

Public Health Wales NHS Trust

Foreword

These accounts for the period ended 31 March 2015 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Public Health Wales NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

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

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

Since 2009, we have continued to grow, taking on a range of additional functions and services from both the Welsh Government and NHS Wales, including the Programme Management Unit, several Health Improvement Programmes, Newborn Bloodspot Screening, Abdominal Aortic Aneurysm Screening and the Wrexham Microbiology Laboratory.

The overall income level for Public Health Wales has increased by 35 per cent over the last four years, from just over £80m in 2010/11 to £108m in 2014/15.

Income again increased in 2014/15 by £3m. The National Cancer Service Advisory Group (NCSAG) transferred into Public Health Wales from Velindre NHS Trust on April 1st 2014, with a budget of £0.24m. In addition, there were several new non core programmes, such as the Add to Your Life programme

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

The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, the first assessment of this duty will be in 2016-17. The Trust has however once again achieved financial balance in 2014/15 and the accounts that follow present a balanced position, with a small retained surplus of £35k.

The administrative target of remaining within the EFL has been met, although the payment of 95% of all invoices (by number) was not met in 2014/15, with the actual performance at 92%. This is a direct result of a several changes to both the reporting requirements and the operating arrangements for the payment of invoices.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2015

	Note	2014-15 £000	2013-14 £000
Revenue from patient care activities	2	84,843	83,044
Other operating revenue	3	22,894	22,038
Operating expenses	6	(107,676)	(105,033)
Operating (deficit)/surplus		61	49
Investment revenue	7	23	16
Other gains and losses	8	0	0
Finance costs	9	(49)	(50)
Retained (deficit) /surplus	33.1	35	15
Other Comprehensive Income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment		189	56
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		0	0
Movements in other reserves		0	0
Transfers between reserves		0	0
Net gain/loss on Other Reserve		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
Sub total		189	56
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		189	56
Total comprehensive income for the year		224	71

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2015

	Note	31 March 2015	31 March 2014
		£000	£000
Non-current assets			
Property, plant and equipment	14	14,981	13,912
Intangible assets	15	0	0
Trade and other receivables	20	0	0
Other financial assets	21	0	0
Total non-current assets		14,981	13,912
Current assets			
Inventories	19	85	78
Trade and other receivables	20	8,276	7,825
Other financial assets	21	0	0
Cash and cash equivalents	22	6,809	2,547
		15,170	10,450
Non-current assets held for sale	14.2	0	0
Total current assets		15,170	10,450
Total assets		30,151	24,362
Current liabilities			
Trade and other payables	23	(9,885)	(5,798)
Borrowings	24	0	0
Other financial liabilities	25	0	0
Provisions	26	(3,520)	(3,018)
Total current liabilities		(13,405)	(8,816)
Net current assets/(liabilities)		1,765	1,634
Total assets less current liabilities		16,746	15,546
Non-current liabilities			
Trade and other payables	23	(580)	(1,232)
Borrowings	24	0	0
Other financial liabilities	25	0	0
Provisions	26	(1,164)	(1,115)
Total non-current liabilities		(1,744)	(2,347)
Total assets employed		15,002	13,199
Financed by Taxpayers' equity:			
Public dividend capital		14,239	12,660
Retained earnings		518	483
Revaluation reserve		245	56
Other reserves		0	0
Total taxpayers' equity		15,002	13,199

The financial statements were approved by the Audit Committee on behalf of the Board on 4th June 2015 and signed on behalf of the Board by:

Chief Executive Tracey Cooper

Date.....5th June 2015

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2014-15	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2014	12,660	483	56	0	13,199
Changes in taxpayers' equity for 2014-15					
Retained surplus/(deficit) for the year		35			35
Net gain/(loss) on revaluation of property, plant and equipment		0	189	0	189
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	1,579				1,579
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 2015	14,239	518	245	0	15,002

The notes on pages 6 to 68 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2013-14	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2013	13,846	468	0	0	14,314
Changes in taxpayers' equity for 2013-14					
Retained surplus/(deficit) for the year		15			15
Net gain/(loss) on revaluation of property, plant and equipment		0	56	0	56
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	62				62
Public Dividend Capital repaid in year	(1,186)				(1,186)
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	(62)				(62)
Balance at 31 March 2014	12,660	483	56	0	13,199

The notes on pages 6 to 68 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Operating surplus/(deficit)	SOCI	61	49
Depreciation and amortisation	6	2,812	2,798
Impairments and reversals	6	(31)	0
Release of PFI deferred credits		0	0
Donated Assets received credited to revenue but non-cash	3	0	0
Government Granted Assets received credited to revenue but non-cash	3	0	0
Interest paid		(49)	(50)
(Increase)/decrease in inventories		(7)	8
(Increase)/decrease in trade and other receivables		(451)	(348)
Increase/(decrease) in trade and other payables		3,823	1,216
Increase/(decrease) in other current liabilities		0	(2,336)
Increase/(decrease) in provisions		551	718
Net cash inflow from operating activities		6,709	2,055
Cash flows from investing activities			
Interest received		23	17
(Payments) for property, plant and equipment		(3,385)	(742)
Proceeds from disposal of property, plant and equipment		0	0
(Payments) for intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with Welsh Government		0	0
Proceeds from disposal of investments with Welsh Government		0	0
(Payments) for financial assets.		0	(304)
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
Net cash (outflow) from investing activities		(3,362)	(1,029)
Net cash (outflow)/inflow before financing		3,347	1,026
Cash flows from financing activities			
Public Dividend Capital received		1,579	62
Public Dividend Capital repaid		0	(1,186)
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		(664)	144
Cash transferred (to)/from other NHS Wales bodies		0	0
Net cash (outflow) from financing activities		915	(980)
Net (decrease) in cash and cash equivalents		4,262	46
Cash [and] cash equivalents at the beginning of the financial year	22	2,547	2,501
Cash [and] cash equivalents at the end of the financial year	22	6,809	2,547

The notes on pages 6 to 68 form part of these accounts.

Notes to the Accounts

Accounting policies

1. Accounting policies

The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2014-15 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Pooled budgets

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

1.4 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from the Welsh Government and the Health Boards. This revenue is recognised in the period in which services are provided.

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

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

1.5 Employee Benefits

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

Retirement benefit costs

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

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

1.6 Other expenses

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

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

For 2012-13 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts from 1 April 2012. In 2014-15 indexation has been applied to property plant and equipment based on indices supplied by the District Valuation Office. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. However, to ensure that the outcome as reflected in the reserves figure on the Statement of Financial Position is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to Retained earnings.

Subsequent expenditure

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

1.8 Intangible assets**Recognition**

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

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

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

Measurement

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

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

1.9 Research and development

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

1.10 Depreciation, amortisation and impairments

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

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

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

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

1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.12 Donated assets

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

1.13 Government grants

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

1.14 Non-current assets held for sale

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

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

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

1.15 Leases

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

The trust as lessee

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

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

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

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

The trust as lessor

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

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

1.16 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.17 Inventories

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

1.18 Cash and cash equivalents

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

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

1.19 Provisions

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

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

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

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

1.20 Clinical Negligence Costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is currently funded by the Welsh Government. The WRP is hosted by Velindre NHS Trust.

1.21 Carbon Reduction Commitment Scheme

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

1.22 Contingencies

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

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

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

1.23 Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through SOCNI

The Trust has no embedded derivatives.

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

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

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

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

1.24 Financial liabilities

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

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

Financial guarantee contract liabilities

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

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

Financial liabilities at fair value through SoCNI

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

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

Other financial liabilities

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

1.25 Value Added Tax

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

1.26 Foreign currencies

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

1.27 Third party assets

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

1.28 Public Dividend Capital (PDC) and PDC dividend

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

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

1.29 Losses and Special Payments

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

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

The Trust accounts for all losses and special payments gross (including assistance from the Welsh Risk Pool). The Trust accrues or provides for the best estimate of its future payouts for certain or probable liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

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

1.30 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

1.31 Critical Judgements in applying accounting policies

There are no critical judgements apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies.

1.32 Key sources of estimation uncertainty

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

- Use of Welsh Risk Pool (WRP) quantum information regarding medical negligence and personal injury provisions
- Use of NHS Pensions Agency information regarding Permanent Injury Provision

1.33 Subsidiaries

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

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

For 2014/15 the Trust has not consolidated the NHS charitable funds for which it is the corporate trustee as the control lies with Velindre NHS Trust; the funds are therefore subsumed within Velindre NHS Trust's charitable funds.

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, Public Health Wales 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 off Velindre Charitable funds within the statutory accounts of the trust. Details of the transactions with the charity are included in the related parties' notes.

1.34 Absorption Accounting

Transfers of function are accounted for as either by merger or by absorption accounting, dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required. For transfers of functions involving NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC or General Reserve as appropriate.

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

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

IFRS 13 Fair Value Measurement - subject to consultation.

IPSAS 32 Service Concession Arrangements - subject to consultation.

1.36 Accounting standards issued that have been adopted early

No accounting standards issued have been adopted early.

Public Health Wales NHS Trust Annual Accounts 2014-15

2. Revenue from patient care activities	2014-15 £000	2013-14 £000
Welsh Government	84,843	83,044
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
Strategic health authorities and primary care trusts	0	0
Foundation Trusts	0	0
Welsh Local Authorities	0	0
Local authorities	0	0
Non NHS:		
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other revenue from activities	0	0
Total	84,843	83,044

ICR income is subject to a provision for impairment of 18.9% to reflect expected rates of collection.

3. Other operating revenue	2014-15 £000	2013-14 £000
Patient transport services	0	0
Education, training and research	2,006	1,750
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	39	38
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue:		
Provision of laundry, pathology, payroll services	14,294	13,327
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	0	0
Business unit	0	0
Other	6,555	6,923
Total	22,894	22,038

Other revenue of £6,555k (2014-15 £6,923k) comprises

Excellence Awards	292	284
Grants - LA	196	186
Grants - other	52	20
LHBs - Non core Income	562	509
WG - Non core income	3,148	3,622
Staff recharge	2,031	2,149
Other	274	153
Total	6,555	6,923

4. Revenue

	2014-15	2013-14
	£000	£000
From rendering of services	107,737	105,082
From sale of goods	0	0
Total	107,737	105,082

Revenue is primarily public sector funding for the provision of services.

Revenue from the sale of goods is not material in the context of these accounts.

5. Income generation activities

The Trust undertakes income generation activities with an aim of achieving surplus, which is then used in the delivery of public health services. During the year the Trust generated £39k from income generation activities, primarily from laboratory testing.

Public Health Wales NHS Trust Annual Accounts 2014-15

6. Operating expenses	2014-15	2013-14
6.1 Operating expenses	£000	£000
	NHS Trust	
Welsh Government	68	81
WHSSC & EASC	0	0
Local Health Boards	12,996	13,420
Welsh NHS Trusts	1,264	1,377
Other NHS Trusts	67	282
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	0	0
Welsh Local Authorities	4,573	4,572
Other Local Authorities	0	0
Directors' costs	1,319	1,252
Staff costs	62,661	59,877
Supplies and services - clinical	8,378	8,061
Supplies and services - general	633	231
Consultancy Services	664	415
Establishment	6,713	6,178
Transport	510	530
Premises	3,426	3,574
Impairments and Reversals of Receivables	0	0
Depreciation	2,812	2,798
Amortisation	0	0
Impairments and reversals of property, plant and equipment	(31)	0
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Audit fees	151	151
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	238	181
Research and development	0	0
Other operating expenses	1,234	2,053
Total	107,676	105,033



6. Operating expenses (continued)

6.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses	2014-15	2013-14
Increase/(decrease) in provision for future payments:	£000	£000
Clinical negligence	798	893
Personal injury	122	36
All other losses and special payments	0	21
Defence legal fees and other administrative costs	91	125
Gross increase/(decrease) in provision for future payments	<u>1,011</u>	<u>1,075</u>
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(11)	8
Less: income received/ due from Welsh Risk Pool	<u>(762)</u>	<u>(902)</u>
Total charge	<u>238</u>	<u>181</u>

The Clinical Negligence includes £35k (2013-14 £nil) in respect of payments made under Redress)

Personal injury includes includes £120k in respect of permanent injury benefits (2013-14 £135k).

7. Investment revenue	2014-15	2013-14
	£000	£000
Rental revenue :		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	23	16
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	23	16
8. Other gains and losses	2014-15	2013-14
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through income statement	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	0	0
9. Finance costs	2014-15	2013-14
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	49	50
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	50
Provisions unwinding of discount	0	0
Other finance costs	0	0
Total	49	50

10. Operating leases

10.1 Trust as lessee

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

	2014-15	2013-14
Payments recognised as an expense	£000	£000
Minimum lease payments	953	883
Contingent rents	0	0
Sub-lease payments	0	0
Total	953	883
Total future minimum lease payments	2014-15	2013-14
Payable:	£000	£000
Not later than one year	722	850
Between one and five years	750	1,136
After 5 years	0	66
Total	1,472	2,052
Total future sublease payments expected to be received	0	0

10. Operating leases (continued)

10.2 Trust as lessor

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

	2014-15	2013-14
Receipts recognised as income	£000	£000
Rent	0	0
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

Total future minimum lease payments	2014-15	2013-14
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

11. Employee costs and numbers

11.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2014-15	2013-14
				£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	49,123	1,080	3,544	53,747	51,231
Social security costs	3,855	0	0	3,855	3,741
Employer contributions to NHS Pensions Scheme	6,291	0	0	6,291	6,071
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	59,269	1,080	3,544	63,893	61,043
Of the total above:					
Charged to capital				0	0
Charged to revenue				63,893	61,043
Total				63,893	61,043

Net movement in accrued employee benefits (untaken staff leave accrual included above) 0

11.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Total	Total
				Number	Number
	Number	Number	Number	Number	Number
Medical and dental	93	1	36	130	125
Ambulance staff	0	0	0	0	0
Administrative and estates	720	18	11	749	743
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	51	0	0	51	52
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	421	4	1	426	380
Social care staff	0	0	0	0	0
Other	0	0	0	0	0
Total	1,285	23	48	1,356	1,300

11.3 Employee benefits

The Trust operates a lease car policy and 3 salary sacrifice schemes (childcare vouchers, bikes and computer scheme) scheme for employees.

11.4 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2014-15	2014-15	2014-15	2014-15	2013-14
	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	2	2	0	1
£25,000 to £50,000	0	2	2	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	6	6	0	2

Exit packages cost band (including any special payment element)	2014-15	2014-15	2014-15	2014-15	2013-14
	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	0	0	0	0
£10,000 to £25,000	0	40,344	40,344	0	16,145
£25,000 to £50,000	0	78,023	78,023	0	0
£50,000 to £100,000	0	126,650	126,650	0	56,504
£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	245,017	245,017	0	72,649

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, 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.

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

11.5 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Public Health Wales in the financial year 2014-16 was £155k-£160k (2013-14, £155k-£160k). This was 5.30 times (2013-14, 5.25) the median remuneration of the workforce, which was £29,760 (2013-14, £30,054).

The banded remuneration of the CEO in the financial year was £150k-£155k (2013-14, £140k - £145k) which was 5.04 times (2013-14, 4.7) the median remuneration of the workforce.

In 2014-15, 0 (2013-14, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £14,294 to £157,884 (2014-15 £14,292-£157,884).

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

The figures above are annualised figures

12. Pensions

Pension costs

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

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015 is based on valuation data as 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

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

c) Scheme provisions

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

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

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

and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

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

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

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

d) National Employment Savings Trust (NEST)

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

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

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

Currently, the legal minimum level of contributions is 2 per cent of a jobholder's qualifying earnings for employers whose legal duties have started. Of this, the employer needs to pay at least 1 per cent, though they can pay more if they want to.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,772 and £41,865 for the 2014/2015 tax year.

NEST has an annual contribution limit of £4,600 for the 2014/15 tax year (£4,500 for 2013-14). This means the most that can be contributed to a single pot in the current tax year is £4,600. This figure will be adjusted annually in line with average earnings.

The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member, such as a member's partner or spouse.

12.1 Retirement costs due to ill-health

During 2014-15 there were 3 (2013-14 2) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements will be £105,416 (2013-14 £81,413). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division

13. Public Sector Payment Policy

13.1 Prompt payment code - measure of compliance

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

	2014-15	2014-15	2013-14	2013-14
	Number	£000	Number	£000
NHS				
Total bills paid in year	1,985	21,885	2,147	20,135
Total bills paid within target	1,588	18,060	2,001	19,444
Percentage of bills paid within target	80.0%	82.5%	93.2%	96.6%
Non-NHS				
Total bills paid in year	22,475	28,892	21,755	27,600
Total bills paid within target	20,675	26,264	20,416	26,222
Percentage of bills paid within target	92.0%	90.9%	93.8%	95.0%
Total				
Total bills paid in year	24,460	50,777	23,902	47,735
Total bills paid within target	22,263	44,324	22,417	45,666
Percentage of bills paid within target	91.0%	87.3%	93.8%	95.7%

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

	2014-15	2013-14
	£	£
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

The financial target of payment of 95% of all invoices (by number) has not been met in 2014/15. This is a direct result of a several changes to both the reporting requirements and the operating arrangements for the payment of invoices.

14. Property, plant and equipment :

2014-15

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc- tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	935	3,841	0	0	11,083	57	6,614	523	23,053
Indexation	19	192	0	0	102	0	0	2	315
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	6	0	0	1,794	36	1,824	0	3,660
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(164)	(23)	(203)	(7)	(397)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2015	954	4,039	0	0	12,815	70	8,235	518	26,631
Depreciation									
At 1 April 2014	0	1,192	0	0	4,225	32	3,252	440	9,141
Indexation	0	59	0	0	33	0	0	1	93
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(164)	(23)	(202)	(7)	(396)
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	280	0	0	1,356	5	1,136	35	2,812
At 31 March 2015	0	1,531	0	0	5,450	14	4,186	469	11,650
Net book value									
At 1 April 2014	935	2,649	0	0	6,858	25	3,362	83	13,912
Net book value									
At 31 March 2015	954	2,508	0	0	7,365	56	4,049	49	14,981
Net book value at 31 March 2015 comprises :									
Purchased	954	2,394	0	0	7,365	56	4,049	49	14,867
Donated	0	114	0	0	0	0	0	0	114
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2015	954	2,508	0	0	7,365	56	4,049	49	14,981
Asset Financing:									
Owned	954	2,508	0	0	7,365	56	2,845	49	13,777
Held on finance lease	0	0	0	0	0	0	1,204	0	1,204
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 2015	954	2,508	0	0	7,365	56	4,049	49	14,981

The net book value of land, buildings and dwellings at 31 March 2015 comprises :

	£000
Freehold	2,457
Long Leasehold	290
Short Leasehold	715
Total	3,462

Land buildings and equipment have all been revalued using indices published by the the District Valuation (DV) Office. The price index are as follows:

- 102 for Land (2%)
- 105 for buildings (5%)
- 101 for equipment (1%)

14. Property, plant and equipment :

2013-14

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc-tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2013	935	3,745	0	476	10,600	45	6,144	533	22,478
Indexation	0	74	0	0	0	0	0	0	74
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	22	0	0	317	12	619	0	970
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	(476)	476	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(310)	0	(149)	(10)	(469)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2014	935	3,841	0	0	11,083	57	6,614	523	23,053
Depreciation									
At 1 April 2013	0	908	0	0	3,213	29	2,276	368	6,794
Indexation	0	18	0	0	0	0	0	0	18
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(310)	0	(149)	(10)	(469)
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	266	0	0	1,322	3	1,125	82	2,798
At 31 March 2014	0	1,192	0	0	4,225	32	3,252	440	9,141
Net book value									
At 1 April 2013	935	2,837	0	476	7,387	16	3,868	165	15,684
Net book value									
At 31 March 2014	935	2,649	0	0	6,858	25	3,362	83	13,912
Net book value at 31 March 2014 comprises :									
Purchased	935	2,535	0	0	6,858	25	3,362	83	13,798
Donated	0	114	0	0	0	0	0	0	114
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2014	935	2,649	0	0	6,858	25	3,362	83	13,912
Asset Financing:									
Owned	935	2,649	0	0	6,858	25	1,407	83	11,957
Held on finance lease	0	0	0	0	0	0	1,955	0	1,955
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 2014	935	2,649	0	0	6,858	25	3,362	83	13,912

The net book value of land, buildings and dwellings at 31 March 2014 comprises :

	£000
Freehold	2,415
Long Leasehold	292
Short Leasehold	877
Total	3,584

Disclosures:

i) Donated Assets

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

ii) Valuations

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

The Trust is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

iii) Asset Lives

Land is not depreciated

Buildings as determined by the District Valuation service

Equipment 4-20 years

iv) Compensation

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

v) Write Downs

There have been no write downs

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

vii) Assets Held for Sale or sold in the period

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

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

14.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2014	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 2015	0	0	0	0	0	0
Balance b/f 1 April 2013	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 2014	0	0	0	0	0	0

15. Intangible assets

2014-15	Computer software purchased	Computer software internally developed	Licenses and trademarks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	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
Gross cost at 31 March 2015	0	0	0	0	0	0	0
Amortisation							
Accumulated amortisation at 1 April 2014	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 2015	0	0	0	0	0	0	0
Net book value at 1 April 2014	0	0	0	0	0	0	0
Net book value at 31 March 2015	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
Total at 31 March 2015	0	0	0	0	0	0	0

15. Intangible assets

2013-14	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 2013	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
Gross cost at 31 March 2014	0	0	0	0	0	0	0
Amortisation							
Accumulated amortisation at 1 April 2013	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 2014	0	0	0	0	0	0	0
Net book value at 1 April 2013	0	0	0	0	0	0	0
Net book value at 31 March 2014	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
Total at 31 March 2014	0	0	0	0	0	0	0

15. Intangible assets

Public Health Wales has no intangible assets

16. Revaluation reserve balance for intangible assets

	2014-15 £000	2013-14 £000
	NHS Trust	
At 1 April	0	0
Changes	0	0
At 31 March	<u>0</u>	<u>0</u>

17. Impairments

Impairments in the period arose from:	2014-15		2013-14	
	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	(31)	0	0	0
Other (specify)	0	0	0	0
Impairments charged to operating expenses	(31)	0	0	0
Impairments charged in the year to				
Operating expenses in Statement of Comprehensive Income	(31)	0	0	0
Revaluation reserve	0	0	0	0
Total	(31)	0	0	0

The figure in the above table is a reversal of previous impairments that were charged to I&E, and is not therefore taken to the revaluation reserve (IAS 16).

18. Capital commitments

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

	31 March 2015	31 March 2014
	£000	£000
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

19. Inventories

19.1 Inventories

	31 March 2015	31 March 2014
	£000	£000
Drugs	0	0
Consumables	85	78
Energy	0	0
Work in progress	0	0
Other	0	0
Total	85	78
Of which held at net realisable value:	0	0

19.2 Inventories recognised in expenses

	31 March 2015	31 March 2014
	£000	£000
Inventories recognised as an expense in the period	7	(8)
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	7	(8)

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20. Trade and other receivables

20.1 Trade and other receivables

	31 March 2015	31 March 2014
Current	£000	£000
Welsh Government	722	641
WHSSC & EASC	5	12
Welsh Health Boards	2,500	2,165
Welsh NHS Trusts	87	15
Non - Welsh Trusts	15	22
Other NHS	0	0
Welsh Risk Pool	3,584	3,105
Welsh Local Authorities	90	159
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	766	832
Provision for impairment of trade receivables	(8)	(49)
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	515	923
Accrued income	0	0
Sub-total	<u>8,276</u>	<u>7,825</u>
Non-current		
Welsh Government	0	0
WHSSC & EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for impairment of trade receivables	0	0
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	0	0
Accrued income	0	0
Sub-total	<u>0</u>	<u>0</u>
Total trade and other receivables	<u><u>8,276</u></u>	<u><u>7,825</u></u>

No interest is charged on trade receivables.

The value of trade receivables that are past their due payment date but not impaired is £155k. (£190k in 2013-14)

20.2 Receivables VAT	31 March 2015	31 March 2014
	£000	£000
Trade receivables	209	172
Other	0	0
Total	209	172

20.3 Receivables past their due date but not impaired

	31 March 2015	31 March 2014
	£000	£000
By up to 3 months	64	71
By 3 to 6 months	59	17
By more than 6 months	32	102
Balance at end of financial year	155	190

20.4 Allowance for bad and doubtful debts

	31 March 2015	31 March 2014
	£000	£000
Balance at beginning of the year	(49)	(41)
Transfer to other NHS Wales body	0	0
Provision utilised (Amount written off during the year)	30	0
Provision written back during the year no longer required	0	0
Decrease in provision during year	11	(8)
Bad debts recovered during year	0	0
Balance at end of financial year	(8)	(49)

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

21. Other financial assets

	31 March 2015	31 March 2014
	£000	£000
Current		
Shares and equity type investments		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Total	0	0
Non-Current		
Shares and equity type investments		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Total	0	0

22. Cash and cash equivalents

	31 March 2015	31 March 2014
	NHS Trust	
	£000	£000
Opening Balance	2,547	2,501
Net change in year	4,262	46
Closing Balance	6,809	2,547
Made up of:		
Cash with Government Banking Service (GBS)	2,794	2,529
Cash with Commercial banks	0	0
Cash in hand	15	18
Total cash	2,809	2,547
Current investments	4,000	0
Cash and cash equivalents as in SoFP	6,809	2,547
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash & cash equivalents as in Statement of Cash Flows	6,809	2,547

23. Trade and other payables at the SoFP Date	31 March 2015	31 March 2014
Current	£000	£000
Welsh Government	71	79
WHSSC & EASC	0	0
Welsh Health Boards	2,284	1,381
Welsh NHS Trusts	568	264
Other NHS	47	77
Welsh Local Authorities	929	293
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	1	0
National Insurance contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	4,491	2,679
Non-NHS trade payables - capital	370	95
Rentals due under operating leases	41	53
Obligations due under finance leases and HP contracts	625	640
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	1	0
Accruals	357	170
Deferred Income:		
Deferred income brought forward	67	67
Deferred income additions	33	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	0
Other liabilities - all other payables	0	0
PFI assets – deferred credits	0	0
Payments on account	0	0
Sub-total	9,885	5,798

In respect of the Pensions: Staff figure shown above, £1k relates to the NHS Pension scheme and £0k to the NEST pension scheme.

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

	31 March 2015	31 March 2014
Non-current	£000	£000
Welsh Government	0	0
WHSSC & EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Rentals due under operating leases	0	0
Obligations due under finance leases and HP contracts	580	1,232
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
Payments on account	0	0
Sub-total	<u>580</u>	<u>1,232</u>
Total	<u>10,465</u>	<u>7,030</u>

24. Borrowings	31 March	31 March
Current	2015	2014
	£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

24.2 Loan advance/strategic assistance funding

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

25. Other financial liabilities

	31 March 2015	31 March 2014
Current	£000	£000
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 2015	31 March 2014
Non-current	£000	£000
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

26. Provisions

2014-05

	At 1 April 2014	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 2015
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	2,643	0	0	0	0	798	(318)	0	0	3,123
Personal injury	184	0	0	0	0	2	(53)	0	0	133
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	191	0	0	0	0	127	(18)	(36)	0	264
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	3,018	0	0	0	0	927	(389)	(36)	0	3,520
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	1,115	0	0	0	0	120	(71)	0	0	1,164
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,115	0	0	0	0	120	(71)	0	0	1,164
TOTAL										
Clinical negligence	2,643	0	0	0	0	798	(318)	0	0	3,123
Personal injury	1,299	0	0	0	0	122	(124)	0	0	1,297
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	191	0	0	0	0	127	(18)	(36)	0	264
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	4,133	0	0	0	0	1,047	(460)	(36)	0	4,684

Expected timing of cash flows:

	In the remainder of spending review to 31 March 2016	Between 1 April 2016 and 31 March 2021	Between 1 April 2021 and 31 March 2025	Thereafter	Totals
	£000	£000	£000	£000	£000
Clinical negligence	3,123	0	0	0	3,123
Personal injury	133	329	308	527	1,297
All other losses and special payments	0	0	0	0	0
Defence legal fees and other administration	264	0	0	0	264
Pensions - former directors	0	0	0	0	0
Pensions - other staff	0	0	0	0	0
Restructuring	0	0	0	0	0
Other	0	0	0	0	0
Total	3,520	329	308	527	4,684

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

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

The Clinical Negligence category includes expenditure of £35k relating to 2 redress payments, as part of the NHS Wales "Putting Things Right Scheme". On 1st April 2011, NHS Wales brought in new regulations – the NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 - for dealing with complaints against, and concerns with, services provided by or under arrangements with the NHS in Wales. These new regulations include a Redress scheme for the resolution of low-value clinical negligence claims and complaints, defined as those under £25,000. Redress may encompass apologies, explanations, action plans, remedial treatment and, if appropriate, financial compensation.

26. Provisions (continued)

2013-14

	At 31 March 2013	Structured settlement cases transferred to Risk Pool	Transfer to creditors	Transfer between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2014
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	1,922	0	0	0	0	980	(172)	(87)	0	2,643
Personal injury	360	0	0	(65)	0	135	(147)	(99)	0	184
All other losses and special payments	0	0	0	0	0	21	(21)	0	0	0
Defence legal fees and other administration	83	0	0	0	0	153	(17)	(28)	0	191
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	2,365	0	0	(65)	0	1,289	(357)	(214)	0	3,018
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	1,050	0	0	65	0	0	0	0	0	1,115
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,050	0	0	65	0	0	0	0	0	1,115
TOTAL										
Clinical negligence	1,922	0	0	0	0	980	(172)	(87)	0	2,643
Personal injury	1,410	0	0	0	0	135	(147)	(99)	0	1,299
All other losses and special payments	0	0	0	0	0	21	(21)	0	0	0
Defence legal fees and other administration	83	0	0	0	0	153	(17)	(28)	0	191
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	3,415	0	0	0	0	1,289	(357)	(214)	0	4,133

27. Finance leases

27.1 Finance leases obligations (as lessee)

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

The inherent interest rate has been calculated at 2.77%. This has been used to discount the total future minimum lease payments **of £1,297k to their present value of £1,204k**

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

Amounts payable under finance leases:

LAND	31 March 2015	31 March 2014
	£000	£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

Public Health Wales NHS Trust Annual Accounts 2014-15

27.1 Finance leases obligations (as lessee) continued

	31 March 2015	31 March 2014
	£000	£000
Amounts payable under finance leases:		
BUILDINGS		
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 2015	31 March 2014
	£000	£000
Minimum lease payments		
Within one year	673	690
Between one and five years	624	1,326
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	1,297	2,016
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	625	640
Between one and five years	579	1,232
After five years	0	0
Total present value of minimum lease payments	1,204	1,872
Included in: Current borrowings	625	640
Non-current borrowings	579	1,232
Total	1,204	1,872

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2015	31 March 2014
	£000	£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	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

27.3 Rental Revenue	31 March 2015	31 March 2014
	£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 2014-15.

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

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

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

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

Liquidity risk

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

Interest-rate risks

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

Foreign currency risk

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

Credit Risk

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

General

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

30. Financial Instruments

Financial assets				31 March	31 March
				2015	2014
	Loans Receivables & Deposits held to maturity at amortised cost	At fair value through the SoCI	Available for sale at fair value	TOTAL	TOTAL
£000	£000	£000	£000	£000	
Cash and Cash Equivalents					
Cash balances (GBS, commercial banks and in hand)	2,809			2809	2,547
Liquid deposits	4,000			4000	0
Receivables					
Trade and other receivables (net of impairment allowance)	7,761			7761	6,902
Accrued Income (must exclude prepayments)	0			0	0
Interest receivable	0			0	0
Other Financial Assets					
Shares and equity type investments	0	0	0	0	0
Loans	0			0	0
Deposits held to maturity	0			0	0
Derivatives		0		0	0
Other	0	0	0	0	0
Total	14,570	0	0	14,570	9,449

Financial liabilities

Financial liabilities				31 March	31 March
				2015	2014
	Carried at amortised cost	At fair value through the SoCI		TOTAL	TOTAL
£000	£000		£000	£000	
Bank and Other Borrowings					
Bank overdraft and other borrowings	0			0	0
Trade and Other Payables					
Trade and other payables	(8,903)			(8,903)	(4,988)
Accruals	(357)			(357)	(170)
PFI and lease obligations	(1,205)			(1,205)	(1,872)
Interest payable	0			0	0
Other Financial Liabilities					
Financial guarantees	0	0		0	0
Derivatives		0		0	0
Other	0	0		0	0
Total	(10,465)	0		(10,465)	(7,030)

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS trust in undertaking its activities.

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

31. Financial Performance

31.1 STATUTORY DUTIES

31.1.1 Annual Surplus/Deficit

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust Schedule 4 2(1).

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.

Subsequent to the issue of WHC/2015/014 : Statutory and Administrative Financial Duties of Local Health Boards and NHS Trusts, the annual financial duty has been revoked and the interpretation of the breakeven duty has reverted to a three year duty, the first assessment of this duty will be in 2016-17. From 2014-15 the following annual disclosure applies:

	2014-15
	£000
Retained surplus	35
Less Donated asset revenue adjustment	0
Adjusted surplus	<u>35</u>

31.2 ADMINISTRATIVE REQUIREMENT

31.2.1 Integrated Medium Term Plan

The NHS Wales Planning Framework for the period 2014 -15 to 2016-17 was issued to NHS Trusts in November 2013. This placed a requirement upon NHS Trusts to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The Trust did submit an Integrated Medium Term Plan for the period 2014/15 - 2016/17 in accordance with the NHS Wales Planning Framework. This plan had been approved by the Board and was supported by a one year operational plan.

The Minister for Health and Social Services did not approve the plan submitted for the period 2014/15 - 2016/17.

31.2.2. External financing

The Trust is given an external financing limit which it is permitted to undershoot

		31 March	31 March
		2015	2014
	£000	£000	£000
External financing limit set by the Welsh Government		979	0
Cash flow financing	653		0
Finance leases taken out in the year			0
Other capital receipts	0		0
External financing requirement		<u>653</u>	<u>0</u>
Undershoot (overshoot)		<u>326</u>	<u>0</u>

The Trust has achieved its external financing limit.

31.2.3. Creditor payment

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

Total number of non-NHS bills paid 2013-14	22,475
Total number of non-NHS bills paid within target	20,675
Percentage of non-NHS bills paid within target	92.0%

The Trust has not met the target.

32. Contingencies

32.1 Contingent liabilities

	31 March	31 March
	2015	2014
	£000	£000
Provision has not been made in these accounts for the following amounts:		
Legal claims for alleged medical or employer negligence	768	460
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	0	0
Other (Please specify)	0	0
Total value of disputed claims	768	460
Amount recovered under insurance arrangements in the event of these claims being successful	0	0
Net contingent liability	768	460

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

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

32.2 Contingent assets

The Trust has no contingent assets.

33. Third party assets

	31 March	31 March
	2015	2014
	£000	£000
Investments	0	0
Monetary Assets	0	0
Total	0	0

The Trust has no Third Party Assets.

34. Events after reporting period

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

35. Related Party transactions

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

During the year none of the board members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust.

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

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	185	89,768	71	722
FHoT	0	0	0	0
WHSSC/EASC	0	164	0	5
ABMU HB	3,140	3,575	312	579
Aneurin HB	3,025	807	141	190
Betsi Cadwaladr HB	3,752	3,806	284	556
Cardiff and Vale HB	3,512	5,292	789	939
Cwm Taf HB	1,730	244	605	59
Hywel Dda HB	1,717	1,673	110	156
Powys HB	173	154	43	21
Velindre NHS Trust	2,504	273	567	71
WAST	34	33	1	16
WRP				307
Cardiff University	915	1,016	4	74
Merthyr Tydfil CBC	201	2	0	0
TOTAL	20,888	106,807	2,927	3,695

36. Intra Government balances and transactions

36.1 Intra Government Balances	Receivables:	Receivables:	Payables:	Payables:
	Current	Non-current	Current	Non-current
	£000	£000	£000	£000
2014-15:				
Welsh Government	722	0	71	0
Welsh Local Health Boards	2,500	0	2,284	0
Welsh NHS Trusts	87	0	568	0
WHSSC & EASC	5	0	0	0
All English Health Bodies	0	0	0	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
Sub total	3,314	0	2,923	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	0	0	0	0
Local Authorities	90	0	929	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	4,872	0	6,033	580
TOTAL	8,276	0	9,885	580
	Receivables:	Receivables:	Payables:	Payables:
	Current	Non-current	Current	Non-current
	£000	£000	£000	£000
2013-14:				
Welsh Government	641	0	79	0
Welsh Local Health Boards	2,165	0	1,381	0
Welsh NHS Trusts	15	0	264	0
WHSSC & EASC	12	0	0	0
All English Health Bodies	22	0	77	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	4,639	0	3,704	1,232
Credit note provision	0	0	0	0
Sub total	7,494	0	5,505	1,232
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	172	0	0	0
Local Authorities	159	0	293	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	0	0	0	0
TOTAL	7,825	0	5,798	1,232

37. 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 2015		Approved to write-off year to 31 March 2015	
	Number	£	Number	£
Clinical negligence	10	330,320	10	1,270,306
Personal injury	2	59,601	2	157,326
All other losses and special payments	0	0	0	0
Total	12	389,921	12	1,427,632

Analysis of cases which exceed £300,000 and all other cases

Cases exceeding £300,000	Case reference	Case type	Amounts	Approved to	
			paid out in year £	Cumulative amount £	write-off in year £
	09RQFMN0005	CN	123,431	912,117	912,117
Sub-total			123,431	912,117	912,117
All other cases			266,490	515,515	515,515
Total cases			389,921	1,427,632	1,427,632

38. Pooled budgets

Public Health Wales NHS trust has no pooled budgets.

39. Operating segments

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

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

The Trust therefore is deemed to operate as one segment.

The Bevan Commission is hosted by Public Health Wales NHS Trust and directly accountable to the Minister for Health and Social Services. The Hosting Agreement runs until 31st March 2016. In 2014/15 the total expenditure and income of the Commission was £103k.

40. Other

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

I certify that I have audited the financial statements of Public Health Wales NHS Trust for the year ended 31 March 2015 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 68 and 69, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of financial statements

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

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

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Public Health Wales NHS Trust as at 31 March 2015 and of its surplus, its recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers;
- I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not available at the time of my audit.

Matters on which I report by exception

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

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

A separate substantive report is attached at pages 66 and 67

Huw Vaughan Thomas
Auditor General for Wales
11th June 2015

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the National Assembly for Wales

Introduction

The Welsh Government has changed the financial duties of NHS Trusts for 2014-15 onwards.

I have decided to issue a narrative report alongside my audit certificate to explain the new duties, the Public Health Wales NHS Trust's performance against them, and the implications for 2015-16.

New financial duties

The first financial duty gives additional financial flexibility to NHS Trusts by allowing them to balance their income with their expenditure over a three-year rolling period, replacing the duty to balance their books over a one year period. The first three year period under this duty is 2014-15 to 2016-17, so NHS Trusts' performance against this duty will not be measured until 2016-17.

The second financial duty is also new, and requires NHS Trusts to prepare and have approved by Welsh Ministers a rolling three year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services. For 2014-15 (and until Treasury consent has been obtained for this change), it will be an administrative duty and an NHS Trust will be deemed to have met it for 2014-15 if it submitted a 2014-15 to 2016-17 plan approved by its Board to the Welsh Ministers, who have then approved it by the date the Accountable Officer signs the 2014-15 Financial Statements.

NHS Trust performance against duties

First Financial Duty

As set out above, the Public Health Wales NHS Trust will not be measured against its first financial duty until 2016-17. Nevertheless it is expected to manage its finances to ensure it does not over spend. This is because the Trust's annual performance impacts on the ability of the Department of Health and Social Services to meet its own financial targets.

As shown in Note 31.1 to the Financial Statements, for 2014-15 the Public Health Wales NHS Trust achieved a surplus of £0.035m.

Second Financial Duty (administrative)

As shown in Note 31.2 to the Financial Statements, the Public Health Wales NHS Trust did not meet its second financial duty (administrative) to have an approved three year integrated medium term plan in place.

The Trust submitted its first integrated medium term plan to the Welsh Government in March 2014. The Welsh Government was satisfied that the plan was financially balanced but had concerns that it was not sufficiently integrated with the plans of other Trusts and Local Health Boards. The Welsh Government did not request a resubmission but accepted instead a one year plan for 2014-15.

Look ahead to 2015-16

The Public Health Wales NHS Trust has until June 2016 (ie. the date the Accountable Officer signs the 2015-16 financial statements) to obtain Ministerial approval for its three year plan 2015-16 to 2017-18.

The Trust's new three year plan was approved by the Board and submitted to the Welsh Government in April 2015. It was approved by the Minister on 2 June 2015. The plan forecasts a break even position for each of the three years it covers.

Huw Vaughan Thomas
Auditor General for Wales
Date 11 June 2015

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

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

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

Date: 5th June 2015

Tracey Cooper.....Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF

The directors are required under the National Health Service Act (Wales) 2006 to prepare accounts for each financial year. The Welsh Ministers, with the approval of the Treasury, direct that these accounts give a true and fair view of the state of affairs of the NHS trust and of the income and expenditure of the NHS trust for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury
- make judgements and estimates which are responsible and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

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

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

By Order of the Board

Signed:

Date: 4th June 2015

Chairman:Mansel Aylward

Date: 5th June 2015

Chief Executive:Tracey Cooper

Date: 5th June 2015

Director of Finance: Huw George

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

NHS TRUSTS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2010 and subsequent financial years in respect of the NHS Wales Trusts in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;

(b) any other specific guidance or disclosures required by the Welsh Government.

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

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

Annual Governance Statement

1. Scope of Responsibility

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

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

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

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

2. Governance Framework

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

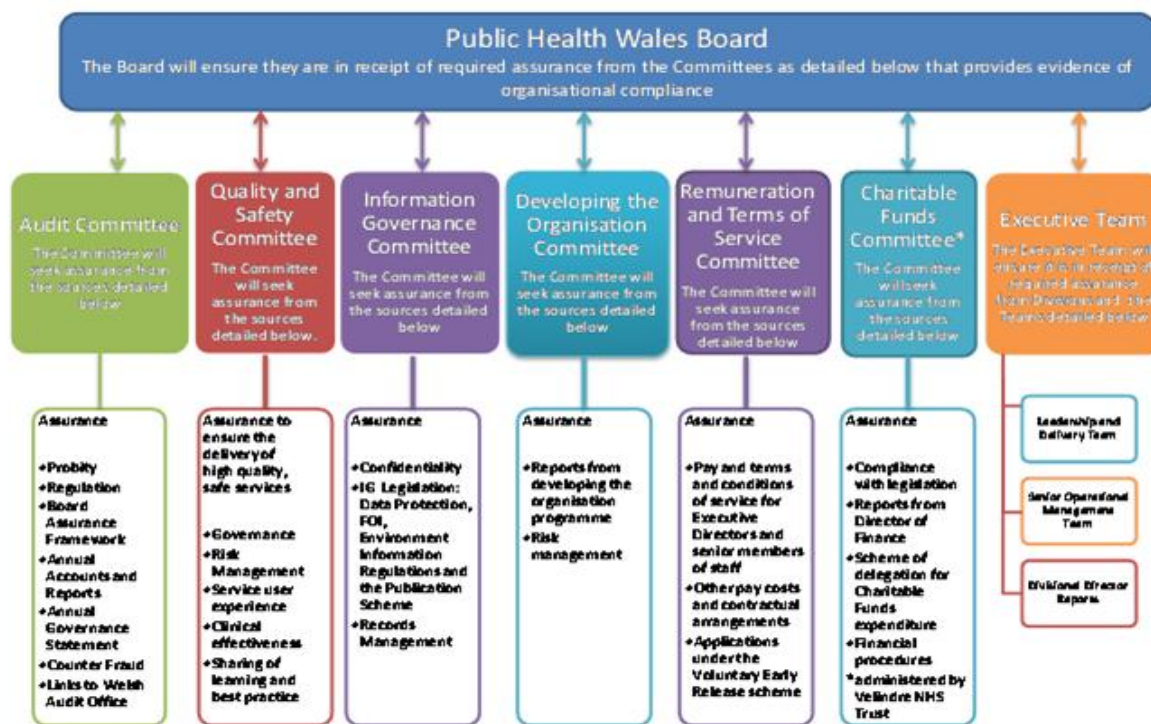
In particular, the Board has responsibility for the strategic direction; governance framework; organisational culture and development; developing strong relationships with key stakeholders and partners; and delivery of Public Health Wales' aims and objectives. In addition, Executive Directors have Board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

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

The Board has established a standing Committee structure, which it has determined best meets the needs of the organisation whilst taking account of any regulatory or Welsh Government requirements. Diagram 1.1 below provides an overview of the governance framework which operated during 2014/15.

At an operational level, we have an Executive Team with a robust governance structure ensuring monitoring and control of the efficient and effective use of the Trust’s resources. Financial monitoring, service performance, quality and workforce information is scrutinised at meetings of the Trust Board, and at various operational team meetings. During the year the Board has concluded that the information received is acceptable in its assessment of the governance of the organisation. The quality and effectiveness of the information and data is continually reviewed at each meeting and some revisions have been made during the year to provide further clarity for the Board

Diagram 1.1 overview of governance framework



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

During the year, a number of developments have been put in place, which will further strengthen the governance framework for the organisation and test the robustness of the framework.

The Good Governance Institute completed a review of Board governance arrangements within Public Health Wales in June 2014. In response to feedback received from the review we have strengthened a number of governance arrangements. The procedure for setting agendas and producing papers for Board meetings has been revised. The revised procedure reinforces the expectation on Executive and Non Executive Directors in relation to the submission and receipt of papers. The plan of Board business is also being reviewed to ensure the workload for Board meetings is consistent and steady and sufficient time is afforded for constructive challenge, a focus on performance and time for strategy development and strategic issues. A more formative Board development programme is being developed.

2.1 Key issues considered by the Board

During the year, the Board has considered a number of key issues and taken action where appropriate. The framework, policy and process for managing risk within the organisation has been reviewed. Following the development of our initial draft three year Integrated Medium Term Plan we identified strategic risks which were linked to our strategic objectives. These risks have been reviewed regularly and refreshed during the development of the Integrated Medium Term Plan for 2015 – 18.

The Board has considered the findings from the *Trusted to Care* report and identified key themes that link with the *Mid Staffordshire NHS Foundation Trust Public Inquiry* and the *review of governance arrangements at Betsi Cadwaladr University Health Board*. As a result we have begun a review of our internal clinical governance arrangements, with the intention of modernising our current arrangements, to ensure that the key aspects of quality and safety are embedded in the most effective and coherent way across the organisation.

We took a leadership role in our response to the public health 'listening to you – your health matters' white paper and the Wellbeing of Future Generations Bill. Our responses to the two proposed pieces of legislation focused on the links between the two Bills and provided the Welsh Government with examples of areas which could be included in the Bills where tangible outcomes could be realised. The development of both responses involved engagement with staff and stakeholders where we asked for their contributions, ideas and suggestions on how the Public Health Bill and Wellbeing of Future Generations Bill could be progressed.

2.2. Board membership

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

In addition to the Board members appointed in accordance with the *Public Health Wales NHS Trust (Membership and Procedures) Regulations 2009*, Public Health Wales has appointed four additional posts, which have an integral role in the governance of the organisation. During 2014/15 these included a Board Secretary; Director of Nursing; Director of Workforce and Organisational Development; and Director of Communications. Individuals appointed to these positions are members of the Executive Team and have a standing invitation to Board meetings where they can contribute to discussions but do not have voting rights. During the year a comprehensive review of the Executive Team and supporting structures was completed. The changes aim to achieve the delivery of the Public Health Wales strategic plan for 2015-2018; an improved balance of public health expertise and corporate support functions; and a consolidation of the corporate infrastructure. A new Executive Team and organisational structure was approved by the Board and will be implemented from 1 April 2015. The revised structure is included as appendix 1. Table 2.1 outlines the membership of the Board for 2014/15 and also highlights the membership of the Committees and areas of responsibilities that are championed by the members of the Board. In addition to the Board and Committee membership included in table 2.1, Non Executive Directors also participate in, and support, organisational groups and change programmes. These include, for example, research and development; Welsh language; and modernisation programmes.

2.2.1 Vacant Board position

The Local Authority Non Executive Director position has remained vacant throughout 2014/15. The *Public Health Wales NHS Trust (membership and procedure) Regulations 2009* prescribe that this position must be filled using a nominee from local authorities in Wales. The Board had recognised that this nomination approach disadvantages people from under-represented groups and does not promote the organisation's commitment to openness and transparency. Following discussions with the Minister for Health and Social Services, it has been agreed to amend the Regulations so that the post can be advertised through fair and open competition, rather than a nomination process. The Welsh Government has agreed that until the Regulations have been amended, the post can be filled on an interim basis. Alison Ward, Chief Executive of Torfaen County Borough Council, was appointed on an interim basis in May 2014. This appointment has provided the Board with a strong link to local government which was previously identified as a weakness.

2.2.2 Appointment of new Chief Executive

Tracey Cooper was appointed to Chief Executive in June 2014. Huw George was interim Chief Executive until that point, ensuring a seamless transition between Huw George leaving the post and Tracey Cooper taking up the role of Chief Executive.

2.2.3 Appointment of Deputy Chief Executive

Huw George was appointed as Deputy Chief Executive in September 2014. This provides further strengthening of governance for the organisation.

2.2.4 Staff representation at Board meetings

We are pleased to report that representatives from the staff partnership forum continue to attend and contribute to Board meetings as non-voting members. This ensures staff views are considered during Board discussions. Discussions continue with the BMA about securing representation and attendance at Board meetings from representatives from the BMA.

2.2.5 Staff departures

Mark Dickinson left his role as Executive Director of Planning and Performance on 31 January 2015 to take up a position working for the NHS Wales Collaborative.

Peter Bradley left his role as Executive Director of Public Health Development on 20 March 2015.

Robust interim arrangements are in place to ensure sufficient cover for both these Executive functions until a new Executive Team and organisational structure was put in place on 1 April 2015.

2.2.6 Under-represented groups

The composition of the Board provides an appropriate balance of skills, experience, independence and knowledge. The board has expressed concern about the gender imbalance of Board members and the lack of people from under-represented groups. We have also noted a geographical imbalance amongst the Board members, with limited representation from rural communities in Wales. The Welsh Government and NHS Centre for Equality and Human Rights have launched a pilot programme to increase diversity on public appointments in Wales. We are participating in the scheme and have invited two individuals from under-representative groups to shadow our Board members for a 12 month period. We have also nominated a Board level mentor for each individual. The pilot will begin in March 2015 and includes a programme of training, development and support with the aim of increasing people's chances of a successful application to a Public Body as a Board member.

Table 2.1 Board and Committee membership

NAME	POSITION	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES
Professor Sir Mansel Aylward CB	Chair	<ul style="list-style-type: none"> • (Chair) The Board • (Chair) Remuneration Committee 	Veterans
John Spence	Vice Chair	<ul style="list-style-type: none"> • (Vice Chair) the Board 	Violence & aggression
	(Independent Member)	<ul style="list-style-type: none"> • Audit Committee 	
		<ul style="list-style-type: none"> • Quality & Safety Committee • (Chair) Information Governance Committee 	Mental health
		<ul style="list-style-type: none"> • Remuneration & Terms of Service Committee 	Putting things right
Dr Carl Clowes OBE	Non Executive Director (Third Sector)	<ul style="list-style-type: none"> • Audit Committee 	
		<ul style="list-style-type: none"> • Quality & Safety Committee 	
		<ul style="list-style-type: none"> • Information Governance Committee 	
		<ul style="list-style-type: none"> • Remuneration & Terms of Service Committee 	
Professor Gareth Williams	Non Executive Director (University)	<ul style="list-style-type: none"> • Quality & Safety Committee 	Service user experience
		<ul style="list-style-type: none"> • Remuneration & Terms of Service Committee 	
Professor Simon Smail CBE	Non Executive Director (Independent Member)	<ul style="list-style-type: none"> • (Chair) Quality and Safety Committee 	Safeguarding
		<ul style="list-style-type: none"> • Remuneration and Terms of Service Committee 	
Terence Rose CBE	Non Executive Director (Independent Member)	<ul style="list-style-type: none"> • (Chair) Audit Committee 	Raising concerns
		<ul style="list-style-type: none"> • Information Governance Committee 	
		<ul style="list-style-type: none"> • Remuneration and Terms of Service Committee 	
Alison Ward CBE*	Interim Non Executive Director (Local Authority)		N/A

NAME	POSITION	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES
Huw George (until 31 May 2014)	Chief Executive	• Audit Committee*	N/A
Tracey Cooper (from 1 June 2014)		• Quality & Safety Committee*	
		• Information Governance Committee*	
		• Remuneration & Terms of Service Committee*	
Tamira Rolls (until 31 May 2014)	Executive Director of Finance	• Audit Committee*	N/A
Huw George (from 1 June 2014)	Deputy Chief Executive (from September 2014)		
Quentin Sandifer	Executive Director of Public Health Services and Medical Director	• Quality & Safety Committee*	N/A
		• Information Governance Committee*	
Peter Bradley (until 20 March 2015)	Executive Director of Public Health Development		N/A
Mark Dickinson (until 31 January 2015)	Executive Director of Planning and Performance	• Quality & Safety Committee*	N/A
		• Information Governance Committee*	
Keith Cox*	Board Secretary	• Audit Committee*	Equality
		• Quality and Safety Committee*	
		• Information Governance Committee*	
		• Remuneration and Terms of Service Committee*	
Rhiannon Beaumont-Wood*	Director of Nursing	• Quality and Safety Committee*	
Ruth Davies*	Director of Workforce and Organisational Development	• Remuneration and Terms of Service Committee*	
Chris Lines*	Director of Communications		Welsh language
Stephanie Wilkins*	Trade Union representative (UNITE)		
Renata Leonardi-Jones*	Trade Union representative (UNISON)		

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

The following table outlines dates of Board and Committee meetings held during 2014/15, highlighting any meetings that were inquorate:

Table 2.2 Board and Committee meetings held during 2014/15

Board/ Committee	2014-15						
Board	29-Apr	26-Jun	29-Jul	25-Sep	27-Nov	29-Jan	26-Mar
Audit	08-May	05-Jun	11-Sep	17-Dec	12-Mar		
Quality & Safety	22-Apr	23-Jul	21-Oct	22-Jan			
Information Governance	05-Jun	27-Oct	17-Dec	12-Mar			
Remuneration & Terms of Service Committee	21-Jan	26-Feb					

Quorate

Inquorate

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

2.3 Board Committees

The Board has established five 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. Committee papers and minutes for each meeting are published on the Public Health Wales [website](#). The chairs of the Committees provide verbal reports to the Board meeting following each Committee meeting. Minutes of Committee meetings are also presented to the Board once approved by the relevant Committee. Each Committee also produces an annual report, which provide a summary of business undertaken during the year. Copies of these reports are available on the Public Health Wales [website](#). The Committee annual reports provide the Board with assurance that the Committees 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. The Terms of Reference for the Committees were reviewed and updates were approved by the Board in July 2014. The review ensured that there were no overlaps or obvious gaps in roles and responsibilities for each of the Committees.

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In addition, Public Health Wales has established a Charitable Funds Committee. This Committee has not met, as charitable funds are currently administered by Velindre NHS Trust on Public Health Wales’ behalf. The Board has agreed that in the interest of cost effectiveness, Velindre NHS Trust will continue to administer charitable funds on behalf of Public Health Wales.

A new Developing the Organisation Board Committee was established by the Board in September 2014. The Committee was established to oversee the strategic priority of developing the organisation, as detailed in our three year Integrated Medium Term Plan. The Committee will commence work in 2015/16.

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

2.3.1 The Audit Committee

The Audit Committee met five times during 2014/15 and was quorate on four occasions. The Audit 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 Audit Committee received and discussed a number of reports produced by internal audit. These are listed in the table below, together with the assurance rating provided:

Report	Level of assurance provided			
	No assurance 	Limited assurance 	Reasonable assurance 	Substantial assurance 
Sustainability reporting				✓
Annual Quality Statement				✓
Main financial systems				✓
Asbestos management (follow-up)				✓
Claims management				✓
Incident management				✓
Standards for Health Services				✓
Performance reporting			✓	
Risk management		✓		
Appointment and management of temporary staff		✓		

Where limited assurance was provided the Committee took the following action:

Risk Management:

- Review of risk management arrangements with responsibility for risk management moving from Board Secretary to Executive Director of Quality, Nursing and Allied Health Professionals
- Risk register has been redesigned into a clearer format
- Board has received risk management training and a training programme for staff is being prepared for rollout across the organisation
- The risk management policy has been reviewed and updated

Appointment and management of temporary staff:

- Recruitment to a Selection specialist role has been approved
- Attraction and selection policy will be developed
- A procedure will be developed for obtaining agency staff
- All Directors have been asked to sign off any temporary staff appointments for a duration of more than three months

The Committee received the structured assessment from the Wales Audit Office in December 2014. The report concluded that:

- Sound financial management continue to ensure the Trust breaks even and to meeting savings targets
- The Trust has improved its focus on its strategic and operational priorities, and related risks, and its governance arrangements, though some aspects are improving too slowly
- Arrangements for seeking and responding to service user feedback are improving

Some recommendations were made relating to identifying and recording divisional risks; service user experience; and information governance. In response to the recommendation on risk, the risk register was reviewed and updated. The Structured Assessment also recommended that the Board should consider receiving a service user story at Board meetings, in the absence of reporting measures of service user-experience. Service user stories are now received at each Quality and Safety Committee and are received at every other Board meeting. In relation to Information Governance, the Structured Assessment recommended that we should move to completing the work underway for mapping of information flows in relation to person identifiable information. This work is nearing completion and will be concluded during 2015/16. The Committee was able to provide assurance to the Board that the recommendations would be monitored closely by the Committee throughout the year. In addition the Quality and Safety Committee would monitor the service user experience recommendations and the Information Governance Committee would to monitor the Information Governance recommendations.

The Committee also scrutinised the Counter Fraud standards self assessment review tool where Public Health Wales had been awarded an overall level of 'green' for risk against the contracts and standards.

During the year the Chair of the Audit Committee worked with the Board Secretary to review the risk management process for the organisation. This was completed alongside the Internal Audit review into risk management arrangements. The review has led to a simplified risk register and a revision of the risk management policy and process. Both of which were also actions identified following the Internal Audit review. The Committee has taken an in depth review of specific risks to seek assurance that risks are being managed appropriately by the relevant Executive lead and ensure that mitigating actions are in place.

NHS Wales Shared Services Partnership carries out a number of functions on behalf of Public Health Wales. The Audit Committee receives reports from the internal audit function at NHS Wales Shared Services Partnership 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.

2.3.2 The Quality and Safety Committee

The Quality and Safety Committee met four times during 2014/15 and was quorate on three occasions.

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

The Committee has continued to monitor the level of compliance of statutory and mandatory training requirements and received regular updates on actions to be taken, or already in place, to improve compliance. Data received by the Committee during the year demonstrated a welcome significant improvement in compliance by end of March 2015.

A number of discussions have taken place with the Committee during the year regarding the need to strengthen quality, safety and quality improvement arrangements in Public Health Wales. This has, primarily, been in response to a number of recent inquiries into quality, safety and governance arrangements in the NHS. As part of this work the Executive Director of Public Health Services and the Director of Nursing have completed a review of clinical governance arrangements in the organisation. This has contributed to discussions at the Committee which have focused on the Committees role in providing oversight and scrutiny of the systems and processes in place at different levels in the organisation. Improvements which were identified during the discussions will be taken forward in the context of the three year Integrated Medium Term Plan.

The Quality and Safety Committee regularly reviews all serious incidents reporting within Public Health Wales. For each serious incident the Committee queries what lessons have been learnt from the incident and what improvements have been made as a consequence. The Committee also reviews and considers claims under the NHS Wales redress scheme. Two settlements under this scheme were made during 2014/15.

2.3.3 The Information Governance Committee

The Information Governance Committee met four times during 2014/15 and was quorate on each occasion.

The Committee receive regular reports on information governance incidents and the lessons learnt from the incidents. The Committee noted that a number of the incidents related to failure in staff following information governance procedures. The Committee requested that a formal system of auditing staff and premises be implemented to reiterate the responsibilities of staff and to monitor information governance compliance.

A system of audits was started in January 2015 and the Committee will receive reports from the audits on a regular basis during 2015/16.

The Committee has continued to monitor an ongoing risk relating to the removal of section 251 support (which ensured compliance with the Data Protection Act, removing the need to obtain explicit consent). It was reported last year that the risk had reduced significantly following action by, and pressure bought by the Committee. The Committee continued to monitor the risk during 2014/15 and noted during the year that very little progress had been made. A Memorandum of Understanding (MOU) is required between the Welsh Government and Department of Health in order to resolve the issue fully. An MOU has not yet been issued, so the Committee agreed a proposed draft MOU which has been shared with the Welsh Government for their consideration and to assist in bring the matter to a conclusion. The Committee has agreed to continue to apply pressure where appropriate to ensure this issue is resolved.

The Committee has also continued to monitor an ongoing risk relating to EU data protection. The issue has been raised with MEPs and the UK Government and no further action can be taken by the Committee until decisions have been made at a European level.

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

2.3.4 The Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee met twice during 2014/15 and was quorate on each occasion. As a result of the national pay freeze, which has been observed in Public Health Wales, the Committee mostly considered applications in respect of the voluntary early release scheme. In April 2014, the Committee considered the Remuneration of the Director of Nursing, following a re-evaluation of the job description

2.3.5 Advisory groups

In support of the Board we also have a Staff Partnership Forum, Joint Medical and Dental Negotiating Group and a Joint Negotiating Committee. More information on these groups is provided at section 8.7. We do not have a Stakeholder Reference Group.

3. System of Internal Control

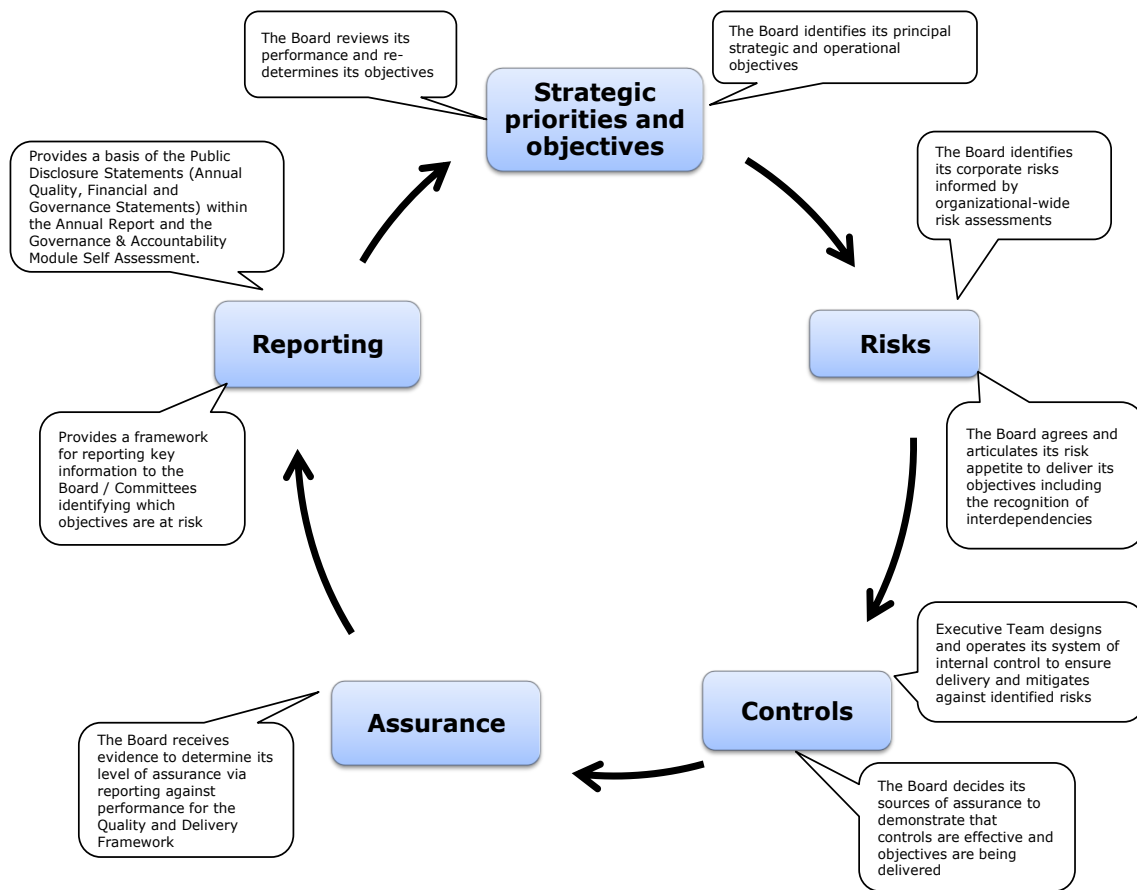
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurance of its effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies,

aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Trust for the year ended 31 March 2015, and up to the date of approval of the Annual Report and Accounts.

The Board Assurance Framework is used to monitor, proactively seek assurance and ensure shortfalls are addressed through the scrutiny of the Board and its Committees. The flow diagram below describes the assurance framework for the organisation.



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

4. Capacity to handle risk

Risk is an inevitable and ever present element of our daily working lives. In order for us to deliver on our objectives, allow innovation and create opportunities, we must take risks. Therefore, if properly planned and constructively managed, taking risks can provide us with opportunities to develop and deliver services in new and innovative ways.

Risks are a perfectly acceptable part of what we do. It's how we identify, assess and control these risks which is important. We recognise that, from time to time, things will go wrong and failures will occur. It is important that we learn from our failures, along with those from elsewhere, and use these experiences to help inform and improve our services and practices. The Board has received training on risk appetite. More work is planned for 2015/16 for the Board to assess different programmes and functions and agree the risk tolerance level for each area. As part of this process the Board will also agree a risk appetite statement.

The management of risk is therefore an essential organisational function with the Board taking overall responsibility for ensuring that effective risk management arrangements are in place and the Executive Team is responsible for the overall management of risk on a day-to-day basis.

In addition, we capture risks at every level in the organisation, from day to day risks faced by the staff on the ground, to the strategic risks at Board level. Individual divisions, service areas, teams, programmes and laboratories are responsible for maintaining their own risk registers. These risks are prioritised according to a wide range of criteria, enabling principal risks to be escalated to the Board. Risks are allocated to Executive leads and are reviewed at each Executive Team meeting.

Divisional Directors review their divisional risks regularly, ensure action plans are in place and monitor progress against the action plans.

The Board receives the corporate risk register regularly and has reviewed the assurance in place for each risk. The Audit Committee has reviewed the risk management process and provided assurance to the Board on the system of assurance. The Information Governance Committee has reviewed and scrutinised all information governance risks.

The Quality and Safety Committee has reviewed all risks relating to quality and safety.

In December 2014, the Wales Audit Office Structured Assessment reported that *the Trust has improved its focus on its strategic and operational priorities, and related risks, and its governance arrangements, though some aspects are improving too slowly*. The report recommended that *'the way in which corporate and divisional risks and mitigating actions are described can be confusing to the reader. Before presenting the risk register to the next meeting of the Board, the Trust should review each risk and respective mitigating actions to ensure greater clarity for the reader'*. The Board has accepted this recommendation and taken action to provide greater clarity. The format of the risk register has been revised. The Audit Committee also received an internal audit review into risk management arrangements which identified a number of areas for improvement (see section 2.2.1).

We have continued to develop and embed our approach to risk management. We identified a need to review the risk management process to ensure risk is embedded across the organisation and linked to our three year integrated plan. During the year we updated the Risk Management policy and introduced a supporting risk assessment procedure. The Board received risk management training at a session in February 2015.

As part of the planning process for 2014/15 sixteen high level risks were identified as an accurate reflection of the main risks which could prevent, or delay, the organisation meeting its objectives and priorities. Each risk was identified as a risk to *strategic delivery*. During the year, the risk register was continuously reviewed and updated. An example of action taken to mitigate risks is the risk which was considered extreme at the beginning of the year and which was, therefore, closely monitored by the Board and Executive Team. This was a risk relating to the achievement of specific smoking cessation targets. Action was taken to change the way in which the Stop Smoking Wales service was delivered in order to improve access and performance, and there was an increase in social media and mass marketing campaigns to encourage more people to access the service. Following the action taken, the risk was reduced from extreme to high.

As part of the planning process and development of the three year Integrated Medium Term Plan, which included full engagement with stakeholders the sixteen high level risks were reviewed and consolidated into nine corporate risks. Stakeholders will continue to be engaged in managing these risks through performance review meetings with Welsh Government and Executive to Executive meetings with Public Health Wales and health boards.

The risk register is published on the Public Health Wales [website](#) with the Board papers for each Board meeting. The published register provides more details regarding the nature of the risk and the mitigating actions being taken by the organisation.

We report all serious incidents to the Quality and Safety Committee and Welsh Government in full. Root Cause Analysis investigations are also undertaken. The Committee also monitors progress against actions identified to ensure that they are completed within the timescales set. In 2014/15 we reported a total of 3 Serious Incidents to the Welsh Government. All Serious Incidents are reported by the Screening Division. Two relate to procedural issues and a serious incident team was set up to review the issues, find the causes and identify lessons to be learnt. Further training was provided as a result of the incidents and increased scrutiny was added into the standard procedures to reduce the likelihood of similar incidents happening in future. The third incident related to a reduction in capacity of the service due to an unplanned absence. It identified the fragility of the service and action was taken to work with the health board to increase resilience within the service. Each case was reviewed thoroughly and reported to the Quality and Safety Committee through the Putting Things Right highlights report which can be found on the Quality and Safety Committee [website](#). The Quality and Safety Committee also ensures that lessons are learnt from serious incidents and that these lessons are embedded in future practices. During the year an internal audit review was completed on incident reporting and substantial assurance was provided.

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

5. Doing Well, Doing Better: Standards for Health Services in Wales

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

As part of this process, we complete the Governance & Accountability assessment module and have:

- openly assessed performance using the maturity matrix
- responded, where received, to feedback from Healthcare Inspectorate Wales. No feedback was received during 2014/15
- put plans in place to achieve the improvement actions identified within clearly defined timescales proportionate to the risk

Areas for improvement have been identified and are reflected in the actions

identified from the *Standards for Health Services in Wales* self assessment. Progress against these actions is monitored and reported on a quarterly basis to the Executive Team and the Quality and Safety Committee and reports are available on the Public Health Wales [website](#). The following improvements were identified and completed during the year:

Standard 5: Citizen Engagement and Feedback

Our Public and Stakeholder Engagement Strategy sets out the approach for formally gathering feedback from the public and stakeholders. The impact of the strategy had not been evaluated. This will be reviewed and an action plan will be developed to support implementation and evaluation.

Standard 26: Workforce Training and Organisational Development

Compliance with statutory and mandatory training required improvement. A Statutory and Mandatory Training Policy was approved and awareness raising was rolled out during the year. Compliance in all statutory and higher mandatory areas has increased and additional training sessions have been booked for 2015/16.

We considered the following levels of performance for 2014/15. Also included is a comparison with scores achieved in previous years. The organisation is constantly changing. We recognise, as the organisation has evolved and grown over the years, that there are always new areas which require improvement. Therefore, the overall scores have remained the same for the past four years.

This process has been subject to independent internal assurance by the organisation's Head of Internal Audit. No recommendations arose from this assurance process. The Quality and Safety Committee is responsible for the monitoring of progress against the Corporate Standards for Health Services Improvement Plan.

The Standards for Health Services are embedded within our activities and structures. Each of the Corporate Standards for Health Services has an Executive Lead and nominated Corporate Lead, along with a responsible Board Committee. In addition, the revised Healthcare Standards are built into relevant Policies and Procedures as appropriate.

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

Table 5.1 Governance and Accountability Module

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

* 2012/13

° 2013/14

X 2014/15

6. 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 assessment against the Governance and Accountability Module undertaken by the Board and also evidenced by internal and external audits. Public Health Wales is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Trust’s wider Annual Report. There have been no reported departures from the Corporate Governance Code.

7. Integrated medium term plan

We developed a draft integrated medium term plan, which was approved by our Board in March 2014. However, our administrative duty was not met, as further work was required and the plan was not approved by the Minister at that time. The Board also approved a one year operational plan for 2014/15.

The operational plan supports the aims and policies of the Welsh Government and fits within the *NHS Wales Planning Framework*. The plan guides the delivery of our strategy and the achievement of a healthier, happier and fairer Wales through our three commitments *improve health and wellbeing and reduce health inequalities; improve the quality, equity and effectiveness of healthcare services; and protect people from infectious and environmental hazards*. It demonstrates financial balance and covers a one year period for 2014/15.

Performance against the one year plan was reported to the Board on a quarterly basis. Reports included a mixture of quantitative and qualitative measures to assess performance internally and externally against the organisation's strategic objectives and the targets set in the Quality and Delivery Framework. This has maintained an improvement in performance reporting to the Board. This has also assisted a more integrated approach to finance, workforce and service planning and provides a clearer approach to demonstrating achievement of the organisation's objectives. We achieved a balanced financial position at the end of 2014/15 and achieved all savings targets as outlined in the one year operational plan.

We have reviewed our plan during the year to ensure it continues to meet our needs and those of our partners and stakeholders. Our Board held a strategy day in July 2014 where it discussed the organisational aim of achieving a healthier, happier and fairer Wales and the best way we could achieve this aim. This was followed by three stakeholder events which involved extensive discussions with partners. We identified set of key priorities that will have maximum impact on improving the health of, and reducing health in equalities, in our population. A plan for 2015-18 has been developed taking account of the shared priorities agreed at the series of workshops held during 2014. This three year Integrated Medium Term Plan (IMTP) was approved by our Board on 26 March 2015 and subsequently approved by the Minister for Health and Social Services on 2 June 2015.

A new one year operational plan explaining how we will deliver the first year of the IMTP will be approved by the Board in April 2015.

8. Additional Assurance Disclosures

8.1 Ministerial Directions

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

During 2014/15 six Non-Statutory Instruments were issued by the Welsh Government. Each of these were aimed specifically at services which are delivered by health boards, so no action was required by Public Health Wales.

In addition to the above Non-Statutory Instruments Public Health Wales receives letters from the Minister where we are required to take action. Any letters which are received are reported at each Board meeting in the Board Secretary's Governance report, with further information on what action has been taken in response to the letter.

In September 2014, the Welsh Government reintroduced Welsh Health Circulars, which replaced Ministerial letters. Public Health Wales has acted upon, and responded to, all Welsh Health Circulars which have been issued since September 2014 and which were applicable to Public Health Wales.

8.2 1000 Lives Improvement

The 1000 Lives Improvement team is part of Public Health Wales. The team develops and provides active improvement support for the NHS, with the NHS.

The Public Health Wales approach to quality has been reviewed as part of a wider review of clinical governance arrangements. The Executive Team structure has also been revised which has created a new directorate which will incorporate the 1000 Lives Improvement team.

The 1000 Lives Improvement team delivers service improvement expertise and to builds improvement skills capacity in Public Health Wales and the wider NHS in Wales. 1000 Lives improvement is a key resource for driving quality improvement in the NHS. This is primarily achieved through IQT learning programme which provides a common language for quality.

8.3 Hosted Bodies

During 2013/14, Public Health Wales agreed to host two bodies:

8.3.1 Bevan Commission

The Bevan Commission provides independent advice to the Minister for Health and Services on the delivery of the Welsh Government's Prudent Healthcare Programme for Wales. Public Health Wales has agreed to host the Bevan Commission until March 2016 and has put in place a hosting agreement which provided details of the responsibilities of the Public Health Wales Board and the hosted body. A Director and two members of staff are employed by Public Health Wales as the Core Support Team for the Bevan Commission. The Chair of the Bevan Commission is also the Chair of Public Health Wales and protocols have been followed to ensure there are no conflicts of interest.

8.3.2 NHS Wales Collaborative

The NHS Wales Collaborative brings together the South Wales Collaborative; the Programme Management Unit and the Chief Executives Support Unit. The Collaborative was established on 1 February 2015 and a hosting agreement is being prepared between Public Health Wales and the NHS Chief Executive Management Team. The hosting agreement, once approved, will provide details of the responsibilities of the Public Health Wales Board and the hosted body.

8.4 Civil Contingencies/Business Continuity

We have an Emergency Response Plan which details the organisation's response to a wide range of incidents and threats. The plan provides an overarching framework for our response to incidents and outbreaks, including the mobilisation of additional resources. This plan was put to the test during the NATO Summit held in Newport on 3 – 5 September 2014. The recent outbreak of Ebola Virus Disease in West Africa has also triggered our Emergency Response Plan.

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 and the Adaptation Reporting requirements are complied with. We monitor our Carbon footprint using 2014/15 as a baseline figure and we have adopted the Welsh Government initiative of ensuring sustainability is embedded in everything we do.

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

8.5 Sustainability

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.

Public Health Wales is fully engaged in the Welsh Government's development of the Wellbeing of Future Generations Bill. The Bill aims to tackle the generational challenges Wales faces in a more robust, joined up and integrated way. The Bill will place a new well-being duty on public bodies in Wales to carry out sustainable development which includes setting and publishing well-being objectives that are designed to maximise the contribution to achieving each of the well-being goals set out in the Bill.

8.6 Equality

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

An equality group has been established to oversee the strategic equality plan, to ensure under-represented groups are properly considered and that measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

8.7 Staff

We engage with our staff in a number of ways which are part of the checks and balances we undertake to enable good governance. Formal consultative fora are well established through the Partnership Forum, Joint Medical and Dental Negotiating Group, and the Joint Negotiating Committee for Agenda for Change staff. Representatives from the Partnership Forum attend and contribute to Board meetings as full, non-voting members. 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 and regular staff feedback using e-surveys. 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. Staff events were held in the autumn of 2014 where staff were invited to contribute to the new strategy which has been developed.

A leadership and development programme has been developed in response to our ambitious three year Integrated Medium Term Plan, a substantial programme of change and in response to staff feedback. The programme for staff includes strengthening staff understanding of their governance responsibilities. Two modules of the programme were piloted in 2015 and the remaining areas will be rolled out during 2015/16.

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

9. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. My review of the system of internal control is informed by the work of the internal auditors and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework and comments made by external auditors in their audit letter and other reports. The following text provides examples of the review of effectiveness which has been undertaken throughout the year.


9.1 Internal Audit

Internal Audit provides me as Accounting Officer, and the Board through the Audit Committee, with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee, and is focused on significant risk areas and local improvement priorities approved by the Board.

The overall opinion by the Head of Internal Audit, NHS Wales Shared Services Partnership 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 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*

Reasonable assurance		<p>The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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In reaching this opinion the Head of Internal Audit has identified that the majority of reviews during the year concluded positively, with the only exceptions being risk management and the recruitment and appointment of temporary staffing, where limited assurance was provided. Further information about the recommendations made and subsequent action taken is provided in section 2.2.1. The Audit Committee tracks all recommendations made by the Head of Internal Audit and ensures that they are addressed within the organisation.

9.2 Counter Fraud

Cardiff and Vale Counter Fraud Service provides a service to Public Health Wales. Their work plan for 2014/15 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 Committee. The Audit Committee received the counter fraud and corruption annual report for 2014/15 and the local counter fraud specialist provided the following declaration:

I declare that the Anti-Fraud, Bribery and Corruption work carried out during the financial year 2013/14, within the Public Health Wales NHS Trust, has been self reviewed against the NHS Protect Standards for Providers - Fraud, Bribery and Corruption/NHS Standard Contract and the rating as detailed in Appendix 4 (green for all standards) has been achieved.

9.3 External Audit – Wales Audit Office

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. The Wales Audit Office undertakes the external auditor role for Public Health Wales on behalf of the Auditor General. The Wales Audit Office completed their Structured Assessment for 2014/15 and overall they concluded that:

- Sound financial management continue to ensure the Trust breaks even and to meeting savings targets
- The Trust has improved its focus on its strategic and operational priorities, and related risks, and its governance arrangements, though some aspects are improving too slowly
- Arrangements for seeking and responding to service user feedback are improving

Some recommendations were made relating to identifying and recording divisional risks; service user experience; and information governance. The Audit Committee tracks all recommendations made by the Wales Audit Office and ensures that they are addressed within the organisation.

9.4 Information security

Public Health Wales did not report any data security lapses during 2014/15.

10. Conclusion

As Accounting Officer, I can confirm that no significant governance issues have been identified. Therefore, reasonable assurance can be given that there is a sound governance framework, designed to meet the organisation's objectives and that the framework is generally being applied consistently.

Signed: _____

Tracey Cooper
Chief Executive and Accountable Officer, Public Health Wales