

Flintshire Local Health Board

FOREWORD

These accounts have been prepared by the Local Health Board under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have, with the approval of the Treasury, directed.

Statutory background

The Local Health Board was one of 22 which came into existence on 1st April 2003. As a statutory body governed by Acts of Parliament the LHB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of [Flintshire](#).
- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;
- supporting and funding the contractor professions;
- the commissioning of health promotion, emergency planning and other regulatory tasks;
- the stewardship of resources including the financial management and monitoring of performance in critical areas;
- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept.

Performance Management and Financial Results

Local Health Boards in Wales must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result the Primary Statement of in-year income and expenditure is the Operating Cost Statement, which shows the net operating cost incurred by the LHB which is funded by the Assembly. This funding is allocated on receipt directly to the General Fund in the Balance Sheet.

The statutory duty for Local Health Boards is enacted in the 2002 NHS Reform and Health Care Professionals Act. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is note 2.1 Achievement of Operational Financial Balance on page 16. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year.

OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	Total £000	2007-08 Total £000
Expenditure	4.1,4.2,4.3, 4.4	192,586	181,770
Miscellaneous income	3.1	2,411	2,170
Net operating costs		<u>190,175</u>	<u>179,600</u>

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2009**

	£000	£000
Unrealised surplus on revaluation / indexations of fixed assets	0	0
Net increases / reductions in General Fund due to transfers of assets	0	0
Fixed asset impairment losses	0	0
Recognised gain / (loss) for the year	<u>0</u>	<u>0</u>

BALANCE SHEET AS AT 31 MARCH 2009

	Note	£000	31 March 2008 £000
TOTAL FIXED ASSETS			
Intangible fixed assets	5.1	0	0
Tangible fixed assets	5.2	0	0
CURRENT ASSETS			
Debtors	6.1	968	491
Cash at bank and in hand		73	1,535
Total Current Assets		1,041	2,026
Creditors: amounts falling due within one year	6.2	12,882	12,565
Net current assets / (liabilities)		(11,841)	(10,539)
Creditors: amounts falling due after more than one year	6.3	0	0
Provisions for liabilities and charges	6.4	324	639
TOTAL NET ASSETS		(12,165)	(11,178)
FINANCED BY:			
General fund	6.5	(12,165)	(11,178)
Donated Assets Reserve	6.6	0	0
Revaluation Reserve	6.7	0	0
TOTAL		(12,165)	(11,178)

Signed for and on behalf of the Board

Director of Finance Chief Executive

Date Date.....

Adopted by the Board on.....

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	£000	2007-08 £000
Net operating costs	(190,175)	(179,600)
Adjust for non-cash transactions	(551)	(125)
Adjust for movements in working capital other than cash	(160)	898
Utilisation of provisions	(201)	(180)
	<hr/>	<hr/>
Net cash outflow from operating activities	(191,087)	(179,007)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT:		
Payments to acquire fixed assets	0	0
Receipts from the sale of fixed assets	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) from investing activities	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) before financing	(191,087)	(179,007)
FINANCING:		
Net Assembly funding (including capital)	189,625	180,479
Surrender of income from sale of fixed assets	0	0
Donations	0	0
Capital element of finance lease rental payments	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) from financing	189,625	180,479
	<hr/>	<hr/>
Increase / (decrease) in cash	(1,462)	1,472

Notes to the cash flow statement

Adjust for non-cash transactions

	£000	2007-08 £000
Depreciation and other write-offs	0	19
Impairment of fixed assets	0	47
(Profit) / Loss on disposal of fixed assets	0	0
Non-cash provisions	(114)	236
Capital charge interest	(437)	(427)
	<u>(551)</u>	<u>(125)</u>

Adjust for movements in working capital other than cash

	£000	2007-08 £000
(Increase)/decrease in debtors	(477)	353
Increase/(decrease) in creditors	317	545
	<u>(160)</u>	<u>898</u>

Reconciliation of net cash flow to movement in net debt

	£000
Increase/(decrease) in cash in the period	(1,462)
Cash outflow from debt repaid and finance lease capital payments	0
Change in net debt resulting from cash flows	(1,462)
Non cash changes in debt	0
Net debt at 1 April 2008	<u>1,535</u>
Net debt at 31 March 2009	<u>73</u>

Analysis of changes in net debt

	As at 1 April 2008	Cash flows	Other changes	As at 31 March 2009
	£000	£000	£000	£000
Cash at bank and in hand	1,535	(1,462)	0	73
Bank overdraft	0	0	0	0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
	<u>1,535</u>	<u>(1,462)</u>	<u>0</u>	<u>73</u>
Total	<u>1,535</u>	<u>(1,462)</u>	<u>0</u>	<u>73</u>

Amount held in Office of Paymaster General bank accounts as at 31 March 2009 was £71,574.73.

Analysis of capital expenditure, financial investments and associated receipts

	Capital		Loans		Net Total £'000
	Additions £'000	Disposals £'000	Issues £'000	Repayments £'000	
Total cash payment and receipts	0	0	0	0	0

Reconciliation of loan issues and repayments to cash movements

	Issues £'000	2008-09 Repayments £'000	Net Movement £'000
Total issues and repayments (per creditors note 6.3)	0	0	0
Accrued movement in loan capital	0	0	0
Non-cash adjustments	0	0	0
Total financial investment and associated receipts	0	0	0

Reconciliation of fixed assets and disposals

	Additions £'000	2008-09 Disposals £'000	Net Movement £'000
Total assets and disposals (per fixed assets note 5.1 5.2)	0	0	0
Accrued movement in fixed asset additions	0	0	0
Non-cash adjustments	0	0	0
Total cash movement on asset additions and disposals	0	0	0

Notes to the Account

1. Accounting Policies

1.1 The financial statements have been prepared in accordance with the Financial Reporting Manual (FRoM) issued by HM Treasury to the extent that the Welsh Assembly Government has directed as being appropriate to LHB'S. The particular accounting policies adopted by the Local Health Board (LHB) are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention, modified by the application of current cost principles to tangible fixed assets, and in accordance with directions issued by the Welsh Assembly Government and approved by Treasury.

LHB's are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

Acquisitions and Discontinued Operations

Activities are considered to be "acquired" and disclosed as such, only if they are acquired from outside the public sector. Activities are considered to be "discontinued" and disclosed as such, only if they cease entirely or are transferred outside the public sector.

1.2 Income and funding

The main source of funding for the LHB is resource allocations from the Welsh Assembly Government within an approved cash limit, which is credited to the general fund when the associated cash is received. Income disclosed in the Operating Cost Statement reflects only the amounts other than Welsh Assembly Government Funding.

Miscellaneous income is income which relates directly to the operating activities of the LHB. It comprises principally of fees and charges for services provided on a full cost basis to external customers, (or any other other material types of income if this disclosure would not be sufficient).

It includes both income appropriated-in-aid of the Vote and income to the consolidated fund which HM Treasury has agreed should be treated as operating income.

Income is accounted for by applying the accruals convention. Income is recognised in the period in which services are provided.

1.3 Taxation

The LHB is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.4 Intangible fixed assets

Intangible assets which can be valued, are capable of being used in a LHB's activities for more than one year and have a cost equal to or greater than £5,000;

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is carried at historic cost. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.5 Tangible fixed assets

a. Capitalisation

Tangible fixed assets are capitalised if they are capable of being used for a period which exceeds one year and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost equal to or greater than £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- form part of the initial setting - up cost of a new building, irrespective of their individual or collective cost.
- form part of an IT network which collectively has a cost more than £5,000 and individually have a cost of more than £250,000

b. Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at costs (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and Buildings

Land and buildings are restated at current cost using professional valuations every five years and appropriate indices in intervening years. The buildings indexation is based on the All in Tender Price Index published by the Building Cost Information Service (BICS). The land index is based on the residential building and land values reported in the Property Market Report published by the Valuation Office. Valuations are carried out by the District Valuers of the Inland Revenue Government Department at five - yearly intervals. A five - yearly revaluation was carried out as at 1 April 2007.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non - specialised operational property.

In respect of non - operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value. Land and buildings held under finance leases are capitalised at inception at the fair value of the asset but may be subsequently revalued by the District

Valuer. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All impairments resulting from price changes are charged to the Statement of Recognised Gains and Losses where there is a credit balance for that impaired asset in the revaluation reserve, otherwise ordinarily they will be charged to the Operating Cost Statement. Falls in value when newly constructed assets are charged to the revaluation reserve even when there is no credit balance.

Equipment

Operational equipment is carried at current value. Where assets are of low value, and/or have short useful economic lives, these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is valued at net recoverable amount and assets held under finance leases are capitalised at the fair value of the assets. With those exceptions, equipment is valued at Depreciated Replacement Cost.

Assets in the course of construction

Assets in the course of construction are valued at current cost as for land and buildings. These assets include any existing land or buildings under the control of a contractor.

c. Depreciation, amortisation and impairments

Depreciation is charged on a straight - line basis on each main class of fixed asset as follows:

Freehold land and land and buildings surplus to requirements are not depreciated. Assets in the course of construction and residual interests in off - balance sheet Private Finance Initiative contract assets are not depreciated until the asset is brought into use or reverts to the LHB, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.6 Donated assets

Donated tangible fixed assets are capitalised at their valuation on receipt and are valued and depreciated as described above for purchased assets.

The value of donated tangible fixed assets and the donated element of part - donated assets are reflected in a donated asset reserve. This reserve is credited with the value of the original donation and any subsequent revaluation and indexation; an amount equal to the depreciation charge is released from this reserve each year to the Operating Cost Statement.

1.7 Research and development

Research and development expenditure is charged to the Operating Cost Statement in the year in which it is incurred, except insofar as it is separately identifiable development expenditure relating to a clearly defined project and benefits therefrom can reasonably be regarded as assured.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project.

1.8 Pension Costs

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

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay.

On advice from the Scheme Actuary, scheme contributions may be varied from time to time to reflect changes in the schemes liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting Valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

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

Scheme provisions as at 31 March 2008

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

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

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Scheme provisions from 1 April 2008

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website www.pensions.nhsbsa.nhs.uk.

Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from the Stationary Office.

The conclusion from the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the members pension is normally payable to the surviving spouse.

Early payments of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice the final year's pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump for those who die after retirement is, payable.

The scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVC's) provided by an approved panel of life companies. Under the arrangement the LHB can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Additional pension liabilities arising from early retirements are not funded by the scheme, except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement at the time the LHB commits itself to the retirement, regardless of the method of payment.

1.9 Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Resulting exchange gains and losses are taken to the Operating Cost Statement.

1.10 Cost of Capital

The cost of capital applies to all the assets and liabilities of the LHB, less cash balances held at the OPG and donated assets. The interest rate applied to capital charges in the 2008-09 financial year was **3.5%**.

1.11 Provisions

The LHB provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms. Provisions are only recognised where the amount of economic benefit is probable, and the amount of the transfer can reasonably be estimated.

1.12 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The LHB does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.13 Leases

Where substantially all the risks and rewards of ownership of a leased asset are borne by the LHB, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the OCS over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the OCS on a straight line basis.

1.14 Contingent liabilities

- a possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the LHB's control;

- a present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or

- a present obligation where the amount of the obligation cannot be measured with sufficient accuracy.

Contingent liabilities are not disclosed where the probability of them becoming liabilities is considered to be remote.

Contingent assets are disclosed where a possible asset exists as a result of past events whose existence will be confirmed only by the occurrence of one or more uncertain future events met wholly within the LHB's control. Contingent assets are disclosed only where the future outflow of economic benefit is considered to be probable.

1.15 Deferred Income

Deferred income is recognised where income has been received with an obligation to use the monies for a specific purpose, but these monies have not yet been spent. Only third party income between non-government bodies may be recognised.

1.16 Expenditure

Interest payable arises from the unwinding of discount on provisions, as the value is restated to reflect the present value of the provision at the closing balance sheet date. Interest payable also arises on bank overdrafts and finance leases and is recognised on the accruals basis. Interest payable is not shown separately on the face of the Operating Cost Statement, but is included within expenditure.

Certain expenditure relating to reimbursement of General Practitioners for the provision of Family Health Services is defined by the National Assembly as "non-discretionary" and is deducted from net operating costs for the purposes of assessing outturn against revenue resource limit in note 2.1.

Programme expenditure is defined as costs relating directly to the provision of healthcare, social care and other services relating to the LHB's functions provided directly to the public. All other expenditure is classified as administration expenditure.

1.17 Financial Instruments

Financial Assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

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 balance sheet date, the LHB assesses whether any financial assets, other than those held at fair value through profit and loss are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence or 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 income statement and the carrying amount of the asset is reduced directly, or through a provision for 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 income statement 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.

[Omit any of the above that does not apply to the LHB]

Financial Liabilities

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

Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities at fair value through profit and loss

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 value, with any resultant gain or loss recognised in the income statement. 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.

[Omit any of the above that does not apply to the LHB.]

2.1 Achievement of Operational Financial Balance

	£000	2007-08 £000
Net operating costs for the financial year	190,175	179,600
Non-discretionary expenditure	1,328	1,069
Operating costs less non-discretionary expenditure	188,847	178,531
Revenue Resource Limit	188,851	178,545
Under / (over) spend against Revenue Resource Limit	4	14
Unplanned resource brokerage received	0	0
Operational Financial Balance	4	14

	Cash	Resource
Resource brokered by Carmarthenshire LHB from 2007/08		£1,400,000
Cash brokered by Swansea LHB from 2007/08	£4,000,000	
Resource brokered by Powys LHB from 2007/08		£1,030,000
Cash brokered by WAG from 2007/08	£1,000,000	
In Year Cash surplus brokered to Swansea LHB	-£2,800,000	
In Year Cash surplus brokered to WAG	-£680,000	
In Year Cash and Resource surplus brokered to WAG	-£523,000	-£523,000
Net Effect of In Year Brokerages	£997,000	£1,907,000

Local Health Boards are required to achieve a breakeven financial position each and every year except where a Service Change and Efficiency Plan (SCEP) has been approved by the Welsh Assembly Government in accordance with WHC (2004) 34, statutory Financial Duties of NHS Trusts and Local Health Boards. Where an approved SCEP is in place achievement of the breakeven duty will be measured over the life of the plan.

Flintshire LHB is within 2 Health Economy areas, namely North Wales (East) and North Wales (Central).

The Health Economy SCEPs have been agreed by the Welsh Assembly Government subject to some conditions outlined in a letter to the Health Economy Chief Executives on 27 March 2007.

Negotiations in respect of the Annual Operating Framework within the health economies are still continuing in relation to the financial gap for the Access 2009 targets.

The LHB is currently forecasting a £1.8m surplus in 2009/10 for the purpose of funding Access 2009 costs

3.1 Miscellaneous income

	£000	2007-08 £000
Fees & Charges	0	0
Prescription charge income	490	394
Dental fee income	1,260	1,408
Income for trust impairments	0	0
Deferred Income released to revenue	0	0
Rental income from finance leases	0	0
Rental income from operating leases	0	0
Other	661	368
Total	2,411	2,170

Patient prescription charges were abolished in Wales from 1st April 2007. However, the LHB has continued to receive income for prescriptions in 2008/09 due to the following:

	£ 000
NHS Prescriptions for non Welsh patients	39
FP10 recharges to Welsh Hospitals for the cost of drugs prescribed by hospitals but dispensed by community pharmacists	451
TOTAL PRESCRIPTION CHARGE INCOME	490

Other Miscellaneous Income is broken down as follows:

	£ 000
Flintshire County Council Grants	154
Recharges to Other LHBs and Trusts	69
Recharges to Primary Care Contractors	20
Pensions Agency refund	48
Recharges to Welsh Assembly Government	341
LHB Admin Services recharges	2
Local Authority Income deferred from 2007/08	27
Total Other Miscellaneous Income	661

Expenditure:

4.1 Primary health care

	Cash limited	Non cash limited	Total	2007-08 Total
	£000	£000	£000	£000
General Medical services	21,001	0	21,001	20,879
Pharmaceutical services	5,182	264	5,446	4,213
General Dental services	6,854	0	6,854	6,868
General Ophthalmic services	0	1,064	1,064	1,109
Other Primary health care expenditure	2,115	0	2,115	1,909
Prescribed drugs and appliances	20,418	0	20,418	21,040
Total	55,570	1,328	56,898	56,018

4.2 Secondary and Community health care

	Total	2007-08 Total
	£000	£000
NHS Trusts:		
Provider 1 - ... North Wales NHS Trust	94,972	87,385
Provider 2 - ... Countess of Chester NHS Foundation Trust	18,201	17,608
Provider 3 - .. Robert Jones & Agnes Hunt Orthopaedic and District Hospital NHS Trust	2,474	2,111
Provider 4 - .. Royal Liverpool and Broadgreen University NHS Trust	776	556
Provider 5 - North West Wales NHS Trust	469	538
Provider 6 - Wirral University Teaching Hospital NHS Foundation Trust	451	446
Provider 7 - Aintree University Hospitals NHS Foundation Trust	295	220
Provider 8 - see other Welsh/non Welsh Trusts below	0	0
Provider 9 - see other Welsh/non Welsh Trusts below	0	0
Provider 10 - see other Welsh/non Welsh Trusts below	0	0
Other Welsh NHS trusts	162	245
Other non Welsh NHS trusts	720	942
Local Authorities	39	168
Voluntary Organisations	199	186
NHS Funded Nursing Care	1,162	1,102
Continuing Care	9,193	7,716
Private providers	707	624
Specific projects funded by Welsh Assembly Government	0	0
Other	208	198
Total	130,028	120,045

Footnote to Note 4.2

The North Wales NHS Trust was established on 1st July 2008 with the merger of the former North East Wales NHS Trust and Conwy & Denbighshire NHS Trust. The North Wales NHS Trust has continued to operate throughout 2008/09 as 2 divisions (East and Central) that correspond to the former Trusts for North East Wales and Conwy & Denbighshire respectively. A comparison of the expenditure for the 2 divisions and former Trusts between 2008/09 and 2007/08 are shown below for information:

	Total	2007-08 Total
	£000	£000
North Wales NHS Trust (East)/North East Wales NHS Trust	67,099	61,373
North Wales NHS Trust (Central)/Conwy & Denbighshire NHS Trust	27,873	26,012
Total North Wales NHS Trust	94,972	87,385

4.3 Other programme expenditure

	£000	2007-08 £000
Salaries and wages	2,066	1,593
National Public Health Service	839	820
Losses, special payments and irrecoverable debts	0	0
Research and development	0	0
Other	980	1,422
Total	3,885	3,835

4.4 Administration expenditure

	£000	2007-08 £000
Non-officer members' remuneration	96	101
Other salaries and wages	1,132	1,113
Consultancy services	40	110
Establishment expenses	123	132
Transport and moveable plant	3	2
Premises and fixed plant	60	57
External contractors	18	11
Auditors' remuneration - audit fee	75	74
Auditors' remuneration - other fees	0	0
Business Services Centre recharge	662	696
Interest payable - unwinding of discount	0	0
Interest payable - other	0	0
Capital - Depreciation	0	0
Amortisation	0	0
Capital charge interest	(437)	(428)
Impairments and reversals (property, plant, equipment)	0	0
Impairments and reversals (intangible assets)	0	0
Impairments and reversals of financial assets (by class)	0	0
(Profit) / loss on disposal of fixed assets	0	0
Other	3	4
Total	1,775	1,872

The expenditure for Consultancy Services for the year is broken down as follows:

	£000	2007-08 £000
Legal Advice	31	89
Welsh Ambulance Services NHS Trust - emergency planning advice	4	4
Management consultancy advice to North East Wales health economy	0	14
Specialist financial consultancy advice	0	3
Consultancy Fees for specialist VAT review on Pharmacy contract	2	0
Welsh NHS Employers Unit - Corporate support	3	0
TOTAL CONSULTANCY SERVICES EXPENDITURE	40	110

Included in Business Services Centre recharge is an amount of £12,000 for the external audit of the Business Services Centre and Business Support Partnership attributable to Flintshire LHB.

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

	Total	2007-08 Total
	£000	£000
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	0
Defence legal fees and other administrative costs	0	0
	<hr/>	<hr/>
Gross increase / decrease in provision for future payments	0	0
Contributions to Welsh Risk Pool/insurance premiums	0	0
Irrecoverable debts	0	0
Less: income received/due from Welsh Risk Pool	0	0
	<hr/>	<hr/>
Total	0	0
	<hr/>	<hr/>

Personal injury includes £ nil in respect of permanent injury benefits

4.6 Hire and operating lease rentals

	2007-08 £000	2007-08 £000
Hire of plant and machinery	0	0
Other operating leases	12	13
Total	12	13

Commitments under non-cancellable operating leases:

	Land and Buildings £000	Other Leases £000	2007-08 Land and Buildings £000	2007-08 Other Leases £000
Operating leases which expire:				
Within 1 year	0	8	0	4
Between 1 and 5 years	0	15	0	9
After 5 years	0	0	0	0

4.7 Executive Directors and staff costs

	2007-08 Total £000	2007-08 Total £000
Salaries and wages	4,365	3,362
Social security costs	321	225
Employer contributions to NHSPA	477	383
Other pension costs	0	0
Agency / seconded staff	145	0
Total	5,308	3,970

The total Executive Director and staff costs of £5,308,000 are engaged within the Administrative, Programme and Primary Care functions of the Local Health Board as included in Notes 4.1 (on Page 18) and Notes 4.3 and 4.4 on page 19, as follows:

	2007-08 £000	2007-08 £000
Note 4.1 Primary Health care - (part of) General Medical Services	2,094	1,251
Note 4.1 Primary Health care - (part of) Dental	16	13
Note 4.3 Other programme Expenditure - Salaries & Wages	2,066	1,593
Note 4.4 Administration Expenditure - Other Salaries & Wages	1,132	1,113
Total LHB Executive Directors and staff costs	5,308	3,970

The LHB staff costs within Primary Health care services (Note 4.1 - page 18) of £2,094,000 and £16,000 are for doctors, nurses and administrative staff engaged within the LHB provided GP Out of Hours Service and the LHE Dental Contract Administrator, respectively. There are other staff employed within Primary Health Care but as these are directly employed by the Practitioners they are not included within Note 4.7 above.

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4.8 Board Directors' remuneration

	£000	2007-08 £000
Non-officer members' remuneration	92	101
Executive Directors' remuneration:		
basic salaries	232	248
benefits	2	2
performance related bonuses	0	0
pension contributions	32	36
Compensation for loss of office	0	0
Pensions to former directors (early retirees)	0	0
Total	358	387

	£000	Chief Executive £000
Basic Salary	34	81
Benefits	0	0
Compensation for loss of office	0	0
Performance related bonuses	0	0
Pension contributions	0	11
Total	34	92

Remuneration waived by directors and allowances paid in lieu:	Number	£000
Directors' remuneration waived	0	0
Allowances paid in lieu of remuneration	0	0

The basis on which performance related bonuses are calculated is as follows:

THIS IS NOT APPLICABLE TO FLINTSHIRE LHB.

4.9 Average number of employees

The average number of employees during the year was:

	Permanent staff	Agency, temporary and contract staff	Staff on inward secondment	Total	2007-08
	Number	Number	Number	Number	Number
Executive Board Members	4	0	0	4	5
Other Local Health Board Staff	97	3	11	111	82
Recharged staff	0	0	0	0	0
Total	101	3	11	115	87

The average number of employees is calculated as the total number of employees under contract of service in each week in the financial year divided by the number of weeks in the financial year.

Expenditure on staff benefits

	£	£
Nature of expenditure:		
None	0	0
	0	0
	0	0
	0	0
Total	0	0

4.10 Retirements due to ill-health

During 2008-09 there were NIL early retirements from the LHB 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 £nil.

4.11 Public Sector Payment Policy - Measure of Compliance

The Welsh Assembly Government requires LHB's to pay non-NHS trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The target is to pay all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

	Number	£000	2007-08 £000
Non- NHS			
Total bills paid 2008-2009	3,966	15,916	12,547
Total bills paid within target	3,953	15,893	12,350
Percentage of bills paid within target	99.7%	99.9%	98.4%

In addition, the Welsh Assembly Government requires LHB's to pay other NHS bodies in accordance with Government Accounting rules. The target is to pay all other NHS bodies within 30 days of receipt of goods or a valid invoice by the authority (whichever is the later) unless other payment terms have been agreed with the NHS body.

	Number	£000	2007-08 £000
NHS			
Total bills paid 2008-2009	913	123,361	114,902
Total bills paid within target	911	123,359	114,808
Percentage of bills paid within target	99.8%	100.0%	99.9%

	Number	£000	2007-08 £000
Total			
Total bills paid 2008-2009	4,879	139,277	127,449
Total bills paid within target	4,864	139,252	127,158
Percentage of bills paid within target	99.7%	100.0%	99.8%

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

	2007-08 £	2007-08 £
Amounts included within Interest Payable arising from claims made by small businesses under this legislation (see note 4.4).	0	0
Compensation payable to cover debt recovery costs	0	0

5.1 Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2008	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Gross replacement cost at 31 March 2009	0	0	0	0	0
Accumulated amortisation at 1 April 2008	0	0	0	0	0
Provided during the year	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March 2009	0	0	0	0	0
Net book value at 1 April 2008	0	0	0	0	0
Net book value at 31 March 2009	0	0	0	0	0

Tangible fixed assets

5.2 Tangible assets at the balance sheet date:

Cost or valuation	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
At 1 April 2008	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0	0	0	0
Depreciation									
At 1 April 2008	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0	0	0	0
Net book value									
at 1 April 2008	0	0	0	0	0	0	0	0	0
Net book value									
at 31 March 2009	0	0	0	0	0	0	0	0	0
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	0	0	0	0	0	0	0	0
The total amount of depreciation charged in the Operating Cost Statement in respect of assets held under finance leases and hire purchase contracts:									
Total	0	0	0	0	0	0	0	0	0
Value of assets held at open market value	0	0	0	0	0	0	0	0	0

Tangible Fixed Assets (continued)

The net book value of land and buildings at 31 March 2009 comprises:

	£000	2007-08 £000
Freehold	0	0
Long leasehold	0	0
Short leasehold	0	0
	<hr/>	<hr/>
Total	0	0
	<hr/>	<hr/>

Net profit/(loss) on disposal of fixed assets

	£000	2007-08 £000
During the year the LHB disposed of fixed assets with the net book value of,	0	0
The gross proceeds from the sale(s) were	0	0
giving a net profit/(loss) on disposal of	<hr/> 0	<hr/> 0
The LHB paid over to the Welsh Assembly Government the net proceeds from disposal of and retained the costs of disposal, met of,	0	0
	0	0

6.1 Debtors

	£000	2007-08 £000
Amounts falling due within one year:		
Welsh Assembly Government	326	0
Health Commission Wales	0	0
Local Health Boards	68	61
Primary Care Trusts	0	0
NHS Trusts	4	212
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	500	100
Provision for irrecoverable debts	(19)	(16)
Pension Prepayments:	0	0
Other prepayments and accrued income	89	134
	<hr/>	<hr/>
Sub total	968	491
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Welsh Assembly Government	0	0
Health Commission Wales	0	0
Local Health Boards	0	0
Primary Care Trusts	0	0
NHS Trusts	0	0
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
	<hr/>	<hr/>
Sub total	0	0
	<hr/>	<hr/>
Total	968	491
	<hr/>	<hr/>
Provision for irrecoverable debts (impairment of receivables):		
Balances at 1 April	16	0
Provided in year	3	16
Written-off in year	0	0
Recovered during year	0	0
Balance at 31 March	<hr/> 19	<hr/> 16
	<hr/>	<hr/>
Debtors past due date but not impaired:		
Up to 3 months	591	447
3 to 6 months	1	5
More than 6 months	0	2
Total	<hr/> 592	<hr/> 454
	<hr/>	<hr/>

6.2 Creditors

Amounts falling due within one year:	2007-08	
	£000	£000
Welsh Assembly Government	6	4
Health Commission Wales	0	67
Local Health Boards	97	48
NHS Trusts	858	993
Primary Care Trusts	0	0
Income tax and social security	96	85
VAT	0	0
Non-NHS creditors	4,706	3,551
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases and HP contracts	0	0
GPFH savings	0	0
Pensions: staff	0	0
Accruals	7,119	7,790
Deferred Income	0	27
Other creditors	0	0
Total	12,882	12,565

6.3 Creditors

Amounts falling due after more than one year:	2007-08	
	Total £000	Total £000
Obligations under finance leases and HP contracts	0	0
NHS creditors	0	0
Assembly loans	0	0
Pensions: staff	0	0
Other	0	0
Total	0	0

6.4 Provisions for liabilities and charges

	At 1 April 2008	Structured settlement cases trans- ferred to WRP	Transfer of prov- isions to creditors	Arising during the year	Reversed unused	Utilised during the year	Unwind- ing of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration costs.	0	0	0	0	0	0		0
Sub-total	0	0	0	0	0	0	0	0
Pensions	0			0	0	0	0	0
Other	639			224	(338)	(201)		324
Total	639	0	0	224	(338)	(201)	0	324

Expected timing of cash flows:

	Within 1 year £000	Between 2 and 5 years £000	After 5 years £000	Total £000
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 costs	0	0	0	0
Pensions	0	0	0	0
Other	324	0	0	324
Total	324	0	0	324

The LHB estimates that in 2009-10 it will receive £nil, and in 2009-10 and beyond £nil from the Welsh Risk Pool in respect of losses and special payments.

Other provisions of £324,000 relate to the following:

£200,000 of Continuing Healthcare costs subject to further review.

£124,000 of General Medical Services exceptional claims

No provisions in the accounts have yet been made for the financial implications of the "Grogan" High Court Judgement of January 2006 as advised by the Welsh Assembly Government in Welsh Health Circular (2006) 046 as no healthcare assessments and hence no evaluation of individual patient costs have yet been made. No actual costs during 2007/08 can be directly attributed to the Grogan judgement alone no provision has been made in these accounts in respect of unknown cases arising specifically from the Grogan judgement. The LHB has limited knowledge of the value or extent of potential cases.

Although the LHB is aware that additional costs have arisen elsewhere in Wales as a consequence of the Grogan judgement, it is not possible for a reliable estimate to be made of the financial impact of the judgement for this LHB.

In February 2003 the report by the Ombudsmen on NHS funding for long term care concluded that departmental guidance on who should receive financial support for nursing care had been misinterpreted and misapplied by Health Authorities. As a consequence claims for recompense are expected and where following a full examination of the facts it is accepted that someone had been wrongly denied care incurred costs as a result recompense may be due.

The provision for claims for continuing care of £200,000 included in the accounts relates only to those costs for continuing care occurring 1st April 2003. All costs for which a provision has been established relating to periods pre 1st April 2003 will be accounted for elsewhere in the Wales health economy (in accordance with National Assembly requirements) as although they relate to residents in the Flintshire LHB as they were incurred before Flintshire LHB was established.

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6.5 General fund

The movement on the General fund in the year comprised:

	£000
At 1 April 2008	(11,178)
Net operating cost for the financial year	(190,175)
Net Assembly funding (including capital)	189,625
Capital charge interest	(437)
Transfers to NHS bodies	0
Transfer to general fund of realised elements of the revaluation reserve	0
	<hr/>
Balance at 31 March 2009	<u>(12,165)</u>

6.6 Donated asset reserve

The movement on the donated asset reserve in the year comprised:

	£000
Balance at 1 April 2008	0
Additions	0
Impairments	0
Revaluation and indexation	0
Disposals and write-offs	0
Depreciation	0
	<hr/>
Balance at 31 March 2009	<u>0</u>

6.7 Revaluation reserve

The movement on the revaluation reserve in the year comprised:

	£000
Balance at 1 April 2008	0
Revaluation	0
Indexation	0
Transfer to general fund - realised revaluation	0
	<hr/>
Balance at 31 March 2009	<u>0</u>

6.8 Contingent liabilities -

The following contingent losses/gains have not been included in the accounts

Nature:	2007-08	
	£000	£000
Legal claims for third parties liabilities	0	0
Doubtful debts	0	0
Other	0	0
Total	0	0

Uncertainties affecting outcome:

In January 2006 the High Court concluded that if, following a health care assessment, a person's health care needs formed the primary reason for their residence in a nursing home the NHS should fund the totality of their care (Grogan Bexley NHS PCT). The judgement will also apply to retrospective views where requested.

No provision has been made in these accounts in respect of unknown cases arising specifically from the Grogan judgement. The LHB has limited knowledge of the value or extent of potential cases. This means that, at this stage, it not possible for a reliable estimate to be made of the financial impact of the judgement. See also Note 6.4, page 30.

6.9 Intra Government balances

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors: Amounts falling due within one year £000	Creditors: Amounts falling due after more than one year £000
Balances with other central government bodies	356	0	124	0
Balances with local authorities	0	0	0	0
Balances with NHS trusts and Foundation trusts	4	0	857	0
Balances with Local Health Boards	68	0	98	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	540	0	11,803	0
Total at 31 March 2009	968	0	12,882	0
Balances with other central government bodies	19	0	250	0
Balances with local authorities	39	0	239	0
Balances with NHS trusts and Foundation trusts	212	0	993	0
Balances with Local Health Boards	61	0	48	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	160	0	11,035	0
Total at 31 March 2008	491	0	12,565	0

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6.10 Post balance sheet events

Post balance sheet events having a material effect on the accounts are:

1.	There were no material post balance sheet events.		0
		
2.		0
		
			0
Total			0

6.11 Capital commitments

The Local Health Board has the following capital commitments:

		2007-08
Contracted	0	0
Authorised but not contracted	0	0
Total	0	0

Footnote to Note 6.10 - Post balance sheet events

Reconfiguration of the NHS in Wales

In 2008 the Health and Social Services Minister in the Welsh Assembly Government gave approval for the reconfiguration of NHS Trusts and LHBs to create 7 new LHBs from 1st October 2009.

The LHB will continue in its present form until 1st October 2009 when the LHB will be reconfigured along with Anglesey LHB, Gwynedd LHB, Conwy LHB, Denbighshire LHB, Wrexham LHB, North West Wales NHS Trust and North Wales NHS Trust to form Betsi Cadwaladr University Health Board. All of the assets and liabilities of the LHB will transfer to the new LHB at that date and all operations are continuing.

Footnote to Note 6.11 - Capital commitments

There were no capital commitments outstanding at the end of the financial year.

6.12 Related Party transactions

£000

Total value of transactions with Board members and key senior staff in 2008-2009 **0**

Flintshire Local Health Board is a body corporate established by order of the National Assembly.

The Assembly is regarded as a related party. During the year Flintshire LHB has had a significant number of material transactions with the Assembly and with other entities for which the Assembly, together with the Department of Health for England, is regarded as the parent body.

NHS providers with which the LHB has had material transactions are disclosed in note 4.2 to the accounts. Transactions with the All Wales Risk Pool are outlined in note 4.5.

Other related entities with which the LHB has had material transactions include:

	Income £'000	Expenditure £'000
Powys LHB	0	468
Velindre NHS Trust	0	839
Flintshire County Council	153	3,279

A number of the LHB's Board members have interests in related parties as follows:

Name	Details	Interests
Dr J Fells	Medical Director	GP - Queensferry Medical Practice
Dr A Tinkler	Associate Director of Public Health	Employee of National Public Health Service (Velindre NHS Trust)
Mr R B Harrison	LHB Chairman	Locum Pharmacist
Cllr D Wilkes 1	Non Officer Board Member	Flintshire County Councillor
Mrs S Lewis	Non Officer Board Member	Director of Adult Social Services, Flintshire CC
Mrs C Salmon	Non Officer Board Member	Head of Children's Services, Flintshire CC
Mr M Horton	Non Officer Board Member	Dental Practitioner, Caergwrle
Dr E Beckett	Non Officer Board Member	GP - Grosvenor Street Practice, Mold
Mr J Smith	Non Officer Board Member	Optician, Mold
Mr H Crook	Non Officer Board Member	Pharmacist, Shotton
Mr N Bradshaw***	Non Officer Board Member	Director of Strategy, Planning & Development; North Wales NHS Trust*
Mr I Bellingham 2	Non Officer Board Member	Executive Head of Operations, North Wales NHS Trust**

1 resigned from the LHB Board April 2008

2 resigned from the LHB Board September 2008

***Associate Board Member

6.12 Related Party transactions

A number of the LHB's Board members have interests in related parties as follows (continued):

Name	Details	Interests
Mr G Evans	Non Officer Board Member	Head of Therapy Services, North Wales NHS Trust*
Mrs E Prestidge**	Non Officer Board Member	Clwyd Community Health Council member
Dr D Muckle Jones	Non Officer Board Member	GP - Pendre Surgery, Mold
Dr R Neal	Non Officer Board Member	Senior Lecturer, North Wales Clinical School
Mr M Scriven***	Non Officer Board Member	Deputy Medical Director, North Wales NHS Trust*
Cllr H McGuill 3	Non Officer Board Member	Flintshire County Councillor
Cllr C Ellis 4	Non Officer Board Member	Flintshire County Councillor
Mrs P Jenkins	Non Officer Board Member	TBC
Mrs E Holland	Non Officer Board Member	Trustee Flintshire Local Voluntary Council and Homestart Flintshire
Mrs C Sullivan 5 ***	Non Officer Board Member	Carer Services Co-ordinator, NEWCIS

* formerly North East Wales NHS Trust prior to 1st July 2008

** formerly Conwy and Denbigshire NHS Trust prior to 1st July 2008

*** Associate Board Member

3 transferred from Community member to Council representative 1st June 2008

4 appointed to the LHB Board May 2008

5 appointed to the LHB Board October 2008

The General Practitioners who are Local Health Board Members are also practising GPs within the county of Flintshire and some Nurse members are NHS Trust employees. The Ophthalmic and Pharmaceutical Local Health Board members receive reimbursement for the provision of services from the Board whilst Dental Members receive reimbursement via the Dental Practice Division of the NHS Business Services Authority for the LHB.

6.13 Losses and special payments

Losses and special payments are transactions that the Welsh Assembly Government would not have contemplated when it allocated and distributed funding for the National Health Service. By their nature they items that should not arise. They are therefore subject to special control procedures compared with the generality of payments and special notation in the accounts to draw them to the attention of the Welsh Assembly Government. They are divided into different categories, which govern the way each individual case is handled. These payments are charged to the Operating Cost Statement in accordance with UK GAAP but are recorded in the losses and special payments register when payment is made. Therefore, this note is compiled on a cash basis.

	Number of cases	Value of cases £
Personal injury	0	0
Fraud cases	0	0
All other losses and special payments	231	6,185
Total losses and special payments	231	6,185

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

	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £250,000			
None	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Sub-total	0	0	0
All other cases	6,185	0	6,185
Total cases	6,185	0	6,185

6.14 Financial Instruments

Financial Risk Management

FRS 29 "Financial Instruments: Disclosures" requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the way that LHBs in Wales are financed, they are 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 the listed companies to which this standard mainly applies. LHBs have no powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

Liquidity Risk

The LHBs income allocations and capital expenditure are financed from resources voted annually by Parliament. Therefore they are not exposed to significant liquidity risks.

Interest Rate Risk

All of the LHB's financial assets and financial liabilities carry nil or fixed rates of interest. Therefore, they are not exposed to significant interest rate risk.

Foreign Currency Risk

The LHB has negligible foreign currency income or expenditure. Therefore, it is not exposed to significant foreign currency risk.

6.15 Finance lease obligations

The future minimum lease payments under finance leases to which the Local Health Board was committed at the balance sheet date were as follows:

	£000	2007-08 £000
In one year or on demand	0	0
In more than 1 year but no longer than 2	0	0
in more than 2 year but no longer than 5	0	0
After 5 years	0	0
	<hr/>	<hr/>
Subtotal	0	0
	<hr/>	<hr/>
Less finance charges allocated to future periods	0	0
	<hr/>	<hr/>
Total	0	0
	<hr/>	<hr/>

The total net obligation under finance leases can be analysed as follows:

Creditors: amounts due within one year	0	0
Creditors: amounts due after more than one year	0	0

6.16 Pooled Budgets

The LHB had no pooled budget arrangements during the year.

6.17 Financial Assets

	At fair value through Profit & Loss £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	72	0	0	72
Cash at bank and in hand	73	0	0	73
Other financial assets	896	0	0	896
At 31 March 2009	1041	0	0	1041

Embedded derivatives	0	0	0	0
NHS receivables	273	0	0	273
Cash at bank and in hand	1,535	0	0	1535
Other financial assets	218	0	0	218
At 31 March 2008 (Prior year)	2026	0	0	2026

16.18 Financial liabilities

	At fair value through Profit & Loss £000	Other £000	Total £000
Embedded derivatives	0	0	0
Borrowings	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13,206	0	13206
At 31 March 2009	13206	0	13206

Embedded derivatives	0	0	0
Borrowings	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13,204	0	13204
At 31 March 2008 (Prior year)	13204	0	13204

2008-09

2007-08

NHS Receivables - from Note 6.1

Local Health Boards	68	61
Primary Care Trusts	0	0
NHS Trusts	4	212
Total Financial Assets	72	273

Balance Sheet - Creditors and Provisions

Creditors: amounts falling within 1yr	12,882	12,565
Creditors: amounts falling due after 1 yr		
Provisions for liabilities and charges	324	639
Total Financial Liabilities	13,206	13,204

7 Additional Information

Under Note 4.4 Administration expenditure on page 19, the Welsh Assembly Government require Local Health Boards to separately disclose their expenditure for the year on consultancy services. Consultancy services are defined by HM Treasury under PES (2007) 08 and include professional services for:

- *General Management Consultancy*
- *Legal*
- *Human Resources*
- *Financial*
- *IT Consultancy*
- *Property Services/Estates*

Due to the nature and variety of services provided and commissioned by the Local Health Board, some consultancy services are charged to headings other than Administration.

In addition to the consultancy services of £40,000 reported against Note 4.4 on page 19, the Local Health Board also incurred consultancy services expenditure against the following other headings:

Note 4.1 - part of Primary health care, General Medical Services

GMS Premises valuations by District Valuer	£6,000
Legal advice - General Practice	£1,000
Legal advice - Local Health Board GP Out of Hours Service	£4,000
Occupational Health Services - Local Health Board GP Out of Hours Service	£5,000
Total Consultancy Services costs in Note 4.1, Page 18	£16,000

Note 4.3 - part of Other Programme Expenditure

Clinical Survey - Critical Care Network	£1,000
Total Consultancy Services costs in Note 4.3, Page 19	£1,000

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES
AS ACCOUNTABLE OFFICER OF THE LOCAL HEALTH BOARD**

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the LHB. 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 Assembly.

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

Date.....2009 Chief Executive

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
OF THE 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, directs that these accounts give a true and fair view of the state of affairs of the LHB and of the income and expenditure of the LHB 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:

Chairman: Dated:2009

Chief Executive: Dated:2009

Director of Finance: Dated:2009

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer and Chief Executive for this Board, I have the responsibility for maintaining a sound system of internal control that supports achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and this organisation's assets for which I am personally responsible, in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The performance of Flintshire Local Health Board is held to account via the Welsh Assembly Government Local Health Economy, and organisation specific reviews. Routine performance reporting is provided to the Welsh Assembly Government through the Balanced Scorecard, Health Care Standards for Wales Improvement Plan and Financial Monitoring Returns.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the organisation for the year ended 31st March 2009 and up to the date of approval of the annual report and accounts, and accords with Welsh Assembly Government guidance.

3. Capacity to handle risk

Flintshire Local Health Board has developed arrangements to implement the Welsh Assembly Government risk management and Healthcare Standards for Wales. The WAG guidance identifies the standards which effectively define the governance framework required by a Local Health Board to manage its overall business.

The Governance Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisations activities (both clinical and non clinical), that supports the achievement of the organisations objectives. Within that role, the committee reviews; the risk and control statements, ensures there are assurance processes in place to indicate compliance with objectives and management of principal risks, promotes learning and training, ensures appropriate structures are in place to manage risks, reviews the adequacy of policies and monitors the compliance with Healthcare Standards and the implementation of the Healthcare Standards Improvement Plan.

The Director of Finance has delegated responsibility and all managers and staff have key operational and day to day responsibility for the management of risks.

The LHB has a Risk Management Strategy which embraces the Risk management framework and sets out the responsibilities of the Board, Committees, Executive Directors, managers and staff. Training is provided to staff groups to ensure risk management is embedded across the LHB.

A top down and systematic approach to the identification of principal risks which threaten the achievement of primary objectives is adopted. Controls are in place to evaluate and mitigate risks and ensure systems operate effectively. The Healthcare Standards for Wales underpin the process and there is a separate assurance framework. A risk management assessment collection and reporting tool is in place to enable risk management decisions to occur near to the source and to escalate actions and responses to an appropriate level.

4. The risk and control framework

The risk management framework is set out in a comprehensive Risk Management Strategy and is underpinned by other relevant policies including the Incident Reporting Policy and Health and Safety Policy. These policies are reviewed annually and endorsed by the Board members. The Strategy:

- Defines the objectives of Risk Management and the process and structure by which it is undertaken
- Sets out lead responsibility and organisational arrangements
- Relates to key policies, procedures and risk management practices
- Sets the approach to the identification, assessment, scoring, treatment and monitoring of risk
- Defines acceptable risk

Healthcare Standards for Wales Self Assessment

An Improvement Plan was prepared in 2008/2009 which addressed all aware and responding level actions. The plan was monitored within the risk management structure and framework and progress reported to the Regional Office of the Welsh Assembly Government. The improvements are monitored using a traffic light system of reporting achievements. The Governance Committee has delegated powers from the Board to monitor progress against the Healthcare Standards for Wales Improvement Plan. The Board approved the Improvement Plan in September 2008 and received reports detailing progress against the plan and a comparison of performance with the previous year’s scores in April 2009.

- The latest self assessment was signed off by the Chief Executive Officer in April 2009.
- The Board and Management Team will be involved in the analysis of the latest scores and the LHB will participate in the preparation of a consolidated and high level Improvement Plan for North Wales in July 2009 setting out actions against all 32 Healthcare Standards for Wales.
- Health Inspectorate Wales commenced the review of assurances from e.g. Internal Audit in May 2009 and a planned assessment response is expected for 31st July 2009.
- The final approved Improvement Plan for 2008/2009 will be agreed by 31st October 2009.

The LHB’s performance, which is based on the average number of standards scoring at each of the maturity levels, for the Healthcare Standards for Wales self assessment across the four domains for 2008/9 was:

Domain	Maturity Level				
	Aware	Responding	Developing	Practising	Leading
Patient Experience (Standards 1- 10)	0	0	2	8	0
Clinical Outcomes (Standards 11 – 13)	0	0	1	2	0
Healthcare Governance	0	0	5	10	0
Public Health (Standards 29 – 32 – one of which has been identified as not applicable by HIW)	0	0	0	3	0

In compliance with guidance received from the Regional Office, any Criterion within the specific Standards which were self assessed as Aware (Score of 1) or Responding (Score of 2) were included within the LHB’s Healthcare Standards for Wales Improvement Plan for 2008/9.

In particular the LHB's performance across those standards which underpin the management of risk, compared to last year, was as follows:

	2006 – 2007 HIW Validated Score	2007 – 2008 LHB Self Assessment	2008 – 2009 LHB Self Assessment
Standard 14- Safety & Health	Responding	Developing	Practising
Standard 16- Patient Safety	Developing	Developing	Developing
Standard 27- Governance Arrangements	Practising	Practising	Practising
Standard 28- Clinical Governance & Audit	Practising	Practising	Practising

The risk and assurance framework is regularly assessed, updated and monitored at Corporate and departmental level and reported at the Governance Committee. Public stakeholders are involved in seeking assurance on the management of risks which impact on them via Board membership and as Members on the Governance Committee.

NHS 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.

Reconfiguration of the NHS in Wales

In 2008 the Health and Social Services Minister of the Welsh Assembly Government gave approval for the reconfiguration of NHS Trusts and LHBs to create 7 new Health Boards from 1st October 2009.

The LHB will continue in its present form until 1st October 2009 when the LHB will be reconfigured along with Anglesey LHB, Gwynedd LHB, Conwy LHB, Denbighshire LHB, Wrexham LHB, North West Wales NHS Trust and North Wales NHS Trust to form Betsi Cadwaladar University Health Board. Existing Risk Management and Internal Control Systems will be maintained up to the dissolution of the LHB, with hand over routines and legacy statements being developed to ensure continuous services through reconfiguration.

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness 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 the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Director of Internal Audit's opinion provides me with an opinion on the overall arrangements for gaining assurance through the Risk Management Framework and on the controls reviewed as part of the internal audit work.

The Internal Auditor also provided an Opinion on the process in respect of the organisations self assessment for the Healthcare Standards for Wales. This provided an assurance on the utilisation of robust systems and processes to underpin the conclusions within the self assessment. Objectives covered include; roles and responsibilities are clearly defined, awareness raising is undertaken, standards are mapped to the organisation's objectives, sound processes underpin the production of the assessment and provision of evidence and there is a sound approach to identify the Boards assurance. The process also considered the response to actions within the Improvement Plan. A "high" assurance was issued that there is generally a sound system of control designed to meet the review objectives.

The LHB has considered Information Governance risks in relation to patient and data security and access and is in the process of planning a review and liaising with the BSC / BSP.

The Director of Internal Audit's opinion provides me with an opinion on the overall arrangements for gaining assurance through the Risk Management Framework and on the controls reviewed as part of the internal audit work.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Risk Management Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principle objectives have been reviewed. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by receiving the minutes of the key functions for promoting risk management, for example Audit Committee and The Governance Committee (which includes Risk Management and Complaints). The process provides that:

- The Audit Committee, as part of an integrated committee structure, is pivotal in advising the Board on the effectiveness of the system of internal control.
- The Governance Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control , as detailed in section 3 of this Statement of Internal Control.

6. Significant internal control problems

Any significant internal control issues would be reported to the Board via the Audit Committee. There had been no significant internal control issues identified during 2008/09.

Signed:.....
Chief Executive
(on behalf of board)

Date: 10th June 2009

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

I certify that I have audited the financial statements of Flintshire Local Health Board for the year ended 31 March 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is required to be audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

The Directors and the Chief Executive are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with paragraph 3 of schedule 9 to the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statements of Directors' and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report my opinion to you as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with paragraph 3 of schedule 9 of the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made there under. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I report to you if in my opinion, Flintshire Local Health Board has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Flintshire Local Health Board's compliance with HM Treasury's and Welsh Ministers' guidance and report if it does not. I am not required to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of Flintshire Local Health Board's corporate governance procedures or its risk and control procedures.

I have been unable to read other information contained in the Annual Report because it was not available at the time of my audit.

Basis of audit opinions

I conducted my audit in accordance with the Public Audit Wales Act 2004 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and that part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Flintshire Local Health Board's circumstances, and are consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error and that in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and that part of the remuneration report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers of the state of affairs of Flintshire Local Health Board as at 31 March 2009 and of its net operating costs, recognised gains and losses and cash flows for the year then ended; and
- the financial statements and that part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

My conclusion on Flintshire Local Health Board's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009 will be reported separately in the published Annual Audit Letter.

Jeremy Colman
Auditor General for Wales
29 June 2009

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

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

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2009 and subsequent financial years in respect of the NHS Wales local Health Boards. The basis of preparation and the form and content shall be as set out in the following paragraphs and Schedules.

BASIS OF PREPARATION

2. The account of the NHS Wales Local Health Boards shall comply with:

- (a) generally accepted accounting practice in the United Kingdom (UK GAAP);
- (b) the accounting and disclosure requirements of the Companies Act;
- (c) all relevant accounting standards issued or adopted by the Accounting Standards Board, in so far as they are appropriate to the NHS and are in force for the financial year for which the accounts are to be prepared;
- (d) accounting guidance approved by the FRAB and contained in the Financial Reporting Manual (FReM), as detailed in the NHS Wales Trust Manual for Accounts;
- (e) the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs; and stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

FORM AND CONTENT

3. The account of the Local Health Board for the year ended 31 March 2009 and subsequent years shall comprise a foreword, an income and expenditure account, a balance sheet, a cash flow statement and a statement of recognised gains and losses as long as these statements are required by FRAB, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2009 and subsequent years, the account of the Local Health Board shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, recognised gains and losses and cashflows during the year.

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

MISCELLANEOUS

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

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

8. Notes providing further explanations of figures in the accounts shall be made where it is considered appropriate for a proper understanding of the accounts.

Signed by the authority of Welsh Ministers

Signed :

Dated :

ANALYSIS OF EXPENDITURE BY TYPE**(A) Revenue - Salaries and Wages****£000**

Executive Board Members and Senior Managers	1,025
Medical (including locums)	265
Medical Locums	0
Dental (including locums)	0
Dental Locums	0
Nursing, Midwifery and Health Visiting	981
Professions Allied to Medicine (excl. speech therapy)	84
Professional & Scientific Staff (excl. PAMs)	0
Professional and Technical - PTB	37
Opticians	0
Pharmacists	129
Administrative and Clerical	532
Ancillary Staff	0
Maintenance Staff	0
Ambulance Staff	0
Health Care Assistants	0
	<hr/>
TOTAL NHS STAFF SALARIES AND WAGES	3,053
	<hr/>
Non NHS Staff (agency etc)	145
Chairman's and Non Officer Members' Remuneration	96
	<hr/>
TOTAL SALARIES AND WAGES	3,294
	<hr/>

NOTE: Consultant Distinction Awards - amount included in Medical & Dental consultants, is for NHS staff £ 0 and for honorary contract holders £ 0 . The line for Administrative and clerical includes £ 0 for pay supplements representing 0.0 % of that total.

ANALYSIS OF EXPENDITURE BY TYPE**(B) Revenue - Non-pay expenditure****£000**

Supplies and Services - clinical	0
Supplies and Services - general	0
Establishment Expenses	123
Transport and Movable Plant	3
Premises and Fixed Plant	60
Capital	(437)
Purchase of Health Care from Non-NHS Bodies -	11,436
External Contract Staffing and Consultancy Service	58
Miscellaneous Expenditure	740

TOTAL NON-PAY EXPENDITURE**11,983**

TOTAL Salaries and Wages	3,294
TOTAL Non-pay Revenue Expenditure	11,983
NHS Services (not recharges)	0

NET REVENUE EXPENDITURE**15,277****(C) - CAPITAL - SALARIES AND WAGES****£000**

Professional and Technical - PTB	0
Administrative and Clerical	0
Maintenance Staff	0
Non-NHS Staff (agency etc)	0
Professional Design Consultant Fees	0

TOTAL SALARIES AND WAGES**0**

Administrative and clerical includes £
representing 0.0 % of that total.

0 for pay supplements

GENERAL MEDICAL SERVICES - NEW GMS CONTRACT**£000**

Global Sum	7,263
MPIG Correction Factor	1,983
TOTAL GLOBAL SUM & MPIG	9,246
Quality Aspiration Payments	2,004
Quality Achievement Payments	902
TOTAL QUALITY	2,906
Direct Enhanced Services	891
National Enhanced Services	257
Local Enhanced Services	712
TOTAL ENHANCED SERVICES	1,860
LHB Administered	742
Premises	939
IM & T	328
Out of Hours	1,278
Cost of Drugs and Appliances After Discounts and Plus Container Allowances	
Dispensing Doctors	2,419
Prescribing Medical Practitioners - Personal Administration	341
Dispensing Service Quality Payment	30
Professional Fees	
Dispensing Doctors	775
Prescribing Medical Practitioners - Personal Administration	137
Dispensing Doctors Prescribing Incentive schemes	0
TOTAL DISPENSING	3,702
TOTAL NEW GMS CONTRACT	21,001
Residuals: Cash Limited	0
Residuals: Non Cash Limited	0
TOTAL RESIDUALS	0
TOTAL	21,001

GENERAL MEDICAL SERVICES - NEW GMS CONTRACT**£000****Directed Enhanced Services**

Improved Access Scheme	166
Learning Disabilities	18
Childhood Immunisation Scheme (Target payments)	0
Childhood Imm (Boosters- 5 yrs)	283
Mental Health	15
Influenza & Pneumococcal Immunisations Scheme	198
Additional Access	0
Services for Violent Patients	2
Information Management and Technology	0
Minor Surgery Fees	209

TOTAL DIRECTED ENHANCED SERVICES **891****National Enhanced Services**

INR Monitoring	161
Shared Care Drug Monitoring (near patient testing)	62
Drug Misuse	0
IUCD	34
Alcohol Misuse	0
Depression	0
MS	0
Sexual Health	0
Minor Injury Services	0
First Response Services	0
Services to the Homeless	0
Intra Partum Care	0

TOTAL NATIONAL ENHANCED SERVICES **257****Analysis of Local Enhanced Services**

Asylum Seekers (up to 31 March 2008)	0
Asylum Seekers & Refugess (from 1st April 2008)	0
Care of diabetes	149
Care Homes	50
Chiropody	0
Counselling	0
Depo - Provera	0
Dermatology	16
Drugs Misuse	24
Extended Minor Surgery	0
Homeless	11
Methadone	1
Minor Injuries	0
MMR	0
Nursing Homes	0
Osteopathy	0
Phlebotomy	0
Physiotherapy	16
Quality Information Preparation Scheme (QUIPS)	0
Sexual Health Services	0
Substance Misuse	0
Suturing	0
Wound Care Management	0
Zoladex	24
Nurse Triage	86
Vasectomies	20
HIB catch up	1
Depo-Provera	28
Implanon	20
HPV Vaccination scheme	23
Cardiology	61
COPD	68
Other (Prescribing local enhanced service)	114

TOTAL LOCAL ENHANCED SERVICES **712****TOTAL ENHANCED SERVICES** **1,860****Memorandum item**

Enhanced Services included above but in dispute with LMC (TOTAL)	0
Enhanced Services included above but not yet formally agreed LMC	0

GENERAL MEDICAL SERVICES - NEW GMS CONTRACT**£000****LHB Administered**

Seniority	373
Doctors Retainer Scheme Payments	45
Locum Allowances: consists of adoptive, paternity & maternity	36
Locum Allowances: cover for sick leave	4
Locum Allowances: cover for suspended doctors	0
Prolonged Study Leave	0
Recruitment and Retention (including Golden Hello)	0
Appraisal - appraiser costs	0
Primary Care Development Scheme	0
Designated Area Allowance	0
Initial Practice Allowance	0
Assistant's Allowance	0
Associate Allowance	0
Supply of syringes and needles	0
Pnemococcal Campaign	31
Pnemococcal Catch-up	0
Other (please detail below)	253

TOTAL LHB ADMINISTERED**742****Analysis of Other Payments**

GP Locums Employers Superannuation	20
Stationery Distribution	68
Additional Managed Practice costs (costs in excess of Global Sum/MPIG)	124
Managing Practice costs (LHB employed staff working in GP practices to improve GP services)	1
Equipment Grants	12
GP-Ambulance direct booking	28
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
.....	0

TOTAL OTHER PAYMENTS**253**

GENERAL MEDICAL SERVICES - NEW GMS CONTRACT

£000

Premises

Notional Rents	257
Actual Rents: health centres	13
Actual Rents: others	193
Cost Rent	193
Clinical Waste	77
Borrowing Costs	0
Rates, water, sewerage etc	189
Health Centre Charges	0
Improvement Grants	11
N/Contract Premises Items	0
All Other Premises (please detail below)	6

TOTAL PREMISES

939

Analysis of Other Premises

District Valuer Fees	6
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0

TOTAL OTHER PREMISES

6

PHARMACEUTICAL SERVICES EXPENDITURE

	£000
New Pharmacy Contract	
Professional fees (pharmacists & appliance contractors)	2,232
Special fees and allowances	170
Essential Services	
Establishment payment	668
Practice payment	1,708
DDA Allowance	0
Protected professional allowance	0
Repeat dispensing setup	42
Repeat dispensing transition payment	39
ETP Allowance	66
Protected additional professional payment	0
Advanced Services	
Medicine Usage review (MUR)	106
Other advanced services	0
Enhanced Services	
Additional Hours Service (including Rotas)	12
Essential Small Pharmacy Service	49
Payments to Pharmacists Advice to Care Homes (nursing and residential)	9
Payments to Pharmacists for Patient Medical Records Set-ups Fees	0
Other Payments (Please detail below) <i>not including Difference between Dispensing & Prescribing</i>	0
	<hr/>
Total Pharmacy Contract Expenditure	5,101 <hr/>
Analysis of Other Payments	
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
	<hr/>
Total Other Payments	0 <hr/>
Pharmacy - Non contractually funded expenditure	
Clinical Waste	1
LHB funded staff	0
Emergency Hormonal Contraception scheme	41
Needle Exchange	15
Supervised consumption Methadone	0
Smoking Cessation	0
Palliative Care	1
Minor Ailments	7
Pre Registration Trainees	16
.....	0
	<hr/>
Total "Non Contractually funded items" expenditure	81 <hr/>
TOTAL PHARMACEUTICAL SERVICES EXPENDITURE	5,182 <hr/>
NON CASH LIMITED	
Appliance Contractor Costs	0
Difference Between Dispensing and Prescribing	264
Oxygen Cylinder service: Transitional payments	0
	<hr/>
TOTAL NON CASH LIMITED	264 <hr/>
TOTAL PHARMACEUTICAL INCOME	0 <hr/>

DENTAL CONTRACT EXPENDITURE**£000**

Gross Contract Value	5,675
Emergency Dental Services (inc Out of Hours)	123
Business Rates	48
Improved Access	0
Maternity/Sickness etc.	35
Orthodontics	0
Seniority	32
Vocational Training	62
Hepatitis B	0
Other (Please detail below)	879

TOTAL DENTAL SERVICES EXPENDITURE	6,854
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Analysis of Other Payments

Employers Superannuation	334
Ad-hoc Grants	163
New Community Dental Services	365
Dental admin	17

TOTAL OTHER PAYMENTS	879
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Receipts

Patient Charges	(1,260)
Emergency Dental Treatment	0

TOTAL DENTAL SERVICES INCOME	(1,260)
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GENERAL OPHTHALMIC SERVICES EXPENDITURE

£000

Ophthalmic Medical Practitioner Sight Test Fees - Gross payments	0
Ophthalmic Medical Practitioner Domiciliary Visit Fees - Gross payments	0
Employers Superannuation Contributions (including Reg 79 optant payments)	0
Ophthalmic Optician Sight Test Fees	550
Ophthalmic Optician Domiciliary Visit Fees	19
Payment for HC 3 Holders Towards Cost of Private Sight Test and Domiciliary Visit Fees	2
Grants to Supervisors of Ophthalmic Opticians Trainees	3
Replacement and Repair of Children's and Handicapped Adults' Glasses	33
Cost of Vouchers for Supply of Spectacles	450
Superannuation	0
Other Payments (Please detail below)	7

TOTAL OPHTHALMIC SERVICES EXPENDITURE	1,064
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Analysis of Other Payments

Continuing Education Allowance	7
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0
.....	0

TOTAL OTHER PAYMENTS	7
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INCOME:

Incorrect Voucher Payments Recovered from Patients and Suppliers and Incorrect NHS Sight Test Fees Recovered from Patients	0
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Analysis of Impairments

	Impairment £000	(Reversal) £000	Total £000
Intangible assets			
Loss or damage from normal operations	0	0	0
Loss as a result of catastrophe	0	0	0
Abandonment of assets in course of construction	0	0	0
Unforeseen obsolescence	0	0	0
Over specification of assets	0	0	0
Other	0	0	0
Changes in Market prices	0	0	0
Total	0	0	0
Tangible assets			
Loss or damage from normal operations	0	0	0
Loss as a result of catastrophe	0	0	0
Abandonment of assets in course of construction	0	0	0
Unforeseen obsolescence	0	0	0
Over specification of assets	0	0	0
Other	0	0	0
Changes in Market prices	0	0	0
Total	0	0	0
Investments			
Loss or damage from normal operations	0	0	0
Loss as a result of catastrophe	0	0	0
Abandonment of assets in course of construction	0	0	0
Unforeseen obsolescence	0	0	0
Over specification of assets	0	0	0
Other	0	0	0
Changes in Market prices	0	0	0
Total	0	0	0
Total			
Loss or damage from normal operations	0	0	0
Loss as a result of catastrophe	0	0	0
Abandonment of assets in course of construction	0	0	0
Unforeseen obsolescence	0	0	0
Over specification of assets	0	0	0
Other	0	0	0
Changes in Market prices	0	0	0
Total	0	0	0

2008-09 Guidance

1. All debtors and transactions must be agreed as part of the month 12 exercise. The agreement sheets should be amended to reflect the different type of transactions (OCS Capital other etc).
2. The LMS should only be used to report the trade debtor and income transaction discrepancies including accruals (Capital transactions funding transactions and other transaction discrepancies must be resolved outside of the LMS process).
3. The month 12 LMS must reflect the whole of 2008-09 not just months 9 to 12.

Month 12

LOCAL HEALTH BOARD MEMORANDUM STATEMENT

	Creditors (Due to)		Debtors (Due from)		Expenditure (Due to)	Income (Due from)
	Total	Of which over 12 months	Total	Of which over 12 months	Total	Total
	£000	£000	£000	£000	£000	£000
Summary Sheet:						
Welsh Assembly Government	6	0	326	0	202	190,400
Welsh local health boards	97	0	68	0	1,018	1,394
Welsh NHS Trusts	313	0	4	0	98,935	34
Health Commission Wales	0	0	0	0	0	0
All English health bodies	545	0	0	0	22,866	0
All N. Ireland health bodies	0	0	0	0	0	0
All Scottish health bodies	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Credit note provision						
Sub total	<u>961</u>	<u>0</u>	<u>398</u>	<u>0</u>	<u>123,021</u>	<u>191,828</u>
Other Central Government Bodies						
Other Government Departments*	28	0	0	0	2,732	0
Revenue & Customs	96	0	28	0	1,246	212
Local Authorities	0	0	0	0	3,012	263
Balances with Public Corporations and trading funds	0	0	0	0	0	0
Balances with bodies external to Government	0	0	0	0	0	0
TOTAL	<u>1,085</u>	<u>0</u>	<u>426</u>	<u>0</u>	<u>130,011</u>	<u>192,303</u>

* Other Government Departments with Balances > £1,000k

Please specify:

*

LOCAL HEALTH BOARD MEMORANDUM STATEMENT

Month 12

	Creditors (Due to)		Debtors (Due from)	
	Total	Of which over 12 months	Total	Of which over 12 months
	£000	£000	£000	£000
Balance with WAG & HCW				
Welsh Assembly Government	6	0	326	0
Health Commission Wales	0	0	0	0
TOTAL	6	0	326	0
Balances with Welsh Local Health Boards				
Anglesey	0	0	3	0
Blaenau Gwent	0	0	0	0
Bridgend	0	0	0	0
Caerphilly	0	0	0	0
Cardiff	0	0	0	0
Carmarthenshire	0	0	0	0
Ceredigion	0	0	0	0
Conwy	2	0	14	0
Denbighshire	5	0	3	0
Flintshire	0	0	0	0
Gwynedd	0	0	4	0
Merthyr	0	0	0	0
Monmouthshire	0	0	0	0
Neath Port Talbot	0	0	0	0
Newport	0	0	0	0
Pembrokeshire	0	0	0	0
Powys Information must be provided for split below.	36	0	2	0
Rhondda Cynon Taff	0	0	0	0
Swansea	0	0	0	0
Torfaen	0	0	0	0
Vale of Glamorgan	0	0	0	0
Wrexham	54	0	42	0
Adjustment for roundings	0	0	0	0
TOTAL	97	0	68	0

NOTE: ONLY COMPLETE FOR BALANCES > £1K Total

Powys				
Commissioning	0	0	0	0
Providing	0	0	0	0
BSC Mid & West Wales	0	0	0	0
BSC North Wales	0	0	0	0
BSC South East Wales	36	0	2	0
CHC	0	0	0	0
Total	36	0	2	0

Month 12**LOCAL HEALTH BOARD MEMORANDUM STATEMENT**

	Trust Code	Creditors (Due to)		Debtors (Due from)	
		Total £000	Of which over 12 months £000	Total £000	Of which over 12 months £000
Balances with Welsh NHS Trusts:					
Abertawe Bro Morgannwg University	RYM	3	0	0	0
Cardiff & Vale	RWM	18	0	0	0
Cwm Taf	RYL	0	0	0	0
Gwent Healthcare	RVF	0	0	0	0
Hywel Dda	RYN	10	0	0	0
North Wales	RYP	281	0	4	0
North West Wales	RT7	0	0	0	0
Velindre	RQF	0	0	0	0
Welsh Ambulance Services	RT4	0	0	0	0
Welsh Risk Pool (claims submitted but not yet paid by WRP)	-	0	0	0	0
Welsh Risk Pool (expenses incurred by Trust but not yet claimed from WRP)	-	0	0	0	0
Welsh Risk Pool other		0	0	0	0
Adjustment for roundings		1	0	0	0
TOTAL		313	0	4	0

NOTE: ONLY COMPLETE FOR BALANCES > £1K Total

LOCAL HEALTH BOARD MEMORANDUM STATEMENT

	Expenditure (Due to) Total	Income (Due from) Total
	£000	£000
Balance with WAG & HCW		
Welsh Assembly Government	0	190,400
Health Commission Wales	0	0
TOTAL	0	190,400
Balances with Welsh Local Health Boards		
Anglesey	0	12
Blaenau Gwent	0	0
Bridgend	0	0
Caerphilly	0	0
Cardiff	0	0
Carnarthenshire	0	0
Ceredigion	0	0
Conwy	6	24
Denbighshire	204	14
Flintshire	0	0
Gwynedd	11	13
Merthyr	0	0
Monmouthshire	0	0
Neath Port Talbot	0	0
Newport	0	2
Pembrokeshire	0	2
Powys Information must be provided for split below.	642	1
Rhondda Cynon Taff	0	9
Swansea	0	0
Torfaen	2	0
Vale of Glamorgan	0	0
Wrexham	153	1,316
Adjustment for roundings	0	1
TOTAL	1,018	1,394
Powys		
Commissioning	0	0
Providing	0	0
BSC Mid & West Wales	0	0
BSC North Wales	0	0
BSC South East Wales	641	1
CHC	1	0
Total	642	1

LOCAL HEALTH BOARD MEMORANDUM STATEMENT

		Expenditure (Due to) Total	Income (Due from) Total
	Trust Code	£000	£000
Balances with Welsh NHS Trusts:			
Abertawe Bro Morgannwg University	RYM	6	33
Cardiff & Vale	RWM	35	0
Cwm Taf	RYL	1	0
Gwent Healthcare	RVF	14	0
Hywel Dda	RYN	15	0
North Wales	RYP	97,212	1
North West Wales	RT7	474	0
Velindre	RQF	841	0
Welsh Ambulance Services	RT4	338	0
Adjustment for roundings		(1)	0
		<hr/>	<hr/>
TOTAL		98,935	34
		<hr/>	<hr/>