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Prifysgol Felindre
Velindre University
NHS Trust

VELINDRE UNIVERSITY NHS TRUST

ACCOUNTABILITY REPORT

2018/19



CONTENT

	Page Number
Scope of Responsibility	3
Scope of the Accountability Report	6
Corporate Governance Report	7
• Director's Report	8
• Statement of the Chief Executive's Responsibilities as Accountable Officer of Velindre University NHS Trust	16
• Statement of Director's Responsibilities in respect of the Accounts	17
• Governance Statement	
Financial Accountability Report	53
Code of Practice – Ethical Employment in Supply Chains	56
Remuneration & Staff Report	58
National Assembly for Wales – Accountability & Audit Report	70
The Certificate and Independent Auditor's Report of the Auditor General for Wales to the National Assembly for Wales	71

VELINDRE UNIVERSITY NHS TRUST – SCOPE OF RESPONSIBILITY

Velindre University NHS Trust provides specialist services to the people of Wales. The operational delivery of services is managed through Velindre Cancer Centre and the Welsh Blood Service.

Specialist cancer services for South East Wales are delivered by Velindre University NHS Trust using a hub and spoke model. The hub of our specialist cancer services is Velindre Cancer Centre. This is a specialist treatment, teaching, research and development centre for non-surgical oncology. We treat patients with chemotherapy, Systemic Anti-Cancer Treatments (SACTs), radiotherapy and related treatments, together with caring for patients with specialist palliative care needs.

The Welsh Blood Service plays a fundamental role in the delivery of healthcare in Wales. It works to ensure that the donor's gift of blood is transformed into safe and effective blood components which allow NHS Wales to improve quality of life and save the lives of many thousands of people in Wales every year.

The Trust Board is accountable for Governance, Risk Management and Internal Control for those services directly managed and those managed via hosting arrangements. As Accountable Officer, the Chief Executive has 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 this organisation's assets for which the Chief Executive is personally responsible. These are carried out in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The Trust also hosts three organisations which are explained in more detail below. Directors of the Hosted Organisations are bound by an Annual Governance Compliance Statement (or their own Annual Governance Statement in the case of NHS Wales Shared Services Partnership) with the Velindre University NHS Trust Chief Executive and in accordance with the individual hosting agreements with Velindre University NHS Trust.

Organisations hosted by Velindre University NHS Trust are:

NHS WALES SHARED SERVICES PARTNERSHIP (NWSSP)

On 11th May 2012, the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 No.1261 (W.156) was laid before the National Assembly for Wales and came into force on 1st June 2012. The NWSSP is a dedicated organisation that supports the statutory bodies of NHS Wales through the provision of a comprehensive range of high quality, customer focused support functions and services.

NWSSP is hosted by Velindre University NHS Trust via a formal Hosting Agreement, signed by each statutory organisation in NHS Wales. The Director of NWSSP holds Accountable Officer status and holds a separate Accountability Statement with the Director General for Health in the Welsh Government. The Director of NWSSP produces and signs his own Annual Governance Statement to support the Trust Chief Executive in signing the Velindre University NHS Trust Annual Governance Statement.

NHS WALES INFORMATICS SERVICES (NWIS)

NWIS operates under the direction of the Deputy Director, Digital Health and Care of the Welsh Government and is responsible for both the strategic development of Information Communications Technology (ICT) and the delivery of operational ICT services and information management across NHS Wales. NWIS has a national remit to support NHS Wales, make better use of scarce skills and resources, and facilitate a consistent approach to health informatics and the implementation of common national systems. The Director of NWIS is accountable to the Deputy Director, Digital Health and Care of the Welsh Government.

The Director signs an Annual Governance Compliance Statement to support the Trust Chief Executive in signing the Velindre University NHS Trust Annual Governance Statement.

During 2018, the Trust strengthened its Assurance Framework with NWIS and this is explained in more detail on page 21.

HEALTH TECHNOLOGY WALES (HTW)

The Trust received grant funding to continue the operation of Health Technology Wales during 2018-19. HTW is funded by Welsh Government under the Efficiency through Technology Programme. HTW was established to facilitate the timely adoption of clinically and cost effective health technologies in Wales, working with, but independently of, NHS Wales. Its remit covers all health technologies that are not medicines. This could be medical devices, surgical procedures, telemonitoring, psychological therapies, rehabilitation or any health intervention that isn't a medicine.

HTW independently critically assesses the best available international evidence about the clinical and cost effectiveness of a health technology. This evidence is reviewed by experts and the HTW Appraisal Panel to put the evidence into the Welsh context. HTW also coordinates a Front Door process to support health technology developers to navigate NHS Wales. As well as its Front Door and appraisal functions HTW also has roles in horizon scanning, evaluating uptake and disinvestment of technologies and providing advice to health technology developers. It does this in partnership with other organisations in NHS Wales to ensure there is no duplication of work and sharing of limited skilled assessment resources. The Director signs an Annual Governance Compliance Statement to support the Trust Chief Executive in signing the Velindre University NHS Trust Annual Governance Statement.

SCOPE OF THE ACCOUNTABILITY REPORT

In line with Welsh Government and HM Treasury Guidance, the Trust has produced an Accountability Report for the financial reporting period 2018-19.

The purpose of the Accountability Report, which sits within the suite of Annual Report documents, is to report to the National Assembly for Wales in respect of the key accountability requirements.

The Accountability Report will be signed and dated by the Trust's Accountable Officer - Chief Executive and is made up of the following four sections:

1. CORPORATE GOVERNANCE REPORT
2. FINANCIAL ACCOUNTABILITY REPORT
3. REMUNERATION AND STAFF REPORT
4. NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY AND AUDIT REPORT

CORPORATE GOVERNANCE REPORT

The purpose of the Corporate Governance Report is to explain the composition of the Trust and its governance structures and how these support the achievement of the Trust's objectives.

The Corporate Governance Report includes the following sub sections:

- DIRECTORS' REPORT
- THE STATEMENT OF ACCOUNTABLE OFFICERS RESPONSIBILITIES
- THE STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS
- GOVERNANCE STATEMENT

DIRECTORS' REPORT

This Directors' report brings together information about the Trust Board including the Independent Members and Executive Directors, the composition of the Trust Board and other elements of its governance and risk management structure. It also includes the disclosures and reporting required by the Trust relating to the day to day execution of the Trust's business.

The Trust Board is made up of Executive Directors, who are employees of the Trust, and Independent Trust Board Members (IMs), who were appointed to the Trust Board by the Minister via an open and competitive public appointment process.

CHAIR AND INDEPENDENT MEMBERS OF THE TRUST – 2018-19



Professor Donna Mead, OBE, Chair

Appointment:

Professor Mead was appointed Chair of Velindre University NHS Trust in May 2018.

Area of Expertise:

Education, Partnerships and Collaboration.

Trust Board Committee Membership

Professor Mead Chairs the Trust Board meeting, Remuneration Committee, Advisory Consultant Appointment Committee, Charitable Funds Committee and the Academic Partnership Committee (once established). Professor Mead is also a member of the Research, Development & Innovation Committee.

Professor Mead is supported by six other Independent Members.



Mr. Stephen Harries, Interim Vice Chair/Independent Member

Appointment:

Mr. Harries was appointed as an Independent Member of the Trust in April 2017. In November 2018, Mr. Harries was appointed as Interim Vice Chair.

Area of Expertise:

Information Governance & Information Management and Technology.

Trust Board Committee Membership

Mr. Harries is Chair of the Information Governance & Information Management & Technology Committee. He is a member of the Remuneration Committee, Quality & Safety Committee, Planning & Performance Committee, Workforce and Organisational Development Committee and nVCC Scrutiny Committee.

Champion Role:

Trust Champion for Information. Trust Board's Independent Member link with the Velindre Cancer Centre.



Professor Jane Hopkinson, Independent Member

Appointment:

Professor Hopkinson was appointed as an Independent Member of the Trust in August 2012.

Area of Expertise:

University Representative.

Trust Board Committee Membership

Professor Hopkinson Chairs the Research & Development Committee, and is a member of Information Governance & Information Management & Technology Committee and the Academic Partnership Committee once established.

Champion Role:

Trust Champion for Research.



Mrs. Janet Pickles, Independent Member

Appointment:

Mrs. Pickles was appointed as an Independent Member of the Trust in October 2012.

Area of Expertise:

Quality & Safety

Trust Board Committee Membership

Mrs. Pickles Chairs the Quality & Safety Committee, Workforce & Organisational Development Committee and the Moondance & Radiotherapy Programme Board (which is a Sub Committee of the Charitable Funds Committee). Mrs. Pickles will also be a member of the Learning Sub Committee once re-established (which is a Sub Committee of the Quality & Safety Committee).

Champion Role:

Trust Champion for Infection Control, Patients and Older People and

is the Trust Board's Independent Member link with the Welsh Blood Service.



Mr. Phil Roberts, Independent Member

Appointment:

Mr. Roberts was appointed as an Independent Member of the Trust in March 2012. In September 2018, Mr. Roberts accepted the invitation to continue to serve as Independent Member with the Trust for a further 11 months, 1st April 2019 to 29th February 2020.

Area of Expertise:

Estates

Trust Board Committee Membership

Mr. Roberts is Chair of the Planning & Performance Committee and nVCC Scrutiny Committee, and is a member of the Audit Committee (Trust) and Audit Committee (NHS Wales Shared Services Partnership).

Champion Role:

Trust Champion for Design, Sustainability, Welsh Language, Public & Patient Involvement.



Judge Ray Singh, Independent Member

Appointment:

Judge Singh was appointed as an Independent Member of the Trust in November 2011. Judge Singh accepted the invitation to continue to serve as Independent Member to the Trust in October 2018 and was re- appointed for 12 months from 1st November 2018 to 31st October 2019.

Area of Expertise:

Legal.

Trust Board Committee Membership

Judge Singh is a member of the Audit Committee (Trust), Audit Committee (NHS Wales Shared Services Partnership), Quality & Safety Committee, Remuneration Committee and the Investment Performance Review Sub Committee which is a Sub Committee of the Charitable Funds Committee.

Judge Singh will Chair the Learning Sub Committee once re-established (which is a Sub Committee of the Quality & Safety Committee).

Champion Role:

Trust Champion for Violence & Aggression, Safeguarding and Putting Things Right.



Mr. Martin Veale, JP, Independent Member

Appointment:

Mr. Veale was appointed as an Independent Member of the Trust in April 2017.

Area of Expertise:

Finance, Audit & Governance.

Trust Board Committee Membership

Mr. Veale is Chair of the Audit Committee (Trust), Audit Committee (NHS Wales Shared Services Partnership) and the Investment Performance Review Committee (which is a Sub Committee of the Charitable Funds Committee). Mr. Veale is also a member of the Remuneration Committee and the Charitable Funds Committee.

Champion Role:

Trust Champion for Finance and Governance.

EXECUTIVE DIRECTORS (BOARD MEMBERS)



Mr. Steve Ham, Chief Executive (Accountable Officer)

Trust Board Committee Membership

Mr. Ham is a member of the Charitable Funds Committee, Local Partnership Forum, Remuneration Committee and Advisory Consultant Appointments Committee.



Dr. Jacinta Abraham, Medical Director

Trust Board Committee Membership

Dr. Abraham is a member of the Research, Development & Innovation Committee and Advisory Consultant Appointments Committee.

Lead Function: Medical Director & Research



Professor Sue Morgan, Executive Director of Nursing & Service Improvement (Professor Morgan retired from the Trust on the 28th February 2018).

Trust Board Committee Membership

Professor Morgan was a member of the Research, Development & Innovation Committee.

Lead Function: Quality & Safety and Nursing

Mrs. Jayne Elias, Interim Executive Director of Nursing & Service Improvement (Mrs. Elias was appointed as Interim Executive Director of Nursing & Service Improvement on the 1st March 2019.)

Trust Board Committee Membership

Mrs. Elias is a member of the Research, Development & Innovation Committee.

Lead Function: Quality & Safety and Nursing.



Ms. Sarah Morley, Executive Director of Organisational Development & Workforce

Lead Function: Organisational Development & Workforce

Ms. Morley is Joint Chair of the Local Partnership Forum.



Mr. Mark Osland, Executive Director of Finance & Informatics

Trust Board Committee Membership

Mr. Osland is a member of the Charitable Funds Committee, the Charitable Funds Sub Committee – Investment Performance Review Sub-Committee and the Local Partnership Forum.

Lead Function: Finance, Informatics and Charitable Funds.

EXECUTIVE TEAM MEMBERS (NON BOARD MEMBERS)



Mr. Carl James, Director of Strategic Transformation, Planning, Performance & Estates

Responsible for strategic developments and planning and the continuous improvement of performance on behalf of the Trust.

Lead Function: Strategic Transformation, Planning, Performance & Estates



Mrs. Georgina Galletly, Director of Corporate Governance/Board Secretary

Principal advisor to the Trust Board and the organisation as a whole on all aspects of governance and ensuring that the Trust meets the standards of good governance set for the NHS in Wales.

Lead Function: Governance.



Mrs. Andrea Hague, Director Velindre Cancer Centre

Responsible for the operational management of the Service Division.



Ms. Cath O'Brien, Director Welsh Blood Service

Responsible for the operational management of the Service Division.

Mr. Alan Prosser, Deputy Director of Welsh Blood Service 'acted up' as Director following Ms O'Brien's appointment to Interim Chief Operating Officer as detailed below.

Ms. Cath O'Brien, Interim Chief Operating Officer

Ms O'Brien was appointed as Interim Chief Operating Officer a new role within the Trust with effect from the 1st March 2019.

Further information in respect of the Trust Board and Committee Activity, the System of Internal Control and the Trust Assurance Framework are captured in the Governance Statement section of this report which starts on page 18 and Appendix 1.

PUBLIC INTEREST DECLARATION

Each Trust Board Member has stated in writing that they have taken all the steps that they ought to have taken as a Director in order to make the Trust's auditors aware of any relevant audit information.

All Trust Board Members and Senior Managers within the Trust (including Directors of all Hosted Organisations) have declared any interests in companies which may result in a conflict with their managerial responsibilities. No material interests have been declared during 2018-19: a full register of interests for 2018-19 is available upon request from the Director of Corporate Governance.

DISCLOSURE STATEMENTS

The Trust would make the following disclosure statements for 2018-19:-

- The Trust has had one lapse in the security of data that it considered required reporting to the Information Commissioner's Office (ICO) in 2018/19 as detailed below:

Reported June 2018, an email containing a summarised account of clinical assessment information, that was to be reviewed to ascertain claim reimbursement information, was sent in error to another internal employee of the Trust. Notification to the ICO was submitted within the General Data Protection Regulation (GDPR) Principles 72 hour breach reporting timeframe. Following the initial submission, further internal investigations were completed, and it was subsequently concluded that the incident did not meet the threshold test for reporting to the ICO. The incident was withdrawn and the Information Commissioner's Office confirmed they did not consider the incident to be a reportable breach under the GDPR.

- Whilst there is no requirement to comply with all elements of the Corporate Governance Code for Central Government Departments, Velindre University NHS Trust has undertaken an assessment against the main principles as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Trust's assessment of governance undertaken by the Trust Board in April 2019 and also evidenced by internal and external audits. The Trust is complying with the main principles of the Code where applicable, and follows the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Trust 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/identified departures from the Corporate Governance Code during the year.

- Welsh Government have an ambition for the public sector to be carbon neutral by 2030. This ambition sits alongside the Environment (Wales) Act 2016 and Wellbeing of Future Generations (Wales) Act 2015 as legislative drivers for decarbonisation of the Public Sector in Wales.

The Trust's five year Carbon Reduction Strategy continues to be implemented throughout the Trust and its hosted organisations. As part of this Strategy carbon reduction projects have been identified and prioritised for implementation. For the period 2018 – 2021, the Trust Sustainable Development Plan has been embedded into the IMTP development process and Strategic Objectives have been merged with the Trust's Well-being Goals.

Moving forward the Trust will continue work previously undertaken on carbon footprint monitoring in line with the recommendations of the recently published NHS Wales Carbon Footprint document. In particular, it will review CO₂e emissions arising from the use of electricity consumption (Scope 2), and those emissions associated with the use of Fleet vehicles (Scope 3).

The Trust recognises that its day to day operational activities have a direct impact upon the environment and is committed to meeting the legislative drivers set out by Welsh Government.

- 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.

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS ACCOUNTABLE OFFICER OF VELINDRE UNIVERSITY NHS TRUST

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer of Velindre University NHS 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.

As Accountable Officer I can confirm that as far as I am aware there is no relevant audit information of which Velindre University NHS Trust's Auditors are unaware and that I have taken all the steps that I ought to have taken to ensure that I and the auditors are aware of relevant audit information.

I can confirm that the annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility for these and the judgement required for doing so.

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: 28th May 2019

Mr. Steve Ham
Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required under the National Health Service Act (Wales) 2006 to prepare accounts for each financial year. The Welsh Ministers, with the approval of the Treasury, direct that these accounts give a true and fair view of the state of affairs of the 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 judgments 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 that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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 Trust Board

Signed:

Professor Donna Mead, OBE
Chair

Dated: 28th May 2019

Mr. Steve Ham,
Chief Executive

Dated: 28th May 2019

Mr. Mark Osland,
Executive Director of Finance & Informatics

Dated: 28th May 2019

GOVERNANCE STATEMENT

THE TRUST'S ASSURANCE FRAMEWORK

This Governance Statement details the arrangements in place for discharging the Chief Executive's responsibility to manage and control Velindre University NHS Trust's resources, and the organisations which it hosts, during the financial year 2018-19.

Due to the unique Accountable Officer status of the Managing Director of Shared Services Partnership (NWSSP), an Annual Governance Statement for NWSSP has been requested and submitted by the Director of NWSSP to the Trust's Chief Executive. This is available from the Director of Corporate Governance upon request or via the following [link](#) and helps to inform this report.

The Directors from the other bodies hosted by Velindre University NHS Trust where appropriate have signed and submitted a '*Governance Compliance Statement*' detailing and declaring compliance with Velindre University NHS Trust governance arrangements which is submitted at the end of March each year to the Velindre University NHS Trust Chief Executive to provide assurance that Trust policy, systems and processes are being complied with to support good governance.

DISCHARGING RESPONSIBILITIES

The Trust Board has been constituted to comply with the National Health Service Wales, Velindre University NHS Trust (Establishment) Order 1993 No.2838 and subsequent Amendment Orders (1995 No. 2492, 1999 No.808, 1999 No 826, 2002 No.442 (W.57) and 2002 No.2199 (W.219 2009 No.2059, 2012 No.1261, 2012 No.1262, 2015 No.22, 2017 No.912, 2018 No.887). In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Trust Board members also fulfil a number of "champion" roles where they act as ambassadors for these matters. The Trust Board discharges its responsibilities through its Committees (listed in the table on page 19) and scheme of delegation which is set out in its Standing Orders.

There are 12 Committees, reporting directly to the Trust Board which is supported by sub-Committees/groups in the discharge of functions;

Committee	Sub Committee
1. Advisory Consultant Appointments Committee.	N/A
2. Audit Committee (Trust)	N/A
3. Audit Committee (For Shared Services to consider NHS Wales Shared Services Partnership (NWSSP) Matters)	N/A
4. Charitable Funds Committee	Investment Performance Review Sub-Committee
5. Information Governance & IM&T Committee	N/A
6. Planning & Performance Committee	N/A
7. Quality & Safety Committee	Learning Sub Committee (to be Re-established)
8. Remuneration Committee	N/A
9. Research, Development and Innovation Committee	
10. Workforce & Organisational Development Committee	N/A
11. nVCC Project Scrutiny & Assurance Committee	N/A
12. Local Partnership Forum	N/A

At a local level, the Trust Board has agreed Standing Orders (SOs) for the regulation of proceedings and business.

The *Trust Standing Orders and Standing Financial Instructions* have been adopted from the Welsh Government's Model Standing Orders for NHS Trusts in Wales and are designed to translate the statutory requirements set out in the *National Health Service Trusts (Membership and Procedures) Regulations 1990 (1990/2024)* into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Trust Board; a scheme of delegations to officers and others; and Standing Financial Instructions, the SOs provide the regulatory framework for the business conduct of the Trust and define - its 'ways of working'.

These documents, together with the range of policies set by the Trust Board make up the Governance and Accountability Framework. The Standing Orders have been periodically updated to account for alterations in year; details in respect of the reviews are outlined on page 24.

The dates the Trust Board and Committees met during the period 2018-19 is captured in Appendix 1. All meetings were quorate during this period.

COMMITTEE ACTIVITY

In line with Standing Orders, each Committee formally reports annually to the Trust Board on its work during the year detailing the business, activities, attendance and main issues dealt with by the Committee in the reporting year. Copies of the Committee Annual Reports are available on the Trust Internet site via the following link: <http://www.velindre-tr.wales.nhs.uk/the-board-committees>.

In addition, each Trust Board meeting receives a highlight report outlining the issues and activity considered and addressed by each Committee at its last meeting. The Trust has a process where committees schedule a pause at the end of each meeting to discuss the key issues they want to raise with the Trust Board through the highlight report process under the following headings:

- Escalate/Alert
- Advise
- Assure
- Inform

The highlight reports are presented to the Trust Board by the Committee Chair. Similarly to the annual reports the highlight reports are available within the Trust Board papers on the Trust's Internet site (<http://www.velindre-tr.wales.nhs.uk/the-board-committees>) or from the Head of Corporate Governance.

The Terms of Reference for each Committee are reviewed annually in line with the Trust Standing Orders, or more frequently if deemed necessary by the Committee or Trust Board. The Terms of Reference for all Committees are available from the Head of Corporate Governance or can be found in the Trust Standing Orders and Standing Financial Instructions.

Key highlights and issues considered by the Trust Board and its Committees during 2018-19 are included at Appendix 1 of the Governance Statement.

Minutes and papers of all Public Trust Board and Committee meetings are published on the Trust Internet site via the following link: [Trust Board Papers and Minutes](#).

During 2018-19, key aspects of Trust Board business and issues delegated to the Audit Committee for consideration and advice, including action taken included;

- Agreement of the Internal and External Audit Plans for the year.
- Receiving Internal and External Audit Reports and subsequently monitoring progress against Audit Action Plans.
- Agreeing the Annual Counter Fraud Plan and monitoring counter fraud activities.
- Regular review of the Declaration of Interests and Gifts, Hospitality, Sponsorship and Honoraria Register.
- Monitoring the development and draft content of the Trust's Accountability Report.
- Monitoring of Governance Arrangements across the organisation, including hosted bodies.
- Monitoring the legislative Compliance Register.
- Monitoring overall risk management process by reviewing the Trust Risk Register at each meeting.
- Review of the NWIS Hosting Assurance Requirements Framework and role of the Audit Committee (explained further below).
- Assurance Mapping (explained further below)

NWIS ASSURANCE FRAMEWORK

As a result of a number of independent reviews undertaken relating to NWIS, in January 2018 the Trust Board approved an "NWIS Hosting Assurance Requirements Framework", the purpose of which was to clarify the assurance requirements from NWIS to the Velindre University NHS Trust Board as host and how these assurances will be gained from NWIS.

The role of the Audit Committee in respect of this framework is to receive regular, standing agenda reporting on;

1. Internal and External Audit Plans
2. Internal and External Audit Reports with completed management action plans
3. Progress reports against audit recommendations (to be highlighted to Welsh Government if progress is deemed unsatisfactory)
4. Risk Register
5. Compliance and activity governed by the Trust Standards of Behaviour Policy (i.e. Declarations of Interest, Gifts & Hospitality)
6. Single Tender Actions

This new approach was implemented with effect from the February 2018 Audit Committee and was reviewed and strengthened during March / April 2019.

ASSURANCE MAPPING

To complement and support the development of the Board Assurance Framework (BAF), the Head of Corporate Governance undertook a sub project of the BAF to develop an Assurance Map for each Trust Function. The purpose of this project was to produce an Assurance Framework for the Trust which will provide:

- Visual representation of assurance activities.
- Highlight the areas of too little or too much assurance.
- Help inform Internal and External Audit Plans as appropriate.
- As outlined above the particular focus will be on the business-as-usual risks / critical success factors and will commence with function leads initially.

The completed assurance maps were received in the Audit Committee in July 2018.

Further detail in respect of the activity on the Audit Committee during 2018-19 is captured in Appendix 1 on page 49.

ENGAGEMENT WITH THE LOCAL PARTNERSHIP FORUM

In support of the Trust Board, the Trust also has a Local Partnership Forum that met four times during 2018-19, with Joint Chairs who are each nominated from the Trade Union Representatives and Executive Directors. The role of the Local Partnership Forum is to supply the main (but not only) forum within the Trust where the Directors of the Trust and Trade Union Representatives can discuss together and develop appropriate directions and responses to all major service development and change management issues.

Examples of engagement with the Local Partnership Forum during 2018-19 are outlined in Appendix 1 on page 50.

TRUST BOARD DEVELOPMENT AND EFFECTIVENESS

In addition to Trust Board and Committee meetings, with effect from January 2018, the Trust introduced a new approach to Trust Board Development Sessions and split the sessions into the following two forms:

- **Trust Board Seminars** i.e. Training/development
- **Trust Board Briefings** – ensuring the Trust Board is apprised of key strategic priorities/programmes and other topical issues of interest.

The sessions that took place during 2018-19 are outlined below:

September 2018 – Trust Board Briefing Topics for Discussion

- “Welsh Government Communication/Correspondence”
- “ A Healthier Wales – Hosted Bodies”
- “Infected Blood Inquiry”
- “Future Transforming Cancer Services Leadership Arrangements”

September 2018 – Trust Board Development Session Topics for Discussion

- A Healthier Wales – Plan for Health and Social Care – Presentation
- Developing a whole systems approach to Cancer Vanguard

October 2018 – Trust Board Development Session Topics for Discussion

- “NHS Wales Staff Survey – Trust Findings”
- “Wales Blood Donor Marrow Registry – Proud to be in the fight against blood cancer”
- “Infected Blood Inquiry Update”
- “Cell & Gene Therapy Update”
- “Integrated Medium Term Plan (IMTP) Update”
- “Real-time Information Technology Towards Activation (RITTA) Artificial Intelligence Design Pilot – Demonstration”

February 2019

This session was used as a Joint Board Session with the Trust and the Wales Ambulance Service Trust (WAST) – the topics for discussion were:

- Board Governance and Constitution
- University Status
- Funding Sources/Commissioning Model
- Prevention & Population Health
- Regional Partnership Board Engagement

STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

The Trust approved a revised set of Standing Orders and Standing Financial Instructions for the regulation of proceedings and business to ensure the following issues were addressed:

May 2018 - Version 29 was an amendment in respect of the Workforce & OD Committee Terms of Reference and amendment to the financial limits.

July 2018 - Version 30 was an amendment to the Charitable Funds Committee, Quality & Safety Committee, Research Development and Innovation Committee Terms of Reference and an Amendment to Schedule 5 in the Standing Financial Instructions.

September 2018 - Version 31 was an amendment to the NWSSP Audit Committee Terms of Reference.

November 2018 - Version 32 was an amendment to the Shared Services Partnership Committee Voting Rights.

January 2019 – Version 33 was an amendment to the Charitable Funds Committee Terms of Reference.

March 2019 – Version 34 was an amendment to the following Terms of Reference:

- Information Governance & Information Management Technology Committee
- Planning & Performance Committee
- Workforce & Organisational Development Committee
- NHS Wales Shared Services Partnership Committee

The Standing Financial Instructions were also updated in March 2019 in relation to the following areas:

- Change to the process of agreeing amendments to Schedule 1, Section 5 of the Scheme of Delegation – Financial Limits
- An increase in the delegated limit for wholesale blood products from £400k to £800k.

TRUST BOARD APPOINTMENTS DURING 2018-19

The Trust made the following Trust Board appointments/reappointments;

- In May 2018, Professor Donna Mead was appointed as Chair of the Trust following the departure of Professor Rosemary Kennedy as Chair at the end of March 2018.
- In September 2018, Mr. Phil Roberts accepted the invitation to continue to serve as Independent Member with the Trust for a further 11 months, 1st April 2019 to 29th February 2020.
- In October 2018, Judge Ray Singh, Independent Member accepted the invitation to continue to serve as Independent Member to the Trust and was re- appointed for 12 months from 1st November 2018 to 31st October 2019.
- In November 2018, Mr. Stephen Harries was appointed as Interim Vice Chair.
- On the 1st March 2019, Mrs Jayne Elias was appointed as Interim Executive Director of Nursing & Service Improvement.
-

PURPOSE OF THE SYSTEM OF INTERNAL CONTROL (TRUST ASSURANCE FRAMEWORK)

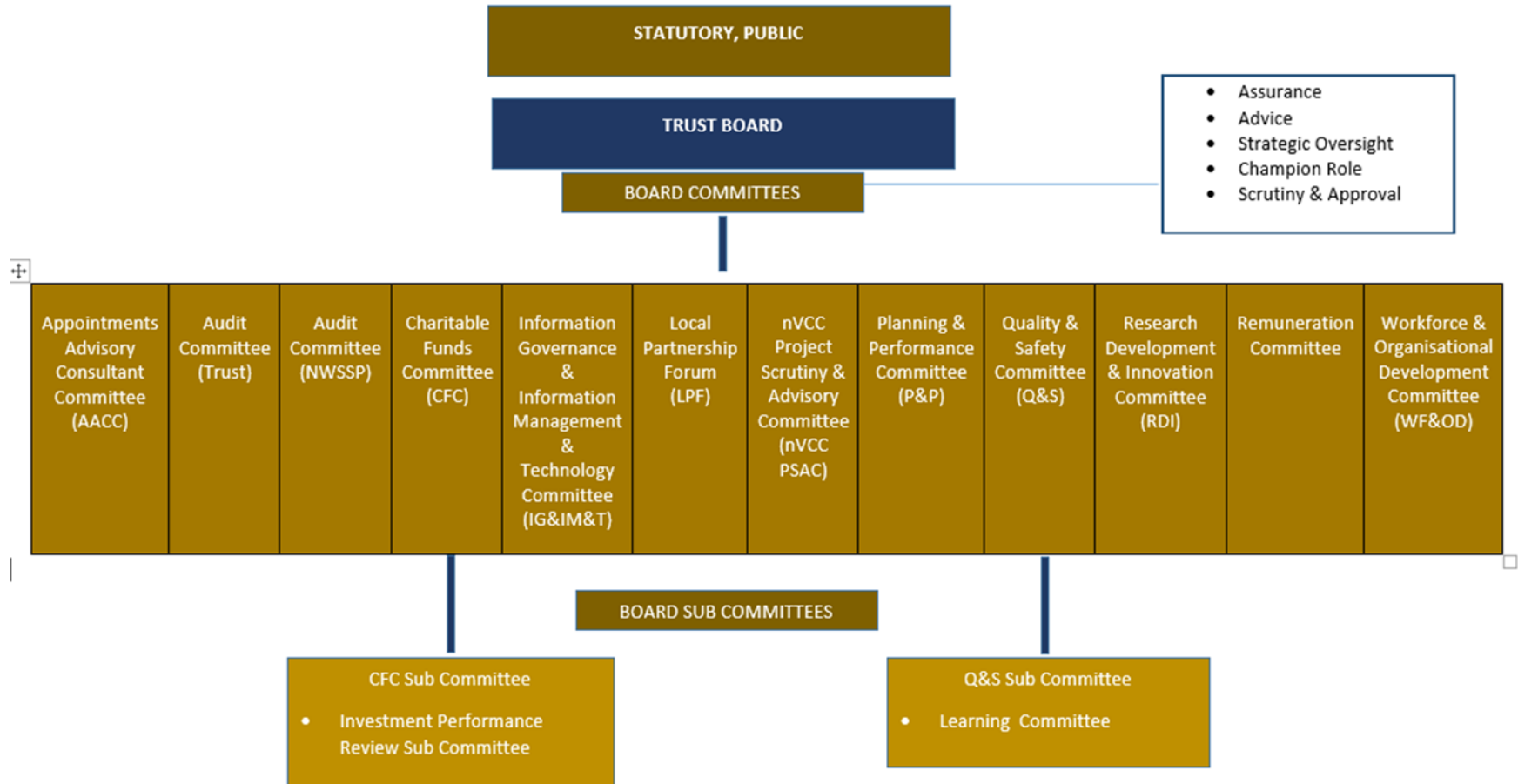
The system of internal control (Trust Assurance Framework) is designed to manage risk to a reasonable level rather than to eliminate all risks, it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31st March 2019 and up to the date of approval of the 2018-19 annual report and accounts.

The Welsh Government requires that the Trust operates within the wider governance framework set for the NHS in Wales and incorporating 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.

GOVERNANCE & ACCOUNTABILITY FRAMEWORK

An overarching summary of the Trust's Governance Accountability Framework is illustrated below;



GOVERNANCE OF THE CHARITABLE FUNDS

The Velindre University NHS Trust Board was appointed as Corporate Trustee of the Charitable Funds by virtue of the Velindre National Health Service Trust (Establishment) Order No. 2838 that came into existence on 1st December 1993, and the Trust Board serves as its agent in the administration of the charitable funds held by the Trust.

In October 2018, the Charity Commission accepted the change in name as requested under supplemental deed in October 2018. The Charity Commission now has the Charity registered as 1052501 – Velindre **University** NHS Trust Charity.

The Trust (and Charity) were delighted to welcome Rhian Gibson at the end of January 2019: Ms. Gibson joined the Trust in the new Charity Director role.

As part of their induction programme, new Executive Directors and Independent Members of the Trust are made aware of their responsibilities as Board Members of Velindre University NHS Trust and as Corporate Trustees of Velindre University NHS Trust Charity.

The Trust Board as Corporate Trustee is ultimately accountable for charitable funds given to Velindre University NHS Trust Charity. In order to facilitate the administration and management of these funds the Trust Board has established a Charitable Funds Committee (CFC) to provide advice and recommendations to the Board. Committee meetings are held every three months and otherwise as the Committee Chair deems necessary. At least two members must be present to ensure the quorum of the Committee.

The CFC is supported by the Charitable Funds Operational Management Group that meets as and when required through a face to face or virtual format.

The CFC is also supported by an Investment Performance Review - Sub Committee, to oversee the investments made by the Charity.

A meeting of all Trustees takes place on an annual basis and all Trustees were invited to attend the CFC in November 2018 and approved the Charitable Funds (Trustee) Annual Report for 2017-18.

Further information in respect of the Charitable Funds is available in the Trustee's Annual Report which can be accessed via the Charitable Funds page on the Trust website: <http://www.velindre-tr.wales.nhs.uk/key-publications>

HOSTED ORGANISATIONS SYSTEMS OF INTERNAL CONTROL AND ASSURANCE

Hosted organisations utilise the existing Trust's Committee Structure illustrated earlier in this report.

A separate Velindre University NHS Trust Audit Committee is held to consider issues relating specifically to NWSSP, having the same Chair and Independent Membership as the Velindre University NHS Trust Audit Committee. Information relating to the governance arrangements in NWSSP is contained within the Director's Annual Governance Statement to the Velindre University NHS Trust Chief Executive which is available from the Director of Corporate Governance upon request.

NWSSP has a 'NHS Wales Shared Services Partnership Committee' which was established as a sub-committee of Velindre University NHS Trust Board in 2012 to comply with Ministerial Directions. The NWSSP Committee has membership from each statutory body in NHS Wales, and is chaired by an Independent Chair. The NWSSP Committee reports to Velindre University NHS Trust Board and all other health body Boards in Wales via their representative member on the Committee. NWSSP have their own Standing Orders which are appended to the Velindre University NHS Trust Standing Orders.

Cross-reference page 21, in relation to the review of the NWIS Hosting Assurance Requirements developed and implemented during the period.

Currently, organisations hosted by Velindre University NHS Trust are able to link with Trust Board Committees and Management Groups where appropriate to ensure assurance is provided for the governance arrangements including statutory compliance for the areas remaining within the Trust's area of responsibility.

CAPACITY TO HANDLE RISK

The organisations hosted by Velindre University NHS Trust maintain and manage their own risk registers and comply with the Trust escalation processes to ensure the Trust Board is made aware of any significant relevant risks relating to the Trust Board's responsibilities via the Trust Risk Register as necessary. Risks relating to hosted organisations will only be escalated to the Velindre University NHS Trust risk register where matters directly affecting the Trust are apparent. Matters relating to service delivery and performance are a matter for hosted bodies to receive, manage, and escalate as necessary to the relevant sponsor body.

The Trust involves its public stakeholders in managing risks that impact on them. For example, there is ongoing public engagement as an integral part of the development process of the Transforming Cancer Services (TCS) Programme and the Infrastructure Project. A series of stakeholder events have been undertaken, and will continue throughout the lifespan of the TCS Programme. Risks from the TCS Programme are reviewed and monitored by the TCS Programme Board, and are escalated to the Trust risk register in accordance with the Trust risk escalation process. Information on the risks managed and mitigated during 2018-19 is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site, via the following [link](#).

RISK MANAGEMENT

The Trust has an approved Risk Management Policy in place. The Policy details a robust risk assessment process to identify, assess and manage organisational risks which are reported on a risk register to the Trust Board. During 2018/19 the Trust has developed a Risk Management Framework which will incorporate the Trust's Risk Management Policy when formally adopted in 2019/20. The Trust's Risk Management Policy is available from the Trust's Internet Site via the following link: <http://www.velindre-tr.wales.nhs.uk/quality-safety-policies>

The Trust Board is ultimately responsible for overseeing the Trust's risk register and holding the Executive to account for ensuring management action is taken to minimise risk. The Trust Board delegates' responsibility to the Trust's Quality & Safety Committee for overseeing the risk management process and the Trust's Audit Committee retains the oversight to ensure the system of risk management is effective. The overall aim of the Trust's Risk Management approach is to progress a comprehensive risk management programme to ensure that:

- There is compliance with statutory legislation
- All sources and consequences of risk are identified
- Risks are assessed and either eliminated or minimised
- Damage and injuries are reduced, and people's health and well-being is optimised
- Resources diverted away from patient/service user care to fund risk reduction are minimised
- Lessons are learnt from concerns in order to share best practise and prevent reoccurrence.

The Trust has a series of controls in place to manage and mitigate these risks.

The Chief Executive, as Accountable Officer for the Trust, has overall accountability and responsibility for having an effective risk management system in place within the Trust, including hosted organisations. The Chief Executive is responsible for meeting all statutory requirements and adhering to guidance issued by the Welsh Government Department of Health & Social Services in respect of governance. Within the Trust's Risk Management Policy, the Chief Executive has set clear measurable risk management objectives for the Executive Directors and Service Directors with delegated responsibility for risk management and governance.

The Executive Director of Nursing & Service Improvement has organisational lead responsibility to the Chief Executive and the Board for risk management. Each Executive Director is responsible for overseeing effective management of risk within their area of responsibility, and Executive Directors are supported in these duties by the Service Directors and Senior Managers across the organisation.

Every member of staff, including clinicians, is responsible for ensuring that their own actions contribute to the wellbeing of patients/service users, staff, visitors and the organisation. They are expected to contribute to the identification, reporting and assessment of risks and to take positive action to manage them appropriately.

Risk management is embedded in Trust decision making and service delivery. This is supported by continually considering and assessing Trust compliance with key clinical guidance including:

- Guidance and technology appraisals from the National Institute for Health and Care Excellence (NICE)
- National Service Frameworks (NSFs)
- National Enquiries for example Confidential Inquiries
- Patient Safety Alerts
- Professional Guidelines for example from Royal Colleges
- Guidelines or standards from other national/local bodies
- Local and national audit
- Research & Development
- Participation in clinical trials
- Health and Care Standards (Wales)

Risk Management and risk resourcing is managed by Divisional Directors through their business plans. All divisions/departments have processes for assessing risk

and risk registers are created as appropriate. Risks are updated and reviewed within the service divisions. The divisional Strategic Management Team (SMT) works with their supporting groups/Committees to ensure effective controls are in place for their risks to be managed at a tolerable level.

Risks are referred to the appropriate Committees of the Trust Board for scrutiny and to identify additional control measures. In turn, the Committees provide assurance to the Trust Board that all reasonably practicable steps have been taken to reduce the risk, that effective controls are in place and the risk is being managed at a tolerable level.

TRUST RISK REGISTER

The organisation's risk profile is visible through the Trust Risk Register. Risks are identified at the commencement of new or amended activities and through the ongoing review of existing risks. Risk assessments are undertaken to assess the impact upon the service and other stakeholders. Public Stakeholders are involved in the assessment of risk through public consultations, Patient Liaison Group representation and Community Health Council at Trust Board and Committee meetings, feedback received in respect of Patient Experience surveys and Donor Forums and learning from Concerns received from patients, donors, relatives and/or carers.

All risks are assessed and awarded a score, informed by potential impact and likelihood. Risks are escalated resulting in the highest level of risk being referred to the Executive Management Trust Board for appraisal prior to inclusion on the Trust's risk register and reported to Trust Board and relevant Trust Board Committee/s. Each risk entered onto the Trust register is given a 'target' score informed by the appetite for the risk, which is the level of risk the Trust Board is prepared to accept before action is deemed necessary to reduce it. The risk appetite is used in decision making to inform the prioritisation of actions and the resources required to mitigate risks on the Trust risk register.

During 2017-18, improvements were made to the risk register in respect of the processes used to report and monitor risks by the Trust Board. The Executive Board was proactive in developing the register and all risks included on the Trust risk register underwent a review to improve the narrative description of the risk. The process for closing risks and de-escalating risk to the service divisions was also made more visible. During 2018-19 further work was undertaken to further develop

and strengthen the Trust's risk register, and a revised format for the Trust Risk register was adopted in August 2018.

The significant risks on the Trust Risk Register as at the 31st March 2019 are outlined below. Further details in respect of the Trust's key risks are outlined within the Trust's Annual Quality Statement (AQS). The AQS is included within the Trust Annual Report which is held on the Trust Internet site under key publications

The Trust uses a Risk Quantification Matrix to evaluate its risk rating. A simple risk quantification is identified by multiplying the Impact X Likelihood = Risk Rating.

Impact	Description	IMPACT	Likelihood	Description	LIKELIHOOD	Risk Score	Risk Level	Risk Rating
1	Insignificant	No injury	5	Almost Certain	Will happen frequently		Score	Risk Rating
2	Minor	Minor injury	4	Likely	Probably will happen, not regularly		1-3	Low
3	Moderate	Moderate injury RIDDOR reportable	3	Possible	Might happen occasionally		4-6	Moderate
4	Major	Major Injury Severe	2	Unlikely	Not expected to happen		8-12	Significant
5	Catastrophic	Death	1	Rare	Never happened		15-25	Critical

As at the 31st March 2019, the risks on the Trust's risk register include:

Quality Risk Domain:

- The availability of sufficient Registrar capacity to fulfil the medical rota from March 2018 (Risk Score of 12).
- A failure in the electronic patient administration system (CANISC) will limit access to some patient records including radiotherapy workflow management and the patient administration system (Risk Score of 20).
- The availability of sufficient consultant capacity to fulfil medical resource requirements for the service (Risk Score of 12).
- Accommodation constraints within VCC do not meet the requirements of the service in some areas (Risk Score of 12).
- The continued sustainability of Pharmacy Technical Services (Risk Score of 20).
- The Welsh Transplantation and Immunogenetics Laboratory (WTAI) Laboratory Information System (LIMS (Orpheus) will not meet user specifications within nationally-agreed contractual deadlines, compromising our ability to deliver improvements to WTAI services, the risk of reputational damage and a reduction in service / user confidence (Risk Score of 16).

Research & Development Risk Domain

- The availability of sufficient nuclear medicine clinical scientist (MPE) capacity to support clinical trials (Risk Score of 16).

Reputation & Public Confidence Risk Domain:

- Achieving the proposed timescales for the opening of the new Velindre Cancer Centre (nVCC) (Risk Score of 16).
- Non delivery of the expected benefits from the Transforming Cancer Services Programme (Risk Score of 16).
- Non-achievement of the next Commercial Approval Point (CAP) for the new Velindre Cancer Centre Project due to lengthy process for land transfer/ access (Risk Score of 16).

Workforce & OD Risk Domain:

- The potential impact on staff wellbeing during the change process of the WBS Blood Supply Chain 2020 Programme (Risk Score of 20).

Compliance Risk Domain:

- Achieving compliance against the new Welsh Language Standards (under the Welsh Language (Wales) Measure 2011) within the timescales set by the Welsh Language Commissioner (Risk Score of 20).

Performance & Service Sustainability Risk Domain:

- Disruption, delays or inability to provide full range of treatments and services if the government fails to achieve a withdrawal agreement when the UK leaves the EU 29th March 2019 (Risk Score of 12).

Further information on how risks are being managed and mitigated is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site, via the following [link](#).

RISK MANAGEMENT STRATEGY

The Trust has a current Risk Management Strategy. During 2018/19 the Trust has developed a Risk Management Framework which will incorporate the Trust's Risk Management Strategy along with the Trust's Risk Management Policy and the Trust's Risk Assessment Policy when formally adopted in 2019/20.

Risk management continues to be an integral component of the Trust's service delivery, and will ensure alignment to the three year Integrated Business Plan and other supporting strategies.

RISK APPETITE STATEMENT

The Trust faces a broad range of risks reflecting its responsibilities. The risks arising from its responsibilities can be significant. These risks are managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality staff and public accountability.

The Trust makes resources available to control operational risks at acceptable levels and we recognise that it is not possible or indeed necessarily desirable to eliminate some of the risks inherent in our activities. Acceptance of some risk is often necessary to foster innovation within the services for which we are responsible.

The Trust's Risk Appetite Statement was reviewed and approved at Trust Board in September 2018, and considers the most significant risks to which the Trust is exposed. It provides an outline of the approach to managing these risks. All strategic and business plans for operational areas must be consistent with this Statement. Given the range of the Trust's activities and responsibilities, it is not appropriate to make a single overarching statement of the Trust's attitude to risk. Instead, a range of risk appetite statements arising from the different areas of our work has been developed in the following areas:

- Safety
- Quality
- Compliance
- Research & Development
- Partnerships & Innovation
- Reputation & Public Confidence
- Performance & Service Sustainability
- Financial Sustainability
- Workforce & Organisational Development
- Partnerships

The full Risk Appetite Statement is available via this [link](#).

The Risk Appetite Statement will be reviewed in the autumn of 2019, unless circumstances dictate that an earlier review is necessary.

HEALTH AND CARE STANDARDS FOR WALES

The Health and Care Standards (previously the Standards for Health Services in Wales) were reviewed and published in April 2015. The Health and Care Standards set out the requirements for the delivery of health care in Wales at every level and in every setting. The onus is on all NHS organisations to demonstrate that the standards are being used and are met on a continuous basis.

Following the launch of the Health and Care Standards the Trust established framework arrangements through which self-assessments can be undertaken and action taken to implement improvements and changes required to enable the Trust to deliver the highest quality of services to the people of Wales.

The framework, which builds on the previous protocol for the Standards for Health Services, was developed to assist all Trust staff involved with the implementation of the Health and Care Standards.

Divisions and hosted organisations and teams use the standards to self-assess at all levels and across all activities to:

- Map against their own professional standards and operational plans
- Assess for themselves how well they currently meet the standards
- Identify what they do well and what could be shared wider
- Identify what they do less well and what can be done to improve delivery
- Make changes which contribute to overall quality improvement within their service.

The outcomes from the self-assessments were discussed and approved at the Trust Integrated Governance Group on the 8th April 2019.

In addition, a selection of those completed Standards have been validated by Internal Audit in March 2019:

- Standard 1 - Governance, Leadership and Accountability
- Standard 2.5 - Nutrition and Hydration
- Standard 2.7 - Safeguarding Children and Safeguarding Adults at Risk
- Standard 4.2 - Patient Information

Improvement actions, identified as part of the self-assessment audit, will be monitored by relevant Management Groups and Board Committees to ensure the Standards become part of everyday business management within the service areas to drive improvements in quality.

GOVERNANCE & ACCOUNTABILITY ASSESSMENT/TRUST BOARD EFFECTIVENESS

The Trust introduced a new approach for undertaking the Trust Board effectiveness and Trust Board assessment of Governance & Accountability for the period 2018-19, which was endorsed by the Board in February 2019.

Instead of following the previous approach of issuing a questionnaire for completion the completed 'Healthcare Standard (HCS) 1, Governance, Accountability & Leadership' assessment was shared with Board Members for review prior to the Integrated Governance Meeting on the 8th April 2019.

At the Integrated Governance meeting, Board Members were taken through a bespoke "Governance, Accountability and Leadership Assessment Tool" which integrated with Healthcare Standard 1 and the Integrated Medium Term Plan (IMTP).

At the meeting the Board members collectively completed the tool having considered the HCS 1 narrative and ensuring alignment to the IMTP and Wellbeing of Future Generations Act 'five ways of working', as well as assessing the effectiveness of the Board in the following areas:

- The Trust demonstrates effective leadership by setting direction, igniting passion, pace and drive, and developing people.
- The trust's strategy is set with a focus on outcomes, and choices based on evidence and people insight. The approach is through collaboration building on common purpose.
- The Trust fosters a culture of learning and self-awareness, and personal and professional integrity.
- The Trust innovate and improve delivery, plan resource and prioritise, develop clear roles, responsibilities and delivery models, and manage performance and value for money.

At the conclusion of the Integrated Governance meeting Board members made a judgment using the maturity matrix definitions on page below, to conclude how the Trust has performed during 2018-19.


The Trust's self-assessment of the overall maturity level for 2018-19 was assessed as Level 4, the maturity level has remained the same since 2016-17.

Governance, Leadership & Accountability – Self Assessment	1. Do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve.	2. are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	3. Are developing plans and processes and can demonstrate progress with some of their key areas for improvement.	4. Have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	5. Can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Rating				✓	

The above process has been subject to independent internal assurance by the organisation’s Head of Internal Audit. The internal audit review confirmed that a satisfactory process exists for the review and completion of the Governance and Accountability assessment, involving Executives and, Independent Members. There were no recommendations received in respect of the completion of the Governance and Accountability assessment.

The audit of the Health & Care Standards in Wales conducted by Internal Audit sought to provide assurance that the Trust has adequate procedures in place to ensure that it is operating in accordance with the Standards and that appropriate self-assessment against the Standards is undertaken.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with establishment controls within the Health and Care Standards is **Reasonable Assurance**.

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

Guidance for the completion of the Health & Care Standards self-assessments has been made available to relevant staff and Independent Members. There is also a timetable in place that details key actions and related dates for the self-assessment process.

Appropriate leads at Divisional, Corporate and Executive level have been identified for the Standards, as well as Independent Members appointed to each area also.

The self-assessments have been completed in a timely manner by the divisions, however it was found that there has been a lack of timely engagement from Independent Members in returning comments and approval.

Evidence detailed within the self-assessments could be referenced back to supporting documentation.

Improvement actions had been identified and detailed within the self-assessments, however it was found that a number of the improvements listed within the Governance, Leadership & Accountability standard were being carried forward from findings within the 2016/17 self-assessment process.

REVIEW OF EFFECTIVENESS

As Accountable Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive's review of the effectiveness of the system of internal control is informed by the work of Internal and External Auditors, the Executive Directors and other assessment and assurance reports including the work of Healthcare Inspectorate Wales. The Chief Executive has listened to the Board on their views of the strengths and opportunities in the system of internal control and been advised by the work of the Audit Committee and other Committees established by the Board.

The Chief Executive's performance in the discharge of these personal responsibilities is assessed by the Director General of the Department of Health & Social Services/Chief Executive of NHS Wales.

At the Integrated Governance Group (mentioned above) the Trust Board concluded an overall maturity level for 2018-19 as Level 4; which is defined as 'having well developed plans and processes and can demonstrate sustainable improvement throughout the organisation'. Further detail is outlined on page 36-37 of this report.

The scrutiny of these arrangements is in part informed through the internal mechanisms already referred to, but also through the independent and impartial views expressed by a range of bodies external to the Trust, these include;

- Children’s Commissioner
- Community Health Councils
- Health & Safety Executive
- Healthcare Inspectorate Wales
- Welsh Language Commissioner
- Other accredited bodies
- Older Peoples Commissioner
- Wales Audit Office
- Welsh Government
- Internal Audit (NHS Wales Shared Services)
- Welsh Risk Pool Services

INTERNAL AUDIT OPINION & SCORES FOR 2018-19

Internal audit provides the Chief Executive and the Board through the Audit Committee with a flow of assurance on the system of internal control. The Chief Executive and Internal Audit agreed a programme of audit work which was approved by the Audit Committee, and delivered in accordance with public sector internal audit standards by the NHS Wales Internal Audit Service, part of the NHS Wales Shared Services Partnership. The programme of audit work is designed to focus on significant risks and local improvement priorities.

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


THE HEAD OF INTERNAL AUDIT OPINION

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

The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management, and control is set out below. In reaching the opinion the Head of Internal Audit has applied both professional judgement and the Audit & Assurance “Supporting criteria for the overall

opinion” guidance produced by the Director of Audit & Assurance and shared with key stakeholders.

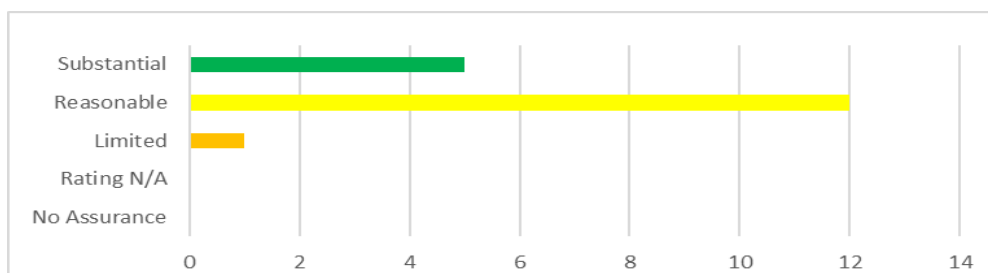
The overall opinion was classified as Reasonable Assurance.

Reasonable assurance		The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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In reaching this opinion the Head of Internal Audit identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the reports issued during the year, five were allocated Substantial Assurance and twelve were allocated Reasonable Assurance. However there is one audit (at draft stage) that concluded with a Limited Assurance rating.

The Trust has not been issued with any No Assurance audit reports for 2018/19.



It has also been noted that there have been a number of audits undertaken during the year, including Absence Management, Fire Safety, Cyber Security, which followed up on previous year’s recommendations where Limited Assurance was given originally and it has been seen that there have been improvements in the assurance ratings in each case.

At the time of writing this report there was one audit at draft stage that concluded a limited assurance rating. Whilst it is too early to confirm the management response the Trust, where a limited assurance report is received, will ensure that the detailed findings are considered by the Lead Officer for the function and the report received by the Trust Audit Committee, where the lead officer will be in attendance. A follow up audit will also be commissioned by the Trust Audit Committee for inclusion in the 2019/20 audit programme for the Trust as appropriate.

The management response to all assurance reports will be reviewed by the Audit Committee and progress against management actions will be monitored at each Audit Committee meeting until all actions have been appropriately implemented.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited or no assurance was reported. Further, where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year.

Where changes were made to the audit plan then the reasons were presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review; the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

The Internal Audit Reports which outline the management responses and detailed actions which have been agreed to address the weaknesses identified are published within the Trust Audit Committee papers which are available on the Trust Internet site by [clicking here](#). The table in Appendix 1 details the dates of the meetings when the reports were received.

WALES AUDIT OFFICE STRUCTURED ASSESSMENT 2018

The Trust's External Auditors, Wales Audit Office (WAO), conducted a Structured Assessment during 2018 that focussed on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically.

The main conclusions from the 2018 report are outlined below;

- The Trust continues to strengthen its governance arrangements and while systems of internal control are generally effective, progress to finalise the Board Assurance Framework (BAF) is still ongoing.
- The Trust is strengthening its strategic planning approach in line with its long-term vision but capacity to deliver and manage strategic change is limited, and a greater understanding of the cost of services is required.
- The Trust manages its workforce, finance and physical assets well day to day, but more focus on managing financial savings schemes is required, and progress to standardise the corporate management of IM&T has been slow.

Recommendations are being addressed by the Executive Management Board and progress will be monitored by the Audit Committee by scrutiny of the Audit Action Plan. Velindre University NHS Trust– Structured Assessment 2018 report is

published and available from the Wales Audit Office internet site by [clicking here](#). The Trust's management response to the 2018 structured assessment recommendations is captured within the WAO report.

INFORMATION GOVERNANCE

The Trust has established arrangements for Information Governance to ensure that information is managed in line with the relevant Information Governance law, regulations and Information Commissioner's Office guidance. The arrangements include a Trust-wide Information Governance & Information Management & Technology Committee, Trust, Divisional and Hosted Organisation Caldicott Guardians, a Caldicott Guardian for the National Databases and Divisional Information Governance leads.

During 2018/19, the General Data Protection Regulation (GDPR) came into force. In response to the changes in the regulation, the Trust has worked collaboratively across its divisions and associated organisations in respect of the requirements of the GDPR, and in order to embed required new processes into the organisations "Business as Usual" activities. Furthermore the Trust has appointed a Data Protection Officer (DPO), which is a critical role for maintaining compliance against the GDPR. In recognition of the evolving Trust Information Governance agenda, during 2018, the Trust established an Information Governance Peer Working Group, with regular reports on all IG related matters provided at Trust-wide forums, namely Information Governance & Information Management & Technology Committee.

The statement on the quality of data reported to the Trust Board is included within the Annual Quality Statement within the [Velindre University NHS Trust Annual Report](#). In summary, information is provided from our data management and quality improvement systems. To the best of our knowledge, this information is accurate and gives a true reflection of the organisation.

BUSINESS CONTINUITY AND EMERGENCY PREPAREDNESS

The Trust has taken significant steps forward this year in its business continuity and emergency preparedness framework.

These include the strengthening of a Trust wide business continuity steering group, the review and refresh of a Trust wide policy, communications plan and command and control guidance.

The changing environment of risk results in the strategies and plans being reviewed regularly. Emerging threats are considered in the development and enhancement of

risk mitigation strategies and the organisation's response mechanisms. These plans are commensurate with the level of risk the Trust anticipates to be exposed to.

Plans have been tested in the last 12 months, and as such are being reviewed to encompass lessons learned and to further improve the current procedures.

The Trust has undertaken a significant amount of work with regard to Brexit and specifically undertaken detailed planning in relation to the UK's transition from the EU with regard to a 'No Deal' Brexit. The planning has been multi-faceted and based on risk, across a number of varying themes and integrated with NHS Wales, Local Authorities, the Welsh Government and the Local Resilience Forums it partners with. There has been a specific focus on key risks which include supply chain continuity for medicines, medical devices and clinical consumables. In addition, the Welsh Blood Service has worked closely with UK blood services and enhanced the mutual aid arrangements between services to ensure the safety of the blood supply chain.

INTEGRATED MEDIUM TERM PLAN (IMTP)

Efforts to achieve the Trust's vision and strategic objectives is driven by 'Delivering Excellence', our Integrated Medium Term Plan (IMTP). Our IMTP sets out the priorities we intend to deliver on a rolling 3 year basis. The Plan for 2019 – 2022 was submitted to the Welsh Government in January 2019.

In March 2019, Velindre University NHS Trust had its IMTP approved by the Minister for Health and Social Services and accordingly met its statutory duty to have an approved IMTP in place for 2019/22. Having an approved IMTP in place is a key means by which the Trust is able to demonstrate to its patients and donors, staff, partners and Welsh Government that the organisation is able to deliver services in an effective and sustainable manner. The IMTP is refreshed on an annual basis and approved by Trust Board in January each year.

The Trust provided a reflection on progress against the key priorities, performance and ambitions outlined in the IMTP for 2018 - 2021 within our new IMTP for 2019 – 2022. This assessment was a high level overview of performance against the overall plan. This confirmed that delivery against objectives was broadly in accordance with the forecast trajectory. The Trust will undertake a more in-depth review of its achievements during 2018/19 once all performance information has been validated.

In respect of the financial performance, the Trust reported a balanced position against its income and expenditure position for the year ended 31st March 2019, as reflected in the Annual Accounts. This review and reflection on the IMTP for the three year period beginning in 2018/19 will be subject to scrutiny and assurance

through the Planning and Performance Committee and Trust Board, and ongoing Trust priorities will continue to be monitored and scrutinised during 2019/20.

What is apparent at this juncture is that great progress has been made across the organisation in working towards the realisation of the Velindre Cancer Centre's (VCC) and the Welsh Blood Service's (WBS) strategic objectives. Key achievements are described in some detail in the Trust's Annual Performance Report, but noteworthy progress against divisional strategic objectives in 2018/19 is summarised on the following page.

A SUMMARY OF OUR KEY ACHIEVEMENTS IN 2018/19

 <p>WBS maintained excellence and regulatory compliance in the delivery of core services</p>	 <p>Trust awarded University status</p>	
 <p>Joint Project established with ABUHB to deliver a Radiotherapy Satellite Centre at Nevill Hall Hospital</p>	 <p>Outline Business Case for a new Velindre Cancer Centre approved by Commissioners</p>	
 <p>Over 200 patients recruited to clinical trials at VCC</p>	 <p>WBS retained all operating licenses</p>	 <p>Trust financial balance achieved</p>
 <p>Opening of an assessment centre at VCC which has resulted in a reduction in inappropriate admissions and in length of stay</p>	 <p>Supply Chain 2020 Programme delivering transformational change and service improvements</p>	
 <p>UK patient award for Radiographer led Palliative Care Service</p>	 <p>WBS launch of the Blood Health Plan</p>	 <p>Increased delivery of cancer treatments at patients home</p>
 <p>WBS launched a lapsed Donor Programme leading to an increase in 'active' donors</p>	 <p>Positive NHS Wales Staff Survey results with over 90% of staff happy with the standard of care provided by the Trust</p>	

We recognise the success we have had in working towards our strategic objectives. However, we are aware that we must focus our attention on certain areas given the challenging context in which we work. Again, we discuss these issues at greater length in the Trust's Annual Performance Report.

The Trust Board approved the IMTP for 2019 - 2022 in accordance with the NHS Wales Planning Framework on the 23rd January 2019.

The final version of the IMTP for 2019-2022 is available upon request from the Director of Corporate Governance.

Further information in respect of progress against the IMTP is captured within the Performance Report in the "Performance Summary" section.

MINISTERIAL DIRECTIONS

A list of Ministerial Directions issued by the Welsh Government during 2018-19 is available at: <https://gweddill.gov.wales/legislation/subordinate/nonsi/nhswales/2018/?lang=en>

Whilst Ministerial Directions are received by Local Health Boards, these are not always applicable to Velindre University NHS Trust. Those considered of relevance to the Trust are listed below:

- **The Wales Infected Blood Support Scheme (Amendment) Directions 2018 (No.54)**

The Trust has a principal role for managing and administering the Wales Infected Blood Support Scheme in accordance with directions issued by the Welsh Ministers.

All Ministerial Directions issued throughout the year are listed on the Welsh Government website link above.

Welsh Health Circulars issued by Welsh Government are logged by the Governance Function and assigned an Executive Lead to assess the impact to the Trust and take forward necessary actions as appropriate. A register and action log is maintained by the Governance Function. A list of Welsh Health Circulars issued by the Welsh Government during 2018-19 is available at: <http://howis.wales.nhs.uk/whcirculars.cfm>

EQUALITY & DIVERSITY

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The control measures include:

- Trust Equality Monitoring Annual Report which includes the Gender pay report this year.
- Equality reports to Quality and Safety Committee on the Trust's Equality Objectives and Actions.
- Reports to the Equality and Human Rights Commissions' enquiries.
- Reports to the NHS Centre for Equality and Human Rights enquiries.
- Report to the Welsh Government Equalities Team.
- Provision of evidence to the Health Care Standards Audit, specifically Standard 2.
- Equality Impact Assessments.

CONCLUSION

The system of internal control has been in place for the year ended 31st March 2019 and up to the date of approval of the 2018-19 annual report and accounts.

There have been no significant governance issues identified during this period.

Signed by:

Mr. Steve Ham
Chief Executive

Date: 28th May 2019

APPENDIX 1 – GOVERNANCE STATEMENT –
TRUST BOARD AND COMMITTEE ACTIVITY 2018-19

The table below outlines the key highlights and activity considered by the Trust Board and its Committees during 2018-19, please note this is not an exhaustive list.

Meeting:	Meeting Dates:	Activity:
<p>Velindre University NHS Trust - Public Trust Board meeting.</p> <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site</p>	<ul style="list-style-type: none"> • 30th May 2018 • 26th July 2018 • 13th September 2018 • 29th November 2018 • 23rd January 2019 • 28th March 2019 <p>All meetings were quorate.</p>	<p>Programme/Project Updates:</p> <ul style="list-style-type: none"> • Transforming Cancer Services Programme. • New Velindre Cancer Centre (nVCC) Project. • Blood Supply Chain 2020. • Updates in respect of the Board Assurance Framework. <p>Finance:</p> <ul style="list-style-type: none"> • Updating the Board on the financial position of the Trust. • Signing off the audited accounts in May 2019. <p>Performance:</p> <p>Considered and scrutinised the Delivering Excellence Performance reports at each meeting.</p> <p>Planning:</p> <ul style="list-style-type: none"> • Progress updates and approval in respect of the Integrated Medium Term Plan (IMTP) and consideration of IMTP Service Plans. • Fit for the Future: Enhancing Capabilities. <p>Risk Management:</p> <ul style="list-style-type: none"> • Scrutiny of the Trust's Risk Register. • Brexit Risk Assessment. • Welsh Language Standards Implementation Risk Assessment. <p>Integrated Governance:</p> <ul style="list-style-type: none"> • Updates in respect of the Infected Blood Inquiry (IBI). • Updates in respect of the Welsh Language Standards Implementation and Risk Assessment. • Updates in respect of Brexit.

Meeting:	Meeting Dates:	Activity:
Advisory Consultant Appointments Committee	Panels were held: <ul style="list-style-type: none"> • 1st November 2018 • 14th November 2018 • 18th January 2019 • 4th March 2019 • 	As and when required the Advisory Consultant Appointment Committee meet to manage the arrangements for appointments to NHS Consultant posts within the Trust.
Trust Audit Committee Meeting Agendas, Minutes and Papers are available on the Trust Internet site	<ul style="list-style-type: none"> • 24th April 2018 • 29th May 2018 • 19th July 2018 • 2nd October 2018 • 4th December 2018 • 5th February 2019 All meetings were quorate.	The Audit Committee Annual Report for 2018, which outlines the activity of the Committee for the year ending 31 st December 2018, is published on the Trust Internet site via the following link: http://www.velindre-tr.wales.nhs.uk/the-board-committees
NHS Wales Shared Services Partnership Audit Committee	<ul style="list-style-type: none"> • 24th April 2018 • 5th June 2018 • 24th July 2018 • 23rd October 2018 • 22nd January 2019 All meetings were quorate.	The NWSSP Audit Committee Annual Report for 2017-18 was received at their meeting in July 2018 and is available via the following link: NWSSP Audit Committee Annual Report 2017-18 The 2018-19 Annual Report will be published after the meeting in July 2019.
Charitable Funds Committee Meeting Agendas, Minutes and Papers are available on the Trust Internet site	<ul style="list-style-type: none"> • 5th June 2018 • 6th September 2018 • 16th October 2018 • 28th November 2018 • 5th March 2019 All meetings were quorate.	The Charitable Funds Committee Annual Report for 2018, which outlines the activity of the Committee for the year ending 31 st December 2018, is published on the Trust Internet site via the following link: http://www.velindre-tr.wales.nhs.uk/the-board-committees
Information Governance & IM&T Committee (IG&IMT) Meeting Agendas, Minutes and Papers are available on the Trust Internet site	<ul style="list-style-type: none"> • 21st May 2018 • 17th September 2018 • 10th December 2018 • 19th February 2019 All meetings were quorate.	The IG&IM&T Committee Annual Report for 2018, which outlines the activity of the Committee for the year ending 31 st December 2018, is published on the Trust Internet site via the following link: http://www.velindre-tr.wales.nhs.uk/the-board-committees

Meeting:	Meeting Dates:	Activity:
Local Partnership Forum (LPF)	<ul style="list-style-type: none"> • 17th May 2018 • 10th September 2018 • 6th December 2018 • 18th March 2019 <p>All meetings were quorate.</p>	<p>The LPF Annual Report for 2018, which outlines the activity of the Committee for the year ending 31st December 2018, is published on the Trust Internet site via the following link:</p> <p>http://www.velindre-tr.wales.nhs.uk/the-board-committees</p>
Planning & Performance Committee Meeting Agendas, Minutes and Papers are available on the Trust Internet site	<ul style="list-style-type: none"> • 14th May 2018 • 12th July 2018 • 11th September 2018 • 13th November 2018 • 17th January 2019 • 14th March 2019 <p>All meetings were quorate.</p>	<p>The Planning & Performance Committee Annual Report for 2018, which outlines the activity of the Committee for the year ending 31st December 2018, is published on the Trust Internet site via the following link:</p> <p>http://www.velindre-tr.wales.nhs.uk/the-board-committees</p>
Quality & Safety Committee Meeting Agendas, Minutes and Papers are available on the Trust Internet site	<ul style="list-style-type: none"> • 19th June 2018 • 27th September 2018 • 19th December 2018 • 6th March 2019 	<p>The Quality & Safety Committee Annual Report for 2018, which outlines the activity of the Committee for the year ending 31st December 2018, is published on the Trust Internet site via the following link:</p> <p>http://www.velindre-tr.wales.nhs.uk/the-board-committees</p>
Remuneration Committee	<ul style="list-style-type: none"> • 30th May 2018 • 26th July 2018 • 13th September 2018 • 29th November 2018 • 23rd January 2019 • 20th February 2019 <p>All meetings were quorate.</p>	<ul style="list-style-type: none"> • Considered Voluntary Early Release applications received during the year for approval. • Considered the Impact of the Pension Tax Rules on our Workforce. • Approved the Pay Award for Agenda for Change and non-Agenda for Change Employees. • Considered cases of potential redundancies. • Approved appointment of an Interim Executive Director of Nursing & Service Improvement. • Approved the appointment of an Interim Chief Operating Officer.

Meeting:	Meeting Dates:	Activity:
<p>Research, Development & Innovation (RDI) Committee</p> <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site</p>	<ul style="list-style-type: none"> • 27th June 2018 • 26th September 2018 • 5th December 2018 • 21st February 2019 <p>All meetings were quorate.</p>	<p>The RDI Committee Annual Report for 2018, which outlines the activity of the Committee for the year ending 31st December 2018, is published on the Trust Internet site via the following link:</p> <p>http://www.velindre-tr.wales.nhs.uk/the-board-committees</p>
<p>Workforce & Organisational Development (WF&OD) Committee</p> <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site</p>	<ul style="list-style-type: none"> • 25th April 2018 • 25th July 2018 • 6th November 2018 • 12th February 2019 <p>All meetings were quorate.</p>	<p>The WF&OD Committee Annual Report for 2018, which outlines the activity of the Committee for the year ending 31st December 2018, is published on the Trust Internet site via the following link:</p> <p>http://www.velindre-tr.wales.nhs.uk/the-board-committees</p>

APPENDIX 2 –Board Member Attendance - Trust Board MEETINGS
2018-19

	30.05.18	26.07.18	13.09.18	29.11.18	23.01.19	28.03.19
Prof. Donna Mead	✓	✓	✓	✓	✓	✓
Mr. Martin Veale	Apologies	✓	✓	✓	✓	✓
Mr. Stephen Harries	✓	Apologies	✓	✓	✓	✓
Prof Jane Hopkinson	✓	✓	✓	✓	Apologies	✓
Judge Ray Singh	✓	✓	✓	✓	Apologies	✓
Mr. Phil Roberts	✓	✓	✓	✓	✓	✓
Mrs. Jan Pickles	✓	✓	✓	✓	Apologies	✓
Mr. Steve Ham	✓	✓	Apologies	✓	✓	✓
Dr Jacinta Abraham	✓	✓	✓	✓	✓	✓
Prof Susan Morgan	✓	✓	✓	✓	✓	✓
Ms. Sarah Morley	✓	✓	✓	✓	✓	✓
Mr. Mark Osland	✓	✓	Apologies	✓	✓	✓
Georgina Galletly	Apologies	✓	✓	✓	✓	✓

FINANCIAL ACCOUNTABILITY REPORT

The Trust continues to operate in a challenging financial environment. Opportunities to make efficiency savings and identify recurring reductions in costs whilst maintaining services are sought wherever possible by Directors, finance teams and staff across the organisation.

Despite these challenges the Trust was able to achieve all four financial targets set by Welsh Government in 2018/19, most notably that of expenditure not exceeding income. This will remain a difficult task in 2019/20 and the foreseeable future, and therefore will continue to be of priority focus for the organisation.

FINANCIAL TARGETS

The Trust has met all four of its financial targets for the year ended 31 March 2019:

- Breakeven duty - The Trust achieved a surplus of £31,000 in 2018/19 (2017/18: surplus of £49,000), resulting in a surplus of £115,000 over a three year period. The Trust has therefore achieved its statutory financial duty to achieve financial breakeven over a rolling three year period.
- External Finance Limit (EFL) - The Trust is given an External Financing Limit by the Welsh Government which it is permitted to 'undershoot' at any level but not exceed. For 2018/19, the Trust met its target, with an 'undershoot' of £1,079,000 (2017/18: undershoot of £999,000). This target demonstrates that the Trust has successfully delivered on its capital programme within the limit set by the Welsh Government.
- The Trust submitted an Integrated Medium Term Plan for the period 2018/19 - 2020/21 in accordance with the NHS Wales Planning Framework, which was subsequently approved by the Cabinet Secretary. The Integrated Medium Term Plan relates only to the Trust's core activities and does not apply to the organisations hosted by the Trust. The Trust has therefore met its statutory duty to have an approved plan for the period 2018/19 to 2020/21.
- Creditor payments - The Trust is required to pay 95% of the number of non-NHS bills within 30 days of the receipt of goods or a valid invoice (whichever is the

later). The Trust has met this target, paying 97% (2017/18: 96%) within the required time.

FEES AND CHARGES - AUDITOR REMUNERATION

Fees paid to the Wales Audit Office for their statutory audit and performance audit work were £208,996.

MATERIAL REMOTE CONTINGENT LIABILITIES

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP). The WRP returns from Welsh Health Organisations estimate that in 2018/19 the Trust has remote contingent liabilities of £17.5m (2017/18: £27.7m) which relate to potential litigation claims against NHS Wales that could arise in the future due to known incidents. Due to the nature and uncertainty of these potential claims, no provision has been made for them within the accounts.

LONG TERM EXPENDITURE TRENDS

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Total Revenue	480,291	440,033	637,132	712,828	525,607
Pay	110,814	132,653	144,112	149,866	160,551
Non Pay	355,157	289,643	478,901	549,774	352,075
Depreciation	14,518	16,629	15,989	17,595	16,466
Total Expenditure	480,489	438,925	639,002	717,235	529,092
Non-operating revenue and costs	792	927	1,725	5,613	3,295
Total Consolidated surplus/(deficit)	594	2,035	(145)	1,206	(190)

The table above includes the income and expenditure of the Trust's charitable fund and assets that have been donated to the Trust. The Trust's annual surplus / (deficit) excluding the charitable fund and donated assets is shown below:

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Surplus/(deficit) excluding charitable fund and donated assets	39	40	35	49	31

Notes

During 2014/15 Abertawe Bro Morgannwg and Aneurin Bevan stores transferred to the Trust.

During 2015/16 Health Courier Services and GP trainees transferred to the Trust.

During 2016/17 the Trust established a National Technology Adoption Hub. The Surgical Material Testing Laboratory transferred to, and Health and Care Research Wales Workforce, transferred from the Trust.

During 2018/19 – the Wales Workforce Education & Development Services (WEDS), which was part of NWSSP, was transferred from the Trust into the newly established Health Education & Improvement Wales (HEIW). The transfer of WEDS resulted in a significant reduction in the income and expenditure reported within the above table but had no impact on the surplus / deficit for the year.

The Welsh Government's Code of Practice: Ethical Employment in Supply Chains was introduced to highlight the need, at every stage of the supply chain, to ensure good employment practices exist for all employees, both in the United Kingdom and overseas.

Velindre University NHS Trust fully endorses and is embedding the principles and requirements of the Code and the Modern Slavery Act 2015. In doing so the Trust is committed to playing its role as a major public sector employer, to eradicate unlawful and unethical employment practices, such as:

- Modern Slavery and Human rights abuses;
- The operation of blacklist/prohibited lists;
- False self-employment;
- Unfair use of umbrella schemes and zero hours contracts; and
- Paying the Living Wage.

To promote this agenda within the Trust, we will raise awareness of the Code with our workforce as well as with our suppliers and contractors. It is recognised that the implementation of the commitments contained within the Code requires the full co-operation of NHS Wales Shared Services Partnership recruitment, buying and procurement staff.

Over the next 12 months, the Trust will develop in partnership with relevant stakeholders and trade union partners an Action Plan which will clearly set out the Trust's commitment to ensure the principles of ethical employment within our supply chains are implemented and adhered to.

To date the Trust has taken the following actions to meet the Code's commitments;

- It has produced an Ethical Employment Statement, which will be made available on the Trust's Internet and Intranet sites;
- It has in place a Raising Concerns (Whistleblowing) Policy, which provides the workforce with a fair and transparent process, to empower and enable them to raise suspicions of any form of malpractice by either our staff or suppliers/contractors working on Trust premises;
- The Trust has a target in place to pay our suppliers within 30 days of receipt of a valid invoice;
- The Trust has introduced robust IR35 processes which ensures that there is no unfair use of false self-employed workers or workers being engaged under umbrella schemes. These processes also ensure the fair and appropriate engagement of all workers and prevents individuals from avoiding paying Tax and National Insurance contributions;
- The Trust does not engage or employ staff or workers on Zero Hours Contracts;

- The Trust makes no use of false self-employment, umbrella schemes or zero hours contracts which would result in avoidance of Tax/National Insurance or in any way unduly disadvantage its workers in terms of pay, rights, opportunities;
- The Trust has in place an Equality and Diversity Policy which ensures that no potential applicant, employee or worker engaged by the Trust is in any way unduly disadvantaged in terms of pay, employment rights, employment or career opportunities;
- Assurances are sought from suppliers, via the tender process, that they do not make use of blacklists/prohibited lists. The Trust is also able to provide confirmation and assurances that the Trust does not make use of blacklist/prohibited list information;
- In accordance with Transfer of Undertaking (Protection of Employment) Regulations any Trust staff who may be required to transfer to a third party will retain their NHS Terms and Conditions of Service;
- The Transparency in Supply Chain (TISC) Report – Modern Slavery Act (2015) compliance tracker is used, through contracts procured by NWSSP Procurement Services on the Trust's behalf.

The Trust will continue to work with employees, trade union colleagues, service providers, suppliers and contractors to address the Ethical Employment in Supply Chains commitments, via our Action Plan. Updates on the progress made against the remaining commitments will be reported in the 2020 Accountability Report. In 2019 the Trust will also produce an annual written statement in relation to its obligations under the Modern Slavery Act 2015.

REMUNERATION & STAFF REPORT

The details of the Remuneration Relationship are reported on page 67 of this document, and note 10.6 of the Annual Accounts.

The pay and terms and conditions of employment for the Executive Team and senior managers have been, and will be determined by the Velindre University NHS Trust Remuneration and Terms of Service Committee, within the framework set by the Welsh Government. The Remuneration and Terms of Service Committee also considered and approved applications relating to the voluntary early release scheme. The Trust Remuneration Committee members are all Independent Members of the Board and the Committee is chaired by the Trust Chair. Details of the membership of the Remuneration & Terms of Service Committee are captured on pages 8-15 of the Directors' Report section of this report.

Existing public sector pay arrangements apply to all staff including members of the Executive Team. In 2018/19 the Remuneration and Terms of Service Committee considered and approved a revision to the salary of the Executive Director of Nursing and Service Improvement, following a re-evaluation of the Job Evaluation for Senior Posts (JESP) score, by the Welsh Government. This resulted in the post moving from Pay Point 9 (£95,950) to a Pay Point 10 (£101,000). All members of the Executive Team are on pay points and not pay scales. In accordance with the Welsh Government Pay Letter ESP (W) 1/2018, all members of the Executive Team were entitled to a 2% consolidated pay increase, with effect from the 1st April 2018.

The performance of members of the Executive Team is assessed against personal objectives and against the overall performance of the Trust. The Trust does not operate a performance related pay scheme.

All Executive Directors have the option to have a lease car, under the terms of the Trust's lease car agreement.

The Chief Executive and Executive Directors are employed on permanent contracts, which can be terminated by giving due notice unless for reasons of misconduct.

There have been no payments to former Executives or other former senior managers during the year.

The remuneration report is required to contain information about senior managers' remuneration. The senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors), the Director of Strategic Transformation, Planning, Performance and Estates, Interim Chief Operating Officer and the Director of Corporate Governance / Trust Secretary. Full details of senior managers' remuneration are shown later in the table on pages 64-66.

The totals in some of the following tables may differ from those in the Annual Accounts as they represent staff in post at 31st March 2019, whilst the Annual Accounts (note 10.2) shows the average number of employees during the year.

Transparency of senior remuneration in the devolved Welsh Public Sector – ANNEX 10.

Guide to Tackling Unfair Employment Practices and False Self-Employment - <https://gov.wales/docs/dpsp/publications/valuewales/170620-unfair-employment-en.pdf> - ANNEX 10

STAFF COMPOSITION BY GENDER

A breakdown of the workforce by gender is set out in the table below. This figure represents the composition as at 31st March 2019.

*FTE – Full-time Equivalent

Gender	Headcount	FTE	% of Headcount
Female	2,538	2,242.34	60.01
Male	1,685	1,634.44	39.90
Grand Total	4,223	3,876.78	100.00

A breakdown of the Board Members and Senior Managers by gender is set out in the table below. This figure represents the composition as at 31st March 2019. The data

confirms that there are more female than male Trust Board members and Senior Managers. Female employees are employed in five out of the eight Trust Board and Senior Manager posts. Until February 2018 the gender split was equally balanced. This position changed when the Trust appointed a female Medical Director, into a post which has traditionally been a male dominated Board position. The appointment of a female Interim Chief Operating Officer in March 2019, has further increased the majority of female Trust Board members and senior managers.

Job Title	Gender	Headcount	FTE	% of headcount
Chief Executive	Male	1	1.0	13.3
Interim Chief Operating Officer	Female	1	1.0	13.3
Executive Director of Finance & Informatics	Male	1	1.0	13.3
Medical Director	Female	1	0.8	10.1
Executive Director of Nursing & Service Improvement	Female	1	1.0	13.3
Executive Director of OD and Workforce	Female	1	1.0	13.3
Director of Strategic Transformation, Performance Planning & Estates	Male	1	1.0	13.3
Director of Corporate Governance / Trust Secretary	Female	1	0.8	10.1
Grand Total		8	7.6	100.00
	Male	3	3	39
	Female	5	4.6	61

STAFF COMPOSITION BY STAFF GROUP

During 2018/19 the average full time equivalent (FTE) number of staff permanently employed by the Trust was 3,799. The average number of employees is calculated as the full time equivalent number of employees in each week of the financial year divided by the number of weeks in the financial year. The table below provides a breakdown of the workforce by staff grouping and in addition to permanently employed staff, shows staff on inward secondment, agency staff, and other staff.

Average FTE Number of Employees

	Permanently Employed	Staff on Inward Secondment	Agency Staff	Other Staff	2018/19 Total	2017/18 Total
Administrative, Clerical and Board Members	2,335	16	29	22	2,402	2,287
Ambulance Staff	0	0	0	0	0	0
Medical and Dental	470	1	0	5	476	465
Nursing and Midwifery Registered	184	0	1	0	185	181
Professional, Scientific and Technical Staff	52	0	0	0	52	53
Additional Clinical Services	197	0	1	3	201	197
Allied Health Professionals	110	0	8	1	119	114
Healthcare Scientists	132	1	0	0	133	133
Estates and Ancillary	319	0	5	12	336	329
Students	0	0	0	0	0	1
Total	3,799	18	44	43	3,904	3,760

SICKNESS ABSENCE DATA 2018/19

The data shows an overall increase in sickness absence levels during 2018/19 and as a result the Trust did not achieve the Welsh Government Sickness Absence Rate of 3.54% during this period.

To respond to the increase in sickness absence levels, the Trust has implemented the new NHS Wales Managing Attendance at Work (MAAW) Policy. The Workforce team

has and continues to provide a number of MAAW policy training sessions for managers and trade union representatives. The purpose of the training is to help embed a culture whereby the organisation takes a more proactive approach to the management of attendance at work. This is being supported by the Workforce team working closely with managers, undertaking sickness audits and coaching them to manage their new and ongoing sickness cases, in accordance with the policy. The Workforce team are also providing Senior Management Teams and managers with sickness deep dive reports, looking into specific absence issues and reason, monthly sickness absence data, to assist them to identify those staff that are about to reach prompt levels. This approach is intended to support managers to effectively manage their staff absences.

The Trust also provides staff with free access to a diverse range of traditional medical, psychological and complementary therapy interventions, to assist them to proactively and reactively manage their health and wellbeing. This includes an Employee Assistance Programme, which family members can also access for free. The Trust recognises that menopause related health and wellbeing issues can have a significant impact on the whole workforce, not just our female employees. In 2018 / 2019 the Trust launched a menopause education and awareness initiative, to address one of the last workplace health and wellbeing taboos.

	2018/19	2017/18	Variance
Total Days Lost (Long Term):	40,847	37,094	0.19
Total Days Lost (Short Term):	15,009	15,618	-4.06
Total Days Lost:	55,856	52,702	5.65
Total Staff Years Lost: (Average Staff Employed in the Period – Full Time Equivalent)	4,119	3,633	11.8
Average Working Days Lost:	7.9	8.82	-11.65
Total Staff Employed in Period (Headcount):	4,223	4,082	3.34
Total Staff Employed in Period with No Absence (Headcount):	2,305	1,882	18.35
Percentage Staff with No Sick Leave:	48.26	46.10	4.48

STAFF POLICIES

During 2018/19 in accordance with the Trust workforce policy review schedule, a number of policies and procedures were reviewed and approved by the Workforce and Organisational Development Committee. All Trust policies and procedures are equality impact assessed against the nine protected characteristics, to ensure that they do not discriminate against people who apply to work in the Trust or are employed by the Trust. All Trust policies and procedures are available to access via the Trust Internet website, via the [link](#).

SALARY AND PENSION DISCLOSURE TABLES (AUDITED) – SINGLE TOTAL FIGURE OF REMUNERATION

This Remuneration Report includes a single total figure of remuneration. The amount of pension benefits for the year which contributes to the single total figure is calculated based on guidance provided by the NHS Business Services Authority Pensions Agency.

The amount included in the table for pension benefit is based on the increase in accrued pension adjusted for inflation. This will generally take into account an additional year of service together with any changes in pensionable pay. This is not an amount which has been paid to an individual by the Trust during the year; it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay, and other valuation factors affecting the pension scheme as a whole.

The salary and pension disclosures reflect the senior managers' information. As indicated on page 59 the senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors), the Director of Strategic Transformation, Planning, Performance and Estates, the Interim Chief Operating Officer, and the Director of Corporate Governance / Trust Secretary.

SALARY AND PENSION DISCLOSURE TABLES (AUDITED) – SINGLE TOTAL FIGURE OF REMUNERATION (CONTINUED)

Name and Title	2018/19					2017/18				
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)
Executive Directors and Senior Managers										
Steve Ham Chief Executive	135-140	0	0	12	145-150	135-140	0	0	27	160-165
Mark Osland Executive Director of Finance & Informatics	100-105	0	0	25	125-130	100-105	0	0	21	120-125
Jacinta Abraham Medical Director	110-115	25-30 ⁷	1 ¹	172	310-315	25-30	55-60	1 ¹	33	115-120
Susan Morgan Executive Director of Nursing and Service Improvement ⁴	105-110 ⁶	0	0	33	135-140	95-100	0	0	23	115-120
Jayne Elias Executive Director of Nursing and Service Improvement ⁵	5-10	0	0	5	5					
Catherine O'Brien Chief Operating Officer ²	5-10	0	0	2 ³	10-15					
Sarah Morley Executive Director of OD and Workforce	90-95	0	0	0	90-95	90 - 95	0	0	45	135-140
Carl James Director of Strategic Transformation, Planning, Performance	110-115	0	26 ¹	24	135-140	110-115	0	35 ¹	40	150-155
Georgina Galletly Director of Corporate Governance/Trust Secretary	65-70	0	0	62	130-135	65-70	0	0	22	90-95

Notes:

- 1 - Benefits in kind for J Abraham relate to taxable mileage payments; and for C James relate to use of a Trust lease car and taxable mileage payments.
- 2 – C O'Brien was appointed as interim Chief Operating Officer on 1 March 2019.
- 3 – The pension benefit is pro-rata for the period as a board member.
- 4 - S Morgan retired on 28 February 2019.
- 5 - J Elias was appointed on an interim basis from 1 March 2019. The pension benefit has not been provided by the NHS Pensions Agency and therefore the total remuneration cannot be disclosed.
- 6 - The 2018/19 salary for S Morgan increased as a result of job re-evaluation.
- 7 - The Other Remuneration paid to J Abraham relates to clinical responsibilities.

SALARY AND PENSION DISCLOSURE TABLES (AUDITED) – SINGLE TOTAL FIGURE OF REMUNERATION (CONTINUED)

Name and Title	2018/19					2017/18				
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)
Independent Members/Non -Executive Directors										
Donna Mead ¹	35-40	0	0	0	35-40					
Ray Singh	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Phil Roberts ³	10-15	0	0	0	10-15	5-10	0	0	0	5-10
Jane Hopkinson	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Janet Pickles	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Martin Veale	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Stephen Harries ²	15-20	0	0	0	15-20	5-10	0	0	0	5-10

Notes:

1 - D Mead was appointed Chair on 1 May 2018. Costs are pro-rata for the period.

2 - S Harries was appointed as interim Vice Chair in November 2018.

3 - P Roberts covered the Chair role in April 2018.

4 - R Kennedy ended her tenure as Chair on 31 March 2018.

SALARY AND PENSION DISCLOSURE

CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or an arrangement to secure pension benefits in another pension scheme or an arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

REAL INCREASE IN CETV

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

SALARY AND PENSION DISCLOSURE TABLES (AUDITED) – BOARD MEMBER AND VERY SENIOR
MANAGER PENSIONS

Name and Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2019 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2019 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019	Cash Equivalent Transfer Value at 31 March 2018	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Steve Ham Chief Executive	0-2.5	2.5-5	35-40	110-115	906	779	84	-
Mark Osland Executive Director of Finance & Informatics	0-2.5	0	5-10	0	74	40	19	-
Jacinta Abraham Medical Director	7.5-10	17.5-20	35-40	90-95	764	519	210	-
Susan Morgan ¹ Director of Nursing and Service Improvement	0-2.5	5-7.5	40-45	120-125	984	833	112	-
Catherine O'Brien Chief Operating Officer	0-2.5	0	15-20	0	253	192	4	-
Sarah Morley Executive Director of OD and Workforce	0-2.5	(2.5-5)	20-25	60-65	486	425	36	-
Carl James Director of Strategic Transformation, Planning & Performance	0-2.5	0	40-45	0	545	437	79	-
Georgina Galletly Director of Corporate Governance/Trust Secretary	2.5-5	5-7.5	20-25	45-50	343	249	77	-

Notes:

1 – S Morgan retired on 28th February 2019 and J Elias was appointed on an Interim Basis. The pension benefit for J Elias has not been provided by the NHS Pensions Agency and therefore cannot be disclosed.

2 - As Independent Members do not receive pensionable remuneration, there are no entries in respect of pensions for Independent Members.

REPORTING OF OTHER COMPENSATION SCHEMES – EXIT PACKAGES

During 2018/19 exit packages were approved for 16 staff with a value of £434,256. These packages were paid in accordance with recognised NHS terms and conditions of service/Trust Policy. None of the exit packages reported related to senior officers and none of the payments related to a special severance payment. The actual date of departure might be in a subsequent period.

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 Velindre University NHS Trust in the financial year 2018/19 was £135,000 - £140,000 (2017/18, £135,000 - £140,000). This was 5.0 times (2017/18, 5.2) the median remuneration of the workforce, which was £27,581 (2017/18, £26,244).

In 2018/19, 14 (2017/18, 10) employees received remuneration in excess of the highest paid Director. These employees are Medical Consultants.

Remuneration for all staff ranged from £17,500 to £202,700 (2017/18 £16,300 to £205,600).

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

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

In establishing the highest paid Director (Chief Executive) the Trust has taken into account the proportion of remuneration received by Directors for clinical and director responsibilities.

EXPENDITURE ON CONSULTANCY

During 2018/19 the Trust spent £1,758,801 on external consultancy fees (£1,109,204 related to the NHS Wales Informatics Service). Examples include:

- Accountancy fees
- Legal fees
- Design fees
- Project management fees & support costs
- IT consultancy and advice
- Fees relating to building management, including surveyor & electrical costs.

TAX ASSURANCE FOR OFF-PAYROLL ENGAGEMENTS

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their highly paid and/or senior off-payroll engagements. The information, contained in the three tables below, includes all off-payroll engagements as at 31 March 2019 for those earning more than £245 per day and that last longer than six months for the core department, its executive agencies and its arm's length bodies.

Table 1: For all off-payroll engagements as of 31 March 2019, for those earning more than £245 per day and that last for longer than six months

No. of Existing Engagements as of 31 March 2019	29
Of which the number that have existed:	
for less than one year at time of reporting.	8
for between one and two years at time of reporting.	15
for between two and three years at time of reporting.	5
No. that have existed for between three and four years at time of reporting.	1
No. that have existed for four or more years at time of reporting.	0

Within the total number of off-payroll engagements disclosed, two engagements related to staff seconded from other NHS Wales Organisations.

All the off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax, and where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1st April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1st April 2018 and 31 March 2019	18
Of which:	
No. assessed as caught by IR 35	17
No. assessed as not caught by IR 35	1
No. engaged directly (via PSC contracted to department) and are on the departmental payroll.	0
No. of engagements reassessed for consistency/assurance purposes during the year	16
No. of engagements that saw a change to IR 35 status following the consistency review	0

Within the total number of new off-payroll engagements disclosed, no engagements related to staff seconded from another NHS Wales Organisations.

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1st April 2018 and 31 March 2019

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

NATIONAL ASSEMBLY FOR WALES

ACCOUNTABILITY AND AUDIT REPORT

Where the Trust undertakes activities that are not funded directly by the Welsh Government the Trust receives income to cover its costs. Further detail of income received is published in the Trust's annual accounts; within note 4 headed 'other operating revenue'.

The Trust confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

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

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP) and therefore its accounts include the estimates of remote contingent liabilities from Welsh Health Organisations for potential litigation claims that could arise in the future due to known incidents. In 2018/19, the financial statements of the Trust are reporting total remote contingent liabilities of £17.5m.

THE CERTIFICATE AND INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE NATIONAL ASSEMBLY FOR WALES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

I certify that I have audited the financial statements of Velindre University NHS Trust for the year ended 31 March 2019 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Velindre University NHS Trust as at 31 March 2019 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Opinion on regularity

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

REPORT ON OTHER REQUIREMENTS

Opinion on other matters

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

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

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

Matters on which I report by exception

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

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

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

Report

I have no observations to make on these financial statements.

RESPONSIBILITIES

Responsibilities of Directors and the Chief Executive

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

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable,

matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Responsibilities for regularity

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

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

Adrian Crompton

Auditor General for Wales

11 June 2019

24 Cathedral Road

Cardiff

CF11 9LJ



GIG
CYMRU
NHS
WALES

Ymddiriedolaeth GIG
Prifysgol Felindre
Velindre University
NHS Trust

VELINDRE UNIVERSITY NHS TRUST

FINANCE REPORT

2018/19



Velindre University NHS Trust

Foreword

These accounts for the period ended 31 March 2019 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Velindre University NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

Statutory background

The Trust was established by Statutory Instrument on 1 April 1994, and at that time was a single specialty Trust providing only Cancer Services. Over the last 25 years, the Trust has significantly evolved and expanded. The main function of the Trust is to provide all-Wales and regional clinical health services to the NHS and the people of Wales. Velindre University NHS Trust consists of two clinical divisions: the Welsh Blood Service and Velindre Cancer Centre.

In addition to the above services, the Trust is host to a number of organisations. At period ended 31 March 2019, these included:

- NHS Wales Informatics Service (NWIS) which was established as a hosted body on 1 April 2010;
- NHS Wales Shared Services Partnership (NWSSP) which was established as a hosted body on 1 June 2012. Following the initial establishment, the functions of a number of separate bodies have been transferred into NWSSP. During the 2018-19 financial year, the NHS Wales' Workforce Education and Development Services (WEDS), which was part of NWSSP, was transferred from the Trust into the newly established Health Education and Improvement Wales (HEIW); and
- Health Technology Wales (HTW) which continued to receive grant funding from Welsh Government under the Efficiency through Technology Programme.

Performance Management and Financial Results

This Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2018-19. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000
Consolidated					
Revenue from patient care activities	3	244,367	409,573	244,367	409,573
Other operating revenue	4	280,679	301,613	281,240	303,255
Operating expenses	5.1	(528,132)	(716,574)	(529,092)	(717,235)
Operating (deficit)/surplus		(3,086)	(5,388)	(3,485)	(4,407)
Investment revenue	6	100	59	254	230
Other gains and losses	7	45	98	45	98
Finance costs	8	2,996	5,285	2,996	5,285
Consolidated Total				(190)	1,206
Retained surplus	2.1.1	55	54		
Other Comprehensive Income					
Items that will not be reclassified to net operating costs:					
Net gain/(loss) on revaluation of property, plant and equipment		849	(1,292)	849	(1,292)
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	146	(176)
Movements in other reserves		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Sub total		849	(1,292)	995	(1,468)
Items that may be reclassified subsequently to net operating costs					
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Sub total		0	0	0	0
Total other comprehensive income for the year		849	(1,292)	995	(1,468)
Total comprehensive income for the year		904	(1,238)	805	(262)

The notes on pages 6 to 66 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Consolidated			
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	13	126,554	106,971	126,554	106,971
Intangible assets	14	15,043	18,872	15,043	18,872
Trade and other receivables	17.1	798,646	782,239	798,646	782,239
Other financial assets	18	0	0	5,406	5,567
Total non-current assets		940,243	908,082	945,649	913,649
Current assets					
Inventories	16.1	8,960	6,023	8,960	6,023
Trade and other receivables	17.1	384,216	377,820	383,846	377,860
Other financial assets	18	0	0	0	0
Cash and cash equivalents	19	20,949	19,893	22,384	20,937
		414,125	403,736	415,190	404,820
Non-current assets held for sale	13.2	0	0	0	0
Total current assets		414,125	403,736	415,190	404,820
Total assets		1,354,368	1,311,818	1,360,839	1,318,469
Current liabilities					
Trade and other payables	20	(122,983)	(113,232)	(123,099)	(113,422)
Borrowings	21	(24)	(24)	(24)	(24)
Other financial liabilities	22	0	0	0	0
Provisions	23	(283,743)	(281,866)	(283,743)	(281,866)
Total current liabilities		(406,750)	(395,122)	(406,866)	(395,312)
Net current assets/(liabilities)		7,375	8,614	8,324	9,508
Total assets less current liabilities		947,618	916,696	953,973	923,157
Non-current liabilities					
Trade and other payables	20	0	0	0	0
Borrowings	21	(29)	(52)	(29)	(52)
Other financial liabilities	22	0	0	0	0
Provisions	23	(799,411)	(782,654)	(799,411)	(782,654)
Total non-current liabilities		(799,440)	(782,706)	(799,440)	(782,706)
Total assets employed		148,178	133,990	154,533	140,451
Financed by Taxpayers' equity:					
Retained earnings		12,353	13,945	12,353	13,945
Public dividend capital		108,461	93,567	108,461	93,567
Revaluation reserve		27,364	26,478	27,364	26,478
Other reserves		0	0	0	0
Funds Held on Trust Reserves				6,355	6,461
Total taxpayers' equity		148,178	133,990	154,533	140,451

The financial statements were approved by the Board on 28th May 2019 and signed on behalf of the Board by:

Steve Ham, Chief Executive and Accountable Officer
The notes on pages 6 to 66 form part of these accounts.

Date: 28th May 2019

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2018-19	Public Dividend Capital £000	Restated		Other reserves £000	Total £000	FHOT Reserves £000	Consolidated Total £000
		Retained earnings £000	Revaluation reserve £000				
Changes in taxpayers' equity for 2018-19							
Balance as at 31 March 2018	93,567	13,945	26,478	0	133,990	6,461	140,451
Adjustment for Implementation of IFRS 9	0	(1,610)	0	0	(1,610)	0	(1,610)
Balance at 1 April 2018	93,567	12,335	26,478	0	132,380	6,461	138,841
Retained surplus/(deficit) for the year		55			55		55
Net gain/(loss) on revaluation of property, plant and equipment		0	849	0	849		849
Net gain/(loss) on revaluation of intangible assets		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets		0	0	0	0	146	146
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0		0
Impairments and reversals		0	0	0	0		0
Movements in other reserves		0	0	0	0		0
Transfers between reserves		(37)	37	0	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0		0
Reserves eliminated on dissolution	0				0		0
Net gain/loss on Other Reserve (specify)				0	0		0
Total in year movement	0	18	886	0	904	146	1,050
New Public Dividend Capital received	14,894				14,894		14,894
Public Dividend Capital repaid in year	0				0		0
Public Dividend Capital extinguished/written off	0				0		0
Other movements in PDC in year	0				0		0
FHoT - Endowment					0	0	0
FHoT - Restricted					0	0	0
FHoT - Unrestricted					0	(252)	(252)
Balance at 31 March 2019	108,461	12,353	27,364	0	148,178	6,355	154,533

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2017-18	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000	Funds held on Trust Reserves £000	Consolidated Total £000
Changes in taxpayers' equity for 2017-18							
Balance at 1 April 2017	94,969	13,813	27,848	0	136,630	5,489	142,119
Retained surplus/(deficit) for the year		54			54		54
Net gain/(loss) on revaluation of property, plant and equipment		0	(1,292)	0	(1,292)		(1,292)
Net gain/(loss) on revaluation of intangible assets		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets		0	0	0	0	(176)	(176)
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0		0
Impairments and reversals		0	0	0	0		0
Movements in other reserves		0	0	0	0		0
Transfers between reserves		78	(78)	0	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0		0
Reserves eliminated on dissolution	0				0		0
Net gain/loss on Other Reserve (specify)				0	0		0
Total in year movement	0	132	(1,370)	0	(1,238)	(176)	(1,414)
New Public Dividend Capital received	0				0		0
Public Dividend Capital repaid in year	(1,402)				(1,402)		(1,402)
Public Dividend Capital extinguished/written off	0				0		0
Other movements in PDC in year	0				0		0
FHoT - Endowment					0	0	0
FHoT - Restricted					0	0	0
FHoT - Unrestricted					0	1,148	1,148
Balance at 31 March 2018	93,567	13,945	26,478	0	133,990	6,461	140,451

The notes on pages 6 to 66 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	Reclassified		Reclassified	
		2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000
Cash flows from operating activities					
		NHST		Consolidated	
Operating surplus/(deficit)	SOCI	(3,086)	(5,388)	(3,485)	(4,407)
Movements in working capital	30	(17,393)	(198,534)	(16,772)	(198,534)
Other cash flow adjustments	31	145,485	317,228	145,485	316,655
Provisions utilised		(110,409)	(98,490)	(110,409)	(98,490)
Interest paid		(3)	(3)	(3)	(3)
Net cash inflow (outflow) from operating activities		14,594	14,813	14,816	15,221
Cash flows from investing activities					
Interest received		100	59	254	230
(Payments) for property, plant and equipment		(25,366)	(9,868)	(25,366)	(9,868)
Proceeds from disposal of property, plant and equipment		45	98	45	98
(Payments) for intangible assets		(3,188)	(2,701)	(3,188)	(2,701)
Proceeds from disposal of intangible assets		0	0	0	0
(Payments) for investments with Welsh Government		0	0	0	0
Proceeds from disposal of investments with Welsh Government		0	0	0	0
(Payments) for financial assets.		0	0	(328)	(1,547)
Proceeds from disposal of financial assets.		0	0	343	1,418
Rental proceeds		0	0	0	0
Net cash inflow (outflow) from investing activities		(28,409)	(12,412)	(28,240)	(12,370)
Net cash inflow (outflow) before financing		(13,815)	2,401	(13,424)	2,851
Cash flows from financing activities					
Public Dividend Capital received		14,894	0	14,894	0
Public Dividend Capital repaid		0	(1,402)	0	(1,402)
Loans received from Welsh Government		0	0	0	0
Other loans received		0	0	0	0
Loans repaid to Welsh Government		0	0	0	0
Other loans repaid		0	0	0	0
Other capital receipts		0	0	0	0
Capital elements of finance leases and on-SOFP PFI		(23)	6	(23)	6
Cash transferred (to)/from other NHS Wales bodies		0	0	0	0
Net cash inflow (outflow) from financing activities		14,871	(1,396)	14,871	(1,396)
Net increase (decrease) in cash and cash equivalents		1,056	1,005	1,447	1,455
Cash [and] cash equivalents at the beginning of the financial year	19	19,893	18,888	20,937	19,482
Cash [and] cash equivalents at the end of the financial year	19	20,949	19,893	22,384	20,937

The notes on pages 6 to 66 form part of these accounts.

Notes to the Accounts

Accounting policies

1. Accounting policies

The 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 2018-19 NHS Trust 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 Trust's 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 and basis of consolidation

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

1.2 Acquisitions and discontinued operations

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

1.3 Revenue

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

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

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts. Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

From 2018-19, IFRS 15 Revenue from Contracts with Customers is applied, as interpreted and adapted for the public sector, in the Financial Reporting Manual (FReM). It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. Upon transition the accounting policy to retrospectively restate in accordance with IAS 8 has been withdrawn. All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.

A review consistent with the portfolio approach was undertaken by the NHS Technical Accounting Group members, which

- identified that the only material income that would potentially require adjustment under IFRS 15 was that for patient care provided under Long term Agreements (LTAs) for episodes of care which had started but not concluded as at the end of the financial period;
- demonstrated that the potential amendments to NHS Wales NHS Trust and Local Health Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

Under the Conceptual IFRS Framework due consideration must be given to the users of the accounts and the cost restraint of compliance and reporting and production of financial reporting. Given the income for LTA activity is recognised in accordance with established NHS Terms and Conditions, affecting multiple parties across NHS Wales, it was considered reasonable to continue recognising in accordance with those established terms, on the basis that this provides information that is relevant to the user and to do so does not result in a material misstatement of the figures reported.

1.4 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.

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

NEST Pension Scheme

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

1.5 Other expenses

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

1.6 Property, plant and equipment Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to the Trust, or service potential will be supplied;
- 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.

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

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

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the entity or the asset which would prevent

access to the market at the reporting date. If the Trust could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

In 2017-18 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts. The carrying value of existing assets at that date was written off over their remaining useful lives, new fixtures and equipment were carried at depreciated historic cost as this was 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. The accounting policy for this treatment changed in 2014/15, prior to which 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.

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

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.7 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the 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.

1.8 Depreciation, amortisation and impairments

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

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

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.

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

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 the benefits can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCl on a systematic basis over the period expected to benefit from the project.

1.10 Non-current assets held for sale

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

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

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

1.11 Leases

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

1.11.1 The 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.

1.11.2 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.

1.12 Inventories

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

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, 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.

1.14 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.

1.14.1 Clinical Negligence and personal injury costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2018-19. The WRP is hosted by the Trust.

1.15. Financial Instruments

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

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

1.16 Financial assets

Financial assets are recognised 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.

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

NHS Wales Technical Accounting Group members reviewed the IFRS 9 requirements and determined a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS9 to construct a provision matrix.

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

1.16.2 Financial assets at fair value through SOCI

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

1.16.3 Held to maturity investments

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

1.16.4 Available for sale financial assets

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

1.16.5 Loans and receivables

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

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

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

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

1.16.6 Other financial assets

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

1.17 Financial liabilities

Financial liabilities are recognised on the 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.

1.17.1 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.

1.17.2 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.

1.17.3 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.

1.18 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.

1.19 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.

1.20 Third party assets

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

1.21 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in the 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.

1.22 Pooled budgets

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

1.23 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.

1.24 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.

Provisions

The amount recognised as provisions give rise to significant judgement and uncertainty. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking in to account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A change in the assumptions could cause an increase or decrease in the amounts recognised as a provision which could materially impact the results of operations.

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

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

Probable & Certain Cases – Accounting Treatment

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

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

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

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

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

Discounting provisions

The WRPS discounts estimated future lump sums within the provisions which are assumed to settle over a 3 year period.

A proportion of the lump sum estimates are assumed to settle with RPI indexed annual payments and the remainder as Annual Survey of Hours and Earnings (ASHE) indexed annual payments.

The HM Treasury short term nominal discount rate of 0.76% (2017/18: -2.42%) is applied to the RPI proportion of the lump sum estimate using the retail price index (RPI) inflation rate of 3.6%. The remainder is discounted by applying the Annual Survey of Hours and Earnings (ASHE) real discount rate of 0.7%.

PPO Provisions

The majority of high value (>£1M) claims settle with a Periodical Payment Order (PPO) where part or all of the final settlement value is paid over the life time of the claimant.

When cases settle with a PPO arrangement, an individual provision is created by multiplying the claimants' index linked annual payment value by the number of years' life expectancy. Future cashflows are modelled based on individual claim data and includes any agreed future steps in payment value.

The number of years' life expectancy is discounted according to the Ogden table multipliers using HM Treasury's nominal discount rate for general provisions issued annually in the Public Expenditure System (PES) paper and an inflation factor.

For 2018-19, the nominal short, medium, long and very long term rates are; 0.76%, (0-5 years), 1.14%, (+5-10 years) 1.99%(+10-40 years) and 1.99% (over 40 years) respectively.

The inflation factor applied is dependent upon the rate agreed as part of the settlement of the claimant's case. Where annual payments are required to be uplifted by the RPI, the RPI rate of 3.6% has been used. Where annual payments are required to be uplifted based on market data for carers' wages, the annual survey of hours and earnings (ASHE) discount rate of 0.7% has been applied.

The probabilities of survival for each claimant are based on estimated life expectancy, agreed by medical experts in each case.

1.25 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.26 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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. Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

1.27 Carbon Reduction Commitment Scheme

Carbon Reduction Commitment Scheme allowances are accounted for as government grant funded intangible assets if they are not realised within twelve months and otherwise as current assets. The asset should be measured initially at cost. Scheme assets in respect of allowances shall be valued at fair value where there is evidence of an active market.

1.28 Absorption Accounting

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

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

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

- IFRS14 Regulatory Deferral Accounts (The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries.),

- IFRS 16 Leases, HMT have confirmed that IFRS 16 Leases, as interpreted and adapted by the FReM is to be effective from 1st April 2020,
- IFRS 17 Insurance Contracts,
- IFRIC 23 Uncertainty over Income Tax Treatment.

1.30 Accounting standards issued that have been adopted early

During 2018-19 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.31 For Consolidated NHS Trust Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Trust has established that as the Trust is the corporate trustee of the linked charitable funds, Velindre University NHS Trust Charitable Funds, it is considered for accounting standards compliance to have control of Velindre University NHS Trust Charitable Funds as a subsidiary and therefore is required to consolidate the results of Velindre University NHS Trust Charitable Funds within the statutory accounts of the Trust.

Details of the transactions with the charity are included in the related parties' notes.

1.32 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'.

1.33 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.34 Public Dividend Capital (PDC) and PDC dividend

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

2. Financial Performance

2.1 STATUTORY FINANCIAL DUTIES

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

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

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

2.1.1 Financial Duty

	Annual financial performance			2017-19 Financial duty £000
	2016-17 £000	2017-18 £000	2018-19 £000	
Retained surplus	427	54	55	536
Less Donated asset / grant funded revenue adjustment	(392)	(5)	(24)	(421)
Adjusted surplus	<u>35</u>	<u>49</u>	<u>31</u>	<u>115</u>

Velindre University NHS Trust has met its financial duty to break even over the 3 years 2016-17 to 2018-19.

2.1.2 Integrated Medium Term Plan (IMTP)

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

The Trust has submitted an Integrated Medium Term Plan for the period 2018-19 to 2020-21 in accordance with NHS Wales Planning Framework.

The Minister for Health and Social Services approval status

**Financial duty
2018-19
to
2020-21
Status**

Approved

Velindre University NHS Trust has met its annual financial duty to have an approved financial plan for the period 2018-19 to 2020-21.

2. Financial Performance (cont)

2.2 ADMINISTRATIVE REQUIREMENTS

2.2.1. External financing

The Trust is given an external financing limit which it is permitted to undershoot		31 March 2019 £000	31 March 2018 £000
External financing limit set by the Welsh Government		14,894	(1,402)
Cash flow financing	13,815		(2,401)
Finance leases taken out in the year	0		0
Other capital receipts	0		0
External financing requirement		13,815	(2,401)
Undershoot (overshoot)		1,079	999

The Trust has achieved its external financing limit.

2.2.2. 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:

	2018-19	2017-18
Total number of non-NHS bills paid	70,966	67,985
Total number of non-NHS bills paid within target	69,141	65,288
Percentage of non-NHS bills paid within target	97.4%	96.0%

The Trust has met the target.

Velindre University NHS Trust Annual Accounts 2018-19

3. Revenue from patient care activities	2018-19	2017-18	2018-19	2017-18
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Local health boards	65,772	58,994	65,772	58,994
Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC)	40,451	39,183	40,451	39,183
Welsh NHS Trusts	1,506	4,504	1,506	4,504
Health Education and Improvement Wales (HEIW)	0	0	0	0
Other NHS England bodies	754	561	754	561
Foundation Trusts	0	0	0	0
Local Authorities	0	0	0	0
Welsh Government	3,130	1,359	3,130	1,359
Welsh Government Welsh Risk Pool Reimbursements	130,638	302,898	130,638	302,898
Other NHS Trusts	0	1	0	1
Non NHS:				
Other revenue from activities	27	0	27	0
Private patient income	2,089	2,073	2,089	2,073
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	0	0	0	0
Total	244,367	409,573	244,367	409,573

ICR income is subject to a provision for impairment of **21.89%** to reflect expected rates of collection.

4. Other operating revenue	2018-19	2017-18	2018-19	2017-18
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Income generation	1,323	853	1,323	853
Patient transport services	0	0	0	0
Education, training and research	4,507	2,713	4,507	2,713
Charitable and other contributions to expenditure	3,654	4,555	892	1,841
Incoming FHoT Revenue				
Unrestricted - donations and legacies			3,323	4,356
Restricted - donations and legacies			0	0
Receipt of donations for capital acquisitions	24	5	24	5
Receipt of government grants for capital acquisitions	0	0	0	0
Non-patient care services to other bodies	499	717	499	717
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	0	0	0	0
Other revenue:				
Provision of pathology/microbiology services	0	0	0	0
Accommodation and catering charges	163	149	163	149
Mortuary fees	0	0	0	0
Staff payments for use of cars	53	330	53	330
Business unit	0	0	0	0
Other	270,456	292,291	270,456	292,291
Total	280,679	301,613	281,240	303,255

Other revenue comprises:

NHS Wales Shared Services Partnership	196,131	232,647	196,131	232,647
NHS Wales Informatics Services	70,790	56,615	70,790	56,615
Other	3,535	3,029	3,535	3,029
Total	270,456	292,291	270,456	292,291

5. Operating expenses	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Local Health Boards	5,671	3,209	5,671	3,209
Welsh NHS Trusts	330	2,066	330	2,066
Health Education and Improvement Wales (HEIW)	0	0	0	0
Goods and services from other NHS bodies	0	0	0	0
WHSSC/EASC	37	146	37	146
Local Authorities	68	52	68	52
Purchase of healthcare from non-NHS bodies	0	0	0	0
Welsh Government	0	0	0	0
Other NHS Trusts	0	3	0	3
Directors' costs	1,098	1,055	1,098	1,055
Staff costs	159,453	148,811	159,453	148,811
Supplies and services - clinical	53,984	48,334	53,984	48,334
Supplies and services - general	41,660	36,711	41,660	36,711
Consultancy Services	1,759	2,113	1,759	2,113
Establishment	14,569	13,614	14,569	13,614
Transport	2,230	1,995	2,230	1,995
Premises	42,100	31,523	42,100	31,523
FHoT Resources expended				
Costs of generating funds	0		551	317
Charitable activities	0		409	344
Governance Costs	0		0	0
Impairments and Reversals of Receivables	0	0	0	0
Depreciation	9,439	9,236	9,439	9,236
Amortisation	7,027	8,359	7,027	8,359
Impairments and reversals of property, plant and equipment	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0
Audit fees	209	209	209	209
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	133,496	308,285	133,496	308,285
Research and development	0	0	0	0
Other operating expenses	55,002	100,853	55,002	100,853
Total	528,132	716,574	529,092	717,235

5. Operating expenses (continued)

5.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses	2018-19	2017-18	2018-19	2017-18
Increase/(decrease) in provision for future payments:	£000	£000	£000	£000
	NHS Trust		Consolidated	
Clinical negligence	131,383	269,312	131,383	269,312
Personal injury	748	4,185	748	4,185
All other losses and special payments	1	5	1	5
Defence legal fees and other administrative costs	985	2,424	985	2,424
Structured Settlements Welsh Risk Pool	379	32,359	379	32,359
Gross increase/(decrease) in provision for future payments	133,496	308,285	133,496	308,285
Contribution to Welsh Risk Pool	0	0	0	0
Premium for other insurance arrangements	0	0	0	0
Irrecoverable debts	0	0	0	0
Less: income received/ due from Welsh Risk Pool	0	0	0	0
Total charge	133,496	308,285	133,496	308,285

Clinical negligence includes £1,671,439 (2017-18 £11,000) in respect of payments made under redress. A further £841,932 for the final quarter is within the creditor balance pending reimbursement in 2019/20. Redress was previously administered directly by Welsh Government.

Personal injury includes £nil in respect of permanent injury benefits (2017-18 £nil). This expenditure includes a change of £nil relating to the change in the rate at which the provision for future payments is calculated.

6. Investment revenue	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Rental revenue :				
PFI finance lease revenue:				
Planned	0	0	0	0
Contingent	0	0	0	0
Other finance lease revenue	0	0	0	0
Interest revenue:				
Bank accounts	100	59	100	59
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	154	171
Total	100	59	254	230

7. Other gains and losses	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Gain/(loss) on disposal of property, plant and equipment	45	98	45	98
Gain/(loss) on disposal of intangible assets	0	0	0	0
Gain/(loss) on disposal of assets held for sale	0	0	0	0
Gain/(loss) on disposal of financial assets	0	0	0	0
Gains/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets at fair value through income statement	0	0	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	45	98	45	98

8. Finance costs	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Interest on loans and overdrafts	0	0	0	0
Interest on obligations under finance leases	3	3	3	3
Interest on obligations under PFI contracts:				
Main finance cost	0	0	0	0
Contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	3	3	3	3
Provisions unwinding of discount	(2,604)	(5,669)	(2,604)	(5,669)
Periodical Payment Order unwinding of discount	(395)	381	(395)	381
Other finance costs	0	0	0	0
Total	(2,996)	(5,285)	(2,996)	(5,285)

9. Operating leases

9.1 Trust as lessee

Operating lease payments represent rentals payable by Velindre University NHS Trust for properties and equipment.

Payments recognised as an expense	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments	3,009	3,111	3,009	3,111
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
Total	3,009	3,111	3,009	3,111

Total future minimum lease payments	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000
Payable:	NHS Trust		Consolidated	
Not later than one year	2,994	2,873	2,994	2,873
Between one and five years	6,606	7,095	6,606	7,095
After 5 years	1,599	1,942	1,599	1,942
Total	11,199	11,910	11,199	11,910

Total future sublease payments expected to be received	0	0	0	0
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9. Operating leases (continued)

9.2 Trust as lessor

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

Rental Revenue

Receipts recognised as income

	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000
	NHS Trust		Consolidated	
Rent	0	0	0	0
Contingent rent	0	0	0	0
Other	0	0	0	0
Total rental revenue	0	0	0	0

Total future minimum lease payments

Receivable:

	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000
	NHS Trust		Consolidated	
Not later than one year	0	0	0	0
Between one and five years	0	0	0	0
After 5 years	0	0	0	0
Total	0	0	0	0

10. Employee costs and numbers

10.1 Employee costs	Permanently employed staff	Staff on Inward Secondment	Agency Staff	Other Staff	2018-19	2017-18
					£000	£000
	£000	£000	£000	£000	£000	£000
Salaries and wages	128,997	1,132	1,843	1,281	133,253	123,214
Social security costs	12,093	36	0	0	12,129	12,697
Employer contributions to NHS Pensions Scheme	16,269	30	0	0	16,299	15,234
Other pension costs	14	0	0	0	14	5
Other post-employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total	157,373	1,198	1,843	1,281	161,695	151,150
Of the total above:						
Charged to capital					1,255	1,284
Charged to revenue					160,440	149,866
Total					161,695	151,150
Net movement in accrued employee benefits (untaken staff leave accrual included above)					(21)	(62)

Other staff includes temporary workers paid directly by Velindre University NHS Trust and staff sub-contracted or recharged from other NHS or public bodies.

10.2 Average number of employees

10.2 Average number of employees	Permanently Employed	Staff on Inward Secondment	Agency Staff	Other Staff	2018-19	2017-18
					Total	Total
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,335	16	29	22	2,402	2,287
Ambulance staff	0	0	0	0	0	0
Medical and dental	470	1	0	5	476	465
Nursing, midwifery registered	184	0	1	0	185	181
Professional, scientific and technical staff	52	0	0	0	52	53
Additional Clinical Services	197	0	1	3	201	197
Allied Health Professions	110	0	8	1	119	114
Healthcare scientists	132	1	0	0	133	133
Estates and Ancillary	319	0	5	12	336	329
Students	0	0	0	0	0	1
Total	3,799	18	44	43	3,904	3,760

10.3 Retirement costs due to ill-health

During 2018-19 there were 5 (2017-18, 5) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £668,774 (2017-18, £285,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

10.4 Employee benefits

The Trust operates four salary sacrifice schemes (childcare vouchers, cycle to work bikes, home electronics and lease cars) for the financial benefit of its employees. It also provides an Easter and summer childcare subsidy scheme, a respite care subsidy scheme, and a purchase of annual leave scheme. In addition, staff have access to a non contributory Employee Assistance Programme which provides financial wellbeing support.

10.5 Reporting of other compensation schemes - exit packages

	2018-19	2018-19	2018-19	2018-19	2017-18
Exit packages cost band (including any special payment element)	Number of compulsory redundancies Whole numbers only	Number of other departures Whole numbers only	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
less than £10,000	2	0	2	0	2
£10,000 to £25,000	0	7	7	0	1
£25,000 to £50,000	1	5	6	0	5
£50,000 to £100,000	0	1	1	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	1
more than £200,000	0	0	0	0	0
Total	3	13	16	0	9

	2018-19	2018-19	2018-19	2018-19	2017-18
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies £	Cost of other departures £	Total cost of exit packages £	Cost of special element included in exit packages £	Total cost of exit packages £
less than £10,000	8,397	0	8,397	0	16,013
£10,000 to £25,000	0	114,307	114,307	0	10,228
£25,000 to £50,000	28,424	211,885	240,309	0	192,446
£50,000 to £100,000	0	71,243	71,243	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	187,831
more than £200,000	0	0	0	0	0
Total	36,821	397,435	434,256	0	406,518

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

The disclosure reports the number and value of exit packages agreed in the year in line with the Welsh Government manual for accounts.

10.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Velindre University NHS Trust in the financial year 2018-19 was £135,000 to £140,000 (2017-18, £135,000 to £140,000). This was 5.0 times (2017-18, 5.2 times) the median remuneration of the workforce, which was £27,581 (2017-18, £26,244).

In 2018-19, 14 (2017-18, 10) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £17,500 to £202,700 (2017-18, £16,300 to £205,600).

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

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

11. Pensions

PENSION COSTS

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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

c) National Employment Savings Trust (NEST)

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

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

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

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 5% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 2% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,032 and £46,350 for the 2018-19 tax year (2017-18 £5,876 and £45,000).

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

12. Public Sector Payment Policy

12.1 Prompt payment code - measure of compliance

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

	2018-19	2018-19	2017-18	2017-18
	Number	£000	Number	£000
NHS				
Total bills paid in year	2,396	34,421	2,348	33,209
Total bills paid within target	1,904	26,558	1,943	28,365
Percentage of bills paid within target	79.5%	77.2%	82.8%	85.4%
Non-NHS				
Total bills paid in year	70,966	248,731	67,985	281,855
Total bills paid within target	69,141	244,073	65,288	277,351
Percentage of bills paid within target	97.4%	98.1%	96.0%	98.4%
Total				
Total bills paid in year	73,362	283,152	70,333	315,064
Total bills paid within target	71,045	270,631	67,231	305,716
Percentage of bills paid within target	96.8%	95.6%	95.6%	97.0%

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

	2018-19	2017-18
	£	£
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

13. Property, plant and equipment :

2018-19

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2018	17,751	53,144	255	12,530	29,987	4,574	24,340	1,099	143,680	0	143,680
Indexation	355	523	3	0	0	0	0	0	881	0	881
Additions - purchased	0	11,662	0	9,540	2,231	1,577	2,886	262	28,158	0	28,158
Additions - donated	0	0	0	0	0	0	15	0	15	0	15
Additions - government granted	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	469	0	(469)	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	(21)	0	0	(21)	0	(21)
Disposals other than by sale	0	(254)	0	0	(87)	(313)	(983)	(84)	(1,721)	0	(1,721)
At 31 March 2019	18,106	65,544	258	21,601	32,131	5,817	26,258	1,277	170,992	0	170,992
Depreciation											
At 1 April 2018	0	4,002	8	0	17,209	2,908	11,895	687	36,709	0	36,709
Indexation	0	31	1	0	0	0	0	0	32	0	32
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	(21)	0	0	(21)	0	(21)
Disposals other than by sale	0	(254)	0	0	(87)	(313)	(983)	(84)	(1,721)	0	(1,721)
Charged during the year	0	2,224	8	0	2,630	487	3,972	118	9,439	0	9,439
At 31 March 2019	0	6,003	17	0	19,752	3,061	14,884	721	44,438	0	44,438
Net book value											
At 1 April 2018	17,751	49,142	247	12,530	12,778	1,666	12,445	412	106,971	0	106,971
Net book value											
At 31 March 2019	18,106	59,541	241	21,601	12,379	2,756	11,374	556	126,554	0	126,554
Net book value at 31 March 2019 comprises :											
Purchased	18,106	55,008	241	21,601	12,272	2,756	11,353	556	121,893	0	121,893
Donated	0	4,533	0	0	107	0	19	0	4,659	0	4,659
Government Granted	0	0	0	0	0	0	2	0	2	0	2
At 31 March 2019	18,106	59,541	241	21,601	12,379	2,756	11,374	556	126,554	0	126,554
Asset Financing:											
Owned	18,106	59,391	241	21,601	12,378	2,756	11,326	556	126,355	0	126,355
Held on finance lease	0	150	0	0	1	0	48	0	199	0	199
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2019	18,106	59,541	241	21,601	12,379	2,756	11,374	556	126,554	0	126,554
The net book value of land, buildings and dwellings at 31 March 2019 comprises :											
Freehold									£000	£000	£000
Long Leasehold									62,181	0	62,181
Short Leasehold									11,163	0	11,163
Total									<u>4,544</u>	<u>0</u>	<u>4,544</u>
									<u>77,888</u>	<u>0</u>	<u>77,888</u>

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

13. Property, plant and equipment :

2017-18

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2017	16,870	60,884	256	9,314	31,269	5,010	22,738	951	147,292	0	147,292
Indexation	0	0	0	0	0	0	0	0	0	0	0
Additions - purchased	0	2,562	0	3,389	872	16	4,449	172	11,460	0	11,460
Additions - donated	0	0	0	0	5	0	0	0	5	0	5
Additions - government granted	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	135	0	(173)	0	0	38	0	0	0	0
Revaluation	881	(10,437)	(1)	0	0	0	0	0	(9,557)	0	(9,557)
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	(336)	0	0	(336)	0	(336)
Disposals other than by sale	0	0	0	0	(2,159)	(116)	(2,885)	(24)	(5,184)	0	(5,184)
At 31 March 2018	17,751	53,144	255	12,530	29,987	4,574	24,340	1,099	143,680	0	143,680
Depreciation											
At 1 April 2017	0	10,030	54	0	16,568	2,812	11,188	606	41,258	0	41,258
Indexation	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Revaluation	0	(8,211)	(54)	0	0	0	0	0	(8,265)	0	(8,265)
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	(336)	0	0	(336)	0	(336)
Disposals other than by sale	0	0	0	0	(2,159)	(116)	(2,885)	(24)	(5,184)	0	(5,184)
Charged during the year	0	2,183	8	0	2,800	548	3,592	105	9,236	0	9,236
At 31 March 2018	0	4,002	8	0	17,209	2,908	11,895	687	36,709	0	36,709
Net book value											
At 1 April 2017	16,870	50,854	202	9,314	14,701	2,198	11,550	345	106,034	0	106,034
Net book value											
At 31 March 2018	17,751	49,142	247	12,530	12,778	1,666	12,445	412	106,971	0	106,971
Net book value at 31 March 2018 comprises :											
Purchased	17,751	44,498	247	12,530	12,600	1,666	12,435	412	102,139	0	102,139
Donated	0	4,644	0	0	178	0	6	0	4,828	0	4,828
Government Granted	0	0	0	0	0	0	4	0	4	0	4
At 31 March 2018	17,751	49,142	247	12,530	12,778	1,666	12,445	412	106,971	0	106,971
Asset Financing:											
Owned	17,751	48,977	247	12,530	12,775	1,666	12,376	410	106,732	0	106,732
Held on finance lease	0	165	0	0	3	0	69	2	239	0	239
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2018	17,751	49,142	247	12,530	12,778	1,666	12,445	412	106,971	0	106,971
The net book value of land, buildings and dwellings at 31 March 2018 comprises :											
		£000	£000	£000							
Freehold		61,993	0	61,993							
Long Leasehold		7	0	7							
Short Leasehold		5,140	0	5,140							
Total		67,140	0	67,140							

13. Property, plant and equipment :

Disclosures:

i) Donated Assets

Velindre University NHS Trust received the following donated assets during the year:

IT equipment	£ 2,047
IT Server	£ 12,486
Total	<u>£ 14,533</u>

ii) Valuations

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

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 IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in operation.

iii) Asset Lives

Depreciated as follows:

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

iv) Compensation

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

v) Write Downs

There have been no write downs.

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

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

There are assets held for sale or sold in the period.

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
NWSSP commercial vehicles (22)	Replenishment	37
Temperature controlled storage & racking	Obsolete	8
		<u>45</u>

13.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total	FHoT assets	Consolidated Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2018	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	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	0	0
Balance c/f 31 March 2019	0	0	0	0	0	0	0	0
Balance b/f 1 April 2017	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	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	0	0
Balance c/f 31 March 2018	0	0	0	0	0	0	0	0

The Trust (NWSSP) has 2 vehicles that are being held for sale at 31st March 2019, with current net book value of nil.

14. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2018	45,075	3,512	4,862	0	0	0	53,449	0	53,449
Revaluation		0			0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Additions									
- purchased	648	2,540	0	0	0	0	3,188	0	3,188
- internally generated	0	0	0	0	0	0	0	0	0
- donated	10	0	0	0	0	0	10	0	10
- government granted	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(210)	(90)	0	0	0	0	(300)	0	(300)
At 31 March 2019	45,523	5,962	4,862	0	0	0	56,347	0	56,347
Amortisation									
At 1 April 2018	30,216	2,508	1,853	0	0	0	34,577	0	34,577
Revaluation		0			0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	5,663	394	970	0	0	0	7,027	0	7,027
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(210)	(90)	0	0	0	0	(300)	0	(300)
Accumulated amortisation at 31 March 2019	35,669	2,812	2,823	0	0	0	41,304	0	41,304
Net book value At 1 April 2018	14,859	1,004	3,009	0	0	0	18,872	0	18,872
Net book value At 31 March 2019	9,854	3,150	2,039	0	0	0	15,043	0	15,043
Net book value									
Purchased	9,839	0	2,039	0	0	0	11,878	0	11,878
Donated	16	0	0	0	0	0	16	0	16
Government granted	0	0	0	0	0	0	0	0	0
Internally Generated	0	3,149	0	0	0	0	3,149	0	3,149
At 31 March 2019	9,855	3,149	2,039	0	0	0	15,043	0	15,043

14. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2017	42,485	2,724	4,131	0	0	0	49,340	0	49,340
Revaluation		0			0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Additions									
- purchased	3,159	788	731	0	0	0	4,678	0	4,678
- internally generated	0	0	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(569)	0	0	0	0	0	(569)	0	(569)
At 31 March 2018	45,075	3,512	4,862	0	0	0	53,449	0	53,449
Amortisation									
At 1 April 2017	23,641	2,125	1,021	0	0	0	26,787	0	26,787
Revaluation		0			0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	7,144	383	832	0	0	0	8,359	0	8,359
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(569)	0	0	0	0	0	(569)	0	(569)
Accumulated amortisation at 31 March 2018	30,216	2,508	1,853	0	0	0	34,577	0	34,577
Net book value									
At 1 April 2017	18,844	599	3,110	0	0	0	22,553	0	22,553
Net book value									
At 31 March 2018	14,859	1,004	3,009	0	0	0	18,872	0	18,872
Net book value									
Purchased	14,848	0	3,009	0	0	0	17,857	0	17,857
Donated	11	0	0	0	0	0	11	0	11
Government granted	0	0	0	0	0	0	0	0	0
Internally Generated	0	1,004	0	0	0	0	1,004	0	1,004
At 31 March 2018	14,859	1,004	3,009	0	0	0	18,872	0	18,872

14. Intangible assets

Disclosures:

i) Donated Intangible Assets

Velindre University NHS Trust received the following donated assets during the year:

Sensory Projector software	£ 9,708
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Intangible assets comprise of licences for use of purchased IT software such as financial systems, internally generated IT software and various licences and trade marks.

An assessment is performed on an annual basis to determine that the assets are still available for use and that there is a continued market for their use. The fair values are based on the original cost and amortised based upon finite lives detailed below, and are as detailed in the note to the accounts.

The useful lives and amortisation rates used are 3 and 5 years and no intangible assets are assessed as having indefinite useful lives.

No intangible assets have been acquired by Government Grant.

15. Impairments

Impairments in the period arose from:	2018-19		2017-18	
	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	0	0
Changes in market price	0	0	0	0
Other (Specify)	0	0	0	0
Reversal of impairment	0	0	0	0
Impairments charged to operating expenses	0	0	0	0
FHoT Impairments charged to operating expenses	0	0	0	0
Consolidated impairment charged to operating expenses	0	0	0	0

Analysis of impairments :

Operating expenses in Statement of Comprehensive Income	0	0	0	0
Revaluation reserve	0	0	0	0
Total	0	0	0	0
FHoT Operating expenses in SoCNI	0	0	0	0
FHoT reserves	0	0	0	0
NHS Consolidated Total	0	0	0	0

There have been no impairments during the year ended 31st March 2019.

16. Inventories

16.1 Inventories

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Drugs	1,152	1,321	1,152	1,321
Consumables	5,719	3,258	5,719	3,258
Energy	0	0	0	0
Work in progress	0	0	0	0
Other	2,089	1,444	2,089	1,444
Total	8,960	6,023	8,960	6,023
Of which held at net realisable value:	0	0	0	0

16.2 Inventories recognised in expenses

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Inventories recognised as an expense in the period	48,525	49,182	48,525	49,182
Write-down of inventories (including losses)	33	33	33	33
Reversal of write-downs that reduced the expense	0	(267)	0	(267)
Total	48,558	48,948	48,558	48,948

17. Trade and other receivables

17.1 Trade and other receivables

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Current				
	NHS Trust		Consolidated	
Welsh Government	354,914	354,254	354,914	354,254
WHSSC & EASC	855	514	855	514
Welsh Health Boards	10,616	9,961	10,616	9,961
Welsh NHS Trusts	579	826	579	826
Health Education and Improvement Wales (HEIW)	435	0	435	0
Non - Welsh Trusts	133	0	133	0
Other NHS	59	79	59	79
Welsh Risk Pool	105	0	105	0
Local Authorities	98	181	98	181
Capital debtors	0	153	0	153
Other debtors	6,316	4,795	5,840	4,426
FHoT debtor			106	409
Provision for impairment of trade receivables	(1,931)	(314)	(1,931)	(314)
Pension Prepayments				
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	9,371	6,578	9,371	6,578
Accrued income	2,666	793	2,666	793
Sub-total	384,216	377,820	383,846	377,860
Non-current				
Welsh Government	798,646	782,239	798,646	782,239
WHSSC & EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Health Education and Improvement Wales (HEIW)	0	0	0	0
Non - Welsh Trusts	0	0	0	0
Other NHS	0	0	0	0
Welsh Risk Pool	0	0	0	0
Local Authorities	0	0	0	0
Capital debtors	0	0	0	0
Other debtors	0	0	0	0
FHoT debtor			0	0
Provision for impairment of trade receivables	0	0	0	0
Pension Prepayments				
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	0	0	0	0
Accrued income	0	0	0	0
Sub-total	798,646	782,239	798,646	782,239
Total trade and other receivables	1,182,862	1,160,059	1,182,492	1,160,099

The great majority of trade is with other NHS bodies. As NHS bodies are funded by Welsh Government, no credit scoring of them is considered necessary.

The value of trade receivables that are past their payment date but not impaired is £3,955,000 (£1,453,000 in 2017-18). These are analysed further in note 17.2.

17.2 Receivables past their due date but not impaired

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
By up to 3 months	3,209	490	3,209	490
By 3 to 6 months	210	330	210	330
By more than 6 months	536	633	536	633
Balance at end of financial year	3,955	1,453	3,955	1,453

Due to the implementation of IFRS9, the above table now includes receivables from Welsh Government and NHS Wales. The significant increase of receivables past their due date by up to 3 months but not impaired is predominantly due to this addition.

17.3 Expected Credit Losses (ECL) Allowance for bad and doubtful debts

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Balance at 31 March 2018	(314)		(314)	
Adjustment for Implementation of IFRS 9	(1,610)		(1,610)	
Balance at 1 April	(1,924)	(372)	(1,924)	(372)
Transfer to other NHS Wales body	0	0	0	0
Provision utilised (Amount written off during the year)	10	5	10	5
Provision written back during the year no longer required	0	0	0	0
(Increase)/Decrease in provision during year	(17)	53	(17)	53
ECL/Bad debts recovered during year	0	0	0	0
Balance at end of financial year	(1,931)	(314)	(1,931)	(314)

17.4 Receivables VAT

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Trade receivables	62	134	62	134
Other	0	0	0	0
Total	62	134	62	134

18. Other financial assets

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0
Non-Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	5,406	5,567
Available for sale at FV	0	0	0	0
Total	0	0	5,406	5,567

19. Cash and cash equivalents

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Opening Balance	19,893	18,888	20,937	19,482
Net change in year	1,056	1,005	1,447	1,455
Closing Balance	20,949	19,893	22,384	20,937
Made up of:				
Cash with Government Banking Service (GBS)	20,934	19,875	20,934	19,875
Cash with Commercial banks	0	0	1,435	1,044
Cash in hand	15	18	15	18
Total cash	20,949	19,893	22,384	20,937
Current investments	0	0	0	0
Cash and cash equivalents as in SoFP	20,949	19,893	22,384	20,937
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial banks	0	0	0	0
Cash & cash equivalents as in Statement of Cash Flows	20,949	19,893	22,384	20,937

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

Lease Liabilities £nil
PFI liabilities £nil

The movement relates to cash, no comparative information is required by IAS 7 in 2018-19.

20. Trade and other payables at the SoFP Date	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
Current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Welsh Government	16	9,750	16	9,750
WHSSC & EASC	24	0	24	0
Welsh Health Boards	72,394	75,324	72,394	75,324
Welsh NHS Trusts	2,799	2,245	2,799	2,245
Health Education and Improvement Wales (HEIW)	0	0	0	0
Other NHS	263	554	263	554
Local Authorities	119	19	119	19
Taxation and social security payable / refunds:				
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	1,364	6	1,364	6
National Insurance contributions payable to HMRC	1,880	17	1,880	17
Non-NHS trade payables - revenue	12,114	10,803	12,114	10,803
Trade payables - capital	9,867	7,228	9,868	7,228
FHoT payables			115	190
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
Pensions: staff	2,268	30	2,268	30
Accruals	17,332	4,304	17,332	4,304
Deferred Income:				
Deferred income brought forward	2,950	1,838	2,950	1,838
Deferred income additions	1,060	2,466	1,060	2,466
Transfer to/from current/non current deferred income	0	0	0	0
Released to the Income Statement	(1,467)	(1,352)	(1,467)	(1,352)
Other liabilities - all other payables	0	0	0	0
PFI assets – deferred credits	0	0	0	0
PFI - Payments on account	0	0	0	0
Sub-total	122,983	113,232	123,099	113,422

In respect of the Pensions figure shown above, £2,265,000 relates to the NHS Pension scheme (2017-18 £30,000) and £2,568 to the NEST pension scheme (2017-18 £902).

20. Trade and other payables at the SoFP Date (cont)

Non-current	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Welsh Government	0	0	0	0
WHSSC & EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Health Education and Improvement Wales (HEIW)	0	0	0	0
Other NHS	0	0	0	0
Taxation and social security payable / refunds:				
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	0	0	0	0
National Insurance contributions payable to HMRC	0	0	0	0
Non-NHS trade payables - revenue	0	0	0	0
Local Authorities	0	0	0	0
Non-NHS trade payables - capital	0	0	0	0
FHoT payables			0	0
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
Pensions: staff	0	0	0	0
Accruals	0	0	0	0
Deferred Income:				
Deferred income brought forward	0	0	0	0
Deferred income additions	0	0	0	0
Transfer to/from current/non current deferred income	0	0	0	0
Released to the Income Statement	0	0	0	0
Other liabilities - all other payables	0	0	0	0
PFI assets – deferred credits	0	0	0	0
PFI - Payments on account	0	0	0	0
Sub-total	0	0	0	0
Total	122,983	113,232	123,099	113,422

The Trust aims to pay all invoices within the 30 day period directed by the Welsh Government.

21. Borrowings	31 March	31 March	31 March	31 March
Current	2019	2018	2019	2018
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Bank overdraft - Government Banking Service (GBS)	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	24	24	24	24
Other	0	0	0	0
Total	24	24	24	24
Non-current				
Bank overdraft - OPG	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	29	52	29	52
Other	0	0	0	0
Total	29	52	29	52

21.2 Loan advance/strategic assistance funding

The Trust has not received a loan advance or strategic funding from the Welsh Government.

22. Other financial liabilities

	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
Current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
Non-current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

23. Provisions

2018-19

23.1 NHS Trust and Welsh Risk Pool

	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	258,701	(65,119)	(2,819)	76,292	0	189,133	(87,901)	(103,568)	(2,604)	262,115
Personal injury	6,672	0	0	(18)	0	4,073	(4,862)	(3,625)	0	2,240
All other losses and special payments	0	0	0	0	0	1	0	0	0	1
Defence legal fees and other administration	4,543	0	0	579	0	3,090	(1,189)	(2,382)	0	4,641
Structured Settlements - WRPS	11,187	2,148	0	0	0	13,372	(12,054)	(439)	(395)	13,819
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	20		(7)	25	0	0	(19)	0	0	19
Restructurings	0		0	0	0	0	0	0		0
Other	743		0	0	0	999	(834)	0		908
Total	281,866	(62,971)	(2,826)	76,878	0	210,668	(106,859)	(110,014)	(2,999)	283,743
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	281,866	(62,971)	(2,826)	76,878	0	210,668	(106,859)	(110,014)	(2,999)	283,743
Non Current										
Clinical negligence	420,776	0	0	(76,488)	0	53,662	(3,446)	(7,844)	0	386,660
Personal injury	6	0	0	(6)	0	300	0	0	0	300
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	3,178	0	0	(359)	0	644	(104)	(367)	0	2,992
Structured Settlements - WRPS	358,279	62,971	0	0	0	4,024	0	(16,578)	0	408,696
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	132		0	(25)	0	(5)	0	0	0	102
Restructurings	0		0	0	0	0	0	0		0
Other	283		0	0	0	378	0	0		661
Total	782,654	62,971	0	(76,878)	0	59,003	(3,550)	(24,789)	0	799,411
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	782,654	62,971	0	(76,878)	0	59,003	(3,550)	(24,789)	0	799,411
TOTAL										
Clinical negligence	679,477	(65,119)	(2,819)	(196)	0	242,795	(91,347)	(111,412)	(2,604)	648,775
Personal injury	6,678	0	0	(24)	0	4,373	(4,862)	(3,625)	0	2,540
All other losses and special payments	0	0	0	0	0	1	0	0	0	1
Defence legal fees and other administration	7,721	0	0	220	0	3,734	(1,293)	(2,749)	0	7,633
Structured Settlements - WRPS	369,466	65,119	0	0	0	17,396	(12,054)	(17,017)	(395)	422,515
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	152		(7)	0	0	(5)	(19)	0	0	121
Restructurings	0		0	0	0	0	0	0		0
Other	1,026		0	0	0	1,377	(834)	0		1,569
Total	1,064,520	0	(2,826)	0	0	269,671	(110,409)	(134,803)	(2,999)	1,083,154
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	1,064,520	0	(2,826)	0	0	269,671	(110,409)	(134,803)	(2,999)	1,083,154

Expected timing of cash flows:

	In year to 31 March 2020	Between 1 April 2020 to 31 March 2024	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	262,115	276,403	110,257	648,775
Personal injury	2,240	300	0	2,540
All other losses and special payments	1	0	0	1
Defence legal fees and other administration	4,641	2,992	0	7,633
Structured Settlements - WRPS	13,819	57,822	350,874	422,515
Pensions - former directors	0	0	0	0
Pensions - other staff	19	67	35	121
Restructuring	0	0	0	0
Other	908	661	0	1,569
Total	283,743	338,245	461,166	1,083,154
FHoT	0	0	0	0
Consolidated Total	283,743	338,245	461,166	1,083,154

23. Provisions

2018-19

23.2 NHS Trust

	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	316	0	0	0	0	365	(340)	(326)	0	15
Personal injury	115	0	0	0	0	15	(14)	(115)	0	1
All other losses and special payments	0	0	0	0	0	1	0	0	0	1
Defence legal fees and other administration	46	0	0	0	0	122	92	(238)	0	22
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	20		(7)	25	0	0	(19)	0	0	19
Restructurings	0		0	0	0	0	0	0		0
Other	743		0	0	0	999	(834)	0		908
Total	1,240	0	(7)	25	0	1,502	(1,115)	(679)	0	966
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	132		0	(25)	0	(5)	0	0	0	102
Restructurings	0		0	0	0	0	0	0		0
Other	283		0	0	0	378	0	0		661
Total	415	0	0	(25)	0	373	0	0	0	763
TOTAL										
Clinical negligence	316	0	0	0	0	365	(340)	(326)	0	15
Personal injury	115	0	0	0	0	15	(14)	(115)	0	1
All other losses and special payments	0	0	0	0	0	1	0	0	0	1
Defence legal fees and other administration	46	0	0	0	0	122	92	(238)	0	22
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	152		(7)	0	0	(5)	(19)	0	0	121
Restructurings	0		0	0	0	0	0	0		0
Other	1,026		0	0	0	1,377	(834)	0		1,569
Total	1,655	0	(7)	0	0	1,875	(1,115)	(679)	0	1,729

Expected timing of cash flows:

	In year to 31 March 2020	Between 1 April 2020 to 31 March 2024	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	15	0	0	15
Personal injury	1	0	0	1
All other losses and special payments	1	0	0	1
Defence legal fees and other administration	22	0	0	22
Structured Settlements - WRPS	0	0	0	0
Pensions - former directors	0	0	0	0
Pensions - other staff	19	67	35	121
Restructuring	0	0	0	0
Other	908	661	0	1,569
Total	966	728	35	1,729

23. Provisions

2018-19

23.3 Welsh Risk Pool

	At 1 April 2018	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 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	258,595	(65,119)	(2,819)	76,292	0	188,799	(87,661)	(103,370)	(2,604)	262,113
Personal injury	6,619	0	0	(18)	0	4,058	(4,910)	(3,510)	0	2,239
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	4,573	0	0	579	0	2,968	(1,356)	(2,144)	0	4,620
Structured Settlements - WRPS	11,187	2,148	0	0	0	13,372	(12,054)	(439)	(395)	13,819
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	280,974	(62,971)	(2,819)	76,853	0	209,197	(105,981)	(109,463)	(2,999)	282,791

Non Current

Clinical negligence	420,776	0	0	(76,488)	0	53,662	(3,446)	(7,844)	0	386,660
Personal injury	6	0	0	(6)	0	300	0	0	0	300
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	3,178	0	0	(359)	0	644	(104)	(367)	0	2,992
Structured Settlements - WRPS	358,279	62,971	0	0	0	4,024	0	(16,578)	0	408,696
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	782,239	62,971	0	(76,853)	0	58,630	(3,550)	(24,789)	0	798,648

TOTAL

Clinical negligence	679,371	(65,119)	(2,819)	(196)	0	242,461	(91,107)	(111,214)	(2,604)	648,773
Personal injury	6,625	0	0	(24)	0	4,358	(4,910)	(3,510)	0	2,539
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	7,751	0	0	220	0	3,612	(1,460)	(2,511)	0	7,612
Structured Settlements - WRPS	369,466	65,119	0	0	0	17,396	(12,054)	(17,017)	(395)	422,515
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,063,213	0	(2,819)	0	0	267,827	(109,531)	(134,252)	(2,999)	1,081,439

Expected timing of cash flows:

	In year to 31 March 2020	Between 1 April 2020 to 31 March 2024	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	262,114	276,403	110,257	648,774
Personal injury	2,239	300	0	2,539
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	4,620	2,992	0	7,612
Structured Settlements - WRPS	13,820	57,822	350,874	422,516
Pensions - former directors	0	0	0	0
Pensions - other staff	0	0	0	0
Restructuring	0	0	0	0
Other	0	0	0	0
Total	282,793	337,517	461,131	1,081,441

Timing of cashflow has been profiled to match total current liabilities. However, the total will include cases which may settle with a structured settlement, so the underlying cashflow may be over a number of years. There can also be delays in settlement dates anticipated for next year which will further impact the cash flow timing. During 2019-20 the Welsh Risk Pool best estimate is that £110million will be paid out on legal claims.

23. Provisions (continued)

2017-18

NHS Trust and Welsh Risk Pool

	At 1 April 2017	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	236,684	(27,006)	(5,717)	(5,452)	0	165,609	(75,430)	(25,088)	(4,899)	258,701
Personal injury	5,019	0	0	(10)	0	6,407	(2,508)	(2,222)	(14)	6,672
All other losses and special payments	44	0	0	0	0	6	(49)	(1)	0	0
Defence legal fees and other administration	4,983	0	0	(938)	0	3,015	(1,080)	(1,412)	(25)	4,543
Structured Settlements - WRPS	10,755	550	0	0	0	11,363	(10,869)	(993)	381	11,187
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	22		(6)	24	0	0	(20)	0	0	20
Restructurings	0		0	0	0	0	0	0		0
Other	1,284		0	0	0	738	(709)	(570)		743
Total	258,791	(26,456)	(5,723)	(6,376)	0	187,138	(90,665)	(30,286)	(4,557)	281,866
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	258,791	(26,456)	(5,723)	(6,376)	0	187,138	(90,665)	(30,286)	(4,557)	281,866
Non Current										
Clinical negligence	298,210	0	(3,200)	5,312	0	146,474	(7,615)	(17,683)	(722)	420,776
Personal injury	0	0	0	6	0	0	0	0	0	6
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,494	0	0	1,082	0	1,111	(210)	(290)	(9)	3,178
Structured Settlements - WRPS	309,834	26,456	0	0	0	26,977	0	(4,988)	0	358,279
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	153		0	(24)	0	3	0	0	0	132
Restructurings	0		0	0	0	0	0	0		0
Other	175		0	0	0	108	0	0		283
Total	609,866	26,456	(3,200)	6,376	0	174,673	(7,825)	(22,961)	(731)	782,654
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	609,866	26,456	(3,200)	6,376	0	174,673	(7,825)	(22,961)	(731)	782,654
TOTAL										
Clinical negligence	534,894	(27,006)	(8,917)	(140)	0	312,083	(83,045)	(42,771)	(5,621)	679,477
Personal injury	5,019	0	0	(4)	0	6,407	(2,508)	(2,222)	(14)	6,678
All other losses and special payments	44	0	0	0	0	6	(49)	(1)	0	0
Defence legal fees and other administration	6,477	0	0	144	0	4,126	(1,290)	(1,702)	(34)	7,721
Structured Settlements - WRPS	320,589	27,006	0	0	0	38,340	(10,869)	(5,981)	381	369,466
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	175		(6)	0	0	3	(20)	0	0	152
Restructurings	0		0	0	0	0	0	0		0
Other	1,459		0	0	0	846	(709)	(570)		1,026
Total	868,657	0	(8,923)	0	0	361,811	(98,490)	(53,247)	(5,288)	1,064,520
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	868,657	0	(8,923)	0	0	361,811	(98,490)	(53,247)	(5,288)	1,064,520

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

Included within the above are no clinical negligence provisions arising from Redress.

In addition to the provision shown above, contingent liabilities are given in the 'Contingent liabilities' note.

Other Provisions include:

- Dilapidations
- Decommissioning caesium sources
- Employee Costs

24 Contingencies

24.1 Contingent liabilities

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

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Legal claims for alleged medical or employer negligence	936,248	814,718	936,248	814,718
Doubtful debts	0	0	0	0
Equal pay cases	0	0	0	0
Defence costs	0	0	0	0
Other (Please specify)	117	0	117	0
Total value of disputed claims	936,365	814,718	936,365	814,718
Amount recovered under insurance arrangements in the event of these claims being successful	(936,133)	(814,591)	(936,133)	(814,591)
Net contingent liability	232	127	232	127

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.

Contingent liabilities includes claims relating to alleged clinical negligence, personal injury and permanent injury benefits under the NHS Injury Benefits Scheme. The above figures include contingent liabilities for all Health Bodies in Wales. "Other" includes £117,000 (2017/18, £nil) relating to the Trust's treatment of VAT in respect of advisory legal services, pending advice from HMRC.

24.2. Remote contingent liabilities

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Guarantees	0	0	0	0
Indemnities	17,465	27,654	17,465	27,654
Letters of comfort	0	0	0	0
Total	17,465	27,654	17,465	27,654

24.3 Contingent assets

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
	0	0	0	0
	0	0	0	0
	0	0	0	0
Total	0	0	0	0

The Trust has no contingent assets.

25. Capital commitments

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

	31 March	31 March	31 March	31 March
	2019	2018	2018	2017
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Property, plant and equipment	904	1,533	904	1,533
Intangible assets	2,678	1,627	2,678	1,627
Total	3,582	3,160	3,582	3,160

26. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 March 2019		Approved to write-off year to 31 March 2019	
	Number	£	Number	£
Clinical negligence	382	96,829,125	383	97,158,970
Personal injury	46	6,494,275	44	6,483,683
All other losses and special payments	301	1,773,797	296	1,769,295
Total	729	105,097,197	723	105,411,948
FHoT losses and special payments	0	0	0	0
Consolidated Total	729	105,097,197	723	105,411,948

Analysis of cases:

Case Reference	Number	Case Type	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases where cumulative amount exceeds £300,000					
Abertawe Bro Morgannwg University Health Board	10	10 Clinical negligence	14,756,294	17,493,937	14,756,294
Aneurin Bevan Health Board	5	5 Clinical negligence	6,802,359	9,354,780	6,802,359
Betsi Cadwaladr Health Board	10	10 Clinical negligence	12,192,410	15,146,504	12,192,410
Cardiff & Vale University Health	18	18 Clinical negligence	25,200,753	29,870,530	25,200,753
Cwm Taf University Health Board	4	3 Clinical negligence, 1 Personal injury	1,922,376	4,574,127	1,922,376
Hywel Dda Local Health Board	7	7 Clinical negligence	8,593,154	8,593,154	8,593,154
Public Health Wales NHS Trust	3	3 Clinical negligence	1,288,142	1,288,142	1,288,142
Welsh Ambulance Services Trust	4	1 Clinical negligence, 3 Personal injury	5,274,429	5,812,134	5,274,429
Sub-total	61		76,029,917	92,133,308	76,029,917
All other cases	668		29,067,280	142,917,209	29,382,031
Total cases	729		105,097,197	235,050,517	105,411,948

26. Losses and special payments

26.2 Velindre University NHS Trust excluding Welsh Risk Pool

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 2019		Approved to write-off year to 31 March 2019	
	Number	£	Number	£
Clinical negligence	7	340,468	8	670,313
Personal injury	3	13,592	1	3,000
All other losses and special payments	15	16,041	10	11,539
Total	25	370,101	19	684,852

Analysis of cases:

Case reference	Number	Case Type	Amounts paid out in year	Cumulative amount	Approved to write-off in year
			£	£	£
Cases where cumulative amount exceeds £300,000	0		0	0	0
Sub-total	0		0	0	0
All other cases	25		370,101	1,022,763	684,852
Total cases	25		370,101	1,022,763	684,852

26. Losses and special payments

26.3 Welsh Risk Pool

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 2019		Approved to write-off year to 31 March 2019	
	Number	£	Number	£
Clinical negligence	375	96,488,657	375	96,488,657
Personal injury	43	6,480,683	43	6,480,683
All other losses and special payments	286	1,757,756	286	1,757,756
Total	704	104,727,096	704	104,727,096

Analysis of cases:

	Number	Case Type	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases where cumulative amount exceeds £300,000					
Abertawe Bro Morgannwg University Health Board	10	10 Clinical negligence	14,756,294	17,493,937	14,756,294
Aneurin Bevan Health Board	5	5 Clinical negligence	6,802,359	9,354,780	6,802,359
Betsi Cadwaladr Health Board	10	10 Clinical negligence	12,192,410	15,146,504	12,192,410
Cardiff & Vale University Health Board	18	18 Clinical negligence	25,200,753	29,870,530	25,200,753
Cwm Taf University Health Board	4	3 Clinical negligence, 1 Personal injury	1,922,376	4,574,127	1,922,376
Hywel Dda Local Health Board	7	7 Clinical negligence	8,593,154	8,593,154	8,593,154
Powys Local Health Board	0		0	0	0
Public Health Wales NHS Trust	3	3 Clinical negligence	1,288,142	1,288,142	1,288,142
Velindre University NHS Trust	0		0	0	0
Welsh Ambulance Services Trust	4	1 Clinical negligence, 3 Personal injury	5,274,429	5,812,134	5,274,429
Sub-total	61		76,029,917	92,133,308	76,029,917
All other cases	643		28,697,179	141,894,446	28,697,179
Total cases	704		104,727,096	234,027,754	104,727,096

27. Finance leases

27.1 Finance leases obligations (as lessee)

Velindre University NHS Trust leases certain items of plant and equipment, which are mainly printers, under finance leases. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of Velindre University NHS Trust's lease obligations is approximately equal to their carrying amount. Velindre University NHS Trust's obligation under finance leases are secured by the lessors' rights over the leased assets disclosed in note 13.

Amounts payable under finance leases:

LAND	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
Minimum lease payments	£000	£000	£000	£000
	NHS Trust		Consolidated	
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
OTHER	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
Minimum lease payments	£000	£000	£000	£000
	NHS Trust		Consolidated	
Within one year	26	27	26	27
Between one and five years	30	55	30	55
After five years	0	0	0	0
Less finance charges allocated to future periods	(3)	(6)	(3)	(6)
Minimum lease payments	53	76	53	76
Included in: Current borrowings	24	24	24	24
Non-current borrowings	29	52	29	52
Total	53	76	53	76
Present value of minimum lease payments				
Within one year	24	24	24	24
Between one and five years	29	52	29	52
After five years	0	0	0	0
Total present value of minimum lease payments	53	76	53	76
Included in: Current borrowings	24	24	24	24
Non-current borrowings	29	52	29	52
Total	53	76	53	76

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
	NHS Trust		Consolidated	
Gross investment in leases				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.3 Rental Revenue	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Contingent rent	0	0	0	0
Other	0	0	0	0
Total rental revenue	0	0	0	0

27.4 Finance Lease Commitment

The Trust has entered into one new contract to lease additional space, within a building already occupied, via finance lease during 2018-19.

28. Private finance transactions

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

The Trust has no PFI or PPP schemes.

29. Financial Risk Management

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

NHS Trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

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

Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with various Health bodies, which are financed from resources voted annually by parliament. NHS Trusts also largely finance their capital expenditure from funds made available from the Welsh Government under agreed borrowing limits. NHS Trusts are not, therefore, exposed to significant liquidity risks.

Interest-rate risks

The great majority of NHS Trust's financial assets and financial liabilities carry nil or fixed rates of interest. NHS Trusts are not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

NHS Trusts have no or negligible foreign currency income or expenditure and therefore are not exposed to significant foreign currency risk.

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers as disclosed in the trade and other receivables note.

General

The powers of the Trust to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

30. Movements in working capital

	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
	NHST		Consolidated
Movements in working capital			
Decrease / (increase) in inventories	(2,937)	(185)	(2,937)
(Increase) in trade and other receivables - non-current	(16,407)	(172,692)	(16,135)
(Increase) / decrease in trade and other receivables -current	(6,396)	(44,286)	(5,986)
Increase/(Decrease) in trade and other payables- non-current	0	0	0
Increase / (decrease) in trade and other payables- current	9,751	22,226	9,677
Total	(15,989)	(194,937)	(15,381)
Adjustment for accrual movements in fixed assets -creditors	(2,639)	(3,550)	(2,640)
Adjustment for accrual movements in fixed assets -debtors	(153)	(22)	(153)
Other adjustments	1,388	(25)	1,402
Total	(17,393)	(198,534)	(16,772)

Consolidated figures are not included at 31 March 2018 as the Cash Flow Statement was prepared in a different format.

31. Other cash flow adjustments

	31 March 2019 £000	31 March 2018 £000
Other cash flow adjustments		
Depreciation	9,439	9,236
Amortisation	7,027	8,359
(Gains)/Loss on Disposal	0	0
Impairments and reversals	0	0
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(24)	(5)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	129,043	299,638
Total	145,485	317,228

32. Third party assets

The Trust held £nil cash at bank and in hand at 31 March 2019 (31 March 2018, £nil) which relates to monies held by the Trust on behalf of patients. Cash held in Patient's Investment Accounts amounted to £nil at 31 March 2019 (31 March 2018, £nil).

33. Events after reporting period

The Trust had no events after the reporting period.

34. 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.

The Welsh Government is regarded as a related party. During the year NHS Trust have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	12,000	314,971	16	6,385
WHSSC/EASC	129	40,716	24	855
Abertawe Bro Morgannwg University Health Board	5,292	25,498	1,253	2,053
Aneurin Bevan Health Board	5,877	36,978	1,803	2,003
Betsi Cadwaladr Health Board	4,972	19,866	1,043	1,375
Cardiff & Vale University Health Board	6,392	32,602	1,248	1,970
Cwm Taf University Health Board	4,270	19,951	979	1,920
Hywel Dda Local Health Board	2,157	12,051	811	1,107
Powys Local Health Board	451	2,853	161	188
Public Health Wales NHS Trust	491	3,302	140	302
Welsh Ambulance Services Trust	1,386	1,656	93	276
Health Education and Improvement Wales (HEIW)	44	11,098	0	435
Welsh Local Authorities	2,580	115	119	98
Cardiff University	13,968	527	301	60
Swansea University	9,531	125	2	1
Cardiff Metropolitan University	2,055	0	99	0
University of South Wales	8,778	121	35	0
University of Wales	139	0	54	0
Bangor University	7,631	0	145	0
Glyndwr University	0	0	56	0
Other	0	0	0	0
Charities	81	878	81	168
	88,224	523,308	8,463	19,196

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. The majority of these transactions have been with universities as disclosed above, other transactions include payments to English, Scottish and Irish NHS organisations amounting to £493,181 (2017-18: £1,630,000).

The Trust Board is the corporate trustee of Velindre University NHS Trust Charitable Funds. During the year the Trust received £2,762,000 (2017-18: £2,714,000) from Velindre University NHS Trust Charitable Funds.

The Welsh Government receipts exclude £14,894,000 that relates to PDC capital received during 2018-19 (2017-18: returned £1,402,000).

35. Pooled budgets

Velindre University NHS Trust has no pooled budgets.

Velindre University NHS Trust Annual Accounts 2018-19

36. Operating Segments

	VELINDRE		NWIS		NWSSP		WRP		TOTAL		FHOT		ELIMINATIONS		CONSOLIDATED	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Operating Revenue																
Segmental Income	127,487	119,026	70,790	56,615	196,130	232,647	130,638	302,898	525,045	711,186	3,323	4,356	(2,762)	(2,714)	525,606	712,828
	127,487	119,026	70,790	56,615	196,130	232,647	130,638	302,898	525,045	711,186	3,323	4,356	(2,762)	(2,714)	525,606	712,828
Operating Expenses																
Welsh Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHSSC & EASC	0	146	0	0	37	0	0	0	37	146	0	0	0	0	37	146
Local Health Boards	291	1,175	1,646	1,159	3,735	875	0	0	5,671	3,209	0	0	0	0	5,671	3,209
Welsh NHS Trusts	0	2,066	163	0	168	0	0	0	330	2,066	0	0	0	0	330	2,066
Other NHS Trusts	0	2	0	0	0	1	0	0	0	3	0	0	0	0	0	3
Goods and services from other NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of healthcare from non-NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Welsh Local Authorities	27	0	40	52	0	0	0	0	68	52	0	0	0	0	68	52
Other Local Authorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Directors' costs	1,098	1,055	0	0	0	0	0	0	1,098	1,055	0	0	0	0	1,098	1,055
Staff costs	54,322	51,394	27,906	24,249	77,225	73,168	0	0	159,453	148,811	0	0	0	0	159,453	148,811
Supplies and services - clinical	53,473	47,622	21	12	490	700	0	0	53,984	48,334	0	0	0	0	53,984	48,334
Supplies and services - general	592	447	263	110	40,805	36,154	0	0	41,660	36,711	0	0	0	0	41,660	36,711
Consultancy Services	313	(100)	1,109	1,423	336	790	0	0	1,758	2,113	0	0	0	0	1,758	2,113
Establishment	2,342	2,464	4,912	4,001	7,315	7,149	0	0	14,569	13,614	0	0	0	0	14,569	13,614
Transport	928	898	15	18	1,286	1,079	0	0	2,229	1,995	0	0	0	0	2,229	1,995
Premises	6,493	5,491	26,897	16,542	8,710	9,490	0	0	42,100	31,523	0	0	0	0	42,100	31,523
Costs of generating funds	0	0	0	0	0	0	0	0	0	0	743	513	(192)	(196)	551	317
Charitable activities	0	0	0	0	0	0	0	0	0	0	2,935	2,822	(2,526)	(2,478)	409	344
Governance Costs	0	0	0	0	0	0	0	0	0	0	44	40	(44)	(40)	0	0
Impairments and Reversals of Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	5,944	6,163	2,052	1,614	1,444	1,459	0	0	9,440	9,236	0	0	0	0	9,440	9,236
Amortisation	383	259	6,344	7,817	302	283	0	0	7,029	8,359	0	0	0	0	7,029	8,359
Impairments and reversals of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit fees	209	209	0	0	0	0	0	0	209	209	0	0	0	0	209	209
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	(203)	9	0	9	61	81	133,637	308,186	133,496	308,285	0	0	0	0	133,496	308,285
Research and development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	1,331	(146)	(578)	(391)	54,247	101,390	0	0	55,000	100,853	0	0	0	0	55,000	100,853
Total	127,543	119,154	70,790	56,615	196,161	232,619	133,637	308,186	528,131	716,574	3,722	3,375	(2,762)	(2,714)	529,091	717,235
Investment Revenue	100	59	0	0	0	0	0	0	100	59	154	171	0	0	254	230
Other Gains and Losses	0	98	0	0	45	0	0	0	45	98	0	0	0	0	45	98
Finance Costs	(3)	(3)	0	0	0	0	2,999	5,288	2,996	5,285	0	0	0	0	2,996	5,285
SURPLUS / (DEFICIT)	41	26	0	0	14	28	0	0	55	54	(245)	1,152	0	0	(190)	1,206

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

37. Other Information

IFRS15

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

- Charitable Income and other contributions to expenditure;
- Receipt of donated assets;
- WG funding without direct performance obligation (e.g. SIFT/SIFT®/Junior Doctors & PDGME Funding).

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

- Welsh LHB & WHSCC LTA income;
- Non Welsh Commissioner income;
- NHS Trust income;
- Foundation Trust income;
- Other WG income;
- Local Authority income;
- ICR income;
- Training & education income;
- Accommodation & catering income

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTAs). The adjustment being, for episodes of patient care which had started but not concluded (FCEs) as at period end, eg 31 March. Inclusion of these was not deemed to have a material impact within the Trust's financial statements and therefore no adjustment for compliance with IFRS15 has been made.

37. Other Information (continued)

IFRS 9

For consistency across Wales, the practical expedient provision matrix was used to estimate expected credit losses (ECLs) based on the 'age' of receivables as follows:

- Receivables were segregated into appropriate groups
- Each group, was analysed into:
 - a) age-bands
 - 1-30 days (including current)
 - 31-60 days
 - 61-90 days
 - 91-180 days
 - 181- 365 days
 - > 1 year
 - b) at historical back-testing dates (data points)
- For each age-band, at each back-testing date the following were determined:
 - a) the gross receivables
 - b) the amounts ultimately collected/written-off. If material, adjustments were made to exclude the effect of non-collections for reasons other than credit loss (eg credit notes issued for returns, short-deliveries or as a commercial price concession)

The average historical loss rate by age-band was calculated, and adjusted where necessary to take account of changes in:

- a) economic conditions
- b) types of customer
- c) credit management practices

Consideration was given as to whether ECLs should be estimated individually for any period-end receivables, eg because information was available for specific debtors.

Loss rate estimates were applied to each age-band for the other receivables.

The percentages calculated and shown overleaf have been applied to those invoices outstanding as at 31st March 2019 (which don't already have a specific provision against them) to recalculate the value of the Trust non-specific provision under IFRS9.

37. Other Information (continued)

Age Band	Referred to Debt Collection Agency	NHS Wales & Welsh Government	NHS England / Ireland / Scotland	Non NHS Charities	Non NHS	Universities & Government Funded Bodies	Overseas	Private Patients (Deceased)	Private Patients	Salary Overpayments
Within maturity (0-30 days)	4.72%	2.71%	1.14%	4.36%	7.87%	1.15%	2.39%	9.20%	5.77%	31.86%
31-60 days	5.37%	9.52%	2.60%	7.45%	10.70%	7.37%	2.85%	15.28%	17.28%	30.98%
61-90 days	7.00%	14.78%	4.89%	16.12%	18.44%	9.46%	6.64%	20.06%	25.27%	34.52%
91-180 days	8.09%	20.72%	7.32%	36.98%	26.37%	10.78%	13.52%	29.32%	37.07%	37.26%
181-365 days	72.20%	37.11%	19.22%	67.90%	44.51%	32.67%	31.69%	74.82%	54.22%	44.14%
1 year +	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

BREXIT Update

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

In 2018-19 the NHS Estate has been valued using indices provided by the District Valuer and disclosed in the Manual For Accounts.

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)