

CWM TAF UNIVERSITY LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

The Local Health Board was established on 1 October 2009 following the merger of Cwm Taf NHS Trust, Rhondda Cynon Taf Local Health Board and Merthyr Tydfil Local Health Board.

The Welsh Health Specialised Services Committee(WHSSC) was established on 1 April 2010, responsible for the joint planning of specialised and tertiary services on behalf of Local Health Boards in Wales. The Committee is hosted by Cwm Taf University Local Health Board.

The Emergency Ambulance Services Committee was established on 1st April 2014, responsible for planning and securing the provision of emergency ambulance services. The Committee is hosted by Cwm Taf University Local Health Board.

Performance Management and Financial Results

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

Under the National Health Services Finance (Wales) Act 2014 the annual requirement to achieve balance against Resource Limits has been replaced with a duty to ensure, in a rolling 3 year period, that its aggregate expenditure does not exceed its aggregate approved limits.

The Act came into effect from 1 April 2014 and under the Act the first assessment of the 3 year rolling financial duty will take place at the end of 2016-17.

**Statement of Comprehensive Net Expenditure
for the year ended 31 March 2016**

	Note	2015-16 £'000	2015-16 £'000	2014-15 £'000	2014-15 £'000
		Cwm Taf		Cwm Taf	
		HB activities		HB activities	
Expenditure on Primary Healthcare Services	3.1	140,777	140,777	137,847	137,847
Expenditure on healthcare from other providers	3.2	140,060	718,345	136,533	691,592
Expenditure on Hospital and Community Health Services	3.3	392,669	396,759	377,116	381,002
		673,506	1,255,881	651,496	1,210,441
Less: Miscellaneous Income	4	79,386	661,761	72,996	631,941
LHB net operating costs before interest and other gains and losses		594,120	594,120	578,500	578,500
Investment Income	8	0	0	0	0
Other (Gains) / Losses	9	0	0	2	2
Finance costs	10	131	131	153	153
Net operating costs for the financial year		594,251	594,251	578,655	578,655

See note 2 on page 20 for in-year details of performance against Revenue and Capital allocations.

The notes on pages 8 to 62 form part of these accounts

Other Comprehensive Net Expenditure

	2015-16	2014-15
	£'000	£'000
Net gain / (loss) on revaluation of property, plant and equipment	9,563	6,243
Net gain / (loss) on revaluation of intangibles	3	0
Net gain / (loss) on revaluation of available for sale financial assets	0	29
(Gain) / loss on other reserves	0	0
Impairment and reversals	0	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0
Other comprehensive net expenditure for the year	9,566	6,272
Total comprehensive net expenditure for the year	584,685	572,383

Statement of Financial Position as at 31 March 2016

	Notes	31 March	31 March	Restated	
		2016	2016	31 March	31 March
		£'000	£'000	2015	2015
		Cwm Taf	Total	Cwm Taf	Total
		HB activities		HB activities	
Non-current assets					
Property, plant and equipment	11	326,271	326,271	317,051	317,051
Intangible assets	12	1,855	1,855	1,967	1,967
Trade and other receivables	15	953	953	8,245	8,245
Other financial assets	22	0	0	0	0
Total non-current assets		329,079	329,079	327,263	327,263
Current assets					
Inventories	14	3,909	3,909	4,089	4,089
Trade and other receivables	15	69,252	83,647	48,417	60,410
Other financial assets	22	0	0	0	0
Cash and cash equivalents	21	261	1,162	309	1,110
		73,422	88,718	52,815	65,609
Non-current assets classified as "Held for Sale"	11	65	65	0	0
Total current assets		73,487	88,783	52,815	65,609
Total assets		402,566	417,862	380,078	392,872
Current liabilities					
Trade and other payables	16	77,071	104,209	59,632	84,268
Other financial liabilities	23	0	0	0	0
Provisions	17	54,820	54,820	36,916	36,916
Total current liabilities		131,891	159,029	96,548	121,184
Net current assets/ (liabilities)		(58,404)	(70,246)	(43,733)	(55,575)
Non-current liabilities					
Trade and other payables	16	1,963	1,963	2,119	2,119
Other financial liabilities	23	0	0	0	0
Provisions	17	7,235	7,235	14,900	14,900
Total non-current liabilities		9,198	9,198	17,019	17,019
Total assets employed		261,477	249,635	266,511	254,669
Financed by :					
Taxpayers' equity					
General Fund		242,079	230,237	256,527	244,685
Revaluation reserve		19,398	19,398	9,984	9,984
Total taxpayers' equity		261,477	249,635	266,511	254,669

The financial statements on pages 2 to 7 were approved by the Board on 1st June 2016 and signed on its behalf by:

Chief Executive : Mrs. A Williams

Date: 1st June 2016

The notes on pages 8 to 62 form part of these accounts

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2016

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2015-16			
Balance at 1 April 2015	244,685	9,984	254,669
Net operating cost for the year	(594,251)		(594,251)
Net gain/(loss) on revaluation of property, plant and equipment	0	9,563	9,563
Net gain/(loss) on revaluation of intangible assets	0	3	3
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Movements in other reserves	0	0	0
Transfers between reserves	152	(152)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2015-16	(594,099)	9,414	(584,685)
Net Welsh Government funding	579,651		579,651
Balance at 31 March 2016	230,237	19,398	249,635

The notes on pages 8 to 62 form part of these accounts

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2015

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2014-15			
Balance at 1 April 2014	224,344	14,974	239,318
Net operating cost for the year	(578,655)	-	(578,655)
Net gain/(loss) on revaluation of property, plant and equipment	0	6,243	6,243
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	29	29
Impairments and reversals	0	0	0
Movements in other reserves	0	0	0
Transfers between reserves	11,262	(11,262)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2014-15	(567,393)	(4,990)	(572,383)
Net Welsh Government funding	587,734	-	587,734
Balance at 31 March 2015	244,685	9,984	254,669

The notes on pages 8 to 62 form part of these accounts

Statement of Cash flows for year ended 31 March 2016

		2015-16	2015-16	2014-15	2014-15
		£'000	£'000	£'000	£'000
	notes	Cwm Taf	Total	Cwm Taf	Total
Cash Flows from operating activities					
Net operating cost for the financial year		(594,251)	(594,251)	(578,655)	(578,655)
Movements in Working Capital	30	3,779	3,879	(4,072)	(3,434)
Other cash flow adjustments	31	27,901	27,901	30,022	30,022
Provisions utilised	17	(8,156)	(8,156)	(13,540)	(13,540)
Net cash outflow from operating activities		(570,727)	(570,627)	(566,245)	(565,607)
Cash Flows from investing activities					
Purchase of property, plant and equipment		(8,759)	(8,759)	(20,987)	(20,987)
Proceeds from disposal of property, plant and equipment		103	103	1,250	1,250
Purchase of intangible assets		(165)	(165)	(1,419)	(1,419)
Proceeds from disposal of intangible assets		0	0	0	0
Payment for other financial assets		0	0	0	0
Proceeds from disposal of other financial assets		0	0	0	0
Payment for other assets		0	0	0	0
Proceeds from disposal of other assets		0	0	0	0
Net cash inflow/(outflow) from investing activities		(8,821)	(8,821)	(21,156)	(21,156)
Net cash inflow/(outflow) before financing		(579,548)	(579,448)	(587,401)	(586,763)
Cash flows from financing activities					
Welsh Government funding (including capital)		579,651	579,651	587,734	587,734
Capital receipts surrendered		0	0	0	0
Capital grants received		0	0	0	0
Capital element of payments in respect of finance leases and on-SoFP		(151)	(151)	(154)	(154)
Cash transferred (to)/ from other NHS bodies		0	0	0	0
Net financing		579,500	579,500	587,580	587,580
Net increase/(decrease) in cash and cash equivalents		(48)	52	179	817
Cash and cash equivalents (and bank overdrafts) at 1 April 2015		309	1,110	130	293
Cash and cash equivalents (and bank overdrafts) at 31 March 2016		261	1,162	309	1,110

The notes on pages 8 to 62 form part of these accounts

Notes to the Accounts

1. Accounting policies

The accounts have been prepared in accordance with the 2015-16 Local Health Board Manual for Accounts and 2015-16 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

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

Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.

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

Only non-NHS income may be deferred.

1.4 Employee benefits

Short-term employee benefits

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

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

Retirement benefit costs

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

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

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

NEST Pension Scheme

The LHB has to offer an alternative pensions scheme for employees not eligible to join the NHS Pensions scheme. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales bodies have applied these new valuation requirements from 1 April 2009.

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

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that that impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure.

From 2015-16, the LHB / Trust must comply with IFRS 13 Fair Value Measurement in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. In accordance with the adaptation of IAS 16 in table 6.2 of the FREM, for non-specialised assets in operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the entity or the asset which would prevent access to the market at the reporting date. If the Trust / LHB could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

1.7 Intangible assets

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated, NHS bodies are required to get all All Wales Capital Schemes that are completed in a financial year revalued during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the LHBs business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the LHB; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and assets under construction and properties held for sales are not depreciated.

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

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

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

1.9 Research and Development

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

1.10 Non-current assets held for sale

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

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

1.11 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.

1.11.1 The Local Health Board as lessee

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

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

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

1.11.2 The Local Health Board as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the LHB net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the LHB's net investment outstanding in respect of the leases.

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

1.12 Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the [first-in first-out/weighted average] cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cashflows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

1.14 Provisions

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

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

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

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

1.14.1 Clinical negligence costs

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

1.15 Financial assets

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

1.15.1 Financial assets are initially recognised at fair value

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

1.15.2 Financial assets at fair value through SoCNE

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

1.15.3 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.

1.15.4 Available for sale financial assets

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

1.15.5 Loans and receivables

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

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

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

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

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

1.16 Financial liabilities

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

1.16.1 Financial liabilities are initially recognised at fair value

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

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

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

1.16.3 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.

1.17 Value Added Tax

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

1.18 Foreign currencies

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

1.19 Third party assets

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

1.20 Losses and Special Payments

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

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

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

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

1.21 Pooled budget

The LHB has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in Note 28.

The pool is hosted by one organisation. 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.

1.22 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.

1.23 Key sources of estimation uncertainty

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

Significant estimations are made in relation to ongoing clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these claims would be recoverable through the Welsh Risk Pool.

Significant estimations are also made for continuing care costs resulting from claims post 1 April 2003. An assessment of likely outcomes, potential liabilities and timings of these claims are made on a case by case basis. Material changes associated with these claims would be adjusted in the period in which they are revised.

Estimates are also made for contracted primary care services. These estimates are based on the latest payment levels. Changes associated with these liabilities are adjusted in the following reporting period.

1.24 Private Finance Initiative (PFI) transactions

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

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

PFI asset

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

PFI liability

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

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

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

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

Lifecycle replacement

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

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

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the LHB to the operator for use in the scheme

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

Other assets contributed by the LHB to the operator

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

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

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

1.25 Contingencies

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

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

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

1.26 Carbon Reduction Commitment Scheme

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

1.27 Absorption accounting

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

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

1.28 Accounting standards that have been issued but not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. The application of the Standards as revised would not have a material impact on the accounts for 2015-16, were they applied in that year:

IPSAS 32 - Service Concession Arrangement - subject to consultation
IFRS 15 - Revenue Recognition

1.29 Accounting standards issued that have been adopted early

During 2015-16 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.303 Charities

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

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

2. Financial Duties Performance

The National Health Service Finance (Wales) Act 2014 came into effect from 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The first assessment of performance against the 3 year statutory duty under section 175 (1) will take place at the end of 2016/17, being the first 3 year period of assessment.

2.1 Revenue Resource Performance

	2015-16 £'000	2014-15 £'000
Net operating costs for the year	594,251	578,655
Less general ophthalmic services expenditure and other non-cash limited expenditure	(4,269)	(3,643)
Less revenue consequences of bringing PFI schemes onto SoFP	(111)	(105)
Total operating expenses	589,871	574,907
Revenue Resource Allocation	589,893	574,937
Under /(over) spend against Allocation	22	30

2.2 Capital Resource Performance

	2015-16 £'000	2014-15 £'000
The LHB is required to keep within its Capital Resource Limit :		
Gross capital expenditure	9,542	20,475
Add: Losses on disposal of donated assets	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(102)	(1,252)
Less capital grants received	(60)	0
Less donations received	(3)	(19)
Charge against Capital Resource Allocation	9,377	19,204
Capital Resource Allocation	9,385	19,207
(Over) / Underspend against Capital Resource Allocation	8	3

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2015 -16 to 2017-18 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2015-16 to 2017-18 in accordance with NHS Wales Planning Framework.

The LHB did meet its statutory financial duty under section 175 (2A) of the National Health Service (Wales) Act 2006

	2015-16 to 2017-18	2014-15 to 2016-17
The Minister for Health and Social Services approval status	Approved	Approved

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2015-16 Total £'000	2014-15 £'000
General Medical Services	45,283		45,283	45,143
Pharmaceutical Services	17,290	430	17,720	17,669
General Dental Services	16,238		16,238	15,849
General Ophthalmic Services	0	3,839	3,839	3,694
Other Primary Health Care expenditure	1,727		1,727	265
Prescribed drugs and appliances	55,970		55,970	55,227
Total	136,508	4,269	140,777	137,847

Included within Note 3.1 General Medical Services are staff costs of £4.105m (2014-15:£3.947m)

3.2 Expenditure on healthcare from other provider	2015-16 £'000 Cwm Taf	2015-16 £'000 Total	2014-15 £'000 Cwm Taf	2014-15 £'000 Total
Goods and services from other NHS Wales Health Bo	28,438	354,729	27,382	334,765
Goods and services from other NHS Wales Trusts	10,062	172,258	9,199	170,720
Goods and services from other non Welsh NHS bodie	913	123,570	1,230	120,805
Goods and services from WHSSC / EASC	58,097	0	63,410	0
Local Authorities	704	704	99	99
Voluntary organisations	3,227	8,442	2,458	8,197
NHS Funded Nursing Care	4,116	4,116	4,165	4,165
Continuing Care	29,756	29,756	27,606	27,606
Private providers	4,661	24,684	852	25,103
Specific projects funded by the Welsh Government	0	0	0	0
Other	86	86	132	132
Total	140,060	718,345	136,533	691,592

3.3 Expenditure on Hospital and Community Health Services

	2015-16 £'000	2015-16 £'000	2014-15 £'000	2014-15 £'000
	Cwm Taf	Total	Cwm Taf	Total
Directors' costs	1,638	1,638	1,678	1,678
Staff costs	299,379	302,885	291,029	294,356
Supplies and services - clinical	48,505	48,505	45,068	45,068
Supplies and services - general	5,299	5,299	5,443	5,443
Consultancy Services	118	233	75	153
Establishment	6,350	6,534	5,788	5,996
Transport	579	579	514	514
Premises	16,342	16,536	13,290	13,493
External Contractors	98	119	97	118
Depreciation	15,254	15,254	14,114	14,114
Amortisation	401	401	24	24
Fixed asset impairments and reversals (Property, plant & equipment)	(5,823)	(5,823)	(6,336)	(6,336)
Fixed asset impairments and reversals (Intangible assets)	0	0	0	0
Impairments & reversals of financial assets	0	0	0	0
Impairments & reversals of non-current assets held for sale	0	0	245	245
Audit fees	366	415	366	415
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	2,031	2,031	3,762	3,762
Research and Development	0	0	0	0
Other operating expenses	2,132	2,153	1,959	1,959
Total	392,669	396,759	377,116	381,002

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

	2015-16 £'000	2014-15 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence	17,549	17,024
Personal injury	218	1,744
All other losses and special payments	(664)	829
Defence legal fees and other administrative costs	1,255	975
Gross increase/(decrease) in provision for future payments	18,358	20,572
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	574	327
Less: income received/ due from Welsh Risk Pool	(16,901)	(17,137)
Total	2,031	3,762

Personal injury includes £149,614 (2014-15 £587,226) in respect of permanent injury benefits.

Clinical Redress arising during the year was £183,172 (2014-15 £104,413)

4. Miscellaneous Income

	2015-16 £'000	2015-16 £'000	2014-15 £'000	2014-15 £'000
	Cwm Taf	Total	Cwm Taf	Total
Local Health Boards	35,622	624,177	35,202	599,296
WHSSC /EASC	6,386	0	5,162	0
NHS trusts	3,542	3,542	3,704	3,755
Clinical Commissioning Groups	677	677	481	481
Foundation Trusts	0	0	0	0
Local authorities	4,997	4,997	5,468	5,468
Welsh Government	84	84	67	67
Non NHS:		0		
Prescription charge income	0	0	0	0
Dental fee income	3,631	3,631	3,447	3,447
Private patient income	119	119	98	98
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	1,807	1,807	1,722	1,722
Other income from activities	398	469	276	383
Patient transport services	0	0	0	0
Education, training and research	9,402	9,402	10,376	10,376
Charitable and other contributions to expenditure	200	335	225	360
Receipt of donated assets	3	3	20	20
Receipt of Government granted assets	58	58	0	0
Non-patient care income generation schemes	466	466	430	430
NWSSP	0	0	0	0
Deferred income released to revenue	68	68	0	0
Contingent rental income from finance leases	0	0	0	0
Rental income from operating leases	0	0	0	0
Other income:		0		
Provision of laundry, pathology, payroll services	959	959	1,004	1,004
Accommodation and catering charges	2,297	2,297	2,209	2,209
Mortuary fees	292	292	255	255
Staff payments for use of cars	355	355	414	414
Business Unit	0	0	0	0
Other	8,023	8,023	2,436	2,156
Total	79,386	661,761	72,996	631,941

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 21.99 % to reflect expected rates of collection.

5. Employee benefits and staff numbers

5.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2014-15
	£000	£000	£000	£000	£000
Salaries and wages	249,158	154	15,163	264,475	254,814
Social security costs	18,066	16	0	18,082	18,512
Employer contributions to NHS Pension Scheme	32,343	17	0	32,360	31,783
Other pension costs	12	0	0	12	10
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	299,579	187	15,163	314,929	305,119
Charged to capital				820	593
Charged to revenue				314,109	304,526
				314,929	305,119
Net movement in accrued employee benefits (untaken staff leave accrual included above)				(2)	40

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2014-15
	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,321	3	6	1,330	1,297
Medical and dental	610	0	89	699	710
Nursing, midwifery registered	2,286	0	53	2,339	2,320
Professional, Scientific, and technical staff	242	0	12	254	248
Additional Clinical Services	1,204	0	0	1,204	1,174
Allied Health Professions	392	0	0	392	400
Healthcare Scientists	160	0	0	160	162
Estates and Ancillary	733	0	1	734	758
Students	2	0	0	2	14
Total	6,950	3	161	7,114	7,083

5.3. Retirements due to ill-health

During 2015-16 there were 11 early retirements from the LHB agreed on the grounds of ill-health (14 in 2014-15 - £918,909.) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £553,753.

5.4 Employee benefits

Total	2014-15
£000	£000
0	0
0	0
0	0

5.5 Reporting of other compensation schemes - exit packages

	2015-16	2015-16	2015-16	2015-16	2014-15
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
	Whole numbers only	Whole numbers only			
less than £10,000	0	0	0	0	7
£10,000 to £25,000	0	5	5	5	17
£25,000 to £50,000	0	5	5	5	11
£50,000 to £100,000	0	0	0	0	2
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	10	10	10	37

	2015-16	2015-16	2015-16	2015-16	2014-15
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	57,276
£10,000 to £25,000	0	92,205	92,205	92,205	251,099
£25,000 to £50,000	0	212,343	212,343	212,343	383,118
£50,000 to £100,000	0	0	0	0	113,008
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	304,548	304,548	304,548	804,501

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Exit costs in this note are accounted for in full in the year of departure. Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

The disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

All 10 special payments are severance payments, the highest payment was £49,655 the lowest payment was £13,950 and the median value was for £27,687.

5.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the Health Board in the financial year 2015-16 was £170,000 - £175,000 (2014-15, £170,000 - £175,000). This was 6.3 times (2014-15, 6.5) the median remuneration of the workforce, which was £27,369 (2014-15, £26,618).

In 2015-16, 5 (2014-15, 1) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £175,001 to £240,000 (2014-15 £220,000 to £225,000). Staff earning in excess of the highest paid director held clinical posts.

The requirements relating to total remuneration is to include salary, non-consolidated performance related pay, overtime and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

5.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

5.7 Pension costs (continued)

c) National Employment Savings Trust (NEST)

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It's a non-departmental public body (NDPB) that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Currently, the legal minimum level of contributions is 2 per cent of a jobholder's qualifying earnings for employers whose legal duties have started. Of this, the employer needs to pay at least 1 per cent, though they can pay more if they want to.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,824 and £42,385 for the 2015-2016 tax year.

NEST has an annual contribution limit of £4,700 for the 2015-16 tax year (£4,600 for 2014-15). This means the most that can be contributed to a single pot in the current tax year is £4,700. This figure will be adjusted annually in line with average earnings.

The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member, such as a member's partner or spouse

6. Operating leases

LHB as lessee

The lease information below relates to lease agreements for buildings, vehicles and equipment. There are no significant leasing arrangements that require further disclosure.

Payments recognised as an expense	2015-16	2014-15
	£000	£000
Minimum lease payments	3,125	3,049
Contingent rents	0	0
Sub-lease payments	0	0
Total	3,125	3,049

Total future minimum lease payments

Payable	£000	£000
Not later than one year	2,383	2,983
Between one and five years	6,391	7,905
After 5 years	8,633	10,297
Total	17,407	21,185

There are no future sublease payments expected to be received

LHB as lessor

[General description of significant leasing arrangements]

Rental revenue	£000	£000
Rent	0	0
Contingent rents	0	0
Total revenue rental	0	0

Total future minimum lease payments

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

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

The figures for 2015-16 exclude both the number and value of non-NHS bills paid to primary care services and contractor services.

The comparators for 2014-15 have been restated to reflect this treatment.

	2015-16	2015-16	2014-15	2014-15
	Number	£000	Number	£000
NHS				
Total bills paid	3,363	109,057	3,268	517,534
Total bills paid within target	2,824	106,806	2,830	514,463
Percentage of bills paid within target	84.0%	97.9%	86.6%	99.4%
Non-NHS			Restated	Restated
Total bills paid	112,693	143,309	102,946	142,231
Total bills paid within target	103,567	133,111	91,509	130,098
Percentage of bills paid within target	91.9%	92.9%	88.9%	91.5%
Total			Restated	Restated
Total bills paid	116,056	252,366	106,214	659,765
Total bills paid within target	106,391	239,917	94,339	644,561
Percentage of bills paid within target	91.7%	95.1%	88.8%	97.7%

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

	2015-16	2014-15
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

8. Investment Income

	2015-16 £000	2014-15 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

9. Other gains and losses

	2015-16 £000	2014-15 £000
Gain/(loss) on disposal of property, plant and equipment	0	(2)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	0	(2)

10. Finance costs

	2015-16 £000	2014-15 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	6	6
Interest on obligations under PFI contracts		
main finance cost	69	74
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	75	80
Provisions unwinding of discount	56	73
Other finance costs	0	0
Total	131	153

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2015	20,407	285,985	2,312	6,686	55,240	119	15,629	6,373	392,751
Indexation	44	10,199	132	0	0	0	0	0	10,375
Additions									
- purchased	211	3,923	0	1,516	2,286	0	1,225	72	9,233
- donated	0	0	0	0	3	0	0	0	3
- government granted	0	0	0	0	0	0	20	0	20
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	(57)	0	0	0	0	0	57	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	356	6,141	0	0	0	0	0	0	6,497
Impairments	(61)	(130)	0	0	0	0	0	0	(191)
Reclassified as held for sale	(43)	(112)	0	0	0	0	0	0	(155)
Disposals	0	0	0	0	(1,240)	0	(21)	(7)	(1,268)
At 31 March 2016	20,914	305,949	2,444	8,202	56,289	119	16,853	6,495	417,265
Depreciation at 1 April 2015	0	22,979	208	0	39,948	116	9,087	3,362	75,700
Indexation	0	800	12	0	0	0	0	0	812
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	513	0	0	0	0	0	0	513
Impairments	0	(30)	0	0	0	0	0	0	(30)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(1,232)	0	(16)	(7)	(1,255)
Provided during the year	0	8,552	74	0	3,902	2	2,113	611	15,254
At 31 March 2016	0	32,814	294	0	42,618	118	11,184	3,966	90,994
Net book value at 1 April 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
Net book value at 31 March 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	326,271
Net book value at 31 March 2016 comprises :									
Purchased	20,346	271,514	2,150	8,202	13,530	1	5,597	2,488	323,828
Donated	568	1,621	0	0	121	0	13	37	2,360
Government Granted	0	0	0	0	20	0	59	4	83
At 31 March 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	326,271
Asset financing :									
Owned	20,670	271,184	859	8,202	13,666	1	5,669	2,529	322,780
Held on finance lease	0	513	0	0	5	0	0	0	518
On-SoFP PFI contracts	244	1,438	1,291	0	0	0	0	0	2,973
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	326,271

The net book value of land, buildings and dwellings at 31 March 2016 comprises :

Freehold									£000
Long Leasehold									295,685
Short Leasehold									0
									513
									296,198

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2014	19,739	266,672	2,202	2,906	56,383	127	15,954	7,728	371,711
Indexation	8	6,276	110	0	565	1	0	76	7,036
Additions									
- purchased	300	5,493	0	5,065	5,190	0	2,527	124	18,699
- donated	0	0	0	0	19	0	0	0	19
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	1,191	0	(1,285)	94	0	(433)	0	(433)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	387	7,047	0	0	0	0	0	0	7,434
Impairments	0	(694)	0	0	0	0	0	0	(694)
Reclassified as held for sale	(27)	0	0	0	0	0	0	0	(27)
Disposals	0	0	0	0	(7,011)	(9)	(2,419)	(1,555)	(10,994)
At 31 March 2015	20,407	285,985	2,312	6,686	55,240	119	15,629	6,373	392,751
Depreciation at 1 April 2014	0	14,405	132	0	42,778	119	9,931	4,215	71,580
Indexation	0	316	6	0	428	1	0	42	793
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	(5)	0	0	5	0	(199)	0	(199)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	404	0	0	0	0	0	0	404
Impairments	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	(7,009)	(9)	(2,419)	(1,555)	(10,992)
Provided during the year	0	7,859	70	0	3,746	5	1,774	660	14,114
At 31 March 2015	0	22,979	208	0	39,948	116	9,087	3,362	75,700
Net book value at 1 April 2014	19,739	252,267	2,070	2,906	13,605	8	6,023	3,513	300,131
Net book value at 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
Net book value at 31 March 2015	comprises :								
Purchased	19,850	261,417	2,104	6,686	15,103	2	6,526	2,959	314,647
Donated	557	1,589	0	0	161	1	16	47	2,371
Government Granted	0	0	0	0	28	0	0	5	33
At 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
Asset financing :									
Owned	20,167	260,926	849	6,686	15,292	3	6,542	3,011	313,476
Held on finance lease	0	498	0	0	0	0	0	0	498
On-SoFP PFI contracts	240	1,582	1,255	0	0	0	0	0	3,077
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051

The net book value of land, buildings and dwellings at 31 March 2015 comprises :

	£000
Freehold	285,019
Long Leasehold	0
Short Leasehold	498
	285,517

1) Assets totalling £61,498 were purchased with donated/government granted funds:

	£'000	
IT equipment - Flying Start Programme	58	Government Granted
Cardiology Fund - Plant & Machinery	3	Donated

2) Assets are restated to current value annually, using indices provided by the District Valuer via Welsh Government. At five yearly intervals an independent professional valuation is undertaken of land and buildings.

The last valuation was carried out as at 1st April 2012.

The valuation was carried out by the Valuation Office Agency.

The basis of the valuation for specialised operational assets where there is not market-based evidence is fair value, estimated using a depreciated replacement cost approach, subject to the assumption of continuing use. For non-specialised operational assets existing use value is used.

3) During 2015/16 the following impairments arose:

	£'000
Penygraig Clinic	14
Tonyrefail Clinic	102
Keir Hardie Medical Education	45
Land - reversal of impairments	(356)
Buildings - reversal of impairments	(5,628)
Total Impairments	(5,823)

4) The impairment of of Penygraig and Tonyrefail Clinics to open market value arose due to the properties becoming held for sale. Keir Hardie Medical Education is related to expenditure on a scheme that was previously completed and impaired.

11. Property, plant and equipment (continued)

11.2 Non-current assets held for sale	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2015	0	0	0	0	0	0
Plus assets classified as held for sale in the year	43	112	0	0	0	155
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(30)	(60)	0	0	0	(90)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2016	<u>13</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65</u>
Balance brought forward 1 April 2014	1,439	0	0	0	0	1,439
Plus assets classified as held for sale in the year	27	0	0	0	0	27
Revaluation	29	0	0	0	0	29
Less assets sold in the year	(1,250)	0	0	0	0	(1,250)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	(245)	0	0	0	0	(245)
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2015	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	327	0	1,810	0	0	53	2,190
Revaluation	0	0	0	0	0	3	3
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	253	0	0	(5)	248
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	38	0	0	0	38
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2016	327	0	2,101	0	0	51	2,479
Amortisation at 1 April 2015	199	0	24	0	0	0	223
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	65	0	336	0	0	0	401
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2016	264	0	360	0	0	0	624
Net book value at 1 April 2015	128	0	1,786	0	0	53	1,967
Net book value at 31 March 2016	63	0	1,741	0	0	51	1,855
At 31 March 2016							
Purchased	63	0	1,703	0	0	51	1,817
Donated	0	0	0	0	0	0	0
Government Granted	0	0	38	0	0	0	38
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2016	63	0	1,741	0	0	51	1,855

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2014	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	317	0	116	0	0	0	433
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	10	0	1,694	0	0	53	1,757
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2015	327	0	1,810	0	0	53	2,190
Amortisation at 1 April 2014	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	199	0	0	0	0	0	199
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	24	0	0	0	24
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2015	199	0	24	0	0	0	223
Net book value at 1 April 2014	0	0	0	0	0	0	0
Net book value at 31 March 2015	128	0	1,786	0	0	53	1,967
At 31 March 2015							
Purchased	128	0	1,786	0	0	53	1,967
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2015	128	0	1,786	0	0	53	1,967

In year, £0.286m of intangible assets were acquired, including £0.291m licences and a £0.005m reduction in carbon reduction commitments.

The licences total includes £0.038m which were government granted.

Software and licences are allocated a useful life of five years.

13 . Impairments

	2015-16		2014-15	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (see Note 11 narrative)	(5,823)	0	(6,090)	0
Total of all impairments	(5,823)	0	(6,090)	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	(5,823)	0	(6,090)	0
Charged to Revaluation Reserve	0	0	0	0
	(5,823)	0	(6,090)	0

An impairment loss of £0.014m was incurred prior to the disposal of Penygraig Clinic

An impairment loss of £0.102m was incurred on Tonyrefail Clinic, which is now held for sale

An impairment loss of £0.045m was incurred on expenditure relating to contract completion on Keir Hardie Medical Education Unit

A £5.984m reversal of impairment as a result of upward indexation on assets previously impaired.

14.1 Inventories

	31 March	31 March
	2016	2015
	£000	£000
Drugs	1,382	1,388
Consumables	2,489	2,652
Energy	38	49
Work in progress	0	0
Other	0	0
Total	3,909	4,089
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2016	2015
	£000	£000
Inventories recognised as an expense in the period	54	34
Write-down of inventories (including losses)	0	43
Reversal of write-downs that reduced the expense	0	0
Total	54	77

15. Trade and other Receivables

Current	31 March	31 March	31 March	31 March
	2016	2016	2015	2015
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
Welsh Government	72	72	71	71
WHSSC / EASC	209	0	778	0
Welsh Health Boards	3,330	16,344	3,634	15,042
Welsh NHS Trusts	1,887	2,035	1,270	1,320
Non - Welsh Trusts	2	1,356	2	1,201
Other NHS	378	378	200	200
Welsh Risk Pool	54,055	54,055	33,882	33,882
Local Authorities	2,547	2,547	2,883	2,883
Capital debtors	0	0	0	0
Other debtors	6,027	6,095	5,158	5,237
Provision for irrecoverable debts	(2,179)	(2,179)	(1,819)	(1,819)
Pension Prepayments	0	0	0	0
Other prepayments	2,263	2,283	1,841	1,876
Other accrued income	661	661	517	517
Sub total	69,252	83,647	48,417	60,410
Non-current				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Non - Welsh Trusts	0	0	0	0
Other NHS	0	0	0	0
Welsh Risk Pool	794	794	8,073	8,073
Local Authorities	0	0	0	0
Capital debtors	0	0	0	0
Other debtors	0	0	0	0
Provision for irrecoverable debts	0	0	0	0
Pension Prepayments	0	0	0	0
Other prepayments	159	159	172	172
Other accrued income	0	0	0	0
Sub total	953	953	8,245	8,245
Total	70,205	84,600	56,662	68,655
Receivables past their due date but not impaired				
By up to three months	921	5,913	1,552	3,775
By three to six months	254	254	279	935
By more than six months	143	162	175	182
	1,318	6,329	2,006	4,892
Provision for impairment of receivables				
Balance at 1 April	(1,819)	(1,819)	(1,572)	(1,572)
Transfer to other NHS Wales body	0	0	0	0
Amount written off during the year	1	1	5	5
Amount recovered during the year	124	124	99	99
(Increase) / decrease in receivables impaired	(485)	(485)	(351)	(351)
Bad debts recovered during year	0	0	0	0
Balance at 31 March	(2,179)	(2,179)	(1,819)	(1,819)
In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies				
Receivables VAT				
Trade receivables	0	0	0	0
Other	958	958	515	515
Total	958	958	515	515

16. Trade and other payables

Current	31 March	31 March	31 March	31 March
	2016	2016	2015	2015
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
Welsh Government	41	41	19	19
WHSSC / EASC	865	0	80	0
Welsh Health Boards	3,222	10,962	4,093	8,000
Welsh NHS Trusts	2,554	5,109	1,005	2,543
Other NHS	1,415	15,611	1,186	16,830
Taxation and social security payable / refunds	0	37	0	37
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	2,983	2,983	2,833	2,833
NI contributions payable to HMRC	2,920	2,953	2,761	2,793
Non-NHS creditors	4,021	5,665	3,366	4,880
Local Authorities	3,500	3,500	2,266	2,266
Capital Creditors	2,425	2,425	2,133	2,133
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	26	26	26	26
Imputed finance lease element of on SoFP PFI contracts	135	135	130	130
Pensions: staff	4,514	4,514	4,414	4,414
Accruals	37,749	39,547	31,213	33,257
Deferred Income:				
Deferred Income brought forward	77	77	107	107
Deferred Income Additions	191	191	76	76
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	(68)	(68)	(106)	(106)
Other creditors	10,501	10,501	4,030	4,030
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Total	77,071	104,209	59,632	84,268
Non-current				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Other NHS	0	0	0	0
Taxation and social security payable / refunds	0	0	0	0
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	0	0	0	0
NI contributions payable to HMRC	0	0	0	0
Non-NHS creditors	0	0	0	0
Local Authorities	0	0	0	0
Capital Creditors	0	0	0	0
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	61	61	82	82
Imputed finance lease element of on SoFP PFI contracts	1,902	1,902	2,037	2,037
Pensions: staff	0	0	0	0
Accruals	0	0	0	0
Deferred Income :				
Deferred Income brought forward	0	0	0	0
Deferred Income Additions	0	0	0	0
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	0	0	0	0
Other creditors	0	0	0	0
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Total	1,963	1,963	2,119	2,119

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

Included in Pensions:staff figure above is £2k which relates to NEST Pension payables

17. Provisions

	At 1 April 2015	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	31,176	0	(3,702)	7,152	34,986	(5,146)	(17,586)	0	46,880
Personal injury	1,761	0	(55)	252	577	(1,280)	(490)	0	765
All other losses and special payments	1,074	0	0	0	367	(410)	(1,031)	0	0
Defence legal fees and other administration	1,579	0	0	423	1,914	(438)	(960)		2,518
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	233			197	33	(226)	(11)	0	226
Restructuring	0			0	0	0	0	0	0
Other	1,093		0	1,611	2,369	(642)	0		4,431
Total	36,916	0	(3,757)	9,635	40,246	(8,142)	(20,078)	0	54,820
Non Current									
Clinical negligence	7,783	0	0	(7,152)	400	0	(251)	0	780
Personal injury	3,110	0	0	(252)	131	0	0	43	3,032
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	540	0	0	(423)	308	(14)	(7)		404
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	797			(197)	35	0	(45)	13	603
Restructuring	0			0	0	0	0	0	0
Other	2,670		0	(1,611)	1,491	0	(134)		2,416
Total	14,900	0	0	(9,635)	2,365	(14)	(437)	56	7,235
TOTAL									
Clinical negligence	38,959	0	(3,702)	0	35,386	(5,146)	(17,837)	0	47,660
Personal injury	4,871	0	(55)	0	708	(1,280)	(490)	43	3,797
All other losses and special payments	1,074	0	0	0	367	(410)	(1,031)	0	0
Defence legal fees and other administration	2,119	0	0	0	2,222	(452)	(967)		2,922
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,030			0	68	(226)	(56)	13	829
Restructuring	0			0	0	0	0	0	0
Other	3,763		0	0	3,860	(642)	(134)		6,847
Total	51,816	0	(3,757)	0	42,611	(8,156)	(20,515)	56	62,055

Expected timing of cash flows:

	In the remainder of spending review to 31 March 2017	Between 1 April 2017 and 31 March 2022	Between 1 April 2022 and 31 March 2027	Thereafter	Total
					£000
Clinical negligence	46,880	780	0	0	47,660
Personal injury	765	1,088	1,944	0	3,797
All other losses and special payments	0	0	0	0	0
Defence legal fees and other administration	2,084	838	0	0	2,922
Pensions relating to former directors	0	0	0	0	0
Pensions relating to other staff	226	603	0	0	829
Restructuring	0	0	0	0	0
Other	4,431	2,416	0	0	6,847
Total	54,386	5,725	1,944	0	62,055

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

The Legal & Risk Service (part of the NHS Wales Shared Service Partnership) provide details of Clinical Negligence and personal Injury cases including estimated settlement amounts and the timing of the cashflow.

The provision for Permanent Injury Benefit is supplied by NHS Pensions Agency Other provisions include £3,623k for Continuing Healthcare Claims (2014-15: £2,759k)

The Clinical negligence provision arising from Redress and included in Clinical Negligence is £242k (2014-15 £nil).

The Health Board estimates that in 2016-2017 it will receive £54,055k and in 2017-2018 and beyond £794k from the Welsh Risk Pool in respect of losses and special payments cases (including Clinical Negligence and Personal Injury) .

In addition to the provisions shown above, contingent liabilities are given in Note 18.1 ContingentLiabilities.

17. Provisions (continued)

	At 1 April 2014	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2015
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	27,090	0	(170)	1,404	29,143	(9,635)	(16,656)	0	31,176
Personal injury	1,107	0	(58)	210	1,831	(682)	(647)	0	1,761
All other losses and special payments	608	0	0	616	955	(979)	(126)	0	1,074
Defence legal fees and other administration	1,488	0	0	(221)	1,364	(483)	(569)		1,579
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	229			218	20	(234)	0	0	233
Restructuring	0			0	0	0	0	0	0
Other	1,465		0	136	272	(572)	(208)		1,093
Total	31,987	0	(228)	2,363	33,585	(12,585)	(18,206)	0	36,916
Non Current									
Clinical negligence	4,725	0	0	(1,404)	4,538	(75)	(1)	0	7,783
Personal injury	2,708	0	0	(210)	560	0	0	52	3,110
All other losses and special payments	616	0	0	(616)	0	0	0	0	0
Defence legal fees and other administration	173	0	0	221	196	(34)	(16)		540
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	911			(218)	83	0	0	21	797
Restructuring	0			0	0	0	0	0	0
Other	2,446		0	(136)	1,206	(846)	0		2,670
Total	11,579	0	0	(2,363)	6,583	(955)	(17)	73	14,900
TOTAL									
Clinical negligence	31,815	0	(170)	0	33,681	(9,710)	(16,657)	0	38,959
Personal injury	3,815	0	(58)	0	2,391	(682)	(647)	52	4,871
All other losses and special payments	1,224	0	0	0	955	(979)	(126)	0	1,074
Defence legal fees and other administration	1,661	0	0	0	1,560	(517)	(585)		2,119
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,140			0	103	(234)	0	21	1,030
Restructuring	0			0	0	0	0	0	0
Other	3,911		0	0	1,478	(1,418)	(208)		3,763
Total	43,566	0	(228)	0	40,168	(13,540)	(18,223)	73	51,816

18. Contingencies

18.1 Contingent liabilities

	2015-16 £'000	2014-15 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	153,465	107,144
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	2,907	2,820
Continuing Health Care costs	3,480	2,972
Other	0	528
Total value of disputed claims	<u>159,852</u>	<u>113,464</u>
Amounts recovered in the event of claims being successful	150,297	103,389
Net contingent liability	<u>9,555</u>	<u>10,075</u>

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them.

Liability for Permanent Injury Benefit under the NHS Injury Benefit Scheme lies with the employer. Individual claims to the NHS Pensions Agency could arise due to known incidents.

Contingent Liability - CHC

Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. The 31st July 2014 deadline for the submission of any claims for continuing healthcare costs dating back to 1st April 2003 has resulted in a large increase in the number of claims registered this financial year.

The LHB is responsible for post 1st April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs

Note 17 sets out the £3.62m provision made for probable continuing care costs relating to 150 claims received;

Note 18.1 sets out the £3.48m contingent liability for possible continuing care costs relating to 141 claims received;

However, in addition the LHB has a further 141 claims, which were received by the 31st July 2014 deadline, for which the assessment process has not yet been completed. 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, which cannot be quantified at this time.

18.2 Remote Contingent liabilities

	2015-16 £'000	2014-15 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	1,403	1,347
Letters of Comfort	0	0
Total	<u>1,403</u>	<u>1,347</u>

18.3 Contingent assets

	2015-16 £'000	2014-15 £'000
	0	0
	0	0
	0	0
Total	<u>0</u>	<u>0</u>

19. Capital commitments

Contracted capital commitments at 31 March

	2015-16 £'000	2014-15 £'000
Property, plant and equipment	612	1,439
Intangible assets	0	0
Total	<u>612</u>	<u>1,439</u>

20. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2016		Approved to write-off to 31 March 2016	
	Number	£	Number	£
Clinical negligence	104	8,847,716	44	6,504,852
Personal injury	53	1,335,733	31	670,980
All other losses and special payments	193	409,725	150	358,423
Total	350	10,593,174	225	7,534,255

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

Cases exceeding £300,000 Case Ref	Case Type	Amounts	Cumulative	Approved to
		paid out in year £	amount £	write-off in year £
03RRSPI0020	Personal Injury	44,515	545,923	0
05RRSMN0014	Clinical Negligence	0	3,550,000	3,550,000
05RRSMN0039	Clinical Negligence	75,000	415,800	0
07RRSMN0006	Clinical Negligence	1,100,000	1,318,899	0
08RVEMN0013	Clinical Negligence	900,000	900,000	0
09RVEMN0017	Clinical Negligence	9,300	944,619	0
10RYLMN0030	Clinical Negligence	0	3,193,767	0
10RYLMN0071	Clinical Negligence	0	387,876	0
10RYLMN0100	Clinical Negligence	0	534,250	534,250
10RYLMN0123	Clinical Negligence	67,442	309,142	309,142
11RYLMN0096	Clinical Negligence	0	335,000	335,000
12RYLMN0002	Clinical Negligence	770,000	800,000	0
12RYLMN0004	Clinical Negligence	150,000	490,000	0
12RYLMN0047	Clinical Negligence	770,066	770,066	0
12RYLMN0065	Clinical Negligence	273,500	303,500	0
13RYLMN0011	Clinical Negligence	695,664	845,665	0
13RYLPI0024	Personal Injury	342,500	350,000	0
14RYLMN0200	Clinical Negligence	300,880	300,880	0
15RYLMN0025	Clinical Negligence	450,000	475,000	0
97RVEMN0001	Clinical Negligence	67,000	1,122,000	0
Sub-total		6,015,867	17,892,386	4,728,392
All other cases		4,577,307	8,949,640	2,805,863
Total cases		10,593,174	26,842,026	7,534,255

21. Cash and cash equivalents

	2015-16 £000	2015-16 £000	2014-15 £000	2014-15 £000
	Cwm Taf	Total	Cwm Taf	Total
Balance at 1 April	309	1,110	130	293
Net change in cash and cash equivalent balances	(48)	52	179	817
Balance at 31 March	<u>261</u>	<u>1,162</u>	<u>309</u>	<u>1,110</u>
Made up of:				
Cash held at GBS	129	1,030	226	1,027
Commercial banks	116	116	67	67
Cash in hand	16	16	16	16
Current Investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	<u>261</u>	<u>1,162</u>	<u>309</u>	<u>1,110</u>
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial banks	0	0	0	0
Cash and cash equivalents as in Statement of Cash Flows	<u>261</u>	<u>1,162</u>	<u>309</u>	<u>1,110</u>

22. Other Financial Assets

	Current		Non-current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

23. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	0	0	0	0

24. Related Party Transactions

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Local Health Board.

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

	2015-16	2015-16	31 March 2016	31 March 2016
	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	66	588,789	41	72
WHSSC (see below)	58,131	6,456	865	209
NHS Trusts				
Public Health Wales	354	1,667	57	1,134
Velindre	15,147	3,667	2,393	699
Welsh Ambulance Services	1,181	43	104	53
Local Health Boards				
ABMU	5,690	6,225	593	1,386
Aneurin Bevan	1,108	19,644	227	726
Betsi Cadwaladr	59	46	24	12
Cardiff & Vale	24,113	8,816	2,125	1,073
Hywel Dda	337	258	29	46
Powys	240	1,663	224	87
TOTAL	106,426	637,274	6,682	5,497

In addition, the Local Health Board has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with:

Rhondda Cynon Taf County Borough Council	9,304	4,731	2,686	2,336
Merthyr Tydfil County Borough Council	2,151	951	819	178

The LHB has also received revenue payments from Cwm Taf NHS Charitable Funds totalling £0.200m (£0.225m in 2014-15) the Trustees for which are also members of the Board.

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

Name	Details	Interests
Mrs Allison Williams	Chief Executive	Husband is employee of Welsh Ambulance Services Trust
Mr Steven Webster	Director of Finance & Procurement	Portsmouth NHS Trust
	Deputy Chief Executive	
Cllr Clive Jones	Independent Member	Councillor of Merthyr Tydfil County Borough Council Member of Merthyr Tydfil & the Valley's Mind Member of Crossroads Care Cwm Taf Macmillan Cancer Support Merthyr Tydfil
Professor Donna Mead	Vice Chair	Honorary Chair of Cardiff University Trustee of St John Cymru
Mr Geoffrey Bell	Independent Member	Treasurer and Trustee of Interlink
Cllr Michael Forey	Independent Member	Councillor of Rhondda Cynon Taf County Borough Council
Dr. Chris Turner	Independent Member	Senior Professional Fellow (Honorary) of Cardiff University
Mrs Maria Thomas	Independent Member	Trustee on Voluntary Action Merthyr Tydfil Board Macmillan Cancer Support Merthyr Tydfil Cancer Aid Merthyr Ltd
Mrs Gaynor Jones	Independent Member	Elected Chair of Welsh Royal College of Nursing

Total value of transactions with these related parties:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Cardiff University	677	285	247	44
Interlink RCT	152	0	0	0
Merthyr & the Valley's Mind	251	0	125	0
Crossroads Care Cwm Taf	20	0	0	0
Voluntary Action Merthyr Tydfil	328	0	70	0
Macmillan Cancer Support Merthyr Tydfil	0	24	0	6
St John Cymru	27	0	0	0
Cancer Aid Merthyr Ltd	20	0	0	0
Portsmouth NHS Trust	141	4	9	0
Royal College of Nursing	7	0	0	0

24. Related Party Transactions (continued)**Welsh Health Specialised Services and Emergency Ambulance Services**

WHSSC and EASC are statutory sub-committees of each of the 7 Local Health Boards in Wales. Therefore, any related transactions would form part of each LHB's statutory financial statements.

Whilst the committees have executive teams these are not executive directors and they are employed by Cwm Taf UHB as the host organisation.

During 2015/2016, the Joint Committees adopted a risk sharing approach which is applied to all financial transactions.

In accordance with the Standing Orders, the Joint Committees must agree a total budget to plan and secure the relevant services delegated to them. The Joint Committees must also agree the appropriate contribution of funding required from each LHB.

Each LHB will be required to make available to the Joint Committees the level of funds outlined in the annual plan.

The income received from each LHB during 2015/2016 as per Note 4, and analysed in the Segmental Analysis in Note 36, is as follows

	Cardiff and Vale	Abertawe Bro Morgannwg	Cwm Taf	Aneurin Bevan	Hywel Dda	Powys	Betsi Cadwalladr	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Income allocation	112,361	108,431	58,098	117,540	72,851	31,131	146,240	646,652

Expenditure incurred by WHSSC with providers of tertiary and specialist services is as follows

	£000's
Cardiff and Vale LHB	190,559
Aneurin Bevan LHB	3,280
Betsi Cadwalladr LHB	37,715
Abertawe Bro Morgannwg LHB	93,797
Cwm Taf UHB	6,058
Hywel Dda LHB	756
Powys LHB	184
Public Health Wales NHS Trust	48
Velindre NHS Trust	32,799
Welsh Ambulance Services NHS Trust	129,349
Total Welsh Organisations as per Note 3.2 and analysed in the Segmental Analysis in Note 36	494,545

Members of the Joint Committees for 2015/2016

LHB Chief Executives have voting rights on the committee while Trust Chief Executives are associate members only
During 2015/2016 WHSSC and EASC have entered into material transactions with the organisations represented as listed above

Mrs Judith Paget	Member	Chief Executive Aneurin Bevan UHB
Mrs Carol Shillibeer	Member	Chief Executive Powys Teaching LHB
Professor Trevor Purt	Member until June 2015	Chief Executive Betsi Cadwalladr UHB
Mr Simon Dean	Member until February 2016	Interim Chief Executive Betsi Cadwalladr UHB
Mr Gary Doherty	Member from February 2016	Chief Executive Betsi Cadwalladr UHB
Mrs Allison Williams	Member	Chief Executive Cwm Taf UHB
Mr Adam Cairns	Member	Chief Executive Cardiff and Vale UHB
Mr Steve Moore	Member	Chief Executive Hywel Dda UHB
Mr Paul Roberts	Member	Chief Executive Abertawe Bro Morgannwg UHB

The following are Associate Members of the Joint Committees and therefore have no voting rights on the Joint Committee

Mrs Tracey Cooper	Associate Member	Chief Executive Public Health Wales NHS Trust (WHSSC & EASC)
Mr Steve Ham	Associate Member	Chief Executive Velindre NHS Trust (WHSSC only)
Mr Simon Smail	Associate Member until March 2016	Independent Board Member, Public Health Wales NHS Trust (WHSSC only)
Ms Tracey Myhill	Associate Member	Chief Executive, Welsh Ambulance Services NHS Trust (EASC only)

Members With a Declared Interest

Mrs Maria Thomas		Independent Board Member, Cwm Taf UHB (WHSSC only)
Mr Chris Tillson	Member until March 2016	Independent Board Member, Betsi Cadwalladr UHB (WHSSC only)
Ms Sian Marie James		Independent Board Member, Hywel Dda UHB (WHSSC only)

Apart from the transactions listed above, no Member or Associate Member of the Joint Committees has declared an interest in any other party that transacts with either WHSSC or EASC.

25. Third Party assets

The LHB held £22,870 cash at bank and in hand at 31 March 2016 (31 March 2015, £7,421) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £nil at 31 March 2016 (31 March 2015, £nil). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

26. Finance leases**26.1 Finance leases obligations (as lessee)**

The Buildings finance lease reported on page 53 includes building improvements to the Dental Teaching Unit. There are no other significant leasing arrangements which require further disclosure.

Amounts payable under finance leases:

Land	31 March 2016 £000	31 March 2015 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

26.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	31 March 2016 £000	31 March 2015 £000
Minimum lease payments		
Within one year	31	31
Between one and five years	65	88
After five years	0	0
Less finance charges allocated to future periods	(9)	(11)
Minimum lease payments	<u>87</u>	<u>108</u>
Included in:		
Current borrowings	26	26
Non-current borrowings	<u>61</u>	<u>82</u>
	<u>87</u>	<u>108</u>

Present value of minimum lease payments

Within one year	26	26
Between one and five years	61	82
After five years	0	0
Present value of minimum lease payments	<u>87</u>	<u>108</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

Other

	31 March 2016 £000	31 March 2015 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

26.2 Finance leases obligations (as lessor) continued

The Local Health Board has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31 March	31 March
	2016	2015
	£000	£000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

27. Private Finance Initiative contracts

27.1 PFI schemes off-Statement of Financial Position

The Local Health Board has no PFI schemes off-statement of Financial Position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2016 £000	31 March 2015 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	0	0

27.2 PFI schemes on-Statement of Financial Position

Capital value of schemes included in Fixed Assets Note 11 £000

Staff Residences - Royal Glamorgan Hospital

1,536

Contract start date:

09/10/1998

Contract end date:

21/09/2028

Scheme Description

The staff residences scheme covers the design, build, financing and operation of staff accommodation on the Royal Glamorgan Hospital site. A project agreement was entered into with Charter Housing Association on the 9th October 1998

£000

Combined Heat and Power Plant-Prince Charles Hospital

1,437

Contract start date:

01/04/2004

Contract end date:

31/03/2029

Scheme Description

The contract is for the installation, operation, maintenance and ownership of a Combined Heat and Power plant and the complete management and operation of a central boiler plant installation, light fittings and building management system on the Prince Charles Hospital site.

The contract includes performance guarantees for the supply of hot water and electricity.

The charging structure requires the Health Board to pay for the heat (in the form of hot water) created from the electricity generated by the Combined Heat and Power plant being supplied free of charge to the Health Board.

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

	On SoFP PFI Capital element 31 March 2016 £000	On SoFP PFI Imputed interest 31 March 2016 £000	On SoFP PFI Service charges 31 March 2016 £000
Total payments due within one year	135	63	366
Total payments due between 1 and 5 years	595	199	1,463
Total payments due thereafter	<u>1,307</u>	<u>138</u>	<u>2,851</u>
Total future payments in relation to PFI contracts	2,037	400	4,680

	On SoFP PFI Capital element 31 March 2015 £000	On SoFP PFI Imputed interest 31 March 2015 £000	On SoFP PFI Service charges 31 March 2015 £000
Total payments due within one year	130	69	366
Total payments due between 1 and 5 years	573	221	1,463
Total payments due thereafter	<u>1,464</u>	<u>179</u>	<u>3,217</u>
Total future payments in relation to PFI contracts	2,167	469	5,046

Total present value of obligations for on-SoFP PFI contracts: 0

27.3 Charges to expenditure

	2015-16	2014-15
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	385	373
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	<u>385</u>	<u>373</u>

The LHB is committed to the following annual charges

	31 March 2016	31 March 2015
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	366	366
Total	<u>366</u>	<u>366</u>

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

27.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	2	0
Number of PFI contracts which individually have a total commitment > £500m	0	0
	On /off statement of financial position	
PFI Contract		
Number of PFI contracts which individually have a total commitment > £500m	0	
PFI Contract		
Staff residences, Royal Glamorgan Hospital	On	
Combined heat and power plant, Prince Charles Hospital	On	

27.5 The LHB has no Public Private Partnerships

28. Pooled budgets

The Health Board has entered into a pooled budget with

Rhondda Cynon Taf County Borough Council
 Merthyr Tydfil County Borough Council
 Bridgend County Borough Council
 Abertawe Bro Morgannwg University Local Health Board

Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an Intergrated Community Equipment Service. The service is to enable children and adults who require assistance to perform essential activities of daily living to maintain their health and autonomy and to live life as fully as possible. The equipment provided can include, but is not limited to

- Community home nursing equipment
- Equipment for daily living
- Physiotherapy living
- Static Seating

A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Rhondda Cynon Taf County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the aboved named organisations and the Health Board. The Health Board accounts for its share of contributions to the budget in expenditure. Contributions are based on each individual organisations forecast activities. Assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Funding	2015-16
	£'000
Rhondda Cynon Taf County Borough Council	988
Merthyr Tydfil County Borough Council	175
Bridgend County Borough Council	569
Abertawe Bro Morgannwg University Local Health Board	623
Cwm Taf University Local Health Board	190
Total Partners Funding	2,545
Other Income Received	109
Total Funding	2,654
Expenditure	
Provision of community equipment services within Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Boroughs.	2,625
Pooled Budget surplus carried forward to 2016-17	29

29. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

30. Movements in working capital

	2015-16	2015-16	2014-15	2014-15
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
(Increase)/decrease in inventories	180	180	(452)	(452)
(Increase)/decrease in trade and other receivables - non - current	7,292	7,292	(3,362)	(3,362)
(Increase)/decrease in trade and other receivables - current	(20,835)	(23,237)	(4,612)	(6,629)
Increase/(decrease) in trade and other payables - non - current	(156)	(156)	(155)	(155)
Increase/(decrease) in trade and other payables - current	17,439	19,941	2,607	5,262
Total	3,920	4,020	(5,974)	(5,336)
Adjustment for accrual movements in fixed assets -creditors	(292)	(292)	2,113	2,113
Adjustment for accrual movements in fixed assets -debtors	0	0	(365)	(365)
Other adjustments	151	151	154	154
	3,779	3,879	(4,072)	(3,434)

31. Other cash flow adjustments

	2015-16	2015-16	2014-15	2014-15
	£000	£000	£000	£000
Depreciation	15,254	15,254	14,114	14,114
Amortisation	401	401	24	24
(Gains)/Loss on Disposal	0	0	2	2
Impairments and reversals	(5,823)	(5,823)	(6,091)	(6,091)
Release of PFI deferred credits	0	0	0	0
Donated assets received credited to revenue but non-cash	(3)	(3)	(20)	(20)
Government Grant assets received credited to revenue but non-cash	(58)	(58)	0	0
Non-cash movements in provisions	18,130	18,130	21,993	21,993
Total	27,901	27,901	30,022	30,022

32. Events after the Reporting Period

None

33. Operating segments

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

The following information segments the results of Cwm Taf Local Health Board by:-

- Healthcare activities
- Welsh Health Specialised Services Committee (WHSSC)
- Emergency Ambulance Services Joint Committee (EASC)

The Emergency Ambulance Services Committee was set up on the 1st April 2014 taking responsibility for planning and securing the provision of emergency ambulance services. This function had previously been undertaken by the Welsh Health Specialised Services Committee.

Operating Costs 2015-16

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	140,777	0	0	0	140,777
Expenditure on healthcare from other providers	140,060	524,191	118,249	(64,155)	718,345
Expenditure on hospital and community health services	392,669	4,073	345	(328)	396,759
	<u>673,506</u>	<u>528,264</u>	<u>118,594</u>	<u>(64,483)</u>	<u>1,255,881</u>
Less: Miscellaneous Income	(79,386)	(528,264)	(118,594)	64,483	(661,761)
LHB net operating costs before interest and other gains and losses	594,120	0	0	0	594,120
Investment Income	0	0	0	0	0
Other (Gains) / Losses	0	0	0	0	0
Finance costs	131	0	0	0	131
Net operating costs for the financial year	<u>594,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>594,251</u>

Net Assets 2015-16

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	329,079	0	0	0	329,079
Total current assets	73,487	16,265	105	(1,074)	88,783
Total current liabilities	(131,891)	(28,107)	(105)	1,074	(159,029)
Total non-current liabilities	(9,198)	0	0	0	(9,198)
Total assets employed	<u>261,477</u>	<u>(11,842)</u>	<u>0</u>	<u>(0)</u>	<u>249,635</u>
Total taxpayers' equity	<u>261,477</u>	<u>(11,842)</u>	<u>0</u>	<u>0</u>	<u>249,635</u>

Operating Costs 2014-15

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	137,847	0	0	0	137,847
Expenditure on healthcare from other providers	136,533	504,855	118,832	(68,628)	691,592
Expenditure on hospital and community health services	377,116	3,963	147	(224)	381,002
	<u>651,496</u>	<u>508,818</u>	<u>118,979</u>	<u>(68,852)</u>	<u>1,210,441</u>
Less: Miscellaneous Income	(72,996)	(508,818)	(118,979)	68,852	(631,941)
LHB net operating costs before interest and other gains and losses	578,500	0	0	0	578,500
Investment Income	0	0	0	0	0
Other (Gains) / Losses	2	0	0	0	2
Finance costs	153	0	0	0	153
Net operating costs for the financial year	<u>578,655</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>578,655</u>

Net Assets 2014-15

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	327,263	0	0	0	327,263
Total current assets	52,815	13,596	56	(858)	65,609
Total current liabilities	(96,548)	(25,438)	(56)	858	(121,184)
Total non-current liabilities	(17,019)	0	0	0	(17,019)
Total assets employed	<u>266,511</u>	<u>(11,842)</u>	<u>0</u>	<u>0</u>	<u>254,669</u>
Total taxpayers' equity	<u>266,511</u>	<u>(11,842)</u>	<u>0</u>	<u>0</u>	<u>254,669</u>

34. Other Information

None

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

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

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

Date: 1st June 2016

Chief Executive: Mrs. A Williams

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

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

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

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

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

By Order of the Board

Signed:

Chairman: Dr. CDV Jones

Dated: 1st June 2016

Chief Executive: Mrs. A Williams

Dated: 1st June 2016

Director of Finance: Mr. S Webster

Dated: 1st June 2016

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.
7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

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



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

ANNUAL GOVERNANCE STATEMENT 2015-16

1. SCOPE OF RESPONSIBILITY

The Board is accountable for Governance, Risk Management and Internal Control. As Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and this organisation's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

Cwm Taf University Health Board, established on 1st October 2009, is responsible for the provision of services to more than 295,000 residents of Merthyr Tydfil and Rhondda Cynon Taf. Almost 81% of the population live in Rhondda Cynon Taf Local Authority and the remaining 19% in Merthyr Tydfil. The University Health Board's catchment population increases to 330,000 when including patient flow from the Upper Rhymney Valley, South Powys, North Cardiff and the Western Vale.

The Board's overarching role is to ensure delivery of 'Cwm Taf Cares', its 3 Year Integrated Medium Term Plan (2015-18), and the related organisational objectives aligned with the Institute of Healthcare Improvement's (IHI) 'Triple Aim' are being progressed. These in summary are: -

- To **improve** quality, safety and patient experience;
- To **protect** and **improve** population health;
- To **ensure** that the services provided are accessible and sustainable into the future;
- To **provide** strong governance and assurance;
- To **ensure** good value based care and treatment for our patients in line with the resources made available to the Health Board.

The University Health Board provides a full range of hospital and community based services to the residents of Rhondda Cynon Taf and Merthyr Tydfil. These include the provision of local primary care services; GP Practices, Dental Practices, Optometry Practices and Community Pharmacy and the running of hospitals, health centres and community health teams.

The University Health Board is also responsible for making arrangements for the residents of Rhondda Cynon Taf and Merthyr Tydfil to access health services where these are not provided within Cwm Taf.

Detailed information about the services we provide and our facilities can be found on our website in the section 'Local Services'. This can be accessed from the home page, or via the following link [Our Services](#).

The Health Board also hosts two all Wales Joint Committees;

- The Welsh Health Specialised Services Committee (WHSSC), a joint committee of the 7 Local Health Boards which was established in April 2010. WHSSC is responsible for the joint planning and commissioning of over £600m of specialised and tertiary health care services on an all Wales basis.
- The Emergency Ambulance Services Committee (EASC), a joint committee of the 7 Local Health Boards, with 3 Welsh NHS Trusts as Associate Members, which was established in April 2014. EASC is responsible for the joint planning and commissioning of over £125m of emergency ambulance services on an all Wales basis.

Cwm Taf Local Health Board is led by its [Chairman, Chief Executive and a Board of Executive Directors, Independent Members and Associate Members](#).

The Chair, Vice Chair, Independent Members and Associate Members are appointed for fixed term periods by the Welsh Government. Each Independent Member has a specific area of responsibility and this, along with their level of Board and Sub Committee attendance is set out in Appendix 1.

Associate Members, appointed by the Minister for Health and Social Services attend Board meetings on an ex-officio basis but have no voting rights and these are as follows: -

- A Director of Social Services, nominated by the Local Authorities in the Health Board area – Mr G Isingrini, Group Director of Community & Children Services, Rhondda Cynon Taf Local Authority, attended **1/7** public Board Meetings.
- The Chair of the Stakeholder Reference Group – Mr T Davis, attended **7/7** public Board meetings
- At the start of the financial year Ms Sian Williamson was appointed Chair of the Healthcare Professionals' Forum and attended 2/4 Board meetings. However, as a consequence of ill health, Ms Williamson resigned from this role which is currently vacant.

The Executive Directors as set out below are full time NHS Professionals appointed by the Board and they hold full permanent contracts of employment: -

- Mrs A Williams, Chief Executive
- Mr K Asaad, Medical Director
- Mrs J Davies, Director of Workforce & Organisational Development
- Mrs N John, Public Health Director (until her retirement 30/09/2015 – the post is currently vacant)
- Mr J Palmer, Director of Primary, Community & Mental Health
- Ms R Treharne, Director of Planning & Performance
- Mr S Webster, Director of Finance & Procurement /Deputy Chief Executive
- Mr C White, Director of Therapies & Health Sciences / Chief Operating Officer
- Mrs L Williams, Director of Nursing, Midwifery and Patient Services

Two additional Directors have been appointed but they have no voting rights at the Board and these are as follows: -

- Mr R Williams, Board Secretary / Director of Corporate Services and Governance
- * Mr S M Harrhy, Board Director

Note * From 2 February 2015, Mr S M Harrhy, was appointed Chief Ambulance Services Commissioner for Wales, Board Director Cwm Taf UHB and in addition, during 2015/16, Mr Harrhy has taken on the role of Director of Unscheduled Care for NHS Wales.

The Board determines policy, sets the strategic direction, aims to ensure there is effective internal control and that high standards of governance and behaviour are maintained. Additionally the Board has responsibility for making sure that the Health Board is responsive to the needs of its communities.

The Chief Executive is accountable to the Health Board for ensuring that its health care services are effective and that the Health Board activities are managed in an efficient manner. Cwm Taf University Health Board has continued to strengthen its working arrangements with its two Local Authority Partners, the third Sector and local Universities.

The Health Board was awarded University Health Board status by the Minister for Health and Social Services and became Cwm Taf University Health Board formally in November 2013, an important achievement in our development journey and a source of great pride for Cwm Taf. This is helping us in our ongoing drive to provide high quality, responsive care and services for our community in strengthened collaboration with our academic partners.

Cwm Taf University Health Board usually meets seven times a year in public. The Board is made up of individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises the Chair, Vice Chair, nine other Independent Members, 3 Associate Board Members and the Chief Executive, eight Executive Directors and 2 other Directors. The full membership of the Board is outlined in Appendix 1, along with details of company directorships and other significant interests held by members of the Board which may conflict with the responsibilities as Board members.

The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place.

The Board also seeks to ensure that it has an open culture and high standards in the ways in which its work is conducted. Together, Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board in 2015/2016 were appropriately constituted and quorate.

Key business and risk matters considered by the Board during 2015/2016 are outlined below: -

- Overseen the implementation of the approved 2015-2018, 3 year Integrated Medium Term Plan (IMTP) and actively involved in the development and approval of the 2016-2019 refreshed 3 year plan submitted to Welsh Government on 31 March 2016;
- Received and approved quarterly updates on progress with implementing the IMTP;
- Received, considered and discussed the organisational risk register and the monitoring and management of the assigned risks to key committees of the Board;
- Received, considered and discussed financial performance and the related risks being managed by the Health Board;
- Received and developed its response to the outcome of a positive Healthcare Inspectorate Wales Follow Up Governance Review;
- Implemented transitional arrangements in taking forward the outcomes of the South Wales Programme and where necessary e.g. Paediatric, neonatal and obstetric services, developed and agreed related contingency plans;
- Implemented a redesigned stroke service across Cwm Taf UHB, which includes an agreed process of evaluation;
- Redesigned and implemented revised GP Out of Hours (OOH) services, consolidating 4 OOHs Centres into two on the District General Hospital sites;
- Received regular reports on Patient Experience and feedback, ensuring where concerns are raised, that these are escalated to the Board and where necessary, result in the Board proactively activating agreed multiagency procedures and cooperate fully with partners including South Wales Police, as evidenced in the Serious Untoward Incident reported at Ysbyty Cwm Cynon;

- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improve performance where appropriate, this included actions to address and improve cancer target performance; stroke services; referral to treatment (RTT) waiting times, mental health measure compliance and workforce indicators;
- Routinely received updates on its discretionary capital programme and at "in Committee" received updates on the ongoing legal dispute between the Health Board and contractors involved in the construction of Ysbyty Cwm Cynon (YCC);
- Contributed to the design and development of the Board's Assurance Framework (BAF);
- Routinely received assurance reports from the Committees and Advisory Groups of the Board.

1.1 Committees of the Board and Advisory Groups

The Health Board has established a range of committees, as outlined in the Governance & Assurance Framework on 79. These Committees are chaired by Independent Members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, assessment of current risks and performance monitoring. Key matters considered by the Committees of the Board are summarised below.

The Committees provide regular assurance reports to the Board to contribute to its assessment of assurance and to provide scrutiny on the delivery of key objectives. There is also cross representation between Committees to support the connection of the business of committees and also to seek to integrate assurance reporting.

The **Integrated Governance Committee** is an important committee in this respect as it aims to ensure effective working and as appropriate, connectivity of the Board Committees with the agenda of the Board. During the year the Committee considered: -

- Progress with implementation of its Integrated Governance & Accountability Action Plan;
- The actions in response to its positive Healthcare Inspectorate Wales follow up Governance Review;
- Learning from other reviews including the Betsi Cadwaladr UHB Public Accounts Committee report;
- The Memorandum on Governance – Wales Audit Office;
- Schedule of referral of matters to sub committees of the Board;
- Committee Chairs reports.

The Board's Standing orders require Committees to undertake an annual assessment of their own effectiveness and report the outcome of these to the Health Board. Self assessments have been completed for this year and

feedback from these assessments is being used by Committees to inform positive changes.

The Board, as part of its committee structure, has a **Charitable Funds Committee** which oversees the Health Board's Charitable Funds on behalf of the Board as the Board is the corporate trustee for the Charitable Funds held by the organisation. This is reflected in the overall governance structure of the organisation to provide assurance that Charitable Funds are being appropriately considered and overseen.

An important Committee of the Board in relation to the overall Board Assurance arrangements including development of the Annual Governance Statement is the **Audit Committee**, which on behalf of the Board keeps under review the design and adequacy of the Health Board's governance and assurance arrangements.

During 2015/2016, key issues considered by the Audit Committee relating to the overall governance of the organisation have been: -

- Overseeing the UHB's system of internal controls;
- A continued focus on improvements in the financial systems, controls procedures and the monitoring of payments and trending processes, although ongoing concerns remain with regards compliance with the Public Sector Prompt Payment (PSPP) duty and related target, which will not be met for a second year in succession. Joint action between the Board and Shared Services Partnership will need to be taken to ensure compliance;
- Sponsored an increasing programme of compliance, including internal audit activity across Corporate and Clinical Directorates;
- Overseen on behalf of the Board, the development of a new Board Assurance Framework (BAF);
- Overseen the local arrangements for Counter Fraud and received regular update reports on related activity, including investigations;
- Keeping under review the Health Board's risk management strategy, risk appetite and related processes;
- Overseen the revised Scheme of Delegations aligned with the Standing Orders of the Board;
- Considering internal and external audit reports, and tracking progress against internal and external audit recommendations, developing and strengthening related internal processes. Calling and holding Executive Directors to account, where appropriate, in relation to internal and external audit activity.

The **Remuneration and Terms of Services Committee** of the Board, is chaired by the Chair of the UHB and includes all Independent Board Members and meets periodically throughout the year to consider matters relating to Director and Very Senior Managers (VSMs) remuneration and Terms of Service and other related matters, which includes Voluntary Early Release applications and Chief Executive and Executive Directors of the Board performance and annual appraisal processes.

The **Quality and Safety Committee** is another key committee with regard to the assessment of the Health Board's overall clinical governance and assurance. Key issues considered by this committee are summarised below, with detail covered within the Health Board's Annual Quality Statement which will be published in September 2016. However, the Committee's key areas of activity during the year have been: -

- Progressed the outcome of a review of the Committee's working arrangements to inform areas for action and strengthened related processes. Good progress has been noted although further improvements are planned;
- Held two Quality Summits, with engagement with Clinical Directorates to inform the UHB's priorities for the year and to review progress against them;
- Overseen delivery of the UHB's approved Quality Strategy (aligned with the Board's 'Cwm Taf Cares' philosophy) supported by a Quality Delivery Plan (QDP) which focuses on the key priorities of the Board;
- Linked to the Quality Strategy and QDP, developed a related quality dashboard including 'at a glance' to consider progress with key quality and safety related targets;
- Considered planned and unannounced review and inspection activity by Healthcare Inspectorate Wales (HIW) and separately Community Health Council along with the UHB's internal inspection processes;
- Overseen the development of the Annual Quality Statement.

The **Corporate Risk Committee** oversees risk management and compliance arrangements across the UHB. The Committee met four times during the year and considered the following key areas of activity: -

- Development and review of the UHB's Risk Register;
- Monitoring and scrutiny of the UHB's arrangements with regards compliance against Workplace Health & Safety, including Moving & Handling; Violence & Aggression and Fire Safety;
- Received updates on progress relating to compliance in relation to Information Governance; Equality and Welsh Language.

During 2016/17 and following a review of arrangements, the Board has agreed to integrate corporate risk and the work of the corporate risk committee, with its Quality & Safety Sub Committee.

The **Primary Care Committee** was constituted by the UHB in 2014, initially to support the development of a Strategy for Primary Care, which has informed the UHB's IMTP submitted in 2015. The Committee is now focusing on scrutinising the delivery of the IMTP as it relates to Primary Care and is chaired by the Vice Chair of the UHB.

The Committee met five times during the year and considered the following key areas of activity: -

- The development of primary care strategy to inform the refreshed Integrated Medium Term Plan;
- Reviewed and monitored delivery of the oral health delivery plan and the eye care delivery plan;
- Considered the development of a redesigned GP Out of Hours services which was implemented during the year;
- Overseen arrangements for Primary Care Contractor service developments and related cluster hub work;
- Reviewed and scrutinised delivery agreements for primary care investments; and
- Reviewed, considered and discussed the Board's Inverse Care Law programme of work and related progress.

The **Finance, Performance & Workforce Committee** is another key committee of the Board which meets 10 times per annum and scrutinises the Health Board's performance, aligned to its Integrated Medium Term Plan commitments. The Committee's key areas of activity during the year have been: -

Reviewed and scrutinised the UHB's Integrated Performance Dashboard;

- Reviewed and scrutinised the UHB's Financial Performance including delivery of agreed savings plans;
- Reviewed and scrutinised key areas of workforce activity, including the in year development of significant registered nurse shortages and the mitigating actions being taken both locally and nationally;
- Received clinical efficiency deep dive reviews in key service areas;
- Reviewed its assigned risks.

The **Mental Health Act Monitoring** Committee is chaired by the Vice Chair of the Health Board and monitors the Health Board's compliance with the requirements of the Mental Health Act. The work of this Committee, including its Terms of Reference, has been reviewed and refreshed during the year and related processes and focus has been strengthened.

The **Academic Partnership Board (APB)**, is chaired by the Vice Chair of the Health Board and includes representation from Cardiff University and the University of South Wales. The APB oversees the Health Board and partners work in relation to the Health Board's University status and ensures the related strategy of the Board in this area of its work is taken forward in partnership with academic providers. A steering group is also in place which supports the work of the APB. This group also includes representation from Cardiff Metropolitan University.

In addition to the Sub Committees of the Board, the Board has 3 Advisory Groups, these being;

Stakeholder Reference Group (SRG) The Group is formed from a range of partner organisations from across the Health Board's area and engages with and has involvement in the Health Board's strategic direction, advises on service improvement proposals and provides feedback to the Board on the impact of its operations on the communities it serves.

The SRG met regularly throughout the year and held a development workshop and reviewed its Terms of Reference. Concerns regarding membership and lack of attendance from some members are being considered further by the SRG.

The SRG has been actively engaged in the development of the Board's Integrated Medium Term Plan (IMTP) 2016-19 and have supported the development of a public facing easy read summary of the plan.

Working in Partnership Forum (WIPF)

The Health Board and Staff side representatives have a strong working relationship and the Board recognises the importance of engaging with staff organisations on key issues facing the Health Board. The WIPF met regularly during the year, providing the formal mechanism through which the Health Board works together with Trade Unions and professional bodies to improve health services for the Cwm Taf population it serves. In addition the Health Board engages with its Medical Workforce through its Hospital Medical Staffing Committees (HMSCs).

WIPF is the forum where key stakeholders engage with each other to inform debate and seek to agree local priorities on workforce and health service issues. During the year, significant strategic issues discussed included progress on the development of the IMTP; revised arrangements for the redesign and implementation of a new GP Out of Hours Service and the introduction of the Acute Medicine Model at the Royal Glamorgan Hospital.

Healthcare Professionals' Forum (HPF)

The Forum comprises representatives from a range of clinical and healthcare professions within the Health Board and across primary care practitioners and provides advice to the Board on all professional and clinical issues it considers appropriate. The HPF last met formally in March 2015 and came together in September 2015 in a workshop setting to inform the development of its Terms of Reference and outline arrangements for working with and advising the Health Board on related issues. Unfortunately and as a consequence of ill health, the Chair of the HPF tendered her resignation towards the end of 2015 and arrangements are being made to appoint a new Chair and continue to progress the work started.

2. GOVERNING CWM TAF UNIVERSITY HEALTH BOARD

The Board is accountable for governance and internal control. As Accountable Officer and Chief Executive, I have the responsibility for maintaining a sound system of internal control that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding 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. My performance in the discharge of these personal responsibilities is assessed by the Director General Health & Social Services, Welsh Government / Chief Executive NHS Wales.

In addition, the Health Board's performance across a range of associated areas including the management of risk, governance, financial and non financial control is monitored by the Welsh Government.

My review of the effectiveness of the system of internal control is informed by the work of Executive Directors within the organisation. These Directors have responsibility for the development and maintenance of the Risk Assurance and Internal Control Framework, supported by the Internal Auditors and comments made by the External Auditors in the Annual Audit Report and other reports received throughout the year.

In addition, the work of Healthcare Inspectorate Wales, both investigations and reviews, informs my opinion. During this year, Healthcare Inspectorate Wales completed their follow up Governance Review of the Health Board, following its initial review in 2011; their generally positive report of progress and the Board's response was developed in the Summer 2015.

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 and the work of the Audit Committee, Integrated Governance Committee, Quality and Safety Committee, Corporate Risk Committee, Finance, Performance & Workforce Committee, Mental Health Act Monitoring Committee, the Remuneration & Terms of Service Committee, Primary Care Committee and the Academic Partnership Board.

The various Committees have overseen the delivery of key areas of the Board's Strategic intent and statutory responsibilities, whilst the Audit Committee has overseen the related controls assurance arrangements.

A plan to address weaknesses and ensure continuous improvement of the system is in place and it is my intention to build on this as part of our developing Board Assurance Framework developed and agreed by the Board towards the end of the year.

The scrutiny of these arrangements is in part informed through the internal mechanisms already referred to but also through the independent and impartial views expressed by a range of bodies external to the Health Board.

These include: -

- Welsh Government (WG)
- Wales Audit Office (WAO)
- Internal Audit (NHS Wales Shared Services Partnership)
- Healthcare Inspectorate Wales (HIW)
- Welsh Risk Pool (WRP)
- Community Health Councils (CHCs)
- Health & Safety Executive (HSE)
- South Wales Fire & Rescue Service
- Post Graduate Medical & Training Board, Post Graduate & Undergraduate Deanery's, Royal Colleges and other Academic bodies
- Other Accredited Bodies

The Health Board is required to have the following advisory groups: -

- Stakeholder Reference Group;
- Healthcare Professionals Forum; and
- Local Partnership Forum (known as the Working in Partnership Forum)

In relation to our 3 Advisory Groups, 2 are active and working in line with the Board's Standing Orders. However, the Healthcare Professionals Forum has not met over the last 6 months, partly as a consequence of the Chair's ill health and her subsequent resignation. Arrangements are being progressed to meet with Healthcare Professionals and agree a way forward, including the nomination of a new Chair.

During the year, advisory forums have been actively involved in the development of the Board's refreshed Integrated Medium Term Plan (IMTP) for 2016-19 and have also contributed views in relation to clinical service redesign changes being taken forward by the Board. The Working in Partnership Forum has worked closely with senior management in progressing the service redesign and change agenda, ensuring appropriate arrangements are in place to support staff.

The Wales Audit Office concluded in their 2015 Structured Assessment that the Health Board Governance arrangements continue to evolve but some aspects, particularly ICT, are making insufficient progress and achieving financial balance for 2015-16 remains a challenge.

Our delivery, governance and assurance arrangements are built on an organisational culture that is based on listening and learning, which directs its role in determining policy and setting strategic direction and also ensures that there are effective internal control mechanisms for the University Health Board that demonstrate high standards of governance and behaviour. This is of course, set against a back drop of the University Health Board ensuring that it remains responsive to the needs of its communities.

Patients and the public have an important role to play in proactively participating in their care and it is important that the organisation addresses this requirement in its governance arrangements. The University Health Board has continued to develop and strengthen its arrangements in this important area of its work, although recognises that there remains more to do, to ensure that information captured is readily available for reporting to Board on 'lessons learned' and as a result implementing changes to working practices.

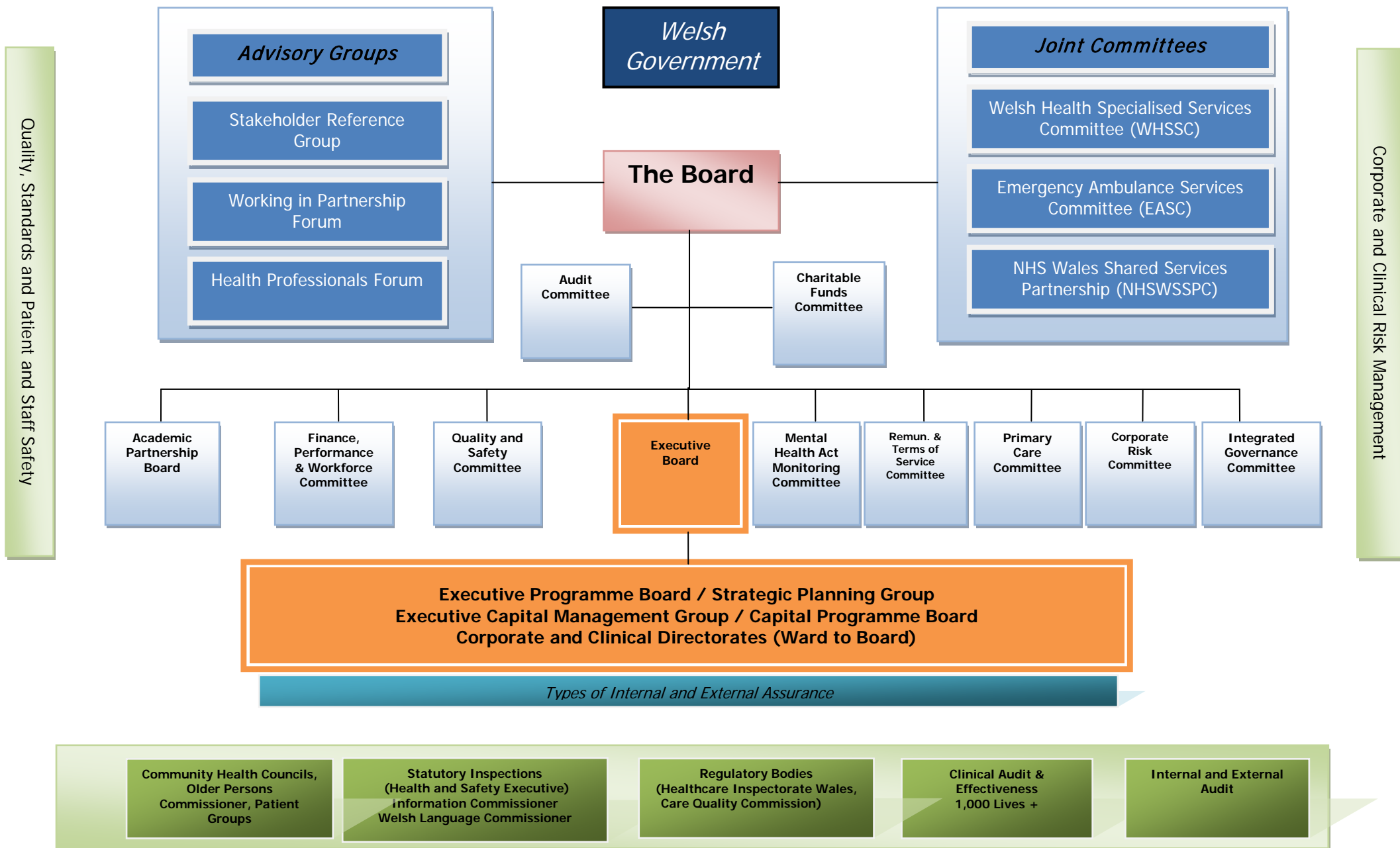
2.1 The Purpose of the System of Internal Control

The system of internal control is designed to ensure that risks are managed to a reasonable level rather than to eliminate all risks within the organisation. It therefore provides reasonable and not absolute assurance of effectiveness.

The system of control in place within the Health Board is based wherever possible on best practice and is an ongoing process designed to identify and prioritise risks to the achievement of the organisations policies, aims and objectives and to evaluate the likelihood of those risks being realised.

The impact of these risks is then assessed in order that they can be managed efficiently, effectively and economically. The system in place across the Health Board accords with Welsh Government Guidance. The system of internal control has been in place for the whole of the financial year ended 31 March 2016 and up to the date of approval of the annual report and accounts. The following chart outlines the Governance & Assurance Framework arrangements established by the Board.

Cwm Taf University Health Board – Governance and Assurance Framework



2.2 Capacity to Handle Risk

The Board has overall responsibility and authority for the Risk Management programme through the receipt and evaluation of reports indicating the status and progress of Health Board wide risk management activities. The Audit, Integrated Governance, Quality and Safety, Finance Performance & Workforce and Corporate Risk Committees comprising a variety of Independent Members and Executive Directors oversee the Health Board's risk management arrangements making recommendations for change as appropriate. Representatives from the Community Health Council attend the Health Board meetings (and have speaking rights at the Board) and also other Sub-Committees / Group meetings.

The University Health Board has an approved strategy for risk management and during the year developed a new Board Assurance Framework (BAF) that includes the organisation's risk appetite and process for ensuring the Board's plans are built on a foundation of risk assessment that informs mitigating actions. To support this, the University Health Board has an Organisational Risk Register, which is published quarterly and considered by the Integrated Governance Committee, the Audit Committee and the Corporate Risk Committee, with specific risks assigned to all the key Sub-Committees. The Risk Register includes the risk appetite (or targeted risk level), which helps inform the Board and its Sub-Committees of the level Supported with input from the Executive, the register helps to ensure key risks aligned to delivery are considered and scrutinised by the relevant Sub-Committee of the Board. E.g. statutory and Tier 1 finance and performance targets are scrutinised routinely at the Finance Performance & Workforce Committee which meets monthly.

The University Health Board approach to risk management ensures that risks are identified, assessed and prioritised, ensuring appropriate mitigating actions are taken. Arrangements at a Directorate level have been strengthened to ensure that health and safety issues are properly considered and managed in line with the Board's Strategy and related policy. Regular audits are undertaken on prioritised areas and this information is then used to ensure necessary improvements are introduced and implemented. A training programme is in place and related resource issues are being addressed to ensure improved compliance and uptake of mandatory training.

The lead director for risk is the Board Secretary/Director of Corporate Services and Governance, who is responsible for establishing the policy framework and systems and processes that are needed for the management of risks within the organisation. Depending on the nature of risk, other Directors will take the lead, for example, patient safety risks fall within the responsibility of the Medical Director, Director of Nursing, Midwifery and Patient Services and Director of Therapies and Health Sciences.

The organisational risks assigned to a Board Sub Committee are transcribed onto the Organisational Risk Register, which is considered by the Audit Committee, the Integrated Governance Committee and the Corporate Risk Committee. In addition to reporting risks via the meeting arrangements within the organisation, operational managers and Directors are able to notify a significant risk to the appropriate Executive Director for consideration and where necessary, notification to the Board.

Staff awareness of the need to manage risks continues to be reinforced as part of routine communication and briefing and specific senior management discussions. Case studies and patient stories are routinely used at the UHB Quality & Safety Committee and some of its reporting scrutiny panel(s) in order that lessons can be disseminated and shared. By linking together issues arising from complaints claims and concerns it has also been possible to identify important points of learning and areas of best practice.

Improvements have been identified to enable the Health Board to better manage and communicate the risks associated with Fire. This will consist of regular reporting via the Directorate Managers and their Integrated Governance Groups to discuss local fire management issues, performance management arrangements as part of the regular clinical business meetings and closer alignment of Fire Risks to the Organisational Risk Register.

During the year, work was progressed in relation to the BAF, which ensures closer alignment of the organisations key risks with the Board's 3 Year Integrated Medium Term Plan.

2.3 The Risk and Assurance Framework

The organisation's commitment to the principle that risk must be managed means that we will continue to work to ensure that: -

- There is compliance with legislative requirements where non compliance would pose a serious risk;
- Evidence based guidance and best practice is utilised in order to support the highest standard of clinical practice;
- All sources and consequences of risk are identified and risks are assessed and either eliminated or minimised; information concerning risk is shared with staff across the Health Board and, where appropriate, partner organisations;
- Damage and injuries are minimised, and people health and wellbeing is optimised;
- Resources diverted away from patient care to fund risk reduction are minimised;
- Lessons are learnt from compliments, incidents, and claims in order to share best practice and reduce the likelihood of reoccurrence

Patients and the public have an important part to play by proactively participating in their care and the organisation addresses this requirement within its Risk Management and other strategies. Case studies and patient stories are presented to the Quality & Safety Committee and Concerns/Claims scrutiny panels, in order that lessons can be disseminated and shared.

General Practitioners (GPs), Pharmacists, Dental Practitioners, Optometrists, Nursing Care Homes, Voluntary organisations and those where we have partnership relationships for service delivery, e.g. Local Authorities and other Health Boards, are responsible for identifying and managing their own risks through the contractual processes in place.

Clinical governance processes are intended to provide assurance to the Board that services are safe and meet organisational, external and professional standards. Work is progressing well to embed the new Health & Care Standards Framework into the every day working of the organisation and to ensure appropriate linkages to other key strategies such as the Quality Delivery Plan.

The 1000 Lives Improvement Service and Health Board/Trusts across Wales have built national priorities for improvement into the three year integrated plans. For the University Health Board these are: -

- Improving Patient Flow
- Inverse Care Law
- Improving Quality Together – Model for Improvement

In respect of the other areas of Primary Care, including Dental and Optometry, annual visits and monitoring similar to that for General Practice also takes place. Concerns across Primary Care are also monitored for trends and issues are addressed and where appropriate reported into the Board, with improvement actions agreed.

The University Health Board is committed to listening to our patients/service users/carers to ensure that feedback on patient, user and carer experience is obtained, published and acted upon and to harness the learning in order to inform quality improvements.

We are committed to creating a culture that welcomes and facilitates the involvement of patients, service users and carers from all the communities we serve in the development, improvement and monitoring of the patient care and services we deliver.

We have very strong scrutiny processes in place, overseen by Independent Board Members, where every opportunity is taken to review and learn lessons when things go wrong.

2.4 Mortality Review

We have developed a robust process for undertaking mortality reviews that span all hospital inpatient deaths. This process also includes General Practitioners in addition to multi disciplinary hospital teams. Our work has been recognised nationally following the publication of the Stephen Palmer review, on behalf of the Health Minister during 2014 and this work continues to evolve and features prominently at the Board and its sub-committees.

2.5 Integrated Quality and Performance Dashboard

The Health Board has in place a comprehensive Integrated Performance Dashboard that is presented monthly at Executive Board and a number of sub-committees and routinely at the University Health Board public meeting as part of our openness and transparency agenda with our public.

Since its inception in October 2012, the integrated performance dashboard continues to evolve and develop. The report is also segmented to highlight any areas which may be under formal escalation measures by the Welsh Government and is supported by a covering report that seeks to expand on these areas as well as to highlight areas of best practice within the UHB.

The Board recognises the importance of good quality data to inform its decision making at Board and sub committee level of the Board and has invested significant resource to develop the information and reports presented to Board for this purpose.

2.6 Health Board Vision

Our vision as a University Health Board is to:

Care for our communities and patients by preventing ill health, promoting better health, providing excellent services and reducing the need for inpatient care wherever possible through the provision of strengthened home, primary and community care

- We will prevent ill health, protect good health and promote better health.
- We will provide care as locally as possible wherever it is safe and sustainable.
- Our services will be of the best quality and delivered within efficient, affordable and effective models of care.

- More care will be delivered in primary and community based settings, reducing the need for hospital inpatient care wherever possible.
- Developing joined-up health and social care services by working with our partner Local Health Boards, Trusts, Local Authorities and the Third Sector.
- With a strong sense of corporate social responsibility, we will work with our staff, partners and communities themselves, building on strong local relationships and the solid foundations of the past.
- We will use our University Health Board status to ensure that working with our academic partners, we bring research, innovation and high quality teaching to support our staff and services.
- We will ensure a strongly governed system and pay due regard to equality which will underpin everything we do.

The University Health Board has the following five strategic objectives, derived principally from the [Institute for Healthcare Improvement \(IHI\) Triple Aim](#), which provides a clear framework for our plan.

These objectives are: -

- To **improve** quality, safety and patient experience.
- To **protect** and **improve** population health.
- To **ensure** that the services provided are accessible and sustainable into the future.
- To **provide** strong governance and assurance.
- To **ensure** good value based care and treatment for our patients in line with the resources made available to the Health Board.

The University Health Board Quality Strategy embraces the Board's philosophy of "Cwm Taf Cares" and is supported by CTUHB Annual Quality Delivery Plan developed from triangulation of local and national data and patient/user/staff feedback and aligns with the requirements set out in Achieving Excellence (the Quality Delivery Plan for the NHS in Wales 2012 - 2016) and Safe Care, Compassionate Care, the National Governance Framework to enable high quality care in NHS Wales (2013).

The Health Board's agreed priorities going forward into 2016-17 are to: -

- Continue to improve patient experience throughout the Health Board.
- Develop our clinical service strategy, including the implementation of the outcomes of the South Wales Programme and ensure innovation and prudent healthcare is at the heart of our service provision and redesign.

- Implement our refreshed primary and community care plans, including evidencing the shift from secondary to primary care.
- Continue to develop truly integrated services with our partners including Local Authorities and the Third Sector, across areas such as health and social care and reablement services, particularly for children and the frail elderly.
- Continue to improve scheduled & unscheduled patient care, patient flow and urgent care processes.
- Engage with an increasing number of members of the public in Cwm Taf through our regular public fora events and social media.
- Continue work to meet our quality and performance trajectories.
- Involve patients in the design and development of new clinically led and patient focused services, both in and out of hospital.
- Improve data quality and business intelligence, including reporting and transparency.
- Address high sickness rates amongst staff.
- Ensure compliance with legislation.
- Achieve financial balance.

3. BOARD LEVEL COMMITTEES AND ADVISORY GROUPS

The Board and its sub committees are fully established and operating in line with the Standing Orders. The following table outlines dates of Board (and development Board) and Committee meetings held during 2015-16.

Board/Committee / Group	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Board	*8th	6 th	3 rd and *	15 th	*5 th	9 th	*7 th	4 th	*2 nd	27 th		2 nd
Academic Partnership Board		12 th			4 th					21 st		
Audit Committee	13 th	18 th	3 rd	6 th			5 th			18 th		
Charitable Funds								5 th				
Corporate Risk Committee			24 th			17 th			10 th			30 th
Finance, Performance & Workforce Committee	30 th	28 th	25 th	30 th		24 th	29 th	26 th		28 th	25 th	31 st
Integrated Governance Committee		5 th			5 th			3 rd				
Mental Health Act Monitoring Committee						2 nd			8 th		18 th	
Primary Care Committee	29 th		24 th		26 th			25 th				9 th
Quality and Safety Committee	23 rd	** 1 st & 9 th		16 th			15 th			14 th		
Remuneration and Terms of Service	8 th	6 th	3 rd				7 th	4 th				2 nd
Stakeholder Reference Group	14 th		9 th		18 th		13 th		3 rd		16 th	
Working in Partnership Forum	28 th		30 th	28 th		29 th	27 th	24 th		26 th		
Healthcare Professionals Forum	The HPF last met formally in March 2015 and did not meet formally during the financial year but did hold a development workshop on 3 September 2015 about their role and terms of reference.											

All meetings of the Board and its Sub-Committees were quorate

Note * Development Board Meetings

Note ** Quality & Safety Committee held two Annual Quality Summits on 1st & 9th May 2015.

4. REVIEW OF GOVERNANCE ARRANGEMENTS

During 2015-16 we took forward the agreed changes following a review of our clinical governance arrangements the previous year and these were captured within our Quality Strategy 2014-17. This not only articulates the important lessons learnt from Francis and Keogh Reports, along with other relevant Inquiries, but also important messages from listening to our patients.

To facilitate this we also received our own Healthcare Inspectorate Wales (HIW), follow up governance review, which reported generally positively on the good progress made by the UHB over the last three years. The UHB received HIW's report in June 2015 and submitted its Board approved management response in August 2015.

The UHB has an Integrated Governance & Accountability Action Plan, which has also taken into account learning from Betsi Cadwaladr University Health Board (BCUHB) review and the 'Andrews' Report into Abertawe Bro Morgannwg (ABM) UHB and this has helped to inform the development of our own governance arrangements and significant progress has taken place throughout the year. The University Health Board's Integrated Governance Committee has reviewed and endorsed the revised action plan and routinely monitors related progress.

A significant amount of work has been undertaken over recent years to strengthen the governance and accountability arrangements supporting the delivery of the quality, performance and financial targets within the organisation and this progress has also been recognised by Wales Audit Office within its structured assessment reports. The organisation through its established clinical business meeting model has strengthened its arrangements for reviewing delivery and holding directorates to account to reflect the move to integrated planning and delivery. This will be strengthened further in the coming year with the introduction of a Performance Management Framework, a recommendation from the WAO's recent Structured Assessment 2015 report and some revisions to Director portfolios and strengthened lines of accountability within the supporting structures.

The Wales Audit Office Structured Assessment process over this period concludes that overall the Health Board made good progress in addressing 2014 structured assessment recommendations, in particular, developing a Board Assurance Framework, reviewing committee structures and ensuring that all sub-committees undertook a self-assessment. The review also identified areas for more focused work going forward into the coming year.

The Health Board's governance and assurance arrangements also have a strong focus on sustained performance and delivery. Whilst challenges remain going forward, good progress is being made in this area of our work. Robust scrutiny through the Board's Finance, Performance & Workforce Committee will remain the focus going forward.

5. THREE YEAR INTEGRATED MEDIUM TERM PLAN

Further to the National Health Service Finance (Wales) Act 2014 becoming law in Wales from 27th January 2014, new duties with regard to operational planning were placed upon the Local Health Boards. The legislative changes are effected to section 175 of the NHS Wales Act 2006.

The Board has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year integrated medium term plan. In accordance with the new legislative duty the 2014-2017 and 2015-2018 Plans were approved by the Board and submitted to Welsh Government within the required timescale. Welsh Ministers have approved both of the Health Board's Plans. A copy of the 2015-2018 IMTP submitted to Welsh Government on 31 March 2015, is available at: [Cwm Taf UHB Board Approved IMTP 2015-18](#)

Central to implementation and delivery of the Cwm Taf plan, is robust local scrutiny and assurance arrangements endorsed by the University Health Board that provide assurance in relation to contractor services, directly provided services and commissioned services.

Overall, the Health Board continues to make solid and steady progress in delivering the Plan and in fact this will be the third year that we have moved from delivering an organisational 'turnaround' agenda into delivering a much more mature, innovative and exciting transformational agenda for the Health Board. Whilst there remains no room for complacency, with some performance challenges, our Board maintains a strong focus on quality, performance and delivery and we are able to demonstrate that we are an organisation that has matured in our governance and assurance arrangements.

The Health Board also achieved its 2015/16 financial plan of breakeven in revenue expenditure terms, with a small surplus of £24k, which was a success given the challenging nature of our plan. Capital expenditure was managed closely to plan, with a minor under spend of £8k against the planned expenditure of £9.550m.

Further detail on our actual achievements and continued challenges moving into 2016/2017 can be found in our refreshed 2016-2019 IMTP, particularly in Chapter 2, which outlines progress in delivering our Plan.

The Board has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year Integrated Medium Term Plan. The Health Board submitted its refreshed 2016-19 Plan to Welsh Government on 31 March 2016. The submission was supported by correspondence outlining the associated risks and basis on which the Board had approved its submission. The latest Board Approved IMTP for 2016 – 19 submitted on 31 March 2016, can be accessed at: [Cwm Taf UHB Board Approved IMTP 2016-19](#).

A public facing summary of our IMTP has also been developed with input from the Stakeholder Reference Group (SRG) and the Community Health Council (CHC) for our staff and local communities.

The Board approved plan was ratified at the public Board meeting on 4 May 2016, with a copy made available to the public via its internet site. At the time of writing, the Board is awaiting confirmation from Welsh Government, in accordance with the new legislative duty, as to whether the 2016-19 plan has been approved.

6. AREAS OF RISK

The risk profile of the Health Board changes over time and the risk register is considered regularly and captures the key risks that can impact upon the Health Board's achievement of its objectives if not adequately assessed, mitigated and monitored.

The organisational risk register currently includes 28 Extreme / High risks. The risks are categorised into the following groupings;

Categories / Risk Rating	Extreme (rated 15 -25)	High (rated 8-12)
Business objectives / projects	6	3
Impact on Safety	9	0
Statutory duty / inspections	4	2
Finance (including claims)	1	1
Human Resource / Organisational Development / Staff Competence	1	0
Service / Business Interruptions	0	1
Total Risks	21	7

Top Extreme Risks (Rating 20 and above)

The risks broadly cover the following key themes of Health Board business;

- **Failure to recruit medical & dental staff and its related impact on rotas going forward**
- **Reduction in medical training posts (paediatrics specifically)**
- **Registered Nurse recruitment and its implications on sustaining hospital inpatient capacity**
- **Fire Safety compliance and issues with PCH hospital site (Ground & First Floor)**
- **Delivery of Referral to Treatment Times (RTT)**
- **Lack of control and capacity to accommodate all hospital follow up outpatient appointments**
- **Sustainable Cancer target delivery**
- **Sustainability of a safe & effective Ophthalmology service**

- **Producing and delivering a viable 3 year integrated plan including ongoing financial balance and the achievement of Tier 1 performance targets**
- **Unscheduled care system pressures impacting on delivery and performance across both planned and unscheduled care.**

Actions to control and mitigate extreme / high risks are reported within the updates presented to Committees of the Board and risks are assigned to key Committees for monitoring and assurance.

Risks that have emerged during the year, include registered nurse recruitment; ophthalmology services; outpatient follow ups; Deprivations of Liberties Safeguards; GP Out of Hours services and increased fragility, as a consequence of medical staffing shortages impacting on paediatrics, neonates and obstetric services, the latter linked to Deanery changes in the allocation of trainees. A number of contingency/action plans are in place to address these matters, which are being reported and reviewed by key Committees of the Board, the following is a summary of key areas:

6.1 Health & Safety Executive (HSE)

I reported last year that as a consequence of a number of separate reportable RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) incidents, that the Health & Safety Executive (HSE) had issued a number of improvement notices. These were in the following area: -

- One of these related to safer sharps (following a staff needle stick incident) with a requirement on the UHB to fully implement the Health and Safety (Sharp Instruments in Healthcare) Regulations 2013.
- An incident relating to safe specimen collection in the Genito Urinary Medicine (GUM) Service; and
- Following a moving and handling incident involving a member of staff, the HSE asked the UHB to improve its arrangements for moving and handling within the Medicine Directorate at the Royal Glamorgan Hospital.

Action has been taken by the Health Board in all three areas of enforcement action and the HSE has lifted the notices.

6.2 Fire Safety

The University Health Board continues to work in partnership with the South Wales Fire and Rescue Services in managing the fire risks within its premises. In addition to the measures undertaken to the Ground and First Floors in the Merthyr Block in Prince Charles Hospital (which remains the subject of a Fire Enforcement Notice), the Health Board has also had to consider fire safety in all its other buildings and key work has continued, to support fire safety compliance across the Health Board, with regular dialogue with senior South Wales Fire & Rescue Service officials.

Senior Officers and members of the South Wales Fire & Rescue Service have met with the Director General and officials from Welsh Government to discuss the capital works progressed to date and planned, to manage and mitigate the fire safety related risks associated with the Prince Charles Hospital building. At the request of the Director General, Welsh Government, the Health Board was asked for an assessment of the 'do minimum' option in order to comply fully with the enforcement notice in the shortest possible timescale, against the Board's submitted business case. The Health Board is continuing its dialogue with Welsh Government to agree arrangements to ensure it complies fully with the requirements of the Notice.

6.3 Legal dispute relating to the construction of Ysbyty Cwm Cynon (YCC)

The Board has been kept apprised of the ongoing legal dispute with the contractor involved in the construction of YCC. There are risks associated with the dispute, including financial risks, which the Board has been fully briefed on. Executive Officers will continue to ensure that the Board, Capital Programme Board and the Audit Committee is kept updated on progress with the dispute.

6.4 GP Out of Hours Services

An alternative model for GP out of hours services was implemented during the year and will shortly be evaluated in terms of its delivery of the intended outcomes. The public are being kept updated through our established public fora meetings and ongoing engagement with the Community Health Council (CHC).

6.5 Primary Care Services

There is an increasing risk of the Board's ability to sustain Primary Care Services across all areas of the Health Board. A small number of practices have merged over the last year and there is the potential for others to do so. The Health Board continues to work with Primary Care Contractors to provide support wherever it is possible to sustain services as currently configured.

6.6 Stroke Services Re-design

A revised model for stroke services was introduced during the year, which has resulted in a number of service improvements and ongoing evaluation is being progressed to address some of the related outcomes and performance issues impacting on delivery.

6.7 New Legislation

The Board along with its partners, continue to consider and work through the implications of recent changes in legislation, following the introduction of the Social Services and Well-being (Wales) Act 2014 ("the Act"), which came into force on 6 April 2016, and which creates a new legislative framework that brings together and modernises the law governing social care in Wales.

The introduction of this legislation, along with the Well-Being of Future Generations (Wales) Act 2015 will continue to be considered as part of the Board's work and ongoing partnership discussions, to ensure the Health Board and its partners fully introduce the legislation.

6.8 Funded Nursing Care – Judicial Review (JR)

The Health Board, along with other Health Boards in Wales have during the year been subject to Judicial Review as a consequence of its actions and decisions relating to Funded Nursing Care (FNC). The Judgement handed down by the Court of Appeal on 4 February 2016, found in favour of Health Boards. A series of recommendations have been approved by the Board and will be taken forward this year.

6.9 Director posts / portfolios

Since September 2015, following the retirement of the Director of Public Health, the Board has not been able to fill this position. Arrangements have been put in place and supported by Public Health Wales to ensure any risks associated with this vacancy are mitigated and professional and expert advice is still sourced. It is anticipated that this vacancy will be filled early in 2016/17.

In addition, I have agreed a change in Director portfolios, partly associated with the role of the Board Director/Chief Ambulance Services Commissioner, which will include realignment of functions to other Executive Directors of the Board. These being Information Technology; Medicines Management and Facilities. The changes particularly in relation to Information technology will also support the Board in taking forward the internal and external audit report recommendations in this important area of the Board's business. A period of engagement and consultation with the staff affected by these changes is currently underway.

6.10 NHS Wales Informatics Services (NWIS)

The Board during the year was notified of a small number of serious incidents relating to electronic test results reporting generated by national reporting systems which have impacted on a small number of GP practices within the Health Board. The Health Board has worked with NWIS nationally and the GP practices concerned to review the reported issues and ensure test results are reviewed and where appropriate acted upon. Whilst the potential for clinical harm was apparent as a consequence of the system failure, to date there has been no reported patient harm as a direct consequence of this incident.

6.11 Workforce

The Health Board is progressing local, national and international recruitment plans to address workforce shortages mainly in registered nursing (which has impacted on available inpatient bed capacity during the year) and to a lesser degree junior

and middle grade medical staff. Detailed plans are in place which are being reported to and scrutinised by the appropriate sub committees of the Board.

6.12 Paediatrics Neonatal & Obstetric Services

As part of the implementation of the South Wales Programme and in line with an over-arching South Central and East Alliances' paper, the Health Board submitted its Capital Business Justification Case (BJC) for the expanded obstetric, midwifery and neonatal facilities in February 2016. This will provide a single site solution for inpatient neonatal and obstetric led services at Prince Charles Hospital (PCH), supported by an Alongside Midwifery Unit (AMU). With regard to the Health Board's BJC, this was submitted at a finalised cost level of £5.9m for the PCH works. In addition, a sum not exceeding £1m was also identified for yet to be designed works at the Royal Glamorgan Hospital (RGH), in order to remodel the accommodation at RGH to suit the planned Freestanding Midwifery Unit (FMU) and revised Paediatric Assessment facilities, as part of the wider service re-modelling.

The Welsh Government allocated £350k in 2014/15 to begin the process of purchasing equipment. The allocation of the remaining funds will be subject to approval of the submitted BJC. If approved by the Welsh Government in a timely fashion, the scheme could be completed by the end of the 2016/17 financial year.

6.13 Pensions

An emerging concern is the potential impact that the changes to the pension taxation regime at UK level may have on senior members of the workforce, both within our directly employed services and in relation to our Primary Care and Out of Hours services. Work has been commissioned to identify those at greatest risk to provide support to individuals and also to identify retention strategies.

7. MANDATORY DISCLOSURES

In addition to the need to report against delivery of the new Health and Care Standards and the Standards for Health Services in Wales, the Health Board is also required to report that arrangements are in place to manage and respond to the following governance issues:

7.1 Health and Care Standards for Health Services

On the 1st of April 2015, the new Health and Care Standards came into force, published by the Welsh Government to bring together and update the expectations previously set out in 'Doing Well Doing Better Standards for Health Services in Wales' and the Fundamentals of Care in conformity with the Health and Social Care (Community Health and Standards) Act 2003.

The organisation uses the Health and Care Standards as part of its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self assessment of performance

against the standards across all activities and at all levels throughout the organisation.

In this transition year, the new Standards form an important part of the assessment required during the development of all Board and Sub Committee papers (contained within the house style template).

The Board completed a self assessment against the Governance and Accountability Module at its April Integrated Governance Committee meeting and has:

- openly assessed its performance using the maturity matrix.

The Board reviewed its improvement actions identified last year and noted progress had been made in many of the priority areas identified. The Board considered its priorities for the coming year and agreed a number of improvement actions.

This process has been subject to independent internal review and assurance by the organisation’s Head of Internal Audit.

During the year an integrated Governance and Accountability Action Plan was developed which encompassed the improvements from the 2014-15 Governance and Accountability Module and the actions following the governance review in Betsi Cadwaladr University Health Board. Progress against this action plan was reviewed and monitored routinely by the Integrated Governance Committee during the year.

The approach adopted was in line with the templates and guidance issued by the Welsh Government and Healthcare Inspectorate Wales and the outcome of the organisational wide assessment is summarised in the table below. Whilst the overall assessment scores have remained the same as last year, the level of assurance to the Board in making their assessment has been strengthened.

	We do not yet have a clear, agreed understanding of where we are (or how we are doing) and what / where we need to improve.	We are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	We are developing plans and processes and can demonstrate progress with some of our key areas for improvement.	We have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	We can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Setting the direction				✓	
Enabling delivery				✓	
Delivering results achieving excellence				✓	
OVERALL MATURITY LEVEL				✓	

Internal Audit has reviewed arrangements considering the systems and controls relating to the annual self assessment and the process for embedding the standards and concluded that its completion and assessment was considered appropriate.

7.2 Equality, Diversity and Human Rights

The University Health Board is committed to the principles of equality and diversity and the importance of meeting the needs of the nine protected groups under the Equality Act 2010.

The Health Board's policy on equal opportunities and in relation to disabled employees is made equally accessible to staff and the public.

Control measures are in place to ensure that all Cwm Taf Health Board's obligations under equality, diversity and human rights legislations are complied with. Extensive work has been undertaken to implement the Accessible Healthcare Standards, being selected by Stonewall to be a partner in pilot work to support our aim to become a Stonewall Champion, and the comprehensive consultation and engagement undertaken to develop a revised strategic Equality Plan as required by the Equality Act 2010.

Equality issues are monitored by the Health Board's Equality Forum and the Welsh Language Group which reports via Sub Committee to the Board. During the year a decision was made to combine the groups and the first meeting of the Equality & Welsh Language Group took place in February 2016.

7.3 Emergency Preparedness / Civil Contingencies / Disaster Recovery

The organisation continues to maintain its duties as a Category 1 responder and has strengthened its level of compliance with the development of a Silver Commander Training package delivered to senior managers, Executives attending Wales Gold training and 17 business continuity plans for service areas. The Silver Commander Training package is now being used across the Region by three Health Boards.

The organisation has also developed a Hospital Full Site Evacuation plan and tested/exercised this plan with a live exercise with South Wales Fire & Rescue Service and a tabletop exercise with multi-agency partners.

Considerable work has been undertaken with the RAF, Coastguard and Air Ambulance to ensure that our Helicopter Procedure is resilient and the organisation is also working with the Emergency Medical Retrieval and Transfer Service (EMERTS) Cymru to enable Wales Air Ambulance to commence night landings at the Helicopter Landing Pads at Prince Charles and Royal Glamorgan Hospitals.

Contingency planning in response to the Royal Visit at Keir Hardie Health Park, working with colleagues across South Wales was very successful and the arrangements have been shared with other Health Boards.

The organisation has also led on developing the NHS Wales Mass Casualty Response plan following the Paris attacks. This plan is designed to coordinate NHS resources and communication across Wales to manage a major incident involving a large number of casualties. This work has encompassed Welsh Government, Health Boards, Welsh Ambulance and specialist resources.

In relation to disaster recovery, during the year the Wales Audit Office undertook a review of a number of Information Technology related issues including disaster recovery and business continuity arrangements. A number of recommendations for action were made, which included;

- Reinforce business continuity governance arrangements by communication and training for relevant managers, clinicians and other staff and ensure that there is a clear understanding of the difference between business continuity and disaster recovery planning;
- Improve the current ICT disaster recovery plans for each of the systems reviewed, for other key systems and for the ICT infrastructure to ensure they are adequate and meet minimum requirements

A detailed management response has been reviewed and considered by the Audit Committee and progress is being tracked within the audit tracker.

7.4 NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. The Scheme is managed on our behalf by the NHS Wales Shared Services Partnership.

7.5 Carbon Reduction Delivery Plans

The organisation has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the climate change Act and the Adaptation Reporting requirements are complied with.

7.6 Ministerial Directions

A list of Ministerial Directions issued by the Welsh Government during 2015 are available at: -

<http://gov.wales/legislation/subordinate/nonsi/nhswales/2015/?lang=en>

and for 2016 at: -

<http://gov.wales/legislation/subordinate/nonsi/nhswales/2016/?lang=en>

The Health Board can confirm that all relevant Directions have been fully considered and where appropriate implemented.

A range of Welsh Health Circulars (WHCs) were published by Welsh Government during 2015-16 and are centrally logged within the Health Board with a lead Executive Director being assigned to oversee implementation of any required action. Where appropriate, the Board or one of its Committees is also sighted on the content of the WHC.

7.7 Data Security

All information governance incidents are reviewed by the Information Governance Group and during the year there were 4 incidents relating to data security that required reporting to the Information Commissioners Office (ICO).

All reportable incidents have been investigated internally and where required support and cooperation has been provided to the ICO to inform their investigations.

7.8 UK Corporate Governance Code

The organisation has also undertaken an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Health Board's assessment against the Governance and Accountability Module undertaken by the Board in April 2016 and also evidenced by internal and external audits.

The Health Board is clear that it is complying with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement such as declaration of interests but are reported more fully in the Health Board's wider Annual Report.

7.9 Welsh Language

Cwm Taf University Health Board recognises that that care and language go hand in hand. The quality of care, patient safety, dignity and respect can be compromised by the failure to communicate with patients and service users in their first language. Many people can only communicate and participate in their care as equal partners effectively through the medium of Welsh. We are committed to meeting the Welsh language needs and preferences of our service users.

Over the past five years the Health Board has been making good progress implementing its statutory Welsh Language Scheme and, more recently, the Welsh Government's strategic framework for Welsh language services in health, social services and social care: 'More Than Just Words'. The aim of this work has been to improve the availability, accessibility, quality and equality of our Welsh medium services. Whilst good progress has been made, we recognise there is much more to do and we continue to improve our Welsh language services by implementing the commitments set out in our Welsh Language Scheme and More Than Just Words.

Progress against the Welsh Language Scheme and 'More Than Just Words', is reported to our internal Welsh Language and Equality Forum and also to the Health Board and updates provided to the Welsh Language Commissioner, and the Welsh Government.

8. REVIEW OF EFFECTIVENESS

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

I have overall responsibility for risk management and report to the Board regarding the effectiveness of risk management across the Health Board. My advice to the Board is informed by reports on internal controls received from all its committees and in particular the Audit Committee, Quality and Safety Committee and the Finance Performance & Workforce Committee, with the Integrated Governance Committee ensuring alignment and connections with the Board's business. The Quality and Safety Committee also provides assurance relating to issues of clinical governance, patient safety, patient experience and the application of the new Health and Care Standards. In addition reports submitted to the Board by the Executive Team identify risk issues for consideration.

Each of the Health Board's Committees have considered a range of reports relating to their areas of business during the last year, which have included a comprehensive range of internal audit reports and external audit reports and reports on professional standards and from other regulatory bodies. The Committees have also considered and advised on areas for local and national strategic developments and new policy areas.

Each Committee develops an annual report of its business and the areas that it has covered during the last year and these are reported in public to the Health Board.

8.1 Internal Audit

Internal audit provide me and the Board through the Audit Committee with a flow of assurance on the system of internal control.


I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and

contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The Head of Internal Audit opinion is that the Board can take **Reasonable Assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

The Head of Internal Audit has concluded:

Reasonable Assurance	 <p>- + Yellow</p>	<p>The Board can take Reasonable Assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
----------------------	--	--

The overall internal audit opinion is based on;

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the internal audit plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements.
- The review Health and Care Standards and the assessment of Governance in the form of the Governance and Accountability Module.
- Other assurance reviews which are directly relevant to the Head of Internal Audit opinion, including audit work performed in relation to systems operated by the NHS Wales Shared Services Partnership.

These detailed results have been aggregated to build a picture of assurance across the eight key assurance domains around which the risk-based internal audit plan is framed. Where there is insufficient evidence to draw a firm conclusion the assurance domain is not rated. A summary of the related findings is outlined within the Head of Internal Audit Annual Report.

8.1.1 Audit Summary by Assurance Domain

Corporate Governance, Risk Management and Regulatory Compliance

- Robust arrangements were found to be in place for the reimbursement of claims. Arrangements were considered adequate for Health & Care Standards.

Strategic Planning, Performance Management and Reporting

- Adequate arrangements were identified for IMTP, discharge planning and waiting list management with improvements identified in Business Continuity Planning.

Financial Governance and Management

- The audit of the UHB financial systems identified adequate control arrangements.

Clinical Governance, Quality and Safety

- Arrangements for the Annual Quality Statement, incident reporting and Infection Control were considered adequate, however a number of improvements were identified in the review of DoLS and Complaints.

Information Governance and Security

- The reviews of the Theatres IT system and Data Quality identified that these areas were managed, to an adequate standard.

Operational Service and Functional Management

- Adequate arrangements were identified within the reviews of the Directorates of Surgery and Facilities. However the Localities Directorate was given Limited assurance.

Workforce Management

- Improvements were identified as required with Medical Locums and Pre employments checks being given Limited Assurance.

Capital and Estates Management

- The reviews of Sustainability Reporting and the Carbon Reduction Commitment Scheme were deemed to have adequate controls.

8.2 Annual Audit Report

In June 2015, the Auditor General for Wales issued an unqualified opinion on the 2014-15 financial statements of the Health Board, although there were some issues brought to the attention of officers and the Audit Committee. These related to: -

- The issuing of an unqualified opinion on the 2014-15 financial statements of the Health Board, although in doing so brought some issues to the attention of officers and the Audit Committee. These related to accounting for the disposal of assets, and also the number of overpayments of salary made to staff.
- In addition, a substantive report on the Health Board's financial statements alongside the audit opinion. The report explains the two new financial duties introduced on 1 April 2014 by the NHS Finance (Wales) Act 2014, the Health Board's performance against them, and the implications for 2015-16.
- That the Health Board's accounts were properly prepared and materially accurate.
- That the Health Board had an effective control environment to reduce the risk of material misstatements to the financial statements; and the Health Board's significant financial and accounting systems were appropriately controlled and operating as intended.
- The Health Board achieved financial balance at the end of 2014-15.

In relation to Structured Assessment work, the WAO published its 2015 report in February 2016. The WAO found:

- Governance arrangements continue to evolve but some aspects, particularly ICT, are making insufficient progress and achieving financial balance for 2015-16 remains a challenge.
- The Health Board continues to monitor savings plans effectively, and has a good record of achieving financial balance, but whilst it again forecasts a breakeven position for 2015-2016, it faces significant financial challenges and needs to manage risks relating to planned savings and directorate sign up to budgets.
- The Board has set a clear vision and continues to strengthen governance arrangements, and its challenge is to further improve governance arrangements supporting the Quality and Safety Committee, address internal control weaknesses and develop a performance management framework.
- Although the Health Board has change management arrangements in place to support delivery of its IMTP there are improvements needed if ICT is to effectively support service delivery.

Progress against the matters and related risks identified above will be monitored via the Board and its sub committees during 2015-16.

8.3 Counter Fraud

Cardiff and Vale UHB Counter Fraud Service provides a service to Cwm Taf University Health Board. Their work plan for 2015/16 was completed and covered all the requirements under Welsh Government Directions. The Counter Fraud Service provides regular reports and updates to members of the Executive and directly to the Audit Committee. The Audit Committee received the Counter Fraud and Corruption Annual Report for 2015/16 and related work self assessed / reviewed against the NHS Protect Standards for Providers – Fraud, Bribery and Corruption / NHS Standard Contract.

9. CONCLUSION

This Governance Statement indicates that the Health Board has continued to make progress and mature as an organisation during 2015-2016 and that we are further developing and embedding good governance and appropriate controls throughout the organisation. However, the Health Board is aware, that there have been five areas of the business of our organisation reviewed during the last year, that have received 'limited' assurance ratings from Internal Audit and as a consequence, management action is necessary. It should be noted that 2 of these five reports are in 'draft' Medical Locums and Pre Employment Checks and have not been finalised with management or review and considered by the Audit Committee, which will take place in July 2016.

A summary of the three reports, which have been considered by the Audit Committee is outlined below. Management action has been taken forward to respond in these areas and progress will be monitored by the Audit Committee.

Internal Audit Reports – Limited Assurance

- **Directorate Governance (Localities and Continuing Health Care)**

This review concluded that the Board can take only 'limited' assurance that arrangements to secure governance, risk management and internal controls, within those areas reviewed, are suitably designed and applied effectively.

The review highlighted that overall the controls in place to manage staff effectively were not always in place including compliance with Workforce policies such as Sickness Absence, Flexible Working (including time owing in lieu) and undertaking Annual Performance Reviews.

Other areas of concern included that no Declarations of Interests from Clinical Directors had been received and that no dedicated performance report detailing the performance against key service delivery targets was being received.

The Audit Committee reviewed the management response and will track progress against the recommendations.

- **Complaints Management**

This review concluded that the Board can take only 'limited' assurance that arrangements to secure governance, risk management and internal controls, within those areas reviewed, are suitably designed and applied effectively.

The review highlighted that overall, the controls in place to manage the risks associated with the conformance to timescales and matters of accuracy in relation to the development of complaint responses required strengthening. In addition, matters of accuracy and liaison with the directorates was identified as an area of weakness.

The Audit Committee reviewed the management response and referred the matter to the Quality & Safety Committee and will track progress against the recommendations.

- **Deprivation of Liberties Safeguards (DoLS)**

This review concluded that the Board can take only 'limited' assurance that arrangements to secure governance, risk management and internal controls, within those areas reviewed, are suitably designed and applied effectively.

The review highlighted key areas of concern for the Board in terms of compliance with the required timescales. In particular, completing requests for the patient assessment and also the time taken to complete the actual assessment. Ward staff training issues including ensuring that the correct documentation was contained in the patient record was identified. The lack of a report in relation to the compliance to the DoLS requirements was also noted.

The Audit Committee reviewed the management response and referred the matter to the Corporate Risk Committee and will track progress against the recommendations.

The other 2 'draft' Limited Assurance reports; **Medical Locums** and **Pre-Employment checks** will need to be finalised and considered further by the July 2016 meeting of the Audit Committee. The Head of Internal Audit has considered the findings of these draft reports within his end of year opinion.

As the Accountable Officer, I will ensure that through robust management and accountability frameworks, significant internal control problems do not occur in the future. However, if such situations do arise, swift and robust action will be taken, to manage the event and to ensure that learning is spread throughout the organisation.

The revised planning guidance and our approved 3 year integrated plan for 2015-18 (refreshed for 2016-2019), sets out the strategy for the University Health Board and outlines high level objectives and key areas for progress over the next 3 years.

My review confirms that the Board has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and that no significant internal control or governance issues have been identified.

**MRS ALLISON WILLIAMS
CHIEF EXECUTIVE**

Date: 1st June 2016

Appendix 1

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2015-16
Dr C D V Jones	Chairman	Board Remuneration and Terms of Service Committee (Chair); Integrated Governance Committee; Charitable Funds Committee	Welsh Language	7/7 6/6 3/3 1/1
Prof. D Mead	Vice Chair (Primary Care, Community and Mental Health services)	Board Mental Health Act Monitoring Committee (Chair); Integrated Governance Committee; Academic Partnership Board (Chair); Quality and Safety Committee; Primary Care Committee (Chair); Remuneration and Terms of Service Committee; Charitable Funds Committee	Armed Forces/ Veterans Health	6/7 3/3 2/3 3/3 3/4 5/5 6/6 1/1
Cllr. M Forey (Term ended 31 Jan 2016)	Independent Member (Local Authority)	Board Remuneration and Terms of Service Committee; Audit Committee; Charitable Funds Committee		5/6 2/5 5/6 0/1
Mr J Hill-Tout	Independent Member (Finance)	Board Finance, Performance & Workforce Committee (Chair); Integrated Governance Committee; Remuneration and Terms of Service Committee; Corporate Risk Committee Charitable Funds Committee	Capital (Design)	5/7 10/10 3/3 4/6 3/4 1/1
Mr A Seculer	Independent Member (Legal)	Board Integrated Governance Committee (Chair); Corporate Risk Committee (Chair); Finance, Performance & Workforce Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.	Children; Equality & Diversity; Violence & Aggression; Safeguarding	2/7 2/3 4/4 8/10 2/6 0/1
Mr G Bell (Term ended 31 Mar 2016)	Independent Member (Community)	Board Audit Committee (Chair until October 2015); Quality and Safety	Patient Public Involvement, the Taff Ely Locality and	6/7 6/6 4/4

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2015-16
		Committee; Integrated Governance Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.	the RCT Compact; Organ Donation	3/3 6/6 1/1
Cllr C Jones	Independent Member (Community)	Board Quality and Safety Committee (Chair) until October 2015; Integrated Governance Committee (until October 2015); Finance, Performance & Workforce Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.	Cleanliness, Hygiene & Infection Control; Corporate Health Standard	7/7 4/4 3/3 9/10 5/6 1/1
Mrs M Thomas	Independent Member (Third Sector)	Board Finance, Performance & Workforce Committee; Mental Health Act Monitoring (in part) Remuneration and Terms of Service Committee; Audit Committee; Primary Care Committee Quality & Patient Safety Committee (Chair from January 2016; Charitable Funds Committee	Vulnerable Adults; Carers; Volunteers; Cynon Valley Locality and Merthyr Tydfil Compact	5/7 6/10 2/2 3/6 3/6 5/5 1/1 1/1
Mrs G Jones	Independent Member (Trade Union representative)	Board Corporate Risk Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.		3/7 3/4 4/6 1/1
Dr C Turner	Independent Member (Information Technology & Governance)	Board Academic Partnership Board; Remuneration and Terms of Service Committee; Audit Committee (Chair from January 2016); Integrated Governance Committee; Charitable Funds Committee.	Information Governance	7/7 3/3 6/6 6/6 1/1 1/1
Mr T Davis	Associate Board Member	Board Stakeholder Reference Group		7/7 6/6

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2015-16
Mr G Isingrini	Associate Board Member (Local Authority)	Board		1/7
Ms S Williamson	Associate Board Member	Board Healthcare Professional Forum (Workshop only)		2/4
Mrs A Williams	Chief Executive	Board Integrated Governance Committee; Emergency Ambulance Services Committee; Welsh Health Specialised Services Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.	N/A	7/7 5/5 5/5 4/5 6/6 0/1
Mr S Webster	Director of Finance & Procurement / Deputy Chief Executive	Board Audit Committee (in attendance); Finance, Performance & Workforce Committee; Integrated Governance Committee; Primary Care Committee; Quality and Safety Committee Charitable Funds Committee.	N/A	7/7 5/6 9/10 2/3 0/5 2/4 0/1
Mr Kamal Asaad	Medical Director	Board Corporate Risk Committee; Integrated Governance Committee; Quality and Safety Committee; Charitable Funds Committee.	N/A	5/7 3/4 1/3 2/4 0/1
Mrs Joanna Davies	Director of Workforce and Organisational Development	Board Academic Partnership Board Corporate Risk Committee Finance, Performance & Workforce Committee, Integrated Governance Committee; Primary Care Committee Quality & Safety Committee Remuneration and Terms of Service Committee; Charitable Funds Committee.	N/A	7/7 2/3 1/4 6/6 2/3 0/1 3/4 6/6 1/1

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2015-16
Mr Stephen Harry	Board Director	Board Represents the Health Board at NHS Wales Shared Services Partnership Committee.	N/A	6/7
Mrs Nicola John (Retired Sept 2015)	Director of Public Health	Board Quality and Safety Committee; Integrated Governance Committee; Primary Care Committee.	N/A	4/4 1/2 2/2 2/3
Mr John Palmer	Director of Primary, Community & Mental Health	Board Quality and Safety Committee; Integrated Governance Committee; Mental Health Act Monitoring Committee; Primary Care Committee; Charitable Funds Committee.	N/A	7/7 4/4 3/3 3/3 5/5 0/1
Ms Ruth Treharne	Director of Planning and Performance	Board Corporate Risk Committee; Finance, Performance & Workforce Committee Integrated Governance Committee Primary Care Committee Charitable Funds Committee.	N/A	6/7 2/4 8/10 2/3 4/5 0/1
Mr Chris White	Director of Therapies and Health Sciences / Chief Operating Officer	Board Academic Partnership Board; Corporate Risk Committee; Quality and Safety Committee Finance, Performance & Workforce Committee; Integrated Governance Committee Charitable Funds Committee.	N/A	6/7 2/3 3/4 4/4 7/10 1/3 0/1
Mrs Lynda Williams	Director of Nursing, Midwifery and Patient Services	Board Academic Partnership Board; Corporate Risk Committee; Integrated Governance Committee; Quality and Safety Committee; Primary Care Committee Charitable Funds Committee.	N/A	6/7 3/3 2/4 3/3 3/4 4/5 1/1

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2015-16
Mr Robert Williams	Board Secretary / Director of Corporate Services & Governance	Board Audit Committee (in attendance) Corporate Risk Committee Quality & Safety Committee Also attends a range of sub - committee meetings on a regular basis.	N/A	7/7 6/6 4/4 4/4

Note – There are occasions when Directors are not able to attend sub committee meetings an Assistant Director attends on their behalf.

Note - from 1 April 2016, the following 3 Independent Members were appointed by the Minister for Health, but received no remuneration or had any involvement in the running of the Board during 2015/16.

- Cllr Keiron Montague
- Mr Mel Jehu
- Ms Jayne Dowden

DIRECTORS INTERESTS

Directors of the Board have declared the following interests which may be relevant to the business of the University Health Board.

Name	Designation	Nature of Interest
Dr C D V Jones	Chair	Chair, NHS Confederation Wales
Professor D Mead	Vice Chair (Primary, Community & Mental Health)	Member of the Board of Governors, Neath Port Talbot Further Education College; Chair of Governors, Glanhowy Primary School; Director LearnKit Ltd; Trustee St John Wales; Elected Member Royal College of Nursing Welsh Board; Panel Member, Investment in Health Professions Review; High Sherriff of West Glamorgan; Honorary Chair, Cardiff University.
Mr G Bell	Independent Member (Community)	Officer (Treasurer) of the Interlink Executive Committee; Treasurer and member of the Management Committee of Llantrisant 50+ Forum (A voluntary organisation); Vice Chairperson of the Older People's Advisory Group in Rhondda Cynon Taf; Chairperson of the Resources Sub Committee.

Name	Designation	Nature of Interest
Councillor M Forey	Independent Member (Local Authority)	Local Authority Elected Member, Rhondda Cynon Taf; Age Concern Cymru; Care & Repair
Mr J Hill-Tout	Independent Member (Finance)	Director Dragon Savers, Credit Union
Councillor C Jones	Independent Member (Community)	Local Councillor, Merthyr Tydfil Local Authority; Trustee, Merthyr & the Valleys Mind; Trustee, Crossroads for Carers, Cwm Taf.
Mr S Jones (Term ended 30 April 2015)	Associate Board Member (Chair, Health Professionals Forum)	Employee Gwynn's Opticians Group Ltd.
Mrs G Jones	Independent Member (Staff Side Representative)	Elected Member Royal College of Nursing (RCN), Welsh Board. Elected Chair, RCN Welsh Board
Dr C Turner	Independent Member (Information Technology / Information Governance)	Former Director of Governance & Student Services, Cardiff University (to April 2015) Senior Professional Fellow (Honorary), Cardiff University

Name	Designation	Nature of Interest
Mrs M K Thomas	Independent Member (Third Sector)	Justice of the Peace (J.P), Glamorgan Valley Bench; Trustee, Voluntary Action Merthyr Tydfil (VAMT); VAMT representative on Merthyr Tydfil Local Authority Social Service & Social Regeneration Scrutiny Panel Chair of Governors; Executive Fundraising member of Eye Hospital Jerusalem Order of St.Johns; Volunteer Merthyr & Cynon Foodbank; Director of Winchfawr Investments; Board member of Cancer Aid, Dowlais Board member and Trustee of Safer Merthyr Tydfil Trustee of St Davids Community Hall, Merthyr Tydfil
Mrs A Williams	Chief Executive	Trustee & Director – Skills for Health Limited (Charitable Company) Husband employed by Welsh Ambulance Services Trust
Ms R Treharne	Director of Planning & Performance	School Governor - Ysgol Cymraeg Cwm Rhymni, Fleur de Llys, Caerphilly.
Mr S Harrhy	Board Director	Chief Ambulance Services Commissioner for Wales; Director of Unscheduled Care Programme for NHS Wales.



GIG
CYMRU
NHS
WALES

Pwyllgor Gwasanaethau Iechyd
Arbenigol Cymru (PGIAC)
Welsh Health Specialised
Services Committee (WHSSC)

**To: Mrs Allison Williams, Chief Executive,
Cwm Taf University Health Board**

cc: Joint Committee Members

WELSH HEALTH SPECIALISED SERVICES COMMITTEE ANNUAL GOVERNANCE STATEMENT 2015/16

1. SCOPE OF RESPONSIBILITY

In accordance with the **Welsh Health Specialised Services Committee (Wales) Directions 2009 (2009/35) and 2014 (2014/9 (w.9))** (the WHSSC Directions), the Local Health Boards (LHBs) established a Joint Committee, which commenced on 1st April 2010, for the purpose of jointly exercising its Delegated Functions and providing the Relevant Services.

In establishing WHSSC and the Joint Committee to work on their behalf, the seven Local Health Boards (LHBs) recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency.

Our Aim is to ensure that there is:

equitable access to safe, effective and sustainable specialist services for the people of Wales, as close to patients' homes as possible, within available resources

In order to achieve this aim, WHSSC works closely with each of the Health Boards (in both their commissioner and provider roles) as well as with Welsh NHS Trusts, providers in NHS England and the Independent Sector.

In commissioning specialised services WHSSC uses the Triple Aim principles to:

- Improve the health of the population;
- Enhance the patient experience of care (including the quality, access and reliability of services); and
- Reduce, or control, the per capita cost of care.

The Welsh Health Specialised Services Committee (WHSSC) (Wales) Regulations 2009 (SI 2009 No 3097) make provision for the constitution of the "Joint Committee" including its procedures and administrative arrangements.

The Joint Committee is a statutory committee established under sections 12 (1)(b) and (3), 13(2)(c), (3)(c) and (4)(c) and 203(9) and (10) of the Act. The LHBs are required to jointly exercise the Relevant Services.

Cwm Taf University Health Board (UHB) is the identified host organisation. It provides administrative support for the running of WHSSC and has established the Welsh Health Specialised Services Team (WHSST) as per Direction 3(4), Regulation 3(1) (d) and the interpretation sections of both the Directions and the Regulations and the Joint Committee Standing Orders: Statutory Framework and Joint Committee Framework.

2. GOVERNANCE FRAMEWORK

In accordance with regulation 12 of the Welsh Health Specialised Services Committee (Wales) Regulations 2009 ('the Regulations'), each Local Health Board ('LHB') in Wales must agree Standing Orders (SOs) for the regulation of the Welsh Health Specialised Services Committee's ("Joint Committee") proceedings and business. These Joint Committee Standing Orders (Joint Committee SOs) form a schedule to each LHB's own Standing Orders, and have effect as if incorporated within them. Together with the adoption of a scheme of decisions reserved to the Joint Committee; a scheme of delegations to officers and others; and Standing Financial Instructions (SFIs), they provide the regulatory framework for the business conduct of the Joint Committee.

These documents, together with a Memorandum of Agreement setting out the governance arrangements for the seven LHBs and a hosting agreement between the Joint Committee and Cwm Taf LHB ("the Host LHB"), form the basis upon which the Joint Committee's governance and accountability framework is developed. Together with the adoption of a Values and Standards of Behaviour framework this is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.

In November 2015, the Joint Committee reviewed the Governance Framework to separate it from the Emergency Ambulance Services Committee (EASC). The separation of the framework did not alter the overall system of internal control.

A copy of the WHSSC Joint Committee Governance Framework is available at:

<http://www.whssc.wales.nhs.uk/pendoc/286203>

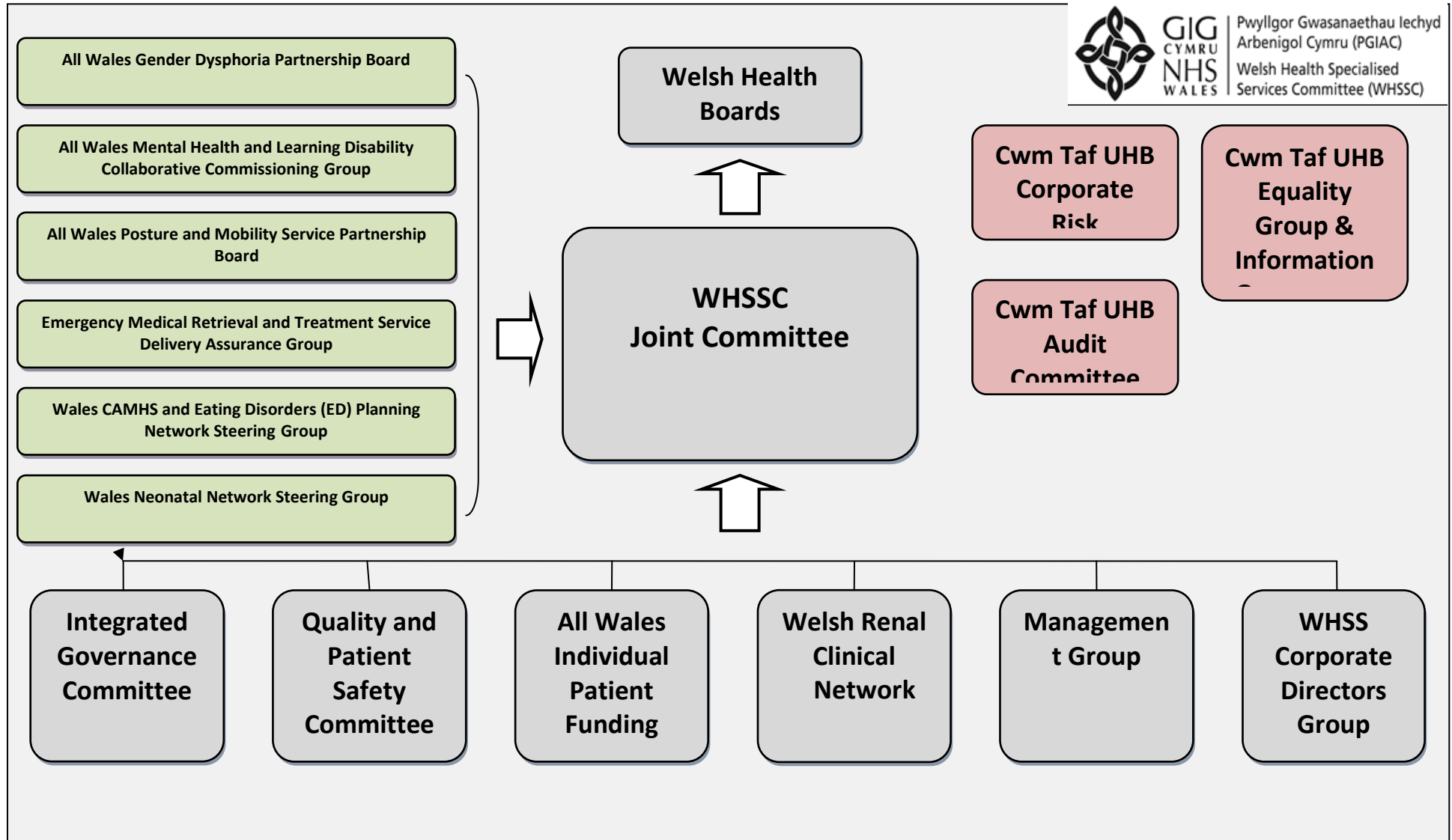
2.1 The Joint Committee

The Joint Committee has been established in accordance with the Directions and Regulations to enable the seven LHBs in NHS Wales to make collective decisions on the review, planning, procurement and performance monitoring of agreed specialised and tertiary services (Relevant Services) and in accordance with their defined Delegated Functions.

Whilst the Joint Committee acts on behalf of the seven LHBs in undertaking its functions, the responsibility of individual LHBs for their residents remains and they are therefore accountable to citizens and other stakeholders for the provision of specialised and tertiary services.

The Joint Committee is accountable for internal control. As Acting Managing Director of Specialised Commissioning, NHS Wales, I have the responsibility for maintaining a sound system of internal control that supports achievement of the Joint Committee's policies, aims and objectives and to report the adequacy of these arrangements to the Chief Executive of Cwm Taf University Health Board. Under the terms of the establishment arrangements, Cwm Taf University Health Board is deemed to be held harmless and have no additional financial liabilities beyond their own population.

The Joint Committee is supported by the Committee Secretary, who acts as the guardian of good governance within the Joint Committee.



The Joint Committee members in post during the financial year 2015/16 are:

Name	Role	Organisation
Mrs Ann Lloyd	Chair	Welsh Health Specialised Services Committee
Mrs Sian Marie James	Member and Vice Chair	Independent Member, Hywel Dda UHB
Mrs Maria Thomas	Member and Audit Lead	Independent Member, Cwm Taf UHB
Dr Chris Tillson	Member (Until March 2016)	Independent Member, Betsi Cadwaladr UHB
Mr Trevor Purt	Member (Until June 2015)	Chief Executive, Betsi Cadwaladr UHB
Mr Simon Dean	Member (Until end February 2016)	Interim Chief Executive, Betsi Cadwaladr UHB
Mr Gary Doherty	Member (from end February 2016)	Chief Executive, Betsi Cadwaladr UHB
Mr Paul Roberts	Member	Chief Executive, Abertawe Bro Morgannwg UHB
Mrs Judith Paget	Member	Chief Executive, Aneurin Bevan UHB
Professor Adam Cairns	Member	Chief Executive, Cardiff and Vale UHB
Mrs Allison Williams	Member	Chief Executive, Cwm Taf UHB
Mr Steve Moore	Member	Chief Executive, Hywel Dda UHB
Mrs Carol Shillabeer	Member	Chief Executive, Powys Teaching HB
Mrs Karen Howell	Officer Member (Until August 2015)	Managing Director of Specialised and Tertiary Services Commissioning, NHS Wales, Welsh Health Specialised Services Committee
Mr Daniel Phillips	Officer Member (From September 2015)	Acting Managing Director of Specialised and Tertiary Services Commissioning, NHS Wales, Welsh Health Specialised Services Committee
Dr Geoffrey Carroll	Officer Member (Until December 2015)	Medical Director, Welsh Health Specialised Services
Dr Sian Lewis	Officer Member (From January	Acting Medical Director, Welsh Health Specialised Services

Name	Role	Organisation
	2016)	
Mr Stuart Davies	Officer Member	Director of Finance, Welsh Health Specialised Services
Mrs Carole Bell	Officer Member (from August 2015)	Director of Nursing and Quality Assurance, Welsh Health Specialised Services Committee
Dr Tracey Cooper	Associate Member	Chief Executive, Public Health Wales NHS Trust
Mr Steve Ham	Associate Member	Chief Executive, Velindre NHS Trust
Professor Simon Smail	Associate Member (Until March 2016)	Non Executive Member of Public Health Wales and Chair of the Quality and Patient Safety Committee
Professor John Williams	Associate Member	Chair of the Welsh Clinical Renal Network

In accordance with WHSSC Standing Order 3, the Joint Committee may and, where directed by the LHBs jointly or the Welsh Ministers must, appoint joint sub-Committees of the Joint Committee either to undertake specific functions on the Joint Committee's behalf or to provide advice and assurance to others (whether directly to the Joint Committee, or on behalf of the Joint Committee to each LHB Board and/or its other committees).

2.2 Sub Committees and Advisory Groups

2.2.1 Audit Committee

The Audit Committee of the Cwm Taf UHB, as host organisation, advises and assures the Joint Committee on whether effective arrangements are in place – through the design and operation of the Joint Committee's assurance framework – to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Joint Committee's Delegated Functions.

The relevant officers from WHSSC are in attendance for the WHSSC components of the Cwm Taf Audit Committee.

2.2.2 Sub-Committees

The Joint Committee has also established 5 sub-committees in the discharge of functions:

- All Wales Individual Patient Funding Request (IPFR) Panel (WHSSC)
- Welsh Renal Clinical Network
- Integrated Governance Committee
- Management Group

- Quality and Patient Safety Committee

The All Wales Individual Patient Funding Request (IPFR) Panel (WHSSC) holds delegated Joint Committee authority to consider and make decisions on requests to fund NHS healthcare for patients who fall outside the range of services and treatments that a health board has agreed to routinely provide.

The Integrated Governance Committee provides assurance to the Joint Committee that effective governance and scrutiny arrangements are in place across WHSSC activities.

The Management Group is the specialised services commissioning operational body responsible for the implementation of the Specialised Services Strategy. The group underpins the commissioning of specialised services to ensure equitable access to safe, effective, sustainable and acceptable services for the people of Wales.

The Quality and Patient Safety Committee provides assurance to the Joint Committee in relation to the arrangements for safeguarding and improving the quality and safety of specialised healthcare services within the remit of the Joint Committee.

The Welsh Clinical Renal Network is a vehicle through which specialised renal services is planned and developed on an all Wales basis in an efficient, economical and integrated manner and will provide a single decision-making framework with clear remit, responsibility and accountability.

2.2.3 Advisory Groups and Networks

The Joint Committee has also established 6 advisory groups in the discharge of functions

- All Wales Gender Dysphoria Partnership Board
- All Wales Mental Health and Learning Disability Collaborative Commissioning Group (formally Wales Secure Services Delivery Assurance Group)
- All Wales Posture and Mobility Service Partnership Board
- Emergency Medical Retrieval and Treatment Service Delivery Assurance Group
- Wales Child and Adolescent Mental Health Services (CAMHS) and Eating Disorders (ED) Planning Network Steering Group
- Wales Neonatal Network Steering Group

The All Wales Gender Dysphoria Partnership Board, established in July 2013, supports the development of a future NHS Wales Strategy for Gender Dysphoria services within current NHS Wales' funding parameters and to review the audit of assessment and surgical services against the quality indicators and key performance indicators. The scope of the Partnership Board extends beyond the services currently commissioned by WHSSC.

The All Wales Mental Health and Learning Disability Collaborative Commissioning Group advises the Joint Committee on issues regarding the development of secure mental health services for Wales. The group ensures that there is a co-ordinated approach to secure services across Wales and that the benefits of working collaboratively are realised.

During 2015/16, the Joint Committee agreed to refresh this Group with a new Chair, revised Terms of Reference and Membership. The Joint Committee ratified the Terms of Reference at the March 2016 meeting.

The All Wales Posture and Mobility Services Partnership Board monitor the service's delivery against the key performance and quality indicators, in order to provide assurance to the Joint Committee that the service is delivering in line with the All Wales Service Specification and advises the Joint Committee on the commissioning strategy for Posture and Mobility services, including identification of, and supporting opportunities for embedding coproduction as a core principle of the commissioning strategy.

The Emergency Medical Retrieval and Treatment Service Delivery Assurance Group was established in year. The purpose of the EMRTS Delivery Assurance Group is to co-ordinate the delivery, performance and direction of the EMRTS across Wales and to ensure that the benefits of working collaboratively are realised.

From April 2016, the commissioning responsibility will transfer to the Emergency Ambulance Services Committee (EASC).

The Wales Child and Adolescent Mental Health Services (CAMHS) and Eating Disorders (ED) Planning Network Steering Group was established in year. The Steering Group remit is to plan CAMHS and ED services in order to improve access, effectiveness and quality of services from a patient perspective.

The Wales Neonatal Network Steering Group advises the Joint Committee on issues regarding the development of neonatal services in Wales. The Steering Group ensures that there is a co-ordinated approach to Neonatal care across Wales and that the benefits of working collaboratively are realised.

2.3 Joint Committee and Sub-Committees meetings 2015/16

During the year improvements have been made to address issues in terms of quoracy at meetings. The following table outlines the number of occasions that the meetings were quorate.

Committee	Meetings	
	2014/15	2015/16
Joint Committee	5 of 5 ↑	3 of 5 ↓
All Wales IPFR Panel	14 of 17 ↑	15 of 21 ↓
Management Group	12 of 12 ↔	11 of 11 ↔
Quality and Patient Safety Committee	4 of 4 ↓	4 of 5 ↓
All Wales Clinical Renal Network	5 of 5 ↔	4 of 5 ↓

The following table outlines dates of Board and Committee meetings held during 2015/16. Meetings that did not have a quorum are highlighted in red.

Joint Committee/ Sub-Committee	2015/16					
Joint Committee	07 July	15 Sept	16 Nov	26 Jan	22 Mar	
Integrated Governance	07 Jul	20-Oct	20Jan	16Mar		
All Wales IPFR Panel	02 Apr (Virtual)	27 May	11 Jun (Virtual)	29 July	10 Aug (Virtual)	17 Sep (Virtual)
	29 Apr		24 Jun	31 July (Virtual)	26 Aug	30 Sep
	28 Oct	25 Nov	16 Dec	14 Jan (Virtual)	24 Feb	02 Mar 09 Mar 21 Mar (Virtual)
				20 - Jan		30 Mar
Management Group	30 Apr	28 May	25 June	30 July	27 Aug	24 Sept
	29 Oct	26 Nov	21 Jan	25 Feb	24 Mar	
Quality & Safety	07 May	23 July	15 Oct	14 Jan	24 Feb*	
Welsh Renal Clinical Network	05 May	06 Aug	09 Oct	08 Dec	09 Feb	

* Meeting cancelled as not quorate.

3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

4. CAPACITY TO HANDLE RISK

As Acting Managing Director for Specialised and Tertiary Services Commissioning, NHS Wales, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aim and objectives and need to be satisfied that appropriate policies and strategies are in place and that systems are functioning effectively. The Joint Committee's sub committees have assisted in providing these assurances and I am supported by the Head of Internal Audit's annual work, report and opinion on the effectiveness of our system of internal control.

An Independent Member of the Joint Committee is a Member of the Cwm Taf UHB Audit Committee. The Director of Finance and Committee Secretary and other members of Welsh Health Specialised Services Team (WHSSST) (as required) attend the Audit Committee meetings.

The links with sub committees previously established through the Integrated Governance Committee continue. The Integrated Governance Committee is chaired by the Chair of the Joint Committee and the Members include the Chairs of the WHSSC sub committees and advisory groups. The summary from each meeting along with the minutes of the Joint Committee are circulated to all LHBs and Trusts for reporting to their Boards.

The Joint Committee and Integrated Governance Committee receive a copy of all the minutes of the sub-committees and advisory groups to ensure that an integrated and efficient approach to risk management is maintained in the organisation.

During the year work has been progressed to strengthen the reporting to Health Boards, including:

- **Briefing following the Joint Committee** – Chairs Report including the Minutes to the Board Secretaries following each meeting of the Joint Committee;
- **Attendance at Board Meetings** – Annually attendance at each Health Board meeting to discuss the commissioning of Specialised Services;
- **Governance Reviews** – The final reports have been issued to Health Boards and WHSSC Officers have offered to attend respective Health Board Quality and Patient Safety Committee meetings; and
- **Annual Business Cycle** – Circulated to the Health Boards to integrate into their agenda planning.

4.1 Risk Appetite

During 2015/16, the Joint Committee agreed to adopt the Good Governance Institute Model Matrix on defining Risk Appetite for Specialised Services.

The Joint Committee agreed the Risk Appetite Statement in July 2015 and agreed to receive reports twice a year in relation to the significant risks.

RISK APPETITE STATEMENT

Welsh Health Specialised Services is working toward an 'open' risk appetite.

Welsh Health Specialised Services has a **low** appetite for risk in support of obtaining assurance of commissioned service quality and are aiming to embed quality into every aspect of "business as usual".

Welsh Health Specialised Services has **no** appetite for fraud/financial risk and has zero tolerance for regulatory breaches. We will take considered risks where the long term benefits outweigh any short term losses.

Welsh Health Specialised Services has **no** appetite to any risk that prevents the WHSS demonstrating the highest standards of governance, accountability and transparency in accordance with the Citizen Centred Governance Principles.

The risk appetite statement will become the driver for implementing our priority areas. It provides staff with clear expectations on how risks should be managed and a common acceptance of the importance of continuous management of risk.

During 2015/16, the outcome of the Health Inspectorate Wales, Clinical Governance Review was published as well as the Good Governance Institute Governance Review. More detailed information in relation to these reviews is provided at section 7.

The Joint Committee approved both reviews and put in place a single integrated action plan to implement the recommendations of the two reviews. There were a small number of recommendations identified within the GGI Review in relation to risk management process and these are summarised below:

- The next stage of the Corporate Assurance Framework should include specification of the roles of each WHSSC group in the assurance system and illustrate this graphically. This should then be communicated and tested within WHSSC;

- Standardise approaches within LHBs on the escalation of WHSSC risk issues to their Boards; and
- Prioritise actions to embed risk management across WHSSC and include progress as a standing agenda item for the designated assurance committee.

These recommendations have all been agreed and an action plan developed which will be monitored by the Integrated Governance Committee.

4.2 The risk and assurance framework

Under the hosting agreement with Cwm Taf UHB, WHSSC complies with their Risk Management Policy and Risk Assessment Procedure.

The aim of the Risk Management Policy is to:

- Ensure that the culture of risk management is effectively promoted to staff ensuring that they understand that the 'risk taker is the risk manager' and that risks are owned and managed appropriately;
- Utilise the agreed approach to risk when developing and reviewing the Resource and Operational Plan;
- Embed both the principles and mechanisms of risk management into the organisation;
- Involve staff at all levels in the process; and
- Revitalise its approach to risk management, including health and safety.

Risk management is embedded in the activities of WHSSC through a number of processes.

The Corporate Risk and Assurance Framework (CRAF) forms part of the Welsh Health Specialised Services Committee approach to the identification and management of strategic risks. The framework is subject to continuous review by the Executive Director lead, Executive Board, Management Group, Joint Committee and sub committees.

It is for the Joint Committee to determine whether there is sufficient assurance in the rigour of internal systems to be confident that there are adequate controls over the management of principal risks to the strategic objectives.

The CRAF is informed by risks identified at a Programme Team, Network, Directorate and Executive level. Each risk is allocated to an appropriate committee for assurance and monitoring purposes, i.e. Joint Committee, Audit Committee, Quality and Patient Safety Committee, and the Cwm Taf Corporate Risk Committee. The CRAF is received by the sub-committees as a standing agenda item. The Joint Committee receives the CRAF twice yearly. The Corporate Governance Manager is also a member of the Cwm Taf Corporate Risk Committee.

Throughout 2015/16 there have been continuous efforts to strengthen the risk management framework at both a corporate and a directorate level. An onus has been placed on ensuring a consistency of approach across the directorates and networks. It has been emphasised that risks should always be assessed from the perspective of WHSSC as a commissioner of healthcare services. The way in which risks are therefore assessed may result in a very different score to that produced by an assessment of the same situation by a service provider. In acknowledgement of this approach, over the course of the year, a number of extant risks, which had previously been escalated to the CRAF, were re-assessed in order to ensure that their potential impact on WHSSC as a commissioning organisation was properly understood.

In October 2015 the Corporate Directors' Group reviewed the CRAF and de-escalated a number of risks and therefore there was a significant change in the position reported in September 2015 to the position reported to the committees in November 2015.

The Corporate Risk and Assurance Framework Annual Report is available at <http://www.whssc.wales.nhs.uk/publications>

4.3 Top Organisational Risks

There are 5 risks on the CRAF as at 4 April 2016 all of which are Commissioning Risks. The latest position was reported to the Corporate Directors Group on 4 April 2016.

The top organisational risks (scored 15 and above) are delegated where appropriate to key sub committees of the Joint Committee and these in summary fall into the following areas:

Risk Reference	Description of Risk	Initial Score	Current Score
CH/008	Failure of provider (South Wales) to deliver 26wk/36 wks RTT for plastic surgery.	16	16
PL/001	Failure to commission the delivery of tier 1 referral to treatment waiting times targets.	20	16
CT/011	Provider delivery of bariatric surgery commissioning plan for 2015/16.	16	16
CT/013	Limited access to curative treatment for arrhythmia for south Wales patients.	20	20
COR/011	Significant demands placed on workforce resulting in impaired ability to deliver on work priorities.	20	20

Actions taken to mitigate the risks are summarised within the Corporate Risk and Assurance Framework Annual Report, which is available at <http://www.whssc.wales.nhs.uk/publications>

Good progress has been made in reviewing and strengthening the corporate risk and assurance processes during the year. There have been a number of risks that were identified as high risks during the year and despite mitigating actions, there were no changes to the risk score. As a result of these issues identified, the risk escalation process was put in place. It is anticipated that this work will continue to improve during 2016/17 by aligning the performance monitoring to the risk management scrutiny and assurance processes.

4.4 Performance Dashboard

The performance reporting to the Management Group and the Joint Committee has been strengthened during the year. The Performance Dashboard and the supporting performance report provide assurance to the Management Group and Joint Committee with a summary of performance across a range of key quality and performance indicators. The reports cover trends in performance together with action being taken to address variances. The content and process of reporting has been reviewed in year as part of continuous improvement.

The Joint Committee receive a report on the dashboard at every meeting.

Following the publication of the Welsh health Specialised Services Committee Quality Assurance Framework, work has been undertaken to develop an implementation plan. This has included a piece of work to consider the framework in light of the publication of the Welsh Government Health and Care Standards and the NHS Outcomes Framework, as well as cross referencing standards within the English healthcare system to ensure equity and consistency whilst providing assurance and preventing duplication.

To turn the vision outlined within the Quality Framework into a tangible reality, data will be gathered throughout 2016/17 and used as a baseline to evidence improvement in 2017/18. To assist in achieving this, the following objectives will be implemented:

- Engage with all partners, public, patients and carers to encourage their involvement in improving the quality of care provided; actively seeking feedback on their experiences of healthcare and using this information to improve services.
- Work in partnership with our providers to ensure that they deliver safe, effective, accessible services and secure continuous improvements.

Within the framework there are two levels of indicators, level 1 are generic to all providers and level 2 are specific to the specialist service. It is critical that we work with individual providers to agree the right indicators to monitor within level 2. These key indicators will be specified within contracts and built into a quality dashboard and monitored throughout the year.

The next steps include further testing of the proposed model on a range of commissioned services, undertaking a series of workshops within the organisation including the management team and programme team members and developing a communication plan to all key stakeholders.

5. THE CONTROL FRAMEWORK

5.1 Integrated Plan for Commissioning Specialised Services

The Integrated Commissioning Plan for Specialised Services 2016-19 was approved by the Joint Committee on 22 March 2016. This is a commissioner-led Plan which seeks to balance the requirements to assure quality, reduce risk and improve health outcomes for the people of Wales with the challenging financial pressure that is evident in specialised services within both England and Wales. The WHSSC Integrated Commissioning Plan is financially aligned with the LHB Integrated Medium Term Plans (IMTPs).

The Integrated Commissioning Plan for Specialised Services 2016-19 has a central theme of quality and outcomes, and a key goal for the organisation in 2015/16 has been the implementation of the approved Quality Framework. The framework has been refreshed following the publication of the revised *NHS Wales Health and Care Standards 2015* and an implementation plan is being developed which takes into account all of the opportunities for embedding quality assurance and improvement in the commissioning of specialised services.

The plan highlights the key priorities for specialised services for Welsh patients over the next three years, together with the financial implications, and key risks to delivery. The plan is underpinned by detailed work plans for each of the programme areas, and a three year financial plan.

See section 7.4 for further information on the development of the Integrated Commissioning Plan. A copy of the plan is available on the WHSSC website:

<http://www.whssc.wales.nhs.uk/opendoc/289031>

5.2 Standards for Health and Care Services in Wales: Doing Well, Doing Better

An annual self assessment was undertaken against the former *Standards for Health Services in Wales*. Guidance is awaited on the self assessment process against the new *Health and Care Standards*.

In view of the lack of clarity regarding the new self assessment process, the Integrated Governance Committee agreed that:

- An update is provided against the priority actions for 2015/16 identified during the 2014/15 directorate annual self assessment against the former *Standards for Health Services in Wales*; and
- An update is provided against the organisational priority actions for 2015/16 identified during the 2014/15 organisational annual self assessment against the former *Standards for Health Services in Wales*.

For the organisational priority actions a Lead Director was identified and the action mapped against the new *Health and Care Standards*.

In 2015/16 the organisation formally decided not to self-assess against the Health and Care Standards and to adopt an approach whereby focus would be upon ensuring progress/implementation with Improvement Actions arising from the 2014/15 Standards for Health self-assessment. This was also undertaken as a result of the anticipated introduction and implementation of commissioning standards which would be used to replace the Health and Care Standards within WHSSC during 2016/17.

The Internal Audit report following the review of WHSSC management of the Standards for Health Services in Wales concluded that "*Whilst WHSSC has assessed the Improvement Actions from the previous Standards and will undertake Governance and Accountability assessment, as no self-assessment has been undertaken of Health and Care Standards, we are unable to comment upon whether WHSSC operate in accordance with the Standards Framework*".

The Internal Audit Report noted that "*Good Practice is noted that the 2015/16 Improvement Action Plans sampled in respect of the Finance Directorate and Patient Care Directorate had been implemented, and that demonstrable progress has been made in other Directorates and within the Corporate Improvement Action Plan as a whole*".

5.3 Corporate Governance Code

WHSSC has reviewed our assessment against the main principles of the UK Corporate Governance Code as they related to an NHS public sector organisation in Wales. The assessment has been informed by our assessment against the Governance and Accountability Module

and also the governance reviews that have been reported against in 2015/16. WHSSC is satisfied that it is complying with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. WHSSC has not identified any departures from the Code through the year.

The full UK Corporate Governance Code can be found at <https://frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf>

5.4 Non-Statutory Instruments including Ministerial Directions 2015/16

Non-Statutory Instruments are issued by Welsh Ministers; these include ministerial directions, codes of practice and guidance. The NHS Non-Statutory Instruments are available at the following Welsh Government website:

<http://gov.wales/legislation/subordinate/nonsi/nhswales/?lang=en>

There were no Non-Statutory Instruments (including Ministerial Directions) relevant to the Welsh Health Specialised Services Committee during the financial year 2015/16.

5.5 Data Security

There were no WHSSC specific incidents relating to data security that required reporting to the Information Commissioners Office.

5.6 Other elements of control framework

5.6.1 Equality and Diversity

WHSSC follows the policies and procedures of the Cwm Taf UHB, as the Host LHB. All staff have access to the Intranet where these are available. The Hosting Agreement includes provision for specific support around Equality and Diversity and the WHSSC has been working with the Equality Officer and the NHS Wales Equality Unit to look at ways of integrating equality and diversity issues into our work.

The Corporate Governance Manager is a member of the Equality Group within Cwm Taf and therefore any issues are integrated into this process.

The Welsh Government's Public Sector Equality Duty (PSED) advocates that all public sector organisations publish their Strategic Equality Plan (SEP) no less than every four years. Whilst WHSSC commissions specialised services on behalf of the seven Local Health Boards the responsibility for individual patients remains with the LHB of residence.

In recognition that WHSSC has a responsibility to ensure that equality is a key consideration in the commissioning of its services, we will develop an equality plan for specialised services. This should assist Health Boards to ensure that specialised services commissioning for their population is reflected in their individual Strategic Equality Plan.

5.6.2 Information Governance

The Committee Secretary is the Lead Officer in relation to Information Governance for the WHSSC and an agreement has been made that the Medical Director for Cwm Taf UHB will act as Caldicott Guardian with input and assurance from the WHSSC Medical Director.

The Committee Secretary and the Corporate Governance Manager are members of the Cwm Taf UHB Information Governance Group.

During the year an audit on the appropriate structure for directing, guiding and monitoring the information governance agenda was undertaken. The Internal Audit report following the review concluded that the *“The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk exposure**”*. An action plan has been developed to address the 2 recommendations.

5.6.3 Counter Fraud

The Counter Fraud Plan has been in place for two years and has been designed to reduce the risk of fraud by reviewing those aspects of WHSSC business that have a residual fraud risk is scheduled for a review at the end of March 2016. During the year, the Audit Committee has received regular Local Counter Fraud Progress Reports. This provides a summary of the work that has been undertaken by the Local Counter Fraud Services Team during the year to deliver the Counter Fraud Plan.

The work of the team in 2015/16 had two core objectives. The first was to increase fraud awareness across WHSSC. The second area is to undertake a rolling programme of auditing the supply of high cost services to patients, starting with those services which are urgent in nature and cannot be subject to prior order. The learning from these first reviews, in particular the extended time taken for third party verification, is being taken into the programme for future years.

6. REVIEW OF EFFECTIVENESS

As Acting Managing Director for Specialised and Tertiary Services Commissioning, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors, and the executive officers within WHSSC who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.

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

7. SIGNIFICANT GOVERNANCE ISSUES

I wish to highlight following matters that are considered significant and have presented challenges in 2015/16.

7.1 Judicial Review against the Welsh Health Specialised Services Committee

During 2015/16 a judicial review was brought against Welsh Government, Abertawe Bro Morgannwg and the Welsh Health Specialised Services Committee.

The Claimant contended that the Defendants had breached the duty set out in section 3(1) of the NHS (Wales) Act 2006 in five discrete, but associated ways. The Judicial Review failed on all five grounds and the outcome of which was reported to the Joint Committee in January 2016.

As part of learning the lessons, the Integrated Governance Committee supported a number of recommendations to be implemented in the organisation. It has been agreed that a wider communication would be circulated to Health Boards which identifies the issues that arose as part of the process.

7.2 NHS Greater Glasgow and Clyde dispute

During 2015, an Enforcement Officer in possession of a High Court Writ of Control attended Cwm Taf University Health Board headquarters. The Writ was in respect of the non-payment of a debt payable to NHS Greater Glasgow and Clyde.

The original claim was comprised of three unpaid invoices payable to NHS Greater Glasgow and Clyde. Two of these invoices had been raised to Cwm Taf UHB (one in error) and the third, and largest, had been raised to WHSSC. A writ was served on Cwm Taf UHB (as the Host Health Board) with respect to these unpaid invoices (the same claim as that above). The invoices had already been settled in March 2015 by the payment of the outstanding invoices before the above enforcement action had occurred.

The judgement was dismissed by the court in November 2015 as NHS Greater Glasgow accepted that the payment of £84,725 constituted a final settlement. An assessment of the issues were undertaken by WHSSC and the final report considered by the Audit Committee in January 2016. There were a number of actions and lessons learnt from this process which are now being implemented.

7.3 Cardiac Surgery - Improving Outcomes and Waiting Times Project

The outsource initiative for cardiac surgery was established in January 2014 to increase short-term capacity and reduce waiting times for patients from South Wales. Many patients in South Wales, at both Morriston Hospital, Abertawe Bro Morgannwg University Health Board (ABMUHB) and University Hospital of Wales, Cardiff and Vale University Health Board (C&VUHB), were waiting in excess of the Welsh Government maximum waiting times targets.

A review of the outcomes and impact of the short term outsourcing initiative was undertaken in 2015 to assess the effectiveness of this initiative in delivering a longer term more sustainable cardiac surgery service in South Wales. The findings of this review will inform any future outsourcing arrangements by Welsh Health Specialised Services. The initiative successfully reduced waiting times to enable both Welsh cardiac surgery centres to maintain and sustain waiting time standards. Further action has been taken in terms of capacity building and improving delivery.

The Joint Committee supported the findings of the review in November 2015 and agreed the recommendations for improvement. An action plan has been developed and progress is monitored by the WHSSC Integrated Governance Committee. A new framework for outsourcing has been developed to inform any future need to consider outsourcing activity or changing provider.

7.4 Integrated Commissioning Plan (ICP)

The organisation has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year integrated commissioning plan.

The process for developing the ICP 2016-19 was agreed by Management Group in September 2015. The ICP has been developed with the full engagement of Health Board commissioners through series of seven Management Group Workshops. Provider Health Boards and Velindre NHS Trust have also had the opportunity to contribute to the process following the publication of the approved Commissioning Intentions in September 2015.

Feedback from the all-Wales IMTP Peer Review was used to inform the ICP, as well as the feedback from Welsh Government on the draft plan which was submitted in January 2016. The main message from Welsh Government was that the ICP should be financially aligned to Health Boards' IMTPs, and that Health Boards should own the final WHSSC Plan.

The final draft plan of the three year plan for the period 2016-19 was presented to the Joint Committee on 26 January 2016 and submitted to Welsh Government in accordance with the timescales set. Members endorsed the process used to develop the plan and approved the proposed changes to the list of services delegated by Health Boards to be commissioned as specialised services.

An equality impact assessment screening exercise has been undertaken on the 72 schemes which have been assessed up until March 2016 as not to be included in the ICP to ensure that due regard has been paid to the impact of these decisions on the protected groups.

The final Integrated Commissioning Plan 2016-19 was approved by the Joint Committee on 22 March 2016.

A copy of the Integrated Commissioning Plan is available at:

<http://www.whssc.wales.nhs.uk/opensdoc/289031>

7.5 Healthcare Inspectorate Wales (HIW) Clinical Governance Review

In 2014/15 Healthcare Inspectorate Wales (HIW) undertook a review of the clinical governance arrangements that WHSSC has in place, and how these relate to patient outcomes. The report was prompted by concerns that had been raised about the management of waiting lists for elective cardiac surgery for Welsh patients, a service for which WHSSC has delegated commissioning responsibility. Whilst HIW examined the systems and processes that were in place for commissioning good patient outcomes in cardiac surgery, the findings and recommendations from the review are intended to be used to improve our clinical governance arrangements across all of our services.

In 2014 the Good Governance Institute (GGI) was also commissioned by WHSSC to undertake a review of its governance processes and procedures. The final report and recommendations from the GGI were received in the autumn of 2015. In undertaking their review HIW had sight of the GGI recommendations and took them into account as part of their review. HIW recognised that during the period of time between the GGI's fieldwork being completed and WHSSC receiving the report and recommendations, WHSSC had already started the process to make changes to strengthen its governance processes and procedures and that this had been recognised by the Joint Committee in September 2015.

The review highlighted that historically there may have been weaknesses in WHSSC's clinical governance arrangements. In particular there has not always been a focus on the quality of the services it commissions, weaknesses in the level of scrutiny of provider organisations and ineffective governance arrangements that have not always fully considered the quality of care being provided to patients.

The Review Team acknowledged that WHSSC has itself recognised the importance and requirement for strengthening its own governance arrangements. By doing this WHSSC is seeking to ensure that it is able to effectively and efficiently scrutinise the providers it commissions to carry out specialised services. The recent appointments into key roles within WHSSC, the development and planned implementation of the Quality Framework and improvements to the level of clinical engagement will strengthen the focus on quality care.

The Joint Committee considered the outcome of the review and approved the management response in January 2016. A copy of the report is available at:

<http://www.whssc.wales.nhs.uk/governance-reviews>

Health Boards have received a copy of the report and the management response, which has also been shared with Health Boards for consideration through their Quality and Patient Safety Committees.

The organisation continues to transform its approach to commissioning and proactively monitors progress against the recommendations made in this report, alongside those made by the Good Governance Institute.

7.6 Good Governance Institute (GGI): Governance Review

In July 2014 WHSSC commissioned a Governance Review from the Good Governance Institute (GGI). The final report was received in October 2015. The Joint Committee acknowledged that there have been a number of notable improvements in addressing some

of the issues highlighted in the report and approved the further planned work required.

It is accepted that many of the recommendations in the report are structural and some would require the support from the Joint Committee and also require changes to the Regulations and Directions. The recommendations also need to be considered alongside the current consultation on the Green Paper and it is an opportunity to highlight any issues as part of the response to the consultation.

Major areas of recommendation include:

- The provision of a programme to develop and agree a national strategy for specialist services in Wales;
- Health Boards agreeing their reservation and delegation powers to ensure that any strategy and framework allows WHSSC to operate within a properly governed a/c system;
- the development of a framework for how WHSSC operates and takes decisions;
- Review the resources within the organisation to delivery a challenging and complex service; and
- addressing the reputation of WHSSC to develop the credibility and authority that an effective commissioner needs.

The Joint Committee received and approved the outcome of the review in January 2016 and agreed an action plan for implementation. A copy of the final review has been sent to Health Boards.

A copy of the report is available at:

<http://www.whssc.wales.nhs.uk/governance-reviews>

The GGI review recommended that WHSSC should continue the work to develop the new Strategy for Specialised Services for Wales. This will set the priorities for future integrated commissioning plans. The Strategy will develop the themes outlined in WHSSC's aim of equity, safety, effectiveness and sustainability of services. These have also been considered in the development of the *Integrated Commissioning Plan 2016-19*.

8. CONCLUSION

As the Acting Managing Director for Specialised and Tertiary Services Commissioning, I will ensure that through robust management and accountability frameworks, significant internal control problems do not occur in the future. However, if such situations do arise, swift and robust action will be taken, to manage the event and to ensure that learning is spread throughout the organisation.

Signed:

Mr Daniel Phillips

Acting Managing Director of
Specialised and Tertiary
Services Commissioning

Date: 1 June 2016



GIG
CYMRU
NHS
WALES

Pwyllgor Gwasanaethau
Ambiwlans Brys
Emergency Ambulance
Services Committee

**To: Mrs Allison Williams, Chief Executive,
Cwm Taf University Health Board**

**cc: Emergency Ambulance Services Committee
Members**

**EMERGENCY AMBULANCE SERVICES COMMITTEE
ANNUAL GOVERNANCE STATEMENT
2015/16**

1. SCOPE OF RESPONSIBILITY

In accordance with the Emergency Ambulance Services Committee (Wales) Directions 2014 (2014 No.08), the Local Health Boards (LHBs) established a Joint Committee, which commenced on 1st April 2014, for the purpose of jointly exercising its Delegated Functions and providing the Relevant Services.

In establishing the Emergency Ambulance Services Joint Committee (EASC) to work on their behalf, the seven Local Health Boards (LHBs) recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency.

The Emergency Ambulance Services Committee (EASC) (Wales) Regulations 2014 (SI 2014 No.566 (W.67) make provision for the constitution of the "Joint Committee" including its procedures and administrative arrangements.

The Joint Committee is a statutory committee established under sections 11, 12(3), 13(2)(c) and (4)(c) and 203(9) and (10) of and paragraph 4 of Schedule 2 to the National Health Service (Wales) Act 2006(1). The LHBs are required to jointly exercise the Relevant Services.

Cwm Taf University Health Board (UHB) is the identified host organisation. It provides administrative support for the running of EASC in line with the Directions and has established the Emergency Ambulance Services Team (WHAST) and appointed the Chief Ambulance Services Commissioner as per Direction 8(4), 3 of the Emergency Ambulance Services Committee and related Regulations.

2. GOVERNANCE FRAMEWORK

In March 2014, the Joint Committee approved the revised Governance and Accountability Framework including the Standing Orders. In accordance with related Regulations and Directions, each Local Health Board ('LHB') in Wales must agree Standing Orders (SOs) for the regulation of the Emergency Ambulance Services Committee ("Joint Committee") proceedings and business. These Joint Committee Standing Orders (Joint Committee SOs) form a schedule to each LHB's own Standing Orders, and have effect as if incorporated within them.

Together with the adoption of a scheme of decisions reserved to the Joint Committee; a scheme of delegations to officers and others; and Standing Financial Instructions (SFIs), they provide the regulatory framework for the business conduct of the Joint Committee.

These documents, together with a Memorandum of Agreement setting out the governance arrangements for the seven LHBs and a hosting agreement between the Joint Committee and Cwm Taf LHB ("the Host LHB"), form the basis upon which the Joint Committee's governance and accountability framework is developed. Together with the adoption of a Values and Standards of Behaviour framework this is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.

2.1 The Joint Committee

The Joint Committee has been established in accordance with the Directions and Regulations to enable the seven LHBs in NHS Wales to make collective decisions on the review, planning, procurement and performance monitoring of Emergency Ambulance Services (relevant Services) and in accordance with their defined Delegated Functions.

Whilst the Joint Committee acts on behalf of the seven LHBs in undertaking its functions, the responsibility of individual LHBs for their residents remains and they are therefore accountable to citizens and other stakeholders for the provision of Emergency Ambulance Services.

The Joint Committee is accountable for internal control. As Chief Ambulance Services Commissioner NHS Wales, I have the responsibility for maintaining a sound system of internal control that supports achievement of the Joint Committee's policies, aims and objectives and to report the adequacy of these arrangements to the Chief Executive of Cwm Taf University Health Board.

Under the terms of the establishment arrangements, Cwm Taf University Health Board is deemed to be held harmless and have no additional financial liabilities beyond their own resident population.

The Joint Committee is supported by a Board/Committee Secretary, who acts as the guardian of good governance within the Joint Committee.

Governance Arrangements

Quality Assurance & Improvement Panel

QuAIP : is a sub-group to undertake on behalf of EASC:

- performance assurance assessments on the meeting of Care Standards and the operation and ongoing development of the National Collaborative Commissioning : Quality & Delivery Framework Agreement [Quality Assurance];
- consideration and evaluation of service change ideas [Quality Improvement];
- supporting the development of key enablers on behalf of the Emergency Ambulance Services Committee (EASC) which may improve assurance, quality and performance;
- Supporting the evaluation of the outcomes from service changes and key enablers.
- Chaired by the Chair of EASC; EASC Team; Health Board Directors; WAST Directors; Independent Representation (Swansea University); PICKER institute.

Emergency Ambulance Services Committee (EASC)

Quality Assurance & Improvement Team

Collaborative Commissioning Delivery Group (CCDG) [A]

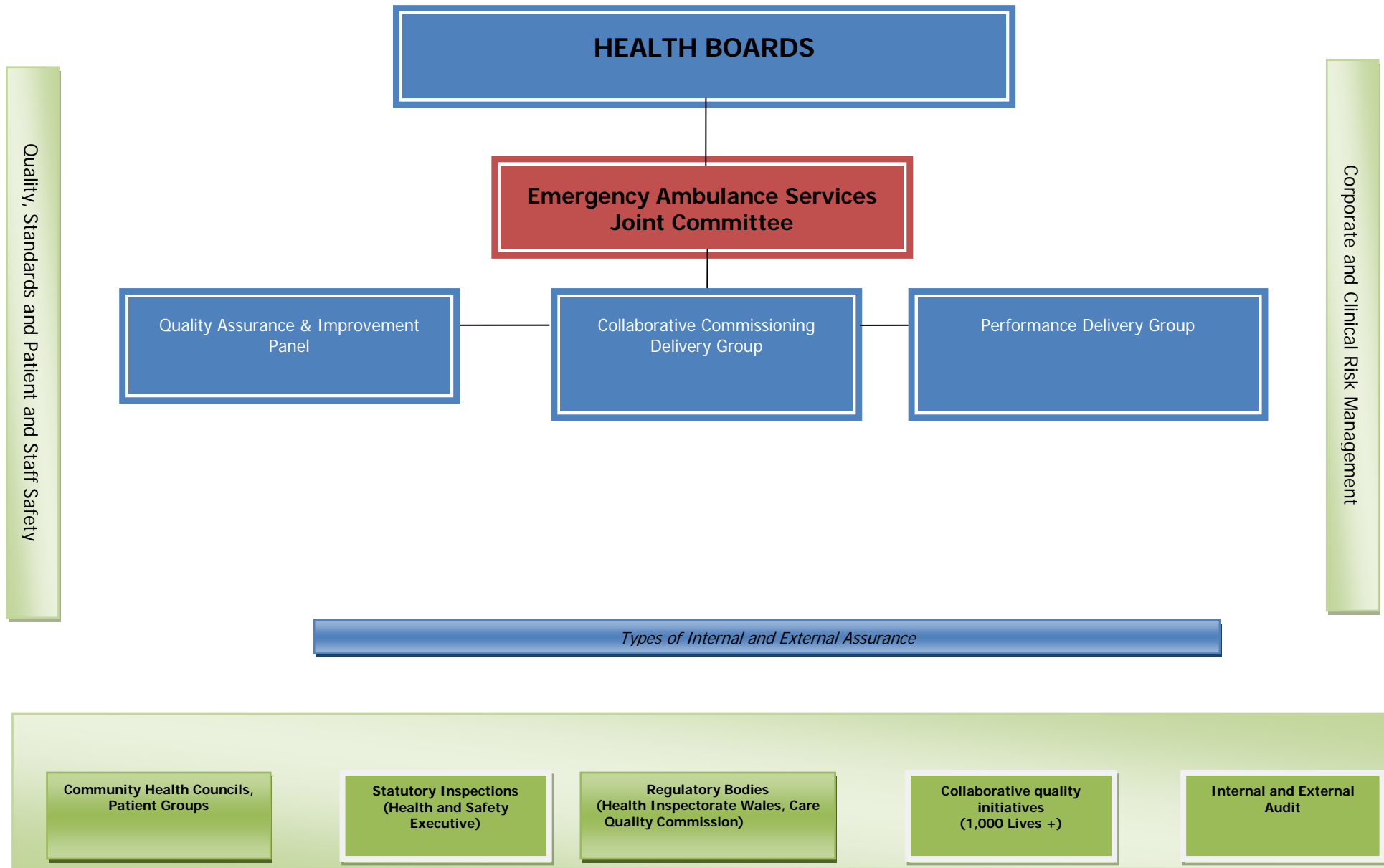
[A] Collaborative Commissioning Delivery Group (CCDG) : is sponsored by the Emergency Ambulance Services Committee to manage, maintain & monitor the implementation and development of the National Collaborative Commissioning: Quality & Delivery Framework. It is chaired by the CASC with the following membership:

- Health Board Directors – combining representation from each Health Board with a range of Director inputs – Planning, Finance, Community and Primary Care, Public Health, Ops – nominated by each Health Board CEO as a member of EASC;
- WAST Directors – nominated by the WAST CEO.

Performance Delivery Group (PDG) [B]

[B] Collaborative Performance Delivery Group (CPDG): where Commissioners & WAST consider current performance & advise EASC of a common position. The group provides appropriate challenge regarding performance and agree corrective actions and escalation. Chaired by the CASC with membership from Health Boards being the Chief Operating Officers and WAST input including senior information, operations and quality leads.

Emergency Ambulance Services Joint Committee – Governance Framework



The Joint Committee members in post during the financial year 2015/16 are:

Name	Role	Organisation
Professor Siobhan McClelland	Chair	Emergency Ambulance Services Committee
Professor Adam Cairns	Member	Chief Executive, Cardiff and Vale UHB
Mr Stephen Harray	Chief Ambulance Services Commissioner	Emergency Ambulance Services Committee
Mr Steve Moore	Member	Chief Executive, Hywel Dda UHB
Mrs Judith Paget	Member	Chief Executive, Aneurin Bevan UHB
Professor Trevor Purt	Member (up to June 15)	Chief Executive, Betsi Cadwaladr UHB
Mr Simon Dean	Member (from July 15 to February 2016)	Accountable Officer, Betsi Cadwaladr UHB
Mr Gary Doherty	Member (from March 2016)	Chief Executive, Betsi Cadwaladr UHB
Mr Paul Roberts	Member	Chief Executive, Abertawe Bro Morgannwg UHB
Mrs Carol Shillibeer	Member	Chief Executive, Powys Teaching HB
Mrs Allison Williams	Member (Vice Chair)	Chief Executive, Cwm Taf UHB
Ms Tracey Cooper	Associate Member	Chief Executive, Public Health Wales NHS Trust
Mr Steve Ham	Associate Member	Chief Executive, Velindre NHS Trust
Mrs Tracy Myhill	Associate Member	Chief Executive, Welsh Ambulance Services NHS Trust

In accordance with EASC Standing Orders, the Joint Committee may and, where directed by the LHBs jointly or the Welsh Ministers must, appoint joint sub-Committees of the Joint Committee either to undertake specific functions on the Joint Committee's behalf or to provide advice and assurance to others (whether directly to the Joint Committee, or on behalf of the Joint Committee to each LHB Board and/or its other committees).

Joint Committee Meetings

The following table outlines dates of Joint Committee meetings held during 2015/16 and attendance by Members.

All meetings held were quorate.

Health Board	June 15	Sept 15	Nov 15	Jan 16	March 16
Committee Members					
Chair	✓	✓	X	✓	✓
CASC	✓	✓	✓	✓	✓
AB UHB	✓	✓	✓	✓	✓
ABM UHB	X **	X *	✓	✓	✓
Cardiff & Vale	✓	X *	✓	✓	✓
Cwm Taf UHB	✓	✓	✓	✓	✓
Hywel Dda UHB	X *	✓	X *	X *	X **
Powys tLHB	X	✓	✓	X **	✓
BC UHB	X	X *	X	X	✓
Associate Committee Members					
WAST	X *	✓	✓	✓	✓
PHW	✓	✓	✓	✓	X
Velindre	X	X	X	X	X

X * denotes not present but sent a nominated Executive Director
 X ** denotes not present but sent a representative (not Executive) to attend.

2.2 Sub Committees and Advisory Groups

The **Audit Committee** of the Cwm Taf UHB, as host organisation, advises and assures the Joint Committee on whether effective arrangements are in place – through the design and operation of the Joint Committee’s assurance framework – to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Joint Committee’s Delegated Functions.

The relevant officers are in attendance for the EASC components of the Cwm Taf Audit Committee, although it is recognised that as EASC continues to evolve and mature as a joint Committee, there will be an increasing level of audit related activity.

The **Corporate Risk Committee** of the Cwm Taf UHB, as host organisation, advises and assures the Joint Committee on the effectiveness of its risk management arrangements, by reviewing its risk register and approach to risk management at each of its meetings. Its important to note that the risk register is a routine feature of the business of the Joint Committee.

3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

4. CAPACITY TO HANDLE RISK

As Chief Ambulance Services Commissioner, NHS Wales, I have responsibility for maintaining a sound system of internal control that supports the achievement of EASC's policies, aims and objectives and need to be satisfied that appropriate policies and strategies are in place and that systems are functioning effectively.

The Joint Committee's Sub Groups have assisted in providing these assurances and I am supported by the Head of Internal Audit's related work, report and opinion on the effectiveness of our system of internal control.

It must be noted that responsibility for the commissioning of Emergency Ambulance Services remains that of the individual health boards, discharged collaboratively through the Joint Committee. At the March 2016 meeting of the Joint Committee a joint Memorandum of Understanding between EASC; Welsh Government and myself, as Chief Ambulance Services Commissioner was Endorsed.

4.1 The risk and assurance framework

Under the hosting agreement with Cwm Taf UHB, EASC complies with their Risk Management Policy and Risk Assessment Procedure.

The aim of the Risk Management Policy is to:

- Ensure that the culture of risk management is effectively promoted to staff ensuring that they understand that the 'risk

taker is the risk manager' and that risks are owned and managed appropriately;

- Utilise the agreed approach to risk when developing and reviewing the Resource and Operational Plan;
- Embed both the principles and mechanisms of risk management into the organisation;
- Involve staff at all levels in the process; and
- Revitalise its approach to risk management, including health and safety.

Risk management relating to the activities of EASC has matured throughout the year and arrangements for reporting organisational risks was agreed and developed.

The Committee Risk Register forms part of the process in terms of the identification and management of strategic risks in relation to the commissioning of Emergency Ambulance Services:

- The Risk Register is in development and a 'living' document and should be in a state of constant change to reflect increases, decreases and the elimination of risks;
- The Risk Register will be subject to continuous review by the Chief Ambulance Services Commissioner and the work of the Joint Committee Sub Groups;
- It is for the Joint Committee to determine whether there is sufficient assurance in the rigour of internal systems to be confident that there are adequate controls over the management of principal risks to the strategic objectives.

The organisational risk register received at the March 2016 meeting of the Joint Committee, includes the following Extreme / High risks;

Risk Reference	Description of risk identified	Initial Score	January 2016 Score	Current Score	Overall Trend	Last Reviewed
EASC 02	Failure to deliver Emergency Ambulance Performance Targets	20	16	16	↓	March 2016
EASC 01	Failure to put in place robust Corporate Governance arrangements.	15	9	9	↓	March 2016
EASC 03	Failure to commission safe Emergency Ambulance Services (against the agreed Collaborative Commissioning Framework Agreement)	12	9	9	↓	March 2016
EASC 04	Failure to commission EAS within the resources agreed by the EAS Joint Committee.	12	9	9	↓	March 2016
EASC 05	Failure to deliver the new Ambulance Quality Indicators.	9	9	9	⇒	March 2016
EASC 06	WAST workforce / recruitment plan	15	15	15	⇒	March 2016
EASC 07	WAST rosters and associated changes	15	15	15	⇒	March 2016
EASC 08	Failure to provide alternative services	12	12	12	⇒	March 2016

It is noted that some of the risks raised are joint risks that require consideration and ownership within individual organisations and the Welsh Ambulance Services Trust.

5. THE CONTROL FRAMEWORK

5.1 Quality & Delivery Framework Agreement



The *Quality & Delivery Framework Agreement* is structured to support the following scope of services;

- a) responses to emergency calls via 999;
- b) urgent hospital admission requests from general practitioners;
- c) high dependency and inter-hospital transfers;
- d) major incident response and urgent patient triage by telephone;
- e) NHS Direct Wales Services.

This is in line with the EASC (Wales) Directions 10 March 2014.

Prior to the formation of EASC there were inadequate arrangements and documentation in place covering the commissioning of emergency ambulance services between Health Boards and the Welsh Ambulance Services NHS Trust (WAST).

The Emergency Ambulance Services Committee (EASC) at its inaugural meeting in April 2014 sponsored the use of CAREMORE[®] for the creation of a Commissioning, Quality & Delivery Framework Agreement ('Framework Agreement') for Emergency Ambulance Services.

The Framework Agreement;

- Clarifies the role, responsibilities and outcomes from emergency ambulance services and their partners;
- enables a balance to be achieved between national expectations and local responsiveness to support the delivery of an efficient and effective urgent / emergency care response system;
- improves patient experience, improve patient outcomes, and demonstrates value for money;
- was fully operational in 2015/16.

5.2 Integrated Medium Term Plan – Emergency Ambulance Services Committee

At the 22 March 2016 Joint Committee meeting and aligned fully with the Collaborative Commissioning Framework Agreement, the Joint Committee endorsed the approach and related arrangements for submitting its IMTP at the end of March 2016.

The Joint Committee agreed that as EASC is a commissioning Committee, and has adopted a National Collaborative Commissioning approach, the Quality & Delivery Framework has been used as its IMTP framework, as it provided a structure that it considers is simple, clear and aligned directly to delivering better care for patients.

In applying the Framework Agreement, the EASC IMTP is complimentary to WAST and Health Board plans as detailed within Schedules 014 and 016 of the Framework Agreement, which have previously been agreed by the Committee. These schedules have been shared with and discussed by Directors of Planning to ensure that a consistent approach is adopted across NHS Wales and are consistent with the Committee's previous decision in relation to the £128m recurrent sum available for Emergency Ambulance Services.

5.3 Ambulance Quality Indicators and New Clinical Model

In July 2015, the Deputy Minister for Health agreed to the implementation of a 12 month pilot, commencing 1 October 2015 to move away from a purely time based measurement of Ambulance service performance and delivery. To support the measurement of the new Clinical Model a comprehensive suite of Ambulance Quality Indicators (AQIs), were developed in collaboration with Welsh Ambulance Services Trust and Welsh Government. The new AQIs were first published in January 2016, covering the October to December 2015 quarter period.

An independent evaluation of the new Clinical Model was commissioned during 2015/16 and the initial findings are expected to be received in May 2016, with the final report due in November 2016. This information will enable the Minister to reach a conclusion on whether the new clinical model should continue.

5.4 Governance & Accountability Assessment

The Governance & Accountability Assessment is more relevant to the host body, Cwm Taf UHB, who has undertaken an assessment in April 2016.

The outcome of a recent Internal Audit report on EASC, is in the process of being finalised with a 'draft' Reasonable Assurance rating, which will require further discussion and review at the Audit Committee.

The Head of Internal Audit Opinion for the host body Cwm Taf UHB, is that the Board can take **Reasonable Assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

5.5 Corporate Governance Code

The Corporate Governance Code is more relevant to the host body, Cwm Taf UHB, who has undertaken an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales.

Cwm Taf UHB is satisfied that it is complying with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code and not identified any departures from the Code through the year. EASC has not identified any departures from the Code through the year.

The full UK Corporate Governance Code can be found at <https://frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf>

5.6 Ministerial Directions 2015/16

A list of Ministerial Directions issued by the Welsh Government during 2015-16 are available at:-

<http://gov.wales/legislation/subordinate/nonsi/nhswales/2015/?lang=en>

It should be noted that in April 2016, a revised Statutory Instrument was issued by Welsh Government, to take into account the requirement of EASC to commission Non Emergency Patient Transport Services from April 2016.

In addition it should be noted that from April 2016, responsibility for commissioning Emergency Medical Retrieval and Transfer Service (EMRTS) transfers from WHSSC to EASC. The legacy statement was received by the WHSS Joint Committee at its March 2016 meeting and will be considered by EAS Joint Committee at its June 2016 meeting.

5.7 Other elements of control framework

5.7.1 Equality and Diversity

EASC follows the policies and procedures of the Cwm Taf UHB, as the Host LHB. All staff have access to the Intranet where these are available.

5.7.2 Information Governance

EASC are supported with matters relating to Information Governance via the Host body LHB.

5.7.3 Counter Fraud

EASC are supported with matters relating to Counter Fraud via the Host body LHB. Local Counter Fraud Plans relating to the role of the Host body, including matters relating to EASC, is considered via the Cwm Taf UHB Audit Committee.

6. REVIEW OF EFFECTIVENESS

As Chief Ambulance Services Commissioner, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors, and the Team within EASC and the Host body who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.

The internal control framework and internal and external related audit support is maturing and will be strengthened going forward.

7. SIGNIFICANT GOVERNANCE ISSUES

I wish to highlight the following matters that are considered significant and have presented challenges in 2015/16.

7.1 Clinical Risk

At the March 2016 Joint Committee meeting a report on managing clinical risk across the whole emergency medical services pathway of care was considered and discussed. To mitigate potential immediate clinical risk concerns, an 'Immediate Vehicle Release Protocol' was approved and is being implemented across Wales.

Additionally I attended a WAST Board Development meeting and a Clinical Risk Improvement Plan will be developed and approved by WAST and EASC during 2016/17 and monitored by the Joint Committee.

A clinical workshop will be held in the Summer 2016, as part of the process of ensuring that potential clinical risks are managed proactively.

8. CONCLUSION

As the Chief Ambulance Services Commissioner, I will ensure that through robust management and accountability frameworks, significant internal control problems do not occur in the future. However, if such situations do arise, swift and robust action will be taken, to manage the event and to ensure that learning is spread throughout the organisation.

Signed:

Mr Stephen Harry

Chief Ambulance Services Commissioner, NHS Wales

Date: 1st June 2016

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 Cwm Taf University Local Health Board for the year ended 31 March 2016 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 63 and 64, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of financial statements

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

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

In addition, I read all the financial and non-financial information in the Foreword and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Cwm Taf University Local Health Board as at 31 March 2016 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

- the remuneration report has not been presented with these financial statements so I cannot provide an opinion on its proper preparation;
- the information contained in the Foreword and the Annual Governance Statement is consistent with the financial statements.

Matters on which I report by exception

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

- the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;
- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

Please see my Report on pages 155 to 156.

Huw Vaughan Thomas
Auditor General for Wales
28 June 2016

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the National Assembly for Wales

Introduction

On 1st April 2014 the NHS Finance (Wales) Act 2014 amended the NHS (Wales) Act 2006 and required Local Health Boards (LHBs) to meet two new statutory financial duties.

I have decided to issue a narrative report alongside my audit certificate to explain the new duties, Cwm Taf University Local Health Board's (the Health Board's) performance against them, and the implications for 2016-17.

Financial duties

The **first financial duty** gives additional resource flexibility to local health boards by allowing them to balance their income with their expenditure over a three-year rolling period, replacing the duty to balance their books over a one-year period. The first three-year period under this duty is 2014-15 to 2016-17, so local health boards' performance against this duty will not be measured until 2016-17.

Where a local health board does not balance its books over a rolling three-year period, any expenditure over the spending limit set for those three years exceeds the local health board's authority to spend and is therefore 'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend. For the 2015-16 financial year, any excess spend against annual financial allocations (set by the Welsh Government for financial management purposes) is not irregular expenditure and so does not affect my regularity opinion.

The **second financial duty** requires local health boards to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services and delivery of the first financial duty. A local health board will be deemed to have met this duty for 2015-16 if it submitted a 2015-16 to 2017-18 plan approved by its Board to the Welsh Ministers who had then approved it by the date that the Accountable Officer signed the 2015-16 Financial Statements.

Cwm Taf University Health Board performance against duties

First Financial Duty

As set out above, the Health Board will not be assessed against the first financial duty until 2016-17. Nevertheless it is expected to manage its finances to ensure it does not over spend against its annual revenue and capital allocations. This is because the Health Board's annual performance impacts on the ability of the Health and Social Services Group to meet its own financial targets.

As shown in Note 2.1 and 2.2 to the Financial Statements, in 2015-16 the Health Board:

- operated within its annual revenue resource allocation;
- brokered £4.1million of its revenue allocation back to the Welsh Government; and
- operated within its annual capital resource allocation.

Second Financial Duty

As shown in Note 2.3 to the Financial Statements, the Health Board met its second financial duty to have an approved three-year integrated medium term plan in place for the period 2015-16 to 2017-18. Welsh Ministers approved the Health Board's three year plan on 2 June 2015.

Look ahead to 2016-17

The NHS Planning Framework 2016/17 set Welsh Government's expectation that the LHB should obtain Ministerial approval by 30 June 2016 for its three-year plan 2016-17 to 2018-19. While previously the planning process and timetable envisaged that plans would be reviewed and approved during the first quarter, this was not specified, with the potential flexibility that plans could have been approved up to a point prior to the Accountable Officer signing of the financial statements for the first year of the plan.

The Health Board's proposed three-year financial plan running from 2016-17 to 2018-19 was submitted by the Health Board to Welsh Government on 31 March 2016; and was approved by the Health Board's Integrated Governance Committee on 6 April 2016 and by the Board on 4 May 2016. This plan identified the need to make recurring savings of £37.7 million over the three-year period, £14.4 million of which will need to be found in 2016-17.

At the end of April 2016 the Health Board is forecasting a balanced year-end position for 2016-17.

Later this year I intend to publish a value for money study on the implementation by Welsh Government and NHS Wales of the NHS Finances (Wales) Act 2014.

Huw Vaughan Thomas

Auditor General for Wales

28 June 2016