

# Bridgend 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 Bridgend 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**

	<b>6 months to 30 September 2009</b>	12 months 2008-09
	<b>Note      £000</b>	£000
Expenditure on Primary Healthcare Services	2.1 <b>30,987</b>	63,610
Expenditure on secondary and community healthcare	2.2 <b>71,034</b>	141,134
Other programme expenditure	2.3 <b>944</b>	1,657
Administration expenditure	2.4 <b>963</b>	1,934
	<b><u>103,928</u></b>	<b><u>208,335</u></b>
Less: Miscellaneous Income	3 <b><u>(1,938)</u></b>	<b><u>(4,006)</u></b>
Net Operating Costs	<b><u>101,990</u></b>	<b><u>204,329</u></b>

The notes on pages 6 to 53 form part of this account.

## Statement of Financial Position as at 30 September 2009

	30 September 2009	31 March 2009	1 April 2008
Note	£000	£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment	10      0	0	0
Intangible assets	11      0	0	0
Trade and other receivables	17      0	0	0
Other financial assets	14      0	0	0
Other assets	15      0	0	0
<b>Total non-current assets:</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>			
Inventories	16      0	0	0
Trade and other receivables	17      787	743	984
Other financial assets	14      0	0	0
Other assets	15      0	0	0
Cash and cash equivalents	18      87	41	498
	<b>874</b>	<b>784</b>	<b>1,482</b>
Non-current assets classified as held for sale	10      0	0	0
<b>Total current assets</b>	<b>874</b>	<b>784</b>	<b>1,482</b>
<b>Total assets</b>	<b>874</b>	<b>784</b>	<b>1,482</b>
<b>Current liabilities</b>			
Trade and other payables	19      11,811	14,287	12,800
Other financial liabilities	14      0	0	0
Provisions	19      1,217	1,428	744
<b>Total current liabilities</b>	<b>13,028</b>	<b>15,715</b>	<b>13,544</b>
<b>Net current assets/ (liabilities)</b>	<b>(12,154)</b>	<b>(14,931)</b>	<b>(12,062)</b>
<b>Non-current liabilities</b>			
Trade and other payables	19      0	0	0
Provisions	20      0	0	0
Other financial liabilities	14      0	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Assets less liabilities</b>	<b>(12,154)</b>	<b>(14,931)</b>	<b>(12,062)</b>
<b>Taxpayers' equity</b>			
General Fund	(12,154)	(14,931)	(12,062)
Revaluation reserve	0	0	0
Donated asset reserve	0	0	0
Government grant reserve	0	0	0
<b>Total taxpayers' equity</b>	<b>(12,154)</b>	<b>(14,931)</b>	<b>(12,062)</b>

The notes on pages 6 to 53 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
<b>Balance at 31 March 2008</b>					
As previously stated	(12,062)	0	0	0	(12,062)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2008</b>	<b>(12,062)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(12,062)</b>
<b>Changes in taxpayers' equity for 2008-09</b>					
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	(474)	0	0	0	(474)
Transfers between reserves	0	0	0	0	0
Net operating cost for the year	(204,329)	0	0	0	(204,329)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2008-09</b>	<b>(204,803)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(204,803)</b>
Net Assembly funding	201,934	0	0	0	201,934
<b>Balance at 31 March 2009</b>	<b>(14,931)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14,931)</b>

The notes on pages 6 to 53 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
<b>Balance at 31 March 2009</b>					
As previously stated	(14,931)	0	0	0	(14,931)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2009</b>	<b>(14,931)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14,931)</b>
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	(238)	0	0	0	(238)
Transfers between reserves	0	0	0	0	0
Net operating cost for the period	(101,990)	0	0	0	(101,990)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2009</b>	<b>(102,228)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(102,228)</b>
Net Assembly funding	105,005	0	0	0	105,005
<b>Balance at 30 September 2009</b>	<b>(12,154)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(12,154)</b>

The notes on pages 6 to 53 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
<b>Cash Flows from operating activities</b>			
Net operating cost		(101,990)	(204,329)
Other cashflow transactions	32.2	128	406
Movement in working capital	32.1	(2,520)	1,728
Provisions utilised		(577)	(196)
Interest paid		0	0
<b>Net cash outflow from operating activities</b>		<b>(104,959)</b>	<b>(202,391)</b>
<b>Cash Flows from investing activities</b>			
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
<b>Net cash inflow/(outflow) from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Welsh Assembly Government funding (including capital)		105,005	201,934
Capital receipts surrendered		0	(0)
Capital element of payments in respect of finance leases and on-balance sheet finance		0	(0)
<b>Net financing</b>		<b>105,005</b>	<b>201,934</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>46</b>	<b>(457)</b>
<b>Cash and cash equivalents at 1 April 2009</b>		<b>41</b>	<b>498</b>
<b>Cash and cash equivalents at 30 September 2009</b>		<b>87</b>	<b>41</b>

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

## Notes to the Accounts

### 1. Accounting policies

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

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

#### 1.1 Accounting convention

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

#### 1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector.

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

#### 1.3 Income and funding

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

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

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

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

#### 1.4 Employee benefits

##### Short-term employee benefits

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

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





## **Retirement benefit costs**

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

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

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

## **1.5 Other expenses**

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

## **1.6 Property, plant and equipment**

### **Recognition**

Property, plant and equipment is capitalised if:

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

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

### **Valuation**

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



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

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

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

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

For 2009-10 no indexation is applied to the Land and Properties of NHS Wales bodies because they have been subject to a MEA (Modern Equivalent Asset) 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 LHB; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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



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

### **Measurement**

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

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

### **1.8 Depreciation, amortisation and impairments**

Freehold land and properties under construction are not depreciated.

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

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

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

### **1.9 Borrowing costs**

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 [first-in first-out/weighted average] cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

#### **1.15 Cash and cash equivalents**

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

#### **1.16 Provisions**

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

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

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

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

#### **1.17 Clinical negligence costs**

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





## **1.18 Financial assets**

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

### **1.18.1 Financial assets are initially recognised at fair value.**

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

### **1.18.2 Financial assets at fair value through profit and loss**

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

### **1.18.3 Held to maturity investments**

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

### **1.18.4 Available for sale financial assets**

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

### **1.18.5 Loans and receivables**

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

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

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 Bridgend County Borough Local Authority. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for community equipment activities.

The pool is hosted by Bridgend County Borough Local Authority. 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 majority of assets and liabilities of Bridgend LHB at 30th September 2009 are not based on estimations. The only estimation included are those in relation to provisions which are disclosed in Note 20 of the Accounts.



## 2. Analysis of gross operating costs

### 2.1 Expenditure on Primary Healthcare Services

			6 months to	12 months
	Cash	Non-cash	30 September	2008-09
	limited	limited	2009	Total
	£000	£000	£000	£000
General Medical Services	9,228	0	9,228	19,065
Pharmaceutical Services	3,622	0	3,622	6,790
General Dental Services	3,768	0	3,768	8,441
General Ophthalmic Services	832	0	832	1,471
Other Primary health care expenditure	131	-810	-679	-120
Prescribed drugs and appliances	14,216	0	14,216	27,963
<b>Total</b>	<b>31,797</b>	<b>-810</b>	<b>30,987</b>	<b>63,610</b>

### 2.2 Expenditure on secondary and community healthcare

			6 months to	12 months
			30 September	2008-09
			2009	Total
Goods and services from other NHS Wales Trusts			66,404	129,458
Goods and services from other non Welsh NHS bodies			192	474
Local Authorities			546	1,095
Voluntary organisations			301	649
NHS Funded Nursing Care			773	1,414
Continuing Care			3,826	6,424
Private providers			51	495
Specific projects funded by the Welsh Assembly Government			154	591
Other			-1,213	534
<b>Total</b>			<b>71,034</b>	<b>141,134</b>

### 2.3 Other programme expenditure

			6 months to	12 months
			30 September	2008-09
			2009	Total
Salaries and wages			500	774
National Public Health Service			419	819
Losses, special payments and irrecoverable debts			0	0
Research and development			0	0
Other			25	64
<b>Total</b>			<b>944</b>	<b>1,657</b>

**2.4 Administration expenditure**

	<b>6 months to</b>	12 months
	<b>30 September</b>	2008-09
	<b>2009</b>	Total
	<b>Total</b>	Total
	<b>£000</b>	£000
Non-officer members' remuneration	44	86
Other salaries and wages	436	1,035
Consultancy services	0	0
Establishment expenses	77	109
Transport and moveable plant	0	0
Premises and fixed plant	101	180
External contractors	0	5
Auditors' remuneration - audit fee	77	94
Auditors' remuneration - other fees	0	0
Business Services Centre / Business Services Partnership recharge	447	905
Interest payable - unwinding of discount	0	0
Interest payable - other	0	0
Capital - Depreciation	0	0
Amortisation	0	0
Capital charge interest	-238	-474
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	19	-6
	<b>963</b>	<b>1,934</b>

**Explanatory Note:**

Included within the BSC recharge value of £446,639 is additional audit fees for the work undertaken by WAO on behalf of the LHB Auditors. For the six month period to 30th September 2009 this fee was £12,641.



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

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

**3. Miscellaneous income**

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
	<b>Note</b>	
Fees and Charges	<b>905</b>	1,744
Prescription charge income	<b>216</b>	457
Dental fee income	<b>714</b>	1,658
Deferred income released to revenue	<b>0</b>	0
Rental income from finance leases	<b>0</b>	0
Rental income from operating leases	7 <b>0</b>	0
Profit on disposal of non-current assets	<b>0</b>	0
Other	<b>103</b>	147
<b>Total</b>	<b>1,938</b>	4,006

**4. Investment revenue**

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

**5. Other gains and losses**

	<b>6 months to 30 September 2009 £000</b>	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
<b>Total</b>	<u>0</u>	<u>0</u>

**6. Finance costs**

	<b>6 months to 30 September 2009 £000</b>	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
<b>Total</b>	<u>0</u>	<u>0</u>

**7. Operating leases****As lessee**

[General description of significant leasing arrangements, including:

- the basis on which contingent rent is determined
- the terms of renewal or purchase options and escalation clauses, and
- restrictions imposed by lease arrangements]

**Payments recognised as an expense**

	<b>6 months to 30 September 2009 £000</b>	12 months 2008-09 £000
Minimum lease payments	42	84
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>42</b>	<b>84</b>

**Total future minimum lease payments**

	<b>6 months to 30 September 2009 £000</b>	12 months 2008-09 £000
Payable:		
Not later than one year	65	82
Between one and five years	0	7
After 5 years	0	0
<b>Total</b>	<b>65</b>	<b>89</b>

Total future sublease payments expected to be received £

**As lessor**

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

**Total future minimum lease payments**

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

**Explanatory Notes - Operating Leases :****North Court:**

The current lease for North Court commenced on 1st July 2008 for 5 years, with a break out clause in the contract which can be excised from 31st December 2009 onwards, with six month notice period.

The figures included in the minimum lease payments figures is up to 31st March 2010. However if the LHB opts to end the agreement at this point they will incur a £0.017m penalty, which is included in the above figures.

**Canon Photocopier**

The LHB took out an operating lease on a photocopier in October 2008. The lease is for a period of 3 years at a cost of £0.003m pa.

## 8. Employee costs and numbers

### 8.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	6 months to 30 September 2009		12 months
			Agency Staff	Total	2008-09
	£000	£000	£000	£000	£000
Salaries and wages	756	33	4	793	1,467
Social security costs	71	0	0	71	126
Employer contributions to NHS Pension Scheme	116	0	0	116	216
Other pension costs	0	0	0	0	0
<b>Total</b>	<b>943</b>	<b>33</b>	<b>4</b>	<b>980</b>	<b>1,809</b>

### 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	5	1	0	6	6
Ambulance staff	0	0	0	0	0
Administrative and estates	30	1	0	31	32
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	7	0	0	7	7
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
<b>Total</b>	<b>42</b>	<b>2</b>	<b>0</b>	<b>44</b>	<b>45</b>

### 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 £ nil.

### 8.4 Employee benefits

£000

Employee benefits

0

or

The LHB does not have an employee benefit scheme. However the benefits disclosed under note 33 relate to travel expenses where the amount reimbursed is in excess of the taxable value.

## 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
<b>NHS</b>		
Total bills paid	358	68,139
Total bills paid within target	350	68,107
Percentage of bills paid within target	97.8%	100.0%
<b>Non-NHS</b>		
Total bills paid	32,673	11,018
Total bills paid within target	32,666	11,005
Percentage of bills paid within target	100.0%	99.9%
<b>Total</b>		
Total bills paid	33,031	79,158
Total bills paid within target	33,016	79,112
Percentage of bills paid within target	100.0%	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
<b>Total</b>	<b>0</b>

**10. Property, plant and equipment**

Cost or valuation	Assets							Total £000	
	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000		Furniture fittings £000
<b>At 1 April 2008</b>	0	0	0	0	0	0	0	0	<b>0</b>
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
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>									
<b>At 1 April 2008</b>	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
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2009 comprises :</b>									
<b>Purchased</b>	0	0	0	0	0	0	0	0	0
<b>Donated</b>	0	0	0	0	0	0	0	0	0
<b>Government Granted</b>	0	0	0	0	0	0	0	0	0
<b>Asset financing :</b>									
<b>Owned</b>	0	0	0	0	0	0	0	0	0
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	0
<b>On-balance sheet PFI contracts</b>	0	0	0	0	0	0	0	0	0
<b>PFI residual interests</b>	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	Assets								Total £000
	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture fittings £000	
<b>At 1 April 2009</b>	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
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>									
<b>At 1 April 2009</b>	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
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 1 April 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 30 September 2009 comprises :</b>									
<b>Purchased</b>	0	0	0	0	0	0	0	0	0
<b>Donated</b>	0	0	0	0	0	0	0	0	0
<b>Government Granted</b>	0	0	0	0	0	0	0	0	0
<b>Asset financing :</b>									
<b>Owned</b>	0	0	0	0	0	0	0	0	0
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	0
<b>On-balance sheet PFI contracts</b>	0	0	0	0	0	0	0	0	0
<b>PFI residual interests</b>	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:**

Bridgend Local Health Board did not hold property, plant and equipment assets up to and including 30th September 2009 and so there are no supplementary disclosures within the accounts.

**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
<b>Cost or Valuation :</b>						
<b>At 1 April 2008</b>	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
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>						
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
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>at 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 31 March 2009</b>						
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
<b>Cost or Valuation :</b>						
<b>At 1 April 2009</b>	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
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>						
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
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>at 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 30 September 2009</b>						
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Impairments charged in the year to the revaluation reserve**

Charged to revaluation reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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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	2008-09
	2009 £000	£000
Property, plant and equipment	0	0
Intangible assets	0	0
	<u>0</u>	<u>0</u>

**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
<b>Other Financial assets</b>						
Finance lease receivables	0	0	0	0	0	0
Financial assets carried at fair value through profit and loss	0	0	0	0	0	0
Held to maturity investments carried at amortised cost	0	0	0	0	0	0
Available for sale financial assets carried at fair value	0	0	0	0	0	0
Loans carried at amortised cost	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Other Financial liabilities**

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

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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**16. Inventories****16.1 Inventories**

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

**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
<b>Total</b>	<b>0</b>	<b>0</b>

<b>17. Trade and other receivables</b>	<b>30 September 2009</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	110	85	4
Welsh Health Boards	22	28	26
Welsh NHS Trusts	137	183	132
Other NHS Trusts	0	0	2
Other NHS	1	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments:	0	0	0
Other debtors	367	425	804
Provision for irrecoverable debts	(1)	(1)	(2)
Capital debtors	0	0	0
Other prepayments and accrued income	151	23	18
<b>Sub-total</b>	<b>787</b>	<b>743</b>	<b>984</b>
<b>Amounts falling due after more than one year:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Sub total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Trade and other Receivables</b>	<b>787</b>	<b>743</b>	<b>984</b>

**Explanatory Notes - Trade & Other Receivables**

Note 1:

No interest is charged on trade receivables.

Note 2:

All NHS Debtors are agreed as part of the intra NHS exercise. For Non NHS Debtors any issues raised by either party have been addressed under the review of bad debt provision disclosed under note 17.1.

**17.1 Provision for the impairment of receivables**

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

**Explanatory Note - Impairment**

Each debt is reviewed periodically and action taken where required to recover the money i.e. refer to CCI. Where CCI are unable to recover funds each situation is reviewed to assess whether court action should be taken. Where it is deemed inappropriate to refer the matter to court a detailed paper is taken to the LHB Audit Committee to state the position and request the debt is written off. At the end of each financial year each debt on the system is reviewed to assess age, action already taken and likelihood of debt being paid.

Whilst bad debts were referred to the Audit Committee for formal write off the total value of these was less than £200 for the six month period to 30th September 2009. Therefore for the period from 1st April 2009 to 30th September no amount has been recorded above as written off during the year.



## 18. Cash and cash equivalents

	<b>30 September</b>	<b>31 March</b>
	<b>2009</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Opening balance	<b>41</b>	<b>498</b>
Net change in cash and cash equivalent balances	<b>46</b>	<b>-457</b>
Closing balance	<b>87</b>	<b>41</b>
Commercial banks and cash in hand	<b>0</b>	<b>0</b>
Held at Paymaster General	<b>87</b>	<b>41</b>

**19. Trade and other payables**

	<b>30 September 2009 £000</b>	<b>31 March 2009 £000</b>
Welsh Assembly Government	0	19
Welsh Health Boards	44	197
Welsh NHS Trusts	1,170	1,347
Other NHS	288	630
Income tax and social security	47	43
Non-NHS creditors	10,081	11,469
Capital Creditors	0	0
Overdraft	0	0
Obligations under finance leases and HP contracts	0	0
Pensions: staff	181	27
Accruals	0	555
Deferred Income	0	0
Other creditors	0	0
	<hr/>	<hr/>
<b>Sub Total</b>	<b>11,811</b>	<b>14,287</b>

**Amounts falling due after more than one year:**

	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Income tax and social security	0	0
Non-NHS creditors	0	0
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases and HP contracts	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income	0	0
Other creditors	0	0
	<hr/>	<hr/>
<b>Sub Total</b>	<b>0</b>	<b>0</b>

## 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
<b>Current</b>								
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	744			942	(62)	(196)		1,428
<b>Total</b>	<b>744</b>	<b>0</b>	<b>0</b>	<b>942</b>	<b>(62)</b>	<b>(196)</b>	<b>0</b>	<b>1,428</b>

**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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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	744			942	(62)	(196)		1,428
<b>Total</b>	<b>744</b>	<b>0</b>	<b>0</b>	<b>942</b>	<b>(62)</b>	<b>(196)</b>	<b>0</b>	<b>1,428</b>

**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	£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	1,428	0	0	0	0	0	1,428
<b>Total</b>	<b>1,428</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,428</b>

**Explanatory Notes Provisions 2008/09****The provisions are in respect of three areas:****1. Continuing NHS Healthcare**

These are claims made retrospectively in respect of Continuing NHS Healthcare status and will be subject to an independent review panel assessment process.

The timing of any resulting transfers of economic benefit will be dependent on the establishment of independent review panels.

**2. Agenda for Change**

Under the new terms of conditions for NHS Staff, effective from October 2004, all job descriptions have been reviewed and allocated an appropriate banding, which will prescribe the pay scale for staff. As these changes are effective from October 2004 the LHB is liable for any resulting pay arrears.

In 2008/09 the LHB utilised £0.022m of the provision as staff were assimilated and notified of their banding outcomes. However there still remains a small number of staff within the LHB for whom their banding has yet to be finalised or any pay arrears made. However it is anticipated that a significant number of these outstanding issues will be resolved within the 2009/10 Financial Year.

**3. Second Offer Costs**

The Welsh Assembly Government targets at 31st March 2009 were 10 weeks for out patient and 14 weeks for daycases and in patient as per WHC (2007) 086. In March 2009 the LHB identified a number of patients who were may breach these targets and would then be subject to treatment under the Second Offer Scheme. Based on the number of patients identified by daycase/in patient, out patient and speciality a provision was included within the Annual Accounts. However the timing of any funding transfer would be dependent on the take up of the scheme by patients and the actual cost per patient.

**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
<b>Current</b>								
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	1,428			371	(5)	(577)		1,217
<b>Total</b>	<b>1,428</b>	<b>0</b>	<b>0</b>	<b>371</b>	<b>(5)</b>	<b>(577)</b>	<b>0</b>	<b>1,217</b>

<b>Non Current</b>								
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>TOTAL</b>								
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	1,428			371	(5)	(577)		1,217
<b>Total</b>	<b>1,428</b>	<b>0</b>	<b>0</b>	<b>371</b>	<b>(5)</b>	<b>(577)</b>	<b>0</b>	<b>1,217</b>

**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	£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	1,217	0	0	0	0	0	1,217
<b>Total</b>	<b>1,217</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,217</b>

**Explanatory Notes - Provisions 2009/10**

The provisions are in respect of three areas:

**1. Continuing NHS Healthcare**

These are claims made respectively in respect of Continuing NHS Healthcare status and will be subject to an independent review panel assessment process.

— The timing of any resulting transfer of economic benefit will be dependent on the establishment of independent review panels. —

**2. Agenda for Change**

Under the new terms of condition for NHS Staff, effective from October 2004, all job descriptions have been reviewed and allocated an appropriate banding, which will prescribe the payscale for staff. As these changes are effective from October 2004 the LHB is liable for any resulting pay arrears.

In 2009/10 the LHB utilised £0.005m of the provision as staff were assimilated and notified of their banding outcomes. However there still remains a small number of staff within the LHB for whom their banding has yet to be finalised or any pay arrears made. However it is anticipated that following the restructuring of the AMBU Health community following the reorganisation of NHS Wales on 1st October that any outstanding issues will be resolved by 31st March 2010.

**21. Finance leases****21.1 Finance leases obligations (as lessee)**

Bridgend Local Health Board did not hold any finance leases up to and including 30th September 2009 and so the remainder of the notes covered by pages 37 - 38 show nil balances.

**Amounts payable under finance leases:**

<b>LAND</b>	<b>30 September 2009 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
<b>Minimum lease payments</b>			
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>
<b>Present value of minimum lease payments</b>			
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**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>			
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>
<b>Present value of minimum lease payments</b>			
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**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>			
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>
<b>Present value of minimum lease payments</b>			
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)**

Bridgend Local Health Board did not hold any finance leases up to and including 30th September 2009 and so the remainder of the note on page 39 shows a nil balance.

**Amounts receivable under finance leases:**

	<b>30 September 2009 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
<b>Gross investment in leases</b>			
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>
<b>Present value of minimum lease payments</b>			
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>

## 22. Financial risk management

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

### Currency risk

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

### Interest rate risk

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

### Credit risk

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

### Liquidity risk

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

## Maturity of financial liabilities

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



**23. Financial Instruments**

<b>Financial assets</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	269	0	0	269
Cash at bank and in hand	87	0	0	87
Other financial assets	518	0	0	518
<b>Total at 30 September 2009</b>	<b>874</b>	<b>0</b>	<b>0</b>	<b>874</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13,028	0	13,028
<b>Total at 30 September 2009</b>	<b>13,028</b>	<b>0</b>	<b>13,028</b>

<b>Financial assets</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	296	0	0	296
Cash at bank and in hand	41	0	0	41
Other financial assets	447	0	0	447
<b>Total at 31 March 2009</b>	<b>784</b>	<b>0</b>	<b>0</b>	<b>784</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	15,715	0	15,715
<b>Total at 31 March 2009</b>	<b>15,715</b>	<b>0</b>	<b>15,715</b>

	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	162	0	0	162
Cash at bank and in hand	498	0	0	498
Other financial assets	822	0	0	822
<b>Total at 1 April 2008</b>	<b>1,482</b>	<b>0</b>	<b>0</b>	<b>1,482</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13,544	0	13,544
<b>Total at 1 April 2008</b>	<b>13,544</b>	<b>0</b>	<b>13,544</b>

## 24. Contingencies

	<b>30 September 2009</b>
Contingent liabilities	<b>£000</b>
Continuing Healthcare Claims (see note 1 below)	<b>tbc</b>
	<b>0</b>
	<hr/>
	<b>0</b>
	<hr/>
Contingent assets	
(list)	<b>0</b>
	<b>0</b>
	<b>0</b>
	<hr/>
	<b>0</b>
	<hr/>

### Note 1: Continuing Healthcare Cost Uncertainties

Liabilities for continuing care costs continue to be a significant financial issue for the LHB. The December 2009 deadline for reclaiming pre-1/4/2003 care costs has resulted in a large increase in the number of claims registered, regarding both pre and post 1/4/2003 costs. Bridgend 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 £1.149m provision made for probable continuing care costs relating to 25 claims received;  
 Note 24 sets out the contingent liability for possible continuing care costs relating to 57 claims received;

Of the 57 under contingent liability in Note 24 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.

## **25. Third Party assets**

Third party assets are not applicable to the Mid Year Accounts of Bridgend Local Health Board.

## **26. Events after Reporting Period**

### Reconfiguration of the NHS in Wales:

In 2008 the Health and Social Services Minister in the Welsh Assembly gave approval for the merger of NHS Trusts and LHBs to create 6 new LHBs at 1st October 2009.

These six month financial statements from 1st April 2009 to 30th September 2009 are the final financial statements of Bridgend LHB. On 1st October 2009 Bridgend LHB merged with Neath Port Talbot LHB, Swansea LHB and Abertawe Bro Morgannwg NHS Trust to form Abertawe Bro Morgannwg University Local Health Board. All of the assets and liabilities of Bridgend LHB transferred to the new LHB at that date and all operations are continuing.

**27. Related Party Transactions****£000**

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

The Assembly is regarded as a related party. During the six month period Bridgend 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, Swansea, Powys Local Health Boards and NHS Trusts.

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 Bridgend County Borough Council in respect of Section 28A agreements, NHS Funded Nursing Care and other joint enterprises totalling £1.7m.

A number of Board Members were also associated with organisations that completed transactions with Bridgend Local Health Board in 2009-10. The organisations and payments made to those organisations by the LHB in the course of normal business are listed below. Also listed are the LHB Board Members who have an association with these organisations.

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

<b>Name</b>	<b>Name of Related Party</b>	<b>Role of LHB Member/ (Interest £*)</b>
Dr E Roberts	Neath Port Talbot LHB	Chair (£130,400)
Dr E Roberts	Abertawe Bro Morgannwg NHS Trust	Vice Chair - Designate (£61,586,065)
C Court	Care & Repair Bridgend	Board Member & Executive (£19,213)
C Court	Bridgend County Borough Council (Social S	Committee Member & Consultant (£1,747,349)
M Reeves	BAVO	Chair (£7,408)
M Reeves	Bridgend County Borough Council	Member (£1,747,349)
Cllr D Brett	Bridgend County Borough Council	Member (£1,747,349)
W Griffiths	Abertawe Bro Morgannwg NHS Trust	Chair (£61,586,065)
L Harper	Bridgend County Borough Council	Head of Safeguarding & Family Support (£,1747,349)
A Harris	Bridgend County Borough Council	Associate Director of Social Services (£1,747,349)
Cllr M Butcher	Bridgend County Borough Council	Member (£1,747,349)
Dr A Goodall	Neath Port Talbot LHB	Chief Executive (£130,400)
Dr A Goodall	Swansea LHB	Chief Executive (£42,570)
Dr E Coyle	Velindre NHS Trust	Employee (£1,727,527)
Dr N Williams	Velindre NHS Trust	Employee (£1,727,527)

\* The figures displayed under interest (£) represent the value of all transactions between the stated organisation and Bridgend Local Health Board during the six months to 30th September 2009.

**27. Related Party Transactions Continued**

In addition the following Board Members received remuneration from Business entities as partners/owners that had direct transactions with Bridgend Local Health Board:-

Dr J Anthony - General Practitioner - Paid under standard terms and conditions of the General Medical Services Contract

Mr D Woolf - Optometrist - Paid under standard terms and conditions of the General Ophthalmic Services Contract

Dr R Paul - Dentist - Paid under standard terms and conditions of the General Dental Services Contract

MI Goodfellow - Paid sessional rates by Pharmacists receiving standard remuneration under the Pharmaceutical Services Contract

The Welsh Assembly Government has not notified the LHB of any related parties relating to Ministers in 2009/10.

**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
<b>To 30 September 2009</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	105	0	0	0
Welsh Local Health Boards	22	0	44	0
Welsh NHS Trusts	137	0	1,170	0
Health Commission Wales	5	0	0	0
All English Health Bodies	1	0	288	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
<b>Sub-total</b>	<b>270</b>	<b>0</b>	<b>1,502</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	181	0
HMRC	2	0	47	0
Local Authorities	108	0	302	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	407	0	9,779	0
<b>TOTAL</b>	<b>787</b>	<b>0</b>	<b>11,811</b>	<b>0</b>
<b>2008-09</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	85	0	18	0
Welsh Local Health Boards	28	0	197	0
Welsh NHS Trusts	183	0	1,347	0
Health Commission Wales	0	0	0	0
All English Health Bodies	0	0	630	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	377	0	11,581	0
Credit note provision	0	0	0	0
<b>Sub-total</b>	<b>673</b>	<b>0</b>	<b>13,773</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	27	0
HMRC	8	0	43	0
Local Authorities	62	0	444	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	0	0	0	0
<b>TOTAL</b>	<b>743</b>	<b>0</b>	<b>14,287</b>	<b>0</b>



### 30. Pooled budgets

Bridgend Local Health Board participates in one formal pooled budget arrangement in 2009/10 as detail below:

<b>Section 33 Partnership: Morgannwg Integrated Community Equipment</b>
---

#### **1. Statutory Partners:**

- Bridgend County Borough Council
- Bridgend Local Health Board

#### **2. Aims of the Partnership:**

- To provide intergrated community equipment service that meets the defining criteria and good practice within the guidance provided by the Wlesh 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 adaptions within a seven day target.
- To support intermediate care, palliative care and hospital discharge initaitives and to build on and consolidate existing joint arrangements
- To develop more accessible services, with consistent eligibility criteria, which will improve co-ordination between partner agencies and service users.
- To maintain recycling, cleaning and maintenance of equipment, and to meet national standards.
- To provide an assessment, demonstration display and learning facility for service users and practitioners from health education and social services.

#### **3. Pooled Budget Memorandum Account for 2009/10**

IFRS Manual for Accounts for the period to 30th September 2009 issued by the Welsh Assembly Government states that full details on the Pooled Budget are not required in the six month accounts to 30th September, however full details will be included in the accounts of Abertawe Bro Morgannwg University Health Board for the period to 31st March 2010.



**31. First time adoption**

	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>	<b>Donated Asset Reserve £000</b>	<b>Government Grant Reserve £000</b>	<b>Total Reserves £000</b>
Taxpayers' equity at 31 March 2009 under UKGAAP	-14,931	0	0	0	-14,931
Adjustment to remove negative balances on revaluation reserves	0	0	0	0	0
<b>Adjusted Taxpayers' equity at 31 March 2009</b>	<b>-14,931</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,931</b>
<b>Adjustments for IFRS changes</b>					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
<b>Taxpayers' equity at 1 April 2009 under IFRS</b>	<b>-14,931</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,931</b>
Net operating costs for 2008-09 under UKGAAP	204,329	0	0	0	204,329
Adjustments for IFRS changes :					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
<b>Net operating costs for 2008-09 under IFRS</b>	<b>204,329</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>204,329</b>

In addition to the cash balances reported under UKGAAP at 31st March 2009, the LHB held cash equivalents of £ NIL. These were reported under UKGAAP as investments.

## 32. Cashflow Notes

### 32.1 Movements in working capital

	6 months to 30 September 2009	12 months 2008-09
	£000	£000
(Increase) / decrease in receivables	-44	241
(Increase) / decrease in inventories	0	0
(Increase)/decrease in payables	-2,476	1,487
<b>Subtotal</b>	<b>-2,520</b>	<b>1,728</b>
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
<b>Subtotal</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>-2,520</b>	<b>1,728</b>

### 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	-238	-474
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	371	942
Provisions - Reversed unused	-5	-62
Provisions - unwinding of discount	0	0
<b>Total</b>	<b>128</b>	<b>406</b>

### 32.3 Analysis of changes in net debt

	As at 1 April 2009	Cash flows	As at 30 September 2009
	£000	£000	£000
OPG cash at bank	41	46	87
Commercial cash at bank and in hand	0	0	0
Bank overdraft	0	0	0
<b>Total</b>	<b>41</b>	<b>46</b>	<b>87</b>

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

Name and title	To 30 September 2009 Salary (bands of £5,000) £'000	To 30 September 2009 Other (bands of £5,000) £'000	To 30 September 2009 Benefits in kind (to nearest £100) £'000	2008-09 Salary (bands of £5,000) £'000	2008-09 Other (bands of £5,000) £'000	2008-09 Benefits in kind (to nearest £100) £'000
<b>Executive directors</b>						
Dr A Goodall - Chief Executive (Also Chief Executive of Neath Port Talbot & Swansea April - 12th June 2009)	10-15	0	0	50-55	0	26#
M Bunce - Acting Chief Executive from 12th June 2009	20-25	0	0	-	-	-
M Bunce - Director of Finance & Commissioning April - 12th June 2009	15-20	0	0	65-70	0	5##
S Moss- Acting Director of Finance & Commissioning from 12th June 2009	15-20	0	0	-	-	-
Dr B Kirsop - Medical Director (4 days per week left 18th Sept 2008)	-	-	-	30-35	0	0
Dr J Harrison - Medical Director (Full Time split between Swansea, Neath & Bridgend LHBs - commenced 18th Sept 08)	15-20	0	1##	15-20	-	-
Dr S E Morgan - Director of Nursing & Modernisation	35-40	0	3##	60-65	0	2##
Dr E Coyle - Local Public Health Director * (Left 15th May 2009)	0	0	0	0	0	0
Dr N Williams - Local Public Health Director * (Started 15th May 2009)	0	0	0	0	0	0
<b>Associate Directors</b>						
R Fletcher - Associate Director of Health Improvement & Performance	40-45	0	5##	50-55	0	8##
<b>Non officer members</b>						
Dr E Roberts Chairman	10-15	0	0	20-25	0	0
Mr CA Janczewski - Community	0-5	0	0	5-10	0	0
Dr RL Paul - Dental	0-5	0	0	5-10	0	0
Dr G Tinkler - GP**	-	-	-	0-5	0-5	0
Dr JR Anthony - GP	0-5	0-5	0	5-10	0-5	0
Mr DL Woolf - Optometrist	0-5	0-5	0	5-10	0-5	0
Ms C Court - Therapist	0-5	0	0	5-10	0	0
Helen Hawes - Nursing	0-5	0	0	5-10	0	0
Cllr D Brett - Community Health Council	n/a	0	0	n/a	0	0
Dr C Jones - NHS Trust Clinician	n/a	0	0	n/a	0	0
Mrs M Ing - Voluntary Sector	0-5	0	0	5-10	0	0
Mr M Reeves - Lay Member	0-5	0	0	5-10	0	0
Mr J Hancock - Trade Union	-	-	-	0	0	0
Mrs M I Goodfellow	0-5	0	0	5-10	0	0
Ms S Cooper	-	-	-	0	0	0
Rev R H Spencer	0-5	0	0	5-10	0	0
Ms A Harris - Local Authority Member	n/a	0	0	n/a	0	0
Mr W Griffiths - Trust/LHB Partnership	n/a	0	0	n/a	0	0
Mr G Howells - Trade Union	n/a	0	0	n/a	0	0
Ms L Harper	n/a	0	0	n/a	0	0
Cllr R Jenkins - Local Authority Member	n/a	0	0	n/a	0	0
Cllr M Butcher - Local Authority Member	n/a	0	0	n/a	0	0

## NOTES:

# Benefits in kind disclosed above relates to the lease car

## Benefits in kind disclosed above relates to travelling expenses reimbursed that are subject to taxation.

\* The Director of Public Health is employed by the National Public Health Service. As such remuneration in respect of the postholder is not the responsibility of the Local Health Board and no remuneration details are disclosed.

\*\*Dr G Tinkler resigned from the Board on 30/09/08.

'-' denotes that the individual was not a board member within the financial year

**33. Remuneration Report****33.2 Pension benefits**

Name and title	Real increase in pension at age 60 (bands of £2,500) £'000	Lump sum at age 60 related to real increase in pension £'000	Total accrued pension at age 60 at 30 September 2009 (bands of £2,500) £'000	Lump sum at age 60 related to accrued pension at 30 September £'000	Cash Equivalent Transfer Value at 30 September 2009 £'000	Cash Equivalent Transfer Value at 31 March 2009 £'000	Real increase on cash equivalent transfer value £'000	Employers contribution to stakeholder pension £'000
<b>Executive directors</b>								
Dr A Goodall - Chief Executive (Also Chief Executive of Neath Port Talbot & from 01/01/09 Swansea LHB) - commenced 1st August 2006 and left 12th June 2009 **	0 - 2.5	5	15 - 17.5	46	221	184	34	24
M Bunce - Director of Finance & Commissioning (Full time) & Acting Chief Executive from 12th June 2009 - 30th September 2009	0 - 2.5	4	12.5 - 15	41	195	170	23	16
S Moss - Acting Director of Finance (Full time) from 12th June 2009 - 30th September 2009 *	0 - 2.5	4	5 - 7.5	21	88	66	21	15
Dr J Harrison - Medical Director (Full Time split between Swansea, Neath & Bridgend LHBs) ***	0 - 2.5	4	22.5 - 25	71	519	455	58	41
Dr S E Morgan - Director of Nursing & Modernisation	0 - 2.5	7	20 - 22.5	60	384	321	59	41
Dr E Coyle - Local Public Health Director ****	-	-	-	-	-	-	-	-
Dr N Williams - Local Public Health Director ****	-	-	-	-	-	-	-	-
<b>Associate Directors</b>								
R Fletcher - Associate Director of Health	0 - 2.5	5	17.5 - 20	54	306	261	42	29

\* The pension benefits disclosed for each individual relate to the whole six month period and are not disclosed exclusively in relation to the period for which the employee served as a board member.

\*\*Dr Andrew Goodall was appointed as Chief Executive of Bridgend Local Health Board in August 2006. The postholder is also Chief Executive for Neath Port Talbot Local Health Board and Swansea Local Health Board. The pension details disclosed are in respect of the postholders total remuneration for the period in post in respect of all Chief Executive positions.

\*\*\* Dr Jane Harrison is also the Medical Director for Neath Port Talbot LHB and Swansea LHB. The pension details disclosed are in respect of the postholders total remuneration for the whole year in respect of all the Medical Director positions.

\*\*\*\* Dr E Coyle & Dr N Williams are included on the National Public Health Service payroll. Consequently pensions information is not available to the Local Health Board to disclose.

### **34. Operating segments**

We have determined that there is only one operating segment within the organisational structure and therefore the disclosure of operating segments is not relevant.

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

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

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

Date.....2010 ..... Chief Executive

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

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

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

There is a comprehensive reporting and accountability system throughout the management structure via Executive Directors, led by the Chief Executive and reporting to the Board. External and Internal Auditors as well as formal Committees, such as Audit (supported by the Risk Management Group), Clinical Governance (supported by the Clinical Risk Management Group), and Remuneration, provide checks and balances. A Board approved Risk Management Strategy and directorate Risk Registers are in place for the six month period to 30th September 2009; in addition regular reports on risks are presented to the Board throughout the period.

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 considered by the LHB Executive Team and submitted regularly to the LHB Board and Regional Office. The Welsh Risk Pool (WRP) Standards have in previous years provided a key framework upon which the LHB based its risk management process. Since 2007 -08 the WRP Standards were replaced by the more wide ranging Healthcare Standards (HCS). A HCS Improvement Plan is produced post HCS assessment which is monitored by the LHB with overall review by the Board. The plan is also reviewed externally by WAG.

The LHB is also supported in its control processes by numerous partnership organisations, via Non Officer participation at the Board e.g. Local Authority representation, NHS Trust representation, Voluntary Sector etc. There are also many joint meetings at all levels with partner/stakeholder organisations creating an open environment for discussion and control. Examples of partner review groups include the Joint Executive Team (JET), Bridgend Partnership Board and Local Service Board (LSB) which contain representatives from the LHB, Trust, Bridgend County Borough Council and the Voluntary Sector and in the case of the LSB there is WAG, South Wales Police, Environment Agency and Private Sector representation.

### **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 to 30th September 2009 and up to the date of the approval of the accounts to September 2009 and accords with WAG guidance.



### 3 Capacity to Handle Risk

Responsibility for the risk management process rests with the Chief Executive but is delegated to the Director of Finance & Commissioning who provides the overall direction ensuring risk management is embedded in the LHB culture, operations and processes.

The LHB's Board plays a lead role within the LHB's risk management system. The Board reviews and monitors the whole process and decides upon the degree of risk acceptable in any key area of the LHBs work. The LHB Board recognises that it is not possible to eliminate all risks but has sought to create a culture that both identifies risks and quantifies the potential impact upon the organisation. Executives, Non Officer Members, staff from all levels within the LHB, primary care contractors and representatives from partner organisations are all actively encouraged to identify risks and report near miss incidents in a "no blame" environment as clearly outlined within the Risk Management Strategy. The LHB encourages a culture of learning from its mistakes, the aim of which is to ensure that they are avoided in future. This Strategy is subject to regular review by the Audit Committee with amendments recommended to the Board for approval.

Annual risk management training and awareness is provided to staff and new employees as part of their induction. The LHB staff, primary care staff and contractors have received a number of training sessions during the year on various aspects of risk management. During the six month period to 30th September 2009 LHB staff were encouraged to identify all risks directly linked to their own work environment, both physical and system risks as well as risks around the services the LHB commissions or the providers of those services. Each year all staff are reminded of the existence of the Risk Management Strategy and where to access a copy. The Strategy includes a procedure and toolkit to explain how to record, assess and score risks. Where appropriate, training has been provided by experts in particular fields, such as the Local Counter Fraud Specialist, Clinical Governance Facilitator and Fire Safety Officer. The use, on an annual basis, of national web based training support for high-risk issues such as Fire training and Manual Handling training is mandatory for all employees and extends into other aspects of risk management and control. The Annual risk management report presented to the public Board identifies the risk management training and awareness sessions received by staff, Board members and primary care contractors.

Regular dialogue with partner organisations and other stakeholders such as the public (via direct contact and the public involvement group), Community Health Council etc, at all levels helps to further assist the identification and scale of risk that exists in the services the LHB commissions and common areas of work. Directors participate in both regional-based and national based professional networks where risks are shared and common solutions sought.

The LHB regularly reports on identified risks and progress against mitigating or removing those risks to the Audit, Risk Management and Clinical Risk Management Committees and also to the Board.

### 4 The Risk and Control Framework

#### 4.1 LHB Risk & Control Framework:

The Risk Management Strategy includes the following: -

- The purpose, aims and objectives for Risk Management within the organisation.
- Details of the interactive roles of individual officers, Board approved committees, staff and the Board itself.
- Description of methods for capturing and evaluating risks as well as their management where appropriate.
- Definition of risk management, risk and the purpose of the Risk Register etc.

Risks are captured on an ongoing basis from a variety of sources. For example, LHB staff, primary care contractors, Hospital Trust Staff, other LHBs, Local Authorities, Voluntary Sector, Independent Sector etc. The risks may be captured through individual entry onto the Risk Register, from staff questionnaires, Directorate meeting discussions, meetings with partner organisations, on exchange of information between organisations.

The Risk Register is a fundamental management tool of the LHB and it is reviewed regularly by the Board, Audit Committee, Risk Management and Clinical Risk Management Groups for progress against actions and implementation of control procedures aimed at mitigating or removing risk. It identifies the following:-

- Type of risk.
- Description of the risk.
- Adequacy of existing key controls and assurances.
- The likelihood of the risk taking place.
- The potential impact of the risk upon the organisation.
- Overall risk score.
- Action plans to reduce to an acceptable level or eliminate the risks, identifying officers responsible for implementation of plans and timescales.
- Revised risk score after implementation of action.
- Resources required to implement actions.

Whilst the Risk Register records the key risks and provides staff, managers and the Board with an "aide memoir" of all the identified risks and associated control systems, this is not the only source of information describing risk. The Board receives regular reports on all major risk areas, for example finance, performance against national and local targets, including those within the Annual Operating Framework, Protection of Vulnerable Adult cases, primary care performance reviews and probity panels etc. It is through debating specific high risk issues at the Public Board meetings that the Board will reach a conclusion on whether the actions being taken to remove or mitigate the risk are acceptable and what level of risk it will accept on any individual issue.

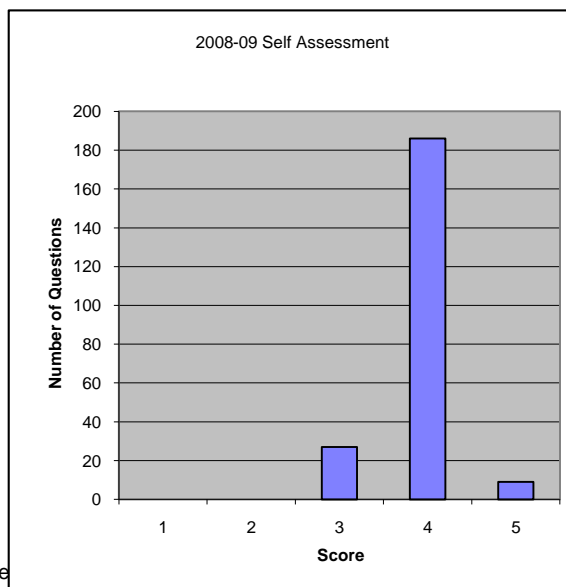
Where there are planned changes of commissioned services the LHB consults widely with partners, the general public and other stakeholder groups on the impact on risk and any movement of risk associated with the changes.

**4.2 HCS Self Assessment**

The Healthcare Standards for Wales now form a key component of risk management and control processes for healthcare organisations within Wales. Each financial 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 from 2007-08 onwards. In completing the self assessments the LHB has involved staff at all levels of the organisation, including senior managers and Executive Directors. In addition Board members have been involved in all parts of the process e.g. the Board approved the timetable, received regular updates, received provisional scores, delegated authority to certain Board members to validate the scores etc. In addition the Board received during the year the LHB's Healthcare Standards self assessment, the HIW report for 2008/09 and regular updates of the HIW action plan.

The detailed self assessment is only undertaken on an annual basis, with the next review due to be finalised in April 2010. For the purposes of the Statement of Internal Control for this six month period the information provided is that previously reported within the final **2008/09 Annual Accounts**.

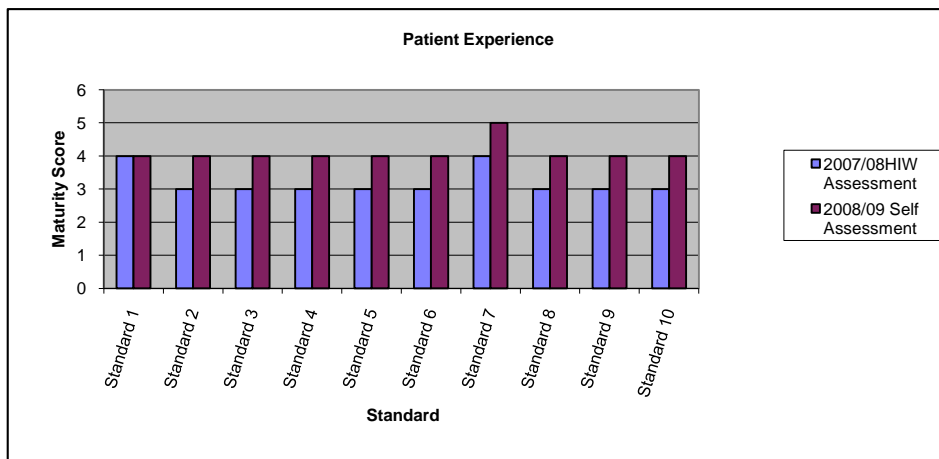
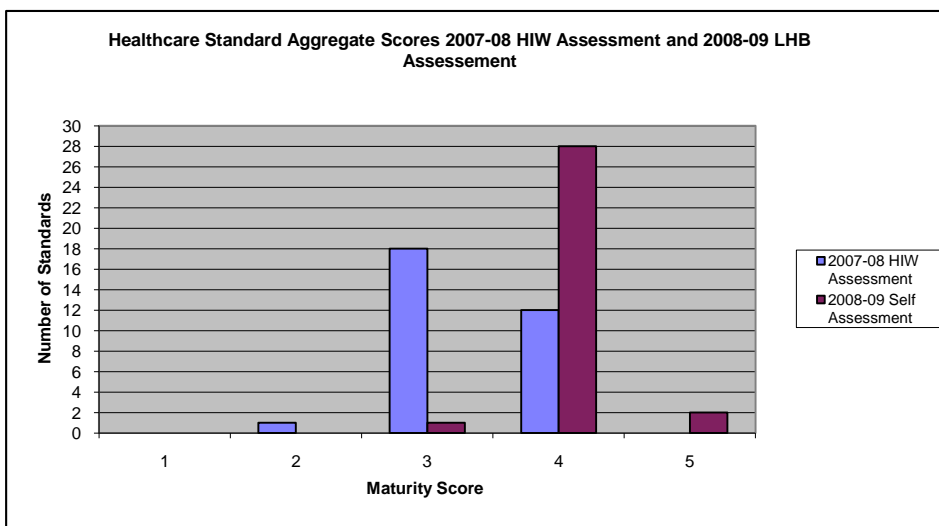
The self assessed maturity scores for all the individual Healthcare Standard questions are summarized in the graph below:



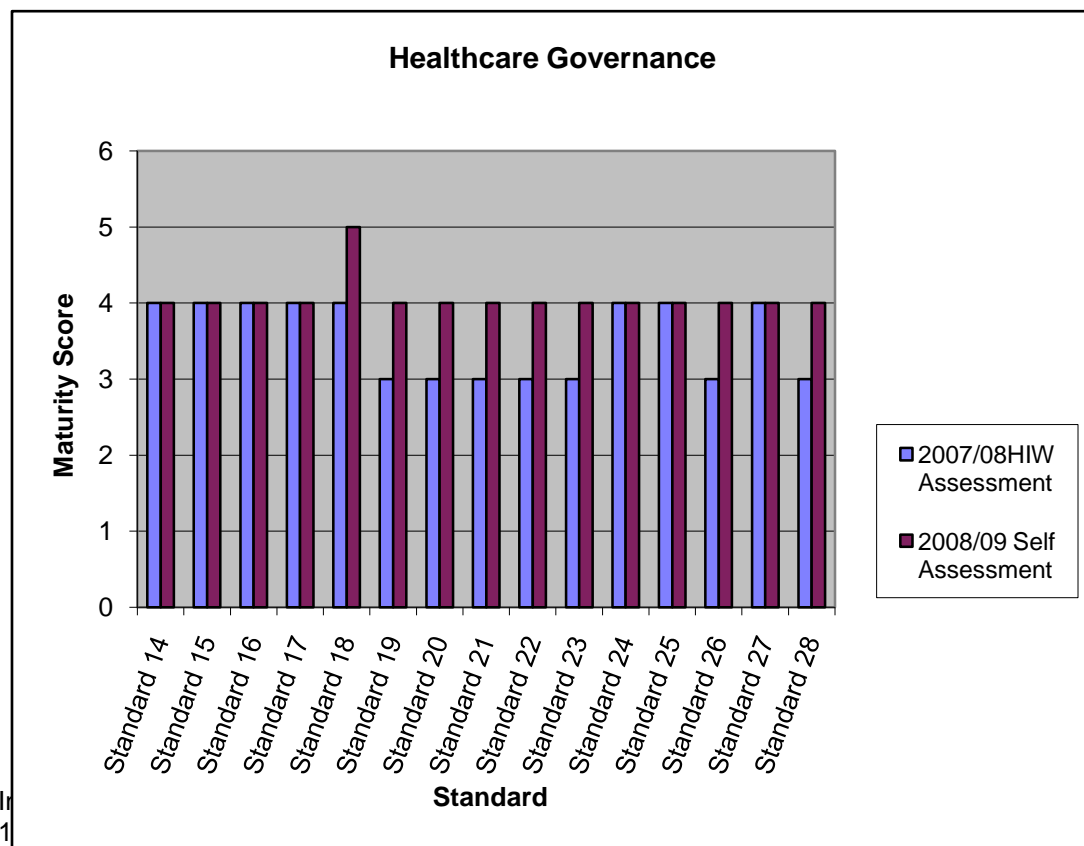
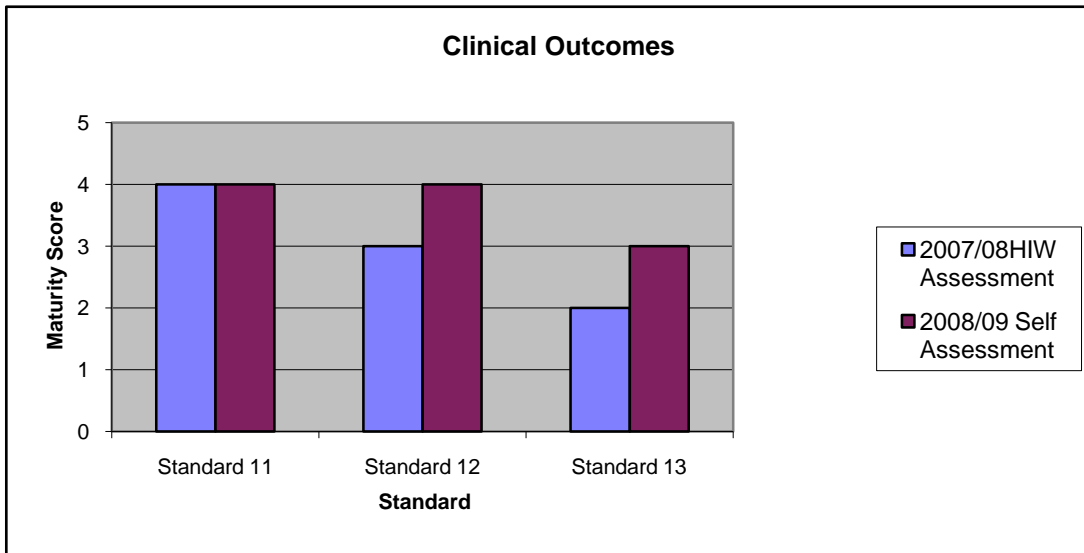
In the above graph the 1 = Aware , 2 = Responding , 3 = Developing, 4 = Practicing, 5 = Leading

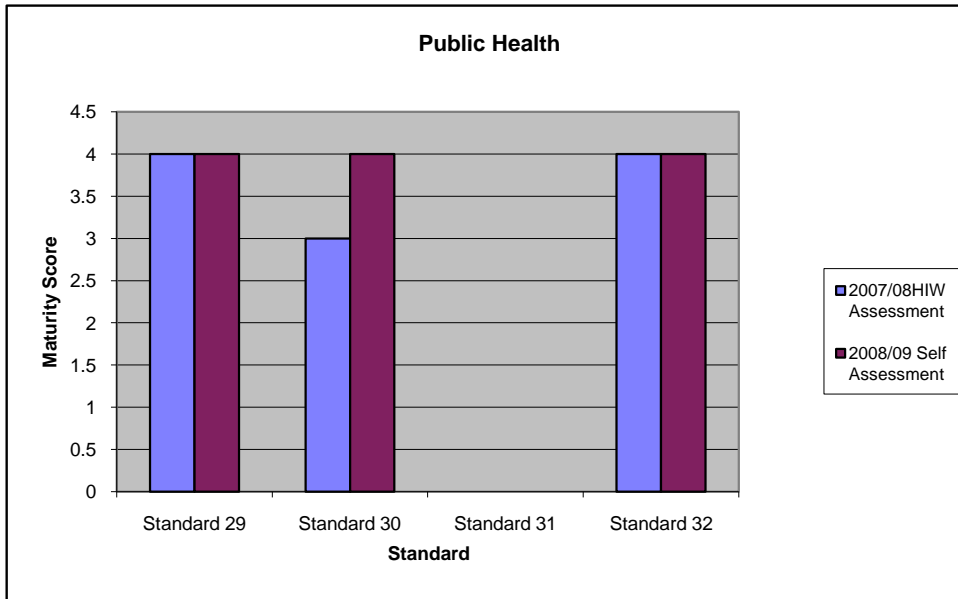
The above scores relate to individual questions whilst at a standard level (there are 32 standards) it can be seen from graphs below that the majority of scores are 4. There are 20 standards where progress has been made to allow an increase in the maturity matrix scoring and no standards where there has been a decrease in score. There is one standard (13) that has been scored as a 3 and previously had been scored "2" for the consecutive years. This standard relates to Research Governance and the increase in standard 13 is a result of the agreement of an interim research governance framework for Bridgend. Going forward, an all Wales process has been agreed which has been agreed by the Clinical Governance Committee.

Two standard have been self assessed as moving from 'practicing' to 'leading'. Standard 7 (Long Term Conditions) has increased as the work undertaken has not only involved partner agencies but also non health agencies and many of the approaches adopted have presented best practice in Wales. Work on standard 18 (Incident & Emergency Planning) has been developed jointly across three LHBS and encompassed the independent sector. The LHB also developed a mass vaccination framework, now available across South Wales, which has contributed in the score increasing to 'leading'.



In the above graph the individual question maturity scores are defined as follows:-  
 1 = Aware , 2 = Responding , 3 = Developing, 4 = Practicing, 5 = Leading





In the above graph the individual question maturity scores are defined as follows: -  
 1 = Aware , 2 = Responding , 3 = Developing, 4 = Practising, 5 = Leading

The LHB's self assessed maturity scores for the four core standards are: -

- Healthcare standard 14 - Practising (4) [Safety and health of patients, service users and staff]
- Healthcare standard 16 - Practising (4) [Patient safety, incident and hazard reporting and safety notices and alerts]
- Healthcare standard 27 - Practising (4) [Clinical and corporate governance, sound financial management, systematic risk assessment and risk management]
- Healthcare standard 28 - Practising (4) [Clinical Governance]

There were no individual questions with a maturity score of less than 3 – Developing, within these four key standards.

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

The LHB self assessments for the four core standards were reviewed by Internal Audit. The key comments contained within the Internal Audit report were as follows: -

"Internal Audit were satisfied that the Board has been appropriately informed and engaged via its sub committees."

"Audit are satisfied that sound processes are in place for monitoring of progress against the action plan"

"We are of the view that the LHB's maturity assessment for its core standards is broadly appropriate (Practising for 14, 16, 27 and 28) and conclude they are satisfied that the maturity levels declared are supported with appropriate response and evidence."

"In conclusion Internal Audit report a significant level of assurance regarding the population of the healthcare standards and its self assessment against the core standards."

#### *4.3 Healthcare Standards Improvement Plan*

The Healthcare Standard Improvement Plan has been completed and amalgamated to form the Abertawe Bro Morgannwg (ABMU) Community plan, which has been submitted to Regional Office within the timescales required. The Community Plan has been agreed by the Board and work has now commenced to allocate the actions to the relevant health bodies within the ABM community. Actions against the plan will be reported to Senior Management Team for Bridgend as well as the AMB Quality and Safety Committee.

#### *4.4 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 Bridgend LHB at all the groups, with actions and risks identified and controlled both within Bridgend LHB and in collaboration with the wider community.

### **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, Risk Management Working Group, Clinical Governance Committee and Clinical Risk Management Group and a plan to address weaknesses and so ensure a continuous process of systems improvement is in place.

The whole of the LHB i.e. Board Members, Associate Board Members, Executive Directors, Senior Managers and staff at all levels are actively encouraged to participate in the continuous improvement of the Risk and Control Framework System. Everyone is encouraged to participate in the process through the development of a “no blame” culture as described within the Risk Management Strategy, which increases the potential for risk elimination as it is designed to create a culture that encourages the identification and elimination of risks and errors rather than attaching blame for past mistakes.

The Board receives regular reports and position statements from the Audit and Clinical Governance Committees as well as reports produced directly by Executive Directors and Senior Managers which identify key operational risks. These reports are designed, not only to inform the Board of the LHB's level of strategic/corporate, financial and operational risks, but also to encourage full participation by the Board in debating the problem and solving of 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 Register, reports on achievement against Corporate Objectives etc.

The LHB also has control measures in place that aim to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. All papers to the Board contain an impact assessment that identifies the impact on Health Social Care & Wellbeing; Resources; Risk and Equality & Human Rights of the issues being discussed. This is complemented further by the LHB's Policy on Policies outlining the requirement for all LHB policies and procedures to include an impact assessment on Risk and Finance, Data Protection and Equality and Human Rights.

The Audit and Clinical Governance Committees, consisting of Non Officer Members, form a direct line of communication to the Board from the Internal and External Auditors and the Local Counter Fraud Specialist Team. The Board has therefore been able to reassure itself, that it can receive 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. This Committee reviews management responses to the reports and oversees the implementation of corrective action plans as part of a continuous improvement process. In addition, the LHB's Audit Committee receives assurance from the Business Service Centre (BSC) Internal Auditors via relevant reports to the Powys LHB Audit Committee.

It is recognised by the Board that any organisation will inevitably not achieve a perfect control system as both the external and internal environments will always change and so it must continue to seek improvements and enhance its systems over time. The LHB also recognises that its staff, managers and Board Members also require time to develop the appropriate skills and experience necessary for effective control. However, information contained within the various reports on both the LHB systems and the BSC systems by the various independent auditors, coupled with the maturity scores achieved in the Healthcare Standards, provides sufficient evidence to conclude that the LHB at least has its core controls in place and that the LHB has a firm foundation upon which it can develop further improvements.

The Head of Internal Audit's Opinion on the effectiveness of the system of Internal Control at Bridgend Local Health Board for the six month period to 30th September 2009, based upon the limited work undertaken during this period, stated a full assurance. The Head of Internal Audit statement also confirmed that any opinion can only give a reasonable and not absolute assurance regarding the achievement of an organisation's objectives.

The LHB is very dependent upon systems operated by the Business Support Centre and so it needs to include within this Statement on Control extracts from the Annual Audit Report on the BSC produced by its Internal Auditors. Their Auditors concluded that:

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

The LHB will continue to seek to take the following actions to secure ongoing improvement within the Bridgend locality: -

- Provide ongoing training for staff , Board Members and where appropriate primary care contractors
- Improve risk sharing links with other external bodies both within the NHS, Local Government and the Voluntary Sector.
- Develop further internal management performance measures for key areas of work.
- Complete the actions identified in the HCSIP.
- Implement any outstanding actions arising from Internal Audit and External Audit .
- Implement outstanding recommendations from the Health Inspectorate Wales 2008/09 review.

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.

## 6 Significant Internal Control Problems

It is the view of the Accountable Officer that there were no significant internal control problems identified within the period to 30th September 2009.

Signed:..... Date: .....2009  
Chief Executive  
(on behalf of the 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 Bridgend 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 Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

### **Emphasis of matter**

In forming my opinion, I have considered the disclosure made in note 24 concerning the additional liabilities that may arise from continuing healthcare claims. Whilst the Local Health Board has provided me with sufficient, appropriate evidence to enable me to satisfy myself as to whether IAS37 Provisions, Contingent Liabilities and Contingent Assets would require recognition of a provision, I consider that the uncertainties relating to these amounts are significant and that once additional assessments of these claims have been undertaken they may result in significant additional costs to the Local Health Board.

My opinion is not qualified in this respect.

### **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 Bridgend Local Health Board'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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