

PART THREE – Annual Accounts

Foreword

These accounts have been prepared by the Local Health Board 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.

Statutory background

Betsi Cadwaladr University Local Health Board was established on 1st October 2009 under Statutory Instrument 2009 No.1558 (W.153) The National Health Service Trusts (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order - 2009. This involved the merger of North Wales NHS Trust, North West Wales NHS Trust, Anglesey Local Health Board, Conwy Local Health Board, Denbighshire Local Health Board, Flintshire Local Health Board, Gwynedd Local Health Board and Wrexham Local Health Board into the new organisation.

The Health Board provides a full range of primary, community, mental health and acute hospital services to the population of North Wales from three main hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Wrexham Maelor Hospital) along with a network of community hospitals, health centres, clinics, mental health units and community team bases. The Health Board also coordinates the work of GP practices and NHS services provided by dentists, opticians and pharmacists in North Wales.

Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2023-24. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

Local Health Boards in Wales 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 the Local Health Board which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

Under the National Health Services Finance (Wales) Act 2014, the annual requirement to achieve balance against Resource Limits has been replaced with a duty to ensure, in a rolling 3 year period, that its aggregate expenditure does not exceed its aggregate approved limits.

The Act came into effect from 1st April 2014 and under the Act the first assessment of the 3 year rolling financial duty took place at the end of 2016-17.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Expenditure on Primary Healthcare Services	3.1	363,541	342,928
Expenditure on healthcare from other providers	3.2	497,627	447,773
Expenditure on Hospital and Community Health Services	3.3	1,460,089	1,356,042
		<u>2,321,257</u>	<u>2,146,743</u>
Less: Miscellaneous Income	4	(162,834)	(155,369)
LHB net operating costs before interest and other gains and losses		2,158,423	1,991,374
Investment Revenue	5	0	0
Other (Gains) / Losses	6	(5)	(16)
Finance costs	7	394	(23)
Net operating costs for the financial year		<u>2,158,812</u>	<u>1,991,335</u>

Details of the Health Board's performance against its revenue and capital allocations over the last three financial periods are provided in Note 2 on page 25A.

The notes on pages 7A to 76A form part of these accounts.

Other Comprehensive Net Expenditure

	2023-24 £000	2022-23 £000
Net (gain) / loss on revaluation of property, plant and equipment	(21,570)	(72,188)
Net (gain)/loss on revaluation of right of use assets	73	0
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	<u>(21,497)</u>	<u>(72,188)</u>
Total comprehensive net expenditure for the year	<u>2,137,315</u>	<u>1,919,147</u>

The notes on pages 7A to 76A form part of these accounts.

Statement of Financial Position as at 31 March 2024

		31 March 2024 £000	31 March 2023 £000
	Notes		
Non-current assets			
Property, plant and equipment	11	689,777	672,558
Right of Use Assets	11.3	34,183	35,314
Intangible assets	12	1,159	1,536
Trade and other receivables	15	84,596	78,888
Other financial assets	16	0	0
Total non-current assets		809,715	788,296
Current assets			
Inventories	14	20,936	20,308
Trade and other receivables	15	107,702	77,387
Other financial assets	16	0	0
Cash and cash equivalents	17	5,027	2,913
		133,665	100,608
Non-current assets classified as "Held for Sale"	11	348	0
Total current assets		134,013	100,608
Total assets		943,728	888,904
Current liabilities			
Trade and other payables	18	(209,642)	(237,833)
Other financial liabilities	19	0	0
Provisions	20	(47,054)	(34,309)
Total current liabilities		(256,696)	(272,142)
Net current assets/ (liabilities)		(122,683)	(171,534)
Non-current liabilities			
Trade and other payables	18	(27,458)	(28,030)
Other financial liabilities	19	0	0
Provisions	20	(85,899)	(76,673)
Total non-current liabilities		(113,357)	(104,703)
Total assets employed		573,675	512,059
Financed by :			
Taxpayers' equity			
General Fund		353,626	304,389
Revaluation reserve		220,049	207,670
Total taxpayers' equity		573,675	512,059

The financial statements on pages 2A to 6A were approved by the Board on 10th July 2024 and signed on its behalf by:

Chief Executive
and Accountable Officer:

Carol Shillabeer

Date: 10th July 2024

The notes on pages 7A to 76A form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2023-24			
Balance as at 31 March 2023	304,389	207,670	512,059
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	(177)	0	(177)
Impact of IFRS 16 on PPP/PFI Liability	0	0	0
Balance at 1 April 2023	304,212	207,670	511,882
Net operating cost for the year	(2,158,812)		(2,158,812)
Net gain/(loss) on revaluation of property, plant and equipment	0	21,570	21,570
Net gain/(loss) on revaluation of right of use assets	0	(73)	(73)
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	9,118	(9,118)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2023-24	(2,149,694)	12,379	(2,137,315)
Net Welsh Government funding	2,155,923		2,155,923
Notional Welsh Government Funding	43,185		43,185
Balance at 31 March 2024	353,626	220,049	573,675

The Notional Welsh Government funding line includes the 6.3% staff employer pension costs and Pensions Annual Allowance Charge Compensation Scheme (PAACCS) costs paid centrally by Welsh Government.

Notional Welsh Government funding split:

Notional 6.3% staff employer pension £43,170,000

Pensions Annual Allowance Charge Compensation Scheme (PAACCS) £15,000

Transfers between reserves relates to the reversal of prior period upward revaluations for non-current assets that were impaired during 2023-24.

The notes on pages 7A to 76A form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2022-23			
Balance at 31 March 2022	298,002	143,332	441,334
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	1,092	0	1,092
Balance at 1 April 2022	<u>299,094</u>	<u>143,332</u>	<u>442,426</u>
Net operating cost for the year	(1,991,335)	-	(1,991,335)
Net gain/(loss) on revaluation of property, plant and equipment	0	72,188	72,188
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	7,850	(7,850)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	100	0	100
Total recognised income and expense for 2022-23	<u>(1,983,385)</u>	<u>64,338</u>	<u>(1,919,047)</u>
Net Welsh Government funding	1,950,306	-	1,950,306
Notional Welsh Government Funding	38,374	-	38,374
Balance at 31 March 2023	<u>304,389</u>	<u>207,670</u>	<u>512,059</u>

The Notional Welsh Government funding line includes the 6.3% staff employer pension costs and Pensions Annual Allowance Charge Compensation Scheme (PAACCS) costs paid centrally by Welsh Government.

Notional Welsh Government funding split:

Notional 6.3% staff employer pension £38,357,000

Pensions Annual Allowance Charge Compensation Scheme (PAACCS) £17,150.

Transfers between reserves represents the balance held in the revaluation reserve for non-current assets as a result of the quinquennial revaluation this financial year.

The notes on pages 7A to 76A form part of these accounts.

Statement of Cash Flows for year ended 31 March 2024

		2023-24 £000	2022-23 £000
Cash Flows from operating activities	Notes		
Net operating cost for the financial year		(2,158,812)	(1,991,335)
Movements in Working Capital	27	(66,181)	(7,018)
Other cash flow adjustments	28	127,598	104,097
Provisions utilised	20	(22,055)	(26,517)
Net cash outflow from operating activities		(2,119,450)	(1,920,773)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(29,364)	(28,749)
Proceeds from disposal of property, plant and equipment		5	16
Purchase of intangible assets		(119)	(933)
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		(29,478)	(29,666)
Net cash inflow/(outflow) before financing		(2,148,928)	(1,950,439)
Cash Flows from financing activities			
Welsh Government funding (including capital)		2,155,923	1,950,306
Capital receipts surrendered		0	0
Capital grants received		0	460
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		(61)	(59)
Capital element of payments in respect of on-SoFP PFI		0	0
Capital element of payments in respect of Right of Use Assets		(4,820)	(4,033)
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		2,151,042	1,946,674
Net increase/(decrease) in cash and cash equivalents		2,114	(3,765)
Cash and cash equivalents (and bank overdrafts) at 1 April 2023		2,913	6,678
Cash and cash equivalents (and bank overdrafts) at 31 March 2024		5,027	2,913

The notes on pages 7A to 76A form part of these accounts.

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHBs) 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 2023-24 Manual for Accounts. The accounting policies contained in that manual follow the 2023-24 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 LHB 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 LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB 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 LHBs are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the LHB. 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 for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. 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 LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs 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. 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 and the Health Board does not routinely permit carry-over of annual leave between leave years for staff on Agenda for Change or Executive and Senior Management contracts.

Staff on Medical and Dental Contracts, where the leave year is not linked to the financial year, may carry forward up to five days annual leave subject to an approval process. In exceptional circumstances where a staff member has been expressly prevented from taking their annual leave entitlement because of service needs or due to long term sickness or maternity then carry-over of leave may be authorised.

In these circumstances the cost of leave earned but not taken by employees at the end of the financial period has been recognised as a liability in the 2023-24 financial statements.

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 1st 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 the Other Note 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.

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 1st 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.

In 2022-23 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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.

1.7.2 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 therefrom 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 1st 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 the LHB 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 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 the LHB 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 LHB will not apply IFRS 16 to any new leases of intangible assets, applying the treatment described in section 1.7 instead.

The LHB 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. Prior to accounting for such arrangements under IFRS 16 the LHB has assessed that in all other respects these arrangements meet the definition of a lease under the standard.

The LHB 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.

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 for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. The LHB 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% 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 the LHB applies a revised rate to the remaining lease liability.

Where existing leases are modified the LHB 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 the LHB.

1.11.2 Betsi Cadwaladr University LHB as lessor (where relevant)

A lessor shall classify each of its leases as an operating or finance lease. A lease is classified as finance lease when the lease substantially transfers all the risks and rewards incidental to ownership of an underlying asset. Where substantially all the risks and rewards are not transferred, a lease is classified as an operating lease.

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

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

Where the LHB is an intermediate lessor, being a lessor and a lessee regarding the same underlying asset, classification of the sublease is required to be made by the intermediate lessor considering the term of the arrangement and the nature of the right of use asset arising from the head lease.

On transition the LHB has reassessed the classification of all of its continuing subleasing arrangements to include peppercorn leases.

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 three 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 LHB has a present legal or constructive obligation as a result of a past event, it is probable that the LHB 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 LHB 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 LHB 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 2023-24. The WRPS is hosted by Velindre University NHS Trust.

1.14.2 Future Liability Scheme (FLS) - General Medical Practice Indemnity (GMPI)

The FLS is a state backed scheme to provide clinical negligence General Medical Practice Indemnity (GMPI) for providers of GMP services in Wales.

In March 2019, the Minister issued a Direction to Velindre University NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 1st April 2019.

GMP Service Providers are not direct members of the GMPI FLS, their qualifying liabilities are the subject of an arrangement between them and their relevant LHB, which is a member of the scheme. The qualifying reimbursements to the LHB are not subject to the £25,000 excess.

1.15 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.

1.16 Financial assets

Financial assets are recognised on the SoFP when the LHB 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.

1.16.1 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.

1.16.2 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.

1.16.3 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.

1.16.4 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.

1.16.5 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 LHB 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.

1.17 Financial liabilities

Financial liabilities are recognised on the SOFP when the LHB 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.

1.17.1 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.

1.17.2 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.

1.17.3 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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 LHB 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 LHB accounts for all losses and special payments gross (including assistance from the WRP).

The LHB 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.

1.22 Pooled budgets

The LHB has entered into pooled budget arrangements with local authorities across North Wales. Under these arrangements funds are pooled in accordance with Section 33 of the NHS (Wales) Act 2006 for specific activities as detailed in Note 32 - Pooled budgets.

The LHB accounts for its share of the assets, liabilities, income and expenditure from these activities in accordance with each pooled budget's arrangements.

1.23 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.

1.24 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty 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.

Significant estimations are made in relation to on-going clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these claims would be recoverable through the Welsh Risk Pool.

Significant estimations are also made for continuing care costs resulting from claims post 1st April 2003. An assessment of likely outcomes, potential liabilities and timings of these claims are made on a case by case basis. Material changes associated with these claims would be adjusted in the period in which they are revised.

Estimates are also made for contracted primary care services. These estimates are based on the latest payment levels. Changes associated with these liabilities are adjusted in the following reporting period.

1.24.1 Provisions

The LHB provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the NHS Wales organisation, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

1.24.2 Probable & Certain Cases – Accounting Treatment

A provision for these cases is calculated in accordance with IAS 37. Cases are assessed and divided into four categories according to their probability of settlement;

Remote	Probability of Settlement Accounting Treatment	0 - 5% Remote Contingent Liability
Possible	Probability of Settlement Accounting Treatment	6% - 49% Defence Fee - Provision Contingent Liability for all other estimated expenditure
Probable	Probability of Settlement Accounting Treatment	50% - 94% Full Provision
Certain	Probability of Settlement Accounting Treatment	95% - 100% Full Provision

The provision for probable and certain cases is based on case estimates of individual reported claims received by Legal & Risk Services within NHS Wales Shared Services Partnership.

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.25%.

Future liabilities for certain & probable cases with a probability of 95%-100% and 50%- 94% respectively are held as a provision on the balance sheet. Cases typically take a number of years to settle, particularly for high value cases where a period of development is necessary to establish the full extent of the injury caused.

1.25 Discount Rates

The LHB applies discount rates provided by H M Treasury's Public Expenditure System (PES) to provisions for post employment benefits reported in Note 20 Provisions on pages 56A, 57A and 58A. The relevant discount rate for 2023-24 is 2.45% (2022-23 - 1.7%)

The impact of unwinding of discounts is reported in Note 7 Finance Costs on page 32A.

1.26 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The LHB therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- Payment for the fair value of services received;
- Payment for the PFI asset, including finance costs; and
- Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

1.26.1 Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.26.2 PFI asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the LHB's approach for each relevant class of asset in accordance with the principles of IAS 16.

1.26.3 PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the SoCNE.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the SoCNE.

1.26.4 Impact of IFRS 16 on on-balance sheet PFI/PPP Schemes as from 1st April 2023

On-balance sheet PPP arrangements should be based on IFRS 16 accounting principles from 2023-24.

When measuring the liability for on-balance sheet PPP contracts containing capital payments linked to a price index IFRS 16 requires that a lessee shall remeasure the lease liability where there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The lessee shall remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

Initial remeasurement - the future PPP liability will need to be remeasured at 1st April 2023 to include the actual indexation-linked changes to payments for the capital/infrastructure element which have taken effect in the cash flows since the PPP agreement commenced. This should use a cumulative catch-up approach, where the cumulative effect is recognised as an adjustment to the opening balance of retained earnings.

Subsequent measurement - The PPP liability will continue to require remeasurements whenever cash payments change in response to indexation movements as set out in the individual PPP contract. The double entry for the subsequent liability remeasurement should be Debit Finance Cost, Credit PPP liability.

The liability does not include estimated future indexation linked increases.

1.26.5 Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the LHB's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.26.6 Assets contributed by the NHS Wales organisation to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the LHB's SoFP.

1.26.7 Other assets contributed by the NHS Wales organisation to the operator

Assets contributed (e.g. cash payments, surplus property) by the LHB to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the LHB, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the NHS Wales organisation through the asset being made available to third party users.

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 LHB, 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 LHB. 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 transfer of function is between LHBs 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 1st January 2016. Therefore not applicable.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1st January 2023, Standard is not yet adopted by the FReM which is expected to be from April 2025: early adoption is not permitted.

1.30 Accounting standards issued that have been adopted early

During 2023-24 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

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1st April 2013, the LHB has established that as it is the corporate trustee of the linked charity "Betsi Cadwaladr University Health Board and Other Related Charities", it is considered for accounting standards compliance to have control of the Charity as a subsidiary. It is therefore required to consolidate the results of the Charity within the statutory accounts of the LHB.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Charity or its independence in its management of charitable funds.

However, the LHB has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts.

Details of the transactions with the Charity are included in Note 30 Related Party Transactions.

2. Financial Duties Performance

The National Health Service Finance (Wales) Act 2014 came into effect from 1st April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1st April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years;
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The first assessment of performance against the 3 year statutory duty under section 175 (1) was at the end of 2016-17, being the first 3 year period of assessment.

Welsh Health Circular WHC/2016/054 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" clarifies the statutory financial duties of NHS Wales bodies effective from 2016-17.

2.1 Revenue Resource Performance

	Annual financial performance			
	2021-22 £000	2022-23 £000	2023-24 £000	Total £000
Net operating costs for the year	1,873,353	1,991,335	2,158,812	6,023,500
Less general ophthalmic services expenditure and other non-cash limited expenditure	637	1,790	1,777	4,204
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Less any non funded revenue consequences of IFRS 16	0	0	0	0
Total operating expenses	1,873,990	1,993,125	2,160,589	6,027,704
Revenue Resource Allocation	1,874,279	1,993,514	2,136,242	6,004,035
Under /(over) spend against Allocation	289	389	(24,347)	(23,669)

Betsi Cadwaladr University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2021-22 to 2023-24.

The Health Board received £27.000m cash-only support from Welsh Government during 2023-24 with the accumulated cash-only support as at 31st March 2024 being £176.694m. This support has been provided by Welsh Government to assist the Health Board with making payments to staff and suppliers; there is no requirement for this funding to be repaid.

2.2 Capital Resource Performance

	2021-22	2022-23	2023-24	Total
	£000	£000	£000	£000
Gross capital expenditure	47,598	29,683	34,855	112,136
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment, right of use and intangible assets	(513)	0	0	(513)
Less capital grants received	(779)	0	0	(779)
Less donations received	(442)	(460)	(566)	(1,468)
Less IFRS16 Peppercorn income	0	0	0	0
Less initial recognition of RoU Asset Dilapidations	0	0	0	0
Charge against Capital Resource Allocation	45,864	29,223	34,289	109,376
Capital Resource Allocation	45,886	29,252	34,483	109,621
(Over) / Underspend against Capital Resource Allocation	22	29	194	245

Betsi Cadwaladr University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2021-22 to 2023-24.

2.3 Duty to prepare a 3 year integrated plan

The Health Board is required to develop an Integrated Medium Term Plan (IMTP), which is financially balanced, under the requirements of the NHS Finance (Wales) Act 2014. The development of a three year IMTP aligned with national and Health Board strategies was also a key element within the Targeted Improvement framework.

The Health Board confirmed to Welsh Government via an Accountable Officer letter it was unable to fulfil its statutory duty to produce a three year IMTP, being unable to deliver financial balance over a three-year period. In addition, whilst addressing the Ministerial Priorities set out in the NHS Wales Planning Framework, the Health Board was unable to achieve all the required performance targets. The Health Board instead submitted an Annual Plan for 2023-24, focused on stabilisation and recovery.

Therefore, in line with section 175(2) of the National Health Service (Wales) Act 2006 (as amended by NHS Finance (Wales) Act 2014) and the NHS Wales Planning Framework, the organisation failed to meet its statutory duty to prepare a 3 year integrated plan.

The Minister for Health and Social Services extant approval

Status

Not Approved

Date

Not Applicable

Betsi Cadwaladr University LHB has not therefore met its statutory duty to have an approved financial plan.

2.4 Creditor payment

The LHB 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 LHB has achieved the following results:

	2023-24	2022-23
Total number of non-NHS bills paid	415,369	389,329
Total number of non-NHS bills paid within target	392,504	370,046
Percentage of non-NHS bills paid within target	94.5%	95.0%

The LHB has **not** met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	2023-24 Total £000	2022-23 Total £000
General Medical Services	155,174		155,174	146,147
Pharmaceutical Services	36,186	(9,540)	26,646	25,264
General Dental Services	35,759		35,759	38,398
General Ophthalmic Services	2,425	7,763	10,188	8,190
Other Primary Health Care expenditure	5,551		5,551	4,110
Prescribed drugs and appliances	130,223		130,223	120,819
Total	365,318	(1,777)	363,541	342,928

Note 3.1 Expenditure on Primary Healthcare Services includes £35,202,000 (2022-23 £31,025,000) expenditure in respect of pay costs as follows:

General Medical Services £30,450,000 (2022-23 £27,099,000)

Pharmaceutical Services £197,000 (2022-23 £190,000)

General Dental Services £925,000 (2022-23 £1,016,000)

Other Primary Health Care expenditure £3,630,000 (2022-23 £2,720,000).

3.2 Expenditure on health care from other providers

	2023-24 £000	2022-23 £000
Goods and services from other NHS Wales Health Boards	7,077	6,632
Goods and services from other NHS Wales Trusts	10,451	8,826
Goods and services from Welsh Special Health Authorities	0	0
Goods and services from other non Welsh NHS bodies	87,837	70,091
Goods and services from WHSSC / EASC	242,659	226,704
Local Authorities	0	3,253
Voluntary organisations	11,151	10,704
NHS Funded Nursing Care	7,990	7,780
Continuing Care	120,100	99,614
Private providers	10,362	14,169
Specific projects funded by the Welsh Government	0	0
Other	0	0
Total	497,627	447,773

Local authorities expenditure of £3,253,000 during 2022-23 related to expenditure incurred on healthcare in response to the Covid-19 pandemic, including the Test, Trace, Protect (TTP) Regional Cell and support in Mass Vaccination Centres. No local authority expenditure was incurred for these activities during 2023-24.

3.3 Expenditure on Hospital and Community Health Services

	2023-24	2022-23
	£000	£000
Directors' costs	2,386	2,231
Operational Staff costs	1,067,678	978,581
Single lead employer Staff Trainee Cost	33,338	30,934
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	171,807	150,049
Supplies and services - general	56,811	56,008
Consultancy Services	805	2,403
Establishment	13,839	10,531
Transport	4,392	4,584
Premises	62,041	64,487
External Contractors	0	0
Depreciation	38,684	37,805
Depreciation Right of Use assets (RoU)	5,038	4,311
Amortisation	485	362
Fixed asset impairments and reversals (Property, plant & equipment)	(4,396)	251
Fixed asset impairments and reversals (RoU Assets)	579	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	636	462
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	(1,788)	5,641
Research and Development	646	659
Expense related to short-term leases	201	212
Expense related to low-value asset leases (excluding short-term leases)	774	318
Other operating expenses	6,133	6,213
Total	1,460,089	1,356,042

Fixed asset impairments and reversals (Property, plant & equipment) in Note 3.3 includes a credit of £8,482,000 (2022-23 £15,191,000) in respect of the reversal of impairments charged to expenditure in previous periods. The value of impairment reversals is also reported in the Cost or valuation section of Note 11.1 Property, plant and equipment on page 39A of these accounts.

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

	2023-24	2022-23
	£000	£000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	45,580	23,813
Primary care	40	49
Redress Secondary Care	356	110
Redress Primary Care	0	0
Personal injury	1,753	(720)
All other losses and special payments	(4,056)	4,441
Defence legal fees and other administrative costs	1,292	1,726
Gross increase/(decrease) in provision for future payments	44,965	29,419
Contribution to Welsh Risk Pool	10	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	405	(117)
Less: income received/due from Welsh Risk Pool	(47,168)	(23,661)
Total	(1,788)	5,641
	2023-24	2022-23
	£	£
Permanent injury included within personal injury £:	243,632	(963,197)

4. Miscellaneous Income

	2023-24 £000	2022-23 £000
Local Health Boards	6,186	5,983
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	51,207	47,455
NHS Wales trusts	6,947	6,914
Welsh Special Health Authorities	22,741	20,569
Foundation Trusts	1,020	1,213
Other NHS England bodies	17,964	18,407
Other NHS Bodies	521	421
Local authorities	13,205	13,949
Welsh Government	2,402	2,503
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	17	16
Dental fee income	3,963	4,312
Private patient income	646	644
Overseas patients (non-reciprocal)	155	122
Injury Costs Recovery (ICR) Scheme	1,225	950
Other income from activities	15,948	15,900
Patient transport services	0	0
Education, training and research	7,022	6,077
Charitable and other contributions to expenditure	1,905	1,041
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	460
Receipt of Government granted assets	0	0
Right of Use Grant (Peppercorn Lease)	0	0
Non-patient care income generation schemes	256	318
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	41	36
Right of Use Asset Sub-leasing rental income	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	311	339
Other income:		
Provision of laundry, pathology, payroll services	159	140
Accommodation and catering charges	4,015	3,179
Mortuary fees	396	403
Staff payments for use of cars	826	888
Business Unit	0	0
Scheme Pays Reimbursement Notional	60	(1,109)
Other	3,696	4,239
Total	162,834	155,369
Other income Includes;		
Staff recharges not included in other lines	1,228	1,281
VAT recovery on salary sacrifice schemes	0	368
Movement in Expected Credit Losses (ECLs) on invoiced income	(352)	112
Other	2,820	2,478
	0	0
	0	0
	0	0
Total	3,696	4,239

Injury Cost Recovery (ICR) Scheme income

	2023-24	2022-23
	%	%
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.07	23.76

Injury Cost Recovery (ICR) Scheme

Whilst Injury Cost Recovery (ICR) Scheme income is generally subject to a provision for impairment of 23.07% to reflect expected rates of collection, the Health Board has further increased the provision impairment rate on specific aged cases in order to reflect the additional risk of potential non-recovery.

Charitable and other contributions to expenditure of £1,905,000 during 2023-24 includes £1,339,000 for revenue expenditure and £566,000 for the purchase of items of capital expenditure.

5. Investment Revenue

	2023-24	2022-23
	£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	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2023-24	2022-23
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	5	16
Gain/(loss) on disposal other than by sale of right of use assets assets	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	5	16

7. Finance costs

	2023-24	2022-23
	£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	309	0
Interest on obligations under PFI contracts;		
main finance cost	29	31
contingent finance cost	0	0
Impact of IFRS 16 on PPP/PFI contracts	0	0
Interest on late payment of commercial debt	7	1
Other interest expense	0	0
Total interest expense	345	32
Provisions unwinding of discount	49	(55)
Other finance costs	0	0
Total	394	(23)

Total interest on obligations under Right of Use Leases during the year was £393,000 of which £309,000 is included in Note 7 Finance Costs above, with the balance of £84,000 included in Note 3.1 Expenditure on Primary Healthcare Services.

8. Future charges to Statement of Comprehensive Net Expenditure (SoCNE)

LHB as lessee

As at 31st March 2024 the Health Board had 2,324 leases agreements in place; 846 arrangements in respect of equipment and 1,478 in respect of vehicles, with 125 equipment and 283 vehicle leases having expired in year.

The periods in which the remaining agreements will expire are shown below:

	2023-24	2023-24	2023-24	2022-23
	Low Value & Short Term	Other	Total	Total
Payments recognised as an expense				
	£000	£000	£000	£000
Minimum lease payments	6,219	0	6,219	6,651
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
Total	6,219	0	6,219	6,651
Total future minimum lease payments				
Payable	£000	£000	£000	£000
Not later than one year	5,797	0	5,797	4,893
Between one and five years	5,677	0	5,677	2,991
After 5 years	0	0	0	361
Total	11,474	0	11,474	8,245

LHB as lessor

	2023-24	2022-23
Rental revenue	£000	£000
Rent	253	345
Contingent rents	0	0
Total revenue rental	253	345
Total future minimum lease payments		
Receivable	£000	£000
Not later than one year	244	345
Between one and five years	327	315
After 5 years	674	731
Total	1,245	1,391

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	805,319	2,993	47,388	26,543	0	25,858	908,101	835,940
Social security costs	83,434	0	0	3,185	0	2,108	88,727	82,054
Employer contributions to NHS Pension Scheme	138,127	0	0	3,610	0	0	141,737	125,938
Other pension costs	621	0	0	0	0	0	621	636
Other employment benefits	75	0	0	0	0	0	75	(1,092)
Termination benefits	0	0	0	0	0	0	0	0
Total	1,027,576	2,993	47,388	33,338	0	27,966	1,139,261	1,043,476
Charged to capital							658	706
Charged to revenue							1,138,603	1,042,770
							1,139,261	1,043,476
Net movement in accrued employee benefits (untaken staff leave)							(8,956)	(14,631)

The "Other" staff column includes temporary and contract staff such as short-term direct engagement contracts, IR35 applicable staff, Out of Hours GPs, GMS Locum Doctors and Agency Commissioning Cost. Social Security costs relating to these groups of staff for the 2023-24 financial year are included within the Permanent Staff column of the above note.

Other employment benefits relate to the costs associated with the 2019-20 Scheme Pays arrangements. Potential future liabilities of the scheme increased during 2023-24 and this increase has been matched funded by Welsh Government.

The decrease in accrued employee benefits as at 31st March 2024 relates to a reduction in untaken annual leave entitlements. Information on the arrangements in place for staff to carry forward untaken annual leave is provided in Accounting Policy Note 1.4.1 Short-term employee benefits on page 8A.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2022-23
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	3,684	10	42	0	0	0	3,736	3,503
Medical and dental	1,161	18	19	456	0	106	1,760	1,626
Nursing, midwifery registered	5,512	0	405	0	0	0	5,917	5,291
Professional, Scientific, and technical staff	750	7	1	0	0	0	758	694
Additional Clinical Services	4,013	0	5	0	0	0	4,018	3,615
Allied Health Professions	1,206	0	54	0	0	0	1,260	1,156
Healthcare Scientists	288	0	1	0	0	0	289	261
Estates and Ancillary	1,368	0	1	0	0	0	1,369	1,328
Students	23	0	0	0	0	0	23	20
Total	18,005	35	528	456	0	106	19,130	17,494

The average number of employees reported in Note 9.2 is the whole-time equivalent average number of employees who were under contract of service in each month of 2023-24.

9.3. Retirements due to ill-health

	2023-24	2022-23
Number	25	13
Estimated additional pension costs £	2,370,558	1,237,004

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. These additional pension costs have been calculated on an average basis and will be borne by the NHS Pension Scheme.

9.4 Employee benefits

Employee benefits refer to non-pay benefits which are not attributable to individual employees, for example group membership of a club. The Health Board does not operate any employee benefit schemes.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2023-24	2023-24	2023-24	2023-24	2022-23
	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	1	1	0	7
£10,000 to £25,000	0	0	0	0	2
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	1	1	0	0
£100,000 to £150,000	0	0	0	0	1
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	1
Total	0	2	2	0	12

	2023-24	2023-24	2023-24	2023-24	2022-23
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
	£	£	£	£	£
less than £10,000	0	8,775	8,775	0	31,375
£10,000 to £25,000	0	0	0	0	36,107
£25,000 to £50,000	0	0	0	0	41,785
£50,000 to £100,000	0	59,295	59,295	0	0
£100,000 to £150,000	0	0	0	0	139,298
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	210,077
Total	0	68,070	68,070	0	458,642

Exit costs paid in year of departure	Total paid in year 2023-24	Total paid in year 2022-23
	£	£
Exit costs paid in year	68,070	1,939,248
Total	68,070	1,939,248

This disclosure reports the number and value of exit packages agreed during the year. The actual date of departure may be in a subsequent period and the expense in relation to departure costs may have been accrued in a previous period. Total exit costs paid during 2023-24, the year of departure, were £68,070 (2022-23 £1,939,248).

The Health Board pays all redundancy and other departure costs in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Additional costs relating to early retirements, including early retirements on grounds of redundancy for employees entitled to pension benefits, are met by the Health Board 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.

	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23
	£000	£000	£000	£000	£000	£000
	Chief			Chief		
Total pay and benefits	Executive	Employee	Ratio	Executive	Employee	Ratio
25th percentile pay ratio	253	26	9.83	223	24	9.28
Median pay	253	35	7.19	223	33	6.76
75th percentile pay ratio	253	45	5.56	223	43	5.16
Salary component of total pay and benefits						
25th percentile pay ratio	253	23		223	21	
Median pay	253	29		223	26	
75th percentile pay ratio	253	43		223	41	
	Highest Paid			Highest		
Total pay and benefits	Director	Employee	Ratio	Paid Director	Employee	Ratio
25th percentile pay ratio	273	26	10.61	433	24	18.05
Median pay	273	35	7.76	433	33	13.15
75th percentile pay ratio	273	45	6.00	433	43	10.04
Salary component of total pay and benefits						
25th percentile pay ratio	273	23		433	21	
Median pay	273	29		433	26	
75th percentile pay ratio	273	43		433	41	

In 2023-24, 14 (2022-23, 2) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £22,720 to £402,600 (2022-23, £20,758 to £433,000). The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees. The Chief Executive salary for the remuneration relationship is based on actual salary, consistent with the Remuneration Report.

Financial year summary

The Remuneration Relationship of the Chief Executive remained largely unchanged during 2023-24 with only minor increases across the various pay ratios. Remuneration Relationship ratios for the highest paid Director decreased significantly during the year as total reported pay for 2023-24 is £273,000 compared to £433,000 in 2022-23.

The median pay of the workforce increased by £2,000 (rounded) during the year, compared to £1,000 (rounded) the year before.

Staff covered by the Agenda for Change agreement received an average 5% inflationary pay increase during 2023-24 (2022-23 4%). Medical Staff received an inflationary pay award of 5% (2022-23 4.5%).

9.6.2 Percentage Changes

	2022-23 to 2023-24	2021-22 to 2022-23
	%	%
% Change from previous financial year in respect of Chief Executive		
Salary and allowances	14	0
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	(37)	95
Performance pay and bonuses	0	0
Average % Change from previous financial year in respect of employees takes as a whole		
Salary and allowances	6	3
Performance pay and bonuses	0	0

The highest paid director during 2023-24, excluding the Chief Executive, was the former Interim Executive Director of Finance in post until June 2023.

The Health Board did not pay any performance pay or bonuses in 2023-24

9.7 Pension costs

Past and present employees are covered by the provisions of the 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. 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 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and 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 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

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 2023-24 tax year (2022-23 £6,240 and £50,270).

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 Health Boards 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 Health Board financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	2023-24	2023-24	2022-23	2022-23
	Number	£000	Number	£000
NHS				
Total bills paid	5,035	403,119	4,316	383,631
Total bills paid within target	4,455	382,457	3,753	372,457
Percentage of bills paid within target	88.5%	94.9%	87.0%	97.1%
Non-NHS				
Total bills paid	415,369	934,927	389,329	900,380
Total bills paid within target	392,504	906,772	370,046	871,537
Percentage of bills paid within target	94.5%	97.0%	95.0%	96.8%
Total				
Total bills paid	420,404	1,338,046	393,645	1,284,011
Total bills paid within target	396,959	1,289,229	373,799	1,243,994
Percentage of bills paid within target	94.4%	96.4%	95.0%	96.9%

During 2023-24 the Health Board paid 94.5% of non-NHS invoices by number within 30 days (2022-23 95.0%) and therefore did not achieve the Welsh Government performance measure. This mainly related to payment performance during August 2023.

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

	2023-24	2022-23
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	7,417	569
Compensation paid to cover debt recovery costs under this legislation	3,521	240
Total	10,938	809

11 Property, plant and equipment

11.1 Property, plant and equipment

2023-24	Buildings, excluding		Assets under construction & payments on					Furniture & fittings	Total
	Land	dwellings	Dwellings	account	Plant and machinery	Transport equipment	Information technology		
	£000	£000	£000	£000	£000	£000	£000	£000	
Cost at 31 March bf	50,424	531,675	20,742	22,829	120,658	960	29,876	6,756	783,920
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Prepayments	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
Cost or valuation at 1 April 2023	50,424	531,675	20,742	22,829	120,658	960	29,876	6,756	783,920
Indexation	(1,015)	23,295	1,183	0	0	0	0	0	23,463
Additions									
- purchased	0	0	0	21,400	4,143	53	4,047	76	29,719
- donated	0	122	0	0	408	0	36	0	566
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	19,558	0	(24,569)	4,972	0	39	0	0
Revaluations	0	(1,261)	0	0	0	0	0	0	(1,261)
Reversal of impairments	0	8,427	55	0	0	0	0	0	8,482
Impairments	(544)	(3,542)	0	0	0	0	0	0	(4,086)
Reclassified as held for sale	(348)	(538)	0	0	0	0	0	0	(886)
Disposals	0	0	0	0	(2,205)	(163)	(234)	0	(2,602)
At 31 March 2024	48,517	577,736	21,980	19,660	127,976	850	33,764	6,832	837,315
Depreciation at 31 March bf	0	20,278	768	0	67,376	556	18,338	4,046	111,362
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 1 April 2023	0	20,278	768	0	67,376	556	18,338	4,046	111,362
Indexation	0	1,210	46	0	0	0	0	0	1,256
Transfer 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	(624)	0	0	0	0	0	0	(624)
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	(538)	0	0	0	0	0	0	(538)
Disposals	0	0	0	0	(2,205)	(163)	(234)	0	(2,602)
Provided during the year	0	21,442	817	0	11,568	92	4,105	660	38,684
At 31 March 2024	0	41,768	1,631	0	76,739	485	22,209	4,706	147,538
Net book value at 1 April 2023	50,424	511,397	19,974	22,829	53,282	404	11,538	2,710	672,558
Net book value at 31 March 2024	48,517	535,968	20,349	19,660	51,237	365	11,555	2,126	689,777
Net book value at 31 March 2024 comprises :									
Purchased	48,517	527,760	20,349	19,660	47,538	323	11,557	1,951	677,655
Donated	0	7,487	0	0	2,777	42	37	175	10,518
Government Granted	0	721	0	0	883	0	0	0	1,604
At 31 March 2024	48,517	535,968	20,349	19,660	51,198	365	11,594	2,126	689,777
Asset financing :									
Owned	48,517	534,870	20,349	19,660	51,198	365	11,594	2,126	688,679
On-SoFP MIMS Funded PPP contracts	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	1,098	0	0	0	0	0	0	1,098
At 31 March 2024	48,517	535,968	20,349	19,660	51,198	365	11,594	2,126	689,777

The net book value of land, buildings and dwellings at 31 March 2024 comprises :

	£000
Freehold	600,930
Long Leasehold	3,904
Short Leasehold	0
	604,834

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

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11.1 Property, plant and equipment (continued)

2022-23	Assets under								Total £000
	Land £000	Buildings, excluding dwellings £000	Dwellings £000	construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	
Cost at 31 March bf	46,776	538,867	21,243	31,391	123,050	1,056	31,689	6,977	801,049
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	(470)	(3,276)	0	0	0	0	0	0	(3,746)
Cost or valuation at 1 April 2022	46,306	535,591	21,243	31,391	123,050	1,056	31,689	6,977	797,303
Indexation	(1,025)	16,870	892	0	0	0	0	0	16,737
Additions									
- purchased	0	0	0	12,669	8,499	0	2,035	59	23,262
- donated	0	107	0	0	353	0	0	0	460
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	100	0	0	0	100
Reclassifications	0	13,942	133	(21,231)	7,156	0	0	0	0
Revaluations	5,439	(35,447)	(959)	0	0	0	0	0	(30,967)
Reversal of impairments	663	14,486	42	0	0	0	0	0	15,191
Impairments	(959)	(13,874)	(609)	0	0	0	0	0	(15,442)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(18,500)	(96)	(3,848)	(280)	(22,724)
At 31 March 2023	50,424	531,675	20,742	22,829	120,658	960	29,876	6,756	783,920
Depreciation at 31 March bf	0	84,403	3,079	0	74,577	561	17,065	3,648	183,333
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	(634)	0	0	0	0	0	0	(634)
Depreciation at 1 April 2022	0	83,769	3,079	0	74,577	561	17,065	3,648	182,699
Indexation	0	76	0	0	0	0	0	0	76
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(4)	4	(4)	4	0
Revaluations	0	(83,419)	(3,075)	0	0	0	0	0	(86,494)
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	0	0	0	(18,499)	(96)	(3,849)	(280)	(22,724)
Provided during the year	0	19,852	764	0	11,302	87	5,126	674	37,805
At 31 March 2023	0	20,278	768	0	67,376	556	18,338	4,046	111,362
Net book value at 1 April 2022	46,306	451,822	18,164	31,391	48,473	495	14,624	3,329	614,604
Net book value at 31 March 2023	50,424	511,397	19,974	22,829	53,282	404	11,538	2,710	672,558
Net book value at 31 March 2023	comprises :								
Purchased	50,424	503,441	19,974	22,829	48,799	353	11,534	2,477	659,831
Donated	0	7,233	0	0	3,368	51	4	233	10,889
Government Granted	0	723	0	0	1,115	0	0	0	1,838
At 31 March 2023	50,424	511,397	19,974	22,829	53,282	404	11,538	2,710	672,558
Asset financing :									
Owned	50,424	510,282	19,974	22,829	53,282	404	11,538	2,710	671,443
On-SoFP PFI contracts	0	1,115	0	0	0	0	0	0	1,115
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2023	50,424	511,397	19,974	22,829	53,282	404	11,538	2,710	672,558

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

	£000
Freehold	577,946
Long Leasehold	3,849
Short Leasehold	0
	<u>581,795</u>

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

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11.1 Property, plant and equipment (continued)

Disclosures:

(i) Donated Assets

Donated tangible asset additions during 2023-24 included schemes funded by:

- Betsi Cadwaladr University Health Board and Other Related Charities - £322,000
- Other hospital based voluntary bodies - £244,000

(ii) Valuations

The Health Board's land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2022. The valuation was prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards.

The Health Board 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

Property, plant and equipment is depreciated using the following asset lives:

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

(iv) Compensation

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

(v) Write Downs

Professional valuations were requested for five building assets as detailed in Note 13 Impairments on page 50.

(vi) Open Market Value

The Health Board 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

The balance of £348,000 on Note 11.2 Non-current assets held for sale at 31st March 2024 relates to Cilan Mental Health Resource Centre and Pwllheli Health Centre, both of which will be disposed during 2024-25.

(viii) IFRS 13 Fair value measurement

There are no assets requiring Fair Value measurement under IFRS 13.

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2023	0	0	0	0	0	0
Plus assets classified as held for sale in the year	348	0	0	0	0	348
Revaluation	0	0	0	0	0	0
Less assets sold in the year	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
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance carried forward 31 March 2024	348	0	0	0	0	348
Balance brought forward 1 April 2022	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	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
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance carried forward 31 March 2023	0	0	0	0	0	0

The non-current assets held for sale balance of £348,000 as at 31st March 2024 relates to the Cilan Mental Health Resource Centre and Pwllheli Health Centre, both of which will be disposed during 2024-25.

11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings within the note. Whilst most are individually insignificant, eleven buildings with the following net book values as at 31st March 2024 are considered significant in their own right:

Buckley Primary Care Resource Centre (PCRC) £1.798m, Caia Park PCRC £1.766m, Connahs Quay Health Centre £0.952m, Llys Dyffig £2.840m, Tan Y Castell £1.504m, Rysseidene Surgery £1.267m, Ruabon Medical Centre £0.833m, Rhoslan Surgery £1.285m, Connahs Quay Health Centre £1.017m, Renal Services £1.422m, Cambrian & Berwyn House £1.253m.

	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
2023-24									
Cost or valuation at 31 March	470	0	29,578	0	7,175	1,775	1,261	0	40,259
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	0	76	0	(7)	0	0	0	69
Cost or valuation at 1 April	470	0	29,654	0	7,168	1,775	1,261	0	40,328
Additions	587	0	940	0	2,020	694	251	0	4,492
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	(73)	0	228	0	0	0	0	0	155
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	(3)	0	(576)	0	0	0	0	0	(579)
De-recognition	0	0	(150)	0	(63)	(310)	0	0	(523)
At 31 March	981	0	30,096	0	9,125	2,159	1,512	0	43,873
Depreciation at 31 March	12	0	3,185	0	895	504	349	0	4,945
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	12	0	3,185	0	895	504	349	0	4,945
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
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	228	0	0	0	0	0	228
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	(150)	0	(63)	(310)	0	0	(523)
Provided during the year	22	0	2,796	0	1,106	762	354	0	5,040
At 31 March	34	0	6,059	0	1,938	956	703	0	9,690
Net book value at 1 April	458	0	26,469	0	6,273	1,271	912	0	35,383
Net book value at 31 March	947	0	24,037	0	7,187	1,203	809	0	34,183
RoU Asset Total Value Split by Lessor									
Lessor	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
NHS Wales Peppercorn Leases	0	0	0	0	0	0	0	0	0
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercorn Leases	947	0	2,243	0	0	0	0	0	3,190
Other Public Sector Market Value Leases	0	0	3,574	0	0	0	0	0	3,574
Private Sector Peppercorn Leases	0	0	24	0	0	0	0	0	24
Private Sector Market Value Leases	0	0	18,196	0	7,187	1,203	809	0	27,395
Total	947	0	24,037	0	7,187	1,203	809	0	34,183

The organisation's right of use asset leases are disclosed across the relevant headings below. Most are individually insignificant, however, 11 are significant in their own right: Buckley Primary Care Resource CtreTrust (PCRC) £1.96m, Caia Park PCRC £1.92m, Connahs Quay Health Ctre £1.1m, Llys Dyffig £2.88m, Tany Y Castell £1.52m, Rysseldene Surgery £1.70m, Ruabon Medicla Ctre £0.96m, Rhoslan Surgery £1.39m, Morris Practice Connahs Quay £1.18m, Renal Services £1.69m, Cambrian & Berwyn House £1.61m held under buildings nbv at 31 March 2023.)

	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
2022-23									
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	470	0	3,276	0	0	0	0	0	3,746
Operating Leases Transitioning	0	0	25,809	0	3,604	789	1,261	0	31,463
Cost or valuation at 1 April	470	0	29,085	0	3,604	789	1,261	0	35,209
Additions	0	0	493	0	3,571	986	0	0	5,050
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	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	470	0	29,578	0	7,175	1,775	1,261	0	40,259
Depreciation at 31 March	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	634	0	0	0	0	0	634
Operating Leases Transitioning	0	0	0	0	0	0	0	0	0
Depreciation at 1 April	0	0	634	0	0	0	0	0	634
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
Disposals other than by sale	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	12	0	2,551	0	895	504	349	0	4,311
At 31 March	12	0	3,185	0	895	504	349	0	4,945
Net book value at 1 April	470	0	28,451	0	3,604	789	1,261	0	34,575
Net book value at 31 March	458	0	26,393	0	6,280	1,271	912	0	35,314
RoU Asset Total Value Split by Lessor									
Lessor	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
NHS Wales Peppercom Leases	0	0	0	0	0	0	0	0	0
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercom Leases	458	0	1,555	0	0	0	0	0	2,013
Other Public Sector Market Value Leases	0	0	3,712	0	0	0	0	0	3,712
Private Sector Peppercom Leases	0	0	0	0	0	0	0	0	0
Private Sector Market Value Leases	0	0	21,126	0	6,280	1,271	912	0	29,589
Total	458	0	26,393	0	6,280	1,271	912	0	35,314

Quantitative disclosures

	2023-24	2023-24	2023-24	2023-24	2022-23
	Land	Buildings	Other	Total	Total
	£000	£000	£000	£000	£000
Maturity analysis					
Contractual undiscounted cash flows relating to lease liabilities					
Less than 1 year	0	2,608	2,303	4,911	4,423
2-5 years	0	8,767	5,202	13,969	13,195
> 5 years	0	13,773	2,117	15,890	17,145
Less finance charges allocated to future periods	0	-3,018	-446	-3,464	-3,375
Total	0	22,130	9,176	31,306	31,388
Lease Liabilities (net of irrecoverable VAT)				2023-24	2022-23
Current				4,565	4,138
Non-Current				26,741	27,250
Total				31,306	31,388
Amounts Recognised in Statement of Comprehensive Net Expenditure				2023-24	2022-23
Depreciation				5,038	4,311
Impairment				579	0
Variable lease payments not included in lease liabilities - Interest expense				393	0
Sub-leasing income				0	0
Expense related to short-term leases				201	212
Expense related to low-value asset leases (excluding short-term leases)				789	318
Amounts Recognised in Statement of Cashflows (net of irrecoverable VAT)					
Interest expense				(393)	(310)
Repayments of principal on leases				(4,820)	(4,033)
Total				(5,213)	(4,343)

12. Intangible non-current assets

2023-24

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2023	5,639	0	0	0	0	0	5,639
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
Additions- purchased	108	0	0	0	0	0	108
Additions- internally generated	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
Gross cost at 31 March 2024	5,747	0	0	0	0	0	5,747
Amortisation at 1 April 2023	4,103	0	0	0	0	0	4,103
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
Impairment	0	0	0	0	0	0	0
Provided during the year	485	0	0	0	0	0	485
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2024	4,588	0	0	0	0	0	4,588
Net book value at 1 April 2023	1,536	0	0	0	0	0	1,536
Net book value at 31 March 2024	1,159	0	0	0	0	0	1,159
NBV at 31 March 2024							
Purchased	1,144	0	0	0	0	0	1,144
Donated	15	0	0	0	0	0	15
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2024	1,159	0	0	0	0	0	1,159

12. Intangible non-current assets (continued)

2022-23

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2022	4,729	0	0	0	0	0	4,729
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
Additions- purchased	910	0	0	0	0	0	910
Additions- internally generated	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
Gross cost at 31 March 2023	5,639	0	0	0	0	0	5,639
Amortisation at 31 March bf	3,741	0	0	0	0	0	3,741
NHS Wales Transfers	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	0	0	0	0	0	0
Amortisation at 1 April 2022	3,741	0	0	0	0	0	3,741
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
Impairment	0	0	0	0	0	0	0
Provided during the year	362	0	0	0	0	0	362
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2023	4,103	0	0	0	0	0	4,103
Net book value at 1 April 2022	988	0	0	0	0	0	988
Net book value at 31 March 2023	1,536	0	0	0	0	0	1,536
NBV at 31 March 2023							
Purchased	1,509	0	0	0	0	0	1,509
Donated	27	0	0	0	0	0	27
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2023	1,536	0	0	0	0	0	1,536

12. Intangible non-current assets (continued)

Additional disclosures re Intangible Assets

Disclosures:

(i) Donated Assets

The Health Board did not receive any donated intangible assets during the year.

(ii) Recognition

Intangible assets acquired separately are initially recognised at fair value. The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred to date when the criteria for recognising internally generated assets has been met (see accounting policy 1.7 for criteria).

(iii) Asset Lives

The Useful Economic Lives (UEL) of intangible non-current assets are assigned on an individual asset basis. Software is generally assigned a 5 year UEL with the UEL of any internally generated software being based on the professional judgement of Health Board professionals and Finance staff.

(iv) Additions during the period

Intangible additions of £107,000 during the year relates to the purchase of software for £63,000 and licences for £44,000.

(v) Disposals during the period

There were no disposals of intangible assets during the year.

13. Impairments

	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23
	Property, plant & equipment	Right of Use Assets	Intangible assets	Property, plant & equipment	Right of Use Assets	Intangible assets
	£000	£000	£000	£000	£000	£000
Impairments arising from :						
Loss or damage from normal operations	0	0	0	0	0	0
Abandonment in the course of construction	0	0	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0	0	0
Unforeseen obsolescence	0	0	0	0	0	0
Changes in market price	4,665	0	0	15,442	0	0
Others (specify)	0	0	0	0	0	0
Reversal of Impairments	(8,482)	0	0	(15,191)	0	0
Total of all impairments	(3,817)	0	0	251	0	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(3,817)	0	0	251	0	0
Impairments as a result of revaluation/indexation Charged to Revaluation Reserve	0	0	0	0	0	0
Impairments as a result of a loss of economic value or service potential Charged to Revaluation Reserve	0	0	0	0	0	0
Total	(3,817)	0	0	251	0	0

Impairments charged to the Statement of Comprehensive Net Expenditure during 2023-24 were conducted by the District Valuer in accordance with the requirements of IFRS.

Analysis of impairments during 2023-24

£000

Impairment on revaluation Archimedes Centre, Wrexham (Right of Use Asset)	579
Impairment on revaluation of Bryn Beryl Hospital, Pwllheli	623
Impairment on revaluation of Plas Gororau, Wrexham	514
Impairment on revaluation of Ward 6, Glan Clwyd Hospital	1,063
Impairment on revaluation of Enlli Ward, Ysbyty Gwynedd	1,342
Impairment charged to SoCNE due to 3% decrease in indexation on land	544
Reversal of impairments previously charged to SoCNE due to 5.966% increase in indexation on buildings and dwellings	(8,482)
Total	(3,817)

14 Inventories

14.1 Inventories

	31 March	31 March
	2024	2023
	£000	£000
Drugs	10,323	9,515
Consumables	10,211	10,379
Energy	368	394
Work in progress	0	0
Other	34	20
Total	20,936	20,308
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2024	2023
	£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

Note 14.2 relates to NHS organisations that purchase inventories for resale as part of their normal activities and does not apply to the Health Board.

15. Trade and other Receivables

Current	31 March 2024 £000	31 March 2023 £000
Welsh Government	1,725	2,260
WHSSC / EASC	1,936	832
Welsh Health Boards	1,222	1,696
Welsh NHS Trusts	4,910	4,034
Welsh Special Health Authorities	554	1,136
Non - Welsh Trusts	0	0
Other NHS	3,053	2,508
2019-20 Scheme Pays - Welsh Government Reimbursement	9	8
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	69,121	43,523
NHS Wales Primary Sector FLS Reimbursement	40	2
NHS Wales Redress	310	258
Other	0	0
Local Authorities	8,875	5,700
Capital receivables - Tangible	0	0
Capital receivables - Intangible	0	0
Other receivables	9,626	9,312
Provision for irrecoverable debts	(2,406)	(1,717)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	7,446	6,417
Other accrued income	1,281	1,418
Sub total	107,702	77,387
Non-current		
Welsh Government	0	0
WHSSC / 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	1,199	1,139
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	81,756	75,947
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital receivables - Tangible	0	0
Capital receivables - Intangible	0	0
Other receivables	0	0
Provision for irrecoverable debts	(562)	(753)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	110	272
Other accrued income	2,093	2,283
Sub total	84,596	78,888
Total	192,298	156,275

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired

	31 March 2024 £000	31 March 2023 £000
By up to three months	1,039	2,101
By three to six months	1,306	491
By more than six months	1,506	1,401
	<u>3,851</u>	<u>3,993</u>

Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 1 April	(2,470)	(2,440)
Transfer to other NHS Wales body	0	0
Amount written off during the year	50	26
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(549)	(56)
Bad debts recovered during year	0	0
Balance at 31 March	<u>(2,969)</u>	<u>(2,470)</u>

In determining whether a debt should be impaired, consideration is given to the age of the debt, historic collectability rates and the results of actions already taken including referral to the Health Board's credit agencies.

Receivables VAT

Trade receivables	2,162	2,512
Other	0	0
Total	<u>2,162</u>	<u>2,512</u>

16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£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	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
RoU Sub-leasing income Recognised in Statement of Comprehensive Net Expenditure			2023-24	2022-23
RoU Sub-leasing income			0	0

17. Cash and cash equivalents

	2023-24	2022-23
	£000	£000
Balance at 1 April	2,913	6,678
Net change in cash and cash equivalent balances	2,114	(3,765)
Balance at 31 March	5,027	2,913
Made up of:		
Cash held at GBS	4,931	2,825
Commercial banks	0	0
Cash in hand	96	88
Cash and cash equivalents as in Statement of Financial Position	5,027	2,913
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	5,027	2,913

The cash and cash equivalents balance as at 31st March 2024 comprised funding for revenue expenditure of £2,574,000 (2022-23 £1,513,000) and funding for capital projects of £2,453,000 (2022-23 £1,400,000)

In response to the IAS 7 - Statement of Cash Flows requirement for additional disclosure, the changes in liabilities arising for financing activities during 2023-24 were:

Lease Liabilities (ROUA)	£4.820m
PFI liabilities:	£0.061m

The movement relates to cash, no comparative information is required by IAS 7 in 2023-24.

18. Trade and other payables

Current	31 March	31 March
	2024	2023
	£000	£000
Welsh Government	147	14
WHSSC / EASC	6,362	1,013
Welsh Health Boards	626	489
Welsh NHS Trusts	6,444	4,199
Welsh Special Health Authorities	291	125
Other NHS	23,270	19,867
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	3,693	8,776
NI contributions payable to HMRC	7,006	10,362
Non-NHS payables - Revenue	35,485	28,592
Local Authorities	26,569	25,259
Capital payables- Tangible	5,240	4,319
Capital payables- Intangible	0	11
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	4,565	4,138
Obligations under finance leases, HP contracts		
Imputed finance lease element of on SoFP PFI contracts	63	61
Impact of IFRS 16 on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	98,229	139,629
Deferred Income:		
Deferred Income brought forward	2,441	1,857
Deferred Income Additions	(335)	620
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(41)	(36)
Other creditors	2,592	1,139
PFI assets –deferred credits	0	0
Payments on account	(13,005)	(12,601)
Sub Total	209,642	237,833
Non-current		
Welsh Government	0	0
WHSSC / 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 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	26,741	27,250
Obligations under finance leases, HP contracts		
Imputed finance lease element of on SoFP PFI contracts	717	780
Impact of IFRS 16 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	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	27,458	28,030
Total	237,100	265,863

18. Trade and other payables (continued)

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

Payables balances within Note 18 include liabilities where the Health Board had received goods or services following the issue of a purchase order, but had not been invoiced at the balance sheet date.

Following an amendment to the Welsh Government Manual for Accounts in 2023-24 the cost of these goods and services, which were previously recorded as accruals, are now included within Non-NHS Payables. The value of open purchase orders included in the accruals line in 2022-23 was £13.296m. Prior year figures have not been restated.

Amounts falling due more than one year are expected to be settled as follows:	31 March	31 March
	2024	2023
	£000	£000
Between one and two years	4,310	129
Between two and five years	9,062	12,621
In five years or more	14,086	15,280
Sub-total	<u>27,458</u>	<u>28,030</u>

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£000
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

20. Provisions

	At 1 April 2023	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2024
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	19,748	(11,120)	(1,079)	41,149	17,873	(16,217)	(13,682)	0	36,672
Primary care	55	0	0	0	55	(18)	(15)	0	77
Redress Secondary care	170	0	(36)	0	419	(221)	(63)	0	269
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	385	0	0	31	1,534	(226)	(24)	0	1,700
All other losses and special payments	4,510	0	658	0	457	(852)	(4,513)	0	260
Defence legal fees and other administration	2,205	0	0	613	1,166	(940)	(1,225)		1,819
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	145			16	0	0	0	0	161
2019-20 Scheme Pays - Reimbursement	8			0	15	(15)	0	0	8
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	7,083		0	0	3,504	(1,694)	(2,805)		6,088
Total	34,309	(11,120)	(457)	41,809	25,023	(20,183)	(22,327)	0	47,054
Non Current									
Clinical negligence:-									
Secondary care	71,833	0	(1,422)	(41,149)	52,509	(1,131)	0	0	80,640
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	2,333	0	0	(31)	243	(326)	0	45	2,264
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,291	0	0	(613)	1,388	(252)	(37)		1,777
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	77			(16)	118	(163)	0	4	20
2019-20 Scheme Pays - Reimbursement	1,139			0	59	0	0	0	1,198
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	76,673	0	(1,422)	(41,809)	54,317	(1,872)	(37)	49	85,899
TOTAL									
Clinical negligence:-									
Secondary care	91,581	(11,120)	(2,501)	0	70,382	(17,348)	(13,682)	0	117,312
Primary care	55	0	0	0	55	(18)	(15)	0	77
Redress Secondary care	170	0	(36)	0	419	(221)	(63)	0	269
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,718	0	0	0	1,777	(552)	(24)	45	3,964
All other losses and special payments	4,510	0	658	0	457	(852)	(4,513)	0	260
Defence legal fees and other administration	3,496	0	0	0	2,554	(1,192)	(1,262)		3,596
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	222			0	118	(163)	0	4	181
2019-20 Scheme Pays - Reimbursement	1,147			0	74	(15)	0	0	1,206
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	7,083		0	0	3,504	(1,694)	(2,805)		6,088
Total	110,982	(11,120)	(1,879)	0	79,340	(22,055)	(22,364)	49	132,953

20. Provisions (continued)

Expected timing of cash flows:

	In year to 31 March 2025	Between 1 April 2025 31 March 2029	Thereafter	Total £000
Clinical negligence:-				
Secondary care	36,672	80,639	0	117,311
Primary care	77	0	0	77
Redress Secondary care	269	0	0	269
Redress Primary care	0	0	0	0
Personal injury	1,700	981	1,284	3,965
All other losses and special payments	260	0	0	260
Defence legal fees and other administration	1,819	1,777	0	3,596
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	161	20	0	181
2019-20 Scheme Pays - Reimbursement	8	1,198	0	1,206
Restructuring	0	0	0	0
RoU Asset Dilapidations CAME	0	0	0	0
Other Capital Provisions	0	0	0	0
Other	6,088	0	0	6,088
Total	47,054	84,615	1,284	132,953

Provisions included with the "Other" categories above relate to: £'000

Continuing Healthcare claims subject to further review	4,773
Onerous contract provision	569
Employment legal claims	251
Final Pay Control provisions for retired staff	247
Staff regrading appeals and pay arrears	118
Relocation expenses	85
GP managed practices premises costs	45
Total	6,088

20. Provisions (continued)

The provision for Continuing Healthcare claims is based on estimates from the claims which have been processed up to the balance sheet date. This is subject to a significant degree of sensitivity and is dependent on the percentage of claims which are deemed eligible along with the average settlement rate.

The expected timing of cashflows is based on best available information for each individual provision as at 31st March 2024 and may be subject to changes in future periods.

	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 year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	40,643	(13,450)	(6,799)	1,755	24,032	(18,551)	(7,882)	0	19,748
Primary care	22	0	0	0	75	(16)	(26)	0	55
Redress Secondary care	267	0	(70)	0	267	(137)	(157)	0	170
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	458	0	(20)	1,244	265	(519)	(1,043)	0	385
All other losses and special payments	504	0	733	0	5,177	(1,168)	(736)	0	4,510
Defence legal fees and other administration	2,087	0	0	83	2,207	(1,027)	(1,145)		2,205
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	155			(10)	0	0	0	0	145
2019-20 Scheme Pays - Reimbursement	17			8	0	(17)	0	0	8
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	7,878		0	0	3,679	(2,250)	(2,224)		7,083
Total	52,031	(13,450)	(6,156)	3,080	35,702	(23,685)	(13,213)	0	34,309
Non Current									
Clinical negligence:-									
Secondary care	55,061	0	(230)	(1,755)	23,907	(2,356)	(2,794)	0	71,833
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	3,628	0	0	(1,244)	93	(58)	(35)	(51)	2,333
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	979	0	0	(83)	892	(269)	(228)		1,291
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	91			10	128	(149)	0	(3)	77
2019-20 Scheme Pays - Reimbursement	2,239			(8)	0	0	(1,092)	0	1,139
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	61,998	0	(230)	(3,080)	25,020	(2,832)	(4,149)	(54)	76,673
TOTAL									
Clinical negligence:-									
Secondary care	95,704	(13,450)	(7,029)	0	47,939	(20,907)	(10,676)	0	91,581
Primary care	22	0	0	0	75	(16)	(26)	0	55
Redress Secondary care	267	0	(70)	0	267	(137)	(157)	0	170
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,086	0	(20)	0	358	(577)	(1,078)	(51)	2,718
All other losses and special payments	504	0	733	0	5,177	(1,168)	(736)	0	4,510
Defence legal fees and other administration	3,066	0	0	0	3,099	(1,296)	(1,373)		3,496
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	246			0	128	(149)	0	(3)	222
2019-20 Scheme Pays - Reimbursement	2,256			0	0	(17)	(1,092)	0	1,147
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	7,878		0	0	3,679	(2,250)	(2,224)		7,083
Total	114,029	(13,450)	(6,386)	0	60,722	(26,517)	(17,362)	(54)	110,982

21. Contingencies

21.1 Contingent liabilities

	2023-24 £'000	2022-23 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	209,178	174,690
Primary care	3,012	353
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	5,633	2,632
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	<u>217,823</u>	<u>177,675</u>
Amounts (recovered) in the event of claims being successful	(214,113)	(174,883)
Net contingent liability	<u>3,710</u>	<u>2,792</u>

In accordance with IAS37, the Health Board is required to disclose details of claims made against it where the financial liability, if any, cannot yet be determined. The contingent liabilities included in Note 21.1 for 2023-24 relate to legal claims for alleged negligence (net of amounts recoverable from the Welsh Risk Pool in the event of claims being successful)

The Health Board has received invoices in relation to historic transactions for provision of care within the local community. The Health Board sought legal representation and on this advice disputes liability and consequently any obligation to remit funds to these third parties. The Audit Committee members remain briefed on this matter, with the values non-material to the production of the Annual Accounts in which this note is contained.

21.2 Remote Contingent liabilities

	2023-24 £000	2022-23 £000
Guarantees	0	0
Indemnities	35,911	35,567
Letters of Comfort	0	0
Total	<u>35,911</u>	<u>35,567</u>

The 2023-24 balance for remote contingent liabilities relates to 9 litigation claims (2022-23 8 claims). In the event of these claims being successful £35,723,000 (2022-23 £35,377,000) would be recoverable from the Welsh Risk Pool.

21.3 Contingent assets

	2023-24	2022-23
	£000	£000
The Health Board did not hold any contingent assets at the balance sheet date	0	0
	<hr/>	<hr/>
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March

The disclosure of future capital commitments not already disclosed as liabilities in the accounts	2023-24	2022-23
	£000	£000
Property, plant and equipment	12,853	1,227
Right of Use Assets	0	0
Intangible assets	0	0
	<hr/>	<hr/>
Total	12,853	1,227

Note 22 includes capital commitments relating to the following All Wales funded schemes as at 31st March 2024:

- Radiology Informatics System Programme (RISP); and
- Elective Orthopaedic Hub-Llandudno.

Commitments in respect of discretionary capital schemes are not included in the note.

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, the payments in this note are prepared on a cash basis.

23.1 Number of cases and associated amounts paid out during the financial year

	Amounts paid out during period to 31 March 2024	
	Number	£
Clinical negligence	206	24,450,057
Personal injury	22	245,295
All other losses and special payments	110	425,045
Total	338	25,120,398

23.2 Analysis of number of cases and associated amounts paid out during the financial year

Case Type	In year claims in excess of £300,000		Cumulative amount
	Case Number	£	£
Cases in excess of £300,000:			
Clinical Negligence	197A1MN0198	306,678	306,678
Clinical Negligence	217A1MN0228	315,505	315,505
Clinical Negligence	217A1MN0054	325,000	385,000
Clinical Negligence	177A1MN0006	445,000	490,000
Clinical Negligence	207A1MN0287	482,000	591,000
Clinical Negligence	207A1MN0222	610,000	660,000
Clinical Negligence	127A1MN0107	680,000	2,247,856
Clinical Negligence	197A1MN0262	698,753	1,034,119
Clinical Negligence	197A1MN0200	842,500	1,042,500
Clinical Negligence	157A1MN0213	915,000	915,000
Clinical Negligence	207A1MN0201	942,076	1,020,000
Clinical Negligence	207A1MN0125	1,145,000	1,300,000
Clinical Negligence	187A1MN0041	2,075,691	3,385,000
Clinical Negligence	127A1MN0103	2,555,000	3,000,000
Clinical Negligence	127A1MN0085	3,987,533	4,247,533
	No of cases	£	£
Sub-total	15	16,325,737	20,940,190
All other cases paid in year	323	8,794,661	19,180,389
Total cases paid in year	338	25,120,398	40,120,580

23.3 Analysis of number of cases and associated amounts where no payments were made in financial year

	Number	£
Cumulative amount up to £300k	96	4,579,287
Cumulative amount greater than £300k	14	20,772,816
Total	110	25,352,103

24. Right of Use lease obligations

24.1 Obligations (as lessee)

Amounts payable under right of use asset leases:

2023-24

	LAND	BUILDINGS	OTHER	TOTAL
	31 March	31 March	31 March	31 March
	2024	2024	2024	2024
	£000	£000	£000	£000
Minimum lease payments				
Within one year	0	2,608	2,303	4,911
Between one and five years	0	8,767	5,202	13,969
After five years	0	13,773	2,117	15,890
Less finance charges allocated to future periods	0	(3,018)	(446)	(3,464)
Minimum lease payments	0	22,130	9,176	31,306
Included in:				
Current borrowings	0	2,397	2,168	4,565
Non-current borrowings	0	19,733	7,008	26,741
	0	22,130	9,176	31,306
Present value of minimum lease payments				
Within one year	0	2,397	2,168	4,565
Between one and five years	0	8,150	4,944	13,094
After five years	0	11,583	2,064	13,647
Present value of minimum lease payments	0	22,130	9,176	31,306
Included in:				
Current borrowings	0	2,397	2,168	4,565
Non-current borrowings	0	19,733	7,008	26,741
	0	22,130	9,176	31,306

2022-23

	LAND	BUILDINGS	OTHER	TOTAL
	31 March	31 March	31 March	31 March
	2023	2023	2023	2023
	£000	£000	£000	£000
Minimum lease payments				
Within one year	0	2,517	1,906	4,423
Between one and five years	0	8,605	4,590	13,195
After five years	0	14,870	2,275	17,145
Less finance charges allocated to future periods	0	(3,089)	(286)	(3,375)
Minimum lease payments	0	22,903	8,485	31,388
Included in:				
Current borrowings	0	2,310	1,828	4,138
Non-current borrowings	0	20,593	6,657	27,250
	0	22,903	8,485	31,388
Present value of minimum lease payments				
Within one year	0	2,310	1,828	4,138
Between one and five years	0	7,978	4,433	12,411
After five years	0	12,615	2,224	14,839
Present value of minimum lease payments	0	22,903	8,485	31,388
Included in:				
Current borrowings	0	2,310	1,828	4,138
Non-current borrowings	0	20,593	6,657	27,250
	0	22,903	8,485	31,388

24.2 Right of Use Assets receivables (as lessor)

The Health Board did not hold any Right of Use Assets lease receivables, as a lessor, at the balance sheet date.

Amounts receivable under right of use assets :	2023-24	2022-23
	31 March	31 March
	2024	2023
	£000	£000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current financial assets	0	0
Non-current financial assets	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current financial assets	0	0
Non-current financial assets	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Health Board did not have any PFI Schemes that were deemed to be off-statement of financial position at the balance sheet date.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2024	31 March 2023
	£000	£000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	<u>0</u>	<u>0</u>

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	£000
	1,098
Contract start date:	01/09/2004
Contract end date:	01/09/2034

The Conwy & Denbighshire NHS Trust (a legacy organisation of the Health Board) contracted with Fresenius Medical Care to build and equip a Renal Diabetic Unit at Glan Clwyd Hospital under PFI contract arrangements. Whilst Fresenius continue to have defined responsibilities for the maintenance of the Unit, the Health Board is responsible for the delivery of all clinical care and other support costs.

Total obligations for on-Statement of Financial Position PFI contracts due:

	On SoFP PFI Capital element 31 March 2024 £000	On SoFP PFI Imputed interest 31 March 2024 £000	On SoFP PFI Service charges 31 March 2024 £000
Total payments due within one year	63	27	496
Total payments due between 1 and 5 years	277	85	2,166
Total payments due thereafter	440	50	3,909
Total future payments in relation to PFI contracts	<u>780</u>	<u>162</u>	<u>6,571</u>
	On SoFP PFI Capital element 31 March 2023 £000	On SoFP PFI Imputed interest 31 March 2023 £000	On SoFP PFI Service charges 31 March 2023 £000
Total payments due within one year	61	29	411
Total payments due between 1 and 5 years	267	94	1,798
Total payments due thereafter	513	68	3,872
Total future payments in relation to PFI contracts	<u>841</u>	<u>191</u>	<u>6,081</u>
	31/03/2024		
	£000		
Total present value of obligations for on-SoFP PFI contracts	6,314		

25.3 Charges to expenditure

	2023-24	2022-23
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	479	396
Total expense for Off Statement of Financial Position PFI contracts	<u>0</u>	<u>0</u>
The total charged in the year to expenditure in respect of PFI contracts	<u>479</u>	<u>396</u>

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	479	396
Total	<u>479</u>	<u>396</u>

The estimated annual payments in future years will vary from those which the Health Board is committed to make during the next year by the impact of movement in the Retail Prices Index.

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	1	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

	On / Off- statement of financial position
PFI Contract	
Number of PFI contracts which individually have a total commitment > £500m	0
PFI Contract	On

25.5 The Health Board did not have any Public Private Partnerships during the year

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 Health Board 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 listed companies, to which these standards mainly apply. The Health Board 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 Health Board in undertaking its activities.

Currency risk

The Health Board is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the United Kingdom and Sterling based. The Health Board does not have any overseas operations. The Health Board therefore has low exposure to currency rate fluctuations.

Interest rate risk

Health Boards are not permitted to borrow and the Health Board therefore has low exposure to interest rate fluctuations.

Credit risk

As the majority of the Health Board's funding derives from funds voted by the Welsh Government the Health Board has low exposure to credit risk.

Liquidity risk

The Health Board is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. The Health Board is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	2023-24 £000	2022-23 £000
(Increase)/decrease in inventories	(628)	(1,202)
(Increase)/decrease in trade and other receivables - non-current	(5,708)	(15,814)
(Increase)/decrease in trade and other receivables - current	(30,315)	28,396
Increase/(decrease) in trade and other payables - non-current	(572)	27,189
Increase/(decrease) in trade and other payables - current	(28,191)	(19,308)
Total	(65,414)	19,261
Adjustment for accrual movements in fixed assets - creditors	(849)	(26,279)
Adjustment for accrual movements in fixed assets - debtors	0	0
Adjustment for accrual movements in right of use assets - creditors	82	0
Adjustment for accrual movements in right of use assets - debtors	0	0
Other adjustments	0	0
	(66,181)	(7,018)

28. Other cash flow adjustments

	2023-24 £000	2022-23 £000
Depreciation	43,724	42,116
Amortisation	485	362
(Gains)/Loss on Disposal	(5)	(16)
Impairments and reversals	(3,817)	251
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	0	(460)
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	0
Non-cash movements in right of use assets	393	
Non-cash movements in provisions	44,026	23,470
Other movements	42,792	38,374
Total	127,598	104,097

Non-cash movements in right of use assets of £393,000 represents interest incurred during the year on obligations under Right of Use leases.

Other movements of £42,792,000 (2022-23 £38,374,000) is made up of notional funding received for:

- LHB notional 6.3% Staff Employer Pension Contributions;
- the 2019/20 Pensions Annual Allowance Charge Compensation Scheme (PAACCS);

which are both funded directly to the NHSBA Pensions Division by Welsh Government, less revenue cash payments in respect of interest on Right of Use asset leases.

29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 12th July 2024, the date they were certified by the Auditor General for Wales.

Medical Pay Awards

NHS Wales bodies were notified on 28th June 2024 of the revised pay arrangements for employees covered by medical and dental terms and conditions of service in Wales, which will be funded by Welsh Government. The arrangements are confirmed in the following pay letters:

- Pay Letter M&D(W) 04/24 applying to junior doctors. This confirms an overall 12.4% pay award backdated to 1st April 2023 and includes the 5% pay award already implemented and recognised in the accounts for 2023-24.
- Pay Letter M&D(W) 02/24 confirms the reform of the consultant (amended Welsh contract) pay scale from 1st January 2024.
- Pay Letter M&D(W) 03/24 confirms the pay scales applicable from 1st January 2024 for medical and dental consultants employed on national terms and conditions on the 2021 Specialty and Specialist contracts and the closed 2008 Associate Specialist contract in Wales.

The additional 7.4% for junior doctors, and the increases for consultants and specialists have not been recognised in the 2023-24 financial statements because the obligating event was the publication of the pay circular issued on 28th June 2024. These costs will be accounted for in the 2024-25 Annual Accounts.

30. Related Party Transactions

The Welsh Government is regarded as a related party of the Health Board. During the year the Health Board had a significant number of material revenue and capital transactions with either the Welsh Government or with other entities for which the Welsh Government is regarded as the parent body, namely:

Health Bodies and Welsh Government	2023-24		As at 31st March 2024	
	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	258	2,162,992	147	1,725
Aneurin Bevan University LHB	138	1,474	13	293
Cardiff & Vale University LHB	1,295	396	348	142
Cwm Taf Morgannwg University LHB	302	156	51	42
Hywel Dda University LHB	5,378	394	113	66
Powys Teaching LHB	895	4,327	62	545
Swansea Bay University LHB	257	534	39	134
Digital Health and Care Wales (DHCW)	10,249	1,179	284	(19)
Health Education and Improvement Wales (HEIW)	68	21,689	7	573
Public Health Wales NHS Trust	6,503	5,250	710	695
Velindre NHS Trust (includes capitalised expenditure)	59,757	8,455	5,116	4,126
Welsh Ambulance Services NHS Trust	2,225	478	618	89
Welsh Risk Pool	0	0	0	151,227
WHSSC / EASC	243,093	51,636	6,362	1,936
Total	330,418	2,258,960	13,870	161,574

Other Organisations	2023-24		As at 31st March 2024	
	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Conwy County Borough Council	12,316	2,081	4,110	869
Denbighshire County Council	12,345	3,545	4,732	1,879
Flintshire County Council	16,140	2,962	6,173	1,893
Gwynedd County Council	12,532	2,476	3,825	1,752
Isle of Anglesey Council	12,599	1,371	4,353	546
Wrexham County Borough Council	11,287	5,804	3,280	1,861
Other Welsh Local Authorities (Including Police & Crime Commissioners, Fire Authorities and Welsh National Parks)	526	617	96	75
Total	77,745	18,856	26,569	8,875

Charitable Funds

The Health Board is corporate trustee of the Betsi Cadwaladr University Health Board Charity and Other Related Charities (registered charity number 1138976). All voting members of the Health Board can act as corporate trustees of the charity. Operational responsibility for the administration of the charity is delegated to a Charitable Funds Committee.

The Health Board received revenue and capital grants totalling £1,660,000 from the charitable fund during the year (2022-23 £1,158,000).

30. Related Party Transactions (continued)

A number of Health Board's Members had interests with related parties during the year, as detailed below:

Name	Position Held	Nature of Related Party Interest
C Shillabeer	Chief Executive	Substantive Chief Executive of Powys Teaching Local Health Board whilst on secondment - 1st April 2023 to 31st January 2024
A Gittoes	Interim Executive Director of Operations	Seconded to the Health Board from NHS Wales Executive (Hosted by Public Health Wales NHS Trust) - 1st August 2023 to 31st March 2024
K Balmer	Independent Member	Chief Executive Officer, Groundwork North Wales (Refurbs Flint and Wild Ground, Wrexham)
C Budden	Independent Member	Chief Executive and Board Member Clwyd Alyn Housing Association
U Felda	Independent Member	Chair and Member of the Social Care Wales Fitness to Practice Panel
C Field	Independent Member	Partner is Assistant Director of Human Resources, Mersey and West Lancashire Teaching Hospitals NHS Trust
Cllr D Jones	Independent Member	Elected member of Isle of Anglesey County Council
Prof M Larvin	Independent Member	Pro Vice-Chancellor for Medicine and Health and Dean of Medicine, Bangor University
F Roberts	Associate Board Member	Director of Social Services and Head of Children Services, Isle of Anglesey County Council

The total value of transactions and balances between the Health Board and these related parties during 2023-24, unless already reported on pages 69A, was as follows:

Organisation Name	2023-24		As at 31st March 2024	
	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Bangor University	1,426	578	471	188
Clwyd Alyn Housing Association	1,436	0	187	0
Groundwork North Wales	3	0	0	0
Mersey and West Lancashire Teaching Hospitals NHS Trust	2,147	301	1,088	300
Social Care Wales	0	46	0	0

The Health Board did not have financial transactions with any other organisation recorded as a Declaration of Interest by Board Members during 2023-24 and considered to be a related party.

31. Third Party assets

As at 31st March 2024, the Health Board held £161,437 cash at bank and in hand on behalf of third parties (31st March 2023 £179,914) comprising:

	2023-24	2022-23
	£	£
Monies held on behalf of patients - savings accounts	69,857	68,932
Monies held on behalf of patients - current accounts and cash in hand	72,930	72,682
Deposits for staff residential accommodation	18,650	38,300
	161,437	179,914

These balances have been excluded from the Cash and Cash Equivalents figure reported in Note 17 of these Accounts.

The Health Board also holds a quantity of consignment stock that remains the property of suppliers until it is used and is therefore considered as a third party asset. The value of consignment stock as at 31st March 2024 was £3,159,432 (31st March 2023 £3,269,221).

32. Pooled budgets

The Health Board has entered into five pooled budget arrangements which are governed by the NHS (Wales) Act 2006:

- North East Wales Community Equipment Service - hosted by Flintshire County Council
- Denbighshire Community Equipment Service - hosted by Denbighshire County Council
- Denbighshire Health and Social Care Support Workers Service - hosted by Denbighshire County Council
- Bryn-y-Neuadd Community Equipment Store - hosted by Betsi Cadwaladr University Local Health Board
- North Wales Older People Accommodation Pooled Budget - hosted by Denbighshire County Council

The financial arrangements for each of these five agreements are subject to partner organisations normal annual auditing requirements with each host body being responsible for the audit of the accounts of individual arrangements in accordance with their statutory audit requirements.

Memorandum notes on pages 74A-76A of these accounts provide details of the joint income and expenditure transactions for each of these arrangements.

The Health and Social Care Regional Integration Fund (RIF)

The Health and Social Care Regional Integration Fund (the RIF) is a 5 year fund to deliver a programme of change from April 2022 to March 2027. The RIF builds on the learning and progress made under the previous Integrated Care Fund (ICF) and Transformation Fund (TF) and will seek to create sustainable system change through the integration of health and social care services.

Key features and values of the Fund include:

- A strong focus on prevention and early intervention
- Developing and embedding national models of integrated care
- Actively sharing learning across Wales through Communities of Practice
- Sustainable long term resourcing to embed and mainstream new models of care
- Creation of long term pooled fund arrangements
- Consistent investment in regional planning and partnership infrastructure

The RIF is a key lever to drive change and transformation across the health and social care system and in doing so will directly support implementation of several key pieces of policy and legislation.

Regional Partnership Boards (RPBs) facilitate the partnership arrangements made between a Local Health Board and one or more Local Authorities. The objectives of a RPB are set out in Regulation 10 of the Partnership Regulations and are to ensure that the partnership bodies work effectively and to ensure that the partnership bodies provide sufficient resources for the partnership arrangements. In addition to health and social care partners RPB membership includes representatives from housing, education, the third sector, providers, citizens and carer representatives to take forward the effective delivery of integrated services in Wales. Their purpose is to improve the outcomes and well-being of people with care and support needs, and carers who need support. RPBs work as a partnership to strategically plan, manage and develop effective care and support services required to best meet the needs of their respective populations.

Total RIF funding allocated through the North Wales Regional Partnership Board for 2023-24 was £32.8m (2022-23 £32.9m) of revenue funding plus RIF capital grant funding of £2.1m (2022-23 £2.1m). These funding flows are managed through the Health Board's Statement of Comprehensive Net Expenditure and reported in Note 3.3 Expenditure on Hospital and Community Health Services and Note 4 Miscellaneous Income.

33. Operating segments

Accounting standard IFRS 8 defines an operating segment as a component of an entity:

1. That engages in activities from which it may earn revenue and incur expenses (including internally);
2. Whose operating results are regularly reviewed by the Chief Operating Decision Maker to make decisions about resource allocation to the segment and assesses its performance;
3. For which discrete information is available.

The Health Board operates as three Integrated Health Communities (IHCs), each led by an accountable Director, with Mental Health and Learning Disabilities, Women's Services, Cancer Services and Diagnostic and Clinical Support Services operating as pan-North Wales functions.

Four of the Health Board's functions met the criteria to be reported as separate operating segments under the accounting standard during 2023-24 (expenditure 10% or more of total operating costs). Information on divisions which did not exceed the reporting thresholds has also been disclosed in order to provide a complete overview of the Health Board's activities during the year.

	2023-24 £'000	2022-23 £'000
<i>Integrated Health Communities</i>		
West Integrated Health Community *	355,298	320,094
Central Integrated Health Community *	456,292	407,043
East Integrated Health Community *	455,647	416,694
	1,267,237	1,143,831
Midwifery and Womens Services	46,751	44,479
Mental Health and Learning Disabilities	179,331	155,124
Commissioning Contracts *	276,241	257,679
Integrated Clinical Delivery Primary Care	47,766	54,538
Integrated Clinical Delivery Regional Services	123,887	107,063
Service Support Functions	159,390	150,890
	833,366	769,773
Other Budgets	16,816	41,164
6.3% Staff employer pension contributions notional expenditure (See Note 34.1)	43,170	38,357
Operating costs sub-total	2,160,589	1,993,125
Revenue Resource Limit	2,136,242	1,993,514
Under/(over) spend against Revenue Resource Limit	(24,347)	389

* Operating segments which meet the standard criteria for reporting as per par 1.473 of the Welsh Government Manual for Accounts 2023-24.

34. Other Information

34.1 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1st April 2023 to 31st March 2024. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2023 and February 2024 alongside Health Board data for March 2024.

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

	2023-24	2022-23
	£000	£000
Statement of Comprehensive Net Expenditure for the year ended 31 March 2024		
Expenditure on Primary Healthcare Services	1,229	1,027
Expenditure on healthcare from other providers	0	0
Expenditure on Hospital and Community Health Services	41,941	37,330
Statement of Changes in Taxpayers' Equity For the year ended 31 March 2024		
Net operating cost for the year	43,170	38,357
Notional Welsh Government Funding	43,170	38,357
Statement of Cash Flows for year ended 31 March 2024		
Net operating cost for the financial year	43,170	38,357
Other cash flow adjustments	43,170	38,357
2.1 Revenue Resource Performance		
Revenue Resource Allocation	43,170	38,357
3. Analysis of gross operating costs		
3.1 Expenditure on Primary Healthcare Services		
General Medical Services	1,023	856
Pharmaceutical Services	9	9
General Dental Services	36	43
Other Primary Health Care expenditure	161	119
3.3 Expenditure on Hospital and Community Health Services		
Directors' costs	47	47
Staff costs	41,894	37,283
9.1 Employee costs		
Permanent Staff		
Employer contributions to NHS Pension Scheme	43,170	38,357
Charged to capital	0	0
Charged to revenue	43,170	38,357
18. Trade and other payables		
Current		
Pensions: staff	0	0
28. Other cash flow adjustments		
Other movements	43,170	38,357

34. Other Information (continued)

34.2 Pooled Budgets

Memorandum Note - Note 32 - Pooled Budgets

North East Wales Community Equipment Service Memorandum Accounts 2023-24

The North East Wales Pool is hosted by Flintshire County Council and the formal partnership agreement commenced on 8th July 2009. A memorandum of account has been produced by Flintshire County Council, as shown below:

	2023-24	2022-23
	£ 000	£ 000
Pooled Budget contributions		
Flintshire County Council	327	318
Wrexham County Borough Council	309	301
Betsi Cadwaladr University Local Health Board	472	455
Other	187	227
Total Pooled Budget contributions for the year	1,295	1,301
Expenditure		
Equipment Purchases	495	486
Operating Expenditure	700	780
Non Operating Expenditure	0	0
Total Expenditure for the year	1,195	1,266
Net Surplus/(Deficit) on the Pooled Budget for the Year	100	35

Denbighshire Community Equipment Service Memorandum Accounts 2023-24

The Denbighshire Pool is hosted by Denbighshire County Council. The initial three year partnership agreement commenced on 1st April 2009 and ended on 31st March 2012.

The second partnership agreement commenced on 1st April 2012 and ran until 31st March 2015. For 2015-16 onwards it was decided to revert to one year agreements.

A memorandum of account has been produced by Denbighshire County Council which is shown below:

	2023-24	2022-23
	£ 000	Restated £ 000
Pooled budget contributions		
Denbighshire County Council	219	219
Betsi Cadwaladr University Local Health Board (Core)	138	138
Betsi Cadwaladr University Local Health Board (Bed Service)	51	51
Other - HEC / CHC / Intermediate Care	288	217
Total Pooled Budget contributions for the year	696	625
Expenditure		
Equipment purchases (Core and CHC)	130	189
Operating Expenditure	562	529
Total Expenditure for the year	692	718
Net Surplus/(Deficit) on the Pooled Budget for the Year	4	(93)
Cumulative net Surplus/(Deficit) on the Pooled Budget	21	17

34. Other Information (continued)

34.2 Pooled Budgets (continued)

Memorandum Note - Note 32 - Pooled Budgets

Denbighshire Health and Social Care Support Workers Service Memorandum Accounts 2023-24

The Denbighshire Health and Social Care Support Workers Service Pool is hosted by Denbighshire County Council. A memorandum account for the pooled budget arrangement is provided below.

	2023-24	2022-23
	£ 000	£ 000
Pooled Budget contributions		
Denbighshire County Council	50	50
Betsi Cadwaladr University Local Health Board	50	50
RIF Grant Allocation	44	55
RIF Grant Allocation - from slippage	0	3
Total Pooled Budget contributions for the year	144	158
Expenditure		
Employee Expenses	117	147
Other Operating Expenditure	10	11
Total Expenditure for the year	127	158
Net Surplus/(Deficit) on the Pooled Budget for the Year	17	0
Cumulative net Surplus/(Deficit) on the Pooled Budget	55	38

Bryn-y-Neuadd Community Equipment Store Memorandum Accounts 2023-24

The Bryn-y-Neuadd Community Equipment Store Pool is hosted by Betsi Cadwaladr University Local Health Board in partnership with Ynys Môn Council, Conwy County Borough Council and Gwynedd County Council. A memorandum account for the pooled budget arrangement is provided below.

	2023-24	2022-23
	£ 000	£ 000
Contributions		
Ynys Môn County Council	156	156
Conwy County Council	183	183
Gwynedd County Council	204	204
Betsi Cadwaladr University Local Health Board	497	497
Special Orders	90	90
Total Pooled Budget Contributions	1,130	1,130
Expenditure		
Operating Expenses	1,020	797
Equipment Purchases (incl. Special Orders)	453	524
Total Expenditure	1,473	1,321
Net Surplus/(Deficit) on the Pooled Budget for year	(343)	(191)
Cumulative Net Surplus/(Deficit) on the Pooled Budget	(705)	(362)

34. Other Information (continued)
34.2 Pooled Budgets (continued)

Memorandum Note - Note 32 - Pooled Budgets

North Wales Older People Accommodation Pooled Budget Memorandum Accounts 2023-24

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Local Health Board in relation to the provision of care home accommodation for older people.

The arrangement came into effect on 1st April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement. The transactions relating to Betsi Cadwaladr University Local Health Board are included in Note 3.3 Expenditure on Hospital and Community Health Services within the Statement of Comprehensive Net Expenditure.

Income and expenditure for these pooled budget arrangements for the year ending 31st March 2024 is shown below. Payments in respect of the contributions for Quarter 3 and 4 2023-24 will be made in arrears during 2024-25 in accordance with the Partnership Agreement.

	2023-24	2022-23
	£ 000	£ 000
Contributions		
Denbighshire County Council	11,960	10,236
Conwy County Borough Council	18,182	15,864
Flintshire County Council	13,578	10,556
Wrexham County Borough Council	14,957	14,434
Gwynedd Council	12,044	11,214
Isle of Anglesey County Council	7,214	5,708
Betsi Cadwaladr University Local Health Board	49,033	43,020
Total Pooled Budget Contributions	126,968	111,032
Expenditure		
Care Home Costs	126,968	111,032
Total Expenditure for the year	126,968	111,032
Net Surplus/(Deficit) on the Pooled Budget for the Year	0	0

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

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2011 and subsequent financial years in respect of the Local Health Boards (LHB)¹, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year in which the accounts are being prepared, and has been applied by the Welsh Government and detailed in the NHS Wales LHB Manual for Accounts;

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009.

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