

# Public Health Wales NHS Trust

## Foreword

These accounts for the period ended 31 March 2012 have been prepared to comply with International Financial Reporting Standards (IFRS) in accordance with HM Treasury's IFRsM by the Public Health Wales NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

Public Health Wales NHS Trust ("Public Health Wales") was established in shadow form on 1 August 2009, and become fully operational from 1 October 2009, incorporating the functions and services previously provided by the National Public Health Service (NPHS), Wales Centre for Health (WCfH), Welsh Cancer Intelligence Surveillance Unit (WCISU), Congenital Anomaly Register and Information Service (CARIS) and Screening Services Wales. It was decided that the Welsh Blood Service, which was included in the consultation, would remain part of Velindre NHS Trust.

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

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

- All Wales Perinatal Survey
- All Wales Injury Surveillance Service
- Welsh Oral Health Information Unit
- Welsh Paediatric Surveillance Unit
- Healthcare Associated Infection Programme
- Vaccine Preventable Diseases
- Assist (a peer led young people's smoking prevention)
- Brief Interventions (Alcohol)

The Realignment Project identified further programmes to be realigned during 2012/13, including:

- National Breast Feeding Programme and dietician post
- Cooking Bus
- Children's Obesity Referral Programme
- Smokebugs
- Health Challenge Wales Website
- National Exercise Referral Scheme
- Mental Health First Aid
- Smokers Helpline
- Health Challenge Wales Activity Grant

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2012

	Note	2011-12 £000	2010-11 £000
Revenue from patient care activities	2	66,008	63,765
Other operating revenue	3	19,502	18,015
Operating expenses	5	(85,491)	(81,819)
<b>Operating surplus/(deficit)</b>		<b>19</b>	<b>(39)</b>
Investment revenue	6	25	14
Other gains and losses	7	(20)	1
Finance costs	8	(12)	0
<b>Retained surplus/(deficit)</b>	<b>32.1</b>	<b>12</b>	<b>(24)</b>
<b>Other Comprehensive Income</b>			
Net gain on revaluation of property, plant and equipment		142	45
Net gain on revaluation of intangible assets		0	0
Net gain on revaluation of financial assets		0	0
Net gain on revaluation of assets held for sale		0	(62)
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
<b>Total other comprehensive income for the year</b>		<b>142</b>	<b>(17)</b>

**The 2010-11 figures have been restated for the Prior Period Adjustment.**

As a result of Government accounting changes in the treatment of the Donated Asset Reserve , a prior period adjustment (PPA) as been made to consolidate the Donated Asset Reserve into the Retained Earnings Reserve, which has increased the retained earnings by £332k.

In addition, a PPA has also been made to the 2010/11 Retained Surplus figure, reducing it from £38k surplus to £24k deficit for 2010/11. This reflects the fact that the PPA removed any income taken from the Donated Asset Reserve to Retained Earnings reserve **through the Statement of Comprehensive Income Statement.**

Despite the restated figures for 2010/11 showing a deficit, this is purely as a result of the PPA and does not breach the break even duty of the trust , as any reduction in income from the donated asset reserves would have been covered by additional funding from WG which has not been reflected in the PPA.

## STATEMENT OF FINANCIAL POSITION AS AT 31 March 2012

	Note	31 March 2012	31 March 2011 (Restated)
		£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	13	17,590	14,481
Intangible assets	14	0	0
Trade and other receivables	19	0	0
Other financial assets	20	0	0
Other assets	21	0	0
<b>Total non-current assets</b>		<b>17,590</b>	<b>14,481</b>
<b>Current assets</b>			
Inventories	18	111	422
Trade and other receivables	19	5,493	3,752
Other financial assets	20	0	0
Other assets	21	0	0
Cash and cash equivalents	22	3,968	2,488
		<b>9,572</b>	<b>6,662</b>
Non-current assets held for sale	13	0	0
<b>Total current assets</b>		<b>9,572</b>	<b>6,662</b>
<b>Total assets</b>		<b>27,162</b>	<b>21,143</b>
<b>Current liabilities</b>			
Trade and other payables	23	(5,413)	(4,637)
Borrowings	24	0	0
Other financial liabilities	25	(450)	0
Provisions	27	(2,268)	(729)
Other liabilities	26	0	0
<b>Total current liabilities</b>		<b>(8,131)</b>	<b>(5,366)</b>
<b>Net current assets/(liabilities)</b>		<b>1,441</b>	<b>1,296</b>
<b>Total assets less current liabilities</b>		<b>19,031</b>	<b>15,777</b>
<b>Non-current liabilities</b>			
Trade and other payables	23	0	0
Borrowings	24	0	0
Other financial liabilities	25	(1,663)	0
Provisions	27	(1,127)	(1,145)
Other liabilities	26	0	0
<b>Total non-current liabilities</b>		<b>(2,790)</b>	<b>(1,145)</b>
<b>Total assets employed</b>		<b>16,241</b>	<b>14,632</b>
<b>Financed by Taxpayers' equity:</b>			
Public dividend capital		15,596	14,141
Retained earnings		458	446
Revaluation reserve		187	45
Other reserves		0	0
<b>Total taxpayers' equity</b>		<b>16,241</b>	<b>14,632</b>

The financial statements were approved by the Audit Committee on behalf of the Board on 6th June 2012 and signed on behalf of the Board by:

Chief Executive .....

Date.....

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

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

As a result of Government accounting changes in the treatment of the Donated Asset Reserve, a prior period adjustment (PPA) as been made to consolidate the Donated Asset Reserve into the Retained Earnings Reserve. This has increased the retained earnings by £332k.

A Prior Period Adjustment (PPA) has been made to the 2010/11 Retained Surplus figure, reducing it from £38k surplus to £24k deficit for 2010/11. This reflects the fact that the PPA removed any income taken from the Donated Asset Reserve to Retained Earnings reserve through the Statement of Comprehensive Income Statement.

The notes on pages 6 to 69 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2010-11	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Govern- ment Grant Reserve £000	Other reserves £000	Total £000
<b>Balance at 31 March 2010</b>							
As previously stated in 2009-10 accounts	8,141	138	0	332	0	0	8,611
Prior period adjustment for removal of donated and government granted asset reserves	0	332	0	(332)	0	0	0
Other prior period adjustment	0	0	0	0	0	0	0
<b>Restated balance</b>	<b>8,141</b>	<b>470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,611</b>
<b>Changes in taxpayers' equity for 2010-11</b>							
Retained surplus/(deficit) for the year		(24)					(24)
Net gain on revaluation of property, plant and equipment		0	45			0	45
assets		0	0			0	0
Net gain on revaluation of financial assets		0	0			0	0
Net gain on revaluation of assets held for sale		0	0			0	0
Impairments and reversals		0	0			0	0
Movements in other reserves		0	0			0	0
Transfers between reserves		0	0			0	0
Net gain/loss on Other Reserve (specify)		0	0			0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0			0	0
Reserves eliminated on dissolution	0					0	0
New Public Dividend Capital received	5,749						5,749
Public Dividend Capital repaid in year	0						0
Public Dividend Capital extinguished/written off	0						0
Other movements in PDC in year	251						251
<b>Restated balance at 31 March 2011</b>	<b>14,141</b>	<b>446</b>	<b>45</b>			<b>0</b>	<b>14,632</b>

The notes on pages 6 to 69 form part of these accounts.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

	Note	2011-12 £000	2010-11 £000
<b>Cash flows from operating activities</b>			
Operating surplus/(deficit)	SOCI	19	(39)
Depreciation and amortisation	5	1,599	1,233
Impairments and reversals	5	85	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		(12)	0
(Increase)/decrease in inventories		311	38
(Increase)/decrease in trade and other receivables		(1,741)	1,664
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade and other payables		920	(2,540)
Increase/(decrease) in other current liabilities		2,113	0
Increase/(decrease) in provisions		1,521	745
<b>Net cash inflow/(outflow) from operating activities</b>		<b>4,815</b>	<b>1,101</b>
<b>Cash flows from investing activities</b>			
Interest received		25	14
(Payments) for property, plant and equipment		(4,811)	(6,843)
Proceeds from disposal of property, plant and equipment		(4)	1
(Payments) for intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with Welsh Government		0	0
Proceeds from disposal of investments with Welsh Government		0	0
(Payments) for financial assets.		0	0
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(4,790)</b>	<b>(6,828)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>25</b>	<b>(5,727)</b>
<b>Cash flows from financing activities</b>			
Public Dividend Capital received		1,455	5,749
Public Dividend Capital repaid		0	0
Loans received from Welsh Government		0	0
Other loans received		0	0
Loans repaid to Welsh Government		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital elements of finance leases and on-SOFP PFI		0	0
Cash transferred (to)/from other NHS Wales bodies		0	0
<b>Net cash inflow/(outflow) from financing activities</b>		<b>1,455</b>	<b>5,749</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,480</b>	<b>22</b>
<b>Cash [and] cash equivalents [and bank overdrafts] at the beginning of the financial year</b>	<b>22</b>	<b>2,488</b>	<b>2,466</b>
<b>Cash [and] cash equivalents [and bank overdrafts] at the end of the financial year</b>	<b>22</b>	<b>3,968</b>	<b>2,488</b>

The notes on pages 6 to 69 form part of these accounts.

## Notes to the Accounts

### Accounting policies

The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2011/12 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 2011-12 indexation has been applied to the Land and Properties of NHS Wales Trusts based on indices for NHS Wales Land and Buildings obtained from the District Valuation Office. Bodies must consider annually whether indexation using an appropriate basis is required. 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 there from can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project.

### **1.10 Depreciation, amortisation and impairments**

Freehold land and 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.

Impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Net Expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to the Statement of Comprehensive Net Expenditure. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

#### **1.11 Borrowing costs**

Borrowing costs are recognised as expenses as they are incurred.

#### **1.12 Donated assets**

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

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

#### **1.13 Government grants**

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

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

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then 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/weighted average *amend as applicable* 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.

During the year, Public Health Wales opened a National Loans Fund account in order to manage the operating cash surplus at year end.

### 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 HM Treasury's discount rate of 2.2% in real terms. The Discount Rate for Valuing Post Employment Benefits, such as Permanent Injury Benefit, is 2.8%

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

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

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

### 1.20 Clinical Negligence Costs

The Welsh Risk Pool operates a risk pooling scheme which is currently funded by the Welsh Government. The WRP is hosted by Betsi Cadwaladr University LHB.

### 1.21 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The asset, provision and government grant reserve are valued at fair value at the end of the reporting period.

### 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 benefit

is probable.

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

### **1.23 Financial assets**

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

Financial assets are initially recognised at fair value.

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

#### **Financial assets at fair value through SOCI**

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

The Trust has no embedded derivatives.

#### **Held to maturity investments**

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

#### **Available for sale financial assets**

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

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

#### **Loans and receivables**

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

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

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

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

#### **1.24 Financial liabilities**

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

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

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

#### **Financial guarantee contract liabilities**

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

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

Provisions, Contingent Liabilities and Contingent Assets.

#### **Financial liabilities at fair value through SOCI**

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

The 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. In 2009-10 a charge, reflecting the cost of capital utilised by the NHS Trust, was paid over as public dividend capital dividend. The charge was calculated at the real rate set by HM Treasury (3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash with the Government Banking Service and the National Loans Fund. The average carrying amount of assets was calculated as a simple average of opening and closing relevant net assets.

### **1.29 Losses and Special Payments**

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

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

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

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

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

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

**1.31 Critical Judgements in applying accounting policies**

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

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

All items previously categorised as inventory with a turnover of less than 3 months have been excluded from the inventory figure.

**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. However, there is no risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

*Annual Leave Provision**Cost of Voluntary Early Release for applications approved but not paid***1.33 Subsidiaries**

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

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

For 2011/12 the Trust has not consolidated the NHS charitable funds for which it is the corporate trustee.

**1.34 Associates**

Material entities over which the trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the trust's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the trust from the entity.

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

**1.35 Joint ventures**

Material entities over which the trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. Joint ventures are accounted for by [delete: proportional consolidation, equity method].

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

**1.36 Joint operations**

Joint operations are activities undertaken by the trust in conjunction with one or more other parties but which are not performed through a separate entity. The trust records its share of the income and expenditure; gains and losses; assets and liabilities; and cash flows.

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

There are no accounting standards that have been issued by the IASB and IFRIC that have not been adopted.

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

There are no accounting standards that have been adopted early.

**Public Health Wales NHS Trust Annual Accounts 2011-12**

<b>2. Revenue from patient care activities</b>	<b>2011-12</b>	2010-11
	<b>£000</b>	£000
Welsh Government	<b>66,008</b>	63,477
Welsh Health Specialised Services Committee (WHSSC)	<b>0</b>	59
Local health boards	<b>0</b>	229
Welsh NHS Trusts	<b>0</b>	0
Other NHS trusts	<b>0</b>	0
Strategic health authorities and primary care trusts	<b>0</b>	0
Foundation Trusts	<b>0</b>	0
Welsh Local Authorities	<b>0</b>	0
Local authorities	<b>0</b>	0
Non NHS:		
Private patient income	<b>0</b>	0
Overseas patients (non-reciprocal)	<b>0</b>	0
Injury Costs Recovery (ICR) Scheme	<b>0</b>	0
Other revenue from activities	<b>0</b>	0
<b>Total</b>	<b>66,008</b>	63,765

ICR income is subject to a provision for impairment of 10.5% to reflect expected rates of collection.

<b>3. Other operating revenue</b>	<b>2011-12</b>	2010-11
	<b>£000</b>	£000
Patient transport services	<b>0</b>	0
Education, training and research	<b>1,334</b>	1,014
Charitable and other contributions to expenditure	<b>0</b>	0
Receipt of donations for capital acquisitions	<b>0</b>	0
Receipt of government grants for capital acquisitions	<b>0</b>	0
Non-patient care services to other bodies	<b>0</b>	0
Income generation	<b>12</b>	135
Rental revenue from finance leases	<b>0</b>	0
Rental revenue from operating leases	<b>0</b>	0
Other revenue:		
Provision of laundry, pathology, payroll services	<b>11,857</b>	11,081
Accommodation and catering charges	<b>15</b>	0
Mortuary fees	<b>0</b>	0
Staff payments for use of cars	<b>0</b>	0
Business unit	<b>0</b>	0
Other	<b>6,284</b>	5,785
<b>Total</b>	<b>19,502</b>	18,015

Other revenue of £6,284k (2011-12 £5,783k) comprises

1 Excellence Award Income	420	465
2 Grants - other	515	286
3 Grants - LA	274	449
4 Staff Recharge	1,803	263
5 WG - Non core	3,143	3,522
6 Other	129	800
7		
8		

<b>Total</b>	<b>6,284</b>	<b>5,785</b>
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**4. Income generation activities**

The Trust does not undertake any income generation activity with an aim of achieving profit.

	<b>2011-12</b>	20010-11
	<b>£000</b>	£000
Income	<b>0</b>	0
Full cost	<b>0</b>	0
Surplus/(deficit)	<b>0</b>	<b>0</b>

**Public Health Wales NHS Trust Annual Accounts 2011-12**

<b>5. Operating expenses</b>	<b>2011-12</b>	<b>2010-11</b>
<b>5.1 Operating expenses</b>	<b>£000</b>	<b>£000</b>
Welsh Government	0	0
WHSSC	0	0
Local Health Boards	12,997	13,131
Welsh NHS Trusts	1,197	2,038
Other NHS Trusts	450	481
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	0	23
Welsh Local Authorities	91	94
Other Local Authorities	0	0
Directors' costs	1,030	746
Staff costs	50,790	47,427
Supplies and services - clinical	7,335	7,013
Supplies and services - general	223	216
Consultancy Services	631	333
Establishment	4,585	4,346
Transport	396	407
Premises	3,244	2,960
Provision for impairment of receivables	0	0
Depreciation	1,599	1,233
Amortisation	0	0
Impairments and reversals of property, plant and equipment	85	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	171	164
Other auditors' remuneration	0	17
Losses, special payments and irrecoverable debts	73	573
Research and development	0	0
Other operating expenses	594	617
<b>Total</b>	<b>85,491</b>	<b>81,819</b>

**Public Health Wales NHS Trust Annual Accounts 2011-12**

<b>5. Operating expenses (continued)</b>	<b>2011-12</b>	<b>2010-11</b>
<b>5.2 Losses, special payments and irrecoverable debts:</b>		
<b>charges to operating expenses</b>	<b>2011-12</b>	<b>2010-11</b>
<b>Increase/(decrease) in provision for future payments:</b>	<b>£000</b>	<b>£000</b>
Clinical negligence	1,713	551
Personal injury	(5)	565
All other losses and special payments	12	10
Defence legal fees and other administrative costs	46	16
Gross increase/(decrease) in provision for future payments	1,766	1,142
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	17
<b>Less: income received/ due from Welsh Risk Pool</b>	<b>(1,693)</b>	<b>(586)</b>
<b>Total charge</b>	<b>73</b>	<b>573</b>

The Clinical Negligence includes £0 in respect of payments made under Redress.

Personal Injury includes a movement of -£17k (2010-11 £565k) in respect of permanent injury benefits.

## Public Health Wales NHS Trust Annual Accounts 2011-12

<b>6. Investment revenue</b>	<b>2011-12</b>	2010-11
	<b>£000</b>	£000
Rental revenue :		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	25	14
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>25</b>	<b>14</b>

<b>7. Other gains and losses</b>	<b>2011-12</b>	2010-11
	<b>£000</b>	£000
Gain/(loss) on disposal of property, plant and equipment	(20)	1
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through income statement	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>(20)</b>	<b>1</b>

<b>8. Finance costs</b>	<b>2011-12</b>	2010-11
	<b>£000</b>	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	12	0
Interest on obligations under PFI contracts:		
Main finance cost	0	0
Contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>12</b>	<b>0</b>
Other finance costs	0	0
<b>Total</b>	<b>12</b>	<b>0</b>

## 9. Operating leases

### 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.

During 2011/12 a new lease was added to the register relating to the rental of microbiology testing equipment.

	2011-12	2010-11
	£000	£000
Minimum lease payments	771	687
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>771</b>	<b>687</b>

	2011-12	2010-11
	£000	£000
<b>Total future minimum lease payments</b>		
Payable:		
Not later than one year	769	603
Between one and five years	1,637	1,511
After 5 years	417	194
<b>Total</b>	<b>2,823</b>	<b>2,308</b>
Total future sublease payments expected to be received	0	0

### As lessor

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

	2011-12	2010-11
	£000	£000
<b>Rental revenue</b>		
Rent	0	0
Contingent rent	0	0
Other	0	0
<b>Total rental revenue</b>	<b>0</b>	<b>0</b>

	2011-12	2010-11
	£000	£000
<b>Total future minimum lease payments</b>		
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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## 10. Employee costs and numbers

				2011-12	2010-11
10.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	39,778	184	3,435	43,397	40,191
Social security costs	3,187	0	0	3,187	3,007
Employer contributions to NHS Pensions Scheme	5,154	0	0	5,154	4,935
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
<b>Total</b>	<b>48,119</b>	<b>184</b>	<b>3,435</b>	<b>51,738</b>	<b>48,133</b>
<b>Of the total above:</b>					
Charged to capital				0	42
Charged to revenue				51,738	48,091
				<b>51,738</b>	<b>48,133</b>

## 10.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Total	Total
	Number	Number	Number	Number	Number
Medical and dental	86	0	23	109	94
Ambulance staff	0	0	0	0	0
Administrative and estates	586	4	8	598	576
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	43	0	1	44	44
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	358	3	0	361	341
Social care staff	0	0	0	0	0
Other	0	0	0	0	4
<b>Total</b>	<b>1,073</b>	<b>7</b>	<b>32</b>	<b>1,112</b>	<b>1,059</b>

## 10.3 Employee benefits

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

10.4 Reporting of other compensation schemes - exit packages

	Total number of exit packages by cost band Number 2011-12	Total number of exit packages by cost band Number 2010-11
<b>Exit package cost band</b>		
<£10,000	4	3
£10,000 to £25,000	4	5
£25,000 to £50,000	5	5
£50,000 to £100,000	1	3
£100,000 to £150,000	0	0
£150,000 to £200,000	0	0
£200,000+	0	0
Total number of exit packages by type	14	16
Total resource cost £k	356	551

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

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

## 10.5 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 2011-12 was £144,822 (2010-11, £142,737). This was 4.75 times (2010-11, 4.84) the median remuneration of the workforce, which was £30,459 (2010-11, £29,464). The remuneration of the Chief Executive was £140,000 (2010-11 £140,000) which is 4.60 times (2010-11, 4.75) the median remuneration of the workforce.

In 2011-12, 4 (2010-11, 5) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £9,360 to £155,477 (2010-11, £9,360 to £166,474).

Total remuneration includes salary, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The salary includes medical commitment awards, planned additional sessions and clinical excellence awards.

A new executive director was appointed to the Public Health Wales board during 2011/12, which resulted in the increase in value for the highest paid director (from £142,737 in 2010/11 to £144,833 in 2011/12).

## **11. Pensions**

### **Pension costs**

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

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

#### **a) 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 formal actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision. Employer and employee contribution rates are currently being determined under the new scheme design.

#### **b) Accounting valuation**

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal valuation now exceeds four years, the valuation of the scheme liability as at 31 March 2012 is based on detailed membership data as at 31 March 2010 updated to 31 March 2012 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.

#### **c) Scheme provisions**

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the

specific conditions that must be met before these benefits can be obtained.

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

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

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

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable. For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

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

### **11.1 Retirements due to ill-health**

During 2011-12 there were no (2010-11 nil) early retirements from the trust agreed on the grounds of ill-health.

**12. Public Sector Payment Policy**

**12.1 Prompt payment code - measure of compliance**

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

	<b>2011-12</b>	<b>2011-12</b>	2010-11	2010-11
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
<b>NHS</b>				
Total bills paid in year	1,618	17,353	1,898	22,278
Total bills paid within target	1,241	13,481	1,877	22,255
Percentage of bills paid within target	<b>76.7%</b>	<b>77.7%</b>	98.9%	99.9%
<b>Non-NHS</b>				
Total bills paid in year	19,660	18,365	19,122	20,896
Total bills paid within target	18,801	17,680	18,238	20,327
Percentage of bills paid within target	<b>95.6%</b>	<b>96.3%</b>	95.4%	97.3%
<b>Total</b>				
Total bills paid in year	<b>21,278</b>	<b>35,718</b>	21,020	43,174
Total bills paid within target	<b>20,042</b>	<b>31,161</b>	20,115	42,582
Percentage of bills paid within target	<b>94.2%</b>	<b>87.2%</b>	95.7%	98.6%

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

	<b>2011-12</b>	2010-11
	<b>£</b>	<b>£</b>
Amounts included within finance costs from claims made under legislation	<b>0</b>	0
Compensation paid to cover debt recovery costs under legislation	<b>0</b>	0
<b>Total</b>	<b>0</b>	<b>0</b>

The reporting information used for the calculation of the NHS invoices has been amended in order to be consistent with other NHS organisations across Wales. This has resulted in a reduction to the performance statistics for NHS invoices.

## 13. Property, plant and equipment :

2011-12

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc-tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2011</b>	1,060	4,403	0	6,178	6,717	46	2,170	484	<b>21,058</b>
Indexation	0	177	0	0	0	0	0	0	177
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	983	0	24	798	8	2,812	42	4,667
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	11	0	(4,354)	4,319	0	15	9	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(1,986)	(9)	(90)	0	(2,085)
Impairments	0	0	0	0	(85)	0	0	0	(85)
<b>At 31 March 2012</b>	<b>1,060</b>	<b>5,574</b>	<b>0</b>	<b>1,848</b>	<b>9,763</b>	<b>45</b>	<b>4,907</b>	<b>535</b>	<b>23,732</b>
<b>Depreciation</b>									
<b>At 1 April 2011</b>	0	751	0	0	4,481	31	1,039	275	<b>6,577</b>
Indexation	0	31	0	0	0	0	0	0	31
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	12	0	0	(15)	0	(3)	6	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(1,966)	(9)	(90)	0	(2,065)
Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	315	0	0	759	3	453	69	1,599
<b>At 31 March 2012</b>	<b>0</b>	<b>1,109</b>	<b>0</b>	<b>0</b>	<b>3,259</b>	<b>25</b>	<b>1,399</b>	<b>350</b>	<b>6,142</b>
<b>Net book value</b>									
<b>At 1 April 2011</b>	1,060	3,652	0	6,178	2,236	15	1,131	209	14,481
<b>Net book value</b>									
<b>At 31 March 2012</b>	1,060	4,465	0	1,848	6,504	20	3,508	185	17,590
<b>Net book value at 31 March 2012 comprises :</b>									
<b>Purchased</b>	1,060	4,297	0	1,848	6,458	20	3,508	185	17,376
<b>Donated</b>	0	168	0	0	46	0	0	0	214
<b>Government Granted</b>	0	0	0	0	0	0	0	0	0
<b>At 31 March 2012</b>	1,060	4,465	0	1,848	6,504	20	3,508	185	17,590
<b>Asset Financing:</b>									
<b>Owned</b>	1,060	4,465	0	1,848	6,504	20	1,395	185	15,477
<b>Held on finance lease</b>	0	0	0	0	0	0	2,113	0	2,113
<b>On-SoFP PFI contract</b>	0	0	0	0	0	0	0	0	0
<b>PFI residual interest</b>	0	0	0	0	0	0	0	0	0
<b>At 31 March 2012</b>	1,060	4,465	0	1,848	6,504	20	3,508	185	17,590

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

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

## 13. Property, plant and equipment :

2010-11	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2010</b>	1,060	4,112	0	236	6,493	40	1,790	475	<b>14,206</b>
Indexation	0	0	0	0	121	1	0	9	131
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	291	0	5,942	446	12	380	23	<b>7,094</b>
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(343)	(7)	0	(23)	<b>(373)</b>
Impairments	0	0	0	0	0	0	0	0	0
<b>At 31 March 2011</b>	<b>1,060</b>	<b>4,403</b>	<b>0</b>	<b>6,178</b>	<b>6,717</b>	<b>46</b>	<b>2,170</b>	<b>484</b>	<b>21,058</b>
<b>Depreciation</b>									
<b>At 1 April 2010</b>	0	482	0	0	4,193	32	705	218	<b>5,630</b>
Indexation	0	0	0	0	80	1	0	4	85
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(343)	(5)	0	(23)	<b>(371)</b>
Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	269	0	0	551	3	334	76	<b>1,233</b>
<b>At 31 March 2011</b>	<b>0</b>	<b>751</b>	<b>0</b>	<b>0</b>	<b>4,481</b>	<b>31</b>	<b>1,039</b>	<b>275</b>	<b>6,577</b>
<b>Net book value</b>									
<b>at 1 April 2010</b>	1,060	3,630	0	236	2,300	8	1,085	257	8,576
<b>Net book value</b>									
<b>at 31 March 2011</b>	1,060	3,652	0	6,178	2,236	15	1,131	209	<b>14,481</b>
<b>Net book value at 31 March 2011 comprises :</b>									
<b>Purchased</b>	1,060	3,464	0	6,178	2,154	15	1,131	209	<b>14,211</b>
<b>Donated</b>	0	188	0	0	82	0	0	0	<b>270</b>
<b>Government Granted</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total 31 March 2011</b>	<b>1,060</b>	<b>3,652</b>	<b>0</b>	<b>6,178</b>	<b>2,236</b>	<b>15</b>	<b>1,131</b>	<b>209</b>	<b>14,481</b>
<b>Asset Financing:</b>									
<b>Owned</b>	1,060	3,652	0	6,178	2,236	15	1,131	209	<b>14,481</b>
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>On-SoFP PFI contract</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>PFI residual interest</b>	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total 31 March 2011</b>	<b>1,060</b>	<b>3,652</b>	<b>0</b>	<b>6,178</b>	<b>2,236</b>	<b>15</b>	<b>1,131</b>	<b>209</b>	<b>14,481</b>

The net book value of land, buildings and dwellings at 31 March 2011 comprises :

	£000
Freehold	3,543
Long Leasehold	
Short Leasehold	1,169

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**4,712**

**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 2009. The valuation has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition.

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

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

**iii) Asset Lives**

Land is not depreciated

Buildings as determined by the District Valuation service

Equipment 5-20 years

**iv) Compensation**

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

**v) Write Downs**

There have been no write downs

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

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

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

13.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance b/f 1 April 2011</b>	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance c/f 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance b/f 1 April 2010</b>	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance c/f 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 14. Intangible assets

2011-12	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2011</b>	0	0	0	0	0	0	0
Revaluation		0			0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>							
<b>Accumulated amortisation at 1 April 2011</b>	0	0	0	0	0	0	0
Revaluation		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	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
<b>Accumulated amortisation at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net book value at 1 April 2011	0	0	0	0	0	0	0
<b>Net book value at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value</b>							
Purchased	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
<b>Total at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 14. Intangible assets

2010-11	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010	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
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	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 2011	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>							
Accumulated amortisation at 1 April 2010	0	0	0	0	0	0	0
Revaluation		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	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversals 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 2011	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net book value at 1 April 2010	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net book value at 31 March 2011	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value</b>							
Purchased	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2011	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**14. Intangible assets**

Public Health Wales has no intangible assets

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

	<b>2011-12</b> £000	2010-11 £000
At 1 April	0	0
Changes	0	0
At 31 March	<u>0</u>	<u>0</u>

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## 16. Impairments

Impairments in the period arose from:	2011-12		2010-11	
	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	85	0	0	0
Changes in market price	0	0	0	0
Other (specify)	0	0	0	0
<b>Impairments charged to operating expenses</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Impairments charged in the year to

Operating expenses in Statement of Comprehensive Income	85	0	0	0
Revaluation reserve	0	0	0	0

IAS 36 requires a body to assess at each reporting date whether there is an indication that an asset may be impaired. Due to the introduction of digital mammography screening equipment the Trust's analogue mammography screening equipment has become obsolete. The loss recognised in the annual accounts is the annually managed expenditure impairment resulting from the unforeseen obsolescence of the screening mammography equipment. The impairment has been valued at £85k, being the current cost net of accumulated depreciation.

## 17. Capital commitments

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

	31 March	31 March
	2012	2011
	£000	£000
Property, plant and equipment	750	4,113
Intangible assets	0	0
<b>Total</b>	<b>750</b>	<b>4,113</b>

**18. Inventories**

**18.1 Inventories**

	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2011</b>
	£000	£000
Drugs	0	0
Consumables	111	422
Energy	0	0
Work in progress	0	0
Other	0	0
<b>Total</b>	<u>111</u>	<u>422</u>
<b>Of which held at net realisable value:</b>	<u>0</u>	<u>0</u>

**18.2 Inventories recognised in expenses**

	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2011</b>
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

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**19. Trade and other receivables**

**19.1 Trade and other receivables**

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
<b>Current</b>		
Welsh Government	(62)	624
Welsh Health Specialised Services Committee	17	55
Welsh Health Boards	2,264	697
Welsh NHS Trusts	25	156
Non - Welsh Trusts	49	4
Other NHS	0	0
Welsh Risk Pool	2,187	723
Welsh Local Authorities	325	168
Other Local Authorities	0	0
Capital debtors	0	251
Other debtors	496	754
Provision for impairment of trade receivables	(38)	(62)
Pension Prepayments	0	0
Other prepayments and accrued income	230	382
Sub-total	<u>5,493</u>	<u>3,752</u>
<b>Non-current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for impairment of trade receivables	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
Sub-total	<u>0</u>	<u>0</u>
<b>Total trade and other receivables</b>	<u><u>5,493</u></u>	<u><u>3,752</u></u>

The Welsh Government balance (-£62k) includes a credit note raised late in the financial year, which has resulted in a negative balance.

No interest is charged on trade receivables.

The value of trade receivables that are past their due payment date but not impaired is £376k. (£967k in 2010-11)

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

	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
By up to 3 months	213	277
By 3 to 6 months	126	335
By more than 6 months	37	355
<b>Balance at end of financial year/period</b>	<b>376</b>	<b>967</b>

**19.3 Provision for the impairment of receivables**

	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Balance at beginning of the year	62	45
Transfer to other NHS Wales body	0	0
Amount written off during the year	12	0
Amount recovered during the year	(12)	0
Increase/(decrease) in receivables impaired	(24)	17
<b>Balance at 31 March</b>	<b>38</b>	<b>62</b>

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt.

**20. Other financial assets**

	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2011</b>
	£000	£000
<b>Non-current</b>		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Current</b>		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**21. Other assets**

	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2011</b>
	£000	£000
<b>Non-current</b>		
Other assets	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Current</b>		
EU Emissions trading scheme allowances	0	0
Other assets	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**22. Cash and cash equivalents**

	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
Opening Balance	2,488	2,466
Net change in year	(20)	22
<b>Closing Balance</b>	<u>2,468</u>	<u>2,488</u>
<b>Made up of:</b>		
Cash with Government Banking Service (GBS)	2,457	2,471
Commercial banks	0	0
Cash in hand	11	17
Current investments	<u>1,500</u>	<u>0</u>
<b>Cash and cash equivalents as in SoFP</b>	<u>3,968</u>	<u>2,488</u>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial	<u>0</u>	<u>0</u>
<b>Cash &amp; cash equivalents as in Statement of Cash Flows</b>	<u><u>3,968</u></u>	<u><u>2,488</u></u>

The current investments is a deposit in the Government National Loans Fund

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<b>23. Trade and other payables at the SoFP Date</b>	<b>31 March</b>	<b>31 March</b>
	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	1,344	835
Welsh NHS Trusts	514	42
Other NHS	123	18
Welsh Local Authorities	67	119
Other Local Authorities	0	0
Income tax and social security	0	0
Non-NHS trade payables - revenue	2,857	2,061
Non-NHS trade payables - capital	112	256
Rentals due under operating leases	106	137
Pensions: staff	0	22
Accruals	227	1,137
Deferred Income	63	10
Other liabilities - all other payables	0	0
Sub-total	<b>5,413</b>	<b>4,637</b>
<b>Non-current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Income tax and social security	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Rentals due under operating leases	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income	0	0
Other liabilities - all other payables	0	0
Sub-total	<b>0</b>	<b>0</b>
<b>Total</b>	<b>5,413</b>	<b>4,637</b>

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

## Public Health Wales NHS Trust Annual Accounts 2011-12

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<b>24. Borrowings</b>	<b>31 March</b>	<b>31 March</b>
<b>Current</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Non-current</b>		
Bank overdraft - GBS	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 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**

<b>Current</b>	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
Financial liabilities carried at fair value through income statement.	450	0
<b>Non-current</b>		
Financial liabilities carried at fair value through income statement.	1,663	0

**26. Other liabilities**

<b>Current</b>	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
Lease incentives	0	0
PFI asset - deferred credit	0	0
	0	0
	<u>0</u>	<u>0</u>
<b>Non-current</b>		
Lease incentives	0	0
PFI asset - deferred credit	0	0
	0	0
	<u>0</u>	<u>0</u>

## 27. Provisions

2011-12

	At 1 April 2011	Structured settlement cases transferr-ed to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2012
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>										
Clinical negligence	652	0	0	0	0	1,868	(179)	(155)	0	2,186
Personal injury	69	0	0	1	0	12	(38)	0	0	44
All other losses and special payments	0	0	0	0	0	12	(12)	0	0	0
Defence legal fees and other administration	8	0	0	0	0	46	(16)	0		38
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
<b>Total</b>	<b>729</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1,938</b>	<b>(245)</b>	<b>(155)</b>	<b>0</b>	<b>2,268</b>
<b>Non Current</b>										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	1,145	0	0	(1)	0	0	0	(17)	0	1,127
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0		0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
<b>Total</b>	<b>1,145</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17)</b>	<b>0</b>	<b>1,127</b>
<b>TOTAL</b>										
Clinical negligence	652	0	0	0	0	1,868	(179)	(155)	0	2,186
Personal injury	1,214	0	0	0	0	12	(38)	(17)	0	1,171
All other losses and special payments	0	0	0	0	0	12	(12)	0	0	0
Defence legal fees and other administration	8	0	0	0	0	46	(16)	0		38
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
<b>Total</b>	<b>1,874</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,938</b>	<b>(245)</b>	<b>(172)</b>	<b>0</b>	<b>3,395</b>

## Expected timing of cash flows:

Timing period yet to be confirmed

	In the remainder of spending review to 31 March 2015	Between 1 April 2015 and 31 March 2020	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	2,186	0	0	2,186
Personal injury	284	297	589	1,170
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	39	0	0	39
Pensions - former directors	0	0	0	0
Pensions - other staff	0	0	0	0
Restructuring	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>2,509</b>	<b>297</b>	<b>589</b>	<b>3,395</b>

## 27. Provisions (continued)

2010-11

	At 31 March 2010	Structured settlement cases transferr-ed to Risk Pool	Transfer to creditors	Transfer between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2011
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>										
Clinical negligence	270	0	0	0	0	551	(169)	0	0	652
Personal injury	23	0	0	87	0	155	(196)	0	0	69
All other losses and special payments	0	0	0	0	0	10	(10)	0	0	0
Defence legal fees and other administration	14	0	0	0	0	16	(22)	0		8
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	237		0	(237)	0	0	0	0		0
<b>Total</b>	<b>544</b>	<b>0</b>	<b>0</b>	<b>(150)</b>	<b>0</b>	<b>732</b>	<b>(397)</b>	<b>0</b>	<b>0</b>	<b>729</b>
<b>Non Current</b>										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	735	0	410	0	0	0	1,145
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0		0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	585		0	(585)	0	0	0	0		0
<b>Total</b>	<b>585</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,145</b>
<b>TOTAL</b>										
Clinical negligence	270	0	0	0	0	551	(169)	0	0	652
Personal injury	23	0	0	822	0	565	(196)	0	0	1,214
All other losses and special payments	0	0	0	0	0	10	(10)	0	0	0
Defence legal fees and other administration	14	0	0	0	0	16	(22)	0		8
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	822		0	(822)	0	0	0	0		0
<b>Total</b>	<b>1,129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,142</b>	<b>(397)</b>	<b>0</b>	<b>0</b>	<b>1,874</b>

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

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

The "Transfers between Current and Non Current" column has been used to reflect the movement of the Personal Injury Benefit from "Other" to "Personal Injury" category.

## 28. Finance leases

### 28.1 Finance leases obligations (as lessee)

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

The inherent interest rate has been calculated at 2.77%. This has been used to discount the total future minimum lease payments of £2,401k to their present value of £2,113k

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

#### Amounts payable under finance leases:

<b>LAND</b>	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Minimum lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
<b>Total present value of minimum lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

28.1 Finance leases obligations (as lessee) continued

	31 March 2012 £000	31 March 2011 £000
<b>Amounts payable under finance leases:</b>		
<b>BUILDINGS</b>		
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Total minimum lease payments</b>	<b>0</b>	<b>0</b>
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
<b>Total present value of minimum lease payments</b>	<b>0</b>	<b>0</b>
Included in: Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>OTHER</b>		
	31 March 2012 £000	31 March 2011 £000
<b>Minimum lease payments</b>		
Within one year	606	0
Between one and five years	1,795	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Total minimum lease payments</b>	<b>2,401</b>	<b>0</b>
Included in: Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Present value of minimum lease payments</b>		
Within one year	450	0
Between one and five years	1,663	0
After five years	0	0
<b>Total present value of minimum lease payments</b>	<b>2,113</b>	<b>0</b>
Included in: Current borrowings	450	0
Non-current borrowings	1,663	0
<b>Total</b>	<b>2,113</b>	<b>0</b>

## 28.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

### Amounts receivable under finance leases:

	31 March 2012 £000	31 March 2011 £000
<b>Gross investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Gross lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
<b>Total present value of minimum lease payments</b>	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

28.3 Rental Revenue	31 March	31 March
	2012	2011
	£000	£000
Contingent rent	0	0
Other	0	0
<b>Total rental revenue</b>	<b>0</b>	<b>0</b>

Public Health Wales NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during 2011-12.

## 29. Private finance transactions

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

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

**30. 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.

<b>Maturity of financial liabilities</b>	<b>31 March 2012 £000</b>	<b>31 March 2011 £000</b>
In one year	0	0
In more than one year but not more than two years	0	0
In more than two years but not more than five years	0	0
In more than five years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**31. Financial Instruments**

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

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

<b>Financial assets</b>	<b>At "fair value" through I&amp;E £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
NHS receivables	2,259	0	0	2,259
Cash at bank and in hand	2,488	0	0	2,488
Other financial assets	922	0	0	922
<b>Total at 31 March 2011</b>	<b>5,669</b>	<b>0</b>	<b>0</b>	<b>5,669</b>

<b>Financial liabilities</b>	<b>At "fair value" through I&amp;E £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	4,637	0	4,637
<b>Total at 31 March 2011</b>	<b>4,637</b>	<b>0</b>	<b>4,637</b>

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

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

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

## 32. Financial performance targets

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

<b>32.1 Breakeven</b>	<b>2011-12</b>
	<b>£000</b>
Target retained surplus	<b>0</b>
Actual retained surplus	<b>12</b>
Variance	<b>(12)</b>

The in year breakeven target and actual surpluses are £0k and £12k respectively. No deficit was reported for 2010/11, therefore the trust has also met its breakeven duty for the two consecutive years

The Trust has broken even in 2011-12.

<b>32.2 External financing</b>	<b>31 March</b>	<b>31 March</b>
<b>The Trust is given an external financing limit which it is permitted to undershoot</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
External financing limit set by the Welsh Government	<b>3,918</b>	6,000
Cash flow financing	<b>1,706</b>	5,749
Finance leases taken out in the year	<b>2,212</b>	0
Other capital receipts	<b>0</b>	0
External financing requirement	<b>3,918</b>	5,749
Undershoot (overshoot)	<b>0</b>	251

The Trust has achieved its external financing limit.

### 32.3 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:

	<b>2011-12</b>
Total number of non-NHS bills paid 2011-12	<b>19,660</b>
Total number of non-NHS bills paid within target	<b>18,801</b>
Percentage of non-NHS bills paid within target	<b>95.6%</b>

The Trust has met the target.

### 33. Contingencies

#### 33.1 Contingent liabilities

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

	31 March 2012 £000	31 March 2011 £000
Legal claims for alleged medical or employer negligence	296	16
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	0	0
Other (Please specify)	0	0
Total value of disputed claims	<u>296</u>	<u>16</u>
Amount recovered under insurance arrangements in the event of these claims being successful	<u>0</u>	<u>0</u>
Net contingent liability	<u>296</u>	<u>16</u>

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

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

#### 33.2 Contingent assets

The trust has no contingent assets.

### 34. Third party assets

The trust has no Third Party Assets.

### 35. Events after reporting period

There are no events

## 36. 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 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 transactions with the Welsh Government and with other entities for which the Welsh Government is its parent body. In addition, those organisations which have been identified as related parties to board or team members are also listed below.

	£000	£000	£000	£000
Welsh Government	1	72,366	0	(62)
WHSSC	0	306	0	0
Aneurin Bevan LHB	2,624	461	49	234
ABMU LHB	4,214	3,530	158	329
BCU LHB	3,499	2,307	777	206
Cardiff and Vale LHB	2,623	4,612	247	1,236
Cwm Taf LHB	2,623	202	6	69
Hywel Dda LHB	1,616	1,451	30	158
Powys LHB	380	163	75	32
Velindre NHS Trust	1,464	110	514	25
Cardiff University	1,341	1,114	0	0
Bridgend CBC	26	32	0	0
Merthyr Tydfil CBC	2	2	0	0
Food Standards Agency		11		
Dolen Cymru	2	0	0	0
	0	0	0	0
<b>TOTAL</b>	<b>20,415</b>	<b>86,667</b>	<b>1,856</b>	<b>2,227</b>

37. Intra Government balances

	Receivables: Current £000	Receivables: Non-current £000	Payables: Current £000	Payables: Non-current £000
<b>2011-12:</b>				
Welsh Government	-62	0	0	0
Welsh Local Health Boards	2264	0	1,343	0
Welsh NHS Trusts	25	0	514	0
WHSSC	17	0	0	0
All English Health Bodies	26	0	65	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	22	0	0	0
Miscellaneous	2188	0	58	0
Credit note provision	0	0	0	0
<b>Sub total</b>	<b>4,480</b>	<b>0</b>	<b>1,980</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	88	0	69	0
Revenue & Customs	117	0	0	0
Local Authorities	325	0	67	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	483	0	3,297	0
<b>TOTAL</b>	<b>5,493</b>	<b>0</b>	<b>5,413</b>	<b>0</b>

	Receivables: Current £000	Receivables: Non-current £000	Payables: Current £000	Payables: Non-current £000
<b>2010-11:</b>				
Welsh Government	624	0	0	0
Welsh Local Health Boards	697	0	835	0
Welsh NHS Trusts	156	0	42	0
WHSSC	55	0	0	0
All English Health Bodies	4	0	18	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	723	0	0	0
Credit note provision	0	0	0	0
<b>Sub total</b>	<b>2,259</b>	<b>0</b>	<b>895</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	22	0
Revenue & Customs	137	0	0	0
Local Authorities	168	0	119	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	1,188	0	3,601	0
<b>TOTAL</b>	<b>3,752</b>	<b>0</b>	<b>4,637</b>	<b>0</b>

**38. 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 2012		Approved to write-off to 31 March 2012	
	Number	£	Number	£
Clinical negligence	2	179,404	2	179,404
Personal injury	0	0	1	66,000
All other losses and special payments	15	11,847	15	11,847
<b>Total</b>	<b>17</b>	<b>191,251</b>	<b>18</b>	<b>257,251</b>

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

Cases exceeding £250,000	Case reference	Case type	Amounts	Cumulative	Approved to
			paid out in year £	amount £	write-off in year £
			0	0	0
			0	0	0
<b>Sub-total</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>All other cases</b>			191,251	414,652	257,251
<b>Total cases</b>			<b>191,251</b>	<b>414,652</b>	<b>257,251</b>

**39. Pooled budgets**

Public Health Wales NHS trust has no pooled budgets.

#### 40. 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.

**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: ..... 2012 .....Chief Executive

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

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

- apply on a consistent basis accounting policies 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: .....2012

Chairman: .....

Date: .....2012

Chief Executive: .....

Date: .....2012

Director of Finance: .....

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

**NHS TRUSTS**

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

**BASIS OF PREPARATION**

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

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

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

**FORM AND CONTENT**

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

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

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

**MISCELLANEOUS**

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17/6/2010

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

## ANNUAL GOVERNANCE STATEMENT

### 1. SCOPE OF RESPONSIBILITY

The Board is accountable for governance and internal control. As Accountable Officer and Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's 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 organisational executive level management arrangements are fit for purpose and provide effective executive level leadership.

### 2. GOVERNANCE FRAMEWORK

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

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

NHS Trusts in Wales must agree Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the Public Health Wales NHS Trust (Membership and Procedures) Regulations 2009 into day to day operating practice. Together with the adoption of a scheme of decisions reserved for the Board, a scheme of delegations to officers and others, and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Trust.

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

The Board functions as a corporate decision-making body, with Executive Directors and Non-Executive Directors being full and equal members and sharing corporate responsibility for all the decisions of the Board.

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

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

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

- Audit
- Quality and Safety
- Information Governance
- Remuneration

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

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

**2.1. Board members' attendance at Board meetings**

	Board	Audit	Quality & Safety	Information Governance	Remuneration
<b>Non Executive Directors</b>					
Professor Sir Mansel Aylward CB	3*				1*
John Spence	5	3	4	2	4
Dr Carl Clowes	5	5	4	3	4
Terence Rose	2**				1**
Professor Simon Smail	6		4		5
Professor Gareth Williams	5		4		5
Dr Jo Farrar	4	5		3	2
<b>Executive Directors</b>					
Bob Hudson	6	5	2	2	
Huw George	6	5			
Dr Hilary Fielder	5		4	3	
Dr Peter Bradley	2**				
Mark Dickinson	5		3	3	
<b>Total</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>5</b>

\*Professor Sir Mansel Aylward was on sabbatical for a three month period during 2011/12 which means he could only have attended a total of four Board meetings and three Remuneration Committee meetings. John Spence adopted the role of Chair during this period.

\*\* Dr Peter Bradley and Terence Rose were appointed to the Public Health Wales Board in November 2011, so could only have attended a total of two Board meetings. Terence Rose could only have attended a total of one

## **2.2 The Audit Committee**

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

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

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

The Audit Committee met five times during 2011/12 and was quorate on each occasion. The Chair of the Audit Committee provided a report to the Board at the formal Board meeting following each Committee meeting. The Audit Committee also produced an Annual Report of business, which was presented to the Board in October 2011. A copy of the report is available on the Public Health Wales website (<http://www.wales.nhs.uk/sitesplus/888/page/46705>). It has been agreed that Committee agendas and papers will be made public during 2012/13.

## **2.3 The Quality and Safety Committee**

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

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

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

The Quality and Safety Committee met four times during 2011/12 and was quorate on each occasion. The Chair of the Quality and Safety Committee provided a report to the Board at the formal Board meeting following each Committee meeting. The Quality and Safety Committee also produced an Annual Report of business, which was presented to the Board in August 2011. A copy of the report is available on the Public Health Wales website (<http://www.wales.nhs.uk/sitesplus/888/page/46705>). It has been agreed that Committee agendas and papers will be made public during 2012/13.

No settlements were made under the NHS Wales redress scheme during 2011/12.

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## **2.4 The Information Governance Committee**

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

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

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

The Information Governance Committee met three times during 2011/12 and was quorate on each occasion. The Chair of the Information Governance Committee provides a report to the Board at the formal Board meeting following each Committee meeting. Copies of the reports are available on the Public Health Wales website (<http://www.wales.nhs.uk/sitesplus/888/page/46705>). It has been agreed that Committee agendas and papers will be made public during 2012/13.

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 significant incidents are reported fully to the Committee. During 2011/12, Public Health Wales experienced two significant data security lapses; one involving patient information and the other involving disclosure of information. Both of these were managed through Public Health Wales' internal processes.

## **2.5 The Remuneration Committee**

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

The Remuneration Committee met five times during 2011/12 and was quorate on each occasion.

## **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 2012, and up to the date of approval of the Annual Report and Accounts.

### 3.1 Risk Management

The current System of Internal Control is designed to identify and prioritise the risks of the organisation, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Board Secretary leads on Risk Management and on developing and maintaining a sound system for risk management processes. Heads of Divisions manage risk within their respective areas and identified senior staff within each service area have a remit for risk management.

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

The reporting of risks is encouraged and the Risk Management Group has a key role in communicating emerging significant team/departmental risks. Risk management is a standard element within all Public Health Wales job descriptions and states that all staff have a responsibility to fulfil a proactive role towards the management of risk in all their actions. This entails the risk assessment of all situations and taking appropriate actions.

Public Health Wales has developed an organisational Risk Register, which details both operational and management level risks for the organisation. Risks are scored and mitigating actions detailed. Risks are allocated to Executive leads and are reviewed at each meeting of the Risk Management Group. The Risk Register is regularly reviewed by the Executive Team and also reviewed at each meeting of the Quality and Safety Committee, and will be reported at least annually to the Audit Committee and Board.

The Public Health Wales corporate risk register is a log of risks that have the potential to threaten the Trust's delivery of its strategic goals and could have a negative impact on the organisation. The register describes the risk, risk rating and highlights the existing controls. Time is allocated, and the Executive Team is convened to identify strategic risks and appropriate action to mitigate against the risk.

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

The Public Health Wales Quality and Safety Committee and the Audit Committee meet quarterly and are responsible for reviewing the Risk Register in detail. It also provides an opportunity for the identification of any new/raised risks to be discussed. The Information Governance Committee also receives risks associated with the management of Information Governance. The Risk Register is a live document and therefore subject to changes throughout the year.

Public Health Wales staff adhere to risk management policies, which outline the risk assessment process and include the documentary requirements. This is supported by appropriate strategies and policies that are designed to identify, analyse, evaluate, treat and monitor those risks that could prevent Public Health Wales from achieving its objectives. Staff are made aware of how to escalate risks and report incidents through statutory and mandatory training. As part of the implementation of the Datix Risk Management system, which Public Health Wales share with Velindre NHS Trust, key senior staff have received training. This education programme will continue to be rolled out as additional Datix modules are implemented.

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

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

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

As part of this process, the organisation has completed the Governance & Accountability assessment module and achieved the following level of performance for 2012.

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

This process has been subject to independent internal assurance by the organisation's Head of Internal Audit. The organisation has plans in place to achieve the improvement actions identified and within clearly defined timescales proportionate to the risk. The Quality and Safety Committee will be responsible for the monitoring of progress against the HealthCare Standards Improvement Plan. Public Health Wales is represented at the Healthcare Standards Self Assessment Tool User Group.

Public Health Wales embeds the Standards for Health Services within its activities and structures as they develop. In addition, the revised Healthcare Standards are built into relevant Public Health Policies and Procedures as appropriate.

Continuing the self-assessment approach, Public Health Wales also undertakes a self-assessment of the governance arrangements within the organisation. Using the Governance Accountability Module as a guide, assessments are made against a wide range of governance functions and activities. The assessment is completed with the full involvement of the Board. The Board has concluded that, overall, the governance arrangements in place for Public Health Wales are sound and that *'we are developing plans and processes and can demonstrate progress with some of our key areas for improvement'*.

#### **4. STRATEGIC AND CORPORATE PERFORMANCE**

##### **4.1 Board Performance/Assessment**

Public Health Wales has robust arrangements in place to assess the performance of the Board and individual Board members. During 2011/12, the Chair undertook a series of mid and end of year appraisals with Board members, which assessed their performance against a series of national, organisational and personal objectives. These discussions informed a series of informal Board meetings and away days, which provided an opportunity to address development needs and to reflect on the Board and organisation's strategic direction and performance since it was established in 2009.

##### **4.2 Ministerial Directives**

Public Health Wales' programmes and services undertake action at a local, national and global level that significantly contributes to the five year vision for NHS Wales detailed in Together for Health, which was published by the Minister for Health and Social Services in 2011. Public Health Wales contributes to this vision through; the Reproductive and Early Years Pathfinder Project, supporting the delivery of actions detailed in Our Healthy Future and Fairer Health Outcomes for All: Reducing Inequities in Health Strategic Action Plan, maximising the benefits of the Realignment of Delivery Arrangements Project, the 1000 Lives Plus programme and improving health literacy and public knowledge.

##### **4.3 Public Health Strategic Framework**

The Public Health Wales Board approved a Public Health Strategic Framework in August 2011. The framework sets out a number of specific priorities for Public Health Wales, including, to implement the Reproductive and Early Years Pathfinder, strengthen support given to the Directors of Public Health, implement and reconfigure screening programmes and reconfigure microbiology services. An updated framework will be developed and considered by the Board in 2012.

#### **4.4 1000 Lives Plus**

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

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

#### **4.5 Civil Contingencies/Business Continuity**

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

Work is currently underway to develop Public Health Wales' high level sustainable development strategy. The strategy will cover sustainable development in its broadest sense and include information on the work undertaken by Public Health Wales in relation to sustainable communities, international health and the wider determinants of health. The strategy will signpost relevant policies and action plans, including Public Health Wales' Carbon Reduction Action Plan, which is currently being developed.

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

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

#### **4.6 Equality**

Significant work was undertaken during 2011/12 in relation to the development of a Single Equality Scheme for Public Health Wales. As part of this process, specific Board and Executive Team strategic sessions were held to consider the new legislation and the development of the scheme. The new Single Equality Plan has recently been introduced by Public Health Wales, which provided the opportunity to reinforce the organisation's commitment to equality and diversity. The strategic plan sets out the principles of our commitment and outlines practical steps we are taking to put this commitment into practice. For example, all new and revised policies and strategies are now subject to an equality impact assessment.

#### 4.7 Staff

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

On a project by project and issue by issue basis, Public Health Wales engages staff using workshops, briefings, the web, email and increasingly, versions of social media.

Past and present employees of Public Health Wales are covered by the provisions of the NHS Pension Scheme. Note 11 to the accounts provides details of the scheme, how it operates and the entitlement of employees.

#### 5. REVIEW OF EFFECTIVENESS

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

The remit of the Audit and Assurance Service is to:

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

The Internal Audit Assurance Statement and Annual Report for 2011/12 concludes that *'The Board can take reasonable assurance that the arrangements upon which the organisation relies to manage risk, control and governance within those areas under review, and the organisational compliance noted, are suitably designed and applied effectively. However, some issues have been identified that, if not addressed, increase the likelihood of risks materialising'*.

Cardiff and Vale Counter Fraud Service provides a service to Public Health Wales and their work plan for 2011/12 was fulfilled and covered all the requirements under Welsh Government Directions. . They provide regular reports and updates to members of the Executive Team and directly to the Audit Committee. An annual report is provided to the Audit Committee, which also receives the annual report of NHS Protect who undertake a Qualitative Assessment of the Trust. The latest assessment saw the Trust improve its rating.

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

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

## **6 .CONCLUSION**

The overall opinion is that no significant governance issues have been identified and 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.

### **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 2012 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 61 and 62, 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 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 2012 and of its surplus, its recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

### **Opinion on Regularity**

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

### **Opinion on other matters**

In my opinion:

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

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

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

- the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

### **Report**

I have no observations to make on these financial statements.

Huw Vaughan Thomas  
Auditor General for Wales  
27 June 2012

Wales Audit Office  
24 Cathedral Road  
Cardiff