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Public Health Wales NHS Trust

Accountability Report & Financial Statements 2016/17

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Corporate Governance Report

Directors Report

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

Requirement	Cross-Reference
1. The names of the Chair and Chief Executive, and the names of any individuals who were directors of the entity at any point in the financial year and up to the date the ARA was approved.	See Annex 1 in the Annual Governance Statement.
2. The composition of the management board (including advisory and non-executive members) having authority or responsibility for directing or controlling the major activities of the entity during the year.	See Annex 1 in the Annual Governance Statement.
3. The names of the directors forming an audit committee or committees (recommended).	See Figure Annex 1 in the Annual Governance Statement.
4. Details of company directorships and other significant interests held by members of the management board which may conflict with their management responsibilities. Where a Register of Interests is available online, a web link may be provided instead of a detailed disclosure in the annual report.	See the Register of Interests 2016/17 .
5. Information on personal data related incidents where these have been formally reported to the information commissioner's office. Reporting of personal data related incidents including "serious untoward incidents" involving data loss or confidentiality breaches and details of how the risks to information are managed and controlled.	See Page 40 in the Accountability Report & Financial Statements (Annual Governance Statement).
6. Information on environmental, social and community issues.	See the Annual Sustainability Report 2016/17.
7. Published sickness absence data.	See Page 56 in the Accountability Report & Financial Statements (Remuneration and Staff Report).
8. As a public sector information holder, Public Health Wales can confirm that the organisation has complied with the cost allocation and charging requirements set out in HM Treasury guidance.	

Statement of Accountable Officer's Responsibilities

1. The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer's Memorandum issued by the Welsh Government.

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

2. As Accountable Officer I confirm that, as far as I am aware, there is no relevant audit information of which the entity's auditors are unaware, and I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and that the Trust's auditors are aware of that information.
3. As Accountable Officer I confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Signed: _____


Dr Tracey Cooper

Chief Executive and Accountable Officer, Public Health Wales

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Scope of Responsibility

Public Health Wales exists to protect and improve health and wellbeing and to reduce health inequalities for people in Wales.

We have a clear purpose from which our strategic aim and commitments have been developed. Our vision is to: *achieve a healthier, happier and fairer Wales.*

The Board is accountable for setting the strategic direction, ensuring that effective governance and risk management arrangements are in place and holding the Executives to account in the effective delivery of the strategic plan for the organisation. As Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's mission, aims and objectives, whilst safeguarding the public funds and the organisation's assets. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

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

Governance Framework

We have continued to maintain and develop a system of governance and assurance. The Board functions as a corporate decision-making body, with Executive Directors and Non-Executive Directors being full and equal members and sharing corporate responsibility for all the decisions of the Board.

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

The Board is supported by the Board Secretary and Head of Corporate Governance, who acts as the advisor on corporate governance within Public Health Wales.

The organisational structure was revised in 2015/16, which led to the re-configuration of directorates and new appointments to the Executive Team. As a consequence of this, and in line with good practice it was agreed that a review of board committees was necessary to determine whether appropriate operating and assurance arrangements were in place to reflect the new structure. The development and introduction of an integrated Risk Management Framework and Board Assurance Framework (BAF) also had implications for the Board and its committees, including the management and oversight of strategic risks. A revised committee structure would strengthen the alignment of the respective scrutiny responsibilities

and duties of each committee to the strategic priorities, objectives and corporate risk function.

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

During the year work has been ongoing to further strengthen the governance framework for the organisation and test its robustness.

The Standing Orders make reference to the arrangements for establishing committees of the Board and stipulate that, as a minimum, the Board must establish Committees which cover the following aspects of Board business: Quality and Safety; Audit; Information Governance; Remuneration and Terms of Service.¹ The review determined that a specific committee should be retained for all areas, with the exception of information governance. The business of the Information Governance Committee would be incorporated within the newly named Quality, Safety and Improvement Committee (previously known as the Quality and Safety Committee)².

It was also agreed that the Developing the Organisation Committee would be stood down. A new People and Organisational Development Committee was established and this change strengthened the required focus on our people in addition to developing the organisation as a whole.

The Board approved the revised committee structure in June 2016. It determined that this structure best met the needs of the organisation whilst taking account of any regulatory or Welsh Government requirements.

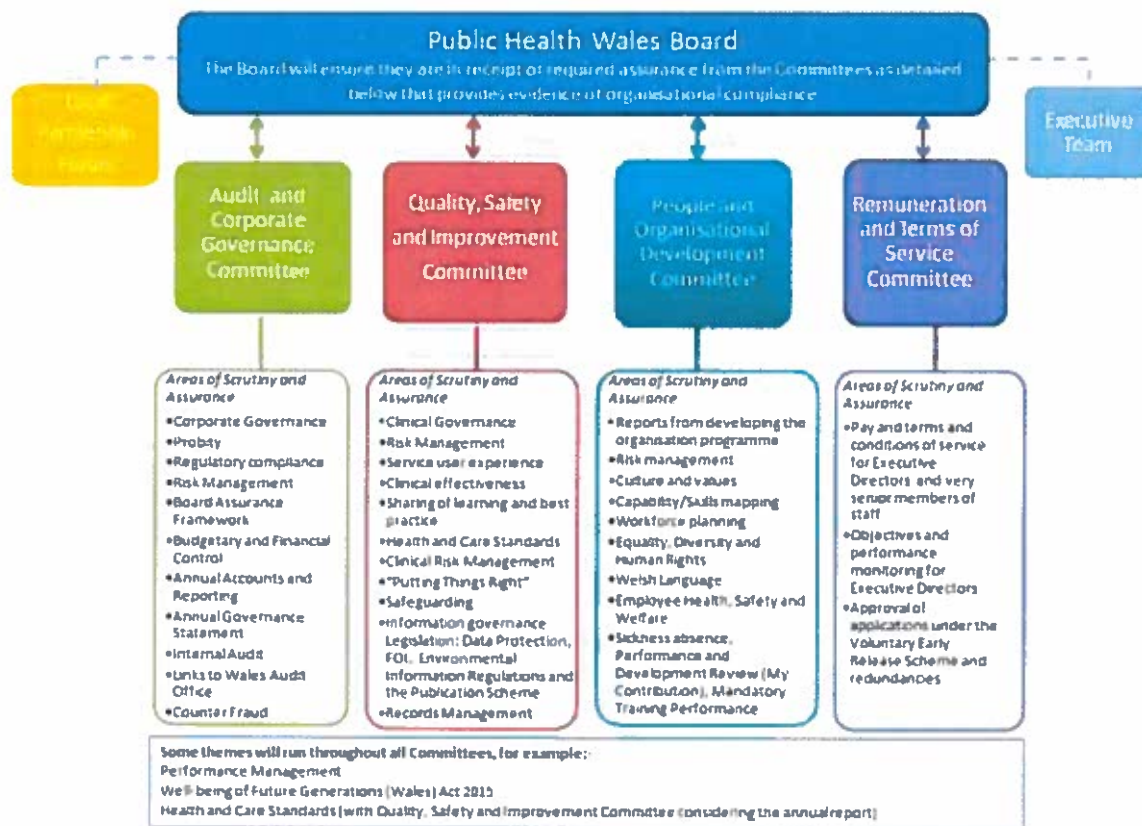
The terms of reference for each committee were approved and in addition to these individual committee terms of reference, "Standard Terms of Reference and Operating Arrangements for All Committees of the Board" were developed. These detailed the provisions common to all committees and were designed to sit alongside the individual committee terms of reference.

Figure 1 details the relationship between the Board and its committees, together with the Executive Team.

¹ The Trust does not have its own charity therefore the Board is not a Trustee and does not require a Charitable Funds Committee. The Screening Service does have access to a small fund which falls under the remit of the Velindre Cancer Centre Charity. The Deputy Chief Executive and Executive Director of Operations and Finance manages this fund on behalf of the Trust. A Mental Health Act Committee is also not required.

² This Committee was formerly named the Quality and Safety Committee. 'Improvement' was included to include. This name change was approved by the Board at its meeting on 29 November 2016.

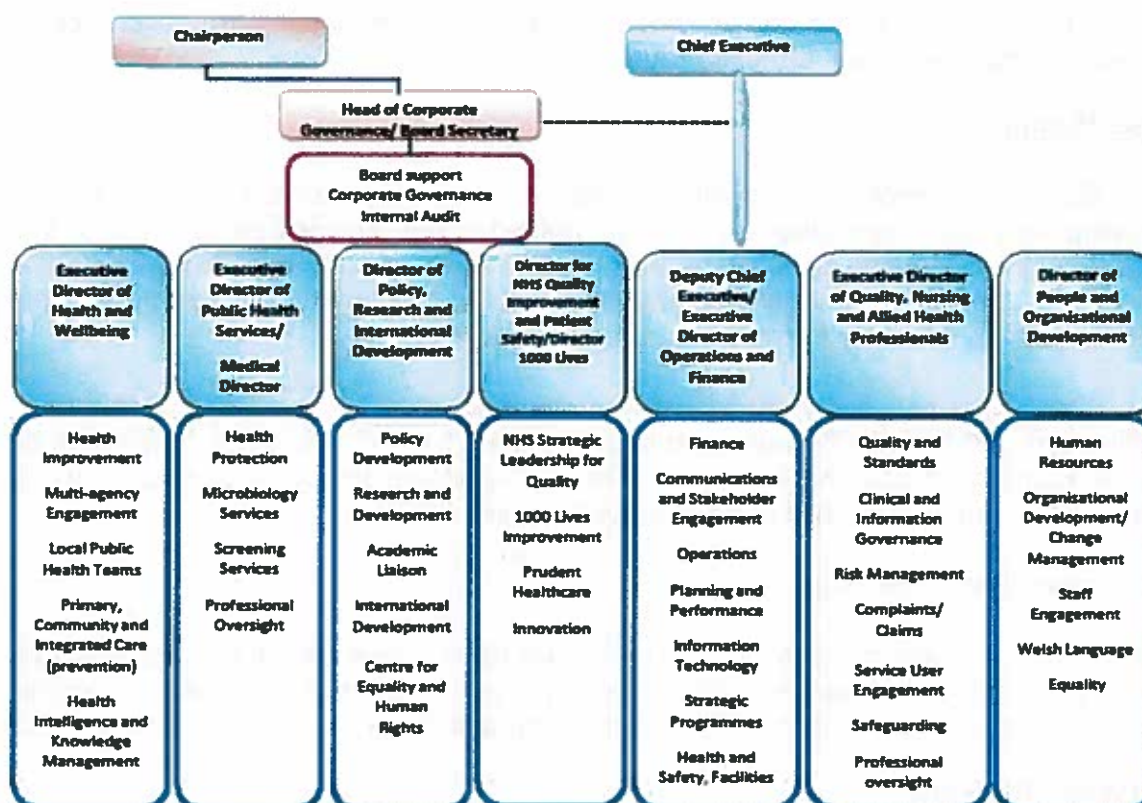
Figure 1: Overview of Governance Framework



Furthermore, during the year a number of products have been developed to further strengthen the corporate infrastructure, while providing a stronger focus on quality (see page 27), risk management (see page 24), performance and delivery (see page 32).

The Executive Team, which is made up of executive directors and other senior colleagues is responsible for the operational management of the organisation. Figure 2 shows the Executive Team and Directorate Structure.

Figure 2: Executive Team and Directorate Structure



Financial performance, quality and risk management, workforce information and delivery against the organisation's strategic and operational plans are scrutinised at meetings of the Board, Board Committees, the Executive Team and at various operational team meetings across the organisation. During the year the Board has concluded that whilst the information they received was acceptable there is the potential for some improvement. This will be taken into account when considering potential improvements early in the new financial year.

The Board has considered its effectiveness and ongoing development throughout 2016/17. Following the recommendations of an external consultancy report in August 2015, a comprehensive board development plan was introduced for 2016/17. The plan has addressed how the Board receives and considers information, learns together, measures effectiveness and plans succession. During 2016/17 the Board undertook a number of development sessions which covered topics that included risk, strategic planning, and two sessions on organisational values and behaviours. In March 2017 Board members also completed a self-assessment questionnaire which covered relevant areas of the *UK Corporate Governance Code: corporate governance in central government departments: code of good practice 2011*, the *Good Governance Guide for NHS Wales Boards*, and the *Healthcare Improvement Quality Partnership Good Governance Guide*. The outcomes of the self-assessment will be used to inform the Board Development Plan in 2017/18.

Key issues considered by the Board

During the year, the Board has considered a number of key issues and taken action where appropriate. These are elaborated on below.

Risk Management

The Board has received regular updates on, and participated in, the further development and strengthening of risk management arrangements across the organisation. On taking up post in May 2016, the Chief Risk Officer conducted a review of the risk management framework and the training programme and determined the best way forward for the organisation.

The Board now has oversight of risk management through the Board Assurance Framework (BAF), which was approved in June 2016. A new Risk Management Policy Framework and the Corporate Risk Management Policy is currently out for consultation and is expected to be approved in early 2017/18.

For further details see page 24.

Public Health Wales received a positive Wales Audit Office Structured Assessment Report for 2016 with regard to the ongoing improvements in risk management across the organisation. Further details of the assessment findings are provided on page 26.

Strategic Planning

The Board led a refresh of the organisation's Strategic Plan 2017-2020 (the Integrated Medium Term Plan). See page 32 for further details. This included a review of the external and future environment, legislative levers and drivers, population demographic changes and a full Strengths Weaknesses Opportunities and Threats (SWOT) analysis of the organisation.

Alongside the refresh of the IMTP the organisation has also developed its Well-being Statement and Well-being Objectives as required by the Well-being of Future Generations (Wales) Act 2015. During their development a future generations "lens" was applied to identify areas of our work which exemplify the sustainable development principles where we can maximise our contribution towards the well-being goals.

As this is the final year of the IMTP the organisation has already commenced with the development of the strategy which will take it forward from 2018 onwards. The strategy will be developed, taking into account the sustainable development principle and five ways of working as required by the Well-being of Future Generations (Wales) Act 2015.

Business Continuity and Emergency Planning

The Board approved the Public Health Wales Emergency Response Plan and Business Continuity Incident Management Process at its meeting on 29 November

2016. The plans, developed as the result of a review undertaken in 2015, were formally adopted in December 2016.

For further details see page 38.

Corporate Policy and Control Document Management

The Board approved a revised process for the management of organisational policies, procedures and other written control documents in September 2016.

The revised arrangements enabled enhanced corporate control of documents, re-affirmed the importance of equality and health impact assessments in policy development and ensured that approval processes were consistently applied across the organisation.

Board and Executive Team membership

The Board has been constituted to comply with the *Public Health Wales National Health Service Trust (Membership and Procedure) Regulations 2009 (as amended)*. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors (see Annex 1). As previously indicated the Board is made up of Non-Executive and Executive Directors.

Annex 1 outlines the membership of the Board for 2016/17 and also highlights the membership of the Committees and areas of responsibility that are championed by the members of the Board. In addition to board and committee membership, non-executive directors also participate in, and support, organisational groups and change programmes where appropriate. These include, for example, Welsh language, and modernisation programmes.

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

The current Executive Team and organisational structure has been in place since 1 April 2015. There has been stability within the team during 2016/17 and the only change has been to the Director of People and Organisational Development position. Hywel Daniel undertook this role in an acting capacity from 1 April 2016 - 26 June 2016 and Philip Bushby took up the post from 27 June 2016. This has led to the strengthening of governance across the organisation.

Departure and appointment of Non-Executive Directors

In 2015/16, amendments to the *Public Health Wales National Health Service Trust (Membership and Procedure) Regulations 2009* were made to broaden the eligibility criteria of the three 'representative' non-executive director roles – local authority, university and third sector - to enable more open and fair competition in recruitment.

The *Public Health Wales National Health Service Trust (Membership and Procedure) (Amendment) Regulations 2016* were made on 28 January 2016, were laid before the National Assembly for Wales on 2 February 2016, and came into force on 15 March 2016. During 2016 arrangements have been made to appoint to these revised roles as detailed below:

Local Authority Member

Pending the amendment of the Regulations, the Local Authority Non-Executive Director position remained vacant throughout 2015/16. To ensure that there remained strong links with local government during this time, Alison Ward, Chief Executive of Torfaen County Borough Council, was appointed on an interim basis from 1 May 2014 – 31 October 2016.

Jack Straw, formerly Chief Executive of the City and County of Swansea (2011-2016), was appointed by the Cabinet Secretary for Health, Well-being and Sport to fill this vacancy on a permanent basis from 1 November 2016.

University Member

Professor Gareth Williams completed his final term of office as a non-executive director on 31 March 2017.

Following an open recruitment process, the Cabinet Secretary for Health, Well-being and Sport appointed Professor Shantini Paranjothy, School of Medicine, Cardiff University, to succeed Professor Williams from 1 April 2017.

Third Sector Member

Dr Carl Clowes OBE completed his final term of office as a non-executive director on 31 March 2017.

Following an open recruitment process, the Cabinet Secretary for Health, Well-being and Sport appointed Judi Rhys, Chief Executive, Arthritis Care, to succeed Dr Clowes from 1 April 2017.

Public Health Wales Chair

During the year the Chair of Public Health Wales, Professor Sir Mansel Aylward CB, has been unwell and arrangements were made for Professor Simon Smail CBE, Vice-Chair of Public Health Wales, to undertake this role in an acting capacity from 1 December 2016 – 30 April 2017.

Succession Planning for 2017-18

Sir Mansel will also complete his final term of office on 31 July 2017. The Welsh Government commenced recruitment for a new chair in February 2017.

Professor Simon Smail CBE, Vice-Chair of Public Health Wales, will reach the end of his final term of office on 30 September 2017. Succession plans are in place and we will be working closely with Welsh Government to support the recruitment process.

Public Health Wales will also need to appoint a new vice-chair. This will be an internal process that is separate from the appointment of a new Non-Executive Director and Chair.

Senior Staff Appointments and Departures

Melanie Westlake was appointed interim Board Secretary and Head of Corporate Governance from 1 April 2016 and later appointed to the role on a permanent basis from 1 October 2016.

Staff Representation at Board Meetings

Stephanie Wilkins, lead UNITE Representative and Secretary of Public Health Wales Staffside, has attended and contributed to Board and committee meetings as a non-voting member throughout 2016/17 (for attendance see Annex 1). This has been in her capacity as representative from the Local Partnership Forum.

We have continued to engage with Unions and representatives on the Staff Partnership Forum to encourage greater staff representation on board and committee meetings.

Board Diversity

In 2014/15, the Board acknowledged the gender imbalance of the Board. The Board is pleased that appointments made in 2016/17 will mean that from 1 April 2017 the Board will have a 50/50 gender balance. Three of the seven non-executive directors will be female as are three of the five Executive Directors (see details of the recent appointments – page 13).

There remains a geographical imbalance among the Board members, with limited representation from rural communities in Wales. The departure of Dr Carl Clowes on 31 March 2017 also had the consequence that the Board no longer has a fluent Welsh-speaking member. This will be taken into consideration in planning the recruitment of the next non-executive director in 2017, for which the ability to speak Welsh will be an essential requirement.

There also remains a lack of members from under-represented groups. In 2015/16, we participated in a Welsh Government and NHS Centre for Equality and Human Rights pilot programme – ‘All Aboard’ - to increase diversity of public appointments in Wales. We hosted two individuals from under-represented groups to shadow board members for a 12 month period. One of these participants accepted an offer to continue with the organisation for a further twelve months, until 31 March 2017. This enabled the individual to gain further experience of health service governance. Building on the pilot programme, we intend to develop our own scheme in 2018/19 as part of our ongoing commitment to the equality and diversity agenda.

In the recruitment process for all of our new non-executive directors in 2016/17 we actively promoted the post to under-represented groups and will continue to do so in future recruitment.

Board Committees

The Board has established four standing Board Committees, chaired by non-executive directors, that have key roles in relation to the system of governance and assurance, decision-making, scrutiny, development discussions, an assessment of current risks and performance monitoring. With the exception of the Remuneration and Terms of Service Committee, papers and minutes for each meeting are published on the Public Health Wales [website](#). Private sessions of committees are held as required to receive and discuss sensitive or protected information. Chairs of the committees provide reports to the Board meeting following each committee meeting. Minutes of committee meetings are also presented once approved by the relevant committee. Each committee also produces an annual report, which provides a summary of business undertaken during the year. The committee annual reports provide the Board with assurance that they are working effectively and contribute to the overall assessment of board effectiveness.

There is common membership between the committees to ensure integration with each other in relevant areas. As previously noted, the review and subsequent revision of the committee structure resulted in the introduction of new terms of reference.

Public Health Wales has not established a Charitable Funds Committee as it does not have its own charity. It does have access to a fund administered by Velindre NHS Trust and the Executive Director of Finance has delegated authority to manage this fund.

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





Audit and Corporate Governance Committee

As a consequence of the committee restructure (Page 8), from June 2016 the Audit Committee was reconstituted as the Audit and Corporate Governance Committee. The amendment to the name was made to reflect the committee's oversight of corporate governance issues.

The Audit and Corporate Governance Committee met five times during 2016/17 and was quorate on all five occasions. The Committee provides advice and assurance to the Board on the systems of internal control, governance and efficient and effective use of resources by overseeing and monitoring a programme of internal and external audit.

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

Figure 3: Internal Audit Reports Assurance ratings 2016/17

Report	Level of assurance provided			
	No assurance 	Limited assurance 	Reasonable assurance 	Substantial assurance 
Environmental Sustainability Report 2015/16			✓	
Annual Quality Statement				✓
Risk Management			✓	
Claims Reimbursement				✓
Workforce Management			✓	
Policy and Procedure Management			✓	
Financial Systems Review				✓
Health and Care Standards				✓
Electronic Staff Record				
Business Continuity Planning			✓	
Regulatory Compliance (Welsh Language)		✓		
Workforce Planning (Follow-up)			✓	

During 2015/16 a limited assurance was received for Workforce Planning. A follow up review took place during the year which provided a reasonable level of assurance. In 2016/17 one limited assurance report was received for Welsh Language Compliance. Public Health Wales recognises this as an area for improvement and an action plan has been put in place to address the report recommendations.

Wales Audit Office (WAO) provided the Committee with regular progress reports on external audits and monitored progress against recommendations. The Committee received periodic updates from the Executive Director of Public Health Services/Medical Director with regard to the findings of a report, *NHS Consultant Contract: Follow-up of previous audit recommendations*. The audit assessed whether job planning processes had been strengthened across the organisation in accordance with the recommendations of the Auditor General's 2013 Report: *Consultant Contract in Wales: Progress with Securing the Intended Benefits*; which

set out how the amended consultant contract was being implemented across Wales. The review found that consultant job planning at Public Health Wales remained ineffective and the Trust still had a limited understanding of consultant commitments. The Committee approved the management response which provided a phased approach to addressing the follow-up audit's recommendations. It has closely monitored progress against agreed milestones within the management response.

In December 2016 – January 2017, the Committee undertook a Self-Assessment to assess its performance and 'effectiveness'. An online questionnaire, based on guidance in the *NHS Wales Audit Committee Handbook*, was developed and circulated to committee members and attendees in October 2016. Respondents included representative responses from WAO and NHS (Internal) Audit and Assurance Services. The results and report were considered by the Committee at an informal workshop in January 2017. Although the results were broadly positive, it was clear that further development was needed in a number of areas including member induction, training and the committee's role in providing oversight of clinical audit. An action plan was developed and approved by the Committee in March 2017.

NHS Wales Shared Services Partnership carries out a number of functions on behalf of Public Health Wales. The Audit and Corporate Governance Committee receives reports from the internal audit function which provide it with assurance that these functions are efficient and cost effective. Public Health Wales also has representation on the NHS Wales Shared Services Partnership Committee where any issues, which have been identified, are shared and fed back to the Committee.

The Audit and Corporate Governance Committee discussed the risk management and assurance arrangements that had been developed for the organisation.

The Committee receives the Board Assurance Framework (BAF) at each meeting and has oversight of those elements of the BAF which apply to its particular risks. It also receives the BAF in its entirety in order to seek assurances that the risks are being effectively managed and that the controls which are in place are adequate and fit for purpose. The Committee's role is to challenge the executive on the management of the risks, in particular to test the efficacy of the controls and to make recommendations to strengthen the control environment where necessary.

Information Governance Committee

The committee restructure resulted in the Information Governance Committee being stood down, effective from June 2016. Consequently, the Information Governance Committee met once (in June) during 2016/17 and was quorate on this occasion. Responsibility for information governance has been transferred to the Quality, Safety and Improvement Committee.

At its final meeting, held on 3 June 2016, the Information Governance Committee received reports on information governance risks, incidents, statutory and mandatory training compliance and Freedom of Information Act requests. It also received an update report on progress against recommendations that applied to public Health Wales that had arisen from an Information Commissioners Office (ICO) Audit of Information Governance Training.

Quality, Safety and Improvement Committee

As a consequence of the committee restructure, it was proposed that the Quality and Safety Committee was re-designated as the Quality, Safety and Improvement Committee. It was felt that "Improvement" appropriately reflected the remit and purpose of the Committee with regards to the provision of direction, dynamism and a universal approach to quality. This change was approved by the Board on 29 November 2017.

As noted above, the Committee is now responsible for providing advice and assurance to the Board to enable it to discharge its responsibility for information governance (see page 28). Operational management continues to be overseen by the Information Governance Working Group, which provides reports to the Committee. The Committee received the Information Governance Committee Legacy Statement at its meeting in October 2016.

The Quality, Safety and Improvement Committee met four times during 2016/17 and was quorate on all four occasions.

The Quality, Safety and Improvement Committee assists the Board in discharging its functions in meeting its responsibilities with regard to quality and safety. The Committee is responsible for seeking assurances on all aspects of quality of services and clinical care, governance systems including risk for clinical, corporate and regulatory standards for quality and safety.

At the beginning of each meeting the Committee received a story from the perspective of service users or a member of staff. The stories included lessons learnt and action taken in response to the key messages from the story. This ensured the Committee is engaged fully with the Service User Experience and Learning Panel and brings scrutiny and emphasis on placing service users at the centre of improving, developing and planning services.

Some of the key items received by the Committee in 2016/17 included:

- an update on actions identified following the Francis Review, Trusted to Care Review (Andrews), the Gift of Complaints (Evans) and the Joint Review of Betsi Cadwaladr University Health Board. This update amalgamated any relevant actions from the above reviews and implementation is monitored annually by the Committee.
- a progress report following the transfer of Diabetic Eye Screening Wales (DESW) to Public Health Wales from Cardiff and Vale University Health Board. The Committee was assured that the integration of DESW was a smooth transition.
- a summary regarding the United Kingdom Accreditation Service (UKAS) assessment of the microbiology network against ISO 15189:2012. There were some areas identified where improvements were necessary to ensure full compliance with the new standard of accreditation. The network had maintained Clinical Pathology Accreditation (CPA) since 2009, and the October 2016 assessment recommended that CPA accreditation was maintained for the microbiology laboratories in the interim, while

improvements were made to address the areas of non-compliance identified in the ISO 15189:2012 assessment.

- updates on progress against the quality agenda identified within the IMTP and on the development of the Quality and Impact Framework, approved by the Board in November 2016. The Committee approved the Implementation Plan in January 2017, on which the Committee would receive updates. The Executive Director for Quality, Nursing and Allied Health Professionals also provided an update with regard to the implementation of the Skills and Career Framework for Health Care Support Workers. For further details on these developments in quality governance see page 27.

From 1 April 2016 Public Health Wales implemented Nursing and Midwifery Council Revalidation. The Committee was assured that training had been provided to all nurses currently working in a nursing role and to their appropriate managers. The Board later approved the adoption of an all Wales NHS Revalidation Policy.

The Quality, Safety and Improvement Committee received a quarterly Putting Things Right report which is an analysis of incidents, complaints, claims and compliments to identify trends, themes and lessons learnt. An update on claims is received in private sessions of the Committee due to the sensitivity of the information.

The Committee also reviewed all serious incidents reported within Public Health Wales and to the Welsh Government. For each serious incident the Committee queried what lessons had been learnt and reviewed the action plan which detailed the improvements made as a consequence. Details of serious incidents are provided on page 37.

The Committee also reviewed statutory training compliance of areas relating to Quality and Safety.

It also received and considered the section of the BAF which applied to its particular risks.

People and Organisational Development Committee

As a consequence of the committee restructure, the Developing the Organisation Committee was stood down. The People and Organisational Development Committee was established to strengthen the required focus on our people in addition to developing the organisation as a whole. It was determined that the key areas of focus would be: people, Welsh language, equality, diversity and human rights, and health, safety and welfare.

The Committee monitored staff compliance levels for Statutory and Mandatory training, as detailed in the Core Skills Framework. Updates were provided at each meeting. In February 2017, it was reported that the aggregate figure for completion of mandatory training within Public Health Wales was 80%. The organisational compliance target (to reach by March 2017) is 95%. An update was received on the implementation of staff e-learning, via the Electronic Staff Record, across the organisation. This development would enable Public Health Wales to undertake a

more effective and accurate compliance monitoring process and subsequently a more proactive and targeted management of compliance. All staff had access to e-learning via ESR from 1 February 2017.

The Committee considered how to improve the quality of the data it receives for monitoring and assurance. This included discussions on the development of a People Performance Dashboard to function as a central mechanism to manage all key people metrics across the organisation, informed by available data, best practice and peer consultation. Once approved, this management information will be reported to the committee at every meeting in 2017/18.

The Committee agreed the interrelationship between the Board and the Committee in respect of monitoring delivery of actions in response to the NHS Staff Survey. It was agreed that oversight for the organisational staff survey plan is maintained at board-level, with responsibility for refining and delivering the plan delegated to the Executive Team. Responsibility for providing assurance to the Board that the plan is being delivered is delegated to the Committee.

Responsibility for the oversight of organisational Health and Safety was transferred from the Quality, Safety and Improvement Committee to the People and Organisational Development Committee. The Committee received the Health and Safety Strategy Review and approved the Action Plan at its meeting in October 2016. As part of the new governance arrangements, the committee received updates from the Health and Safety Group at every meeting. Further details are provided on page 30.

The Committee also considered the Public Health Wales Values and Behaviours, which had been approved by the Board on 26 January 2017. It was agreed that the Committee would assume responsibility for providing assurance to the Board with regards to the launch and embedding of the Values. The Values and Behaviours were launched at the Staff Conference on 5 April 2017.

The Committee has also discharged its responsibilities with regard to equality and diversity. It approved the Equality Annual Report 2015/16 at its February meeting. The Committee provided oversight of the development of the Implementation Plan for the Public Health Wales Strategic Equality Plan, 2016 - 2020 (approved by the Board in March 2016). Once approved, the Committee will be responsible for reviewing progress and providing assurance to the Board. Further information on equality is provided on page 35.

The Committee received and considered the section of the BAF which applied to its particular risks.

Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee met seven times during 2016/17 and was quorate on each occasion.

The Committee considered and approved the appointment and remuneration for the newly appointed Director of People and Organisational Development and the Board

Secretary and Head of Corporate Governance. It also considered applications in respect of the Voluntary Early Release Scheme (VERS) and any special severance payments. The matters approved by the Committee were ratified by the full Board. The Remuneration Report provides further information regarding these matters.

Board and Committee meetings held during 2016/17

Figure 4 outlines the dates of Board and Committee meetings held during 2016/17.

All of the Public Health Wales Board and Committee meetings were quorate during this period. Escalation arrangements are in place to ensure that, in the event of a committee not being quorate, any matters of significant concern would be brought to the attention of the Chair of the Board.

Figure 4: Board and Committee Meetings 2016/17

Board/ Committee	2016/2017						
Board	28 Apr	30 Jun	29 Sep	29 Nov	26 Jan	23 Mar	
Audit and Corporate Governance	5 May	2 Jun	6 Sept	19 Jan	14 Mar		
Quality, Safety and Improvement	12 Apr	5 Jul	6 Oct	25 Jan			
Information Governance *	2 Jun						
People and Organisational Development**	20 Oct	7 Feb					
Remuneration and Terms of Service	26 May	30 Jun	28 Jul	29 Sep	29 Nov	26 Jan	23 Mar

* Dissolved from June 2016 (see page 18).

** Established in June 2016 (see page 20)

Note: The Developing the Organisation Committee did not meet in 2016/17.

Review of Standing Orders and Scheme of Delegation and Reservation of Powers

An interim review of the Public Health Wales Standing Orders, Scheme of Delegation and Reservation of Powers was undertaken during 2016/17. Amendments were made:

- to the organisation's 'principle place of business', due to the re-location of the organisation's headquarters.

- to amend the period for circulation of agendas and supporting papers to board members prior to board meetings from 10 to 7 calendar days.

The amended [Standing Orders](#) were published in November 2016.

A review of the detailed Scheme of Delegation to Trust Officers is currently under review. This work will be progressed in 2017/18.

The Purpose of the System of Internal Control

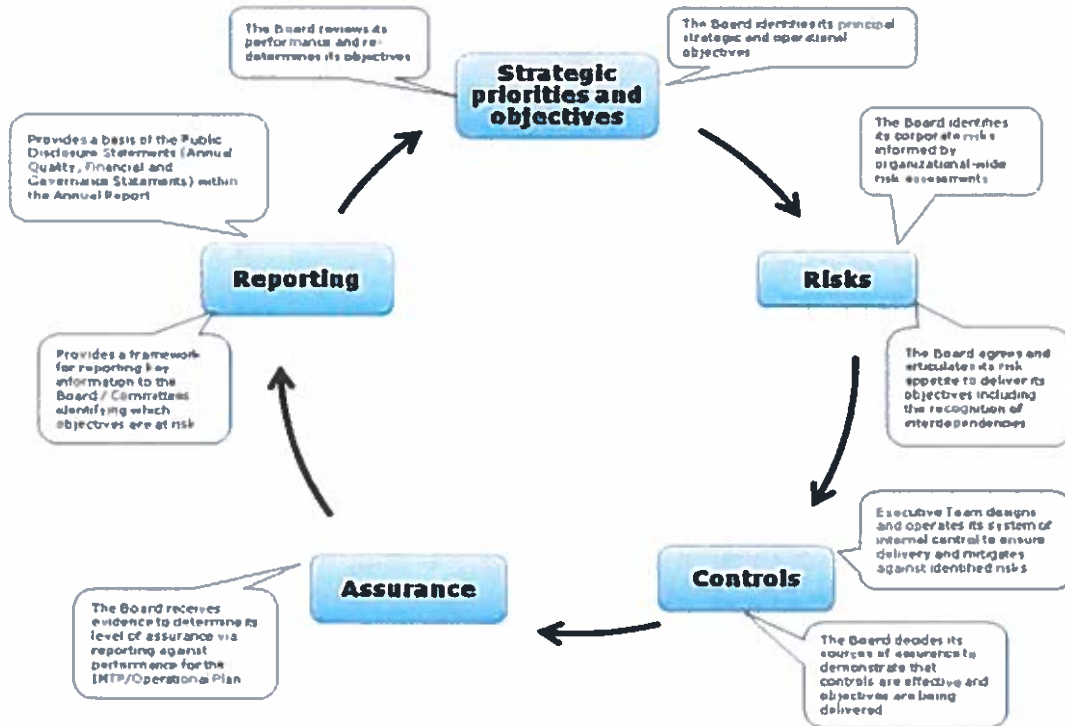
The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risks. It can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ending 31 March 2017 and up to the date of approval of the annual report and accounts.

We use a Board Assurance Framework (BAF) system and process to monitor, seek assurance and ensure shortfalls are addressed through the scrutiny of the Board and its committees.

This is illustrated in Figure 5.

Figure 5: Board Assurance Framework System



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

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

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

Capacity to Handle Risk

In 2016 considerable advances were made across Public Health Wales in relation to progressing the organisation's risk management system. The Chief Risk Officer took up post on 2 May 2016 and immediately focused on development of the Board Assurance Framework (BAF) and defining the strategic risks to the organisation. These were approved by the Board in June 2016.

Figure 6 outlines the key strategic risks and scores at 31 March 2017.

Figure 6: Public Health Wales Key Strategic Risks 2016/17

Strategic Risk	Risk Score
There is a risk that Public Health Wales will fail to meet its statutory and regulatory obligations (e.g. Health and Safety, Welsh Language Act).	25
There is a risk that Public Health Wales will fail to retain or recruit suitably trained / qualified staff particularly in key positions and ensure the availability of appropriate capability.	16
There is a risk that Public Health Services will fail to recruit and retain sufficient medical microbiologists to be able to run an optimal and safe Microbiology service, particularly in North Wales.	16
There is a risk that Public Health Wales will fail to respond effectively to new and emerging government priorities.	16
There is a risk that PHW will deliver products and/or services which fail to meet the required quality standards.	16
There is a risk that Public Health Wales will not be able to progress essential cross sector work, by influencing key partners and the Welsh Government.	16
There is a risk that Public Health Wales will fail to effectively implement the requirements of the Well-being of Future Generations (Wales) Act 2015 or be unable to realise the opportunities provided by the Act to achieve population health gains.	15
There is a risk that Public Health Wales will fail to achieve the transformation and service redesign requirements to deliver strategic priorities at the required pace.	12

The Board received updates on each risk and the respective actions at Board meetings from June 2016. It approved any amendments to the BAF, including the extension of individual action due dates.

In January 2017 the Board approved the addition of a specific risk with regard to the ability of the organisation to recruit and retain sufficient medical microbiologists, particularly in North Wales. The Board also agreed that the risk "that Public Health Wales will fail to return a balanced budget" was moved from the Strategic Risk Register to the Corporate Risk Register for ongoing monitoring by the Executive Team. This operational risk had been managed in the year as financial performance continues to be in line with the forecasted financial break even position. In March 2017, The Board also agreed to close the risk "that Public Health Wales will suffer a disruption to its key products and services of such a magnitude that it will compromise the organisation's ability to deliver on its strategic priorities". It was agreed that performance against the organisation's Operational Plan is monitored and service, workforce and financial planning is taking place across the organisation to ensure plans are developed ahead of any potential disruption or implications being identified.

A review of strategic risks was undertaken in late 2016 to ensure alignment with the refreshed IMTP and these redefined risks were approved in March 2017. The Board

will seek assurance regarding the redefined risks in 2017/18 and the BAF will be reviewed and controls and assurances will be mapped as appropriate.

There has been much emphasis on training during the year, with a total of 54 risk handlers trained across the organisation to support directors, and risk owner training offered to all senior managers who are expected to take on these responsibilities. Guidance documents, nominated risk handlers, and a submission form available on the web-based incident reporting and risk management software, Datix, all provide staff with support for reporting risks across the organisation. This makes the identification, reporting and management of risks more streamlined and effective.

A review of the Datix platform has been undertaken and changes have been made to streamline the process and make it more accessible. This has resulted in a system which allows for the consistent generation of risk registers to a corporate standard.

In addition, risks are captured at every level, from day-to-day risks faced by the staff on the ground, to the strategic risks at board-level. Individual directorates, divisions, service areas, teams, programmes and laboratories are responsible for maintaining their own risk registers. These risks are prioritised according to a wide range of criteria, enabling principal risks to be escalated through our governance arrangements.

Executive/divisional directors are responsible for regularly reviewing their directorate/divisional risk registers, and for ensuring that effective controls and action plans are in place and monitoring progress.

The Executive Team review the Corporate Risk Register at their monthly business meeting, and the Board Assurance Framework is reviewed bi-monthly in readiness for formal Board meetings.

There has been ongoing review of the effectiveness of the risk management arrangements during 2016/17.

The Chief Risk Officer has revisited the maturity matrix used to assess the organisation last year. The methodology was primarily based on a modified version of the HM Treasury Risk Management Framework 2009. The assessment showed an improvement, when compared that undertaken in 2015/16, moving from a Level 2 to a Level 3: 'Risk management applied consistently and thoroughly across the organisation – Good'. However, a new maturity model is currently under development to provide a clearer assessment of the position. This will be suggested for approval in 2017/18.

An internal audit of the risk management system concluded that 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.'

In February 2017, the WAO Structured Assessment reported that: *a BAF was in place and that work to embed a risk management framework at an operational level was ongoing. Changes to the committee structure were improving scrutiny of*

strategic risks with plans in place to further improve board and committee effectiveness.

It was noted that: robust directorate risk registers would be in place by March 2017 with arrangements for updating risks mirroring those for the BAF. At that time, the organisation intends to reassess organisational maturity in relation to risk management and annually thereafter.

The BAF is published on the Public Health Wales [website](#) with the Board papers for board meetings. The BAF has been presented at all formal board meetings since its adoption in June 2016.

Quality Governance Arrangements

As Chief Executive and Accountable Officer, together with the Board and Executive Team, I am responsible for ensuring that systems, processes and people both support and provide services and programmes which are safe and of optimal quality.

Quality, Nursing and Allied Health Professionals Directorate

The Quality, Nursing and Allied Health Professionals (AHP) Directorate, which was established in April 2015, has a pivotal enabling role within the organisation and is responsible for the following functions:

- Quality and Standards
- Risk Management and Information Governance
- Putting Things Right (complaints and claims)
- Service User Engagement
- Infection, Prevention and Control (internal-facing)
- Safeguarding (internal facing)
- National Safeguarding Team (external-facing)
- Professional Oversight for Allied Health Professionals (including Biomedical Scientists).

The Executive Director for Quality, Nursing and Allied Health Professionals (AHP) has overall accountability for quality across the organisation and is professionally accountable for nurses and midwives in addition to Allied Health Professionals which includes biomedical scientists. The Executive Director is a member of the Executive Team which is collectively accountable for the operational management of the organisation and the delivery of the corporate objectives. The Executive Director is also the Chair of the monthly executive team meetings that focus on quality and impact.

The Executive Director of Public Health Services/Medical Director is professionally accountable for medical staff employed by Public Health Wales. The Executive Director also has shared responsibility with the Executive Director for Quality, Nursing and Allied Health Professionals for ensuring clinical governance across the organisation.

Public Health Wales continues to embed quality improvement approaches in addition to other methods, to support the realisation of our strategic aims and optimise the quality of our services and programme delivery.

In November 2016 the Board approved the Quality and Impact Framework. The Framework sets out the vision to be a quality and impact focused organisation, including the various components that we will use to demonstrate and measure against. In addition to the framework the organisation is also working towards establishing a quality improvement hub, to support and inspire innovation and continuous improvement across our functions, services and programmes.

There are a number of existing corporate groups that support the work of the Quality, Safety and Improvement Committee which assists the Board in discharging its functions in meeting its responsibilities with regard to quality and safety (see page 19). These include:

- Quality Management Group
- Service User Experience and Learning Panel
- Safeguarding Group
- Information Governance Working Group
- Infection, Prevention and Control Group

The Quality Management Group, which is chaired by the Executive Director for Quality, Nursing and Allied Health Professionals, provides a pan-organisational focus on quality and quality improvement. The remit of the group is not limited to quality in the context of clinical quality, but to a broader remit which considers how Public Health Wales demonstrate and evidence that there is a quality and quality improvement approach in all that it does.

The Annual Quality Statement (AQS) is produced for the public and provides information about the work, function and progress of Public Health Wales. It is developed with involvement from service users and existing third sector networks that represent the public. The AQS was recommended for Board approval by the Quality, Safety and Improvement Committee on 15 May 2017 and will be published on the Public Health Wales [website](#) no later than 31 July 2017.

It is also acknowledged that the quality agenda is interdependent with our corporate governance, information governance and risk management arrangements.

Information Governance

Public Health Wales has well established arrangements for information governance to ensure that information is managed in line with relevant information governance law, regulations and Information Commissioner's Office guidance. The Quality, Safety and Improvement Committee (see page 19) provides oversight, advice and assurance to the Board with regard to information governance issues.

The Caldicott Guardian for Public Health Wales is the Executive Director of Public Services/Medical Director and is the responsible person for protecting the

confidentiality of patient and service-user information and enabling appropriate information sharing.

The Senior Information Risk Officer (SIRO) is the Executive Director for Quality, Nursing and Allied Health Professional. The role of the SIRO is that of the advocate for information risk on the Board. The SIRO is responsible for setting up an accountability framework within the organisations to achieve a consistent and comprehensive approach to information risk assessment.

The Chief Risk Officer is also the Head of Information Governance and is responsible for implementing the management system which delivers our Information Governance requirements, and for ensuring the Public Health Wales remains compliant with all relevant legislation and regulation.

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

The tool which Public Health Wales uses for assurance purposes is the Caldicott Principles into Practice (C-PiP) toolkit. The C-PiP assessment supports our applications to the Confidentiality Advisory Group (CAG) for 'Section 251 support' which is currently required for many of our services, including screening programmes and the cancer registry. This provides protection in law against breaching the common law duty of confidentiality by processing personal data without consent. Independent assurance reports are then provided by NHS Wales Informatics Service. Gaps in this assessment are subject to an action plan, the progress on which is reported to the Quality, Safety and Improvement Committee. The plan will be presented to the Wales Information Governance Board in October 2017 to provide assurance that Public Health Wales is progressing towards our target of 91% compliance. In the meantime, the actions are being pursued as part of the Risk and Information Governance Workplan.

Work is well advanced on the development of the Information Asset Register (IAR), as required under Section 16(7) of the Reuse of Public Sector Information Act 2015. The IAR will provide the organisation with a much clearer understanding of its information assets, which in turn allows for a better understanding of the risks that the assets present. Due to the dynamic nature of such a register in an organisation with such complex information requirements as Public Health Wales, this is an extensive piece of work which will remain a key element of the workplan for the Risk and Information Governance team for the foreseeable future.

In order to further strengthen our Information Governance arrangements, an Information Governance Policy Framework has been approved.

Health and Care Standards for Health Services in Wales

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 Public Health Wales to demonstrate that the standards are being used and are met on a continuous basis. To achieve this directorates and divisions undertaken a self assessment against each of the standards to determine what areas are doing well and identify areas where improvements may be required. This year a peer review process was introduced to enable scrutiny of divisional/directorate self-assessments. Representatives of Internal Audit attended this event to observe the process being followed as part of their audit of the arrangements for Healthcare Standards. This audit will evaluate and determine the adequacy of the systems and controls in place for the completion of the self-assessments.

Self assessment reports from each directorate has been presented to the Executive Team so that a collective organisational assessment, based on the returns of the seven directorates, could be agreed. Overall the position for 2016/17 had improved from the previous year. An internal audit review of the Health and Care Standards has been undertaken, although the report has not yet been received.

The improvement actions identified by directorates as part of the self -assessment process are incorporated within the performance monitoring framework which is completed quarterly.

Health and Safety

A Health and Safety Framework Review was undertaken by Capita in February 2016 which analysed the health and safety provision across the organisation. The report, published in July 2016, identified gaps and risks, and made a series of recommendations to ensure Public Health Wales' compliance with legislative requirements.

To strengthen the governance of health and safety issues, the following actions were taken:

- The responsibility for oversight of health and safety was transferred from the Quality, Safety and Improvement Committee to the People and Organisational Development Committee.
- The Health and Safety Group was restructured with new Terms of Reference developed to address the new governance arrangements.
- A single Health and Safety Action Plan was developed which drew on the Capita and Public Health Wales internal reviews. Approved by the People and Organisational Development Committee in October 2016, the Plan had clear links to Health and Care Standards, appropriate prioritisation, timescales and accountabilities, and formal reporting mechanisms between the directorate and the group. Progress on the plan is reviewed on a quarterly basis.

Additionally, a dedicated Health and Safety Risk Register will be developed in consultation with the Chief Risk Officer. Work to progress this will be undertaken in Quarter 1, 2017/18.

The Action Plan also contains actions to enhance senior leadership of the organisation's health and safety. One action requires board members to undertake an accredited Directing Safely Course and another for non-executive directors to undertake scheduled "walkabout" inspections. Executive management is the responsibility of the Deputy Chief Executive/Executive Director of Finance and Operations. At an operational level, a Head of Facilities and Health and Safety was appointed and commenced in post in January 2017.

A revised Health and Safety Policy was also approved by the Board in March 2017. This policy would be supported by sub-policies and a suite of detailed procedures and control documents which were under development.

Integrated Medium-Term Plan

Public Health Wales refreshed its three year strategic plan (also known as our Integrated Medium Term Plan), which was formally approved by our Board in March 2016. The Plan was subsequently approved by the Minister for Health and Social Services in June 2016, therefore satisfying the statutory duty for Public Health Wales to have an approved plan in place. Our strategic plan guides the action we undertake, and the resources we allocate, to deliver our seven strategic priorities. It articulates what we will achieve through the delivery of our priorities to have the maximum impact on health and wellbeing in Wales.

The Public Health Wales Strategic Plan 2017-20 has been formally approved by our Board in March 2017 and has been submitted to Welsh Government for approval by the Cabinet Secretary for Health. Public Health Wales is currently awaiting the outcome of this decision.

Our Strategic Plan is refreshed on an annual basis as part of our internal planning arrangements. These arrangements are set out in our internal planning guidance, which outlines the approach and process by which Public Health Wales will refresh its Strategic Plan and develop an Operational Plan and balanced budget. This is underpinned by detailed Internal Planning Guidance to support staff in the development of requirements. These documents detail the governance arrangements for the development, including the role of the Board, Executive Team and directorates.

The Board have responsibility for setting the strategic direction, which informs the development and refresh of the plan. Detailed board discussions to support development takes place as part of our strategic 'look back and forward' process, which we undertake annually. This examined the strategic and operational factors that may impact upon our priorities, along with reviewing progress and performance.

This process sets the strategic direction and context for the detailed plans to deliver each of our priorities to be developed. Draft versions of the plans were discussed with the Board as part of the development process. This included formal feedback, which resulted in the plans being amended. Draft versions of the strategic plan were formally approved by the Board in January and March 2017 respectively.

The Board actively managed our progress in delivering our plans as part of our performance management arrangements. A performance report is scrutinised by the Board at each [Board meeting](#). Via these reports, the Board was able to receive assurance that progress was being made against actions included in the IMTP. Further assurance has been gained through the Joint Executive Team meeting between Public Health Wales and Welsh Government, which provided positive feedback on our final end of year position for 2016/17. During 2016/17, we continued the development and implementation of performance management and reporting arrangements to monitor our progress against our plan and key performance indicators. A Financial Performance Report is also scrutinised by the Board alongside the performance reports to allow the Board to ensure delivery of the strategic plan is in line with the projected financial position.

The aims and purpose of these performance arrangements is to ensure that:

- Clear lines of accountability are in place as part of our governance and assurance framework
- Information is provided that promotes and informs action to address areas of underperformance
- Relevant information on our key services and functions is provided to support decision making
- Information is provided as part of an integrated approach to provide a comprehensive overview of the organisation's performance
- Significant risks to delivery of agreed targets are identified and managed proactively and effectively
- Resources are allocated effectively in line with our strategy and priorities.

Progress against the action set out in previous years is a key driver in the development and refreshing of our plans. This information plays a key role in discussions undertaken as part of the 'look back' process and is used by the board to guide and shape the strategic direction set out in our plans.

Continuous Improvement and Strategic Reviews

The organisation is constantly striving to improve the services that it provides. During the year the following reviews were undertaken:

Strategic Review of Screening Services

An external review of the Screening Division was commissioned by the Executive Team in 2016. The reviewer was tasked with reviewing the structure and organisation of the Division, with particular emphasis on:

- consideration of how the Division can grow efficiently as additional programmes are added to the portfolio; and
- potential for the development of common core business processes between programmes.

The review report contains twenty recommendations, with suggested timescales for implementation of up to three years. It has been shared with staff, trades unions and senior managers. Staff were encouraged to provide feedback and comments. Actions to meet some of the recommendations were already underway by the time the report was received, including six of the thirteen identified as short term.

Longer term actions will be incorporated into the major 'Screening for the Future' project, which will have several inputs including the external review report and the Divisional responses to the recent staff survey. We are establishing a project structure, which will include staff and Trades Union representation, and a project plan. Recruitment of a fixed-term project manager is underway. Staff will be fully involved in the development and implementation of the project.

External Quality Peer Review of Health Intelligence Division

During June 2016, as part of continuous quality improvement, the Health Intelligence Division took part in a peer review involving peer health intelligence experts from England. This included a review of key documentation, discussions with internal and external stakeholders (including users and suppliers) and consideration of the outputs and processes of the Division using a structured tool developed for Observatory peer review.

This review concluded that the Division's work was of high quality and trusted and valued. It raised a number of areas for the Division to consider, particularly in relation to stakeholder engagement, branding and narrative and working within the division. In addition, it raised a number of issues which needed wider consideration, including opportunities for a more integrated intelligence function across Public Health Wales and clarifying strategic leadership for intelligence functions within Public Health Wales.

Since this review an action plan has been put in place with changes in how internal arrangements, increasing flexibility and improved working with stakeholders. The findings of the review informed the terms of reference for the strategic review of health intelligence functions of the organisation as a whole.

Strategic Review of Health Intelligence Functions

To assist Public Health Wales executive in setting out the strategic direction for public health intelligence services across the organisation a strategic review is being undertaken. This recognises that the environment we work in is changing, including the users we engage with and their needs. The opportunities, methods and approaches to identifying, developing and communicating intelligence are also developing. As an organisation, the intelligence we deliver also needs to adapt and be fit for the future ahead. This includes the agility and approaches to exploit the opportunities of the well-being of our future generations and improve the outcomes for the people of Wales.

This review involves an external team leading a process of engagement and making recommendations relating to:

1. the remit of health intelligence services in Public Health Wales
2. structure to ensure effective and co-ordinated strategic leadership
3. modern models of delivery
4. how to best capitalise on policy, technological and resource opportunities for the future

The review's work is informed by an advisory group including the Chief Medical Officer, the Chair of the NHS Informatics Task Force, a Public Services Board chair, the Executive Director of Health and Wellbeing and the Director of Policy, Research and International Development.

Phase 1 of this review has been completed including interviews with key stakeholders to identify areas that need particular focus to address these questions. It is anticipated that a report will be presented to the Executive Team in July 2017.

Review of Dental Public Health

Public Health Wales undertook a review of the dental public health functions and resource. This was necessary to ensure dental public health functions were prioritised and aligned to maximise the impact of dental public health team in Wales. The review report made a series of recommendations including three key areas for the team to provide national leadership and deliver on namely: Oral Health Improvement, Dental Services Innovation and Quality and Oral Health Intelligence. The review report has been shared with external stakeholders including the Welsh Government and review recommendations have been approved by the Executive Team for implementation.

A project board has been established within Public Health Wales to monitor and advise on implementation of the review recommendations. The Dental Public Health Team Lead has been appointed who will work with internal and external stakeholders to lead the implementation of the review recommendations during 2017/18. Progress report will be provided to the Project Board, the Executive Director of Health and Wellbeing and in accordance with any Public Health Wales governance processes as required.

Mandatory Disclosures

Equality, Diversity and Human Rights

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

Work is underway to fulfil the equality objectives set out in our revised Strategic Equality Plan 2016 - 2020 which was published in March 2016. As an organisation we are also particularly keen to promote equality through positive action ensuring that what we do as part of our everyday business is fair, fully accessible and inclusive to all populations and individuals, including those who are protected from discrimination under the Equality Act 2010.

Supporting the revised Strategic Equality Plan, an implementation plan has been developed to progress the equality work stream. While corporately, the governance arrangements for equality are managed through the People and Organisation Development Committee, further work is required to ensure that governance arrangements to measure progress against the equality action plan are in place. These arrangements are likely to be different in terms of how the organisation has traditionally monitored progress against equality. In delivering against this plan a firm commitment has been made by all parts and levels of the organisation to consider equality a part of the work they are doing. In line with the public sector

reporting duties, the trust will be publishing its annual Equality Report highlighting its progress so far. We will also reporting on our employment, training and equality data.

A firm commitment to undertaking impact assessments has been made with Public Health Wales implementing a new process for undertaking an Equality Health Impact Assessments (EHIA). All new and revised policies and strategies are subject to an Equality Health Impact Assessment as are other aspects of the work being undertaken by the organisation. Training plans and supporting resources are being finalised so staff involved in undertaking EHIA understand how to undertake high quality impact assessments. Governance and scrutiny arrangements for EHIAs are being determined and will be place shortly.

Public Health Wales recognise that more needs to be done to ensure that the services we deliver are inclusive and that the workforce we have is diverse. As equality is integral to every part of our business, services areas, departments and teams are being encouraged to consider the impacts of what they are doing in relation to equality. They are starting to engage more with people from protected communities to inform their work. In adopting this practice we will develop strong partnerships with people from protected communities and learn from them and with them. Work is also underway to review our recruitment processes to ensure we are attracting a diverse pool of individuals to our workforce. The organisation is committed to a number of workforce related initiatives for example Disability Confident, Time for Change and are also considering becoming a member of the Stonewall Diversity Champion Scheme. Supporting such initiatives will move us forward as an organisation in terms of workforce diversity.

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

Welsh Language

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

Over the past six years Public Health Wales has been implementing its statutory Welsh Language Scheme and, more recently, the Welsh Government's strategic framework for Welsh language services in health, social services and social care: *'More Than Just Words'*. Work has been done to improve the availability, accessibility, quality and equality of our Welsh medium services. However, monitoring activities have led to the conclusion that there is still much to do to ensure that service users can access a full range of Welsh medium services without delay wherever they live in Wales.

In September 2015 Stop Smoking Wales became the subject of a statutory investigation under section 17 of the Welsh Language Act 1993. This was as a direct result of a complaint made to the Welsh Language Commissioner by a service user. The complaint related to an allegation that Stop Smoking Wales did not provide face to face smoking cessation sessions (group and one to one) in Welsh in the Cwm Taf area, and was therefore in breach of the Public Health Wales Welsh Language Scheme. A [report](#) was issued in June 2016. The Commissioner's report makes recommendations to address the issues raised in the report, and Public Health Wales is working to address these.

Over the next two years there will be sustained focus and momentum with regard to achieving our Welsh language commitments, and the People and Organisational Development Committee, Executive Team and Board will receive regular progress reports. Annual monitoring reports will continue to be presented to the Board, the Welsh Language Commissioner, and the Welsh Government.

Handling Complaints and Concerns

Public Health Wales has arrangements in place to enable it to manage and respond to complaints and concerns in order to meet the requirements of the [NHS \(Concerns, Complaints and Redress Arrangements\) \(Wales\) Regulations 2011](#) and the [All Wales Policy Guidance for Putting Things Right](#). The Quality, Safety and Improvement Committee has oversight of complaints and concerns (see page 19).

In 2016/17 a total of three Serious Incidents, one of which was a 'never event', were reported to the Welsh Government two of which related to the Screening Division and one to the Microbiology Division. In addition, 45 formal complaints were received for the period.

Freedom of Information Requests

The Freedom of Information Act (FOIA) 2000 gives the public right of access to a variety of records and information held by public bodies and provides commitment to greater openness and transparency in the public sector. In 2016/17, Public Health Wales received 55 requests for information by the end of March 2017.

52 of these were answered within the 20 day target, 2 were transferred to another NHS body and 1 was responded to outside of the deadline. None were withdrawn.

Sustainability and Carbon Reduction Delivery Plan

Public Health Wales fully supports proposals detailed in various Welsh Government consultation documents to embed sustainable development as the central organising principle of public sector bodies in Wales by ensuring a clear focus on outcomes and that strategic decisions are informed by consideration of the wider determinants of health and wellbeing. Public Health Wales recognises that sustainable development

and public health are intrinsically linked and that complementary and coordinated actions are necessary to address the key challenges facing Wales in relation to both.

The organisation has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the Climate Change Act 2008 and the Adaptation Reporting requirements are complied with.

We monitor the organisation's carbon footprint using 2015/16 as a baseline figure and we have adopted the Welsh Government initiative of ensuring sustainability is embedded in everything we do. To improve this we have specified environmental and social sustainability criteria in our investments in large estates projects. For example, our new premises at No 2 Capital Quarter, Cardiff, has an 'excellent' BREEAM rating. Around 94% of the items of furniture needed for the 550 staff who moved in, were either remanufactured or refurbished on site by five unemployed individuals, some with disabilities. All were trained and a number have moved into permanent employment. The project has delivered a reduction in 134 tonnes of CO₂ emissions and over 40 tonnes of waste to landfill has been avoided. We aim to adopt these principles for future office projects.

Emergency Planning/Civil Contingencies

Public Health Wales is responsible for providing public health emergency preparedness, resilience and response leadership, and scientific and technical advice at all organisational levels, working in partnership with other organisations to protect the health of the public within Wales.

The *Civil Contingencies Act (2004)* places a number of civil protection duties on Public Health Wales in respect of:

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

To effectively deliver the duties (that need to be developed in a multi-agency environment), Public Health Wales has representation on all four Local Resilience Forums in Wales. This allows the establishment and maintenance of effective multi-agency arrangements to respond to a major emergency.

The organisation regularly collaborates with partner agencies to develop flexible plans to enable a joint effective response to an incident in order to establish resilience in the face of a broad range of disruptive challenges. During 2016/2017 Public Health Wales has engaged with partners in the planning for pre-hospital major incident response, mass casualty incident response, provision of mutual aid in response to a major incident as well as the UEFA Champions Leagues Final (2017).

As a Category 1 responder Public Health Wales is required under the Civil Contingencies Act (2004) to maintain and develop plans to ensure that if an emergency occurs or is likely to occur the organisation can deliver its functions so far as necessary or desirable for the purpose of preventing the emergency, reducing, controlling or mitigating its effects, or taking other action in connection with it. The Emergency Response Plan provides a framework to establish, create and improve resilience.

The Public Health Wales Emergency Response Plan details the organisation's response arrangements to any emergency, incident or outbreak that impacts on or requires the mobilisation of public health resources and capabilities beyond the norm. In 2016/2017, the organisation reviewed the plan incorporating lessons learned from previous incidents and exercises and in light of risk assessment. The organisation has implemented and embedded the plans across the organisation focusing on issue and dissemination, training of key staff as well as validating the plan through exercising.

Public Health Wales continues to engage in training and exercises both internally and externally to the organisation. The organisation continues to conduct a live exercise every three years, a table-top exercise and physical setting-up of the control centre annually and a test of communications cascades every six months as required by the *NHS Wales Emergency Planning Public Core Guidance*.

Public Health Wales has an Emergency Planning Group to co-ordinate emergency planning arrangements within the organisation. As part of a strengthening of the governance of emergency planning, these arrangements were reviewed in the last quarter of 2016/17. Proposals for strengthened internal arrangements have been identified as part of forward planning for 2017/18.

A copy of the Public Health Wales Emergency Plan as well as additional information on Emergency Planning, Resilience and Response can be found [here](#).

Business Continuity

During 2016/17, Public Health Wales took forward the work started in October 2015 to develop the organisations business continuity arrangements. This includes the development of a Business Continuity Framework, that provides the principles, approach and assumptions that drive the development, implementation and ongoing maintenance of business continuity arrangements within the organisation and an Incident Management Process that describes the response and recovery process for the Public Health Wales management of business continuity incidents which were approved by the Board in November 2016.

In developing our arrangements a Business Impact Analysis was undertaken by each directorate/division to identify the critical functions (key services) and analyse the effect that a business disruption may have on them. This informed the development of business continuity plans for each directorate/division and a business continuity plan for Capital Quarter 2 (the organisation's headquarters).

To further develop and strengthen our business continuity arrangements, a work programme has been developed that describes the actions that will be undertaken over the next three years. The work programme includes actions identified during the development of the Business Continuity Framework and Process, learning and testing following exercising of the plans and training of the Business Continuity Tactical Management Team. The implementation of the work programme will be overseen by the Business Continuity Group, which includes representation from all services in Public Health Wales.

Data Security

Information governance incidents and 'near misses' are reported through the organisation's incident management system. Any serious incidents are reported fully to the Quality, Safety and Improvement Committee (formerly to the Information Governance Committee) and Welsh Government and full Root Cause Analysis investigations are undertaken.

Public Health Wales did not report any data security lapses to the Information Commissioners Office (ICO) during 2016/17.

In January 2017 Velindre NHS Trust reported a serious untoward incident to the Welsh Government on behalf of Public Health Wales. The incident, which took place in October 2016, had a UK-wide impact and was reported to the ICO by every NHS Wales health board. The incident was a serious "hacking / data breach" of the company employed by Velindre NHS Trust (on Public Health Wales' behalf) to provide radiation dosimeters. An investigation identified that some data held on behalf of the Velindre Trust (and Public Health Wales) was affected. The company confirmed that the immediate threat was quickly addressed and that the affected UK server and entire UK IT Network were rebuilt as a consequence. The company has also undertaken a complete review of its IT security policies and procedures to prevent such an incident from re-occurring.

UK Corporate Governance Code

We are required to comply with the *UK Corporate Governance Code: corporate governance in central government departments: code of good practice 2011*. The information provided in this governance statement provides an assessment of how we comply with the main principles of the Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the organisation's self-assessment against the Governance, Leadership and Accountability Standard (as part of the Health and Care Standards), a focussed self-assessment undertaken by the Board in March 2017, and supported by evidence from internal and external audits. Public Health Wales is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this governance statement but are reported more fully in the organisation's wider Annual Report. There have been no reported departures from the Corporate Governance Code.

NHS Pensions Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Note 12 to the accounts provides details of the scheme, how it operates and the entitlement of employees.

Ministerial Directions

Whilst Ministerial Directions are received by Local Health Boards, these are not always applicable to Public Health Wales. All Ministerial Directions issued throughout the year are listed on the Welsh Governance [website](#). During 2016/17 13 Non-Statutory Instruments were issued by the Welsh Government. Each of these were aimed specifically at services which are delivered by Local Health Boards, so no action was required by Public Health Wales.

Public Health Wales has acted upon, and responded to all Welsh Health Circulars which have been issued during 2016/17 and which were applicable to Public Health Wales.

Hosted Bodies

Public Health Wales has hosted two bodies during 2016/17:

Bevan Commission

The Bevan Commission provides independent advice to the Minister for Health and Services on the delivery of the Welsh Government's Prudent Healthcare Programme for Wales. Public Health Wales put in place a hosting agreement which provided details of the responsibilities of the Public Health Wales Board and the hosted body. A director and two members of staff were employed by Public Health Wales as the Core Support Team for the Bevan Commission. The Chair of the Bevan Commission is also the Chair of Public Health Wales and protocols were established to ensure there were no conflicts of interest.

The hosting agreement between Public Health Wales and the Commission was due to cease on 31 March 2016. However, due to ongoing discussions regarding transfer arrangements, it was necessary to extend the agreement until 30 June 2016. The Commission was officially transferred to its new host organisation, Swansea University, on 1 July 2016.

NHS Wales Health Collaborative

Established on 1 February 2015, the NHS Wales Health Collaborative brings together the South Wales Collaborative, the Programme Management Unit and the Chief Executives' Support Unit.

The initial one-year agreement between Public Health Wales and the Collaborative ceased on 31 March 2016. A revised hosting agreement between Public Health Wales and the NHS Chief Executive Management Team for 2016-19 was approved by the Public Health Wales Board in April 2016. It provides details of the responsibilities of the Public Health Wales Board and the hosted body. The Board receives assurance on compliance with the terms of the agreement through the production of an Annual Compliance Statement and Report from the collaborative. The Report for 2016/17 was received by the Audit and Corporate Governance Committee in March 2017.

In September 2015, the Board approved the Collaborative taking over the organisation and management of the clinical networks in the NHS following an extensive exercise led by NHS Chief Executives. This consequently required an approval by the board to host the networks through the Collaborative. The majority of staff were transferred by the end of July 2016. The Collaborative has its own risk management process and risks from their Corporate Risk Register would be escalated to this Board as appropriate.

The Collaborative also acted on behalf of NHS Wales in hosting an outcomes focused joint working project with the pharmaceutical company Novartis. This was conducted under a formal Joint Working Agreement (JWA) that ran from summer 2015 to the end of September 2016. As the host body for the Collaborative, Public Health Wales acted as the formal signatory to the JWA. The Board received a report on the outcomes of the project in January 2017. Lessons from the project are being used to inform the development of an NHS Wales framework for future partnership working with industry.

Staff and Staff Engagement

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

In support of the Board and Executive we have one formal advisory group - the Partnership Forum. This has not met in 2016/17 although meetings are scheduled for 2017/18.

We also have a well-established Joint Medical and Dental Negotiating Group and a Joint Negotiating Committee for Agenda for Change staff. The organisation's Nursing Senedd advises and provides updates on professional issues relating to Nursing and Midwifery professionals. These fora provide mechanisms which allow for feedback to senior management on organisational performance or any other issues that staff wish to raise, which aids transparency. In addition to these formal mechanisms, we have a consultation process open to all staff for all new and revised organisational policies, a staff conference, staff engagement events, all of which are fully exploited

and used to engage in conversations with staff at individual and group levels. These mechanisms are used in parallel with an open blog, a web forum and other virtual ways for staff to share their work and opinions. During the year, we have run engagement events with staff to share the IMTP and to generate discussion about the values and what they mean to all staff across the organisation.

Review of Effectiveness

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

The Board and Committees have reviewed the effectiveness of the system of internal control in respect of the assurances received. The Board Assurance Framework is the mechanism for close monitoring of strategic risks and is scrutinised at each Board and Committee meeting. On reviewing the system of internal control, I can confirm that it is effective in providing the necessary assurance to the Board and Committees.

Internal Audit

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

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

The Head of Internal Audit has concluded:

"In my opinion...."

Reasonable assurance	 <p>- + Yellow</p>	<p>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.</p>
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In reaching this opinion the Head of Internal Audit has identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas. Continued improvements had been identified since the previous year with regard to organisational risk management, although it was noted that the introduction of new risk management policies and procedures had been delayed. Systems and arrangements for financial governance and management, policy and procedure management and business continuity have also been strengthened.

The one exception, however, during 2016/17 was Welsh Language Compliance where a small number of control weaknesses were identified which led to the conclusion of limited assurance. An action plan has been put in place in response to the report recommendations.

The Audit and Corporate Governance Committee tracks all recommendations made by the Head of Internal Audit and ensures that they are addressed within the organisation. For further details of the reports received see page 16.

Counter Fraud

Cardiff and Vale Counter Fraud Service provides a service to Public Health Wales. Their work plan for 2016/17 was completed and covered all the requirements under Welsh Government directions. The Counter Fraud Service provides regular reports and updates to members of the Executive Team and directly to the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee received the Counter Fraud and Corruption Annual Report for 2016/17. A Self Risk Assessment was undertaken against the NHS Protect Standards for Providers – Fraud, Bribery and Corruption/NHS Standard Contract. Public Health Wales achieved a 'green' rating for each of the standards, which means there are no areas identified for improvement.

External Audit – Wales Audit Office (WAO)

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. The WAO undertakes the external auditor role for Public Health Wales on behalf of the Auditor General. The WAO completed their Structured Assessment for 2016 and overall they concluded that the organisation had continued to strengthen corporate governance arrangements and has made progress in addressing previous recommendations. Financial arrangements were working well but board reporting on performance against the budget strategy and the IMTP milestones could be improved.

Specifically, the report concluded that:

- financial planning and budgetary management continued to work well but the content and format of financial reporting could be improved.
- corporate Governance and board assurance arrangements were largely sound and continued to mature. This included arrangements for strategic and operational planning, although board reporting on progress against IMTP milestones would need further development.
- the organisation continued to strengthen governance arrangements for quality through the ongoing implementation of the quality and impact framework.
- the organisation's arrangements for engaging service users and seeking feedback continued to evolve and arrangements for learning from complaints and incidents continue to improve.

The report made a number of recommendations relating to financial planning. Specifically, that:

- where savings rely on reducing or withdrawing funding to external organisations, we should discuss the plans with these organisations before finalising directorate budgets.
- we ensure that the nature of risk associated with individual savings schemes are recorded for every scheme.
- we ensure that that (re)investment plans include sufficient detail on costs and timescales as early as possible in the budget setting process.
- we review the format and content of board finance reports to: ensure that information enables the board to track performance; provide assurance on the implications of financial performance on the quality, safety and delivery of services; and, provide better links to the performance delivery framework in the IMTP.

Approaches to the organisation's financial planning will be adjusted to address these issues. The report also recommended that the BAF include more explicit linkage between strategic priorities and the strategic risks recorded in it. We agreed that details of strategic priorities would be appended to the BAF in order to strengthen links. A final recommendation regarding quality governance recommended that we agree which management group would maintain oversight of the recommended actions arising from the 'Review of Lessons Learnt from Incidents, Concerns and Claims'. It has been agreed that oversight would be monitored by the Service User

Experience and Learning panel with exception reports received by the Executive Team.

Quality of Data

It was recognised in the Board Self-Assessment undertaken in March 2017 that although the Board felt that the information it and its key committees received generally supports scrutiny and assurance, there were gaps in some areas.

Conclusion

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

This Annual Governance Statement confirms that Public Health Wales has continued to mature as an organisation and no significant internal control or governance issues have been identified. The organisation will continue to address key risks and embed good governance and appropriate controls throughout the organisation.

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

Signed: 

Dr Tracey Cooper

Chief Executive and Accountable Officer, Public Health Wales

Annex 1: Board and Committee Membership/Attendance 2016/17

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	ATTENDANCE AT MEETINGS 2016/17****	CHAMPION ROLES
Professor Sir Mansel Aylward CB	Chair (Period of absence: 7 December 2016 – 30 April 2017)		<ul style="list-style-type: none"> (Chair) Board (Chair) Remuneration and Terms of Service Committee 	3/6 4/7	Veterans
Professor Simon Smail CBE	Vice Chair (Acting Chair: 7 December 2016 – 30 April 2017)		<ul style="list-style-type: none"> (Vice Chair/Acting Chair) Board (Vice Chair/Acting Chair) Remuneration and Terms of Service Committee (Chair) Quality, Safety and Improvement Committee 	5/6 7/7 4/4	Putting things right Safeguarding
Dr Carl Clowes OBE	Non-Executive Director	Third Sector Member	<ul style="list-style-type: none"> Board Audit and Corporate Governance Committee Quality, Safety and Improvement Committee Information Governance Committee Remuneration and Terms of Service Committee People and Organisational Committee 	4/6 5/5 1/2 1/1 6/7 2/2	
Professor Gareth Williams	Non-Executive Director	University Member	<ul style="list-style-type: none"> Board Quality, Safety and Improvement Committee Remuneration and Terms of Service Committee People and Organisational Development Committee 	6/6 3/4 5/7 2/2	Service user experience

<i>Terence Rose CBE</i>	<i>Non-Executive Director</i>		<ul style="list-style-type: none"> • <i>Board</i> • <i>Audit and Corporate Governance Committee (Chair – 1 April 2016 – 30 June 2016)</i> • <i>Quality, Safety and Improvement Committee</i> • <i>Information Governance Committee</i> • <i>Remuneration and Terms of Service Committee</i> • <i>People and Organisational Development Committee (Chair – from 30 June 2016)</i> 	<p>6/6 3/3</p> <p>2/2</p> <p>1/1</p> <p>6/7</p> <p>2/2</p>	
<i>Kate Eden</i>	<i>Non-Executive Director</i>		<ul style="list-style-type: none"> • <i>Board</i> • <i>Audit and Corporate Governance Committee (Chair – from 30 June 2016)</i> • <i>Quality, Safety and Improvement Committee</i> • <i>Remuneration and Terms of Service Committee</i> • <i>Information Governance Committee (Chair)</i> 	<p>5/6 5/5</p> <p>4/4</p> <p>6/7</p> <p>1/1</p>	
<i>Alison Ward CBE*</i>	<i>Interim Non-Executive Director (1 April 2016 – 31 October 2016)</i>	<i>Local Authority Member</i>	<ul style="list-style-type: none"> • <i>Board</i> 	2/3	
<i>Jack Straw OBE</i>	<i>Non-Executive Director (from 1 November 2016)</i>	<i>Local Authority Member</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Audit and Corporate Governance Committee</i> • <i>Remuneration and Terms of Service Committee</i> • <i>People and Organisational Development</i> 	<p>3/3 2/2</p> <p>3/3</p> <p>1/1</p>	

			Committee		
Tracey Cooper	Chief Executive		<ul style="list-style-type: none"> • Board • Audit and Corporate Governance Committee** • Remuneration and Terms of Service Committee** <p><i>Note: the Chief Executive (CE) has a standing invite to all Committees of the Board but is only a regular attendee of the Remuneration and Terms of Service Committee. The CE has to attend one meeting of the Audit and Corporate Governance Committee per year.</i></p>	6/6 2 7/7	
Huw George	Executive Director of Operations and Finance/ Deputy Chief Executive		<ul style="list-style-type: none"> • Board • Audit and Corporate Governance Committee** • People and Organisational Development Committee** • Remuneration and Terms of Service Committee** 	6/6 5/5 2/2 5/7	
Dr Quentin Sandifer	Executive Director of Public Health Services and Medical Director		<ul style="list-style-type: none"> • Board • Quality, Safety and Improvement Committee** • Information Governance Committee** 	5/6 3/4 0/1	
Dr Chrissie Pickin	Executive Director of Health and Wellbeing		<ul style="list-style-type: none"> • Board • Quality, Safety and Improvement Committee** 	6/6 3/4	
Rhiannon Beaumont-Wood*	Executive Director of Quality, Nursing and Allied Health Professionals		<ul style="list-style-type: none"> • Board • Quality, Safety and Improvement Committee** • Information Governance Committee** • Audit and Corporate Governance Committee** • People and Organisational Development Committee** 	6/6 4/4 1/1 3/4 2/2	

<i>Professor Mark Bellis OBE</i>	<i>Director of Policy, Research and International Development</i>		<ul style="list-style-type: none"> • Board* • Quality, Safety and Improvement Committee** 	5/6 0/3	
<i>Hywel Daniel (interim from 1 April 2016 – 26 June 2016)</i>	<i>Director of People and Organisational Development</i>		<ul style="list-style-type: none"> • Board* • Remuneration and Terms of Service Committee** • People and Organisational Development Committee** 	1/1 1/1 1/2	<i>Welsh Language</i> <i>Equality</i>
<i>Phil Bushby (from 27 June 2016)</i>			<ul style="list-style-type: none"> • Board* • Remuneration and Terms of Service Committee** • People and Organisational Development Committee** 	4/5 4/6 1/2	
<i>Dr Aidan Fowler</i>	<i>Director of NHS Quality Improvement and Patient Safety/Director 1000 Lives Improvement Service</i>		<ul style="list-style-type: none"> • Board* • Quality, Safety and Improvement Committee** 	5/6 1/4	
<i>Melanie Westlake (from 1 April 2016)</i>	<i>Board Secretary and Head of Corporate Governance</i>		<ul style="list-style-type: none"> • Board** • Audit and Corporate Governance Committee** • Quality, Safety and Improvement Committee** • Information Governance Committee** • Remuneration and Terms of Service Committee** • People and Organisational Development Committee** 	6/6 5/5 4/4 1/1 6/7 2/2	
<i>Stephanie Wilkins*</i>	<i>Representative of Partnership Forum</i>		<ul style="list-style-type: none"> • Board** • Audit and Corporate Governance Committee** 	5/6 <i>Stephanie Wilkins was invited to</i>	

			<ul style="list-style-type: none"> • Quality, Safety and Improvement Committee** • Information Governance Committee** • People and Organisational Development Committee** 	<p>attend committee meetings from September 2016. There is no explicit requirement for her to attend every meeting.</p>	
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* Attend Board meetings, but are not members of the Board and therefore do not have voting rights.

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

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

Note: In addition to Board and Committee membership, non-executive directors also participate in, and support, organisational groups and change programmes where appropriate. These include, for example, research and development, Welsh language, and modernisation programmes.

Remuneration & Staff Report

- 1.1 The information contained in this report relates to the remuneration of the senior managers employed by Public Health Wales.
- 1.2 The Pay Policy Statement (Annex 3) relates to Public Health Wales strategic stance on senior remuneration and to provide a clear statement of the principles underpinning decisions on the use of public funds.
- 1.3 The definition of "Senior Manager" is:
'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.'
- 1.4 For Public Health Wales, the senior managers are considered to be the regular attendees of the Trust Board meetings, i.e. the executive directors, the non-executive directors and the remaining board-level directors.

2. Remuneration and Terms of Service Committee

- 2.1 The Public Health Wales Remuneration and Terms of Service Committee considers and approves starting salaries, pay awards and terms and conditions of employment for the Executive Team and other key senior staff.
- 2.2 The Remuneration and Terms of Service Committee also considers and approves applications relating to the Voluntary Early Release Scheme, redundancy payments and early retirements.
- 2.3 All Executive Directors' pay and terms and conditions have been, and will be, determined by the Remuneration and Terms of Service Committee within the Framework set by the Welsh Government.
- 2.4 During 2016/17 the Public Health Wales Remuneration and Terms of Service Committee consisted of the following Members:

Professor Sir Mansel Aylward CB (Chair)
Dr Carl Clowes (Non-Executive Director)
Kate Eden (Non-Executive Director)
Terence Rose (Non-Executive Director)
Professor Simon Smail (Non-Executive Director and Vice Chair (Note: Acting Chair from 7 December 2016-30 April 2017 inclusive))
Jack Straw (Non-Executive Director (from 1 November 2016))
Professor Gareth Williams (Non-Executive Director)

- 2.5 Performance of Executive Directors is assessed against individual objectives and the overall performance of Public Health Wales. Public Health Wales does not make bonus payments of any kind.
- 2.6 All and any pay-awards are subject to performance. All payments are against the pay envelope in the annual letter from the Chief Executive of NHS Wales on this matter. The only senior managers to receive pay-awards have been those remunerated on medical and dental or Agenda for Change pay scales.
- 2.7 Hywel Daniel was Interim Director of People and Organisational Development from 1 April 2016 to 26 June 2016. Melanie Westlake was Interim Board Secretary on secondment from Cardiff and Vale University Health Board from 1 April 2016 and was appointed into the post from 1 October 2016
- 2.8 During 2016/17, the Remuneration and Terms of Service Committee approved the following (in consultation with Welsh Government where appropriate):
Approved the appointment and remuneration for the following:
- Director of People and Organisational Development at £99k;
 - Board Secretary and Head of Corporate Governance at £72,051

Approval of the following agreements:

- Approval of 6 applications, totalling £161,172 under the Voluntary Early Release Scheme.
- Approval of 4 settlement agreements totalling £65,805

3. Salary and Pension Disclosures

- 3.1 Details of salaries and pension benefits for senior employees are given in Annexes 1 and 2.
- 3.2 The single figure of remuneration (Annex 1) is intended to be a comprehensive figure that includes all types of reward received by directors in the period being reported on, including fixed and variable elements as well as pension provision.
- 3.3 The single figure includes the following:
- Salary and fees both pensionable and non pensionable elements.
 - benefits in kind (taxable) (total to the nearest £100)
 - pension related benefits - those benefits accruing to senior managers from membership of a participating defined benefit pension scheme.
- 3.4 There are no annual or long-term performance related bonuses.
- 3.5 Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.

- 3.6 The value of pension related benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
- 3.7 As the pension benefit figure is calculated on the basis of an increase in the year, any new staff joining the organisation or the Board will show a very high figure.
- 3.8 Annex 2 gives the total pension benefits for all senior managers. The inflationary rate applied to the 2015/16 figure is 0% as set out by the 2016/17 Greenbury guidance.

4. Remuneration Relationship

- 4.1 NHS Bodies in Wales are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. This information is provided in note 9.5 to the Financial Statements.

5. 2016/17 Staff Report

5.1 Number of senior staff

As of 31 March 2017 there were nine senior staff that made up the Executive Team; they were also Board members or regular attendees. Their pay bands are broken down as follows:

Consultant (Medical and Dental) : 1
Very Senior Manager Pay scale : 6
Agenda for Change Wales Band 9: 1
Agenda for Change Wales Band 8D: 1

5.2 Staff Numbers

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

	Permanently Employed (inc Fixed Term) WTE	Agency Staff WTE	Staff on inward secondment WTE	2016/17 Total WTE	2015/16 Total WTE
Administrative, clerical and board members	804	18	25	847	768
Medical and dental	73	3	26	102	103
Nursing, midwifery registered	57	0	0	57	57
Professional, scientific and technical staff	496	0	0	496	426
Total	1,430	21	51	1,502	1,352

The average WTE figure has increased by 150 due to Diabetic Eye Screening Wales staff transferring to Public Health Wales from 1 April 2016 and Clinical Networks staff transferring to Public Health Wales from 1 October 2016.

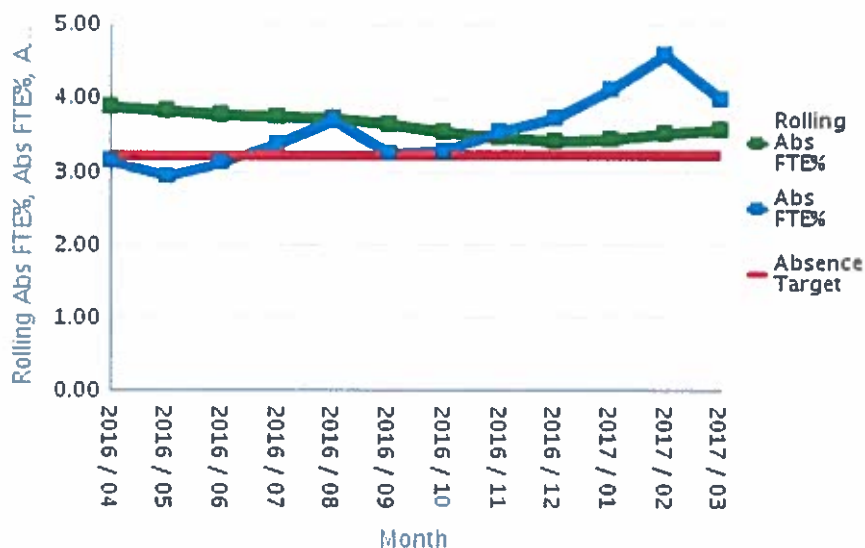
5.3 Staff Composition

The gender breakdown of senior staff (Executive Team) and other employees as of 31 March 2017 was as follows:

	Male	Female
Senior Staff (Exec Team)	5	4
Other employees	394 (23%)	1,302 (77%)

5.4 Sickness Absence data

Sickness absence timeline (including rolling absence) 1 April 2016 to 31 March 2017



Cumulative Sickness 2016/17

Absence % (FTE)	Absence Days
3.59%	22,285

Sickness by Month 2016/17

Month	Absence % (FTE)
April 2016	3.15%
May 2016	2.95%
June 2016	3.14%
July 2016	3.40%
August 2016	3.70%
September 2016	3.25%
October 2016	3.28%
November 2016	3.56%
December 2016	3.73%
January 2017	4.14%
February 2017	4.62%
March 2017	4.13%

February 2017 was a particularly difficult month for sickness absence in Public Health Wales; however it is entirely predictable that sickness will increase over the winter period. This started to decline in March 2017 and has continued to do so.

In addition, we are still dealing with a significant number of long term sickness cases that we have been working with the service on developing action plans to support a return to work where possible. Work continues to monitor sickness across Directorates, and re-audits for hot spot areas are included within the work programme for the People and Organisational Development Directorate in 2017/18.

Additionally Task and Finish Group has been established with managers, staff and trade unions to develop an action plan to address sickness absence across Public health Wales. This has been discussed and actions have been allocated with timescales for completion.

5.5 Staff policies applied during the financial year

The Trust's workforce policies cover all aspects of employment, from recruitment and selection, training and development to terms and conditions of service and termination of employment. They also set out the guiding principles that influence the way the Public Health Wales carries out its employment based activities and the expectations of all staff. Some of these policies are developed with other NHS organisations on an "all Wales" basis and their adoption is mandatory. Public Health Wales also has a range of policies which enable people with a protected characteristic (including disability) to gain employment with the Trust, and remain in employment where appropriate, should they become covered by a protected characteristic during their employment.

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

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

The All Wales Sickness Absence Policy provides guidance on the support available and provided to employees if they become disabled during their employment. The policy is designed to support employees during periods of illness which could lead to a disability. It offers employees the option of a phased return/period of rehabilitation with no loss in pay; and includes the

duty to make reasonable adjustments that will enable a disabled employee to remain in work (the cornerstone of the Equality Act 2010). Occupational Health advice is sought as appropriate, through all stages of the sickness absence process. Where an employee can no longer sustain their role due to ill health capability, Public Health Wales seeks to redeploy them into a role which is considered to be suitable; this may include a period of re-training.

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

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

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

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

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

5.6 Expenditure on Consultancy

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

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

During 2016/17, Public Health Wales' expenditure on consultancy was £418k.

5.7 Tax Assurance for Off-Payroll Engagements

The Trust is required to disclose any arrangements it has whereby individuals are paid through their own companies or off-payroll. Where off-payroll payments have been made, the Trust has sought assurance from all relevant parties that the appropriate tax arrangements are in place. Full details of these arrangements are published on the Public Health Wales website at <http://www.wales.nhs.uk/sitesplus/888/page/44934>

5.8 Exit Packages

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

Exit packages cost band (including any special payment element)	2016-17		2016-17		2016-17		2016-17		2015-16	
	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
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	2	15,811	2	15,811	0	0	0	0	0
£10,000 to £25,000	0	7	134,466	7	134,466	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0	0	0	0	3	3
£50,000 to £100,000	0	1	76,700	1	76,700	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0	0	0	0	0	0
more than £200,000	0	0	0	0	0	0	0	0	0	0
Total	0	10	226,977	10	226,977	0	0	0	3	3
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	15,811	15,811	0	15,811	0	0	0	0	0
£10,000 to £25,000	0	134,466	134,466	0	134,466	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0	0	0	0	34,875	34,875
£50,000 to £100,000	0	76,700	76,700	0	76,700	0	0	0	68,054	68,054
£100,000 to £150,000	0	0	0	0	0	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0	0	0	0	0	0
more than £200,000	0	0	0	0	0	0	0	0	0	0
Total	0	226,977	226,977	0	226,977	0	0	0	102,929	102,929

6. Statement of Assurance

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



Tracey Cooper
Accountable Officer, Public Health Wales

Annex 1a: Single Figure of Remuneration (2016/17)

Name and Title	Salary (Bands of £5k)	Benefits in kind (taxable) to nearest £100	Pension Benefit to nearest £1,000	Total to nearest (Bands of £5k)
Dr Tracey Cooper, Chief Executive	150-155	-	35	180-185
Huw George, Deputy Chief Executive and Executive Director of Operations and Finance	120-125	-	9	130-135
Dr Quentin Sandifer, Executive Director of Public Health Services	155-160	-	27	180-185
Rhiannon Beaumont-Wood, Executive Director of Nursing and Quality	100-105	-	25	125-130
Dr Christine Pickin, Executive Director of Health and Wellbeing	125-130	-	30	155-160
Dr Aidan Fowler, Director of Patient Safety and Healthcare Quality	175-180	-	134	310-315
Prof. Mark Bellis, Director of Policy Research and International Development	120-125	-	28	145-150
Melanie Westlake, Board Secretary ¹	35-40	-	460	495-500
Phil Bushby, Director of People and Organisational Development ²	75-80	-	18	90-95
Hywel Daniel, Interim Director of People and Organisational Development ³	20-25	-	14	30-35
Non Executive Directors:				
Professor Sir Mansel Aylward	40-45	-	0	40-45
Dr Carl Clowes	5-10	-	0	5-10
Professor Simon Smail ⁴	20-25	-	0	20-25
Terence Rose	5-10	-	0	5-10
Professor Gareth Williams ⁵	0	-	0	0
Kate Eden ⁶	5-10	-	0	5-10
Jack Straw ⁷	0-5	-	0	0-5

1. Melanie Westlake was Interim Board Secretary on secondment from Cardiff & Vale from 1 April 2016 and was appointed into the post from 1 October 2016. The figures in the table above relate to the period 1 October 2016 to 31 March 2017.
 2. Philip Bushby joined the organisation on 27 June 2016.
 3. Hywel Daniel was Interim Director from 01 April 2016 to 24 June 2016.
 4. Professor Smail was Acting Chair from 7 December to 30 April 2017
 5. Although Professor Williams received no direct remuneration for his duties, Cardiff University was paid £10k per annum by the Trust due to his relationship with them as a former employee and emeritus professor.
 6. Kate Eden joined the Board on 01 April 2016
 7. Jack Straw joined the Board on 01 November 2016
- Please refer to point 3.6 for clarification of the value of pensions

Annex 1b: Single Figure of Remuneration (2015/16)

Name and Title	2015/16			
	Salary (Bands of £5k)	Benefits in kind (taxable) to nearest £100	Pension Benefit to nearest £1,000	Total to nearest (Bands of £5k)
Dr Tracey Cooper, Chief Executive	150-155	-	40	190-195
Huw George, Deputy Chief Executive and Executive Director of Operations and Finance	125-130	-	111	235-240
Dr Quentin Sandifer, Executive Director of Public Health Services	155-160	-	0	155-160
Rhiannon Beaumont-Wood, Executive Director of Nursing and Quality	100-105	-	0	100-105
Ruth Davies, Director of Workforce and Organisational Development ¹	90-95	-	35	130-135
Dr Chrissie Pickin, Executive Director of Health and Wellbeing ²	40-45	-	9	50-55
Dr Aidan Fowler, Director of Patient Safety and Healthcare Quality ³	105-110	-	985	1,090-1,095
Dr Judith Greenacre, Interim Director of Health and Wellbeing ⁴	130-135	-	1,126	1,255-1,260
Prof. Mark Bellis, Director of Policy, Research and International Development ⁵	120-125	-	91	210-215
Keith Cox, Board Secretary ⁶	45-50	-	12	60-65
Non Executive Directors:				
Professor Sir Mansel Aylward	40-45	-	-	45-50
Dr Carl Clowes	5-10	-	-	5-10
Professor Simon Smail	5-10	-	-	5-10
John Spence ⁷	15-20	-	-	15-20
Terence Rose	5-10	-	-	5-10
Professor Gareth Williams ⁸	0	-	-	0

1. Mrs Ruth Davies left the organisation on 29 March 2016
2. Dr Chrissie Pickin joined the organisation on 07 December 2015
3. Dr Aidan Fowler joined the organisation on 01 September 2015.
4. Dr Judith Greenacre left this post on 31 March 2016.
5. Professor Mark Bellis joined the organisation on 28 April 2015.
6. Keith Cox took up a secondment with Welsh Ambulance NHS Trust on the 30 October 2015. This post was covered for 3 months by an agency member of staff, and therefore no salary was included.
7. John Spence received additional remuneration during the year for interim chair.
8. Although Professor Williams receives no direct remuneration for his duties, Cardiff University was paid £10k per annum by the Trust as his employer during 2015/16.

Annex 2 - Pension Benefits

Name and Title	Real increase in pension at age 60, (bands of £2,500) £'000	Real increase in lump sum at aged 60, (bands of £2,500) £'000	Total accrued pension at age 60 at 31 March 2017 (bands of £5,000) £'000	Lump sum at age 60 related to accrued pension at 31 March 2017 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2017 £'000	Cash Equivalent Transfer Value at 31 March 2016 £'000	Real Increase in Cash Equivalent Transfer Value £'000	Employer's contribution to stakeholder pension £'00
Dr Tracey Cooper, Chief Executive	2.5 - 5	0	20 - 25	40 - 45	421	366	55	0
Huw George, Deputy Chief Executive and Executive Director of Operations and Finance	0 - 2.5	0 - -2.5	35 - 40	100 - 105	659	627	32	0
Dr Quentin Sandifer Executive Director of Public Health Services	0 - 2.5	5 - 7.5	50 - 55	155 - 160	1,108	1,009	99	0
Rhiannon Beaumont-Wood, Executive Director of Nursing	0 - 2.5	5 - 7.5	20 - 25	60 - 65	413	370	43	0
Dr Christine Pickin, Executive Director of Health and Wellbeing	0 - 2.5	0	0 - 5	0	46	10	36	0
Dr Aidan Fowler, Director of NHS Quality Improvement and Patient Safety	7.25 - 7.5	12.5 - 15	50 - 55	130 - 135	862	728	133	0
Prof Mark Bellis, Director of Policy Research and International Development	0 - 2.5	0	5 - 10	0	97	65	32	0
Melanie Westlake, Board Secretary	20 - 22.5	52.5 - 55	40 - 45	115 - 120	684	351	333	0
Phil Bushby, Director of People & Organisational Development	0 - 2.5	0	0 - 5	0	14	N/A	14	0
Hywel Daniel, Interim Director of People & Organisational Development	0 - 2.5	0 - 2.5	10 - 15	30 - 35	150	116	8	0

Annex 3 - Pay Policy Statement 2016/17

1.0 Introduction and Purpose

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

2.0 Legislative Framework

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

3.0 Pay Structure

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

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

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

Chief Executive

Deputy Chief Executive / Executive Director of Operations and Finance

Executive Director of Health and Wellbeing

Executive Director of Public Health Services

Executive Director of Quality, Nursing and Allied Health Professionals

Director for NHS Quality Improvement and Patient Safety

Director of People and Organisational Development

Director of Policy, Research and International Development

- b) The "lowest-paid employees" within Public Health Wales' are paid £16,132 per annum (£8.25 per hour) in accordance with the nationally set Pay Bands and pay points in Wales.
- c) The definitions for senior posts and the lowest paid employees are in accordance with the national provisions as determined and set by Welsh Government as noted in a) above.
- d) The remuneration of senior posts is determined by a job evaluation process (Job Evaluation for Senior Posts (JESP)) and all salaries are agreed by Welsh Government. The remuneration of the lowest-paid employees is set by reference to the national Job Evaluation system (Agenda for Change) and salaries for the all Agenda for Change pay spine points (including the lowest) are set following receipt of recommendations from the Pay Review Body. From 1st January 2015, the lowest spine points were adjusted to incorporate the Living Wage.
- e) The annual process of submitting evidence to the pay review bodies (NHS Pay Review Body and Review Body on Doctors' and Dentists' Remuneration) enables an independent assessment to be made on NHS pay. The pay review bodies have regard to the following considerations in making their recommendations:

- the need to recruit, retain and motivate suitably able and qualified staff;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- the funds available to the Health Departments, as set out in the Government's Departmental Expenditure Limits;
- the Government's inflation target;
- the principle of equal pay for work of equal value in the NHS;
- the overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved.

f) The number of senior posts within the body with a remuneration package of more than £100,000 in bands of £5,000 is:

Number of Staff	Salary (Bands of £5k)
1	100 - 105
0	105 - 110
0	110 - 115
0	115 - 120
2	120 - 125
1	125 - 130
0	130 - 135
0	135 - 140
0	140 - 145
0	145 - 150
1	150 - 155
1	155 - 160
0	160 - 165
0	165 - 170
0	170 - 175
1	175 - 180

g) The NHS Trust's approach to internal talent management is to share all vacancies and opportunities internally to encourage career mobility and development of all our employees. In addition through our workforce planning process we undertake learning needs analysis and Succession Planning processes to identify developmental needs of all staff. Succession Planning is the process of identifying critical positions, assessing current staff members who may be able to fill these positions within several timescales (ready now; 1-2 years and 2-5 years) and developing action plans for these individuals to assume those positions.

- h) Public Health Wales' does not use any system of performance related pay for senior posts.
- i) Public Health Wales' has a comprehensive approach to performance, development and review and the policies / processes to support this are:

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

- j) The highest and lowest agenda for change pay points set by Public Health Wales' are:

Highest point - £100,431

Lowest point - £16,132

- k) The severance policies which are operated by Public Health Wales' are;
- set out in Section 16 of the nationally agreed NHS Terms and Conditions of Service Handbook for redundancy and these conditions can only be varied by national agreement between government, employers and trade unions;
 - the Voluntary Early Release scheme which requires Welsh Government authorization for any payment to be made and;
 - the NHS Wales Organisational Change Policy which provides for a consistent approach to the management of organisational change and provides for redeployment and protection of pay.
 - the Public Health Wales Redundancy Policy which sets out an organisational approach to managing situations where redundancies (or the risk of redundancies) arise

4.0 Wider Reward and Recognition Package

- l) Additional Benefits offered by Public Health Wales' are;
- **Annual leave** - Staff receive an annual leave allowance of 27 days a year plus bank holidays, rising to 29 days after five years and 33 days after ten years.
 - **Flexible working** –. The Trust offers a flexible working policy to help you balance your home and working life, including: working from home, part-time hours and job sharing options.
 - **Pension** - We are signed up to the NHS pension scheme. If staff join the NHS pension scheme the Trust will contribute 14.3% towards their pension.

- **Childcare Vouchers** - We offer membership to the childcare vouchers scheme to all employees who have children
- **Cycle to work scheme** – The Trust participates in a [cycle to work scheme](#), which offers savings of up to 42% off the cost of a new bike.
- **Travel loans** - Interest free season ticket loans are available to staff (on an annual basis).
- **Health and well-being** - Health and well-being initiatives are available across the Trust, including discounted gym membership across Wales.
- **Occupational Health** - All employees have access to our occupational health services: the service can support staff with, stress management, confidential counselling and seasonal vaccinations.

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

Public Health Wales', in keeping with the wider NHS, ensures that all of its employees are paid the living wage of £16,132 per annum.

National Assembly for Wales Accountability & Audit Report

Long Term Expenditure Trends

The following table and graph illustrates the Trust expenditure from 2012/13 to 2016/17.

The expenditure figure is taken from the Operating Expenses note within the financial statements (note 4). Expenditure has been broken down across 4 headings:

- Welsh Government, NHS and Local Authority Expenditure,
- Pay,
- Other Non Pay
- Depreciation and Impairments.

Table 1: Long Term Expenditure Trend by Expenditure type

	£000s	£000s	£000s	£000s	£000s	Total %	12 mths %
Expenditure	2012-13	2013-14	2014-15	2015-16	2016-17	Increase	Increase
Welsh Government / LHBs / Trust / Local Authorities	20,195	19,732	18,968	18,390	20,717	2.59%	12.65%
Pay Expenditure	54,505	61,129	63,980	65,070	72,370	32.78%	11.22%
Other Non Pay	19,393	21,374	21,947	22,036	24,641	27.06%	11.82%
Depreciation and Impairments	4,221	2,798	2,781	3,276	3,462	-17.98%	5.68%
Total	98,314	105,033	107,676	108,772	121,190	23.27%	11.42%

As the above table illustrates, Trust expenditure has increased from £98.314m in 2012/13 to £121.190m in 2016/17: an increase of over 23% over 5 years, and an increase of 11% over the past 12 months.

This reflects the additional functions, programmes and services that have been transferred to the Trust; both from other NHS bodies and from Welsh Government. These include several Health Improvement Programmes, Newborn Bloodspot Screening, Abdominal Aortic Aneurism Screening and the Wrexham Microbiology Laboratory. In addition, the Trust hosts the NHS Wales Health Collaborative which transferred into Public Health Wales in 2015/16.

In the past 12 months, the Diabetic Eye Screening Wales service (DESW) transferred into Public Health Wales on 1st April 2016 and five clinical networks transferred into the NHS Wales Health Collaborative on October 1st 2017. This has resulted in an increase of £12.4m additional expenditure in 2016/17 across all categories of expenditure in 2016/17.

The Audit Certificate of the Auditor General to the National Assembly for Wales

I certify that I have audited the financial statements of Public Health Wales NHS Trust for the year ended 31st March 2017 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Tax Payers Equity and the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 140 and 5, the Directors and the Chief Executive are responsible for the preparation of financial statements, which give a true and fair view.

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

Scope of the audit of financial statements

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

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

In addition, I read all the financial and non-financial information in the Explanatory Foreword and Accountability Report 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 financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Public Health Wales NHS Trust as at 31st March 2017 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.

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.

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;
- the information contained in the Explanatory Foreword and Accountability Report is consistent with the financial statements.

Matters on which I report by exception

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

- the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;
- proper accounting records have not been kept;
- 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.



Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff, CF11 9LJ
6th June 2017

Financial Statements

Public Health Wales NHS Trust

Foreword

These accounts for the period ended 31 March 2017 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Public Health Wales NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

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

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

Since 2009, we have continued to grow, taking on a range of additional functions and services from both the Welsh Government and NHS Wales, including several Health Improvement Programmes, Newborn Bloodspot Screening, Abdominal Aortic Aneurism Screening and the Wrexham Microbiology Laboratory. The Diabetic Eye Screening Service for Wales (DESW) also transferred into Public Health Wales on 1st April 2016. In addition, the Trust hosts the NHS Wales Health Collaborative, which has expanded during 2016/17 to include a number of clinical networks.

The overall income level for Public Health Wales has increased by 51 per cent over the last six years, from £80m in 2010/11 to £121m in 2016/17. Of this income, £6.8m relates to the hosted organisation.

There was a change to the statutory and administrative targets for the Trust following the publication of the Welsh Health Circular (WHC) "WHC/2015/014 - Statutory and Administrative Financial Duties of Local Health Boards and NHS Trusts". 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.

The Trust has once again achieved financial balance in 2016-17 and the accounts that follow present a small retained surplus of £16k. Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2014-15 to 2016-17. In addition, the Trust has met its second financial duty to have an approved financial plan for the period 2016-17 to 2018-19.

The administrative targets of remaining within the EFL and the payment of 95% of all non-NHS invoices within 30 days (by number) were also met in 2016/17.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2017

	Note	2016-17 £000	2015-16 £000
Revenue from patient care activities	2	92,376	85,975
Other operating revenue	3	28,861	22,836
Operating expenses	4	(121,190)	(108,772)
Operating (deficit)/surplus		47	39
Investment revenue	5	16	27
Other gains and losses	6	0	0
Finance costs	7	(47)	(49)
Retained surplus	30.1	16	17
Other Comprehensive Income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment		37	101
Net gain/(loss) on revaluation of intangible assets		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0
Impairments and reversals		(6)	0
Movements in other reserves		0	0
Transfers between reserves		0	0
Net gain/loss on Other Reserve		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
Sub total		31	101
Items that may be reclassified subsequently to net operating costs			
Net gain/(loss) on revaluation of financial assets held for sale		0	0
Sub total		0	0
Total other comprehensive income for the year		31	101
Total comprehensive income for the year		47	118

The notes on pages 82 to 138 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2017

	Note	31 March 2017	31 March 2016
		£000	£000
Non-current assets			
Property, plant and equipment	12	14,476	13,442
Intangible assets	13	0	0
Trade and other receivables	18	146	0
Other financial assets	19	0	0
Total non-current assets		14,622	13,442
Current assets			
Inventories	17	158	121
Trade and other receivables	18	9,597	6,132
Other financial assets	19	0	0
Cash and cash equivalents	20	4,128	8,597
		13,883	14,850
Non-current assets held for sale	12.2	0	0
Total current assets		13,883	14,850
Total assets		28,505	28,292
Current liabilities			
Trade and other payables	21	(7,937)	(10,502)
Borrowings	22	0	0
Other financial liabilities	23	0	0
Provisions	24	(3,224)	(2,462)
Total current liabilities		(11,161)	(12,964)
Net current assets/(liabilities)		2,722	1,886
Total assets less current liabilities		17,344	15,328
Non-current liabilities			
Trade and other payables	21	(259)	(104)
Borrowings	22	0	0
Other financial liabilities	23	0	0
Provisions	24	(1,469)	(1,111)
Total non-current liabilities		(1,728)	(1,215)
Total assets employed		15,616	14,113
Financed by Taxpayers' equity:			
Public dividend capital		14,688	13,232
Retained earnings		551	535
Revaluation reserve		377	346
Other reserves		0	0
Funds Held on Trust Reserves			
Total taxpayers' equity		15,616	14,113

The financial statements were approved by the Board on 1 June 2017 and signed on behalf of the Board by:

Chief Executive.....

Date..... 1/6/17

The notes on pages 82 to 138 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2016-17	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2016	13,232	535	346	0	14,113
Changes in taxpayers' equity for 2016-17					
Retained surplus/(deficit) for the year		16			16
Net gain/(loss) on revaluation of property, plant and equipment		0	37	0	37
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets			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	(6)	0	(6)
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	1,456				1,456
Public Dividend Capital repaid in year	0				0
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	0				0
Balance at 31 March 2017	14,688	551	377	0	15,616

The notes on pages 82 to 138 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2015-16	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2015	14,239	518	245	0	15,002
Changes in taxpayers' equity for 2015-16					
Retained surplus/(deficit) for the year		17			17
Net gain/(loss) on revaluation of property, plant and equipment		0	101	0	101
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of 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
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	0				0
Public Dividend Capital repaid in year	(1,007)				(1,007)
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	0				0
Balance at 31 March 2016	13,232	535	346	0	14,113

The notes on pages 82 to 138 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016-17 £000	2015-16 £000
Cash flows from operating activities			
Operating surplus/(deficit)	SOCI	47	39
Depreciation and amortisation	4	3,439	3,337
Impairments and reversals	4	23	(61)
Release of PFI deferred credits		0	0
Donated Assets received credited to revenue but non-cash	3	0	0
Government Granted Assets received credited to revenue but non-cash	3	0	0
Interest paid		(47)	(49)
(Increase)/decrease in inventories		(37)	(36)
(Increase)/decrease in trade and other receivables		(3,611)	2,144
Increase/(decrease) in trade and other payables		(1,274)	(81)
Increase/(decrease) in provisions		1,120	(1,111)
Net cash inflow (outflow) from operating activities		(340)	4,182
Cash flows from investing activities			
Interest received		16	27
(Payments) for property, plant and equipment		(5,126)	(794)
Proceeds from disposal of property, plant and equipment		(6)	0
(Payments) for intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with Welsh Government		0	0
Proceeds from disposal of investments with Welsh Government		0	0
(Payments) for financial assets.		0	0
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
Net cash inflow (outflow) from investing activities		(5,116)	(767)
Net cash inflow (outflow) before financing		(5,456)	3,415
Cash flows from financing activities			
Public Dividend Capital received		1,456	0
Public Dividend Capital repaid		0	(1,007)
Loans received from Welsh Government		0	0
Other loans received		0	0
Loans repaid to Welsh Government		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital elements of finance leases and on-SOFP PFI		(469)	(620)
Cash transferred (to)/from other NHS Wales bodies		0	0
Net cash inflow (outflow) from financing activities		987	(1,627)
Net increase (decrease) in cash and cash equivalents		(4,469)	1,788
Cash [and] cash equivalents at the beginning of the financial year	20	8,597	6,809
Cash [and] cash equivalents at the end of the financial year	20	4,128	8,597

The notes on pages 82 to 138 form part of these accounts.

Notes to the Accounts

Accounting policies

1. Accounting policies

The Cabinet Secretary for Health, Well-being and Sport 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 2016-17 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention 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 Pooled budgets

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

1.4 Revenue

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

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

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

Only non-NHS income may be deferred.

1.5 Employee Benefits

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

Retirement benefit costs

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

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

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.

1.6 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.

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to 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.

For 2012-13 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts from 1 April 2012. No indices for buildings and equipment were issued in 2016-17 due to the uncertainty surrounding the impact of Brexit on all sectors of the property market. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and

equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

1.8 Intangible assets

Recognition

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

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

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

Measurement

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

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or,

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

1.9 Research and development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and 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 SOCNI on a systematic basis over the period expected to benefit from the project.

1.10 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 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 Net Income.

1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.12 Donated assets

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

1.13 Government grants

A government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.14 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally

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

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

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

1.15 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.

1.16 Leases

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

The trust as lessee

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

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

Contingent rentals are recognised as an expense in the period in which they are incurred.

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

The trust as lessor

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

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

1.17 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.18 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.

1.19 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.

1.20 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.

1.21 Clinical Negligence 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 2016-17. The WRP is hosted by Velindre NHS Trust.

1.22 Carbon Reduction Commitment Scheme

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

1.23 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.

1.24 Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through SoCNI

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 SoCNI. 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.

The Trust has no embedded derivatives.

Held to maturity investments

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

Available for sale financial assets

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.

Loans and receivables

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

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

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.

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.

1.25 Financial liabilities

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

Loans from the Welsh Government are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

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

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

Financial liabilities at fair value through SoCNI

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

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

Other financial liabilities

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

1.26 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.

1.27 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.

1.28 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. The Trust does not own any Third party assets.

1.29 Public Dividend Capital (PDC) and PDC dividend

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

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

1.30 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.

1.31 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.

1.32 Critical Judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.33 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.

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.

1.34 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'

Charity not consolidated as NHS Trust is not corporate trustee

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 not the corporate trustee of the linked charitable funds, it is considered for accounting standards compliance to not have control of Velindre Charitable Funds as a subsidiary and therefore is not required to consolidate the results of Velindre Charitable Funds within the statutory accounts of the trust. Details of the transactions with the charity are included in the related parties' notes.

1.35 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.

1.36 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

IFRS 9 Financial Instruments

IFRS14 Regulatory Deferral Accounts

IFRS15 Revenue from contracts with customers

IFRS 16 Leases

1.37 Accounting standards issued that have been adopted early

There are no accounting standards in issue which have been adopted early.

Public Health Wales NHS Trust Annual Accounts 2016-17

2. Revenue from patient care activities	2016-17	2015-16
	£000	£000
Welsh Government	92,376	85,975
Welsh Government Welsh Risk Pool Reimbursements	0	0
Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC)	0	0
Local health boards	0	0
Welsh NHS Trusts	0	0
Other NHS Trusts	0	0
Other NHS England bodies	0	0
Foundation Trusts	0	0
Welsh Local Authorities	0	0
Local authorities	0	0
Non NHS:		
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other revenue from activities	0	0
Total	92,376	85,975

ICR income is subject to a provision for impairment of 22.94% to reflect expected rates of collection.

3. Other operating revenue	2016-17	2015-16
	£000	£000
Patient transport services	0	0
Education, training and research	1,451	1,502
Charitable and other contributions to expenditure	0	0
Receipt of donations for capital acquisitions	0	0
Receipt of government grants for capital acquisitions	0	0
Non-patient care services to other bodies	0	0
Income generation	55	25
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue:		
Provision of pathology/microbiology services	15,302	14,418
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	0	0
Business unit	0	0
Other	12,053	6,891
Total	28,861	22,836

Other revenue of £12,052k comprises:

Excellence Awards	193	276
Grants - LA	221	186
Grants - other	37	39
LHB & Trust - Non core Income	4,524	1,005
WG - Non core income	3,740	2,295
Staff recharge	2,298	2,250
Other	1,040	840
Total	12,053	6,891

4. Operating expenses	2016-17	2015-16
4.1 Operating expenses	£000	£000
Welsh Government	34	3
WHSSC & EASC	0	0
Local Health Boards	14,505	13,019
Welsh NHS Trusts	1,414	759
Other NHS Trusts	163	116
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	0	0
Welsh Local Authorities	4,601	4,493
Other Local Authorities	0	0
Directors' costs	1,555	1,346
Staff costs	70,815	63,724
Supplies and services - clinical	7,761	8,287
Supplies and services - general	766	442
Consultancy Services	419	648
Establishment	7,037	6,782
Transport	610	466
Premises	5,899	4,027
Impairments and Reversals of Receivables	0	0
Depreciation	3,439	3,337
Amortisation	0	0
Impairments and reversals of property, plant and equipment	23	(61)
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Audit fees	151	151
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	533	251
Research and development	0	0
Other operating expenses	1,465	982
Total	121,190	108,772

4. Operating expenses (continued)

4.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses	2016-17	2015-16
Increase/(decrease) in provision for future payments:	£000	£000
Clinical negligence	1,868	(795)
Personal injury	266	(48)
All other losses and special payments	227	207
Defence legal fees and other administrative costs	(25)	(160)
Gross increase/(decrease) in provision for future payments	<u>2,336</u>	<u>(796)</u>
Contribution to Welsh Risk Pool	0	0
Welsh Risk Pool creditor movement	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(1)	(1)
Less: income received/ due from Welsh Risk Pool	<u>(1,802)</u>	<u>1,048</u>
Total charge	<u><u>533</u></u>	<u><u>251</u></u>

Personal injury includes £265k in respect of permanent injury benefits (2015-16 £17k). This expenditure includes a change of £265k relating to the change in the rate at which the provision for future payments is calculated.

5. Investment revenue	2016-17	2015-16
Rental revenue :	£000	£000
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	16	27
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	16	27

6. Other gains and losses	2016-17	2015-16
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through income statement	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	0	0

7. Finance costs	2016-17	2015-16
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	47	49
Interest on obligations under PFI contracts:		
Main finance cost	0	0
Contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	47	49
Provisions unwinding of discount	0	0
Periodical Payment Order unwinding of discount	0	0
Other finance costs	0	0
Total	47	49

8. Operating leases

8.1 Trust as lessee

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

In 2016/17 the Trust relocated a number of its staff into a new office building, which has been acquired through an operating lease for a period of 12 years. These costs are included in the figures below.

Payments recognised as an expense	2016-17 £000	2015-16 £000
Minimum lease payments	1,638	1,001
Contingent rents	0	0
Sub-lease payments	0	0
Total	1,638	1,001

Total future minimum lease payments	2016-17	2015-16
Payable:	£000	£000
Not later than one year	1,650	1,624
Between one and five years	4,057	5,018
After 5 years	5,945	7,512
Total	11,652	14,154

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

8.2 Trust as lessor

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

Rental Revenue

Receipts recognised as income	2016-17	2015-16
	£000	£000
Rent	0	0
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

Total future minimum lease payments	2016-17	2015-16
Receivable:	£000	£000
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

9. Employee costs and numbers

9.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2016-17	2015-16
				£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	54,241	1,101	4,332	59,674	54,483
Social security costs	5,366	0	0	5,366	3,898
Employer contributions to NHS Pensions Sche	7,217	0	0	7,217	6,595
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	66,824	1,101	4,332	72,257	64,976
Of the total above:					
Charged to capital				0	0
Charged to revenue				72,257	64,976
Total				72,257	64,976

Net movement in accrued employee benefits (untaken staff leave accrual included above) **60** **(10)**

9.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	2016-17	2015-16
				Total	Total
	Number	Number	Number	Number	Number
Administrative, clerical and board members	804	18	25	847	768
Ambulance staff	0	0	0	0	0
Medical and dental	73	3	26	102	103
Nursing, midwifery registered	57	0	0	57	57
Professional, scientific and technical staff	496	0	0	496	424
Additional Clinical Services	0	0	0	0	0
Allied Health Professions	0	0	0	0	0
Healthcare scientists	0	0	0	0	0
Estates and Ancillary	0	0	0	0	0
Students	0	0	0	0	0
Total	1,430	21	51	1,502	1,352

9.3 Employee benefits

The Trust operates a lease car scheme and three salary sacrifice schemes (childcare, bikes and computer scheme) for employees.

9.4 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2016-17	2016-17	2016-17	2016-17	2015-16
	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	0	2	2	0	0
£10,000 to £25,000	0	7	7	0	0
£25,000 to £50,000	0	0	0	0	3
£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	0
more than £200,000	0	0	0	0	0
Total	0	10	10	0	3

Exit packages cost band (including any special payment element)	2016-17	2016-17	2016-17	2016-17	2015-16
	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	0	15,811	15,811	0	0
£10,000 to £25,000	0	134,466	134,466	0	0
£25,000 to £50,000	0	0	0	0	102,929
£50,000 to £100,000	0	76,655	76,655	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	226,932	226,932	0	102,929

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). 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 for details of ill health retirement costs).

This disclosure reports the number and value of exit packages taken by staff leaving in the year. The expense associated with these departures may have been recognised in part or in full in a previous period.

9.5 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Public Health Wales NHS Trust in the financial year 2016-17 was £175k to £180k (2015-16, £175k to £180k). This was 6.26 times (2015-16, 5.9) the median remuneration of the workforce, which was £28,735 (2015-16, £30,057).

In 2016-17, 0 (2015-16, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,132 to £179,809 (2015-16 £15,350-£177,899).

The annualised banded remuneration of the Chief Executive is £150k to £155k (2015-16, £150k to £155k). This is 5.22 times (2015-16, 5.0) the median remuneration of the workforce.

During 2016-17 the transfer of staff into Public Health Wales from the Diabetic Eye Screening Wales and the Clinical Networks has affected the median remuneration calculations.

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

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

In establishing the highest paid Director the Trust has taken into account the proportion of remuneration received by Directors for Clinical and Director responsibilities.

10. 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 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. 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 their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

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 2% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 1% of this. The legal minimum level of contribution level is increasing to 8% over the next three years.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,824 and £43,000 for the 2016-17 tax year (2015-16 £5,824 and £42,385).

NEST has an annual contribution limit of £4,900 for the 2016-17 tax year (£4,700 for 2015-16). This means the most that can be contributed to a single pot in the current tax year is £4,900. This figure will be adjusted annually in line with average earnings. The annual contribution limit includes member contributions, money from their employer and any tax relief.

Alternatively under certification, employers may choose to calculate contributions in a way that meets the requirements of one of three sets of tiers described in the legislation. The three tiers have minimum contribution rates as detailed on the NEST website.

10.1 Retirement costs due to ill-health

During 2016-17 there were 1 (2015-16, 0) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £45,754 (2015-16, £0). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11. Public Sector Payment Policy

11.1 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.

	2016-17 Number	2016-17 £000	2015-16 Number	2015-16 £000
NHS				
Total bills paid in year	2,004	22,471	2,075	19,412
Total bills paid within target	1,835	21,349	1,829	17,405
Percentage of bills paid within target	91.6%	95.0%	88.1%	89.7%
Non-NHS				
Total bills paid in year	22,933	46,614	22,357	25,979
Total bills paid within target	22,018	44,322	21,327	24,535
Percentage of bills paid within target	96.0%	95.1%	95.4%	94.4%
Total				
Total bills paid in year	24,937	69,085	24,432	45,391
Total bills paid within target	23,853	65,671	23,156	41,940
Percentage of bills paid within target	95.7%	95.1%	94.8%	92.4%

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

	2016-17 £	2015-16 £
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

12. Property, plant and equipment :

2016-17

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2016	973	4,267	0	405	12,837	709	8,470	518	28,179
Indexation	37	0	0	0	0	0	0	0	37
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	726	0	0	495	441	1,509	850	4,021
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	847	718	397	26	1,988
Reclassifications	0	0	0	(405)	0	0	0	405	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(103)	0	0	(480)	0	(1,094)	(56)	(1,733)
Impairments	0	(7)	0	0	(11)	0	(5)	0	(23)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2017	1,010	4,883	0	0	13,688	1,868	9,277	1,743	32,469
Depreciation									
At 1 April 2016	0	1,902	0	0	7,031	28	5,283	493	14,737
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	500	698	326	26	1,550
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(103)	0	0	(480)	0	(1,094)	(56)	(1,733)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	313	0	0	1,642	66	1,335	83	3,439
At 31 March 2017	0	2,112	0	0	8,693	792	5,850	546	17,993
Net book value									
At 1 April 2016	973	2,365	0	405	5,806	681	3,187	25	13,442
At 31 March 2017	1,010	2,771	0	0	4,995	1,076	3,427	1,197	14,476
Net book value at 31 March 2017 comprises :									
Purchased	1,010	2,739	0	0	4,611	1,460	3,427	1,197	14,444
Donated	0	32	0	0	0	0	0	0	32
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2017	1,010	2,771	0	0	4,611	1,460	3,427	1,197	14,476
Asset Financing:									
Owned	1,010	2,771	0	0	4,611	1,460	3,313	1,197	14,362
Held on finance lease	0	0	0	0	0	0	114	0	114
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2017	1,010	2,771	0	0	4,611	1,460	3,427	1,197	14,476
The net book value of land, buildings and dwellings at 31 March 2017 comprises :									
Freehold									£000
Long Leasehold									2,522
Short Leasehold									326
Total									933
									3,781

12. Property, plant and equipment :

2015-16	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015	954	4,039	0	0	12,815	70	8,235	518	26,631
Indexation	19	167	0	0	0	0	0	0	186
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	405	71	639	521	0	1,636
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(49)	0	(286)	0	(335)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	61	0	0	0	0	0	0	61
At 31 March 2016	973	4,267	0	405	12,837	709	8,470	518	28,179
Depreciation									
At 1 April 2015	0	1,531	0	0	5,450	14	4,186	469	11,650
Indexation	0	85	0	0	0	0	0	0	85
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(49)	0	(286)	0	(335)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	286	0	0	1,630	14	1,383	24	3,337
At 31 March 2016	0	1,902	0	0	7,031	28	5,283	493	14,737
Net book value									
At 1 April 2015	954	2,508	0	0	7,365	56	4,049	49	14,981
At 31 March 2016	973	2,365	0	405	5,806	681	3,187	25	13,442
Net book value at 31 March 2016 comprises :									
Purchased	973	2,302	0	405	5,806	681	3,187	25	13,379
Donated	0	63	0	0	0	0	0	0	63
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2016	973	2,365	0	405	5,806	681	3,187	25	13,442
Asset Financing:									
Owned	973	2,365	0	405	5,806	681	2,533	25	12,788
Held on finance lease	0	0	0	0	0	0	654	0	654
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2016	973	2,365	0	405	5,806	681	3,187	25	13,442

The net book value of land, buildings and dwellings at 31 March 2016 comprises :

Freehold	£000	2,523
Long Leasehold		247
Short Leasehold		568
Total		3,338

12. Property, plant and equipment :

Disclosures:

i) Donated Assets

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

ii) Valuations

The Trusts land and Buildings were revalued by the District Valuation Service with an effective date of 1st April 2012. The valuation has been prepared in accordance with the terms of the Royal 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 IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in operation.

iii) Asset Lives

Land is not depreciated.

Buildings as determined by the District Valuation Service

Equipment 4-20 years.

iv) Compensation

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

v) Write Downs

There have been no write downs.

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

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

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

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
		0
		0
		<hr/>
		0

12.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2016	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 31 March 2017	0	0	0	0	0	0
Balance b/f 1 April 2015	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 31 March 2016	0	0	0	0	0	0

At 31 March 2017, the Trust did not hold any non-current assets that were held for sale.

13. Intangible assets

2016-17	Computer software purchased	Computer software Internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2016	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
At 31 March 2017	0	0	0	0	0	0	0
Amortisation							
At 1 April 2016	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2017	0	0	0	0	0	0	0
Net book value							
At 1 April 2016	0	0	0	0	0	0	0
Net book value							
At 31 March 2017	0	0	0	0	0	0	0
Net book value							
Purchased	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
At 31 March 2017	0	0	0	0	0	0	0

13. Intangible assets

2015-16	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
At 31 March 2016	0	0	0	0	0	0	0
Amortisation							
At 1 April 2015	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2016	0	0	0	0	0	0	0
Net book value							
At 1 April 2015	0	0	0	0	0	0	0
Net book value							
At 31 March 2016	0	0	0	0	0	0	0
Net book value							
Purchased	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
At 31 March 2016	0	0	0	0	0	0	0

13. Intangible assets

Public Health Wales has no intangible assets.

14. Revaluation reserve balance for intangible assets

	2016-17	2015-16
	£000	£000
At 1 April	0	0
Changes	0	0
At 31 March	<u>0</u>	<u>0</u>

15. Impairments

Impairments in the period arose from:	2016-17		2015-16	
	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)	23	0	0	0
Reversal of impairment	0	0	(61)	0
Impairments charged to operating expenses	23	0	(61)	0

Analysis of impairments :

Operating expenses in Statement of Comprehensive Income	23	0	(61)	0
Revaluation reserve	0	0	0	0
Total	23	0	(61)	0

The figures in the table for 2015/16 are a reversal of previous impairments that were charged to I&E, and are not therefore taken to the revaluation reserve (IAS 16).

16. Capital commitments

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

	31 March	31 March
	2017	2016
	£000	£000
Property, plant and equipment	180	506
Intangible assets	0	0
Total	180	506

17. Inventories

17.1 Inventories

	31 March 2017 £000	31 March 2016 £000
Drugs	0	0
Consumables	158	121
Energy	0	0
Work in progress	0	0
Other	0	0
Total	158	121
Of which held at net realisable value:	0	0

17.2 Inventories recognised in expenses

	31 March 2017 £000	31 March 2016 £000
Inventories recognised as an expense in the period	37	36
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	37	36

18. Trade and other receivables**18.1 Trade and other receivables**

	31 March 2017	31 March 2016
	£000	£000
Current		
Welsh Government	714	326
WHSSC & EASC	13	12
Welsh Health Boards	2,953	1,706
Welsh NHS Trusts	46	73
Non - Welsh Trusts	6	17
Other NHS	0	0
Welsh Risk Pool	3,514	2,363
Welsh Local Authorities	193	43
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	1,147	987
Provision for impairment of trade receivables	(14)	(12)
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	1,018	543
Accrued income	7	74
Sub-total	<u>9,597</u>	<u>6,132</u>
Non-current		
Welsh Government	0	0
WHSSC & EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	146	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for impairment of trade receivables	0	0
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	0	0
Accrued income	0	0
Sub-total	<u>146</u>	<u>0</u>
Total trade and other receivables	<u><u>9,743</u></u>	<u><u>6,132</u></u>

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

The value of trade receivables that are past their payment date but not impaired is £188k (£85k in 2016-17)

18.2 Receivables VAT	31 March	31 March
	2017	2016
	£000	£000
Trade receivables	403	400
Other	0	0
Total	403	400

18.3 Receivables past their due date but not impaired

	31 March	31 March
	2017	2016
	£000	£000
By up to 3 months	170	62
By 3 to 6 months	15	9
By more than 6 months	3	14
Balance at end of financial year	188	85

18.4 Allowance for bad and doubtful debts

	31 March	31 March
	2017	2016
	£000	£000
Balance at beginning of the year	(12)	(8)
Transfer to other NHS Wales body	0	0
Provision utilised (Amount written off during the year)	0	0
Provision written back during the year no longer required	0	0
(Increase)/Decrease in provision during year	(2)	(4)
Bad debts recovered during year	0	0
Balance at end of financial year	(14)	(12)

19. Other financial assets

	31 March 2017 £000	31 March 2016 £000
Current		
Shares and equity type investments		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Total	0	0
Non-Current		
Shares and equity type investments		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Total	0	0

20. Cash and cash equivalents

	31 March 2017 £000	31 March 2016 £000
Opening Balance	8,597	6,809
Net change in year	(4,469)	1,788
Closing Balance	4,128	8,597
Made up of:		
Cash with Government Banking Service (GBS)	4,119	3,082
Cash with Commercial banks	0	0
Cash in hand	9	15
Total cash	4,128	3,097
Current investments	0	5,500
Cash and cash equivalents as in SoFP	4,128	8,597
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash & cash equivalents as in Statement of Cash Flows	4,128	8,597

21. Trade and other payables at the SoFP Date	31 March	31 March
	2017	2016
Current	£000	£000
Welsh Government	62	1
WHSSC & EASC	0	0
Welsh Health Boards	1,250	2,361
Welsh NHS Trusts	317	73
Other NHS	77	43
Welsh Local Authorities	821	968
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	1	(2)
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	1	8
Non-NHS trade payables - revenue	3,756	4,794
Non-NHS trade payables - capital	538	1,212
Rentals due under operating leases	17	34
Obligations due under finance leases and HP contracts	116	481
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	2	0
Accruals	517	434
Deferred Income:		
Deferred income brought forward	462	100
Deferred income additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	(5)
Other liabilities - all other payables	0	0
PFI assets – deferred credits	0	0
PFI - Payments on account	0	0
Sub-total	<u>7,937</u>	<u>10,502</u>

In respect of the Pensions figure shown above, £1k relates to the NHS Pension scheme (2015-16 £0k) and £1k to the NEST pension scheme (2015-16 £0).

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

	31 March 2017 £000	31 March 2016 £000
Non-current		
Welsh Government	0	0
WHSSC & EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Rentals due under operating leases	259	0
Obligations due under finance leases and HP contracts	0	104
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income:		
Deferred income brought forward	0	0
Deferred income additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	0
Other liabilities - all other payables	0	0
PFI assets – deferred credits	0	0
PFI - Payments on account	0	0
Sub-total	<u>259</u>	<u>104</u>
Total	<u>8,196</u>	<u>10,606</u>

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

22. Borrowings	31 March	31 March
Current	2017	2016
	£000	£000
Bank overdraft - GBS	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0
Non-current		
Bank overdraft - OPG	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0

22.2 Loan advance/strategic assistance funding

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

23. Other financial liabilities

	31 March	31 March
	2017	2016
	£000	£000
Current		
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	<u>0</u>	<u>0</u>

	31 March	31 March
	2017	2016
	£000	£000
Non-current		
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	<u>0</u>	<u>0</u>

24. Provisions
2016-17

	At 1 April 2016	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 2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	2,302	0	(222)	(161)	0	2,086	(663)	(223)	0	3,119
Personal injury	68	0	0	76	0	0	(70)	0	0	74
All other losses and special payments	0	0	0	0	0	227	(227)	0	0	0
Defence legal fees and other administration	92	0	0	(2)	0	15	(34)	(40)	0	31
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	2,462	0	(222)	(87)	0	2,328	(994)	(263)	0	3,224
Non Current										
Clinical negligence	0	0	0	161	0	5	0	0	0	166
Personal injury	1,111	0	0	(76)	0	266	0	0	0	1,301
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	2	0	0	0	0	0	2
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	1,111	0	0	87	0	271	0	0	0	1,469
TOTAL										
Clinical negligence	2,302	0	(222)	0	0	2,091	(663)	(223)	0	3,285
Personal injury	1,179	0	0	0	0	266	(70)	0	0	1,375
All other losses and special payments	0	0	0	0	0	227	(227)	0	0	0
Defence legal fees and other administration	92	0	0	0	0	15	(34)	(40)	0	33
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	3,573	0	(222)	0	0	2,599	(994)	(263)	0	4,693

Expected timing of cash flows:

	In year to 31 March 2018	Between 1 April 2018 31 March 2022	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	3,119	166	0	3,285
Personal injury	74	1,301	0	1,375
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	31	2	0	33
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	3,224	1,469	0	4,693

24. Provisions (continued)

2015-16

	At 1 April 2015	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 2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	3,123	0	0	0	0	376	(26)	(1,171)	0	2,302
Personal injury	133	0	0	0	0	0	0	(65)	0	68
All other losses and special payments	0	0	0	0	0	207	(207)	0	0	0
Defence legal fees and other administration	264	0	0	0	0	23	(12)	(183)	0	92
Pensions relating to former directors	0		0	0	0	0	0	0	0	0
Pensions relating to other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	3,520	0	0	0	0	606	(245)	(1,419)	0	2,462
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	1,164	0	0	0	0	17	(70)	0	0	1,111
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
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	1,164	0	0	0	0	17	(70)	0	0	1,111
TOTAL										
Clinical negligence	3,123	0	0	0	0	376	(26)	(1,171)	0	2,302
Personal injury	1,297	0	0	0	0	17	(70)	(65)	0	1,179
All other losses and special payments	0	0	0	0	0	207	(207)	0	0	0
Defence legal fees and other administration	264	0	0	0	0	23	(12)	(183)	0	92
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	4,684	0	0	0	0	623	(315)	(1,419)	0	3,573

25. Contingencies

25.1 Contingent liabilities

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

	31 March 2017 £000	31 March 2016 £000
Legal claims for alleged medical or employer negligence	1,237	1,051
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	52	0
Other (Please specify)	0	0
Total value of disputed claims	<u>1,289</u>	<u>1,051</u>
Amount recovered under insurance arrangements in the event of these claims being successful	0	0
Net contingent liability	<u>1,289</u>	<u>1,051</u>

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

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

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.

25.2. Remote contingent liabilities

	31 March 2017 £000	31 March 2016 £000
Guarantees	0	0
Indemnities	0	0
Letters of comfort	0	0
Total	<u>0</u>	<u>0</u>

25.3 Contingent assets

	31 March 2017 £000	31 March 2016 £000
	0	0
	0	0
	0	0
	<u>0</u>	<u>0</u>

The Trust has no contingent assets.

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 2017		Approved to write-off year to 31 March 2017	
	Number	£	Number	£
Clinical negligence	8	694,819	0	0
Personal injury	1	1,685	0	0
All other losses and special payments	8	231,448	0	0
Total	17	927,952	0	0
FHoT losses and special payments	0	0	0	0
Consolidated Total	17	927,952	0	0

Analysis of cases:

	Amounts paid out in year		Cumulative amount	Approved to write-off in year
Cases where cumulative amount exceeds £300,000	£	£	£	£
MN/105/0032/AW	1	510,503	541,603	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
Sub-total	1	510,503	541,603	0
All other cases	16	417,449	574,393	0
Total cases	17	927,952	1,115,996	0

27. Finance leases

27.1 Finance leases obligations (as lessee)

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

The inherent interest rate has been calculated at 2.77%. This has been used to discount the total future minimum lease payments of £116K to their present value of £116K.

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

Amounts payable under finance leases:

LAND	31 March 2017 £000	31 March 2016 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March 2017 £000	31 March 2016 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
OTHER	31 March 2017 £000	31 March 2016 £000
Minimum lease payments		
Within one year	116	518
Between one and five years	0	111
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	116	629
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	116	481
Between one and five years	0	104
After five years	0	0
Total present value of minimum lease payments	116	585
Included in: Current borrowings	116	481
Non-current borrowings	0	104
Total	116	585

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2017 £000	31 March 2016 £000
Gross investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>

27.3 Rental Revenue	31 March	31 March
	2017	2016
	£000	£000
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

27.4 Finance Lease Commitment

Public Health Wales NHS Trust has/has not entered into any new contracts to lease (building assets) under finance leases during 2016-17.

28. Private finance transactions

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

The Trust has no PFI or PPP schemes deemed to be "on or off SoFP."

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

Liquidity risk

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

Interest-rate risks

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

Foreign currency risk

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

Credit Risk

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

General

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

30. Financial Performance

30.1 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(2).

Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account.

The first assessment of performance against the 3-year statutory duty under Schedules 4 2(1) and 4 2(2) is at the end of 2016-17, being the first three year period of assessment.

Welsh Health Circular WHC/2016/054 replaces 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 and is effective for 2016-17.

30.1.1 Financial Duty

	Annual financial performance			2014-17 Financial duty £000
	2014-15 £000	2015-16 £000	2016-17 £000	
Retained surplus	35	17	16	68
Less Donated asset / grant funded revenue	0	0	0	0
Adjusted surplus/(deficit)	<u>35</u>	<u>17</u>	<u>16</u>	<u>68</u>

Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2014-15 to 2016-17.

30.1.2 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 submitted an Integrated Medium Term Plan for the period 2016-17 to 2018-19 in accordance with NHS Wales Planning Framework.

The Cabinet Secretary for Health, Well-being and Sport approval status

**Financial duty
2016-17
to
2018-19
Status**

Approved

Public Health Wales NHS Trust has met its annual financial duty to have an approved financial plan for the period 2016-17 to 2018-19.

Public Health Wales NHS Trust's 2014-15 to 2016-17 IMTP was not approved.
Public Health Wales NHS Trust's 2015-16 to 2017-18 IMTP was approved.

Public Health Wales NHS Trust Annual Accounts 2016-17

30. Financial Performance (cont)**30.2 ADMINISTRATIVE REQUIREMENTS****30.2.1. External financing**

The Trust is given an external financing limit which it is permitted to undershoot	31 March 2017 £000	31 March 2016 £000
External financing limit set by the Welsh Government	1,036	(1,607)
Cash flow financing	(44)	(1,915)
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	(44)	(1,915)
Undershoot (overshoot)	1,080	308

The Trust has achieved its external financing limit.

30.2.2. 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:

Total number of non-NHS bills paid 2016-17	22,933
Total number of non-NHS bills paid within target	22,018
Percentage of non-NHS bills paid within target	96.0%

The Trust has met the target.

31. Third party assets

	31 March 2017 £000	31 March 2016 £000
Investments	0	0
Monetary Assets	0	0
Total	<u>0</u>	<u>0</u>

The Trust does not hold Third Party Assets.

32. Events after reporting period

Public Health Wales NHS Trust had no events after the reporting period.

33. 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 the Trust has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, as disclosed below

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	150	96,864	62	714
WHSSC/EASC	30	52	0	13
Abertawe Bro Morgannwg UHB	4,031	6,913	195	937
Aneurin Bevan	3,081	1,399	98	146
Betsi Cadwaladr	3,535	4,318	170	98
Cardiff & Vale	3,941	5,930	529	1,287
Cwm Taff	1,946	409	108	164
Hywel Dda	1,773	1,810	108	249
Powys	217	204	42	71
Velindre	2,257	453	317	41
Public Health Wales NHS Trust	0	0	0	0
Welsh Ambulance Service Trust	39	74	0	5
Welsh Local Authorities	5,626	282	822	111
Cardiff University	520	882	132	181
Swansea University	295	139	75	16
Cardiff Metropolitan University	0	0	0	0
University of South Wales	0	0	0	0
Bangor University	357	41	61	3
Glyndwr University	0	0	0	0
Charities	0	0	0	0
TOTAL	27,798	119,770	2,719	4,036

34. Pooled budgets

Public Health Wales NHS Trust has no pooled budgets.

35. Operating Segments	PHW NHS Trust		NHS Wales Collaborative		TOTAL		ELIMINATIONS		2016-17		2015-16	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Operating Revenue	114,542	108,811	6,806	0	121,348	108,811	0	0	121,237	108,811	0	0
Segmental Income	114,542	108,811	6,806	0	121,348	108,811	(111)	0	121,237	108,811	(111)	0
Operating expenses												
Welsh Government	34	3	0	0	34	3	0	0	34	3	0	0
WHSSC & EASC	0	0	0	0	0	0	0	0	0	0	0	0
Local Health Boards	12,546	13,019	1,959	0	14,505	13,019	0	0	14,505	13,019	0	0
Welsh NHS Trusts	829	759	585	0	1,414	759	0	0	1,414	759	0	0
Other NHS Trusts	163	116	0	0	163	116	0	0	163	116	0	0
Goods and services from other NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of healthcare from non-NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0
Welsh Local Authorities	4,601	4,493	0	0	4,601	4,493	0	0	4,601	4,493	0	0
Other Local Authorities	0	0	0	0	0	0	0	0	0	0	0	0
Directors' costs	1,555	1,346	0	0	1,555	1,346	0	0	1,555	1,346	0	0
Staff costs	67,421	63,724	3,410	0	70,831	63,724	(16)	0	70,815	63,724	(16)	0
Supplies and services - clinical	7,759	8,287	2	0	7,761	8,287	0	0	7,761	8,287	0	0
Supplies and services - general	728	442	38	0	766	442	0	0	766	442	0	0
Consultancy Services	358	648	61	0	419	648	0	0	419	648	0	0
Establishment	6,746	6,782	291	0	7,037	6,782	0	0	7,037	6,782	0	0
Transport	606	466	4	0	610	466	0	0	610	466	0	0
Premises	5,658	4,027	241	0	5,899	4,027	0	0	5,899	4,027	0	0
Impairments and Reversals of Receivables	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	3,439	3,337	0	0	3,439	3,337	0	0	3,439	3,337	0	0
Amortisation	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of property, plant and equipment	23	(61)	0	0	23	(61)	0	0	23	(61)	0	0
Impairments and reversals of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Audit fees	151	151	0	0	151	151	0	0	151	151	0	0
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	533	251	0	0	533	251	0	0	533	251	0	0
Research and development	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	1,352	982	208	0	1,560	982	(95)	0	1,465	982	(95)	0
Total	114,502	108,772	6,799	0	121,301	108,772	(111)	0	121,190	108,772	(111)	0
Investment Revenue	16	27	0	0	16	27	0	0	16	27	0	0
Other Gains and Losses	0	0	0	0	0	0	0	0	0	0	0	0
Finance Costs	(47)	(49)	0	0	(47)	(49)	0	0	(47)	(49)	0	0
SURPLUS / (DEFICIT)	9	17	7	0	16	17	0	0	16	17	0	0

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

The Trust's primary remit is the provision of public health services throughout Wales. A new agreement was signed in 2016/17 for the Trust to host the NHS Wales Collaborative. The Collaborative supports the delivery of work that requires an all-Wales focus and manages five all-Wales clinical networks. Due to the differing governance structure of the Collaborative this is deemed to be a separate operating segment. The financial information for each segment is shown in the table above.

36. Other

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 (FRoM), 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 FRoM and applied to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2010 and subsequent years, the account of the Trust shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

1 Please see regulation 3 of the 2009 No 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities) (Wales)

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 judgements and estimates which are responsible and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

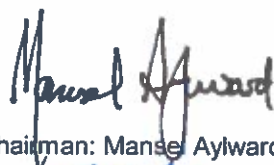
The directors confirm they have complied with the above requirements in preparing the accounts.

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

By Order of the Board

Signed:

Date: 01 June 2017



Chairman: Mansel Aylward

Date: 01 June 2017



Chief Executive: Tracey Cooper

Date: 01 June 2017



Director of Finance: Huw George