

Flintshire Local Health Board

Foreword to the Accounts

These accounts for the period ended 30 September 2009 have been prepared to comply with HM Treasury's I-FReM by the Flintshire 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, with the approval of the Treasury, directed.

**Operating Cost Statement
for the period ended 30 September 2009**

	6 months to		12 months
	30 September 2009		2008-09
	Note	£000	£000
Expenditure on Primary Healthcare Services	2.1	28,048	56,898
Expenditure on secondary and community healthcare	2.2	66,172	130,028
Other programme expenditure	2.3	2,031	3,885
Administration expenditure	2.4	921	1,775
		<u>97,172</u>	<u>192,586</u>
 Less: Miscellaneous Income	 3	 <u>(808)</u>	 <u>(2,411)</u>
 Net Operating Costs		 <u>96,364</u>	 <u>190,175</u>

The notes on pages 6 to 52 form part of this account.

Statement of Financial Position as at 30 September 2009

	30 September	31 March	1 April
	2009	2009	2008
Note	£000	£000	£000
Non-current assets:			
Property, plant and equipment	10 0	0	0
Intangible assets	11 0	0	0
Trade and other receivables	17 0	0	0
Other financial assets	14 0	0	0
Other assets	15 0	0	0
Total non-current assets:	0	0	0
Current assets			
Inventories	16 0	0	0
Trade and other receivables	17 4,002	968	491
Other financial assets	14 0	0	0
Other assets	15 0	0	0
Cash and cash equivalents	18 15	73	1,535
	4,017	1,041	2,026
Non-current assets classified as held for sale	10 0	0	0
Total current assets	4,017	1,041	2,026
Total assets	4,017	1,041	2,026
Current liabilities			
Trade and other payables	19 12,310	12,882	12,565
Other financial liabilities	14 0	0	0
Provisions	20 218	324	639
Total current liabilities	12,528	13,206	13,204
Net current assets/ (liabilities)	(8,511)	(12,165)	(11,178)
Non-current liabilities			
Trade and other payables	19 0	0	0
Provisions	20 0	0	0
Other financial liabilities	14 0	0	0
Total non-current liabilities	0	0	0
Assets less liabilities	(8,511)	(12,165)	(11,178)
Taxpayers' equity			
General Fund	(8,511)	(12,165)	(11,178)
Revaluation reserve	0	0	0
Donated asset reserve	0	0	0
Government grant reserve	0	0	0
Total taxpayers' equity	(8,511)	(12,165)	(11,178)

The notes on pages 6 to 52 form part of this account.

The financial statements on pages 1 to 5 were approved by the Board on 25th February 2010 and signed on its behalf by:

Chief Executive.....

Date.....

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2009**

	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2008					
As previously stated	(11,178)	0	0	0	(11,178)
Prior Period Adjustment	0	0	0	0	0
Restated balance at 1 April 2008	(11,178)	0	0	0	(11,178)
Changes in taxpayers' equity for 2008-09					
Net gain/(loss) on revaluation of property, plant & equipment	0	0	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(437)	0	0	0	(437)
Transfers between reserves	0	0	0	0	0
Net operating cost for the year	(190,175)	0	0	0	(190,175)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
Total recognised income and expense for 2008-09	(190,612)	0	0	0	(190,612)
Net Assembly funding	189,625	0	0	0	189,625
Balance at 31 March 2009	(12,165)	0	0	0	(12,165)

The notes on pages 6 to 52 form part of this account.

**Statement of Changes in Taxpayers' Equity
for the period ended 30 September 2009**

Changes in taxpayers' equity for the 6 months to 30 September 2009	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2009					
As previously stated	(12,165)	0	0	0	(12,165)
Prior Period Adjustment	0	0	0	0	0
Restated balance at 1 April 2009	(12,165)	0	0	0	(12,165)
Net gain/(loss) on revaluation of property, plant & equipment	0	0	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(182)	0	0	0	(182)
Transfers between reserves	0	0	0	0	0
Net operating cost for the period	(96,364)	0	0	0	(96,364)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
Total recognised income and expense for 2009	(96,546)	0	0	0	(96,546)
Net Assembly funding	100,200	0	0	0	100,200
Balance at 30 September 2009	(8,511)	0	0	0	(8,511)

The notes on pages 6 to 52 form part of this account.

Cashflow Statement for the period ended 30 September 2009

	Notes	6 months to 30 September 2009 £000	12 months 2008-09 £000
Cash Flows from operating activities			
Net operating cost		(96,364)	(190,175)
Other cashflow transactions	32.2	(265)	(551)
Movement in working capital	32.1	(3,606)	(160)
Provisions utilised		(23)	(201)
Interest paid		0	(0)
Net cash outflow from operating activities		(100,258)	(191,087)
Cash Flows from investing activities			
Purchase of property, plant and equipment		0	0
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Interest received		0	0
Payment for investments		0	0
Proceeds of investments		0	0
Net cash inflow/(outflow) from investing activities		0	0
Cash flows from financing activities			
Welsh Assembly Government funding (including capital)		100,200	189,625
Capital receipts surrendered		0	(0)
Capital element of payments in respect of finance leases and on-balance sheet finance		0	(0)
Net financing		100,200	189,625
Net increase/(decrease) in cash & cash equivalents		(58)	(1,462)
Cash and cash equivalents at 1 April 2009		73	1,535
Cash and cash equivalents at 30 September 2009		15	73

The notes on pages 6 to 50 form part of these accounts.

Notes to the Accounts

1. Accounting policies

The accounts have been prepared in accordance with the 2009-10 Local Health Board Manual for Accounts and 2009-10 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts apply to the period 1 April 2009 to 30 September 2009 and form the final financial return for the Local Health Boards prior to the establishment of a new NHS Wales Local Health Board structure on 1 October 2009.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Income and funding

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

Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Assembly Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Assembly Government is credited to the general fund.

- Miscellaneous income is income which relates directly to the operating activities of the Local Health Board and is not funded by the Welsh Assembly Government.

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

1.4 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or

Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the LHBs services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales bodies have applied these new valuation requirements from 1 April 2009.

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

For 2009-10 no indexation is applied to the Land and Properties of NHS Wales bodies because they have been subject to a MEA revaluation exercise. The equipment of NHS Wales LHBs is subject to indexation. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.7 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the LHB's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the LHB; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the LHB expects to obtain economic benefits or service potential from the asset. This is specific to the LHB and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the LHB checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.9 Borrowing costs

1.10 Donated assets

Donated assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. Donated assets are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement.

1.11 Government grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by the Welsh Assembly Government. Revenue grants are treated as deferred income initially and credited to the operating cost statement to match the expenditure to which it relates. Capital grants are credited to the government grant reserve. Assets purchased from government grants are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the government grant reserve to the operating cost statement.

1.12 Non-current assets held for sale

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

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

1.13 Leases

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

1.13.1 The Local Health Board as lessee

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

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

1.13.2 The health board as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the health

board's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the LHB's net investment outstanding in respect of the leases.

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

1.14 Inventories

Inventories are valued at the lower of cost and net realisable value using the [weighted average] cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.15 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.16 Provisions

Provisions are recognised when the Local Health Board has a present legal or constructive obligation as a result of a past event, it is probable that the Local Health Board will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms.

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

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

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

1.17 Clinical negligence costs

The Welsh Risk Pool operates a risk pooling scheme which is funded by the Welsh Assembly Government. The Welsh Risk Pool is hosted by North Wales NHS Trust.

1.18 Financial assets

Financial assets are recognised on the Statement of Financial Position when the Local Health Board 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.

1.18.1 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.

1.18.2 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 operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

1.18.3 Held to maturity investments

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

1.18.4 Available for sale financial assets

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

1.18.5 Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques [specify – see IAS 39 AG 74 and following paragraphs]

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

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 operating cost 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 operating cost 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.

1.19 Financial liabilities

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

1.19.1 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.

1.19.2 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 fair value, with any resultant gain or loss recognised in the operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

1.19.3 Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.20 Cost of Capital

The cost of capital applies to all the assets and liabilities of the Local Health Board, less cash balances held at the Office of the Paymaster General and donated assets. The charge rate applied to capital charges in the 2009-10 financial year was 3.5% (2008-09: 3.5%)

1.21 Value Added Tax

Most of the activities of the Local Health Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.22 Foreign currencies

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

1.23 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Health board has no beneficial interest in them. Details of third party assets are given in Note 25 to the accounts.

1.24 Losses and Special Payments

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

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

1.25 Pooled budget

The LHB has entered into a pooled budget with Flintshire Local Authority. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for Community Equipment Service activities.

The pool is hosted by Flintshire County Council. Payments for services provided are accounted for as Expenditure on Primary Healthcare Services.

1.26 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the LHB's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

1.27 Key sources of estimation uncertainty

The LHB does not consider that there are any estimation uncertainties at 30th September 2009 where there is a significant risk of causing any material adjustments to the carrying amounts of assets and liabilities within the next financial year.

2. Analysis of gross operating costs

2.1 Expenditure on Primary Healthcare Services

			6 months to	
			30 September	12 months
	Cash limited	Non-cash limited	2009	2008-09
	£000	£000	£000	£000
General Medical Services	9,891	0	9,891	21,001
Pharmaceutical Services	2,573	192	2,765	5,446
General Dental Services	3,262	0	3,262	6,854
General Ophthalmic Services	0	563	563	1,064
Other Primary health care expenditure	1,095	0	1,095	2,115
Prescribed drugs and expenditure	10,472	0	10,472	20,418
Total	27,293	755	28,048	56,898

2.2 Expenditure on secondary and community healthcare

	6 months to	
	30 September	12 months
	2009	2008-09
Goods and services from other NHS Wales Trusts	46,064	95,603
Goods and services from other non Welsh NHS bodies	14,200	22,917
Local Authorities	20	39
Voluntary organisations	97	199
NHS Funded Nursing Care	371	1,162
Continuing Care	4,990	9,193
Private providers	327	707
Specific projects funded by the Welsh Assembly Government	0	0
Other	103	208
Total	66,172	130,028

2.3 Other programme expenditure

	6 months to	
	30 September	12 months
	2009	2008-09
Salaries and wages	1,157	2,066
National Public Health Service	428	839
Losses, special payments and irrecoverable debts	0	0
Research and development	0	0
Other	446	980
Total	2,031	3,885

2.4 Administration expenditure

	6 months to	12 months
	30 September	2008-09
	2009	Total
	£000	£000
Non-officer members' remuneration	40	96
Other salaries and wages	537	1,132
Consultancy services	14	40
Establishment expenses	70	123
Transport and moveable plant	1	3
Premises and fixed plant	17	60
External contractors	10	18
Auditors' remuneration - audit fee	68	75
Auditors' remuneration - other fees	0	0
Business Services Centre / Business Services Partnership recharge	321	662
Interest payable - unwinding of discount	0	0
Interest payable - other	0	0
Capital - Depreciation	0	0
Amortisation	0	0
Capital charge interest	(182)	(437)
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
Loss on disposal of non-current assets	0	0
Other	25	3
	921	1,775

The expenditure on consultancy services for the period April to September 2009 of £14,000 is due to legal advice provided to the LHB.

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

	6 months to	12 months
	30 September 2009	2008-09
	£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
Gross increase/(decrease) in provision for future payments	<u>0</u>	<u>0</u>
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	<u>0</u>	<u>0</u>
Net cost :	<u><u>0</u></u>	<u><u>0</u></u>

3. Miscellaneous income

	6 months to 30 September 2009	12 months 2008-09
	£000	£000
	Note	
Fees and Charges	0	0
Prescription charge income	6	39
Dental fee income	585	1,260
Deferred income released to revenue	0	0
Rental income from finance leases	0	0
Rental income from operating leases	0	0
Profit on disposal of non-current assets	0	0
Other	217	1,112
Total	808	2,411

Other Miscellaneous Income is broken down as follows:

	6 months to 30 September 2009	12 months 2008/09
	£ 000	£ 000
FP10 recharges to Welsh Hospitals for the cost of drugs prescribed by hospitals but dispensed by community pharmacists	132	451
Flintshire County Council Grants	43	181
Administrative Recharges to Other LHBs and Trusts	39	71
Recharges to Primary Care contractors	3	20
Pensions Agency refund	0	48
Recharges to Welsh Assembly Government	0	341
Total Other Miscellaneous Income	217	1,112

4. Investment revenue

	6 months to 30 September 2009 £000	12 months 2008-09 £000
Rental revenue		
Finance lease contingent rental revenue	0	0
Finance lease rentals	0	0
Other	0	0
Subtotal	<u>0</u>	<u>0</u>
Bank deposits	0	0
Other loans and receivables	0	0
Total	<u>0</u>	<u>0</u>

5. Other gains and losses

	6 months to 30 September 2009 £000	12 months 2008-09 £000
Gain/(loss) on disposal of financial assets	0	0
Change in fair value of financial assets at fair value		
- through profit and loss	0	0
- classified as available for sale	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	<u>0</u>	<u>0</u>

6. Finance costs

	6 months to 30 September 2009 £000	12 months 2008-09 £000
Interest on obligations under finance leases	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Other finance costs	0	0
Total	<u>0</u>	<u>0</u>

7. Operating leases

As lessee

The only operating leases held by the LHB during the accounting period were for leased cars on fixed monthly payments over 3 year lease periods. Additional charges apply at the end of the 3 year lease for mileage in excess of the contract. The leases can be extended on a monthly basis. Purchase options are available to personal users but are not taken out by the LHB.

Payments recognised as an expense

	6 months to 30 September 2009 £000	12 months 2008-09 £000
Minimum lease payments	16	12
Contingent rents	0	0
Sub-lease payments	0	0
Total	16	12

Total future minimum lease payments

	6 months to 30 September 2009 £000	12 months 2008-09 £000
Payable:		
Not later than one year	8	8
Between one and five years	12	15
After 5 years	0	0
Total	20	23

Total future sublease payments expected to be received £nil.

As lessor

	6 months to 30 September 2009 £000	12 months 2008-09 £000
Rental revenue		
Rent	0	0
Contingent rent	0	0
Total revenue rental	0	0

Total future minimum lease payments

	£000	£000
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

The LHB has not leased any property, equipment or other assets to any third party during the accounting period.

8. Employee costs and numbers

8.1 Employee costs

	6 months to				12 months 2008-09
	30 September 2009				
	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	
£000	£000	£000	£000	£000	
Salaries and wages	2,131	255	48	2,434	4,510
Social security costs	151	18	0	169	321
Employer contributions to NHS Pension Scheme	221	26	0	247	477
Other pension costs	0	0	0	0	0
Total	2,503	299	48	2,850	5,308

8.2 Average number of employees

	Permanent staff	Staff on inward secondment	Agency staff	Total	2008-09
	No.	No.	No.	No.	No.
Medical and dental	11	0	1	12	3
Ambulance staff	0	0	0	0	0
Administrative and estates	40	1	4	45	67
Healthcare assistants and other support staff	1	3	0	4	4
Nursing, midwifery and health visiting staff	34	8	0	42	33
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and therapeutic staff	7	2	0	9	7
Social care staff	0	2	0	2	1
Other	0	0	0	0	0
Total	93	16	5	114	115

8.3. Retirements due to ill-health

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.

8.4 Employee benefits

The LHB does not have an employee benefit scheme.

9. Public Sector Payment Policy - Measure of Compliance

9.1 Prompt payment code - measure of compliance

The Assembly requires that Health Boards pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Assembly has set as part of the Health Board financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	Number	£000
NHS		
Total bills paid	458	64,336
Total bills paid within target	456	64,334
Percentage of bills paid within target	99.6%	100.0%
Non-NHS		
Total bills paid	2,159	7,051
Total bills paid within target	2,108	6,899
Percentage of bills paid within target	97.6%	97.8%
Total		
Total bills paid	2,617	71,387
Total bills paid within target	2,564	71,233
Percentage of bills paid within target	98.0%	99.8%

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

	£
Amounts included within finance costs from claims made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0
Total	<u><u>0</u></u>

10. Property, plant and equipment

Cost or valuation	Buildings, excluding		Assets under					Furniture fittings	Total
	Land	dwellings	Dwellings	on account	Plant and machinery	Transport equipment	Information technology		
	£000	£000	£000	£000	£000	£000	£000	£000	£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	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassification	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
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 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
Reclassification	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
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the 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 at 31 March 2009 comprises :									
Purchased	0	0	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Asset financing :									
Owned	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0

The net book value of land, buildings and dwellings at 30 September 2009 comprises :

	£000
Freehold	0
Long Leasehold	0
Short Leasehold	0
	<u>0</u>

10. Property, plant and equipment (continued)

Cost or valuation	Buildings, excluding		Assets under					Furniture fittings	Total
	Land	dwellings	Dwellings	on account	Plant and machinery	Transport equipment	Information technology		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2009	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	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassification	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
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 30 September 2009	0	0	0	0	0	0	0	0	0
Depreciation									
At 1 April 2009	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Reclassification	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
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0	0	0
At 30 September 2009	0	0	0	0	0	0	0	0	0
Net book value at 1 April 2009	0	0	0	0	0	0	0	0	0
Net book value At 30 September 2009	0	0	0	0	0	0	0	0	0
Net book value at 30 September 2009 comprises :									
Purchased	0	0	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Asset financing :									
Owned	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0

The net book value of land, buildings and dwellings at 30 September 2009 comprises :

	£000
Freehold	0
Long Leasehold	0
Short Leasehold	0
	<u>0</u>

Disclosures - property, plant and equipment:

None/Not applicable

11. Intangible Non-Current Assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure	2008-09 Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation :						
At 1 April 2008	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Donations	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0
Amortisation						
At 1 April 2008	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0
Net Book Value						
at 1 April 2008	0	0	0	0	0	0
Net Book Value						
At 31 March 2009	0	0	0	0	0	0
Net Book Value						
At 31 March 2009						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0

11. Intangible Non-Current Assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure	2008-09 Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation :						
At 1 April 2009	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Donations	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
At 30 September 2009	0	0	0	0	0	0
Amortisation						
At 1 April 2009	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
At 30 September 2009	0	0	0	0	0	0
Net Book Value						
at 1 April 2008	0	0	0	0	0	0
Net Book Value						
At 30 September 2009	0	0	0	0	0	0
Net Book Value						
At 30 September 2009						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0

12. Impairments

	To 30 September 2009		2008-09	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Loss as a result of catastrophe	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Miscellaneous Income	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	0	0	0	0
Total	0	0	0	0

Impairments charged in the year to the revaluation reserve

Charged to revaluation reserve	0	0	0	0
--------------------------------	---	---	---	---

13. Capital commitments**Contracted capital commitments at 30 September 2009**

	To 30 September 2009	2008-09
	£000	£000
Property, plant and equipment	0	0
Intangible assets	0	0
	0	0

The LHB has no capital commitments as at 30 September 2009.

14. Other Financial Assets and Liabilities

	Current 30 September 2009 £000	Non-current 30 September 2009 £000	Current 31 March 2009 £000	Non-current 31 March 2009 £000	Current 1 April 2008 £000	Non-current 1 April 2008 £000
Other Financial assets						
Finance lease receivables	0	0	0	0	0	0
Financial assets carried at fair value through profit and loss	0	0	0	0	0	0
Held to maturity investments carried at amortised cost	0	0	0	0	0	0
Available for sale financial assets carried at fair value	0	0	0	0	0	0
Loans carried at amortised cost	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Other Financial liabilities

Financial liabilities carried at fair value through profit and loss:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

15. Other assets

	Current 30 September 2009 £000	Non-current 30 September 2,009 £000	Current 2008-09 £000	Non-current 2008-09 £000	Current 2008-09 £000	Non-current 2008-09 £000
Other assets	0	0	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

16. Inventories

16.1 Inventories

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Drugs	0	0	0
Consumables	0	0	0
Energy	0	0	0
Work in progress	0	0	0
Other	0	0	0
Total	0	0	0

16.2 Inventories recognised in expenses

Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

17. Trade and other receivables	30 September 2009	31 March 2009	1 April 2008
Amounts falling due within one year	£000	£000	£000
Welsh Assembly Government	7	326	0
Welsh Health Boards	50	68	61
Welsh NHS Trusts	3,028	4	197
Other NHS Trusts	0	0	15
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments:	0	0	0
Other debtors	99	500	100
Provision for irrecoverable debts	(17)	(19)	(16)
Capital debtors	0	0	0
Other prepayments and accrued income	835	89	134
Sub-total	4,002	968	491
Amounts falling due after more than one year:	£000	£000	£000
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments	0	0	0
Other debtors	0	0	0
Provision for irrecoverable debts	0	0	0
Capital debtors	0	0	0
Other prepayments and accrued income	0	0	0
Sub total	0	0	0
Total Trade and other Receivables	4,002	968	491

No interest is charged on trade receivables.

All trade receivables over 12 months old are covered by a provision for irrecoverable debts.

17.1 Provision for the impairment of receivables

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Balance at beginning of the year	-19	-16	-16
Amount written off during the year	0	0	0
Amount recovered during the year	0	0	0
(Decrease)/increase in allowance recognised in income statement	2	-3	0
Balance at end of the year	-17	-19	-16

All outstanding debts over 12 months old are impaired except where agreed repayment arrangements are in place.

18. Cash and cash equivalents

	30 September	31 March
	2009	2009
	£000	£000
Opening balance	73	1,535
Net change in cash and cash equivalent balances	-58	-1,462
Closing balance	15	73
Commercial banks and cash in hand	1	1
Held at Paymaster General	14	72

19. Trade and other payables

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Welsh Assembly Government	6	6	4
Welsh Health Boards	391	98	48
Welsh NHS Trusts	774	307	228
Other NHS	1,692	550	832
Income tax and social security	104	96	85
Non-NHS creditors	7,903	4,706	3,551
Capital Creditors	0	0	0
Overdraft	0	0	0
Obligations under finance leases and HP contracts	0	0	0
Pensions: staff	0	0	0
Accruals	1,440	7,119	7,790
Deferred Income	0	0	27
Other creditors	0	0	0
Sub Total	12,310	12,882	12,565
Amounts falling due after more than one year:	£000	£000	£000
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS	0	0	0
Income tax and social security	0	0	0
Non-NHS creditors	0	0	0
Capital Creditors	0	0	0
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases and HP contracts	0	0	0
Pensions: staff	0	0	0
Accruals	0	0	0
Deferred Income	0	0	0
Other creditors	0	0	0
Sub Total	0	0	0
Total Trade Payables and other Current Liabilities	12,310	12,882	12,565

20. Provisions

	At 1 April 2008	Structured settlement cases transferr- ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
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	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	639			224	(201)	(338)		324
Total	639	0	0	224	(201)	(338)	0	324
Non Current								
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	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
Total	0	0	0	0	0	0	0	0
TOTAL								
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	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	639			224	(201)	(338)		324
Total	639	0	0	224	(201)	(338)	0	324

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years £000	After 50 years £000	After 75 years £000	Totals £000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	324	0	0	0	0	0	324
Total	324	0	0	0	0	0	324

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

20. Provisions (continued)

	At 1 April 2009	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 30 September 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
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	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	324			23	(23)	(106)		218
Total	324	0	0	23	(23)	(106)	0	218

Non Current

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	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
Total	0	0	0	0	0	0	0	0

TOTAL

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	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	324			23	(23)	(106)		218
Total	324	0	0	23	(23)	(106)	0	218

Expected timing of cash flows:

	Within 1 year £000	2 and 5 years £000	6 and 10 years £000	After 10 years £000	After 50 years £000	After 75 years £000	Totals £000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	218	0	0	0	0	0	218
Total	218	0	0	0	0	0	218

Other provisions of £218,000 relate to the following:

21. Finance leases

21.1 Finance leases obligations (as lessee)

The LHB has no finance lease obligations as a lessee.

Amounts payable under finance leases:

LAND	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

21.1 Finance leases obligations (as lessee) continued**Amounts payable under finance leases:****BUILDINGS**

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

OTHER

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

21.2 Finance lease receivables (as lessor)

The LHB has no finance lease obligations as a lessor.

Amounts receivable under finance leases:

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Gross investment in leases			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

22. Financial risk management

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

Currency risk

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

Interest rate risk

LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations

Credit risk

Because the majority of the LHB's funding derives from funds voted by the Assembly the LHB has low exposure to credit risk.

Liquidity risk

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

Maturity of financial liabilities

	30 September 2009 £'000
In one year	0
In more than one year but not more than two years	0
In more than two years but not more than five years	0
In more than five years	0
Total	0

23. Financial Instruments

Financial assets	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	15	0	0	15
Other financial assets	3,167	0	0	3,167
Total at 30 September 2009	3,182	0	0	3,182

Financial liabilities	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	12,528	0	12,528
Total at 30 September 2009	12,528	0	12,528

Financial assets	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	73	0	0	73
Other financial assets	879	0	0	879
Total at 31 March 2009	952	0	0	952

Financial liabilities	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13,206	0	13,206
Total at 31 March 2009	13,206	0	13,206

Financial assets	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	1,535	0	0	1,535
Other financial assets	357	0	0	357
Total at 1 April 2008	1,892	0	0	1,892

Financial liabilities	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13,204	0	13,204
Total at 1 April 2008	13,204	0	13,204

24. Contingencies

	30 September 2009
Contingent liabilities	£000
None	0
	0
	<hr/>
	0
	<hr/>
Contingent assets	
None	0
	0
	0
	<hr/>
	0
	<hr/>

The LHB has no contingent liabilities at the balance sheet date.

Liabilities for continuing care costs continue to be a significant financial issue for the LHB. The December 2009 deadline for reclaiming pre-1/4/2003 care costs has resulted in a large increase in the number of claims registered, regarding both pre and post 1/4/2003 costs. Flintshire LHB is responsible for post 1/4/2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 sets out the £94,000 provision made for probable continuing care costs relating to 3 claims received;

However in addition the LHB has received another 50 claims for which the assessment process has not yet started. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB.

Any continuing healthcare claims which relate to pre-1/4/2003 are included in the Welsh Assembly Government resource accounts.

25. Third Party assets

The Local Health Board has no Third Party Assets.

26. Events after Reporting Period

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.

On 30th September 2009, Flintshire LHB along with Anglesey LHB, Gwynedd LHB, Conwy LHB LHB, Denbighshire LHB, Wrexham LHB, North West Wales NHS Trust and North Wales NHS Trust were dissolved and Betsi Cadwaladr University Local Health Board was established. All of the assets and liabilities of Flintshire LHB transferred to the new LHB at that date and all operations are continuing.

27. Related Party Transactions

	£000
Total value of transactions with Board members and key senior staff was	0

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, namely:

	£000
North Wales NHS Trust	45,043
Countess of Chester NHS Foundation Trust	11,865
Robert Jones & Agnes Hunt Orthopaedic and District Hospital NHS Trust	989
Flintshire County Council	1,377

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	NPHS/Velindre NHS Trust Employee
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, Caergwrlle
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 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
Dr M Scriven*	Non Officer Board Member	Deputy Medical Director; North Wales NHS Trust
Cllr H McGuill	Non Officer Board Member	Flintshire County Councillor
Cllr C Ellis	Non Officer Board Member	Flintshire County Councillor
Mrs E Holland	Non Officer Board Member	Trustee Flintshire Local Voluntary Council and Homestart Flintshire
Mrs C Sullivan*	Non Officer Board Member	Carer Services Co-ordinator, NEWCIS

*Associate Board Member

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.

The following Flintshire LHB Board Members also held Executive Director Designate posts for the shadow Betsi Cadwaladr University Local Health Board (BCULHB) from July up to 30th September 2009:

Name	Details	BCULHB Designate Post
Mr C Jenn	Director of Finance	Interim Executive Director of Finance
Mr N Bradshaw	Non Officer Board Member	Executive Director of Planning
Dr M Scriven	Non Officer Board Member	Executive Medical Director

All additional costs relating to Executive Director Designate posts up 30th September 2009 have been re-allocated on the following shares between the dissolving organisations:
1/9th each: Anglesey/Gwynedd/Conwy/Denbighshire/Flintshire/Wrexham LHBs & North West Wales NHS Trust
2/9ths: North Wales NHS Trust

28. Intra Government balances

	Trade receivables		Trade payables	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
To 30 September 2009	£000	£000	£000	£000
Welsh Assembly Government	7	0	6	0
Welsh Local Health Boards	50	0	489	0
Welsh NHS Trusts	3,028	0	695	0
Health Commission Wales	0	0	0	0
All English Health Bodies	0	0	1,692	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
Sub-total	3,085	0	2,882	0
Other Central Government Bodies				
Other Government Departments	0	0	208	0
HMRC	23	0	104	0
Local Authorities	24	0	767	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	870	0	8,349	0
TOTAL	4,002	0	12,310	0
2008-09	£000	£000	£000	£000
Welsh Assembly Government	326	0	6	0
Welsh Local Health Boards	68	0	97	0
Welsh NHS Trusts	4	0	307	0
Health Commission Wales	0	0	0	0
All English Health Bodies	0	0	551	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	542	0	11803	0
Credit note provision	0	0	0	0
Sub-total	940	0	12,764	0
Other Central Government Bodies				
Other Government Departments	0	0	22	0
HMRC	28	0	96	0
Local Authorities	0	0	0	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	0	0	0	0
TOTAL	968	0	12,882	0

30. Pooled budgets

The LHB has entered into a pooled budget with Flintshire County Council, Wrexham County Borough Council, Wrexham Local Health Board and North Wales NHS Trust. Under the arrangement funds are pooled under the NHS (Wales) Act 2006 for a Community Equipment Service.

The pool is hosted by Flintshire County Council and the formal partnership agreement commenced on 8th July 2009. The annual contribution by Flintshire Local Health Board to the running costs is £107,970. The expenses for the period ending 30th September 2009 is £25,144.

An audited memorandum account will be produced by Flintshire County Council after the end of the normal public services financial year ending on 31st March 2010.

31. First time adoption

	General Fund £000	Revaluation Reserve £000	Donated Asset Reserve £000	Government Grant Reserve £000	Total Reserves £000
Taxpayers' equity at 31 March 2009 under UKGAAP	(12,165)	0	0	0	(12,165)
Adjustment to remove negative balances on revaluation reserves	0	0	0	0	0
Adjusted Taxpayers' equity at 31 March 2009	(12,165)	0	0	0	(12,165)
Adjustments for IFRS changes					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
Taxpayers' equity at 1 April 2009 under IFRS	(12,165)	0	0	0	(12,165)
Net operating costs for 2008-09 under UKGAAP	190,175	0	0	0	190,175
Adjustments for IFRS changes :					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
Net operating costs for 2008-09 under IFRS	190,175	0	0	0	190,175

32. Cashflow Notes

32.1 Movements in working capital

	6 months to 30 September 2009 £000	12 months 2008-09 £000
(Increase)/decrease in receivables	-3,034	(477)
(Increase)/decrease in inventories	0	0
(Increase)/decrease in payables	-572	317
Subtotal	-3,606	(160)
Less Movement in receivables relating to items not passing through the OCS	0	0
Less Movement in payables relating to items not passing through the OCS	0	0
Subtotal	0	0
Total	-3,606	(160)

32.2 Other cashflow adjustments

	30 September 2009	2008-09
Depreciation	0	0
Amortisation	0	0
Impairments and reversals	0	0
Cost of Capital Charge	(182)	(437)
Profit/(Loss) on disposal	0	0
Finance Costs	0	0
Interest Revenue	0	0
Change in fair value of financial instruments	0	0
Provisions - Arising in Year	23	224
Provisions - Reversed unused	-106	(338)
Provisions - unwinding of discount	0	0
Total	(265)	(551)

32.3 Analysis of changes in net debt

	As at 1 April 2009 £000	Cash flows £000	As at 30 September 2009 £000
OPG cash at bank	72	(58)	14
Commercial cash at bank and in hand	1	0	1
Bank overdraft	0	0	0
Total	73	(58)	15

33. Remuneration Report**33.1 Salaries and pension entitlement of senior managers**

Name and title	To 30 September 2009	To 30 September 2009	To 30 September 2009	2008-09	2008-09	2008-09
	Salary (bands of £5,000) £'000	Other (bands of £5,000) £'000	Benefits in kind (to nearest £100) £'000	Salary (bands of £5,000) £'000	Other (bands of £5,000) £'000	Benefits in kind (to nearest £100) £'000
Executive Directors						
Andrew Gunnion - Chief Executive	40-45	0	0	80-85	0	0
Colin Jenn - Director of Finance*	45-50	0	1.3	70-75	0	2.4
Dr Janette Fells - Medical Director**	35-40	0	0	70-75	0	0
Nesta Rees - Director of Nursing	30-35	0	0	60-65	0	0
Non officer members						
Barry Harrison - Chairperson	-	-	-	30-35	0	0
Gwyn Roberts - Chairperson	10-15	0	0	-	-	-
Mick Horton - Non Officer	0-5	0	0	5-10	0	0
Dr Eric Beckett - Non Officer	0-5	0	0	5-10	0	0
John Smith - Non Officer	0-5	0	0	5-10	0	0
Barbara Roberts - Non Officer	0	0	0	0	0	0
Lynne Hughes - Non Officer	0-5	0	0	5-10	0	0
Hilary McGuill - Non Officer	0	0	0	0-5	0	0
Susan Lewis - Non Officer	0	0	0	0	0	0
Eileen Prestidge - Non Officer	0	0	0	0	0	0
Neil Bradshaw - Non Officer	0	0	0	0	0	0
Ian Bellingham - Non Officer	-	-	-	0	0	0
Dr M Scriven - Non Officer	0	0	0	0	0	0
Cllr David Wilkes - Non Officer	-	-	-	0	0	0
Harry Crook – Non Officer	0-5	0	0	5-10	0	0
Gareth Evans – Non Officer	0	0	0	0	0	0
Dr Dan Muckle-Jones – Non Officer	0-5	0	0	5-10	0	0
Dr Richard Neal – Non Officer**	15-20	0	0	5-10	0	0
J Margaret Dennis – Non Officer	-	-	-	0-5	0	0
Margaret Holland – Non Officer	0-5	0	0	5-10	0	0
Carol Salmon – Non Officer	0	0	0	0	0	0
Pamela Jenkins – Non Officer	0-5	0	0	5-10	0	0
Cllr Carol Ellis – Non Officer	0	0	0	0	0	0
Associate Directors and Senior Managers						
Gareth Davies	25-30	0	0	50-55	0	0
- Acting Director of Development and Performance Management						
Paul Bowker	20-25	0	0.6	40-45	0	1.2
- Head of Primary Care Services						
Mary Popplewell	25-30	0	0	50-55	0	0
- Head of Clinical & Corporate Governance						
Trevor Hintridge	25-30	0	0	60-65	0	0
- Head of Medicines Management						
Dr Angela Tinkler***	0	0	0	0	0	0
- Associate Director of Public Health						

*Colin Jenn also held the post of Interim Executive Director of Finance for the shadow board of Betsi Cadwaladr University Local Health Board from July to September 2009 : an additional cost of £15,000 for the period. All additional costs relating to all of the shadow board posts up 30th September 2009 have been re-allocated on the following shares between the dissolving organisations:

1/9th each: Anglesey/Gwynedd/Conwy/Denbighshire/Flintshire/Wrexham LHBs & North West Wales NHS Trust

2/9ths: North Wales NHS Trust

The share of costs to Flintshire LHB for shadow board posts up to 30th September 2009 was £10,000.

This amount is excluded from the Salary / Remuneration amounts above.

** Dr Fells and Dr Neal received £28,000 and £14,000 respectively of "other remuneration" during the period in connection with other employment for the LHB as Medical Staff for the LHB GP Out of Hours Services. These amounts are included in the Salary / Remuneration amounts above.

*** Dr Tinkler is an employee of the National Public Health Service and hence receives no salary or remuneration from the LHB.

33. Remuneration Report

33.2 Pension benefits

Name and title	Real	Lump	Total	Lump	Cash	Cash	Real	Employers
	increase in pension at 60 (bands of £2,500)	sum at age 60 related to real increase in pension £'000	accrued pension at age 60 at 30 September 2009 (bands of £2,500) £'000	sum at age 60 related to accrued pension at 30 September £'000	Equivalent Transfer Value at 30 September 2009 £'000	Equivalent Transfer Value at 31 March 2009 £'000	increase on cash equivalent transfer value £'000	contribution to stakeholder pension £'000
Executive Directors								
Andrew Gunnion - Chief Executive	0-2.5	2	25-27.5	80	493	452	40	0
Colin Jenn - Director of Finance	5-7.5	18	37.5-40	116	879	726	152	0
Dr Janette Fells - Medical Director	2.5-5	8	52.5-55	164	1,210	1,116	94	0
Nesta Rees - Director of Nursing	0-2.5	2	20-22.5	62	0	0	0	0
Associate Directors and Senior Managers								
Gareth Davies - Acting Director of Development & Performance Management	0-2.5	1	7.5-10	26	110	103	7	0
Paul Bowker - Head of Primary Care	0-2.5	1	15-17.5	51	310	295	15	0
Mary Popplewell - Head of Clinical & Corporate Governance	0-2.5	4	7.5-10	28	153	126	27	0
Trevor Hinstridge - Head of Medicines	0	-2	12.5-15	44	279	288	-9	0

34. Operating segments

The LHB has no operating segments as defined by IFRS 8 Operating Segments.

35. Additional Information

Forecast Financial Position 2009/2010

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

In 2008, the Health and Social Services Minister in the Welsh Assembly Government gave approval for the restructuring of Local Health Boards and NHS Trusts to create one new Local Health Board in Flintshire (Betsi Cadwaladr University Local Health Board) with effect from 1st October 2009. However, Flintshire Health Board was still required to plan to achieve a break-even position for the six month period ending September 2009 and work with the other NHS organisations in North Wales to achieve agreement on the North Wales Annual Operating Framework submission.

A North Wales community 2009/2010 Annual Operating Framework was agreed with the Welsh Government at the beginning of the year. Plans have been developed to mitigate the Health Commission's impact and to ensure the achievement of the 2009/2010 Annual Operating Framework/Local Delivery Plan 1 within the health economy's total resources available. In addition, the Local Health Board submitted its 2009/2010 Financial Plan to the Assembly as approved by the Board in March 2009.

At the time of producing these accounts, the Local Health Board was still planning to achieve the agreed targets for 2009/2010. However, responsibility for the delivery of the final six months of the agreed Framework falls to the Betsi Cadwaladr University Local Health Board.

**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.....2010 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 departure 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:2010

Chief Executive: Dated:2010

Director of Finance: Dated:2010

PROFORMA 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 Flintshire Local Health Board is accountable to the Welsh Assembly Government (WAG). The accountability for the management of risk is through the WAG Regional Offices' monitoring and review arrangements with the LHB. These arrangements include agreement of the Annual Operating Framework (AOF), the LHB's annual review, and through monthly financial and performance monitoring return processes. The WAG also receive reports on healthcare standards and risk management for the LHB, including those from the Healthcare Inspectorate Wales (HIW), the Mersey Internal Audit Agency (MIAA) Director of Audit's Annual Report, and the LHB's Risk Management and Healthcare Standards Annual Report.

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 period ended 30 September 2009 and up to the date of approval of the accounts to 30 September 2009, and accords with Welsh Assembly Government guidance.

3. Capacity to handle risk

The Board takes overall responsibility for risk management. A risk management framework, control, assurance and review process was in place throughout the period. WAG guidance identifies the standards which effectively define the governance framework required by a Local Health Board to manage its overall business. The LHB had, for prior full year periods, provided a self assessment against Healthcare Standards and utilised the toolkit to identify and manage key 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.

The Audit Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control across all activities (both clinical and non clinical), that supports the achievement of the organisations objectives. 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, monitors compliance with Healthcare Standards and of the implementation of the Healthcare Standards Improvement Plan.

The risk management process has an identified executive lead, the Director of Finance and key groups and staff support the process and take responsibility for day to day management of risks. Reports on risk and assurances are received through the Audit Committee and the Board

Staff and management have received guidance on risk management internally, from the Welsh Risk Pool and Internal Audit and, where identified, have applied good practice. Root cause analysis training was provided in previous years.

4. The risk and control framework

The LHB's risk management framework links to the strategic and organisational objectives and is an integrated part of management activity.

The key elements of risk management are:

- > A risk management strategy underpinned by other relevant policies including the Incident Reporting Policy,
- > Health and Safety Policy and Complaints Policy.
- > A top down and systematic approach to the identification of principal risks which threaten the achievement of primary objectives is adopted.

Risk is identified, evaluated and controlled through:

- > The strategy which defines; the objectives of Risk Management, the process and structure by which it is undertaken, lead responsibility and arrangements, key policies, procedures and risk management practices, the approach to the identification, assessment, scoring, treatment and monitoring of risk and defines acceptable risk. Measures are in place to evaluate and mitigate risks and ensure systems operate effectively. e.g. Corporate and Departmental Risk Registers were used to identify risks at the source and escalate action. The complaints and incident reporting systems are used to inform the process.

Risk management is embedded through:

- > The culture of the organisation, job descriptions, the terms of reference of Committees and groups, and through engagement with staff.

The national Annual Operating Framework and Local Health, Social Care and Wellbeing Strategies form the basis of the commissioning plans and are used to inform the LHB and Local Authority planning processes. The process recognises "Designed for Life", the Health and Social Care Strategy for Wales for 2005-2015, "Improving Health in Wales", the response to the Review of Health and Social Care ('Wanless' report), Welsh Priorities and Planning Guidance, Annual Operating Framework Guidance, the National Reporting Framework; National clinical quality improvement targets, financial responsibilities; Public Service VFM agreements and standards.

2008-09 and 2007-08 Self Assessment against Healthcare Standards for Wales

The LHB recognises that performance against all healthcare standards contribute to overall good risk management across the range of the organisations' activities. The LHB completed a self-assessment against all healthcare standards for both years. The Board was engaged in the process for 2008-09 and approved the sign off by the Chief Executive following quality checks at Directorate and Board level.

There were no criterion within the specific Standards which where self assessed as Aware (Score of 1) or Responding (Score of 2) in 2008/09. The four standards that underpin the management of risk achieved the results in the following table:

Table of scores - key standards for risk management

	Performance	LHB Assessments		Validation by	
Standard	Objective	2007-2008	2008-2009	2007-2008	2008-2009
14	Safety & Health	Developing	Developing	HIW	Mersey Internal Audit Agency
16	Patient Safety - learning from incidents	Practising	Practising	HIW	Mersey Internal Audit Agency
27	Governance arrangements	Practising	Practising	Mersey Internal Audit Agency	Mersey Internal Audit Agency
28	Clinical Governance and Audit	Practising	Practising	Mersey Internal Audit Agency	Mersey Internal Audit Agency

In 2008-09 the Internal Auditors undertook the following work:

- Reviewed the self assessment input on the HIW HCS tool for the four key standards specified in the SIC. This included a review of the explanation, the evidence that supports the explanation and the appropriateness of the self-assessed score in consideration of the maturity matrix requirements.
- Assessed the process adopted by the LHB in preparing and completing the self assessment.
- Reviewed action plans and the process for monitoring progress, evaluating what improvements have been demonstrated for those areas that were reported as being aware and/or responding.
- Confirmed that the Board are appropriately engaged.

Healthcare Standards Improvement Plan in 2009/2010

A healthcare standards improvement plan for the year is in place which has been agreed by the Board and assurances on progress are provided each quarter. The plan was prepared in 2008/2009 and addressed all issues that required a priority action.

For the whole of 2009/2010 the new Local Health Board will be required to embed standards within the new structures ensuring; roles and responsibilities are agreed, awareness raising is effective and timely, that the standards are mapped to the organisations objectives, sound processes and evidence supports assessments and assurance mechanisms are comprehensive and effective. The plan is to be monitored in year and an all North Wales consolidated document is prepared for taking forward high level issues or actions. The final approved Improvement Plan for 2009/2010 was agreed by 31st October 2009.

Priorities and Risks that stemmed from the transition period are managed as follows:

Legacy statements have formed part of the overall handover process to ensure continuity of service in the new Local Health Board. These are based on a common format agreed with all North Wales NHS bodies, included a commentary on implications for the successor body and allowed for electronic links to supporting documents. An organisation lead is reflected against each theme. Access is available through the NHS North Wales Reform Intranet Page.

Work streams within an overall project transition plan and composed of senior staff from existing organisations have led arrangements to develop new policies and processes of the new LHB.

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 Risk Committee, if appropriate) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Obligations under equality, diversity and human rights legislation

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

The strategies, policies, functions and service delivery of the LHB does not discriminate against employees or sections of the community. Service provision is compliant with human rights, disability, gender and race equality legislation. Documentation in support of the measures is located on the I HR's

The effectiveness of the systems of internal control is ensured through a process of:

Board engagement through receipt of minutes and reports from Committees and Working groups and actions taken on identified risks and recommendations. The Audit Committee met regularly and received assurances from Internal Audit, External Audit, other independent bodies and Executive Directors. The committee was responsible for agreeing the annual internal audit strategy and plan and received the annual Director of Audit's report, for 2008-2009, on assurances provided.

The Risk Management process is supported by the Governance Committee and the governance process. This provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principle objectives have been reviewed. Internal Audit provided an independent service, conforming with Welsh Assembly Governance Guidance, that reviewed risks and controls through a risk based plan, an assignment risk assessment, supplied assurances on risks and controls, actions and good practice guidance as appropriate. 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.

Other review and assurance mechanisms include regular or annual reports by; directors on clinical and non clinical risks through appropriate Committees and Working Groups, HIW, External Audit and partnerships. The External Audit report includes a reference to the effectiveness of internal controls.

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.

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

The strategies, policies, functions and service delivery of the LHB does not discriminate against employees or sections of the community. Service provision is compliant with human rights, disability, gender and race equality legislation. Documentation in support of the measures is located on the LHB's information database and is subject to review and monitoring.

Promoting equality and fairness continues to be a high priority for the LHB in its role as both an employer and commissioner of services.

A Welsh Language Scheme is in place in accordance with the requirements of the Welsh Language Act.

Signed:.....

Date:.....

Chief Executive
(on behalf of board)

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 six months ended 30 September 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Operating Cost Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of Directors, the Chief Executive and the Auditor

The Directors and the Chief Executive are responsible for preparing 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 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 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.

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. 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.

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 there under by Welsh Ministers of the state of affairs of Flintshire Local Health Board as at 30 September 2009 and of its net operating costs, its recognised gains and losses and cash flows for the six months then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Emphasis of Matter

In forming my opinion, I have considered the disclosure made in note 24 concerning the additional liabilities that may arise from continuing healthcare claims. Whilst the Local Health Board has provided me with sufficient, appropriate evidence to enable me to satisfy myself as to whether IAS37 Provisions, Contingent Liabilities and Contingent Assets would require recognition of a provision, I consider that the uncertainties relating to these amounts are significant and that once additional assessments of these claims have been undertaken they may result in significant additional costs to the Local Health Board. My opinion is not qualified in this respect.

My opinion is not qualified in respect of the above item .

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 LHB's arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 30 September 2009 will be reported separately in my published Audit Letter for the six month period.

Gillian Body
Auditor General for Wales
24 March 2010

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ