



GIG
CYMRU
NHS
WALES

Addysg a Gwellfa Iechyd
Cymru (AaGIC)
Health Education and
Improvement Wales (HEIW)

ANNUAL REPORT



2018/19

Contents

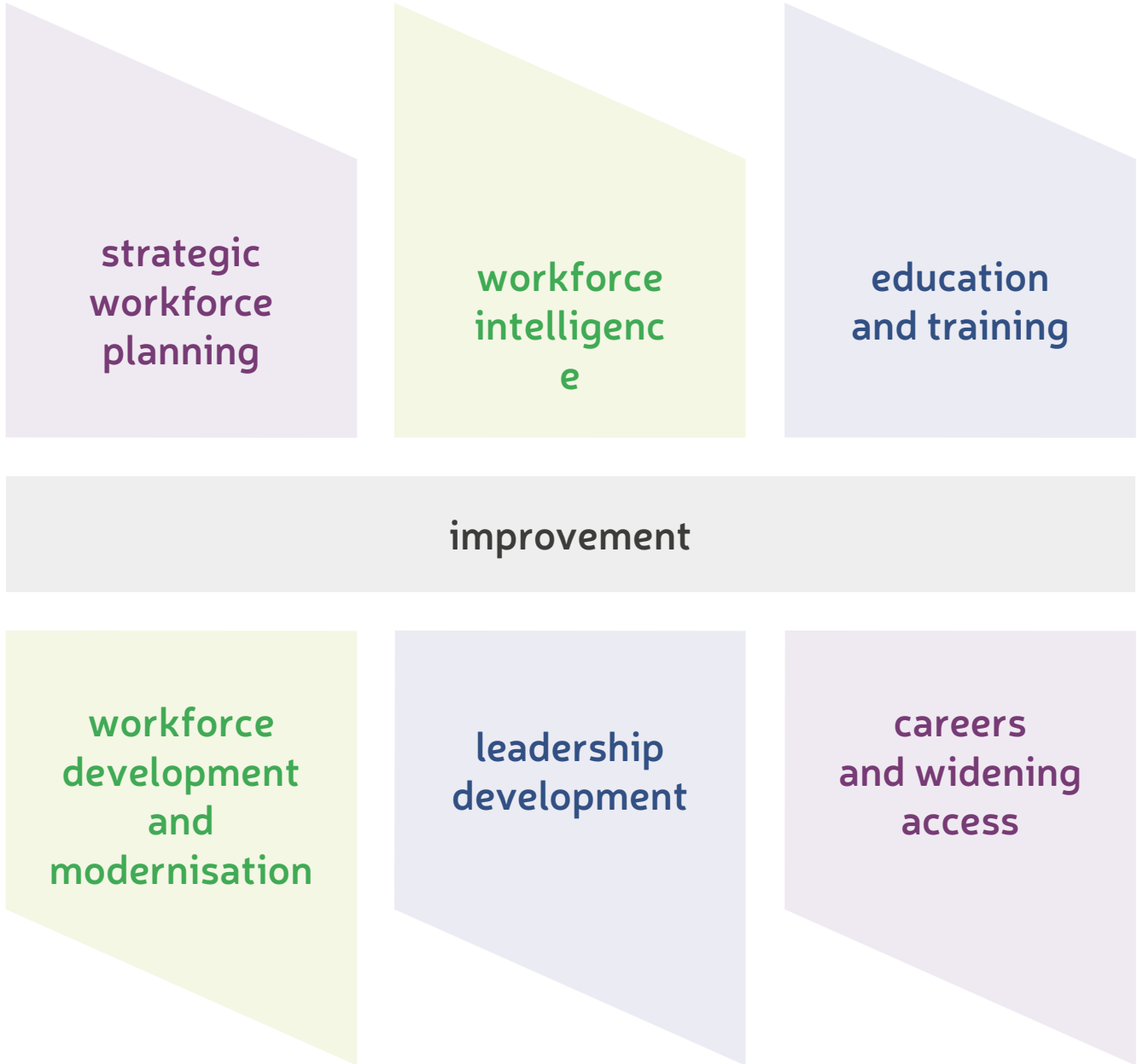
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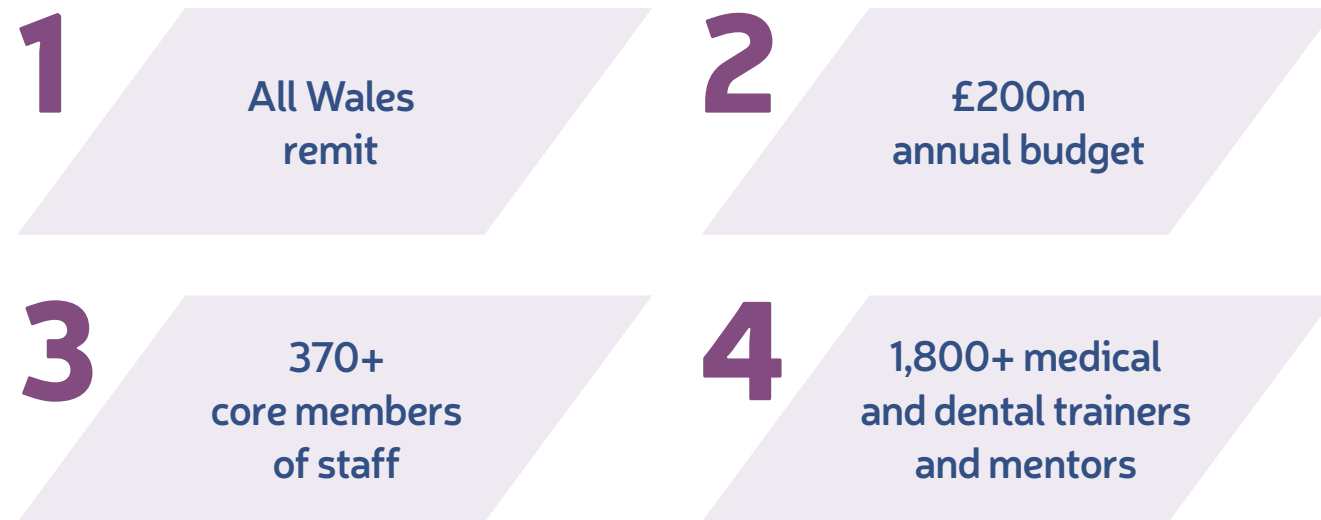
“Transforming the workforce for a healthier Wales”

HEIW has a leading role in the education, training, development and shaping of the healthcare workforce in Wales.

HEIW key functions include:



Key Facts

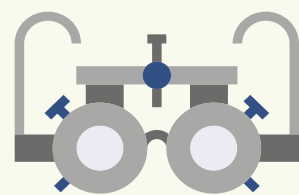


Supports the education and training of:



3,000

training-grade staff and associate specialist doctors and dentists



700+

optometrists



3,300

new non-medical health profession students



1,600

dentists and

3,400

dental care professionals



2,500+

pharmacists

1,600+

pharmacy technicians

70+

pre-registration pharmacists and pharmacy technicians trainees

9,500

(total number) students within the non-medical education system

nursing: **5,500**

midwifery: **362**

allied health professionals (AHPs): **2031**

scientists / practitioner training programmes (PTPs): **312**

community nursing: **862**

pharmacists: **330**

Provides:



50+

specialist medical training programmes



12

district GP training schemes



964

medical and dental courses attended by **16,000+** trainees

Funding

213

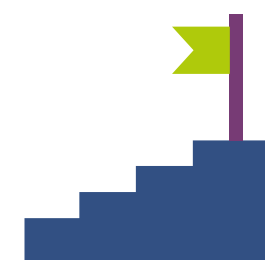
staff to practice as non-medical prescribers (2017/18)



Funding

for first paramedics to be trained as non-medical prescribers

Promotes:



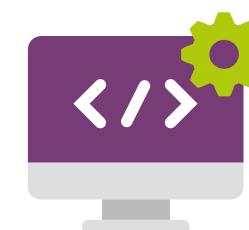
350+

careers in NHS Wales



29

medical libraries



NHS Wales e-Library for Health managed by NHS Wales Informatics Service

2,300+

subscription e-journals

4

point of care tools

18

databases, e-Learning and guidelines

Chair's foreword



I see the creation of HEIW as an opportunity to harness a highly trained and motivated workforce, enhanced by the digital agenda to deliver *A Healthier Wales* for future generations.

Just under a year ago Health Education and Improvement Wales (HEIW) was officially established as the first Special Health Authority in Wales and the 11th member of the NHS Wales family.

This report reflects the hard work of a committed workforce who created the foundations of HEIW and are building on these foundations to ensure our work now, and going forwards, impacts positively on the health and wellbeing of the people of Wales.

I wish to put on record my thanks and admiration for all the staff who have come together creating a dedicated workforce with a vibrant mix of skills, knowledge, enthusiasm and experience.

I would also like to thank all our partners and stakeholders for their help and support in the establishment of HEIW, and informing our work going forward. Our Board is strongly committed to a culture of partnership and respect that meets the healthcare needs and aspirations of our nation.

Whilst healthcare, workforce and revenue challenges dominate we should not lose sight of the opportunities out there. Education and continuous improvement are the bedrock for high quality, accessible health and social care services.

In these times of uncertainty and increasing demand I see the creation of HEIW as an opportunity to harness a highly trained and motivated workforce, enhanced by the digital agenda to deliver *A Healthier Wales* for future generations.

I very much look forward to working with partners in developing our health and social care workforce strategy, and in particular our leadership strategy.

Quality and improvement will feature across the organisation's work – all key elements in enabling safe, sustainable services in and around the NHS and social care system.

In reading this report, I hope it encourages you to be engaged with and work with us. We are here waiting to learn from you, and in return, to support you in achieving your goals, meeting your organisation's challenges and providing the best health and social care possible to the people of Wales.

Our aim is to be a valued partner here in Wales and across the UK.

Our challenge now is to realise the sum of the parts and become an enabling and enhancing force to support the delivery of 'A Healthier Wales'.

A handwritten signature in black ink, appearing to read 'Chris Jones'.

Chris Jones
Chairman

Chief Executive's reflection



Establishing and maintaining close working relationships with NHS colleagues has been a priority to ensure that we have a clear focus on delivering improvements for patients, service users and staff.

In this first annual report for Health Education and Improvement Wales (HEIW), it is important to reflect on the huge amount of change that has taken place in 2018/19, moving from a period of shadow working to one of full operation of a new statutory body on 1 October 2018. Inevitably therefore, the first 6 months has been very much a transitional period into new organisational arrangements and "operational readiness". Our measures of success have been focused as much on the effective implementation of these changes as on our continuity and delivery of support to the NHS and partners.

Our first priority has been to ensure a smooth transition for the staff who have been transferred into the new organisation and to embed staff newly appointed from other parts of the public sector and beyond. This has involved a comprehensive communications and engagement programme through all-staff events and bulletins in the run up to and following the launch.

This has been supported by the development, working with our staff, of a HEIW specific set of values and behaviours to underpin organisational development and the development of our new culture. These were achieved as a result of wide engagement, partnership working and are being embedded in practical terms through policies, training, and recruitment processes. Recruitment of new staff to support additional functions has also been a key area of work, with a significant number of new starters in the organisation. We have been keen to ensure that all of our staff have been supported with an initial induction process and more targeted training, as relevant, in areas such as appraisal and budgets. A programme of lunch and learn sessions has been in place to support integration and learning across the organisation.

Although we adopted a "best fit" approach to minimise changing organisational structures as part of the transition, the transfer for many staff from a university sector into the NHS has been a big step, not to mention a new base, new information systems, new policies and procedures and new colleagues. I have been hugely impressed by the enthusiasm and support of staff through this period, despite the personal upheaval that this has inevitably caused.

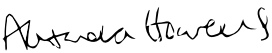
Communication and engagement with our wide range of partners and stakeholders has also been a critical area of focus for us during 2018/19. Recognising that as an all Wales organisation the range of partnerships and networks is particularly complex. We were very pleased to welcome over 450 partners and stakeholders to our official launch event, reflecting not only existing relationships but also the number of individuals and organisations looking to work with us going forward.

Establishing and maintaining close working relationships with NHS colleagues has been a priority to ensure that we have a clear focus on delivering improvements for patients, service users and staff, through the various peer groups, sharing of plans and local workshops. Although we are not responsible for the direct delivery of patient care we are absolutely clear that we still have a significant contribution to make to the quality and safety of care, and to staff experience.

A third priority has been to ensure business continuity during this period, recognising the practical challenges accompanied by moving into a new building, with new IT and communication systems and equipment. Thanks to the commitment of our staff, and support from NHS Shared Services and NWIS the physical transition has been a smooth one. It has been a key contributor to maintaining business continuity against the work programmes of our three predecessor organisations during this period, and to deliver the additional priorities set out in the remit letter. In addition, in order to support the functioning of a statutory body we have needed to build up our HR and finance services capacity very quickly in order to comply with policies and legal requirements. The establishment of clear governance and decision making has also been important – not just at Board level, but the wider leadership team and business processes of the organisation – and it is pleasing to note the initial feedback from auditors on some of these matters.

Our final area of focus has been to develop our vision and plans for the future, to capture and articulate the ambition and expectations of the new organisation to deliver improvement. Prior to the launch of the new organisation we developed our vision “transforming the workforce for a healthier wales” supported by our PEOPLE principles and 7 Strategic Objectives 2018-2021. We’ve developed these through close partnership working with our stakeholders and partners at various stakeholder engagement events. These strategic objectives have started to frame our work programmes during 2018/19 and have formed the framework for the annual plan which has been developed for 2019/20.

As you will see from the content of this report, a lot has happened in a short space of time. None of this would have been possible without the staff who have come together to form HEIW. I cannot thank them enough for their patience and hard work. They are an enthusiastic and committed team, and I hope that together we will continue to build an organisation we are all proud to work for.



Alex Howells
Chief Executive

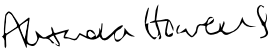
Statement of the Chief Executive’s responsibilities as Accountable Officer of HEIW

The Welsh Ministers have directed the Chief Executive should be the accountable officer to the Board. The relevant responsibilities of accountable officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the accountable officer’s memorandum issued by the Welsh Government.

As accountable officer I can confirm that as far as I am aware there is no relevant audit information of which HEIW’s auditors are unaware, and as accountable officer, I have taken all the steps I ought to have taken to ensure that I and the auditors are aware of relevant audit information.

I can confirm the annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility for these and the judgement required for doing so.

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



Alex Howells
Chief Executive
31 May 2019



Performance Report

A New Organisation - Overview

Purpose and functions

HEIW was established on 1 October 2018, as a Special Health Authority (SHA), bringing together the Wales Deanery, the Wales Centre for Pharmacy Professional Education and the NHS Workforce and Education Development Service. We were also given a number of additional functions.

Prior to this HEIW was established by establishment order 2017 No. 913 (W. 224) made on 11 September 2017 and came into force on the 5 October 2017, operating in shadow form until 1 October 2018. All establishment and set up costs were borne by the Welsh Government, and with the predecessor bodies of NHS Wales Shared Services Partnership (NWSSP) hosted by Velindre University NHS Trust and Cardiff University delivering operational activity to 30 September 2018.

The background to the establishment of the new organisation is well documented through two independent reviews (Evans, 2015 and Williams, 2016) both supporting the need to establish a single body to develop an integrated and comprehensive approach to the planning and development of the health workforce.

A number of key principles were set for the organisation including:

- To be part of the wider NHS family;
- To be driven by the health requirements of the population of Wales, reflecting the needs of different parts of Wales;
- To ensure patient safety is at the heart of all decision making processes;
- To undertake its functions in a fair and transparent manner, with evidenced based decision making;
- To ensure decisions are based upon a multi professional team approach which considers the dependencies across the full range of staff groups and professionals;
- To promote innovation in developing new roles within the NHS;
- To ensure effective engagement with professions to secure advice on safety and quality issues;
- To ensure arrangements for planning and developing the healthcare workforce have appropriate integration with the social care workforce;

- To ensure strong partnerships with universities and education providers to make the most effective use of the skills of educators;
- To streamline processes and structures ensuring that they are simple, cost effective and efficient;
- To provide clarity of roles, responsibilities and accountabilities between the new body, the NHS and other organisations;
- To reinforce values and behaviours which recognise the wider benefit to society of developing.

Our purpose is to provide Wales with a single body to develop an integrated and comprehensive approach to the planning and development of the health workforce.

This means delivering improvements not just in terms of the functions outlined overleaf but also at a health and care system level.



So proud to see this [HEIW] developing for the health non medical workforce in Wales ...am sure it will be as advantageous to the workforce and furthering educational best practice in Wales as HEE is in England.

Jean Perkins

Function	Description
Workforce Intelligence	HEIW will be the central, recognised source for information and intelligence about the Welsh health workforce. It will provide analytical insight and intelligence to support the development of the current and future shape of the workforce. It will act as a central body to identify and analyse sources of intelligence from Wales, UK and abroad.
Workforce Planning	HEIW will provide strategic leadership for workforce planning, working with health boards/trusts and Welsh Government to produce a forward strategy to transform the workforce to deliver new health and social models of service delivery. In addition, through this process, HEIW will identify any new workforce models required within the NHS.
Education Commissioning	HEIW will utilise its funding to ensure value for money and the provision of a workforce which reflects future healthcare needs. This will include commissioning and contracting as well as design and delivery of education and training.
Quality Management	HEIW will quality manage education and training provision ensuring it meets required standards, and improvements are made where required. This will include supporting teachers, trainers, trainees and working closely with regulators.
Supporting Regulation	HEIW will play a key role representing Wales in liaison with regulators, working within the policy framework established by the Welsh Government. HEIW will also undertake, independently of the Welsh Government, specific regulatory support roles.
Leadership Development and Succession Planning	HEIW will establish the strategic direction for the development and delivery of leadership development for and succession planning for NHS Wales.
Careers and widening access	HEIW will provide the strategic direction for health careers and the widening access agenda, delivering an ongoing agenda to promote health careers.
Workforce Improvement	HEIW will provide strategic and practical support for workforce transformation and improvement, including skills development, role design, CPD and career pathway development.
Professional support for Workforce and OD	HEIW will support the professional workforce and OD profession within Wales.

Achievements against strategic objectives

A set of strategic objectives were developed during the establishment of the organisation and these are designed to provide a framework for 2018 – 2021.

1. As a new organisation establishing HEIW as a valued and trusted partner, an excellent employer and a reputable and expert brand.

2. Building a sustainable and flexible health and care workforce for the future.

3. With Social Care Wales shaping the workforce to deliver care closer to home and to better align service delivery.

4. Improving quality and safety by supporting NHS organisations to find faster and more sustainable workforce solutions for priority service delivery challenges.

5. Improving opportunities for use of technology and digitalisation in the delivery of education and care.

6. Reinvigorating leadership development and succession planning across health and social care in partnership with Social Care Wales and Academi Wales.

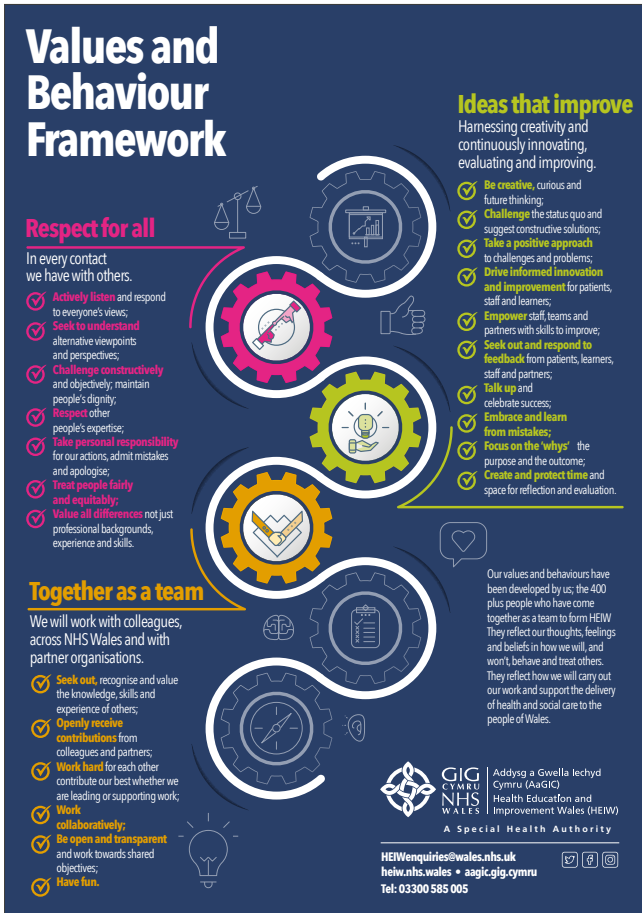
7. Demonstrating value from investment in the workforce and the organisation.

These strategic objectives have increasingly driven the work programmes of the organisation during its first 6 months as outlined in the following sections.

1. Establishing HEIW as a valued and trusted partner, an excellent employer and a reputable and expert brand.

This objective recognises that the organisation, as a new entity, needs to maintain its focus on building strong foundations for the future. Achievements in this area include:

- An inclusive approach to the development of a set of values and behaviours to underpin organisational development;
- Completion of our first staff survey;
- A targeted communications and engagement programme for staff and stakeholders pre and post launch involving face to face communication and a wide range of individual meetings, local workshops and national events;
- Particular targeted engagement work with NHS organisations through individual meetings and participation in peer groups (remit letter requirement);
- The establishment of effective working relationships with Social Care Wales;
- A comprehensive induction process for all staff;
- Attendance at Health, Social Services and Sport Committee with Social Care Wales to discuss current workforce challenges and our plans;
- Significant recruitment activity resulting in 28 new starters for the organisation;
- Substantial development of the policy framework required for a new statutory organisation (remit letter requirement);
- A refreshed communications and engagement strategy for the first full year of operation;
- A draft Welsh Language policy and plan;
- A bespoke values based performance appraisal system for individuals;
- Initial discussions about a People and Organisation Development Strategy, and
- Targeted engagement with Welsh universities to ensure the education commissioning requirements of HEIW are delivered.



2. Building a sustainable and flexible health and care workforce for the future.

This is clearly a longer term objective but we have made some progress towards this even in our first 6 months:

- With Social Care Wales we have started the development of a workforce strategy for health and social care to support delivery of A Healthier Wales, completing the initial research and scoping of this work, establishing a clear mechanism and project plan, securing consultants and completing a substantial engagement exercise involving interviews, workshops, webinars and an online survey (remit letter requirement);
- Continued support for the development of Physicians Associates as a key part of the workforce in Wales;
- Development of a business case to implement multi sector pre registration training for all pharmacy students which has been supported by Welsh Government with investment of nearly £4m;
- Implementation the education and training commissioning plan for 2019/20 which has benefitted from £6.9m additional investment;



- Commenced a strategic review of health professional education to inform future contracts for undergraduate education;
- Implementation of a trainer recognition agreement to improve consistency and quality of training across undergraduate and postgraduate environments;
- Review of quality management process for postgraduate medical education.
- Procured new undergraduate physiotherapy education from Glyndwr and Bangor Universities to meet the needs of north Wales;
- Led a successful Scientist Training Programme (STP) recruitment campaign securing 20 high calibre clinical scientist trainees for NHS Wales;
- Worked with Qualifications Wales and Social Care Wales to approve 8 out of the 19 new health and social care qualifications;
- Commenced the provision of distance learning pre-registration nursing education via the Open University with 40 places being made available in 2018/19, and
- Through its programme management arrangements led the Once for Wales approach to the implementation of new NMC standards for pre-registration nursing.



Great to see how this contributes to recognising and professionalising the role of trainers, and @gmcuk quality assurance and improvement in this respect.

Katie Laugharne

3. With Social Care Wales shaping the workforce to deliver care closer to home and to better align service delivery.

We believe that we have an important contribution to make to supporting the strategic shift to develop primary and community services and in 2018/19 focused on the following issues:

- As per our remit letter from Welsh Government we have developed a business case to increase the number of places for GP trainees in Wales and also to improve the training that GP trainees receive (remit letter requirement);
- Participated as a system leader in the Transformation Advisory Board alongside colleagues from Social Care Wales, providing input to the implementation of A Healthier Wales;
- Supporting the development of a workforce model for primary care as part of the Strategic Programme for Primary Care;
- Led a task and finish group focusing on Urgent Primary Care Out of Hours (OOH) workforce challenges, and participated in the OOH peer review;
- Supported the implementation of the joint health and social care induction framework pilot in Hywel Dda, and
- Working with Welsh Government led the introduction of the Community Neighbourhood nursing initiative which will potentially increase the number of District Nurses over the coming year.



4. Improving quality and safety by supporting NHS organisations to find faster and more sustainable workforce solutions for priority service delivery challenges.

We recognise the importance of supporting NHS colleagues in addressing current challenges and have made progress in the following areas:

- Participation in the mechanisms for implementing the Single Cancer Pathway, with a focus on diagnostic workforce challenges, and development of non-medical endoscopy training;
- Implementation of lead roles in Emergency Medicine for development of leadership and quality through education and training;
- Development of a business case for investment in postgraduate education for Optometrists to enhance and extend the services available in each cluster, improving overall access for eye care for local populations, and
- Continued to promote and raise awareness of the value of a behavioural science approach in supporting multi professional teams to implement prudent healthcare.

5. Improving opportunities for use of technology and digitalisation in the delivery of education and care.

This is an important area of new development for the organisation building on a strong legacy of software and systems development, and creation of e resources. Progress made in 2018/19 includes:

- Transition of legacy systems, including those that support trainees, into the new organisation with no detrimental impact on business continuity;
- Supporting additional investment of over £3m into the e resources library operated by NWIS, resulting in additional access for all health staff to a range of educational journals and resources (remit letter requirement);

- A baseline assessment of simulation facilities across Wales to inform the development of a Simulation Plan for Wales (remit letter requirement);
- Securing investment in a Head of Digital post to support strategic development in this area;
- Expansion and continued prioritisation of workforce intelligence, analysis and data modelling including support for national priorities around locum and agency staff, design and collation of managing attendance at work KPIs, primary care workforce planning tools, and
- Provided funding to support the development of knowledge and skills of the prosthetics workforce across Wales which will enable veterans to receive seamless care following their transfer from hospitals elsewhere in the UK.



6. Reinvigorating leadership development and succession planning across health and social care in partnership with Social Care Wales and Academi Wales.

This is a new function for the organisation although the predecessor organisations provided some specific leadership development activities. Work to date has involved securing agreement in principle from NHS colleagues to the development of a collective leadership strategy for Wales, based on research across the UK. This was the focus of a plenary discussion at the NHS Confederation Conference. Significant scoping activity has been undertaken looking at best practice across the UK and elsewhere. Also arrangements were put in place for the smooth transfer of the Medical Leadership programme from Academi Wales.

7. Demonstrating value and benefits from investment in the workforce and the organisation.

Welsh Government has invested in the establishment of HEIW and we recognise the importance of ensuring that we deliver value from money from this investment and also from the education commissioning budgets that we are responsible for. In 2018/19 we have started this work by developing a new integrated performance management framework for the organisation to reflect its new responsibilities and functions, to start to bring together a range of process and outcome measures for assurance and value purposes.



Very much looking forward to attending this! [Sharing a Supportive Environment for Healthcare Professionals] @HEIW_NHS's conferences always leave me inspired!

Steffanie Potheary

Achievements against legacy organisation plans

In addition to the above work HEIW has overseen continued delivery of commitments by predecessor organisations.

Wales Deanery

Key Objectives

- Working with outside agencies to recruit to and provide sustainable high quality medical and dental training programmes which meet education and curriculum requirements and maximises opportunities for access to community and rural placements ensuring patient safety is at the centre of training for the health service in Wales;
- Ensure a programme of support and assessment systems are in place across Wales to underpin the medical and dental training programmes;
- Ensure the methods of delivering medical and dental education and training across Wales deliver the highest standards, represent value for money and provide a range of learning methods / environments for trainees;
- Delivery and maintenance of an appraisal system that satisfies the requirements of the General Medical Council (GMC);
- Contribute to the quality and safety agenda by supporting revalidation systems, including appraisal, and the delivery of and support for continuing professional development (CPD), that meet the needs of the Welsh medical and dental workforce, the Health Boards and the Regulatory Bodies (GMC, General Dental Council), and
- Contribute to the Workforce Education Development Service's workforce planning arrangements for medical and dental staff in Wales.

Key Highlights

- Improving surgical skills pilot – A run-through pilot for General Surgery introducing a more intensive training experience has been undertaken in Wales during 2018/19. In August 2019, the pilot enters its second year with the first cohort moving into year 2 and a new cohort recruited to follow. The trainees and their experience during the pilot is being monitored extensively to compare it against the Core Surgical Programme;

- Implementing the changes to internal medicine from Core – From August 2019 the Internal Medicine Training programme replaces the 2 year Core Medical Training. This 3-year programme has required changes to the placements and rotational programmes on offer. A bi-monthly conference call with health board leads enables us to engage with employers and ensure they are sighted on all of the challenges associated with introducing this new programme and potential implications this may have for service delivery;
- Differential attainment – we have evaluated and considered the Differential Attainment (DA) data provided by the GMC comparing it against our specialty intelligence to determine priority specialty areas. We have also established a Differential Attainment Implementation Group to develop and monitor a DA action plan for trainees in Wales;
- Trainee Case Management – as an expansion from the successful trainee case management process we have introduced trainee case conferences where a group of experts are convened to discuss and agree the best course of action to ensure patient safety and where applicable support the trainee in returning to the workplace;
- HEIW and Dental Public Health Team have developed an e-learning module for dental teams in Wales to support the Designed to Smile National Oral Health Improvement Programme. The course guides dental professionals through an online Quality Improvement project to embed evidence based preventative care and advice for children aged 0-6 in their practice;
- Dental skills optimiser evaluation tool launched - The Skills Optimiser Self-Evaluation Tool (SOSET), developed in collaboration with the Cardiff Unit for Research and Evaluation in Medical and Dental Education (CUREMeDE), encourages dental teams, including dentists and dental care professionals (DCPs), to put teamwork at the forefront of their approach to delivering effective oral healthcare, and
- Dental Appraisal System (DAS) pilot launched - development of a flexible online appraisal platform in an attempt to move the profession from current paper based approach.





NHS Workforce and Education Development Service

Key Objectives

- Population based workforce planning - lead the development of population based workforce planning which will complement and fit within the IMTP process;
- Education - develop education at all levels and commission appropriate provision to support future needs of the health sector in Wales;
- Workforce transformation and redesign to develop a prudent workforce - facilitate transformation of the workforce in priority areas as agreed by NHS organisations;
- Workforce analytics and workforce planning modelling - further develop workforce analytics and workforce planning modelling capacity for NHS Wales which supports strategic development of the workforce and in particular the 10 Year Workforce Strategy and Primary Care Workforce Plan, and
- Careers/Widening access - to promote the wide range of career opportunities available within the NHS and to promote NHS Wales to be recognised as the employer of choice.

Key Highlights

- Led the development of an education commissioning and training plan for 2019/20 which was supported by the Welsh Government;
- Supported Welsh Government as it reviewed its future policy direction for the NHS bursary;
- Implemented the Buurtzorg Community Nursing Model supporting increased support for community nurse education;
- Progressed work in partnership with Qualifications Wales and Social Care Wales to develop a new suite of health and social care and child qualifications at education levels 2-5 that meet the needs of all sectors;
- Ensured education contracts with universities across Wales continued to deliver the future health sector workforce, and
- Secured resources to evaluate the introduction of the Physician Associate role in Wales.

Wales Centre for Pharmacy Professional Education

Key Objectives

- Developing the post registration pharmacy workforce to meet the changing needs of patients and the NHS;
- Developing the pre-registration pharmacy workforce to meet the changing needs of patients and the NHS;
- Working in partnership with Social Care Wales, and
- Workforce intelligence and planning.

Key Highlights

- The pharmacy team have been actively involved in supporting the Newport Carer project and Medicines and Young Carers project. This has included supporting the Carers Trust in developing resources for health care professionals and supporting the development of an all Wales strategy for training and assessment of Health and Social Care teams regarding administration of medicines, and
- The first bi-lingual workforce survey of the community pharmacy team was launched and closed on March 31 and will provide new intelligence on the development required for community pharmacy teams to deliver services closer to home.

Performance Analysis 2018/19

The development of a coherent and integrated performance management framework has been a key task during the transition period. The measurement of performance in an organisation like HEIW will be very different to that of any other NHS organisation, both in terms of the type of measure and the frequency of reporting. Performance metrics used in similar organisations in Scotland and England have been reviewed to inform the work in HEIW. During the transition period it has been agreed that the organisation will not be required to report on key workforce indicators such as sickness, appraisal and mandatory training as the Electronic Staff Record ESR system has not been fully rolled out.

For the purpose of the annual report look back at performance a few key indicators related to the education commissioning function are highlighted:

Fill rates of Health Professional Education Programmes and Retention

The Minister for Health and Social Services each year agrees the number of students to be trained across a wide range of undergraduate and postgraduate training programmes. These form part of the core funding HEIW receives for health professional education and training.

Over the past ten years' recruitment to the commissioned training places has historically been very high, usually 99-100%. However, over recent years universities have experienced some difficulties in recruiting in some areas, in particular the following areas have been challenging:

- Nursing across all fields, learning disability nursing has proven a significant challenge however paediatrics has enjoyed robust recruitment
- Diagnostic Radiography
- Operating Department Practitioners (ODP)

Table 1 identifies the position for 2018/19 although it should be noted that this is subject to some minor changes.

The reasons for the under recruitment are complex and there is no one single reason across the various staff groups for this however, some of the key factors include:

- Removal of the NHS bursary in England is misunderstood by some as applying to Wales as well
- Public awareness of career opportunities (Learning Disability nursing and ODP)
- Recent increases in places has out reached current pool of available recruits
- Number of 18 years old is currently at a low

Some of these issues will need to be explored further in 19/20.



Fill rates of Postgraduate Medical and Dental Education

Postgraduate Medical Education

The overall fill rate for a programme (Table 2) takes into account the percentage whole time equivalent (WTE) of individuals currently working in training placements in NHS Wales, plus the number of trainees currently in a programme but on parental leave. It also includes those undertaking an out of programme placement (OOP). Both those on parental leave and OOP will return to a placement at an agreed given point in time.

Over the last five years, overall recruitment into NHS Wales training programmes has averaged between 80% and 86% which is comparable to the current fill rate (Including those in training plus parental leave and OOP).

Table 1

Summary	Commissioned Autumn 18	Recruited 2yr tie in Autumn 18	Recruited Self-funder Autumn 18	Total Recruited	Variance on Autumn Commissions	Commissioned Spring 19	Recruited 2yr tie in Spring 19	Recruited Self-funder Spring 19	Total Recruited	Variance on Spring Commissions
Adult - 3yr	773	642	52	694	5	396	326		326	-70
Adult - MSc 2yr		5		5						
Adult - PGd 2yr		14		14						
Adult - HCSW Part Time		57		57						
Adult - HCSW 2yr		8		8						
Mental Health - 3yr	216	191	11	202		108	94		94	-14
Mental Health - HCSW 2yr		6		6						
Mental Health - MSc 2yr		4	1	5						
MH - HCSW Part Time		3		3						
Child	154	133	15	148	-3					
Child - HCSW 2yr		3		3						
Learning Disability	77	51		51	-23					
LD - HCSW 2yr		3		3						
Total Nursing	1,220	1,120	79	1199	-21	504	420	0	420	-84

Table 1 (continued)

Summary	Commissioned Autumn 18	Recruited 2yr tie in Autumn 18	Recruited Self-funder Autumn 18	Total Recruited	Variance on Autumn Commissions
PTP - Cardiac Physiology	24	22	3	25	1
PTP - Respiratory & Sleep	5	5	0	5	0
PTP - Clinical Audiology	18	17	0	17	-1
PTP - Nuclear Medicine/ Radiotherapy Physics	3	3	0	3	0
PTP - Neurophysiology	3	3	0	3	0
Midwifery	134	128	6	134	0
Paramedic	76	72	0	72	-4
Dental	31	23	8	31	0
ODP	49	28	4	32	-17
Physio	134	115	18	133	-1
Rads - Therapeutic	20	20	0	20	0
OT - Accelerated	20	20	0	20	0
OT - Full Time	113	98	13	111	-2
Radiography Diagnostic	112	97	11	108	-4
PTP - Healthcare Sciences	21	20	0	20	-1
Dietetics HN	30	30	0	30	0
Dietetics PG	12	12	0	12	0
Podiatry	24	21	4	25	1
SALT	44	44	0	44	0
Total	873	778	67	845	-28

There are a number of areas which need to be highlighted covering all and specific specialties where discrepancies may occur between information presented here and recruitment fill rates. These could be due to a number of reasons including:

- Maternity leave - specific training programmes attract higher rates of females and consequently there is a greater impact in terms of maternity leave requirements and they are more likely to train on a Less Than Full Time (LTFT) basis. Specialties such as Paediatrics have a 33% LTFT rate whereas others including certain medical specialties have LTFT rates in excess of 50%.

- Dual accreditation - certain training programmes allow trainees to work towards a Certificate of Completion of Training (CCT) in 2 specialty areas. For example, with Intensive Care Medicine, all of the trainees are currently dual accrediting. This requires trainees to spend time of varying durations in their parent and dual training programme and so whilst the ICM programme may be full, trainees may be out training in their dual/ parent programme at a given point.
- Period of grace -all trainees upon completing their training programme are entitled, as part of their terms and conditions of service, to a 6-month period of grace. This period of time supports trainees in looking for a consultant position. However not all trainees

choose to take up this grace period but when planning for future recruitment rounds we have to assume, until notified, that all trainees will take their entitlement. This is an increasing problem for specialties with 1 intake per year (August) and 1 recruitment round. If a vacancy therefore falls in December we will be unable to fill it with a trainee until the following August.

- Attrition -natural attrition occurs as a result of trainees failing to make progress within a specialty but also deciding that a particular specialty was not for them and successfully obtain a placement on another programme.

In order to maximise fill rates, where trainees are out of programme for planned periods of time, (usually exceeding 12 months), the Medical Deanery implements a mortgaging system by over-recruiting to cover the gap. This is in the knowledge that before the trainee returns back to the programme, other individuals will have completed their training freeing up a space for them.

Postgraduate Dental Education

Dental training fill rates (across all training grades DFT/DCT/DST) continue to be very high. All dental graduates who want to work in NHS GDS services need to undertake dental foundation training in order to be eligible for entry into the GDS Performers List. Entry to dental specialist training requires applicants to have undertaken dental core training to a DCT2 level, therefore these positions also attract a high level of interest. Obtaining a dental StR 1 position also remains extremely competitive and these posts are almost always filled in all parts of the UK. We currently have two vacancies at StR 4 level. These trainee positions at National Recruitment generally are less competitive with usually more jobs available than applicants. This means applicants can pick and choose where they want to train. The lower pay scales available in Wales to all training grades may also be a factor in our inability to attract higher trainees, however, vacancies also exist in England and Scotland for higher trainees.

Table 2

School	Overall programme fill rate	Trainees working LTFT	Trainees on Mat leave
ACCS	88%	2	1
Anaesthetics	74%	69	7
Emergency medicine	83%	9	2
Foundation	97%	7	1
General Practice	95%	122	36
Intensive Care	97%	1	0
Lab-based	64%	9	2
Medicine	66%	76	22
Obs & Gynae	66%	18	4
Paediatrics	71%	42	15
Psychiatry	51%	21	3
Public Health	61%	6	0
Radiology	78%	8	5
Surgery	81%	14	4
Dental Foundation Training	100%	0	0
Dental Core Training	100%	2	0
Dental Specialty Training	95%	1	3

Postgraduate Medical Education Quality Management Process

Providing assurance about the quality of postgraduate medical education is an integral part of HEIW's responsibilities, and will form a key component of our integrated performance management framework. This requires a partnership approach between HEIW, NHS health boards and trusts providing the education and trainees. The systems and processes aim to promote and encourage quality of education and training by providing the right support and infrastructure in the first instance. However, the system also anticipates that training concerns will arise and so a robust process is required to manage training concerns, to the standards set out by the GMC. The GMC is content with the approach being undertaken by HEIW.

During 2018/19 five sites were classified as requiring "enhanced monitoring" by the GMC. These included:

- Paediatric surgery at UHW
- Obstetrics and gynaecology at Royal Glamorgan Hospital
- Medicine at Ysbyty Ystrad Fawr
- Trauma and Orthopaedics at Morriston Hospital
- Obstetrics and gynaecology at Princess of Wales Hospital

Escalation to enhanced monitoring is usually necessary for those training concerns which are particularly complex in nature or where there have been challenges in delivering a sustainable solution. The key feature of this stage is that whilst the concern is still being managed under the Medical Deanery's targeted process, there is explicit regulatory input from a senior member of the GMC. Regulatory input can be beneficial for complex concerns as there is the ability to draw on experience from similar challenges in other parts of the UK. In addition, regulatory input enhances the level of scrutiny both around the concern itself and the management of that concern.

GMC National Training Survey

This is an annual source of feedback on trainee views on training. HEIW's response rates to the 2018 GMC National Training Surveys remained consistently high with a trainee response rate of 98.79% against a UK average of 95.69% and a trainer response rate of 61.79% against a UK average of 41.73%.

In terms of the quality of experience trainee feedback illustrates that the experience in Wales is broadly in line with the rest of the UK as shown within Table 3 below:

Table 3: Key Trainee Survey Outcomes By UK Country



Evidence from the GMC Trainee Survey shows that training grade doctors have continued to report relatively high levels of satisfaction with their training in terms of teaching quality and their overall experience in Wales. In reviewing, the survey results in the context of HEIW's quality management framework areas requiring improvement have been identified and taken in line with HEIW's Targeted Process.

A summary of the outcome of specialty areas for which visits have been identified is provided in Table 4 and this is further broken down by specialty group within Table 5, which indicates that progress has been made in many areas particularly within surgery and the majority of concerns are being appropriately managed. Where there have been concerns regarding progress these have been escalated appropriately and remedial action plans are in place with close monitoring.

Table 4: Targeted Visits By Outcome (April 2018 to March 2019)

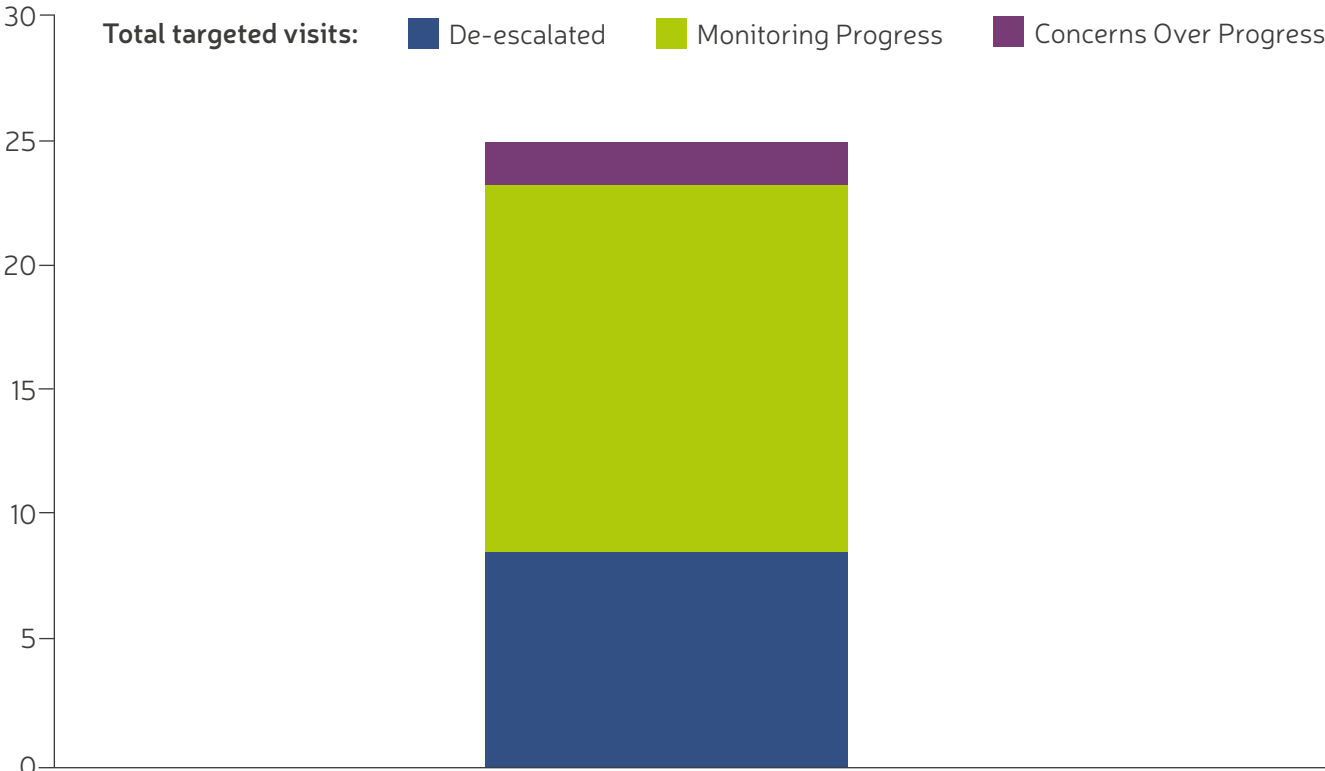
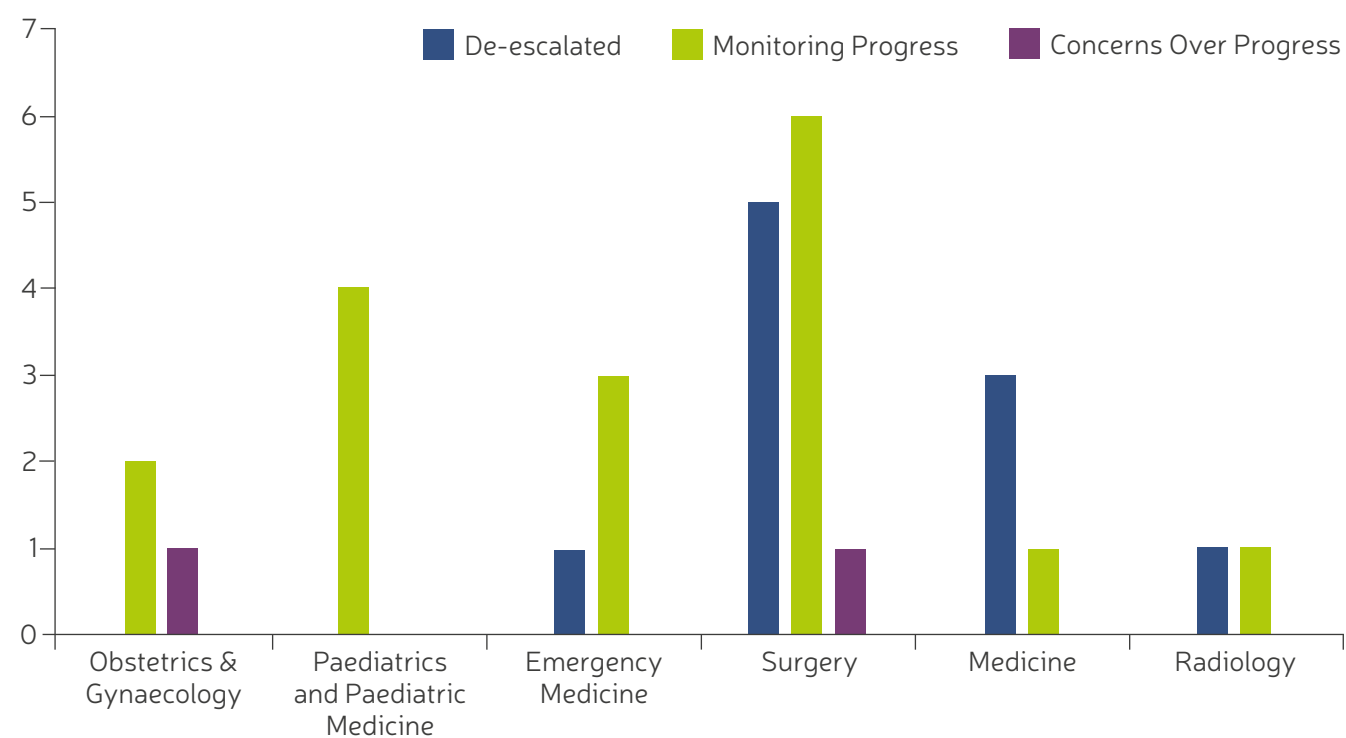


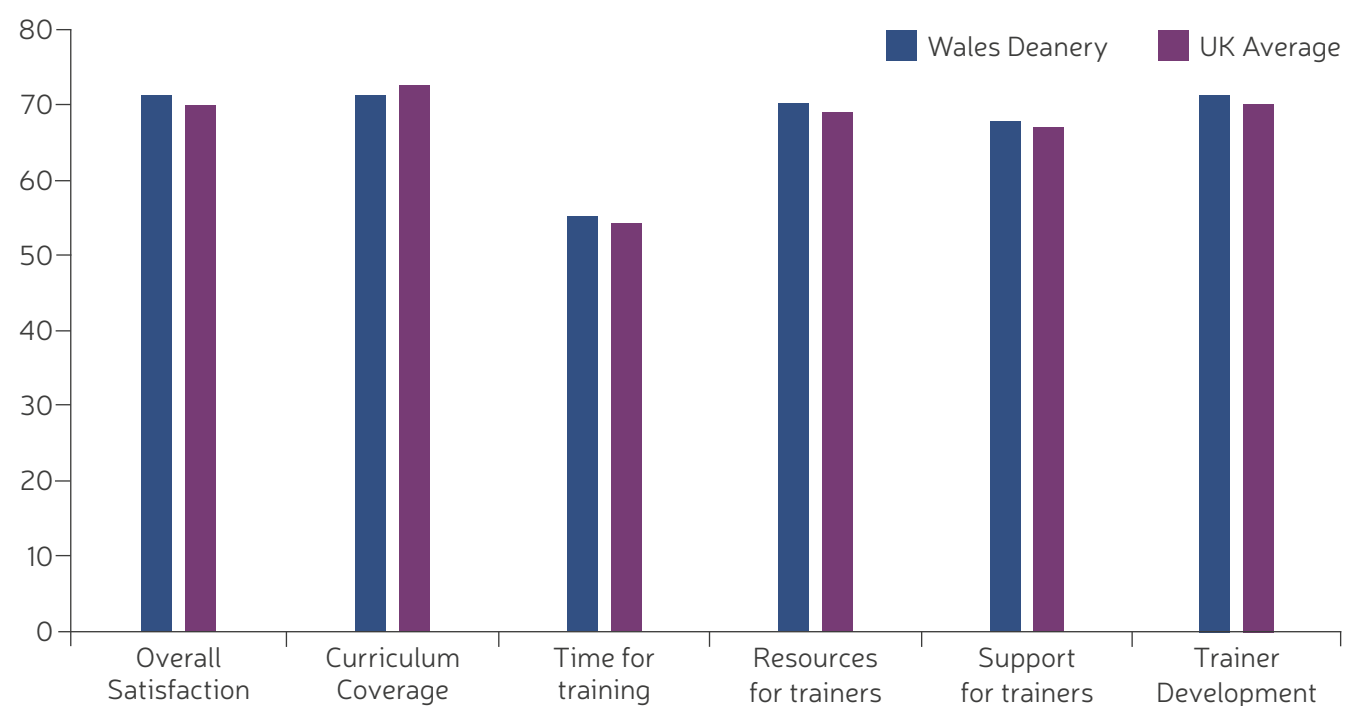
Table 5: Targeted Visits Outcome By Specialty Group April 2018 to March 2019



The results of the GMC National Trainer Survey highlight that there is a commitment to training provision with 92% of trainers reporting that they enjoy their training roles and trainer satisfaction with the learning opportunities available to them was relatively strong with 78% indicating that they were able to access opportunities.

Table 6 below provides an overview of some of the key survey findings for trainers in Wales compared to the UK average.

Table 6: 2018 Key Trainer Survey Indicators By UK Country



Development of Performance Framework 2019/20

As a new organisation, HEIW is currently in the process of developing its performance mechanisms. At the time of writing, this is being developed internally with the support of the HEIW Board and working with colleagues to identify the most appropriate reporting mechanisms.

The focus of our dashboard is across four main themes:

- Projects and programmes to deliver our strategic objectives
- Investment in education and training and workforce development
- Quality & outcomes
- Corporate governance & management

Over the course of 2019/20, an iterative development process will be followed after the creation of our first live dashboard at the end of Quarter 1. This will be supplemented by a detailed narrative report, and together will be used for internal and external reporting.

A task and finish group will also be set up to challenge and interrogate the data enabling informed decisions and recommendations to be made.

Sustainability

HEIW has been located at Ty Dysgu, Nantgarw since its go live date in October 2018. Full occupation was achieved following the completion of building works in January 2019.

2019/20 will provide the first opportunity to consider and review our utility emissions and waste creation. As a unique member of the NHS Wales, our emissions differ considerably as an office based organisation. As information is generated, we will consider how best to utilise this and consider targets relating to emissions and waste.

Risks

Please see page 42.



I highly recommend this course [Developing doctors to deliver], having completed it in 2018.

Dr Sue Goodfellow

Supporting Wales as a great place to Train Work Live

With our partners and stakeholders, attracting and enabling people to train, work and live in Wales is a key part of what we do. Here are some examples of what we've been doing:



- Our funding supported the extension of the healthcare **simulation suite** at Wrexham Glyndwr University. The new equipment in the suite helps to simulate a wide range of conditions in a lifelike manner – allowing students to examine the effects of diseases on organs and other body parts in a controlled learning environment before applying their learning in the workplace.
- We're funding additional **Physician Associate training places at Swansea University**. A physician associate is a rapidly growing healthcare role which sees them working alongside doctors in hospitals and surgeries, supporting the diagnosis and management of patients. Physician Associates complement existing medical models and provide much-needed continuity of care to patients.
- We saw a 40% increase in number of health professionals taking part in our **Developing Doctors to Deliver (3D)** programme. The programme promotes strong clinical leadership and is designed to support professionals as they develop skills to improve and enhance patient care in Wales. The first phase of the 3D programme's impact review has shown considerable benefits on both the individual participants and patient services.
- The introduction of a new model for referring children to **occupational therapy and physiotherapy in Cwm Taf University Health Board** has helped to improve access to services. Cwm Taf's paediatric therapies department benefited from a project

funded by HEIW. Since its introduction, the team has seen greatly improved outcomes for patients, as well as families, and the new way of working has been a real asset to the working relationships of the team and the service.

- Promotion of HEIW's **Welsh Clinical Leadership Training Fellowship (WCLTF)** programme, which enables trainees to enhance their skills and become clinical leaders of the future. Graduates of this one year, out of training programme, develop the skills and knowledge to lead improvements in healthcare and become the clinical leaders of the future. Each fellow completes a quality improvement project within a healthcare organisation in Wales. By positioning themselves as leaders, trainee doctors are empowered to shape services and to improve patient care, performance, learning, and working environments.

• **Stress management toolkit/practical tips.** In collaboration with **DNA Definitive**, Dr Mark Stacey, Associate Dean New Initiatives at HEIW and Consultant Anaesthetist, has developed a visual toolkit called the 'Baker's Dozen of Mental Toughness' to help NHS Wales staff build resilience, manage stress and support each other. Some of the key themes in the toolkit centre around mindfulness, regular physical exercise, healthy sleep patterns, changing perspectives and the importance of learning new things.

- With Swansea and Cardiff Universities we launched the **first of its kind Medical Trainer Agreement in UK**. Wales became the first place in the UK to adopt a ground breaking approach to vital medical training. The new development aims to enhance standards of patient care and safety by raising the visibility of medical trainers and recognising their crucial role in supporting students and trainees. The agreement clearly defines the role, responsibilities and rights of individual medical trainers, HEIW, medical schools and NHS Wales health boards and trusts, contributing to greater consistency and transparency in the provision of education and training across Wales.

Accountability Report

For the period ended 31 March 2019*

Introduction

The Government Financial Reporting Manual (FReM) is the technical accounting guide for the preparation of financial statements. HM Treasury published a revised version of the Government Financial Reporting Manual (FReM) in December 2017 which states NHS bodies are required to publish, as a single document, a three-part annual report and accounts document which includes:

The Performance Report

The purpose of the performance section of the annual report is to provide information on the organisation, its main objectives and strategies and the principal risks that it faces. The report must include:

- An overview and
- A performance analysis.

The Accountability Report

The purpose of the accountability section of the annual report is to meet key accountability requirements for the National Assembly for Wales, which must include the following three sections:

A Corporate Governance Report

This explains the composition and organisation of Health Education Improvement Wales (HEIW) governance structures and how they support the achievement of the organisation's objectives. This section includes the Directors' report, the statement of accounting officers responsibilities and a governance statement. The Board Secretary has compiled the report, the main document being the Annual Governance Statement (AGS). The compilation of this section of the report has been informed by a review of the business undertaken by the Board and its committees over the 6 months since its establishment and has had input from the Chief Executive, as Accountable Officer, the Executive Team and members of the Audit and Assurance Committee.

A Remuneration and Staff Report

The remuneration and staff report sets out HEIW's remuneration policy for directors, reports on how this policy has been implemented, sets out the amounts awarded to directors and where relevant the link between performance and remuneration. This section contains information about the remuneration of senior management, fair pay ratios, sickness absence rates etc. and has been compiled by the Finance department and the Workforce and Organisational Development department.

A National Assembly for Wales Accountability and Audit Report

This contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in HM Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report.

The Annual Report must be produced in a bilingual format in time for presentation at the Annual General Meeting (AGM) in July 2019, having been reviewed by the Auditor General for Wales.

The Financial Statements

The Audited Annual Accounts for the period ended 31 March 2019.

Alex Howells
Chief Executive
31 May 2019

*HEIW became operational on 1 October 2018. All references to 2018/2019 in these reports cover the period 1 October 2018 to 31 March 2019.

Corporate Governance Report

For the period ended 31 March 2019*

Scope of responsibility

The Board of Health Education Improvement Wales (HEIW) is accountable for governance, risk management and internal control. The Chief Executive (CEO) has responsibility for maintaining appropriate governance structures and procedures, as well as a sound system of internal control which support the achievement of the organisation's policies, aims and objectives, whilst also safeguarding public funds and the organisation's assets, for which the CEO is personally responsible. These are carried out in accordance with the responsibilities assigned to the CEO as Accountable Officer by the Chief Executive of NHS Wales.

The background to the establishment of HEIW and the organisation becoming operational on 1 October 2018, its function and Remit Letter objectives are set out in the Performance Report.

This Annual Governance Statement explains the composition and organisation of HEIW's governance structures and how they support the achievement of its objectives.

Since our establishment in October 2018, we have been developing a system of governance and assurance. This will be further developed in 2019/20 with a Board Assurance Framework being considered by the Board in July 2019.

The Board sits at the top of our governance and assurance system. It sets strategic objectives, monitors progress, agrees actions to achieve these objectives and ensures appropriate controls are in place and working properly. The Board also takes assurance from its committees and assessments and against professional standards and regulatory frameworks.

Our system of governance and assurance

Through engagement with staff, stakeholders and partners we have developed and agreed our vision: **"Transforming the workforce for a healthier Wales"**. We will deliver this vision using our PEOPLE principles as outlined below:

- P** **Planning** ahead to predict and embrace changes and build a sustainable health and social care system
- E** **Educating**, training and developing staff to meet the needs of patients and citizens in line with prudent healthcare principles
- O** **Offering opportunities** for development to new and existing staff from all professional and occupational groups throughout career pathways
- P** **Partnership working** to increase value for our citizens, patients, learners and staff
- L** **Leading** the way, through continuous learning, improvement and innovation
- E** **Exciting, Enthusing, Engaging, Enabling and Empowering** staff across all professional and occupational groups

With our staff we have also developed and agreed our values:

- Respect for all
- Together as a Team
- Ideas that Improve

These values are supported by a values and behaviours framework which was approved by the Board in October 2018. Activities are ongoing to embed the framework throughout the organisation. Further work has also been undertaken on the development of a people and organisational development strategy and this will be completed in 2019/20.



HEIW, in line with all Health Boards and Trusts in Wales, has agreed standing orders for the regulation of proceedings and business of the organisation. They are designed to translate the statutory requirements set out in the HEIW (Establishment and Constitution) Order 2017 into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Board; a scheme of delegation to officers and others; and standing financial instructions, they provide the regulatory framework for the business conduct of HEIW and define its 'ways of working'. These documents, together with the range of corporate policies set by the Board make up the Governance and Assurance Framework.

The Board is in the process of developing a written Board Assurance Framework. This framework will outline the sources of assurance used by the Board to assist the organisation in making judgements on the progress it is making against its stated objectives. It is anticipated this will be considered by the Board in July 2019.

During the year HEIW's Declarations of Interest and Standards of Behaviour Policy has been developed, and work continues to further embed this to better manage any conflicts of interest that might arise for our board members and staff. This continues to be rolled out across the organisation with communication and engagement being undertaken on the requirements of the policy.

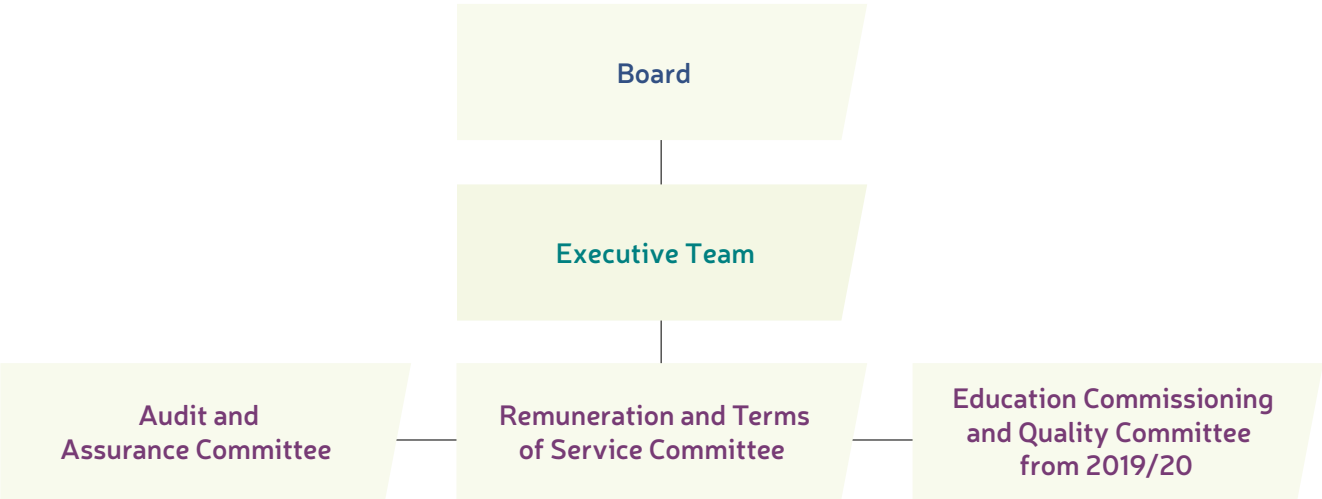
The role of the Board

As a newly established body HEIW has a new Board. The organisation's Chair, Dr. Chris Jones CBE was formally appointed on 1 October 2018. In addition, seven independent members were also appointed for a period of between two and three years. The Chief Executive, other Executive Members and the Board Secretary were also appointed in 2018. These appointments are outlined in Table One.

The national programme of induction for Board Members, facilitated by Academi Wales, is currently under review and new members will be required to attend the new programme in 2019/20. HEIW's experienced members have already undertaken equivalent training through their previous roles on boards.

During the shadow period for HEIW, which pre-dated the organisation becoming operational, a number of board development sessions were undertaken including a day on governance in spring 2018.

The full membership of the Board, their lead roles and committee responsibilities are outlined in Table 7. Below is a summary of the Board and Committees structure:



The Board provides leadership and direction to the organisation and has a key role in ensuring the organisation has sound governance arrangements in place. The Board also seeks to ensure the organisation has an open culture and high standards when conducting its work. Together, board members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board for the period ending 31 March 2019 (Table 8) were appropriately constituted with a quorum. The key business and risk matters considered by the Board during 2018/2019 are outlined in this statement and further information can be obtained from meeting papers available on our website: heiw.nhs.wales/corporate/board-meetings-agendas-and-papers

Committees of the Board

The Board has established three committees, the Audit and Assurance Committee, Remuneration and Terms of Service Committee and the Education Commissioning and Quality Committee. The latter committee was established by the Board in March 2019 and will not come into being until 2019/20. These committees are chaired by the Chair or independent members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny and in assessing current risks. The committees provide assurance and key issue reports to each Board meeting to contribute to the Board’s assessment of assurance and to provide scrutiny on the delivery of objectives.

The Board is keeping the committee structure under review and will consider whether any changes are needed during 2019/2020 in line with the Board’s governance framework and priorities of the Annual Plan 2019/20.

HEIW is committed to openness and transparency with regard to the way in which it conducts its committee business. The HEIW Board and its committees aim to undertake the minimum of its business in closed sessions and ensure business wherever possible is considered in public with open session papers published on HEIW’s website. heiw.nhs.wales/corporate/board-meetings-agendas-and-papers

The closed session elements of board and committee meetings are undertaken because of the confidential nature of the business. Such confidential issues may include commercially sensitive issues, matters relating to personal issues or discussing plans in their formative stages.

In 2019/20 the Board will approve guidance clarifying the basis upon which matters are ordinarily to be considered in open or closed session.

An important committee of the Board in relation to this Annual Governance Statement is the Audit and Assurance Committee, which keeps under review the design and adequacy of HEIW’s governance and assurance arrangements and its system of internal control. During the period ending 31 March 2019, key issues considered by the Audit and Assurance Committee relating to the overall governance of the organisation included:

- Reviewing the transitional arrangements enabling HEIW to become operational;
- Reviewing the terms of reference on its establishment, which will be kept under regular review;
- Approving the Internal Audit Plan for 2018/19 and keeping under review the resulting Internal Audit Reports. Noting key areas of risk and tracking the management responses made to improve systems and organisational policies;
- Ensuring effective financial systems and controls procedures are established through the Finance Transition Plan;
- Developing the Board’s risk management systems and processes and
- Developing arrangements to work with the Wales Audit Office (WAO), and considering the WAO’s 2019 Audit Plan.

Membership of the Board and its Committees

In Table 7 the membership of the Board and its committees is outlined for the period ending 31 March 2019, along with attendance at Board / Committee meetings for this period. It also highlights the membership of the Board’s committees. Members are involved in a range of other activities on behalf of the Board, such as board development/ briefing meetings (at least six a year), and a range of other internal and external meetings.

A report of any proposed changes to the structure and membership of board committees is approved by the Board. Each committee has considered its own terms of reference and recommended changes to the Board. The Board will ensure that terms of reference for each committee are reviewed annually to ensure the work of committees clearly reflects any governance requirements, changes to delegation arrangements or areas of responsibility. Committees are also be required to develop annual reports of their business and activities.

Please note: HEIW has not established any advisory groups to date.

Table 7: Board and committee membership and attendance since 1 October 2018 to 31 March 2019:

Name	Position	Area of expertise representation role	Board Committee membership	Meeting attendance 18/19	Champion roles
Chris Jones	Chair	• Primary Care widening access prevention	• Board (Chair) • RATS Committee (Chair)	4/4 4/4	Welsh language champion
John Hill-Tout	Vice Chair	• Performance • Governance • Finance	• Board • Audit and Assurance Committee; • RATS Committee	3/4 3/3 4/4	Primary care and mental health champion
Tina Donnelly	Independent member	• Leadership • Students • Workforce • Education/training	• Board • RATS Committee Education • Commissioning and Quality Committee	3/4 4/4 Established at March board and yet to meet	Student/trainee champion Equality and diversity champion
Ruth Hall	Independent member	• Rural education • Quality and improvement	• Board • Audit and Assurance Committee; • RATS Committee Education, • Commissioning and Quality Committee (Chair)	4/4 3/3 2/4 Established at March board and yet to meet.	Rural champion
Gill Lewis	Independent member	• Health & Social Care workforce • Digitalisation	• Board • Audit and Assurance Committee (Chair) • RATS Committee	3/4 3/3 4/4	Health & social care integration champion
Ceri Phillips	Independent member	• Workforce design • Value agenda • Digitalisation	• Board • RATS Committee	3/4 2/4	Digital Champion
Heidi Phillips	Independent member	• Integrated care • Improvement • Widening access • Education • Training	• Board • RATS Committee	3/4 4/4	• Quality improvement champion • Widening access champion
Alex Howells	Chief Executive		• Board	4/4	
Julie Rogers	Deputy Chief Executive; Director of Workforce and OD		• Board	4/4	
Stephen Griffiths	Executive Director of Nursing		• Board	4/4	
Pushpinder Mangat	Executive Medical Director		• Board	4/4	
Danielle Neale Until 14th March 2019	Executive Director of Finance and Corporate Services		• Board	2/3	

Please note the Director of Finance and Corporate Services is the lead officer for the Audit and Assurance Committee. The Director of Workforce & Organisational Development is the lead officer for the Remuneration and Terms of Service Committee.

Table 8: Dates of board and committee meetings held during the period 1 October 2018 to 31 March 2019

Board/Committee

Board	2/10/18	29/11/18	31/01/19	28/03/19
Audit and Assurance	13/11/18	12/02/19	29/03/19	
Remuneration and Terms of Service	29/11/18	20/12/18	11/03/19	14/03/19

The Purpose of the System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of policies, aims and objectives. Plus, to evaluate the likelihood of those risks being realised and their impact, and to manage them efficiently, effectively and economically.

The system of internal control has been developing since HEIW became operational in October 2018 and continues to evolve. We approved our Standing Orders (SOs), which contain the scheme of delegation, and Standing Financial Instructions (SFIs) at our first board meeting in October 2018. Both the SOs and SFIs were reviewed at HEIW March board. We also adopted a number of all-Wales and key policies at our first board meeting in October 2018. Since then, work has been ongoing to identify, draft and adopt local policies in a range of other key areas, as well as adopting new national policies. It is anticipated work on the key policies will be completed in time for the May board. We are also finalising plans for a Performance Management Framework.

A diagram of the Board Control Framework is set out below.



Capacity to Handle Risk

We are continuing to develop and embed our approaches to risk management and emergency preparedness.

Since our establishment, we have developed a transitional corporate risk register which aligns with the transitional plan. The register captures risks inherited from the three legacy organisations (Wales Deanery, Wales Centre for Pharmacy Professional Education and NHS Workforce and Education Development Service) when inherited programmes and services transferred to HEIW. The register has been developed to score risks in line with risk appetite and mitigating actions and controls recorded against each risk.

The key risks that have been managed during this period include:

- HR Support and recruitment capacity
- Appropriate finance team capability
- Appropriate Information Management and Technology support
- Developing responsibilities to manage health and safety requirements

One area of risk receiving increasing priority was in relation to ensuring an appropriate provider to offer pension advice to staff transferring from Cardiff University employment into HEIW. During 2018/19 a supplier was not found following a procurement exercise. This issue has now been resolved.

Key areas of core business articulated within the transitional risk register have been mitigated through appropriate interaction and engagement throughout the period through the ongoing work of legacy sections. This has supported work to manage risks in relation to;

- Differential attainment
- The establishment of the new Internal Medicine training programme
- Addressing Postgraduate Medical training quality issues

The risk register is continuously updated to capture HEIW's risks as they are identified, and will be further developed in 2019/20, to align it with the first HEIW Annual Plan and incorporate it into the development of the Assurance Framework.

Risk management

The Board sees active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business.

The Chief Executive / Accountable Officer, has overall responsibility for the management of risk for HEIW. The Board and its committees identify and monitor risks within the organisation. Specifically, executive team meetings present an opportunity for the executive function to consider and address risk, and actively engage with and report to the Board and its committees on the organisation's risk profile. The risk register is also reviewed at each monthly meeting of the senior leadership team, regularly by the Audit and Assurance Committee and risks are escalated to the Board as appropriate.

Further information can be found in the Board papers on our website: heiw.nhs.wales/corporate/board-meetings-agendas-and-papers

In February 2019, the Board undertook specific risk management training provided by an external consultant on risk.

The Board is also committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage, escalate and report risk. This work undertaken by HEIW Board is being informed by best practice examples through advice from its Internal Auditors, the Wales Audit Office and external advisors.

Internal audit has undertaken a report assessing HEIW's systems and controls in place in relation to the organisation's risk management arrangements. The overall rating given by the draft report was one of reasonable assurance for this area. We have drafted our response to this report, which along with the final Internal Audit Report, will be considered by the Audit and Assurance Committee in May 2019.

We are also in the process of finalising our policies and plans in respect of emergency preparedness. The HEIW Crisis Management and Business Continuity policy has been considered by the Board, with the plan to accompany the policy due to be considered this summer.

The Deputy CEO has been attending NHS Wales SRO Brexit meetings where emergency preparedness issues have been explored and discussed.

The Control Framework

NHS Wales organisations are not required to comply with all elements of the corporate governance code for central government departments. However, the main principles of the code stand as they are relevant to all public sector bodies.

In accordance with current guidelines appertaining to the corporate governance code and its application to public bodies in Wales, HEIW has undertaken an initial assessment of its compliance with the code. Whilst there may be areas for improvement, the informal internal assessment against the corporate governance code undertaken by HEIW was clear the organisation has complied with the main principles of the code.

The corporate governance code for central government departments can be found at: gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

In 2017-18 a revised set of health and care standards were issued to organisations in NHS Wales. As a newly established body HEIW has not assessed itself against these standards in 2018/19, and some of the standards are of limited direct relevance to HEIW's remit and activities. This position will be reviewed in 2019/20.

Other Control Framework Elements

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

Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the scheme are in accordance with the scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Welsh Risk Pool

The Welsh Risk Pool Services (WRPS) is a risk sharing mechanism, akin to an insurance arrangement which provides indemnity to NHS Wales's organisations against negligence claims and losses. Individual NHS organisations must meet the first £25,000 of a claim or loss which is similar to an insurance policy excess charge.

Structured Assessment

As HEIW was established in October 2018 and 2018/19 is a transition part year, HEIW has not undergone a full Wales Audit Office structured assessment review. Wales Audit Office will be presenting to the Board on a baseline structured assessment process in June 2019. A more formal assessment in line with other NHS organisations will be undertaken later in 2019/20.

The HEIW Board along with its internal sources of assurance, which includes its internal audit function provided by NHS Shared Services, also uses sources of external assurance and reviews from auditors, regulators and inspectors to inform and guide our development. The outcomes of these assessments are being used by the Board to further inform our planning and the embedding of good governance across a range of the organisation's responsibilities.

Annual Quality Statement

As HEIW does not provide direct clinical services it has not completed an Annual Quality Statement in 2018/19. Further advice will be sought as to whether HEIW needs to produce such a Statement in 2019/20.

Welsh Language

As HEIW is new body it has not been named as an organisation that comes under the Welsh Language Measure. However, we have decided to voluntarily adopt an approach to the Welsh language which is in line, as far as is possible at this stage, with the standards applied to other health bodies. A clear plan for achieving our ambition to be a progressively bilingual organisation will be presented to May Board.



Partnership working

As an all Wales organisation the importance of partnership working and collaboration cannot be over emphasised. This includes the need for effective working relationships with other NHS organisations and Welsh Government policy and professional leads, professional bodies, regulators, education providers at all levels and our counterparts in similar organisations across the UK. The relationships with Social Care Wales is particularly important given the emphasis on integration and system improvement in A Healthier Wales.

From early 2018, before HEIW was fully established, partnership working with staff, and stakeholders was a key part of our work recognising the particular challenges associated with the organisational change process and creating a new body. This focus on partnership working has continued since the establishment of HEIW on 1st October 2018, with regular communications, meetings and events.

Carbon Reduction

The organisation has not undertaken risk assessments on carbon reduction delivery plans as it is newly established. This position will be reviewed in 2019/20.

Ministerial directions

No ministerial directions were received as at year end 31 March 2019.

During the period there were no material lapses in data security and no referrals to the ICO.

Planning

October 2018 – March 2019

Following Board approval HEIW submitted to Welsh Government a consolidated plan for the period October 2018 to March 2019.

Assessments indicate good progress has been made against this plan and the actions set out in our remit letter from Welsh Government. Further information regarding this progress is provided in the performance section of the Annual Report.

April 2019 – March 2020

In line with its planning duty, the Board approved for submission to Welsh Government a draft HEIW Annual Plan for 2019/20 at its meeting on the 31 January 2019, it approved an updated version of the plan at its meeting on 28th March 2019. The final version of the Annual Plan was then submitted to Welsh Government for approval by Welsh Ministers.

With agreement from Welsh Government our aim is to develop a three year Integrated Medium Term Plan for 20/21 - 22/23 in line with other NHS Wales organisations.

Review of Effectiveness

As Accountable Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. The review of the system of internal control is informed by the work of the internal auditors, and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.

Internal Audit

Internal audit provide the CEO, as Accountable Officer and the Board through the Audit and Assurance Committee, with a flow of assurance on the system of internal control. The CEO commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit and Assurance Committee.

The overall opinion by the Head of Internal Audit (HoIA) on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The Head of Internal Audit conclusion:

The scope of the opinion of the HOIA is confined to those areas examined in the risk based audit plan, which has been agreed with senior management and approved, by the Audit and Assurance Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement.

The HOIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.



The audit work undertaken during 2018/19, has been reported to the Audit and Assurance Committee.

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

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan which have been reported to the Audit and Assurance Committee throughout 2018/19. This assessment has taken account of the relative materiality of these areas.
- Other assurance reviews, which impact on the head of internal audit opinion including audit work performed at other organisations.

A summary of the reviews and associated assurance ratings in each of the domains is set out below:

Corporate governance, risk management and regulatory compliance

- **Risk management** – We issued a reasonable assurance report for our review of risk management.
- **Governance arrangements** – Our fieldwork identified one low priority recommendation and as such, we gave substantial assurance for this review.

Strategic planning, performance management & reporting

- **Performance management** –Overall we issued a reasonable assurance report in relation to our work in this area.
- **Corporate transitional plan (draft)** - We issued a reasonable assurance report for our review of the corporate transitional plan.

Financial governance and management

- **Core financial systems – financial accounting** – Overall, we issued a reasonable assurance report.
- **Core financial systems – budgetary control** – Overall we issued a reasonable assurance report.

Clinical governance quality & safety

- We did not plan to undertake any reviews in this domain during 2018/19.

Information governance & security

- **IT Baseline assessment** – We issued a baseline assessment of the arrangements in place for the management and control of Information Governance (IG) and Information Communications Technology (ICT) within the organisation. We made observations in relation to governance, policies and procedures, planning and strategy, risk and compliance, continuity, and resourcing. As this was a baseline review, the assignment was not allocated an assurance rating, but advice and recommendations were provided to facilitate change and improvement.

Operational service and functional management

- We did not plan to undertake any reviews in this domain during 2018/19.

Workforce management

- **Employment status of casual workers** – We issued a **limited** assurance report for this review that identified three high and two medium priority recommendations. The high priority recommendations related to timesheets for casual workers on payroll, and employment status records and monitoring of casual workers.

Capital & estates management

- We did not plan to undertake any reviews in this domain during 2018/19.

Conclusion – Corporate Governance Report

During the period October 2018 – end of March 2019 there have been no significant internal control or governance issues identified. This is due to the establishment of sound systems of internal control in place to ensure HEIW met its objectives. It is recognised that further work will be necessary in 2019/20 to further develop these arrangements. It will be important to communicate widely with staff to further embed these arrangements.

Alex Howells

Alex Howells
Chief Executive
31 May 2019

Directors' Report

For the period ended 31 March 2019

Statement of Directors' responsibilities to be reviewed on completion of accounts

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

In preparing those accounts, the directors are required to:

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

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

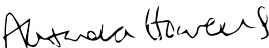
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

By Order of the Board

Signed:



Chris Jones
Chairman
3 June 2019



Alex Howells
Chief Executive
31 May 2019

The Directors' Report

The following tables contain:

Table 9

Board and board level committee meeting dates for the period ending 31 March 2019.

Table 10

Detailed information in relation to the composition of the Board including executive directors and independent members, who have authority or responsibility for directing or controlling the major activities of HEIW during the financial year 2018-2019.

Table 11

Details of company directorships and other significant interests held by members of the Board which may conflict with the responsibilities as Board members.

Table 12

Details relating to membership of the board level Audit and Assurance Committee.

HEIW confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

Table 9: Board Level Committees

Board/Committee/Group	Oct	Nov	Dec	Jan	Feb	Mar
Board	2	29	20*	31	28*	28
Remuneration and Terms of Service		29	20		11, 14	
Audit and Assurance Committee		13			12	29

*Development board meetings

All meetings of the board were quorate.

Table 10: Please see Table 1 on page 38 of the Corporate Governance Report.

Table 11: Directors’ Interests

Directors of the Board have declared the following interests that may be relevant to the business of the Board.

Board member	Declaration of interest
Christopher Jones, Chair	Member of Royal College of General Practitioners.
John Hill-Tout, Vice chair	Director of Dragon Savers Credit Union, Governor Pontyclun Primary School.
Tina Donnelly, Independent Member	Independent Member, Hendre Board, Fellow University of South Wales, Fellow RCN UK, High Sheriff.
Ruth Hall, Independent Member	Former Non Executive Director of National Resources Wales (until October 2018), Former Co-Chair, Mid Wales Health Care Collaborative and of Rural Health and Care Wales (until March 2018), Member of National Trust Council, Member Glandwr Cymru Board, Member Canal and River Trust, Daughter in law Chief Executive, Relate/Cheshire and Merseyside, Visiting Chair, University of West of England, Advisory Board Member, Centre for Public Policy Wales, Cardiff University, Spouse is a Fellow of Gladstone’s Library, Hawarden, Son is a trustee of Gladstone’s Library, Hawarden, Member of following: Royal College of Physicians, Royal College of Paediatric and Child Health, Faculty of Public Health Medicine (RCP), British Medical Association, Welsh Paediatric Society, Royal Society for Medicine, Royal Institution for Public Health, GMC registration held
Gillian Lewis, Independent Member	Director of Horizon Business Associates (Dormant Company), Husband Director of Horizon Business Associates (Dormant Company), Interim Head of Finance in Bridgend Council, Husband is Director of Finance for Welsh Wound Innovation Ltd.
Ceri Phillips, Independent Member	Non-executive member of Welsh Wound Innovation Board, Head of College of Human and Health Sciences, Swansea University, Chair of Council of Deans of Health Wales, Executive Member of Council of Deans UK, Wife is a Deputy Director of Primary Care.
Heidi Phillips, Independent Member	Property development and private landlord of domestic properties, Husband has interest in property development and is a private landlord of domestic properties, Board Member for MSCSA, Associate Professor Primary Care Swansea University, GP.
Alex Howells, Chief Executive	Lay Member of Academi Wales.
Julie Rogers, Deputy Chief Executive and Director of Workforce and Organisational Development	Nephew is a GP trainee.
Stephen Griffiths, Director of Nursing	Nothing to declare.
Pushpinder Mangat, Medical Director	Anaesthetist at Parkway Dental GA Practice Swansea, Clinical Advisor to Sancta Maria Private Hospital
Danielle Neale, Director of Finance and Corporate Services	Nothing to declare. until 14 March 2019
Dafydd Bebb, Board Secretary	Wife is a Director and part owners of Old Bell 3 a Social Research Company, Brother is a Pharmacist and Director at Fferyllwyr LLyn Cyf (Dispensing Chemists).He undertakes training on behalf of HEIW, Cousin is MP for Aberconwy.

Table 12: Membership of the Board’s Audit and Assurance Committee

Name	Chair
Gill Lewis	Member from October 2018
John Hill-Tout	Member from October 2018
Ruth Hall	Member from October 2018

Information governance

There are no information governance issues to report in 2018/19.

Environmental, social and community issues

HEIW is not a major local employer or public service provider but is cognisant of the impact it has on the environment and takes steps to minimise this, where possible.

In particular we shall:

- Ensure all employees, including contractors, are responsible for working in a manner that protects the environment;
- Ensure we remain committed to continual improvement and the prevention of pollution in all areas of potential environmental impact; and
- Ensure compliance with all relevant environmental legislation, Health and Care Standards for Wales and Welsh Government directives.

As the Board is newly established this area will be further reviewed in 2019/20.

Corporate Social Responsibility

The Well-Being of Future Generations (Wales) Act 2015 seeks to ensure sustainable development is at the centre of the strategic decision making process for the Welsh Government and public bodies in Wales. The general purpose is to ensure the governance arrangements of public bodies take the needs of future generations into account. Its aim is for public bodies to improve the economic, social and environmental well-being of Wales in accordance with the sustainable development principles. HEIW is not listed in the 2015 legislation but we are committed to developing our policies and procedures to comply with the requirement of the Act in 2019-20.

As an employer spending public money, our activities need to take place in the most sustainable way, and we will be considering how best to achieve this in 2019/20.

Statement of Accountability

For the period ended 31 March 2019

Statement of the Chief Executive's responsibilities as Accountable Officer of HEIW

The Welsh Ministers have directed the Chief Executive should be the accountable officer to the Board. The relevant responsibilities of accountable officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the accountable officer's memorandum issued by the Welsh Government.

As accountable officer I can confirm that as far as I am aware there is no relevant audit information of which HEIW's auditors are unaware, and as accountable officer, I have taken all the steps I ought to have taken to ensure that I and the auditors are aware of relevant audit information.

I can confirm the annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility for these and the judgement required for doing so.

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

Alexandra Howells

Alex Howells
Chief Executive

31 May 2019



Remuneration and staff report

For the period ended 31 March 2019

Remuneration and staff report

The information contained in this report relates to the remuneration of the senior managers employed by Health Education and Improvement Wales (HEIW).

The Pay Policy Statement set out in Annex 3 relates to HEIW's strategic stance on senior manager remuneration and provides a clear statement of the principles underpinning decisions on the use of public funds.

The definition of "Senior Manager" is: 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.' For HEIW, the senior managers are considered to be the regular attendees of Board meetings, i.e. the Executive Directors, Independent Members and the Board Secretary.

Remuneration and Terms of Service Committee

The terms of reference and operating arrangements for the Remuneration and Terms of Service Committee are set out in HEIW's standing orders approved in October 2018 and updated in March 2019. The purpose of the Committee is to provide advice to the Board on the remuneration and terms of service and performance for the Chief Executive, Executive Directors and other senior staff. It also provides assurance to the Board in relation to HEIW's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff.

Salary and pension disclosures

Details of salaries and pension benefits for senior managers captured within this report are given in Annexes 1 and 2. The single figure of remuneration (Annex 1) is intended to be a comprehensive figure including all types of reward received by senior managers in the period ending 31 March 2019, including fixed and variable elements as well as pension provision.

The single figure includes the following:

- Salary and fees both pensionable and non pensionable elements.
- Benefits in kind (taxable, total to the nearest £100)
- Pension related benefits - those benefits accruing to senior managers from membership of a participating defined benefit pension scheme.

HEIW has paid no annual or long-term performance related bonuses.

Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.

The value of pension related benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The pension benefit figure is calculated on the basis of an increase in the value over the financial year. Prior-year comparative information is not available for staff who were not previously executive level directors in other NHS Wales organisations. Where this is the case this figure cannot be calculated and therefore is not reported in Annex 1a (Single Figure of Remuneration) nor Annex 2 (Pension Benefits).

Annex 2 gives the total pension benefits for all senior managers. The inflationary rate applied to the 2017/18 figure is 3% as set out by the 2018/19 Greenbury guidance.

Remuneration relationship

NHS Bodies in Wales are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. This information is provided in note 9.6 of the financial statements.

2018/19 staff report

Number of senior staff

As of 31 March 2019 there were five senior staff making up the executive team; they were also Board members or regular attendees. (The Director of Finance and Corporate Services left HEIW on 14/03/2019).

Their pay bands are broken down as follows:

Numbers of senior staff @ 31 March 2019

Consultant (medical & dental)	1
Executive and senior pay payscale	4

Staff Numbers

The following table shows the average number of staff employed by HEIW by group from 1 October 2018 to 31 March 2019:

Staff Group	Permanently Employed (Inc. Fixed Term) WTE	Agency Staff WTE	Staff on Inward Secondment WTE	2018/19 Total WTE
Administrative and clerical and board members	139	10	5	154
Medical and dental	39	0	0	39
Professional scientific and technical staff	11	0	0	11
Additional clinical services	3	0	0	3
Nursing and midwifery	1	0	0	1
Totals	193	10	5	208

Staff composition

The gender breakdown of the Executive Team and other employees as of 31 March 2019 was as follows:

Staff composition @ 31 Mar 2019	Male	Female
Senior Staff (exec team)	3	2
Other employees	128	243
All staff	131	245
% Other employees	34.0%	64.7%

Sickness absence data

The following table provides information on the number of days lost due to sickness 1 October 2018 to 31 March 2019

From 1 October 2018 to 31 March 2019	
	Number
Days lost (long term)	472
Days lost (short term)	330
Total days lost	802
Total staff years	104
Average working days lost	13.4%
Total staff employed in period (headcount)	363
Total staff employed in period with no absence (headcount)	302
Percentage staff with no sick leave	83.4%

Staff policies applied during the financial year

The HEIW workforce of 208 WTE staff was created through the TUPE transfer of staff from three organisations on 1 October 2018, as well as through the recruitment of a number of new staff. The TUPE transfer, and open recruitment processes, have brought individuals from a range of backgrounds and experiences into our organisation.

The vast majority of our staff worked previously for Cardiff University in either the Wales Deanery or the Wales Centre for Professional Pharmacy Education and were education sector employees. The remainder of the transferred staff worked within the Workforce Education Development Service, which was a unit hosted within NHS Wales Shared Services Partnership – which is hosted by Velindre NHS Trust.

Prior to the transfer, an extensive exercise was commissioned by the Chief Executive, to set a new culture for the transferring staff. Staff and stakeholder consultation sessions were held and surveys were undertaken, which led to the creation of HEIW’s new values and behaviours framework. These values and behaviours of ‘Together as a Team; Respect for All; Ideas that Improve’ are guiding principles that influence our workforce policies, procedures, recruitment, performance appraisal, learning and development, health, wellbeing, equality and diversity and expectations of our staff.

Some of these policies were developed by NHS Wales in partnership with the Welsh NHS Partnership Forum, and are to be adopted on an ‘All Wales’ basis. Other policies, for example our values based performance appraisal policy are bespoke to HEIW and have been co-produced locally with our staff. HEIW also has a range of policies which enable people with a protected characteristic (including disability) to gain employment with HEIW. We have flexible working arrangements for staff to enable them to accommodate their domestic situations and personal requirements, as well as Occupational Health who can advise on reasonable adjustments for those who require them.

The All-Wales NHS Sickness Absence Policy provides guidance on the support available and provided to employees if they become disabled during their employment. This policy is designed to support employees through periods of illness which could lead to a disability. It offers employees the option of a phased return or period of rehabilitation with no reduction of pay, and includes the duty to make reasonable adjustments enabling a disabled employee to remain in work. Where an employee is unable to continue in their role due to ill health, HEIW will seek, wherever possible, to redeploy to an alternative role which would be considered to be suitable, with a period of re-training. TUPE measures set out the application of policies and processes to staff who transferred into HEIW from Cardiff University.

There are also a number of policies, procedures, guidelines and toolkits supporting staff health and wellbeing, such as for the menopause, purchase of annual leave, special leave and support for carers. HEIW is committed to supporting the learning and development of its staff. The Access to Learning and Development policy provides a framework of support for staff who wish to study.

All staff have equal access to HEIW’s values based performance appraisal, learning development and career development. They are all expected to undertake statutory and mandatory training applicable to their post.

HEIW is committed to providing a working environment free from harassment and bullying and ensuring all staff are treated with dignity and treat others with dignity and respect. Our Dignity at Work policy promotes dignity and respect at work and supports employees who may be experiencing bullying, harassment and/or victimisation.

In relation to organisational change, the staff transferring to HEIW received a wide range of support from one to one consultation sessions to bespoke policies for the transfer, such as the Relocation Policy.



Other employee matters

We have an equality and inclusion staff group who advise the executive team and the organisation on activity related to equality and inclusion across HEIW. The recently appointed equality champions disseminate messages and promote the equality and inclusion agenda for HEIW.

A culture and wellbeing group has been established comprising a cross section of staff to continue with the embedding of our values and behaviours. Their aim is to support and maintain the necessary focus and energy required to drive the successful integration of workplace cultures, without compromising staff satisfaction, well-being and service provision. Their role is to enhance the internal staff communications, engagement and change management strategies from a cultural perspective.

In support of the equality, inclusion, culture and wellbeing initiatives, several 'lunch and learn' sessions have taken place for example, Stonewall to raise staff awareness.

Expenditure on consultancy

For the purpose of the statutory accounts, consultancy is defined as time limited/ad-hoc assignments that are not related to the day-to-day activities of HEIW.

During the period ending 31 March 2019, HEIW's expenditure on consultancy was £53k.

Tax Assurance for Off-Payroll Engagements

HEIW is required to disclose any arrangements it has whereby individuals are paid through their own companies or off payroll.

There were none during this period.

Exit Packages

No exit packages have been awarded in this accounting period.

Table 13: 5 October 2017 to 31 March 2019*

Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other Departures	Total number of exit packages	Number of departures where special payments have been made
less than £10,000	0	0	0	0
£10,000 to £25,000	0	0	0	0
£25,000 to £100,000	0	0	0	0
£100,000 to £150,000	0	0	0	0
£150,000 to £250,000	0	0	0	0
more than £250,000	0	0	0	0
Total	0	0	0	0

Statement of Assurance

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

Alex Howells

Alex Howells
Chief Executive and Accountable Officer,
Health Education and Improvement Wales
31 May 2019

Annex 1: Single Figure of Remuneration*

*Single Figure of Remuneration for the period 5/10/17 to 31/03/19						
Name	Title	Salary 5/10/17 to 30/09/18 (Bands of £5k)	Salary 01/10/18 to 31/03/19 (Bands of £5k)	Benefits in Kind (taxable) to nearest £100	Pension Benefit to nearest £1,000	Total to nearest (Bands of £5k)
Alex Howells ¹	Chief Executive	95 - 100	70 - 75	-	(65)	105 – 110
Julie Rogers ²	Director of WOD/ Deputy CEO	50 - 55	50 - 55	-	***8	105 – 110
Dafydd Bebb ³	Board Secretary	5 - 10	40 - 45	-	***8	50 – 55
Stephen Griffiths ⁴	Director of Nursing	15 - 20	45 - 50	-	***8	65 – 70
Push Mangat ⁵	Medical Director	-	75 - 80	-	***8	75 – 80
Danielle Neale ⁶	Director of Finance & Corporate Services	5 - 10	65 - 70	-	***8	75 – 80
Non Executive Directors						
Chris Jones ⁷	Chair	55 - 60	20 - 25	-	-	80 – 85
Tina Donnelly ⁷	Non-Executive Director	5 - 10	0 - 5	-	-	10 - 15
Ruth Hall ⁷	Non-Executive Director	5 - 10	0 - 5	-	-	10 - 15
John Hill-Tout ⁷	Non-Executive Director	5 - 10	0 - 5	-	-	10 - 15
Gill Lewis ⁷	Non-Executive Director	5 - 10	0 - 5	-	-	10 - 15
Ceri Phillips ⁷	Non-Executive Director	5 - 10	0 - 5	-	-	10 - 15
Heidi Phillips ⁷	Non-Executive Director	5 - 10	0 - 5	-	-	10 - 15

¹HEIW was established in shadow form on 5 October 2017 and continued to operate in shadow form until formally established on 1 October 2018. The first accounting period for the organisation therefore runs for 18 months from 5 October 2017, although only costs incurred from 1 October 2018 are included within the 2018/19 HEIW accounts. Costs incurred prior to this date were paid through Velindre University NHS Trust and recharged to Welsh Government. For information purposes the single figure of remuneration table above covers the full 18 month period.

²Alex Howells took up post on 01/02/2018. ³Julie Rogers was seconded to HEIW from Welsh Government from 12/04/2018. ⁴Dafydd Bebb took up post on 28/08/2018. ⁵Stephen Griffiths took up post on 29/07/2018. ⁶Push Mangat was seconded from Abertawe Bro Morgannwg UHB from 1/10/2018. ⁷Danielle Neale took up post on 28/8/2018 and left HEIW on 14/03/2019. The salary total from 01/10/2018 to 31/03/2019 includes payment in lieu of notice. ⁸Chris Jones was appointed as interim Chair on 5 October, 2017 and as formal Chair on 1 October, 2018. The salary total from 05/10/17 to 30/09/18 includes remuneration for the role of Co-ordinating Chair of Health Boards and Trusts. Board Members took up post on 01/02/2018. ⁹A request has been made to the NHS Business Services Authority, however, prior year comparative information required for the calculation is not available.

Annex 2: Pension Benefits

Name	Title	Real increase in pension age (bands of £2,500) £'000	Real increase in pension lump sum at pension age (bands of £2,500) £'000	Total accrued pension at 31 March 2019 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2019 £'000	Cash Equivalent Transfer Value at 31 March 2018 £'000	Real increase in Cash Equivalent Transfer Value £'000	Employer's contribution to stakeholder pension £'000
Alex Howells ¹	Chief Executive	***2	***2	55 - 60	135 - 140	1,074	993	51	0
Julie Rogers ²	Director of WOD/ Deputy CEO	***2	***2	***2	***2	***2	***2	0	0
Dafydd Bebb ³	Board Secretary	***2	***2	0 - 5	0	22	***2	***2	0
Stephen Griffiths ⁴	Director of Nursing	***2	***2	40 - 45	125 - 130	956	***2	***2	0
Push Mangat ⁵	Medical Director	***2	***2	65 - 70	200 - 205	1,652	***2	***2	0
Danielle Neale ⁶	Director of Finance & Corporate Services	***2	***2	10 - 15	35 - 40	262	***2	***2	0

¹Danielle Neale left HEIW on 14/03/2019. ²A request has been made to the NHS Business Services Authority, however, prior year comparative information required for the calculation is not available.

Annex 3: Pay policy statement

Salary and pension entitlements of senior managers 2018/19

The pay and Terms and Conditions of Employment for the executive team and senior managers have been, and will be determined by the HEIW Board, based on the recommendations of the Remuneration and Terms of Service Committee, within the framework set by Welsh Government. The Remuneration and Terms of Service Committee also considers applications relating to the Voluntary Release Scheme. The Remuneration and Terms of Service Committee members are all Independent Members of the Board and the committee is chaired by HEIW's chairperson. The Terms of Reference for the Committee are regularly being reviewed.

Auditors

The auditors have reviewed this report for consistency with other information in the financial statements and will provide an opinion on the following disclosures:

- Single total figure of remuneration for each director;
- CETV disclosures for each director;
- Payments to past directors, if relevant;
- Payments for loss of office, if relevant;
- Fair pay disclosures (included in annual accounts);
- Exit packages (included in annual accounts) if relevant, and;
- Analysis of staff numbers.



National Assembly for Wales Accountability and Audit Report

For the period ended 31 March 2019

Regularity of Expenditure

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

The Health Education and Improvement Wales (HEIW) Board ensures the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury’s Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- Observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- Prepare them on a going concern basis on the presumption that the services of the Special Health Authority will continue in operation.

Fees and Charges

Where HEIW undertakes an activity which is not funded directly by the Welsh Government, HEIW receives income to cover its costs. Further detail of income received is published in the annual accounts.

HEIW confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

Remote Contingent Liabilities

Remote contingent liabilities are those liabilities that due to the unlikelihood of a resultant charge against HEIW are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31st March 2019:

2018-2019	
Guarantees	nil
Indemnities	nil

Certificate and independent auditor’s report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Health Education and Improvement Wales for the period ended 31 March 2019 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury’s Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- Give a true and fair view of the state of affairs of Health Education and Improvement Wales as at 31 March 2019 and of its net operating costs for the period then ended; and
- Have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Opinion on regularity

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

Report on other requirements

Opinion on other matters

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

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of Health Education and Improvement Wales and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report or the Governance Statement.

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

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

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

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

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

Auditor’s responsibilities for the audit of the financial statements

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

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor’s report.

Responsibilities for regularity

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

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

Adrian Crompton

Auditor General for Wales

11 June 2019

24 Cathedral Road, Cardiff CF11 9LJ



Health Education and Improvement Wales (HEIW) Annual Accounts 2018/19

Foreword

These accounts have been prepared by Health Education and Improvement Wales, a Welsh Special Health Authority, under Para 3(1) of Schedule 9 to 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

HEIW was established by establishment order 2017 No. 913 (W. 224) which was made 11 September 2017 and came into force on the 5 October 2017. These accounts cover the period 5 October 2017 to 31 March 2019.

HEIW operated in a shadow form until 1 October 2018 with all establishment and set up costs being borne by the Welsh Government, and with the predecessor bodies of NHS Wales Shared Services Partnership (NWSSP) hosted by Velindre University NHS Trust and Cardiff University delivering operational activity to 30 September 2018.

On 1 October 2018 staff were transferred into HEIW and the organisation became fully operational.

These accounts, whilst covering the period 5 October 2017 to 31 March 2019, present the accounting transactions only for the period of live operation from 1 October 2018 to 31 March 2019.

Performance Management and Financial Results

HEIW 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 HEIW, which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

HEIW has an annual requirement to achieve a balanced year-end position against the Resource Limits set for the year.

Statement of Comprehensive Net Expenditure

for the period ended 31 March 2019

	Note	5 October 2017 to 31 March 2019 £000
Non Medical Education And Training	3.1	56,766
Postgraduate Medical, Dental & Pharmacy Education	3.2	36,016
Other Operating Expenditure	3.3	13,177
		105,959
Less: Miscellaneous Income	4	(309)
Net operating costs before interest and other gains and losses		105,650
Investment Revenue	5	0
Other (Gains)/Losses	6	0
Finance costs	7	0
Net operating costs for the financial period		105,650

see note 2 on page 85 for details of performance against Revenue and Capital allocations.
The notes on pages 75 – 133 form part of these accounts.

Other Comprehensive Net Expenditure

	5 October 2017 to 31 March 2019 £000
Net gain/(loss) on revaluation of property, plant and equipment	0
Net gain/(loss) on revaluation of intangibles	0
Net gain/(loss) on revaluation of available for sale financial assets	0
(Gain)/loss on other reserves	0
Impairment and reversals	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0
Other comprehensive net expenditure for the period	0
Total comprehensive net expenditure for the period	105,650

The notes on pages 75 – 133 form part of these accounts.

Statement of Financial Position as at 31 March 2019

		Note	As at 31 March 2019 £000
Non-current assets			
	Property, plant and equipment	11	2,989
	Intangible assets	12	0
	Trade and other receivables	15	0
	Other financial assets	16	0
	Total non-current assets		2,989
Current assets			
	Inventories	14	0
	Trade and other receivables	15	801
	Other financial assets	16	0
	Cash and cash equivalents	17	6,240
			7,041
	Non-current assets classified as "Held for Sale"	11	0
	Total current assets		7,041
Total assets			10,030
Current liabilities			
	Trade and other payables	18	(6,121)
	Other financial liabilities	19	0
	Provisions	20	(30)
	Total current liabilities		(6,151)
Net current assets/(liabilities)			890
Non-current liabilities			
	Trade and other payables	18	(194)
	Other financial liabilities	19	0
	Provisions	20	0
	Total non-current liabilities		(194)
Total assets employed			3,685
Financed by Taxpayers' equity:			
	General Fund		3,685
	Revaluation reserve		0
	Total taxpayers' equity		3,685

The financial statements on pages 70 to 74 were approved by the Board on 30 May 2019 and signed on its behalf by:

Chief Executive and Accountable Officer 31 May 2019

The notes on pages 75 – 133 form part of these accounts.

Statement of Changes in Taxpayers' Equity For the period ended 31 March 2019

	General Fund £000	Revaluation reserve £000	Total reserves £000
Changes in taxpayers' equity			
Balance at 5 October 2017	0	0	0
Net operating cost for the period	(105,650)		(105,650)
Net gain/(loss) on revaluation of property, plant and equipment	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
Movements in other reserves	0	0	0
Transfers between reserves	0	0	0
Release of reserves to SoCNE	0	0	0
Transfers to/from (please specify)	0	0	0
Total recognised income and expense for period	(105,650)	0	(105,650)
Net Welsh Government funding	109,335		109,335
Balance at 31 March 2019	3,685	0	3,685

The notes on pages 75 – 133 form part of these accounts.

Statement of Cash Flows
for period ended 31 March 2019

	Note	5 October 2017 to 31 March 2019 £000
Cash Flows from operating activities		
Net operating cost for the financial period		(105,650)
Movements in Working Capital	27	5,514
Other cash flow adjustments	28	142
Provisions utilised	20	0
Net cash outflow from operating activities		(99,994)
Cash Flows from investing activities		
Purchase of property, plant and equipment		(3,101)
Proceeds from disposal of property, plant and equipment		0
Purchase of intangible assets		0
Proceeds from disposal of intangible assets		0
Payment for other financial assets		0
Proceeds from disposal of other financial assets		0
Payment for other assets		0
Proceeds from disposal of other assets		0
Net cash inflow/(outflow) from investing activities		(3,101)
Net cash inflow/(outflow) before financing		(103,095)
Cash Flows from financing activities		
Welsh Government funding (including capital)		109,335
Capital receipts surrendered		0
Capital grants received		0
Capital element of payments in respect of finance leases and on-SoFP		0
Cash transferred (to)/from other NHS bodies		0
Net financing		109,335
Net increase/(decrease) in cash and cash equivalents		6,240
Cash and cash equivalents (and bank overdrafts) at 5 October 2017		0
Cash and cash equivalents (and bank overdrafts) at 31 March 2019		6,240

The notes on pages 75 – 133 form part of these accounts.

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Health Education and Improvement Wales (HEIW) shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2018/19 Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of HEIW for the purpose of giving a true and fair view has been selected. The particular policies adopted by HEIW 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 HEIW are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of HEIW. 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 HEIW and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the HEIW for the Welsh Government such as funding provided to agencies and non-activity costs incurred by HEIW in its provider role. Income received from HEIW transacting with other NHS bodies is always treated as miscellaneous income.

From 2018/19, IFRS 15 Revenue from Contracts with Customers is applied, as interpreted and adapted for the public sector, in the Financial Reporting Manual (FReM). It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. Upon transition the accounting policy to retrospectively restate in accordance with IAS 8 has been withdrawn. All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.

A review consistent with the portfolio approach was undertaken by the NHS Technical Accounting Group members, which

- Identified that the only material income that would potentially require adjustment under IFRS 15 was that for patient care provided under Long term Agreements (LTAs) for episodes of care which had started but not concluded as at the end of the financial period;
- Demonstrated that the potential amendments to NHS Wales NHS Trust and Local Health Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

Under the Conceptual IFRS Framework due consideration must be given to the users of the accounts and the cost restraint of compliance and reporting and production of financial reporting. Given the income for LTA activity is recognised in accordance with established NHS Terms and Conditions affecting multiple parties across NHS Wales it was considered reasonable to continue recognising in accordance with those established terms on the basis that this provides information that is relevant to the user and to do so does not result in a material misstatement of the figures reported. 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

Short-term employee benefits

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

Retirement benefit costs

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

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time HEIW 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 HEIW accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

NEST Pension Scheme

HEIW has to offer an alternative pensions scheme for employees not eligible to join the NHS Pensions scheme. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body

of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

1.5 Other expenses

Other operating expenses for goods or services are recognised when, 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

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 HEIW;
- 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.

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 HEIW services or for administrative purposes are stated in the Statement of Financial Position 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 bodies have applied these new valuation requirements from 1 April 2009.

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

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

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

HEIW must comply with IFRS 13 Fair Value Measurement 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.

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

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the entity or the asset which would prevent access to the market at the reporting date. If the LHB 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.

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, NHS bodies are required to get all All Wales Capital Schemes that are completed in a financial year revalued 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

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of HEIW 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, HEIW; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which HEIW expects to obtain economic benefits or service potential from the asset. This is specific to HEIW 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, HEIW checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

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

1.9 Research and Development

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

1.10 Non-current assets held for sale

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. 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

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

HEIW as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Net Expenditure.

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

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

HEIW as lessor

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

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

1.12 Inventories

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

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows, 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 HEIW has a present legal or constructive obligation as a result of a past event, it is probable that HEIW 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 HEIW 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 HEIW 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.

Clinical negligence and personal injury costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2018/19. The WRP is hosted by Velindre NHS Trust.

1.15 Financial Instruments

From 2018/19 IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales bodies, will be 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 shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.

1.16 Financial assets

Financial assets are recognised on the Statement of Financial Position when HEIW 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.

NHS Wales Technical Accounting Group members reviewed the IFRS 9 requirements and determined a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS9 to construct a provision matrix.

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.

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.

Held to maturity investments

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

Available for sale financial assets

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

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 Statement of Financial Position date, HEIW 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 Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.17 Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when HEIW 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.

Financial liabilities are initially recognised at fair value

Financial liabilities are classified as either financial liabilities at fair value through the Statement of Comprehensive Net Expenditure or other financial liabilities.

Financial liabilities at fair value through the Statement of Comprehensive Net Expenditure

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.

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

Most of the activities of HEIW 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 Statement of Comprehensive Net Expenditure. At the Statement of Financial Position 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 HEIW has no beneficial interest in them. Details of third party assets are given in Note 29 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 HEIW 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.

HEIW accounts for all losses and special payments gross (including assistance from the WRP). HEIW accrues or provides for the best estimate of future payouts 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 below 50%, the liability is disclosed as a contingent liability.

1.22 Pooled budget

HEIW has not entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in Note 33.

The pool is hosted by one organisation. Payments for services provided are accounted for as miscellaneous income. HEIW accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.23 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the HEIW 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 Statement of Financial Position date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- a** The Authority has provided £30k within note 20 in respect of potential legal defence claims. These provisions have been arrived at on the advice of Legal and Risk Services.
- b** In line with IAS19 the Authority has reviewed the level of annual leave taken by its staff to 31st March 2019. Based on the sample HEIW has accrued £155k re untaken leave. This is based on a sample of the leave records of 28% of the WTE staff in the organisation.

1.25 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. HEIW 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:

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

Services received

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

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 HEIW approach for each relevant class of asset in accordance with the principles of IAS 16.

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 Statement of Comprehensive Net Expenditure.

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 Statement of Comprehensive Net Expenditure.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the LHBs 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.

Assets contributed by the SHA 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 LHBs Statement of Financial Position.

Other assets contributed by the SHA 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 LHB through the asset being made available to third party users.

1.26 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.

1.27 Carbon Reduction Commitment Scheme

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

1.28 Absorption accounting

The formation of HEIW from its predecessor organisations has been recognised in line with the Financial Reporting Manual. Net assets transferred from Velindre University NHS Trust are recognised as a transfer by absorption. This means that the assets and liabilities are removed from the former organisations during 2018/19 and included within the financial statements of HEIW for the period ended 31st March 2019 at their carrying value. No restatement of performance is required under this method.

Net liabilities transferred from Cardiff University have also been transferred in at their carrying value as in the opinion of HEIW there is no material difference between their carrying value and their fair value as would be required by International Financial Reporting Standard 3.

There are no gains or losses arising from these transfers. More details, including the impact on these statements is included in Note 35.

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 (The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries.), IFRS 16 Leases, HMT have confirmed that IFRS 16 Leases, as interpreted and adapted by the FReM is to be effective from 1st April 2020. IFRS 17 Insurance Contracts, IFRIC 23 Uncertainty over Income Tax Treatment.

1.30 Accounting standards issued that have been adopted early

During 2018/19 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

HEIW is not a corporate trustee of any charities.

2. Financial Duties Performance

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

Section 172(1) sets out what is referred to as the 'First Financial Duty' - a duty to secure that HEIW expenditure does not exceed the aggregate of the funding allotted to it for a financial year. Under the powers of direction in the National Health Service (Wales) Act section 172(6) WHC/2019/004 clarified that the annual statutory financial duty is set separately for revenue and capital resource allocations. HEIW was issued with a Remit Letter on 25 October 2018, confirming that the period to 31 March 2019 would remain a transitional period as

HEIW commenced full operations. Accordingly the Remit Letter set out objectives for delivery by HEIW for the period to 31 March 2019 and beyond, and set the requirement that HEIW prepare an annual plan for 2019/20 in accordance with the NHS Wales Planning Framework.

HEIW is therefore not subject to a Second Financial Duty for the period of account to 31 March 2019. HEIW is expected to report in the Annual Report and Accounts for the period of account to 31 March 2019 performance against its objectives set out in the Remit Letter.

There will be no performance note to the Accounts for the Second Financial Duty for the period of account to 31 March 2019.

2.1 Revenue Resource Performance

Financial performance 5 October 2017 to 31 March 2019 £000	
Net operating costs for the period	105,650
Revenue Resource Allocation	105,718
Under/(Over) spend against Allocation	68

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

2.2 Capital Resource Performance

5 October 2017 to 31 March 2019 £000	
Gross capital expenditure	3,101
Add: Losses on disposal of donated assets	0
Less: NBV of property, plant and equipment and intangible assets disposed	0
Less: capital grants received	0
Less: donations received	0
Charge against Capital Resource Allocation	3,101
Capital Resource Allocation	3,101
(Over)/Underspend against Capital Resource Allocation	0

HEIW has met its financial duty to break-even against its Capital Resource Limit over the period

3. Analysis of gross operating costs

3.1 Non Medical Education and Training

	5 October 2017 to 31 March 2019 £000
Student Training Fees (Universities)	30,304
Additional Training Costs (Universities)	1,258
Funding for Healthcare Education Fees (Health Boards & Trusts)	1,258
Student Bursaries Reimbursement (Universities)	12,542
Student Salaries Reimbursement (Health Boards & Trusts)	7,321
Advanced Practice Training fees	1,120
Healthcare Support Working Training	709
Non-Medical Prescribing	330
Training related Travel and Subsistence	1,924
Total	56,766

3.2 Postgraduate Medical, Dental & Pharmacy Education

	5 October 2017 to 31 March 2019 £000
Training Grade Salaries	24,321
Postgraduate Centre and Study Leave	2,384
GP Registrars	7,759
Induction & Refresher	39
Welsh Clinical Academic Training	688
GP CPD and Appraisal Costs	652
Other	173
Total	36,016

3.3 Other Operating Expenditure

	5 October 2017 to 31 March 2019 £000
Directors' costs	536
Staff costs	5,763
Supplies and services - clinical	24
Supplies and services - general	581
Consultancy Services	53
Establishment	2,893
Transport	0
Premises	2,843
External Contractors	129
Depreciation	112
Amortisation	0
Fixed asset impairments and reversals (Property, plant & equipment)	0
Fixed asset impairments and reversals (Intangible assets)	0
Impairments & reversals of financial assets	0
Impairments & reversals of non-current assets held for sale	0
Audit fees	175
Other auditors' remuneration	0
Losses, special payments and irrecoverable debts	33
Research and Development	0
Other operating costs	35
Total	13,177

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

	5 October 2017 to 31 March 2019 £000
Increase/(decrease) in provision for future payments	
Clinical negligence	0
Personal injury	0
All other losses and special payments	0
Defence legal fees and other administrative costs	30
Gross increase/(decrease) in provision for future payments	30
Contribution to Welsh Risk Pool	0
Premium for other insurance arrangements	0
Irrecoverable debts	3
Less: income received/due from Welsh Risk Pool	0
Total	33

4. Miscellaneous Income

	5 October 2017 to 31 March 2019 £000
Local Health Boards	10
Welsh Health Specialised Services Committee (WHSSC)/ Emergency Ambulance Services Committee (EASC)	0
NHS trusts	44
Other NHS England bodies	0
Foundation Trusts	0
Local authorities	0
Welsh Government	3
Non NHS	
Prescription charge income	0
Dental fee income	0
Private patient income	0
Overseas patients (non-reciprocal)	0
Injury Costs Recovery (ICR) Scheme	0
Other income from activities	0
Patient transport services	0
Education, training and research	252
Charitable and other contributions to expenditure	0
Receipt of donated assets	0
Receipt of Government granted assets	0
Non-patient care income generation schemes	0
NWSSP	0
Deferred income released to revenue	0
Contingent rental income from finance leases	0
Rental income from operating leases	0
Other income	0
Total	309

5. Investment Revenue

		5 October 2017 to 31 March 2019 £000
Rental revenue	PFI Finance lease income	0
	planned	0
	contingent	0
	Other finance lease revenue	0
Interest revenue	Bank accounts	0
	Other loans and receivables	0
	Impaired financial assets	0
	Other financial assets	0
Total		0

6. Other gains and losses

	5 October 2017 to 31 March 2019 £000
Gain/(loss) on disposal of property, plant and equipment	0
Gain/(loss) on disposal of intangible assets	0
Gain/(loss) on disposal of assets held for sale	0
Gain/(loss) on disposal of financial assets	0
Change on foreign exchange	0
Change in fair value of financial assets at fair value through SoCNE	0
Change in fair value of financial liabilities at fair value through SoCNE	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0
Total	0

7. Finance costs

	5 October 2017 to 31 March 2019 £000
Interest on loans and overdrafts	0
Interest on obligations under finance leases	0
Interest on obligations under PFI contracts	0
main finance cost	0
contingent finance cost	0
Interest on late payment of commercial debt	0
Other interest expense	0
Total interest expense	0
Provisions unwinding of discount	0
Other finance costs	0
Total	0

8. Operating leases

HEIW as lessee

As at 31 march 2019 HEIW had 1 operating lease agreement in place for the lease of Ty Dysgu.

		5 October 2017 to 31 March 2019 £000
Payments recognised as an expense	Minimum lease payments	181
	Contingent rents	0
	Sub-lease payments	0
	Total	181
Total future minimum lease payments	Payable	0
	Not later than one year	363
	Between one and five years	1,453
	After 5 years	1,500
	Total	3,316

Number of operating leases expiring	Land & Buildings	Vehicles	Equipment	Total
Not later than one year	0	0	0	0
Between one and five years	0	0	0	0
After 5 years	1	0	0	1
Total	1	0	0	1
Charged to the income statement	0	0	0	0

There are no future sublease payments expected to be received.

HEIW as lessor

		£000
Rental revenue	Rent	0
	Contingent rents	0
	Total revenue rental	0
Total future minimum lease payments	Receivable	0
	Not later than one year	0
	Between one and five years	0
	After 5 years	0
	Total	0

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff £000	Staff on Inward Secondment £000	Agency Staff £000	Other Staff £000	Total 5 October 2017 to 31 March 2019 £000
Salaries and wages	4,695	320	274	0	5,289
Social security costs	434	0	0	0	434
Employer contributions to NHS Pension Scheme	513	0	0	0	513
Other pension costs	10	0	0	0	10
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total Employee costs from 1 October 2018	5,652	320	274	0	6,246
No employee costs incurred prior to 1 Oct 2018 are included within this note as they were bourne by Welsh Government.					
Charged to capital					0
Charged to revenue					6,246
					6,246
Net movement in accrued employee benefits (untaken staff leave accrual included above)					
					79

9.2 Average number of employees

	Permanent Staff Number	Staff on Inward Secondment Number	Agency Staff Number	Other Staff Number	Total 5 October 2017 to 31 March 2019 Number
Administrative, clerical and board members	139	5	10	0	154
Medical and dental	39	0	0	0	39
Nursing, midwifery registered	1	0	0	0	1
Professional, Scientific, and technical staff	11	0	0	0	11
Additional Clinical Services	3	0	0	0	3
Allied Health Professions	0	0	0	0	0
Healthcare Scientists	0	0	0	0	0
Estates and Ancilliary	0	0	0	0	0
Students	0	0	0	0	0
Total	193	5	10	0	208
Administrative clerical and board members includes					
Lay members (undertake medical appriasal and training plans)	0	0	0	0	0
Lecturers	0	0	0	0	0
	0	0	0	0	0

The average number of employees are calculated for the period 1st October 2018 to 31st March 2019, reflecting the period that the organisation was operational.

9.3 Retirements due to ill-health

During the period there were 0 early retirements from HEIW agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £0.

9.4 Employee benefits

HEIW offers a salary sacrifice scheme for childcare vouchers.

9.5 Reporting of other compensation schemes - exit packages

5 October 2017 to 31 March 2019

Exit packages cost band (including any special payment element)	Number of compulsory redundancies Whole numbers only	Number of other departures Whole numbers only	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only
Less than £10,000	0	0	0	0
£10,000 to £25,000	0	0	0	0
£25,000 to £50,000	0	0	0	0
£50,000 to £100,000	0	0	0	0
£100,000 to £150,000	0	0	0	0
£150,000 to £200,000	0	0	0	0
More than £200,000	0	0	0	0
Total	0	0	0	0

9.5 Reporting of other compensation schemes - exit packages (continued)
5 October 2017 to 31 March 2019

Exit packages cost band (including any special payment element)	Cost of compulsory redundancies £'s	Cost of other departures £'s	Total cost of exit packages £'s	Number of departures where special payments have been made £'s
Less than £10,000	0	0	0	0
£10,000 to £25,000	0	0	0	0
£25,000 to £50,000	0	0	0	0
£50,000 to £100,000	0	0	0	0
£100,000 to £150,000	0	0	0	0
£150,000 to £200,000	0	0	0	0
More than £200,000	0	0	0	0
Total	0	0	0	0

Redundancy costs have been paid in accordance with the NHS Redundancy provisions, other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where HEIW has agreed early retirements, the additional costs are met by HEIW 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 Remuneration Relationship

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

The banded remuneration of the highest-paid director in HEIW in the financial period to 31 March 2019 was £150k to £155k. This was 3.05 times the median remuneration of the workforce, which was £49,969.

During the period, 0 employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £15,842 to £154,595.

The banded remuneration of the Chief Executive is £145k to £150k. This is 2.95 times the median remuneration of the workforce.

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

9.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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:

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 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

National Employment Savings Trust (NEST)

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trustbased 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 5% of a jobholder’s qualifying earnings, for employers whose legal duties have started. The employer must pay at least 2% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,032 and £46,350 for the 2018/19 tax year (2017-18 £5,876 and £45,000).

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

The Welsh Government requires that HEIW 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 HEIW financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery. Payments made prior to HEIW becoming operational on 1st October 2018 were made by the predecessor organisations and are not included in the totals below.

		5 October 2017 to 31 March 2019 Number	5 October 2017 to 31 March 2019 £000
NHS	Total bills paid	615	18,237
	Total bills paid within target	507	17,563
	Percentage of bills paid within target	82.4%	96.3%
Non-NHS	Total bills paid	1,755	46,875
	Total bills paid within target	1,681	46,781
	Percentage of bills paid within target	95.8%	99.8%
Total	Total bills paid	2,370	65,112
	Total bills paid within target	2,188	64,344
	Percentage of bills paid within target	92.3%	98.8%

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

	5 October 2017 to 31 March 2019 £000
Amounts included within finance costs (note 7) from claims 0 made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0
Total	0

11. Property, plant and equipment

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 5 October 2017									
Indexation	0	0	0	0	0	0	0	0	0
Additions									
purchased	0	1,413	0	0	0	0	1,318	370	3,101
donated	0	0	0	0	0	0	0	0	0
government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other organisations	0	0	0	0	573	0	40	71	684
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2019	0	1413	0	0	573	0	1,358	441	3,785

11.1 Property, plant and equipment (continued)

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Depreciation at 5 October 2017									
Indexation	0	0	0	0	0	0	0	0	0
Transfer from/into other organisations	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	573	0	40	71	684
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the period	0	37	0	0	0	0	56	19	112
At 31 March 2019	0	37	0	0	573	0	96	90	796
Net book value at 5 October 2017	0	0	0	0	0	0	0	0	0
Net book value at 31 March 2019	0	1,376	0	0	0	0	1,262	351	2,989

Net book value at 31 March 2019 comprises:									
Purchased	0	1,376	0	0	0	0	1,262	351	2,989
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2019	0	1,376	0	0	0	0	1,262	351	2,989
Asset financing:									
Owned	0	1,376	0	0	0	0	1,262	351	2,989
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2019	0	1,376	0	0	0	0	1,262	351	2,989
The net book value of land, buildings and dwellings at 31 March 2019 comprises :									
Freehold									0
Long Leasehold									1,376
Short Leasehold									0
									1,376

'Building Assets' held by HEIW relate to leasehold improvements and are depreciated over the shorter of the remainder of the lease or the assessed life of the asset.

11.2 Non-current assets held for sale

	Land £000	Buildings, including dwelling £000	Other property, plant and equipment £000	Intangible assets £000	Other assets £000	Total £000
Balance at 5 October 2017	0	0	0	0	0	0
Plus assets classified as held for sale in the period	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the period	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2019	0	0	0	0	0	0

Assets sold in the period

There were no assets sold in the period

Assets classified as held for sale during the period

No assets were classified as held for sale during 2018/19.

12. Intangible non-current assets

	Software (purchased) £000	Software (internally generated) £000	Licences and trademarks £000	Patents £000	Development expenditure internally generated £000	Carbon Reduction Commitments £000	Total £000
Cost or valuation at 5 October 2017	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
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 2019	0	0	0	0	0	0	0

12. Intangible non-current assets (continued)

	Software (purchased) £000	Software (internally generated) £000	Licences and trademarks £000	Patents £000	Development expenditure internally generated £000	Carbon Reduction Commitments £000	Total £000
Amortisation at 5 October 2017	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Provided during the period	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
Amortisation at 31 March 2019	0	0	0	0	0	0	0
Net book value at 5 October 2017	0	0	0	0	0	0	0
Net book value at 31 March 2019	0	0	0	0	0	0	0

At 31 March 2019	0	0	0	0	0	0	0
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2019	0	0	0	0	0	0	0

13. Impairments

Impairments arising from:

	5 October 2017 to 31 March 2019 Property, plant & equipment £000	5 October 2017 to 31 March 2019 Intangible assets £000
Loss or damage from normal operations	0	0
Abandonment in the course of construction	0	0
Over specification of assets (Gold Plating)	0	0
Loss as a result of a catastrophe	0	0
Unforeseen obsolescence	0	0
Changes in market price	0	0
Others (specify)	0	0
Reversal of impairments	0	0
Total of all impairments	0	0
Analysis of impairments charged to reserves in period:	0	0
Charged to the Statement of Comprehensive Net Expenditure	0	0
Charged to Revaluation Reserve	0	0
	0	0

14.1 Inventories

	As at 31 March 2019 £000
Drugs	0
Consumables	0
Energy	0
Work in progress	0
Other	0
Total	0
Of which held at realisable value	0

14.2 Inventories recognised in expenses

	5 October 2017 to 31 March 2019 £000
Inventories recognised as an expense in the period	0
Write-down of inventories (including losses)	0
Reversal of write-downs that reduced the expense	0
Total	0

15. Trade and other Receivables

	As at 31 March 2019 £000
Current	
Welsh Government	0
Welsh Health Specialised Services Committee (WHSSC)/ Emergency Ambulance Services Committee (EASC)	0
Welsh Health Boards	0
Welsh NHS Trusts	0
Non - Welsh Trusts	0
Other NHS	13
Welsh Risk Pool	0
Local Authorities	0
Capital debtors	0
Other debtors	297
Provision for irrecoverable debts	(3)
Pension Prepayments	0
Other prepayments	494
Other accrued income	0
Sub-total	801

15. Trade and other Receivables (continued)

	As at 31 March 2019 £000
Non-current	
Welsh Government	0
Welsh Health Specialised Services Committee (WHSSC)/ Emergency Ambulance Services Committee (EASC)	0
Welsh Health Boards	0
Welsh NHS Trusts	0
Non - Welsh Trusts	0
Other NHS	0
Welsh Risk Pool	0
Local Authorities	0
Capital debtors	0
Other debtors	0
Provision for irrecoverable debts	0
Pension Prepayments	0
Other prepayments	0
Other accrued income	0
Sub-total	0
Total	801

15. Trade and other Receivables (continued)

	As at 31 March 2019 £000
Receivables past their due date but not impaired	
By up to three months	0
By three to six months	58
By more than six months	0
	58

No debtors past due (but not impaired) are greater than six months old.

	As at 31 March 2019 £000
Expected Credit Losses (ECL) previously Allowance for bad and doubtful debts	
Balance at 5 October 2017	0
Transfer to other NHS Wales body	0
Amount written off during the period	0
Amount recovered during the period	0
(Increase)/decrease in receivables impaired	3
ECL/Bad debts recovered during period	0
Balance at 31 March 2019	3

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

	As at 31 March 2019 £000
Receivables VAT	
Trade receivables	37
Other	0
Total	37

16. Other Financial Assets

	Current As at 31 March 2019 £000	Non-current As at 31 March 2019 £000
Financial assets		
Shares and equity type investments	0	0
Held to maturity investments at amortised costs	0	0
At fair value through SOCNE	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)	0	0
Held to maturity investments at amortised costs	0	0
At fair value through SOCNE	0	0
Available for sale at FV	0	0
Total	0	0

17. Cash and cash equivalents

	As at 31 March 2019 £000
Balance at 5 October 2017	0
Net change in cash and cash equivalent balances	6,240
Balance at 31 March 2019	6,240
Made up of:	
Cash held at Government Banking Service (GBS)	6,240
Commercial banks	0
Cash in hand	0
Current Investments	0
Cash and cash equivalents as in Statement of Financial Position	6,240
Bank overdraft - GBS	0
Bank overdraft - Commercial banks	0
Cash and cash equivalents as in Statement of Cash Flows	6,240

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

- Lease Liabilities £0k
- PFI liabilities £0k

The movement relates to cash, no comparative information is required by IAS 7 in 2018/19.

18. Trade and other payables

	As at 31 March 2019 £000
Current	
Welsh Government	86
Welsh Health Specialised Services Committee (WHSSC)/ Emergency Ambulance Services Committee (EASC)	0
Welsh Health Boards	2,061
Welsh NHS Trusts	529
Other NHS	157
Taxation and social security payable / refunds	12
Refunds of taxation by HMRC	0
VAT payable to HMRC	0
Other taxes payable to HMRC	0
NI contributions payable to HMRC	0
Non-NHS creditors	1,503
Local Authorities	0
Capital Creditors	0
Overdraft	0
Rentals due under operating leases	24
Obligations under finance leases, HP contracts	0
Imputed finance lease element of on SoFP PFI contracts	0
Pensions: staff	0
Accruals	1,738
Deferred Income:	
Deferred Income brought forward	0
Deferred Income Additions	11
Transfer to/from current/non current deferred income	0
Released to SoCNE	0
Other creditors	0
PFI assets –deferred credits	0
Payments on account	0
Total	6,121

18. Trade and other payables (continued)

	As at 31 March 2019 £000
Non-current	
Welsh Government	0
Welsh Health Specialised Services Committee (WHSSC)/ Emergency Ambulance Services Committee (EASC)	0
Welsh Health Boards	0
Welsh NHS Trusts	0
Other NHS	0
Taxation and social security payable/refunds	0
Refunds of taxation by HMRC	0
VAT payable to HMRC	0
Other taxes payable to HMRC	0
NI contributions payable to HMRC	0
Non-NHS creditors	0
Local Authorities	0
Capital Creditors	0
Overdraft	0
Rentals due under operating leases	194
Obligations under finance leases, HP contracts	0
Imputed finance lease element of on SoFP PFI contracts	0
Pensions: staff	0
Accruals	0
Deferred Income:	
Deferred Income brought forward	0
Deferred Income Additions	0
Transfer to/from current/non current deferred income	0
Released to SoCNE	0
Other creditors	0
PFI assets –deferred credits	0
Payments on account	0
Total	194

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

18. Trade and other payables (continued)

	As at 31 March 2019 £000
Amounts falling due more than one year are expected to be settled as follows:	
Between one and two years	23
Between two and five years	69
In five years or more	102
Sub-total	194

19. Other financial liabilities

	Current As at 31 March 2019 £000	Non-current As at 31 March 2019 £000
Financial liabilities		
Financial Guarantees:		
At amortised cost	0	0
At fair value through SoCNE	0	0
Derivatives at fair value through SoCNE	0	0
Other:		
At amortised cost	0	0
At fair value through SoCNE	0	0
Total	0	0

20. Provisions

	At 5 October 2017 £000	Structured settlement cases transferred to Risk Pool £000	Transfer of provisions to creditors £000	Transfer between current and non-current £000	Arising during the period £000	Utilised during the period £000	Reversed unused £000	Unwinding of discount £000	At 31 March 2019 £000
Current									
Clinical negligence	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	30	0	0	-	30
Pensions relating to former directors	0	-	-	0	0	0	0	0	0
Pensions relating to other staff	0	-	-	0	0	0	0	0	0
Restructuring	0	-	-	0	0	0	0	0	0
Other	0	-	0	0	0	0	0	-	0
Total	0	0	0	0	30	0	0	0	30

20. Provisions (continued)

	At 5 October 2017 £000	Structured settlement cases transferred to Risk Pool £000	Transfer of provisions to creditors £000	Transfer between current and non-current £000	Arising during the period £000	Utilised during the period £000	Reversed unused £000	Unwinding of discount £000	At 31 March 2019 £000
Non Current									
Clinical negligence	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	-	0
Pensions relating to former directors	0	-	-	0	0	0	0	0	0
Pensions relating to other staff	0	-	-	0	0	0	0	0	0
Restructuring	0	-	-	0	0	0	0	0	0
Other	0	-	0	0	0	0	0	-	0
Total	0	0	0	0	0	0	0	0	0

20. Provisions (continued)

	At 5 October 2017 £000	Structured settlement cases transferred to Risk Pool £000	Transfer of provisions to creditors £000	Transfer between current and non-current £000	Arising during the period £000	Utilised during the period £000	Reversed unused £000	Unwinding of discount £000	At 31 March 2019 £000
Total									
Clinical negligence	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	30	0	0	-	30
Pensions relating to former directors	0	-	-	0	0	0	0	0	0
Pensions relating to other staff	0	-	-	0	0	0	0	0	0
Restructuring	0	-	-	0	0	0	0	0	0
Other	0	-	0	0	0	0	0	-	0
Total	0	0	0	0	30	0	0	0	30

20. Provisions (continued)

	In year to 31 March 2020	Between 1 April 2020 to 31 March 2024	Thereafter	Total £000
Expected timing of cash flows:				
Clinical negligence	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	30	0	0	30
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	0	0	0	0
Restructuring	0	0	0	0
Other	0	0	-	0
Total	30	0	0	30

21. Contingencies

21.1 Contingent liabilities

Provisions have not been made in these accounts for the £’000 following amounts:

	As at 31 March 2019 £000
Legal claims for alleged medical or employer negligence	0
Doubtful debts	0
Equal Pay costs	0
Defence costs	0
Continuing Health Care costs	0
Other	0
Total value of disputed claims	0
Amounts recovered in the event of claims being successful	0
Net contingent liability	0

21.2 Remote Contingent liabilities

Guarantees	0
Indemnities	0
Letters of Comfort	0
Total	0

21.3 Contingent assets

Total	0
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22. Capital commitments

	As at 31 March 2019 £000
Contracted capital commitments	
Property, plant and equipment	0
Intangible assets	0
Total	0

23. Losses and special payments

HEIW has no losses and special payments during the period. Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

Gross loss to the Exchequer

Number of cases and associated amounts paid out or written-off during the financial period.

	Amounts paid out during period to 31 March 2019		Approved to write-off to 31 March 2019	
	Number	£	Number	£
Clinical negligence	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Total	0	0	0	0

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

Cases exceeding £300,000	Case Type	Amounts paid out in period £	Cumulative amount £	Approved to write-off in period £
Sub-total		0	0	0
All other cases		0	0	0
Total cases		0	0	0

24. Finance leases

24.1 Finance leases obligations (as lessee)

HEIW has no finance lease obligations as lessee.

Amounts payable under finance leases:

Land	As at 31 March 2019 £000
Minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0
Present value of minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Present value of minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0

24.1 Finance leases obligations (as lessee) (continued)

HEIW has no finance lease obligations as lessee.

Amounts payable under finance leases:

Buildings	As at 31 March 2019 £000
Minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0
Present value of minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Present value of minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0

24.1 Finance leases obligations (as lessee) (continued)

HEIW has no finance lease obligations as lessee.

Amounts payable under finance leases:

Other	As at 31 March 2019 £000
Minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0
Present value of minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Present value of minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0

24.2 Finance leases obligations (as lessor)

HEIW has no finance lease obligations as lessee.

Amounts receivable under finance leases:

	As at 31 March 2019 £000
Gross Investment in leases	
Within one year	0
Between one and five years	0
After five years	0
Less finance charges allocated to future periods	0
Minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0
Present value of minimum lease payments	
Within one year	0
Between one and five years	0
After five years	0
Present value of minimum lease payments	0
Included in:	
Current borrowings	0
Non-current borrowings	0
	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

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

26. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. HEIW 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. HEIW 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 HEIW in undertaking its activities.

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

Interest rate risk
HEIW is not permitted to borrow. HEIW therefore has low exposure to interest rate fluctuations

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

Liquidity risk
HEIW 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. HEIW is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	5 October 2017 to 31 March 2019 £000
(Increase)/decrease in inventories	0
(Increase)/decrease in trade and other receivables - non-current	0
(Increase)/decrease in trade and other receivables - current	(801)
Increase/(decrease) in trade and other payables - non-current	194
Increase/(decrease) in trade and other payables - current	6,121
Total	5,514
Adjustment for accrual movements in fixed assets - creditors	0
Adjustment for accrual movements in fixed assets - debtors	0
Other adjustments	0
	5,514

28. Other cash flow adjustments

	5 October 2017 to 31 March 2019 £000
Depreciation	112
Amortisation	0
(Gains)/Loss on Disposal	0
Impairments and reversals	0
Release of PFI deferred credits	0
Donated assets received credited to revenue but non-cash	0
Government Grant assets received credited to revenue but non-cash	0
Non-cash movements in provisions	30
Total	142

29. Third Party assets

HEIW does not hold cash on behalf of third parties.

30. Events after the Reporting Period

HEIW has not experienced any events having a material effect on the accounts, between the date of the statement of financial position and the date on which these accounts were approved by its Board.

31. Related Party Transactions

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

	Debtor at 31 March 2019 £000s	Creditor at 31 March 2019 £000s	Income at 31 March 2019 £000s	Expenditure at 31 March 2019 £000s
Welsh Government	0	86	109,338	87
Abertawe Bro Morgannwg University LHB	0	329	0	7,311
Aneurin Bevan Health Board	0	424	1	4,557
Betsi Cadwaladr LHB	0	152	6	7,132
Cardiff & Vale LHB	0	653	3	9,978
Cwm Taf LHB	0	250	0	3,510
Hywel Dda LHB	0	96	0	3,187
Powys LHB	0	157	0	325
Velindre University NHS Trust	0	435	44	11,098
Public Health Wales NHS Trust	0	45	0	597
Welsh Ambulance Trust	0	49	0	362
Welsh Health Specialised Services Committee	0	0	0	0
Total £000s	0	2,676	109,392	48,144

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

Tina Donnelly is a Fellow of the **University of South Wales**. Ruth Hall is a visiting Chair of the **University of West of England** and an advisory Board Member, Centre for Public Policy Wales at **Cardiff University**. Ceri Phillips is Head of College of Human and Health Sciences, **Swansea University**. Heidi Phillips is Associate Professor Primary Care, **Swansea University**.

	Debtor at 31 March 2019 £000s	Creditor at 31 March 2019 £000s	Income at 31 March 2019 £000s	Expenditure at 31 March 2019 £000s
University of South Wales	0	1	0	8,022
University of West of England	0	10	0	31
Cardiff University	44	166	92	13,720
Swansea University	0	32	0	10,918
	44	209	92	32,691

32. Operating segments

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

33. Pooled budgets

EIW does not operate any pooled budgets.

34. Other Information

IFRS 15

Work was undertaken by the TAG IFRS sub group, consistent with the 'portfolio' approach allowed by the standard. Each income line in the notes from a previous year's annual accounts (either 2016/17 or 2017/18) was considered to determine how it would be affected by the implementation of IFRS 15. It was determined that the following types of consideration received from customers for goods and services (hereon referred to as income) fell outside the scope of the standard, as the body providing the income does not contract with the body to receive any direct goods or services in return for the income flow.

- Charitable Income and other contributions to Expenditure.
- Receipt of Donated Assets.
- WG Funding without direct performance obligation (e.g. SIFT/SIFT@/Junior Doctors & PDGME Funding)

Income that fell wholly or partially within the scope of the standard included:

- Welsh LHB & WHSCC LTA Income;
- Non Welsh Commissioner Income;
- NHS Trust Income;
- Foundation Trust Income;
- Other WG Income;
- Local Authority Income;
- ICR Income;
- Training & Education income;
- Accommodation & Catering income

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTA's). The adjustment being, for episodes of patient care which had started but not concluded (FCE's), as at period end, e.g. 31 March.

These income flows are not relevant to HEIW and therefore there is no impact in the HEIW accounts.

IFRS 9

For consistency across Wales, the practical expedient provision matrix is used to estimate expected credit losses (ECLs) based on the 'age' of receivables.

However, as HEIW has been operational for only 6 months it does not have sufficient data in which to analyse historical loss rate. Due to the relatively low number of outstanding debts as at 31st March 2019 ECLs were estimated individually for all period-end receivables. For future years the practical expedient matrix will be used for calculation purposes.

BREXIT

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

35. Establishment of Health Education & Improvement Wales

For the agreement of assets and liabilities that transferred, HEIW completed and agreed 'S1' and 'S2' forms with Velindre University NHS Trust and Cardiff University.

The forms respectively record:

- **S1** The value of Property, Plant & Equipment transferred.
- **S2** The value of other non-current assets and liabilities transferred.

HEIW paid Velindre University NHS Trust for the value of non-current assets purchased during the period and are shown as non-current asset additions in note 11.1. This cost of the purchase was funded by Welsh Government and £3.101m was credited to the General Fund, which will offset depreciation on the assets as charges are incurred.

Included within the S1 form with Cardiff University was £0.684m of fully depreciated non-current assets, which transferred to HEIW at nil cost. These assets have been shown gross within note 11.1.

HEIW paid Velindre University NHS Trust £0.038m for the transfer of their net current assets, which comprised £0.173m of trade and other receivables and £0.135m of trade and other payables. The payment to Velindre NHS Trust was funded by the Welsh Government through HEIW's resource allocation.

HEIW have a debtor of £0.028m with Cardiff University for the transfer of their net liabilities, which comprised of £0.100 of trade and other receivables and £0.128m of trade and other payables.

The National Health Service in Wales accounts direction given by Welsh ministers in accordance with Paragraph 3(1) of Schedule 9 to the National Health Service (Wales) Act 2006 (C.42) and with the approval of treasury.

Health Education and Improvement Wales

1. Health Education and Improvement Wales (HEIW), a special health authority, shall prepare accounts for the financial period 5 October 2017 to 31 March 2019 and subsequent financial years in the form specified in paragraphs 2 to 4 below.

Basis of Preparation

2. The accounts of HEIW shall comply with:

- a the accounting principles and disclosure requirements of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for that financial year, as detailed in the NHS Wales Manual for Accounts; and
- b any other specific guidance or disclosures required by the Welsh Government.

3. The accounts shall be prepared so as to:

- a give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, cash flows and changes in taxpayers' equity for the financial year then ended; and
- b provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities which govern them.

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

Signed by the authority of the Welsh Ministers

Alan Brace, Director of Finance HSSG





GIG
CYMRU
NHS
WALES

Addysg a Gwellu Iechyd
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