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GIG Felindre
Velindre NHS Trust



Velindre NHS Trust Accountability Report & Financial Statements 2015/16

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Part 1

Introduction

In line with Welsh Government and HM Treasury Guidance, the Trust has produced an Accountability Report for the financial reporting period 2015-2016.

The purpose of the accountability section of the annual report is to meet key accountability requirements to Parliament. The requirements of the accountability report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and Schedule 8 of SI 2008 No 410.

Financial Accountability Report

Expenditure Regularity

As a result of the economic climate and the requirement to reduce the level of public spending, the Trust has had to adapt to no increases in funding combined with an increase in demand for high quality service and significant cost pressure. As a result, the Trust's primary financial objective during the period was to deliver efficiency savings to offset unfunded cost pressures to allow it to meet its financial duty to breakeven. The Trust will be required to continue to identify efficiency and productivity measures in the future to match cost and service pressures.

On the 1 April 2015 the All Wales Health Courier Service transferred to the NHS Wales Shared Service Partnership ('NWSSP') from Wales Ambulance Service Trust (WAST).

There have been no other significant events during 2015/16.

Financial targets

The Trust has met three out of its four financial targets for the year ended 31 March 2016:

- Breakeven duty - The Trust achieved a surplus of £40,000 in 2015/16 (2014/15: surplus of £39,000) and therefore met its breakeven requirement for the year.
- External Finance Limit (EFL) - The Trust is given an External Financing Limit by the Welsh Government which it is permitted to 'undershoot' but not exceed. For 2015/16, the Trust met its target, with an 'undershoot' of £94,000 (2014/15: undershoot of £130,000). This target demonstrates that the Trust has successfully delivered on its capital programme within the limit set by the Welsh Government.
- The Trust submitted an Integrated Medium Term Plan for the period 2015/16 - 2017/18 in accordance with the NHS Wales Planning Framework, which was subsequently approved by the Minister for Health and Social

Services. The Integrated Medium Term Plan relates only to the Velindre NHS Trusts core activities and does not apply to the organisations hosted by the Trust.

- Creditor payments - The Trust is required to pay 95% of the number of non-NHS bills within 30 days of the receipt of goods or a valid invoice (whichever is the later). The Trust has not met this target, paying 91.7% (2014/15: 93.2%) within the required time.

Fees and Charges - Auditor remuneration

Fees paid to the Wales Audit Office for the statutory audit were £201,000.

Material Remote Contingent Liabilities

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP). The WRP returns from Welsh Health Organisations estimate that in 2015-16 the Trust has remote contingent liabilities of £91,346,000 (2014-15 £ 53,584,000) which relate to potential litigation claims for NHS Wales that 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.

Long Term Expenditure Trends

	2011-12	2012-13	2013-14	2014-15	2015-16
	£000	£000	£000	£000	£000
Pay	68,598	99,577	109,970	110,814	132,653
Non Pay	57,108	179,623	296,211	355,157	289,643
Depreciation	8,654	9,202	11,994	14,518	16,629
	134,360	288,402	418,175	480,489	438,925

Notes

During 2012-13 The All Wales Shared Services Partnership was transferred to Velindre NHS Trust.

During 2013-14 The Trust consolidated its charitable funds into the main financial statements.

During 2014-15 Abertawe Bro Morgannwg and Aneurin Bevan stores transferred to Velindre NHS Trust.

During 2015-16 Health Courier Services and GP trainees transferred to Velindre NHS Trust.

Remuneration & Staff Report

The pay and terms and conditions of employment for the Executive Team and senior managers have been, and will be determined by the Velindre NHS Remuneration and Terms of Service Committee, within the framework set by the Welsh Government. The Remuneration and Terms of Service Committee also considered and approved applications relating to the voluntary release scheme. The Trust Remuneration Committee members are all Independent Members of the Board and the Committee is chaired by the Trust Chairman.

Existing public sector pay arrangements apply to all staff including members of the Executive Team. In 2015-16, no increases to salary for members of the Executive Team were considered or approved by the Remuneration and Terms of Service Committee. Additionally, all members of the Executive Team are on pay points and not pay scales and therefore no member of the Executive Team were entitled to or received any incremental increase in salary during 2015-16.

The performance of members of the Executive Team is assessed against personal objectives and against the overall performance of the Trust. The Trust does not operate a performance related pay scheme.

All Executive Directors have the option to have a lease car, under the terms of the Trust's lease car agreement.

The Chief Executive and Executive Directors are employed on permanent contracts, which can be terminated by giving due notice unless for reasons of misconduct.

During 2015-16 the Remuneration Committee approved the following:

- A salary of £134,000 was agreed for the Chief Executive who commenced in the substantive Chief Executive post on the 16th December 2015.
- A change in remuneration of the Medical Director, from £141,323 (including Clinical Excellence Award of £46,644) to £153,451 (including Clinical Excellence Award) in line with the NHS Wales Executive Salary Scales. The change reflected that Medical Director had been incorrectly

remunerated on the Consultant Salary Scales, since commencing in post in February 2010.

- A payment of £46,386 was also approved to reflect the total pay arrears which the Medical Director was due from 1st February 2010 to 31st May 2015.

The Remuneration Committee also considered and approved applications relating to the voluntary early release scheme ('VERs'). Full details of compensation paid under the VERs scheme are disclosed in the financial statements.

There have been no payments to former Executives or other former senior managers during the year.

Payments have been made to the Welsh Government for the services of the Interim Director of Finance who is on secondment to Velindre NHS Trust. There have been no payments for any professional indemnity insurance for an Officer or Director of the Trust.

The remuneration report is required to contain information about senior manager's remuneration. The senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors). Full details of senior managers' remuneration are later in the table on page 10.

Staff Composition by Gender

A breakdown of the workforce by gender is set out in the table below. This figure represents the composition as at 31st March 2016.

Gender	Headcount	FTE	%
Female	2,326	2,044	62.7
Male	1,382	1,342	37.3
Grand Total	3,708	3,386	100.0

Staff Composition by Staff Group

During 2015-16 the average number of staff employed by the Trust was 3,425. The average number of employees is calculated as the full time equivalent number of employees in each week of the financial year divided by the number of weeks in the financial year. The table below provides a breakdown of the workforce by staff grouping.

*FTE – Full-time Equivalent

	Average number of employees			2015-16 Total	2014-15 Total
	Permanently Employed	Agency Staff	Staff on Inward Secondment		
Administrative, Clerical and Board Members	2,022	25	34	2,081	1,966
Ambulance Staff	0	0	0	0	0
Medical and Dental	343	0	7	350	102
Nursing and Midwifery Registered	204	0	30	234	207
Professional, Scientific and Technical Staff	34	0	1	35	38
Additional Clinical Services	177	0	3	180	170
Allied Health Professionals	112	7	1	120	109
Healthcare Scientists	119	0	0	119	122
Estates and Ancillary	286	17	3	306	253
Students	0	0	0	0	0
Total	3,297	49	79	3,425	2,967

Sickness Absence Data 2015/16

The number of staff that experienced either short or long term sickness absence in 2015-16 increased significantly. There was a significant increase in the number of days lost due to long term sickness absence and in the number of days lost due to short term sickness absence.

The data shows an overall increase in sickness absence levels during 2015-16 and as a result the Trust did not achieve the Welsh Government Sickness Absence Rate of 3.54% during this period.

To respond to the increase in sickness absence levels, managers are being coached by the Workforce Department, to empower them to proactively manage absence, in accordance with the All Wales Sickness Absence Policy. A number of resources and tools have also been developed by the Workforce Department, to assist managers to identify staff who are hitting the sickness absence triggers and effectively manage their sickness absence.

	2015 / 16	2014 / 15	Variance
Total Days Lost (Long Term):	33,862	27,579	6,283
Total Days Lost (Short Term):	14,076	12,882	1,193
Total Days Lost:	47,938	40,461	7,477
Total Staff Years Lost: (Average staff employed in the period – Full Time Equivalent)	3,309	2,895	414
Average Working Days Lost:	8.8	8.5	0.3
Total Staff Employed in Period (Headcount):	3,767	3,285	482
Total Staff Employed in Period with No Absence (Headcount):	1,811	1,623	188
Percentage Staff with No Sick Leave:	48.08%	49.41%	-1.33%

Staff Policies

During 2015-16 in accordance with the Trust Workforce policy schedule, a significant number of policies and procedures were reviewed and approved by the Workforce and Organisational Development Committee. All Trust policies and procedures are equality impact assessed against the nine protected

characteristics, to ensure that they do not discriminate against people who apply to work in the Trust or are employed by the Trust. All Trust policies and procedures are available to access via the Trust Internet website, via the link below.

<http://www.velindre-tr.wales.nhs.uk/freedom-of-information-publications>

Salary and Pension Disclosure Tables – Single total figure of remuneration

This Remuneration Report includes a single total figure of remuneration. The amount of pension benefits for the year which contributes to the single total figure is calculated based on guidance provided by the NHS Business Services Authority Pensions Agency.

The amount included in the table for pension benefit is based on the increase in accrued pension adjusted for inflation. This will generally take into account an additional year of service together with any changes in pensionable pay. This is not an amount which has been paid to an individual by the Trust during the year; it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

Salary and Pension Disclosure Tables – Single total figure of remuneration (continued)

Name and Title	2015-16					2014-15				
	Salary (bands of £5,000)	Other Remuneration (bands of £5000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1000)	Total (to the nearest £1,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1000)	Total (to the nearest £1,000)
Executive Directors and Senior Managers										
Steve Ham Chief Executive ¹	130-135	0	0	35	165-170	125-130	0	2	135	260-265
Mark Osland Interim Executive Director of Finance ²	95-100	0	0	0	95-100	20-25	0	0	0	20-25
Peter Barrett-Lee Medical Director	80-85	110-115	3	0	195-200	30-35	110-115	2	0	141-145
Susan Morgan Executive Director of Nursing & Service Improvement	95-100	0	0	0	95-100	95-100	0	0	0	95-100
Sarah Morley Executive Director of Workforce and OD	85-90	0	0	15	100-105	60-65	0	1	33	95-100
Carl James Director of Planning, Performance & Estates ³	95-100	0	0	6	100-105	95-100	0	19	4	100-105

Independent Members/Non Executive Directors										
R Kennedy	40-45	0	0	0	40-45	40-45	0	0	0	40-45
P Griffiths	5-10	0	0	0	5-10	5-10	0	4	0	5-10
H Ludgate	5-10	0	0	0	5-10	5-10	0	1	0	5-10
R Singh	5-10	0	1	0	5-10	5-10	0	4	0	5-10
P Roberts	5-10	0	3	0	5-10	5-10	0	0	0	5-10
J Hopkinson	5-10	0	0	0	5-10	5-10	0	0	0	5-10
J Pickles	5-10	0	0	0	5-10	5-10	0	0	0	5-10

Notes

1. Steve Ham was appointed Chief Executive on 16th December 2015.
2. Mark Osland was interim Executive Director of Finance on secondment from Welsh Government during the financial year 2015-16. All employment costs have been recharged from the employing organisation, to Velindre NHS Trust.
3. Whilst not an Executive Director, the Director of Planning, Performance & Estates is considered to be a Senior Manager of the Trust and therefore included within the remuneration report.

Salary and Pension Disclosure

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or an arrangement to secure pension benefits in another pension scheme or an arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Salary and Pension Disclosure Tables – Board Member and Senior Manager Pensions

Name and Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2016 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2016 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2016	Cash Equivalent Transfer Value at 31 March 2015	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Steve Ham Chief Executive ¹	0-2.5	5-7.5	30-35	90-95	644	574	55	-
Peter Barrett-Lee Medical Director	0-2.5	0-2.5	55-60	170-175	1,284	1,242	9	-
Susan Morgan Director of Nursing	0-2.5	0-2.5	30-35	100-105	715	681	15	-
Sarah Morley Executive Director of Workforce and OD	0-2.5	2.5-5	15-20	50-55	314	282	24	-
Carl James Director of Planning, Performance & Estates	0-2.5	0	30-35	0	306	286	13	-

Notes: Mark Osland, Interim Executive Director of Finance is on secondment from Welsh Government and his future pension liability will be met by the Welsh Government through the civil service pension scheme and therefore disclosures regarding his pension have not been included in the above table. As Independent Members/Non-Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Independent Members.

Reporting of other compensation schemes – exit packages

During 2015/16 exit packages were approved for 15 staff with a value of £366,664. The actual date of departure might be in a subsequent period. The data here has therefore been presented on a different basis to Note 9.4 to the Annual Accounts.

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 Velindre NHS Trust in the financial year 2015-16 was £130,000 - £ 135,000 (2014-15, £125,000 - £130,000). This was 5.0 times (2014-15, 4.9) the median remuneration of the workforce, which was £26,929 (2014-15, £26,000).

In 2015-16, 4 (2014-15, 7) employees received remuneration in excess of the highest-paid director. These employees are Medical Consultants. Remuneration ranged from £15,100 to £185,000 (2014-15 £14,000 to £176,000).

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

Overtime payments are included in the calculation of both elements of the relationship.

The cost of employing agency staff within the Trust has not been included within the calculation of median salary. The Trust has assessed that given the relatively small number of agency staff employed throughout the year; there would be no significant effect on the median salary reported above. There are no Trust

Directors paid on this basis.

In establishing the highest paid director (Chief Executive) the Trust has taken into account the proportion of remuneration received by directors for clinical and director responsibilities.

Expenditure on Consultancy

During 2015-16 the Trust spent £1,935,000 on external consultancy (£1,321,000 relating to NHS Wales Informatics Service).

Tax Assurance for Off-Payroll Engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their highly paid and/or senior off-payroll engagements. The information, contained in the three tables below, includes all off-payroll engagements as at 31 March 2016 for those earning more than £220 per day and that last longer than six months for the core Department, its Executive Agencies and its arm's length bodies.

Table 1: For all off-payroll engagements as of 31 March 2016, for those earning more than £220 per day and that last for longer than six months

No. of existing engagements as of 31 March 2016	Total
Of which...	
No. that have existed for less than one year at time of reporting.	18
No. that have existed for between one and two years at time of reporting.	9
No. that have existed for between two and three years at time of reporting.	5
No. that have existed for between three and four years at time of reporting.	1
No. that have existed for four or more years at time of reporting.	4

Within the total number of off-payroll engagements disclosed, 19 engagements related to staff seconded from other NHS Wales Organisations and 1 engagement related to a Welsh Local Authority.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	28
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	28
No. for whom assurance has been requested	28
Of which...	
No. for whom assurance has been received	28
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received.	0

Within the total number of new off-payroll engagements disclosed, 1 engagement related to staff seconded from another NHS Wales Organisation.

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	0



Part 2

Annual Governance Statement 2015/16

Contents

	Chapter
1.	Scope of Responsibility
2.	The Trusts Assurance Framework
3.	Standing Orders and Standing Financial Instructions
4.	Board Appointments During 2015-2016
5.	Purpose of the System of Internal Control
6.	Information Governance
7.	Integrated Medium Term Plan (IMTP)
8.	Ministerial Directions
9.	Equality & Diversity
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12	Conclusion
	Appendix 1 – Board & Committee Activity

Strategic Drivers



ACCOUNTABLE




Delivering quality, care & excellence

Our Vision

Recognised locally, nationally and internationally as a renowned organisation of excellence for patients and donor care, education and research



Our Goals





High Quality Outcomes



Improved well being and quality of life for patients and donors



Excellent care for our patients, donors families and carers



Organisational excellence



World class research development

Our Strategic Themes

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 <p>Equitable and timely services</p> <p>Providing patients and donors with access to services according to their clinical needs in a fair way</p>	 <p>Safe and reliable services</p> <p>Prevent all avoidable harm to patients and donors</p>	 <p>Providing evidence based care and research which is clinically effective</p> <p>Identifying and using the most effective treatment, drugs and technology to get the best outcomes</p>	 <p>First class patient / donor experience</p> <p>Providing the care to patients and donors that we would want for our family and friends</p>	 <p>Supporting our staff to excel</p> <p>Providing our staff with the support, encouragement and environment to achieve their potential</p>	 <p>Spending every pound well</p> <p>Ensuring everything we do adds value for patients, donors and partners</p>
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Corporate Governance Report

The Corporate Governance Report for Velindre NHS Trust compiles;

- The Director's Report
- The Statement of Accounting Officer's Responsibilities
- The Annual Governance Statement

The content requirements in respect of the **Director's Report** are captured in this **Annual Governance Statement** as cross referenced below;

- The Composition of the Trust and Governance Structures. Pages 23-25.
- Details of Trust Board Membership to include Independent Members and Executive Directors. Pages 28-29.
- Major Activities of the Trust during the year. Pages 32-33 and Appendix 1 on Page 36.
- Audit Committee membership. Pages 38-29.
- Details of directorships and other significant interests. Page 53 – Public Interest Declaration.
- Information on personal data related incidents. Page 53 - Disclosure Statements.

Information in respect of Published Sickness data is captured in the Accountability Report in Part1 of this report.

The statement of Accounting Officers Responsibilities is included within the Accounts in Part 3 of this report.

Details in respect of environmental, social and community issues are captured in the Velindre NHS Trust Sustainability Report.

Scope of Responsibility

Velindre NHS Trust provides specialist services to the people of Wales. The operational delivery of services is managed through Velindre Cancer Centre and the Welsh Blood Service. The Director of Velindre Cancer Centre and the Director of Welsh Blood Service are directly accountable to the Velindre NHS Trust Chief Executive.



Specialist cancer services for South East Wales are delivered by Velindre NHS Trust using a hub and spoke model. The hub of our specialist cancer services is Velindre Cancer Centre. This is a specialist treatment, teaching, research and development centre for non-surgical

oncology. We treat patients with chemotherapy, Systemic Anti-Cancer Treatments (SACTs), radiotherapy and related treatments, together with caring for patients with specialist palliative care needs.



The Welsh Blood Service plays a fundamental role in the delivery of healthcare in Wales. It works to ensure that the donor's gift of blood is transformed into safe and effective blood components which allow NHS Wales to improve quality of life and save the lives of many thousands of

people in Wales every year.

The Board is accountable for Governance, Risk Management and Internal Control for those services directly managed and those managed via hosting arrangements. As Accountable Officer and Chief Executive of the Board, the Chief Executive has 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 the Chief Executive is personally responsible. These are carried out in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The Trust also hosts the following organisations on behalf of other bodies;

A Host Organisation is one that provides a statutory framework that furnishes facilities and resources for a function/organisation on behalf of a third party. Accountability for the operational delivery and associated performance and risks resulting from the activity of the hosted function/organisation rests with the third party.

Directors of the Hosted Organisations are bound by an Annual Governance Compliance Statement with the Velindre NHS Trust Chief Executive and in accordance with the individual hosting agreements with Velindre NHS Trust.

NHS Wales Informatics Services (NWIS)



NWIS operates under the direction of the Deputy Director, Digital Health and Care of the Welsh Government and is responsible for both the strategic development of Information Communications Technology (ICT) and the

delivery of operational ICT services and information management across NHS Wales. NWIS has a national remit to support NHS Wales, make better use of scarce skills and resources, and facilitate a consistent approach to health informatics and the implementation of common national systems. The Director of NWIS is accountable to the Deputy Director, Digital Health and Care of the Welsh Government.

Health and Care Research Wales Workforce



With effect from the 1st April 2015 the National Institute for Social Care and Health Research Clinical Research Centre (NISCHR CRC) was re-organised and rebranded and Velindre NHS Trust now hosts “Health and Care Research Wales Workforce”.

Health and Care Research Wales is a national, multi-faceted, virtual organisation funded and overseen by the Welsh Government’s Division for Social Care and Health Research. It provides an infrastructure to support and increase capacity in research and development (R&D), runs a range of responsive funding schemes and manages the [NHS R&D funding allocation](#). The responsible Officer is held accountable by Welsh Government for the delivery and performance of services.

National Collaborating Centre for Cancer (NCC-C)



The NCC-C was established in April 2003. The centre is funded and commissioned by the National Institute for Health and Care Excellence (NICE) to develop evidence-based clinical guidelines for the NHS in England, Wales and Northern Ireland on treating and caring for people with cancer. The Director of NCC-C is held accountable by NICE for the delivery and performance of services.

During 2015-2016, the Trust submitted a bid to NICE to host one of two new Guideline Development Centres for the UK. Unfortunately, the Trust was unsuccessful and will no longer host NCC-C with effect from the 1st April 2016.

NHS Wales Shared Services Partnership (NWSSP)



On 11th May 2012, the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 No.1261 (W.156) was laid before the National Assembly for Wales and came into force on 1st June 2012. The NWSSP is

a dedicated organisation that supports the statutory bodies of NHS Wales through the provision of a comprehensive range of high quality, customer focused support functions and services.

NWSSP is hosted by Velindre NHS Trust via a formal Hosting Agreement, signed by each statutory organisation in NHS Wales. The Director of NWSSP holds Accountable Officer status and holds a separate Accountability Statement with the Director General for Health in the Welsh Government, and produced and signs his own Annual Governance Statement to support the Trust Chief Executive in signing the Velindre NHS Trust Annual Governance Statement.

2. The Trust's Assurance Framework

This Annual Governance Statement details the arrangements in place for discharging the Chief Executive's responsibility to manage and control Velindre NHS Trust's resources, and the organisations which it hosts, during the financial year 2015/2016.

Due to the unique Accountable Officer status of the Director of Shared Services Partnership (NWSSP) an Annual Governance Statement for NWSSP has been requested and submitted from the Director of NWSSP to the Velindre NHS Trust Chief Executive.

The Directors from the other bodies hosted by Velindre NHS Trust (1.1 – 1.3 above) have signed and submitted a '*Governance Compliance Statement*' detailing and declaring compliance with Velindre NHS Trust governance arrangements which is submitted at the end of March each year to the Velindre NHS Trust Chief Executive to provide assurance that Trust policy, systems and processes are being complied with to support good governance.

Discharging Responsibilities

The Board has been constituted to comply with the National Health Service Wales, Velindre NHS Trust (Establishment) Order 2002 No. 442 (W57). In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfill a number of Champion roles where they act as ambassadors for these matters. The Board discharges its responsibilities through its Committees (listed in the table below) and scheme of delegation which is set out in our Standing Orders. There are 10 Committees, reporting directly to the Board which is supported by sub-Committees/groups in the discharge of functions;

Committee	Sub Committee
Quality & Safety Committee	Trust Organisational Learning Committee
Audit Committee (including 5 separate meetings of the “Audit Committee- for Shared Services” to consider NHS Wales Shared Services Partnership (NWSSP) Matters)	
Charitable Funds Committee	Investment Performance Review Sub-Committee
Research & Development Committee	Research Risk Review Committee Genetic Modification Sub Committee
Information Governance & IM&T Committee	
Remuneration Committee	
Workforce & Organisational Development Committee	
Planning & Performance Committee	
Transforming Cancer Services Programme Management Committee. (established in 2015)	
Advisory Consultant Appointments Committee. (Established 2016).	

The following table outlines Board Members **Membership** at Board Committees. Please note it does not include Committees for which Board Members are attendees and therefore not all Board members will be included in the table below.

Board Member Name	Position	Area Of Expertise	Board Committee Membership	Champion Roles
Professor Rosemary Kennedy	Chair	Partnerships & Collaboration	<ul style="list-style-type: none"> • (Chair) Remuneration Committee • (Chair) Charitable Funds Committee • (Chair) Advisory Consultant Appointments Committee 	
Janet Pickles	Independent Member	Quality & Safety	<ul style="list-style-type: none"> • (Chair) Quality & Safety Committee • Charitable Funds Committee 	Infection Control, Patient Experience, Older Persons
Professor Jane Hopkinson	Independent Member	University Representative	<ul style="list-style-type: none"> • Research & Development Committee 	Research
Harry Ludgate	Independent Member	Information Governance & Information Management and Technology	<ul style="list-style-type: none"> • (Chair) Information Governance & IM&T Committee • (Chair) Workforce & OD Committee • Audit Committee • Remuneration Committee 	Information & Workforce Communications
Paul Griffiths	Independent Member	Finance	<ul style="list-style-type: none"> • (Chair) Audit Committee • Remuneration Committee • Quality & Safety Committee • Planning & Performance Committee • Charitable Funds Committee • Transforming Cancer Services - Programme Management Committee 	Veterans
Judge Ray Singh	Independent Member	Legal	<ul style="list-style-type: none"> • Remuneration Committee • Workforce & OD Committee • Planning & Performance Committee 	Violence & Aggression, Safeguarding, Putting Things Right
Phil Roberts	Independent Member	Estates	<ul style="list-style-type: none"> • (Chair) Planning & Performance Committee • (Chair) Research & Development 	Design, Sustainability and Welsh Language Public & Patient Involvement

Board Member Name	Position	Area Of Expertise	Board Committee Membership	Champion Roles
			<ul style="list-style-type: none"> • Committee • Audit Committee • Information Governance & IM&T Committee • Transforming Cancer Services - Programme Management Committee 	
Steve Ham	Interim Chief Executive (until 15 th December 2015) Chief Executive (from 16 th December 2015)		<ul style="list-style-type: none"> • Charitable Funds Committee • Advisory Consultant Appointments Committee • (Chair) Transforming Cancer Services - Programme Management Committee 	Not applicable
Mark Osland	Interim Executive Director of Finance		<ul style="list-style-type: none"> • Charitable Funds Committee • Transforming Cancer Services Programme Management Committee 	Not applicable
Professor Peter Barrett-Lee	Executive Medical Director		<ul style="list-style-type: none"> • Research & Development Committee • Advisory Consultant Appointments Committee 	Not applicable

At a local level, the Trust has agreed Standing Orders (SOs) for the regulation of proceedings and business. The Trust SOs are designed to translate the statutory requirements set out in the National Health Service Trusts (Membership and Procedures) Regulations 1990 (1990/2024) into day to day operating practice, and, together with the adoption of a scheme of matters reserved to the Board; a scheme of delegations to officers and others; and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Trust and define - its 'ways of working'. These documents, together with the range of policies set by the Board make up the Governance and Accountability Framework. The Standing Orders have been periodically updated to account for alterations in year; details in respect of the reviews are outlined in section 3.

On the 4th November 2015, the Chairman accepted the formal resignation of Simon Dean, the Trust's substantive Chief Executive Officer. Mr. Dean remains with the Welsh Government on a permanent basis as Deputy Chief Executive of NHS Wales, where he has been on secondment since June 2014.

During Mr Dean's secondment, Mr Steve Ham, undertook the role of Interim Chief Executive with full Accountable Officer Status from the 5th January 2015 following the appointment of an Interim Executive Director of Finance. On the 16th December 2015, Mr. Ham was appointed as the substantive Chief Executive Officer for Velindre NHS Trust.

The following table outlines dates of Board and Committee meetings held during 2015/2016 – 1st April 2015 to 31st March 2016

All meetings were quorate during the period.

	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
Trust Board 10am – 12.30pm			Thu 4 th Jun	Thu 30 th Jul		Thu 24 th Sept			Thu 3 rd Dec	Thur 28 th Jan		Thur 17 th Mar
Remuneration Committee 9am – 10am			Thu 4 th Jun	Thu 30 th Jul		Thu 24 th Sept			Thu 3 rd Dec	Thur 28 th Jan		Thur 17 th Mar
Audit Committee 9.30 am – 12.30pm	Tue 28 th Apr		Tue 2 nd Jun	Tue 21 st Jul			Tue 6 th Oct		Tue 8 th Dec		Tues 23 rd Feb	
Shared Services Audit Committee 2pm – 4pm	Thu 9 th April		Tue 2 nd Jun	Tue 28 th Jul				Tue 3 rd Nov			Wed 3 rd Feb	
Charitable Funds Committee 9.30 am- 12.30pm		Wed 6 th May			Wed 12 th Aug			Wed 11 th Nov			Tues 9 th Feb	
Quality & Safety Committee 10am – 1pm			Thu 11 th Jun			Thu 3 rd Sept			Thu 10 th Dec			Thur 3 rd Mar

	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
Planning & Performance Committee <u>10am – 1pm</u>		Tue 12 th May		Tue 14 th Jul		Tue 15 th Sept		Tue 17 th Nov			Thur 25 th Feb	
Research & Development Committee <u>10am – 12pm</u>			Tue 9 th Jun			Tue 8 th Sept			Tue 1 st Dec			Wed 30 th Mar
IG & IM&T Committee <u>10am – 1pm</u>	Fri 17 th April		Thu 18 th June		Tue 25 th Aug			Tue 24 th Nov			Mon 1 st Feb	
Workforce & Organisational Development Committee <u>10am – 1pm</u>		Tue 26 th May				Fri 4 th Sept			Fri 11 th Dec		Thur 11 th Feb	
Transforming Cancer Services Programme Management Committee	Wed 29 th Apr	Wed 27 th May	Wed 24 th Jun	Fri 3 rd Jul	Wed 26 th Aug	Mon 28 th Sept	Cancelled	Thur 19 th Nov	Cancelled	Tues 19 th Jan	Wed 24 th Feb	Wed 30 th Mar
Advisory Consultant Appointment Committee (ADHOC)							Thur 8 th Oct					Mon 21 st Mar

At six month intervals the Audit Committee receives a ‘governance pack’ from NWIS providing a specific focus on the key aspects of assurance in relation to the hosted organisation which includes compliance with Trust Policies, delegations and procurement procedures.

Committee Activity

Each Committee formally reports annually to the Trust Board on its work during the year detailing the business, activities, attendance and main issues dealt with by the Committee in the reporting year. Copies of the Committee Annual Reports are available within the Board papers on the Trust's website or from the Trust Secretary.

In addition, each Trust Board meeting receives a highlight report outlining the issues and activity considered and addressed by each Committee at its last meeting. These highlight reports are presented to the Board by the Independent Member Committee Chair. The highlight reports are available within the Board papers on the Trust's website or from the Trust Secretary. The Terms of Reference for each Committee are reviewed annually in line with the Trust Standing Orders, or more frequently if deemed necessary by the Committee or Board. The Terms of Reference for all Committees are available from the Trust Secretary. The Audit Committee developed a mechanism by which it evidenced the discharge of its duties on behalf of the Board through a 'Committee Assurance Schedule' based on the Terms of Reference and delegated powers. This mechanism was adopted and used by the Charitable Funds Committee and Quality and Safety Committee during the period and will be rolled out across the other Committees as appropriate.

Key highlights and issues considered by the Trust Board and its Committees during 2015/2016 are included at Appendix 1.

Minutes and papers of all Board meetings are published on the Trust Internet site via the following link: [Trust Board Papers and Minutes](#)

During 2015/2016, key aspects of Board business and issues delegated to the Audit Committee for consideration and advice, including action taken included;

- Agreement of the Internal and External Audit Plans for the year.
- Receiving Internal and External Audit Reports and subsequently monitoring progress against Audit Action Plans.
- Agreeing the annual counter fraud plan and monitoring counter fraud activities.
- Regular review of the register of gifts and hospitality.
- Monitoring the development and draft content of the Trust's Annual Governance Statement.
- Signing of the Trust's Annual Accounts, as delegated by the Trust Board.
- Monitoring of Governance Arrangements across the organisation, including hosted bodies.
- Monitoring overall risk management process by reviewing the Trust Risk Register at each meeting.

Further detail in respect of key highlights and issues considered by the Audit Committee during 2015/2016 are captured in Appendix 1.

Engagement with the Local Partnership Forum

In support of the Board, the Trust also has a Local Partnership Forum that met 4 times during 2015-2016, with Joint Chairs who are each nominated from the staff representatives and Executive Directors. The role of the Local Partnership Forum is to supply the main (but not only) forum within the Trust where the Directors of the Trust and Trade Union Representatives can discuss together and develop appropriate directions and responses to all major service development and change management issues.

Examples of engagement with the Local Partnership Forum during 2015/2016 are outlined in Appendix 1.

Board Development and Effectiveness

In addition to Trust Board and Committee meetings, the Board holds regular development sessions covering all aspects of corporate responsibility. The Trust Board development sessions are open to all Board Members and attendees including Community Health Council representatives, staff representatives and patient representatives as well as other relevant groups depending on the topic being covered. During 2015/2016, the Board held sessions on the following topics;

- **April 2015** - The Board Members convened as the **“Integrated Governance Group”** that meets on an annual basis to undertake a self assessment against the Governance and Accountability module that supported the Standards for Health Services in Wales (SHSiW) - Doing Well Doing Better.
- **May 2016** – A session was held in respect of the development of the **Strategic Outline Programme (SOP) for Transforming Cancer Services**, which conveyed the Trust’s ideas on how cancer services in South East Wales could look in the future.
- **June 2016** – The Board attended the **Governance in Healthcare – Doing it right, doing it better Seminar**, which was an expert seminar looking at strategic development and decision making.
- **July 2016** – A Board Development Session was held to discuss the development of the **Trust’s Organisational Development Strategy**.

- **September 2015-**
 - **“The Green Paper – Our Health, Our Health Service”** – Presentation on consultation and Board discussion on implications and points for Trust response to the consultation.
 - **“Transforming Cancer Services in South East Wales”** – the Board received a briefing on the programme to include; programme scope, plan and business case submission, key assumptions and an overview of the governance and approvals process.
 - **“Governance Health Check”** – the Board received an update on key reports (National and Local) that had been received, including; Trusted to Care, Evaluation of the Betsi Cadwaladr Health Board Targeted intervention Report, the Structured Assessment interim findings etc.

- **November 2015 - Leadership** This workshop session was designed to build on the work done to date by enabling the Board and operational leadership to come together to reflect on what they need to do in a behavioural sense to drive the organisation towards sustainable high performance. This workshop was the first of a series and will be facilitated by Academi Wales.

- **December 2015 –**
 - **Wales Audit Office (WAO) Structured Assessment** where the Board considered the findings prior to finalisation of the management responses to the recommendations.
 - **Transforming Cancer Services (TCS) Update** – the Board discussed the current activity within the project and the requirement for Independent Member involvement.
 - **Integrated Medium Term Plan (IMTP)** – the Board focussed on key discussion points and issues that need to be reflected in the IMTP.
 - **Private Patients** – the Board received a presentation from the Director of Velindre Cancer Centre in relation to Private Patient activity and opportunities for the future.
 - **Risk Appetite – “Progressing towards Risk Maturity”**
This session focused on the following key areas:
 - Providing a refresh session on risk management
 - Defining the organisation’s risk appetite and tolerances
 - Considering how the risk appetite can have practical application and add value to strategic decision making
 - Introducing a Board Assurance Framework

- **January 2016 – IMTP and Prudent Healthcare**

The Board Session in January 2016 was split into two parts. Part one concentrated on the development of the IMTP for 2016/17-2018/19 led by the Assistant Director of Planning & Performance. The session covered high priority objectives, the Trust ambition, challenges and risks, the financial strategy and board engagement and involvement.

Part two of the session concentrated on Prudent Healthcare (PHC) led by the Medical Director. The session considered what PHC means from the organisations perspective, specific initiatives across the service areas of the Trust and a presentation at the Team Wales event.

- **February 2016 –**

- Bevan Commission & Bevan Academy Update
- General Medical Council (GMC) Standards & Medical Education
- Transforming Cancer Services Site Development

- **March 2016 –**

- Transforming Cancer Services briefing
- Velindre Cancer Centre 60th Anniversary Celebration Plans
- Blood Transfusion 70th Anniversary Celebration Plans
- Welsh Blood Service Blood Strategy

The Trust Secretary continues to work with agencies such as Academi Wales to support the Board development programme as appropriate.

3. Standing Orders and Standing Financial Instructions

The Trust approved a revised set of Standing Orders and Standing Financial Instructions for the regulation of proceedings and business in as follows:

- **September 2015**

In accordance with the Charitable Funds Committee (CFC) Cycle of Business, the terms of reference for the Charitable Funds Committee was reviewed and approved at the Charitable Funds Committee on the 12th August 2015. At the Trust Board meeting in September 2015 the Trust Board were advised to amend the Standing Orders to reflect the latest version of the CFC terms of reference.

- **December 2015**

At the Trust Board in December 2015 the Board approved an increase in financial limit for the Welsh Blood Service Director and Medical Director to £400k for the specific procurement of wholesale blood products. Following approval the Standing Financial Instructions were amended to reflect the change.

- **January 2016**

The Trust has an established Advisory Consultant Appointment Committee that operates in accordance with the NHS Appointment of Consultants Regulations – Good Practice Guide; however, there were no formal Terms of Reference (ToR) in place. In order to ensure compliance terms of reference were established to reflect the guidance and the Board were advised to amend the Standing Orders to include the ToR.

- **March 2016**

Reference to National Collaborating Centre for Cancer (NCC-C)

The Trust will no longer host NCC-C with effect from the 1st April 2016 and therefore references to NCC-C were removed.

Reference to National Institute for Social Care and Health Research Clinical Research Centre (NISCHR CRC)

With effect from NISCHR CRC was re-organised and rebranded and Velindre NHS Trust now hosts “Health and Care Research Wales Workforce”. This reference was updated within the Standing Orders and Standing Financial Instructions.

Quality & Safety Committee Terms of Reference

In accordance with the Quality & Safety Committee Cycle of Business, the terms of

reference were reviewed and approved at the Quality & Safety Committee on the 3rd March 2016. The Board were advised to amend the Standing Orders to reflect the latest version.

4. Board Appointments during 2015-2016

The Trust made the following Board appointments;

- On the 16th December 2015, Mr. Steve Ham, Interim Chief Executive was appointed as the substantive Chief Executive Officer for Velindre NHS Trust. See further information on page 6.

5. Purpose of the System of Internal Control (Trust Assurance Framework)

The system of internal control (Trust Assurance Framework) 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.

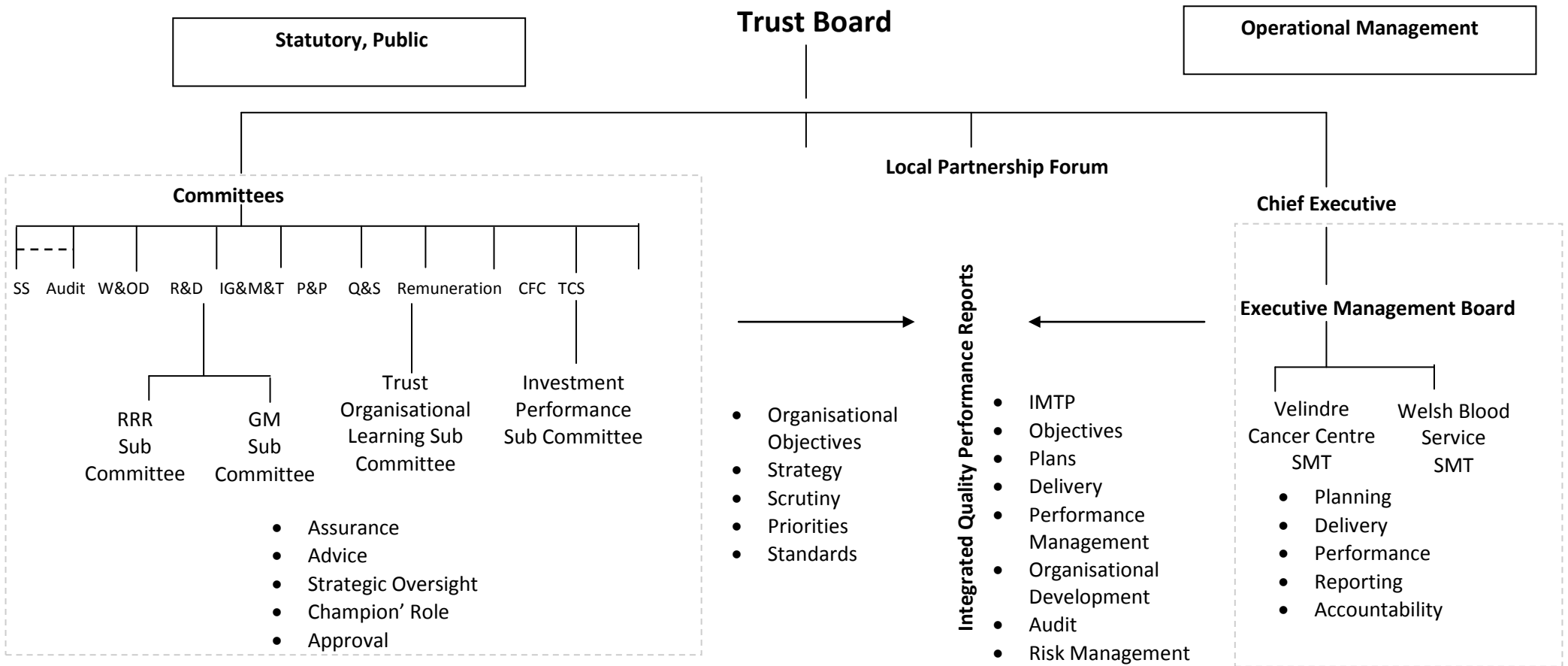
The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively 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 2015-2016 annual report and accounts.

The Welsh Government requires that the Trust operates within the wider governance framework set for the NHS in Wales and incorporating the standards of good governance set for the NHS in Wales (as defined within the Citizen Centred Governance principles and Standards for Health Services in Wales), together with its planning and performance management frameworks.

The Trust's Assurance Framework on page 43 supports the system of internal control.

The Trust's Assurance Framework

An overarching summary of the Trust's Assurance Framework is illustrated below; please note that the following diagram aims to address the Assurance Framework for the directly managed services of the Trust.



KEY

SS	Shared Services Audit Committee	P&P	Planning & Performance	RRR	Research Risk review Committee
W&OD	Workforce & Organisational Development	Q&S	Quality & Safety Committee	GM	Genetic Modification Safety Sub Committee
R&D	Research & Development	CFC	Charitable Funds Committee	IMTP	Integrated Medium Term Plan
IG&IM&T	Information Governance & Information Management Technology	TCS	Transforming Cancer Service	SMT	Senior Management Team

Governance of the Charitable Funds

The Velindre NHS Trust Board was appointed as Corporate Trustee of the Charitable Funds by virtue of the Velindre National Health Service Trust (Establishment) Order No. 2838 that came into existence on 1st December 1993, and the Board serves as its agent in the administration of the charitable funds held by the Trust.

The Trust Board as Corporate Trustee is ultimately accountable for charitable funds donated to Velindre NHS Trust. In order to facilitate the administration and management of these funds the Trust Board has established a Charitable Funds Committee (CFC) to provide advice and recommendations to the Board. Committee meetings are held every three months and otherwise as the Committee Chair deems necessary. At least two members must be present to ensure the quorum of the Committee.

The CFC is supported by the Charitable Funds Operational Management Group, which was established early in 2011 to strengthen the governance arrangements by monitoring the operational application and management of all Charitable Funds held within the Velindre NHS Trust. The CFC is also supported by an Investment Performance Review - Sub Committee, to oversee the investments made by the Charity.

Further information in respect of the Charitable Funds is available in the Trustee's Annual Report which can be accessed via the Charitable Funds page on the Trust website:

www.velindre-tr.wales.nhs.uk

Hosted Organisations Systems of Internal Control and Assurance

Aside from the NHS Wales Shared Services Partnership Committee, hosted organisations utilise the existing Trust's Committee Structure illustrated above. A separate Velindre NHS Trust Audit Committee is held to consider issues relating specifically to NWSSP at least four times a year, having the same Chair and Independent Membership as the Velindre NHS Trust Audit Committee. Information relating to the governance arrangements in NWSSP is contained within the Director's Annual Governance Statement to the Velindre NHS Trust Chief Executive which is on the Trust's website:

www.velindre-tr.wales.nhs.uk

NWSSP has a 'NHS Wales Shared Services Partnership Committee' which was established as a sub-committee of Velindre NHS Trust Board in 2012 to comply with Ministerial Directions. The NWSSP Committee has membership from each statutory body in NHS Wales, and is chaired by an Independent Chair. The NWSSP Committee reports to Velindre NHS Trust Board and all other health body Boards in Wales via their representative member on the Committee. NWSSP have their own Standing Orders which are appended to the Velindre NHS Trust Standing Orders.

Currently, all organisations hosted by Velindre NHS Trust link with Board Committees and Management Groups to ensure assurance is provided for the governance arrangements

including statutory compliance for the areas remaining within the Trust's area of responsibility.

As outlined in section 2, due to the unique Accountable Officer status of the Director of Shared Services Partnership (NWSSP) an Annual Governance Statement for NWSSP has been requested and submitted from the Director of NWSSP to the Velindre NHS Trust Chief Executive.

The Directors from the other bodies hosted by Velindre NHS Trust have signed and submitted a '*Governance Compliance Statement*' detailing and declaring compliance with Velindre NHS Trust governance arrangements which is submitted at the end of March each year to the Velindre NHS Trust Chief Executive to provide assurance that Trust policy, systems and processes are being complied with to support good governance.

Capacity to handle risk

The Trust has an approved Risk Management Policy in place. The Policy details a robust risk assessment process to identify, assess and manage organisational risks which are reported on a risk register, to the Trust Board. The Trust Board is ultimately responsible for overseeing the Trust's risk register and holding the Executive to account for ensuring management action is taken to minimise risk. The Board delegate's responsibility to the Trust's Quality & Safety Committee for overseeing the risk management process and the Trust's Audit Committee retains the oversight to ensure the system of risk management is effective.

The organisations hosted by Velindre NHS Trust maintain and manage their own risk registers and comply with the Trust escalation processes to ensure the Board are made aware of any significant relevant risks via the Trust Risk Register as necessary. Risks relating to hosted organisations will only be escalated to the Velindre NHS Trust risk register where matters directly affecting the Trust are apparent. Matters relating to service delivery and performance are a matter for hosted bodies to receive, manage and report as necessary. Information on the risks managed and mitigated during 2015-2016 is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site, via the following link: [Trust Board Meeting Papers](#).

Risk Management

The process by which the Trust manages risk is detailed in the Trust's Risk Management Policy, which is available upon request from the Trust Secretary or via the Trust's Intranet Site.

The overall aim of the Trust's Risk Management approach is to progress a comprehensive risk management programme to ensure that: -

- There is compliance with statutory legislation

- All sources and consequences of risk are identified
- Risks are assessed and either eliminated or minimised
- Damage and injuries are reduced, and people's health and well-being is optimised
- Resources diverted away from patient/service user care to fund risk reduction are minimised
- Lessons are learnt from concerns in order to share best practice and prevent reoccurrence

The Trust has a series of controls in place to manage and mitigate these risks.

The Chief Executive, as Accountable Officer for the Trust, has overall accountability and responsibility for having an effective risk management system in place within the Trust, including hosted organisations. The Chief Executive is responsible for meeting all statutory requirements and adhering to guidance issued by the Welsh Government Department of Health & Social Services in respect of governance. Within the Trust's Risk Management Policy, the Chief Executive has set clear measurable risk management objectives for the Executive Directors and Service Directors with delegated responsibility for risk management and governance.

The Executive Director of Nursing & Service Improvement has lead responsibility to the Chief Executive and the Board for risk management. Each Executive Director is responsible for managing risk within their area of responsibility and Executive Directors are supported in these duties by the Service Directors and Senior Managers across the organisation.

Every member of staff, including clinicians, is responsible for ensuring that their own actions contribute to the wellbeing of patients/service users, staff, visitors and the organisation. They are expected to contribute to the identification, reporting and assessment of risks and to take positive action to manage them appropriately. The Trust has implemented the All Wales Raising a Concern (Whistleblowing) Policy which is available on the Trust intranet site. The policy is in place and has been utilised once during 2015-2016 with the outcome reported to the February 2016 Audit Committee meeting.

Risk management is embedded in Trust decision making and service delivery. This is supported by continually considering and assessing Trust compliance with key clinical guidance including:

- Guidance and technology appraisals from the National Institute for Health and Care Excellence (NICE)
- National Service Frameworks (NSFs)
- National Enquiries for example Confidential Inquiries
- Patient Safety Alerts

- Professional Guidelines for example from Royal Colleges
- Guidelines or standards from other national /local bodies
- Local and national audit
- Research & Development
- Participation in clinical trials.

Risk Management and risk resourcing is managed by Divisional Directors through their business plans. All divisions /departments have processes for assessing risk and risk registers are created as appropriate. Risks are updated and reviewed within the service division. The divisional senior management teams (SMT) work with their supporting groups/ Committees to ensure effective controls are in place for their risks to be managed at a tolerable level.

Risks are referred to the appropriate Committees of the Board to consider them and identify additional control measures. In turn, the Committees provide assurance to the Trust Board that all reasonably practicable steps have been taken to reduce the risk, that effective controls are in place and the risk is being managed at a tolerable level.

Trust Risk Register

The organisation's risk profile is visible through the Trust Risk Register. Risks are identified at the commencement of new or amended activities and through the ongoing review of existing risks. Risk assessments are undertaken to assess the impact upon the service and other stakeholders. Public Stakeholders are involved in the assessment of risk through public consultations, Patient Liaison Group representation at Board and Committee meetings, feedback received in respect of Patient Experience surveys and Donor Forums and learning from Concerns received from patients, donors, relatives and/or carers.

All risks are assessed and awarded a score, relating to impact and likelihood. Risks are escalated; resulting in the highest level of risk being referred to the Executive Management Board where a collective appraisal will be made of the risk, after which time, the risk will be entered on to the Trust's risk register and reported to Trust Board and relevant Board Committee/s. Each risk entered onto the Trust register is given a 'target' score dependent upon the appetite for the risk, which is the level of risk the Trust Board is prepared to accept before action is deemed necessary to reduce it. This will be applied in decision making to inform the prioritisation of actions and the resources required to mitigate risks on the Trust risk register.

The Trust delivers a programme of risk assessment training for all staff and managers responsible for undertaking risk assessments.

Mitigation actions are in place for all risks identified and actions plans have been developed

to reduce risks to an accepted level.

Each risk on the Trust risk register is assigned to an assuring Committee of the Board to enable in-depth monitoring of management action in relation to specific risks. Risks are also monitored and reviewed monthly by the Executive Management Board and all risks are routinely reported quarterly to the appropriate Committee and the Board. The Audit Committee oversees that the risk management system in place is effective. Importance of maintaining an open and active dialogue on risks throughout the organisation is an approach that the Trust has cultivated.

The Trust's risk register is published in the Trust Board Meeting papers published on the Trust Website detailing the organisations top risks, and the controls in place to manage those risks. The register is dynamic and reviewed continuously throughout the year. The Board acknowledges that a continued focus on management and assurance processes during 2016-2017 will strengthen confidence that the Board are sighted on the right risks at the right time and can report transparently on actions to manage and mitigate organisational risks.

During 2015-2016 further improvements were made to the risk register in respect of the processes used to report and monitor risks by the Board.

The significant risks on the Trust Risk Register as at the 31st March 2016 are outlined below: Further details in respect of the Trust's key risks, including significant clinical risks are outlined within the Trust's Annual Quality Statement (AQS). The AQS is included within the Trust Annual Report which is held on the Trust Internet site under key publications.

As at the 31st March 2016, the main significant risks on the Trust's risk register included;

- Lack of physical space to accommodate the current requirements and future expansion of services at the Velindre Cancer Centre. Work is ongoing to implement short term plans in relation to the ongoing individual accommodation projects for improvement of the current site.
- Availability of sufficient radiotherapy capacity within available financial resource affects achievement against national cancer standards. Patients may not be treated to optimum treatment timescales, which can affect the overall patient experience. A Bid has been developed to commissioners for increased funding to increase capacity to meet forecast demand.
- All Wales Blood Service - Failure to deliver the All Wales WBS by the 2nd May 2016 and maintain the subsequent supply to the blood collection Unit will affect the reputation of

Velindre NHS Trust. This risk is being actively managed through the all Wales Blood Service programme and workstreams.

- A Laboratory Information Management System (LIMS) is used in pathology for recording and exchanging information. A new system is currently being implemented across Wales. Delays in implementation will lead to areas of the Welsh Blood Service adopting complex manual process. Project plans are in place and remain under review to minimize risks from delays with implementation of LIMS.
- Non delivery of the expected benefits contained within the Transforming Cancer Services Infrastructure Project. There are a wide range of risks associated with the project which includes clinical, capacity and capability, commercial, governance and financial risks. Actions to manage the risk are extensive and include the development of a Programme Plan, a Programme Manager appointed May 16, a number of project managers being recruited, and discussions with Welsh Government continues.

Further information on how risks are being managed and mitigated is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site, via the following link: [Trust Board Meeting Papers](#).

Risk Management Strategy

During the year the Trust developed a revised Risk Management Strategy. The draft strategy was subject to a period of consultation during January and February 2015 and received approval from the Executive Management Board (July 2015) and the Quality & Safety Committee (September 2015) and finally Trust Board (September 2015).

The revised Trust Risk Management Strategy covers the period 2015/18. Risk management will continue to be an integral component of the Trusts service delivery, and will ensure alignment to the 3 year Integrated Business Plan and other supporting strategies. Underpinning this strategy is a commitment by the Trust Board to undertake an annual review of its risk appetite, and to communicate this to staff involved in the management of risk.

Risk Appetite

As outlined under section 2.4, a Board session on risk appetite – “Progressing towards Risk Maturity” was held in December 2015. The session focused on the organisation’s risk appetite and risk tolerance levels. This enabled the Trust to strengthen the operational application of risk management, and add value to strategic decision making.

The session initiated further actions to build and shape the risk systems and process already

in place. Work has commenced to redefine our risk domains and to identify risk tolerance levels for each domain. The Board has been actively involved in this work and a draft risk domain framework was developed following the Board session in December 2015.

During the period 2015-2016, the Executive Management Board led a piece of work to improve the identification and assessment of those risks within the Trust risk register. Director Leads, together with risk owners, reviewed each risk to reflect the issue of concern. This led to a number of changes to the risk register template, and a number of risks were amended to better reflect the actual risk.

As part of the on-going development of the Trust assurance framework, the Integrated Medium Term Plan (IMTP) process for 2016/2019 was improved to include risk assessments against the delivery of Trust objectives. Upon adoption of the IMTP, any high level risks will be referred to the Trust risk register for monitoring by the Board. This ensures an integrated approach to risk and performance management and will improve the annual planning cycle.

Further risk training and education will be taken forward during 2016-2017. The aim will be to develop managers and Board members to assess risks in accordance with the Trust risk appetite and tolerance levels. This will be a significant development to the Trusts approach for managing risk.

The risk appetite statement will be the driver for implementing the Trust's strategic objectives. It will provide senior management with clear direction about how the Board wants risks to be managed, and will introduce a common language and framework throughout the organisation to ensure risk is managed in a consistent way.

The Trust Board will, on an annual basis, undertake a formal review of its risk appetite, and will document its risk appetite as a formal statement.

Health and Care Standards for Wales

The Health and Care Standards (previously the Standards for Health Services in Wales) were reviewed and published in April 2015. The Health and Care Standards set out the requirements for the delivery of health care in Wales at every level and in every setting. The onus is on all NHS organisations to demonstrate that the standards are being used and are met on a continuous basis.

Following the launch of the Health and Care Standards the Trust established framework arrangements through which self assessments can be undertaken and action taken to implement improvements and changes required to enable the Trust to deliver the highest quality of services to the people of Wales.

The framework, which builds on the previous protocol for the Standards for Health

Services, was developed to assist all Trust staff involved with the implementation of the Health and Care Standards. A summary of the themes is outlined below:



Divisions and hosted organisations and teams use the standards to self assess at all levels and across all activities to:

- Map against their own professional standards and operational plans
- Assess for themselves how well they currently meet the standards
- Identify what they do well and what could be shared wider
- Identify what they do less well and what can be done to improve delivery
- Make changes which contribute to overall quality improvement within their service.

Improvement actions, identified as part of the self assessment audit, will be included within the IMTP. This ensures the Standards become part of everyday business management within the service areas to drive improvements in quality, rather than seen as a standalone separate activity.

Governance & Accountability Assessment / Board Effectiveness

The status of the Governance and Accountability module is not yet confirmed and discussions are being held with Health Inspectorate Wales on this. In the interim to fulfil the requirements for 2015-2016, the Trust combined Board effectiveness and Board assessment of Governance & Accountability within a single questionnaire that was issued to Board members for completion in March 2016, with support from Internal Audit.

As in previous years, an Integrated Governance group was convened on the 20th April 2016. The purpose of this meeting was to scrutinise the outcome from the Health and Care

Standards Assessment in conjunction with the results from the Board self assessment questionnaire. At this meeting the Board made a judgment using the maturity matrix definitions to conclude how the Trust has performed during 2015-16.

This process has been subject to independent internal assurance by the organisation’s Head of Internal Audit. The internal audit review confirmed that a satisfactory process exists for the review and completion of the Governance and Accountability assessment, involving Executives and, Independent Members. There were no recommendations received in respect of the completion of the Governance and Accountability assessment.

The Trust’s self assessment of the overall maturity level for 2015-2016 was assessed as Level 4; the maturity level has remained the same for 2015-2016 as was assessed in 2014-2015.

Governance, Leadership & Accountability – Self Assessment	1. do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve.	2. are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	3. are developing plans and processes and can demonstrate progress with some of their key areas for improvement.	4. have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	5. can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Rating				✓	

The audit of the Health & Care Standards in Wales conducted by Internal Audit identified sought to provide assurance that the Trust has adequate procedures in place to ensure that it is operating in accordance with the Standards and that appropriate self-assessment against the Standards is undertaken.

The audit identified that the Trust has made good progress towards the implementation of the new Health and Care Standards. There is a framework in place that sets out guidance for the completion of the self assessments for the Health and Care Standards. The framework also details the roles and responsibilities for all staff involved in completing the self assessments. For the self assessments reviewed on the whole they were completed and rated appropriately and it was also noted that improvements had been identified and priorities assigned.

Overall, Internal Audit concluded and reported Substantial Assurance.

NWSSP Shared Services Partnership also undertook a self assessment of their position against the Governance, Leadership and Accountability module and seven themes within the new Health and Care Standards, the overall rating reflecting NWSSP’s overall compliance against the standards and has been rated as a 4.

Velindre NHS Trust has embraced the 1000 Lives Plus Campaign over the last few years with particular focus on the work within the Velindre Cancer Centre. The Cancer Centre continues to lead on developing the harm and mortality tools adapted for use within an oncology setting.

The Trusts partnership work with Aneurin Bevan University Health Board and Cardiff and Vale University Health Board to develop a dedicated service for patients with cancer associated thrombosis has been selected as a finalist in the Promoting Clinical Research and Application to Practice Award (supported by British Medical Association Cymru Wales).

The NHS Wales Awards are organised by 1000 Lives Improvement, part of Public Health Wales, which supports organisations and individuals to deliver improved health, healthcare outcomes and user experience in NHS Wales.

Work is progressing on educating staff with quality improvement skills which has been incorporated into the Velindre Improvement Programme (VIP).

Further information in respect of the Trusts 1000 Lives Plus activity is included within the Trust's Annual Quality Statement.

Review of Effectiveness

As Accountable Officer, the Chief Executive has 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.

The Chief Executive's performance in the discharge of these personal responsibilities is assessed by the Director General of the Department of Health & Social Services /Chief Executive of NHS Wales.

The Chief Executive's review of the effectiveness of the system of internal control is informed by the work of Internal and External Auditors, the Executive Directors and other assessment and assurance reports including the work of Healthcare Inspectorate Wales. The Chief Executive has listened to the Board on their views on the strengths and opportunities in the system of internal control and been advised by the work of the Audit Committee and other Committees established by the Board.

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 Trust, where during 2015-2016 no significant issues have been identified. These include;

- Welsh Government
- Wales Audit Office
- Internal Audit (NHS Wales Shared Services)
- Healthcare Inspectorate Wales
- Welsh Risk Pool Services
- Community Health Councils
- Health & Safety Executive
- Older Peoples Commissioner
- Other accredited bodies


Internal Audit Opinion & Scores for 2015-16

Internal audit provides the Chief Executive and the Board through the Audit Committee with a flow of assurance on the system of internal control. The Chief Executive has 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

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

Reasonable Assurance		<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>
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In reaching this opinion the Head of Internal Audit identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas and with the majority of the reviews receiving Reasonable or Substantial Assurance. Of these reports, one remains in draft at the time writing.

The only report that concluded with Limited Assurance was the Velindre Cancer Centre Cash Management review. When followed up the agreed improvements had been implemented increasing the assurance that could be given.

NHS Wales Shared Services have notified Velindre NHS Trust that the Internal Audit of the Accounts Payable system received Limited Assurance. Shared Services have reported that this was due, primarily, to weaknesses identified during the implementation and subsequent operation of a new key control. Internal Audit were asked to undertake additional testing which did not identify any potential errors, and steps have now been taken to ensure the control weaknesses have been rectified.

Wales Audit Office Structured Assessment 2015

The Trust's External Auditors, Wales Audit Office (WAO), conducted a Structured Assessment during 2015 that focussed on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically.

Findings of the WAO Structured Assessment 2015:

In 2015, WAO saw continued progress within the Trust and their overall conclusion from the Structured Assessment is that financial management is sound and whilst the Trust forecasts that it will break even, there are financial challenges that require further attention. Arrangements to support good governance and efficient, effective and economical use of resources continue to evolve, with good progress in some areas.

In relation to governing the business, WAO concluded: governance and Board assurance continue to evolve with good progress made in strengthening approaches to risk management and performance management:

- **Strategic and operational planning:** the IMTP is becoming more embedded in the Trust's normal ways of working. The Trust has deliberately set ambitious objectives although some actions will not be delivered on time.
- **Governance structures and committees:** committees provide sound scrutiny and assurance with work ongoing to optimise agendas. The Trust recognises the need to review the governance arrangements of the Transforming Cancer Services (TCS) programme and address succession planning for Independent Members (IMs).

- **Risk management and internal controls:** risk management is improving – registers are more prominent and more frequently considered, but valuable committee time can be used discussing minor inaccuracies in the risk register.
- **Performance management:** there is good progress in further improving the performance management framework and making delivery of the IMTP more embedded in the Trust’s day-to-day work.

A limited number of recommendations are being addressed by the Executive Management Board and progress will be monitored by the Audit Committee by scrutiny of the Audit Action Plan.

6. Information Governance

The Trust has well established arrangements for Information Governance to ensure that information is managed in line with the relevant Information Governance law, regulations and Information Commissioner’s Office guidance. The arrangements include a Trust-wide Information Governance & Information Management & Technology Committee, Trust, Divisional and Hosted Organisation Caldicott Guardians, a Caldicott Guardian for the National Databases and Divisional Information Governance leads.

The statement on the quality of data reported to the Board is included within the Annual Quality Statement [Velindre NHS Trust Annual Report](#). In summary, information is provided from our data management and quality improvement systems. To the best of our knowledge, this information is accurate and gives a true picture of the organisation.

7. Integrated Medium Term Plan (IMTP)

The achievement of the Trust’s vision and strategic objectives is driven by ‘Delivering Excellence’, the Integrated Medium Term Plan (IMTP), which sets out the priorities and actions that will be delivered on a rolling 3 year basis. The plan for 2015/16 - 2017/18 was submitted to Welsh Government in March 2015. In June 2015, Velindre NHS Trust, in accordance with the set administrative duty, had its IMTP approved by the Welsh Government. This followed revised national planning requirements in 2013 and a move from an annual to a three year planning process. Having an approved IMTP in place is a key way of demonstrating to the local population, Board, staff, partners and the Welsh Government that the organisation possess the requisite level of maturity to plan and

deliver with confidence over a three year period. The IMTP is refreshed on an annual basis and approved by Trust Board in March each year.

The Trust provided a reflection on progress against the key priorities, performance and ambitions outlined in the IMTP for 2015/2016 within the IMTP for 2016/2017, which was considered by the Planning & Performance Committee and Trust Board. This assessment was a high level overview of performance against the overall plan. This confirmed that delivery progress against objectives was broadly in accordance with the forecast trajectory. The Trust will undertake a more in-depth review of achievements made during 2015/2016 once all performance information has been validated. In respect of the financial performance the Trust reported a small surplus against its income and expenditure position for the year ended 31st March 2016, as reflected in the Annual Accounts. This review and reflection on the IMTP for 2015/2016 will be subject to scrutiny and assurance through the Planning and Performance Committee and Trust Board during July 2016 and ongoing Trust priorities will continue to be monitored and scrutinised into 2016/17.

The Trust submitted its' Board approved IMTP for 2016/2017 - 2018/19 in accordance with the NHS Planning Framework on the 31st March 2016. The Minister wrote to the Trust on **XXX** confirming approval of the Trust's IMTP.

Please refer to the Performance report for further information in respect of the IMTP.

8. Ministerial Directions

A list of Ministerial Directions issued by the Welsh Government during 2015-2016 is available at:-

<http://gov.wales/legislation/subordinate/nonsi/nhswales/2014/?lang=en>

Whilst Ministerial Directions are received by Local Health Boards, these are not always applicable to Velindre NHS Trust. All Ministerial Directions issued throughout the year are listed on the Welsh Government [website](#) above.

Welsh Health Circulars issued by Welsh Government are logged by the Trust Secretary and assigned an Executive Lead to assess the impact to the Trust and take forward necessary actions as appropriate. A register and action log is maintained by the Trust Secretary.

A list of Welsh Health Circulars issued by the Welsh Government during 2015-2016 is available at: -

<http://howis.wales.nhs.uk/whcirculars.cfm>

9. Equality & Diversity

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

The control measures include;

- Trust Equality Monitoring Annual Report.
- Equality reports to Quality and Safety Committee on the Trusts Equality Objectives and Actions
- Reports to the Equality and Human Rights Commissions' enquiries.
- Reports to the Centre for Equality and Human Rights enquiries.
- Report to the Welsh Government Equalities Team.
- Provision of evidence to the Health Care Standards Audit, specifically Standard 2.
- Equality Impact Assessments.

10. Public Interest Declaration

Each Director has stated in writing that there is no relevant audit information of which the NHS body's auditors are unaware. They have taken all the steps that they ought to have taken as a director in order to make them aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

All Board members and Senior Managers within the Trust (including Directors of all Hosted Organisations) have declared any interests in companies which may result in a conflict with their managerial responsibilities. No material interests have been declared during 2015-2016. The full register of interests for 2015-2016 is available upon request from the Trust Secretary.

11. Disclosure Statements

- As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

- The Trust has had one lapse in security data that warranted reporting to the Information Commissioners Office (ICO) in 2015-2016. A letter detailing sensitive personal data in relation to the ongoing care and treatment for one patient of the Trust was sent in error to another patient of the Trust. The letter was intended to be sent to the GP surgery and should not have been disclosed to members of the public. The Information Commissioners Office confirmed the case was triaged by a member of the Enforcement Team and logged the incident as a breach of the seventh data protection principle and a record of the incident will be kept on file. The ICO have not taken any further enforcement action against the Trust.
- Whilst there is no requirement to comply with all elements of the UK Corporate Governance Code, Velindre NHS Trust has undertaken an assessment against the main principles as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Trust's assessment of Governance undertaken by the Board in April 2016 and also evidenced by internal and external audits. The Trust 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 but are reported more fully in the Trust's wider Annual Report.
- The Trust's Carbon Reduction Strategy was approved in September 2013. The organisation is undertaking risk assessments and carbon reduction delivery plans are being developed in accordance with emergency preparedness and civil contingency requirements as based on UK Climate Impact Programme (UKCIP) 2009 weather projections to ensure that the organisation's obligation under the Climate Change Act and the Adaptation reporting requirements are fulfilled as detailed in the Welsh Government statutory guidance documents 'Preparing for a changing climate Part 1 and part 2.

12. Conclusion

The Chief Executive can confirm that no significant internal control or governance issues have been identified in this statement.

Signed by

Mr Steve Ham
Chief Executive:
15th June 2016

Date:

Appendix 1

The table below outlines the key highlights and issues considered by the Trust Board and its Committees during 2015/2016.

Trust Board	<ul style="list-style-type: none"> • Discussion on the Quality & Safety of Health Services: Reporting & Scrutiny relating to Older People, including a presentation from the Executive Director of Nursing & Service Improvement, with attendance from the Older People’s Commissioner for Wales. • Welsh Language and Patient / Donor Care Presentation providing the Trust Board with a high level overview of Welsh language issues across the Trust. • Consideration of the following business cases: <ul style="list-style-type: none"> ○ Provision of Additional Accommodation at Velindre Cancer Centre ○ Replacement of a Linear Accelerator 6 • Programme updates in respect of: <ul style="list-style-type: none"> ○ Transforming Cancer Services ○ Welsh Blood Service Establishment Computer Software (BECS) implementation ○ All Wales Blood Service • Consideration of the Health Inspectorate Wales Annual Report for Velindre NHS Trust 2014-2015, including a presentation from Sarah Jones, Healthcare Inspectorate Wales, Head of Corporate Intelligence & Development and Relationship Manager at the Trust. • Development and implementation of the Trust’s Organisational Development Strategy and Organisational Values & Behaviours, led by the Workforce & Organisational Development function. • Consideration of the Risk Adapted Strategy for Phase 1 Trials in Cardiff, with a presentation from the Trust’s Medical Director.
Workforce & Organisational Development	<ul style="list-style-type: none"> • Development and implementation of the Trust’s Organisational Development Strategy and Organisational Values & Behaviours, led by the Workforce & Organisational Development function.

	<ul style="list-style-type: none"> • Monitoring the Health and Wellbeing Audit Action Plan and the Health & Wellbeing Framework. • Workforce and Organisational Change Updates / Developments in respect of: <ul style="list-style-type: none"> ○ AWBS ○ NISCHR CRC Staff TUPE Transfer • Monitoring performance in respect of the IMTP objectives and compliance with PADR, sickness monitoring etc. • The Committee were informed of the successful outcome following the recent review against Investors in People standards of the people management and development processes at the Trust. The Trust is an Investors in People organisation for a further three years until March 2018. • Consideration and Approval of the Advisory Consultant Appointment Committee Terms of Reference.
Quality & Safety Committee	<p>Matters relating to quality and safety activity during 2015/2016 are highlighted in the Trusts Annual Quality Statement appended to the Trust's Annual Report and available on the Trust Internet site via the following link: Velindre NHS Trust Annual Report from the end of September 2016.</p>
Audit Committee	<p>Cross-reference page 9, section 2.2.</p> <ul style="list-style-type: none"> • Lessons Learnt from the Internal Audit Report on the Welsh Blood Service Dafen Project. • Endorsing approval of the proposed amendments to the Standards of Behaviour Framework Policy, specifically in relation to procurement and the acceptable gift value from Service Users from £10 to £25. • Consideration of the Wales Audit Office Findings from the 2015 Structured Assessment.
<p>Charitable Funds Committee</p> <p><i>Further information in respect Charitable Activity is captured in the Charitable Funds Annual Report available on the Trust Website.</i></p>	<ul style="list-style-type: none"> • Commissioned an independent consultant to review the strategic direction of the Charity which commenced in October 2015. Findings of which were considered at the February 2015 Committee meeting. • Considered and approved a number of Expenditure Proposals and Business cases in to support the strategic objectives for 2015-16, which were: <ul style="list-style-type: none"> ○ Patient Support ○ Research & Development

	<ul style="list-style-type: none"> ○ Access to the Latest Treatment ● Received a presentation on the Velindre NHS Trust Charitable Funds Investment Portfolio, from Tilney BESTINVEST, the charity's investment management company. ● Consideration of the Annual Ambassador and Patron Nominations presented for support and approval. ● Approval of the Trustee Annual Report for 2014-2015.
<p>Planning & Performance Committee</p> <p><i>Further information in respect Planning & Performance activity is captured in the Annual Performance Report available on the Trust Website.</i></p>	<ul style="list-style-type: none"> ● Programme updates in respect of: <ul style="list-style-type: none"> ○ Transforming Cancer Services ○ Welsh Blood Service Establishment Computer Software (BECS) implementation & LIMS ○ All Wales Blood Service ● Endorsed the principles, concept and overall approach outlined within the Delivery and Monitoring Framework for the IMTP. ● Updates regarding arrangements for benchmarking performance data with Clatterbridge Cancer Centre (CCC). ● Monitoring of Radiotherapy Capacity, demand and Delivery. ● Reviewed the feasibility of installing renewable technologies, including solar PV arrays at Velindre Cancer Centre (VCC).
<p>Research & Development Committee</p>	<ul style="list-style-type: none"> ● Medicines and Healthcare Regulatory Agency inspection reports undertaken during the period. ● Monitoring and consideration of the Research & Development Strategy Development. ● Considered and supported business cases to go forward to the Charitable Funds Committee, including: <ul style="list-style-type: none"> ○ Advanced Automated PET Image Segmentation in radiation Therapy ○ Breast Oncology Research Specialist Nurse Post
<p>Advisory Consultant Appointments Committee</p>	<ul style="list-style-type: none"> ● As and when required the Advisory Consultant Appointment Committee met to manage the arrangements for appointments to NHS Consultant posts within the Trust.
<p>Information Governance & IM&T Committee</p>	<ul style="list-style-type: none"> ● An overview of Information Governance related incidents and any activity relating to the Information Commissioner.

	<ul style="list-style-type: none"> • IG&IM&T related programme updates, such as: <ul style="list-style-type: none"> ○ VCC and WBS Windows 7 Update ○ BECS ○ NWIS Programme Report – Canisc • Consideration of the outcome of the All Wales WAO review into the capacity and resources across Wales for ICT. • Monitoring and review of informatics objectives captured within the IMTP. • Consideration and consultation on the draft Informing Healthcare Strategy.
Transforming Cancer Services Management Committee	<ul style="list-style-type: none"> • Developed Terms of Reference as newly formed Committee. • Consideration of: <ul style="list-style-type: none"> ○ Programme Risk Register ○ Programme Budget updates ○ Progress on the Infrastructure Project: Site and Design Issues ○ Communication and Engagement Plan including stakeholder engagement – 3-6 month plans. ○ Resources and recruitment update • Approval of: <ul style="list-style-type: none"> ○ Programme related business cases and development ○ Model workstream i.e. Clinical Service
Remuneration Committee	<ul style="list-style-type: none"> • Considered Voluntary Early Release applications received during the year for approval. • Reviewed the appointment Process for Chief Executive Officer • Considered the Impact of the Pension Tax Rules on our Workforce • Considered the Salary Sacrifice Lease Car Scheme • Approved the Pay Award for non-Agenda for Change Employees • Considered the process for Managing Early Departures Across Welsh Public Bodies
Local Partnership Forum	<ul style="list-style-type: none"> • Participated in the Partnership Working Workshop, the purpose of which was to look at strengthening partnership working in the Trust, build on existing relationships and make sure the Staff voice is heard at

	<p>all levels. The outcome of the workshop was also considered by the forum and a Partnership Working Action Plan developed.</p> <ul style="list-style-type: none">• Considered and contributed to developments in respect of the:<ul style="list-style-type: none">○ Development of the OD Strategy○ Proposed Organisation Values & Behaviours• Discussed key points in respect of the Integrated Medium Term Plan (IMTP).• Received a presentation in respect of “Improving Cancer Services in South East Wales”.• Received updates in respect of the:<ul style="list-style-type: none">○ All Wales Blood Service○ BECS Implementation Plan○ Workforce & Organisational Development Function Restructure○ Pennies from Heaven initiative○ Recruitment of Trade Union Staff Representatives
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Part 3

Financial Statements

Foreword

These accounts for the period ended 31 March 2016 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Velindre NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

The Trust was established by Statutory Instrument on the 1st April 1994, which at that time was a single specialty Trust providing only Cancer Service. Over the last twenty years, the Trust has significantly evolved and expanded. The main function of the Trust is to provide all-Wales and Regional clinical, health and social care services to the NHS and the people of Wales. Velindre NHS Trust is made up of different service divisions, the two main divisions being the Welsh Blood Service and Velindre Cancer Centre.

In addition to the above services, Velindre NHS Trust is host to a number of organisations. At the end of 2015/16 these included:

- NHS Wales Informatics Services ('NWIS') which was established as a hosted body on the 1 April 2010; and
- NHS Wales Shared Services Partnership ('NWSSP') which was established as a hosted body on 1 June 2012. Following the initial establishment of NWSSP, the functions of a number of separate bodies were transferred in on the same date. NWSSP now encompasses the services previously provided by Welsh Health Estates; Welsh Health Legal Services and the Welsh Risk Pool; Contractor Services; the Prescribing Services Unit; Capital and PFI audit and consultancy service; Welsh Health Supplies; Workforce; Procurement Services and Accounts Payable Services; Payroll and Recruitment Services and Internal Audit Services.

On the 4 February 2015, NWSSP became the lead employer for the Wales GP Training Scheme; 2015/16 reflecting the first full year. On the 1 April 2015 the Health Courier Service transferred from Wales Ambulance Services Trust to NWSSP.

There have been no other significant events during 2015-16.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2016

	Note	2015-16 £000	2014-15 £000	2015-16 £000	2014-15 £000
		NHS Trust		Consolidated	
Revenue from patient care activities	2	169,914	242,126	169,914	242,126
Other operating revenue	3	267,518	237,218	270,119	238,165
Operating expenses	4	(438,128)	(479,457)	(438,925)	(480,489)
Operating (deficit)/surplus		(696)	(113)	1,108	(198)
Investment revenue	5	57	51	152	114
Other gains and losses	6	4	6	4	6
Finance costs	7	771	672	771	672
				2,035	594
Retained surplus	30.1	136	616		
Other Comprehensive Income					
Items that will not be reclassified to net operating costs:					
Net gain/(loss) on revaluation of property, plant and equipment		2,910	2,386	2,910	2,386
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	(133)	193
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Sub total		2,910	2,386	2,777	2,579
Items that may be reclassified subsequently to net operating costs					
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Sub total		0	0	0	0
Total other comprehensive income for the year		2,910	2,386	2,777	2,579
Total comprehensive income for the year		3,046	3,002	4,812	3,173

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2016

	Note	31 March 2016	31 March 2015	31 March 2016	31 March 2015
		NHS Trust		Consolidated	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	12	97,380	90,216	97,380	90,216
Intangible assets	13	23,927	27,575	23,927	27,575
Trade and other receivables	18	460,564	459,910	460,564	459,910
Other financial assets	19	0	0	4,822	3,321
Total non-current assets		581,871	577,701	586,693	581,022
Current assets					
Inventories	17	6,380	5,530	6,380	5,530
Trade and other receivables	18	296,567	264,796	296,363	264,927
Other financial assets	19	0	0	0	0
Cash and cash equivalents	20	10,279	10,527	11,782	11,599
		313,226	280,853	314,525	282,056
Non-current assets held for sale	12.2	0	0	0	0
Total current assets		313,226	280,853	314,525	282,056
Total assets		895,097	858,554	901,218	863,078
Current liabilities					
Trade and other payables	21	(90,912)	(68,955)	(91,062)	(69,274)
Borrowings	22	(16)	(57)	(16)	(57)
Other financial liabilities	23	0	0	0	0
Provisions	24	(213,928)	(207,270)	(213,928)	(207,270)
Total current liabilities		(304,856)	(276,282)	(305,006)	(276,601)
Net current assets/(liabilities)		8,370	4,571	9,519	5,455
Total assets less current liabilities		590,241	582,272	596,212	586,477
Non-current liabilities					
Trade and other payables	21	(272,072)	(221,786)	(272,072)	(221,786)
Borrowings	22	(62)	(13)	(62)	(13)
Other financial liabilities	23	0	0	0	0
Provisions	24	(188,821)	(238,512)	(188,821)	(238,512)
Total non-current liabilities		(460,955)	(460,311)	(460,955)	(460,311)
Total assets employed		129,286	121,961	135,257	126,166
Financed by Taxpayers' equity:					
Public dividend capital		88,662	84,383	88,662	84,383
Retained earnings		12,591	12,404	12,591	12,404
Revaluation reserve		28,033	25,174	28,033	25,174
Other reserves		0	0	0	0
Funds Held on Trust Reserves				5,971	4,205
Total taxpayers' equity		129,286	121,961	135,257	126,166

The financial statements were approved by the Audit Committee on behalf of the Board on 1st June 2016 and signed on behalf of the Board by:

Chief Executive:



Date 15th June 2016

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2015-16	Public Dividend Capital £000	Retained earnings £000	Revaluatio reserve £000	Other reserve £000	Total £000	FHOT Reserves £000	Consolida d Total £000
Balance at 1 April 2015	84,383	12,404	25,174	0	121,961	4,205	126,166
Changes in taxpayers' equity for 2015-16							
Retained surplus/(deficit) for the year		136			136		136
Net gain/(loss) on revaluation of property, plant and equipment		51	2,859	0	2,910		2,910
Net gain/(loss) on revaluation of intangible assets		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets			0	0	0	(133)	(133)
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0		0
Impairments and reversals		0	0	0	0		0
Movements in other reserves		0	0	0	0		0
Transfers between reserves		0	0	0	0		0
Net gain/loss on Other Reserve (specify)		0	0	0	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0		0
Reserves eliminated on dissolution	0				0		0
New Public Dividend Capital received	4,279				4,279		4,279
Public Dividend Capital repaid in year	0				0		0
Public Dividend Capital extinguished/written off	0				0		0
Other movements in PDC in year	0				0		0
FHoT - Endowment					0	0	0
FHoT - Restricted					0	0	0
FHoT - Unrestricted					0	1,899	1,899
Balance at 31 March 2016	88,662	12,591	28,033	0	129,286	5,971	135,257

The notes on pages 68 to 139 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2014-15	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000	Funds held on Reserves £000	Consolidat ed Total £000
Balance at 1 April 2014	72,763	11,736	22,840	0	107,339	4,034	111,373
Changes in taxpayers' equity for 2013-14							
Retained surplus/(deficit) for the year		616			616		616
Net gain/(loss) on revaluation of property, plant and equipment		0	2,386	0	2,386		2,386
Net gain/(loss) on revaluation of intangible assets		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets		0	0	0	0	193	193
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0		0
Impairments and reversals		0	0	0	0		0
Movements in other reserves		52	(52)	0	0		0
Transfers between reserves		0	0	0	0		0
Net gain/loss on Other Reserve (specify)		0	0	0	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0		0
Reserves eliminated on dissolution	0				0		0
New Public Dividend Capital received	11,693				11,693		11,693
Public Dividend Capital repaid in year	0				0		0
Public Dividend Capital extinguished/written off	0				0		0
Other movements in PDC in year	(73)				(73)		(73)
FHoT - Endowment						326	326
FHoT - Restricted						(348)	(348)
FHoT - Unrestricted							0
Balance at 31 March 2015	84,383	12,404	25,174	0	121,961	4,205	126,166

The notes on pages 68 to 139 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

		2015-16	2014-15	2015-16	2014-15
	Note	£000	£000	£000	£000
Cash flows from operating activities					
		NHS Trust		Consolidated	
Operating surplus/(deficit)	SOCI	(696)	(113)	1,108	(198)
Depreciation and amortisation	4	16,629	14,518	16,629	14,518
Impairments and reversals	4	(39)	(158)	(39)	(158)
Release of PFI deferred credits		0	0	0	0
Donated Assets received credited to revenue but non-cash	3	(96)	(565)	(96)	(565)
Government Granted Assets received credited to revenue but non-cash	3	0	(12)	0	(12)
Interest paid		(4)	(7)	(4)	(7)
(Increase)/decrease in inventories		(850)	(3,908)	(850)	(3,908)
(Increase)/decrease in trade and other receivables		(32,456)	(96,104)	(32,121)	(95,313)
Increase/(decrease) in trade and other payables		77,992	27,144	77,823	27,260
Increase/(decrease) in provisions		(42,258)	64,993	(42,258)	64,993
Net cash inflow (outflow) from operating activities		18,222	5,788	20,192	6,610
Cash flows from investing activities					
Interest received		57	51	152	114
(Payments) for property, plant and equipment		(18,883)	(10,935)	(18,883)	(10,935)
Proceeds from disposal of property, plant and equipment		4	6	4	6
(Payments) for intangible assets		(3,935)	(9,080)	(3,935)	(9,080)
Proceeds from disposal of intangible assets		0	0	0	0
(Payments) for investments with Welsh Government		0	0	0	0
Proceeds from disposal of investments with Welsh Government		0	0	0	0
(Payments) for financial assets.		0	0	(3,053)	(1,724)
Proceeds from disposal of financial assets.		0	0	1,419	655
Rental proceeds		0	0	0	0
Net cash inflow (outflow) from investing activities		(22,757)	(19,958)	(24,296)	(20,964)
Net cash inflow (outflow) before financing		(4,535)	(14,170)	(4,104)	(14,354)
Cash flows from financing activities					
Public Dividend Capital received		4,279	11,693	4,279	11,693
Public Dividend Capital repaid		0	0	0	0
Loans received from Welsh Government		0	0	0	0
Other loans received		0	0	0	0
Loans repaid to Welsh Government		0	0	0	0
Other loans repaid		0	0	0	0
Other capital receipts		0	0	0	0
Capital elements of finance leases and on-SOFP PFI		8	(37)	8	(37)
Cash transferred (to)/from other NHS Wales bodies		0	0	0	0
Net cash inflow (outflow) from financing activities		4,287	11,656	4,287	11,656
Net increase (decrease) in cash and cash equivalents		(248)	(2,514)	183	(2,698)
Cash [and] cash equivalents at the beginning of the financial year	20	10,527	13,041	11,599	14,297
Cash [and] cash equivalents at the end of the financial year	20	10,279	10,527	11,782	11,599

The notes on pages 68 to 139 form part of these accounts.

Notes to the Accounts

Accounting policies

1. Accounting policies

The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2015-16 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention and basis of consolidation

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 Pooled budgets

The trust has not entered into any pooled budget arrangements with Local Authorities.

1.4 Revenue

Trust

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from the Welsh Government, Health Boards and the Welsh Health Specialised Services Committee (WHSSC). This revenue is recognised in the period in which services are provided.

Where income is received from Non NHS bodies for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts. Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

Funds Held on Trust ('FHOT')

Incoming resources are accrued and included within the statement of comprehensive income when it can be quantified with reasonable certainty, and is deferred when it relates to future accounting periods.

Legacies are recognised as incoming resources when receipt of the legacy is considered virtually certain; this will be once confirmation has been received from the representatives of the estates that the payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled. Donations are accounted for when received except for donations from events which are recognised when the event takes place.

1.5 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 yet 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 trust commits itself to the retirement, regardless of the method of payment.

NEST Pension Scheme

The NHS Trust has to offer an alternative pension scheme for employees not eligible to join the NHS Pension 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.

1.6 Other expenses

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

1.7 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 the Trust, or service potential will be supplied;
- 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 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 trust's services or for administrative purposes are stated in the balance sheet at their revalued amounts 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 balance sheet date. Fair values are determined as follows:

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

From 1 April 2009 the depreciated replacement cost valuation applies the Modern Equivalent Asset (MEA) cost basis of estimation to arrive at the cost of replacing the capacity and utility of a building rather than a like for like replacement cost.

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.

From 2015-16, IFRS 13 Fair Value Measurement must be complied with 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. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

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 (EUUV).

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 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.

For 2012-13 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts from 1 April 2012. In 2015-16 indexation has been applied to property plant and equipment based on 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. The accounting policy for this treatment changed in 2014/15, prior to which all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. However, to ensure that the outcome as reflected in the reserves figure on the Statement of Financial Position is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to Retained earnings.

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.

Subsequent expenditure

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

1.8 Intangible assets Recognition

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

1.9 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 the benefits can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCNI on a systematic basis over the period expected to benefit from the project.

1.10 Depreciation, amortisation and impairments

Freehold land, properties under construction and assets held for sale 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 Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust 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 trust 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.

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 Income.

1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.12 Donated assets

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

1.13 Government grants

A government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.14 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 Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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 is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.15 Other financial assets

Listed investments are stated at market value. Unlisted investments are included at cost as an approximation to market value. Quoted stocks are included in the balance sheet at mid-market price, and where holdings are subject to bid / offer pricing their valuations are shown on a bid price. The shares are not held for trading and accordingly are classified as available for sale. Other financial assets are classified as available for sale investments carried at fair value within the financial statements.

1.16 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.

The trust 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 recognised in calculating the trust's surplus/deficit.

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.

The trust as lessor

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

1.17 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements. Inventories

Inventories are valued at the lower of cost and net realisable value using a

weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.18 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 Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the trust's cash management.

1.19 Provisions

Provisions are recognised when the trust has a present legal or constructive obligation as a result of a past event, it is probable that the trust 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 discount rates 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 amount 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 trust 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 trust 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.

1.20 Clinical Negligence Costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2015-16. The WRP is hosted by Velindre NHS Trust.

1.21 Carbon Reduction Commitment Scheme

The trust is not a member of the Carbon Reduction Commitment Scheme.

1.22 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 trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate

of their financial effect is required.

1.23 Financial assets

Financial assets are recognised when the trust 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.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNI'; '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.

Financial assets at fair value through SoCNI

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 SoCNI. They are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the accounting period. The net gain or loss incorporates any interest earned on the financial asset.

The Trust has no embedded derivatives.

The shares held by the FHOT are not held for trading and accordingly are classified as available for sale (see below)

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.

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 income statement on de-recognition.

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 initial fair value of the financial asset.

At the end of the reporting period, the trust 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 expenditure and the carrying

amount of the asset is reduced 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 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.

1.24 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the trust 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.

Loans from the Welsh Government are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- the premium received (or imputed) for entering into the guarantee less cumulative amortisation;
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Financial liabilities at fair value through SoCNI

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 trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

The Trust does not have any financial guarantee contract liabilities nor any financial derivatives requiring to be stated at fair value through profit and loss.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from the Welsh Government, which are carried at historic cost. 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.

1.25 Value Added Tax

Most of the activities of the trust 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.

1.26 Foreign currencies

The trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

1.27 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. The Trust does not own any Third party assets.

1.28 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Welsh Minister for Health and Social Services with the approval of HM

Treasury can issue new PDC to, and require repayments of, PDC from the NHS Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument. From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

1.29 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 income statement on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

The Trust accounts for all losses and special payments gross (including assistance from the Welsh Risk Pool). The Trust accrues or provides for the best estimate of its future payouts for certain or probable 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 Welsh Risk Pool are included in debtors. For those claims where the probability of settlement is below 50%, the liability is disclosed as a contingent liability.

1.30 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the trust'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 and 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.

1.31 Critical Judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.32 Key sources of estimation uncertainty

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

The amount recognised as provisions give rise to significant judgement and uncertainty. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking in to account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A change in the assumptions could cause an increase or decrease in the amounts recognised as a provision which could materially impact the results of operations.

1.33 Subsidiaries

Material entities over which the trust has the power to exercise control so as to

obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS trust has established that as the trust is the corporate trustee of the linked NHS Charity *Velindre NHS Trust Charitable Funds*, it is considered for accounting standards compliance to have control of the Charity as a subsidiary and therefore is required to consolidate the results of the Charity within the statutory accounts of the trust. The consolidation is for reporting purposes only and does not affect the charities' legal and regulatory independence and day to day operations.

1.34 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. For transfers of functions involving NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC or General Reserve as appropriate.

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

The following accounting standards have been issued by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM.

IPSAS 32 Service Concession Arrangements - subject to consultation

1.36 Accounting standards issued that have been adopted early

There are no accounting standards in issue which have been adopted early.

2. Revenue from patient care activities	2015-16	2014-15	2015-16	2014-15
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Welsh Government	1,819	1,424	1,819	1,424
Welsh Government Welsh Risk Pool Reimbursements	82,639	158,361	82,639	158,361
Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC)	32,515	31,380	32,515	31,380
Local health boards	50,329	48,310	50,329	48,310
Welsh NHS Trusts	120	101	120	101
Other NHS trusts	59	336	59	336
Other NHS England bodies	0	0	0	0
Foundation Trusts	0	0	0	0
Welsh Local Authorities	0	0	0	0
Local authorities	0	0	0	0
Non NHS:				
Private patient income	1,862	1,683	1,862	1,683
Overseas patients (non-reciprocal)	3	0	3	0
Injury Costs Recovery (ICR) Scheme	0	0	0	0
Other revenue from activities	568	531	568	531
Total	169,914	242,126	169,914	242,126

ICR income is subject to a provision for impairment of 21.99% to reflect expected rates of collection.

3. Other operating revenue	2015-16	2014-15	2015-16	2014-15
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Patient transport services	0	0	0	0
Education, training and research	3,338	3,523	3,338	3,523
Charitable and other contributions to expenditure	3,111	2,530	1,303	672
Incoming FHoT Revenue				
Unrestricted - donations and legacies			4,409	2,805
Restricted - donations and legacies			0	0
Receipt of donations for capital acquisitions	96	565	96	565
Receipt of government grants for capital acquisitions	0	12	0	12
Non-patient care services to other bodies	687	0	687	0
Income generation	874	864	874	864
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	0	0	0	0
Other revenue:				
Provision of laundry, pathology, payroll services	0	0	0	0
Accommodation and catering charges	158	157	158	157
Mortuary fees	0	0	0	0
Staff payments for use of cars	160	80	160	80
Business unit	0	0	0	0
Other	259,094	229,487	259,094	229,487
Total	267,518	237,218	270,119	238,165
Other revenue of £259,094 comprises:				
NHS Wales Shared Services Partnership	199,946	171,995	199,946	171,995
NHS Wales Informatic Services	49,772	48,154	49,772	48,154
Other	9,376	9,338	9,376	9,338
Total	259,094	229,487	259,094	229,487

4. Operating expenses	2015-16	2014-15	2015-16	2014-15
4.1 Operating expenses	£000	£000	£000	£000
	NHS Trust		Consolidated	
Welsh Government	0	158	0	158
WHSSC & EASC	0	0	0	0
Local Health Boards	2,988	2,843	2,988	2,843
Welsh NHS Trusts	836	621	836	621
Other NHS Trusts	1	0	1	0
Goods and services from other NHS bodies	0	163	0	163
Purchase of healthcare from non-NHS bodies	0	40	0	40
Welsh Local Authorities	7	2	7	2
Other Local Authorities	0	0	0	0
Directors' costs	907	678	907	678
Staff costs	131,746	110,136	131,746	110,136
Supplies and services - clinical	37,163	33,701	37,163	33,701
Supplies and services - general	39,187	39,308	39,187	39,308
Consultancy Services	1,935	1,904	1,935	1,904
Establishment	16,168	14,742	16,168	14,742
Transport	1,663	1,067	1,663	1,067
Premises	22,707	19,543	22,707	19,543
FHoT Resources expended				
Costs of generating funds			337	292
Charitable activities			452	732
Governance Costs			8	8
Impairments and Reversals of Receivables	0	0	0	0
Depreciation	9,025	7,824	9,025	7,824
Amortisation	7,604	6,694	7,604	6,694
Impairments and reversals of property, plant and equipment	(39)	(158)	(39)	(158)
Impairments and reversals of intangible assets	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0
Audit fees	201	201	201	201
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	83,360	159,450	83,360	159,450
Research and development	0	0	0	0
Other operating expenses	82,669	80,540	82,669	80,540
Total	438,128	479,457	438,925	480,489

4. Operating expenses (continued)

4.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses	2015-16	2014-15	2015-16	2014-15
Increase/(decrease) in provision for future payments:	£000	£000	£000	£000
	NHS Trust		Consolidated	
Clinical negligence	37,231	150,037	37,231	150,037
Personal injury	2,609	4,271	2,609	4,271
All other losses and special payments	44	204	44	204
Defence legal fees and other administrative costs	545	2,400	545	2,400
Gross increase/(decrease) in provision for future payments	40,429	156,912	40,429	156,912
Contribution to Welsh Risk Pool	0	0	0	0
Welsh Risk Pool creditor movement	42,931	2,538	42,931	2,538
Premium for other insurance arrangements	0	0	0	0
Irrecoverable debts	0	0	0	0
Less: income received/ due from Welsh Risk Pool	0	0	0	0
Total charge	83,360	159,450	83,360	159,450

There were no payments made with respect to Redress within Clinical Negligence (2014-15 £3,283).

Personal injury includes £nil in respect of permanent injury benefits (2014-15 £nil).

5. Investment revenue

Rental revenue :	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
	NHS Trust		Consolidated	
PFI finance lease revenue:				
Planned	0	0	0	0
Contingent	0	0	0	0
Other finance lease revenue	0	0	0	0
Interest revenue:				
Bank accounts	57	51	57	51
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	95	63
Total	57	51	152	114

6. Other gains and losses

	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Gain/(loss) on disposal of property, plant and equipment	4	6	4	6
Gain/(loss) on disposal of intangible assets	0	0	0	0
Gain/(loss) on disposal of assets held for sale	0	0	0	0
Gain/(loss) on disposal of financial assets	0	0	0	0
Gains/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets at fair value through income statement	0	0	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	4	6	4	6

7. Finance costs

	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Interest on loans and overdrafts	0	0	0	0
Interest on obligations under finance leases	4	7	4	7
Interest on obligations under PFI contracts:				
Main finance cost	0	0	0	0
Contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	4	7	4	7
Provisions unwinding of discount	(3,057)	(2,847)	(3,057)	(2,847)
Periodical Payment Order unwinding of discount	2,282	2,168	2,282	2,168
Other finance costs	0	0	0	0
Total	(771)	(672)	(771)	(672)

8. Operating leases

8.1 Trust as lessee

Operating lease payments represent rentals payable by the Trust for properties and equipment

Payments recognised as an expense	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments	3,225	3,474	3,225	3,474
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
Total	3,225	3,474	3,225	3,474

Total future minimum lease payments	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
Payable:	NHS Trust		Consolidated	
Not later than one year	2,503	2,383	2,503	2,383
Between one and five years	7,567	6,611	7,567	6,611
After 5 years	2,998	3,669	2,998	3,669
Total	13,068	12,663	13,068	12,663

Total future sublease payments expected to be received	0	0	0	0
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8. Operating leases (continued)

8.2 Trust as lessor

There are no significant leasing arrangements where the Trust is the lessor.

Receipts recognised as income	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Rent	0	0	0	0
Contingent rent	0	0	0	0
Other	0	0	0	0
Total rental revenue	0	0	0	0

Total future minimum lease payments Receivable:	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Not later than one year	0	0	0	0
Between one and five years	0	0	0	0
After 5 years	0	0	0	0
Total	0	0	0	0

9. Employee costs and numbers

9.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2015-16	2014-15
				£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	105,194	2,515	3,788	111,497	92,721
Social security costs	7,529	0	16	7,545	6,440
Employer contributions to NHS Pensions Scheme	13,486	0	17	13,503	11,576
Other pension costs	3	0	0	3	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	126,212	2,515	3,821	132,548	110,737
Of the total above:					
Charged to capital				703	27
Charged to revenue				131,845	110,710
Total				132,548	110,737

Net movement in accrued employee benefits (untaken staff leave accrual included above) (7) (10)

9.2 Average number of employees	Permanently Employed	Agency Staff	Staff on Inward Secondment	2015-16	2014-15
				Total	Total Reclassified
	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,022	25	34	2,081	1,966
Ambulance staff	0	0	0	0	0
Medical and dental	343	0	7	350	102
Nursing, midwifery registered	204	0	30	234	207
Professional, scientific and technical staff	34	0	1	35	38
Additional Clinical Services	177	0	3	180	170
Allied Health Professions	112	7	1	120	109
Healthcare scientists	119	0	0	119	122
Estates and Ancillary	286	17	3	306	253
Students	0	0	0	0	0
Total	3,297	49	79	3,425	2,967

The NHS Trust does not employ additional staff for FHOT administration duties.

9.3 Employee benefits

The Trust does not have an employee benefit scheme.

9.4 Reporting of other compensation schemes - exit packages

	2015-16	2015-16	2015-16	2015-16	2014-15
				Number of departures where special payments have been made	
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Whole	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	3	3	0	4
£10,000 to £25,000	0	9	9	0	3
£25,000 to £50,000	0	5	5	0	5
£50,000 to £100,000	0	1	1	0	1
£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	18	18	0	13

	2015-16	2015-16	2015-16	2015-16	2014-15
				Cost of special element	
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	included in exit packages	Total cost of exit packages
	£	£	£	£	£
less than £10,000	0	19,572	19,572	0	24,621
£10,000 to £25,000	0	133,162	133,162	0	50,054
£25,000 to £50,000	0	221,577	221,577	0	174,817
£50,000 to £100,000	0	54,516	54,516	0	98,453
£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	428,827	428,827	0	347,945

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust 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 (see note 10 for details of ill health retirement costs).

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

9.5 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 Velindre NHS Trust in the financial year 2015-16 was £130,000-£135,000 (2014-15, £125,000-£130,000). This was 5.0 times (2014-15, 4.9) the median remuneration of the workforce, which was £26,929 (2014-15, £26,000).

In 2015-16, 4 (2014-15, 7) employees received remuneration in excess of the highest-paid director. These employees are Medical Consultants. Remuneration ranged from £15,100 to £185,000 (2014- 15 £14,000-£176,000).

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

Overtime payments are included for the calculation of both elements of the relationship.

The cost of employing agency staff within the Trust has not been included within the calculation of median salary. The Trust has assessed that given the relatively small number of agency staff employed throughout the year, there would be no significant effect on the median salary reported above. There are no Trust Directors paid on this basis.

In establishing the highest paid Director (Chief Executive) the Trust has taken into account the proportion of remuneration received by Directors for Clinical and Director responsibilities.

10. Pensions

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.

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

10.1 Retirement costs due to ill-health

During 2015-16 there were 6 (2014-15, 6) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £466,000 (2014-15, £280,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11. Public Sector Payment Policy

11.1 Prompt payment code - measure of compliance

The Welsh Government requires that trusts 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 trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the later.

	2015-16 Number	2015-16 £000	2014-15 Number	2014-15 £000
NHS				
Total bills paid in year	2,643	47,550	2,242	46,124
Total bills paid within target	2,033	39,861	1,914	44,176
Percentage of bills paid within target	76.9%	83.8%	85.4%	95.8%
Non-NHS				
Total bills paid in year	68,400	206,007	62,282	189,791
Total bills paid within target	62,713	194,078	58,049	175,682
Percentage of bills paid within target	91.7%	94.2%	93.2%	92.6%
Total				
Total bills paid in year	71,043	253,557	64,524	235,915
Total bills paid within target	64,746	233,939	59,963	219,858
Percentage of bills paid within target	91.1%	92.3%	92.9%	93.2%

11.2 The Late Payment of Commercial Debts (Interest) Act 1998	2015-16 £	2014-15 £
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

The PSPP measure of compliance applies on a Trust only basis, therefore no consolidated PSPP measures have been calculated and disclosed.

12. Property, plant and equipment :

2015-16

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015	15,932	51,789	242	4,043	28,891	2,131	21,373	890	125,291	0	125,291
Indexation	313	2,887	14	0	0	0	0	0	3,214	0	3,214
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Additions - purchased	0	1,016	0	7,452	576	179	2,970	123	12,316	0	12,316
Additions - donated	0	0	0	0	66	0	9	0	75	0	75
Additions - government granted	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	19	1,933	12	0	1,964	0	1,964
Reclassifications	0	256	0	(2,244)	11	0	1,977	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(547)	0	0	(1,969)	(144)	(2,121)	(64)	(4,845)	0	(4,845)
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	70	0	0	0	0	0	0	70	0	70
At 31 March 2016	16,245	55,471	256	9,251	27,594	4,099	24,220	949	138,085	0	138,085
Depreciation											
At 1 April 2015	0	5,882	32	0	15,409	820	12,260	672	35,075	0	35,075
Indexation	0	302	2	0	0	0	0	0	304	0	304
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	6	1,097	12	0	1,115	0	1,115
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(547)	0	0	(1,969)	(144)	(2,121)	(64)	(4,845)	0	(4,845)
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	31	0	0	0	0	0	0	31	0	31
Charged during the year	0	2,108	14	0	2,523	578	3,742	60	9,025	0	9,025
At 31 March 2016	0	7,776	48	0	15,969	2,351	13,893	668	40,705	0	40,705
Net book value											
At 1 April 2015	15,932	45,907	210	4,043	13,482	1,311	9,113	218	90,216	0	90,216
Net book value											
At 31 March 2016	16,245	47,695	208	9,251	11,625	1,748	10,327	281	97,380	0	97,380
Net book value at 31 March 2016											
Purchased	16,245	41,816	208	9,251	11,332	1,748	10,310	281	91,191	0	91,191
Donated	0	5,879	0	0	293	0	8	0	6,180	0	6,180
Government Granted	0	0	0	0	0	0	9	0	9	0	9
At 31 March 2016	16,245	47,695	208	9,251	11,625	1,748	10,327	281	97,380	0	97,380
Asset Financing:											
Owned	16,245	47,695	208	9,251	11,616	1,748	10,262	277	97,302	0	97,302
Held on finance lease	0	0	0	0	9	0	65	4	78	0	78
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2016	16,245	47,695	208	9,251	11,625	1,748	10,327	281	97,380	0	97,380

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

	£000	£000	£00
Freehold	60,960	0	60,960
Long Leasehold	0	0	0
Short Leasehold	3,188	0	3,188
Total	64,148	0	64,148

The reversal of impairment on buildings arose due to the revaluation of the asset by indexation. An impairment for the same asset was previously recognised in expenditure. The reversal of impairment has been recognised in the statement of comprehensive income.

It should be noted that the value of £3,188k categorised as Short Leasehold relates to the net book value of capitalised fit out costs.

12. Property, plant and equipment :

2014-15

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	15,620	45,463	140	8,624	23,758	2,352	20,004	891	116,852	0	116,852
Indexation	312	2,079	7	0	174	16	0	4	2,592	0	2,592
Revaluation	0	19	0	0	0	0	0	0	19	0	19
Additions - purchased	0	2,306	95	1,931	1,124	250	4,260	134	10,100	0	10,100
Additions - donated	0	315	0	0	250	0	0	0	565	0	565
Additions - government granted	0	0	0	0	0	0	12	0	12	0	12
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	1,440	0	(6,512)	5,072	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(1,487)	(487)	(2,903)	(139)	(5,016)	0	(5,016)
Impairments	0	(21)	0	0	0	0	0	0	(21)	0	(21)
Reversal of impairments	0	188	0	0	0	0	0	0	188	0	188
At 31 March 2015	15,932	51,789	242	4,043	28,891	2,131	21,373	890	125,291	0	125,291
Depreciation											
At 1 April 2014	0	3,906	20	0	14,556	1,051	11,768	735	32,036	0	32,036
Indexation	0	185	1	0	82	4	0	2	274	0	274
Revaluation	0	(52)	0	0	0	0	0	0	(52)	0	(52)
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(1,487)	(487)	(2,903)	(139)	(5,016)	0	(5,016)
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	9	0	0	0	0	0	0	9	0	9
Charged during the year	0	1,834	11	0	2,258	252	3,395	74	7,824	0	7,824
At 31 March 2015	0	5,882	32	0	15,409	820	12,260	672	35,075	0	35,075
Net book value											
At 1 April 2014	15,620	41,557	120	8,624	9,202	1,301	8,236	156	84,816	0	84,816
Net book value											
At 31 March 2015	15,932	45,907	210	4,043	13,482	1,311	9,113	218	90,216	0	90,216
Net book value at 31 March 2015 comprises :											
Purchased	15,932	40,151	210	4,043	13,191	1,311	9,102	218	84,158	0	84,158
Donated	0	5,756	0	0	291	0	0	0	6,047	0	6,047
Government Granted	0	0	0	0	0	0	11	0	11	0	11
At 31 March 2015	15,932	45,907	210	4,043	13,482	1,311	9,113	218	90,216	0	90,216
Asset Financing:											
Owned	15,932	45,907	210	4,043	13,420	1,311	9,113	212	90,148	0	90,148
Held on finance lease	0	0	0	0	62	0	0	6	68	0	68
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	15,932	45,907	210	4,043	13,482	1,311	9,113	218	90,216	0	90,216
The net book value of land, buildings and dwellings at 31 March 2015 comprises :											
							£000	£000	£000		
Freehold							59,564	0	59,564		
Long Leasehold							0	0	0		
Short Leasehold							2,485	0	2,485		
Total							62,049	0	62,049		

12. Property, plant and equipment:

Donated Assets

Velindre NHS Trust received 3 donated assets in 2015-16. Details of these assets are as follows:

Received from Velindre NHS Trust Charitable Funds:

Digital Polymerase Chain Reaction Machine	£66,000
Wireless Controller	£9,000
Research Software License	£21,000

Valuations

The Trust's Land and Buildings were last revalued by the District Valuation Service with an effective date of 1 April 2012. This valuation was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition.

The Trust is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

In 2015-16 indexation has been applied to property plant and equipment based on indices supplied by the District Valuation Office.

The reversal of impairment on buildings arose due to the revaluation of the asset by indexation. An impairment for the same asset was previously recognised in expenditure. The reversal of impairment has been recognised in the statement of comprehensive income.

IFRS 13 Fair Value Measurement is not relevant to these accounts.

Asset Lives

Assets are depreciated over the following lives:

- a) Land and Assets Under Construction - Not depreciated.
- b) Buildings - as determined by the District Valuation Service.
- c) Equipment - 5 to 15 years.

Transfer of Assets

On 1st April 2015, the NHS Wales Shared Services Partnership at Velindre NHS Trust became the host body for the Health Courier Service. The Health Courier Service assets were transferred into the organisation from the Welsh Ambulance Services NHS Trust.

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
Motor Vehicle	Asset Replaced	2
Motor Vehicle	Asset Replaced	2
		<hr/>
		<hr/> 4

12.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total	FHoT assets	ConsolidatedTotal
	£000	£000	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2015	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	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	0	0
Balance c/f 31 March 2016	0	0	0	0	0	0	0	0
Balance b/f 1 April 2014	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	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	0	0
Balance c/f 31 March 2015	0	0	0	0	0	0	0	0

At 31 March 2016, the Trust did not hold any non-current assets that were held for sale

13. Intangible assets

2015-16	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patent	Development expenditure internally generated	CRC Emission Trading Scheme	Total	FHo	Consolidated Total
Cost or valuation								£000	£000
At 1 April 2015	49,122	6,292	1,924	0	0	0	57,338	0	57,338
Revaluation		0			0	0	0	0	0
Additions									
- purchased	2,854	18	1,063	0	0	0	3,935	0	3,935
- internally generated	0	0	0	0	0	0	0	0	0
- donated	21	0	0	0	0	0	21	0	21
- government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(1,195)	0	0	0	0	0	(1,195)	0	(1,195)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Gross cost at 31 March 2016	50,802	6,310	2,987	0	0	0	60,099	0	60,099
Amortisation									
Accumulated amortisation at 1 April 2015	25,116	4,647	0	0	0	0	29,763	0	29,763
Revaluation		0			0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(1,195)	0	0	0	0	0	(1,195)	0	(1,195)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	6,503	693	408	0	0	0	7,604	0	7,604
Accumulated amortisation at 31 March 2016	30,424	5,340	408	0	0	0	36,172	0	36,172
Net book value at 1 April 2015	24,006	1,645	1,924	0	0	0	27,575	0	27,575
Net book value at 31 March 2016	20,378	970	2,579	0	0	0	23,927	0	23,927
Net book value									
Purchased	20,359	0	2,579	0	0	0	22,938	0	22,938
Internally Generated	0	970	0	0	0	0	970	0	970
Donated	19	0	0	0	0	0	19	0	19
Government granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2016	20,378	970	2,579	0	0	0	23,927	0	23,927

13. Intangible assets

2014-15	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	42,573	6,292	0	0	0	0	48,865	0	48,865
Revaluation		0			0	0	0	0	0
Additions									
- purchased	6,549	0	1,924	0	0	0	8,473	0	8,473
- internally generated	0	0	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Gross cost at 31 March 2015	49,122	6,292	1,924	0	0	0	57,338	0	57,338
Amortisation									
Accumulated amortisation at 1 April 2014	19,348	3,721	0	0	0	0	23,069	0	23,069
Revaluation		0			0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	5,768	926	0	0	0	0	6,694	0	6,694
Accumulated amortisation at 31 March 2015	25,116	4,647	0	0	0	0	29,763	0	29,763
Net book value at 1 April 2014	23,225	2,571	0	0	0	0	25,796	0	25,796
Net book value at 31 March 2015	24,006	1,645	1,924	0	0	0	27,575	0	27,575
Net book value									
Purchased	24,006	0	1,924	0	0	0	25,930	0	25,930
Internally Generated	0	1,645	0	0	0	0	1,645	0	1,645
Donated	0	0	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2015	24,006	1,645	1,924	0	0	0	27,575	0	27,575

13. Intangible assets

An assessment is performed on an annual basis to determine that the assets are still available for use and that there is a continued market for their use. The fair values are based on the original cost and amortised based upon finite lives detailed below, and are as detailed in the note to the accounts.

The useful lives and amortisation rates used are 3 and 5 years and no intangible assets are assessed as having indefinite useful lives.

No intangible assets have been acquired by Government Grant.

14. Revaluation reserve balance for intangible assets

	2015-16	2014-15	2015-16	2014-15
	£000	£000	£000	£000
	NHS Trust		Consolidated	
At 1 April	0	0	0	0
Changes	0	0	0	0
At 31 March	0	0	0	0

15. Impairments

Impairments in the period arose from:	2015-16		2014-15	
	Property, plant & equipment	Intangible assets	Property, plant & equipment	Intangible assets
	£000	£000	£000	£000
Loss or damage from normal operations	0	0	0	0
Abandonment of assets in the course of construction	0	0	21	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
Reversal of impairment	(39)	0	(179)	0
Impairments charged to operating expenses	(39)	0	(158)	0
FHoT Impairments charged to operating expenses	0	0	0	0
Consolidated impairment charged to operating expenses	(39)	0	(158)	0

Revaluations charged in the year to

Operating expenses in Statement of Comprehensive Income	(39)	0	(158)	0
Total	(39)	0	(158)	0
FHoT Operating expenses in SoCNI	0	0	0	0
NHS Consolidated Total	(39)	0	(158)	0

The reversal of impairment on buildings arose due to the revaluation of the asset by indexation. An impairment for the same asset was previously recognised in expenditure. The reversal of impairment has been recognised in the statement of comprehensive income.

16. Capital commitments

Commitments under capital expenditure contracts at the statement of financial position sheet date were:

	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Property, plant and equipment	1,082	961	1,082	961
Intangible assets	1,685	1,154	1,685	1,154
Total	2,767	2,115	2,767	2,115

17. Inventories

17.1 Inventories

	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Drugs	1,176	773	1,176	773
Consumables	3,841	3,909	3,841	3,909
Energy	0	0	0	0
Work in progress	0	0	0	0
Other	1,363	848	1,363	848
Total	6,380	5,530	6,380	5,530
Of which held at net realisable value:	0	0	0	0

17.2 Inventories recognised in expenses

	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Inventories recognised as an expense in the period	49,281	66,488	49,281	66,488
Write-down of inventories (including losses)	39	270	39	270
Reversal of write-downs that reduced the expense	0	0	0	0
Total	49,320	66,758	49,320	66,758

18. Trade and other receivables

18.1 Trade and other receivables

Current	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Welsh Government	272,826	243,844	272,826	243,844
WHSCC & EASC	2,254	1,518	2,254	1,518
Welsh Health Boards	11,201	10,297	11,201	10,297
Welsh NHS Trusts	167	754	167	754
Non - Welsh Trusts	78	0	78	0
Other NHS	197	30	197	30
Welsh Risk Pool	0	0	0	0
Welsh Local Authorities	30	31	30	31
Other Local Authorities	0	0	0	0
Capital debtors	0	31	0	31
Other debtors	5,205	4,104	4,936	3,998
FHoT debtor			65	237
Provision for impairment of trade receivables	(144)	(126)	(144)	(126)
Pension Prepayments				
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	4,330	3,566	4,330	3,566
Accrued income	423	747	423	747
Sub-total	296,567	264,796	296,363	264,927
Non-current				
Welsh Government	460,564	459,910	460,564	459,910
WHSCC & 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	0	0	0	0
Welsh Local Authorities	0	0	0	0
Other Local Authorities	0	0	0	0
Capital debtors	0	0	0	0
Other debtors	0	0	0	0
FHoT debtor			0	0
Provision for impairment of trade receivables	0	0	0	0
Pension Prepayments				
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	0	0	0	0
Accrued income	0	0	0	0
Sub-total	460,564	459,910	460,564	459,910
Total trade and other receivables	757,131	724,706	756,927	724,837

Trade receivables disclosed above include £1,912,000 (2014-15 £1,077,000) of which are past due at the reporting date (see note 18.3 for aged analysis).

The Trust has recognised an allowance for doubtful debts by providing at a percentage of total receivables according to the aging category. The allowance provided by category is based on historical experience.

The Trust does not hold any collateral over its trade receivables.

18.2 Receivables VAT

	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Trade receivables	199	180	199	180
Other	0	0	0	0
Total	199	180	199	180

18.3 Receivables past their due date but not impaired

	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
By up to 3 months	766	394	766	394
By 3 to 6 months	455	418	455	418
By more than 6 months	691	265	691	265
Balance at end of financial year	1,912	1,077	1,912	1,077

18.4 Allowance for bad and doubtful debts

	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Balance at beginning of the year	(126)	(121)	(126)	(121)
Transfer to other NHS Wales body	0	0	0	0
Provision utilised (Amount written off during the year)	0	0	0	0
Provision written back during the year no longer required	0	0	0	0
(Increase)/Decrease in provision during year	(18)	(5)	(18)	(5)
Bad debts recovered during year	0	0	0	0
Balance at end of financial year	(144)	(126)	(144)	(126)

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.

19. Other financial assets

	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
	NHS Trust		Consolidated	
Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	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 SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0
Non-Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	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 SOCI	0	0	4,822	3,321
Available for sale at FV	0	0	0	0
Total	0	0	4,822	3,321

20. Cash and cash equivalents

	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Opening Balance	10,527	13,041	11,599	14,297
Net change in year	(248)	(2,514)	183	(2,698)
Closing Balance	10,279	10,527	11,782	11,599
Made up of:				
Cash with Government Banking Service (GBS)	6,347	6,497	6,347	6,497
Cash with Commercial banks	0	0	1,503	1,072
Cash in hand	32	30	32	30
Total cash	6,379	6,527	7,882	7,599
Current investments	3,900	4,000	3,900	4,000
Cash and cash equivalents as in SoFP	10,279	10,527	11,782	11,599
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial banks	0	0	0	0
Cash & cash equivalents as in Statement of Cash Flows	10,279	10,527	11,782	11,599

21. Trade and other payables at the SoFP Date	31 March	31 March	31 March	31 March
Current	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Welsh Government	1,227	677	1,227	677
WHSSC & EASC	59	51	59	51
Welsh Health Boards	51,229	29,911	51,229	29,911
Welsh NHS Trusts	1,623	497	1,623	497
Other NHS	1,004	80	1,004	80
Welsh Local Authorities	101	40	101	40
Other Local Authorities	0	0	0	0
Taxation and social security payable / refunds:				
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	1,200	0	1,200	0
National Insurance contributions payable to HMRC	1,356	0	1,356	0
Non-NHS trade payables - revenue	14,129	12,775	14,129	12,775
Non-NHS trade payables - capital	3,839	9,588	3,839	9,588
FHoT payables	0	0	150	319
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
Pensions: staff	1,925	1,658	1,925	1,658
Accruals	11,777	12,588	11,777	12,588
Deferred Income:				
Deferred income brought forward	1,122	1,088	1,122	1,088
Deferred income additions	853	1,158	853	1,158
Transfer to/from current/non current deferred income	0	(8)	0	(8)
Released to the Income Statement	(532)	(1,148)	(532)	(1,148)
Other liabilities - all other payables	0	0	0	0
PFI assets – deferred credits	0	0	0	0
Payments on account	0	0	0	0
Sub-total	90,912	68,955	91,062	69,274

In respect of the Pensions figure shown above, £1,925,000 relates to the NHS Pension scheme (2014-15 £1,658,000) and £312 to the NEST pension scheme (2014-15 £273).

21. Trade and other payables at the SoFP Date (cont)

	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
Non-current	£000	£000	£000	£000
	NHS Trust		Consolidated	
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
Welsh Local Authorities	0	0	0	0
Other Local Authorities	0	0	0	0
Taxation and social security payable / refunds:			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
National Insurance contributions payable to HMRC	0	0	0	0
Non-NHS trade payables - revenue	272,072	221,742	272,072	221,742
Non-NHS trade payables - capital	0	0	0	0
FHoT payables			0	0
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
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	36	0	36
Transfer to/from current/non current deferred income	0	8	0	8
Released to the Income Statement	0	0	0	0
Other liabilities - all other payables	0	0	0	0
PFI assets – deferred credits	0	0	0	0
Payments on account	0	0	0	0
Sub-total	272,072	221,786	272,072	221,786
Total	362,984	290,741	363,134	291,060

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

22. Borrowings	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
Current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	16	57	16	57
Other	0	0	0	0
Total	16	57	16	57
Non-current				
Bank overdraft - OPG	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	62	13	62	13
Other	0	0	0	0
Total	62	13	62	13

The borrowings relate to finance leases on plant and equipment. Further details of finance leases are provided in note 27.

22.2 Loan advance/strategic assistance funding

The NHS Trust has received no loan advance or strategic funding from the Welsh Government.

23. Other financial liabilities

Current	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

Non-current	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

24. Provisions

2015-16

24.1 NHS Trust and Welsh Risk Pool

	At 1 April 2015	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	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	£000
Current										
Clinical negligence	195,865	(10,037)	(12,310)	52,398	0	126,589	(44,911)	(101,113)	(2,979)	203,502
Personal injury	5,084	0	0	26	0	4,828	(3,174)	(2,219)	(10)	4,535
All other losses and special payments	140	0	0	0	0	44	(141)	0	0	43
Defence legal fees and other administration	4,690	0	0	255	0	3,439	(860)	(3,044)	(14)	4,466
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	21		(6)	30	0	0	(19)	0	0	26
Restructurings	0		0	0	0	0	0	0		0
Other	1,470		0	17	0	541	(480)	(192)		1,356
Total	207,270	(10,037)	(12,316)	52,726	0	135,441	(49,585)	(106,568)	(3,003)	213,928
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	207,270	(10,037)	(12,316)	52,726	0	135,441	(49,585)	(106,568)	(3,003)	213,928
Non Current										
Clinical negligence	237,231	(4,527)	(724)	(52,470)	0	25,961	(3,527)	(14,206)	(54)	187,684
Personal injury	0	0	0	(1)	0	0	0	0	0	(1)
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	937	0	0	(208)	0	279	(70)	(129)	0	809
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	177		0	(30)	0	21	0	0	0	168
Restructurings	0		0	0	0	0	0	0		0
Other	167		0	(17)	0	11	0	0		161
Total	238,512	(4,527)	(724)	(52,726)	0	26,272	(3,597)	(14,335)	(54)	188,821
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	238,512	(4,527)	(724)	(52,726)	0	26,272	(3,597)	(14,335)	(54)	188,821
TOTAL										
Clinical negligence	433,096	(14,564)	(13,034)	(72)	0	152,550	(48,438)	(115,319)	(3,033)	391,186
Personal injury	5,084	0	0	25	0	4,828	(3,174)	(2,219)	(10)	4,534
All other losses and special payments	140	0	0	0	0	44	(141)	0	0	43
Defence legal fees and other administration	5,627	0	0	47	0	3,718	(930)	(3,173)	(14)	5,275
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	198		(6)	0	0	21	(19)	0	0	194
Restructurings	0		0	0	0	0	0	0		0
Other	1,637		0	0	0	552	(480)	(192)		1,517
Total	445,782	(14,564)	(13,040)	0	0	161,713	(53,182)	(120,903)	(3,057)	402,749
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	445,782	(14,564)	(13,040)	0	0	161,713	(53,182)	(120,903)	(3,057)	402,749

Expected timing of cash flows:

	In year to 31 March 2017	Between 1 April 2017 31 March 2022	Between 1 April 2022 31 March 2027	Thereafter	Totals
	£000	£000	£000	£000	£000
Clinical negligence	203,502	138,149	29,440	20,094	391,185
Personal injury	4,535	0	0	0	4,535
All other losses and special payments	43	0	0	0	43
Defence legal fees and other administration	4,466	809	0	0	5,275
Pensions - former directors	0	0	0	0	0
Pensions - other staff	26	88	72	8	194
Restructuring	0	0	0	0	0
Other	1,356	161	0	0	1,517
Total	213,928	139,207	29,512	20,102	402,749
FHoT	0	0	0	0	0
Consolidated Total	213,928	139,207	29,512	20,102	402,749

Timing of cashflow has been profiled to match total current liabilities. However, the total will include cases which may settle with a structured settlement, so the underlying cashflow may be over a number of years. There can also be delays in settlement dates anticipated for next year which will further impact the cash flow timing. During 2016-17 the Welsh Risk Pool best estimate is that £63.5m will be paid out on legal claims.

In addition to the provision shown above, contingent liabilities are shown in note 25.

There are no clinical negligence provisions arising from Redress included in the above.

At the balance sheet date, the Trust had other provisions of £1,517,000 consisting of dilapidation provisions of £938,000 (2014-15: £1,418,000) for properties held under operating leases, the expected cost of decommissioning cesium sources of £161,000 (2014-15: £150,000), stock valuation provision of £187,000 (2014-15: Nil), and £231,000 (2014-15: £69,000) relating to employee costs.

24. Provisions
2015-16
24.2 NHS Trust

Current

	At 1 April 2014	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	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	£000
Clinical negligence	736	0	0	0	0	788	(426)	(716)	0	382
Personal injury	359	0	0	0	0	89	(9)	(311)	0	128
All other losses and special payments	140	0	0	0	0	44	(141)	0	0	43
Defence legal fees and other administration	178	0	0	0	0	55	(17)	(130)	0	86
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	21		(6)	30	0	0	(19)	0	0	26
Restructurings	0		0	0	0	0	0	0		0
Other	1,470		0	17	0	541	(480)	(192)		1,356
Total	2,904	0	(6)	47	0	1,517	(1,092)	(1,349)	0	2,021

Non Current

Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	177		0	(30)	0	21	0	0	0	168
Restructurings	0		0	0	0	0	0	0		0
Other	167		0	(17)	0	11	0	0		161
Total	344	0	0	(47)	0	32	0	0	0	329

TOTAL

Clinical negligence	736	0	0	0	0	788	(426)	(716)	0	382
Personal injury	359	0	0	0	0	89	(9)	(311)	0	128
All other losses and special payments	140	0	0	0	0	44	(141)	0	0	43
Defence legal fees and other administration	178	0	0	0	0	55	(17)	(130)	0	86
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	198		(6)	0	0	21	(19)	0	0	194
Restructurings	0		0	0	0	0	0	0		0
Other	1,637		0	0	0	552	(480)	(192)		1,517
Total	3,248	0	(6)	0	0	1,549	(1,092)	(1,349)	0	2,350

Expected timing of cash flows:

	In year to 31 March 2017	Between 1 April 2017 and 31 March 2022	Between 1 April 2022 and 31 March 2027	Thereafter	Totals
	£000	£000	£000	£000	£000
Clinical negligence	382	0	0	0	382
Personal injury	128	0	0	0	128
All other losses and special payments	43	0	0	0	43
Defence legal fees and other administration	86	0	0	0	86
Pensions - former directors	0	0	0	0	0
Pensions - other staff	26	88	72	8	194
Restructuring	0	0	0	0	0
Other	1,356	161	0	0	1,517
Total	2,021	249	72	8	2,350

24. Provisions

2015-16

24.3 Welsh Risk Pool

	At 1 April 2014	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	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	£000
Current										
Clinical negligence	195,850	(10,037)	(12,310)	52,398	0	126,354	(44,911)	(100,933)	(2,979)	203,432
Personal injury	5,030	0	0	26	0	4,809	(3,165)	(2,213)	(10)	4,477
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	4,513	0	0	255	0	3,432	(857)	(2,873)	(14)	4,456
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	205,393	(10,037)	(12,310)	52,679	0	134,595	(48,933)	(106,019)	(3,003)	212,365
Non Current										
Clinical negligence	237,231	(4,527)	(724)	(52,470)	0	25,961	(3,527)	(14,206)	(54)	187,684
Personal injury	0	0	0	(1)	0	0	0	0	0	(1)
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	937	0	0	(208)	0	279	(70)	(129)	0	809
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	238,168	(4,527)	(724)	(52,679)	0	26,240	(3,597)	(14,335)	(54)	188,492
TOTAL										
Clinical negligence	433,081	(14,564)	(13,034)	(72)	0	152,315	(48,438)	(115,139)	(3,033)	391,116
Personal injury	5,030	0	0	25	0	4,809	(3,165)	(2,213)	(10)	4,476
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	5,450	0	0	47	0	3,711	(927)	(3,002)	(14)	5,265
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	443,561	(14,564)	(13,034)	0	0	160,835	(52,530)	(120,354)	(3,057)	400,857

Expected timing of cash flows:

	In year to 31 March 2017	Between 1 April 2017 31 March 2022	Between 1 April 2022 31 March 2027	Thereafter	Totals
	£000	£000	£000	£000	£000
Clinical negligence	203,432	138,150	29,440	20,094	391,116
Personal injury	4,477	(1)	0	0	4,476
All other losses and special payments	0	0	0	0	0
Defence legal fees and other administration	4,456	809	0	0	5,265
Pensions - former directors	0	0	0	0	0
Pensions - other staff	0	0	0	0	0
Restructuring	0	0	0	0	0
Other	0	0	0	0	0
Total	212,365	138,958	29,440	20,094	400,857

Timing of cashflow has been profiled to match total current liabilities. However, the total will include cases which may settle with a structured settlement, so the underlying cashflow may be over a number of years. There can also be delays in settlement dates anticipated for next year which will further impact the cash flow timing. During 2016-17 the Welsh Risk Pool best estimate is that £63.5m will be paid out on legal claims.

24. Provisions (continued)

2014-15

24.4 NHS Trust and Welsh Risk Pool

	At 1 April 2014	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	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	£000
Current										
Clinical negligence	165,056	(16,322)	(4,995)	6,580	0	165,966	(56,990)	(60,751)	(2,679)	195,865
Personal injury	2,835	0	(303)	1,326	0	6,065	(3,039)	(1,794)	(6)	5,084
All other losses and special payments	0	0	0	0	0	204	(64)	0	0	140
Defence legal fees and other administration	2,075	0	0	1,677	0	5,288	(1,250)	(3,089)	(11)	4,690
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	19		(6)	27	0	0	(19)	0	0	21
Restructurings	0		0	0	0	0	0	0		0
Other	573		0	133	0	771	0	(7)		1,470
Total	170,558	(16,322)	(5,304)	9,743	0	178,294	(61,362)	(65,641)	(2,696)	207,270
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	170,558	(16,322)	(5,304)	9,743	0	178,294	(61,362)	(65,641)	(2,696)	207,270
Non Current										
Clinical negligence	206,890	(3,336)	0	(6,857)	0	51,985	(4,138)	(7,163)	(150)	237,231
Personal injury	1,351	0	0	(1,351)	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	2,210	0	0	(1,375)	0	283	(98)	(82)	(1)	937
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	189		0	(27)	0	15	0	0	0	177
Restructurings	0		0	0	0	0	0	0	0	0
Other	270		0	(133)	0	30	0	0	0	167
Total	210,910	(3,336)	0	(9,743)	0	52,313	(4,236)	(7,245)	(151)	238,512
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	210,910	(3,336)	0	(9,743)	0	52,313	(4,236)	(7,245)	(151)	238,512
TOTAL										
Clinical negligence	371,946	(19,658)	(4,995)	(277)	0	217,951	(61,128)	(67,914)	(2,829)	433,096
Personal injury	4,186	0	(303)	(25)	0	6,065	(3,039)	(1,794)	(6)	5,084
All other losses and special payments	0	0	0	0	0	204	(64)	0	0	140
Defence legal fees and other administration	4,285	0	0	302	0	5,571	(1,348)	(3,171)	(12)	5,627
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	208		(6)	0	0	15	(19)	0	0	198
Restructurings	0		0	0	0	0	0	0	0	0
Other	843		0	0	0	801	0	(7)		1,637
Total	381,468	(19,658)	(5,304)	0	0	230,607	(65,598)	(72,886)	(2,847)	445,782
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	381,468	(19,658)	(5,304)	0	0	230,607	(65,598)	(72,886)	(2,847)	445,782

Contingencies

25.1 Contingent liabilities

Provision has not been made in these accounts for the following amounts:

	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
	NHS Trust		Consolidated	
Legal claims for alleged medical or employer negligence	787,545	684,696	787,545	684,696
Doubtful debts	0	0	0	0
Equal pay cases	0	0	0	0
Defence costs	0	0	0	0
Other (Please specify)	0	0	0	0
Total value of disputed claims	787,545	684,696	787,545	684,696
Amount recovered under insurance arrangements in the event of these claims being successful	(787,193)	(684,479)	(787,193)	(684,479)
Net contingent liability	352	217	352	217

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 liabilities includes claims relating to alleged clinical negligence, personal injury and permanent injury benefits under the NHS Injury Benefits Scheme. The above figures include contingent liabilities for all Health Bodies in Wales.

25.2. Remote contingent liabilities

	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
	NHS Trust		Consolidated	
Guarantees	0	0	0	0
Indemnities	91,346	53,848	91,346	53,848
Letters of comfort	0	0	0	0
Total	91,346	53,848	91,346	53,848

25.3 Contingent assets

	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
	NHS Trust		Consolidated	
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0

The Trust has no contingent assets.

26. Losses and special payments

Losses and special payments are charged to the Income statement 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 year to 31 March 2016		Approved to write-off year to 31 March 2016	
	Number	£	Number	£
Clinical negligence	329	41,445,918	327	41,019,820
Personal injury	70	2,663,537	70	2,663,537
All other losses and special payments	14	636,600	11	530,838
Total	413	44,746,055	408	44,214,195
FHoT losses and special payments	0	0	0	0
Consolidated Total	413	44,746,055	408	44,214,195

Analysis of cases:

Case reference		Amounts	Cumulative	Approved to
		paid out in year £	amount £	write-off in year £
Cases where cumulative amount exceeds £300,000				
ABMU	6	3,178,177	4,625,980	3,178,177
Aneurin Bevan	4	4,494,161	4,494,161	4,494,161
BCU	6	4,052,843	4,550,428	4,052,843
Cardiff and Vale	13	7,339,325	13,995,496	7,339,325
Cwm taff	3	1,859,556	2,264,578	1,859,556
Hywel Dda	5	2,478,581	2,478,581	2,478,581
Powys	0	0	0	0
Sub-total		23,402,643	32,409,224	23,402,643
All other cases	376	21,343,412	85,717,150	20,811,552
Total cases	413	44,746,055	118,126,374	44,214,195

26. Losses and special payments

26.2 Velindre NHS Trust excluding Welsh Risk Pool

Losses and special payments are charged to the Income statement 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 year to 31 March 2016		Approved to write-off to 31 March 2016	
	Number	£	Number	£
Clinical negligence	2	426,098	0	0
Personal injury	1	8,750	1	8,750
All other losses and special payments	7	138,123	4	32,361
Total	10	572,971	5	41,111

Analysis of cases:

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases where cumulative amount exceeds £300,000				
Case reference	Case type			
None		0	0	0
Sub-total		0	0	0
All other cases	10	572,971	595,172	41,111
Total cases		572,971	595,172	41,111

26. Losses and special payments

26.3 Welsh Risk Pool

Losses and special payments are charged to the Income statement 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 year to 31 March 2016		Approved to write-off to 31 March 2016	
	Number	£	Number	£
Clinical negligence	327	41,019,820	327	41,019,820
Personal injury	69	2,654,787	69	2,654,787
All other losses and special payments	7	498,477	7	498,477
Total	403	44,173,084	403	44,173,084

Analysis of cases:

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases where cumulative amount exceeds £300,000				
ABMU	6	3,178,177	4,625,980	3,178,177
Aneurin Bevan	4	4,494,161	4,494,161	4,494,161
BCU	6	4,052,843	4,550,428	4,052,843
Cardiff and Vale	13	7,339,325	13,995,496	7,339,325
Cwm taff	3	1,859,556	2,264,578	1,859,556
Hywel Dda	5	2,478,581	2,478,581	2,478,581
Powys	0	0	0	0
Sub-total	37	23,402,643	32,409,224	23,402,643
All other cases	366	20,770,441	85,123,429	20,770,441
Total cases	403	44,173,084	117,532,653	44,173,084

27. Finance leases

27.1 Finance leases obligations (as lessee)

The Trust leases certain items of fixtures and equipment under finance leases. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered in to for contingent rental payments.

The fair value of the Trust's lease obligations is approximately equal to their carrying amount.

The Trust's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 12.

Amounts payable under finance leases:

LAND	31 March	31 March	31 March	31 March
	2016 £000	2015 £000	2016 £000	2015 £000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future period	0	0	0	0
Minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease paym	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
OTHER	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	20	61	20	61
Between one and five years	67	15	67	15
After five years	0	0	0	0
Less finance charges allocated to future periods	(8)	(6)	(8)	(6)
Minimum lease payments	79	70	79	70
Included in: Current borrowings	17	57	17	57
Non-current borrowings	62	13	62	13
Total	79	70	79	70
Present value of minimum lease payments				
Within one year	17	57	17	57
Between one and five years	62	13	62	13
After five years	0	0	0	0
Total present value of minimum lease payments	79	70	79	70
Included in: Current borrowings	17	57	17	57
Non-current borrowings	62	13	62	13
Total	79	70	79	70

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Gross investment in leases				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.3 Rental Revenue	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Contingent rent	0	0	0	0
Other	0	0	0	0
Total rental revenue	0	0	0	0

27.4 Finance Lease Commitment

Velindre NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during 2015-16.

28. Private finance transactions

Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)

The Trust has no PFI or PPP schemes deemed to be "on or off SoFP."

29. Financial risk Management

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

NHS Trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

The NHS Trust's treasury management operations are carried out by the finance department within parameters defined formally within the NHS Trust's standing financial instructions and policies agreed by the board of directors. NHS Trust treasury activity is subject to review by the NHS Trust's internal auditors.

Liquidity risk

NHS Trust's net operating costs are incurred under annual service agreements with various Health bodies, which are financed from resources voted annually by parliament. NHS Trusts also largely finance their capital expenditure from funds made available from the Welsh Government under agreed borrowing limits. NHS Trusts are not, therefore, exposed to significant liquidity risks.

The majority of the funds held on Trust expenditure is financed from donations and legacies. There are no borrowings, therefore, FHoT are not exposed to significant liquidity risk.

Interest-rate risks

The great majority of NHS Trust's financial assets and financial liabilities carry nil or fixed rates of interest. NHS Trusts are not, therefore, exposed to significant interest-rate risk.

The funds held on Trust are exposed to fluctuations in interest rates on the monies invested in deposits and on the stock market.

Foreign currency risk

NHS Trusts have no or negligible foreign currency income or expenditure and therefore are not exposed to significant foreign currency risk.

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers as disclosed in the trade and other receivables note.

General

The powers of the NHS Trust to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

30. Financial Performance

30.1 FINANCIAL DUTIES

30.1.1 Annual Surplus/Deficit

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedule 4 2(1).

Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account.

Subsequent to the issue of **WHC/2015/014** the annual financial duty has been revoked and the interpretation of the breakeven duty has reverted to a three year duty, the first assessment of this duty will be in 2016-17. From 2014-15 the following annual disclosure applies:

	2015-16 £000	2014-15 £000
Retained surplus	136	616
Less Donated asset / grant funded revenue adjustment	(96)	(577)
Adjusted surplus	<u>40</u>	<u>39</u>

30.2 ADMINISTRATIVE REQUIREMENTS

30.2.1 Integrated Medium Term Plan

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

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

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

30.2.2. External financing

The Trust is given an external financing limit which it is permitted to undershoot

	31 March 2016 £000	31 March 2015 £000
External financing limit set by the Welsh Government	4,529	11,693
Cash flow financing	4,435	11,563
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<u>4,435</u>	<u>11,563</u>
Undershoot (overshoot)	<u>94</u>	<u>130</u>

The Trust has achieved its external financing limit.

30.2.3. Creditor payment

The Trust is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The Trust has achieved the following results:

Total number of non-NHS bills paid 2015-16	68,400
Total number of non-NHS bills paid within target	62,713
Percentage of non-NHS bills paid within target	91.7%

The Trust has not met the target.

	31 March	31 March
	2016	2015
	£000	£000
31. Third party assets		
Investments	0	0
Monetary Assets	0	0
Total	0	0

The Trust nor the FHoT hold Third Party Assets.

32. Events after reporting period

None

33. Related Party transactions

The Trust is a body corporate established by order of the Welsh Minister for Health and Social Services.

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 Trust.

The Welsh Government is regarded as a related party. During the year the Trust 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, as disclosed below

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	13,404	260,895	1,227	4,859
WHSSC/EASC	24	32,849	59	2,254
Abertawe Bro Morgannwg UHB	5,191	23,931	379	1,894
Aneurin Bevan	5,201	29,566	1,168	1,311
Betsi Cadwaladr	4,658	16,461	296	923
Cardiff & Vale	7,513	25,311	529	3,951
Cwm Taff	3,667	15,147	699	2,393
Hywel Dda	1,792	8,894	96	661
Powys	355	2,078	29	69
Public Health Wales NHS Trust	460	1,758	52	73
Welsh Ambulance Service Trust	2,728	1,348	25	94
Welsh Local Authorities	2,289	160	101	54
Cardiff University	23,596	1,465	657	233
Swansea University	15,367	93	166	9
Cardiff Metropolitan University	3,934	0	19	0
University of South Wales	12,851	0	355	0
Bangor University	11,033	33	272	7
Glyndwr University	1,367	0	13	0
Charities	81	1,677	72	550
TOTAL	115,511	421,666	6,214	19,335

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. The majority of these transactions have been with universities as disclosed above, other transactions include payments to English, Scottish and Irish NHS organisations amounting to £1,836,000 (2014-15: £710,000).

The Trust Board is the corporate trustee of Velindre Charitable Funds. During the year the Trust received £1,816,151 (2014-15: £1,858,000) from Velindre Charitable Funds.

The Welsh Government receipts include £4,279,000 that relates to PDC capital received during 2015-16.

Transactions with charities include Cancer Research UK, Cancer Research Wales, Macmillan Cancer Support, Marie Curie and The Samaritans.

Amounts owed to WHSSC includes £59,000 overpayment relating to the Welsh Blood Service LTA. Amounts due includes £59,000 underpayment from WHSSC relating to the Velindre Cancer Centre LTA. The result of the transactions is nil and this is reflected in the Income and Expenditure figures provided.

34. Pooled budgets

Velindre NHS Trust has / has no pooled budgets.

35. Operating Segments

	VELINDRE		NWIS		NWSSP		WRP		TOTAL		FHOT		ELIMINATIONS		CONSOLIDATED	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Operating Revenue	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Segmental Income	105,164	100,766	49,691	48,170	199,888	172,047	82,689	158,361	437,432	479,344	4,409	2,805	(1,808)	(1,858)	440,033	480,291
	105,164	100,766	49,691	48,170	199,888	172,047	82,689	158,361	437,432	479,344	4,409	2,805	(1,808)	(1,858)	440,033	480,291
Operating expenses	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	0	158	0	0	0	0	0	0	0	158	0	0	0	0	0	158
WHSSC & EASC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Health Boards	314	309	2,409	2,401	265	133	0	0	2,988	2,843	0	0	0	0	2,988	2,843
Welsh NHS Trusts	606	621	24	0	206	0	0	0	836	621	0	0	0	0	836	621
Other NHS Trusts	(6)	0	0	0	7	0	0	0	1	0	0	0	0	0	1	0
Goods and services from other NHS bodies	0	0	0	43	0	120	0	0	0	163	0	0	0	0	0	163
Purchase of healthcare from non-NHS bodies	0	39	0	0	0	1	0	0	0	40	0	0	0	0	0	40
Welsh Local Authorities	7	2	0	0	0	0	0	0	7	2	0	0	0	0	7	2
Other Local Authorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Directors' costs	907	678	0	0	0	0	0	0	907	678	0	0	0	0	907	678
Staff costs	51,265	48,831	20,102	19,590	60,379	41,715	0	0	131,746	110,136	0	0	0	0	131,746	110,136
Supplies and services - clinical	36,721	33,586	0	0	442	114	0	0	37,163	33,700	0	0	0	0	37,163	33,700
Supplies and services - general	799	690	100	93	38,288	38,526	0	0	39,187	39,309	0	0	0	0	39,187	39,309
Consultancy Services	228	219	1,321	1,041	386	644	0	0	1,935	1,904	0	0	0	0	1,935	1,904
Establishment	2,297	2,361	7,334	7,221	6,537	5,160	0	0	16,168	14,742	0	0	0	0	16,168	14,742
Transport	210	258	33	60	1,420	748	0	0	1,663	1,066	0	0	0	0	1,663	1,066
Premises	5,198	5,255	9,792	9,500	7,717	4,789	0	0	22,707	19,544	0	0	0	0	22,707	19,544
Costs of generating funds	0	0	0	0	0	0	0	0	0	0	498	450	(161)	(158)	337	292
Charitable activities	0	0	0	0	0	0	0	0	0	0	2,099	2,432	(1,647)	(1,700)	452	732
Governance Costs	0	0	0	0	0	0	0	0	0	0	8	8	0	0	8	8
Impairments and Reversals of Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	5,894	4,928	1,905	2,285	1,226	612	0	0	9,025	7,825	0	0	0	0	9,025	7,825
Amortisation	0	9	7,604	6,593	0	92	0	0	7,604	6,694	0	0	0	0	7,604	6,694
Impairments and reversals of property, plant and equipment	(39)	(159)	0	0	0	0	0	0	(39)	(159)	0	0	0	0	(39)	(159)
Impairments and reversals of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit fees	201	201	0	0	0	0	0	0	201	201	0	0	0	0	201	201
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	(146)	193	0	43	46	174	83,460	159,040	83,360	159,450	0	0	0	0	83,360	159,450
Research and development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	655	2,044	(933)	(700)	82,947	79,196	0	0	82,669	80,540	0	0	0	0	82,669	80,540
Total	105,111	100,223	49,691	48,170	199,866	172,024	83,460	159,040	438,128	479,457	2,605	2,890	(1,808)	(1,858)	438,925	480,489
Investment Revenue	57	51	0	0	0	0	0	0	57	51	95	63	0	0	152	114
Other Gains and Losses	4	6	0	0	0	0	0	0	4	6	0	0	0	0	4	6
Finance Costs	0	(7)	0	0	0	0	771	679	771	672	0	0	0	0	771	672
															0	
SURPLUS / (DEFICIT)	114	593	0	0	22	23	0	0	136	616	1,899	(22)	0	0	2,035	594

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

36. Other

Statement of the Chief Executive's responsibilities as Accountable Officer of Velindre NHS Trust

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer of Velindre NHS Trust.

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.

Signed



Stephen Ham
Chief Executive

Date: 15th June 2016

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 Trust and of the income and expenditure of the Trust 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 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 Trust 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:



Rosemary Kennedy
Trust Chair

Date: 15th June 2016



Stephen Ham
Chief Executive

Date: 15th June 2016



Mark Osland
Director of Finance

Date: 15th 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 Velindre NHS Trust for the year ended 31 March 2016 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the 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 141 and 140], 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 Velindre NHS Trust'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 Accountability Report 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 Velindre NHS Trust as at 31 March 2016 and of its surplus 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 part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers;
- the information contained in the Foreword and Accountability Report 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 145-146.

Huw Vaughan Thomas
Auditor General for Wales
28 June 2016

Wales Audit Office
24 Cathedral Road
Cardiff
CF11

Report of the Auditor General to the National Assembly for Wales

Introduction

The Welsh Government has changed the financial duties of NHS Trusts for 2014-15 onwards.

I have decided to issue a narrative report alongside my audit certificate to explain the new duties, Velindre NHS Trust's performance against them, and the implications for 2016-17.

Financial duties

The **first financial duty** gives additional financial flexibility to NHS Trusts 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 NHS Trusts' performance against this duty will not be measured until 2016-17.

The **second financial duty** requires NHS Trusts to prepare and have approved by Welsh Ministers a rolling three-year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services. For 2015-16 (and until Treasury consent has been obtained for this change), it is an administrative¹ duty and an NHS Trust will be deemed to have met it 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.

NHS Trust performance against duties

First Financial Duty

As set out above, the NHS Trust will not be assessed against its first financial duty until 2016-17. Nevertheless it is expected to manage its finances to ensure it does not over spend. This is because the NHS Trust's annual performance impacts on the ability of the Health and Social Services Group to meet its own financial targets.

¹ An administrative duty is required by the Welsh Government, but not by primary legislation

As shown in Note 30.1 to the Financial Statements, for 2015-16 the NHS Trust achieved a surplus of £40,000.

Second Financial Duty

As shown in Note 30.2 to the Financial Statements, the NHS Trust met its second financial duty to have an approved three year integrated medium term plan in place. The integrated medium term plan relates only to the Trust's core activities and does not apply to the organisations hosted by the Trust. The Trust's integrated medium term plan for 2015-16 to 2017-18 was submitted to the Welsh Government on 1 April 2015 and was approved by Welsh Ministers on 4 June 2015.

Look ahead to 2016-17

The NHS Planning Framework 2016/17 set Welsh Government's expectation that the Trust should obtain Ministerial approval by 30th 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 Trust submitted its three year plan 2016-17 to 2018-19 to the Welsh Government on 31 March 2016 and is currently awaiting formal notification from Welsh Ministers as to whether the three year plan has been approved.

The Trust's proposed three year financial plan running from 2016-17 to 2018-19 has identified a requirement to deliver total savings of £4.2 million over the next three years which enables the Trust to forecast a breakeven position between its income and expenditure for each of the three years covered by the plan.

However, as at the end of April 2016 the Trust is reporting an in-month deficit of £65,000 and a 2016-17 year end deficit of £800,000.

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