

Swansea Local Health Board

Foreword to the Accounts

These accounts for the period ended 30 September 2009 have been prepared to comply with HM Treasury's I-FReM by the Swansea Local Health Board under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

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

	6 months to		12 months
	30 September 2009		2008-09
	Note	£000	£000
Expenditure on Primary Healthcare Services	2.1	49,083	96,248
Expenditure on secondary and community healthcare	2.2	121,150	230,494
Other programme expenditure	2.3	3,319	5,267
Administration expenditure	2.4	1,275	2,643
		<u>174,827</u>	<u>334,652</u>
 Less: Miscellaneous Income	 3	 <u>(2,996)</u>	 <u>(6,154)</u>
 Net Operating Costs		 <u>171,831</u>	 <u>328,498</u>

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

Statement of Financial Position as at 30 September 2009

	30 September	31 March	1 April
	2009	2009	2008
Note	£000	£000	£000
Non-current assets:			
Property, plant and equipment	10	0	0
Intangible assets	11	0	0
Trade and other receivables	17	0	0
Other financial assets	14	0	0
Other assets	15	0	0
Total non-current assets:	0	0	0
Current assets			
Inventories	16	0	0
Trade and other receivables	17	1,319	940
Other financial assets	14	0	0
Other assets	15	92	0
Cash and cash equivalents	18	81	47
	786	1,492	987
Non-current assets classified as held for sale	10	0	0
Total current assets	786	1,492	987
Total assets	786	1,492	987
Current liabilities			
Trade and other payables	19	17,765	18,102
Other financial liabilities	14	0	0
Provisions	20	780	796
Total current liabilities	20,397	18,545	18,898
Net current assets/ (liabilities)	(19,611)	(17,053)	(17,911)
Non-current liabilities			
Trade and other payables	19	0	0
Provisions	20	0	0
Other financial liabilities	14	0	0
Total non-current liabilities	0	0	0
Assets less liabilities	(19,611)	(17,053)	(17,911)
Taxpayers' equity			
General Fund	(19,611)	(17,053)	(17,157)
Revaluation reserve	0	0	0
Donated asset reserve	0	0	0
Government grant reserve	0	0	0
Total taxpayers' equity	(19,611)	(17,053)	(17,157)

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

The financial statements on pages 1 to 5 were approved by the Board on [date] and signed on its behalf by:

Chief Executive.....

Date.....

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

	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2008					
As previously stated	(17,157)	0	0	0	(17,157)
Prior Period Adjustment	0	0	0	0	0
Restated balance at 1 April 2008	(17,157)	0	0	0	(17,157)
Changes in taxpayers' equity for 2008-09					
Net gain/(loss) on revaluation of property, plant & equipment	0	0	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(601)	0	0	0	(601)
Transfers between reserves	0	0	0	0	0
Net operating cost for the year	(328,498)	0	0	0	(328,498)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
Total recognised income and expense for 2008-09	(329,099)	0	0	0	(329,099)
Net Assembly funding	329,203	0	0	0	329,203
Balance at 31 March 2009	(17,053)	0	0	0	(17,053)

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

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

Changes in taxpayers' equity for the 6 months to 30 September 2009	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2009					
As previously stated	(17,053)	0	0	0	(17,053)
Prior Period Adjustment	0	0	0	0	0
Restated balance at 1 April 2009	(17,053)	0	0	0	(17,053)
Net gain/(loss) on revaluation of property, plant & equipment	0	0	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(322)	0	0	0	(322)
Transfers between reserves	0	0	0	0	0
Net operating cost for the period	(171,831)	0	0	0	(171,831)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
Total recognised income and expense for 2009	(172,153)	0	0	0	(172,153)
Net Assembly funding	169,595	0	0	0	169,595
Balance at 30 September 2009	(19,611)	0	0	0	(19,611)

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

Cashflow Statement for the period ended 30 September 2009

	Notes	6 months to 30 September 2009 £000	12 months 2008-09 £000
Cash Flows from operating activities			
Net operating cost		(171,831)	(328,498)
Other cashflow transactions	32.2	75	(316)
Movement in working capital	32.1	2,206	(54)
Provisions utilised		(119)	(301)
Interest paid		0	0
Net cash outflow from operating activities		(169,669)	(329,169)
Cash Flows from investing activities			
Purchase of property, plant and equipment		0	0
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Interest received		0	0
Payment for investments		0	0
Proceeds of investments		0	0
Net cash inflow/(outflow) from investing activities		0	0
Cash flows from financing activities			
Welsh Assembly Government funding (including capital)		169,595	329,203
Capital receipts surrendered		0	(0)
Capital element of payments in respect of finance leases and on-balance sheet finance		0	(0)
Net financing		169,595	329,203
Net increase/(decrease) in cash & cash equivalents		(74)	34
Cash and cash equivalents at 1 April 2009		81	47
Cash and cash equivalents at 30 September 2009		7	81

The notes on pages 6 to 49 form part of these accounts.

Notes to the Accounts

1. Accounting policies

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

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

The main source of funding for the Local Health Boards are allocations (Assembly Funding) from the Welsh Assembly government within an approved cash limit, which is credited to the general fund of the Local Health Board. Assembly funding is recognised in the financial period in which the cash is received. Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Assembly Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

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

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

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

1.4 Employee benefits

Short-term employee benefits

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

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

Retirement benefit costs

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

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

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1.7 Intangible assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

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

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

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

1.9 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.10 Donated assets

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

1.11 Government grants

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

1.12 Non-current assets held for sale

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

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

1.13 Leases

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

1.13.1 The Local Health Board as lessee

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

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

1.13.2 The health board as lessor

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

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

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

1.14 Inventories

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

1.15 Cash and cash equivalents

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

1.16 Provisions

Provisions are recognised when the Local Health Board has a present legal or constructive obligation as a result of a past event, it is probable that the Local Health Board will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms. The discount rate that applied in 2008/09 was also 2.2%.

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

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

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

1.17 Clinical negligence costs

The Welsh Risk Pool operates a risk pooling scheme which is funded by the Welsh Assembly Government. The Welsh Risk Pool was hosted by North Wales NHS Trust between April and September 2009; this organisation became part of Betsi Cadwaladr Health Board on 1st October 2009.

1.18 Financial assets

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

1.18.1 Financial assets are initially recognised at fair value.

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

1.18.2 Financial assets at fair value through profit and loss

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

1.18.3 Held to maturity investments

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

1.18.4 Available for sale financial assets

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

1.18.5 Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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

At the balance sheet date, the Health board assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash 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 operating cost statement and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the operating cost statement to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.19 Financial liabilities

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

1.19.1 Financial liabilities are initially recognised at fair value.

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

1.19.2 Financial liabilities at fair value through profit and loss

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

1.19.3 Other financial liabilities

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

1.20 Cost of Capital

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

1.21 Value Added Tax

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

1.22 Foreign currencies

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

1.23 Third party assets

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

1.24 Losses and Special Payments

Losses and special payments are items that the Welsh Assembly Government would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled. Losses and special payments are charged to the relevant functional headings in the operating cost statement on an accruals basis, including losses which would have been made good through insurance cover had Local Health Boards not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

1.25 Pooled budget

The LHB has entered into a pooled budget with City and County of Swansea. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for activities relating to an element of the community equipment service, (beds, mattresses, cot-sides and associated).

The pool is hosted by City and County of Swansea. 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.

1.26 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.27 Key sources of estimation uncertainty

The 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.

1. Current outstanding allocations will be funded by Welsh Assembly Government, as in previous years.
2. No transfer of funding responsibility for Learning Disability clients from City and County of Swansea.
3. The increased number of Ombudsman claims for retrospective reimbursement of costs for people potentially eligible for continuing healthcare will be funded by Welsh Assembly Government
4. The spending patterns for October to March will be consistent with those for April to September (other than known schemes which are phased in the latter half of the year).

2. Analysis of gross operating costs

2.1 Expenditure on Primary Healthcare Services

			6 months to	
			30 September	12 months
	Cash limited	Non-cash limited	2009	2008-09
	£000	£000	Total	Total
	£000	£000	£000	£000
General Medical Services	14,772	0	14,772	29,239
Pharmaceutical Services	5,494	65	5,559	10,715
General Dental Services	7,280	0	7,280	13,328
General Ophthalmic Services	0	1,287	1,287	2,338
Other Primary health care expenditure	1,457	0	1,457	3,770
Prescribed drugs and appliances	18,728	0	18,728	36,858
Total	47,731	1,352	49,083	96,248

2.2 Expenditure on secondary and community healthcare

			6 months to	
			30 September	12 months
			2009	2008-09
Goods and services from other NHS Wales Trusts			103,475	199,339
Goods and services from other non Welsh NHS bodies			391	659
Local Authorities			1,143	1,247
Voluntary organisations			419	833
NHS Funded Nursing Care			1,615	2,853
Continuing Care			13,159	23,069
Private providers			843	2,316
Specific projects funded by the Welsh Assembly Government			105	178
Other			0	0
Total			121,150	230,494

2.3 Other programme expenditure

			6 months to	
			30 September	12 months
			2009	2008-09
Salaries and wages			1,275	2,489
National Public Health Service			690	1,350
Losses, special payments and irrecoverable debts			0	1
Research and development			0	0
Other			1,354	1,427
Total			3,319	5,267

Expenditure with Local Authorities shown in note 2.2 is analysed as follows:

	6 months to	12 months
	30th Sept 09	2008-09
	£'000	£'000
Community Equipment Store	156	75
Out of County Looked after Children	866	936
Substance Misuse	92	181
Renal Support Project	9	17
Miscellaneous other	20	38
	1,143	1,247

2.4 Administration expenditure

	6 months to	12 months
	30 September	2008-09
	2009	Total
	£000	£000
Non-officer members' remuneration	40	80
Other salaries and wages	566	1,310
Consultancy services	0	8
Establishment expenses	60	86
Transport and moveable plant	0	0
Premises and fixed plant	65	137
External contractors	0	0
Auditors' remuneration - audit fee	129	142
Auditors' remuneration - other fees	0	1
Business Services Centre / Business Services Partnership recharge	720	1,447
Interest payable - unwinding of discount	0	0
Interest payable - other	0	0
Capital - Depreciation	0	0
Amortisation	0	0
Capital charge interest	-322	-601
Impairments and reversals (property, plant, equipment)	0	0
Impairments and reversals (intangible assets)	0	0
Impairments and reversals of financial assets (by class)	0	0
Loss on disposal of non-current assets	0	0
Other	17	33
	1,275	2,643

Included in 'Auditors' remuneration - audit fee' is an amount of £13k for the external audit of the Business Services Centre attributable to Swansea LHB, (2008-09 full year amount: £16k).

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

	6 months to 30 September 2009 £000	12 months 2008-09 £000
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	1
Defence legal fees and other administrative costs	0	0
Gross increase/(decrease) in provision for future payments	<u>0</u>	<u>1</u>
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	<u>0</u>	<u>0</u>
Net cost :	<u><u>0</u></u>	<u><u>1</u></u>

3. Miscellaneous income

	6 months to 30 September 2009 £000	12 months 2008-09 £000
	Note	
Fees and Charges	0	0
Prescription charge income	324	695
Dental fee income	1,164	2,345
Deferred income released to revenue	0	0
Rental income from finance leases	0	0
Rental income from operating leases	0	0
Profit on disposal of non-current assets	0	0
Other	1,508	3,114
Total	<u>2,996</u>	<u>6,154</u>

The 'other' income line is analysed as follows:

	6 months to 30th Sept 09 £'000	12 months 2008-09 £'000
GP Registrar income	890	1,733
Lucentis Income from WAG	276	579
Orthodontics funding	25	50
Staff Recharges	68	99
Wales Eye Care Initiative	60	112
Tier 4 Substance Misuse recharge	42	0
Chemists Methadone Admin	34	116
PSALT and Shared Care Worker	59	91
HSCWB recharges	20	100
VAT reclaims	7	85
Miscellaneous other	27	149
	<u>1,508</u>	<u>3,114</u>

4. Investment revenue

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

5. Other gains and losses

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

6. Finance costs

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

7. Operating leases**As lessee****Payments recognised as an expense**

	6 months to 30 September 2009	12 months 2008-09
	£000	£000
Minimum lease payments	33	68
Contingent rents	0	0
Sub-lease payments	0	0
Total	33	68

Total future minimum lease payments

	6 months to 30 September 2009	12 months 2008-09
	£000	£000
Payable:		
Not later than one year	33	0
Between one and five years	0	68
After 5 years	0	0
Total	33	68

Total future sublease payments expected to be received £0

As lessor

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

Total future minimum lease payments

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

8. Employee costs and numbers**8.1 Employee costs**

	Permanent Staff £000	Staff on Inward Secondment £000	6 months to		12 months 2008-09 £000
			30 September 2009		
			Agency Staff £000	Total £000	
Salaries and wages	1,406	74	45	1,525	3,194
Social security costs	111	6	0	117	221
Employer contributions to NHS Pension Scheme	188	8	0	196	378
Other pension costs	0	0	0	0	0
Total	1,705	88	45	1,838	3,793

8.2 Average number of employees

	Permanent staff	Staff on inward secondment	Agency staff	Total	2008-09
	No.	No.	No.	No.	No.
Medical and dental	7	1	1	9	9
Ambulance staff	0	0	0	0	0
Administrative and estates	39	1	0	40	44
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	43	0	0	43	44
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and therapeutic staff	0	0	0	0	0
Social care staff	0	0	0	0	0
Other	0	0	0	0	0
Total	89	2	1	92	97

8.3. Retirements due to ill-health

There were no early retirements from the LHB agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £0.

8.4 Employee benefits

£000

The LHB does not have an employee benefit scheme.

9. Public Sector Payment Policy - Measure of Compliance

9.1 Prompt payment code - measure of compliance

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

	Number	£000
NHS		
Total bills paid	796	105,433
Total bills paid within target	774	105,308
Percentage of bills paid within target	97.2%	99.9%
Non-NHS		
Total bills paid	53,717	26,291
Total bills paid within target	53,696	26,247
Percentage of bills paid within target	100.0%	99.8%
Total		
Total bills paid	54,513	131,724
Total bills paid within target	54,470	131,555
Percentage of bills paid within target	99.9%	99.9%

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

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

10. Property, plant and equipment

Cost or valuation	Buildings, excluding		Assets under construction		Plant and machinery	Transport equipment	Information technology	Furniture fittings	Total
	Land	dwellings	Dwellings	on account					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2008	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0	0	0	0
Depreciation									
At 1 April 2008	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0	0	0	0
Net book value at 1 April 2008	0	0	0	0	0	0	0	0	0
Net book value At 31 March 2009	0	0	0	0	0	0	0	0	0
Net book value at 31 March 2009 comprises :									
Purchased	0	0	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Asset financing :									
Owned	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0

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

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

10. Property, plant and equipment (continued)

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

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

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

Disclosures:

Not applicable to Swansea LHB

11. Intangible Non-Current Assets

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

11. Intangible Non-Current Assets (continued)

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

12. Impairments

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

Impairments charged in the year to the revaluation reserve

Charged to revaluation reserve	0	0	0	0
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Note significant events and circumstances giving rise to impairments and impairment reversal

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

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

14. Other Financial Assets and Liabilities

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

Other Financial liabilities

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

Narrative disclosures - Financial Instruments

15. Other assets

	Current 30 September 2009 £000	Non-current 30 September 2,009 £000	Current 2008-09 £000	Non-current 2008-09 £000	Current 2008-09 £000	Non-current 2008-09 £000
Other assets	73	0	92	0	0	0
Total	<u>73</u>	<u>0</u>	<u>92</u>	<u>0</u>	<u>0</u>	<u>0</u>

16. Inventories**16.1 Inventories**

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

16.2 Inventories recognised in expenses

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

17. Trade and other receivables	30 September 2009	31 March 2009	1 April 2008
Amounts falling due within one year	£000	£000	£000
Welsh Assembly Government	309	597	107
Welsh Health Boards	49	91	74
Welsh NHS Trusts	36	244	654
Other NHS Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments:	0	0	0
Other debtors	312	387	105
Provision for irrecoverable debts	0	0	0
Capital debtors	0	0	0
Other prepayments and accrued income	0	0	0
Sub-total	706	1,319	940
Amounts falling due after more than one year:	£000	£000	£000
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments	0	0	0
Other debtors	0	0	0
Provision for irrecoverable debts	0	0	0
Capital debtors	0	0	0
Other prepayments and accrued income	0	0	0
Sub total	0	0	0
Total Trade and other Receivables	706	1,319	940

No interest is charged on trade receivables.

17.1 Provision for the impairment of receivables

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

18. Cash and cash equivalents

	30 September 2009 £000	31 March 2009 £000
Opening balance	81	47
Net change in cash and cash equivalent balances	-74	34
Closing balance	7	81
Commercial banks and cash in hand	0	0
Held at Paymaster General	7	81

19. Trade and other payables

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Welsh Assembly Government	80	233	47
Welsh Health Boards	110	125	45
Welsh NHS Trusts	3,728	1,680	554
Other NHS	359	155	401
Income tax and social security	78	79	0
Non-NHS creditors	10,391	11,034	14,375
Capital Creditors	0	0	0
Overdraft	0	0	0
Obligations under finance leases and HP contracts	0	0	0
Pensions: staff	281	48	45
Accruals	4,293	4,404	2,635
Deferred Income	0	0	0
Other creditors	19	7	0
Sub Total	19,339	17,765	18,102
Amounts falling due after more than one year:	£000	£000	£000
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS	0	0	0
Income tax and social security	0	0	0
Non-NHS creditors	0	0	0
Capital Creditors	0	0	0
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases and HP contracts	0	0	0
Pensions: staff	0	0	0
Accruals	0	0	0
Deferred Income	0	0	0
Other creditors	0	0	0
Sub Total	0	0	0
Total Trade Payables and other Current Liabilities	19,339	17,765	18,102

20. Provisions

	At 1 April 2008	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	796			426	(301)	(141)		780
Total	796	0	0	426	(301)	(141)	0	780

Non Current

Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
Total	0	0	0	0	0	0	0	0

TOTAL

Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	796			426	(301)	(141)		780
Total	796	0	0	426	(301)	(141)	0	780

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
				£000	£000	£000	£000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	780	0	0	0	0	0	780
Total	780	0	0	0	0	0	780

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

20. Provisions (continued)

	At 1 April 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 30 September 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	780			464	(119)	(67)		1,058
Total	780	0	0	464	(119)	(67)	0	1,058
Non Current								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
Total	0	0	0	0	0	0	0	0
TOTAL								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	780			464	(119)	(67)		1,058
Total	780	0	0	464	(119)	(67)	0	1,058

Expected timing of cash flows:

	Within 1 year £000	2 and 5 years £000	6 and 10 years £000	After 10 years £000	After 50 years £000	After 75 years £000	Totals £000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	1,054	0	0	0	0	0	1,054
Total	1,054	0	0	0	0	0	1,054

The provision for claims for continuing care of £1,054k included in the accounts relates only to those costs for continuing care after 1 April 2003. All costs for which a provision has been established relating to periods pre 1 April 2003 will be accounted for elsewhere in the Welsh health economy (in accordance with National Assembly requirements) as although they relate to residents in the Swansea LHB area, they were incurred before Swansea LHB was established.

21. Finance leases**21.1 Finance leases obligations (as lessee)****Amounts payable under finance leases:**

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

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

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

OTHER

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

21.2 Finance lease receivables (as lessor)**Amounts receivable under finance leases:**

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

22. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Maturity of financial liabilities

	30 September 2009 £'000
In one year	20,397
In more than one year but not more than two years	0
In more than two years but not more than five years	0
In more than five years	0
Total	<u>20397</u>

23. Financial Instruments**Financial assets**

	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS Receivables	394	0	0	394
Cash at bank and in hand	7	0	0	7
Other financial assets	319	0	0	319
Total at 30 September 2009	720	0	0	720

Financial liabilities

	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	20,319	0	20,319
Total at 30 September 2009	20,319	0	20,319

	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS Receivables	932	0	0	932
Cash at bank and in hand	81	0	0	81
Other financial assets	411	0	0	411
Total at 31 March 2009	1,424	0	0	1,424

Financial liabilities

	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	18,466	0	18,466
Total at 31 March 2009	18,466	0	18,466

Financial assets

	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS Receivables	835	0	0	835
Cash at bank and in hand	47	0	0	47
Other financial assets	751	0	0	751
Total at 1 April 2008	1,633	0	0	1,633

Financial liabilities

	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	18,898	0	18,898
Total at 1 April 2008	18,898	0	18,898

24. Contingencies

	30 September 2009
Contingent liabilities	£000
Continuing care Ombudsman cases	6,307
Learning Disability placements	2,017
	<hr/>
	8,324 <hr/>
 Contingent assets	
	0
	<hr/>
	0 <hr/>

Uncertainties affecting outcome:

Liabilities for continuing care costs continue to be a significant financial issue for the LHB. The December 2009 deadline for reclaiming pre-1/2/2003 costs has resulted in a large increase in the number of claims registered, regarding both pre and post 1/4/2003 costs. Swansea LHB is responsible for post 1/4/2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs.

Note 20 sets out the £1,058k provision made for probable continuing care costs relating to 78 claims received, (£780k in 2008/09).

Note 24 sets out the £6,307k contingent liability for possible continuing care costs relating to 137 claims received, (£404k in 2008/09).

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

Any continuing healthcare claims which relate to pre-1/4/2003 are passed to Powys LHB who are responsible for that element of costs.

The Local Health Board jointly funds learning disability placements with City and County of Swansea. There has been discussion during the year regarding whether the whole costs of these placements should be met by the Local Health Board and whether the local authority can recharge a share of respite and daycare costs. Legal advice has been sought and communicated to the local authority who have advised that they may seek reimbursement of their costs incurred in this arrangement from 1st April 2008 subject to the receipt of legal clarification of the issues raised. There is a degree of uncertainty as to whether there would be a transfer of funding responsibility following legal clarification and whether it would be possible to backdate this arrangement. The LHB maintains that these costs are not the LHB's responsibility but an amount of £2,017k has been disclosed as a contingent liability which represents the maximum potential transfer of cost (£1,482k in 2008/09).

25. Third Party assets

Not applicable to Swansea LHB

26. Events after Reporting Period

Reconfiguration of the NHS in Wales - In 2008 the Health and Social Services Minister in the Welsh Assembly Government gave approval for the merger of NHS Trusts and LHBs to create 7 new LHBs at 1st October 2009. These financial statements are the final statements for Swansea LHB. On 1st October the LHB merged with Neath Port Talbot LHB, Bridgend LHB and Abertawe Bro Morgannwg University NHS Trust to form Abertawe Bro Morgannwg University Health Board. All of the assets and liabilities of the LHB will transfer to the new LHB at that date and all operations are continuing.

27. Related Party Transactions**£000**

Total value of transactions with Board members and key senior staff in the period April to September 2009.

0

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

The Assembly is regarded as a related party. During the six month period Swansea Local Health Board has had a significant number of material transactions with the Assembly and with other entities for which the Assembly is regarded as the parent body namely,

Neath Port Talbot Local Health Board
 Carmarthenshire Local Health Board
 Powys Local Health Board
 Rhondda Cynon Taf Local Health Board
 Vale of Glamorgan Local Health Board
 Ceredigion Local Health Board
 Bridgend Local Health Board
 Pembrokeshire Local Health Board
 Cardiff Local Health Board
 National Public Health Service

In addition, the Local Health Board has a significant number of material transactions with other Government Departments and other central and local government bodies. Most of these transactions have been with The City and County of Swansea.

During the six month period there was expenditure in the normal course of activities with the following organisations that currently employ some Swansea LHB members or their partners or who are linked with members:

	April to Sept 2009	2008-09
	£000	£000
<u>Abertawe Bro Morgannwg University NHS Trust</u>		
C Campbell, J Calvert, M Price, C Thomas, EP Howells (seconded to WAG)	101,678	193,207
<u>City and County of Swansea</u>		
R Owen, W Fitzgerald, C Maggs, I Richard	1,143	1,247

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

Member Name	Organisation	Interests
JS Hilliard - GP Member	Gower Medical Practice	Partner
JS Hilliard - GP Member	Swansea Out of Hours Service	Member
A Norton - GP Member	The Grove Medical Practice	Partner
A Norton - GP Member	Swansea Out of Hours Service	Employee
L Browes - Optometrist Member	Loveleen Browes Optometrist	Proprietor
M Hughes - Vol Sector Member	Age Concern (Swansea)	Trustee / Chair
M Hughes - Vol Sector Member	Swansea College	Governor

28. Intra Government balances

	Trade receivables		Trade payables	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
To 30 September 2009	£000	£000	£000	£000
Welsh Assembly Government	309	0	80	0
Welsh Local Health Boards	49	0	110	0
Welsh NHS Trusts	36	0	3,728	0
Health Commission Wales	0	0	55	0
All English Health Bodies	0	0	282	0
All N. Ireland Health Bodies	0	0	3	0
All Scottish Health Bodies	0	0	19	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
Sub-total	394	0	4,277	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
HMRC	3	0	78	0
Local Authorities	182	0	3,241	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	200	0	11,743	0
TOTAL	779	0	19,339	0
2008-09	£000	£000	£000	£000
Welsh Assembly Government	597	0	233	0
Welsh Local Health Boards	91	0	125	0
Welsh NHS Trusts	244	0	1,680	0
Health Commission Wales	0	0	0	0
All English Health Bodies	0	0	155	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
Sub-total	932	0	2,193	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
HMRC	14	0	79	0
Local Authorities	218	0	2,509	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	247	0	12,984	0
TOTAL	1,411	0	17,765	0

30. Pooled budgets

Swansea Local Health Board has participated in one formal pooled budget arrangement in 2009-10, which commenced in 2008-09 as detailed below. The pooled budget arrangement is in place for the 12 month period 1st April 2009 to 31st March 2010 and the financial information shown below relates to this 12 month period.

Section 33 Partnership: Morgannwg Integrated Community Equipment

1. Statutory Partners:

- City and County of Swansea
- Swansea Local Health Board

2. Aims of the Partnership:

- To provide 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 for 2008-09 expanding to cover other equipment from 1st April 2010.

3. Statutory partners contributions to the pooled budget for 2009-10:

Gross Funding	2009/10	2008/09 (9 months only)
	£	£
City & County of Swansea	40,000	54,209
Swansea Local Health Board	100,000	75,000
Total funding	140,000	129,209

In a set of full year accounts an audited memorandum note to the accounts would be shown to provide details of the joint income and expenditure incurred under the arrangement. This note is not available for the period April to September 2009 but rather will be shown in full year accounts for 2009/10.

The unaudited position statement as at month 6 shows expenditure levels at £47k higher than 6/12ths of the pool contributions; however, expenditure patterns of previous years indicate that expenditure is not incurred in equal twelfths it is expected that expenditure levels will be in line with pool contributions by the end of the 12 month period.

31. First time adoption

	General Fund £000	Revaluation Reserve £000	Donated Asset Reserve £000	Government Grant Reserve £000	Total Reserves £000
Taxpayers' equity at 31 March 2009 under UKGAAP	-17,053	0	0	0	-17,053
Adjustment to remove negative balances on revaluation reserves	0	0	0	0	0
Adjusted Taxpayers' equity at 31 March 2009	-17,053	0	0	0	-17,053
Adjustments for IFRS changes					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
Taxpayers' equity at 1 April 2009 under IFRS	-17,053	0	0	0	-17,053
Net operating costs for 2008-09 under UKGAAP	328,498	0	0	0	328,498
Adjustments for IFRS changes :					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
Net operating costs for 2008-09 under IFRS	328,498	0	0	0	328,498

In addition to the cash balances reported under UKGAAP at 31 March 2009, the LHB held cash equivalents of £0.

32. Cashflow Notes

32.1 Movements in working capital

	6 months to 30 September 2009 £000	12 months 2008-09 £000
(Increase)/decrease in receivables	632	283
(Increase)/decrease in inventories	0	0
(Increase)/decrease in payables	1,574	-337
Subtotal	2,206	-54
Less Movement in receivables relating to items not passing through the OCS	0	0
Less Movement in payables relating to items not passing through the OCS	0	0
Subtotal	0	0
Total	2,206	-54

32.2 Other cashflow adjustments

	30 September 2009	2008-09
Depreciation	0	0
Amortisation	0	0
Impairments and reversals	0	0
Cost of Capital Charge	-322	-601
Profit/(Loss) on disposal	0	0
Finance Costs	0	0
Interest Revenue	0	0
Change in fair value of financial instruments	0	0
Provisions - Arising in Year	464	426
Provisions - Reversed unused	-67	-141
Provisions - unwinding of discount	0	0
Total	75	-316

32.3 Analysis of changes in net debt

	As at 1 April 2009 £000	Cash flows £000	As at 30 September 2009 £000
OPG cash at bank	81	-74	7
Commercial cash at bank and in hand	0	0	0
Bank overdraft	0	0	0
Total	81	-74	7

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

Name and title	To 30	To 30	To 30	2008-09	2008-09	2008-09
	September	September	September	Salary	Other	Benefits
	2009	2009	2009	Salary	Other	Benefits
	(bands of	(bands of	in kind (to	(bands of	(bands of	in kind (to
	£5,000)	£5,000)	nearest £100)	£5,000)	£5,000)	nearest £100)
	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors						
S Heatherington, Chief Executive	n/a	n/a	n/a	70-75	0	0
A Goodall, Interim Chief Executive	10-15	0	0	10-15	0	0
D Edwards, Acting Chief Executive	40-45	0	0	65-70	0	0
J Worthing, Director of Clinical Developme	30-35	0	0	60-65	0	0
H George, Director of Resources	40-45	0	0	90-95	0	0
J Harrison, Medical Director	15-20	0	0	50-55	0	0
Non Officer Members						
S Fox, Chair	15-20	0	0	70-75	0	0
EP Howells	0-5	0	0	5-10	0	0
L Browes	0-5	0	0	5-10	0	0
M Hughes	0-5	0	0	5-10	0	0
JM Hurst	0-5	0	0	5-10	0	0
A Cowper	0-5	0	0	5-10	0	0
JS Hilliard	0-5	0	0	5-10	0	0
A Norton	0-5	0	0	5-10	0	0
R Davies	0-5	0	0	5-10	0	0
N Williams	0	0	0	0	0	0
J Calvert	0	0	0	0	0	0
C Campbell	0	0	0	0	0	0
M Price	0	0	0	0	0	0
R Owen	0	0	0	0	0	0
J Hale	0	0	0	0	0	0
J Evans	n/a	n/a	n/a	0	0	0
C Maggs	0	0	0	0	0	0
C Walton	n/a	n/a	n/a	0	0	0
H Beynon	0	0	0	0	0	0
C Thomas	0	0	0	0	0	0
W Fitzgerald	0	0	0	0	0	0
A Robinson	n/a	n/a	n/a	0	0	0
I Richard	0	0	0	0	0	0

A Goodall left the post of Interim Chief Executive at 15th June 2009.

D Edwards was appointed as Acting Chief Executive for the period 16th June to 30th September 2009.

The salary information above is the net salary information relating to Swansea LHB following recharges to Neath Port Talbot LHB and Bridgend LHB from April 2009 to September 2009 due to the increased responsibilities across the 3 LHB areas.

33. Remuneration Report**33.2 Pension benefits**

Name and title	Real	Lump	Total	Lump	Cash	Cash	Real	Employers
	increase in pension at 60 (bands of £2,500)	sum at age 60 related to real increase in pension	accrued pension at age 60 at 30 September 2009 (bands of £2,500)	sum at age 60 related to accrued pension at 30 September	Equivalent Transfer Value at 30 September 2009	Equivalent Transfer Value at 31 March 2009	increase on cash equivalent transfer value	contribution to stakeholder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors								
A Goodall, Interim Chief Executive	0 - 2.5	2	15 - 17.5	46	221	185	34	0
D Edwards, Acting Chief Executive	0 - 2.5	5	12.5 - 15	41	195	164	29	0
J Worthing, Director of Clinical Development	0 - 2.5	1	20 - 22.5	66	370	343	22	0
H George, Director of Resources	0 - 2.5	2	17.5 - 20	53	285	266	16	0
J Harrison, Medical Director	0 - 2.5	4	22.5 - 25	71	519	455	58	0

The figures for J Harrison include officer and practitioner benefits under the 'new flexibilities' regulations, under which all officer service has converted to practitioner.

34. Operating segments

Not applicable

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

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the LHB. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer's Memorandum issued by the Assembly.

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

Date.....2009 Chief Executive

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
OF THE ACCOUNTS**

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

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

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

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

By Order of the Board

Signed:

Chairman: Dated:2009

Chief Executive: Dated:2009

Director of Finance: Dated:2009

STATEMENT ON INTERNAL CONTROL

1. Scope of Responsibility

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

To discharge that responsibility the Board has approved, through the Standing Orders, three Board committees to take forward the corporate governance and controls assurance arrangements:

- Audit Committee
- Clinical Governance Committee
- Risk Management Committee

These committees report directly to the Board. To ensure that there is complete coverage and linkages between the Board committees there is cross membership between committees at both Non Officer Member and Executive Director level.

The Local Health Board works closely with the Welsh Assembly Government (WAG), both directly and via its Regional Office, in managing the risk process. Workload is set via performance agreements and there is a system of regular written and verbal exception reporting in place to both the Regional Office and WAG, providing evidence of progress by the LHB. The LHB's main reporting tool is the Balanced Scorecard, which is submitted regularly to the LHB Board and the Regional Office. The Healthcare Standards provide a key framework upon which the LHB has based its risk management process. A Healthcare Standards sub committee was set up in 2007/08 to oversee the processes and this committee continued to operate throughout 2008/09 and during the first six months of 2009/10.

In the delivery of overall internal control the Business Services Centre, (BSC), has a key role given that, in particular, Finance and Contractor Services departments have fundamental responsibilities in running key payments, authorisation and reporting processes on behalf of Local Health Boards. Assurance on the discharge of these responsibilities is obtained through the Service Level Agreements and internal audit reports.

2. The Purpose Of The System Of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the organisation for the six month period ended 30 September 2009 and up to the date of approval of the accounts, and accords with Welsh Assembly Government guidance.

3. Capacity To Handle Risk

At officer level, the leadership for clinical governance is given by the Director of Clinical Development, supported by the Medical Director for medical matters, and for risk management by the Deputy Chief Executive and for financial control is given by the Director of Resources. Staff are being trained to manage risks, both clinical and other, initially through the development of systems and processes to

identify and manage risks. This includes both the work with the National Patient Safety Agency on clinical risks and incidents, and the bottom up approach to identify, prioritise and develop action plans to address individual, directorate and corporate risks.

A key element has been to review national guidance, good practice and strategies developed for similar organisations and incorporate them into the Risk Management Strategy and Risk Register. The Risk Management Strategy and Risk Register also attribute actions, timescales and responsibilities to lead Executive Directors and Senior Managers.

This approach is consistent with how corporate objectives, Annual Operating Framework targets and Healthcare Standards are allocated to the responsible Executive Directors and Senior Managers.

In addition to internal processes, assurance is also given via the services provided by internal and external audit and by the Local Counter Fraud Service.

4. The Risk And Control Framework

The Risk Management Strategy sets out the various roles and responsibilities of the Executive Directors, Senior Managers and Board Committees towards risk management. It also sets out how the various types of risks, such as organisational, staffing and clinical risks will be managed. The key element of the strategy is the Risk Register and action plan. The development of the Risk Register involved both a top down and bottom up identification and scoring of risks. The register also includes the actions to mitigate those risks, and clear identification of responsibilities to manage those risks. This Risk Register and action plan is reviewed and updated via the Senior Managers and Executive Directors and a revised Risk Register is submitted to the Risk Management Committee on a regular basis.

The Healthcare Standards for Wales now form a key component of risk management and control processes for healthcare organisations within Wales. Each year the LHB is required to assess itself against the 32 Standards, a process which has replaced the previous self assessments against the Welsh Risk Pool Standards. In completing the self assessments the LHB has involved staff at all levels of the organisation, senior managers and Executive directors. In addition Board members have been involved in all parts of the process. For the 2007/08 self assessment process the LHB established a Healthcare Standards Committee of the Board. The function of this committee was to scrutinise the self assessment process, scoring of the 32 standards and advice on the presentation and development of the healthcare standards improvement plan. The committee is comprised of the chairs of the Risk, Audit and Clinical Governance committees plus Executive Directors from the LHB. In 2008/09 the LHB Board endorsed the same approach and delegated the scrutiny and sign off of the 2008/09 submission process to the Healthcare standards committee, this arrangement continued for the period April to September 2009.

In addition the Board received in public session during the year the LHB's 2008/09 Healthcare Standards self assessment submission for ratification.

In 2008/09 the LHB made considerable progress in its self assessment scores. There was a significant switch to higher scores for many of the questions. The majority of the questions were at level four whilst the majority were at level three in 2007/08. During the period 2009-2010 the Healthcare Standards for Wales framework will be revised, and NHS organisations and other stakeholders will be consulted throughout this process. However, as the review of healthcare standards' self-assessment scores takes place on an annual basis the 2009/10 information will not be available until later in the year.

The self-assessment process will continue against the current standards. A HCSIP will be required for the period 2009-2010 continuing the process as described above.

The self assessed scores for all the individual Healthcare Standard questions and the aggregate scores for all the Healthcare Standards that were required to be completed for the 2008/09 process are summarized as follows:

Individual Standard question scores

	2007/08	2008/09
Aware (1)	5	0
Responding (2)	39	0
Developing (3)	142	124
Practicing (4)	34	89
Leading (5)	0	9

Standard aggregate scores

	2007/08	2008/09
Aware (1)	0	0
Responding (2)	1	0
Developing (3)	25	15
Practicing (4)	5	16
Leading (5)	0	0

There are four standards that are regarded as key indicators of an organisation's clinical and corporate governance by Health Inspectorate Wales and the Welsh Assembly Government.

Internal Audit undertook an assessment of the Healthcare Standards and at the conclusion of their review

were able to report a significant level of assurance regarding the process adopted for population and scrutiny of the healthcare standards submission.

Internal Audit reported that they were satisfied that the Board had been adequately engaged with the Health Care Standards and that sound processes were in place for the monitoring of progress against the 2008-09 action plan.

At the conclusion of the Internal Audit review, maturity levels assessed for the four core standards were:

- Standard 14, Health & Safety – practicing (4)
- Standard 16, Incident Reporting – practicing (4)
- Standard 27, Corporate Governance – practicing (4)
- Standard 28, Clinical Governance – practicing (4)

in 2007/08 the maturity levels assessed for the four core standards were:

- Standard 14, Health & Safety – developing (3)
- Standard 16, Incident Reporting – developing (3)
- Standard 27, Corporate Governance – developing (3)
- Standard 28, Clinical Governance – developing (3)

The LHB will after this self assessment stage, as in previous years, now produce an action plan so as to ensure that it has a process of ongoing self improvement.

The Board has also been engaged appropriately during 2009/10 on matters relating to the Standards and the monitoring of the HCS Improvement Plan.

As part of the NHS restructure during 2009, the new Abertawe Bro Morgannwg University Local Health Board will be constituted from the former Swansea LHB, Bridgend LHB, Neath Port Talbot LHB and ABMU NHS Trust, and the development of the Healthcare Standards Improvement Plan will be a consolidation of areas highlighted for improvement across all five organisations. The Health Care Standards Committee was updated in respect of the community HCSIP status, recognising further work will be required to present a community position.

Risk & Control Framework during Transition Period

Work on the identification and management of the the risks through the transition period have been addressed via a community approach. Supporting the substantive framework of the LHB has been the Transition Board, which in turn is supported by key work streams for IM&T, Finance, HR and Clinical Governance. There has been representation from Swansea LHB at all the groups, with actions and risks

5. Review Of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Risk Management Committee, and plans to address weaknesses and ensure continuous improvement of the system are in place.

The Board receives regular reports and position statements from the Audit Committee, Risk Management Committee, the Clinical Governance Committee, the Remuneration Committee as well as individual reports produced directly by Executive Directors and Senior Managers. These reports are designed, not only to inform the Board of the LHB's level of corporate and financial risks but also to encourage full participation by the Board in both debating and problem solving these issues where appropriate. The Board receives at each Public Meeting (as a minimum) reports on the financial and commissioning performance as well as at appropriate intervals updates on the Risk Matrix/Register, and reports on achievement against Corporate Objectives.

The Audit Committee, consisting of Non Officer Members, provides a direct line of communication to the Board from the Internal Auditors, External Auditors and the Local Counter Fraud Specialist Team. The Board has therefore been able to reassure itself that it has received advice on control and risk issues independently of Executive Officers on a regular basis. The Audit Committee receives reports from these three independent groups on control systems within the LHB. In addition the LHB's Audit Committee also receives assurance from a review of the Business Services Centre's (BSC) Internal Auditors' relevant reports to the Powys LHB's Audit Committee.

The process applied in maintaining and reviewing the effectiveness of the system of internal control, includes the full involvement of the Board, Board Committees, Executive Directors and Senior Managers.

During the six month period a legacy statement was produced by the organisation and progress reported to the Audit Committee to highlight issues that will face the successor organisation.

The LHB recognises that it must continue to seek improvements and enhance its systems over time. The LHB also recognises that the development of its staff, managers and Board Members to acquire the appropriate skills and experience necessary for effective control is a key priority. Information contained within the reports on both the LHB systems and the BSC systems by the independent auditors, coupled with the scores achieved in the Welsh Risk Standards targets, provides evidence to conclude that the LHB now has its core controls in place and that the LHB has a firm foundation upon which it can develop further improvements.

The LHB Internal Auditors reported in the 2009/10 closure report that **full assurance** is provided. The basis for forming this opinion was as follows:

"1. Consideration of the March 2009 process for self assessment of Healthcare Standards, Board engagement in the process and monitoring of progress against the 2008/09 HCSIP together with evidence available by which the organisation arrived at its declaration in respect of the four core Healthcare Standards for Wales. An assessment of Board engagement in the production of the 2009/2010 HCSIP following receipt of the Health Inspectorate Wales report.

2. An assessment of the opinions arising from limited work undertaken in the six month period that has been reported to the Audit Committee or circulated afterwards. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses

3. A review of Board, Audit Committee, Risk Management committee and Healthcare Governance committee papers during the six month period to ascertain that governance was maintained."

The LHB is very dependent upon systems operated by the Business Services Centre and so it needs to include within this Statement of Control extracts from the Final Audit Report on the BSC for the period 1 April to 30 September 2009 produced by its internal auditors. Its auditors concluded that;

"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Business Services Centre's control processes. further work will be undertaken as part of Powys LHB on Governance and Risk Management processes for the year ended 31 March 2010.

In our opinion, based upon the work we have undertaken, for the 6 months ended 30 September 2009 the Business Services Centre has adequate and effective contro processes to manage the achievement of the organisation's objectives."

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

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 Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

6. Significant Internal Control Problems

There were no significant internal control problems encountered during the six month period.

During the six month period to 30 September 2009 Swansea Local Health Board repaid accumulated Welsh Assembly Government cash brokerage totalling £20.3m which related to the previous financial years. This repaid amount was deducted from the LHB's cash drawing limit for 2009/10.

As part of the Annual Operating Framework it was agreed that the planned Swansea LHB resource deficit of £2.9M would be addressed through joint community schemes.

Signed:.....

Date:.....

Chief Executive
(on behalf of board)

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

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

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

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

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

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

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

Basis of audit opinions

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

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

Opinion

In my opinion:

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

Emphasis of Matter - Continuing Healthcare

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

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

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

Gillian Body
Auditor General for Wales
12 March 2010

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