Abertawe Bro Morgannwg University Local Health Board

FOREWORD

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

Statutory background

The Local Health Board was established on 1 October 2009 following the merger of Abertawe Bro Morgannwg University NHS Trust and Bridgend, Neath Port Talbot and Swansea Local Health Boards

Performance Management and Financial Results

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

The statutory duty for Local Health Boards is enacted in the National Health Service (Wales) Act 2006. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is the Achievement of Operational Financial Balance on page 2. This note compares net operating costs expended against Resource Limits allocated by the Welsh Government and measures whether operational financial balance has been achieved in year.

Statement of Comprehensive Net Expenditure
for the year ended 31 March 2014

	Note	2013-14 £'000	2012-13 £'000
Expenditure on Primary Healthcare Services	3.1	**232,867**	226,411
Expenditure on healthcare from other providers	3.2	**186,724**	188,769
Expenditure on Hospital and Community Health Services	3.3	**762,917**	881,006
		1,182,508	1,296,186
Less: Miscellaneous Income	4	**241,123**	354,568
LHB net operating costs before interest and other gains and losses		**941,385**	941,618
Investment Income	8	**0**	0
Other (Gains) / Losses	9	**(46)**	(6)
Finance costs	10	**5,168**	5,153
Net operating costs for the financial year		**946,507**	946,765

Achievement of Operational Financial Balance

The LHBs performance for the year ended 31 March 2014 is as follows:

	2013-14 £000	2012-13 £000
Net operating costs for the financial year	**946,507**	946,765
Less Non-discretionary expenditure	3,537	3,876
Less Revenue consequences of Bringing PFI schemes onto SoFP	1,883	1,200
Net operating costs less non-discretionary expenditure and revenue consequences of PFI	**941,087**	**941,689**
Revenue Resource Limit	941,177	941,830
Under / (over) spend against Revenue Resource Limit	**90**	141

The notes on pages 8 to 63 form part of these accounts

Other Comprehensive Net Expenditure

	2013-14	2012-13
	£'000	£'000
Net gain / (loss) on revaluation of property, plant and equipment	7,380	(21,501)
Net gain / (loss) on revaluation of intangibles	0	0
Net gain / (loss) on revaluation of available for sale financial assets	(3)	(6)
(Gain) / loss on other reserves	0	0
Impairment and reversals	0	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0
Other comprehensive net expenditure for the year	7,377	(21,507)
Total comprehensive net expenditure for the year	**939,130**	968,272

Statement of Financial Position as at 31 March 2014

	Notes	**31 March 2014 £'000**	31 March 2013 £'000
Non-current assets			
Property, plant and equipment	11	**502,924**	481,629
Intangible assets	12	**1,398**	1,341
Trade and other receivables	15	**63,498**	42,509
Other financial assets	19	**0**	0
Other assets	20	**0**	0
Total non-current assets		**567,820**	525,479
Current assets			
Inventories	14	**11,693**	12,455
Trade and other receivables	15	**59,097**	55,659
Other financial assets	19	**0**	0
Other assets	20	**0**	0
Cash and cash equivalents	18	**1,512**	2,818
		72,302	70,932
Non-current assets classified as "Held for Sale"	11	**1,050**	3,418
Total current assets		**73,352**	74,350
Total assets		**641,172**	599,829
Current liabilities			
Trade and other payables	16	**106,170**	107,066
Other financial liabilities	22	**0**	0
Provisions	17	**43,610**	40,359
Other liabilities	21	**0**	0
Total current liabilities		**149,780**	147,425
Net current assets/ (liabilities)		**(76,428)**	(73,075)
Non-current liabilities			
Trade and other payables	16	**54,587**	57,521
Other financial liabilities	22	**0**	0
Provisions	17	**69,860**	48,779
Other liabiliities	21	**0**	0
Total non-current liabilities		**124,447**	106,300
Total assets employed		**366,945**	346,104
Financed by :			
Taxpayers' equity			
General Fund		**348,986**	335,089
Revaluation reserve		**17,959**	11,015
Total taxpayers' equity		**366,945**	346,104

The financial statements on pages 2 to 7 were approved by the Board on 3rd June 2014 and signed on its behalf by:

Chief Executive : Paul Roberts 3rd June 2014

The notes on pages 8 to 63 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2014

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2013-14			
Restated Balance at 1 April 2013	335,089	11,015	**346,104**
Net operating cost for the year	(946,507)	0	**(946,507)**
Net gain/(loss) on revaluation of property, plant and equipment	0	7,380	**7,380**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	(3)	**(3)**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	433	(433)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from Local Health Boards	227	0	**227**
Total recognised income and expense for 2013-14	(945,847)	6,944	**(938,903)**
Net Welsh Government funding	959,744		**959,744**
Balance at 31 March 2014	348,986	17,959	**366,945**

The notes on pages 8 to 63 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2013

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2012-13	Restated	Restated	Restated
Balance at 1 April 2012	354,870	33,811	**388,681**
Net operating cost for the year	(946,765)		**(946,765)**
Net gain/(loss) on revaluation of property, plant and equipment	0	(21,501)	**(21,501)**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	(6)	**(6)**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	1,289	(1,289)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from Local Health Boards	0	0	**0**
Total recognised income and expense for 2012-13	(945,476)	(22,796)	**(968,272)**
Net Welsh Government funding	925,695		**925,695**
Balance at 31 March 2013	335,089	11,015	**346,104**

The notes on pages 8 to 63 form part of these accounts

Statement of Cash flows for year ended 31 March 2014

	notes	2013-14 £'000	2012-13 £'000
Cash Flows from operating activities			
Net operating cost for the financial year		**(946,507)**	(946,765)
Movements in Working Capital	34	**(26,851)**	(4,937)
Other cash flow adjustments	35	**71,377**	76,119
Provisions utilised	17	**(17,739)**	(13,879)
Net cash outflow from operating activities		**(919,720)**	(889,462)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(43,539)**	(39,540)
Proceeds from disposal of property, plant and equipment		**2,781**	4,695
Purchase of intangible assets		**(572)**	(582)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(41,330)**	(35,427)
Net cash inflow/(outflow) before financing		**(961,050)**	(924,889)
Cash flows from financing activities			
Welsh Government funding (including capital)		**959,744**	925,695
Capital receipts surrendered		**0**	0
Capital grants received		**0**	0
Capital element of payments in respect of finance leases and on-SoFP		**0**	0
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**959,744**	925,695
Net increase/(decrease) in cash and cash equivalents		**(1,306)**	806
Cash and cash equivalents (and bank overdrafts) at 1 April 2013		**2,818**	2,012
Cash and cash equivalents (and bank overdrafts) at 31 March 2014		**1,512**	2,818

The notes on pages 8 to 63 form part of these accounts

Notes to the Accounts

1. Accounting policies
The accounts have been prepared in accordance with the 2013-14 Local Health Board Manual for Accounts and 2013-14 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.

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 (LHBs) are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the Local Health Board. Welsh Government funding is recognised in the financial period in which the cash is received.
Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.
Funding for the acquisition of fixed assets received from the Welsh Government is credited to the general fund.
• Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.
•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 LHBs accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

1.5 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 LHB;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

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

Land and buildings used for 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

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.

In 2012-13 a formal revaluation exercise was applied to land and properties. Land and buildings have been indexed with indices supplied by the District Valuation Office. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the Revaluation Reserve are reported in the Statement of Net Comprehensive Expenditure. However, to ensure that the outcome as reflected in the reserves figure on the Statement of Financial Position is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to the General Fund.

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

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 LHBs 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 £5,000.

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

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

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

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

1.8 Depreciation, amortisation and impairments
Freehold land and assets under construction and properties held for sales 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.

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

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

1.10 Donated assets
Following the accounting policy change outlined in the Treasury FReM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Miscellaneous Income. They are valued, depreciated and impaired as described for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is only recognised where conditions attached to the donation preclude immediate recognition of the gain.

1.11 Government grants
Following the accounting policy change outlined in the Treasury FReM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to Miscellaneous Income. They are valued, depreciated and impaired as described for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is only recognised where conditions attached to the grant preclude immediate recognition of the gain.

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 Statement of Comprehensive Net Expenditure. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead it is retained as an operational asset and its economic life adjusted. The asset is derecognised when it is scrapped or demolished.

1.13 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
Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Net Expenditure.

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

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

1.13.2 The Local Health Board as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the LHB 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 [first-in first-out/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. In the Statement of Cashflows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

1.16 Provisions
Provisions are recognised when the LHB has a present legal or constructive obligation as a result of a past event, it is probable that the LHB will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

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

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

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

1.17 Clinical negligence costs
The Welsh Risk Pool operates a risk pooling scheme which is paid for by top sliced allocations based on direct invoicing to the Welsh Government. The Welsh Risk Pool is hosted by Velindre NHS Trust.

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

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 SoCNE'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1.18.2 Financial assets at fair value through SoCNE
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

1.18.3 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 SoCNE 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.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.19 Financial liabilities

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

1.19.1 Financial liabilities are initially recognised at fair value.

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

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

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

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 Value Added Tax

Most of the activities of the LHB 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.

1.21 Foreign currencies

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

1.22 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

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

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

The LHB accounts for all losses and special payments gross (including assistance from the WRP). The LHB accrues or provides for the best estimate of future payouts for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the WRP are included in debtors. For those claims where the probability of settlement is below 50%, the liability is disclosed as a contingent liability.

1.24 Pooled budget
The LHB has entered into a pooled budget with the City & County of Swansea, Bridgend County Borough and Rhondda Cynon Taf Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for Integrated Community Equipment Services and an Assisted Recovery in the Community scheme for individuals with mental illness.

The pool budgets are hosted by the relevant Local Authorities**.** Payments for services provided are accounted for as Miscellaneous Income. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.25 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.

1.26 Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Health Board provides for potential bad debts both as a result of specific disputes and based on historic collectability patterns. As a result of this the Health board is carrying a bad debt provision of £1.153m for Non NHS organisations. Whilst this provision is considered prudent and accurate as at the Statement of Financial Position date, due to the trading relationships covered there could be gains or losses with regard to the amounts provided for.

Clinical Negligence and Personal Injury provisions advised by Welsh Health Legal Services. Given the nature of such claims this figure could be subject to significant changes in future periods. However, the potential effect of such uncertainty is mitigated by the fact that the Health Board's ultimate liability in respect of individual cases is capped at £0.025m, with amounts above this excess level being reimbursed by the Welsh Risk Pool.

In line with International Accounting Standard (IAS) 19, the Health Board has reviewed the level of annual leave taken by its staff to 31st March 2014. Based on a sample, the Health Board has accrued £1.649m for untaken annual leave. This is based on a sample of the leave records of 8.9% of all LHB staff and reflects the Health Board's policy in 2013/14 of only allowing staff to carry over annual leave in exceptional circumstances. However, it must be noted that in some instances, the annual leave year for staff, particularly Consultant Medical Staff does not run co-terminus with the financial year and for these staff the untaken annual leave has been calculated on a pro-rata basis to arrive at the figure as at 31st March 2014.

The Health Board has an estimated liability of £4.432m in respect of retrospective claims for continuing healthcare funding. The provision is based upon an assessment of the likelihood of claims meeting the criteria for continuing healthcare and is based on actual costs incurred by individuals in care homes. The provision is based on information available to the Health Board as at the Statement of Financial Position date and could be subject to change as outcomes are determined. In 2013/14 the provision is based on the average weekly rate reimbursed for successful claims together with the success factor for the claims made against the LHB. In 2012/13 the provision was based on the average weekly rate together with the success factor for claims submitted on an All Wales basis.

As in previous years due to the short timescale available to prepare the year end accounts, the primary care expenditure disclosed contains a number of significant estimates where the value of the actual liabilities was not available prior to the date for accounts submission, the most material areas being:

General Medical Services Quality and Outcomes Framework
An amount of £3.528m was accrued on the basis of each GP Practice achieving 969 points which is the maximum number of points available under this scheme. The cost per point for 2013/14 was derived using the 2012/13 cost.

Prescribing Costs
The Health Board has accrued a total of £14.381m in respect of prescribing costs for the months of February and March 2014.The costs were derived using the average daily run rate for prescribing over the four month period October 2013 to January 2014. This average cost was then applied to the number of days in February and March to arrive at the accrual amount.

Dental
A total of £0.410m has been accrued in respect of performance payments under the dental contract. The accrual is necessary as Dentists have until 31st May to claim the performance payments for the year to 31st March, the accrual calculation being based on the March Dental Service Division activity report with assessments being made locally of outstanding activity by Dental Practice.

Pharmacy
A total of £4.506m was accrued for February and March pharmacy contract payments and £0.531m for the February and March costs of GMS dispensing. These accrual amounts are based on the average run rate for April 2013 to January 2014 (excluding October and November given these months are outliers due to Vaccination and Immunisation Programmes) with the average daily cost applied to the number of days in February and March.

The basis of the primary care estimates disclosed above was agreed in advance with the Health Board's Auditors and reported to the Health Board's Audit Committee in March 2014.

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

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

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

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

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

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

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

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

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

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a

deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the LHB to the operator for use in the scheme
Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the LHBs Statement of Financial Position.

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

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

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

1.28 Contingencies
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LHB, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

1.29 Carbon Reduction Commitment Scheme

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

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

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

1.31 Accounting standards that have been issued but not yet been adopted.

There have been no standards issued by the IASB that have not been adopted .

1.32 Accounting standards that have been issued but not yet been adopted.

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2013-14. The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year:

IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

1.33 Accounting standards issued that have been adopted early
There have been no accounting standards that have been adopted early.

1.34 Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as the LHB is the corporate trustee of the Abertawe Bro Morgannwg University Local Health Board linked NHS Charity it is considered for accounting standards compliance to have control of Abertawe Bro Morgannwg University Local Health Board Charity as a subsidiary and therefore is required to consolidate the results off Abertawe Bro Morgannwg University Local Health Board Charity within the statutory accounts of the LHB. The determination of control is an accounting standards test of control and there has been no change to the operation of Abertawe Bro Morgannwg University Local Health Board Charity or its independence in its management of charitable funds.

However, the LHB has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will [consolidate/disclose] the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts. Details of the transactions with the charity are included in the related parties' notes.

2. Achievement of Operational Financial Balance

2.1 Revenue Resource Limit

The results reporting whether the LHB has achieved operational financial balance are shown on the face of the Statement of Comprehensive Net Expenditure on page 2 of these accounts

The Health Board under spent against its resource allocation of £941.177m by £0.090m which represents 0.01% of its allocation.

At the end of the 2012/13 financial year, the Health Board returned £2.482m to Welsh Government as brokerage. This funding was re-provided to the Health Board in 2013/14. No funding was returned as brokerage in 2013/14.

2.2 Capital Resource Limit

	2013-14	2012-13
	£000	£000
The LHB is required to keep within its Capital Resource Limit :		
Gross capital expenditure	**43,789**	41,642
Add: Losses on disposal of donated assets	**0**	0
Less NBV of property, plant and equipment and intangible assets disposed	**(2,716)**	(4,689)
Less capital grants received	**(40)**	(30)
Less donations received	**(282)**	(323)
Charge against Capital Resource Limit	**40,751**	36,600
Capital Resource Limit	**40,775**	36,655
(Over) / Underspend against Capital Resource Limit	**24**	55

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2013-14 Total £'000	2012-13 £'000
General Medical Services	72,848		72,848	72,531
Pharmaceutical Services	27,780	(1,967)	25,813	25,311
General Dental Services	32,508		32,508	32,017
General Ophthalmic Services	0	5,504	5,504	5,466
Other Primary Health Care expenditure	4,818		4,818	4,772
Prescribed drugs and appliances	91,376		91,376	86,314
Total	**229,330**	**3,537**	**232,867**	226,411

3.2 Expenditure on healthcare from other providers

	2013-14 £'000	2012-13 £'000
Goods and services from other NHS Wales Health Boards	21,465	21,029
Goods and services from other NHS Wales Trusts	12,477	12,850
Goods and services from other non Welsh NHS bodies	3,595	3,526
Goods and services from WHSSC	99,601	98,354
Local Authorities	2,613	2,145
Voluntary organisations	2,846	3,194
NHS Funded Nursing Care	7,852	7,429
Continuing Care	35,580	38,233
Private providers	693	1,785
Specific projects funded by the Welsh Government	0	0
Other	2	224
Total	**186,724**	188,769

Included within GMS expenditure in Note 3.1 is £639k in respect of the salaries of staff in GP practices which are directly managed by the Health Board

Expenditure with Local Authorities in Note 3.2 is in resepct of Continuing Health Care Costs in respect of services provided to the Health Board's residents within Local Authority Residential and Nursing Homes and in respect of contributions to the Community Equipmemnt Pooled Budets scheme with City & County of Swansea

On 1st April 2013 a number of services previously provided by ABMU Health Board were transferred to Velindre NHS Trust, Public Health Wales NHS Trust and Welsh Government. The impact of this transfer on Note 3.2 above is disclosed in Note 39 of these accounts

3.3 Expenditure on Hospital and Community Health Services

	2013-14	2012-13
	£'000	£'000
Directors' costs	1,802	1,824
Staff costs	553,630	548,211
Supplies and services - clinical	101,311	97,369
Supplies and services - general	9,144	9,227
Consultancy Services	847	1,639
Establishment	13,669	19,128
Transport	2,335	2,440
Premises	23,170	24,255
External Contractors	520	507
Depreciation	27,624	26,004
Amortisation	535	621
Fixed asset impairments and reversals (Property, plant & equipment)	1,515	41,866
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	415	464
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	3,751	2,327
Research and Development	0	0
Other operating expenses	22,649	105,124
Total	762,917	881,006

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

	2013-14	2012-13
Increase/(decrease) in provision for future payments:	£000	£000
Clinical negligence	41,249	4,303
Personal injury	(475)	2,045
All other losses and special payments	105	92
Defence legal fees and other administrative costs	1,609	(62)
Gross increase/(decrease) in provision for future payments	42,488	6,378
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	(38,737)	(4,051)
Total	3,751	2,327

Personal injury includes £432k (2012-13 £464k) in respect of permanent injury benefits.

Negligence expenditure arising from clinical redress included above amounts to £208k

On 1st April 2013 a number of services previously provided by ABMU Health Board were transferred to Velindre NHS Trust, Public Health Wales NHS Trust and Welsh Government. The impact of this transfer on Note 3.3 above is disclosed in Note 39 of these accounts

4. Miscellaneous Income

	2013-14	2012-13
	£'000	£'000
Local Health Boards	**63,652**	85,808
WHSSC	**84,932**	83,556
NHS trusts	**7,920**	7,693
Strategic health authorities and primary care trusts	**3,443**	3,694
Foundation Trusts	**0**	0
Local authorities	**3,557**	3,298
Welsh Government	**10,609**	105,586
Non NHS:		
Prescription charge income	**0**	0
Dental fee income	**5,306**	4,969
Private patient income	**3,266**	2,998
Overseas patients (non-reciprocal)	**118**	120
Injury Costs Recovery (ICR) Scheme	**2,765**	2,736
Other income from activities	**7,884**	6,410
Patient transport services	**0**	0
Education, training and research	**20,218**	19,571
Charitable and other contributions to expenditure	**330**	180
Receipt of donated assets	**282**	323
Receipt of Government granted assets	**40**	30
Non-patient care income generation schemes	**1,034**	1,024
NWSSP, Business Services Centre / Business Services Partnership	**0**	0
Deferred income released to revenue	**0**	0
Contingent rental income from finance leases	**0**	0
Rental income from operating leases	**315**	333
Other income:		
Provision of laundry, pathology, payroll services	**547**	608
Accommodation and catering charges	**3,037**	2,956
Mortuary fees	**285**	317
Staff payments for use of cars	**798**	902
Business Unit	**19,317**	18,927
Other	**1,468**	2,529
Total	**241,123**	354,568

ICR Income is subject to a provision for impairment of 15.8% to reflect expected rates of collection.

Other Income Includes		
Grant Income	304	18
Pharmacy and other Sales Income	195	129
Clinical Trial Income	123	176
Search Fee Income	205	222
Surgical Materials Testing Laboratory Income	101	264
All Other Income	540	220
Income in respect of April & May Costs for Shared Services Prior to Transfer	0	1,500
Total	1,468	2,529

On 1st April 2013 a number of services previously provided by ABMU Health Board were transferred to Velindre NHS Trust, Public Health Wales NHS Trust and Welsh Government. The impact of this transfer on Note 4 above is disclosed in Note 39 of these accounts

Although the NWSSP Procurement Service transferred to Velindre NHS Trust on 1st June 2012, the Stock held by NWSSP Procurement Services at its Bridgend and Denbigh Stores will continue to be accounted for by ABMU Health Board until 1st April 2014 when the Inventory will transfer to Velindre NHS Trust. The income disclosed above is received from Health Boards and Trusts within NHS Wales with the cost of goods sold in order to generate this income disclosed in other operating expenses in Note 3.3. The surplus generated through the stock transactions has been transferred to Velindre NHS Trust during 2013/14, with the March surplus being included in Welsh NHS Trusts payables in Note 15 of these accounts. The income disclosed above for NWSSP inventory excludes the income received from the ABMU Health Board. The financial performance of NWSSP Inventory is disclosed in Note 38 of these accounts.

5. Employee benefits and staff numbers

5.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2012-13
	£000	£000	£000	£000	£000
Salaries and wages	454,791	0	11,988	466,779	460,753
Social security costs	34,804	0	0	34,804	34,876
Employer contributions to NHS Pension Scheme	54,309	0	0	54,309	54,382
Other pension costs	205	0	0	205	(198)
Other employment benefits	0	0	0	0	0
Termination benefits	849	0	0	849	1,614
Total	544,958	0	11,988	556,946	551,427

	Total	2012-13
Charged to capital	864	753
Charged to revenue	556,082	550,674
	556,946	551,427

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2012-13
	Number	Number	Number	Number	Number
Medical and dental	1,288	0	48	1,336	1,290
Ambulance staff	0	0	0	0	0
Administrative and estates	2,140	0	69	2,209	2,318
Healthcare assistants and other support staff	3,763	0	2	3,765	3,788
Nursing, midwifery and health visiting staff	4,353	0	114	4,467	4,352
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	1,521	0	2	1,523	1,562
Social care staff	0	0	0	0	0
Other	0	0	0	0	0
Total	13,065	0	235	13,300	13,310

5.3. Retirements due to ill-health

During 2013-14 there were 30 early retirements from the LHB agreed on the grounds of ill-health (26 in 2012-13).
The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £1,612,167 (£1,044,642 in 2012-13)

	2013-14	2012-13
5.4 Employee benefits	£000	£000

The LHB does not have an employee benefits scheme

5.5 Reporting of other compensation schemes - exit packages

	Total number of exit packages by cost band Number 2013-14	Total number of exit packages by cost band Number 2012-13
Exit package cost band		
<£10,000	1	1
£10,000 to £25,000	8	13
£25,000 to £50,000	6	11
£50,000 to £100,000	5	16
£100,000 to £150,000	0	3
£150,000 to £200,000	0	0
£200,000+	0	0
Total number of exit packages by type	20	44
Total resource cost £	700,468	1,739,692

In 2012/13 the number and cost of exit packages declared identified only those packages paid in year. As a result 10 exit packages with a value of £314,973 were omitted from Note 5.5 above

5.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB in the financial year 2013-14 was £200,000 - £205,000 (2012-13, £200,000 - £205,000). This was 7.3 times (2012-13, 7.3) the median remuneration of the workforce, which was £27,785 (2012-13, £27,625)

In 2013-14, 10 (2012-13, 8) employees received remuneration in excess of the highest-paid director.

Remuneration for staff ranged from £14,300 to £229,966 (2012-13 £14,153 to £243,592).

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

The employees who received remuneration in excess of the highest-paid director in 2013-14 were all medical staff as in 2012-13. None of these staff are related to the Chairman, Executive Directors or Non Officer Members.

5.7 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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.

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

a) Accounting valuation
A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while future scheme terms are developed as part of the reforms to public service pension provision due to be implemented in 2015.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and after consideration of the advice of the Scheme Actuary. A formal valuation for funding purposes as at March 2012 is currently close to completion and will be used to inform the contribution rates applicable from 1 April 2015.

c) Scheme provisions
The NHS Pension Scheme provides defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "defined benefit" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in inflation in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used as the measure of inflation and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional pension in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

The National Employment Savings Trust (NEST) is a not for profit workplace pension scheme established by law to support the introduction of automatic enrolment providing defined contribution pernsion schemes. NEST was established by legislation and is treated as atrus based scheme. The Trustee responsible for running the scheme is NEST corporation. It is a non-departmental public body (NDPB) that operates at arms length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST corporation has agreed a loan with the DWP. This has paid for the scheme to be set up and will cover expected shortfalls is scheme costs during the earlier years while membership is growing.

Currently, the legal minimum contribution level is 2% of a jobholder's qualifying earnings for employers whose legal duties have started. Of this the employer needs to pay at least 1% though they can pay nore if they elect to do so. By 2018 the minimum contribution will rise to 8% of qualifying earnings of which the employer must pay at least 3%.

NESt has an annual contribution limit. It is reviewed annually and adjusetd in line with average earnings. the annual contribution limit is currently £4,500 for the 2013/14 tax year. The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member such asa member's

6. Operating leases

LHB as lessee

The LHB has a number of operating leases for buildings and equipment
the terms of the lease and the renewal or purchase options are specific to each lease

Payments recognised as an expense	**2013-14**	2012-13
	£000	£000
Minimum lease payments	**4,844**	4,441
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**4,844**	4,441

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**5,312**	3,678
Between one and five years	**13,045**	7,572
After 5 years	**10,562**	8,627
Total	**28,919**	19,877

There are no future sublease payments expected to be received.

LHB as lessor

The LHB leases a small number of building properties on which it earns rental income

Rental revenue	**£000**	£000
Rent	**315**	333
Contingent rents	**0**	0
Total revenue rental	**315**	333

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**187**	234
Between one and five years	**316**	373
After 5 years	**152**	224
Total	**655**	831

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

	2013-14	**2013-14**	2012-13	2012-13
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,633**	**143,456**	6,433	157,681
Total bills paid within target	**4,996**	**140,406**	5,939	152,167
Percentage of bills paid within target	**88.7%**	**97.9%**	92.3%	96.5%
Non-NHS				
Total bills paid	**254,951**	**532,180**	240,327	580,499
Total bills paid within target	**241,321**	**515,191**	233,369	569,712
Percentage of bills paid within target	**94.7%**	**96.8%**	97.1%	98.1%
Total				
Total bills paid	**260,584**	**675,636**	246,760	738,180
Total bills paid within target	**246,317**	**655,597**	239,308	721,879
Percentage of bills paid within target	**94.5%**	**97.0%**	97.0%	97.8%

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

	2013-14	2012-13
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

8. Investment Income

	2013-14	2012-13
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

9. Other gains and losses

	2013-14	2012-13
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	46	6
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	46	6

10. Finance costs

	2013-14	2012-13
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	88	101
Interest on obligations under PFI contracts		
main finance cost	3,345	3,443
contingent finance cost	1,588	1,426
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	5,021	4,970
Provisions unwinding of discount	147	183
Other finance costs	0	0
Total	5,168	5,153

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & on account £000	Plant and machinery £000	Transport equipment £000	nformation technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2013	53,150	372,330	12,190	18,652	104,422	1,226	18,601	4,896	**585,467**
Indexation	0	7,440	244	0	0	0	0	0	**7,684**
Additions - purchased	153	2,340	0	34,912	4,176	25	1,070	219	**42,895**
Additions - donated	0	22	0	0	166	0	74	0	**262**
Additions - government granted	0	0	0	0	0	18	22	0	**40**
Transfer from/into other NHS bodies	0	0	0	0	481	0	49	0	**530**
Reclassifications	0	10,372	0	(10,372)	0	0	0	0	**0**
Revaluations	0	21	0	0	0	0	0	0	**21**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	29	(2,137)	0	0	0	0	0	0	**(2,108)**
Reclassified as held for sale	(320)	0	0	0	0	0	0	0	**(320)**
Disposals	(28)	0	0	0	(3,970)	(26)	(25)	0	**(4,049)**
At 31 March 2014	52,984	390,388	12,434	43,192	105,275	1,243	19,791	5,115	**630,422**
Depreciation at 1 April 2013	0	16,462	272	0	75,123	884	9,598	1,499	**103,838**
Indexation	0	323	5	0	0	0	0	0	**328**
Transfer from/into other NHS bodies	0	0	0	0	291	0	12	0	**303**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(593)	0	0	0	0	0	0	**(593)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(3,951)	(26)	(25)	0	**(4,002)**
Provided during the year	0	14,507	293	0	9,133	101	2,858	732	**27,624**
At 31 March 2014	0	30,699	570	0	80,596	959	12,443	2,231	**127,498**
Net book value at 1 April 2013	53,150	355,868	11,918	18,652	29,299	342	9,003	3,397	**481,629**
Net book value at 31 March 2014	52,984	359,689	11,864	43,192	24,679	284	7,348	2,884	**502,924**
Net book value at 31 March 2014 comprises :									
Purchased	52,984	356,343	11,864	43,192	23,938	266	7,123	2,873	**498,583**
Donated	0	3,346	0	0	741	0	131	0	**4,218**
Government Granted	0	0	0	0	0	18	94	11	**123**
At 31 March 2014	52,984	359,689	11,864	43,192	24,679	284	7,348	2,884	**502,924**
Asset financing :									
Owned	50,984	314,378	11,864	43,192	23,222	284	7,348	2,884	**454,156**
Held on finance lease	0	0	0	0	1,457	0	0	0	**1,457**
On-SoFP PFI contracts	2,000	45,311	0	0	0	0	0	0	**47,311**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2014	52,984	359,689	11,864	43,192	24,679	284	7,348	2,884	**502,924**

The net book value of land, buildings and dwellings at 31 March 2014 comprises :

	£000
Freehold	**376,091**
Long Leasehold	**48,446**
Short Leasehold	**0**
	424,537

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2012	52,352	448,947	14,930	16,914	101,250	1,289	15,204	4,104	**654,990**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions - purchased	195	2,846	0	26,373	6,119	18	4,325	830	**40,706**
Additions - donated	0	0	0	0	268	0	53	0	**321**
Additions - government granted	0	0	0	0	0	0	30	0	**30**
Transfer from/into other NHS bodies	(65)	(784)	0	0	0	(50)	(41)	(8)	**(948)**
Reclassifications	0	24,635	0	(24,635)	0	0	0	0	**0**
Revaluations	1,134	(58,506)	(2,740)	0	0	0	0	0	**(60,112)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	(5)	(43,050)	0	0	0	0	0	0	**(43,055)**
Reclassified as held for sale	(453)	0	0	0	0	0	0	0	**(453)**
Disposals	(8)	(1,758)	0	0	(3,215)	(31)	(970)	(30)	**(6,012)**
At 31 March 2013	53,150	372,330	12,190	18,652	104,422	1,226	18,601	4,896	**585,467**
Depreciation at 1 April 2012	0	43,597	1,060	0	68,952	823	8,255	932	**123,619**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	(7)	0	0	0	(8)	(25)	(4)	**(44)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	(37,546)	(1,059)	0	0	0	0	0	**(38,605)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(1,189)	0	0	0	0	0	0	**(1,189)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	(1,700)	0	0	(3,216)	(33)	(969)	(29)	**(5,947)**
Provided during the year	0	13,307	271	0	9,387	102	2,337	600	**26,004**
At 31 March 2013	0	16,462	272	0	75,123	884	9,598	1,499	**103,838**
Net book value at 1 April 2012	52,352	405,350	13,870	16,914	32,298	466	6,949	3,172	**531,371**
Net book value at 31 March 2013	53,150	355,868	11,918	18,652	29,299	342	9,003	3,397	**481,629**
Net book value at 31 March 2013 comprises :									
Purchased	53,127	352,461	11,918	18,652	28,467	342	8,827	3,383	**477,177**
Donated	23	3,407	0	0	832	0	74	0	**4,336**
Government Granted	0	0	0	0	0	0	102	14	**116**
At 31 March 2013	53,150	355,868	11,918	18,652	29,299	342	9,003	3,397	**481,629**
Asset financing :									
Owned	51,150	311,247	11,918	18,652	29,115	342	9,003	3,397	**434,824**
Held on finance lease	0	0	0	0	184	0	0	0	**184**
On-SoFP PFI contracts	2,000	44,621	0	0	0	0	0	0	**46,621**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	53,150	355,868	11,918	18,652	29,299	342	9,003	3,397	**481,629**

The net book value of land, buildings and dwellings at 31 March 2013 comprises :

	£000
Freehold	**373,115**
Long Leasehold	**47,821**
Short Leasehold	**0**
	420,936

a. Disclose the donor of any assets donated in-year'

All donated assets were purchased from general donated funds.

b. For assets held at revalued amounts state:

A number of assets were valued on completion by the DIstrict Valuer;
1) Refurbishment of Theatres 11 7 12, Morriston Hospital, July 2013.
2) HVS 1B Scheme 5, Service Centre, Morriston Hospital, March 2014
3) Childrens Development Centre, Singleton Hospital, March 2014

c. Give details of asset lives for each class of asset.

Building asset lives are as determined by the District Valuer and range from 1 to 85 years.
- Equipment lives; Short Life Medical Equipment 5 years, Medium Life Medical Equipment 10 Years, Long Life Medical Equipment 15 Years, Radiology Scanners 5 years except MRI Scanners 7 years
Vehicles 7 Years, Furniture 10 years, IMT Hardware & Software 5 years (or reflects contract life for some Software assets)

11. Property, plant and equipment (continued)

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2013	3,418	0	0	0	0	**3,418**
Plus assets classified as held for sale in the year	320	0	0	0	0	**320**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(2,688)	0	0	0	0	**(2,688)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2014	1,050	0	0	0	0	**1,050**
Balance brought forward 1 April 2012	6,397	103	0	0	0	**6,500**
Plus assets classified as held for sale in the year	453	0	0	0	0	**453**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(3,432)	(103)	0	0	0	**(3,535)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2013	3418	0	0	0	0	**3418**

The following assets previously held as non current assets for sale were sold during the period

1. Hill House Hospital

2. Clydach Hospital

3. Kenfig Hill Clinic

4. Land at Pant Lasau, Morriston

The following assets have been newly classified as held for sale

1. Gellinudd Hospital - site closed and actively being marketed

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2013	3,649	0	0	0	0	0	**3,649**
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	572	0	0	0	0	0	572
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	20	0	0	0	0	0	20
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2014	**4,241**	**0**	**0**	**0**	**0**	**0**	**4,241**
Amortisation at 1 April 2013	2,308	0	0	0	0	0	**2,308**
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	535	0	0	0	0	0	535
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2014	**2,843**	**0**	**0**	**0**	**0**	**0**	**2,843**
Net book value at 1 April 2013	**1,341**	**0**	**0**	**0**	**0**	**0**	**1,341**
Net book value at 31 March 2014	**1,398**	**0**	**0**	**0**	**0**	**0**	**1,398**
At 31 March 2013							
Purchased	1,363	0	0	0	0	0	1,363
Donated	33	0	0	0	0	0	33
Government Granted	2	0	0	0	0	0	2
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2014	**1,398**	**0**	**0**	**0**	**0**	**0**	**1,398**

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure-internally	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2012	3,454	0	0	0	0	0	**3,454**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	**0**
Additions- purchased	581	0	0	0	0	0	**581**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	2	0	0	0	0	0	**2**
Additions- government granted	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	(388)	0	0	0	0	0	**(388)**
Disposals	0	0	0	0	0	0	**0**
Gross cost at 31 March 2013	**3,649**	**0**	**0**	**0**	**0**	**0**	**3,649**
Amortisation at 1 April 2012	1,893	0	0	0	0	0	**1,893**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	**0**
Provided during the year	621	0	0	0	0	0	**621**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	(206)	0	0	0	0	0	**(206)**
Disposals	0	0	0	0	0	0	**0**
Amortisation at 31 March 2013	**2,308**	**0**	**0**	**0**	**0**	**0**	**2,308**
Net book value at 1 April 2012	**1,561**	**0**	**0**	**0**	**0**	**0**	**1,561**
Net book value at 31 March 2013	**1,341**	**0**	**0**	**0**	**0**	**0**	**1,341**
At 31 March 2013							
Purchased	1,315	0	0	0	0	0	**1,315**
Donated	22	0	0	0	0	0	**22**
Government Granted	4	0	0	0	0	0	**4**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2013	**1,341**	**0**	**0**	**0**	**0**	**0**	**1,341**

For each class of intangible asset disclose :

the effective date of revaluation - **None**
the methods and significant assumptions applied in estimating fair values - **Estimated at cost less depreciation to date**
the carrying amount had they been told at cost- **£0**

For each class of intangible asset, distinguishing between internally generated intangible assets and others disclose :

whether the useful lives are indefinite or finite - **finite**
if finite, the useful lives or the amortisation rates used. - **standard life of 5 years or reflects contract life**

For intangible assets, assessed as having indefinite useful lives, disclose : **None**

the carrying amount of each asset :£0
the reasons supporting the assessment of an indefinite useful life.**:£0**

For intangible assets, acquired by government grant disclose :

the fair value initially recognised by them - **£11k**
their carrying amount - **£2k**

13 . Impairments

	2013-14		2012-13	
	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
Abandonment in the course of construction	0	0	7	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	1,518	0	63,366	0
Total of all impairments	1,518	0	63,373	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	1,515	0	41,866	0
Charged to Revaluation Reserve	3	0	21,507	0
	1,518	0	63,373	0

The impirment losses disclosed above comprise :

£0.672m for the write down to depreciated replacement cost following the initial professional valuation on completion of specialised building assets - £0.651m in respect of the new Childrens Development Centre at Singleton Hospital and £0.021m in respect of the refurbishment of Paediatric Operating Theatres at Morriston Hospital

£0.846m for revaluation on transfer to non current assets held for sale of Gellinudd Hospital

14.1 Inventories

	31 March 2014 £000	31 March 2013 £000
Drugs	3,641	3,787
Consumables	7,884	8,455
Energy	168	213
Work in progress	0	0
Other	0	0
Total	11,693	12,455
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2014 £000	31 March 2013 £000
Inventories recognised as an expense in the period	19,317	18,895
Write-down of inventories (including losses)	14	25
Reversal of write-downs that reduced the expense	0	0
Total	19,331	18,920

The figures included in Note 14.2 reflect the cost of goods purchased through the NWSSP stores at Bridgend and Denbigh and issued to other Health Boards and NHS Trusts in Wales as well as to private customers via the NWSSP inventory system

15. Trade and other Receivables

Current	31 March 2014 £000	31 March 2013 £000
Welsh Government	224	2,750
WHSSC	1,450	992
Welsh Health Boards	7,671	9,248
Welsh NHS Trusts	650	612
Non - Welsh Trusts	52	101
Other NHS	1,599	14
Welsh Risk Pool	33,954	28,542
Local Authorities	1,271	1,363
Capital debtors	0	0
Other debtors	9,156	8,421
Provision for irrecoverable debts	(1,153)	(807)
Pension Prepayments	0	0
Other prepayments and accrued income	4,223	4,423
Sub total	**59,097**	55,659
Non-current		
Welsh Government	0	0
WHSSC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	63,498	42,509
Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
Sub total	**63,498**	42,509
Total	**122,595**	98,168

Receivables past their due date but not impaired

By up to three months	1,974	1,650
By three to six months	102	103
By more than six months	174	182
	2,250	1,935

Provision for impairment of receivables

		Restated
Balance at 1 April	(807)	(777)
Transfer to other NHS Wales body	0	25
Amount written off during the year	75	151
Amount recovered during the year	125	0
(Increase) / decrease in receivables impaired	(546)	(205)
Bad debts recovered during year	0	0
Balance at 31 March	(1,153)	(806)

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

Receivables VAT

Trade receivables	1,514	1,014
Other	0	0
Total	**1,514**	1,014

On 1st April 2013 a number of services previously provided by ABMU Health Board were transferred to Velindre NHS Trust, Public Health Wales NHS Trust and Welsh Government. The impact of this transfer on Note 15 above is disclosed in Note 39 of these accounts

16. Trade and other payables

Current	**31 March 2014 £000**	31 March 2013 £000 Restated
Welsh Government	**2**	393
WHSSC	**1,859**	1,036
Welsh Health Boards	**2,153**	2,394
Welsh NHS Trusts	**1,308**	1,425
Other NHS	**157**	309
Taxation and social security payable / refunds	**5,464**	4,669
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**97**	69
Other taxes payable to HMRC	**1**	3
NI contributions payable to HMRC	**5,564**	5,584
Non-NHS creditors	**12,708**	15,622
Local Authorities	**687**	417
Capital Creditors	**7,363**	8,007
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**197**	197
Imputed finance lease element of on SoFP PFI contracts	**2,738**	1,869
Pensions: staff	**8,284**	7,951
Accruals	**56,893**	56,300
Deferred Income:		
Deferred Income brought forward	**479**	786
Deferred Income Additions	**177**	393
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**(357)**	(700)
Other creditors	**396**	342
Total	**106,170**	107,066

Non-current		
Welsh Government	**0**	0
WHSSC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Other NHS	**0**	0
Taxation and social security payable / refunds	**0**	0
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS creditors	**0**	0
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**1,451**	1,647
Imputed finance lease element of on SoFP PFI contracts	**53,136**	55,874
Pensions: staff	**0**	0
Accruals	**0**	0
Deferred Income :		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
Total	54,587	57,521

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

The Pensions Staff figure includes £8,281k due to the NHS Pensions Agency and £3k to the National Employment SAvings Trust (NEST)

On 1st April 2013 a number of services previously provided by ABMU Health Board were transferred to Velindre NHS Trust, Public Health Wales NHS Trust and Welsh Government. The impact of this transfer on Note 15 above is disclosed in Note 39

17. Provisions

	At 1 April 2013	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2014
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**22,780**	0	0	2,709	25,320	(12,490)	(7,797)	0	**30,522**
Personal injury	**3,663**	0	0	181	915	(1,735)	(1,816)	129	**1,337**
All other losses and special payments	**0**	0	0	0	105	(105)	0	0	**0**
Defence legal fees and other administration	**3,459**	0	0	(49)	2,529	(816)	(1,268)		**3,855**
Pensions relating to former directors	**8**			3	5	(9)	0	1	**8**
Pensions relating to other staff	**150**			101	36	(154)	0	17	**150**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**10,299**		(19)	0	2,928	(1,921)	(3,549)		**7,738**
Total	**40,359**	**0**	**(19)**	2,945	31,838	(17,230)	(14,430)	**147**	**43,610**
Non Current									
Clinical negligence	**42,524**	0	0	(2,709)	24,216	(476)	(490)	**0**	**63,065**
Personal injury	**5,105**	0	0	(181)	537	0	(111)	**0**	**5,350**
All other losses and special payments	**0**	0	0	0	0	0	0	**0**	**0**
Defence legal fees and other administration	**548**	0	0	49	365	(33)	(17)		**912**
Pensions relating to former directors	**29**			(3)	2	0	0	**0**	**28**
Pensions relating to other staff	**573**			(101)	49	0	(16)	**0**	**505**
Restructuring	**0**			0	0	0	0	**0**	**0**
Other	**0**		0	0	0	0	0		**0**
Total	**48,779**	**0**	**0**	**(2,945)**	**25,169**	**(509)**	**(634)**	**0**	**69,860**
TOTAL									
Clinical negligence	**65,304**	**0**	**0**	**0**	**49,536**	**(12,966)**	**(8,287)**	**0**	**93,587**
Personal injury	**8,768**	**0**	**0**	**0**	**1,452**	**(1,735)**	**(1,927)**	**129**	**6,687**
All other losses and special payments	**0**	**0**	**0**	**0**	**105**	**(105)**	**0**	**0**	**0**
Defence legal fees and other administration	**4,007**	**0**	**0**	**0**	**2,894**	**(849)**	**(1,285)**		**4,767**
Pensions relating to former directors	**37**			**0**	**7**	**(9)**	**0**	**1**	**36**
Pensions relating to other staff	**723**			**0**	**85**	**(154)**	**(16)**	**17**	**655**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**10,299**		**(19)**	**0**	**2,928**	**(1,921)**	**(3,549)**		**7,738**
Total	**89,138**	**0**	**(19)**	**0**	**57,007**	**(17,739)**	**(15,064)**	**147**	**113,470**

Expected timing of cash flows:

	In the remainder of spending review to 31 March 2015	Between 1 April 2015 31 March 2020	Between 1 April 2020 31 March 2025	Thereafter	Total
					£000
Clinical negligence	30,522	63,065	0	0	**93,587**
Personal injury	1,337	1,949	1,390	2,011	**6,687**
All other losses and special payments	0	0	0	0	**0**
Defence legal fees and other administration	3,855	912	0	0	**4,767**
Pensions relating to former directors	8	16	12	0	**36**
Pensions relating to other staff	150	370	113	22	**655**
Restructuring	0	0	0	0	**0**
Other	7,738	0	0	0	**7,738**
Total	**43,610**	**66,312**	**1,515**	**2,033**	**113,470**

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.

The Clinical Negligence provision arising from Redress, includes £208k arising and £208k utilised in year

Other Provisions includes £4.432m in respect of retrospective Continuing Healthcare claims (CHC) which are subject to review by CHC teams in Powys and ABMU LHB's
The figure also includes £0.867m for the impact of the SAS Junior Doctors Contract

Reimbursements are anticipated from the Welsh Risk Pool for Clinical Negligence, Personal Injury and Defence Fee payments amounting to £94.091m
This amount is recognised in Note 15 Trade and Other Receivables

17. Provisions (continued)

	At 1 April 2012	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2013
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	43,093	0	0	(3,401)	11,366	(10,915)	(17,363)	0	**22,780**
Personal injury	2,598	0	0	190	1,979	(1,004)	(248)	148	**3,663**
All other losses and special payments	0	0	0	0	92	(92)	0	0	**0**
Defence legal fees and other administration	4,319	0	0	(128)	1,762	(496)	(1,998)		**3,459**
Pensions relating to former directors	8			6	1	(9)	0	2	**8**
Pensions relating to other staff	149			119	8	(156)	(3)	33	**150**
Restructuring	0			0	0	0	0	0	**0**
Other	9,529		(134)	0	4,511	(1,003)	(2,604)		**10,299**
Total	**59,696**	**0**	**(134)**	**(3,214)**	**19,719**	**(13,675)**	**(22,216)**	**183**	**40,359**
Non Current									
Clinical negligence	28,966	0	0	3,401	12,290	(143)	(1,990)	0	**42,524**
Personal injury	4,981	0	0	(190)	1,053	0	(739)	0	**5,105**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	307	0	0	128	198	(61)	(24)		**548**
Pensions relating to former directors	63			(6)	4	0	(32)	0	**29**
Pensions relating to other staff	1,016			(119)	67	0	(391)	0	**573**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**35,333**	**0**	**0**	**3,214**	**13,612**	**(204)**	**(3,176)**	**0**	**48,779**
TOTAL									
Clinical negligence	72,059	0	0	0	23,656	(11,058)	(19,353)	0	**65,304**
Personal injury	7,579	0	0	0	3,032	(1,004)	(987)	148	**8,768**
All other losses and special payments	0	0	0	0	92	(92)	0	0	**0**
Defence legal fees and other administration	4,626	0	0	0	1,960	(557)	(2,022)		**4,007**
Pensions relating to former directors	71			0	5	(9)	(32)	2	**37**
Pensions relating to other staff	1,165			0	75	(156)	(394)	33	**723**
Restructuring	0			0	0	0	0	0	**0**
Other	9,529		(134)	0	4,511	(1,003)	(2,604)		**10,299**
Total	**95,029**	**0**	**(134)**	**0**	**33,331**	**(13,879)**	**(25,392)**	**183**	**89,138**

18. Cash and cash equivalents

	2013-14	2012-13
	£000	£000
Balance at 1 April	**2,818**	2,012
Net change in cash and cash equivalent balances	**(1,306)**	806
Balance at 31 March	**1,512**	2,818
Made up of:		
Cash held at GBS	**1,436**	2,750
Commercial banks and cash in hand	**76**	68
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**1,512**	2,818
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**1,512**	2,818

19. Other Financial Assets

	Current		**Non-current**	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	£000	£000	**£000**	£000
Financial assets				
Finance lease receivables	**0**	0	**0**	0
Financial assets carried at fair value through SoCNE	**0**	0	**0**	0
Held to maturity investments carried at amortised cos	**0**	0	**0**	0
Available for sale financial assets carried at fair value	**0**	0	**0**	0
Loans carried at amortised cost	**0**	0	**0**	0
	0	0	**0**	0

20. Other assets

	Current		**Non-current**	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	£000	£000	**£000**	£000
Carbon Reduction Commitment Scheme	**0**	0	**0**	0
Other assets	**0**	0	**0**	0
	0	0	**0**	**0**

21. Other liabilities

	Current		Non-current	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	£000	£000	**£000**	£000
Lease incentives	**0**	0	**0**	0
PFI asset -deferred credit	**0**	0	**0**	0
Other [specify]	**0**	0	**0**	0
	0	0	**0**	0

22. Other financial liabilities

Financial liabilities	**31 March 2014**	31 March 2013	**31 March 2014**	31 March 2013
	£000	£000	**£000**	£000
Financial assets carried at fair value through SoCNE	**0**	0	**0**	0
	0	0	**0**	0

23. Related Party Transactions

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

Name	Details	Interests
Professor A Davies	Chairman	Member of Wales Advisory Committee of OFCOM
		Strategic Adviser to the Vice Chancellor and Senior Management Team at Swansea University
Dr E Roberts	Vice Chairman	Board Member, Neath Port Talbot CVS
Professor M Williams	Non Officer Member	Chief Executive Group Gwalia
		Vice Chair of Patient Safety Quality Committee, Welsh Health Specialised Services Commission
Mrs S Miller	Non Officer Member	Cabinet Member & Councillor, NPT County Borough Council
		Officer of ABM Healthcare Branch, Unison
Councillor MEJ Nott	Non Officer Member	Leader of Council & Elected Member, Bridgend County Borough Council
Mrs G Richards	Non Officer Member	Non Executive Director, Neath Port Talbot CVS
Mrs C Patel	Non Officer Member	Board Member Group Gwalia
		Governor and Chair of HR, Gower College
Mr E Williams	Director of Finance	Member of Finance Committee, Swansea University
		Director Wales Quality Centre
		Member of Health Panel, CIPFA
Mr S Phillips	Associate Board Member	Chief Executive, Neath Port Talbot County Borough Council

The total value of transactions with Board members and key senior staff in 2013/14 were as follows:

Board Member	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£	£	£	£
Professor A Davies	5,622,191	728,833	32,157	128,042
Dr E Roberts	99,904	0	0	0
Professor M Williams	99,706,293	85,127,048	1,855,552	1,448,086
Mrs S Miller	5,284,770	3,652,460	53,948	513,720
Councillor MEJ Nott	4,587,501	1,725,449	177,945	390,468
Mrs G Richards	99,904	0	0	0
Mrs C Patel	17,953	148,174	0	14,049
Mr E Williams	5,634,262	728,833	32,157	128,042
Mr S Phillips	5,284,770	3,652,460	53,948	513,720

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

Entity	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	621	989,892	2	224
Welsh Health Specialised Services Commission	99,706	85,087	1,859	1,450
Aneurin Bevan LHB	843	2,458	178	321
Betsi Cadwaladr LHB	57	9,897	8	912
Cardiff & Vale LHB	10,860	17,985	873	1,966
Cwm Taf LHB	6,026	8,807	808	851
Hywel Dda LHB	4,405	33,944	88	3,188
Powys LHB	1,369	10,830	198	435
Public Health Wales NHS Trust	3,517	4,414	313	355
Velindre NHS Trust	9,767	5,283	961	236
Welsh Ambulance Services NHS Trust	4,251	674	34	58
Total	**141,422**	**1,169,271**	**5,322**	**9,996**

24. Third Party assets

The LHB held £331,460.48 cash at bank and in hand on 31st March 2014 (31 March 2013 : £231,152.53) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £1,239,018.58 at 31st March 2014 (31 March 2013 : £1,078,140.15). This has been excluded from the cash and cash equivalents figure reported in the accounts

25. Intra Government balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
2013-14 :				
Welsh Government	224	0	2	0
Welsh Local Health Boards	7,671	0	2,153	0
Welsh NHS Trusts	34,604	63,498	1,308	0
Welsh Health Special Services Committee	1,450	0	1,859	0
All English Health Bodies	1,633	0	157	0
All N. Ireland Health Bodies	7	0	0	0
All Scottish Health Bodies	12	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
Sub total	**45,601**	**63,498**	**5,479**	**0**
Other Central Government Bodies				
Other Government Departments	24	0	8,284	0
Revenue & Customs	1,514	0	11,126	0
Local Authorities	1,271	0	687	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	10,687	0	80,594	54,587
TOTAL	**59,097**	**63,498**	**106,170**	**54,587**
2012-13 :				
Welsh Government	2,750	0	393	0
Welsh Local Health Boards	9,248	0	2,394	0
Welsh NHS Trusts	29,153	42,509	1,425	0
Welsh Health Special Services Committee	992	0	1,036	0
All English Health Bodies	101	0	309	0
All N. Ireland Health Bodies	14	0	0	0
All Scottish Health Bodies	1	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
Sub total	42,259	42,509	5,557	0
Other Central Government Bodies				
Other Government Departments	8	0	7,951	0
Revenue & Customs	1,014	0	10,325	0
Local Authorities	1,363	0	417	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	11,015	0	82,816	57,521
TOTAL	55,659	42,509	107,066	57,521

26. Losses and special payments

Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2014		Approved to write-off to 31 March 2014	
	Number	£	Number	£
Clinical negligence	102	12,758,197	46	5,376,070
Personal injury	86	1,341,304	74	1,327,022
All other losses and spe	182	105,028	182	105,028
Total	370	14,204,529	302	6,808,120

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

Cases exceeding £300,000		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Case Ref	Case Type	**0**	0	0
01RVCMN0049	Clinical Negligence	0	462,577	0
02RVCMN0019	Clinical Negligence	420,000	419,950	0
04RVCMN0045	Clinical Negligence	0	2,176,151	0
04RVCMN0086	Clinical Negligence	80,000	1,430,000	0
06RVCMN0037	Clinical Negligence	0	698,788	0
07RVCMN0058	Clinical Negligence	0	337,500	337,500
08RVCMN0021	Clinical Negligence	969,996	1,054,996	0
09RVCMN0070	Clinical Negligence	447,000	447,000	0
09RVCMN0077	Clinical Negligence	816,734	853,734	0
10RYMMN0042	Clinical Negligence	775,000	840,000	0
10RYMMN0069	Clinical Negligence	705,214	770,000	0
10RYMMN0083	Clinical Negligence	0	367,500	0
10RYMMN0104	Clinical Negligence	0	357,500	0
10RYMMN0183	Clinical Negligence	0	313,000	0
10RYMMN0195	Clinical Negligence	60,000	1,167,800	0
10RYMMN0201	Clinical Negligence	350,000	3,130,729	0
10RYMMN0204	Clinical Negligence	0	459,146	0
10RYMMN0302	Clinical Negligence	25,000	1,815,000	0
10RYMMN0332	Clinical Negligence	550,000	615,000	0
11RYMMN0071	Clinical Negligence	400,000	400,000	0
11RYMMN0142	Clinical Negligence	1,630,269	1,730,269	1,730,269
99RKRMN0001	Clinical Negligence	0	1,135,886	0
		0	0	0
Sub-total		**7,229,213**	**20,982,526**	**2,067,769**
All other cases		6,975,316	10,257,445	4,740,351
Total cases		**14,204,529**	**31,239,971**	**6,808,120**

27. Contingencies

27.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2013-14** **£'000**	2012-13 £'000
Legal claims for alleged medical or employer negligence	**79,564**	69,227
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**0**	0
Continuing Health Care costs	**12,172**	6,470
Other	**0**	0
Total value of disputed claims	**91,736**	75,697
Amounts recovered in the event of claims being successful	**73,381**	63,793
Net contingent liability	**18,355**	11,904

Further to the publication by Welsh Government on 1st May 2014 of new cut off dates for the assessment of eligibility of Continuing NHS Healthcare cases during the period 1 April 2003 to 31 July 2013, further contingent liabilities in addition to those disclosed above as Continuing Healthcare Costs may arise. It is not possible at the time of the preparation of these accounts to quantify the potential further contingent liabilities which may arise.

27.2 Contingent assets

	2013-14 **£'000**	2012-13 £'000
	0	0
	0	0
	0	0
	0	0

28. Capital commitments

Contracted capital commitments at 31 March	**2013-14** **£'000**	2012-13 £'000
Property, plant and equipment	**19,496**	34,432
Intangible assets	**0**	0
	19,496	34,432

29. Finance leases

29.1 Finance leases obligations (as lessee)

The Health Board has one lease arrangement classified as a finance lease under IFRS for the lease hire and use of hospital beds.

All rentals paid incur a standard rental charge with no index linked payments. The Health Board has no contingent rentals to disclose on these arrangements.

Future sub-lease payments expected to be received total £Nil (2012-13 £Nil).

Contingent rents recognised as an expense £Nil (2012-13 £Nil.

The Health Board does not hold any finance leases in respect of land and buildings

Amounts payable under finance leases:

Land	**31 March 2014 £000**	31 March 2013 £000
Minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

29.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

Buildings	**31 March 2014**	31 March 2013
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	**0**
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	**0**

Other	**31 March 2014**	31 March 2013
Minimum lease payments	**£000**	£000
Within one year	**284**	284
Between one and five years	**1,137**	1,137
After five years	**498**	782
Less finance charges allocated to future periods	**(272)**	(360)
Minimum lease payments	**1,647**	1,843
Included in:		
Current borrowings	**208**	196
Non-current borrowings	**1,439**	1,647
	1,647	**1,843**
Present value of minimum lease payments		
Within one year	**208**	196
Between one and five years	**957**	908
After five years	**482**	739
Present value of minimum lease payments	**1,647**	1,843
Included in:		
Current borrowings	**208**	196
Non-current borrowings	**1,439**	1,647
	1,647	**1,843**

29.2 Finance leases obligations (as lessor) continued

The LHB does not have any leases where it acts as lessor.

Amounts receivable under finance leases:

	31 March 2014	31 March 2013
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	**0**
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	**0**

30. Private Finance Initiative contracts

30.1 PFI schemes off-Statement of Financial Position

The Health Board has no PFI operational schemes deemed to be off balance sheet

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	**Off-SoFP PFI contracts**
	31 March 2014	**31 March 2013**
	£000	**£000**
Total payments due within one year	**0**	0
Total payments due between 1 and 5 years	**0**	0
Total payments due thereafter	**0**	0
Total future payments in relation to PFI contracts	**0**	0
Total estimated capital value of off-SoFP PFI contracts	**0**	0

30.2 PFI schemes on-Statement of Financial Position

On 12th May 2000, a 30 year Private Finance Initiative (PFI) contract was signed between the Health Board's predecessor organisation, Bro Morgannwg NHS Trust and Baglan Moor Healthcare for the provision of a 270 bed local general hospital to serve the population of Neath and Port Talbot

The services to be provided in the new hospital which completed in Autumn 2002 resulted in the transfer of services and subsequent closure of Neath and Port Talbot Hospitals. The first payment on the contract was made in December 2002. The annual payments to the contractor amount to approximately £10.682 million

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

	On SoFP PFI Capital element	**On SoFP PFI Imputed interest**	**On SoFP PFI Service charges**
	31 March 2014	**31 March 2014**	**31 March 2014**
	£000	**£000**	**£000**
Total payments due within one year	**3,473**	**5,222**	**2,254**
Total payments due between 1 and 5 years	**16,504**	**20,505**	**9,595**
Total payments due thereafter	**59,630**	**65,873**	**31,839**
Total future payments in relation to PFI contracts	**79,607**	**91,600**	**43,688**

	On SoFP PFI Capital element	**On SoFP PFI Imputed interest**	**On SoFP PFI Service charges**
	31 March 2013	**31 March 2013**	**31 March 2013**
	£000	**£000**	**£000**
Total payments due within one year	3,550	4,933	2,199
Total payments due between 1 and 5 years	15,667	20,440	9,361
Total payments due thereafter	63,940	71,161	34,327
Total future payments in relation to PFI contracts	83,157	96,534	45,887
Total present value of obligations for on-SoFP PFI contrac	123,296		

30.3 Charges to expenditure

	2013-14	2012-13
	£000	£000
Service charges for On Balance sheet PFI contracts (excl interest costs)	2,199	2146
Total expense for Off Balance sheet PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	2,199	2,146

The LHB is committed to the following annual charges

	31 March 2014	31 March 2013
PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	10,950	10,682
Total	10,950	10,682

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

30.4 Number of PFI contracts

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

Please list:

PFI Contract	On /off statement of financial position
Neath Port Talbot Hospital	On

30.5 The LHB has no Public Private Partnerships

31. Pooled budgets

The Health Board has entered into a pooled budget with Bridgend County Borough Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an Assisted Recovery in the Community Service, which is a Day Opportunity Service.for individuals with mental illness. A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Bridgend County Borough Council. The financial operation of the pool is governed by a pooled budget arrangement between Bridgend County Borough Council and the Health Board. Payments for services provided by the Health Board are accounted for as income from Local Authorities and amount to £ for the 2013/14 financial year. Contributions to the pool from the Health Board amounted to £ for the 2013/14 financial year. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget arrangement.

Pooled Budget Memorandum Account

	2013/14	2012/13
Gross Funding	£	£
Bridgend County Borough Council	294,114	256,600
ABMU Health Board	270,335	266,793
Total Funding	**564,449**	**523,393**
Expenditure		
Provision of Day Opportunities to individuals recovering from mental health problems	564,449	523,393
Net Under/Over Spend	**0**	**0**

31. Pooled budgets (cont'd)

The Health Board (Bridgend Locality) has participated in a formal pooled budget arrangement in 2012/13 which commenced in June 2012. This replaced the previous agreement which ran from 2008/09 to March 2012.

Section 33 Partnership : Rhondda Cynon Taff, Bridgend and Merthyr Tydfil Integrated Community Equipment Service

1. Statutory Partners

Rhondda Cynon Taff County Borough Council
Merthyr Tydfil County Borough Council
Bridgend County Borough Council
Cwm Taf Local Health Board
Abertawe Bro Morgannwg University Local Health Board (Bridgend Locality)

2. Aims of the Partnership

To provide an integrated community equipment service that meets the defining criteria and good practice within the guidance provided by the Welsh Assembly Government.

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which avoids duplication and barriers to provision.

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor adaptations within a seven day target.

To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint arrangements.

To develop more accessible services with consistent eligibility criteria, which will improve co-ordination between partner agencies and service users.

To maintain recycling, cleaning and maintenence of equipment to meet national standards.

To provide an assessment, demonstration display and learning facility for service users and practitioners from health, education and social services.

3. Financial Value of the Pooled Budget

Gross Funding	2013/14	2012/13
	£	£
Rhondda Cynon Taff County Borough Council	1,199,545	1,140,875
Merthyr Tydfil County Borough Council	186,775	150,833
Bridgend County Borough Council	471,288	472,000
Cwm Taf Local Health Board	149,153	168,000
Abertawe Bro Morgannwg Local Health Board	229,559	201,709
Total Funding	**2,236,320**	**2,133,417**
Expenditure	**£**	**£**
Employees	667,210	696,200
Premises	126,942	117,695
Transport	104,819	100,891
Supplies & Services	1,398,410	1,116,253
Support Services	109,750	108,660
Capital Financing	0	0
Income (Not Partner Contributions)	0	(3,433)
Total Expenditure	**2,407,131**	**2,136,266**
Pool (Deficit)/Surplus	**(170,811)**	**(2,849)**

Supplies & Services contains £5,936 relating to the repayment of an element of prior year income and the carry forward of the 2012/13 deficit as agreed under the terms of the pooling arrangement

31. Pooled budgets (cont'd)

The Health Board (Swansea Locality) has participated in a formal pooled budget arrangement in 2012/13 which commenced in April 2012 and replaced previous agreements in place between 2008/09 and March 2012.

Section 33 Partnership : Community Equipment

1. Statutory Partners

City & County of Swansea
Neath Port Talbot County Borough Council
Abertawe Bro Morgannwg University Local Health Board

2. Aims of the Partnership

To provide an integrated community equipment service that meets the defining criteria and good practice within the guidance provided by the Welsh Assembly Government.

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which avoids duplication and barriers to provision.

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor adaptations within a seven day target.

To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint arrangements.

To develop more accessible services with consistent eligibility criteria, which will improve co-ordination between partner agencies and service users.

To provide an assessment, demonstration display and learning facility for service users and practitioners from health, education and social services.

To meet the above in respect of beds, mattresses and cot sides and other equipment

3. Pooled Budget Memorandum Account

Gross Funding	**2013/14**	**2012/13**
	£	**£**
City & County of Swansea	619,139	518,700
Neath Port Talbot County Borough Council	388,972	345,800
ABMU Local Health Board	978,112	864,500
Income Not partner Contributions	0	5,512
Total Funding	**1,986,223**	**1,734,512**
Expenditure	2,038,421	**1,808,384**
Net (under)/over spend	**52,198**	**73,872**

32. Financial Instruments

Financial assets	At "fair value" through SoCNE	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	11,646	0	0	11,646
Cash at bank and in hand	1,512	0	0	1,512
Other financial assets	105,212	0	0	105,212
Total at 31 March 2014	**118,370**	**0**	**0**	**118,370**

Financial liabilities	At "fair value" through SoCNE	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	57,522	0	57,522
Other financial liabilities	190,661	0	190,661
Total at 31 March 2014	**248,183**	**0**	**248,183**

Financial assets	At "fair value" through SoCNE	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	13,717	0	0	13,717
Cash at bank and in hand	2,818	0	0	2,818
Other financial assets	79,014	0	0	79,014
Total at 31 March 2013	**95,549**	**0**	**0**	**95,549**

Financial liabilities	At "fair value" through SoCNE	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	59,587	0	59,587
Other financial liabilities	169,145	0	169,145
Total at 31 March 2013	**228,732**	**0**	**228,732**

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The LHB has no power to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

33. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The 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 Welsh Government the LHB has low exposure to credit risk.

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

34. Movements in working capital

	2013-14	2012-13
	£000	£000
(Increase)/decrease in inventories	**762**	(354)
(Increase)/decrease in trade and other receivables - non - current	**(20,989)**	(13,606)
(Increase)/decrease in trade and other receivables - current	**(3,438)**	19,731
(Increase)/decrease in other current assets	**0**	0
(Increase)/decrease in trade and other payables - non - current	**(2,934)**	(2,065)
(Increase)/decrease in trade and other payables - current	**(896)**	(7,476)
Increase/(decrease) in other current liabilities	**0**	0
Total	**(27,495)**	(3,770)
Adjustment for accrual movements in fixed assets -creditors	**644**	(1,167)
Adjustment for accrual movements in fixed assets -debtors	**0**	0
Other adjustments	**0**	0
	(26,851)	(4,937)

35. Other cash flow adjustments

	2013-14	2012-13
	£000	£000
Depreciation	**27,624**	26,004
Amortisation	**535**	621
(Gains)/Loss on Disposal	**(46)**	(6)
Impairments and reversals	**1,515**	41,866
Release of PFI deferred credits	**0**	0
Donated assets received credited to revenue but non-cash	**(282)**	(323)
Government Grant assets received credited to revenue but non-cash	**(40)**	(30)
Non-cash movements in provisions	**42,071**	7,987
Total	**71,377**	76,119

36. Cash flow relating to exceptional items

None

37. Events after the Reporting Period

At 1st April 2014 the NWSSP inventory stock and all debtors and creditors associated with the stock transactions will transfer to Velindre NHS Trust. This transfer will be treated as absorption of services into new organisations.

The transactions related to the inventory stock will be shown from 2014/15 in the financial statements of Velindre NHS Trust

38. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments.

	National Leadership & Innovation Agency for Healthcare		Welsh Health Supplies		Delivery & Support Unit		Centre for Equality & Human Rights		Healthcare Activities		Inter-segment Trading (see note below)		LHB Total (per Statement of Comprehensive Net Expenditure	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Segment income (Gross)	0	95,694			1,987	1,556	0	382						
WAG (Creditor) /Debtor	0	(30)			(15)	(20)	0	16						
Segment Income (Net)	**0**	**95,664**	**27,625**	**28,479**	**1,972**	**1,536**	**0**	398	**219,890**	**237,394**	**(8,364)**	**(8,903)**	**241,123**	**354,568**
Costs Directly Attributable to Segment:-														
Pay	0	6,044	0	664	1,663	1,290	0	314						
Supplies & Services - Clinical	0	10	0	0	0	0	0	0						
Supplies & Services - General	0	21	0	2	0	0	0	0						
Establishment	0	4,458	0	59	96	81	0	21						
Transport	0	14	0	58	4	2	0	1						
Premises	0	518	0	101	101	104	0	1						
Other Operating Expenses	0	84,599	27,625	27,568	108	59	0	61			0		0	0
Total Directly Attributable Costs	**0**	**95,664**	**27,625**	**28,452**	**1,972**	**1,536**	**0**	398	**1,133,116**	**1,152,414**	**(8,364)**	**(8,903)**	**1,154,349**	**1,269,561**
Surplus / (Deficit)	**0**	**0**	**0**	**27**	**0**	**0**	**0**	**0**	**(913,226)**	**(915,020)**	**0**	**0**	**(913,226)**	**(914,993)**
Depreciation	**0**	**0**	**0**	**27**	**0**	**0**	**0**	**0**	**28,159**	**26,598**			**28,159**	**26,625**
Surplus / Deficit before Interest	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(941,385)**	**(941,618)**	**0**	**0**	**(941,385)**	**(941,618)**
Cost of Capital	0	0	0	0	0	0		0	0	0			0	0
Disposal of Fixed Assets & Other Finance Costs									5,122	5,147			5,122	5,147
Surplus /(Deficit) after Interest	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(946,507)**	**(946,765)**	**0**	**0**	**(946,507)**	**(946,765)**
Less: Non Discretionary Expenditure									**3,537**	**3,876**			**3,537**	**3,876**
Less: Revenue Expenses PFI									**1,883**	**1,200**			**1,883**	**1,200**
Net Surplus / (Deficit)to be charged against reso	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(941,087)**	**(941,689)**	**0**	**0**	**(941,087)**	**(941,689)**
Resource Allocated	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**941,177**	**941,830**			**941,177**	**941,830**
Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**90**	**141**	**0**	**0**	**90**	**141**
Segment Average Net Assets	**0**	**(2,684)**	**4,757**	**6,306**	**(2)**	**119**	**0**	**(8)**	**349,677**	**360,925**			**354,432**	**364,658**

For Welsh Health Supplies - the 2013/14 figures above only include the full 12 month costs associated with the WHS Inventory Stock transactions. All other WHS Functions transferrde to Velindre NHS Trust on 1st June 2012

The National Leadership Agency for Innovation for Healthcare and the Centre for Equality & Human Rights transferred from ABMU Health Board on 1st April 2013.
The functions provided by these segments were transferred across Velindre NHS Trust, Public Health Wales NHS Trust and Welsh Government

For the business segments, "other operating expenses" shown above for 2013/14 includes the following material items:-

Welsh Health Supplies	Cost of Stock Issues £27,625k
Delivery & Support Unit	Corporate Services Charges £56k

NOTE: The following inter-segment trading amounts have been "netted-off" in the consolidated position shown in the main Operating Cost Account:-
WHS related - £8,307,755

DSU related - £56,374

Total Inter-segment Trading - £8,364,129

39. Other Information

On 1 April 2013 :
The National Leadership & Innovation Agency for Healthcare (NLIAH) and Centre for Equality and Human Rights (CEHR) and their associated assets and liabilities were transferred from Abertawe Bro Morgannwg University (ABMU) Health Board.

The functions were split to Velindre NHS Trust, Public Health Wales NHS Trust and Welsh Government. In accordance with the FReM, the transfer of functions were treated using absorption accounting, adapted for the issue of PDC. All transactions and balances related to those functions pre 1 April 2013 are included in the accounts of ABMU Health Board and post 1 April 2013 are included in the financial statements of the relevant transferee organisation.

The impact on each of the key financial statements is detailed below:

Balance Sheet	**2013-14 £000**	**2012-13 £000**	**Difference**
Property Plant and Equipment	0	0	0
Receivables - Current	0	580	(580)
Receivables Non Current	0	0	0
Total Receivables	**0**	**580**	**(580)**
Payables - Current	0	(1,894)	1,894
Payables - Non Current	0	0	0
Total Payables	**0**	**(1,894)**	**1,894**

Income	**2013-14 £000**	**2012-13 £000**	
NHS Trusts	0	7	(7)
Welsh Assembly Government	0	95,595	(95,595)
Local Health Boards	0	33	(33)
Staff Payment for Use of Cars	0	35	(35)
Other Income	0	58	(58)
Total	**0**	**95,728**	**(95,728)**

Expenditure	**2013-14 £000**	**2012-13 £000**	
Note 3.2			
Goods and services from other NHS Wales Trusts	0	56	(56)
Total	**0**	**56**	**(56)**
Note 3.3			
Staff Costs	0	6,044	(6,044)
Premises	0	517	(517)
Other Operating Expenses	0	83,575	(83,575)
Establishment	0	4,492	(4,492)
Transport	0	14	(14)
Supplies & Services General	0	22	(22)
Supplies & Services Clinical	0	10	(10)
Consultancy	0	968	(968)
Total	**0**	**95,642**	**(95,642)**

Staff Numbers	**2013-14**	**2012-13**	**Difference**
Administrative and estates	**0**	**95**	(95)
Total	**0**	**95**	**(95)**

39. Other Information (cont'd)

At 1 June 2012 the following functions:

Welsh Health Supplies
Procure to Pay Services comprising Accounts Payable and Procurement Services
Payroll and Recruitment Services
Internal Audit Services

and their associated asset and liabilities were transferred from Abertawe Bro Morgannwg University LHB to Velindre NHS Trust to form NHS Wales Shared Services. In accordance with the FReM, the transfer of functions were treated using absorption accounting, adapted for the issue of PDC. All transactions and balances related to those functions pre 1 June 2012 are included in the 2012/13 accounts of ABMU Health Board. The impact on the prior year comparator

Income	2012-13 £000
NHS Trusts	20
Other Income from activities	8
Accommodation & Catering charges	13
Staff Payment for Use of Cars	12
Other Income	1
Total	**54**

Expenditure	2012-13 £000
Note 3.2	
Goods and services from other NHS Wales Trusts	19
Total	**19**
Note 3.3	
Staff Costs	1,170
Premises	122
Other Operating Expenses	89
Establishment	65
Transport	58
Depreciation	31
Supplies & Services General	2
Total	**1,537**

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 Abertawe Bro Morgannwg University Local Health Board for the year ended 31st March 2014 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 67 and 68, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Abertawe Bro Morgannwg University Local Health Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

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

In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

• give a true and fair view of the state of affairs of Abertawe Bro Morgannwg University Local Health Board as at 31st March 2014 and of its net operating costs, its recognised gains and losses and cash flows for the year then ended; and
• have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

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.

Opinion on other matters

In my opinion:

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

• I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not avaiilable at the time of my audit.

Matters on which I report by exception

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

• the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;

• proper accounting records have not been kept;

• information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or

• I have not received all the information and explanations I require for my audit

.

Report

• I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24th June 2014

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

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 Welsh Government.

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 3rd June 2014 Paul Roberts, 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, direct that these accounts give a true and fair view of the state of affairs of the LHB and of the income and expenditure of the LHB for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury

- make judgements and estimates which are responsible and prudent

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

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

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

By Order of the Board

Signed:

Chairman: … Andrew Davies …………………... Dated: 3rd June 2014

Chief Executive: Paul Roberts………………… …. Dated: 3rd June 2014

Director of Finance: Eifion Williams… ……………….. Dated: 3rd June 2014

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

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

ABMU Local Health Board
Annual Governance Statement 2013-14

1. SCOPE OF RESPONSIBILITY

The Abertawe Bro Morgannwg University Health Board was formed on 1st October 2009 and covers a population of approximately 500,000 people and has a budget of £1.3 billion. The Health Board employs around 16,500 members of staff, 70% of whom are involved in direct patient care.

The Health Board has a clear purpose from which its Strategic Aims and Priorities have been developed. The Health Board's Purpose is to: -

> **"To improve the health of our community and to deliver effective and efficient healthcare in which our patients and users feel cared for, safe and confident."**

In 2013/14, the Health Board produced an Annual Plan to align the public health, service quality, financial and workforce objectives of the organisation to ensure that the Health Board's purpose can be fulfilled. The purpose must also be considered in conjunction with the Health Board's five Strategic Aims which are to provide: -

- Excellent Population Health
- Excellent Patient Outcomes
- Excellent People
- Sustainable Services
- Good Governance

Within these Strategic Aims, the Health Board recognises that their successful delivery will be underpinned by the modernisation and redesign of the services provided. It is therefore extremely important that the Health Board engages with its patients, carers and families to ensure that any proposed service redesign reflects the needs of all individuals who either use or engage with its services. In 2013/14 the Health Board continued to build on its engagement activities to incorporate these important views.

The Board is accountable for Governance, Risk Management and Internal Control. As Accountable Officer and Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the 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. These are carried out in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The Health Board has continued to develop a system of governance and assurance. The Board sits at the top of the organisation's governance and assurance systems and sets strategic objectives, monitors progress, agrees actions to achieve these objectives and ensures appropriate controls are in place and are working properly throughout the organisation. To do this the Board also takes assurance from its Committees and also its assessments against the Standards for Health Services in Wales and other professional standards and regulatory frameworks.

The Health Board's governance and assurance arrangements have been established in accordance with our Standing Orders and Standing Financial Instructions. The Health

Board's agreed objectives also seek to ensure we meet national priorities set by Welsh Government, locally determined priorities and also national and professional standards throughout the conduct of our business. Reporting and monitoring against these objectives, and the risks associated with their delivery and achievement, are received by the Health Board and its Committees.

Board Function

The Abertawe Bro Morgannwg University (ABMU) Health Board usually meets on alternate months in public and comprises individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises the Chair, Vice Chair and nine other Independent Members and the Chief Executive and seven Executive Directors. There are also three Associate Independent Members. The full membership of the Board, details of Board Champion roles and levels of attendance at meetings is outlined in **Table 1.**

The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place. The Board also ensures that it has an open culture and high standards in the ways in which its work is conducted. Together Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board in 2013/2014 were appropriately constituted with a quorum.

Key issues considered by the Board during 2013/14 included:

- Public Service Ombudsman Report (May 2013)
- Carer's Strategy (May 2013)
- Annual Governance Statement & Accounts 2012/13 (June 2013)
- Francis Report (July 2013)
- Staff Survey (July 2013)
- Annual Goverance Statement – June 2013 along with Annual accounts.
- Development of Community Networks – January 2014
- Voluntary Sector – January 2014
- Clinical Issues at Princess of Wales Hospital (September 2013, March 2014)
- Western Bay Health & Social Care Programme – Joint Commitments (September 2013, March 2014)
- South Wales Programme (May 2013/February 2014)
- Changing for the Better programme (July 2013)
- External Review on Cardiac Surgery (September 2013)
- Three Year Plan/ Annual Plan / Integrated Medium Term Plan (IMTP) (September 2013, January, March 2014)
- Operational/Finance Performance reports (May, July, September, November 2013, January, March 2014)
- Proposals to Reshape Mental Health Services (November 2013, March 2014)
- Closure of Community Hospitals (July, September 2013)
- Annual Quality Statement (September 2013)
- Annual Report, Director of Public Health (September 2013)
- Development of Community Networks –(January 2014)
- World Health Organisation European Healthy Cities Network (March 2014)

The above reports and others received by the Board during the course of the past 12 months are published on the ABMU website at www.abmu.nhs.uk.

Health Board's Structure
The governance structure of the Health Board accords with the Welsh Government's Governance e-manual & Citizen Centred Governance Principles in that the seven principles together with their key objectives provide the regulatory framework for the business conduct of the Health Board and define its 'ways of working'. These arrangements support the principles included in H M Treasury's "Corporate Governance in Central Government Departments: Code of good practice 2011".

Committees of the Board: The Health Board has established a range of committees, chaired by Independent Members of the Board, that have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, an assessment of current risks and performance monitoring. (See Table 2)

The committees provide regular reports to the Board to contribute to its assessment of assurance and to provide scrutiny on the delivery of objectives. There is also cross-representation between Committees to support the connection between the business of key committees and also to seek to integrate assurance reporting. The committees submit from the Chair of the Committee a report to each public meeting of the Health Board. Each committee also produces an Annual Report for submission to the Health Board.

Board Members are also involved in a range of other activities on behalf of the Board, such as Board Development Meetings (at least six a year), meetings of Committees of the Board, service visits and a range of other internal and external meetings. The Board also meets in public in June to formally approve the Annual Accounts of the Health Board following detailed consideration by the Health Board's Audit Committee.

All except two of the meetings of Board Committees during 2013/14 were quorate. The Mental Health Monitoring Committee met in May 2013 and February 2014 when its meetings did not achieve quorum. Decisions made at these meetings were subsequently ratified by the Health Board.

Further work continued to be undertaken during the year through the Chair's Advisory Group (which met on four occasions during 2013/14) regarding the alignment of committees within the Health Board to ensure there is closer working between committees and to provide further clarity with regard to the Health Board's system of governance and assurance in line with the NHS Wales Audit Committee Handbook issued by Welsh Government in June 2012 and in response to the Structured Assessment completed by Wales Audit Office.

Table 1 Board & Committee Membership

NAME	POSITION	AREA OF EXPERTISE	CHAMPION ROLES	Health Board 12 mtgs (inc. AGM & Special Mtgs)	BOARD COMMITTEES only members attendance is listed						
					Q&S 6 mtgs	Audit 8 mtgs	W&OD 4 mtgs	RATS 8 mtgs	C F 3 mtgs	MHMC 3 mtgs	HMPOD 2 mtgs
Andrew Davies	Chair			12				8			
Edward Roberts	Vice Chair	Mental Heath	Individual Patient Planning Mental Health & Learning Disabilities Primary Care	10	6			8		3	2
Paul Newman	Independent Member	Legal	Patient Experience Complaints & Litigation IPFR Healthcare Standards	12	6				3	3	2
Chantal Patel	Independent Member	Community	Carers Public Health	7	2					1	2
Ceri Phillips	Independent Member	University	University Veterans Learning & Development	6	5		3				0
Charles Janczewski	Independent Member	Finance	Finance Older People Healthcare Standards	9	4	4		7	3		0

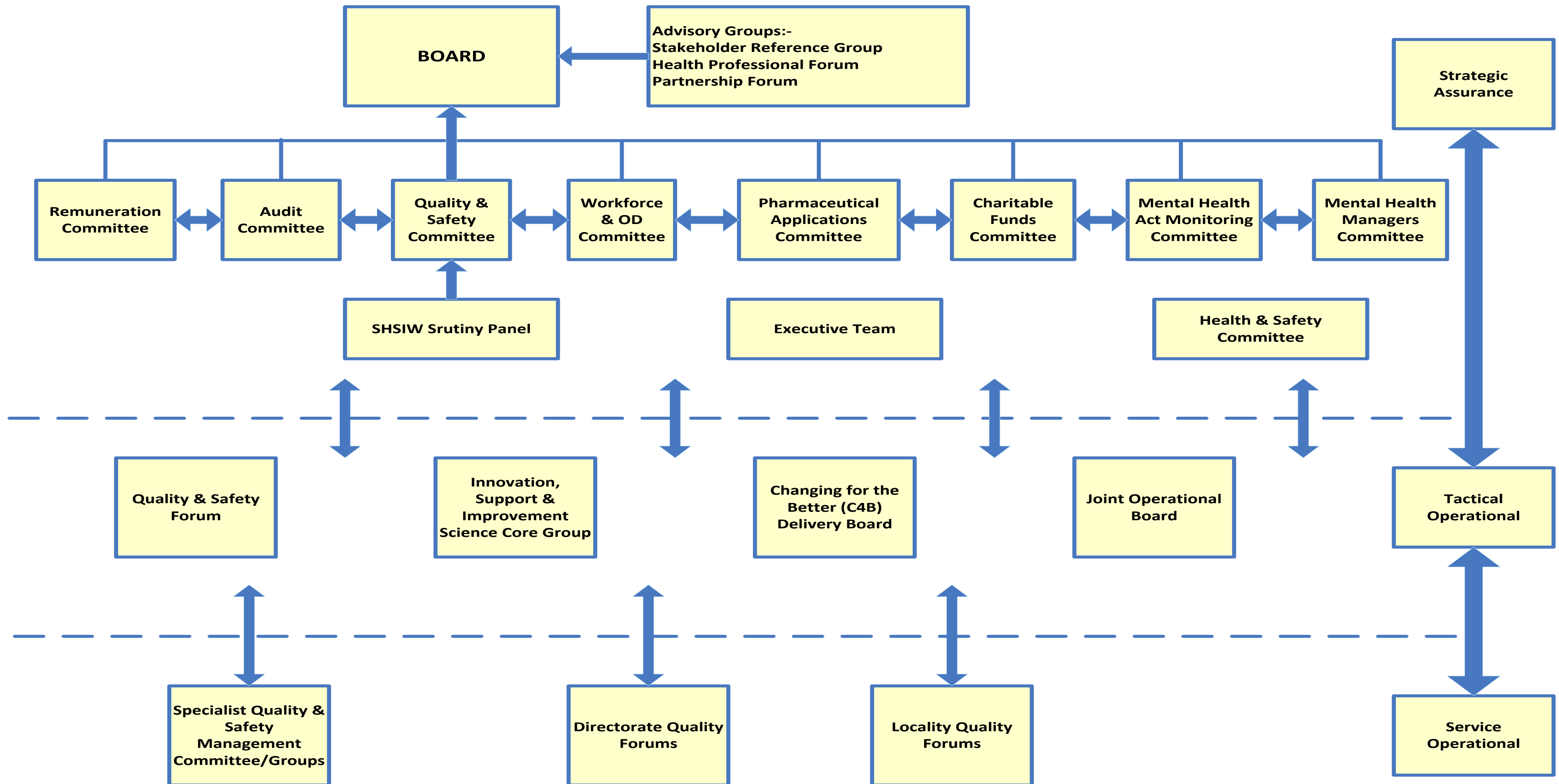
NAME	POSITION	AREA OF EXPERTISE	CHAMPION ROLES	Health Board	BOARD COMMITTEES only members attendance is listed						
					Q & S	Audit	W&OD	RATS	C F	MHMC	HMPOD
Melvyn Nott	Independent Member	Local Authority	Local Government	9		8	4				
Gaynor Richards	Independent Member	Third Sector	Children & Young People Welsh Language Voluntary Organisations	6				6		0	0
Michael Williams	Independent Member	Capital Estates	Capital & Design Environment	11		6	2		2		1
Barry Goldberg	Independent Member	Information, Communications & Technology	Info Technology Infection Prevention & Control Arts in Health	11		8	3				1
Sandra Miller	Associate Member	Trade Union	Workforce	12		8	3			1	1
Steve Phillips	Associate Member	Local Authority Representative (on behalf of Bridgend, Neath Port Talbot and Swansea)	Not Applicable	5							
Rhian Evans/ Maggie Berry	Associate Member	Stakeholder Reference Group Chair/Vice Chair	Not Applicable	4							
Alan Stephenson	Associate Member	Health Professionals Forum Chair	Not Applicable	7							
Eifion Williams	Director of Finance			12							
Push Mangat (interim Medical Director	Interim Medical Director			12							

from Jan 2013 – April 2014)			
Victoria Franklin (until September 2013)	Director of Nursing	2	
Christine Williams (from September 2013)	Acting Director of Nursing	6	
Debbie Morgan	Director of Workforce & Organisational Development	12	
Paul Stauber (until February 2014)	Director of Planning & Performance	11	
Darren Griffiths (from February 2014)	Acting Director of Planning & Strategy	2	
Andrew Phillips	Director of Therapies & Health Science	10	
Sara Hayes	Director of Public Health	7	
Hamish Laing (Associate Board Member until April 2014 when took up post of Medical Director)	Director of Clinical Strategy	10	

Key to Acronyms:	
IPFR = Individual Patient Funding Review	W&OD = Workforce & Organisational Development Committee
Q & S = Quality & Safety Committee	RATS = Remuneration & Terms of Service Committee
MHMC = Mental Health Act Monitoring Committee,	CF = Charitable Funds Committee
AGM= Annual General Meeting	Mtgs = Meetings

The Health Board also operates a Pharmaceutical Applications Committee the chairmanship of which alternates between Ed Roberts, Charles Janczewski and Paul Newman and meets on an ad hoc basis when Pharmacy Applications need to be considered. It also reports its meetings to the Health Board.

Table 2 Health Board Committee Structure



Advisory Groups
In support of the Board, the Health Board is also required to have three Advisory Groups which report key issues to the Health Board. These are:

- **Stakeholder Reference Group (SRG)**

The SRG provides a forum to facilitate full engagement and active debate. Its membership includes representatives from specific groups of the community, such as children and young people, sexual orientation, older people, ethnic minorities etc. Members also include statutory bodies such as Police, Fire and Rescue, Environment Agency, etc. This Group therefore has excellent links to the wider general public and each representative's role is to highlight the issues raised by their particular groups.

- **Health Professionals Forum (HPF)**

The HPF's role is to provide a balanced, multidisciplinary professional advice to the Board on local strategy and delivery. The HPF has responsibility for facilitating engagement and debate amongst the wide range of clinical interests within the Health Board's area of activity.

- **Local Partnership Forum (LPF)**

The LPF's role is to provide a formal mechanism whereby the Health Board, as the employer, and trade unions/professional bodies representing the Health Board employees' work together to improve health services for the citizens of the ABMU area. Key stakeholders engage with each other to inform, debate and seek to agree local priorities on workforce and health service issues. The chairmanship of the LPF is alternated between management and staff side.

Welsh Health Specialised Services Committee (WHSSC)
In addition to the above, the Welsh Health Specialised Services Committee (WHSSC) (Wales) Regulations 2009 (SI 2009 No. 3097) made provision for the constitution of a "Joint Committee". This committee comprises all the Local Health Boards and is effectively seen as a sub-committee of each Board, with ABMU being represented by the Director of Finance

The Health Board also has representation on a **Committee of NHS Wales Shared Services Partnership** which is considered as a sub-committee of the Board, at which ABMU is represented by the Director of Finance.

The Health Board is also continuing to develop and embed policies and procedures in the organisation to enable successful delivery of its governance and assurance arrangements. This includes the further development of the Health Board's Scheme of Delegation to ensure that decision making is enabled and supported by the most appropriate staff and teams at the most appropriate levels. This is designed to encourage further local decision making with clearly understood local accountability for delivery and improvement.

The Health Board along with its internal sources of assurance, which includes its internal audit function, also uses sources of external assurance and reviews to inform and guide our development. These comprise reports from the Wales Audit Office, such as the comprehensive annual Structured Assessment of the Health Board, which

was completed for the fourth year in 2013. The outcome of the assessment is being used by the Health Board to further inform our improvement planning and the embedding of good governance.

From November 2013, the Health Board put into place a scheduling tool providing a process for the reporting of planned inspections from external assessors identifying any risk to the Health Board prior to the inspection taking place and advising of actions to be taken as appropriate. The process also provides for the retrospective reporting of any unplanned inspections. The Board is aware of planned external inspections and the approximate time that the Board or subcommittee of the Board will expect the outcome reports.

The Health Board also has in place a tracking system for audit recommendations and the agreed management actions, which is regularly reported to the Health Board's Audit Committee.

The Health Board uses reports from Healthcare Inspectorate Wales, the Welsh Risk Pool and other inspectorates and regulatory bodies to inform the governance and assurance approaches established by the organisation. The Health Board has also undertaken Healthcare Inspectorate Wales' annual Governance and Accountability Module Self-Assessment for 2013/2014 and the outcome of this assessment is set out in later in this Statement.

The Health Board also participates in the Welsh Risk Pool which is a mutual self assurance scheme for all health bodies in Wales. The risk pooling scheme covers all risk relating to NHS activity, subject to Welsh Health Circular (2000)04, Revised Welsh Risk Pool Management Arrangements from 1st April 1999 and WHCs (2000)12 and 51, Insurance in the NHS in Wales.

Governance Framework

The Health Boards has approved Standing Orders, reviewed regularly, for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the LHB (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice, and, together with the adoption of a scheme of matters reserved to the Board; a scheme of delegations to officers and others; and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define its 'ways of working'. These documents, together with the range of corporate policies set by the Board make up the Governance Framework.

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 risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.

3. CAPACITY TO HANDLE RISK

ABMU Health Board has continued to develop and embed its approaches to risk management over the last year, but recognises that further work is required to ensure risk systems continue to be streamlined and interconnected and that our understanding of risks actively informs the Health Board's key priorities and actions and its overall approach to risk governance.

The Health Board sees active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business. This assists in ensuring high quality and safe heath care is provided to local people, that we contribute to improving the health and well being of our population and that a safe and supportive working environment is provided for our staff.

As Chief Executive, I have overall responsibility for the management of risk for the Health Board. The Executive Lead for risk management is the Director of Nursing and has delegated responsibility for ensuring that arrangements are in place to effectively assess and manage risks across the Health Board including responsibility for maintaining and co-ordinating a corporate risk register and the corporate reporting of risks. The Health Board and its Committees identify and monitor risks within the organisation. Specifically, the Executive Team meetings present an opportunity for the executive function to consider and address risk and actively engage with and report to the Board and its Committees on the organisation's risk profile.

The Health Board is committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage escalate and report risks and further work continues to embed good risk management throughout the organisation. This work throughout the Health Board is being informed by best practice examples through advice from the Internal Auditors, the Wales Audit Office and the Delivery & Support Unit.
The risk profile of the Health Board is continually changing, but the key risks that emerge and can impact upon the Health Board's achievement of its objectives include strategic, operational, financial and compliance risks.

Health Board's Risk Profile

The delivery of healthcare services carries inherent risk. The Health Board, in acknowledging that effective risk management is integral to the successful delivery of its services, has systems and processes in place which identifies and assesses risks, decides on appropriate responses and then provides assurance that the responses are effectual. The implications of risks taken by management in pursuit of improved outcomes in addition to the potential impact of risk-taking on and by its local communities, partner organisations and other stakeholders, is understood by the Board.

A report on assurance arrangements was considered by the Audit Committee in July 2013 and approved in November 2013 by the Committee. Risk Registers are used to identify and manage significant risks within the Health Board. In addition internal and

external reports/reviews are used to inform the framework and register in terms of new risks or amendments to existing risks.

The Health Board views soundly based risk management as an integral element of effective governance. It is seen as central to its management processes in that risks are considered in terms of effect of uncertainty of objectives.

The key elements of the Risk Management Strategy include:

- Risk Management roles and responsibilities;
- Strategy Objectives;
- Significant Risks for the organisation;
- Risk Management Reporting Structure;
- Risk Management process;
- Risk Registers;
- Risk Management Training;
- Standards for Health Services in Wales.

Risk Management appetites are determined by the risk management process set out within the Strategy. In analysing and evaluating a risk consideration is given to the cost benefit analysis of treating the risk as opposed to terminating the risk or risk reduction. This ensures that risks are identified and considered and an informed decision is made as to what action to take and the recognition that in certain circumstances a higher risk appetite is a necessary element to ensure improvement.

The Risk Management Strategy clearly sets out the levels at which staff groups are responsible and can take action and when they have to escalate risks above their agreed tolerance level.

All risks identified, once qualified, which have a risk rating of 16 or more are required to be discussed at the Risk Management Review Group as this has been set for the tolerance limit of high risks when decisions need to be considered as part of a specialist group within the organisation.

A Risk Management Workshop for members of the Risk Management Review Group was held in January 2014 which includes senior managers from all Directorates and Localities. Following the Workshop the Risk Management Strategy was updated and submitted to the Audit Committee in March 2014 and ratified by the Health Board in March 2014.

The Corporate Risk Register and monthly updates from the Directorates and Localities Risk Registers are reviewed by the Risk Management Review Group, on a bi monthly basis. These are reported to the Quality & Safety Forum and Quality & Safety Committee and through the Risk Management Report. The Board receives details of the high risks within the Performance report. The Risk Management Review Group scrutinise the entries and discuss options to manage and mitigate the risks identified. The Register is added to the Intranet and Internet, in accordance with Ministerial requirement, on a quarterly basis.

During 2013/14 the Corporate Risk Register identifies the most serious risks facing the organisation and in March 2014 contained risks linked to the objectives (aims and priorities) of the Health Board and included within the Health Board's Integrated Medium Term Plan.

Achieving financial balance was a significant risk for the Health Board until the last quarter of the year when it was reduced to an acceptable level in view of the controls in place and projected end of year position which was realised. However, the risk of financial balance at the start of 2014/15 is a significant risk for the Health Board.

At the end of March 2014 there were a number of risks for the Health Board which are highlighted below:

- Unscheduled Care
- Effectiveness of Care
- Workforce risks
- Cardiac Services
- Care and treatment provided at the Princess of Wales Hospital
- Concerns Management

The Board has a series of controls in place to manage and mitigate these risks documented within the register and supported by detailed action plans. Their effect has been monitored on an ongoing basis via the Risk Management Review Group which routinely reports to the Quality & Safety Committee and Audit Committee and to the Quality & Safety Forum through regular performance reports. The risks are reported to the Board with the Performance Report and in March 2014 the Board received the Corporate Risk Register.

The Corporate Risk Register is updated regularly and is placed on the ABMU internet.

Management of Risk

Effective risk management is integral in enabling the Health Board to achieve its objectives, both strategic and operational in delivering safe, high quality services and patient care. The Health Board manages risk within a framework that devolves responsibility and accountability throughout the organisation.

Each Executive Director is responsible for managing risk within their area of responsibility and they ensure that:

- there are clear responsibilities for clinical, corporate and operational governance and risk management
- staff are appropriately trained in risk assessment and manage
- there are mechanisms in place for identifying, managing and alerting the Board to significant risks within their areas of responsibility through regular, timely and

accurate reports to the Executive Board, relevant Board Committees and the Board.
- there are mechanisms in place to learn lessons from any incidents or untoward occurrences and that corrective action is taken where required.
- details of the key risks within their area of responsibility are reported to the Board.
- there is compliance with Health Board policies, legislation and regulations and professional standards for their functions.

The Executive Directors are supported in these duties by Assistant Directors, Clinical Directors and Locality Directors. Together they ensure that robust systems are in place for risk management. In addition the Director of Nursing has specific responsibility for progressing compliance with Doing Well, Doing Better Standards for Health Services in Wales within the Health Board, as well as specific strategic responsibility for key areas of patient safety. The Director of Finance also has specific responsibility for financial risk management and for providing regular, timely and accurate financial reporting to the Board in line with requirements and professional standards.

Operational Risk Management Arrangements
Clinical/Locality Directors are responsible for the management of risk within their Directorate/ Locality. They must ensure that they have effective arrangements in place to identify and manage risk. When risks are identified outside their control, they must communicate this effectively through to the Chief Operating Officer and, as appropriate, relevant Executive Lead.

Each Directorate/Locality has a clearly defined structure to ensure the appropriate management of risk which has been confirmed within their annual return of their Letter of Representation on Internal Control for their specific areas of responsibility. This includes Directorates/Localities maintaining up to date Risk Registers and maintain a log of risks they have mitigated to a risk tolerated level and risks that have been terminated.

Risk Management Training
The Health Board has a Risk Management Training Programme providing training at two levels:

In February 2013 a revised Risk Management Training Programme was launched which incorporates local data and analysis of incidents, complaints and claims to enable staff to prioritise risk assessments and management in their work area.

Level 1 is available to all grades of staff and is part of mandatory/statutory training. The training provides an overview of risk management as well as how to complete a risk assessment and highlights the importance of identifying mitigating actions to reduce and manage those risks.

Level 2 training is provided to managers of band 6 and above. The training is practical and informative and enables managers to indentify and take mitigating action to reduce risks if they cannot be eliminated. The role of Risk Registers is also included within the training.

Performance against risk management training is reported to and monitored by the Risk Management Review Group on a quarterly basis. Training provision of risk management is being reviewed in light of the management changes for the Princess of Wales site.

The risk management site on the intranet provides training dates, Power Point presentations and general risk assessment forms.

4. CONTROL FRAMEWORK

The Health Board's internal control framework is underpinned by risk management and these arrangements are set out within the Capacity to Handle Risk section of the Annual Governance Statement. Quality governance, working with partners and stakeholders and corporate governance are detailed as follows:

Quality Governance Arrangements

The Health Board has a Quality Assurance Framework which sets out the key elements of quality assurance, there are four main components to this:

- Culture and Capabilities;
- Strategy;
- Systems, process and Structures;
- Performance Management

Through implementation of the Quality Assurance Framework the Health Board is aiming to achieve:

- Consistent approach to quality;
- Continuous improvement of patient care and clinical outcomes;
- A reduction of the risk from concerns, as well as a commitment to learn from mistakes and share the learning across the Health Board;
- Assurance that the Health Board is well managed and compliant with regulatory requirements;
- Engaged, sustainable and skilled workforce which aims to provide excellent quality care.

Quality assurance is gained through a combination of structures and processes at and below Board level:

- The Quality & Safety Committee;
- The Quality & Safety Forum which acts as a conduit for all groups/committees supporting the quality & safety agenda to the Q&S Committee;
- The Changing for the Better (C4B) Delivery Board which brings together quality work streams with the aim of the organisation providing an effective quality service.
- The work streams falling under the C4B framework enable engagement with patient, public and staff to involve them in how their care is delivered;

- The Integrated Medium Term Plan embeds quality in everything the organisation does so that we strive for continual improvement.
- The bi-monthly Performance Review Meetings between key Executive Directors and Directorates and Localities focuses on performance against key measures for quality & safety.

During 2013/14 the Health Board has continued to manage concerns and take action in relation to care and treatment in particular provided at Princess of Wales Hospital. This was identified in within the Health Board's Annual Quality Statement for 2012/13 and a full update in terms of the progress made against the action plan will be set out in the Annual Quality Statement for 2013/14 together with the following issues which emerged in 2013/14:

- Cardiac Review findings and action plan
- Managing Concerns and action plan and
- Unscheduled Care and action plan.
- Primary Care governance arrangements
- Robbie Powell recommendations and action plan

During the year the Welsh Government commissioned an independent review into the care provided at Princess of Wales and Neath Port Talbot Hospitals, led by Professor June Andrews. Further information regarding this is set out on page 28 and 29.

Working with Partners/Stakeholders

The Board recognises that there is risk associated with every decision it takes and within any proposed change in service. Therefore the Board is keen to engage and consult with staff, the public and stakeholders to identify areas of concern and solutions. Working with partner organisations is critical to successful integrated working and delivering services with partners can bring significant benefits and innovation. It is recognised that working in this way can also lead to risks around failing to align agendas and ineffective communication.

Some examples of how the Health Board engages the public in risk issues include:

- Changing for the Better – considerable engagement recognised by Welsh Government as good practice
- Patient Surveys – 'friends & family' feedback surveys
- Engagement on service delivery
- Internet – facility to communicate concerns, suggestions as well as general questions, including the introduction of free Wi Fi across main hospital sites
- Information Screens – available at each acute hospital site
- Information Campaigns – increasing take up of vaccine at the time of the Measles outbreak
- Concerns – concerns clinics launched to allow patients and families to discuss concerns about care and treatment with senior clinicians and managers.

Corporate Governance
For the NHS in Wales, governance is defined as "a system of accountability to citizens, service users, stakeholders and the wider community, within which healthcare organisations work, take decisions and lead their people to achieve their objectives." In simple terms this transposes to the way in which NHS bodies ensure that they are doing the right things, in the right way, for the right people, in a manner that upholds the values set for the Welsh public sector.

The Health Board has developed an improvement plan for 2013/14 of which 77**%** of the actions have been achieved and the remaining actions will be taken forward as part of the 2014/15 improvement plan.

The organisation engaged with the 1000 *Lives Plus Programme*, and the Board promotes use of methodologies for improvement, and is aware of improvements made and barriers to extend. The ABMU Principal Driver Diagram illustrates the areas for Quality Improvement targeted by the 1000 Lives Plus Programme. These priority areas link to the National Programmes and Learning Events as well as Local Health Board priorities which are now being taken forward with the Health Board's Patient Safety Programme.

Each Directorates and Locality produces a monthly performance statement which is used in the monthly performance reviews overseen by member of the Executive Team.

The overall performance of the organisation is reported to the Board at each meeting.

The Health Board undertakes an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Health Board's assessment against the Governance and Accountability Module undertaken by the Board in April 2014 and also evidenced by internal and external audits. The Health Board complies with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Health Board's wider Annual Report.

5. DISCLOSURES

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

II. Any breaches in Standing Orders are reported to the Audit Committee. There was one breach reported in 2013/14. This related to an individual who authorised a contract in excess of delegated financial limits and revised arrangements were approved by the Audit Committee to prevent any recurrence.

III. 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 into the Scheme are in accordance with the scheme rules and that member's records are accurately updated in accordance with regulation rules.

IV. In accordance with emergency preparedness and civil contingency requirements (as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the climate change Act and the Adaptation Reporting requirements are complied with), the Health Board has contingency plans for extreme weather conditions which are reviewed by the Emergency Preparedness Committee. New buildings are designed to be energy efficient, complying with the energy standards for new buildings and where cost effective energy saving systems are installed on new builds.

V. During 2013/14, there were no lapses of data security reported to the Information Commissioner (IC).

VI. In reviewing its governance arrangements as outlined in Section 1 above and taking into account its assessment against the Governance & Accountability Module, the Health Board is clear that it is operating in accordance with the Corporate Governance Code and that there have been no departures from the Code.

Standards for Health Services in Wales

The Board uses the Doing Well, Doing Better: Standards for Health Services in Wales (SHSiW) as its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self assessment of performance against the twenty six standards across all activities and at all levels throughout the organisation. The level of maturity of arrangements at the Health Board is considered against a five point scale.

The Board self-assessed its performance against each of these twenty six standards as being level 3 - developing for 2013/14 (2012/13 self assessment was assessed as level 3 - developing). In summarising the performance:

- 2 Standards achieved level 4 (Standard 11 Safeguarding, Standard 15 Medicine Management and Standard 18 Communicating Effectively);
- 77% of the SHSiW Improvement Plan has been completed;
- 100% of the self-assessments Maturity levels have been assessed by all Directorates/Localities 81% at corporate level (Standard 5: Citizen Engagement, Standard 8: Care Planning and Standard 16: Medical Devices was not finalised by 31st March 2014 and the Scrutiny Panel requested Standards 6 Participating in Quality Improvement and 7 Safe and Clinical Effective Care to be reviewed early in 2014/15.)

As part of this process, the Board has completed the Governance & Accountability Assessment Module and has openly assessed its performance using the maturity matrix. As a result an improvement plan will be developed and included as part of the overall SHSiW improvement plan. This process has been subject to independent internal assurance by the Health Board's Head of Internal Audit.

The Head of Internal Audit was in attendance at the Board Development Session on 17th April 2014, where the self assessment took place and reported that:-

- The Board were given the opportunity to cast their judgement across each theme prior to Board Development session in accordance with guidance dated February 2012.

- Sufficient guidance/advice was offered to all members prior to the Board Development session.

- Board discussion initially focussed on the Directorate/Locality self-assessment of SHSiW where the outcomes presented were challenged. In particular members challenged the variation and possible overstatement in Directorate/Locality self-assessment. This was acknowledged by the Chief Executive and Chief Operating Officer who confirmed that these issues would be raised in the next monthly performance meetings with Directorates/localities

- Members considered the Board views for each Theme noting the variation in Members opinion. A final maturity judgement was made at level three for each Theme – “We are developing plans and processes and can demonstrate progress with some of our key areas for improvement.”

- In addition, the debate also highlighted future areas for workshop consideration key to which was the need to gain a fuller understanding of the variation of views across Board members.

- The Governance & Accountability module self-assessment documentation is currently in draft and the Head of Internal Audit noted that the priorities for improvement have been linked to the IMTP.

In conclusion, the Head of Internal Audit opinion that an adequate self-assessment process was conducted to judge the maturity level of ABMU Health Board against the requirements of the Governance & Accountability module. Effective engagement of Board members was evident asnd the outcome consistent with the Head of Internal Audit’s view of the organisation’s governance and accountability arrangements.

	ABMU Health Board				
Governance & Accountability Assessment Module	do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve.	are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	are developing plans and processes and can demonstrate progress with some of their key areas for improvement.	have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Setting the Direction			**X**		
Enabling Delivery			**X**		
Delivering results achieving excellence			**X**		
Overall Maturity Level			**X**		

Integrated Medium Term Plan 2014-17

In enacting the risk appetite of the organisation, the Board has given consideration to its principle objectives, both strategic and operational, and identified the principal risks that may threaten the achievement of those objectives. In doing so, the Board is aware that the process involves managing potential principal risks and not merely being reactive in the event of any risk exposure. It acknowledges that the modernisation of delivery of health care services cannot be achieved without risks being taken, the subsequent consequences of taking those risks and mitigating actions to manage any such risks. The risk management arrangements in place enable the principal risks to be identified whilst also ensuring that these risks are not considered in isolation as they are derived from the prioritisation of all risks flowing through the organisation.

The Health Board's Integrated Medium Term Plan (IMTP) 2014/17 sets out the organisational priorities and objectives along with the risks and assumptions associated with achieving the Plan. The Corporate Risk Register was reviewed and updated to ensure it was aligned to the organisation's objectives and risks to achieving them and overseen by the Risk Management Review Group.

The IMTP was prepared and approved by the Board for submission to Welsh Government at the end of March 2014, in accordance with a new statutory duty under the National Health Service Finance (Wales) Act 2014 which came into force from 1st April 2014. Since then feedback has been received from the Welsh Government and certain sections of the document have been strengthened. A revised IMTP was submitted to Welsh Government on 2nd June 2014 and it is envisaged that the IMTP will be approved by the summer of 2014.

Legal and Regulatory Responsibilities:

The Welsh Government has issued the following Non-Statutory Instruments in 2013/14 relating to:

Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) Directions 2013 (2013 No.60) 31/10/13
These Directions implement the new Dispensing Doctors Fee scales from 1st October 2013 and again from 1 April 2014.

National Health Service (Cross-Border Healthcare) (Wales) Directions 2013 (2013 No.26) 29/10/13
These Directions require Local Health Boards to provide information to and consider applications made by resident patients relating to Cross Border Healthcare and Patient Mobility.

National Health Service (Reimbursement of the Cost of EEA Treatment) (Wales) (Amendment) Directions 2013 (2013 No. 25 No. W.25) 29/10/13
These Directions require Local Health Boards to implement regulations relating to Cross Border Healthcare and Patient Mobility.

Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) Directions 2013 (2013, No.11) 29/07/13
These Directions uplift NHS dental contract payments for 2013/14.

Directions to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) Directions 2013 (2013, No.10) 29/07/13
These Directions uplift NHS dental contract payments for 2013/14.

Directions to Local Health Boards as to the Statement of Financial Entitlements Directions 2013 (2013 No.8) 11/06/13
These Directions formally implement the changes to the General Medical Services contract for 2013/14.

The Pharmaceutical Services (Fees for Applications) (Wales) Directions (2013 No.9) 10/05/13
These Directions require LHBs to charge a specified fee for applications for inclusion in or amendment to a pharmaceutical list.

Directions to Local Health Boards 2013 (2013 No.3) 04/04/13
These Directions set out the maximum charge that patients have to pay for purchasing expensive lenses via the Hospital Eye Service.

The Primary Medical Services (Directed Enhanced Services) (Wales) (Amendment) Directions 2013 (2013 No.4) 04/04/13
The amendment Directions update the severe mental illness scheme contained within the Primary Medical Services (Directed Enhanced Services) (Wales) Directions 2007

Full details are set out at
http://wales.gov.uk/legislation/subordinate/nonsi/nhswales/2013/?lang=en

All Directions have been implemented.

6. REVIEW OF EFFECTIVENESS

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

Work has continued during the year to improve the performance information provided to the Board and its Committees so that the Board can be assured on the accuracy and reliability of the information it receives as well as ensuring this is focussed on the achievement of organisational objectives. An Annual Report on data quality was considered by the Quality and Safety Committee in August 2013. This sets out levels of compliance with data quality and the actions required to continually improve performance.

As part of this review Executive Directors, Clinical Directors and Locality Directors provided letters of representations on the control environment within their area of accountability. Generally these provided positive assurance. Any issues raised that are not highlighted in the IMTP will be considered by the Executive Team to ensure any residual risk is managed appropriately.

General

The Board, functioning as a corporate decision making body, has regularly considered assurance reports, whilst also receiving updates on key issues Full details of board reporting are set out in Section 1.

The Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and has been supported in this role by the work of the following main committees:

Audit Committee

The Audit Committee supports the Board by critically reviewing governance and assurance processes on which the Board places reliance. It undertakes these duties by providing advice and assurance to the Board on the effectiveness of arrangements in place around strategic governance, assurance framework and processes for risk management and internal control. The Committee independently monitors, reviews and reports to the Board on the processes of governance and where appropriate, facilitates and supports the attainment of effective processes. In discharging its duties, the Audit Committee, working to an agreed annual work programme, reviewed the assurance and prepared an Annual Report highlighting the following areas:

- Internal financial control matters, such as safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information;
- Adequacy of disclosure statements which are supported by the Head of Internal Audit Opinion and other opinions;
- The adequacy of relevant policies, legality issues and the Codes of Conduct, underpinned by review of the Health Board’s Hospitality Register and Single Tender Actions summary;

- The policies and procedures related to fraud and corruption, together with information on particular cases and outcomes;
- That the system for risk management is robust in identifying and mitigating risks, providing assurance to the Board that the risks impacting on the delivery of the Health Board's objectives are being appropriately managed.

In providing the above assurance to the Board, the Audit Committee has specifically:

- Approved risk based Internal Audit plans and considered the opinions given on reports with Executive/Assistant Directors held to account where appropriate;
- Considered the Head of internal Audit Opinion for 2013/14 on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes;
- Discussed and approved for recommendation to the Board, the Health Board's audited financial statements and Auditor General's Opinion;
- Reviewed and approved the Health Board's governance framework, including Standing Orders, Standing Financial Instructions and Scheme of Delegation.

Quality & Safety Committee
The Committee plays a pivotal role in providing assurance that patient safety is being managed or mitigated and provides advice and assurance to the Board in relation to its responsibilities with regard to the quality and safety of healthcare. The Committee is supported by the Standards for Health Services in Wales Scrutiny Panel and the Quality & Safety Forum which is an Executive Led Group overseeing a comprehensive specialist sub-committee structure which has accountability for delivery of mitigation and managing operational issues.

It provides scrutiny on the arrangements for safeguarding and improving the quality and safety of patient centred healthcare in accordance with its stated objectives and the requirements and standards determined for the NHS in Wales. It does this through providing evidence based and timely advice to the Board to assist it in discharging its functions and meeting its responsibilities with regard to the quality and safety of healthcare. Internal Audit Reports on quality & safety issues are received by the Committee on a regular basis which include actions to address findings. These would then be reported to the Board as part of the key issues report this Committee submits following each of its meetings.

Amongst the key issues considered by the Committee during 2013/14 were the following:

- In-hospital mortality
- Infection prevention and control
- Safeguarding
- Concerns (including reports published by the Public Service Ombudsman for Wales relating to ABMU), claims and lessons learned
- Annual Reports – Patient Experience and Volunteering
- Nutrition & Catering

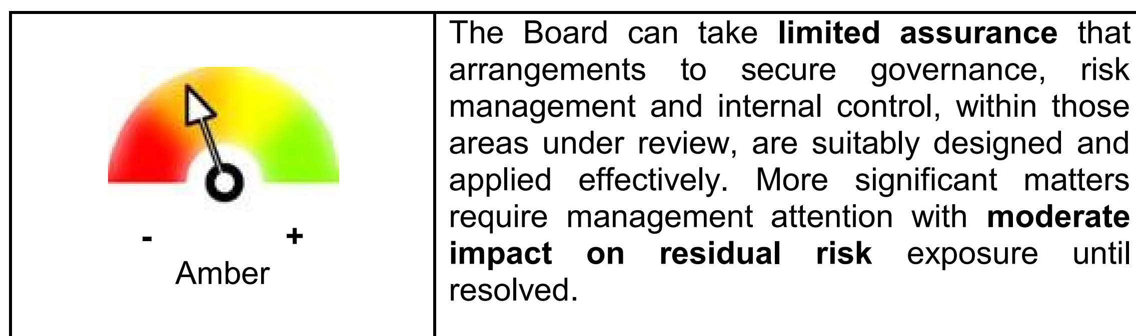
- Quality & Safety - External and Internal Audit Reports and Spot Check inspections
- Annual Quality Statement
- Quality & Safety Performance Reports
- Unscheduled Hospital Care
- Cardiac Review Action Plan
- Medical Revalidation

External / Independent Assurance
There are a number of independent/external bodies that have supported the governance structure during the year and provided the scrutiny and assurance to underpin the effectiveness of the system of internal control:

Internal Audit
Internal audit provide me as Chief Executive and the Board through the Audit Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement. The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas, the outcome of these audit reviews may therefore highlight control weaknesses that impact upon the overall assurance opinion.

The Head of Internal Audit has concluded:
The scope of my opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit Committee. The HIA assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as internal driver for continuous improvement. The HIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.



- + Amber	The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

In overall terms we can provide positive assurance to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the following assurance domains:

- *Financial Governance and management*
- *Operational services and functional management*

More specifically we give substantial assurance on the internal financial controls operating within the health board and shared services and these findings have been taken into account by WAO in the external audit of the financial statements.

However the significance of the matters raised in those areas where there are clearly improvements to be made in governance, risk management and control impacts upon our overall audit assessment in the following assurance domains:

- *Corporate governance, risk management and regulatory compliance*
- *Strategic planning, performance management and reporting*
- *Clinical governance quality and safety*
- *Information governance and security*
- *Workforce management*
- *Capital and estates management*

Management are aware of the specific issues identified and have agreed remedial action to improve control in these areas.

The reports issued during the year concluding limited or no assurance included:

Corporate governance, risk management and regulatory compliance
Standards for Healthcare Services in Wales
Health & Safety
Fire Safety
MHRA

Strategic planning, performance management and reporting
Partnership Governance: Community Equipment
GP Out of Hours
Patient Reported Experience Measures

Clinical governance quality and safety
Concerns and Redress
Learning Lessons: Robbie Powell
Patient Experience and Outcomes

Information governance and security
Princess of Wales Emergency Department Waiting Times

Operational Services and Functional Management
Overseas Patients

Workforce Mangement

Medical Staff Revalidation
Management of Nurse Rostering

Capital and Estates Management

A&E Reconfiguration Morriston Hospital
Asbestos Management
Capital and Estates assurance

Detailed action plans have been agreed to improve performance in all these areas and this will be monitored through the Audit Committee, with follow up Internal Audits undertaken where necessary.

Wales Audit Office (WAO)

As the Health Board's external auditor, the Auditor General for Wales is responsible for scrutinising the Health Board's financial systems and processes, performance management, key risk areas and the Internal Audit function through the WAO. The WAO undertake financial and performance audit work specific to the Health Board and also provide information on the Auditor General's programme of national value for money examinations which impact on the Health Board, with best practice being shared.

During the year, WAO undertook the Structured Assessment Year 4 review which considered the following areas:

- Governing the business
- Financial management
- Managing resources.

The findings highlighted the challenges faced by the Board in achieving financial balance. Other areas highlighted were:

- Arrangements have continued to mature to support effective governance and the Board is promoting an open quality focused culture. However some arrangements need further improvement and progress in some areas has been slow. There is also more to do to strengthen organisational capacity and fully embed organisational learning
- The Health Board has made some progress in improving its use of resources, the pace needs to be quicker in some areas and improvements in unscheduled care performance and timely access to services are needed

The findings and appropriate actions have been incorporated into the IMTP 2014/17.

Welsh Risk Pool (WRP)
The WRP undertook an assessment of clinical evidence criteria, a new Standard: Surgical Pathway and Concerns Management which include actions and learning elements. The results for 2013/14 are provided in the table below:

Standard/Clinical Area Number	Standard	2013/14 score
CA1	Surgical Pathway	79%

An action plan for the Surgical Pathway has been developed and will be monitored through the Theatre Executive Group and will be overseen by the, Chief Operating Officer who is the Executive Lead.

		2012/13 score	2013/14
Areas for Assessment 1-13	Concerns Management	84.65%	71.80%
Areas for Assessment 14-23	Compensation Claims Management	87.62%	79.24%
Areas for Assessment 24-26	Learning from Events	53.08%	33.4%
Entire Standard		**75%**	**61%**

The Health Board recognised in 2013/14 failings within the Department of Investigations and Redress (which now incorporates patient experience and is now known as 'Patient Feedback Team') and has taken action to address this. This includes the seconding the Assistant Director of Nursing for Quality & Safety to change the way in which the Department is managed and re-focus the work of its staff so that action is taken at an earlier stage, meeting are arranged with patients and relatives who have concerns, clinical staff support the work of the Team etc. All these actions have resulted in a significant reduction in the backlog of outstanding complaints. The WRP findings have also been utilised to inform the actions needed to make improvements.

Health Inspectorate Wales (HIW)
The Health Board is provided with independent and objective assurance on the quality, safety and effectiveness of the services it delivers through reviews undertaken by HIW. This includes unannounced spot-checks, themed reviews and follow up reviews. All this work is reported to the relevant Board Committee with an accompanying action plan to ensure standards are continuously improved and that any lessons learned are shared throughout the organisation. The EBSL E.coli cross infection report was published in March 2014 and later received at the Quality & Safety Committee which showed that good progress had been made in that 10 of the 13 actions had been completed.

Review of Economy, Efficiency and Effectiveness on the Use of Resources
The Structured Assessment annual review undertaken by the WAO examined the robustness of the Health Board's financial management arrangements and the adequacy of its governance arrangements including quality governance and arrangements for measuring and improving patient/user experience. From this work it was concluded that the arrangements which supported good governance, quality assurance and the efficient, effective and economical use of resources have continued to evolve but that further improvement was needed.

There are two statutory duties which the Health Board is required to meet:

- Keep within the Capital Resource Limit set by Welsh Government;
- Keep within the Cash Limit.

and one Welsh Government target;

- Pay 95% of the number non-NHS creditors within 30 days of delivery.

Subject to Audit, the Health Board achieved the first two of these and its PSPP performance stood at 94.7% (against the 95% target).

8. CONCLUSION

As Accountable Officer and based on the review process outlined above I have reviewed the relevant evidence and assurances in respect of internal control. The Board and its Executive Directors are alert to their accountabilities in respect of internal control. The Board has had in place during the year a system of providing assurance aligned to both the corporate objectives and the Standards for Health Services in Wales to assist with the identification and management of risk.

The Board's continued focus is the provision of high quality, safe and sustainable services within the available resources. With the continuation of 'flat cash' that is, no additional funding for inflation or growth, 2013/14 was one of the Board's most challenging years.

The IMTP for 2014/17 is an integrated plan, incorporating the Quality Delivery, Workforce and Financial Plans in order to continue to meet the strategic aims of the Board.

My review confirms that the Board has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and through the Internal Audit work programme. Internal Audits identified areas requiring action to strengthen systems and processes as listed on pages 24-25.

Detailed action plans have been agreed to improve performance in all these areas and this will be monitored through the Audit Committee, with follow up Internal Audits undertaken where necessary.

This Statement reflects issues relating to the 2013/14 period. It is however appropriate to mention that towards the end of that financial year the Minister for Health and Social Services commissioned an independent review of care at Princess of Wales Hospital and Neath Port Talbot Hospital. This report was published in May

2014. Because of the gravity of the issues highlighted by the report the intention is for the Board to receive a formal update on this action plan at each and every meeting it holds. This will give the Board assurance that action is being taken within the timeframes set.

Paul Roberts
(Chief Executive) Date: 3rd June 2014