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Public Health Wales NHS Trust

Accountability Report & Financial Statements 2017/18

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Section 1 - Accountability Report

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Corporate Governance Report

Directors Report

In accordance with the Financial Reporting Manual (FRoM), 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.	See 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 2017/18 .
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 (Annual Governance Statement).
6. Information on environmental, social and community issues.	See the Annual Sustainability Report 2017/18.
7. 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: T Cooper_____

Date: 30 May 2018

Dr Tracey Cooper
Chief Executive and Accountable Officer, Public Health 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 Trust and of the income and expenditure of the 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:

Chair Jan Williams _____ Date: 30 May 2018

Chief Executive T Cooper _____ Date: 30 May 2018

Director of Finance Huw George _____ Date: 30 May 2018

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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 and strategic priorities from which our new long-term strategy has been developed. Our vision for 2017/18 was “*To achieve a healthier, happier and fairer Wales*”. As part of the development of the organisation’s new long-term strategy, and associated first three year strategic plan (Integrated Medium Term Plan) (see page 34), the vision has been revised and is now: “Working to achieve a healthier future for 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 Public Health Wales, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation’s purpose and strategic priorities, 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 setting 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 functions.

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

The organisational committee structure was revised in 2016/17. This review was necessary to ensure that appropriate operating and assurance arrangements were in place to reflect the organisational structure. Since its introduction in 2016, the development and introduction of an integrated Risk Management Framework and Board Assurance Framework (BAF) also brings advantages for the Board and its

committees, including the management and oversight of strategic risks. The revised committee structure strengthened the alignment of the respective scrutiny responsibilities and duties of each committee to the strategic priorities, objectives and corporate risk function. As the Board has agreed a new Integrated Medium Term Plan in March 2018 it has taken the opportunity to revisit the committee structure. This review will continue into 2018/19.

We have adopted the model Standing Orders and Reservation and Delegation of Powers for the regulation of proceedings and business.¹ 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.

Improvements to the Governance Framework

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

Review of the Standing Orders and Scheme of Delegation

The Standing Orders were subject to an annual review by the Board. The amendments, which were approved by the Board at its meeting on 25 January 2018, were mainly administrative. The Public Health Wales Standing Orders will be fully reviewed when the new Model Standing Orders are issued.²

In parallel, with a review of the Standing Orders, the Reservation of Powers and Scheme of Delegation was fully reviewed during 2017/18. A cross-directorate working group undertook the work to ensure that the document accurately reflected governance requirements and provided a detailed framework for delegated organisational decision-making. The format for the Scheme of Delegation was also revised to improve accessibility from a user perspective and the delegation provisions within it outlined in more detail. The Board also approved the revised Scheme at its meeting on 25 January 2018.

Ongoing review of the Scheme of Delegation was delegated to the Audit and Corporate Governance Committee and the Executive Team as appropriate. This

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

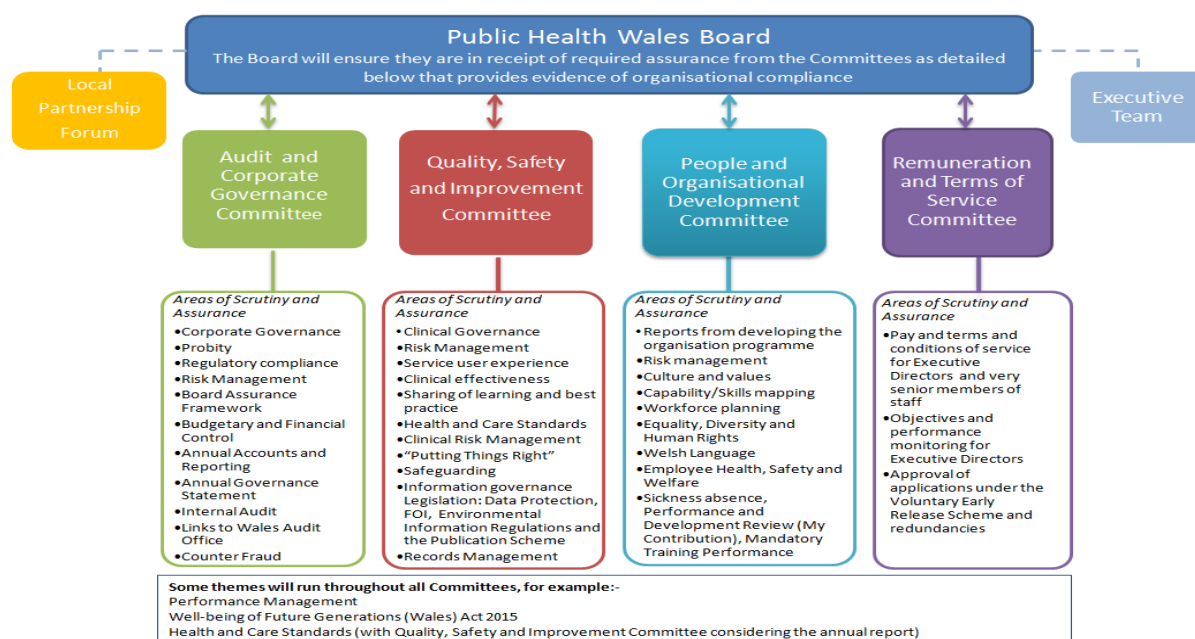
² In 2017-18, the All Wales Board Secretaries Group reviewed the NHS Wales Model Standing Orders and made recommendations to Welsh Government advising of potential amendments. Welsh Government is expected to issue a revised Model Standing Orders for the NHS in Wales within the near future.

flexibility is important to ensure that the Scheme of Delegation remains current and responsive to changes within the operating environment. The Audit and Corporate Governance Committee will review the full Scheme of Delegation on an annual basis.

The Standing Orders including the Terms of Reference and Scheme of Delegation will be reviewed again when the review of the Committee arrangements is complete.

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

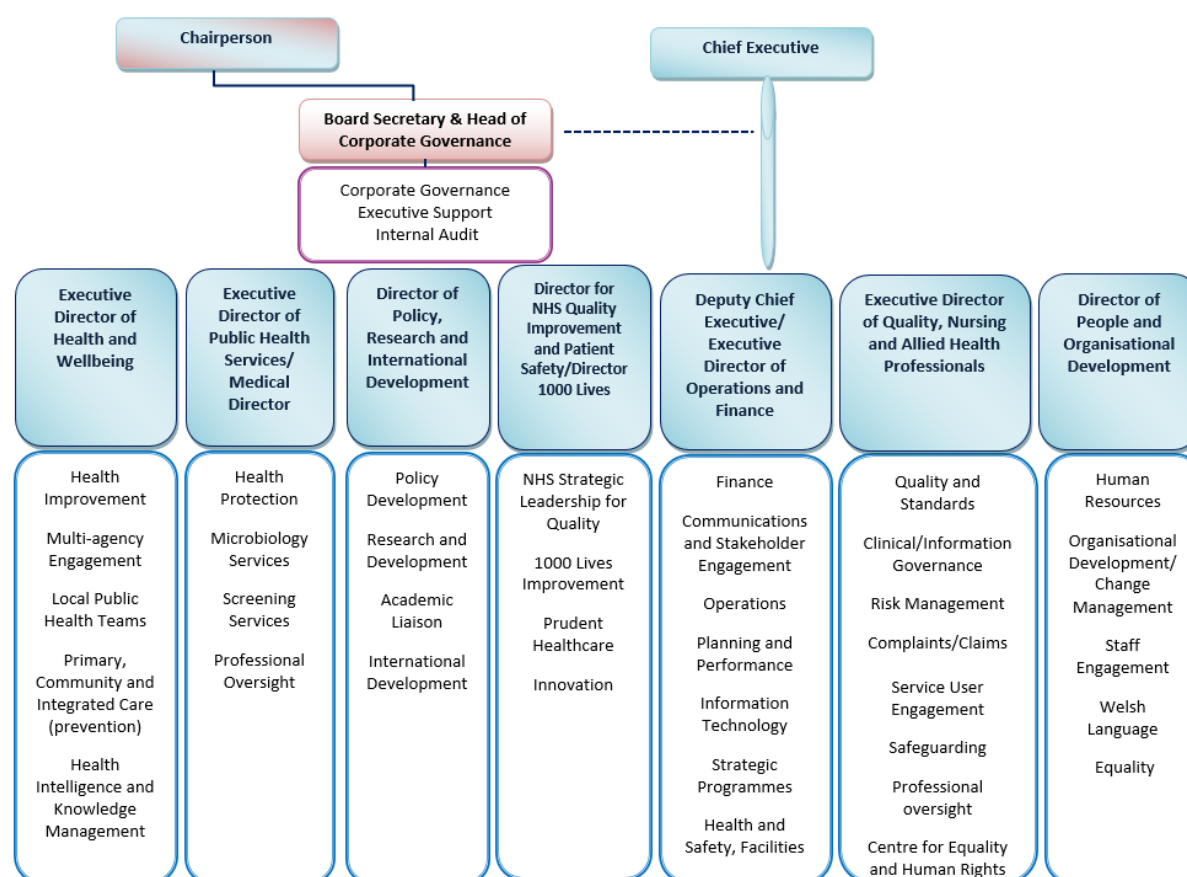
Figure 1: Overview of Governance Framework



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 30), risk management (see page 27) and governance (see page 12).

The Executive Team, which is made up of executive directors and other leadership and directors 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 while 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 2017/18. During the year, the Board undertook a number of development sessions which covered topics such as risk management and appetite, collaborative governance and the development of a decision-making framework. The Board was also involved in the development of the new long-term strategy and the organisation’s strategic risks during the year (see pages 28 - 30).

The Board has also sought to increase its visibility during the year, with the public meeting being streamed via social media in March 2018.

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 ongoing development and strengthening of risk management arrangements across the organisation.

The Board has continued to have oversight of risk management through the Board Assurance Framework (BAF). A new Risk Management Policy, which describes the way Public Health Wales categorises risk and the risk architecture of the organisation, was approved by the Board in May 2017. The Board has also reviewed the strategic risk descriptors and considered its risk appetite.

For further details see page 28.

Public Health Wales received a positive Wales Audit Office Structured Assessment Report for 2017 with regard to the ongoing improvements in risk management across the organisation. Further details of the assessment findings are provided on pages 49 - 51.

Strategic Planning

The Board has played an active role in developing Public Health Wales' Long Term Strategy, and had responsibility for setting the strategic direction. Detailed Board discussions to support development have taken 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. See page 34 for further details.

Our strategic plan (Integrated Medium Term Plan) (IMTP) details the action we will take over the first three years of our Long-Term Strategy. This was approved by the Board in March 2018. See page 34 for further details. Alongside the Board-approved IMTP the organisation has also reviewed and refreshed its Well-being Statement and Well-being Objectives as required by the Well-being of Future Generations (Wales) Act 2015 to ensure alignment with our new long-term strategic priorities. The Board agreed that our new priorities would be our Well-being objectives.

Collaborative Governance

The Board approved the Public Health Wales Joint Working Framework in January 2018. The Framework provides guidance with regard to the establishment of joint working opportunities on local, national and international levels. The Framework sets out the governance and accountability arrangements for the development, approval and monitoring of formal joint working arrangements.

The Board remitted oversight of current governance arrangements for joint working agreements to the Audit and Corporate Governance Committee.

The Board also received regular progress updates from the Chief Executive with regard to the Cymru Well Wales Partnership. Cymru Well Wales is a membership forum with all members being equal. The Adverse Childhood Experience Support Hub

was established by Cymru Well Wales during 2017 and was formally launched in January 2018.

The Board approved the Public Health, Policing and Criminal Justice Partnership Agreement, between Public Health Wales and South Wales Police and the Welsh Police Forces and Crime Commissioners. The agreement is funded by a grant from the Police Transformation Fund.

The Board also approved the revised terms of reference for the NHS Wales Collaborative Leadership Forum in April 2017. These were updated in March 2018 to include special health authorities as organisations represented on the Forum. This amendments has been required in response to the establishment of Health Education and Inspectorate Wales. The NHS Wales Collaborative Leadership Forum approved the terms of reference at the meeting held on 21 February 2018.

Declarations of Interests, Gifts, Hospitality and Sponsorship

The Board approved the revised Declarations of Interests, Gifts, Hospitality and Sponsorship Policy and Procedure in November 2017. The policy and its associated documents strengthened the governance arrangements in this area.

The Board remitted oversight of declarations of interests, gifts, hospitality and sponsorship to the Audit and Corporate Governance Committee.

Public Health Wales Approach to Engagement

The Board supported the organisation's overarching approach to engagement at its meeting on 30 November 2017. It noted the need for an implementation plan, clear links to the development of the long-term strategy, and the need for capacity and capability to be built into workforce and organisational development strategies, to enable effective engagement work.

The Board remitted the assurance and oversight of the implementation plan to the Quality, Safety and Improvement Committee, and charged the People and Organisational Development Committee with the action to build capacity and capability.

Public Health Wales Stocktake

Since Public Health Wales was established as an NHS Trust in 2009, a number of services and programmes have transferred to the organisation and Public Health Wales currently has a wide range of responsibilities. In light of these changes, it was decided that a stocktake of Public Health Wales and its relationship with Welsh Government would be undertaken focusing on three core areas: governance and leadership; relationships and communication; and functions and future priorities.

The stocktake work took place, by Welsh Government, over a four-month period from May to September 2017 and focused on the arrangements and processes in place between Public Health Wales and Welsh Government. There had been

comprehensive and considerable engagement while information for the stocktake had been gathered.

The Board received the Public Health Wales Stocktake Report at its meeting on 27 March 2018. Overall, the stocktake found that the governance and accountability arrangements generally worked well and had improved over time, and that the relationship between Public Health Wales and Welsh Government, was, in general, positive and had developed. Further clarity around system leadership and key priorities was required from Welsh Government and there was agreement that there needs to be work undertaken in relation to existing performance measures and to ensure they reflect the range of functions and services undertaken by the organisation. A number of suggested actions were made and discussed by the Board.

The Board remitted oversight of the implementation of the action plan to the Audit and Corporate Governance Committee.

Parliamentary Review of Health and Social Care in Wales

In 2017, an expert panel was set up to undertake a parliamentary review of health and social care in Wales. This is in line with a commitment given by the First Minister of Wales. The final [review report](#) was published on 16 January 2018. The Board formally received the report at its meeting on 25 January 2018.

Public Health Wales is in the process of developing an organisational response to the Parliamentary Review, whilst awaiting the Welsh Government response.

White Paper – “Services for the Future”

The Board received and approved the Public Health Wales response to the Welsh Government White Paper. The White Paper sought to comment regarding the strengthening of governance within health bodies in Wales, together with views regarding the arrangements for regulatory bodies.

Public Health (Wales) Act 2017

The Public Health (Wales) Act 2017 became law on 3 July 2017.

The Board considered Public Health Wales’ response to the Act in July 2017. Discussions and work with Welsh Government in support of the Act have included the:

- role of Public Health Wales (and more specifically the Wales Health Impact Assessment Support Unit (WHIASU)) in supporting the development of the statutory Health Impact Assessment (HIA) regulations.
- specialist public health support required for an Obesity Prevention and Reduction Strategy.
- structure of the licensing model for Practitioners, including how to define, evidence and assess competency to undertake special procedures; training requirements for Practitioners and Local Authority staff; and policy evaluation. Support has been provided in the development of secondary legislation to support this part of the Act.

- publication of a Pharmaceutical Needs Assessment (PNA) to determine control of entry based on that assessment.
- facilitation and specialist advice provision in support of the development of Pharmaceutical Needs Assessments (PNA) alongside preparation for changes to the Pharmaceutical Services Control of Entry Regulations (Wales).

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 2017/18 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 2017/18 with only one change in post-holders.

Public Health Wales Chair

Professor Sir Mansel Aylward CB completed his final term of office as Chair of Public Health Wales on 31 July 2017. Welsh Government appointed Jan Williams OBE as his successor, who took up the position on 5 September 2017, for a four-year term of office.

In the interim period, arrangements were made for Professor Simon Smail CBE, Vice-Chair of Public Health Wales, to undertake the role in an acting capacity from 1 August 2017 to 4 September 2017.

Public Health Wales Vice-Chair

The appointment of a vice-chair is an internal process that is separate from the appointment of a new Non-Executive Director.

Professor Simon Smail CBE, Vice-Chair of Public Health Wales, reached the end of his final term of office on 30 September 2017, as a Non-Executive Director.

The Board ratified a Chair's Action to appoint Kate Eden as the new Vice-Chair of the Public Health Wales Board on 31 October 2017.

The organisation continues to work closely with Welsh Government to support the recruitment to the Non-Executive Director post left vacant by Professor Smail.

Departure and appointment of Non-Executive Directors

In addition to the departure of professor Smail, it is also necessary to report the following with regard to the Non-Executive Director's:

Local Authority Member

Jack Straw, Non-Executive Director (Local Authority), resigned his position from 31 August 2017. The recruitment of his successor began in October 2017. Following an open recruitment process, the Cabinet Secretary for Health and Social Services appointed Alison Ward CBE and Dyfed Edwards to the post on a job share basis from 1 April 2018.

Third Sector Member – re-appointment

Judi Rhys was appointed to the Public Health Wales Board from 1 April 2017 – 31 March 2018. The Cabinet Secretary for Health and Social Services re-appointed Ms Rhys for a further period of office from 1 April 2018 – 31 March 2020.

Succession Planning for 2018-19

Terence Rose CBE, Non-Executive Director will complete his final term of office on 31 October 2018. The Welsh Government will commence the recruitment process for his successor in April 2018, in addition to the post left vacant by the departure of Professor Smail.

Senior Staff Appointments and Departures

Rhiannon Beaumont-Wood, Executive Director of Quality, Nursing and Allied Health Professionals, was appointed to Powys Teaching Health Board as Interim Nurse Director for a twelve-month secondment, and departed from Public Health Wales on 2 February 2018.

For the duration of this secondment, Siân Bolton has been appointed Acting Director of Quality, Nursing and Allied Health Professionals, and commenced in post from 5 February 2018.

Staff Representation at Board and Committee Meetings

Stephanie Wilkins, lead UNITE Representative and Secretary of Public Health Wales Staffside; Claire Lewis, Steward, Royal College of Nursing; and Roger Richards have

attended and contributed to Board and committee meetings as a non-voting member throughout 2017/18. This has been in their capacity as representatives 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

Appointments made in 2016/17 and 2017/18 have had a positive impact on the Board's diversity. At March 2018, four of the five non-executive directors are female (with two vacancies) as are three of the five Executive Directors.

There remains a geographical imbalance among the Board members, with limited representation from rural communities in Wales. The Board did not have a fluent Welsh-speaking member during 2017/18, although one member is an advanced learner. The outcome of the non-executive director recruitment for the local authority post has resulted in the appointment of one fluent Welsh-speaking member, Dyfed Edwards.

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 were 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 were 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 in 2016/17 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

The Audit and Corporate Governance Committee met six times during 2017/18 and was quorate on all six 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 2017/18

Report	Level of assurance provided			
	No assurance 	Limited assurance 	Reasonable assurance 	Substantial assurance 
Environmental Sustainability Report 2016/17				✓
Annual Quality Statement				✓
Procurement			✓	
Diabetic Eye Screening Wales			✓	
Raising Concerns (Whistleblowing)		✓		
Welsh Risk Pool Reimbursement				✓
Clinical Networks Governance		✓		
Cyber Security		✓		
Training and Staff Development			✓	
Establishment Control				✓
Health and Care Standards				✓
Core Financial Systems			✓ (draft)	
Regulatory Compliance - Welsh Language (Follow-up)			✓	

Internal Audit also undertook an advisory review on the process within Public Health Wales for overseeing the arrangements in place with its partner organisations as part of the Annual Audit Plan 2017/18. As this was an advisory review, an assurance rating was not provided.

During 2016/17 a limited assurance report was received for Regulatory Compliance – Welsh Language. A follow up review took place during the year which provided a reasonable level of assurance. Significant progress has been made to ensure a consistent approach to the Welsh Language across the organisation, in addition to the strengthening of governance arrangements. A review of current processes within directorates in order to identify key issues, challenges and gaps in compliance.

In 2017/18 three limited assurance reports were received for Raising Concerns (Whistleblowing), Cyber Security and Clinical Networks Governance. Action plans have been put into place to address the report recommendations. The Committee will continue to monitor these action plans in 2018/19.

The review of raising concerns identified that although Public Health Wales had adopted the all-Wales procedure for NHS Staff to raise concerns, there was a lack of staff awareness of the arrangements in place. The review also found that employees and line managers (tasked with dealing with concerns) had not received any training or guidance. Weaknesses in how concerns were recorded were also identified. In the management response, the organisation has committed to proactively communicate the revised procedure (issued in January 2018) to all staff, provide appropriate guidance, training and information resources online. The organisation has established a central register of concerns raised, maintained by the Board Secretary and Head of Corporate Governance.

The review of Cyber Security identified a number of issues classified as weaknesses in system control and design. The review found that although a well-defined Information Management and Technology and Information Governance structure was in place, there were weaknesses in the implementation of firewall, intrusion detection and network segregation technologies, guidance provided to staff and the organisational approach to security checks and vulnerability assessments. Weaknesses were also identified in how information security responsibilities were documented and assigned to staff. In the management response, the organisation committed to the appropriate assignation of responsibilities, the update of key documentation, the introduction of new processes and robust approaches to vulnerability assessments and checks. A robust Information Governance Framework is in place (see pages 31 - 32), and an Information Security Policy was approved by the Quality, Safety and Improvement Committee in November 2017.

A limited assurance report of the Clinical Networks, managed by the NHS Wales Health Collaborative (“the Collaborative”), was also received. The review identified that risk management arrangements were not documented or embedded, and needed to be aligned with Public Health Wales’ corporate policy. Also, there was no identified process in place for the commissioning of clinical sessions; and, that documentation surrounding tenure arrangements for clinicians that undertake assignments on a sessional basis for the clinical networks is not robust and additional controls were required. In the management response, the Collaborative committed to the

development of documented processes to address the weaknesses identified, including the commissioning of clinical sessions and tenure arrangements for clinicians. Risk Management arrangements have been developed in full compliance with the Public Health Wales Risk Management Policy and Procedure, along with a specific risk architecture that recognises the nature of the Collaborative as a hosted body (see page 45).

Wales Audit Office (WAO) provided the Committee with regular progress reports on external audits and monitored progress against recommendations.

The Committee received an external (WAO) review of Collaborative Arrangements for Managing Local Public Health Resources, at an additional meeting held on 19 October 2017. The audit provided a high-level view of how Public Health Wales' current collaborative arrangements with Local Public Health Teams and Directors of Public Health worked in practice, the effectiveness of the collaborative working and the adequacy of the governance arrangements. A comprehensive management response was developed with partners to ensure a system-wide response, which was approved by the Committee. A staged programme plan and governance structure was established to take the response forward. The Committee closely monitored progress against agreed milestones through the receipt of regular progress updates at each of its subsequent meetings.

The governance arrangements for the monitoring of internal and external audit review actions were also strengthened in 2017/18. Improvements were made to the management and presentation of the internal and external audit action logs. These changes included the submission of focused reports with each log which enabled the Committee to make decisions more effectively.

The Committee has monitored its effectiveness throughout the year and monitored the Action Plan developed in response to the outcome of the 2016/17 self-assessment exercise, which was undertaken by the Committee to assess its performance and 'effectiveness'. Improvements included the holding of committee-specific development sessions.

In March 2018, the Committee undertook the self-assessment for 2017/18. An online questionnaire, based on guidance in the *NHS Wales Audit Committee Handbook*, was developed and circulated to committee members and attendees. Respondents included representative responses from Wales Audit Office and NHS (Internal) Audit and Assurance Services. The Committee will consider the results and report at an informal workshop in Quarter 1, 2018/19. If required, an action plan will be developed.

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 in place for the organisation. It also received the relevant extract of the Corporate Risk Register.

The Committee received 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.

The Committee approved the Risk Management Procedure in June 2017, which underpinned the Risk Management Policy; approved by Board on 25 May 2017.

Quality, Safety and Improvement Committee

The Quality, Safety and Improvement Committee met four times during 2017/18 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 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 2017/18 included:

- the Screening for the Future Review (see page 37). The Committee received the review report in May 2017 and received an update on the project's progress in maintaining and improving quality at its meeting in March 2018.
- an implementation plan to address the impact of NHS Wales medical and Dental Agency and Locum Deployment in Wales. This plan had been developed in response to a Welsh Health Circular (issued in October 2017) to reduce medical and dental agency and locum deployment in Public Health Wales. The Committee has received regular update reports, in addition to a wider report with regard to the impact on the Microbiology Service as a whole, and will continue to monitor the situation in 2018/19. Due to the confidential nature of some of the information relating to this issue, subsequent reports were received and considered in private session of the Committee.
- a report which provided an overview of the 1000 Lives Improvement Programmes. This included details of the lifecycle of the programmes, how quality and impact were being reported and measured.

- a report which provided an overview of a UK-wide Patient Notification Exercise (PNE) for which Public Health Wales was the lead on behalf of NHS Wales. This was in response to a 2015 report from Switzerland that had identified that Heater-Cooler Units in cardio-pulmonary bypass machines were a potential source of non-tuberculous mycobacterial infections in cardiac surgery patients. The Committee noted that a number of key lessons had been learned which would be fed into the business continuity and emergency preparedness processes.
- a review of newborn bloodspot screening transcription errors. The Committee noted that the Health Board had introduced an automated bar code system to address the errors. Newborn Bloodspot Screening Wales were working with health boards to introduce similar systems across Wales. The Chief Risk Officer would continue to monitor the risk and report any developing trends back to the Committee.
- a progress update against the Quality and Impact Framework Implementation Plan. The Committee agreed that a 'deep dive' on the implementation of the Framework would be considered by the Committee in July 2018.

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

- Putting Things Right Report - an analysis of incidents, complaints, claims and compliments to identify trends, themes and lessons learnt. An update on claims was received in private sessions of the Committee due to the sensitivity of the information.
- Information Governance Consolidated Performance Report – a consolidated view of the performance of the Information Governance (IG) Management System. The report also summarises the organisation wide high and extreme Information Governance risks. This report enabled the Committee to strengthen its scrutiny of information governance issues.
- General Data Protection Regulations Action Plan – progress against actions undertaken to prepare the organisation for the General Data Protection Regulations (GDPR), which come into force on 25 May 2018.

The Committee also approved the Quality and Clinical Audit Plan 2017/18. Individual audits would be subject to 'deep dives' as required. This plan was also received by the Audit and Corporate Governance Committee for information.

The Committee received a number of 2016/17 annual reports: Research and Development, NHS Centre for Equality and Human Rights, national Safeguarding Team, Putting Things Right and Claims, Corporate Safeguarding, Infection, Prevention and Control and Information Governance. It also received the 2016/17 summary of staff and service-user experiences and the organisational Health and Care Standards self-assessment.

The Committee reviewed all serious incidents reported within Public Health Wales, two of which were reported 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 40.

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

The Committee received the relevant extract of the Policy and Control Document register on a bi-annual basis, and requested that all organisational policies for which the review had passed, would be subject to individual risk assessments. Broadly, the assessments indicated that in the majority of cases the risk to the organisation was low. Those documents which had a medium or high risk were prioritised for review. The Committee approved the following policies: Draft Consent to Examination, Screening or Intervention (May 2017); Information Governance Policy (August 2017); and the Information Security Policy (November 2017).

The Committee received the relevant extract of Board Assurance Framework (BAF) at each meeting in addition to the relevant extract of the Corporate Risk Register, which included Information Governance risks.

People and Organisational Development Committee

The People and Organisational Development Committee met three times during 2017/18 and was quorate on all three occasions.

At the beginning of each meeting the Committee received a story from the perspective of 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 staff and brings scrutiny and emphasis on placing staff at the centre of improving, developing and planning the workforce.

Some of the key items received by the Committee in 2017/18 included:

- the performance dashboard. In 2016/17, the Committee resolved to receive a central mechanism to manage all key people metrics across the organisation, informed by available data, best practice and peer consultation. The Committee were involved in developing the people indicators and initially received a 'People Performance Dashboard' which provided assurance on the developments and progress made with People Data. Following further discussions with regard to the quality of the data received for monitoring and assurance, it was resolved that this would be included in the integrated performance report received by Board, and that the Committee would undertake in-depth reviews as advised by the Board. In January 2018, the Committee undertook such a review of two issues: long-term (aged) vacancies and gender diversity. The Committee agreed to consider long-term vacancies in more detail at a future meeting.
- a performance report on the Disciplinary Policy and Procedure. This report was supplemented by an analysis of lessons learnt in employee relations activity. The Committee agreed to receive a report on an annual basis providing the data on grievance, disciplinary cases and referrals to professional bodies.
- progress updates on the Public Health Wales Values and Behaviours. The Committee received assurance that awareness of the values and behaviours

was being raised, included in performance management processes, and that associated toolkits had been developed.

- progress updates on staff engagement - including the Staff Survey/Medical Engagement Scale, the organisational Values and staff induction. 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.
- updates on the award of the bronze Corporate Health Standard, and progress against the actions developed to achieve the Silver Corporate Health Standard.
- an update on the Time to Change Wales national campaign, which aims to address the stigma and discrimination faced by some people who suffer from mental ill health. Public Health Wales has agreed to participate in the initiative and signed the pledge in December 2017.
- an update on the organisational implementation of the Electronic Staff Record (ESR) system. The Committee noted the key milestones and benefits involved in the project.
- an update on Occupational Health provision in Public Health Wales. The Committee noted that Service Level Agreements had been signed with each of the Health Boards with regard to the occupational health provision for the Microbiology Teams.

During 2017/18, it was determined that the Committee would receive broad People and Organisational Development updates from each directorate. The Finance and Operations directorate provided the first of these updates at the Committee's meeting in January 2018, which focussed on the directorate engagement initiatives and the action plan developed in response to the Staff Survey.

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

- Health and Safety Update Report – the Committee received an update from the Health and Safety Group at every meeting and received assurance on progress against the Health and Safety Strategy Review Action Plan. This report is supplemented by the Health and Safety Risk Register.
- Welsh Language Update Report – this update focused on progress against the Welsh Language Action Plan, developed in response to a Statutory Investigation and a limited assurance audit internal review. The Committee also received an update on the progress of the Welsh Language Standards (see page 39).

The Committee has also discharged its responsibilities with regard to equality, diversity and inclusion. The Committee reviewed progress against the Implementation Plan for the Public Health Wales Strategic Equality Plan (approved by Committee, July 2017) and approved the Annual Equality Report 2016/17. Further information on equality is provided on page 38.

The Committee received the relevant extract of the Policy and Control Document register on a bi-annual basis. The Committee approved the following policies during 2017/18: Statutory and Mandatory Training Policy; Prevention of Stress and

Management of Wellbeing Policy; Fire Safety Policy; Waste Management Policy; Water Management Policy. The Committee also adopted the following All-Wales policies: Disciplinary Policy and Procedure; Employment Break Policy; Pay Progression Policy; Recruitment and Retention Payment Protocol.

The Committee received the relevant extract of Board Assurance Framework (BAF) at each meeting in addition to the Corporate Risk Register.

Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee met five times during 2017/18 and was quorate on each occasion.

The Committee considered and approved the 12-month secondment of the Executive Director of Quality, Nursing and Allied Health Professionals to Powys Teaching Health Board (see page 17). It also approved the appointment of the interim Executive Director during this period. Applications in respect of the Voluntary Early Release Scheme (VERS) and any special severance payments were also considered. 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 2017/18

Figure 4 outlines the dates of Board and Committee meetings held during 2017/18.

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 2017/18

Board/ Committee	2017/2018						
Board	25 May	1 Jun*	27 Jul	28 Sept	30 Nov	25 Jan	27 Mar
Audit and Corporate Governance	4 May	1 Jun	12 Sept	19 Oct**	12 Dec	13 Mar	
Quality, Safety and Improvement	16 May	29 Aug	23 Nov	27 Feb			
People and Organisational Development ***	20 Jul	19 Oct	18 Jan				
Remuneration and Terms of Service	27 Apr	28 Sep	14 Dec	25 Jan	13 Mar		

* *Extra-ordinary meeting held to approve the Annual Report and Accounts.*

** *Additional meeting held to consider the Wales Audit Office Review of Collaborative Arrangements for Managing Local Public Health Resources and approve the management response.*

*** *The People and Organisational Development Committee was introduced as a result of the committee structure review in 2016-17. It met twice during 2016-17 in October 2017 and February 2017. These meetings identified a need to develop and strengthen arrangements for reporting to this Committee. As a result it was agreed with the Committee Chair that a meeting scheduled for April 2017, would not be held to allow the required time for this. As a consequence, the Committee only met three times during 2017-18.*

The Purpose of the System of Internal Control

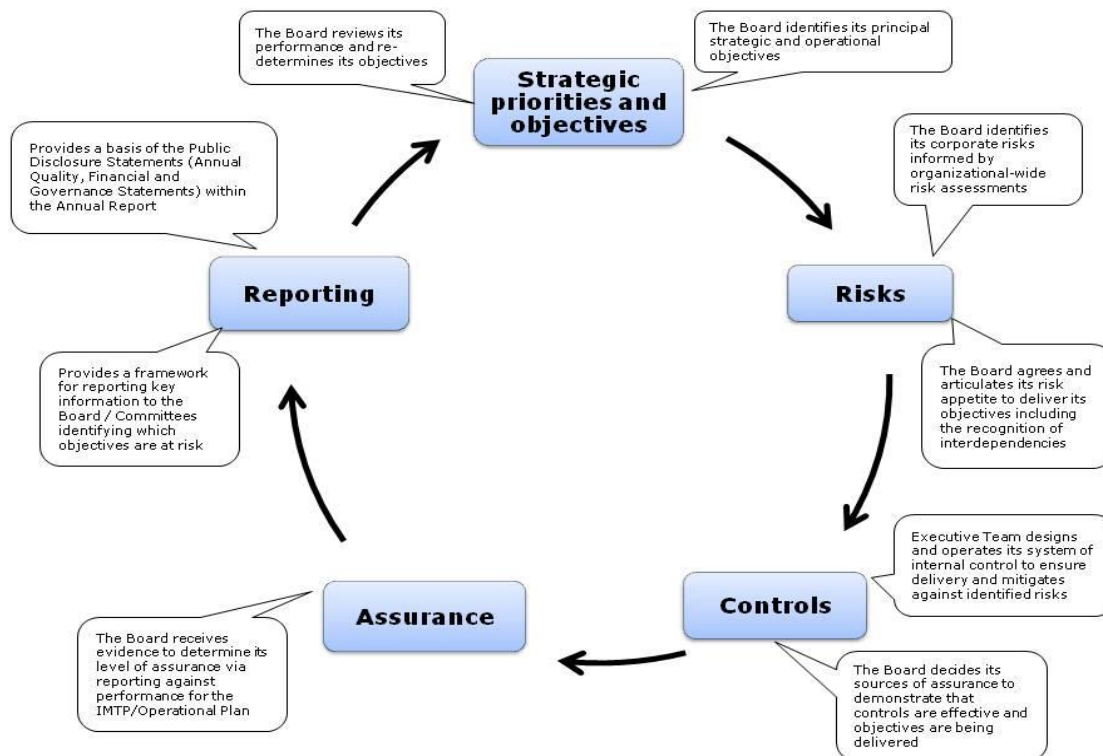
The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risks. It can therefore only provide reasonable and not absolute assurances of effectiveness.

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 2018 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 auditors.

Capacity to Handle Risk

In March 2017, the Board approved the strategic risks that faced the organisation for 2017/18

Figure 6 outlines the key strategic risks together with the assessed risk scores (once existing risk control measures have been taken into account.)

Figure 6: Public Health Wales Key Strategic Risks 2017/18

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

* Public Health Wales utilises a 5 x 5 matrix to calculate the risk score. This method is widely used within the NHS. Likelihood and Impact of the risk occurring are assessed on a scale of 1 to 5, and then the two scores are multiplied to arrive at the final risk score (between 1 and 25 with 1 being the lowest). Further information can be found in the Public Health Wales [Risk Management Procedure](#).

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

There has again been much emphasis on training during the year, and in October 2017 the Executive Team received Risk Owner training which was delivered by the Chief Risk Officer. There is now in excess of 100 Risk Handlers trained across the organisation whose role is to support directors and other Risk Owners, and training is now offered to all senior managers who are expected to take on the responsibilities of risk owners. Guidance documents, nominated Risk Handlers, and a submission form available on the web-based incident reporting and risk management software, Datix, all provide staff with support for reporting risks across the organisation. This makes the identification, reporting and management of risks more streamlined and effective.

The Board has engaged on several risk management development events this year, which have covered areas such as risk ownership, risk appetite and reviewing strategic risks. The Board has approved a revised Risk Management Procedure which includes the requirement for an Annual Statement of Risk Appetite. The first iteration of this document will be completed and approved early in 2018/19.

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

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 consideration at formal Board meetings.

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

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

Quality, Nursing and Allied Health Professionals Directorate

The Quality, Nursing and Allied Health Professionals (AHP) Directorate, 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)
- NHS Wales Centre for Equality and Human Rights
- Professional Oversight for Nursing and 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 for Quality, Nursing and Allied Health Professionals has shared responsibility with the Executive Director of Public Health Services/Medical Director for clinical governance across the organisation.

The organisation 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. During 2017/18 all Directorates have been working on developing specific quality and impact indicators against each of the five domains (pillars) of the framework. Key indicators will be monitored by the Board Committees as part of the performance management framework.

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 22). 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 2017/18 AQS will be published on the Public Health Wales [website](#) no later than 31 July 2018.

For the first time last year the organisation also published a children and young person's AQS which led to the organisation holding a Youth Summit in November 2017, which was attended by over 70 young people. This will be repeated for 2017/18.

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 pages 22 - 24) provides oversight, advice and assurance to the Board with regard to information governance issues.

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

The Senior Information Risk Office (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.

Public Health Wales has made great strides towards compliance with the requirements of the General Data Protection Regulations (GDPR) which will come into effect in the UK in May 2018. An Information Asset Register has been developed and approved and is now being used to drive forward the compliance work required, such as confirming legal bases for processing, developing new privacy notices and ensuring that contracts with data processes meet the new requirements. The organisation has also confirmed the designation of the Head of Information Governance as the organisation's Data Protection Officer, a new requirement under the GDPR.

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. The peer review process enables 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.

Self-assessment reports from each directorate were 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 2017/18 has improved from the previous year. Internal audit determined the adequacy of the systems and controls in

place for the completion of the self-assessments and substantial assurance was obtained.

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

Health and Safety

A Health and Safety Framework has been established and has moved on since the Capita review in February 2016. The Health and Safety group have moved to exception reporting, this highlights the issues/challenges that each directorate has and enables the Group to concentrate on key issues. These also enable the Group to identify any organisational risk that required to be entered on the corporate health and safety risk register.

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

- The responsibility for oversight of health and safety is undertaken by 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 and are reviewed annually.
- A single Health and Safety Action Plan is in place and is regularly reviewed by the Health and Safety group and shared with the People and Organisational Development Committee, 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.
- All Board and Executive Team members together with some members of the Senior Leadership Team completed the IOSH Safety for **Executives and Directors Training** Course. The course is approved and validated by IOSH (the Institute of Occupational Safety and Health).
- The Health and Safety Risk Register was developed in consultation with the Chief Risk Officer. Work is continuous to ensure all risks on the register are reviewed and updated.

The Action Plan also contains actions to enhance senior leadership of the organisation's health and safety. Executive and Non-Executive Directors completed accredited Directing Safely training in Quarter 3, 2017/18. Executive Directors also undertook a number of "walkabouts" during 2017/18.

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

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

Long Term Strategy

During 2017-18, significant work has been undertaken across the organisation to develop our new Long Term Strategy from 2018-2030. This will enable us to focus on how we can best work with our partners to have maximum impact in improving health and well-being and reducing health inequalities in Wales.

For public health to work effectively we need to adopt a long term approach which looks further than three years.

This will help us:

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

To deliver real improvements in the public's health, we need to move away from short-term thinking and have a longer term strategic approach to how we will tackle the issues effectively.

As part of this process to develop a Long Term Strategy for Public Health Wales, we have drawn upon various sources of information including over 1000 hours of staff and stakeholder feedback and commissioned a public survey 'Stay Well in Wales' which has informed and produced compelling intelligence. Key legislation, research and reports to influence our approach informed our thinking. Further work will continue to refine our Long Term Strategy, which will be published in the summer of 2018. The Strategy will also be developed through the five ways of working embedded in the Well-being of Future Generations (Wales) Act 2015.

In considering the information we have collected, seven priorities emerged. They provide the long-term context and rationale for our Strategic Plan. Further work is underway to develop detailed delivery planning and also the re-design of our performance management arrangements. To deliver our Long Term Strategy we will need to change how we will deliver our services, therefore, year one of our Strategic Plan will be a 'transition year' to enable us to align ourselves to this new direction of travel for the new aspects of our work.

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

2017. The Plan was subsequently approved by the Cabinet Secretary Health and Social Services in June 2017, 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. Financial performance was in line with the approved IMTP and Public Health Wales NHS Trust has met its statutory financial duty to break-even over the three years 2015-16 to 2017-18.

The Public Health Wales Strategic Plan 2018-21 has been formally approved by our Board in March 2018 and has been submitted to Welsh Government for approval by the Cabinet Secretary for Health and Social Services. Public Health Wales is currently awaiting the outcome of this decision.

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

Our Strategic Plan refreshed on an annual basis in keeping with our business and strategic planning processes. These arrangements are underpinned by internal planning guidance and principles, which outline the approach and process by which Public Health Wales develop and refresh its Strategic Plan and develop an Operational Plan and balanced budget. These documents also detail the governance arrangements for the development of the plan, including the role of the Board, Executive Team and directorates.

Draft versions of the three year Strategic Plan were discussed with the Board as part of the development process. This included considering the formal feedback from Welsh Government, which resulted in the plans being amended. Draft versions of the Strategic Plan were formally approved by the Board in January and March 2018 respectively.

The Board has played an active role in developing Public Health Wales' Long Term Strategy, and had responsibility for setting the strategic direction. Detailed board discussions to support development have taken 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.

The Board actively managed our progress in delivering our plans as part of our performance management arrangements. During 2017/18, we have developed an integrated performance report which provides key information on our operational, people, quality and financial performance. Our integrated performance report is scrutinised by our Executive team on a monthly basis and by Board on a bi-monthly basis at each formal Board meeting. The information included in these reports enable our Board to receive assurance that progress was being made against actions included in the Integrated Medium Term Plan. Further assurance has been gained through the Joint Executive Team meeting between Public Health Wales and Welsh

Government and quarterly Quality and Delivery meetings, which have provided positive feedback on our final end of year position for 2017/18. During 2017/18, we continued the development and implementation of performance management and reporting arrangements to monitor our progress against our plan and key performance indicators.

The aims and purpose of our 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.

Our new Strategy will involve significant change to the way we work, what we do and how we allocate resources. Year one of our Strategic Plan is therefore a transition year to ensure change is managed and the nature of transition is carefully planned and understood. As part of this process further development and strengthening of the arrangements detailed above as well as in areas such as organisational development, colleague development and evaluation will be undertaken.

Progress against the actions 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:

International Association of National Public Health Institutes (IANPHI) Peer Review

The site visit for the peer-to-peer review of Public Health Wales undertaken by peers from the International Association of National Public Health Institutes (IANPHI) took place in October 2017. Reviewers met with teams from across the organisation and a wide range of partners from different sectors in Wales. This included the former Minister for Social Services and Public Health, Welsh Government officials and Directors of Public Health. The report of the review is expected in the first half of 2018.

Screening for the Future

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 and its recommendations were incorporated into a single programme of work to enable the Screening Division to design, manage and implement successful service development develop the Division - 'Screening for the Future'. There is a particular emphasis on making the division sustainable for the future in order to be more resilient and adaptable to taking on additional screening programmes or managing changes in scope of existing ones.

A series of staff engagement exercises were carried out across Wales with staff across all the screening programmes to ensure that project development was shaped by staff views. Themes were identified through the engagement exercises, many of which aligned with the recommendations of the external review, and have supported the development of the programme workstreams and plans.

A programme board and a project plan have been established, and a Programme Manager appointed. The Screening Division Senior Management Team will act as the Programme Team in the first instance to support shaping the workstreams. Progress has been documented and monitored by the Programme Team, with update reports being provided to the Quality, Safety and Improvement Committee on a regular basis.

Strategic Review of Health Intelligence

The Strategic Review of Health Intelligence (completed on a peer review basis by Public Health England in September 2017) looked at health intelligence functions across Public Health Wales, including all surveillance activities. The review identified a number of exciting future directions based on a clearer service and product offer for users, modern data analysis processes and a more efficient use of resources. The Public Health Wales Executive Team endorsed the review.

The Transforming Health Intelligence Project has been established to design and implement a new operating model for health intelligence for the next 10 years that realises the ambition of the review, and which seeks to draw on leading health intelligence practice. This model will encapsulate the future health intelligence products and services, and the supporting processes, technology and organisational structures needed to deliver them.

A Project Board has now been established to oversee the project and the Project Director appointed. The project is currently in a baselining phase and internal and external users are being consulted as part of this process.

Review of Dental Public Health

Public Health Wales undertook a review of the dental public health functions and resource in 2016. 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.

A project board was established to monitor and advise on implementation of the review recommendations. The dental public health team lead has worked with both internal and external stakeholders to implement the recommendations. Actions will be reviewed before the project is closed.

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 Equality Duties (2011). Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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. Progress against the actions in the Strategic Equality Plan are reported to the People and Organisational Development Committee on a quarterly basis. In delivering against this plan a firm commitment has been made by all parts and levels of the organisation to consider equality as part of the work they are doing. In line with the public sector reporting duties, the organisation published its [Annual Equality Report 2016/17](#) highlighting its progress so far. This also included information on our Gender Pay Gap, which has also been reported on the Government portal. We have also reported on our employment, training and equality data.

Further work to implement the organisation's firm commitment to undertaking Equality Health Impact Assessments (EHIA) has been undertaken. 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 EHAs are being determined and will be place shortly.

Public Health Wales recognises 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 Public Health Wales will develop strong partnerships with people from protected communities and learn from them and with them. Work is also underway to review recruitment processes to ensure that a diverse pool of individuals are attracted to the workforce. The organisation is committed to a number of workforce related initiatives for example Disability Confident, Time for Change and the Working Forwards pledge to support pregnant employees and new parents in the workplace. The organisation has also become a member of the Stonewall Diversity Champion Scheme, and was placed 338th out of 434 organisations taking part in the Workplace Equality Index. This has provided a clear baseline and mandate for improvement, and an action plan has been developed to take this work forward. 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.

Since 2010, 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. In its investigation [report](#), the Commissioner upheld the complaint and make recommendations to address the issues raised in the report. Public Health Wales has been working to address these issues and has submitted regular progress reports to the Commissioner, with the latest submitted in April 2018.

In accordance with the Public Health Wales 2016/17 Internal Audit Plan, a 'Review of Regulatory Compliance – Welsh Language' was undertaken by the NHS Wales Shared Services Partnership Audit and Assurance Service. The overall objective of the review was to assess the adequacy of arrangements for regulatory compliance with regard to the Welsh language, in order to provide assurance to the Trust's Audit and Corporate Governance Committee that risks material to the achievement of the system's objectives are managed appropriately. The report confirmed that the level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with regulatory compliance – Welsh Language was 'Limited Assurance'. An initial action plan has been implemented to address the issues raised in the report and to implement its recommendations. The Internal Audit follow-up provided a revised 'Reasonable Assurance' rating in October 2017.

The Board's People and Organisational Development Committee receives regular reports on Welsh language matters. The Board receives an annual report on the implementation of the Welsh Language Scheme.

The Public Health Wales Welsh Language Group (formerly Welsh Language Committee) was reinstated in 2017. Representatives from all directorates attend quarterly meetings which have, primarily, a strategic and focus. Additionally, directorates have nominated 'Welsh Language Champions' to coordinate and progress Welsh language matters in their areas.

It is anticipated that Public Health Wales will be subject to Welsh Language Standards (No. 7) Regulations from September 2018. The standards will replace the Welsh Language Scheme. Over the next two years there will be sustained focus and momentum with regard to achieving our Welsh language obligations and the Welsh Language Group, Executive Team and People and Organisational Development Committee 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 & 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 pages 22 - 24).

In 2017/18 a total of two Serious Incidents were reported to the Welsh Government, both relating to the Screening Division. In addition, 53 formal complaints were received for the period.

A review of the claims reimbursement process within Public Health Wales was also undertaken by Internal Audit in line with the 2017-18 Internal Audit Plan, for which a substantial assurance rating was provided. See pages 19 - 21 for further details.

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 2017/18, Public Health Wales received 83 requests for information by the end of March 2018.

82 of these were answered within the 20-day target, with only 1 being responded to outside of the deadline. This was due to a complex query and the deadline was extended with the agreement of the requestor.

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 2 Capital Quarter, Cardiff, has an 'excellent' BREEAM rating and has received a number of best practice awards during 2017/18 including the Value Award, Procuar + Award (for tender and procurement), Green Apple International Award, the NHS Sustainability Award and the Constructing Excellence in Wales Sustainability Award.

The annual internal audit review of the Environmental Sustainability Report for 2016/17 was undertaken in line with the 2017-18 Internal Audit Plan, for which a substantial assurance rating was provided. See page 19 - 21 for further details.

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 2017/2018 Public Health Wales has engaged with partners in the planning for mass casualty incidents and the UEFA Champions League Final (2017) as well as a multitude of activities on the Local Resilience Forum's work plans.

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 2017 the organisation validated the emergency plan as part of its exercising programme. Exercise AKVO tested the organisation's ability to respond to a deliberate chemical incident. This table top exercise sought to provide assurance that the organisations arrangements are fit for purpose as well as help identify planning weaknesses, gaps in resources and clarity relating to roles and responsibilities.

Public Health Wales continues to engage in training and exercises both internally and externally. 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 Assurance Group to co-ordinate emergency planning activity within the organisation. As part of a strengthening of the

governance of emergency planning, these arrangements were reviewed and a revised terms of reference developed in 2018.

As part of the ongoing strengthening of resilience across the organisation an Emergency Planning and Business Continuity Manager was recruited into a new role in January 2018. Proposals for strengthening the organisations Emergency Planning function are to be outlined in the Emergency Planning 2018/2019 work plan. This aims to drive further improvements for planning focused on risk assessment and lessons identified, embedding the concepts of Integrated Emergency Management within the organisation. Consideration is also currently being given to the merging of Emergency Planning and Business Continuity arrangements to provide greater resilience and capacity to respond within the organisation.

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

The NHS needs to be able to plan and respond to a wide range of incidents and emergencies. Public Health Wales therefore need to ensure key services are maintained when faced with disruption. The organisation continues to embed the Plan, Do, Check, Act model identified as best practice to establish, implement, monitor, review, maintain and continually improve the organisation's Business Continuity Management Framework.

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

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

There are many risks that can threaten the normal operation of Public Health Wales' critical functions. However, the impacts from all risks can be categorised into one of three different generic impacts including: denial of access, interruption to key service(s) and unavailability of personnel. The business continuity planning process is structured to reflect these generic impacts and action is taken to mitigate these impacts accordingly.

Throughout 2017, a number of table top exercises were undertaken to test divisional business continuity plans and identify areas for further development and

strengthening. Following the series of exercises, plans were revised to ensure they were fit for purpose. Internal audit also reviewed our business continuity arrangements and provided 'reasonable assurance.'

The Incident Management Plan outlines and clearly defines a documented plan of action for use at the time of an incident. Throughout 2017/2018 the plan was activated a number of times, notably in response to a number of power outages impacting on a number of services, as well as the NHS WannaCry ransomware attack.

To further develop and strengthen our business continuity arrangements, a work programme continues to be implemented and 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 as well as lessons identified through the testing and learning from incidents. The implementation of the work programme is overseen by the Business Continuity Group, which includes representation from all services in Public Health Wales.

Business Continuity arrangements will be further developed and reflected in the work plan for the function in 2018/2019 following consultation with stakeholders. This aims to build organisational resilience with the capability for an effective response to safeguard the organisations staff, stakeholder, reputation and activities.

A copy of the organisations Business Continuity Framework and Incident Management Process can be found [here](#).

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 2017/18.

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

Ministerial Directions

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

During 2017/18 seven Ministerial Directions (Non-Statutory Instruments) were issued by the Welsh Government but were aimed specifically at services delivered by Local Health Boards (LHBs), so no action was required by Public Health Wales. One Ministerial Direction (2017 No. 17) regarding the introduction of new medicines was aimed at both LHBs and Trusts, but it was determined that no action was required.

Public Health Wales has acted upon, and responded to all [Welsh Health Circulars](#) (WHCs) issued during 2017/18 which were applicable to Public Health Wales. Of the 48 issued, 29 of these were applicable to Public Health Wales. 15 required action.

Hosted Bodies

Public Health Wales has hosted one body during 2017/18:

NHS Wales Health Collaborative

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

The Collaborative's core functions are:

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

The Collaborative is hosted by Public Health Wales, on behalf of NHS Wales, under a formal hosting agreement which is signed by all ten NHS Wales Chief Executives and

the Director of the Collaborative. As of April 2017, the Collaborative has a clear reporting line upwards to the Collaborative Executive Group (Chief Executives meeting monthly) and, ultimately, to the new Collaborative Leadership Forum (Chairs and Chief Executives meeting approximately quarterly). The Collaborative Executive Group and Collaborative Leadership Forum sign off the Collaborative's work plan.

The initial one-year hosting agreement ceased on 31 March 2016. A revised hosting agreement 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 2017/18 will be received by the Audit and Corporate Governance Committee and Board in May 2018.

The Collaborative has its own risk management process and risks from their Corporate Risk Register would be escalated to this Board as appropriate. As noted on page 19, an internal audit review of clinical networks, managed by the Collaborative, resulted in a limited assurance rating. An action plan is in place and the Audit and Corporate Governance Committee will monitor progress in 2018/19.

In May 2017 the Board agreed to host the Finance Delivery Unit. A hosting agreement has been developed which is currently subject to agreement. The governance arrangements are based on the existing arrangements with the Collaborative.

A review of the governance arrangements in place for the clinical networks, which form part of the Collaborative, was undertaken as part of the 2017-18 Internal Audit Plan, for which a limited assurance rating was provided. See pages 20 - 21 for further details.

Staff and Staff Engagement

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

In support of the Board and Executive we have one formal advisory group - the Local Partnership Forum, formally the Joint Negotiating Committee (JNC). The terms of reference for the Local Partnership Forum are under review and will be presented to the Board for approval in 2018/19. The JNC met three times during 2017/18 until it was re-constituted as the Local Partnership Forum from January 2018.

We also have a well-established Joint Medical and Dental Negotiating Group. The organisation's Nursing Senedd advises and provides updates on professional issues relating to Nursing and Midwifery professionals. These fora provide mechanisms which allow for feedback to senior management on organisational performance or any other issues that staff wish to raise, which aids transparency. In addition to these formal 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.

Each Committee undertook a self-assessment during 2017/18. The Quality Safety and Improvement Committee considered the outcomes of its self-assessment at a workshop held in November 2017, after which an action plan was developed and approved by the Committee in February 2018. The outcomes of the assessments for the Audit and Corporate Governance and People and Organisational Development Committees will be considered at workshops held in Quarter 1, 2018-19.

From November 2017, post-meeting surveys were introduced to enable the Board and Committees to continuously self-assess effectiveness. The outcomes of each survey were considered by the Public Health Wales Chair and Chief Executive (or appropriate Committee Chair) and were used to inform improvements to meeting administration, agenda planning and meeting conduct. The Board will continue to consider how it assesses its effectiveness in 2018/19.

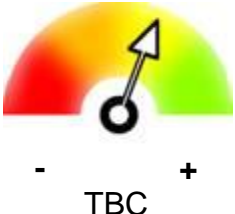
Internal Audit

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....”

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

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

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

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

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. However, audit reports with a conclusion of limited assurance were issued for raising concerns, cyber security and Clinical Networks governance. It was found that improvements in governance, risk management and control impacts for these areas was required.

Action Plans have been put in place in response to the report recommendations for all reports. 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 pages 19 - 21.

Counter Fraud

Cardiff and Vale Counter Fraud Service provides a service to Public Health Wales. Their work plan for 2017/18 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 2017/18. 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 2017 and overall they concluded that the organisation was further improving aspects of its governance and planning arrangements but was not yet reporting effectively on its performance or implementing some key arrangements. It was noted that the organisation had been proactive in assessing wider organisational effectiveness and was working to improve and embed arrangements for good governance and engaging stakeholders and the public to inform longer-term plans. Financial reporting has improved but the full breadth of the organisation’s business is not captured in performance reports while reporting on progress against the annual operational plan is infrequent and some key arrangements for informatics developments have yet to be implemented.

Specifically, the report concluded that:

- financial planning and budgetary management continued to work well, however, whilst detail in board finance reports had improved, information on savings identified for re-investment was limited.
- The Board was working effectively and was building upon work to improve governance arrangements, but there is more to do to extend scrutiny of performance in key areas.
- Ongoing improvements to risk management arrangements are taking effect.
- Performance reporting is improving but not all parts of the organisation’s business is subject to Board scrutiny and reporting against the operational plan is infrequent.
- The organisation has an active programme of engagement to inform its long-term strategy, has been improving workforce planning and has an ambitious

informatics programme to support the delivery of its integrated medium-term plan but some key arrangements have yet to be agreed and implemented.

The report made a number of recommendations for the following areas:

Financial Reporting

The organisation should include information on the performance of re-investment plans funded through efficiency savings within its finance reports to Board.

Internal Controls

With regard to the organisation's participation in the National Fraud Initiative (NFI), it should introduce an action plan to ensure that the data matches it receives from that exercise are reviewed and where necessary investigated in a timely manner.

Information governance

The EU General Data Protection Regulations (GDPR), mandate the role of Data Protection Officer. The organisation should clearly set out the role's responsibilities and lines of accountability. For further information on the GDPR see page 32.

Information security

The Internal Audit Service completed a review of the organisation's cyber security arrangements at the same time the organisation was developing the new Information Security Policy and supporting procedures. The organisation should compare the Internal Auditors' findings with the new policy and supporting procedures to ensure there are no gaps.

Performance reporting

The organisation should agree realistic measures for those parts of the business not currently covered by the Delivery Framework, such as NHS Quality Improvement/1000 Lives, Health Intelligence and national health improvement programmes like the 'first 1000 days', to enable Board scrutiny, and to report on them accordingly.

The frequency of reporting against the Delivery Framework in accordance with NHS Planning Guidance for 2017-2020 also needs to be clarified. This should include a report for the Board setting out the overall progress against the integrated medium-term plan milestones and the impact.

Informatics

The organisation has yet to finalise its Digital Strategy for taking forward proposals set out in the integrated medium-term plan and the Strategic Outline Programme, including putting in place the necessary governance arrangements for oversight and scrutiny. The Digital Strategy should be finalised; a clinical lead for informatics developments identified; effective IT training services developed; and the proposed Digital Transformation Board established.

Approaches to the organisation's financial and performance reporting will be adjusted to address the issues identified in the report. An action plan has been put in place to ensure that use of the National Fraud Initiative (NFI) data matching exercise is more effective. The organisation has been preparing for the EU General Data Protection

Regulations (see page 32), which has included the review of Information Governance Policy and the role of the Data Protection Officer. A review of the Information Security Policy has not identified any gaps as a consequence of the internal audit.

Quality of Data

The Board felt that the information it and its key committees had received during 2017/18 generally supported scrutiny and assurance, although 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: T Cooper _____

Date: 30 May 2018

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

Annex 1: Board and Committee Membership/Attendance 2017/18

NAME	POSITION	BOARD COMMITTEE MEMBERSHIP	ATTEND-ANCE AT MEETINGS 2016/17***	CHAMPION ROLES +
<i>Professor Sir Mansel Aylward CB</i>	<i>Chair (Final term of office ended 31 July 2018)</i>	<ul style="list-style-type: none"> • <i>(Chair) Board</i> • <i>(Chair) Remuneration and Terms of Service Committee</i> 	<i>3/3 1/1</i>	<i>Veterans (until term of office end)</i>
<i>Jan Williams OBE</i>	<i>Chair (Term of Office commenced 5 September 2018)</i>	<ul style="list-style-type: none"> • <i>(Chair) Board</i> • <i>(Chair) Remuneration and Terms of Service Committee</i> 	<i>4/4 4/4</i>	<i>Veterans</i>
<i>Professor Simon Smail CBE</i>	<i>Vice Chair And Non-Executive Director (Acting Chair: 1 August 2017 – 4 September 2017)</i>	<ul style="list-style-type: none"> • <i>(Vice Chair/Acting Chair) Board</i> • <i>(Vice Chair/Acting Chair) Remuneration and Terms of Service Committee</i> • <i>(Chair) Quality, Safety and Improvement Committee</i> 	<i>4/4 2/2 2/2</i>	<i>Putting things right (until term of office end) Safeguarding (until term of office end)</i>
<i>Kate Eden</i>	<i>Vice Chair And Non-Executive Director (Vice Chair from 31 October 2017)</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Remuneration and Terms of Service Committee</i> • <i>(Chair) Audit and Corporate Governance Committee</i> • <i>Quality, Safety and Improvement Committee (Acting Chair from 5 September 2017)</i> 	<i>7/7 3/5 5/6 4/4</i>	<i>Mental Health</i>
<i>Judi Rhys</i>	<i>Non-Executive Director</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Remuneration and Terms of Service Committee</i> • <i>Audit and Corporate Governance Committee</i> • <i>People and Organisational Committee</i> 	<i>7/7 5/5 5/6 3/3</i>	<i>Equality Older persons</i>

<i>Professor Shantini Paranjothy</i>	<i>Non-Executive Director</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Remuneration and Terms of Service</i> • <i>Quality, Safety and Improvement Committee</i> • <i>People and Organisational Development Committee</i> 	<p>6/7 4/5</p> <p>3/4</p> <p>3/3</p>	<i>Service user experience</i>
<i>Terence Rose CBE</i>	<i>Non-Executive Director</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Remuneration and Terms of Service</i> • <i>Quality, Safety and Improvement Committee</i> • <i>(Chair) People and Organisational Development Committee</i> 	<p>6/7 5/5</p> <p>4/4</p> <p>3/3</p>	<i>Raising concerns (staff)</i>
<i>Jack Straw OBE</i>	<i>Non-Executive Director (resigned – effective from 31 August 2017)</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Remuneration and Terms of Service Committee</i> • <i>Audit and Corporate Governance Committee</i> • <i>People and Organisational Development Committee</i> 	<p>1/3 1/1</p> <p>2/2</p> <p>1/1</p>	
<i>Tracey Cooper</i>	<i>Chief Executive</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Remuneration and Terms of Service Committee**</i> • <i>Audit and Corporate Governance Committee**</i> <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>	<p>7/7 5/5</p> <p>3/6</p>	
<i>Huw George</i>	<i>Executive Director of Operations and</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Remuneration and Terms of</i> 	<p>7/7 5/5</p>	<i>Fire Safety</i>

	<i>Finance/ Deputy Chief Executive</i>	<ul style="list-style-type: none"> • <i>Service Committee**</i> • <i>Audit and Corporate Governance Committee**</i> • <i>People and Organisational Development Committee**</i> 	6/6 3/3	
<i>Dr Quentin Sandifer</i>	<i>Executive Director of Public Health Services and Medical Director</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Quality, Safety and Improvement Committee**</i> • <i>People and Organisational Development Committee**</i> 	6/7 4/4 0/3	<i>Caldicott guardian</i> <i>Emergency planning</i>
<i>Dr Chrissie Pickin</i>	<i>Executive Director of Health and Wellbeing</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Quality, Safety and Improvement Committee**</i> 	6/7 3/4	
<i>Rhiannon Beaumont-Wood*</i>	<i>Executive Director of Quality, Nursing and Allied Health Professionals</i> <i>(on secondment from 2 February 2018)</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Quality, Safety and Improvement Committee**</i> • <i>Audit and Corporate Governance Committee**</i> • <i>People and Organisational Development Committee**</i> 	5/6 3/3 2/5 1/3	
<i>Sian Bolton</i>	<i>Acting Executive Director of Quality, Nursing and Allied Health Professionals</i> <i>(from 5 February 2018)</i>	<ul style="list-style-type: none"> • <i>Board</i> • <i>Quality, Safety and Improvement Committee**</i> • <i>Audit and Corporate Governance Committee**</i> 	1/1 1/1 (also attended in previous role) 1/1	
<i>Professor Mark Bellis OBE</i>	<i>Director of Policy, Research and International Development</i>	<ul style="list-style-type: none"> • <i>Board*</i> • <i>Quality, Safety and Improvement Committee**</i> 	5/7 1/4	
<i>Phil Bushby</i>	<i>Director of People and Organisational Development</i>	<ul style="list-style-type: none"> • <i>Board*</i> • <i>Remuneration and Terms of Service Committee**</i> • <i>People and Organisational</i> 	7/7 5/5 3/3	<i>Welsh Language</i>

		<i>Development Committee**</i>		
<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"> • <i>Board*</i> • <i>Quality, Safety and Improvement Committee**</i> 	<i>4/7</i> <i>1/4</i>	
<i>Melanie Westlake</i>	<i>Board Secretary and Head of Corporate Governance</i>	<ul style="list-style-type: none"> • <i>Board**</i> • <i>Remuneration and Terms of Service Committee**</i> • <i>Audit and Corporate Governance Committee**</i> • <i>Quality, Safety and Improvement Committee**</i> • <i>People and Organisational Development Committee**</i> 	<i>7/7</i> <i>5/5</i> <i>5/6</i> <i>3/4</i> <i>2/3</i>	

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

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

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

+ The allocation of champion roles will be reviewed in 2018/19.

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 manager 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. Collectively the executive and board-level directors are known as the Executive Team

2. Remuneration and Terms of Service Committee

- 2.1 The Public Health Wales Remuneration and Terms of Service Committee considers and approves salaries, pay awards and terms and conditions of employment for the Executive Team and other key senior staff.
- 2.2 The Remuneration and Terms of Service Committee also considers and approves applications relating to the Voluntary Early Release Scheme, redundancy payments and early retirements.
- 2.3 All Executive Directors’ pay and terms and conditions have been, and will be, determined by the Remuneration and Terms of Service Committee within the Framework set by the Welsh Government.
- 2.4 During 2017/18 the Public Health Wales Remuneration and Terms of Service Committee consisted of the following Members:
 - Professor Sir Mansel Aylward CB (Chair) – until 31 July 2017
 - Jan Williams (Chair) – from 5 September 2017
 - Professor Simon Smail (Non-Executive Director and Vice Chair) – until 30 September 2017 (Note: Acting Chair of the Trust from 1 August 2017 to 4 September 2017 inclusive)
 - Judi Rhys (Non-Executive Director) – (from 1 April 2017)
 - Professor Shantini Paranjothy (Non-Executive Director) – (from 1 April 2017)
 - Kate Eden (Non-Executive Director)
 - Terence Rose (Non-Executive Director)

- Jack Straw (Non-Executive Director (until 31 August 2017))
- 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 senior managers to receive pay-awards have been those remunerated on medical and dental or Agenda for Change pay scales and those in Executive and Senior Posts.
- 2.7 During 2017/18, the Remuneration and Terms of Service Committee approved the following (in consultation with Welsh Government where appropriate):
- 14 December 2017 – noted and supported the secondment of the Director of Nursing, Quality and Allied Health Professionals to Powys Teaching Health Board, approved the arrangements for seeking an interim appointment and agreed to appoint the successful candidate on the previously agreed salary for the post.
 - 25 January 2018 – agreed to the appointment of Sian Bolton as the Interim Executive Director of Quality, Nursing and Allied Health Professionals for a 12-month period commencing on Monday 5 February 2018 at

Voluntary Early Release and Settlement agreements:

- Approval of two applications, totalling £154,800 under the Voluntary Early Release Scheme.
- Approval of two settlement agreements totalling £33,572.

3. Salary and Pension Disclosures

- 3.1 Details of salaries and pension benefits for senior managers captured within this report given in Annexes 1 and 2.
- 3.2 The single figure of remuneration (Annex 1) is intended to be a comprehensive figure that includes all types of reward received by senior managers in the period being reported on, including fixed and variable elements as well as pension provision.
- 3.3 The single figure includes the following:
- Salary and fees both pensionable and non pensionable elements.
 - benefits in kind (taxable, total to the nearest £100)
 - pension related benefits - those benefits accruing to senior managers from membership of a participating defined benefit pension scheme.

- 3.4 There are no annual or long-term performance related bonuses.
- 3.5 Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.
- 3.6 The value of pension related benefits accrued during the year is calculated as the 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 The pension benefit figure is calculated on the basis of an increase in the value over the financial year. Where staff have joined the organisation or the Board during the period prior-year comparative information is not available. This can result in the calculated increase in the benefit figure being artificially high. Where this is the case this figure is not reported in Annex 1a (Single Figure of Remuneration) nor Annex 2 (Pension Benefits) from 2017/18. Where these figures were reported in previous years this can result in a negative value in 2017/18.
- 3.8 Annex 2 gives the total pension benefits for all senior managers. The inflationary rate applied to the 2016/17 figure is 1% as set out by the 2017/18 Greenbury guidance.

4. Remuneration Relationship

- 4.1 NHS Bodies in Wales are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. This information is provided in note 10.6 to the Financial Statements.

5. 2017/18 Staff Report

5.1 Number of senior staff

As of 31 March 2018 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
Executive and Senior Posts 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	2017/18 Total WTE	2016/17 Total WTE
Administrative, clerical and board members	838	23	39	900	847
Medical and dental	67	3	30	100	102
Nursing, midwifery registered	57	0	0	57	57
Professional, scientific and technical staff	506	9	0	515	496
Allied Health Professionals	0	0	1	1	0
Total	1,468	35	70	1,573	1,502

5.3 Staff Composition

The gender breakdown of the Executive Team and other employees as of 31 March 2017 was as follows:

	Male	Female
Senior Staff (Exec Team)	5	4
Other employees	404 (23%)	1367 (77%)

Gender Pay Gap reporting became a legal requirement on the 6 April 2017. In line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, published on 26th March 2018, both on the Gender Pay Gap portal and our Annual Equality Report.

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

In Public Health Wales, the mean and median hourly rate by Gender as of 31 March 2017 is as follows:

Gender	Mean Hourly Rate	Median Hourly Rate
Male	22.30	18.01
Female	17.27	14.56
Difference	5.03	3.46
Pay Gap	22.6%	19.2%

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

5.4 Sickness Absence data

The following table provides information on the number of days lost due to sickness during 2016/17 and 2017/18:

	2017-2018 Number	2016-2017 Number
Days lost (long term)	15,039.98	12,942.47
Days lost (short term)	7,055.57	6,473.39
Total days lost	22,095.55	19,415.86
Total staff years	1,518.51	1,464.32
Average working days lost	909.72	825.36
Total staff employed in period (headcount)	1,712	1,661
Total staff employed in period with no absence (headcount)	765	674
Percentage staff with no sick leave	44.68%	40.58%

Sickness rates began to increase in the winter months. This was expected due to seasonal changes, and was in line with previous year trends in Public Health Wales and was consistent with national trends across the NHS for the same period.

Sickness audits were carried out through September to December and the results compiled. An action plan was being developed to address the issues from the audit, with Human Resources representatives working with managers on bespoke interventions. Work was also done to develop an All Wales Audit tool, which has the minimum standards for sickness absence embedded in it and will incorporate a wider role for Occupational Health. Alongside the audits, which are addressing local issues, there is an overarching Sickness Action Plan, developed in partnership with the Local Partnership Forum. The Action plan looks at interventions and developments at a higher level, including the wider wellbeing agenda and organisational training.

5.5 Staff policies applied during the financial year

The Trust's workforce policies cover all aspects of employment, from recruitment and selection, training and development to terms and conditions of service and termination of employment. They also set out the guiding principles that influence the way that Public Health Wales carries out its employment based activities and the expectations of all staff. Some of these policies were developed with other NHS organisations on an "all Wales" basis and their adoption was 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. We have flexible working arrangements for staff to enable them to accommodate their domestic situations and personal requirements, as well as Occupational Health who can advise on reasonable adjustments for those who require them. Our Recruitment Policy and candidate information has been updated to ensure language used is inclusive and welcoming, and to advise candidates that we will make reasonable adjustments to the process as required. We also have guidance for staff who are Transitioning in the workplace, to help individuals and managers through the process.

Public Health Wales' Recruitment Policy makes reference to eliminating all forms of discrimination in accordance with the Equality Act 2010. Public Health Wales operates 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.

Policies are published on the Public Health Wales website at <http://www.wales.nhs.uk/sitesplus/888/page/46724>

5.6 Other Employee Matters

We have appointed departmental Equality Champions, who are responsible for reporting on activity relating to Equality, Diversity and Inclusion in their areas. The information provided was fed into the Annual Equality Report, Stonewall Workplace Equality Report and Accessibility Standards. The Equality Champions also disseminate messages and promote the Diversity and Inclusion agenda on a local level within their departments.

We have also set up staff Diversity Networks for Lesbian, Gay, Bisexual and Transgender, Black, Asian and Minority Ethnic and Disabled staff and will soon be setting up a network for single parents, at the request of a member of staff who has identified a need for this. The networks offer support to members and provide input into organisational policies and changes.

5.7 Expenditure on Consultancy

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

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

During 2017/18, Public Health Wales' expenditure on consultancy was £322k compared to £418k in 2016/17.

5.8 Tax Assurance for Off-Payroll Engagements

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

5.9 Exit Packages

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

Table 1	2017-18	2017-18	2017-18	2017-18	2016-17
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
less than £10,000	0	1	1	0	2
£10,000 to £25,000	0	0	0	0	7
£25,000 to £50,000	0	1	1	0	0
£50,000 to £100,000	0	2	2	0	1
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	4	4	0	10
	2017-18	2017-18	2017-18	2017-18	2016-17
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	8,500	8,500	0	15,811
£10,000 to £25,000	0	0	0	0	134,466
£25,000 to £50,000	0	25,072	25,072	0	0
£50,000 to £100,000	0	154,800	154,800	0	76,700
£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	188,372	188,372	0	226,977

6. Statement of Assurance

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

Signed: T Cooper _____

Date: 30 May 2018

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

Annex 1a - Single Figure of Remuneration (2017/18)

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	-	33	180 - 185
Huw George, Deputy Chief Executive and Executive Director of Operations and Finance	125 - 130	-	30	150 - 155
Dr Quentin Sandifer, Executive Director of Public Health Services	155 - 160	-	22	180 - 185
Rhiannon Beaumont-Wood, Executive Director of Nursing and Quality ¹	85 - 90	-	21	105 - 110
Dr Christine Pickin, Executive Director of Health and Wellbeing	130 - 135	-	31	160 - 165
Dr Aidan Fowler, Director of Patient Safety and Healthcare Quality	140 - 145	-	(80)	60 - 65
Prof. Mark Bellis, Director of Policy Research and International Development	120 - 125	-	24	140 - 145
Melanie Westlake, Board Secretary	75 - 80	-	(250)	(170) - (175)
Phil Bushby, Director of People and Organisational Development	95 - 100	-	24	120 - 125
Sian Bolton, Acting Executive Director of Nursing and Quality ²	15 - 20	-	***8	15 - 20
Non Executive Directors:				
Professor Sir Mansel Aylward ³	10 - 15	-	0	10 - 15
Janice Williams ⁴	20 - 25	-	0	20 - 25
Professor Simon Smail ⁵	10 - 15	-	0	10 - 15
Terence Rose	5 - 10	-	0	5 - 10
Kate Eden ⁶	10 - 15	-	0	10 - 15
Jack Straw ⁷	0 - 5	-	0	0 - 5
Judith Rhys	5 - 10	-	0	5 - 10
Professor Shantini Paranjothy	5 - 10	-	0	5 - 10

1. Rhiannon Beaumont-Wood left Public Health Wales on 02 February 2018 on a 12 month secondment to Powys Teaching Health Board
2. Sian Bolton was appointed on 05 February 2018 as acting Executive Director of Nursing for 12 months
3. Professor Sir Mansel Aylward left the Board on 31 July 2017
4. Janice Williams joined the organisation as Chair on 05 September 2017
5. Professor Simon Smail left the organisation on 30 September 2017 and was also interim Chair from 01 August 2017 to 04 September 2017
6. Kate Eden, time increased to allow for the provision of additional support due to the vacancies amongst the Non-Executive Directors.
7. Jack Straw left the Board on 31 August 2017
8. Information not available

Please refer to point 3.6 for clarification of the value of pensions. Estimates are prepared using information provided by the NHS Business Services Authority.

Annex 1b - 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

Annex 2 - Pension Benefits

Name and Title	Real increase in pension at pension age, (bands of £2,500) £'000	Real increase in pension lump sum at pension age, (bands of £2,500) £'000	Total accrued pension at pension age at 31 March 2018 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2018 £'000	Cash Equivalent Transfer Value at 31 March 2017 £'000	Real increase in Cash Equivalent Transfer Value £'000	Employer's contribution to stakeholder pension £'000
Dr Tracey Cooper, Chief Executive	2.5 - 5	0 – (2.5)	20 - 25	40 - 45	469	425	44	0
Huw George, Deputy Chief Executive and Executive Director of Operations and Finance	0 - 2.5	0 - 2.5	35 - 40	100 - 105	731	666	65	0
Dr Quentin Sandifer Executive Director of Public Health Services	0 - 2.5	5 – 7.5	50 - 55	160 - 165	1,190	1,119	71	0
Rhiannon Beaumont-Wood, Executive Director of Nursing	0 - 2.5	2.5 - 5	20 - 25	65 - 70	472	417	55	0
Dr Christine Pickin, Executive Director of Health and Wellbeing	0 - 2.5	0	5 - 10	0	83	46	36	0
Dr Aidan Fowler, Director of NHS Quality Improvement and Patient Safety	0 - (2.5)	(12.5) – (15)	45 - 50	120 - 125	857	870	-13	0
Prof Mark Bellis, Director of Policy Research and International Development	0 – 2.5	0	10 - 15	0	128	98	30	0
Melanie Westlake, Board Secretary	(10) – (12.5)	(35) – (37.5)	30 - 35	80 - 85	537	690	-154	0

Phil Bushby, Director of People & Organisational Development	0 - 2.5	0 - 5	0 - 5	0	34	14	20	0
Sian Bolton, Acting Executive Director of Nursing	***1	***1	30 - 35	95 - 100	601	***1	***1	0

1. Information not available - See footnote 2 in Annex 1a.

Annex 3 – Pay Policy Statement 2017/18

1.0 Introduction and Purpose

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

2.0 Legislative Framework

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

3.0 **Pay Structure**

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

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

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

Chief Executive

Deputy Chief Executive / Executive Director of Operations and Finance

Executive Director of Health and Wellbeing

Executive Director of Public Health Services

Executive Director of Quality, Nursing and Allied Health Professionals

Director for NHS Quality Improvement and Patient Safety

Director of People and Organisational Development

Director of Policy, Research and International Development

- b) The “lowest-paid employees” within Public Health Wales' are paid £16,523 per annum (£8.45 per hour) in accordance with the nationally set Pay Bands and pay points in Wales.
- c) The definitions for senior posts and the lowest paid employees are in accordance with the national provisions as determined and set by Welsh Government as noted in a) above.
- d) The remuneration of senior posts is determined by a job evaluation process (Job Evaluation for Senior Posts (JESP)) and all salaries are agreed by Welsh Government. The remuneration of the lowest-paid employees is set by reference to the national Job Evaluation system (Agenda for Change) and salaries for the all Agenda for Change pay spine points (including the lowest) are set following receipt of recommendations from the Pay Review Body. From 1st January 2015, the lowest spine points were adjusted to incorporate the Living Wage.
- e) The annual process of submitting evidence to the pay review bodies (NHS Pay Review Body and Review Body on Doctors' and Dentists' Remuneration) enables an independent assessment to be made on NHS

pay. The pay review bodies have regard to the following considerations in making their recommendations:

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

- f) Salary information relating to senior posts is provided in Annex 1a to the Remuneration and Staff report.
- g) Public Health Wales approach to internal talent management is to share all vacancies and opportunities internally to encourage career mobility and development of all our employees. In addition through our workforce planning process we undertake learning needs analysis and Succession Planning processes to identify developmental needs of all staff. Succession Planning is the process of identifying critical positions, assessing current staff members who may be able to fill these positions within several timescales (ready now; 1-2 years and 2-5 years) and developing action plans for these individuals to assume those positions.
- h) Public Health Wales' does not use any system of performance related pay for senior posts.
- i) Public Health Wales' has a comprehensive approach to performance, development and review and the policies / processes to support this are:

Strategic Workforce Planning Toolkit

My Contribution Policy (Performance Appraisal)

Core Skills and Training Framework

Learning and Development Programme

Management and Leadership Development Programme

Induction Policy and Process

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

Highest point - £101,436

Lowest point - £16,523

- 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 £16,523 per annum.

National Assembly for Wales Accountability & Audit Report

Long Term Expenditure Trends

The following table illustrates the Trust expenditure from 2013/14 to 2017/18. The expenditure figure is taken from the Statement of Comprehensive Income and notes 3 (Revenue from Patient Care Activities), 4 (Other Operating revenue) and 5 (Operating Expenses) within the financial statements.

Table 1: Long Term Expenditure Trend by Expenditure type

	£000s	£000s	£000s	£000s	£000s	Total %	12 mths %
Expenditure	2013/14	2014/15	2015/16	2016/17	2017/18	Increase	Increase
Welsh Government / LHBs / Trust / Local Authorities	19,732	18,968	18,390	20,717	23,149	17.32%	11.74%
Pay Expenditure	61,129	63,980	65,070	72,370	77,194	26.28%	6.67%
Other Non-Pay	21,374	21,947	22,036	24,641	25,064	17.26%	1.72%
Depreciation and Impairments	2,798	2,781	3,276	3,462	3,528	26.09%	1.91%
Gross Expenditure	105,033	107,676	108,772	121,190	128,935	22.75%	6.39%
Revenue							
Revenue from Patient Care Activities	(83,044)	(84,843)	(85,975)	(92,376)	(91,925)	10.69%	(0.49%)
Other Operating Revenue	(22,038)	(22,894)	(22,836)	(28,861)	(37,062)	68.17%	28.42%
Gross Income	(105,082)	(107,737)	(108,811)	(121,237)	(128,987)	22.75%	6.39%
Investment Revenue, Finance Costs & Other Gains and Losses	34	26	22	31	24		
Retained (Surplus) / Deficit	(15)	(35)	(17)	(16)	(28)		
Cumulative (Surplus) / Deficit	(15)	(50)	(67)	(83)	(111)		

As the above table illustrates, Trust expenditure has increased from £105.033m in 2013/14 to £128.935m in 2017/18: an increase of nearly 23% over 5 years, and an increase of 6% 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 and clinical networks, which transferred into Public Health Wales in 2016/17. The first full year of the income and expenditure from the networks is reflected in 2017/18.

The Trust has achieved a surplus each year for the period 2013/14 to 2017/18, with a cumulative surplus for the five years of £111k.

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

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Public Health Wales NHS Trust for the year ended 31 March 2018 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Public Health Wales NHS Trust as at 31 March 2018 and of its retained surplus for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Opinion on regularity

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

Report on other requirements

Opinion on other matters

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

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

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

Matters on which I report by exception

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

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

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

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of Directors and the Chief Executive

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Responsibilities for regularity

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

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

Huw Vaughan Thomas

Huw Vaughan Thomas
Auditor General for Wales
13 June 2018

24 Cathedral Road
Cardiff
CF11 9LJ

Section 2 - Financial Statements

Public Health Wales NHS Trust

Foreword

These accounts for the period ended 31 March 2018 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Public Health Wales NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

Statutory background

The establishment of Public Health Wales 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, the organisation 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 and the Diabetic Eye Screening Service for Wales (DESW). In addition, the Trust hosts the NHS Wales Health Collaborative, which has expanded to include a number of clinical networks since it became part of Public Health Wales during 2016/17. The full year effect of the transfer is recognised in the 2017/18 accounts. In February 2018 the NHS Wales Finance Delivery Unit was established, which is also hosted by the Trust.

The overall income level for Public Health Wales has increased by 61 per cent over the last seven years, from £80m in 2010/11 to £129m in 2017/18. Of this income, £11.5m relates to the hosted organisations.

Performance Management and Financial Results

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

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

The Trust has once again achieved financial balance in 2017-18 and the accounts that follow present a small retained surplus of £28k. Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2015-16 to 2017-18. In addition, the Trust has met its second financial duty to have an approved financial plan for the period 2017-18 to 2019-20.

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 2017/18.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017-18 £000	2016-17 £000
Revenue from patient care activities	3	91,925	92,376
Other operating revenue	4	37,062	28,861
Operating expenses	5.1	(128,935)	(121,190)
Operating (deficit)/surplus		52	47
Investment revenue	6	27	16
Other gains and losses	7	(2)	0
Finance costs	8	(49)	(47)
Retained surplus	2.1.1	28	16
Other Comprehensive Income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment		102	37
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		(93)	(6)
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		9	31
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		9	31
Total comprehensive income for the year		37	47

The notes on pages 6 to 63 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	31 March 2018	31 March 2017
		£000	£000
Non-current assets			
Property, plant and equipment	13	12,782	14,476
Intangible assets	14	0	0
Trade and other receivables	17.1	0	146
Other financial assets	18	0	0
Total non-current assets		12,782	14,622
Current assets			
Inventories	16.1	786	158
Trade and other receivables	17.1	10,263	9,597
Other financial assets	18	0	0
Cash and cash equivalents	19	6,432	4,128
		17,481	13,883
Non-current assets held for sale	13.2	0	0
Total current assets		17,481	13,883
Total assets		30,263	28,505
Current liabilities			
Trade and other payables	20	(10,397)	(7,937)
Borrowings	21	0	0
Other financial liabilities	22	0	0
Provisions	23	(3,843)	(3,224)
Total current liabilities		(14,240)	(11,161)
Net current assets/(liabilities)		3,241	2,722
Total assets less current liabilities		16,023	17,344
Non-current liabilities			
Trade and other payables	20	(622)	(259)
Borrowings	21	0	0
Other financial liabilities	22	0	0
Provisions	23	(1,419)	(1,469)
Total non-current liabilities		(2,041)	(1,728)
Total assets employed		13,982	15,616
Financed by Taxpayers' equity:			
Public dividend capital		13,017	14,688
Retained earnings		597	551
Revaluation reserve		368	377
Other reserves		0	0
Total taxpayers' equity		13,982	15,616

The financial statements were approved by the Board on 30 May 2018 and signed on behalf of the Board by:

Chief Executive..... T Cooper

Date..... 30 May 2018

The notes on pages 6 to 63 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2017-18	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2017	14,688	551	377	0	15,616
Changes in taxpayers' equity for 2017-18					
Retained surplus/(deficit) for the year		28			28
Net gain/(loss) on revaluation of property, plant and equipment		0	102	0	102
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	(93)	0	(93)
Movements in other reserves		0	0	0	0
Transfers between reserves		18	(18)	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	(1,671)				(1,671)
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	0				0
Balance at 31 March 2018	13,017	597	368	0	13,982

The notes on pages 6 to 63 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	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 6 to 63 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017-18 £000	2016-17 £000
Cash flows from operating activities			
Operating surplus/(deficit)	SOCI	52	47
Depreciation and amortisation	5	3,702	3,439
Impairments and reversals	5	(174)	23
Release of PFI deferred credits		0	0
Donated Assets received credited to revenue but non-cash	4	0	0
Government Granted Assets received credited to revenue but non-cash	4	0	0
Interest paid		(49)	(47)
(Increase)/decrease in inventories		(628)	(37)
(Increase)/decrease in trade and other receivables		(520)	(3,611)
Increase/(decrease) in trade and other payables		2,897	(1,274)
Increase/(decrease) in provisions		569	1,120
Net cash inflow (outflow) from operating activities		5,849	(340)
Cash flows from investing activities			
Interest received		27	16
(Payments) for property, plant and equipment		(2,522)	(5,126)
Proceeds from disposal of property, plant and equipment		737	(6)
(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		(1,758)	(5,116)
Net cash inflow (outflow) before financing		4,091	(5,456)
Cash flows from financing activities			
Public Dividend Capital received		0	1,456
Public Dividend Capital repaid		(1,671)	0
Loans received from Welsh Government		0	0
Other loans received		0	0
Loans repaid to Welsh Government		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital elements of finance leases and on-SOFP PFI		(116)	(469)
Cash transferred (to)/from other NHS Wales bodies		0	0
Net cash inflow (outflow) from financing activities		(1,787)	987
Net increase (decrease) in cash and cash equivalents		2,304	(4,469)
Cash [and] cash equivalents at the beginning of the financial year	19	4,128	8,597
Cash [and] cash equivalents at the end of the financial year	19	6,432	4,128

The notes on pages 6 to 63 form part of these accounts.

Notes to the Accounts

Accounting policies

1. Accounting policies

The Cabinet Secretary for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2017-18 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 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 does not receive income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer.

Only non-NHS income may be deferred.

1.4 Employee Benefits

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

Retirement benefit costs

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

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

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

NEST Pension Scheme

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

Land and buildings used for the trust's services or for administrative purposes are stated in the balance sheet at their revalued amounts less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the balance sheet date. Fair values are determined as follows:

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

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

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

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

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

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

In 2017-18 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts. The carrying value of existing assets at that date 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.

1.7 Intangible assets

Recognition

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

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

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

Measurement

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

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

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

1.8 Depreciation, amortisation and impairments

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

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

At each reporting period end, the trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Income.

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 SOCI on a systematic basis over the period expected to benefit from the project.

1.10 Non-current assets held for sale

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

1.11 Leases

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

1.11.1 The trust as lessee

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

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

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

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

1.11.2 The trust as lessor

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

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

1.12 Inventories

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

1.13 Cash and cash equivalents

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

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

1.14 Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the amount receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount receivable can be measured reliably. Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

1.14.1 Clinical Negligence and personal injury costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2017-18. The WRP is hosted by Velindre NHS Trust.

1.15 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.

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

1.15.2 Financial assets at fair value through SoCI

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

1.15.3 Held to maturity investments

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

1.15.4 Available for sale financial assets

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

1.15.5 Loans and receivables

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

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

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset. At the end of the reporting period, the trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

1.16 Financial liabilities

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

1.16.1 Financial guarantee contract liabilities

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

1.16.2 Financial liabilities at fair value through SoCI

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

1.16.3 Other financial liabilities

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

1.17 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.

1.18 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.

1.19 Third party assets

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

1.20 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.

1.21 Pooled budgets

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

1.22 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.

1.23 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.

1.24 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.25 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.

1.26 Carbon Reduction Commitment Scheme

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

1.27 Absorption Accounting

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

1.28 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

IFRS 14 Regulatory Deferral Accounts

IFRS 15 Revenue from contracts with customers

IFRS 16 Leases

1.29 Accounting standards issued that have been adopted early

During 2017-18 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30 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

1.31 Subsidiaries

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

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

1.32 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.33 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Cabinet Secretary for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from the NHS Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument. From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

2. Financial Performance

2.1 STATUTORY FINANCIAL DUTIES

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4 2(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 replaced WHC/2015/014 “Statutory and Financial Duties of Local Health Boards and NHS Trusts” and further clarifies the statutory financial duties of NHS Wales bodies and is effective from 2016-17.

2.1.1 Financial Duty

	Annual financial performance			2015-18 Financial duty £000
	2015-16 £000	2016-17 £000	2017-18 £000	
Retained surplus	17	16	28	61
Less Donated asset / grant funded revenue adjustment	0	0	0	0
Adjusted surplus/(deficit)	17	16	28	61

Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2015-16 to 2017-18.

2.1.2 Integrated Medium Term Plan (IMTP)

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

The Trust has submitted an Integrated Medium Term Plan for the period 2017-18 to 2019-20 in accordance with NHS Wales Planning Framework.

**Financial duty
2017-18
to
2019-20
Status**

The Cabinet Secretary for Health and Social Services approval status

Approved

Public Health Wales NHS Trust has met its annual financial duty to have an approved financial plan for the period 2017-18 to 2019-20.

Public Health Wales NHS Trust's 2016-17 to 2018-19 IMTP was approved.

2. Financial Performance (cont)

2.2 ADMINISTRATIVE REQUIREMENTS

2.2.1. External financing

The Trust is given an external financing limit which it is permitted to undershoot	£000	31 March 2018 £000	31 March 2017 £000
External financing limit set by the Welsh Government		(1,671)	1,036
Cash flow financing	(2,391)		(44)
Finance leases taken out in the year	0		0
Other capital receipts			0
External financing requirement		(2,391)	(44)
Undershoot (overshoot)		720	1,080

The Trust has achieved its external financing limit.

2.2.2. Creditor payment

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

	2017-18
Total number of non-NHS bills paid 2017-18	21,523
Total number of non-NHS bills paid within target	20,569
Percentage of non-NHS bills paid within target	95.6%

The Trust has met the target.

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3. Revenue from patient care activities	2017-18	2016-17
	£000	£000
Welsh Government	91,925	92,376
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
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	91,925	92,376

ICR income is subject to a provision for impairment of **22.84%** to reflect expected rates of collection.

4. Other operating revenue	2017-18	2016-17
	£000	£000
Patient transport services	0	0
Education, training and research	1,548	1,451
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	119	55
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue:		
Provision of pathology/microbiology services	16,048	15,302
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	0	0
Business unit	0	0
Other	19,347	12,053
Total	37,062	28,861

Other revenue comprises:

Excellence Awards	88	193
Grants - LA	129	221
Grants - other	105	37
LHB & Trust - Non core Income	2,126	4,524
WG - Non core income	12,726	3,740
Staff recharge	2,985	2,298
Other	1,188	1,040
Total	19,347	12,053

The NHS Wales Collaborative transferred to Public Health Wales in October 2016. Welsh Government funding for the service is classified as 'WG - Non core income' in 2017/18.

5. Operating expenses	2017-18	2016-17
5.1 Operating expenses	£000	£000
Welsh Government	8	34
WHSSC & EASC	0	0
Local Health Boards	16,441	14,505
Welsh NHS Trusts	2,104	1,414
Other NHS Trusts	123	163
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	0	0
Local Authorities	4,473	4,601
Directors' costs	1,531	1,555
Staff costs	75,663	70,815
Supplies and services - clinical	8,352	7,761
Supplies and services - general	885	766
Consultancy Services	322	419
Establishment	6,618	7,037
Transport	599	610
Premises	5,750	5,899
Impairments and Reversals of Receivables	0	0
Depreciation	3,702	3,439
Amortisation	0	0
Impairments and reversals of property, plant and equipment	(174)	23
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	481	533
Research and development	0	0
Other operating expenses	1,906	1,465
Total	128,935	121,190

5. Operating expenses (continued)

5.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses	2017-18	2016-17
Increase/(decrease) in provision for future payments:	£000	£000
Clinical negligence	1,236	1,868
Personal injury	227	266
All other losses and special payments	187	227
Defence legal fees and other administrative costs	25	(25)
Gross increase/(decrease) in provision for future payments	<u>1,675</u>	<u>2,336</u>
Contribution to Welsh Risk Pool	0	0
Welsh Risk Pool creditor movement	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	2	(1)
Less: income received/ due from Welsh Risk Pool	(1,196)	(1,802)
Total charge	<u>481</u>	<u>533</u>

Personal injury includes £203k in respect of permanent injury benefits (2016-17 £265k). This expenditure includes a change of £21k relating to the change in the rate at which the provision for future payments is calculated.

6. Investment revenue	2017-18	2016-17
Rental revenue :	£000	£000
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	27	16
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	27	16

7. Other gains and losses	2017-18	2016-17
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	(2)	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	(2)	0

8. Finance costs	2017-18	2016-17
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	49	47
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	49	47
Provisions unwinding of discount	0	0
Periodical Payment Order unwinding of discount	0	0
Other finance costs	0	0
Total	49	47

9. Operating leases

9.1 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.

As part of its 'Our Space' programme the Trust has made a number of changes to its leasing arrangements since 2016/17, the main items being:

- In 2016/17 the Trust acquired a building in Cardiff for a period of 12 years;
- In 2017/18 the Trust surrendered the lease in Orchard Street, Swansea and acquired Matrix House for a period of 12 years.

Payments recognised as an expense	2017-18	2016-17
	£000	£000
Minimum lease payments	1,593	1,638
Contingent rents	0	0
Sub-lease payments	0	0
Total	1,593	1,638

Total future minimum lease payments	2017-18	2016-17
	£000	£000
Payable:		
Not later than one year	2,057	1,650
Between one and five years	6,954	4,057
After 5 years	5,303	5,945
Total	14,314	11,652

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

9.2 Trust as lessor

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

Rental Revenue

Receipts recognised as income	2017-18	2016-17
	£000	£000
Rent	0	0
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

Total future minimum lease payments	2017-18	2016-17
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

10. Employee costs and numbers

10.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	Other Staff	2017-18	2016-17
					£000	£000
	£000	£000	£000	£000	£000	£000
Salaries and wages	56,641	1,977	5,259	0	63,877	59,674
Social security costs	5,516	0	0	0	5,516	5,366
Employer contributions to NHS Pensions Scheme	7,698	0	0	0	7,698	7,217
Other pension costs	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total	69,855	1,977	5,259	0	77,091	72,257
Of the total above:						
Charged to capital					0	0
Charged to revenue					77,091	72,257
Total					77,091	72,257
Net movement in accrued employee benefits (untaken staff leave accrual included above)					(19)	60

The increase in average employee numbers shown in table 10.2 includes the full year effect of the transfer of the NHS Wales Collaborative.

10.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Other Staff	2017-18	2016-17
					Total	Total
					Number	Number
Administrative, clerical and board members	838	23	39	0	900	847
Ambulance staff	0	0	0	0	0	0
Medical and dental	67	3	30	0	100	102
Nursing, midwifery registered	57	0	0	0	57	57
Professional, scientific and technical staff	506	9	0	0	515	496
Additional Clinical Services	0	0	0	0	0	0
Allied Health Professions	0	0	1	0	1	0
Healthcare scientists	0	0	0	0	0	0
Estates and Ancillary	0	0	0	0	0	0
Students	0	0	0	0	0	0
Total	1,468	35	70	0	1,573	1,502

10.3 Retirement costs due to ill-health

During 2017-18 there was 1 (2016-17, 1) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £26,451 (2016-17, £45,754). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

10.4 Employee benefits

The Trust offers a lease car scheme and two salary sacrifice schemes (childcare and bikes). A third salary sacrifice scheme for home computers ended during 2017/18.

10.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2017-18	2017-18	2017-18	2017-18	2016-17
	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	1	1	0	2
£10,000 to £25,000	0	0	0	0	7
£25,000 to £50,000	0	1	1	0	0
£50,000 to £100,000	0	2	2	0	1
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	4	4	0	10

Exit packages cost band (including any special payment element)	2017-18	2017-18	2017-18	2017-18	2016-17
	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	8,500	8,500	0	15,811
£10,000 to £25,000	0	0	0	0	134,466
£25,000 to £50,000	0	25,072	25,072	0	0
£50,000 to £100,000	0	154,800	154,800	0	76,655
£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	188,372	188,372	0	226,932

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 10.3 for details of ill health retirement costs).

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

10.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Public Health Wales NHS Trust in the financial year 2017-18 was £155k to £160k (2016-17, £175k to £180k). This was 5.32 times (2016-17, 6.26 times) the median remuneration of the workforce, which was £29,627 (2016-17, £28,735).

In 2017-18, 0 (2016-17, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,523 to £157,965 (2016-17 £16,132 to £179,809)

The annualised banded remuneration of the Chief Executive is £150k to £155k (2016-17, £150k to £155k). This is 5.15 times (2016-17, 5.22 times) the median remuneration of the workforce.

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.

11. Pensions

PENSION COSTS

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The 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 employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. 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 is 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% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,876 and £45,000 for the 2017-18 tax year (2016-17 £5,824 and £43,000).

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

12. Public Sector Payment Policy

12.1 Prompt payment code - measure of compliance

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

	2017-18	2017-18	2016-17	2016-17
	Number	£000	Number	£000
NHS				
Total bills paid in year	2,283	22,793	2,004	22,471
Total bills paid within target	2,019	20,800	1,835	21,349
Percentage of bills paid within target	88.4%	91.3%	91.6%	95.0%
Non-NHS				
Total bills paid in year	21,523	50,815	22,933	46,614
Total bills paid within target	20,569	48,733	22,018	44,322
Percentage of bills paid within target	95.6%	95.9%	96.0%	95.1%
Total				
Total bills paid in year	23,806	73,608	24,937	69,085
Total bills paid within target	22,588	69,533	23,853	65,671
Percentage of bills paid within target	94.9%	94.5%	95.7%	95.1%

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

	2017-18	2016-17
	£	£
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

13. Property, plant and equipment :

2017-18

	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 2017	1,010	4,883	0	0	13,688	1,868	9,277	1,743	32,469
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	(38)	(301)	0	0	0	0	0	0	(339)
Additions - purchased	0	463	0	0	129	291	1,261	422	2,566
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	49	0	0	0	(9)	0	(40)	0
Reclassified as held for sale	(375)	(375)	0	0	0	(144)	0	0	(894)
Disposals other than by sale	0	0	0	0	(374)	(58)	(52)	(16)	(500)
Impairments	(42)	(39)	0	0	(16)	0	0	0	(97)
Reversal of impairments	0	213	0	0	0	0	0	0	213
At 31 March 2018	555	4,893	0	0	13,427	1,948	10,486	2,109	33,418
Depreciation									
At 1 April 2017	0	2,112	0	0	8,693	792	5,850	546	17,993
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	(348)	0	0	0	0	0	0	(348)
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	(11)	0	0	0	(144)	0	0	(155)
Disposals other than by sale	0	0	0	0	(374)	(58)	(52)	(16)	(500)
Impairments	0	(13)	0	0	(5)	0	0	0	(18)
Reversal of impairments	0	(38)	0	0	0	0	0	0	(38)
Charged during the year	0	327	0	0	1,697	145	1,353	180	3,702
At 31 March 2018	0	2,029	0	0	10,011	735	7,151	710	20,636
Net book value									
At 1 April 2017	1,010	2,771	0	0	4,995	1,076	3,427	1,197	14,476
At 31 March 2018	555	2,864	0	0	3,416	1,213	3,335	1,399	12,782
Net book value at 31 March 2018 comprises :									
Purchased	555	2,832	0	0	3,416	1,213	3,335	1,399	12,750
Donated	0	32	0	0	0	0	0	0	32
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2018	555	2,864	0	0	3,416	1,213	3,335	1,399	12,782
Asset Financing:									
Owned	555	2,864	0	0	3,416	1,213	3,335	1,399	12,782
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2018	555	2,864	0	0	3,416	1,213	3,335	1,399	12,782

The net book value of land, buildings and dwellings at 31 March 2018 comprises :

	£000
Freehold	2,230
Long Leasehold	523
Short Leasehold	666
Total	3,419

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

13. Property, plant and equipment :

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
Net book value									
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 :

	£000
Freehold	2,522
Long Leasehold	326
Short Leasehold	933
Total	3,781

13. 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 Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

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

iii) Asset Lives

Land is not depreciated.

Buildings as determined by the Valuation Office Agency.

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.

During the year the following assets were sold:

- The Temple of Peace building was sold following the relocation of Trust staff as part of the 'Our Space' programme.

- Vans used by the Diabetic Eye Screening Wales service were replaced as part of a capital replacement programme to maintain service provision.

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
Buildings	Surplus to requirements	-9
Vehicles	Replacement programme	7
		<u>-2</u>

13.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2017	0	0	0	0	0	0
Plus assets classified as held for sale in year	375	364	0	0	0	739
Revaluation	0	0	0	0	0	0
Less assets sold in year	(375)	(364)	0	0	0	(739)
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 2018	0	0	0	0	0	0
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

14. Intangible assets

2017-18	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 2017	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 2018	0	0	0	0	0	0	0
Amortisation							
At 1 April 2017	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 2018	0	0	0	0	0	0	0
Net book value							
At 1 April 2017	0	0	0	0	0	0	0
Net book value							
At 31 March 2018	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 2018	0	0	0	0	0	0	0

14. 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

14. Intangible assets

The Trust does not hold any intangible assets.

15. Impairments

Impairments in the period arose from:	2017-18		2016-17	
	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	77	0	23	0
Reversal of impairment	(251)	0	0	0
Impairments charged to operating expenses	(174)	0	23	0

Analysis of impairments :

Operating expenses in Statement of Comprehensive Income	(174)	0	23	0
Revaluation reserve	93	0	0	0
Total	(81)	0	23	0

16. Inventories

16.1 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	0	0
Consumables	786	158
Energy	0	0
Work in progress	0	0
Other	0	0
Total	786	158
Of which held at net realisable value:	0	0

16.2 Inventories recognised in expenses

	31 March 2018 £000	31 March 2017 £000
Inventories recognised as an expense in the period	22	37
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	22	37

During 2017/18 the Trust received a Welsh Government grant for a Molecular Diagnostic for Gastrointestinal Infection Project, part of which was used for the purchase of consumables. The unused stock held at year-end has been recognised on the balance sheet. The grant has been deferred into 2018/19 and will be released to the Statement of Comprehensive Income to match the use of the consumables in future accounting periods.

17. Trade and other receivables**17.1 Trade and other receivables**

	31 March	31 March
	2018	2017
	£000	£000
Current		
Welsh Government	735	714
WHSSC & EASC	0	13
Welsh Health Boards	1,929	2,953
Welsh NHS Trusts	120	46
Non - Welsh Trusts	8	6
Other NHS	0	0
Welsh Risk Pool	4,416	3,514
Local Authorities	504	193
Capital debtors	0	0
Other debtors	925	1,147
Provision for impairment of trade receivables	(12)	(14)
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	1,345	1,018
Accrued income	293	7
Sub-total	10,263	9,597
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	0	146
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	0	146
Total trade and other receivables	10,263	9,743

The 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 £192k (£188k in 2016-17)

17.2 Receivables VAT	31 March	31 March
	2018	2017
	£000	£000
Trade receivables	476	403
Other	0	0
Total	476	403

17.3 Receivables past their due date but not impaired	31 March	31 March
	2018	2017
	£000	£000
By up to 3 months	136	170
By 3 to 6 months	44	15
By more than 6 months	12	3
Balance at end of financial year	192	188

17.4 Allowance for bad and doubtful debts	31 March	31 March
	2018	2017
	£000	£000
Balance at beginning of the year	(14)	(12)
Transfer to other NHS Wales body	0	0
Provision utilised (Amount written off during the year)	10	0
Provision written back during the year no longer required	1	0
(Increase)/Decrease in provision during year	(9)	(2)
Bad debts recovered during year	0	0
Balance at end of financial year	(12)	(14)

18. Other financial assets

	31 March 2018 £000	31 March 2017 £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		
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		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Total	0	0

19. Cash and cash equivalents

	31 March 2018 £000	31 March 2017 £000
Opening Balance	4,128	8,597
Net change in year	2,304	(4,469)
Closing Balance	6,432	4,128
Made up of:		
Cash with Government Banking Service (GBS)	4,722	4,119
Cash with Commercial banks	0	0
Cash in hand	10	9
Total cash	4,732	4,128
Current investments	1,700	0
Cash and cash equivalents as in SoFP	6,432	4,128
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash & cash equivalents as in Statement of Cash Flows	6,432	4,128

20. Trade and other payables at the SoFP Date	31 March 2018 £000	31 March 2017 £000
Current		
Welsh Government	34	62
WHSSC & EASC	21	0
Welsh Health Boards	2,709	1,250
Welsh NHS Trusts	614	317
Other NHS	30	77
Local Authorities	579	821
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	1
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	1	1
Non-NHS trade payables - revenue	4,390	3,756
Non-NHS trade payables - capital	582	538
Rentals due under operating leases	5	17
Obligations due under finance leases and HP contracts	0	116
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	2	2
Accruals	284	517
Deferred Income:		
Deferred income brought forward	462	462
Deferred income additions	785	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	(101)	0
Other liabilities - all other payables	0	0
PFI assets – deferred credits	0	0
PFI - Payments on account	0	0
Sub-total	10,397	7,937

In respect of the Pensions figure shown above, £1k relates to the NHS Pension scheme (2016-17 £1k) and £0k to the NEST pension scheme (2016-17 £1k).

During 2017/18 the Trust received a Welsh Government grant for a Molecular Diagnostic for a Gastrointestinal Infection Project, part of which was used for the purchase of consumables. The unused stock held at year-end has been recognised on the balance sheet. The grant has been deferred into 2018/19 and will be released to the Statement of Comprehensive Income to match the use of the consumables.

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

	31 March 2018 £000	31 March 2017 £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
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	622	259
Obligations due under finance leases and HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
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>622</u>	<u>259</u>
Total	<u>11,019</u>	<u>8,196</u>

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

21. Borrowings	31 March	31 March
Current	2018	2017
	£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

21.2 Loan advance/strategic assistance funding

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

22. Other financial liabilities

	31 March	31 March
	2018	2017
	£000	£000
Current		
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	0	0

	31 March	31 March
	2018	2017
	£000	£000
Non-current		
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	0	0

23. Provisions 2017-18

	At 1 April 2017	Structured settlement cases transferr-ed to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	3,119	0	37	166	0	1,628	(847)	(392)	0	3,711
Personal injury	74	0	0	85	0	24	(81)	0	0	102
All other losses and special payments	0	0	0	0	0	187	(187)	0	0	0
Defence legal fees and other administration	31	0	0	2	0	27	(28)	(2)	0	30
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	3,224	0	37	253	0	1,866	(1,143)	(394)	0	3,843
Non Current										
Clinical negligence	166	0	0	(166)	0	0	0	0	0	0
Personal injury	1,301	0	0	(85)	0	203	0	0	0	1,419
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	2	0	0	(2)	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	1,469	0	0	(253)	0	203	0	0	0	1,419
TOTAL										
Clinical negligence	3,285	0	37	0	0	1,628	(847)	(392)	0	3,711
Personal injury	1,375	0	0	0	0	227	(81)	0	0	1,521
All other losses and special payments	0	0	0	0	0	187	(187)	0	0	0
Defence legal fees and other administration	33	0	0	0	0	27	(28)	(2)	0	30
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	4,693	0	37	0	0	2,069	(1,143)	(394)	0	5,262

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 31 March 2023	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	3,711	0	0	3,711
Personal injury	102	328	1,091	1,521
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	30	0	0	30
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	3,843	328	1,091	5,262

23. Provisions (continued)

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

24 Contingencies

24.1 Contingent liabilities

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

	31 March	31 March
	2018	2017
	£000	£000
Legal claims for alleged medical or employer negligence	150	1,237
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	10	52
Other	0	0
Total value of disputed claims	160	1,289
Amount recovered under insurance arrangements in the event of these claims being successful	(105)	0
Net contingent liability	55	1,289

The contingent liability has decreased between 31/3/17 and 31/3/18 due to:

- The estimated cost of one case has been reviewed and has been reduced from £580k to £65k;
- One case for £130k has proceeded and is now recognised as a provision;
- Two cases totalling £220k have not proceeded;
- The all-Wales impact of the discount rate factor included in the 2017/18 liability has now been recalculated and is included within specific cases where appropriate.

24.2. Remote contingent liabilities

	31 March	31 March
	2018	2017
	£000	£000
Guarantees	0	0
Indemnities	0	0
Letters of comfort	0	0
Total	0	0

24.3 Contingent assets

	31 March	31 March
	2018	2017
	£000	£000
	0	0
	0	0
	0	0
Total	0	0

25. Capital commitments

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

	31 March 2018	31 March 2017
	NHS Trust	
	£000	£000
Property, plant and equipment	0	180
Intangible assets	0	0
Total	0	180

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 2018		Approved to write-off year to 31 March 2018	
	Number	£	Number	£
Clinical negligence	10	874,911	0	0
Personal injury	3	5,802	0	0
All other losses and special payments	8	252,708	0	0
Total	21	1,133,421	0	0

Analysis of cases:

Case Type	Amounts	Cumulative amount	Approved to	
	paid out in year		write-off in year	
	£	£	£	
Cases where cumulative amount exceeds £300,000				
MN/105/0032/AW	Clinical Negligence	44,232	585,835	0
MN/105/0058/MH	Clinical Negligence	255,225	465,195	0
MN/105/0120/MH	Clinical Negligence	285,838	337,338	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Sub-total		585,295	1,388,368	0
All other cases		548,126	609,507	0
Total cases		1,133,421	1,997,875	0

27. Finance leases

27.1 Finance leases obligations (as lessee)

The Trust does not have any finance lease obligations as lessee.

Amounts payable under finance leases:

LAND	31 March 2018 £000	31 March 2017 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March 2018 £000	31 March 2017 £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 2018 £000	31 March 2017 £000
Minimum lease payments		
Within one year	0	116
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	116
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	0	116
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	116
Included in: Current borrowings	0	116
Non-current borrowings	0	0
Total	0	116

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2018 £000	31 March 2017 £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
	2018	2017
	£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 not entered into any new contracts to lease (building assets) under finance leases during 2017-18.

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. Third party assets

The Trust held £0 cash at bank and in hand at 31 March 2018 (31 March 2017, £0) which relates to monies held by the Trust on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31 March 2018 (31 March 2017, £0).

31. Events after reporting period

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

32. Related Party transactions

The Trust is a body corporate established by order of the Welsh Minister for Health & Social Services.

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

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	2,177	107,198	34	735
ABMU	4,673	4,554	276	142
Aneurin Bevan	3,447	1,519	277	273
Betsi Cadwaladr LHB	3,619	4,315	885	173
Cardiff and Vale	4,327	6,119	576	1,104
Cwm Taff	2,595	536	534	124
Hywel Dda	2,023	1,949	94	44
Powys	225	274	67	71
WHSSC	122	9	21	0
Velindre	3,089	664	614	121
Welsh Ambulance Services	44	36	0	(1)
Welsh Local Authorities	6,329	821	535	505
	32,670	127,994	3,913	3,291

Payments made to Welsh Government include £1,671k relating to PDC repaid during 2017/18.

During the year, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.

Professor Sir Mansel Aylward is a Director for the Centre for Psychosocial Research at Cardiff University and also a specialist advisor to the Vice Chancellor, Cardiff University.

Professor Simon Smail is an Emeritus Professor and Honorary Fellow of Cardiff University.

Jack Straw is the Chair of the Independent Oversight Panel at Betsi Cadwaladr Health Board.

Professor Shantini Paranjothy is Professor of Preventative Medicine at Cardiff University.

Dr Aiden Fowler has a daily contract for consultancy work for the Institute for Healthcare Improvement and is also an online journal editor for the British Medical Journal.

Professor Mark Bellis is visiting Professor of Public Health (Bangor) and Honorary Professor (Cardiff and Swansea Universities).

The material transactions involving related parties were as follows unless shown in the table above:

The material transactions involving related parties were as follows unless shown in the table above:

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Cardiff University	743	962	97	53
Swansea University	303	179	8	95
Bangor University	383	1	0	0
Institute For Healthcare Improvement	310	0	78	0
British Medical Journal Publications	22	0	2	0
	1,761	1,142	185	148

Receipts from Cardiff University include the proceeds from the sale of the Temple of Peace in November 2017.

33. Pooled budgets

Public Health Wales NHS Trust has no pooled budgets.

34. Operating Segments

	PHW NHS Trust		Hosted		TOTAL		ELIMINATIONS			
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Operating Revenue										
Segmental Income	117,621	114,542	11,537	6,806	129,158	121,348	(171)	(111)	128,987	121,237
	117,621	114,542	11,537	6,806	129,158	121,348	(171)	(111)	128,987	121,237
Operating expenses	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	0	34	8	0	8	34	0	0	8	34
WHSSC & EASC	0	0	0	0	0	0	0	0	0	0
Local Health Boards	12,487	12,546	3,954	1,959	16,441	14,505	0	0	16,441	14,505
Welsh NHS Trusts	832	829	1,272	585	2,104	1,414	0	0	2,104	1,414
Other NHS Trusts	123	163	0	0	123	163	0	0	123	163
Goods and services from other NHS bodies	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
Welsh Local Authorities	4,473	4,601	0	0	4,473	4,601	0	0	4,473	4,601
Other Local Authorities	0	0	0	0	0	0	0	0	0	0
Directors' costs	1,531	1,555	0	0	1,531	1,555	0	0	1,531	1,555
Staff costs	70,677	67,421	5,017	3,410	75,694	70,831	(31)	(16)	75,663	70,815
Supplies and services - clinical	8,340	7,759	12	2	8,352	7,761	0	0	8,352	7,761
Supplies and services - general	962	728	63	38	1,025	766	(140)	0	885	766
Consultancy Services	261	358	61	61	322	419	0	0	322	419
Establishment	6,215	6,746	403	291	6,618	7,037	0	0	6,618	7,037
Transport	591	606	8	4	599	610	0	0	599	610
Premises	5,453	5,658	297	241	5,750	5,899	0	0	5,750	5,899
Impairments and Reversals of Receivables	0	0	0	0	0	0	0	0	0	0
Depreciation	3,702	3,439	0	0	3,702	3,439	0	0	3,702	3,439
Amortisation	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of property, plant and equipment	(174)	23	0	0	(174)	23	0	0	(174)	23
Impairments and reversals of intangible assets	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
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0
Audit fees	151	151	0	0	151	151	0	0	151	151
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	481	533	0	0	481	533	0	0	481	533
Research and development	0	0	0	0	0	0	0	0	0	0
Other operating expenses	1,469	1,352	437	208	1,906	1,560	0	(95)	1,906	1,465
Total	117,574	114,502	11,532	6,799	129,106	121,301	(171)	(111)	128,935	121,190
Investment Revenue	27	16	0	0	27	16	0	0	27	16
Other Gains and Losses	(2)	0	0	0	(2)	0	0	0	(2)	0
Finance Costs	(49)	(47)	0	0	(49)	(47)	0	0	(49)	(47)
SURPLUS / (DEFICIT)	23	9	5	7	28	16	0	0	28	16

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 and all-Wales focus and manages the 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.

35. Other

IFRS 9

IFRS 9 Financial Instruments is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

Initial application impacts for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

The principal impact of IFRS 9 adoption will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss basis. The FReM mandates the application of the simplified approach to impairment under the standard, requiring for short and long term receivables the recognition of a loss allowance for an amount equal to lifetime expected credit losses.

The impact of adopting IFRS 9 in 2018/19 is not expected to have a material impact. Disclosure and presentation requirements of IFRS 9 will be applied as required by the FReM and in accordance with the principles of streamlining and materiality.

IFRS15

IFRS 15 Revenue from Contracts with Customers is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

The NHS Wales Technical Accountants Group and the Welsh Government (as a Relevant Authority) are considering the detail of application of IFRS 15 for Local Health Boards and NHS Trusts in Wales.

Final application guidance will be issued in the NHS Wales Manuals for Accounts for 2018/19.

Any initial application impacts arising for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

No material impacts are anticipated as a consequence of IFRS15 becoming effective in the FReM for 2018/19.

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)