# THE CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES TO THE SENEDD

## OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of Digital Health and Care Wales Special Health Authority for the period ended 31 March 2023 under Section 61 of the Public Audit (Wales) Act 2004.

These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the state of affairs of Digital Health and Care Wales Special Health Authority as at 31 March 2023 and of its net operating costs for the year then ended;
  have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Heath Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

## OPINION ON REGULARITY

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

## BASIS OF OPINIONS

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I are independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Digital Health and Care Wales Special Health Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## OPINION ON OTHER MATTERS

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

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Minsters' directions; and;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with Welsh Ministers' guidance.

## MATTERS ON WHICH I REPORT BY EXCEPTION

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

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Accountability Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## RESPONSIBILITIES OF DIRECTORS AND THE CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for:

- maintaining adequate accounting records;
- the preparation of financial statements and annual report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the annual report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions;
- internal controls as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and Chief Executive anticipate that the services provided by the Authority will not continue to be provided in the future.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service (Wales) Act 2006.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Digital Health and Care Wales Special Health Authority's policies and procedures concerned with:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following area: expenditure recognition and management override of controls;
- Obtaining an understanding of Digital Health and Care Wales Special Health Authority's framework of authority as well as other legal and regulatory frameworks that Digital Health and Care Wales Special Health Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Digital Health and Care Wales Special Health Authority;
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Assurance Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- in addressing the risk of fraud from expenditure recognition, testing the appropriateness of year end accruals and cut-off testing on post year end payments to ensure expenditure was appropriately accrued.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Digital Health and Health Care Wales's controls, and the nature, timing and extent of the audit procedures performed.

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

## OTHER AUDITOR'S RESPONSIBILITIES

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## REPORT

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales
28th July 2023

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

# FINANCIAL STATEMENTS AND NOTES 2022/23

## FOREWORD

These accounts have been prepared by Digital Health and Care Wales, a Welsh Special Health Authority 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 have, with the approval of the Treasury, directed. These accounts cover the period 1 April 2022 to 31 March 2023.

## STATUTORY BACKGROUND

DHCW was established by establishment order 2020 No 1451 (W313) under section 22 of the National Health Service (Wales) Act 2006 ("the Act"), which was made on 7th December 2020 and came into force on the 30th December 2020.

The predecessor body NHS Wales Informatics Services (NWIS) hosted by Velindre University NHS Trust delivered operational activity to 31st March 2021. On 1st April 2021 staff were transferred into DHCW and the organisation became fully operational.

DHCW is the second Special Health Authority within Wales created to take forward the digital transformation needed for better health and care in Wales, making services more accessible and sustainable while supporting personal health and well being.

During the year the Laboratory Informatics Network Cymru (LINC) and Radiology Informatics System Procurement Programme (RISP) transfered to DHCW management arrangements on 1st January 2023, resulting in a capital asset additions of £3,638.

## PERFORMANCE MANAGEMENT AND FINANCIAL RESULTS

DHCW must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result, the Primary Statement of in year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by DHCW which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

DHCW has an annual requirement to achieve a balanced year end position against the Resource and Capital limits set for the year.

Performance against these limits is reported in Note 2 to the financial statements.

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE PERIOD ENDED 31 MARCH 2023

| | Note | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|---|
| General Medical Services | 3.1 | 16,066 | 17,654 |
| Other Operating Expenditure | 3.2 | **134,794** | 113,048 |
| | | **150,860** | 130,720 |
| Less: Miscellaneous Income | 4 | **(46,162)** | (42,777) |
| **Net operating costs before interest and other gains and losses** | | **104,698** | 87,925 |
| Investment Revenue | 5 | **0** | (3) |
| Other (Gains) / Losses | 6 | **0** | 0 |
| Finance costs | 7 | **79** | 0 |
| **Net operating costs for the financial period** | | **104,777** | 87,922 |

See note 2 on page 116 for details of performance against Revenue and Capital allocations.

The notes on pages 105 to 166 form part of these accounts.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| **Non-current assets** | Note | **31 March 2023 £000** | 31 March 2022 £000 |
|---|---|---|---|
| Property, plant and equipment | 11 | **10,356** | 12,170 |
| Right of Use Assets | 11.3 | **2,237** | |
| Intangible assets | 12 | **22,607** | 17,763 |
| Trade and other receivables | 15 | **405** | 371 |
| Other financial assets | 16 | **0** | 0 |
| **Total non-current assets** | | **35,605** | 30,304 |
| **Current assets** | | | |
| Inventories | 14 | **109** | 0 |
| Trade and other receivables | 15 | **21,273** | 13,707 |
| Other financial assets | 16 | **0** | 0 |
| Cash and cash equivalents | 17 | **1,130** | 1,546 |
| | | **22,512** | 15,253 |

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONTINUED)

| | | | |
|---|---|---|---|
| Non-current assets classified as "Held for Sale" | 11.2 | **0** | 0 |
| **Total current assets** | | **22,512** | 15,253 |
| **Total assets** | | **58,117** | 45,557 |
| **Current liabilities** | | | |
| **Trade and other payables** | 18 | **(17,537)** | (15,677) |
| Other financial liabilities | 19 | **0** | 0 |
| Provisions | 20 | **(9,702)** | (267) |
| **Total current liabilities** | | **(27,239)** | (15,944) |
| **Net current assets/ (liabilities)** | | **(4,727)** | (691) |
| **Non-current liabilities** | | | |
| Trade and other payables | 18 | **(1,339)** | 0 |
| Other financial liabilities | 19 | **0** | 0 |
| Provisions | 20 | **0** | 0 |
| **Total non-current liabilities** | | **(1,339)** | 0 |
| **Total assets employed** | | **29,539** | 26,613 |
| | | | |
| **Financed by :** | | | |
| **Taxpayers' equity** | | | |
| General Fund | | **29,478** | 29,580 |
| Revaluation reserve | | **61** | 33 |
| **Total taxpayers' equity** | | **29,539** | 29,613 |

The financial statements on pages 99 to 104 were approved by the Board on 27.07.2023.

Helen Thomas

Chief Executive and Accountable Officer, Digital Health and Care Wales -27th July 2023

The notes on pages 105 to 166 form part of these accounts.

## OTHER COMPREHENSIVE NET EXPENDITURE

| | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|
| Net (gain) / loss on revaluation of property, plant and equipment | (28) | 33 |
| Net (gain) / loss on revaluation of right of use assets | 0 | |
| Net (gain) / loss on revaluation of intangibles | 0 | 0 |
| **(Gain) / loss on other reserves** | 0 | 0 |
| Net (gain) / loss on revaluation of available for sale financial assets | 0 | 0 |
| Impairment and reversals | 0 | 0 |
| Other comprehensive net expenditure for the period | (28) | 33 |
| **Total comprehensive net expenditure for the period** | **104,749** | 87,955 |

The notes on pages 105 to 166 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

| Changes in taxpayers' equity | General Fund £000 | Revaluation Reserve £000 | Total Reserves £000 |
|---|---|---|---|
| Balance b/f as at 31 March | 29,580 | 33 | 29,613 |
| NHS Wales Transfer | 0 | 0 | 0 |
| RoU Asset Transitioning Adjustment | 0 | 0 | 0 |
| **Balance at 1 April 2022** | 29,580 | 33 | **29,613** |
| Net operating cost for the period | (104,777) | | **(104,777)** |
| Net gain/(loss) on revaluation of property, plant and equipment | 0 | 28 | **28** |
| Net gain/(loss) on revaluation of right of use assets | 0 | 0 | **0** |
| Net gain/(loss) on revaluation of intangible assets | 0 | 0 | **0** |
| Net gain/(loss) on revaluation of financial assets | 0 | 0 | **0** |
| Net gain/(loss) on revaluation of assets held for sale | 0 | 0 | **0** |
| Impairments and reversals | 0 | 0 | **0** |
| Other reserve movement | 0 | 0 | **0** |
| Transfers between reserves | 0 | 0 | **0** |
| Release of reserves to SoCNE | 0 | 0 | **0** |
| Transfers to/from (please specify) | 0 | 0 | **0** |
| **Total recognised income and expense for period** | (104,777) | 28 | **(104,749)** |
| Net Welsh Government funding | 102,272 | | **102,272** |
| Welsh Government notional funding | 2,403 | | **2,403** |
| **Balance at 31 March 2023** | 29,478 | 61 | **29,539** |

The notes on pages 105 to 166 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2022

| Changes in taxpayers' equity | General Fund £000 | Revaluation Reserve £000 | Total Reserves £000 |
|---|---|---|---|
| Balance at 30 December 2020 | 0 | 0 | 0 |
| NHS Wales Transfer | 37,705 | 0 | 37,705 |
| RoU Asset Transitioning Adjustment | 0 | 0 | 0 |
| **Balance at 1 April 2021** | 37,705 | 0 | **37,705** |
| Net operating cost for the period | (87,922) | | **(87,922)** |
| Net gain/(loss) on revaluation of property, plant and equipment | 0 | 33 | **33** |
| Net gain/(loss) on revaluation of right of use assets | | | |
| Net gain/(loss) on revaluation of intangible assets | 0 | 0 | **0** |
| Net gain/(loss) on revaluation of financial assets | 0 | 0 | **0** |
| Net gain/(loss) on revaluation of assets held for sale | 0 | 0 | **0** |
| Impairments and reversals | 0 | 0 | **0** |
| Other reserve movement | 0 | 0 | **0** |
| Transfers between reserves | 0 | 0 | **0** |
| Release of reserves to SoCNE | 0 | 0 | **0** |
| Transfers to/from (please specify) | (37,705) | 0 | **(37,705)** |
| **Total recognised income and expense for period** | (125,627) | 33 | **(125,594)** |
| Net Welsh Government funding | 115,500 | | **115,500** |
| Welsh Government notional funding | 2,002 | | **2,002** |
| **Balance at 31 March 2022** | 29,580 | 33 | **29,613** |

The notes on pages 105 to 166 form part of these accounts.

## STATEMENT OF CASH FLOWS FOR PERIOD ENDED 31 MARCH 2023

| Cash Flows from operating activities | Note | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|---|
| Net operating cost for the financial period | | **(104,777)** | (87,922) |
| Movements in Working Capital | 27 | **(5,805)** | (1,196) |
| Other cash flow adjustments | 28 | **22,350** | 21,037 |
| **Provisions utilised** | 20 | **(50)** | 0 |
| Net cash outflow from operating activities | | **(88,282)** | (68,081) |

| Cash Flows from investing activities | Note | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|---|
| Purchase of property, plant and equipment | | (1,742) | (3,425) |
| Proceeds from disposal of property, plant and equipment | | **0** | 0 |
| Purchase of intangible assets | | **(10,994)** | (4,743) |
| **Proceeds from disposal of intangible assets** | | **0** | 0 |
| Payment for other financial assets | | **0** | 0 |
| Proceeds from disposal of other financial assets | | **0** | 0 |
| Payment for other assets | | **0** | 0 |
| Proceeds from disposal of other assets | | **0** | 0 |
| Net cash inflow/(outflow) from investing activities | | **(12,736)** | (8,168) |
| Net cash inflow/(outflow) before financing | | **(101,018)** | (76,249) |

The notes on pages 105 to 166 form part of these accounts.

# NOTES TO THE ACCOUNTS

## 1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Special Health Authorities (SHAs) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2022 23 Manual for Accounts. The accounting policies contained in that manual follow the 2022 23 Financial Reporting Manual (FReM), in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 , to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the 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 SHA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SHA 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. Income and funding

The main source of funding for the SHA are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the SHA. Welsh Government funding is recognised in the financial period in which the cash is received.

Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

Miscellaneous income is income which relates directly to the operating activities of the SHA and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the SHA for the Welsh Government. Income received from LHBs transacting with the SHA is always treated as miscellaneous income.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FREM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. Tinterpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non NHS income may be deferred.

### 1.4. Employee benefits

#### 1.4.1. Short-term 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 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.

#### 1.4.2. 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.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated from 2019 20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts.

Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34.1 within these accounts.

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 NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

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

#### 1.4.3. NEST Pension Scheme

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

### 1.5. Other expenses

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

### 1.6. Property, plant and equipment

#### 1.6.1. 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 NHS
- Wales organisation;
- 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 treated as separate assets and depreciated over their own useful economic lives.

#### 1.6.2. 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.

At the Statement of Financial Position date the building asset held by DHCW relates solely to expenditure on leasehold improvements, which is carried at depreciated cost.

Future asset puchases that are not leasehold improvements will be carried on the following basis:

Land and buildings used for services or for administrative purposes are stated in the Statement of Financial Position (SoFP) at their revalued amounts, being the fair value at the date of revaluation 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 end of the reporting period. Fair values are determined as follows:

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

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales' organisations have applied these new valuation requirements from 1 April 2009.

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.

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.

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

Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure (SoCNE).

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

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

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the NHS organisation or the asset which would prevent access to the market at the reporting date. If the NHS organisation could access the market then the surplus asset should be used at fair value using IFRS 13.

In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

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

### 1.6.3. 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 carrying value of the item replaced is written out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being “replaced” can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

### 1.7. Intangible assets

#### 1.7.1. Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the 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 NHS Wales organisation; 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 use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### Measurement

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

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

### 1.8. Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Wales Organisation expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Wales organisation 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 NHS Wales organisation 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 SoCNE. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE. 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.

### 1.9. 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 SoCNE on a systematic basis over the period expected to benefit from the project.

### 1.10 Non-current assets held for sale

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

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

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 adjusted. The asset is derecognised when it is scrapped or demolished.

### 1.11 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

IFRS 16 leases is effective across public sector from 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the standard have been employed. These are as follows: The entity has applied the practical expedient offered in the standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 leases and IFRIC 4 determining whether an arrangement contains a lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application DHCW has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the standard.
The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application has been employed per paragraph C10 (c) of IFRS 16.
Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2022 will be assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by DHCW in applying IFRS 16.

These include:

- the measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less under paragraph 5 (a) of IFRS 16
- the measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16

The entity will not apply IFRS 16 to any new leases of in tangible assets applying the treatment described in section 1.14 instead.

DHCW is required to apply IFRS 16 to lease like arrangements entered into with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. There are currently no such arrangements in place.

DHCW is required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value. There are currently no such arrangements in place.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

For the lessor leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases.

### 1.11.1 The entity as lessee

**At the commencement date f**or the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. The entity employs a revaluation model for the subsequent measurement of its right of use assets unless cost is considered to be an appropriate proxy for current value in existing use or fair value in line with the accounting policy for owned assets. Where consideration exchanged is identified as below market value, cost is not considered to be an appropriate proxy to value the right of use asset.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

The incremental borrowing rate of 0.95% has been applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset DHCW applies a revised rate to the remaining lease liability.

Where existing leases are modified DHCW must determine whether the arrangement constitutes a separate lease and apply the standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by DHCW.

### 1.11.2 DHCW as lessor

DHCW does not lease out and of its assets and is therefore not a lessor.

### 1.12. Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### 1.13. Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

### 1.14. Provisions

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation 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 the discount rate supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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 NHS Wales organisation 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 NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2022-23 and 2021-22, although no costs were apportioned to the SHA during the year. The WRP is hosted by Velindre NHS Trust.

### 1.15 Discount Rates

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities to be included for the relevant notes. The disclosure should include where possible undiscounted values to demonstrate the impact. An explanation of the source of the discount rate or how the discount rate has been determined to be included.

### 1.16. Financial Instruments

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

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

### 1.17. Financial assets

Financial assets are recognised on the SoFP when the NHS Wales organisation 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.

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

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

#### 1.17.1. Financial assets are initially recognised at fair value

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

#### 1.17.2. Financial assets at fair value through SoCNE

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 SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

#### 1.17.3 Held to maturity investments

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

#### 1.17.4. Available for sale financial assets

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

#### 1.17.5. Loans and receivables

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

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 net carrying amount of the financial asset.

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

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

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

### 1.18. Financial liabilities

Financial liabilities are recognised on the SOFP when the NHS Wales organisation 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.

#### 1.18.1. Financial liabilities are initially recognised at fair value

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

#### 1.18.2. Financial liabilities at fair value through the SoCNE

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 SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

#### 1.18.3. Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. 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.

### 1.19. Value Added Tax (VAT)

Most of the activities of the NHS Wales organisation 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.

### 1.20. Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

1.21. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in the Notes to the accounts.

### 1.22. 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 SoCNE on an accruals basis, including losses which would have been made good through insurance cover had the NHS Wales organisation 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 register which is prepared on a cash basis.

The NHS Wales organisation accounts for all losses and special payments gross (including assistance from the WRP).

The NHS Wales organisation accrues or provides for the best estimate of future pay-outs for certain 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 WRP are included in debtors. For those claims where the probability of settlement is between 5- 50%, the liability is disclosed as a contingent liability.

### 1.23. Pooled budget

In accordance with section 33 of the NHS (Wales) Act 2006, NHS Wales organisations are able to operate pooled budgets with Local Authorities for specific activities defined in the Pooled budget Note.

DHCW SHA has not entered into any pooled budget arrangements,

### 1.24. Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the 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. 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.

### 1.25. Key sources of estimation uncertainty

The are no estimation uncertainties at the SoFP date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 1.26 Private Finance Initiative (PFI) transactions

DHCW has no PFI arrangements.

### 1.27. 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 NHS Wales organisation, 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 NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

### 1.28. Absorption accounting

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

Where there is a transfer of function the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

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

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

IFRS14 Regulatory Deferral Accounts.
Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

### 1.30. Accounting standards issued that have been adopted early

During 2022-2023 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### 1.31. Charities

DHCW has no NHS Charitable Fund.

## 2. Financial Duties Performance

The statutory financial duties of Special Health Authorities are set out in section 172 of the National Health Service (Wales) Act 2006.

Section 172(1) sets out what is referred to as the 'First Financial Duty' - a duty to secure that SHA expenditure does not exceed the aggregate of the funding allotted to it for a financial year. Under the powers of direction in the National Health Service (Wales) Act section 172(6) WHC/2019/004 clarified that the annual statutory financial duty is set separately for revenue and capital resource allocations.

### 2.1 Revenue Resource Performance

| | Financial performance 2022-23<br>£000 |
|---|---|
| **Net operating costs for the period** | 104,777 |
| Less general ophthalmic services expenditure and other non-cash limited expenditure | 0 |
| Less revenue consequences of bringing PFI schemes onto SoFP | 0 |
| Less unfunded revenue consequences of bringing RoU Leases onto SoFP | 0 |
| Total operating expenses | **104,777** |
| Revenue Resource Allocation | **104,981** |
| **Under /(over) spend against Allocation** | **204** |

The SHA has met its financial duty to break-even against its Revenue Resource Limit over the period.

## 2.2 CAPITAL RESOURCE PERFORMANCE

| | Financial performance 2022-23 £000 |
|---|---|
| **Gross capital expenditure** | 11,701 |
| Add: Losses on disposal of donated assets | 0 |
| Less: NBV of property, plant and equipment and intangible assets disposed | 0 |
| Less: capital grants received | 0 |
| Less: donations received | 0 |
| Less IFRS16 Peppercorn income | 0 |
| Less **initial recognition** of RoU Asset Dilapidations | 0 |
| Add: recognition of RoU Assets Dilapidations **on crystallisation** | 0 |
| Charge against Capital Resource Allocation | **11,701** |
| Capital Resource Allocation | **11,789** |
| **(Over) / Underspend against Capital Resource Allocation** | **88** |

The SHA has met its financial duty to break even against its Capital Resource Limit over the period.

### 2.3 Duty to prepare a 1 year plan

The NHS Wales Planning Framework 2022-2025 issued to SHA (Special Health Authority) placed a requirement upon them to prepare and submit an annual plan for 2022-23 to the Welsh Government.

SHA has submitted an annual plan for the period 2022-23 in accordance with NHS Wales Planning Framework, which required Ministerial approval.

### 2.4 Creditor payment

The SHA 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 SHA has achieved the following results:

| | **2022-23** | 2021-22 |
|---|---|---|
| Total number of non-NHS bills paid | **4,074** | 2,995 |
| Total number of non-NHS bills paid within target | **4,006** | 2,908 |
| Percentage of non-NHS bills paid within target | **98.3%** | 97.1% |

**DHCW SHA has met the target.**

## 3. Analysis of gross operating costs

### 3.1 General Medical Services

| | **2022-23 £000** | 30 December 2020 to 31 March 2022 £'000 |
|---|---|---|
| IT Support and Refresh | **4,001** | 3,294 |
| Public Sector Broadband Aggregation | **651** | 2,398 |
| Systems & Services Contract | **5,253** | 6,307 |
| Licences | **3,046** | 2,710 |
| Data Quality System Audit | **442** | 472 |
| Primary Care Services | **2,281** | 2,199 |
| Other Expenditure | **392** | 274 |
| **Total** | **16,006** | 17,654 |

### 3.2 Other Operating Expenditure

| | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|
| Local Health Boards | 7,231 | 4,830 |
| Welsh NHS Trusts | 2,071 | 1,315 |
| Welsh Special Health Authorities | 3 | 10 |
| Goods and services from other NHS bodies | 0 | 0 |
| WHSSC/EASC | 0 | 0 |
| Local Authorities | 1,012 | 19 |
| Purchase of healthcare from non-NHS bodies | 0 | 0 |
| Welsh Government | 0 | 6 |
| Other NHS Trusts | 0 | 0 |
| Directors' costs | 1,369 | 1,208 |
| Operational Staff costs | 50,328 | 40,124 |
| Supplies and services - clinical | 0 | 0 |
| Supplies and services - general | 3,783 | 4,092 |
| Consultancy Services | 742 | 903 |
| Establishment | 1,990 | 6,829 |
| Transport | 52 | 15 |
| Premises | 43,789 | 38,324 |
| External Contractors | 11,596 | 6,191 |
| Depreciation | 3,781 | 3,648 |
| Depreciation (RoU Asset) | 1,765 | |
| Amortisation | 4,911 | 5,288 |
| Fixed asset impairments and reversals (Property, plant & equipment) | 6 | 0 |
| Fixed asset impairments and reversals (RoU Assets) | 0 | |
| Fixed asset impairments and reversals (Intangible assets) | 0 | 0 |
| Impairments & reversals of financial assets | 0 | 0 |
| Impairments & reversals of non-current assets held for sale | 0 | 0 |
| Audit fees | 197 | 216 |
| Other auditors' remuneration | 0 | 0 |
| Losses, special payments and irrecoverable debts | 133 | 15 |
| Research and Development | 0 | 0 |
| Expense related to short-term leases | 0 | 0 |
| Expense related to low-value asset leases (excluding short-term leases) | 0 | |
| Other operating costs | 35 | 15 |
| **Total** | **134,794** | 113,048 |

### 3.3 Losses, special payments and irrecoverable debts: charges to operating expenses

| | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|
| Increase/(decrease) in provision for future payments: Clinical negligence; | | |
| Secondary care | 0 | 0 |
| Primary care | 0 | 0 |
| Redress Secondary care | 0 | 0 |
| Redress Primary care | 0 | 0 |
| Personal injury | 0 | 0 |
| All other losses and special payments | 50 | 1,173 |
| Defence legal fees and other administrative costs | 0 | 0 |
| Gross increase/(decrease) in provision for future payments | **50** | **1,173** |
| Contribution to Welsh Risk Pool | 0 | 0 |
| Premium for other insurance arrangements | 0 | 0 |
| Irrecoverable debts | 96 | 0 |
| **Less:** income received/due from Welsh Risk Pool | 0 | 0 |
| **Total** | **146** | **1,173** |

13k (2022: £1,158k) of losses and special payments is disclosed within Note 3.1 under heading IT Support and Refresh (2022 under heading Systems & Services Contract) and therefore is not disclosed under Losses, special payments and irrecoverable debts heading within Note 3.2

| | 2022-23 £ | 2021-22 £ |
|---|---|---|
| Permanent injury included within personal injury £: | 0 | 0 |

## 4. Miscellaneous Income

| | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|
| Local Health Boards | 36,915 | 30,806 |
| Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC) | 205 | 202 |
| NHS trusts | 7,228 | 5,714 |
| Welsh Special Health Authorities | 685 | 3,524 |
| Foundation Trusts | 0 | 0 |
| Other NHS England bodies | 0 | 12 |
| Other NHS Bodies | 114 | 4 |
| Local authorities | 114 | 1,568 |
| Welsh Government | 84 | 65 |
| Welsh Government Hosted Bodies | 0 | 0 |
| Non NHS: | | |
| Prescription charge income | 0 | 0 |
| Dental fee income | 0 | 0 |
| Private patient income | 0 | 0 |
| Overseas patients (non-reciprocal) | 0 | 0 |
| Injury Costs Recovery (ICR) Scheme | 0 | 0 |
| Other income from activities | 817 | 882 |
| Patient transport services | 0 | 0 |
| Education, training and research | 0 | 0 |
| Charitable and other contributions to expenditure | 0 | 0 |
| Receipt of NWSSP Covid centrally purchased assets | 0 | 0 |
| Receipt of Covid centrally purchased assets from other organisations | 0 | 0 |
| Receipt of donated assets | 0 | 0 |
| Receipt of Government granted assets | 0 | 0 |
| Right of Use Grant (Peppercorn Lease) | 0 | |
| Non-patient care income generation schemes | 0 | 0 |
| NWSSP | 0 | 0 |
| Deferred income released to revenue | 0 | 0 |
| Right of Use Asset Sub-leasing rental income | 0 | |
| Contingent rental income from finance leases | 0 | 0 |
| Rental income from operating leases | 0 | 0 |
| Other income | | |
| Provision of laundry, pathology, payroll services | 0 | 0 |
| Accommodation and catering charges | 0 | 0 |
| Mortuary fees | 0 | 0 |
| Staff payments for use of cars | 0 | 0 |
| Business units | 0 | 0 |
| Scheme Pays Reimbursement Notional | 0 | 0 |
| Other | 0 | 0 |
| **Total** | **46,162** | 42,777 |

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment re personal injury claims

| | 2022-23 % | 2021-22 % |
|---|---|---|
| To reflect expected rates of collection ICR income is subject to a provision for impairment of: | 0.00 | 0.00 |

## 5. Investment Revenue

| | **2022-23** | 30 December 2020 to 31 March 2022 |
|---|---|---|
| | **£000** | £'000 |
| **Rental revenue:** | | |
| PFI Finance lease income | | |
| planned | 0 | 0 |
| contingent | 0 | 0 |
| Other finance lease revenue | 0 | 0 |
| **Interest revenue:** | | |
| Bank accounts | 0 | 3 |
| Other loans and receivables | 0 | 0 |
| Impaired financial assets | 0 | 0 |
| Other financial assets | 0 | 0 |
| **Total** | **0** | 3 |

## 6. Other gains and losses

| | **£000** | £000 |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | 0 | 0 |
| Gain/(loss) on disposal of intangible assets | 0 | 0 |
| Gain/(loss) on disposal of assets held for sale | 0 | 0 |
| Gain/(loss) on disposal of financial assets | 0 | 0 |
| Change on foreign exchange | 0 | 0 |
| Change in fair value of financial assets at fair value through SoCNE | 0 | 0 |
| Change in fair value of financial liabilities at fair value through SoCNE | 0 | 0 |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale | 0 | 0 |
| **Total** | **0** | 0 |

## 7. Finance costs

| | **£000** | £000 |
|---|---|---|
| Interest on loans and overdrafts | 0 | 0 |
| Interest on obligations under finance leases | 0 | 0 |
| Interest on obligations under Right of Use Leases | 79 | |
| Interest on obligations under PFI contracts | | |
| main finance cost | 0 | 0 |
| contingent finance cost | 0 | 0 |
| Interest on late payment of commercial debt | 0 | 0 |
| Other interest expense | 0 | 0 |
| **Total interest expense** | **79** | 0 |
| Provisions unwinding of discount | 0 | 0 |
| Other finance costs | 0 | 0 |
| **Total** | **79** | 0 |

## 8. Future change to SoCNE/Operating Leases

### SHA as lessee

As at 31st March 2023 DHCW SHA had 1 operating lease agreement in place for the leases of premises, 9 arrangements in respect of equipment and 11 in respect of vehicles, with no premises,no equipment and no vehicle leases having expired in year.

| | **Post Implementation of IFRS 16** | | Pre Implementation of IFRS 16 |
|---|---|---|---|
| **Payments recognised as an expense** | **Low Value & Short Term** | **Other** | |
| | **2022-23** | **2022-23** | 2021-22 |
| | **£000** | **£000** | £000 |
| Minimum lease payments | 63 | 0 | 2,296 |
| Contingent rents | 0 | 0 | 0 |
| Sub-lease payments | 0 | 0 | 0 |
| **Total** | **63** | **0** | 2,296 |

| **Total future minimum lease payments** | | | |
|---|---|---|---|
| **Payable** | **£000** | **£000** | £000 |
| Not later than one year | 31 | 0 | 2,363 |
| Between one and five years | 0 | 0 | 0 |
| After 5 years | 0 | 0 | 0 |
| **Total** | **31** | **0** | 5,931 |

As a result of the implementation of IFRS 16 the current year operating lease figures relate to low value and short term leas es only. Previously reported Expenditure £2,246,465 and Minimum lease Payments of £5,891,038 transitioned to the balance sheet as right of use assets

### SHA as lessor

| | **Post Implementation of IFRS 16** | Pre Implementation of IFRS 16 |
|---|---|---|
| **Rental revenue** | **2022-23** | 2021-22 |
| | **£000** | £000 |
| Rent | 0 | 0 |
| Contingent rents | 0 | 0 |
| **Total revenue rental** | **0** | 0 |

| **Total future minimum lease payments** | **2022-23** | 2021-22 |
|---|---|---|
| | **£000** | £000 |
| **Receivable** | | |
| Not later than one year | 0 | 0 |
| Between one and five years | 0 | 0 |
| After 5 years | 0 | 0 |
| **Total revenue rental** | **0** | 0 |

## 9. Employee benefits and staff numbers

### 9.1 Employee costs

| | Permanent Staff | Staff on inward secondment | Agency Staff | Specialist Trainee (SLE) | Other Staff | Total 2022-23 | Total 2021-22 |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Salaries and wages | 42,672 | 593 | 544 | 0 | 0 | **43,809** | 35,860 |
| Social security costs | 4,631 | 0 | 0 | 0 | 0 | **4,631** | 3,678 |
| Employer contributions to NHS Pension Scheme | 7,821 | 0 | 0 | 0 | 0 | **7,821** | 6,467 |
| Other pension costs | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Other employment benefits | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Termination benefits | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| **Total Employee costs** | **55,124** | **593** | **544** | **0** | **0** | **56,261** | 46,005 |

| | | |
|---|---|---|
| **Charged to capital** | **1,525** | 1,905 |
| Charged to revenue | 54,736 | 44,100 |
| | **56,261** | 46,005 |
| Net movement in accrued employee benefits (untaken staff leave) | **(456)** | 708 |
| Covid 19 - Net movement in accrued employee benefits (untaken staff leave) | | 182 |
| Non Covid 19 - Net movement in accrued employee benefits (untaken staff leave) | | 526 |

### 9.2 Average number of employees

| | Permanent Staff | Staff on inward secondment | Agency Staff | Specialist Trainee (SLE) | Other Staff | Total 2022-23 | Total 2021-22 |
|---|---|---|---|---|---|---|---|
| | Number | Number | Number | Number | Number | Number | Number |
| Administrative, clerical and board members | 1,016 | 5 | 9 | 0 | 0 | **1,030** | 890 |
| Medical and dental | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Nursing, midwifery registered | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Professional, Scientific, and technical staff | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Additional Clinical Services | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Allied Health Professions | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Healthcare Scientists | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Estates and Ancilliary | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Students | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| **Total Employee costs** | **1,016** | **5** | **9** | **0** | **0** | **1,030** | 890 |

The average number of employees are calculated from 1 April 2022 to 31 March 2023.

### 9.3. Retirements due to ill-health

| | 2022-23 | 2021-22 |
|---|---|---|
| Number | 1 | 0 |
| Estimated additional pension costs £ | 99,478 | 0 |

The estimated additional pension costs of these ill health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

### 9.4 Employee benefits

DHCW operates four salary sacrifice schemes (childcare vouchers, cycle to work, home electronics and lease cars) for the financial benefit of its employees. It also provides a purchase of annual leave scheme. In addition, staff have access to a non contributory Employee Assistance Programme which provides financial wellbeing support, and a financial wellbeing scheme to provide staff with access to simple financial education, salary deducted loans, and a range of savings and investment products.

### 9.5 Reporting of other compensation schemes - exit packages

| | | | **2022 -2023** | | 2021 -2022 |
|---|---|---|---|---|---|
| **Exit packages cost band (including any special payment element)** | **Number of compulsory redundancies** | **Number of other departures** | **Total number of exit packages** | **Number of departures where special payments have been made** | **Total number of exit packages** |
| | **Whole numbers only** | **Whole numbers only** | **Whole numbers only** | **Whole numbers only** | **Whole numbers only** |
| less than £10,000 | 0 | 0 | 0 | 0 | 0 |
| £10,000 to £25,000 | 0 | 0 | 0 | 0 | 1 |
| £25,000 to £50,000 | 0 | 0 | 0 | 1 | 0 |
| £50,000 to £100,000 | 0 | 0 | 0 | 0 | 0 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **1** | **1** |

| Exit packages cost band (including any special payment element) | Cost of compulsory redundancies | Cost of other departures | Total cost of exit packages | Cost of special element included in exit packages | Total cost of exit packages |
|---|---|---|---|---|---|
| | | | **2022 -2023** | | 2021 -2022 |
| | **£** | **£** | **£** | **£** | **£** |
| less than £10,000 | 0 | 0 | **0** | 0 | 0 |
| £10,000 to £25,000 | 0 | 0 | **0** | 0 | 14,422 |
| £25,000 to £50,000 | 0 | 36,848 | **36,848** | 1 | 0 |
| £50,000 to £100,000 | 0 | 0 | **0** | 0 | 0 |
| £100,000 to £150,000 | 0 | 0 | **0** | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | **0** | 0 | 0 |
| more than £200,000 | 0 | 0 | **0** | 0 | 0 |
| **Total** | **0** | **36,848** | **36,848** | **0** | **14,422** |

| **Exit costs paid in year of departure** | **Total paid in year** | Total paid in year |
|---|---|---|
| | **2022-23** | 2021-22 |
| | **£** | £ |
| Exit costs paid in year | 36,848 | 0 |
| **Total** | 36,848 | 0 |

Redundancy costs are paid in accordance with the NHS Redundancy provisions, other departure costs are paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the SHA has agreed early retirements, the additional costs are met by the SHA and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

### 9.6 Fair Pay disclosures

#### 9.6.1 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director /employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce.

| | **2022 -2023** | **2022 -2023** | **2022 -2023** | 2021 -2022 | 2021 -2022 | 2021 -2022 |
|---|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | £000 | £000 | £000 |
| **Total pay and benefits** | **Chief Executive** | **Employee** | **Ratio** | **Chief Executive** | **Employee** | **Ratio** |
| 25th percentile pay ratio | 152.5 | 33.7 | **4.5:1** | 152.5 | 28.9 | 5.3:1 |
| Median pay | 152.5 | 41.8 | **3.6:1** | 152.5 | 38.5 | 4.0:1 |
| 75th percentile pay ratio | 152.5 | 49.9 | **3.1:1** | 152.5 | 46.9 | 3.3:1 |
| **Salary component of total pay and benefits** | | | | | | |
| 25th percentile pay ratio | 152.5 | 33.4 | | 152.5 | 27.8 | |
| Median pay | 152.5 | 41.2 | | 152.5 | 34.2 | |
| 75th percentile pay ratio | 152.5 | 49.3 | | 152.5 | 45.8 | |

| **Total pay and benefits** | **Highest Paid Director** | **Employee** | **Ratio** | **Highest Paid Director** | **Employee** | **Ratio** |
|---|---|---|---|---|---|---|
| 25th percentile pay ratio | 157.5 | 33.7 | **4.7:1** | 157.5 | 28.9 | 5.4:1 |
| Median pay | 157.5 | 41.8 | **3.8:1** | 157.5 | 38.5 | 4.1:1 |
| 75th percentile pay ratio | 157.5 | 49.9 | **3.2:1** | 157.5 | 46.9 | 3.4:1 |
| **Salary component of total pay and benefits** | | | | | | |
| 25th percentile pay ratio | 157.5 | 33.4 | | 157.5 | 27.8 | |
| Median pay | 157.5 | 41.2 | | 157.5 | 34.2 | |
| 75th percentile pay ratio | 157.5 | 49.3 | | 157.5 | 45.8 | |

In 2022-23, 0 (2021-22, 0) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £22,055 to £158,526 (2021-22, £20,330 to £155,403). The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

### Financial year summary

Between 2021/22 and 2022/23 the median ratio of the workforce and the Chief Executive decreased from 4.0:1 to 3.6:1 and the ratio of the highest paid director decreased from 4.1:1 to 3.8:1. The median for salary component of total pay and benefits is £41,196.82 (£41,805.64 for total pay and benefits) which is top of a band 6 on the agenda for change pay scales.

There were 137 additional staff members in the year, of which 54 were below the median, and 82 above the median which will cause the ratio to decrease.

Pay rates for all employees of DHCW are set nationally, predominately through the Executive and Senior Pay Terms and conditions of service, the Agenda for Change agreement or the Medical & Dental Terms and Conditions of Service. Different awards applied to Medical and Agenda for Change payscales, and also between bands within each sets of terms and conditions, has had an impact on the change in the median pay for staff. In addition, during the year all staff were awarded a 1.5% non-consolidated pay award, which is included in the values in notes 9.6.1 and 9.6.2.

### 9.6.2 Percentage Changes

| | **2021-22 to 2022-23** | 2020-21 to 2021-22 |
|---|---|---|
| % Change from previous financial year | % | % |
| in respect of Chief Executive | | |
| Salary and allowances | 0 | |
| Performance pay and bonuses | 0 | |
| % Change from previous financial year | | |
| in respect of highest paid director | | |
| Salary and allowances | 0 | |
| Performance pay and bonuses | 0 | |

### 9.7 Pension Costs

#### PENSION COSTS

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

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

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

### c) National Employment Savings Trust (NEST)

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

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

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

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,270 for the 2022 -2023 tax year
(2021-2022 £6,240 and £50,000).

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

## 10. Public Sector Payment Policy - Measure of Compliance

### 10.1 Prompt payment code - measure of compliance

The Welsh Government requires that the SHA 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 SHA financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

| | **2022-23** | **2022-23** | 2022-23 | 2022-23 |
|---|---|---|---|---|
| | **Number** | **£000** | Number | £000 |
| **NHS** | | | | |
| Total bills paid | **728** | **15,137** | 450 | 5,727 |
| Total bills paid within target | **693** | **14,142** | 371 | 4,658 |
| Percentage of bills paid within target | **95.2%** | **93.4%** | 82.4% | 81.3% |
| **Non-NHS** | | | | |
| Total bills paid | **4,074** | **107,563** | 2,995 | 83,024 |
| Total bills paid within target | **4,006** | **102,689** | 2,908 | 79,793 |
| Percentage of bills paid within target | **98.3%** | **95.5%** | 97.1% | 96.1% |
| **Total** | | | | |
| Total bills paid | **4,802** | **122,700** | 3,445 | 88.751 |
| Total bills paid within target | **4,699** | **116,831** | 3,279 | 84,751 |
| Percentage of bills paid within target | **97.9%** | **95.2%** | 95.2% | 95.2% |

### 10.2 The Late Payment of Commercial Debts (Interest) Act 1998

| | **2022-23** | 2021-22 |
|---|---|---|
| | **£** | £ |
| Amounts included within finance costs (note 7) from claims made under this legislation | **0** | 0 |
| Compensation paid to cover debt recovery costs under this legislation | **0** | 0 |
| **Total** | **0** | 0 |

## 11. Property, plant and equipment

| | Land £000 | Building excluding dwellings £000 | Dwelling £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| Cost or valuation at 1 April 2022 | 0 | 1,450 | 0 | 1,986 | 201 | 0 | 21,511 | 0 | 25,148 |
| Indexation | 0 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 68 |
| Additions | | | | | | | | | |
| - purchased | 0 | 79 | 0 | 1,261 | (5) | 0 | 458 | 0 | 1,793 |
| - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from/into other organisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | (1,959) | 0 | 0 | 2,111 | 0 | 152 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | (7) | 0 | (7) |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | (2,289) | 0 | (2,289) |
| **At 31 March 2023** | **0** | **1,597** | **0** | **1,288** | **196** | **0** | **21,784** | **0** | **24,865** |

| | Land £000 | Building excluding dwellings £000 | Dwelling £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| Depreciation at 31 March bf | 0 | 868 | 0 | 0 | 69 | 0 | 12,041 | 0 | 12,978 |
| NHS Wales Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of Finance Leases to ROU Asset Note | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation at at 1 April 2022 | 0 | 868 | 0 | 0 | 69 | 0 | 12,041 | 0 | 12,978 |
| Indexation | 0 | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 40 |
| Transfer from/into other organisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | (1) | 0 | (1) |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | (2,289) | 0 | (2,289) |
| Provided during the period | 0 | 160 | 0 | 0 | 40 | 0 | 3,581 | 0 | 3,781 |
| **At 31 March 2023** | 0 | 1,068 | 0 | 0 | 109 | 0 | 13,332 | 0 | 14,509 |
| **Net book value at 1 April 2022** | 0 | 582 | 0 | 1,986 | 132 | 0 | 9,470 | 0 | 12,170 |
| **Net book value at 31 March 2023** | 0 | 529 | 0 | 1,288 | 87 | 0 | 8,452 | 0 | 10,356 |
| **Net book value at 31 March 2023 - comprises :** | | | | | | | | | |
| Purchased | 0 | 529 | 0 | 1,288 | 87 | 0 | 8,452 | 0 | 10,356 |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **At 31 March 2023** | 0 | 529 | 0 | 1,288 | 87 | 0 | 8,452 | 0 | 10,356 |

| Net book value at 31 March 2023 - Asset financing : | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Owned | 0 | 529 | 0 | 1,288 | 87 | 0 | 8,452 | 0 | 10,356 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SoFP PFI contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI residual interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **At 31 March 2023** | **0** | **529** | **0** | **1,288** | **87** | **0** | **8,452** | **0** | **10,356** |

**The net book value of land, buildings and dwellings at 31 March 2023 comprises :**

| | £000 |
|---|---|
| Freehold | 0 |
| Long Leasehold | 0 |
| Short Leasehold | 529 |
| | **529** |

There is a negative £5k Plant & machinery additions purchased during the year relating to a retrospective VAT reclaim.

### 11. 1 Property, plant and equipment

| | Land £000 | Building excluding dwellings £000 | Dwelling £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| Cost or valuation at 1 April 2021 | 0 | 1,428 | 0 | 29 | 172 | 0 | 23,047 | 0 | 24,676 |
| Indexation | 0 | 64 | 0 | 0 | 0 | 0 | 0 | 0 | 64 |
| Additions | | | | | | | | | |
| - purchased | 0 | 2 | 0 | 1,957 | 29 | 0 | 1,900 | 0 | 3,888 |
| - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from/into other organisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | (44) | 0 | 0 | 0 | 0 | (3,436) | 0 | (3,480) |
| **At 31 March 2022** | 0 | 1,450 | 0 | 1,986 | 201 | 0 | 25,511 | 0 | 25,148 |

| | Land £000 | Building excluding dwellings £000 | Dwelling £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| Depreciation at at 1 April 2021 | 0 | 729 | 0 | 0 | 34 | 0 | 12,016 | 0 | 12,779 |
| Indexation | 0 | 31 | 0 | 0 | 0 | 0 | 0 | 0 | 31 |
| Transfer from/into other organisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | (44) | 0 | 0 | 0 | 0 | (3,436) | 0 | (3,480) |
| Provided during the period | 0 | 152 | 0 | 0 | 35 | 0 | 3,461 | 0 | 3,480 |
| **At 31 March 2023** | 0 | 868 | 0 | 0 | 69 | 0 | 12,041 | 0 | 12,978 |
| **Net book value at 1 April 2022** | 0 | 699 | 0 | 29 | 138 | 0 | 11,031 | 0 | 11,897 |
| **Net book value at 31 March 2023** | 0 | 582 | 0 | 1,986 | 132 | 0 | 9,470 | 0 | 12,170 |

**Net book value at 31 March 2022 - comprises :**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Purchased | 0 | 582 | 0 | 1,986 | 132 | 0 | 9,470 | 0 | 12,170 |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **At 31 March 2022** | 0 | 582 | 0 | 1,986 | 132 | 0 | 9,470 | 0 | 12,170 |

### Net book value at 31 March 2022 - Asset financing :

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Owned | 0 | 582 | 0 | 1,986 | 132 | 0 | 9,470 | 0 | 12,170 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SoFP PFI contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI residual interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **At 31 March 2023** | 0 | 582 | 0 | 1,986 | 132 | 0 | 9,470 | 0 | 12,170 |

### The net book value of land, buildings and dwellings at 31 March 2022 comprises :

| | £000 |
|---|---|
| Freehold | 0 |
| Long Leasehold | 0 |
| Short Leasehold | 582 |
| | 582 |

**Additional disclosures re Property, Plant and Equipment Disclosures:**

**i) Donated Assets**

DHCW SHA has not received any donated assets during the year.

**ii) Valuations**

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

**iii) Asset Lives**

Depreciated as follows:

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

**iv) Compensation**

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

**v) Write Downs**

There have not been write downs of asets during the year.

**vi) The SHA 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.

### 11.2 Non-current assets held for sale

| | Land £000 | Buildings, including dwelling £000 | Other property, plant and equipment £000 | Intangible assets £000 | Other assets £000 | Total £000 |
|---|---|---|---|---|---|---|
| **Balance at 1 April 2022** | 0 | 0 | 0 | 0 | 0 | **0** |
| Plus assets classified as held for sale in the period | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets sold in the period | 0 | 0 | 0 | 0 | 0 | **0** |
| Add reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Less impairment of 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** |
| **Balance carried forward 31 March 2023** | **0** | **0** | **0** | **0** | **0** | **0** |
| | | | | | | |
| **Balance at 1 April 2021** | 0 | 0 | 0 | 0 | 0 | **0** |
| Plus assets classified as held for sale in the period | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets sold in the period | 0 | 0 | 0 | 0 | 0 | **0** |
| Add reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Less impairment of 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** |
| **Balance carried forward 31 March 2022** | **0** | **0** | **0** | **0** | **0** | **0** |

**Assets sold in the period -** There were no assets sold in the period.

**Assets classified as held for sale during the period -** No assets were classified as held for sale during 2022-23.

### 11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings below. All are individually insignificant.

| 2022 - 23 | Land £000 | Building excluding dwellings £000 | Dwelling £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| Cost or valuation at 31 March | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease prepayments in relation to RoU Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of Finance Leases from PPE Note | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Leases Transitioning | 0 | 1,853 | 0 | 0 | 0 | 0 | 2,149 | 0 | 4,002 |
| **Cost or valuation at 1 April** | **0** | **1,853** | **0** | **0** | **0** | **0** | **2,149** | **0** | **4,002** |
| Additions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from/into other organisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| De-recognition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **At 31 March** | **0** | **1,853** | **0** | **0** | **0** | **0** | **2,149** | **0** | **4,002** |

| | Land £000 | Building excluding dwellings £000 | Dwelling £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| **Depreciation at at 31 March** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of Finance Leases from PPE Note | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Leases Transitioning | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Depreciation at 1 April** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recognition | 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 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| De-recognition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 541 | 0 | 0 | 0 | 0 | 1,224 | 0 | 1,765 |
| **At 31 March** | 0 | 541 | 0 | 0 | 0 | 0 | 1,224 | 0 | 1,765 |
| **Net book value at 1 April** | 0 | 1,853 | 0 | 0 | 0 | 0 | 2,149 | 0 | 4,002 |
| **Net book value at 31 March** | 0 | 1,312 | 0 | 0 | 0 | 0 | 925 | 0 | 2,237 |

| | Land £000 | Land and Buildings £000 | Buildings £000 | Dwellings £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| **RoU Asset Total Value Split by Lessor** | | | | | | | | | |
| NHS Wales Peppercorn Leases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NHS Wales Market Value Leases | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| Other Public Sector Peppercorn Leases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Public Sector Market Value Leases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private Sector Peppercorn Leases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private Sector Market Value Leases | 0 | 1,308 | 0 | 0 | 0 | 0 | 925 | 0 | 2,233 |
| **Total** | 0 | 1,312 | 0 | 0 | 0 | 0 | 925 | 0 | 2,237 |

## Quantitative disclosures

| Maturity analysis | |
|---|---|
| **Contractual undiscounted cash flows relating to lease liabilities** | **£000** |
| Less than 1 year | 1,044 |
| 2-5 years | 1,200 |
| > 5 years | 219 |
| **Total** | **2,463** |

| **Lease Liabilities (net of irrecoverable VAT)** | **£000** |
|---|---|
| Current | 1,044 |
| Non-Current | 1,419 |
| **Total** | **2,463** |

| **Amounts Recognised in Statement of Comprehensive Net Expenditure** | **£000** |
|---|---|
| Depreciation | 1,765 |
| Impairment | 0 |
| Variable lease payments not included in lease liabilities - Interest expense | 0 |
| Sub-leasing income | 0 |
| Expense related to short-term leases | 0 |
| Expense related to low-value asset leases (excluding short-term leases) | 0 |

| **Amounts Recognised in Statement of Cashflows (net of irrecoverable VAT )** | **£000** |
|---|---|
| Interest expense | 79 |
| Repayments of principal on leases | 1,670 |
| **Total** | **1,749** |

DHCW does not own any buildings. All 7 buidings that DHCW currently occupies are leased. All the leases relating to these buildings are disclosed in the land and buildings section of this note. DHCW also leases racks in two Data Centres. These leases are shown in the Information Technology section of this note.

One of our Data Centre leases expires on 30th June 2023. We are currently negotiating leasing racks in a new area of the Data Centre for a further 5 years from 1st July 2023.

There are a number of other future cashflows that DHCW is exposed to regarding leases that are due to expire that are not currently reflected in the measurement of lease liabilities.

Our lease extension at the National Imaging Academy in Pencoed expires on 30th September 2023. We are currently paying £10 k a year rent for the premises. If the lease on the property is renewed we expect a similar per annum rent to be agreed.

The lease on the Mamhilad site expires on 28th July 2023. DHCW is not planning on renewing this lease.

All other leases are set to continue for the remainder of 2023-24 but there will be future cashflow implications in 2024-25 and beyond for these other leases if or when they are renewed.

There are no restrictions or covenants imposed by any of the leases that require disclosure. DHCW is not currently involved in any sale and leaseback arrangements.

## 12. Intangible non-current assets

| 2022-23 | Software (purchased) £000 | Software (internally generated) £000 | Licences and trademarks £000 | Patents £000 | Development expenditure- internally generated £000 | Assets under Construction £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Cost or valuation at 1 April 2022 | 25,834 | 4,723 | 3,151 | 0 | 0 | 5,673 | 39,381 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 1,723 | 0 | 0 | 0 | (1,875) | (152) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- purchased | 0 | 0 | 0 | 0 | 0 | 3,638 | 3,638 |
| Additions- internally generated | 0 | 1,515 | 0 | 0 | 0 | 4,754 | 6,269 |
| Additions- donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | (2,163) | (123) | (111) | 0 | 0 | 0 | (2,397) |
| Gross cost at 31 March 2023 | 23,671 | 7,838 | 3,040 | 0 | 0 | 12,190 | 46,739 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Amortisation at 1 April 2022** | **16,217** | **2,339** | **3,062** | **0** | **0** | **0** | **21,618** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Provided during the period | 3,671 | 1,151 | 89 | 0 | 0 | 0 | **4,911** |
| Reclassified as held for sale | 0 | 1,515 | 0 | 0 | 0 | 4,754 | **6,269** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals | (2,163) | (123) | (111) | 0 | 0 | 0 | (2,397) |
| **Amortisation at 31 March 2023** | **17,725** | **3,367** | **3,040** | **0** | **0** | **12,190** | **24,132** |
| **Net book value at 1 April 2022** | **9,617** | **2,384** | **89** | **0** | **0** | **5,673** | **17,763** |
| **Net book value at 31 March 2023** | **5,946** | **4,471** | **0** | **0** | **0** | **12,190** | **22,607** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **At 31 March 2023** | | | | | | | |
| Purchased | 5,946 | 0 | 0 | 0 | 0 | 6,537 | **12,483** |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Internally generated | 0 | 4,471 | 0 | 0 | 0 | 5,653 | **10,124** |
| **Total at 31 March 2023** | **5,946** | **4,471** | **0** | **0** | **0** | **12,190** | **22,607** |

## 12.1 Intangible non-current assets

| 2021-22 | Software (purchased) £000 | Software (internally generated) £000 | Licences and trademarks £000 | Patents £000 | Development expenditure- internally generated £000 | Assets under Construction £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Cost or valuation at 1 April 2021** | **37,352** | **4,183** | **3,319** | **0** | **0** | **0** | **44,854** |
| **Revaluation** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Reclassifications** | (77) | (148) | 0 | 0 | 0 | 225 | **0** |
| **Reversal of impairments** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Impairments** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Additions- purchased** | 884 | 0 | 0 | 0 | 0 | 2,674 | **3,558** |
| **Additions- internally generated** | 0 | 743 | 0 | 0 | 0 | 2,774 | **3,517** |
| **Additions- donated** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Additions- government granted** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Reclassified as held for sale** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Transfers** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Disposals** | (12,325) | (55) | (168) | 0 | 0 | 0 | **(12,548)** |
| **Gross cost at 31 March 2022** | **25,834** | **4,723** | **3,151** | **0** | **0** | **5,673** | **39,381** |
| | | | | | | | |
| **Amortisation at 1 April 2021** | 24,344 | 1,528 | 3,006 | 0 | 0 | 0 | **28,878** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Provided during the period | 4,198 | 866 | 224 | 0 | 0 | 0 | **5,288** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals | (12,325) | (55) | (168) | 0 | 0 | 0 | **(12,548)** |
| **Amortisation at 31 March 2022** | 16,217 | 2,339 | 3,062 | 0 | 0 | 0 | **21,618** |
| **Net book value at 1 April 2021** | 13,008 | 2,655 | 313 | 0 | 0 | 0 | **15,976** |
| **Net book value at 31 March 2022** | 9.617 | 2,384 | 89 | 0 | 0 | 5,673 | **17,763** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **At 31 March 2022** | | | | | | | |
| Purchased | 9,617 | 0 | 89 | 0 | 0 | 2,899 | **12,605** |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Internally generated | 0 | 2,384 | 0 | 0 | 0 | 2,774 | **5,158** |
| **Total at 31 March 2023** | 9,617 | 2,384 | 89 | 0 | 0 | 5,673 | **17,763** |

## 13 . Impairments

| | **2022-23** | | | 30 December 2020 to 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Property, plant & equipment £000** | **Rights of Use Assets £000** | **Intangible assets £000** | Property, plant and equipment £000 | Rights of Use Assets £000 | Intangible assets £000 |
| Impairments arising from | 0 | 0 | 0 | 0 | | 0 |
| Loss or damage from normal operations | 0 | 0 | 0 | 0 | | 0 |
| Abandonment in the course of construction | 0 | 0 | 0 | 0 | | 0 |
| Over specification of assets (Gold Plating) | 0 | 0 | 0 | 0 | | 0 |
| Loss as a result of a catastrophe | 0 | 0 | 0 | 0 | | 0 |
| Unforeseen obsolescence | 0 | 0 | 0 | 0 | | 0 |
| Changes in market price | 0 | 0 | 0 | 0 | | 0 |
| Others (specify) | 6 | 0 | 0 | 0 | | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | | 0 |
| **Total of all impairments** | **6** | **0** | **0** | 0 | | 0 |
| **Analysis of impairments charged to reserves in period :** | | | | | | |
| Charged to the Statement of Comprehensive Net Expenditure | 6 | 0 | 0 | 0 | | 0 |
| Charged to Revaluation Reserve | 0 | 0 | 0 | 0 | | 0 |
| | **6** | **0** | **0** | 0 | | 0 |

The impairment shown under other relates to loss of IT Equipment.

## 14 Inventories

| | **31 March 2023** | 30 December 2020 to 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| Drugs | **0** | 0 |
| Consumables | **109** | 0 |
| Energy | **0** | 0 |
| Work in progress | **0** | 0 |
| Other | **0** | 0 |
| **Total** | **109** | 0 |
| Of which held at realisable value | **0** | 0 |

## 14.1 Inventories recognised in expenses

| | **31 March 2023** | 30 December 2020 to 31 March 2022 |
|---|---|---|
| | **£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 |
| **Total** | **0** | 0 |

## 15. Trade and other Receivables

| Current | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | £000 | £000 |
| Welsh Government | 87 | 0 |
| Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC) | 0 | 2 |
| Welsh Health Boards | 962 | 645 |
| Welsh NHS Trusts | 2,617 | 213 |
| Welsh Special Health Authorities | 0 | 6 |
| Non - Welsh Trusts | 340 | 276 |
| Other NHS | 0 | 8 |
| 2019-20 Scheme Pays - Welsh Government Reimbursement | 0 | 0 |
| Welsh Risk Pool Claim Reimbursement; | | |
| NHS Wales Secondary Health Sector | 0 | 0 |
| NHS Wales Primary Sector FLS Reimbursement | 0 | 0 |
| NHS Wales Redress | 0 | 0 |
| Other | 0 | 0 |
| Local Authorities | 53 | 40 |
| Capital debtors - Tangibles | 0 | 62 |
| Capital debtors - Intangibles | 0 | 0 |
| Other debtors | 3,124 | 1,113 |
| Provision for irrecoverable debts | (96) | 0 |
| Pension Prepayments NHS Pensions | 0 | 0 |
| Other prepayments | 14,186 | 11,342 |
| Other accrued income | 0 | 0 |
| **Sub total** | **21,273** | 13,707 |

| Non-current | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | £000 | £000 |
| Welsh Government | 0 | 0 |
| Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC) | 0 | 0 |
| Welsh Health Boards | 0 | 0 |
| Welsh NHS Trusts | 0 | 0 |
| Welsh Special Health Authorities | 0 | 0 |
| Non - Welsh Trusts | 0 | 0 |
| Other NHS | 0 | 0 |
| 2019-20 Scheme Pays - Welsh Government Reimbursement | 0 | 0 |
| Welsh Risk Pool Claim Reimbursement; | | |
| NHS Wales Secondary Health Sector | 0 | 0 |
| NHS Wales Primary Sector FLS Reimbursement | 0 | 0 |
| NHS Wales Redress | 0 | 0 |
| Other | 0 | 0 |
| Local Authorities | 0 | 0 |
| Capital debtors - Tangibles | 0 | 0 |
| Capital debtors - Intangibles | 0 | 0 |
| Other debtors | 0 | 0 |
| Provision for irrecoverable debts | 0 | 0 |
| Pension Prepayments NHS Pensions | 0 | 0 |
| Other prepayments | 1405 | 371 |
| Other accrued income | 0 | 0 |
| **Sub total** | **21,678** | 14,078 |

| Receivables past their due date but not impaired | **31 March 2023** | 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| By up to three months | **314** | 347 |
| By three to six months | **4** | 41 |
| By more than six months | **5** | 47 |
| | **323** | 435 |

| **Expected Credit Losses (ECL) previously Allowance for bad and doubtful debts** | | |
|---|---|---|
| Balance at 1 April | **0** | 0 |
| Transfer to other NHS Wales body | **0** | 0 |
| Amount written off during the period | **0** | 0 |
| Amount recovered during the period | **0** | 0 |
| (Increase) / decrease in receivables impaired | **(96)** | 0 |
| ECL/Bad debts recovered during period | **0** | 0 |
| Balance at 31 March | **(96)** | 0 |

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

| **Receivables VAT** | | |
|---|---|---|
| Trade receivables | **33** | 114 |
| Other | **0** | 0 |
| Total | **33** | 114 |

## 16. Other Financial Assets

| | **31 March 2023 £000** | 31 March 2022 £000 | **31 March 2023 £000** | 31 March 2022 £000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Shares and equity type investments | | | | |
| Held to maturity investments at amortised costs | 0 | 0 | 0 | 0 |
| At fair value through SOCNE | 0 | 0 | 0 | 0 |
| Available for sale at FV | 0 | 0 | 0 | 0 |
| Deposits | 0 | 0 | 0 | 0 |
| Loans | 0 | 0 | 0 | 0 |
| Derivatives | 0 | 0 | 0 | 0 |
| Other (Specify) | | | | |
| Right of Use Asset Finance Sublease | 0 | | 0 | |
| Held to maturity investments at amortised costs | 0 | 0 | 0 | 0 |
| At fair value through SOCNE | 0 | 0 | 0 | 0 |
| Available for sale at FV | 0 | 0 | 0 | 0 |
| **Total** | **0** | 0 | **0** | 0 |

## 17. Cash and cash equivalents

| | **31 March 2023 £000** | 31 March 2022 £000 |
|---|---|---|
| Opening Balance | **1,546** | 0 |
| Net change in cash and cash equivalent balances | **(416)** | 1,546 |
| Balance at 31 March | **1,130** | 1,546 |
| Made up of: | | |
| Cash held at Government Banking Service (GBS) | 1,130 | 1,546 |
| Commercial banks | 0 | 0 |
| Cash in hand | 0 | 0 |
| **Cash and cash equivalents as in Statement of Financial Position** | **1,130** | 1,546 |
| Bank overdraft - GBS | 0 | 0 |
| Bank overdraft - Commercial banks | 0 | 0 |
| **Cash and cash equivalents as in Statement of Cash Flows** | **1,130** | 1,546 |

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

Lease Liabilities £1,749k

PFI liabilities £0k

The movement relates to cash, no comparative information is required by IAS 7 in 2022-23.

## 18. Trade and other Receivables

| **Current** | **31 March 2023** | 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| Welsh Government | 70 | 51 |
| Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC) | 0 | 0 |
| Welsh Health Boards | 861 | 1,413 |
| Welsh NHS Trusts | 784 | 115 |
| Welsh Special Health Authorities | 3 | 0 |
| Other NHS | 136 | 74 |
| Taxation and social security payable / refunds | (3) | 382 |
| Refunds of taxation by HMRC | 0 | (8) |
| VAT payable to HMRC | 0 | 0 |
| Other taxes payable to HMRC | 0 | 0 |
| NI contributions payable to HMRC | 0 | 581 |
| Non-NHS trade payables - revenue | 3,316 | 2,558 |
| Local Authorities | 215 | 1 |
| Capital payables-Tangible | 514 | 525 |
| Capital payables- Intangible | 1,245 | 2,332 |
| Overdraft | 0 | 0 |
| Rentals due under operating leases | 0 | 0 |
| RoU Lease Liability | 992 | |
| Obligations under finance leases, HP contracts | | 0 |
| Imputed finance lease element of on SoFP PFI contracts | 0 | 0 |
| Pensions: staff | 19 | 697 |
| Non NHS Accruals | **9,376** | 6,995 |

| Deferred Income: | | |
|---|---|---|
| Deferred Income brought forward | 0 | 0 |
| Deferred Income Additions | 0 | 0 |
| Transfer to / from current/non current deferred income | 0 | 0 |
| Released to SoCNE | 0 | 0 |
| Other creditors | 0 | 1 |
| PFI assets –deferred credits | 0 | 0 |
| Payments on account | 0 | 0 |
| **Sub total** | **17,537** | 15,677 |

| **Non-current** | **31 March 2023** | 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| Welsh Government | 0 | 0 |
| Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC) | 0 | 0 |
| Welsh Health Boards | 0 | 0 |
| Welsh NHS Trusts | 0 | 0 |
| Welsh Special Health Authorities | 0 | 0 |
| Other NHS | 0 | 0 |
| Taxation and social security payable / refunds | 0 | 0 |
| Refunds of taxation by HMRC | 0 | 0 |
| VAT payable to HMRC | 0 | 0 |
| Other taxes payable to HMRC | 0 | 0 |
| NI contributions payable to HMRC | 0 | 0 |
| Non-NHS trade payables - revenue | 0 | 0 |
| Local Authorities | 0 | 0 |
| Capital payables-Tangible | 0 | 0 |
| Capital payables- Intangible | 0 | 0 |
| Overdraft | 0 | 0 |
| Rentals due under operating leases | 0 | 0 |
| RoU Lease Liability | 1,339 | |
| Obligations under finance leases, HP contracts | | 0 |
| Imputed finance lease element of on SoFP PFI contracts | 0 | 0 |
| Pensions: staff | 0 | 0 |
| Non NHS Accruals | 0 | 0 |

| Deferred Income: | | |
|---|---|---|
| Deferred Income brought forward | 0 | 0 |
| Deferred Income Additions | 0 | 0 |
| Transfer to / from current/non current deferred income | 0 | 0 |
| Released to SoCNE | 0 | 0 |
| Other creditors | 0 | 1 |
| PFI assets –deferred credits | 0 | 0 |
| Payments on account | 0 | 0 |
| **Sub total** | **1,339** | 0 |
| **Total** | **18,876** | 15,677 |

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

| **RoU Lease Liability Transitioning & Transferring** | **£000** |
|---|---|
| RoU liability as at 31 March 2022 | 0 |
| Transfer of Finance Leases from PPE Note | 0 |
| Operating Leases Transitioning | 4,002 |
| RoU Lease liability as at 1 April 2022 | 4,002 |

| **Amounts falling due more than one year are expected to be settled as follows:** | **2022-23** | 2021-22 |
|---|---|---|
| | **£000** | £000 |
| Between one and two years | 314 | 0 |
| Between two and five years | 197 | 0 |
| In five years or more | 139 | 0 |
| Sub-total | **1,339** | 0 |

## 19. Other Financial liabilities

| | Current | | Non-cuurent | |
|---|---|---|---|---|
| | **31 March 2023 £000** | 31 March 2022 £000 | **31 March 2023 £000** | 31 March 2022 £000 |
| **Financial liabilities** | | | | |
| Financial Guarantees: | | | | |
| At amortised cost | **0** | 0 | **0** | 0 |
| At fair value through SOCNE | **0** | 0 | **0** | 0 |
| Derivatives at fair value through SoCNE | **0** | 0 | **0** | 0 |
| Other | | | | |
| At amortised cost | **0** | 0 | **0** | 0 |
| At fair value through SOCNE | **0** | 0 | **0** | 0 |
| **Total** | **0** | 0 | **0** | 0 |

## 20. Provisions

| Current | At 1 April 2022 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors | Transfer between current and non-current | Arising during the period | Utilised during the period | Reversed unused | Unwinding of discount | At 31 March 2023 |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 50 | (50) | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| RoU Asset Dilapidations CAME | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Capital Provisions | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 267 | | 0 | 0 | 9,637 | 0 | (202) | | 9,702 |
| Total | 267 | 0 | 0 | 0 | 9,687 | (50) | (202) | 0 | 9,702 |

| Non-current | At 1 April 2022 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors | Transfer between current and non-current | Arising during the period | Utilised during the period | Reversed unused | Unwinding of discount | At 31 March 2023 |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| RoU Asset Dilapidations CAME | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Capital Provisions | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Total | At 1 April 2022 £000 | Structured settlement cases transferred to Risk Pool £000 | Transfer of provisions to creditors £000 | Transfer between current and non-current £000 | Arising during the period £000 | Utilised during the period £000 | Reversed unused £000 | Unwinding of discount £000 | At 31 March 2023 £000 |
|---|---|---|---|---|---|---|---|---|---|
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 50 | (50) | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| RoU Asset Dilapidations CAME | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Capital Provisions | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 267 | | 0 | 0 | 9,637 | 0 | (202) | | 9,702 |
| Total | 267 | 0 | 0 | 0 | 9,687 | (50) | (202) | 0 | 9,702 |

| Expected timing of cash flows: | in year to 31 March 2024 | Between 1 April 2024 31 March 2028 | Thereafter | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Clinical negligence:- | 0 | 0 | 0 | 0 |
| Secondary care | 0 | 0 | 0 | 0 |
| Primary care | 0 | 0 | 0 | 0 |
| Redress Secondary care | 0 | 0 | 0 | 0 |
| Redress Primary care | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 |
| Pensions relating to former directors | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | 0 | 0 | 0 |
| 2019-20 Scheme Pays - Reimbursement | 0 | 0 | 0 | 0 |
| Restructuring | 0 | 0 | 0 | 0 |
| RoU Asset Dilapidations CAME | 0 | 0 | 0 | 0 |
| Other Capital Provisions | 0 | 0 | 0 | 0 |
| Other | 9,702 | 0 | 0 | 9,702 |
| Total | 9,702 | 0 | 0 | 9,702 |

The provision of £267k held on the balance sheet at 31st March 2022 reflects ongoing contract price negotiations related to software services delivered. This has been reduced to £65K for the same period with an additional £71K arising for 22/23. A further provision has arisen in year in regards to the treatment of recovery of VAT which has yet to be concluded.

| Current | At 1 April 2021 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors | Transfer between current and non-current | Arising during the period | Utilised during the period | Reversed unused | Unwinding of discount | At 31 March 2022 |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | | 0 | 0 | 267 | 0 | 0 | | 267 |
| **Total** | 0 | 0 | 0 | 0 | 267 | 0 | 0 | 0 | 267 |

| Non-current | At 1 April 2021 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors | Transfer between current and non-current | Arising during the period | Utilised during the period | Reversed unused | Unwinding of discount | At 31 March 2022 |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | | 0 |
| **Total** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Total | At 1 April 2021 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors | Transfer between current and non-current | Arising during the period | Utilised during the period | Reversed unused | Unwinding of discount | At 31 March 2022 |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence:- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | | 0 | 0 | 267 | 0 | 0 | | 267 |
| **Total** | 0 | 0 | 0 | 0 | 267 | 0 | 0 | 0 | 267 |

## 21. Contingencies

### 21.1 Contingent liabilities

| Provisions have not been made in these accounts for the following amounts : | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | £000 | £000 |
| Legal claims for alleged medical or employer negligence | 0 | 0 |
| Secondary Care | 0 | 0 |
| Primary Care | 0 | 0 |
| Secondary Care Redress | 0 | 0 |
| Primary Care Redress | 0 | 0 |
| Doubtful debts | 0 | 0 |
| Equal Pay costs | 0 | 0 |
| Defence costs | 0 | 0 |
| Continuing Health Care costs | 0 | 0 |
| Other | 7,425 | 0 |
| Total value of disputed claims | 7,425 | 0 |
| Amounts recovered in the event of claims being successful | 0 | 0 |
| **Net contingent liability** | **7,425** | 0 |

As at 31st March 2023 DHCW have identified a potential contingent liability that may arise in the future. The potential liability of DHCW includes recovery of VAT of an estimated £7.425m to be returned to Welsh NHS organisations in the event that DHCW VAT recovery claim to HMRC is successful.

### 21.2 Remote Contingent liabilities

| Please disclose the values of the following categories of remote contingent liabilities : | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | £000 | £000 |
| Guarantees | 0 | 0 |
| Indemnities | 0 | 0 |
| Letters of Comfort | 0 | 0 |
| **Total** | **0** | 0 |

### 21.3 Contingent assets

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | £000 | £000 |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| **Total** | **0** | 0 |

The Special Health Authority did not hold any contingent assets at the balance sheet date.

## 22 Capital commitments

### Contracted capital commitments

| The disclosure of future capital commitments not already disclosed as liabilities in the accounts. | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | £000 | £000 |
| Property, plant and equipment | 488 | 27 |
| Right of Use Assets | 0 | |
| Intangible assets | 6,118 | 6,224 |
| **Total** | **6,606** | 6,251 |

## 23. Losses and special payments

Losses and special payments are charged to the Statement of Comprehensive Net Expenditure 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.

| **Number of cases and associated amounts paid out during the financial year** | **Amounts paid out during period to 31 March 2023** | |
|---|---|---|
| | **Number** | £ |
| Clinical negligence | 0 | 0 |
| Personal injury | 0 | 0 |
| All other losses and special payments | 2 | 50,124 |
| **Total** | **2** | **50,124** |

### Analysis of cases in excess of £300,000

| | Case Type | In year claims in excess of £300,000 | | Cumulative claims in excess of £300,000 | |
|---|---|---|---|---|---|
| | | Number | £ | Number | £ |
| Cases in excess of £300,000: | | 0 | 0 | 1 | 1,158,400 |
| Sub-total | | 0 | 0 | 1 | 1,158,400 |
| All other cases | | 2 | 50,124 | 3 | 65,416 |
| Total cases | | 2 | 50,124 | 4 | 1,223,816 |

## 24. Right of Use / Finance leases obligations

### 24.1 Obligations (as lessee)

Amounts payable under right of use asset / finance leases:

| **Land** | **Post Implementation of IFRS 16 (RoU) 31 March 2023 £000** | Pre implementation of IFRS 16 (FL) 31 March 2022 £000 |
|---|---|---|
| Minimum lease payments | | |
| Within one year | 0 | 0 |
| Between one and five years | 0 | 0 |
| After five years | 0 | 0 |
| Less finance charges allocated to future periods | **0** | 0 |
| Minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | 0 | 0 |
| Non-current borrowings | 0 | 0 |
| | **0** | 0 |
| **Present value of minimum lease payments** | | |
| Within one year | 0 | 0 |
| Between one and five years | 0 | 0 |
| After five years | 0 | 0 |
| Present value of minimum lease payments | **0** | 0 |
| Minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | 0 | 0 |
| Non-current borrowings | 0 | 0 |
| | **0** | 0 |

Amounts payable under right of use asset / finance leases:

| **Buildings** | **Post Implementation of IFRS 16 (RoU) 31 March 2023 £000** | Pre implementation of IFRS 16 (FL) 31 March 2022 £000 |
|---|---|---|
| **Minimum lease payments** | | |
| Within one year | 547 | 0 |
| Between one and five years | 760 | 0 |
| After five years | 219 | 0 |
| Less finance charges allocated to future periods | (123) | 0 |
| Minimum lease payments | **1,403** | 0 |
| Included in: | | |
| Current borrowings | 500 | 0 |
| Non-current borrowings | 903 | 0 |
| | 1,403 | 0 |
| **Present value of minimum lease payments** | | |
| Within one year | 500 | 0 |
| Between one and five years | 695 | 0 |
| After five years | 208 | 0 |
| Present value of minimum lease payments | **1,403** | 0 |
| Included in: | | |
| Current borrowings | 0 | 0 |
| Non-current borrowings | 0 | 0 |
| | 0 | 0 |

| **Other - Non Property** | **Post Implementation of IFRS 16 (RoU) 31 March 2023 £000** | Pre implementation of IFRS 16 (FL) 31 March 2022 £000 |
|---|---|---|
| **Minimum lease payments** | | |
| Within one year | 497 | 0 |
| Between one and five years | 440 | 0 |
| After five years | 0 | 0 |
| Less finance charges allocated to future periods | (9) | 0 |
| Minimum lease payments | **928** | 0 |
| Included in: | | |
| Current borrowings | 492 | 0 |
| Non-current borrowings | 436 | 0 |
| | 928 | 0 |
| **Present value of minimum lease payments** | | |
| Within one year | **492** | 0 |
| Between one and five years | **436** | 0 |
| After five years | **0** | 0 |
| Present value of minimum lease payments | **928** | 0 |
| Included in: | | |
| Current borrowings | **492** | 0 |
| Non-current borrowings | **436** | 0 |
| | 928 | 0 |

### 24.2 Right of Use Assets / Finance lease receivables (as lessor)

The SHA has no Right of Use assets or Finance Leases receivable as a lessor.

| **Amounts receivable under right of use assets / finance leases:** | **Post Implementation of IFRS 16 (RoU) 31 March 2023 £000** | Pre implementation of IFRS 16 (FL) 31 March 2022 £000 |
|---|---|---|
| **Gross Investment in leases** | | |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Less finance charges allocated to future periods | **0** | 0 |
| Minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |
| **Present value of minimum lease payments** | | |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Present value of minimum lease payments | **0** | 0 |
| Minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |

### 25. Private Finance Initiative contracts

#### 25.1 PFI schemes off-Statement of Financial Position

The SHA has no PFI schemes which are deemed to be on or off the statement of financial position.

### 26. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The SHA is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of lis ted companies, to which these standards mainly apply. The SHA has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the SHA in undertaking its activities.

**Currency risk -** The SHA is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The SHA has no overseas operations and therefore has low exposure to currency rate fluctuations.

**Interest rate risk -** The SHA is not permitted to borrow. The SHA therefore has low exposure to interest rate fluctuations.

**Credit risk -** Because the majority of the SHA funding derives from funds voted by the Welsh Government the SHA has low exposure to credit risk.

**Liquidity risk -** The SHA is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the We lsh Government as the requirement arises. The SHA is not, therefore, exposed to significant liquidity risks.

## 27. Movements in working capital

| Amounts receivable under right of use assets / finance leases: | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|
| (Increase)/decrease in inventories | (109) | 0 |
| (Increase)/decrease in trade and other receivables - non-current | (34) | (371) |
| (Increase)/decrease in trade and other receivables - current | (7,566) | (13,707) |
| Increase/(decrease) in trade and other payables - non-current | 1,339 | 0 |
| Increase/(decrease) in trade and other payables - current | 1,860 | 15,677 |
| **Total** | (4,510) | 1,599 |
| Adjustment for accrual movements in fixed assets - creditors | 1,098 | (2,857) |
| Adjustment for accrual movements in fixed assets - debtors | (62) | 62 |
| Other adjustments | (2,331) | 0 |
| | (5,805) | (1,196) |

## 28. Other cash flow adjustments

| | 2022-23 £000 | 30 December 2020 to 31 March 2022 £000 |
|---|---|---|
| Depreciation | 5,546 | 3,648 |
| Amortisation | 4,911 | 5,288 |
| (Gains)/Loss on Disposal | 0 | 0 |
| Impairments and reversals | 6 | 0 |
| Release of PFI deferred credits | 0 | 0 |
| Donated assets received credited to revenue but non-cash | 0 | 0 |
| Government Grant assets received credited to revenue but non-cash | 0 | 0 |
| Right of Use Grant (Peppercorn Lease) credited to revenue but non cash | 0 | |
| Non-cash movements in provisions | 9,485 | 267 |
| Other movements | 2,402 | 11,834 |
| **Total** | 22,350 | 21,037 |

## 29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 27th July 2023; post the date the financial statements were certified by the Auditor General for Wales.

NHS Wales bodies were notified in a pay circular letter issued on 25th May 2023 by the Welsh Government, of the additional pay arrangements for employees covered by the Agenda for Change terms and conditions in Wales for 2022-23, which will be funded by the Welsh Government.

NHS Wales bodies will make a one off non-consolidated, prorated "recovery payment" for staff employed on the Agenda for Change terms and conditions (this includes most NHS staff including nursing staff but excludes medical staff).

These costs have not been recognised in the 2022-23 financial statements because the obligating event was the publication of the offer agreed with the Minister on 20 April 2023 and therefore post 31st March 2023. The costs will be accounted for in the 2023-24 Annual Accounts of NHS Wales bodies. The estimated cost is £1,115k.

## 30. Related Party Transactions

The Welsh Government is regarded as a related party. During the accounting period SHA has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body:

| Related Party | Expenditure to related party £000 | Amounts owed from related party £000 | Amounts owed to related party £000 | Amounts due from related party £000 |
|---|---|---|---|---|
| Please list all related party transactions to include: | | | | |
| Welsh Government | 287 | 102,394 | 79 | 87 |
| Aneurin Bevan Local Health Board | 1,068 | 6,156 | 231 | 67 |
| Betsi Cadwaladr University Local Health Board | 1,709 | 8,341 | 11 | 112 |
| Cardiff And Vale University Local Health Board | 1,093 | 5,397 | 197 | 81 |
| Cwm Taf Morgannwg Local Health Boa | 1,406 | 5,004 | 31 | 61 |
| Hywel Dda Local Health Board | 667 | 5,033 | 210 | 55 |
| Powys Teaching Local Health Board | 524 | 1,746 | 27 | 533 |
| Swansea Bay University Local Health Board | 1,153 | 5,228 | 184 | 54 |
| Public Health Wales NHS Trust | 4,180 | 3,016 | 304 | 687 |
| Velindre NHS Trust | 1,520 | 4,874 | 449 | 1,930 |
| Welsh Ambulance Services NHS Trust | 149 | 1,081 | 125 | 0 |
| Health Education and Improvement Wales (HEIW) | 3 | 685 | 3 | 0 |
| Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC) | 0 | 205 | 0 | 0 |
| Local Authorities | 1,330 | 114 | 215 | 53 |
| | 15,098 | 149,274 | 2,066 | 3,720 |

| | | | | |
|---|---|---|---|---|
| Welsh Government (Included in above figures) | 287 | 102,394 | 79 | 87 |
| Bangor University | 6 | 0 | 0 | 0 |
| Centre for Digital Public Services | 356 | 0 | 141 | 0 |
| | 649 | 102,394 | 220 | 87 |

Grace Quantock, Independent Member, is a Senior Independent Panel Member at Welsh Government. Ruth Glazzard is a Director of Centre for Digital Public Services, with a 2 day commitment per month. Marian Wyn Jones, Independent Member, is the Chair of Council at Bangor University.

## 31. Third Party assets

The SHA does not hold cash on behalf of third parties.

## 32. Pooled budgets

The SHA does not does not operate any pooled budgets.

## 33. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments. The SHA is deemed to operate as one segment.

## 34. Other Information

### 34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The notional transactions are based on estimated costs for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions as at month eleven and the actual employer staff payments for month 12.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

| Statement of Comprehensive Net Expenditure for the period ended 31 March 2023 | 2022-23 £000 | 2021-22 £000 |
|---|---|---|
| General Medical Services | 0 | 0 |
| Other Operating Expenditure | 2,403 | 2,002 |

| Statement of Changes in Taxpayers' Equity for the period ended 31 March 2023 | 2022-23 £000 | 2021-22 £000 |
|---|---|---|
| Net operating cost for the year | (2,403) | (2,002) |
| Notional Welsh Government Funding | 2,403 | 2,002 |

| Statement of Cash Flows for period ended 31 March 2023 | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Net operating cost for the financial year | (104,777) | (87,922) |
| Other cash flow adjustments | 2,403 | 2,002 |

### 2.1 Revenue Resource Performance

| | | |
|---|---|---|
| Revenue Resource Allocation | 2,403 | 2,002 |

## 3. Analysis of gross operating costs

### 3.1 General Medical Services

| | 2022-23 £000 | 2021-22 £000 |
|---|---|---|
| General Medical Services | 0 | 0 |

### 3.2 Other Operating Expenditure

| | | |
|---|---|---|
| Directors' costs | 41 | 45 |
| Staff costs | 2,362 | 1,957 |

### 9.1 Employee costs

| **Permanent Staff** | | |
|---|---|---|
| Employer contributions to NHS Pension Scheme | 2,403 | 2,002 |
| Charged to capital | 0 | 0 |
| Charged to revenue | 2,403 | 2,002 |

### 18. Trade and other payables

**Current**

| | | |
|---|---|---|
| Pensions: staff | 0 | 0 |

### 28. Other cash flow adjustments

| | | |
|---|---|---|
| Other movements | 2,403 | 2,002 |

### 34.2 Other Information

**Welsh Government Covid 19 Funding**

Details of Covid 19 Pandemic Welsh Government funding amounts provided to NHS Wales bodies:

| **Capital** | 2022-23 | 2021-22 |
|---|---|---|
| | £000 | £000 |
| Capital Funding Field Hospitals and Equipment | | 0 |
| Capital Funding Equipment | | 0 |
| Capital Funding other (Specify) | 0 | 865 |
| **Welsh Government Covid 19 Capital Funding** | **0** | **865** |

**Revenue**

| | | |
|---|---|---|
| Stability Funding | 0 | -46 |
| Covid Recovery | 0 | 0 |
| Cleaning Standards | 0 | 0 |
| PPE (including All Wales Equipment via NWSSP) | 0 | 0 |
| Testing / TTP- Testing & Sampling - Pay & Non Pay | 0 | 0 |
| Tracing / TTP - NHS & LA Tracing - Pay & Non Pay | 3,603 | 5,958 |
| Extended Flu Vaccination / Vaccination - Extended Flu Programme | 0 | 0 |
| Mass Covid-19 Vaccination / Vaccination - COVID-19 | 5,525 | 5,550 |
| Annual Leave Accrual - Increase due to Covid | | 0 |
| Urgent & Emergency Care | 0 | 30 |
| Private Providers Adult Care / Support for Adult Social Care Providers | 0 | 0 |
| Hospices | 0 | 0 |
| Other Mental Health / Mental Health | | 0 |
| Other Primary Care | | 0 |
| Social Care | | 0 |
| Dental Patient charges | 0 | |
| Nosocomial C19 Funding | 0 | |
| Other | 0 | 0 |
| **Welsh Government Covid 19 Revenue Funding** | **9,128** | **11,492** |

2021-22 Other includes - STI

2022-23 Other/Miscellaneous includes - National Antiviral Service, Covid Recovery App - Long Covid, C19 Long Covid 19.

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

**DIGITAL HEALTH AND CARE WALES**

1. Digital Health and Care Wales (DHCW), a special health authority, shall prepare accounts for the financial period 30th December 2020 to 31st March 2022 and subsequent financial years in the form specified in paragraphs 2 to 4 below.

**BASIS OF PREPARATION**

2. The accounts of DHCW shall comply with:

(a) the accounting principles and disclosure requirements of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for that financial year, as detailed in the NHS Wales Manual for Accounts; and

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

3. The accounts shall be prepared so as to:

(a) give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, cash flows and changes in taxpayers' equity for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Senedd Cymru - Welsh Parliament or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts is inconsistent with the requirement to give a true and fair view, the requirements of the FReM as detailed in the NHS Wales Manual for Accounts should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Welsh Government.

Signed by the authority of the Welsh Ministers

Signed:

Dated: 18/01/2022

Steve Elliot, Interim Director of Finance HSS

## UNAUDITED FINANCIAL ACCOUNTABILITY REPORT

The SHA has completed its second year of operation since transitioning from being a hosted body within Velindre NHS Trust to its own statutory Special Health Authority and consequently is required to prepare accounts for the financial period April 1st 2022 to 31 March 2023 and subsequent financial years.

During this time, the organisation has embedded the financial systems, controls, governance and reporting required to meet both statutory requirements and business need within the challenging context of the COVID-19 pandemic. Digital solutions supporting the pandemic response (Test, Trace & Protect and Mass Immunisation scheduling systems) resulted in an additional requirements of £9.128m revenue. Funding from Welsh Government was secured in order to ensure that there was no additional organisational financial impact upon its ability to breakeven.

DHCW also leads the delivery of a number of digital initiatives supported by the Welsh Governments Digital Priority Investment Fund. For 2022/23 the SHA received £31.057m in revenue funding and £9.407m in capital. During the year the Laboratory Informatics Network Cymru (LINC) and Radiology Informatics System Procurement Programme (RISP) transfer to DHCW management arrangements. The financial impact amounted to a capital asset transfer £3.448m for LINC and £0.191m for RISP. From revenue perspective the organisation received DPIF funding of £0.169m (supplemented by NHS contributions totalling £0.294m) and RISP £0.025m (supplemented by contributions of £0.097m from NHS organisation).

The future focus will remain on providing first class digital information and solutions to support effective patient care and citizen services, some will require shifts in technology (such as transition to cloud first services) which will require additional revenue funding for the organisation to meet its financial targets.

## FINANCIAL TARGETS

DHCW was established as a Special Health Authority. The statutory financial duties of Special Health Authorities are set out in section 172 of the National Health Service (Wales) Act 2006.

- Statutory Financial Duties – First Financial Duty

Section 172(1) sets out what is referred to as the 'First Financial Duty' -a duty to secure that DHCW expenditure does not exceed the aggregate of the funding allotted to it for a financial year. Under the powers of direction in the National Health Service (Wales) Act section 172(6) WHC/2019/004 clarified that the annual statutory financial duty is set separately for revenue and capital resource allocations. The entity was dormant for the purposes of accounting, with expenditure incurred by predecessor entities for service provision to the date of transfer, or by Welsh Government for establishment costs. Revenue and Capital resource allocations were issued to DHCW for the period 1 April 2022 to 31 March 2023 and formed the basis of the statutory accounts and comparator/baseline for trend analysis in 2023/24.

### Administrative Financial Duties – Second Financial Duty

The 'Second Financial Duty' for NHS bodies in Wales is the duty to prepare a plan and for that plan to be submitted to and approved by the Welsh Ministers. DHCW must prepare a one-year plan, however, Ministerial approval is not required for this.

## FINANCIAL PERFORMANCE

DHCW is reporting the achievement all financial targets set

- Breakeven duty - DHCW has an annual requirement to achieve a balanced year end position against the Resource and Capital limits set for the year. The SHA reported a revenue surplus of £0.204m (0.14% of total allocation) and capital underspend of £0.088m (0.75% of total allocation) for the financial year therefore achieving its statutory financial duty to achieve financial breakeven.
- The SHA submitted an Annual Plan for the period 2022/2023 in accordance with the NHS Wales Planning Framework.
- Creditor payments - The SHA is required to pay 95% of the number of non- NHS bills within 30 days of the receipt of goods or a valid invoice (whichever is the later). The SHA has met this target, paying 98% of invoices within the required timeframe.