has received no loan advance or strategic funding from the Welsh Government.

**26. Other financial liabilities**

<b>Current</b>	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
Financial liabilities carried at fair value through income statement.	<b>623</b>	450
<b>Non-current</b>		
Financial liabilities carried at fair value through income statement.	<b>1,713</b>	1,663

**27. Other liabilities**

<b>Current</b>	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
Lease incentives	<b>0</b>	0
PFI asset - deferred credit	<b>0</b>	0
Other (Please specify)	<b>0</b>	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Non-current</b>		
Lease incentives	<b>0</b>	0
PFI asset - deferred credit	<b>0</b>	0
Other (Please specify)	<b>0</b>	0
<b>Total</b>	<b>0</b>	<b>0</b>

The trust has no early retirement buy outs.

## 28. Provisions

2012-13

	At 1 April 2012	Structured settlement cases transferr-ed 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 2013
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>										
Clinical negligence	2,186	0	0	0	0	591	(712)	(143)	0	1,922
Personal injury	44	0	0	92	0	374	(149)	(1)	0	360
All other losses and special payments	0	0	0	0	0	20	(20)	0	0	0
Defence legal fees and other administration	38	0	0	0	0	76	(22)	(9)		83
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
<b>Total</b>	<b>2,268</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>1,061</b>	<b>(903)</b>	<b>(153)</b>	<b>0</b>	<b>2,365</b>
<b>Non Current</b>										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	1,127	0	0	(92)	0	0	15	0	0	1,050
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
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
<b>Total</b>	<b>1,127</b>	<b>0</b>	<b>0</b>	<b>(92)</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>1,050</b>
<b>TOTAL</b>										
Clinical negligence	2,186	0	0	0	0	591	(712)	(143)	0	1,922
Personal injury	1,171	0	0	0	0	374	(134)	(1)	0	1,410
All other losses and special payments	0	0	0	0	0	20	(20)	0	0	0
Defence legal fees and other administration	38	0	0	0	0	76	(22)	(9)		83
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
<b>Total</b>	<b>3,395</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,061</b>	<b>(888)</b>	<b>(153)</b>	<b>0</b>	<b>3,415</b>

## Expected timing of cash flows:

Timing period yet to be confirmed	In the remainder of spending review to 31 March 2014	Between 1 April 2014 and 31 March 2019	Between 1 April 2019 and 31 March 2024	Thereafter	Totals
	£000	£000	£000	£000	£000
Clinical negligence	1,922	0	0	0	1,922
Personal injury	360	301	268	481	1,410
All other losses and special payments	0	0	0	0	0
Defence legal fees and other administration	83	0	0	0	83
Pensions - former directors	0	0	0	0	0
Pensions - other staff	0	0	0	0	0
Restructuring	0	0	0	0	0
Other	0	0	0	0	0
<b>Total</b>	<b>2,365</b>	<b>301</b>	<b>268</b>	<b>481</b>	<b>3,415</b>

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

The "Personal Injury" category includes provisions for 3 Permanent Injury Benefit cases.



## 28. Provisions (continued)

2011-12

	At 31 March 2011	Structured settlement cases transferr-ed to Risk Pool	Transfer to creditors	Transfer 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 2012
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>										
Clinical negligence	652	0	0	0	0	1,868	(179)	(155)	0	2,186
Personal injury	69	0	0	1	0	12	(38)	0	0	44
All other losses and special payments	0	0	0	0	0	12	(12)	0	0	0
Defence legal fees and other administration	8	0	0	0	0	46	(16)	0		38
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
<b>Total</b>	<b>729</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1,938</b>	<b>(245)</b>	<b>(155)</b>	<b>0</b>	<b>2,268</b>
<b>Non Current</b>										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	1,145	0	0	(1)	0	0	0	(17)	0	1,127
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
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
<b>Total</b>	<b>1,145</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17)</b>	<b>0</b>	<b>1,127</b>
<b>TOTAL</b>										
Clinical negligence	652	0	0	0	0	1,868	(179)	(155)	0	2,186
Personal injury	1,214	0	0	0	0	12	(38)	(17)	0	1,171
All other losses and special payments	0	0	0	0	0	12	(12)	0	0	0
Defence legal fees and other administration	8	0	0	0	0	46	(16)	0		38
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
<b>Total</b>	<b>1,874</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,938</b>	<b>(245)</b>	<b>(172)</b>	<b>0</b>	<b>3,395</b>

## 29. Finance leases

### 29.1 Finance leases obligations (as lessee)

The Trust has a finance lease for the Picture Archive Computer System (PACS).

The inherent interest rate has been calculated at 2.77%. This has been used to discount the total future minimum lease payments of £2,522k to their present value of £2,336k

Maintenance costs are charged directly to SOCI and are not included as part of the lease value.

#### Amounts payable under finance leases:

<b>LAND</b>	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Minimum lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
<b>Total present value of minimum lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

29.1 Finance leases obligations (as lessee) continued

	31 March 2013 £000	31 March 2012 £000
<b>Amounts payable under finance leases:</b>		
<b>BUILDINGS</b>		
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Minimum lease payments</b>	<b>0</b>	<b>0</b>
Included in: Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
<b>Total present value of minimum lease payments</b>	<b>0</b>	<b>0</b>
Included in: Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>OTHER</b>		
	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
<b>Minimum lease payments</b>		
Within one year	671	606
Between one and five years	1,851	1,795
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Minimum lease payments</b>	<b>2,522</b>	<b>2,401</b>
Included in: Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Present value of minimum lease payments</b>		
Within one year	623	450
Between one and five years	1,713	1,663
After five years	0	0
<b>Total present value of minimum lease payments</b>	<b>2,336</b>	<b>2,113</b>
Included in: Current borrowings	623	450
Non-current borrowings	1,713	1,663
<b>Total</b>	<b>2,336</b>	<b>2,113</b>

**29.2 Finance lease receivables (as lessor)**

There are no finance lease receivables.

**Amounts receivable under finance leases:**

	<b>31 March 2013 £000</b>	<b>31 March 2012 £000</b>
<b>Gross investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Present value of minimum lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
<b>Total present value of minimum lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

29.3 Rental Revenue	31 March	31 March
	2013	2012
	£000	£000
Contingent rent	0	0
Other	0	0
<b>Total rental revenue</b>	<b>0</b>	<b>0</b>

#### 29.4 Finance Lease Commitment

Public Health Wales NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during 2012-13.

#### 30. Private finance transactions

##### Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)

The trust has no PFI or PPP schemes deemed to be "on or off balance sheet."

### **31. Financial risk**

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 NHS trust's treasury management operations are carried out by the finance department within parameters defined formally within the NHS trust's standing financial instructions and policies agreed by the board of directors. NHS trust treasury activity is subject to review by the NHS trust's internal auditors.

#### **Liquidity risk**

NHS 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 NHS 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.

**32. Financial Instruments**

<b>Financial assets</b>	<b>At "fair value" through I&amp;E £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
NHS receivables	5,829	0	0	5,829
Cash at bank and in hand	2,501	0	0	2,501
Other financial assets	0	0	0	0
<b>Total at 31 March 2013</b>	<b>8,330</b>	<b>0</b>	<b>0</b>	<b>8,330</b>

<b>Financial liabilities</b>	<b>At "fair value" through I&amp;E £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	2,336	0	2,336
Other financial liabilities	5,745	0	5,745
<b>Total at 31 March 2013</b>	<b>8,081</b>	<b>0</b>	<b>8,081</b>

<b>Financial assets</b>	<b>At "fair value" through I&amp;E £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
NHS receivables	4,480	0	0	4,480
Cash at bank and in hand	3,968	0	0	3,968
Other financial assets	0	0	0	0
<b>Total at 31 March 2012</b>	<b>8,448</b>	<b>0</b>	<b>0</b>	<b>8,448</b>

<b>Financial liabilities</b>	<b>At "fair value" through I&amp;E £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	2,113	0	2,113
Other financial liabilities	5,413	0	5,413
<b>Total at 31 March 2012</b>	<b>7,526</b>	<b>0</b>	<b>7,526</b>

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The NHS trust has 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 the NHS trust in undertaking its activities.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

Only NHS receivables have been included in the financial assets as these have been formally agreed through the NHS agreement process. The other financial liabilities figure is the total liabilities from Note 23

### 33. Financial performance targets

The Trust has met 3 out of 3 of its financial targets. Details are given below:

33.1 Breakeven	2012-13
	£000
Target retained surplus	0
Actual retained surplus	10
Variance	<u>(10)</u>

The in year breakeven target and actual surpluses are £0k and £10k respectively.  
No deficit was reported for 2011/12.

The Trust has broken even in 2012-13.

33.2 External financing	31 March	31 March
The Trust is given an external financing limit which it is permitted to undershoot	2013	2012
	£000	£000
External financing limit set by the Welsh Government	1,720	3,918
Cash flow financing	1,750	1,706
Finance leases taken out in the year	(30)	2,212
Other capital receipts	<u>0</u>	<u>0</u>
External financing requirement	<u>1,720</u>	<u>3,918</u>
Undershoot (overshoot)	<u>0</u>	<u>0</u>

The Trust has achieved its external financing limit.

### 33.3 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:

	2012-13
Total number of non-NHS bills paid 2012-13	21,117
Total number of non-NHS bills paid within target	20,316
Percentage of non-NHS bills paid within target	96.2%

The Trust has met the target.



### 34. Contingencies

#### 34.1 Contingent liabilities

Provision has not been made in these accounts for the following amounts:

	31 March 2013 £000	31 March 2012 £000
Legal claims for alleged medical or employer negligence	145	296
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	0	0
Other (Please specify)	0	0
Total value of disputed claims	<u>145</u>	<u>296</u>
Amount recovered under insurance arrangements in the event of these claims being successful	0	0
Net contingent liability	<u>145</u>	<u>296</u>

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them.

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

#### 34.2 Contingent assets

The Trust has no contingent assets.

### 35. Third party assets

The Trust has no third party assets.

### 36. Events after reporting period

There are no events after the reporting period that need to be disclosed in the financial statements

**37. Related Party transactions**

The trust is a body corporate established by order of the Welsh Minister for Health and Social Services. During the year none of the board members or members of the key management staff or parties related to them has undertaken any material transactions with the trust.

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000

The Welsh Government is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body. In addition, those organisations which have been identified as related parties to board or executive team members are also listed below.

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	243	82,175	124	848
FHoT	0	0	0	0
WHSSC	0	304	0	0
ABMU LHB	4,127	3,531	139	84
Aneurin Bevan LHB	2,936	712	133	268
Betsi Cadwaladr LHB	3,599	2,533	57	156
Cardiff and Vale LHB	3,277	4,836	120	1,304
Cwm Taf LHB	1,727	225	63	135
Hywel Dda LHB	1,650	1,540	214	565
Powys LHB	160	137	35	39
Velindre NHS Trust	1,599	176	876	10
WAST	31	0	0	0
WRP	0	0	0	2,314
Cardiff University	1,045	949	255	327
Bridgend CBC	238	43	10	0
Merthyr Tydfil CBC	140	1	0	0
Food Standards Agency	0	0	0	0
Dolen Cymru	0	0	0	0
<b>TOTAL</b>	<b>20,772</b>	<b>97,162</b>	<b>2,026</b>	<b>6,050</b>

38. Intra Government balances and transactions

38.1 Intra Government Balances

	Receivables: Current £000	Receivables: Non-current £000	Payables: Current £000	Payables: Non-current £000
<b>2012-13:</b>				
Welsh Government	848	0	124	0
Welsh Local Health Boards	2554	0	762	0
Welsh NHS Trusts	10	0	876	0
WHSSC	60	0	0	0
All English Health Bodies	43	0	56	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	2373	0	142	0
Credit note provision	0	0	0	0
Sub total	<b>5,888</b>	<b>0</b>	<b>1,960</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	52	0	0	0
Revenue & Customs	130	0	0	0
Local Authorities	131	0	214	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	1,338	0	3,571	0
<b>TOTAL</b>	<b>7,539</b>	<b>0</b>	<b>5,745</b>	<b>0</b>

	Receivables: Current £000	Receivables: Non-current £000	Payables: Current £000	Payables: Non-current £000
<b>2011-12:</b>				
Welsh Government	(62)	0	0	0
Welsh Local Health Boards	2,264	0	1,343	0
Welsh NHS Trusts	25	0	514	0
WHSSC	17	0	0	0
All English Health Bodies	26	0	65	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	22	0	0	0
Miscellaneous	2,188	0	58	0
Credit note provision	0	0	0	0
Sub total	<b>4,480</b>	<b>0</b>	<b>1,980</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	88	0	69	0
Revenue & Customs	117	0	0	0
Local Authorities	325	0	67	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	483	0	3,297	0
<b>TOTAL</b>	<b>5,493</b>	<b>0</b>	<b>5,413</b>	<b>0</b>

### 39. 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 2013		Approved to write-off to 31 March 2013	
	Number	£	Number	£
Clinical negligence	5	712,361	3	1,044,814
Personal injury	1	10,000	0	0
All other losses and special payments	2	20,000	0	0
<b>Total</b>	<b>8</b>	<b>742,361</b>	<b>3</b>	<b>1,044,814</b>

Analysis of cases which exceed £250,000 and all other cases

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
<b>Cases exceeding £250,000</b>				
Case reference	Case type			
09RQFMN0005	CN	483,251	731,817	731,817
09RQFMN0008	CN	151,920	251,920	251,920
<b>Sub-total</b>		<b>635,171</b>	<b>983,737</b>	<b>983,737</b>
<b>All other cases</b>		<b>107,190</b>	<b>107,277</b>	<b>61,077</b>
<b>Total cases</b>		<b>742,361</b>	<b>1,091,014</b>	<b>1,044,814</b>

**40. Pooled budgets**

Public Health Wales NHS Trust has no pooled budgets.

#### 41. Operating segments

The Trust's primary remit is the provision of public health services throughout Wales and this is viewed as the only segment that is recognisable under this legislation.

The Chief Operating Decision Maker (CODM) is considered to be the Trust Board. The CODM receives a variety of information dealing with various aspects of the Trust's performance, however considers the provision of public health services to be ultimately generic, in terms of geography and service.

The Trust therefore is deemed to operate as one segment.

**42. Other**

No functions were transferred from Public Health Wales to Shared Services on 1 June 2012, as all Shared Services functions had been provided via Service Level Agreements from other organisations.

## **The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales**

I certify that I have audited the financial statements of Public Health Wales NHS Trust for the year ended 31 March 2013 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 Tax Payers Equity and related notes. 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). I have also audited the information in the Remuneration Report that is described as having been audited.

### **Respective responsibilities of Directors, the Chief Executive and the Auditor**

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on page 66, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Public Health Wales NHS Trust Name's] circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

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

In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

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 2013 and of its surplus, its recognised gains and losses and cash flows 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



### **Opinion on Regularity**

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

### **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; I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not available at the time of my audit.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion: the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;

- proper accounting records have not been kept;
- 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.

Huw Vaughan Thomas  
Auditor General for Wales

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

Date 20 June 2013

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES  
AS ACCOUNTABLE OFFICER OF THE TRUST**

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 the Welsh Government.

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

Date: June 6th 2013

Mr Bob Hudson.....Chief Executive

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF**

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 NHS trust and of the income and expenditure of the NHS trust 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

The directors confirm 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 Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

**By Order of the Board**

**Signed:**

Date: ..6th June 2013

Chairman: .Professor Sir Mansel Aylward

Date: ..6th June 2013

Chief Executive: ..Mr Bob Hudson

Date: ..6th June 2013

Director of Finance: ....Mr Huw George

**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) (Wales) Order 2009

## **Annual Governance Statement**

### **1. Scope of Responsibility**

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

As Chief Executive and Accountable Officer, 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.

### **2. Overview**

In October 2010, the Board approved Public Health Wales' five-year strategy. The strategy details 7 key objectives and this has driven our work and priorities during 2012/13. The Board also reviewed the strategy during the year and confirmed that the 7 key strategic objectives were still relevant and appropriate.

The 7 strategic objectives are:

- to improve health and reduce health inequalities by addressing the social, economic and environmental factors which determine people's health
- to promote healthy behaviour
- to improve the quality and effectiveness of healthcare services
- to protect people from infectious disease and environmental hazards
- to respond effectively to the public health aspects of emergencies
- to reduce illness and death by delivering evidence based screening programmes
- to establish Public Health Wales as a cohesive, effective and sustainable organisation which leads by example.

At just over 3 years old, Public Health Wales is still a relatively young organisation but it nevertheless continues to grow and evolve and has made considerable progress in a number of areas during 2012/13.

Public Health Wales will also publish a number of other key documents, such as the Annual Report and Annual Quality Statement, which provide information about its services and functions. Our website, which is updated daily, also houses a wide variety of information.

Investment in front line services has continued again this year. For example, we have completed the digital upgrade of the mammography screening equipment on target and the planned introduction of the two new screening programmes, Abdominal Aortic Aneurysm and newborn bloodspot. This, together with the investment in new microbiology analysing equipment, are major steps forward in improving the quality and safety of our services.

We have also recently appointed a Director of Nursing. Unlike Health Boards, this is not a Board position but it nevertheless represents a very important appointment for us and ensures that the views and advice from this key section of the nursing and clinical profession is properly represented, as well as bringing a new dimension to quality and governance issues within the organisation. We will also seek, going forward, to strengthen engagement with other nursing and clinical professional sectors represented within the organisation.

As the services and functions of Public Health Wales evolve and grow, so must the organisation grow and evolve with it. We have, for example, undertaken a major review of the future direction of the health improvement programmes in Wales. This will potentially result in changes to the existing programmes and cause some reorganisation of the Health Improvement directorate to ensure it is fit for purpose, but this will help us to focus on those health improvement interventions that will have the greatest impact.

Public Health Wales has developed a Public and Stakeholder Engagement Strategy designed to put those who benefit from the services in a position where they can influence and help shape policy and service development. There have been a number of examples during the year of engagement with service users, most notably in the Breast Screening, Stop Smoking Wales and Health Improvement Review programmes.

As part of the development of our Workforce and Organisational Development Strategy, we have been seeking the views and opinions of our staff. During the year a number of workshops were held with staff across Wales. Their views, thoughts and contributions on a variety of issues will help shape our future plans, strategies and priorities.

The Board and its Committees continue to guide, scrutinize and, where necessary, challenge the work and progress of the organisation. For example, the Board noted that some delays had occurred in inviting women for breast screening, as a result of the move to digital, and that statutory and mandatory training in the organisation was below target levels. The Board and its Committees have ensured every effort has been made to rectify this and no user of our services or staff member is placed at unnecessary risk.

The Board has also placed great emphasis on ensuring that our Microbiology services renew their 4 yearly CPA accreditation. This is a stringent review which ensures the Microbiology systems and processes meet the very high expected standards. The review highlighted some areas for improvement which have subsequently been rectified and we are currently awaiting confirmation of accreditation. The Board is also keen to ensure that our Screening services also apply for the appropriate CPA accreditation and this process is currently underway.

Looking forward to 2013/14, there are a number of planned developments which will again see Public Health Wales grow and evolve. A number of staff and functions from the National Leadership and Innovation Agency for Healthcare (NLIAH) will be transferred to Public Health Wales, bringing together key NHS service improvement functions. The proposed Public Health Bill for Wales will no doubt bring additional and welcomed measures as well as our own internal organisational development and accommodation programmes which all contribute to improving public health services in Wales.

We are very aware of the recently published report on the independent inquiry into the care provided by the mid-Staffordshire NHS Foundation Trust (commonly referred to as the Francis report). Along with the NHS in Wales we will be paying particular attention to this report and learning from the findings and recommendations as well as supporting others. Evaluating the recommendations and preparing a response will be a priority for us in the early part of 2013/14.

Public Health Wales has a number of third party agreements with a variety of organisations and institutions. These agreements play an important role in ensuring that Public Health Wales receives and has access to the most up to date advice and research. We have in place processes which ensure that we receive value for money from these agreements but we want to strengthen these processes and this will be reviewed during 2013/14.

### 3. Governance Framework

The Welsh Government requires that NHS Trusts operate within the wider governance framework set for the NHS in Wales and incorporate the standards of good governance set for the NHS in Wales (as defined within the Citizen Centred Governance principles and Standards for Health Services in Wales), together with its planning and performance management frameworks.

The principles of the Code of Conduct and Accountability for the NHS in Wales are fully endorsed by the Trust. Its governance policies have been reviewed in line with both the specific guidance and the spirit of the codes of practice applying to its delivery of healthcare services.

NHS Trusts in Wales must agree Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the Public Health Wales NHS Trust (Membership and Procedures) Regulations 2009 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 Trust.

These documents, together with the range of corporate policies set by the Board and the adoption of the Values and Standards of Behaviour framework, make up the Governance Framework.

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.

In particular, the Board has responsibility for the strategic direction, governance framework, organisational culture and development, developing strong relationships with key stakeholders and partners and delivery of Public Health Wales' aims and objectives. In addition, Executive Directors have Board level responsibility for discharging Public Health Wales' corporate and public health functions.

The Board is supported by the Board Secretary, who acts as principal advisor on all aspects of governance within Public Health Wales.

The Board has established a standing Committee structure, which, it has determined, best meets the needs of the organisation whilst taking account of any regulatory or Welsh Government requirements. The Committees established include:

- Audit
- Quality and Safety
- Information Governance
- Remuneration and Terms of Service Committee



In addition, Public Health Wales has established a Charitable Funds Committee. This Committee has not met, as charitable funds are currently administered by Velindre NHS Trust on Public Health Wales' behalf. In the interest of cost effectiveness, discussions are ongoing with Velindre NHS Trust on how charitable funds can continue to be jointly managed by both Trusts.

Board Committees are chaired by Non-Executive Directors and Committee Chairs provide reports of each meeting directly to the Board.

Public Health Wales also established Board level Groups to take forward specific pieces of work during 2012/13. For example, the Health Improvement Advisor Group, chaired by a Non Executive Director, was established by the Board to take forward and advise the Board on the Health Improvement Review.

The Wales Audit Office completed their Structured Assessment for 2012/13 and whilst they made some recommendations for improvement, overall they concluded that the organisation continues to make good progress in putting in place key governance arrangements. The Wales Audit Office highlighted the need for a coherent and comprehensive framework document which described and brought together all the key governance components.

### **Board and Committee membership**

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

We are pleased to be able to confirm that the Minister for Health and Social Services has approved the reappointments of four of our Non-Executive Directors, including the Chair. Public Health Wales will benefit considerably from the wealth of experience and expertise that these members bring to the Board.

Dr Jo Farrar left her post as local government representative on the Public Health Wales Board in July 2012. For a large part of the year this post has been vacant. Local Government is a key partner in tackling public health issues in Wales and is therefore a distinct disadvantage for the organisation not to have this link in place. We are working with the Welsh Government and Welsh Local Government Association to fill this vacancy as soon as possible.

Professor Hilary Fielder, Executive Director of Public Health Services, retired in September 2012. Professor Fielder was subsequently replaced by Dr Quentin Sandifer. This transition went smoothly and without any interruption to services and it is pleasing to report that we were able to find someone who is able to carry forward the considerable and valuable work that Professor Fielder initiated during her time with Public Health Wales.

We should also note that the Board member changes noted above resulted in the loss of two female Board members. As a consequence, we are very mindful of the fact that we do not currently have any female Board members, something which we would like to rectify as soon as possible.

Public Health Wales Trust Annual Accounts 2012-13

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES
Professor Sir Mansel Aylward	Chair		<ul style="list-style-type: none"> <li>(Chair) The Board</li> <li>(Chair) Remuneration Committee</li> </ul>	Veterans
Mr John Spence	Vice Chair	Independent member	<ul style="list-style-type: none"> <li>(Vice Chair) The Board</li> <li>Quality &amp; Safety Committee</li> <li>Remuneration &amp; Terms of Service Committee</li> <li>(Chair) Information Governance Committee (from August 2012)</li> <li>Audit Committee</li> </ul>	Violence & Aggression
Dr Carl Clowes	Independent Member	Third Sector	<ul style="list-style-type: none"> <li>Quality &amp; Safety Committee</li> <li>Audit Committee</li> <li>Information Governance Committee</li> <li>Remuneration &amp; Terms of Service Committee</li> </ul>	
Professor Gareth Williams	Independent Member	University	<ul style="list-style-type: none"> <li>Quality &amp; Safety Committee</li> <li>Remuneration &amp; Terms of Service Committee</li> </ul>	
Professor Simon Smail	Independent Member	Independent Member	<ul style="list-style-type: none"> <li>(Chair) Quality and Safety Committee</li> <li>Remuneration and Terms of Service Committee</li> </ul>	Safeguarding
Mr Terry Rose	Independent Member	Independent Member	<ul style="list-style-type: none"> <li>(Chair) Audit Committee (from August 2012)</li> <li>Information Governance Committee (from August 2012)</li> <li>Remuneration and Terms of Service Committee</li> </ul>	
Dr Jo Farrar (to July 2012) Vacant (from August 2012)	Independent Member	Local Authority	<ul style="list-style-type: none"> <li>(Chair) Audit Committee (until July 2012)</li> <li>(Chair) Information Governance Committee (until July 2012)</li> <li>Remuneration and Terms of Service Committee</li> </ul>	Equality (until July 2012)
Mr Bob Hudson	Chief Executive		<ul style="list-style-type: none"> <li>Audit Committee*</li> <li>Quality &amp; Safety Committee*</li> <li>Information Governance Committee*</li> <li>Remuneration &amp; Terms of Service Committee*</li> </ul>	N/A
Mr Huw George	Executive Director of Finance		<ul style="list-style-type: none"> <li>Audit Committee*</li> </ul>	N/A
Dr Hilary Fielder (until September 2012) Dr Quentin Sandifer (from October 2012)	Executive Director of Public Health Services and Medical Director		<ul style="list-style-type: none"> <li>Quality &amp; Safety Committee*</li> <li>Information Governance Committee*</li> </ul>	N/A
Dr Peter Bradley	Executive Director of Public Health Development			N/A
Mr Mark Dickinson	Executive Director of Planning and Performance		<ul style="list-style-type: none"> <li>Quality &amp; Safety Committee*</li> <li>Information Governance Committee*</li> </ul>	N/A

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

The following table outlines dates of Board and Committee meetings held during 2012/13, highlighting any meetings that were inquorate:

Board/ Committee	2012-13						
Board	26 Apr	28 Jun	5 Sept	25 Oct	20 Dec	21 Feb	21 Mar
Audit	10 May	6 Jun	13 Sept	19 Dec	20 Mar		
Quality & Safety	17 Apr	17 July	18 Oct	31 Jan			
Information Governance	6 Jun	13 Sept	19 Dec	20 Mar			
Remuneration & Terms of Service Committee	5 Sept	25 Oct	21 Mar				

*Quorate*

*Inquorate*

Where meetings were inquorate, escalation arrangements were in place to ensure that any matters of significant concern that could not be brought to the attention of the Committee could be raised with the Trust Chair.

In support of the Board, Public Health Wales has an established Local Staff Partnership Forum.

The Board has established four standing Board Committees which are detailed below. Committee papers and minutes for each meeting are published on the Public Health Wales website. The chairs of the Committees provide verbal reports to the Board meeting following each Committee meeting. Minutes of Committee meetings are also presented to the Board once approved by the relevant Committee. Each Committee also produces an Annual Report of business, copies of which are available on the Public Health Wales Website.

### **3.1 The Audit Committee**

The Audit Committee comprises of three Non-Executive Directors, including the Chair, and meets on a quarterly basis.

The Audit Committee's Terms of Reference state that it is responsible for providing advice and assurance to the Board and the Accountable Officer on whether effective arrangements are in place through the design and operation of the Trust's assurance framework and to support the Board in its decision making and in discharging its accountabilities for securing the achievement of the Trust's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

The Audit Committee is authorised by the Board to investigate or have investigated any activity (clinical or non clinical) within its terms of reference. In doing so, the Committee has the right to inspect any books, records or documents of the Trust relevant to the Committee's remit, ensuring patient/client and staff confidentiality, as appropriate.

The Audit Committee met five times during 2012/13 and was quorate on each occasion.

### **3.2 The Quality and Safety Committee**

The Quality and Safety Committee comprises of four Non-Executive Directors, including the Chair, and meets quarterly.

The Quality and Safety Committee is responsible for seeking assurances that governance (including risk management) arrangements are appropriately designed and operating effectively to ensure the provision of high quality, safe healthcare, public health provision and services across the whole of the Trust's activities.

The Committee is authorised by the Board to investigate or have investigated any activity within its terms of reference. In doing so, the Committee has the right to inspect any books, records or documents of the Trust relevant to the Committee's remit, ensuring patient/client and staff confidentiality, as appropriate.

The Committee is also responsible for reviewing and considering claims under the NHS Wales redress scheme. No settlements under this scheme were made during 2012/13.

The Quality and Safety Committee met four times during 2012/13 and was quorate on three occasions.

### **3.3 The Information Governance Committee**

The Information Governance Committee comprises of three Non-Executive Directors, including the Chair, and meets on a quarterly basis.

Public Health Wales has well established arrangements for Information Governance to ensure that information is managed in line with the relevant Information Governance law, regulations and Information Commissioners Office guidance. The arrangements include a Trust wide Information Governance Committee, Trust and Divisional Caldicott Guardians, a Caldicott Guardian for the National Databases and Divisional Information Governance leads.

The Information Governance Committee is responsible for ensuring these arrangements are maintained and adhered to.

The Information Governance Committee receives summaries and reports on all Information Governance incidents and near misses reported through the Trust's incident management system. All serious incidents are reported fully to the Committee and Welsh Government and full Root Cause Analysis investigations are undertaken.

During 2012/13, Public Health Wales reported two significant data security lapses; one involving missing patient information the other involving disclosure of information. The missing patient information was reported to the Information Commissioner. The Information Commissioner found that Public Health Wales had taken the appropriate action and decided that no further action was needed. The second significant data security lapse was a complaint from the Information Commissioner concerning non-compliance with a Subject Access Request under the Data Protection Act. Following a full investigation, the Information Commissioner decided to take no further action.

The Information Governance Committee met four times during 2012/13 and was quorate on each occasion.

### **3.4 The Remuneration and Terms of Service Committee**

The Remuneration and Terms of Service Committee comprises of all the Non-Executive Directors, including the Board Chair, and meets on a regular basis. The committee considers the pay and terms and conditions of service for Executive Directors and other senior members of staff and considers other pay costs related matters such as applications under the voluntary early release scheme.

The Remuneration and Terms of Service Committee met twice during 2012/13 and was quorate on each occasion. As a result of the national pay freeze which has been observed in Public Health Wales, the Committee mostly considered applications in respect of the voluntary early release scheme. The Remuneration and Terms of Service Committee produced an Annual Report of business, which was presented to the Board in September 2012. A copy of the [report](#) is

## **4. System of Internal Control**

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational 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 in the Trust for the year ended 31 March 2013, and up to the date of approval of the Annual Report and Accounts.

### **4.1 Risk Management**

The current risk management system is designed to identify and prioritise the risks of the organisation, 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 Board Secretary leads on Risk Management and on developing and maintaining a sound system for risk management processes. Heads of Divisions manage risk within their respective areas and identified senior staff within each service area have a remit for risk management.

A Risk Management Group, chaired by the Board Secretary, was established in 2010 to oversee risk management matters within the organisation. The Group consists of representatives from all parts of Public Health Wales and meets regularly to discuss and assess all aspects of risk within the organisation. These include the risk register, incidents, complaints and claims. The Group is able to escalate risks to the Executive Team and to the various Board Committees, as appropriate, and is able to make recommendations on new and existing risks. The Group also develops and implements risk related policies and procedures.

The reporting of risks is encouraged and the Risk Management Group has a key role in communicating emerging significant team/departmental risks. Risk management is a standard element within all Public Health Wales job descriptions and states that all staff have a responsibility to fulfil a proactive role towards the management of risk in all their actions. This entails the risk assessment of all situations and taking appropriate actions. This will be further strengthened with the implementation of the Public Health Wales Datix risk management system as the web risk assessment form will be made available to all staff as the identification and reporting of risk is the responsibility of all employees. The web based risk assessment form will also allow for the risk to be escalated to the relevant Executive Director, Divisional Director and

Public Health Wales has developed a Corporate Risk Register, which summarises both operational and management level risks for the organisation. Risks are scored and mitigating actions detailed. Risks are allocated to Executive leads and are reviewed at each meeting of the Risk Management Group. The Risk Register, including new, revised and deleted risks are regularly reviewed by the Executive Team and at each meeting of the Quality and Safety Committee, and will be reported at least annually to the Audit Committee and Board. The organisation will be looking to strengthen the way it monitors risks, for instance each risk will in future be allocated to a Board Committee so that Committee is responsible for monitoring their own risks.

The corporate risk register contains thirteen high level risks. Examples of the risks included on the register range from ensuring that the organisation reaches financial balance to divisional restructure. These risks are monitored closely and the level of risk is amended as things develop.

The corporate risk register is supported by an operational risk profile. The risks on the operational risk profile arise from activities and processes undertaken within Divisions to achieve the organisation's objectives. The risks are identified during the normal course of work and are considered as they arise. They are managed at the time that they arise and reported by staff locally. However, if necessary the risk can be escalated as appropriate.

All serious incidents are reported fully to the Quality and Safety Committee and Welsh Government and full Root Cause Analysis investigations are undertaken. The Committee is also responsible for the monitoring progress against actions identified to ensure that they are completed within the timescales set. In 2012/13 a total of six Serious Incidents were reported to the Welsh Government. The Quality and Safety Committee is also responsible for ensuring that lessons are learnt from serious incidents and that these lessons are embedded in future practices.

The NHS Wales Shared Services Partnership, Audit and Assurance Services provide an internal audit function to Public Health Wales. Their programme of reviews provides an independent and objective opinion on the adequacy of the systems of risk management, control and governance by measuring and evaluating effectiveness.

#### **4.2 Doing Well, Doing Better: Standards for Health Services in Wales**

Public Health Wales uses the *Doing Well, Doing Better: Standards for Health Services in Wales* as its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self assessment of performance against the standards across all activities and at all levels throughout the organisation. An evaluation of this self assessment is undertaken by the Audit and Assurance Service and a plan for improvement is developed, which is considered by the Quality and Safety Committee.

As part of this process, the organisation has completed the Governance & Accountability assessment module and has:

openly assessed its performance using the maturity matrix responded, where received to feedback from Healthcare Inspectorate Wales put plans in place to achieve the improvement actions identified within clearly defined timescales proportionate to the risk, although it was noted that we need to improve the monitoring of these plans.

The organisation achieved the following level of performance for 2013:

	Public Health Wales NHS Trust				
<b>Governance and Accountability Module</b>	Do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve.	Are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	Are developing plans and processes and can demonstrate progress with some of their key areas for improvement.	Have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	Can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Setting the Direction			X		
Enabling Delivery			X		
Delivering results achieving excellence			X		
Overall Maturity Level			X		

This process has been subject to independent internal assurance by the organisation’s Head of Internal Audit. The Quality and Safety Committee will be responsible for the monitoring of progress against the Corporate Standards for Health Services Improvement Plan. Public Health Wales is represented at the Healthcare Standards Self Assessment Tool User Group.

Public Health Wales embeds the Standards for Health Services within its activities and structures as they develop. Each of the Corporate Standards for Health Services had an Executive Lead and nominated Corporate Lead, along with a responsible Board Committee. In addition, the revised Healthcare Standards are built into relevant Public Health Policies and Procedures as appropriate.



Divisional Directors are also required to develop and lead arrangements to cascade and embed the standards that are relevant to their work. To assist with this a [protocol](#) has been developed to provide staff with details of their roles and responsibilities in relation to the management of the Standards for Health Services.

#### **4.3 UK Corporate Governance Code**

Public Health Wales Board has complied with the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the organisations assessment against the Governance and Accountability Module undertaken by the Board and also evidenced by 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 Trust's wider Annual Report. There have been no reported departures from the Corporate Governance Code.

### **5. Strategic and Corporate Performance**

#### **5.1 Board Performance/Assessment**

Public Health Wales has robust arrangements in place to assess the performance of the Board and individual Board members. During 2012/13, the Chair undertook a series of mid and end of year appraisals with Board members, which assessed their performance against a series of national, organisational and personal objectives. These discussions informed a series of informal Board meetings and away days, which provided an opportunity to address development needs and to reflect on the Board and organisation's strategic direction and performance since it was established in 2009. The Board has also participated in a workshop where they discussed the recommendations from the Mid Staffordshire NHS Foundation Trust Public Inquiry (Francis report). During the session the Board were able to reflect on their performance and effectiveness as a group and individually. The Board needs to consider how to further evaluate its own performance.

#### **5.2 Ministerial Directions**

Whilst Ministerial Directives are received by Local Health Boards, there are not always applicable to Public Health Wales. However, Public Health Wales did receive directives/direction from the Minister via Ministerial letters received by the Chair.

##### **5.2.1 Publication of risk register**

The Minister required that all NHS organisations publish their risk registers on a regular basis. Public Health Wales publishes the risk register as part of the Board papers and Committee papers.

##### **5.2.2 Annual Quality Statement**

The Minister has required that each NHS organisation produce an Annual Quality Statement. Public Health Wales will produce this in line with the guidance issued by Welsh Government. The Statement will complement the Annual Governance Statement and form part of the Annual Accounts and Report. We aim to complete the first Annual Quality Statement by September 2013.

### **5.2.3 Safe Care, Compassionate Care**

The Minister has issued Safe Care, Compassionate Care, which is a national governance framework to enable high quality care in NHS Wales. This has been disseminated widely around the organisation.

### **5.2.4. Increasing the number of women and under-represented groups in public appointments in Wales**

The Minister has requested that the NHS in Wales makes every effort to increase the number of women and under-represented groups as Board members. Since the departure of Dr Jo Farrar and Professor Hilary Fielder, Public Health Wales does not have any female Board members. We are working with the Public Appointment Unit in the Welsh Government to ensure every opportunity is maximised to increase the number of women and under-represented groups.

## **5.3 Revised Planning Framework**

As part of Public Health Wales' ongoing development, discussions have taken place at Board level and with the Executive Team in relation to revising the organisation's current planning framework. A number of issues were identified during these discussions, including:

simplifying current arrangements;  
reflecting changes within the organisation and wider system;  
better alignment of challenges, outcomes and action; and  
greater focus on data led performance information.

Following these discussions, a revised Framework has been developed that will consist of the following key elements:

Revised strategy;  
Public Health Outcomes Framework for Wales;  
Prioritisation;  
Three year delivery plans; and  
Annual plans.

These elements will be underpinned by developments in Public Health Wales' accountability arrangements with the Welsh Government, improvements in performance reporting and the development of a Public Health Quality Framework.

The revised proposals aim to create an enabling framework to support the delivery of the aims and commitments within our strategy. They have been informed by a number of strategic developments that have taken place in 2012/13, such as the Health Improvement Review, transfer of defined NLIH functions, and current discussions with Welsh Government in relation to changes in accountability arrangements.

The revised planning and performance arrangements were approved by the Board in March 2013. A key aspect in the further development and implementation of the arrangements will be engagement

## **5.4 1000 Lives Plus**

The 1000 Lives Plus Programme continues to play a significant role in supporting organisations and individuals to deliver the highest quality and safest healthcare for the people of Wales. The programme is focused on building capacity and sustaining and spreading improvements. It supports frontline staff across Wales through evidence-based 'programme areas' and provides clinical leadership through its Faculty. It is committed to engaging patients and students in improvement work and promotes an internationally recognised quality improvement methodology.

Public Health Wales' Chair is co-chair of the 1000 Lives Plus Programme Board, which also includes Public Health Wales representatives. It is a formal undertaking by Public Health Wales to lead on two of the programme's work streams - ensure care is based on best evidence and ensure a focus on improved outcomes.

Public Health Wales has led the coordination of the Champions for Health project, which is an all-Wales project to equip NHS Wales staff to become more healthy and effective role models and advocates of public health messages. Intended to include 25% of all NHS staff in Wales, the project draws on the methodologies used in 1000 Lives Plus for improvements. Staff in Public Health Wales are also being trained as part of 'Improving Quality Together', a new framework which will provide a national approach to improving standards and delivering care, which has been launched by the 1000 Lives Plus team.

## **5.5 Hosted Bodies**

During 2012/13, following a request by the Welsh Government, Public Health Wales agreed to host the Health and Wellbeing, Best Practice and Innovation Board. Consisting of the Chair and two staff members, the Board has been established to enable the evaluation of the potential impact of innovations and developments and to facilitate their adoption across the NHS, local government and the third sector in Wales

The Welsh Government funds the Body and sets their work plan, priorities and targets. Public Health Wales provides corporate governance and managerial support. A hosting agreement will be put in place detailing the working arrangements.

## **5.6 Civil Contingencies/Business Continuity**

Public Health Wales' Emergency Response Plan details the organisation's response to a wide range of incidents and threats. The plan provides an overarching framework for the organisation's response to incidents and outbreaks, including the mobilisation of additional resources.

The organisation has undertaken risk assessments in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the climate change Act and the Adaptation Reporting requirements are complied with. We monitor our Carbon footprint using 2011/12 as a baseline figure and we have adopted the Welsh Government initiative of ensuring sustainability is embedded in everything we do. Public Health Wales has also adopted an Accommodation Strategy that embeds sustainable development as key principles.

Key divisions within Public Health Wales, such as Screening, Health Protection and Microbiology, have established business continuity arrangements in place. As part of these arrangements, relevant staff are aware of their duties as outlined within the plans. The IM&T installed infrastructure has been tested to ensure the network is available across multiple sites in the event of local emergencies or one or more buildings suffering unforeseen problems.

Public Health Wales' business continuity arrangements were reviewed by Internal Audit in November 2011 and the arrangements were given adequate assurance.

### **5.7 Sustainability**

Public Health Wales fully supports proposals detailed in various Welsh Government consultation documents to embed sustainable development as the central organising principle of selected public sector bodies in Wales through ensuring a clear focus on outcomes and that strategic decisions are informed by consideration of the wider determinants of health and wellbeing. Public Health Wales recognises that sustainable development and public health are intrinsically linked and that complementary actions are necessary to address the key challenges facing Wales in relation to both.

### **5.8 Equality**

A Strategic Equality Plan was adopted by the Trust Board in April 2012, with a further progress report provided to the Board in December 2013. The plan details the actions we are taking to address and improve equality related issues in all parts of the organisations. The Strategic Equality Plan also laid out an additional objective to 'embed Equalities into organisational performance and Executive and Board Decision Making'. As part of the Strategic Equality Plan, all new and revised policies and strategies are subject to an equality impact assessment (EQIA).

### **5.9 Staff**

Public Health Wales engages staff systematically in a number of ways. We have a consultation process for all new and revised organisational policies, a staff conference, a senior management forum and a national forum which are all used to engage in conversations with staff in person. These are used in parallel with an open blog, a web forum and other virtual ways for staff to share their work and opinions.

On a project by project and issue by issue basis, Public Health Wales engages staff using workshops, briefings, the web, email and increasingly, social media. In particular, a number of workshops were held with staff across Wales as part of the organisational development programme, obtaining feedback from staff on future direction and what does or does not work well.

More emphasis has been placed on the training and development function, particularly in respect of the health and safety compliance mentioned earlier.

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 12 to the accounts provides details of the scheme, how it operates and the entitlement of employees.

## 6. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems 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. My review will also consider comments made by external auditors in their audit letter and other reports.

The remit of the Audit and Assurance Service is to:

provide an overview of the establishment of risk management and control and governance arrangements for the organisation;  
review of the Standards for Health Services arrangements for Public Health Wales, particularly those that underpin the Annual Governance Statement; and  
review processes for monitoring and managing the financial systems and the financial information, including those provided by Velindre NHS Trust

The Internal Audit Assurance Statement and Annual Report for 2012/13 concludes that

*'The Board can take **substantial 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 the impact on residual risk** exposure.'*

Cardiff and Vale Counter Fraud Service provides a service to Public Health Wales and their work plan for 2012/13 was fulfilled and covered all the requirements under Welsh Government Directions. They provide regular reports and updates to members of the Executive Team and directly to the Audit Committee.

The Executive Team also has a robust governance structure ensuring monitoring and control of the efficient and effective use of the Trust's resources. Financial monitoring, service performance, quality and workforce information is scrutinised at meetings of the Trust Board, and at various operational team meetings.

The Trust has a well developed annual planning process, including a revised planning framework, which consists of a revised strategy; the Public Health Outcomes Framework for Wales; prioritisation; three year delivery plans; and annual plans. These annual plans detail the workforce and financial resources required to deliver the service objectives and include the identification of cost improvements and areas for savings. The achievement of the Trust's financial plan is dependent upon the delivery of these cost improvement and savings measures. The Financial Plan ensures that statutory financial duties are fulfilled, but also strives to generate funds for the further development of services. As part of the annual accounts review, the Trust's efficiency and effectiveness of its use of resources in delivering its objectives is assessed by the Wales Audit Office.

During 2012/13, Public Health Wales reported two significant data security lapses; one involving missing patient information the other involving disclosure of information. The missing patient information was reported to the Information Commissioner. The Information Commissioner found that Public Health Wales had taken the appropriate action and decided that no further action was needed. The second significant data security lapse was a complaint from the Information Commissioner concerning non-compliance with a Subject Access Request under the Data Protection Act. Following a full investigation, the Information Commissioner decided to take no further action.

## **7. Conclusion**

The overall opinion is that no significant governance issues have been identified. There were two data security lapses about which the Information Commissioner deemed no further action necessary. Therefore, reasonable assurance can be given that there is a sound governance framework, designed to meet the organisation's objectives and that the framework is generally being applied consistently.