Accountability Report

2018-2019

Signed : Tracy Myhill (Chief Executive)

Date: 31.05.2019

This Accountability Report includes a number of key documents, namely:

- A Corporate Governance Report. This sets out the composition and organisation of Abertawe Bro Morgannwg University Health Board's (ABMU's) governance structures and how these support the achievement of the entity's objectives. This detail is contained within our Annual Governance Statement (AGS) attached at **Annex 'A'.**

- A Directors' Report and a Statement of Accountable Officer's Responsibilities is attached at **Annex 'B'.**

- A Remuneration and Staff Report attached at **Annex 'C'.**

- A National Assembly for Wales Accountability and Audit Report attached at **Annex 'D'.**

Annex A

Corporate Governance Report

2018-2019

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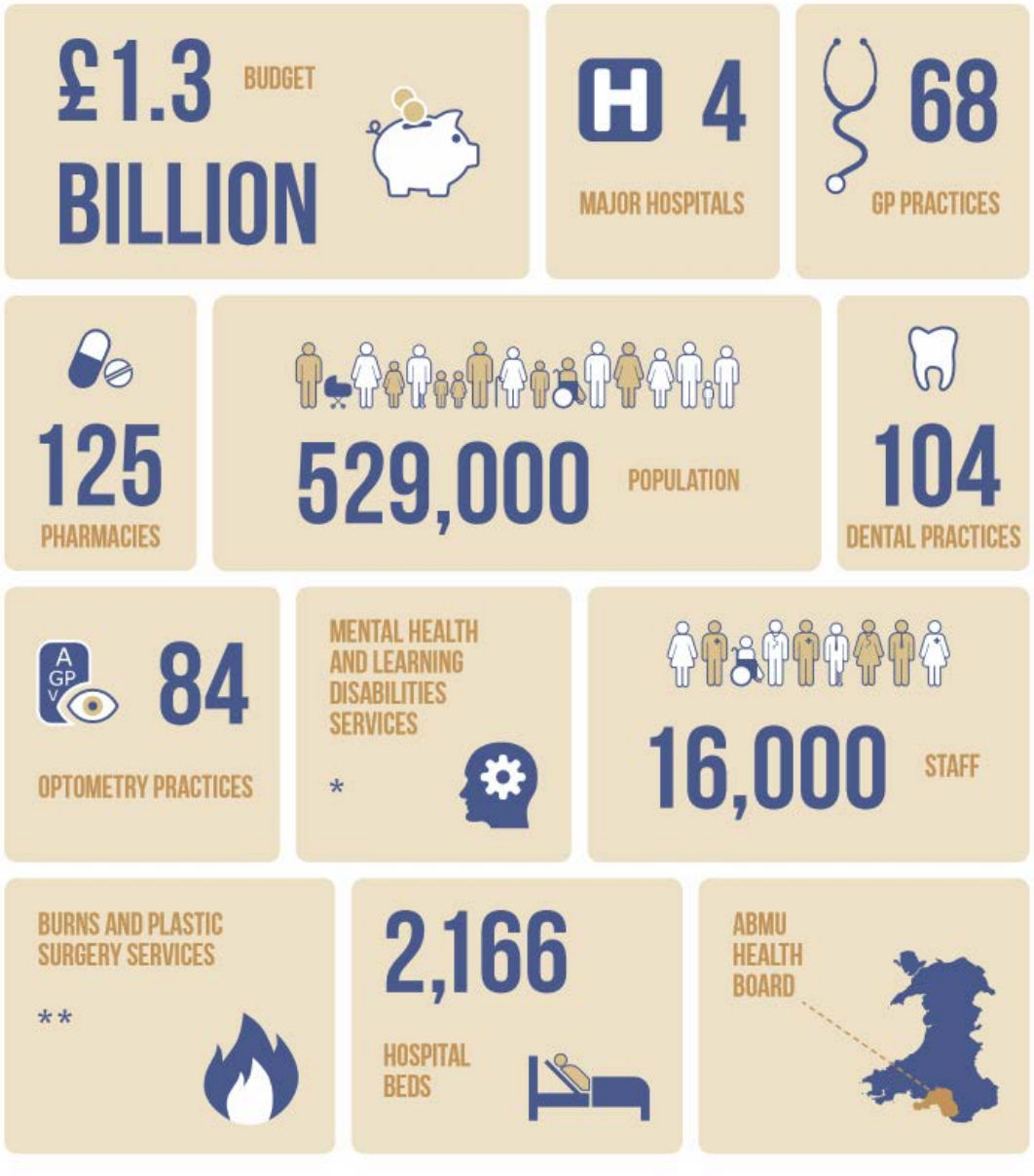
1. INTRODUCTION

For the reporting period 2018-2019, the Health Board had responsibility for assessing the health needs of our population in Bridgend, Neath Port Talbot and Swansea local authorities and then commissioning, planning and delivering healthcare for those people. We also have a joint responsibility for improving the health and wellbeing of our diverse communities and, with our partners in the Public Service Boards, we have undertaken wellbeing assessments, as well as care needs assessments for certain client groups with partners through the Western Bay Regional Partnership Board.

In 2018-2019, the Health Board had a budget of more than £1.0 billion, employing just over 16,000 staff, 70% of whom are involved in direct patient care.



* = Regional provider for Learning Disabilities Service, providing services for Cwm Taf and Cardiff and Vale University Health Boards, as well as ourselves

** = Services provided for the whole of South Wales and the South West of England, as well as ourselves

The Health Board reported a pre-audited year-end deficit position of £9.879m in 2018-2019. This financial performance was in line with the annual plan forecast.

Our responsibilities extend to both primary (general practitioner, optician, pharmacy and dental services) and secondary (hospital) services together with certain tertiary services such as providing burns and plastic surgery services for Wales and the South West of England. We also provide forensic mental health services for the whole of South Wales and learning disability services are provided from Swansea to Cardiff as well as for the Rhondda Cynon Taf and Merthyr Tydfil areas. A range of community based services are delivered within patients' own homes, via community hospitals, health centres, and clinics. The Health Board also provided general medical and dental services to Hillside Secure Children's Unit and general medical services to HM Prison Swansea.

In 2018-2019 we had four acute hospital sites these being the Princess of Wales (POW) Hospital in Bridgend, Neath Port Talbot (NPT) Hospital in Port Talbot and the Singleton Hospital and Morriston Hospital sites which are both located in Swansea. Details of our other hospital sites are published on our website. At the end of March 2019, the total number of beds in the Health Board stood at 2,166.

The Health Board also hosts two all-Wales Services:

- **The Emergency Medical Retrieval and Transfer Service (EMRTS Cymru)**[1] is an All Wales Service that provides Consultant and Critical Care Practitioner-delivered pre-hospital critical care across Wales. It was launched at the end of April 2015 and is a partnership between Wales Air Ambulance Charity, Welsh Government and NHS Wales.
- **The NHS Wales Delivery Unit -** The Delivery Unit provides professional support to Welsh Government to monitor and manage performance delivery across NHS Wales.

Swansea Bay University Health Board (SBUHB)
From 1 April 2019, the responsibility for commissioning healthcare services for the people in the Bridgend County Borough Council (BCBC) area moved from Abertawe Bro Morgannwg University Health Board (ABMUHB) to Cwm Taf University Health Board (CTUHB). From 1 April 2019, the former Abertawe Bro Morgannwg University Health Board was renamed Swansea Bay University Local Health Board (SBUHB).

[1] https://www.emrts.cymru/

2. SCOPE OF RESPONSIBILITY

The Board is accountable for good governance, risk management and the internal control processes of the organisation. As Chief Executive of the Health Board, I have responsibility for maintaining appropriate governance structures and procedures, as well as ensuring that an effective system of internal control is in place that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the Health Board's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

In discharging this responsibility I, together with the Board, am responsible for putting into place arrangements for the effective governance of the Health Board, facilitating the effective implementation of the functions of the Board and the management of risk.

2.1 Our purpose, vision and values

The Board has a clear purpose, ambition, strategic aims and enabling objectives have been developed to fulfil our civic responsibilities by improving the health of our communities, reducing health inequalities and delivering prudent healthcare in which patients and users feel cared for, confident and safe.

The Board's intent is to move to being a population health focused organisation, commissioning services to meet patient and community needs. Our two strategic aims **Supporting Better Health** and **Delivering Better Care** and associated enabling objectives are clear in our ambition for change. We will become increasingly focused on working with partners to improve the wellbeing of our population. The Swansea and Neath Port Talbot **Public Service Boards'** Well Being Plans have clear and aligned priorities which we are actively engaged in.

The Health Board's agreed objectives seek to ensure we meet national priorities set by Welsh Government, locally determined priorities and professional standards.

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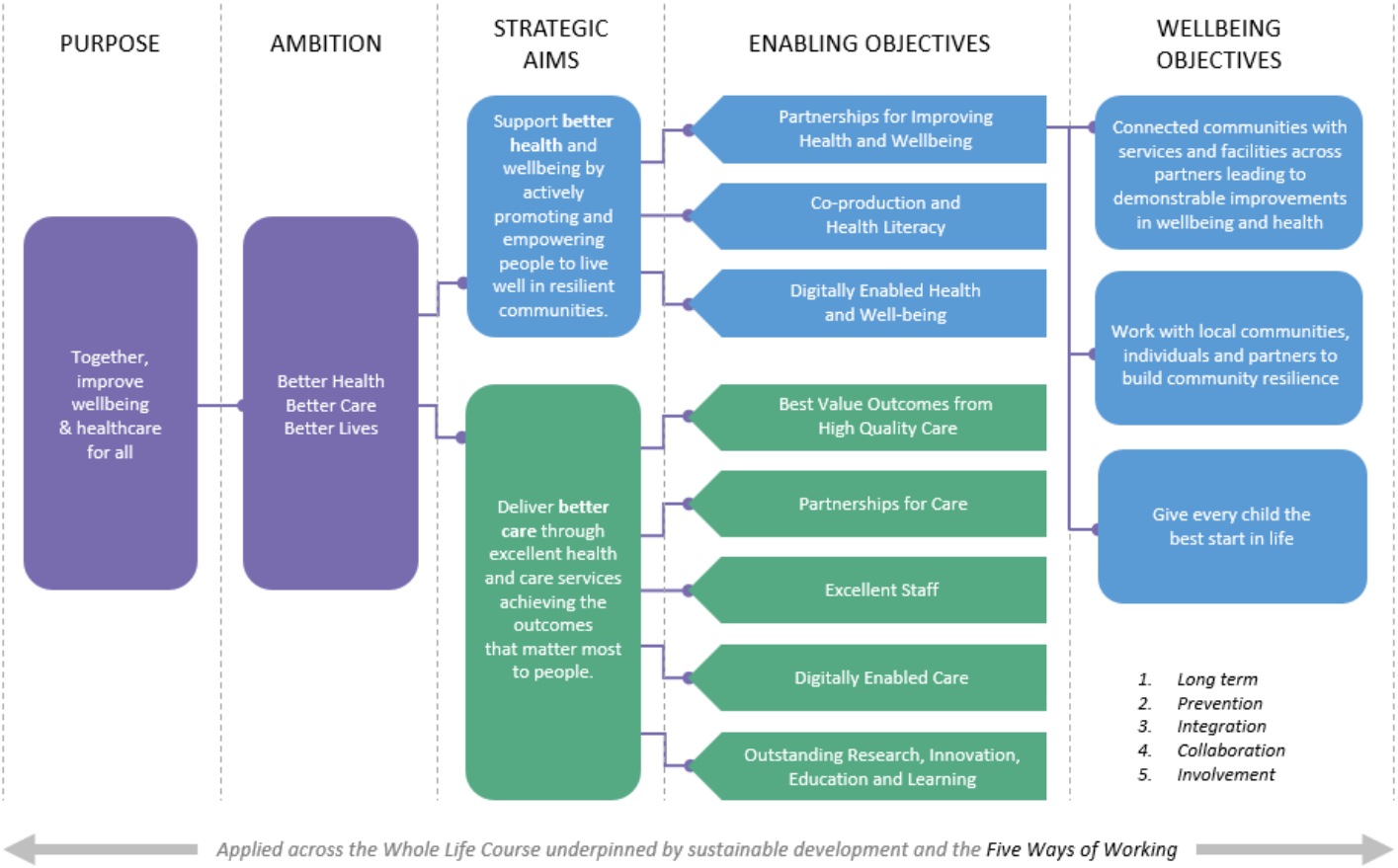


Our ways of working are underpinned by our Values and Behaviours, which were developed following thousands of conversations with staff, patients, their relatives and carers.

CARING for each other | Working TOGETHER | always IMPROVING

Caring for each other in every human contact in all of our communities and each of our hospitals

We will: Be approachable, helpful, attentive to other's needs; be thoughtful and flexible about how to meet the needs of each person; be calm, patient, reassuring and put people at ease; protect others' dignity and privacy and treat others as we wish to be treated.

Working together as patients, families, carers, staff and communities so we always put patients first

We will: Listen closely; consider other's views and include people; appreciate others: be open, honest and clear; give constructive feedback and be open to and act on feedback ourselves; be supportive and say "thank you."

Always improving so that we are at our best for every patient and for each other

We will: Be vigilant about safety and risk; never turn a blind eye; look for opportunities to learn; enthusiastically share ideas and actively seek solutions; be accountable for our behaviour and hold others to account; keep promises; be positive, a role model and inspiration to others.

2.2 Quality Priorities

Our Quality Priorities have been agreed as part of the process of updating our Quality Strategy which sets out a vision of what we can, and will achieve through a focus on delivering high quality services by addressing those matters that will contribute to the achievement of our strategic objectives. We have nine Quality Priorities which are closely aligned to our targeted intervention areas. More details around this are available in our Annual Quality Statement which will be available from our website as of the end of May 2019.

2.3 Targeted Intervention

While remaining under "targeted intervention" status under the NHS Wales Escalation and Intervention Arrangements[2] during 2018-2019, ABMUHB made significant progress over the course of the year. A firm focus for improvement was set for particular service areas which included unscheduled care, cancer, planned care, infection control, stroke and the financial management. The progress has been recognised and documented by Welsh Government.

In relation to planned care the Health Board's profile for the number of patients waiting more than 36 weeks at the end of 2018-2019 was at its lowest level since April 2014, with significant improvement in the longest waiting times (a reduction of 500 patients over the course of the year). The 2018-2019 targets agreed with Welsh Government were exceeded.

Significant improvements were also secured in speed of access to cancer services, for which Welsh Government set targets for time to treatment for patients entering a treatment pathway via 'non urgent' or 'urgent' routes. Performance against the former was above 95% for the majority of 2018-2019 and improved to over 80% in the latter, despite there being significantly more patients coming through the system.

The Health Board secured sustained improvements in infection control, seeing reductions of 36% in rates of *clostridium difficile*, 4% in *E.Coli*, and 7% in *Stauph. Aureus* infections between 2017-2018 and 2018-2019.

There were improvements in unscheduled care with some stabilisation of performance in four and twelve hour waits in A&E as well as reductions overall in ambulance waits. However, these improvements were not to the levels we were anticipating and work is ongoing to improve performance in these areas. The Health Board's winter plans were fully implemented, in partnership with Local Authorities, and their impact will be fully evaluated to inform further improvements planned for Swansea Bay University Health Board in 2019-2020.

Financial management has been strengthened considerably, resulting in the successful delivery of significant savings plans over the course of the year. An original plan to reduce the Health Board's deficit in 2018-2019 by 20% (to £25m), was pushed further to reduce the

[2] http://www.wales.nhs.uk/sitesplus/documents/862/Attach10iiNHSWalesEscalationandInterventionArrangementsReportMarch2014.pdf

deficit by 37% (to £20m). During the course of the year Welsh Government provided the Health Board with £10m in recognition of improvement and to provide visible support to the actions being driven forward by the Executive Team and Board. This resulted in a deficit control total target of £10m being set for the organisation by Welsh Government. The health board's end year position for 2018-2019 was within the control total.

3. OUR SYSTEM OF GOVERNANCE AND ASSURANCE

3.1 Overview

The Health Board has been constituted to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009[3] and comprises of the Chair, Vice Chair, Chief Executive, nine independent members (also known as non-officer members) and eight executive directors which ensures it is composed of individuals with a range of backgrounds, disciplines and areas of expertise. It can also include associate members with three such posts being occupied during 2018-2019. As part of strengthening the Health Board clinical input into the Board, the Minister for Health and Social Services approved the appointment of an additional Associate Member to the Board in 2018-2019.

The Board functions as a corporate decision-making body with executive directors and independent members being equal members sharing corporate responsibility by the Board.

A summary of the Board and Committee dates are presented at **Appendices 1 & 2** for information. Details of Board members are outlined in **Appendices 2 - 5.**

The principal role of the Board is to exercise effective leadership, direction and control which includes setting the overall strategic direction for the organisation (within Welsh Government policies and priorities) and establishing and maintaining high levels of corporate governance and accountability including risk management and internal control. It is also there to:

- Ensure delivery of aims and objectives through effective challenge and scrutiny of performance across all areas of responsibility,
- Ensure delivery of high quality and safe patient care,
- Build capacity and capability within the workforce to build on the values of the Health Board and creating a strong culture of learning and development,
- Enact effective financial stewardship by ensuring the Health Board is administered prudently and economically with resources applied appropriately and efficiently,
- Instigate effective communication between the organisation and its community to ensure its services are planned and responsive to identified needs,
- Appoint, appraise and oversee arrangements for remunerating of executives.

The Health Board has established a range of committees, as outlined in the Governance and Assurance Framework on page 17. These Committees are chaired by Independent Members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, assessment of current risks and performance monitoring. Key matters considered by the Committees of the Board are summarised in **Appendix 4.**

The Board has approved Standing Orders (SOs) for the regulation of proceedings and business which translates the statutory requirements set out in the Local Health Board

[3] http://www.legislation.gov.uk/wsi/2009/779/made

(Constitution, Membership and Procedures) (Wales) Regulations 2009[4] into day to day operating practice. Together with the adoption of a scheme of matters reserved for the Board, a detailed scheme of delegation to officers and an earned autonomy framework and Standing Financial Instructions (SFIs), they provide the regulatory framework for the business conduct of the Health Board and define "its ways of working". The SOs & SFIs are regularly reviewed and updated, with any changes then being submitted to the Board for approval. The SOs & SFIs are supported by a suite of corporate policies together with the Values and Standards of Behaviour Framework form the Health Board's Governance Framework.

During 2018-2019, the Health Board established a Governance Work Programme which was agreed by the Board and progress monitored through the Audit Committee. The Governance Work Programme consolidated the outstanding recommendations of the Deloitte Financial Governance Review, the Wales Audit Office Structured Assessment and the actions from the Governance Stocktake sharing corporate responsibility.

During 2018-2019 the following improvements have been implemented:

- Reviewed the Board and Committee governance structures including terms of reference and membership;
- The remit and purpose of the committees to be much more clearly based on delegated functions of the Board,
- Tighter terms of reference to avoid overlap with executive functions or duplication with other committees,
- Workforce metrics agreed to be part of the remit of the Performance and Finance Committee,
- Establishment of a Health and Safety Committee;
- Strengthening and maturing role of the Performance and Finance Committee;
- Improved reporting templates including the Chair of Committee;
- Review and refreshed approach to risk management including the introduction of a 'new' format Health Board Risk Register;
- Supported the approach and style of the Board Assurance Framework for implementation in 2019-2020;
- Introduction of staff stories at each Board Meeting in addition to Patient Stories;
- Video summary from each Board Meeting by the Chairman;
- The strengthening of the Workforce & Organisational Development Committee; and
- Board Development Sessions have been widened to invite the Delivery Units to provide an insight to their services.

During the year, there have been a small number of reviews which are critically important to the corporate governance, clinical governance and assurance of the Board. These are listed below.

[4] http://www.legislation.gov.uk/wsi/2009/779/made

3.2 Governance Reviews

Health Inspectorate Wales (HIW) - Kris Wade Special Review

Between 2011 and 2013, three people who received care from the learning disability service made allegations of sexual abuse against Mr W. Healthcare Inspectorate Wales (HIW) undertook a special review of the Health Board's actions in relation to the Mr W case and the *"Abertawe Bro Morgannwg University Health Board's handling of the employment and allegations made against Mr W"* report was published on the 29th January 2019. This review examined staff recruitment and employment, incident reporting, adult safeguarding, governance and culture, an assessment of the Health Board's desktop review, and commissioning arrangements between health boards.

The Health Board has strengthened its leadership over the past 12 months and significant governance improvements have been made, along with more stringent reporting of serious incidents and wider sharing of lessons learned. The Health Board has accepted all of the recommendations in the report and an action plan has been developed to ensure the delivery of these recommendations. The Quality and Safety Committee and the Workforce & OD Committee are responsible for monitoring progress.

Delivery Unit (DU) - Review of Serious Incident Reporting

In December 2017 fieldwork was carried out by the Welsh Government's Delivery Unit which reviewed the ways in which the Health Board managed serious incidents taking into account complaints, patient safety incidents and clinical negligence claims. In April 2018 the Delivery Unit (DU) issued their report "*Intervention into Systems & Processes for the Management of Serious Incidents at ABM University Health Board".* In addition to recognising areas of good practice, the report made ten recommendations for improvement.

The Delivery Unit published a 90-day review in November 2018 and significant progress has been made in relation to the approach taken by the Health Board in investigating serious incidents and the approach to learning amongst staff has significantly improved to support a culture where risk and harm are reduced as much as possible.

Progress made during 2018-2019 includes:

- ***Quality of investigation reports -*** Significant improvements have been made to the process of Serious Incident (SI) investigation undertaken by the corporate team;
- ***Scrutiny*** - The scrutiny applied to investigation findings is more robust;
- ***Sharing Learning -*** Systems and processes to share learning have improved and there is greater sharing of learning across sites; and
- ***Never Event (NE) position*** - During 2018-2019 financial year, there has been one Never Event and this being progressed and in compliance with the Welsh Government target.

The impact of improvements to processes, sharing learning, and improving culture will take time to become embedded; however, there are positive signs of overall improvement. Progress on the implementation of the recommendations has been monitored by the Health Board Quality and Safety Committee and oversight has been provided by the Audit Committee.

Financial Governance Review
During 2017-2018 the Welsh Government commissioned Deloitte to undertake a Financial Governance Review of the Health Board. The Health Board accepted all of the recommendations from this review and developed an action plan which is being monitored by the Audit Committee. During the year, five of the six outstanding recommendations have been completed. The outstanding recommendation relates to the standardisation in relation to Delivery Unit Governance.

The Health Board has agreed the work to develop an operating model for the organisation and whilst much of the focus during this year has been on improving board governance, this is a phase of our governance improvement journey and therefore a key priority for the Health Board during 2019-2020. The recommendation will therefore be incorporated into the Governance Work Programme for 2019-2020.

Independent Investigation into the Care and Treatment Provided on Tawel Fan Ward: a Lessons for Learning Report
In May 2018, the Health and Social Care Advisory Service (HASCAS) published the outcome of its Independent evidence-based, clinical investigation into the care and treatment provided to patients on the Tawel Fan Ward of the Ablett Unit at Ysbyty Glan Clwyd. The conclusions and findings of the thematic lessons for learning report were published in the '*Independent Investigation into the Care and Treatment provided on Tawel Fan Ward: A Lessons for Learning Report* and included 15 recommendations.

The Health Board undertook its own assessment against these recommendations to ensure that any learning from the report is used to improve the care of elderly patients with dementia, and the engagement and communication with their families.

3.3 Role of the Board
The Board has overall responsibility for the strategic direction of the Health Board and provides leadership and direction to the organization. The Board has a key role in ensuring that the organisation has sound governance arrangements in place. It also ensures that we have an open culture and high standards in the way in which its work is conducted. Board members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation.

The Health Board usually meets six times a year in public. The Board is formed from the appointment of individuals from a range of backgrounds, disciplines and expertise. It consists of the Chair, Vice Chair plus nine independent members (also known as non-officer members), the Chief Executive and eight executive directors. There are also currently three associate board members.

Each Board meeting begins with a patient story which sets out an individual's personal experience of a service. Such feedback is invaluable and is used to learn lessons, further improve services and in the planning of future services. During 2018-2019, the Board started to hear staff stories as well as patient stories; this is an important development for the Board and will develop further in 2019-2020.

Details of Board members and when the Board met during 2018-2019 are set out in **Appendix 1** along with the level of attendance at such meetings. All Board and Committee meetings held in 2018-2019 were quorate.

Board members are also involved in a range of other activities on behalf of the Board, such as development sessions (at least six a year), service visits and a range of other internal and external meetings. The Board also meets in public in May each year to formally approve its annual accounts following detailed consideration by the Audit Committee and in July to approve its annual report and the Annual Quality Statement. These documents are available via our website.

The Board also seeks to ensure that it has an open culture and high standards in the ways in which its work is conducted. Together, Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board in 2018-2019 were appropriately constituted and quorate.

Key business and risk matters considered by the Board during 2018-2019 are outlined below:

- Overseen the implementation of the Annual Plan for 2018-2019 and actively involved in the development of the 2019-2020 annual plan,
- Received and approved quarterly updates on progress with implementing the 2018-2019 Annual Plan,
- Received, considered and discussed the organisational risk register and the monitoring and management of the assigned risks to key committees of the Board;
- Received, considered and discussed financial performance and the related risks being managed by the Health Board,
- Routinely received updates on matters relating to workforce, including performance metrics, recruitment; and legislative changes e.g. Nurse Staffing Levels (Wales) Act 2016;
- Received and developed its response to the 2018 Structured Assessment and the Auditor General for Wales' Annual Audit Report for 2018,
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improved performance where appropriate, this included actions to address and improve cancer target performance; stroke services; referral to treatment (RTT) waiting times, mental health measure compliance and workforce indicators,
- Contributed to the ongoing review of the Board's maturing Board Assurance Framework (BAF),
- Routinely received assurance reports from the Committees and Advisory Groups of the Board,
- Updates in relation to the Bridgend Boundary Change
- Updates in relation to Primary Care Services and Partnerships,
- Updates in relation to the Clinical Services plan.

3.4 Board Development

The Health Board has worked with the King's Fund during the year to undertake a comprehensive Board, Executive and Leadership development programme. The Board Development Programme has been designed to ensure that the board has the capability, capacity and confidence to lead the organisation. Through this Programme, the Board has been equipped to enhance individual member's knowledge of good governance, ensure the effectiveness of the Board collectively and individually in meeting core duties of the Board and supporting improvement. The Board continues to make progress to increase board, executive and senior leader confidence and capability.

In addition to the Board Development Programme facilitated by the King's Fund, the Health Board has held regular Board Development Sessions which have included:

- Overview of Primary Care and Community Services
- Overview of Mental Health and Learning Disabilities
- Building Healthier Communities
- Digital Transformation
- Digital Workforce Solutions
- Nurse Staff Act
- Brexit Preparedness
- Role and Responsibilities as Charitable Fund Trustees
- Intervention into Systems & Processes for Management of Serious Incidents in ABMU
- Three-Year Plan, Organisational Strategy & Clinical Services Plan Update
- Ward to Board Dashboard
- NHS Wales Shared Services Partnership Annual Review.

To support the Board Development Programme for 2019-2020, the Board has undertaken a skills assessment which will assist in the identifying areas of focus for the year ahead. Alongside the Board Development, all Board members undergo an annual appraisal of their individual contribution and performance. This appraisal focuses on the member's contribution as a member of the corporate Board; in the case of executive directors this is distinct from their functional leadership role.

3.5 Committees of the Board

The Health Board has established a range of committees as detailed in the diagram on page 17. These committees are chaired by Independent members of the board and they have key roles in relation to the system of governance and assurance, decision making, scrutiny, assessment of current risks and performance monitoring.

At each meeting, the Board receives a key issues summary report from each of its committees and advisory groups which have met since the previous meeting. These set out details of key topics considered, assurances received, key risks and any decisions made.

All papers for the Health Board and Committees which are held in public are available on the Health Board website. The meetings that do not meet in public are either because of the confidential nature of their business such as the Remuneration and Terms of Service Committee or they are development meetings discussing plans in the formative stages.

The Audit Committee supports the overall Board Assurance Framework arrangements including development of the Annual Governance Statement, which on behalf of the Board keeps under review the design and adequacy of the Health Board's governance and assurance arrangements. It undertakes these duties by providing advice and assurance to the Board on the effectiveness of arrangements in place around strategic governance, and the assurance framework and processes for risk management and internal control.

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

- Overseen the health board's system of internal controls;
- Had a continued focus on improvements of the financial systems and controls procedures;
- Overseen on behalf of the Board, the development of a Board Assurance

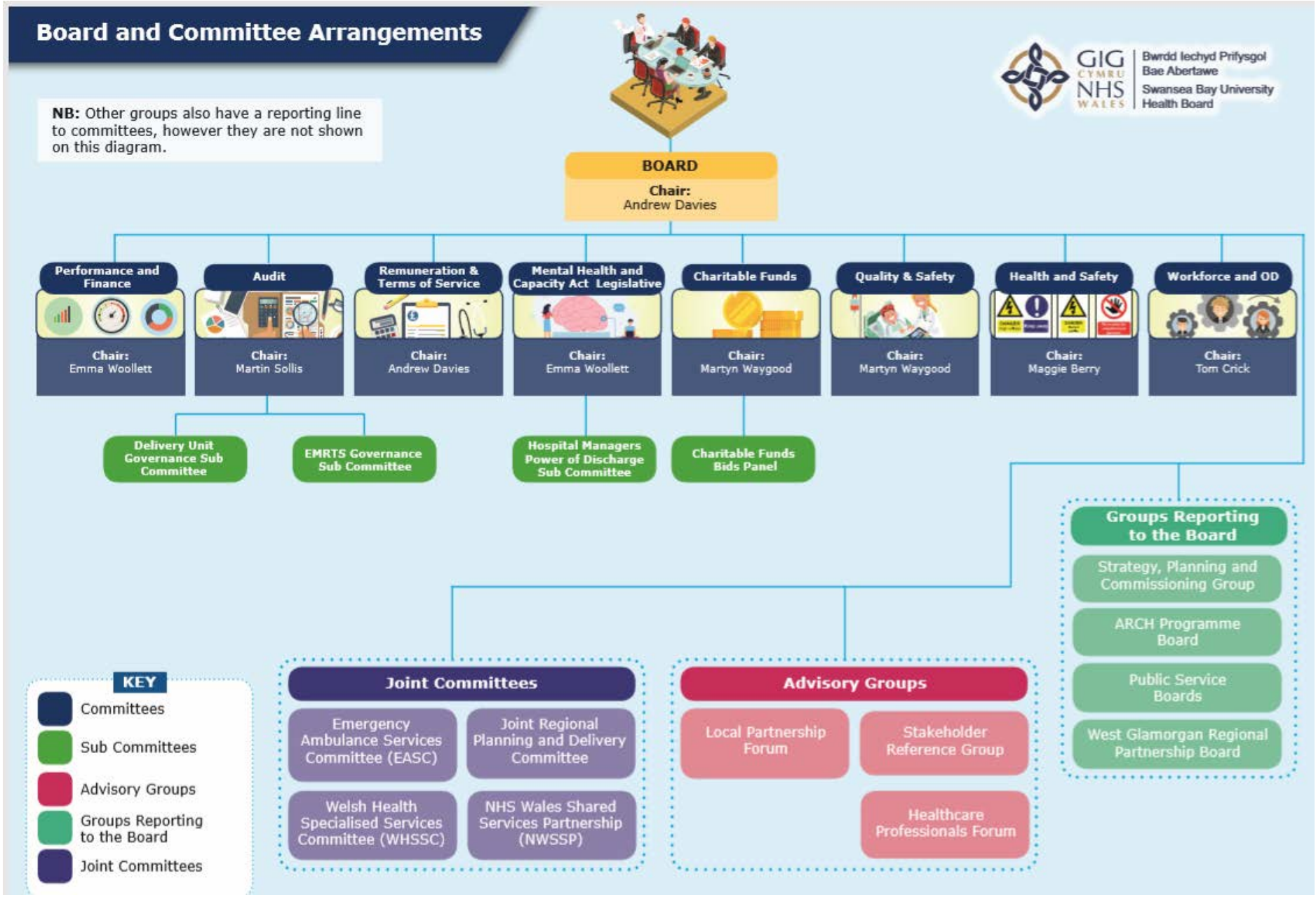
Framework (BAF) to be in place from 2019-2020;
- Overseen the local arrangements for Counter Fraud and received regular update reports on related activity, including investigations;
- Overseen on behalf of the Board, the refreshed Health Board Risk Register, and the strengthening of the risk management systems and related processes;
- Provided Audit Committee oversight and scrutiny to hosted bodies, the NHS Wales Delivery Unit and EMRTS;
- Overseen and recommended approval of the revised Scheme of Delegations aligned with the Standing Orders of the Board;
- Internal and external audit reports, including clinical audits, and tracking progress against internal and external audit recommendations, developing and strengthening related internal processes;
- Called and held the Executive Directors to account, where appropriate, in relation to internal and external audit activity.
- Considered the Head of Internal Audit Opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes;
- Discussed and approved for recommendation to the Board, the Health Board's audited financial statements and Auditor General's Opinion;
- Monitored the implementation of the recommendations as set out in the Governance Work Programme for 2018-2019 which included recommendations from the Financial Governance Review, Review of Serious Incidents and Structured Assessment;
- Continued to work with the Wales Audit Office (WAO) with regard to the work of external audit on the accuracy of the financial statements.

A list of key issues considered by the Board, the Audit Committee and Quality & Safety Committee during 2018-2019 is set out in **Appendix 4.**

The **Quality & Safety Committee** is the main assurance mechanism for reporting evidence based and timely advice to the Board to assist it in discharging its functions and meeting its responsibilities with regard to the quality and safety of healthcare. It is responsible for providing assurance to the Board in relation to the arrangements for safeguarding and improving the quality and safety of patient centred healthcare in accordance with its stated objectives and the requirements and standards determined for the NHS in Wales.

Each meeting begins with a patient story and a presentation on governance and performance management arrangements from a service delivery unit team. The committee receives reports from internal and external audit and Health Inspectorate Wales (HIW), each of these organisations has representatives who attend meetings of the committee. Where reports have identified concerns or deficiencies, action plans are produced to address the issues, progress upon which is reported through the Quality & Safety Committee. Following each meeting, a report on key issues is produced which is submitted to the bi-monthly meeting of the Health Board to keep it appraised of the topics that have been considered. The Quality & Safety Committee agenda papers are available following each meeting via our website.

Diagram 1 – Board and Committee Arrangement



3.6 Advisory Groups and Joint Committees

The Board also has three Advisory Groups and four joint committees. There are also a range of other boards and groups that report to the Board which include the Public Service Boards (PSBs), Regional Partnership Boards (RPBs) and ARCH, (A Regional Collaboration for Health) Programme Board). There is also a Chair's Advisory Group which supports the connection between the business of key committees and assurance reporting.

3.6.1 Advisory Groups

- **Stakeholder Reference Group (SRG)**

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

The SRG provides a forum to facilitate full engagement and active debate. Its membership includes representatives from specific groups of the community, such as children and young people, Lesbian, Gay, Bisexual, Transgender (LGBT), older people and Black, Asian and Minority Ethnic (BAME). Members also include statutory bodies such as the Police, Fire and Rescue Service and the Environment Agency. This group therefore has excellent links to the wider general public and each representative's role is to highlight the issues raised by their particular groups. The Chair of the SRG is an associate Board member. Reports on key issues considered at meetings of the SRG are provided to the Board on a regular basis and can be accessed via our key documents pages on our website.

- **Health Professionals Forum (HPF)**

Whilst the HPF's role is to provide a balanced, multidisciplinary professional advice to the Board on local strategy and delivery. This advisory fora did not meet during 2018-2019. The Health Board is currently reviewing these arrangements and during the year, established a Clinical Senate to provide co-ordinated clinical leadership across the organisation. Further work to confirm these arrangements is being taken forward during 2019-2020.

- **Local Partnership Forum (LPF)**

The LPF's role is to provide a formal mechanism whereby the Health Board, as the employer, and trade unions/professional bodies representing employees work together to improve health services. Key stakeholders engage with each other to inform debate and seek to agree local priorities on workforce and health service issues. The chairmanship of the LPF is alternated between management and staff side representatives. Key issues arising from meetings of the LPF are reported to the Board and can be accessed via our key documents pages on our website.

3.6.2 Joint Committees

The Board has four all-Wales 'joint committees' the outputs from which are reported to the Board:

- **Welsh Health Specialised Services Joint Committee (WHSSC)**
  The Welsh Health Specialised Services Committee (WHSSC) is responsible for the joint planning of Specialised and Tertiary Services on behalf of Local Health Boards in Wales. WHSSC was established in 2010 by the seven Local Health Boards in Wales to ensure that the population of Wales has fair and equitable access to the full range of specialised services. WHSSC is hosted by Cwm Taf University Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the joint committee's

discussion and decisions are regularly reported to the Board.

- **The Emergency Ambulance Services Joint Committee (EASC)**
  EASC is a joint committee of the seven local health boards, with three Welsh NHS Trusts as Associate Members, which was established in April 2014. EASC is responsible for the joint planning and commissioning of emergency ambulance services on an all Wales basis. EASC is hosted by Cwm Taf University Health Board (CTUHB). The Health Board is represented on the Committee by the Chief Executive and reports of the joint Committee's discussion and decisions are regularly reported to the Board

- **NHS Wales Shared Services Partnership Committee (NWSSP)**
  The NHS Wales Shared Services Partnership Committee (NWSSP), a partnership committee of the seven Local Health Board and three NHS Trusts in Wales was established in 2012. NWSSP is hosted by Velindre NHS Trust and is responsible for the exercise of the Shared Services functions across NHS Wales. The Health Board is represented on the Committee by the Director of Workforce and Organisational Development and reports of the joint committee's discussion and decisions are regularly reported to the Board.

- **Joint Regional Planning and Delivery Committee (JRPDC)**
  The Joint Regional Planning & Delivery Committee (JRPDC) was established to support and clarify clinical service decisions across the region, and is a joint Committee formed between Hywel Dda University Health Board (HDUHB) and ABMUUHB. The Committee has a key role to drive forward a range of projects that have been jointly identified as priorities for joint working to deliver Ministerial objectives, especially those relating to the NHS Outcomes Framework as well as alignment to the more strategic ARCH Programme Board, and that of the Service Transformation Programme. A further role for the JRPDC is to consider and prioritise the regional projects included within the agreed programme, approving Project Initiation Documents (PIDs) and Business Cases, and identifying and agreeing any further projects to be included in the work programme. The JRPDC will ensure projects deliver against their outcomes, timescales, quality measures and programme benefits, as identified in PIDs and or Business Cases.

3.6.3 Special Health Authority

- **Health Education and Improvement Wales (HEIW)**

Established on 1 October 2018, Health Education and Improvement Wales (HEIW) is a new Special Health Authority within NHS Wales. They sit alongside Health Boards and Trusts, and have a leading role in the education, training, development, and shaping of the healthcare workforce in Wales, in order to ensure high-quality care for the people of Wales. The Health Board has a key relationship with HEIW.

3.6.4 Partnership Working

The Health Board works in partnership with a number of organisations including local authorities, mainly through the Western Bay Regional Partnership Board, Swansea University, through the Collaboration Board, ARCH, the NHS Collaborative and the Acute Care Alliances. These arrangements continue to develop and mature. Areas of partnership working are reported directly to the Board.

The relationships and integrated services we have developed have enabled us to be successful in securing Regional Partnership Board (RPB) funding for a Transformation Fund Proposal; "Our Neighbourhood Approach". This is focused on enabling people and communities to become more self-supporting through a focus on maximising the assets we

have through a place based approach. This, along with the **Cwmtawe Cluster**[5], which is a test case for how the national primary care model can be implemented sets out our expected future direction for focusing on wellbeing and prevention, with care, when required, planned and delivered as far as possible through a cluster based model of care.

Our joint working arrangements for these partnerships have been strengthened in 2018-2019. The "Western Bay" arrangements have been reviewed to reflect the new planning arrangements to not include Bridgend from 1 April 2019, with a clearer set of strategic priorities to reflect Welsh Government's plan "A Healthier Wales: Our Plan for Health and Social Care', as well as simplified governance arrangements. Similarly, the Public Service Board priorities have been further refined and refocused to ensure we are delivering maximum value through these arrangements.

ARCH is a unique collaboration between three strategic partners; SBUHB, HDUHB and Swansea University. ARCH is a long term transformational collaboration that aims to improve the health, wealth and wellbeing of the South West Wales region.

It has an ambitious portfolio of regional work, delivered through four programmes of work as set out in the ARCH Portfolio Development Plan and underpinned the Welsh Government publication 'A Healthier Wales'. The ARCH Portfolio is a collaboration which brings together health and science to transform the NHS in South West Wales, train and develop the next generation of doctors, nurses, health workers, scientists, innovators and leaders; and, boost the local economy by encouraging investment and creating new jobs.

Through 2018-2019 we have continued to work in partnership with HDUHB and have developed a robust regional planning agenda together. Through the JRPDC we have developed a work programme to address both operational and longer term pressures across the region.

During 2018-2019 we established a **Regional and Specialised Services Provider Planning Partnership with Cardiff and Vale UHB.** Our two Health Boards have established this forum to progress improving service planning and delivery for those regional and specialised services for which we are the only providers in South Wales. We have established a set of principles which would determine which services should be considered on the basis of their sustainability; fragility; value and opportunity to bring care back to Wales. There is close engagement with WHSSC in this forum.

Bridgend Boundary Change

The Minister for Health and Social Services announced on 14 June 2018 that from 1 April 2019, the responsibility for commissioning healthcare services for the people in the Bridgend County Borough Council (Bridgend CBC) area would move from ABMUHB and CTUHB).

This local government boundary change meant that Bridgend CBC would be established within the south east Wales regional footprint for healthcare provision and social services

[5] The Cwmtawe Cluster is one of 5 clusters in Swansea, geographically covering the areas of Bonymaen, Clydach, Landore, Llansamlet, Morriston and Mynyddbach. A Cluster is a grouping of GPs working with other health and care professionals to plan and provide services locally.

complementing existing economic and education partnerships. As a result, the Bridgend CBC's partnership arrangements would become broadly comparable with all other local authority partnership arrangements in Wales.

The secondary impact of the boundary change was a name change for both organisations. From 1 April 2019, Abertawe Bro Morgannwg University Health Board became known as Swansea Bay University Health Board (SBUHB) and Cwm Taf University Health Board became known as Cwm Taf Morgannwg University Health Board (CTMUHB).

As agreed by both the Health Boards, a Joint Transition Board (JTB) was established as a sub-committee of each health board to oversee the implementation of the boundary change. The JTB met monthly during 2018-19 and received regular updates via the Transition Director on the programme of work from the Joint Transition Programme Group (JTPG). The programme of work has been taken forward by a number of work streams that report into the JTPG, each jointly chaired by representatives of ABM UHB and Cwm Taf UHB. The JTPG met monthly during 2018-2019.

In order to enact the decision by the Welsh Government to implement the boundary change there was a legal requirement to lay an Area Change Order before the National Assembly for Wales. The Area Change Order was laid on 25 February 2019 and a copy of the Order is available online:
The Local Health Boards (Area Change) (Wales) (Miscellaneous Amendments) Order 2019. A Transfer Order has also been completed that covers the transfer of property, staff, assets and liabilities has also been completed.

Colleagues across both organisations worked closely together, to identify all clinical services that fall within the scope of the transfer, working through every identified service, and both Health Boards have agreed the future service provider arrangements, the final clinical service listing was reported to the Health Boards in March 2019. For some services, a Service Level Agreement (SLA) has been put in place and ABMUHB will continue to provide services to the population of Bridgend on behalf of CTUHB and vice versa.

In practice, this was an administrative change and not a service change and thus patients should not notice any changes to their healthcare services. Services are not being lost or reduced, and how patients access services and receive their care remains the same from 1 April 2019. Patients will continue to travel to the same place as they do now to receive their care, there are no changes to patient flows or referral arrangements. Whilst health boards cannot guarantee that services will never change, if they do need to change an undertaken has been given to consult with Community Health Councils and local populations.

A workforce transfer process was agreed through both Health Board Partnership Committees and has informed and guided the decision making regarding all staff posts impacted by the change. The process of transferring identified services and the staff affected was led by the requirements under the TUPE (transfer of undertakings) as amended by the Collection Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014 and those laid out in the All Wales Organisational Change Policy (OCP).

A legacy statement has been to provide a comprehensive summary of work which identifies known quality and patient safety issues and good practice. The information within the statement has been used by CTUHB to ensure a smooth transition and mitigate risks to quality and patient safety.

A comprehensive handover statement has been developed following existing best practice

guidance. It includes an overarching summary of key information in relation to:

- How the Joint Transition Programme was established and managed
- Key decisions made in relation to staffing, finance and corporate governance issues
- Functions that have transferred and the governance framework in place for partnership working
- The resources, assets, functions and liabilities that will transfer to CT UHB; and
- Residual issues and opportunities that require further work beyond April 2019.

The JTB met for the last time on 23 April 2019 to draw the Joint Transition Programme to a close. A Memorandum of Understanding (MoU) has been completed, incorporating the principles that the JTB has used to work together to manage the transition and boundary change thus far. The aim of the MoU is to set out the agreement reached by the two organisations in relation to the future co-operation, sharing of sites, staff and other resources and the exchange of information.

It is intended to complement and not override any long-term agreements and service level agreements entered into by the two organisations. It reflects that both organisations agree to adhere to its principles and to show proper regard for each other's activities and responsibilities.

The key principles underpinning the service and financial basis for the transfer were agreed at the outset of the Transformation Programme and it is expected that the final detail of the changes to the financial allocation will be confirmed in May 2019.

4. ORGANISATIONAL STRUCTURE

In order to ensure that the values and behaviours drive a caring, supportive and ambitious culture within the organisation, the Board changed its operational management arrangements in 2015 and established six service delivery units. Each unit is led by a core 'triumvirate' which consists of the Service Director, Unit Medical Director and Unit Nurse Director. For 2018-2019 the delivery units were as follows:

- Neath Port Talbot (NPT) Hospital
- Mental Health & Learning Disability Services
- Morriston Hospital
- Princess of Wales (POW) Hospital
- Singleton Hospital
- Primary Care and Community Services

There are also corporate directorates (in terms of finance, governance, information management and technology, workforce and organisational development, nursing, medical, planning & performance) which play a central role in supporting the organisation as well as providing support to the delivery units. Like the delivery units, corporate directorates will also be subject to performance reviews providing scrutiny to ensure effective and efficient performance.

4.1 Executive Team Structure

During 2018-2019 there have been significant changes in the Executive Team with appointments being made to all the Executive Director vacancies.

As an organisation in 'Targeted Intervention' we are under significant pressure to improve our services, performance and financial management and stability. When an organisation is put into this high level of escalation by the Welsh Government, there are responsibilities on the Health Board, and on the Welsh Government, to do all that can be done to bring the organisation back into a sustainable position.

The Health Board made two interim appointments as part of the targeted intervention agreement with Welsh Government, namely; Director of Transformation and Chief of Staff.

4.2 Transformation Programme

As we move into a new phase of development with a clear vision and strategic direction for the organisation established, the way in which we organise ourselves to ensure effective delivery of quality and safety is critical. In 2019-2020, it is proposed that an overarching 'Transformation portfolio' is established to provide a clear home for all transformation work within the organisation and to move away from a number of disparate approaches. In this way, the Board will have a clear delivery mechanism that will oversee the delivery of both the Organisational Plan, Clinical Services Plan and other key priorities (such as embedding the new operating model).

5. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

Our systems of internal control are designed to understand and 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 this would have and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts

6. CAPACITY TO HANDLE RISK

We have continued to develop and embed our approach to risk management over the last year to ensure risk systems continue to be streamlined and inter-connected. The understanding of risks actively informs the Board's key priorities and actions and its overall approach to risk governance. We see active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business. This assists in ensuring high quality and safe health care is provided to local people, that we contribute to improving the health and well- being of our population and that a safe and supportive working environment is provided for our staff.

The Chief Executive has overall responsibility for the management of risk. The executive lead for risk management is the Director of Corporate Governance/Board Secretary who has undertaken this role in conjunction with the Director of Nursing & Patient Experience. Together they have ensured that arrangements are in place to effectively assess and manage risks across the organisation, including maintaining and co-ordinating a Health Board Risk Register and the corporate reporting of risks.

The Chief Executive Officer as the accountable officer delegates particular aspects of her role to Executive Directors. These arrangements are reflected in job descriptions and performance review mechanisms. The Chief Executive role is directly accountable to the Board, has overall responsibility and accountability for all aspects of the Risk Management Policy and delegates this responsibility to the senior managers of the Health Board, as detailed in the Risk Management Strategy.

During 2018-2019, the Health Board has refreshed its approach to the management of risk, established a risk management group, and agreed a new format Health Board Risk Register. The Health Board Risk Register was developed, following discussions with the Executive Team and the Board.

6.1 Risk and Control Framework

The risk management strategy sets out the structures and processes for the identification, evaluation and control of risk, as well as the system of internal control. Delivery of the strategy is overseen by the Audit Committee with individual officers having specific delegated responsibilities.

We are committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage escalate and report risks and further work continues to embed

good risk management throughout the organisation. This work is being informed by best practice examples and through advice from Internal Auditors, Wales Audit Office and Welsh Government's Delivery Unit.

The delivery of healthcare services carries inherent risk and our risk profile is continually changing. The key risks that emerge which can impact upon our achievement of objectives is documented within the Health Board's Risk Register which is updated quarterly and reported to the Audit Committee and Board and feeds into our Annual Plan.

Risk Registers are used to identify and manage significant risks within an organisation. In addition internal and external reports/reviews are used to inform the framework and register, in terms of new risks or amendments to existing risks.

In acknowledging that effective risk management is integral to the successful delivery of its services, we have systems and processes in place which identifies and assesses risks, decides on appropriate management and then provides assurance on the effectiveness of their management. The implications of risks taken in pursuit of improved outcomes, in addition to the potential impact of risk-taking on and by its local communities, partner organisations and other stakeholders, is understood by the Board.

The Health Board Risk Register was most recently received at the March 2019 meeting of the Health Board. As a Health Board we recognise that work is required on strengthening the processes and systems of risk management. This has been highlighted through the internal governance stocktake and the Wales Audit Office (WAO) Structured Assessment. In 2018-2019 an internal audit review on Risk Management and Assurance (ABM-1819-003) found that the level of assurance given to the effectiveness of the system of internal control in place to manage risks was Reasonable (Yellow).

In enacting the risk appetite of the organisation which is set out in the ABMU Risk Management Strategy (page 41), the Board has given consideration to its principle objectives, both strategic and operational, and identified the principal risks that may threaten the achievement of those objectives. In doing so, the Board is aware that the process involves managing potential principal risks and not merely being reactive in the event of any risk exposure. It acknowledges that the modernisation of delivery of healthcare services cannot be achieved without risks being taken, the subsequent consequences of taking those risks and mitigating actions to manage any such risks.

In terms of the Health Boards risk profiling, Table 1 below sets out the Health Board risks by risk rating.

The risk management arrangements enable the principal risks to be identified whilst also ensuring that these risks are not considered in isolation as they are derived from the prioritisation of all risks flowing through the organisation. Effective risk management is integral in enabling us to achieve our objectives, both strategic and operational in delivering safe, high quality services and patient care.

We manage risk within a framework that devolves responsibility and accountability throughout the organisation. Each Executive Director is responsible for managing risk within their area of

responsibility and they ensure that there:

- are clear responsibilities for clinical, corporate and operational governance and risk management;
- is appropriate training for staff in risk assessment and risk management;
- mechanisms in place for identifying and managing significant risks through regular, timely and accurate reports to the executive team, relevant Board committees and the Board itself;
- are systems in place to learn lessons from any incidents or untoward occurrences and that corrective action is taken where required;
- are processes which allow details of the key risks to be reported to the Board;
- there is compliance with ABMU policies, legislation and regulations and professional standards for their functions.

Executive Directors consider, evaluate and address risk and actively engage with and report such matters to the Board and its committees. The Service Directors, Director of Nursing & Patient Experience and the Medical Director have devolved responsibilities for risk. Together, they ensure that robust systems are in place for risk management. In addition, the Director of Nursing & Patient Experience has specific responsibility for progressing compliance with the Health and Care Standards framework as specific strategic responsibility for key areas of patient safety. The Director of Finance also has specific responsibility for financial risk management and for providing regular, timely and accurate financial reporting to the Board in-line with requirements and professional standards.

Table 1 - HEALTH BOARD RISK REGISTER DASHBOARD OF ASSESSED RISKS – MARCH 2019

Impact/Consequences						
	5		**42:** Sustainable Services £20m Financial Control	**15:** Population Health Improvement	**56**: Capacity of Workforce function	
	4				• **1**: Tier 1 Unscheduled Care Targets • **3:** Recruitment of Medical and Dental Staff • **49:** TAVI Service • **11:** Healthcare model for aging population • **16:** Referral to treatment times • **50**: Cancer Target Compliance • **51:** Compliance with Nurse Staffing Levels (Wales) Act 2016 • **43:** DOLS Authorisation and Compliance with Legislation • **44**: Emergency Department Information Systems • **48:** Child & Adolescence Mental Health Services • **52**: Engagement & Impact Assessment Requirements • **37**: Operational and strategic decisions are not data informed • **17:** Replacement of medical equipment	• **54:** No Deal Brexit • **45**: Discharge information • **27:** Digital Transformation • **36:** Electronic Patient Record
	3			**55:** Bridgend Boundary Change	• **13**: Accommodation fit for purpose • **39**: IMTP	• **4:** Infection Control • **41:** Fire Safety Regulation Compliance • **53:** Welsh Language Standards
	2					
	1					
C X L		**1**	**2**	**3**	**4**	**5**
		Likelihood				

Service directors are responsible for the management of risk within their Units and must ensure that they have effective arrangements to carry this out. Any risks outside their control are communicated to the Chief Operating Officer with professional issues being relayed to the relevant executive lead e.g. Medical Director and Director of Nursing & Patient Experience.

Delivery Units have undertaken a self-assessment against the *Health and Care Standards* which has subsequently been reviewed and agreed by the Executive Team. There is more about the outcome of this process in Section 8.2.

Finally, each unit has attended an end-of-year Performance Review with the Executive Team to discuss performance and governance arrangements. Each unit is developing structures to ensure the appropriate management of risk has been confirmed within their mid-year and end-of-year performance reviews.

The Board recognises that there is risk associated with every decision it takes and within any proposed change in service. Therefore, the Board is keen to engage and consult with staff, the public and stakeholders to identify areas of concern and solutions. Working with partner organisations is critical to successful integrated working and delivering services with partners can bring significant benefits and innovation.

6.2 Top Health Board Risks

In 2018-2019, the Health Board Risk Register (HBRR) was significantly reviewed and a new format agreed. As of 31st March 2019 there were 26 risks on the Health Board Risk Register ranging from 12 to 20 which are categorised by rating against each of the Health Board's enabling objectives. In terms of the highest risks these are set out below:

- **Capacity within WODS (56)-** Insufficient capacity of Workforce and OD Function within ABMU to support and deliver the strategic and operational workforce agenda, plans and priorities of the Health Board.
- **Sustained Clinical Services (27)** - Inability to deliver sustainable clinical services due to lack of digital transformation.
- **Storage of Paper Records (36)** - Failure to provide adequate storage facilities for paper records then this will impact on the availability of patient records at the point of care.
- **Discharge Information (45)** - If patients are discharged from hospital without the necessary discharge information this may have an impact on their care
- **Brexit (54)** - Failure to maintain services as a result of the potential no deal Brexit

6.3 Managing Risk

In 2018-2019 the Health Board managed the impact of a number of risks, including:

6.3.1 Delivery of the financial deficit target

The Health Board managed a number of financial risks in 2018-2019, including medical, dental and registered nurse staffing pressures, supporting performance delivery and improvements, and challenges around savings delivery. Subject to audit, the Health Board met its financial control total of a deficit of £10m. This was supported by £10m of additional Welsh Government funding, in recognition of the positive progress made by the Health Board in a number of areas, including strengthening clinical leadership, a focus on primary care and cluster models, development of clear strategic plans, as well as an increased grip on finance and performance. In terms of risk management, the Health Board recognises that an element of the 2018-2019 financial improvement has been delivered non-recurrently, through one-off

technical opportunities and investment slippage, and that a transformational approach is required to support sustainable financial balance.

This financial performance was in line the annual plan forecast.

6.3.2 Nursing Staffing Act Levels (Wales) Act 2016

The Nurse Staffing Levels (Wales) Act 2016 became law in March 2016, with a phased commencement. The Act requires health service bodies to make provision for appropriate nurse staffing levels, and ensure that they are providing sufficient nurses to allow the nurses' time to care for patients sensitively.

During 2018-2019, the Health Board agreed the plans for the implementation of the statutory requirements of the Nurse Staffing Levels (Wales) Act 2016 and identified that there was a need to change the funded establishments of registered and non-registered nurses across the 39 wards that fell within the remit of the Nurse Staffing Levels (Wales) Act 2016. The Health Board agreed to fund by way of a phased risk assessed implementation plan. This phased implementation increased investment in nursing by £2.4m for Phase 1 and a further £1.5m for Phase 2 in April 2019 making us fully compliant with the financial/funding element of the Act. An increase in funded establishments will also significantly increase our vacancy levels. The recruitment and retention of staff is seen as a high priority and a number of work streams reporting through the Nurse Staffing Act steering group are focusing on these issues.

6.3.3 Brexit Preparedness

As part of the national preparedness for Brexit following the EU referendum, the NHS in Wales has been working to ensure adequate preparations in the event of a 'no deal' Brexit. The Health Board established a task and finish group to lead all business continuity, emergency preparedness and risk management of any potential fallout of Brexit that would impact upon staffing, services or supplies.

We identified the most significant risks to the health board and our associated services such as health and social care, ambulance and third sector provision. However, much of this operates on an NHS Wales level, and we have and will continue to work closely with our colleagues in Welsh Government and across the health and social care sector in Wales.

We are closely monitoring the situation and have a robust business continuity plan in place that reflects actions taking place at an all-Wales level, supplemented with local actions. As part of this, all clinical and service areas are required to consider and make plans to mitigate the risks that could impact on service delivery in the event of a no-deal Brexit.

We are continually reviewing our own business continuity plans and engaging with local and regional partners across the health and social care sector to review all identified potential risks and arrangements.

The UK was due to leave the European Union on 29th March 2019, but this has been delayed until 31 October 2019, however the UK could leave earlier if a withdrawal agreement is ratified by MPs. As at end of March 2019 there is no firm Brexit agreement, and there is a potential for the UK to leave the EU without any deal in place.

There is an obligation to maintain critical services and business as usual in an emergency and this includes Brexit Consequently there is the potential for disruption in commercial and public

services and therefore supplies, services, transport, fuel, border issues, EU national issues, immigration, critical infrastructure, energy and command resilience

The NHS has been working with suppliers to ensure there is a continuous supply of consumables and medicines according to national guidance:

- Medicine supplies to ensure there are sufficient medicines available to continue to treat patients.
- Workforce to ensure there are support packages for staff and managers in aiding EU national staff to progress with the EU settlement scheme.
- Procurement of medical consumables and devises to ensure a continuous supply and the Department of Health will be managing some suppliers nationally to ensure continuity and routes of delivery.

Our focus is on maintaining safe, high-quality health and social care for patients and staff.

6.3.4 Health and Safety

During the year, the Health Board agreed that further assurance was required in relation to compliance with the Health and Safety at Work Act. The Board therefore agreed to establish a Health and Safety (H&S) Committee to strengthen the existing arrangements.

In 2018-2019 a Health & Safety Executive (HSE) improvement notice was issued for the management of electrical safety with air mattress leads. This was an ABMUHB wide notice with compliance date due end of March 2019. The Health Board responded to the HSE at the end of March setting out all of the work completed in respect of the notice and the changes made to operational arrangements to address the recommendations within the notice. The HSE may re-inspect post April 2019 and consider CTUHB in this follow up. The Head of Operational Health Safety and Fire (CTUHB) has been briefed by Head of Health and Safety (ABMUHB).

In November 2018 the HSE undertook inspection visits of ABMUHB's sites and found examples of good practice and met some very committed and enthusiastic individuals who were making a real difference in their immediate workplaces.

The HSE advised the Health Board that in order to raise standards of health and safety management across the organisation it was recommended that the Health Board find ways to identify, recognise and communicate good practice.

Following the review and the inspection visits contraventions of health and safety law were identified by the HSE and the Health Board was subsequently issued with nine improvement notices concerning the management of violence and aggression, management of manual handling and the process for reporting incidents and sharing lessons learned, outlined below:

- AMO1 – Violence & Aggression at the Emergency Department (ED) Morriston Hospital
- AMO2 - Violence & Aggression, Portering Staff at Morriston Hospital
- AMO3 – Manual Handling, Emergency Department (ED), Morriston Hospital
- AM04 - Manual Handling, Portering Staff, Morriston Hospital
- AMO5 - Reporting and investigating health & safety incidents
- JVH1 - Violence & Aggression at Singleton Assessment Unit (SAU), Singleton Hospital

- JVH2 - Violence & Aggression, Portering Staff, Singleton Hospital
- JVH3 -Manual Handling, Theatre Department, Singleton Hospital
- JVH4 - Manual Handling, Portering Staff, Singleton Hospital

The Health Board has been proactive in addressing the issues raised and is working with the HSE and trade unions to address and improve the issues raised to ensure that all aspects of the enforcement notices are appropriately addressed by the September 2019 deadline. A task and finish group has been established to develop, oversee and implement the plan to address all of the points set out in the HSE letter and Notices. The Health Board Health and Safety Committee has been monitoring progress and delivery of the actions in the Health and Safety Notices, the Health Board has plans in place to address these notices.

The South Wales Fire & Rescue Service (SWFRS) issued a Fire safety notice for Theatres in the Princess of Wales (POW) Hospital. ABMUHB provided a full response to address the actions required within the notice and shared the response with CTUHB. At the point of handover, only two actions remained outstanding. One was in respect of training which was scheduled for 29 April 2019 and the other was in respect of a survey test the compliance of fire dampers in the theatre ducts. ABMUHB and CTUHB colleagues met in early April and agreed that the actions were in place. A draft damper survey has been received and both Health Boards agreed that it required further enhancement before being fit for purpose. ABMUHB, as the commissioner of the survey agreed to refine the commission and will hand over the final report when received. The fire brigade has since closed the notice on ABMUHB and issued it to CTMUHB as a new body with a date for completion of December 2019.

The Head of Operational Health Safety and Fire CTUHB has been briefed by Head of Health and Safety ABMUHB on this and CTUHB will take over responsibility for resolution as part of the Bridgend transfer.

6.3.5 Infection Prevention and Control

The Health Board are under targeted intervention for the Tier 1 Health Care Associates Infections (HCAIs) *Clostridium difficile (C.Diff)*, *E. coli* bacteraemia and *Staph. aureus* bacteraemia. The Health Board has been unable to achieve the required reductions in these three areas. However, significant improvements have been made in each of these areas with the greatest improvement in a reduction in *C.Diff* of 40% in the second half of the year compared to the first half (112 cases April – September 2018, 67 cases October – March 2019).

Reductions were as a result of a number of key improvements such as the implementation of Antimicrobial Guidelines and a revised cleaning programme for clinical areas. Key risks remains around a lack of facilities to decant ward areas to conduct thorough environmental decontamination, variations in environmental decontamination, insufficient isolation facilities, in particular negative pressure rooms and insufficient cleaning hours to achieve the National Occupations Standards of cleaning with insufficient environmental cleaning audits being undertaken.

The Health Board are in a strong position to maintain the current rates of the Tier 1 HCAIs however further focused work will be on environmental decontamination and infection control needs to be considered for all refurbishment and new works to ensure our hospitals provide suitable facilities for infection control.

6.3.6 Transcatheter Aortic Valve Insertion (TAVI)

In 2017 the Health Board became aware of prolonged waiting times for Transcatheter Aortic Valve Insertion (TAVI). Following an internal review of the service, the Health Board commissioned external advice from the Royal College of Physicians. An action plan was developed and throughout 2017-2018 the actions were implemented, and agreement from WHSSC was secured to increase the resource for the service. This has resulted in a reduction in waiting times and funding that makes the service sustainable.

7 INTEGRATED MEDIUM TERM PLAN (IMTP) / ANNUAL PLAN

The Health Board was unable to submit an Integrated Medium Term Plan (IMTP) to the Board or Welsh Government for 2018-2019 as the Board needed to develop an Organisational Strategy, and needed to improve further in the key targeted intervention priorities and to develop a balanced financial plan. The Health Board approved an Annual Plan for submission to Welsh Government, which focused on improvement in our six key Targeted Intervention priority areas, including finance. This was well-received by Welsh Government, although in 2018-2019 WG did not, as a principle, approve Annual Plans.

During 2018-2019 the Health Board has developed an Organisational Strategy which was approved by the Board in November 2018, and our five-year Clinical Services Plan which was approved in January 2019. These were key recommendations of the Deloitte governance review and are now complete.

The Health Board undertook planning on a three-year basis for the IMTP 2019-22 but was unable to submit an approvable IMTP due to complexities around the workforce and finance implications of the Bridgend transfer. The Health Board submitted an Annual Plan for 2019-2020 to the Board at the end of January 2019 which was approved for submission to Welsh Government. Welsh Government received it as a draft pending the resolution of the Bridgend issues and the final Plan will be submitted with a revised finance chapter when these are resolved. The Health Board has received good feedback on the document and the performance trajectories were agreed without amendment. The range of issues under discussion with Welsh Government have narrowed considerably with finance being the final challenge, although the Health Board will also need to improve performance in unscheduled care and maintain the improvements in RTT performance.

Building on these foundations, the Health Board intends to develop an approvable IMTP to present to the Board for approval to submit to Welsh Government as a final draft in September 2019. Based on Welsh Government advice this will allow sufficient time to work with Welsh Government to ensure a final approvable Plan can be submitted in early December (which is the likely national deadline for submission of IMTPs).

The IMTP 2020-2023 will be the delivery plan for the first three years of the Organisational Strategy and Clinical Services Plan.

A report on the delivery of the Annual Plan is presented to the Board on a quarterly basis and submitted to Welsh Government after each meeting. The latest report is for Q3 2018-2019 (the end of year report will be presented to the Board in May 2019). The report is in the public domain here. It shows that there is good progress with delivering the five targeted intervention

priority Service Improvement Plans in the Annual Plan 2018-2019, with very few off-track actions. The delivery of our plans is underpinning good progress in delivering our Corporate Objectives, particularly around promoting and enabling healthier communities. However at the end of Quarter 3 we were off-track with achieving a number of our key objectives for delivering improved patient access and effective governance and partnerships and the mitigating actions are detailed in the report.

For the reasons outlined above, the Health Board was not able to submit an IMTP for 2018-2019 to 2020-2021 to the Board or to Welsh Government and an Annual Plan was submitted.

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

- S175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years;
- S175 (2A) and the Directions issued by the Welsh Ministers under section 175(2) to prepare a plan which sets out its strategy for securing compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

For the period 2018-2019, subject to audit, ABMUHB met its financial duty to break-even against its Capital Resource Limit over three years however, failure to achieve financial balance, that is to manage aggregate expenditure within aggregate revenue resource allocations over the first rolling 3 year assessment has resulted in the Health Board failing to meet the first financial duty.

The Health Board has not met its statutory duty to prepare and submit an IMTP that is approved by Welsh Ministers for the financial year 2019-2020, as required by the National Health Service Finance (Wales) Act 2014.

	Year 1 2016/17 £000	**Year 2 2017/18 £000**	**Year 3 2018-2019 £000**		**Total £000**
Revenue Resource Funding	1,060,938	1,096,250	1,133,300		3,290,488
Total Operating Expenses	1,100,254	1,128,667	1,143,179		3,372,100
Under/(Over) spend against Allocation	**(39,316)**	**(32,417)**	**(9,879)**		**(81,612)**
As a % of Target	**3.71%**	**2.95%**	**0.87%**		**2.48%**

Development of the Annual Plan 2018-2019
The Board agreed that a further Annual Plan for 2018-2019 would be developed as our systems are currently unsustainable due to the scale of our financial and workforce challenges. These are primarily due to; demographic changes and health inequalities in the population we serve; a model of care which is overly weighted towards inpatient services and an imbalance in demand and capacity, leading to significant performance, workforce and financial challenges.

The overarching aim of our Annual Plan for 2018-2019 is to improve our Targeted Intervention monitoring status and to provide the foundation for a sustainable health and care system. We will do this by delivering our Corporate Objectives which were developed and agreed in 2017 and our focus is on strategic development, improving quality and safety, improving efficiency and delivering improved performance through an integrated service, workforce and financial plan which is assured through the delivery mechanism of our Recovery and Sustainability Programme. Our Plan sets out clear, timely, deliverable actions, using the Wellbeing Future Generations Act Five Ways of Working, through five specific Service Improvement Plans for our Targeted Intervention Priority Areas (Unscheduled Care, Stroke, Planned Care, Cancer and Healthcare Acquired Infections). These also include clear financial, workforce and infrastructure enablers.

Section 2.2 of this Annual Governance Statement provides and update on the targeted intervention status and explains that the Board agreed that an Annual Plan would be developed for 2018-2019 as our system is currently unsustainable due to the scale of our financial and workforce challenges.

8 MANDATORY DISCLOSURES

8.1 Corporate Governance Code – for central Government departments

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

An assessment of compliance with the *Corporate Governance Code* is informed by:

- The review of Board effectiveness, taking account of Unit based self-assessments against the Health and Care Standards*;*
- The outcome of the *Structured Assessment* by Wales Audit Office;

An internal audit of the Health Board's compliance against the Corporate Governance Code was undertaken during 2018-2019. The overall objective of this audit is to review the conformance of Board and Committee arrangements with relevant principles of HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice 2016. The Board can take **substantial assurance** in terms of the compliance with the code.

Any breaches in Standing Orders are reported to the Audit Committee. During 2018 all NHS organisations in Wales agreed to the implementation of a Procurement Compliance (No purchase order (PO) /No Pay) Policy. From a procurement perspective, the raising of purchase orders should only take place when a procurement process has been followed which is compliant with Standing Financial Instructions (SFIs). The initial success of the Procurement Compliance (No PO/No Pay) Policy in improving governance through identifying non-compliant purchasing but has also demonstrated the fact that the All-Wales purchase to pay (P2P) Group did not consider the need to comply with SFIs in placing purchase orders in areas where they did not previously exist.

Therefore to minimise the risk the following actions were supported by the Audit Committee:

- The procurement function to raise purchase orders in the short term, where the procurement requirements under SFI's have not been met in order to comply with the All-Wales Purchase Order Compliance Policy and to minimise the risk of service disruption through non payment of invoices on hold where a purchase order is not in place.

- An Assistant Director of Finance be given authority to authorise payment of invoices on hold without a purchase order in exceptional circumstances where there is a risk to service delivery.

- A letter is sent to all budget holders reminding them of the requirements to comply with the All Wales Purchase Order Compliance Policy and the procurement regulations as detailed in SFI's.

Section 6 of this Annual Governance Statement provides the Health Board's position in relation to the two financial duties under section 175 of the National Health Service (Wales) Act. For the period 2018-2019, the Health Board did not meet the two financial duties and therefore this has resulted in a breach of the Health Board Standing Orders and Standing Financial Instructions. During 2018-2019, the Board has been fully engaged in the development and monitoring of the annual plan through meetings of the Performance and Finance Committee and the Board.

8.2 Health and Care Standards

The current standards came into effect as of April 2015, incorporating the *Standards for Health Services in Wales (2010)*' and the '*Fundamentals of Care Standards (2003)*'. The Welsh Government's Health and Care standards[6] place the person at the centre and emphasise the importance of strong leadership, governance and accountability and form the Welsh Government's common framework of standards to support the NHS and partner organisations in providing effective, timely and quality services across all healthcare settings.

The organisation uses the Health and Care Standards as part of its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self-assessment of performance against the standards across all activities and at all levels throughout the organisation.

Service directors, unit medical directors and unit nurse directors are collectively responsible for ensuring that the Health and Care Standards are embedded across their particular service delivery unit and they self-assess against each of these including the Governance, Leadership and Accountability standard to ensure there is effective scrutiny.

Following completion of last year's annual self-assessment an agreement was made that the previous quarterly scrutiny panels would be stood down. This was on the basis that performance reviews with delivery units would feature progress against the standards. Also it was agreed that to further support embedding of the standards within the health board key committees would be delegated responsibility for improving and monitoring the relevant standards.

The quarterly delivery unit performance reviews and integrated performance reports are structured around each of the health and care standards domains which has enabled each executive lead to monitor, identify and share good practice and provide proactive support throughout the year to the service delivery unit teams for each of their health and care standard areas of lead responsibility.

[6] Welsh Government's Health and Care Standards, April 2015
http://www.wales.nhs.uk/sitesplus/documents/1064/24729_Health%20Standards%20Framework_2015_E1.pdf

The links to the Health and Care Standards are also detailed on each report to the Board and Committees. Furthermore, the board risk management framework has also been reviewed and all corporate, executive and service delivery units risk registers are aligned with the health and care standards.

The Health Board has taken steps during the year to improve the governance arrangements of the Board and Committees and as part of strengthening these arrangements, agreed to undertaken an effectiveness survey to inform the end of year position and identify areas of improvement for 2019-2020.

At the Board Development Session on 25 April 2019, the Board reviewed the assessment against the Health and Care Standards. It was agreed that the process for the review of these standards should be reviewed and that an improved process to be in place for 2019-2020 to allow the Board to receive assurance on the embedding of the Health and Care Standards. This has been identified as a governance priority for 2019-2020.

In 2017-2018 the Health Board undertook the assessment against the Health and Care Standards Governance and Accountability Module and agreed areas of priority for inclusion in the Governance Work Programme for 2018-2019. The Board also agreed to take a more robust approach in terms of the assessment of the governance arrangements in 2018-2019 and this was undertaken through the board effectiveness self-assessment and the 'governance maturity matrix'

Each Member of the Board has been invited to complete the on-line survey and complete the governance maturity matrix to identify areas of improvement for the forthcoming year. The self-assessment provides an important tool to draw together the sources of assurance received throughout the year into one overarching organisational level view.

The priorities for 2019-2020 will be incorporated into the Governance Work Programme and progress will be monitored by the Audit Committee.

Governance Priorities for 2019-2020

- Quality Governance arrangements including role and accountabilities of supporting structures
- Implementation of a Board Assurance Framework
- Further development of Risk Management arrangements
- Governance Framework between Corporate and Delivery Units as part of the operating model including legislative compliance framework
- Further strengthening of the role of committees including reviewing the size, quality of board papers as well as financial consequences of all Board and Committee papers
- Review and refresh the assessment process in terms of compliance and reporting against the Health and Care Standards

This was the first year of using the maturity matrix, so it is recognised that there may be a requirement to modify this approach in future years, it should be helpful however, in identifying areas for improvement and development for 2019-2020.

In reviewing governance arrangements as outlined earlier in this statement and taking into account its assessment against the criteria for Governance, Leadership and Accountability Standard, the Board is clear that it is operating in accordance with the Corporate Governance Code for central government departments: Code of Good Practice 2017[7] and that there have been no departures from the Code.

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

8.3 Equality, Diversity and Human Rights

The Health Board is committed to treating everyone fairly. We will not tolerate discrimination on the grounds of age, disability, gender identity, marriage or civil partnership status, pregnancy or maternity, race or nationality, religion or belief, sex or sexual orientation.

Our equality objectives support us with delivering this commitment. These objectives are published within our Strategic Equality Plan 2017-2020[8]. Our Plan identifies the actions that will drive forward progress towards achieving each of the equality objectives.

We report annually on progress towards fulfilling each of these objectives. Assurance is provided to the Board through the Workforce and Organisational Development Committee.

Examples of key highlights for 2018-2019 include:

- Moving up four places in **Stonewall's Workplace Equality Index** from a ranking of 154 in 2018 to 150 in 2019. Key highlights for ABMU's LGBT+ Network, **Calon,** include:
    - **Joining the Spring Pride celebrations** on the parade through Swansea city centre to show support for LGBT+ communities and community engagement at the National Waterfront Museum.
    - **Awareness raising events** for staff, including sharing personal stories events where Calon Members talked about coming out and Allies talked about why Allies are important to LGBT+ staff.
    - **Collaboration** with other LGBT network groups in NHS Wales at Pride Cymru 2018 joining colleagues on the march and supporting the stall.

- Being the first Health Board in Wales to set up a **Women's Staff Network** in October 2018 led by a junior doctor. This followed a special ABMU **leadership skills event** on 19 April 2018 at Morriston Hospital aimed at offering women in healthcare practical advice on improving clinical leadership skills. As part of the Staff Network, we started

[7]Corporate Governance in Central Government Departments: A Code of Good Practice, 2017, HM Treasury/Cabinet Office https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017

[8] ABMUHB Strategic Equality Plan 2017-2020 www.wales.nhs.uk/sitesplus/863/page/59057

a cross-disciplinary pilot **mentoring scheme** for women within the Health Board in March 2019.

- **Promotion of NHS careers / apprenticeships** at diversity events, including Swansea Bay Job Centre and Welsh Refugee Council's first ever BAME event held in Swansea YMCA on 13 February 2019.

- Launch of **Project SEARCH** with Bridgend College and Elite Supported Employment Agency on 13 September 2018. This enabled nine young people with additional learning needs and disabilities to secure a supported internship at the Princess of Wales Hospital. The interns completed their first ten week placement, which has been a positive experience. The departments involved are supporting the interns to apply for vacancies. Elite Training Agency is also supporting interns to look for alternative vacancies in the wider local community.

- Supporting the implementation of the **All Wales Standards for Communication and Information for People with Sensory Loss** across the Health Board through joint working with our multi-agency group.

- Huge support for our **2018 World Mental Health Day event** in Swansea's Grand Theatre attended by more than 300 people. The theme of the event was young people and mental health in a changing world. 45 stallholders from a variety of organisations and speakers from across the Health Board and Swansea University raised awareness of the advice and support available to our youth and young adults if they are finding it difficult to cope. They addressed themes such as the eating disorders service, substance abuse and cyber bullying.

Looking forward to the next year, we will be engaging and consulting on what our equality objectives for 2020 – 2024 should be.

8.4 NHS Pension Scheme

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

8.5 Emergency Preparedness / Civil Contingencies / Disaster Recovery/ Environmental Management

ABMUHB must be capable of responding to incidents of any scale, in a way that delivers optimum care and assistance to those affected, minimises the disruption to business and brings about a timely return to 'business as usual'.

The Civil Contingencies Act, (2004) requires NHS organisations to show that they can deal with such incidents while maintain services. The Health Board is a Category 1 responder under the Civil Contingencies Act, 2004 and is accountable for six civil protection duties, including risk assessment and emergency planning.

There is a specific Emergency Preparedness, Resilience and Response (EPRR) risk register, aligned with national and community risk registers which is managed via the Health Board risk management processes and it is reviewed quarterly. The risk register includes the necessary risk scoring and mitigations to either treat or tolerate the risks identified. This includes emergency preparedness measures through an integrated emergency planning system. There are two corporate EPRR related risks; a risk of a major incident and a risk of a business continuity incident. All EPRR related work is overseen by the Health Board EPRR Strategy Group. This group includes representation from each Service Delivery Unit, 'cross cutting' service and Corporate services. The six civil protection duties are the foundation for the Health Board EPRR Work Programme and emergency planning arrangements, and consequently there are a range of emergency response plans in place in accordance to the mitigation requirements for the associated high risks; including major incident procedures and business continuity response procedure to ensure the Health Board can respond to, and recover from a range of emergencies at an operational, tactical and strategic level.

To support the Health Board EPRR agenda, there is full engagement with the Local Resilience Forum and local multi-agency category 1 and 2 responders and there is attendance at appropriate groups at a local and national level. In addition the Health Board is represented at the Wales Counter Terrorism Prepare Delivery Group in order that there is preparedness in terms of the threats as well as the identified hazards.

The Health Board is updated annually in terms of EPRR preparedness; noting the progress as well as challenges that exist with regard to resilience. The Executive Team is updated on EPRR related matters quarterly and sooner if there is a requirement to do so.

8.6 Environment, Sustainability & Carbon Reduction

The Health Board has once again retained ISO 14001 accreditation for its environmental management systems. This year it transitioned across to the updated 2015 standard. Our Environmental Committee is chaired by the Chairman of ABMUHB and attended by the Director of Strategy, along with representatives from each of the Service Units. This is part of ABMUHB's long-term carbon reduction strategy which aligns with the objectives determined by the Environmental (Wales) Act 2016 and the Well-being of Future Generations (Wales) Act 2015. We have seen the growth of recycling and recovery rates for the Health Board.

Over the last 12 months our acute hospital sites (Morriston Hospital, Singleton Hospital, Princess of Wales Hospital & Neath Port Talbot Hospital) have achieved an increase in mixed recycling once again, with more than a 53%* percent rise during 2018–2019. This has seen an additional 130 tonnes of waste being recycled compared to the previous year. In addition, we have reduced generation of black bag non-recyclable waste by 12%*, with a 203 tonnes reduction in black bag production compared to the previous year.

**Please note these figures are based on year to date analysis and will change as all figures for 2018-2019 are not available at the time of reporting.*

The Health Board is working with Refit Cymru – a Government initiative set up to support the public sector in the development of energy-saving schemes. Over the last year the

Health Board has been developing its specification and in 2018 over 10 companies responded to its invitation to tender. The Health Board has subsequently appointed Vital Environmental as its preferred partner and is currently developing a business grade proposal for downstream energy schemes. The Health Board is developing a vital bid of around £10 million for energy initiatives, with strict criteria on carbon reduction being part of the funding requirements of Welsh Government. ABMUHB are the first Health Board in Wales to enter into to such an agreement with Refit Cymru. These plans address scope 1[9] and 2[10] of the greenhouse gas protocol (as set by the World Resources Institute and World Business Council on Sustainable Development).

ABMUHB is required to publish an annual Sustainability report which includes data in relation to key sustainability metrics including utilities consumption, waste production and environmental management. The Sustainability Report for 2018-2019 can be accessed on our website.

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

8.7 Data Security

Information Governance (IG) is robustly managed within ABMUHB. The framework includes the following:

- An Information Governance Board (IGB) whose role it is to support and drive the broad IG agenda and provide the Health Board with the assurance that effective IG best practice mechanisms are in place within the organisation
- A Caldicott Guardian whose role it is to safeguard patient information
- A Senior Information Risk Owner (SIRO) whose role it is to manage information risk from a corporate viewpoint
- A Data Protection Officer whose role it is to ensure the Health Board is compliant with data protection legislation
- IGB leads within each Service Delivery Unit and corporate department whose role it is to champion IG within their areas.

The financial year 2018-19 incorporated new data protection legislation which came into force during May 2018 in the form of the Data Protection Act 2018 and the General Data Protection Regulation (GDPR). It was recognised that, in order to fulfil its data protection obligations, the Health Board needed to expand the Information Governance Department and additional resources were allocated to expand the staffing complement from three x WTE (Whole Time Equivalent) staff to eight x WTE staff.

Assurances that the organisation has compliant information governance practices are evidenced by:

[9] *Scope one: direct emissions are omissions resources that are owned or controlled by the company for example submissions from combustion informed or controlled board boilers, furnaces vehicles carbon footprint through reducing its energy consumption*

[10] *Scope 2: accounts are omissions from the generation of purchased electricity new buildings are designed to be energy efficient, complying with energy standards. The new buildings where cost-effective effective energy-saving systems are installed.*

- Bimonthly reports to the IGB, including key performance indicators
- A detailed operational GDPR Work Plan, taken to IGB bimonthly, detailing progress made against actions required to ensure compliance with data protection legislation
- A raft of IG and information security policies, procedures and guidance documents
- The Information Commissioner's Office (ICO) commended the Health Board's IG intranet site
- A comprehensive biannual mandatory IG training programme for all staff, including proactive targeting of any staff non-compliant with their IG training
- A proactive IG audit programme across the Health Board
- A robust management of all reported IG breaches, including proactive reporting to the ICO
- An Information Asset Register used to manage information across the Health Board
- Audit reports from the Wales Audit Office (WAO) and Internal Audit
- The IGB Chair's Assurance report taken to both Audit Committee and the senior leadership team following all IGB meetings.

Under the new data protection legislation, those breaches reaching the agreed threshold score must now be reported to the ICO. All information governance incidents are reviewed by the IGB and during the year there were 15 incidents relating to data security that required reporting to the ICO. All IG incidents were investigated internally, whether ICO reportable or not. Support and co-operation has been provided to the ICO to inform their investigations if the breach met the reporting threshold and the ICO were informed.

Of the 15 reportable incidents, 12 have been closed by the ICO, with no further action from the ICO considered necessary. A summary of the actions completed is outlined in Table 1 below:

Table 1 – Summary of IG Actions Completed 2018-2019

Breach Summary for 2018-19	Summary of Actions Taken by ABMUHB	ICO status
1.Occupational health report sent to the incorrect address (previous letter used as a template by agency staff member) and opened by recipient's husband	• Apology provided to staff member • Implementation of new administrative processes to avoid duplicate breach • Development of training video to be used by agency staff prior to taking up post • Information governance training requirements considered • Information governance audit undertaken	Closed
2.Missing medical record declared as lost following transfer between two Health Boards. Failure to respond to subsequent subject access request within required legal timescale. Records later found	• Extensive searches undertaken – records later found • Ward reminded of correct procedures for transfer of patient records • Information governance training requirements considered	Closed

Breach Summary for 2018-19	Summary of Actions Taken by ABMUHB	ICO status
at the other Health Board, not at ABMUHB	• Information governance audit undertaken	
3.Patient information found to be at risk following break-ins at storage site within Gorseinon Hospital	• On-site records securely destroyed or relocated as appropriate • Additional physical security measures added to site • Information governance training requirements considered • Information governance audit undertaken	Closed
4.Address details of retired staff member were disclosed to other departmental staff (in order to send retirement cards). Complaint received regarding inappropriate disclosure	• Written apology provided to data subject • Written warning provided to staff member • Information governance training requirements considered • Information governance audit undertaken	Closed
5.Discharge letter for special care baby unit patient, including sensitive details about the mother, was posted to an incorrect address. Error occurred due to a pre-prepared envelope for another letter being used by mistake	• Documentation fully recovered • Change of administrative processes to avoid duplicate breach • Information governance training requirements considered • Information governance audit undertaken	Closed
6. Document containing details about staff member sickness saved in error to the departmental drive with open access. No personal identifiers were included but it was deduced who the document was about. Complaint received from data subject	• Written apology provided to data subject • Documentation saved to secure location • Information governance training requirements considered • Information governance audit undertaken	Closed
7. A member of the public requested future dates for sessions held by the Living Life Well Programme. The incorrect attachment was sent in the response e-mail. The attachment contained limited personal data about 54 previous and future attendees of the “low mood” sessions	• Change of processes to avoid use of ‘recently accessed documents’ function in Outlook to avoid a similar breach occurring • Confirmation received from e-mail recipient of deletion • Word documents containing personal information stored on the network drive are now password protected	Closed

Breach Summary for 2018-19	Summary of Actions Taken by ABMUHB	ICO status
	• Information governance training requirements considered • Information governance audit undertaken	
8.Sensitive medical test request form sent to data subject's previous address. Opened by data subject's father due to having same initials	• Changes in practice considered (although forms not usually sent via post) • Information governance training requirements considered • Information governance audit undertaken	Closed
9.Theft of external pharmacy company's van containing the data and medication of homecare service users (included five ABMUHB patients)	• Breach meeting took place with external company • External company liaised with Police • Apology and communication with affected patients • Review of service level agreements with external company • Information governance audit undertaken	Closed
10.Letters relating to three Learning Disabilities' patients found at a Cardiff bus stop by member of the public. Letters taken by finder to closest address and handed to parent of one of the patients. Parent returned letters to Health Board	• Changes to administrative processes to minimise the risk of a future breach • Implementation of "clear desk" procedure (hot desking may have contributed to the incident so this procedure was implemented to prevent accidental picking up of information in the future) • Information governance training requirements considered • Information governance audit undertaken	Closed
11.Mental Health Care & Treatment Plan containing sensitive information sent to incorrect patient	• Documentation collected and recovered • Staff members reminded to take extra care when addressing envelopes • Information governance training requirements considered • Information governance audit undertaken	Closed

Breach Summary for 2018-19	Summary of Actions Taken by ABMUHB	ICO status
12.A print run of Outpatient appointment letters were affected by misprinting causing the letters of other patients to be printed on the reverse, resulting in disclosure of personal data belonging to 78 individuals	• Communication with affected data subjects including written apology • Attempts made to recover letters by providing pre-paid envelopes • Correctly re-printed letters provided to patients • Replaced departmental printer • Information governance audit to be arranged	Closed
13.Sensitive images of a child taken on personal mobile phone and inappropriately shared with the parent of another patient	• Police investigation underway • HR/Disciplinary investigation underway • Images removed from device • Information governance training requirements considered • Information governance audit undertaken • Assessed by ICO Criminal Investigation Team, no action to be taken at present – update required	Open
14.Staff member inappropriately accessed the medical records of multiple family members over prolonged period of time	• HR/Disciplinary investigation underway • Information governance training requirements considered • Information governance audit to be arranged	Open
15.Inappropriate staff access to patient case notes, including disclosure to family members.	• HR/Disciplinary investigation underway • Information governance training requirements considered • Information governance audit to be arranged	Open

There were no outstanding ICO responses from 2017-18.

8.8 Ministerial Directions

The Welsh Government has issued Non-Statutory Instruments and reintroduced Welsh Health Circulars in 2014/15. A list of Ministerial Directions issued by the Welsh Government during 2018-2019 are available at:

- Welsh Government: http://wales.gov.uk/topics/health/nhswales/circulars/?lang=en
- HOWIS: http://extranet.wales.nhs.uk/howis/whcirculars.cfm?filter=2014

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

The Welsh Health Circulars (WHCs) published by Welsh Government during 2018-2019 are centrally logged within the UHB with a lead Executive Director being assigned to oversee implementation of any required actions.

Details of Welsh Health Circulars (WHCs) issued during the year are reported at each Board meeting and are available on our website. The Health Board has arrangements in place to ensure compliance.

8.9 Welsh Language

The Health Board is committed to ensuring that the Welsh and English languages are treated on the basis of equality in the services we provide to the public and other NHS partner organisations in Wales. This is in accordance with the ABMUHB Welsh Language Scheme, Welsh Language Act 1993, the Welsh Language Measure (Wales) 2011 and the Welsh Language Standards (WLS) (No7) Regulations which were approved by the National Assembly for Wales on the 20 March 2018. The Welsh Language Standards replaced existing Welsh Language Schemes and set out responsibility for ensuring services are offered and delivered through the medium of Welsh in particular circumstances whether this is in written form (including via the internet/email), in face-to-face interactions or verbally.

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

Over the years the health board has been making good progress implementing its statutory Welsh Language Scheme and, more recently, the Welsh Government's strategic framework for Welsh language services in health, social services and social care: 'More Than Just Words'. The aim of this work has been to improve the availability, accessibility, quality and equality of our Welsh medium services.

The Health Board was issued with a draft Compliance Notice in respect of the WLS by the Welsh Language Commissioner's Office in July 2018, in accordance with Section 47 of the Welsh Language Wales (Wales) Measure 2011. The draft Compliance Notice, invited the Health Board to participate in a consultation in respect of the WLS which apply to it. This required a response which set out whether it was anticipated that the organisation would be able to comply with each individual WLS or whether the requirement to comply with any specific WLS was viewed as unreasonable or disproportionate, in which case the Health Board must provide evidence to support its position. The Health Board was also given the opportunity to suggest variations to the requirements.

Both corporate departments and delivery units were invited to contribute to the response to the Compliance Notice which was submitted to the Welsh Language Commissioner at the beginning of October 2018 with an appeal being submitted thereafter resulting in a Final Compliance Notice being received at the end of November 2018.

ABMUHB was successful in a significant number of challenges resulting in a number of changes to requirements both in terms of their scope and compliance deadlines.

A Welsh Language Action plan has been introduced which sets out the detail of the requirements, outlined Executive leads and timescale for completion of actions.

Whilst good progress has been made, we recognise there is much more to do and we continue to improve our Welsh language services by implementing the requirements of the Welsh Language standards and the “More Than Just Words” strategy. ABMUHB is also aware of its contribution to the Welsh Government’s “Cymraeg 2050 – A million Welsh speakers” strategy and vision to achieve a million Welsh speakers in Wales by the year 2050.

Progress against the ABMUHB Welsh Language Standards Action plan and the ‘More Than Just Words’, strategy is reported to our internal “Welsh Language Delivery Group”, the Executive Board, the Welsh Language Commissioner and Welsh Government.

9 REVIEW OF EFFECTIVENESS

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of 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 audits in their audit letter and other reports.

Executive directors and delivery unit senior leadership teams also have a responsibility for the development and maintenance of the internal control framework and for continually improving effectiveness within the organisation.

Work has continued to improve the performance information provided to the Board and its committees so that it can be assured on the accuracy and reliability of the information it receives as well as ensuring this is focussed on the achievement of organisational objectives.

As part of revisions to Board committee arrangements ABMUHB established a Performance & Finance Committee in June 2017 which has played a key role in overseeing improvements in key delivery areas.

The Board functioning as a corporate decision making body, has regularly considered assurance reports, whilst also receiving updates on key issues. Full details of Board reporting arrangements are set out in Section 1. The Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is primarily supported in this role by the work of the Audit Committee and the Quality & Safety Committee. Further information about both these committees can be found at **Appendices 1 & 2.**

The overall opinion by the Head of Internal Audit on governance and risk management and control is a function of this risk based programme and contributes to the picture of assurance

available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

9.1 Internal Audit

Internal Audit provide me as accountable officer and the Board through the Audit Committee with a flow of assurance on the systems of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NWSSP. The scope of this work is agreed with the Audit Committee and is focused on significant risk areas and local improvement priorities.

The overall opinion provided by the Head of Internal Audit on governance, risk management and control is an outcome 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 has concluded:

Head of Internal Audit Opinion

The scope of my opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit Committee. The 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 an 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	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.

This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any *limited assurance* reports issued during the year and the significance of the recommendations made.

Basis for Forming the Opinion

In reaching the opinion the Head of Internal Audit has applied both professional judgement and the Audit & Assurance "*Supporting criteria for the overall opinion*" guidance produced by the Director of Audit & Assurance and shared with key stakeholders.

The Head of Internal Audit has concluded that *Limited* assurance can be reported for the *Clinical Governance, Quality and Safety*; *Strategic Planning, Performance Management and Reporting* and *Capital and Estates* assurance domains. *Reasonable* assurance can be reported for *Corporate Governance, Risk and Regulatory Compliance; Financial Governance and Management; Information Governance and Security; Operational Services and Functional Management;* and *Workforce Management* domains.

During the year internal audit issued final audit reports with a conclusion of *limited* assurance in the following areas:

IT Infrastructure Assets *(2017/18 audit)*
Fire Safety (Follow Up) *(2017/18 audit)*
Non-Pay Expenditure: Goods Receipting *(2017/18 audit)*
European Working Time Directive: Portering Services *(2017/18 audit)*
Vaccination & Immunisation
Princess of Wales Service Delivery Unit[11]
Funds Held On Trust (Part I) & Funds Held On Trust (Part II)
Deprivation of Liberty Safeguards (Protection of Vulnerable Adults) (Follow Up)
Mortality Reviews (follow up)
Annual Plan: Delivery Framework
Nursing Quality Assurance / Matron checks
Third Sector Commissioning (follow up)
Charitable Fund: Golau (follow up)
Outpatient Delayed Follow Ups
Fire Safety (follow up) *(2018/2019 audit)*
Clinical Audit & Assurance
Board Assurance Framework
Staff Appraisal & Performance Management
Locum Medical Cover (Follow Up)
Estates Assurance: Control of Substances Hazardous to Health Systems (Risk Management/Declarations of Interest)

Action plans have been agreed to improve performance in these areas and this will be monitored through the Audit Committee, with follow up Internal Audit reviews undertaken where necessary. Reports issued in draft, and audits being concluded currently, will be subject to the same management action and monitoring arrangements.

Some planned assignments were deferred during the year following Audit Committee approval and carried forward into future audit planning. These were:

- Patient Reported Outcome Measures
- Discharge Planning (Follow-Up Review)
- HR & OD Directorate (Follow-Up Review)
- ARCH (SSu element)
- Capital Projects: Primary and Community Care Infrastructure Projects

Further detail on all audit work is included within Audit Committee papers and the *Head of Internal Audit Opinion & Annual Report 2018/2019*.

[11] This audit was followed up during the year and a *Reasonable* assurance rating subsequently reported.

9.2 External Audit

The Auditor General for Wales (AGfW) issued a qualified opinion on 2017-2018 financial statements of the Health Board, and in doing so brought several issues to the attention of officers and the Audit Committee, including:

- The qualification relates solely to the regularity opinion and is because the Health Board failed to achieve its first financial duty under the NHS Finance (Wales) Act 2014, to achieve financial balance for the three-year period ending 2017-18.
- The AGfW concluded that the Health Board's accounts were properly prepared and materially accurate, and did not identify any material weaknesses in the Health Board's internal controls relevant to my audit of the accounts.
- In addition, the AGfW placed a substantive report on the Health Board's financial statements to highlight its failure to achieve financial balance and its failure to have an approved three-year plan in place.

The AGfW examined the Health Board's financial planning and management arrangements, its governance and assurance arrangements, and its progress on the improvement issues identified in last year's Structured Assessment.

The AGfW concluded that:

- The new Board is improving governance and leadership arrangements, though work remains to improve quality governance and whole system working;
- Whilst working to an annual plan, the Health Board is showing ambition in developing its longer-term strategic planning but will need to ensure sufficient capacity to drive through the necessary change;
- There are signs of the Health Board managing its resources more strategically with an evolving values-based approach, but finance, performance and efficiency challenges remain with workforce and asset management presenting key risks;
- The AGfW wider programme of work has included reviews of primary care and the integrated care fund and the progress in addressing previous recommendations. This work found some aspects of good practice as well as opportunities to strengthen arrangements for securing efficient, effective and economical use of resources; and
- The Health Board is participating in the National Fraud Initiative and has made generally good use of the data matches released in 2017.

To inform the Board in terms of the compliance with the governance standard and the wider frameworks, the Wales Audit Structured Assessment for 2018 assists in the determining the governance arrangements and improvements achieved during the year.

The Wales Audit Office (WAO) 2017 structured assessment acknowledged the fragility that existed at board level because of the major turnover of both executives and independent members. It also highlighted the on-going challenges that the Health Board faced in respect of its finances and performance. It also recognised that the appointment of new senior leaders and independent members gave the much-needed stability to achieve the turnaround required.

The conclusion on the Wales Audit Office 2018 structured assessment found that with strengthened leadership, the health board is improving governance and strategic planning, whilst recognising that it needs to do more to strengthen quality governance and design a

more coherent operating model for the organisation. The health board needs to continue its focus on managing workforce risks and improving performance and efficiency, but there are positive signs of resources being managed more strategically and of an evolving values-based approach.

The full conclusions from the *Structured Assessment* are available via the WAO website http://www.wao.gov.uk. Management actions arising from the *Structured Assessment* are being incorporated into our Governance Work Programme.

10. CONCLUSION

As Accountable Officer and based on the review process outlined above I have reviewed the relevant evidence and assurances in respect of internal control. The Board and its Executive Directors are alert to their accountabilities in respect of internal control. The Board has assessed itself against the *Health and Care Standards,* the board effectiveness self-assessment and the 'governance maturity matrix' to assist with the identification and management of risk.

During 2018-2019, the Health Board has made good progress, with a fully established Executive Team and a number of significant independent member appointments made during this period. The Board has also benefited from an extensive year-long Board Development Programme delivered by The Kings Fund.

The Wales Audit Office (WAO) 2017 structured assessment report acknowledged the fragility that existed at board level because of the major turnover of both executives and independent members. It also highlighted the on-going challenges that the Health Board faced in respect of its finances and performance. The Wales Audit Office (WAO) 2018 structured assessment report has recognised the strengthened leadership, the health board is improving governance and strategic planning, whilst recognising that it needs to do more to strengthen quality governance and design a more coherent operating model for the organisation.

Whilst the challenges we face remain largely the same as those described in the Annual Governance Statement for 2018-19, the Health Board has demonstrated improvement in governance during 2018-19 which is evidenced through the structured assessment and the Head of Internal Audit opinion. With the support of the Board, as Accountable Officer, I am determined we will address these. Now that the Health Board has an approved organistional strategy, we are working on developing an IMTP, setting out our clinical services plan alongside our continuing focus on improving quality, reducing waiting times and improving access.

Despite the challenges highlighted in 2018-2019, the Health Board in partnership with CTUHB has delivered a very significant change programme during the year.

This Governance Statement highlights the positive improvements in strengthening our governance arrangements whilst at the same time addressing the challenges of being in targeted intervention. I am confident that we have good plans in place to address the weaknesses highlighted in this statement. The Health Board is disappointed with the number of areas across the organisation that have received a 'limited' assurance rating from the Head of Internal Audit and is working hard to strengthen and improve its services.

Whilst the last year has been difficult and challenging for the organisation, the latter part of the financial year has started to bring some stability and progress is beginning to be made. We have seen some progress with regard to financial status and the Health Board continues to strive to deliver much needed improvement in particular service areas such as unscheduled care, meeting 36 week waiting times, cancer service targets and lowering rates of infection. Key to this will be the continuation of improved financial delivery and a robust workforce model. We have a series of controls in place to manage and mitigate these risks which are documented within our corporate risk register.

My review confirms that the Board has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and that no significant internal control issues have been identified. Internal Audits identified areas requiring action to strengthen systems and processes as listed on pages 48-49.

Detailed action plans have been agreed to improve performance in all these areas along with a Governance Work Programme for 2019-2020. These will be monitored through the Audit Committee, with follow up internal audits undertaken where necessary.

Tracy Myhill
Chief Executive Swansea Bay University Health Board (SBUHB)

Date: 31.05.2019

Annual Governance Statement Appendices

Appendix 1 – Member Attendance at Meetings 2018-2019

	Health Board	Audit Committee	Mental Health and Capacity Act Legislative Committee	Remuneration & Terms of Service Committee	Charitable Funds Committee	Finance and Performance Committee	Quality and Safety Committee	Strategy, Planning and Commissioning Group	Workforce and OD Committee	Health and Safety Committee
Andrew Davies Chair	10			5				2		
Emma Woollett Vice-Chair	9		4	5		12		1	6	
Ceri Phillips Independent Member (Until January 2019)	5						2		5	
Jackie Davies Independent Member	9		4		4	11			6	3
Maggie Berry Independent Member	8	1*	4	5		5	5	1		3
Mark Child Independent Member	7	3			1*			0		
Martin Sollis Independent Member	9	8		4	3	11		1		
Martyn Waygood Independent Member	9	7	3	4	5		6			3
Tom Crick Independent Member	7	4							2	
Reena Owen Independent Member (From August 2018)	2					1*	3		2	2

	Health Board	Audit Committee	Mental Health and Capacity Act Legislative Committee	Remuneration & Terms of Service Committee	Charitable Funds Committee	Finance and Performance Committee	Quality and Safety Committee	Strategy, Planning and Commissioning Group	Workforce and OD Committee	Health and Safety Committee
Julian Hopkin Independent Member (From January 2019)	**1**									
Raymond Cibrowski Independent Member (Aug- Dec 2018)	**3**	**1***								
Executive Directors										
Tracy Myhill Chief Executive	**9**			5				**1**		
Lynne Hamilton Director of Finance	**10**	**8**			**5**	**12**		**1**		
Angela Hopkins Interim Director of Nursing and Patient Experience (from December 2017- July 2018)	**3**	**2**	**1**				**1**		**0**	
Gareth Howells Director of Patient Experience (From July 2018)	7	2	3				3		**3**	**1**

	Health Board	Audit Committee	Mental Health and Capacity Act Legislative Committee	Remuneration & Terms of Service Committee	Charitable Funds Committee	Finance and Performance Committee	Quality and Safety Committee	Strategy, Planning and Commissioning Group	Workforce and OD Committee	Health and Safety Committee
Sandra Husbands Director of Public Health	9									1
Hazel Robinson Director of Workforce and OD	9			5		9			7	3
Siân Harrop-Griffiths Director of Strategy	7				2	10				2
Christine Morrell Director of Therapies and Health Sciences (Until November 2017)	4						4		1	1
Hamish Laing Medical Director (Until July 2018)	4						1	1		
Richard Evans Medical Director (From November 2018)	3						2		4	
Chris White Chief Operating Officer and Director of Therapies and Health Sciences (From Nov 2018)	9		2			11	3		2	

	Health Board	Audit Committee	Mental Health and Capacity Act Legislative Committee	Remuneration & Terms of Service Committee	Charitable Funds Committee	Finance and Performance Committee (	Quality and Safety Committee	Strategy, Planning and Commissioning Group	Workforce and OD Committee	Health and Safety Committee
Sue Cooper Associate Board Member	**3**									
Alison James Associate Board Member	**7**									
Malcolm Lewis Associate Board Member	2									

*Attendance at meeting at request of the Chair or as an Observer.

Appendix 2

Board and Committee Meetings 2018-2019

The following table outlines dates of Board and Committee meetings held during **2018-2019,** highlighting any meetings that were not quorate:

Board/ Committee	Dates in 2018-2019											
Health Board	30th May 2018	31st May 2018	25th June 2018	26th July 2018	30th August 2018	27th September 2018	25th October 2018	29th November 2018	31st January 2018	28th March 2018		
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate			
Audit Committee	19th April 2018	17th May 2018	30th May 2018	31st July 2018	20th September 2018	13th November 2018	24th January 2019	21st March 2019				
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate				
Mental Health Legislative Committee	10th May 2018	24th August 2018	8th November 2018	7th February 2019								
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate								
Remunerations and Terms of Service Committee	26th April 2018	28th June 2018	8th October 2018	13th December 2018	28th January 2019							
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	*Not quorate							
Charitable Funds Committee	26th June 2018	9th October 2018	1st November 2018	11th December 2018	25th March 2018							
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate							

Finance and Performance Committee	27th April 2018	23rd May 2018	20th June 2018	18th July 2018	22nd August 2018	26th September 2018	22nd October 2018	28th November 2018	17th December 2018	22nd January 2019	19th February 2019	19th March 2019
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate
Quality and Safety Committee	5th April 2018	7th May 2018	2nd August 2018	4th October 2018	6th December 2018	21st February 2019						
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate						
Workforce and OD Committee	3rd May 2018	5th July 2018	16th August 2018	18th October 2018	13th November 2018	18th December 2018	17th January 2019	27th February 2019				
Health and Safety Committee	20th April 2018	7th August 2018	3rd December 2018	4th March 2019								
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate								
Strategy, Planning and Commissioning Group	11th April 2018	25th July 2018										
Quorate/Not Quorate	Quorate	Quorate										
Pharmaceutical Applications	14th January 2019											
Quorate/Not Quorate	Quorate											

Quorate/Not quorate

Where meetings were not quorate, escalation arrangements were in place to ensure that any matters of significant concern that could not be brought to the attention of the Committee could be raised with the LHB / NHS Trust Chair.

Appendix 3

Declarations of Interests - ABMU Board Members – 2018-2019

1. Board Members

Board Member	Declaration of Interest
Andrew Davies, Chairman	• Localist Limited – Director • Swansea Public Service Board - Chairman • Ospreys in the Community – Board Member • Swansea Early Years Steering Group – Chairman
Emma Woollett, Vice-Chair	• Woollett Consulting Ltd – owner/director (provide advisory services to NHS – non-NHS organisation).
Ceri Phillips, Independent Member	• Welsh Wound Innovation – director • Health Education and Improvement Wales – board member; • Swansea University – head of college which receives research funding from commercial bodies and educational funding for course provision.
Jackie Davies	• Royal College of Nursing Wales – board member; • Labour party - member
Maggie Berry, Independent Member	• Care and Repair Cardiff and the Vale – chair of the board; • Care and Repair Cymru – board trustee
Mark Child	• Wales National Pool – board member; • City and Council for Swansea – cabinet member for health and wellbeing; • Labour Wales – member;

	• UNISON – member.
Martin Sollis, Independent Member	• Wife works for waste management company with some contact with NHS bodies.
Martyn Waygood, Independent Member(from June 2017)	• Chair of ABMU Charitable Funds Committee, which includes contact with Ospreys in the Community; • Former Judge of Immigration and Asylum chamber. • Cardiff and Vale University Health Board – son is an accountant within finance department; • West Sussex NHS Foundation Trust daughter is a nurse. • Currently a Judge appointed to the Social Entitlement Chamber.
Tom Crick, Independent Member	• Professor, Swansea University • Vice President BCS; The Chartered Institute for IT • Member of the Expert Panel for the Welsh Government's Review of Digital Innovation and the Future of Work • Commissioner, National Infrastructure Commissioner for Wales • Non-Executive Director, Dwr Cymru Welsh Water
Susan Cooper, Associate Board Member	• Director of Social Services in Bridgend County Borough Council
Alison James, Associate Board Member	• Chief Executive Officer - NPT Carers Service Ltd
Reena Owen, Independent Member	• Trustee, Swansea Environment Centre, • Spouse – Trustee of Bikeability (Registered Charity)
Raymond Ciborowski, Independent Member	• Trustee - NPT CVS • Trustee - Ospreys in the Community

	• Fee Paid Welsh Government Advisor – North Wales • Management Consultant –m St John's Cymru Wales
Tracy Myhill, Chief Executive	• Omnimark Ltd – director; • Trivallis Housing Association – chair (September to December 2017); • Trivallis Housing Association – board member (January 2018 to present); • Highfield Close Management Ltd - director
Angela Hopkins, Interim Director of Nursing and Patient Experience	• Angela Hopkins Consultancy –consultancy business contracted into ABMU interim role; • Royal college of Nursing (RCN) Foundation – RCN Foundation (Wales) committee expert advisor
Christine Morrell, Director of Therapies and Health Sciences	Nothing to declare
Chris White, Chief Operating Officer	Nothing to declare
Hamish Laing, Medical Director	• Centre for Global Burn Policy Research Advisory Board, Swansea University - chair. • Swansea University – member of court and honorary professor
Hazel Robinson, Director of Workforce and Organisational Development (OD)	• Sister-in-law employed by the health board
Lynne Hamilton, Director of Finance	Nothing to declare.
Sandra Husbands, Director of Public Health	• 73 Manor Park Road Ltd – director of freehold company (non-trading)
Siân Harrop-Griffiths, Director of Strategy	Nothing to declare.

Pamela Wenger, Director of Corporate Governance	Nothing to declare
Gareth Howells, Director of Nursing and Patient Experience	• Wife employed by Clinic supplies
Richard Evans, Medical Director	• Director - PC Learning Ltd • Director - White Farm Estates Ltd

Appendix 4

KEY REPORTS RECEIVED IN 2018-2019

ABMU Board

- Patient Story;
- Action Log;
- Chair and Chief Executive Report;
- Corporate Governance Report (to include Chairs Action, WHC, Common Seal and matters reported In-Committee);
- Chairs Sub Committees Report;
- Finance Report;
- Integrated Performance Report;
- Bridgend Transition Programme;
- Population Needs Assessment;
- Western Bay Area Plan;
- Wellbeing Plans;
- Public Health Annual Screening Update;
- Public Health Director Annual Report;
- Seasonal Plan;
- Thoracic Surgery;
- Serious Incidents;
- Emergency Planning (including Annual Report);
- Welsh Language Services;
- Organ Donation Progress Report;
- CAMHS Performance Report;
- 111 Update Report;
- NHS Shared Services Partnership – Meeting Summary;
- Emergency Ambulance Services Committee;
- Welsh Health Specialised Services Committee;
- Primary Care Annual Report;
- Carers Annual Report;
- IMTP (approval of Annual Plan);
- Quarterly Report on IMTP (Annual Plan);
- Discretionary Capital Plan for approval;
- Capital Report Progress Report;
- Budget and financial allocations;
- Pathology laboratory information management system (LIMS) for Wales;
- Digital Inclusion Updates ;
- Clinical Service Plan;
- Provision of Specialised Services & Resourcing ;
- Staff Survey;
- Nurse Staffing Levels (Wales) Act Report;
- Research and Development Annual Report;

- Annual Education Report;
- Voluntary Sector Funding
- Update on Partnerships (6 monthly)
- SIRO Annual Report
- Annual Accounts
- Accountability Report
- Annual Report
- Annual Quality Statement
- Annual Audit Letter
- Structured Assessment
- Charitable Funds Accounts for Approval
- Health and Safety Annual Report
- Risk Management Strategy
- Board Assurance Framework
- Organisational Risk Register
- Review of Standing Orders and Standing Financial Instructions
- Review of Board Governance Arrangements (annually)
- Policies/Plans as appropriate as identified by each Executive Director

Audit Committee:

- Annual governance statement;
- Board assurance framework;
- Organisational annual report;
- Standing orders;
- Audit Committee terms of reference;
- Corporate risk register;
- Risk management system;
- Annual quality statement;
- Annual accounts timetable and plan;
- Annual accounts;
- Remuneration and staff report;
- Bridgend Clinic trading account;
- Summary on capital contracts and consultant appointments;
- Financial control procedure review plan;
- Finance update;
- Losses and special payments;
- Audit registers and status of recommendations;
- NWSSP Procurement: single tender actions and quotations;
- NWSSP Procurement: contract extensions;
- Review and approve Internal Audit annual plan (to include the charter);
- Internal audit opinion and annual report;
- Progress reports;
- Audit assignment summary report;

- Receive PPV reports;
- Wales Audit Office annual plan and fees;
- Wales Audit Office annual audit report;
- Structured assessment;
- Wales Audit Office Audit of financial statements;
- Wales Audit Office performance and progress reports;
- Clinical Audit - mid-year progress report;
- Clinical Audit - annual report;
- Counter Fraud annual plan;
- Counter Fraud annual report;
- Counter Fraud self-assessment against NHS protect standards;
- Counter Fraud progress reports;
- Annual report of Quality and Safety Committee;
- Effectiveness of audit;
- Audit Committee annual report;
- declarations of interest register;
- Receive hospitality register;
- Information governance board updates;
- SIRO annual report;
- Minutes of hosted agencies sub-committees.

Quality and Safety Committee:

- Annual Quality Statement;
- Ward to Board Dashboard;
- Quality Assurance Framework;
- Benchmarking, Learning and Quality Improvement;
- Serious Incident and Never Events Report;
- Nurse Staffing Act (Wales) 2016 Report;
- Staff Survey Results;
- Infection Control Report;
- Staying Healthy;
- Safeguarding Report;
- Blood Glucometry Report;
- Healthcare Quality Division Feedback Report;
- Pharmacy and Medicines Management;
- Quality and Safety Dashboard;
- Patient Recorded Outcome Measures;
- Child and Adolescent Mental Health Services;
- Patient Experience (to include complaints and concerns);
- Older Person's Dashboard;
- Terms of Reference;
- Committee Annual Report;
- Committee Self-Assessment;
- Unit Exception Report;

- Board Assurance Framework/Corporate Risk Register;
- Welsh Government Quality Division Feedback Report;
- Report from Quality and Safety Forum;
- Health and Care Standards Update;
- Internal Audit Update;
- Clinical Outcomes Group Update;
- External Audit Reports;
- Ombudsman’s Annual Report;
- Welsh Risk Pool Annual Report;
- EMRTS Clinical Governance;
- External Inspections.

Board and Committee Membership 2018-2019

The Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors for these matters.

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	*CHAMPION ROLES*
Professor Andrew Davies	Chair	N/A	• Health Board (Chair) • Remuneration and Terms of Service Committee (RATS) (Chair) • Strategy, Planning and Commissioning Group (Chair)	• Environmental Champion • Values Champion • Equality Champion
Emma Woollett	Vice Chair	Primary Care and Mental Health	• Health Board (Member) • Mental Health Legislation Committee (Chair) • RATs (Member) • Performance and Finance (Chair) • Strategy, Planning and Commissioning (Member) • Workforce and OD Committee (Member)	• Mental Health and Learning Disabilities Champion • Whistleblowing Champion
Martin Sollis	Independent Member	Finance	• Health Board (Member) • Audit Committee (Chair)	

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	*CHAMPION ROLES*
			• RATS (Member) • Charitable Funds Committee (Member) • Performance and Finance Committee (Member)	
Martyn Waygood	Independent Member	Legal	• Health Board (Member) • Audit Committee (Member) • Mental Health Legislative Committee (Member) • RATs • Charitable Funds Committee (Chair) • Health and Safety (Former Chair) • Quality and Safety (Chair) • Pharmaceutical Applications (Chair)	• Complaints Champion • Health and Safety Champion
Maggie Berry	Independent Member	N/A	• Health Board (Member) • Mental Health Legislative Committee (Member) • RATS (Member) • Performance and Finance (Member) • Quality and Safety Committee (Former Chair) • Health and Safety Committee (Chair)	• Catering and Nutrition Champion • Older person Champion
Tom Crick	Independent Member	ICT	• Health Board (Member) • Audit Committee (Member) • Workforce and OD Committee (Chair from Feb 2019) • Hosted Agencies (Chair)	• Information Governance Champion • Welsh Language Champion

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	*CHAMPION ROLES*
Mark Child	Independent Member	Local Authority	• Health Board (Member) • Audit Committee (Member) • Strategy, Planning and Commissioning Group (Member) • Pharmaceutical Applications (Member)	• Young Person's Champion
Jackie Davies	Independent Member	Staff Side	• Health Board (Member) • Mental Health Legislative Committee (Member) • Charitable Funds Committee (Member) • Performance and Finance Committee (Member) • Workforce and OD Committee (Member) • Health and Safety Committee (Member)	• Staff Side Champion • Veterans Champion
Reena Owen	Independent Member (From August 2018)	Community	• Health Board (Member) • Quality and Safety Committee (Member) • Workforce and OD Committee (Member) • Hosted Agencies (Member)	• Public Health and Carers Champion
Professor Ceri Phillips	Independent Member (Until January 2019)	University	• Health Board (Member) • Quality and Safety Committee (Member) • Strategy, Planning and Commissioning Group (Member	• Veterans Champion

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	*CHAMPION ROLES*
			• Workforce and OD Committee (Chair until Jan 2019)	
Raymond Ciborowski	Independent Member (Aug - Dec 2018)	Voluntary Sector	• Health Board (Member) • Hosted Agencies (Member) • Pharmaceutical Applications (Member)	• Volunteer Champion
EXECUTIVE DIRECTORS				
NAME	**POSITION**	**AREA OF EXPERTISE REPRESENTATION ROLE**	**BOARD COMMITTEE MEMBERSHIP**	**CHAMPION ROLES**
Tracy Myhill	Chief Executive	N/A	• Health Board (Member)	• Emergency Ambulance Services Committee (EASC) Member
Chris White	Chief Operating Officer Director of Therapies and Health Sciences (From November 2018)	N/A	• Health Board (Member) • Mental Health Legislative Committee (In attendance) • Performance and Finance Committee (Lead Director/Member) • Quality and Safety Committee (In attendance) • Workforce and OD Committee (In attendance)	

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	*CHAMPION ROLES*
Pamela Wenger	Director of Corporate Governance and Board Secretary	N/A	• Health Board (In attendance) • Audit Committee (Lead Director/In Attendance)	
Lynne Hamilton	Executive Director of Finance	N/A	• Health Board (Member) • Audit Committee(In attendance) • Charitable Funds (Lead Director/Member) • Performance and Finance • (Lead Director/Member) • Hosted Agencies (Member)	
Professor Hamish Laing	Medical Director (Until July 2018)	N/A	• Health Board (Member) • Quality and Safety Committee (In attendance) • Strategy, Planning and Commissioning Board (Member) • Hosted Agencies (Member)	• ARCH Programme Board Member • Advisory Committee on Clinical Excellence Awards
Richard Evans	Executive Medical Director	N/A	• Health Board (Member) • Quality and Safety Committee (In attendance) • Strategy, Planning and Commissioning Board (Member) • Hosted Agencies (Member)	• ARCH Programme Board Member • Advisory Committee on Clinical Excellence Awards
Angela Hopkins	Interim Director of Nursing and Patient Experience		• Health Board (Member) • Audit Committee (In Attendance) • Mental Health Legislative Committee (Lead Director/In Attendance)	

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	*CHAMPION ROLES*
	(Until July 2018)		• Quality and Safety Committee (Lead Director/In Attendance) • Workforce and OD Committee (In Attendance)	
Gareth Howells	Director of Nursing and Patient Experience (From July 2018)	N/A	• Health Board (Member) • Audit Committee (In Attendance) • Mental Health Legislative Committee (Lead Director/In Attendance) • Quality and Safety Committee (Lead Director/In Attendance) • Health and Safety (Lead Director/In Attendance) • Workforce and OD Committee (In Attendance)	
Sian Harrop-Griffiths	Director of Strategy	N/A	• Health Board (Member) • Charitable Funds Committee (Member) • Performance and Finance (Member) • Strategy, Planning and Commissioning Group (Lead Director/Member) • Health and Safety Committee (Lead Director until Dec 2018)	• Western Bay Partnership Board • ARCH Programme Board Member • Design Champion
Hazel Robinson	Director of Workforce & OD	N/A	• Health Board (Member) • RATS (Lead Director/In Attendance) • Performance and Finance Committee • Workforce and OD (Lead Director/In Attendance)	• NHS Wales Shared Services Partnership Committee (NWSSP) Member

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP	*CHAMPION ROLES*
			• Hosted Agencies • Health and Safety Committee (In attendance)	
Sandra Husbands	Director of Public Health	N/A	• Health Board (Member) • Quality and Safety Committee (In Attendance) • Strategy, Planning and Commissioning Group (Member)	
Christine Morell	Director of Therapies and Health Sciences (Until November 2018)	N/A	• Health Board (Member) • Quality and Safety Committee(In Attendance) • Workforce and OD (In Attendance) • Health and Safety Committee (In attendance)	

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

Annex B

Directors' Report and Statement of Accountable Officer's Responsibilities

Statement of the Chief Executive's responsibilities as Accountable Officer of the LHB
The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the LHB.

The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer's Memorandum issued by Welsh Government.

As Accountable Officer I can confirm that as far as I am aware there is no relevant audit information of which Abertawe Bro Morgannwg University Health Board's (ABMUHB's) auditors are unaware and that I have taken all the steps that I ought to have taken to ensure that I and the auditors are aware of relevant audit information. I can confirm that the annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility for these and the judgement required for doing so.

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.

Tracy Myhill.. .Chief Executive 31.05.2019 (date)

Statement of Directors' responsibilities of the accounts

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

In preparing those accounts, the directors are required to:

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

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

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

By Order of the Board

Signed:

Chairman.....dated:.

Chief Executive.....dated:.

Annex C

Remuneration and Staff Report

REMUNERATION AND STAFF REPORT

This report provides information in relation to Executive Directors' and Non-officer Members' remuneration, and outlines the arrangements which operate within the Health Board to determine this. It also includes information on staff numbers, composition, sickness absence data, staff policies applied during the year, expenditure on consultancy, off-payroll engagements and exit packages.

1. The Remuneration and Terms of Services Committee

This Committee considers the remuneration and performance of Executive Directors in accordance with the policy detailed below.
The norm is for Executive Directors and very senior managers' salaries (those outside of Agenda for Change) to be uplifted in accordance with the Welsh Government identified normal pay inflation percentage. For 2018/19 there was a pay inflation uplift of 2% for Executive Directors and very senior managers in line with the pay award agreed nationally for NHS staff.
If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS. The Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to Executive Directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the Health Board for ratification.
The Committee also reviews objectives set for Executive Directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts. It should be noted that Executive Directors are not on any form of performance related pay.
The Remuneration and Terms of Services Committee is chaired by the Health Board's Chairman, and the membership includes three other Non-officer Members (Chairs of Board Committees). The Committee meets as often as required to address business and formally reports in writing its recommendations to the Health Board. Meetings are minuted and decisions fully recorded.
The Committee also recommends to the Board annual pay uplifts in respect of Executive Directors and very senior managers in the Health Board who are not within the remit of Agenda for Change. For 2018/19, the only uplifts recommended were an inflationary uplift of 2%.

2. Non-officer Members' Remuneration

Remuneration for Non-officer Members is decided by the Welsh Government, who also determines tenure of appointment.

3. Single Remuneration Report

The Single Total Remuneration for each Director and Non-officer Member for 2018/19 and 2017/18 are shown in the table below. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.
The salaries disclosed in the table below reflect new appointments and leavers during the financial years 2018/19 and 2017/18. Whilst the salaries disclosed relate to the period in post during the year, the NHS Pensions Agency is unable to attribute part year pension benefits to post holders and therefore, the full financial year Pension Benefits are shown. It should also be noted that the table below only includes Directors in post at 31st March 2019 since the NHS Pensions Agency is unable to provide the relevant information on pensions for staff who have left or are no longer acting as Executive Directors.
The value of pension benefits is calculated as follows: (real increase in pension[12] multiplied by 20) plus real increase in lump sum, less contributions made by the individual.
The pension calculation is based on information received from NHS BSA Pensions Agency included in the Disclosure of Senior Managers' Remuneration (Greenbury) 2019 report. Further details on the Single Total Remuneration figure from Cabinet Office can be found at the following Employer Pension Notices website in EPN 571 (2018-19) https://www.civilservicepensionscheme.org.uk/employers/employer-pension-notices/epn571-resource-accounts-2018-19-disclosure-of-salary-pension-and-compensation-information

Names	tles	2018/19					2017/18				
		Salary 5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
A Davies	Chairman	65-70	0	0	0	**65-70**	65-70	0	0	0	**65-70**
E Woollett	Vice Chairman from 1st October 2017	55-60	0	0	0	**55-60**	25-30	0	0	0	**25-30**
C Janczewski	Vice Chairman until 30th September 2017						25-30	0	0	0	**25-30**
T Myhill	Chief Executive from 1st February 2018	200-205	0	0	99	**295-300**	30-35	0	0	117	**150-155**

[12] excluding increases due to inflation or any increase or decrease due to a transfer of pension rights

Names	tles	2018/19					2017/18				
		Salary 5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
A Howells	Interim Chief Executive from 1st February 2017 to 31st January 2018. Chief Operating Officer until 31st January 2017						170-175	0	0	0	**170-175**
C White	Deputy Chief Executive from 4 February 2019. Interim Chief Operating Officer from 1st December 2017	140-145	0	0	73	**215-218**	45-50	0	0	26	**70-75**
L Hamilton	Director of Finance from 29th May 2017	135-140	0	0	32	**165-170**	110-115	0	0	25	**140-145**
P Gilchrist	Interim Director of Finance from 27th October 2016 until 12th June 2017						25-30	0	0	0	**25-30**
R Evans	Medical Director from 4th November 2018.	65-70	0	0	90	**155-160**					
A Roeves	Interim Medical Director from 1st October 2018 to 1st November 2018	10-15	0	0		**10-15**					
P Mangat	Interim Medical Director from 26th July 2018 to 1st October 2018	35-40	0-5	0		**35-40**					
H Laing	Medical Director to 31st July 2018	55-60	10-15	0		**70-75**	175-180	35-40	0		**210-215**
G Howells	Director of Nursing & Patient Experience from 16th July 2018	90-95	0	0	181	**270-275**					
A Hopkins	Interim Director of Nursing & Patient	80-85	0	0		**80-85**	80-85	0	0		**80-85**

Names	tles	2018/19					2017/18				
		Salary 5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
	Experience from 4th December 2017 to 13th July 2018										
R Farelly	Acting Deputy Chief Executive, Acting Chief Operating Officer and Director of Nursing & Patient Experience until 6th December 2017						85-90	0	7	0	**85-90**
H Robinson	Director of Workforce & OD from 9th April 2018	125-130	0	0	215	**340-345**					
K Lorenti	Acting Director of Human Resources from 1st October 2016 to 8th April 2018	0-5	0	0		**0-5**	125-130	0	0	74	**195-200**
B Edgar	Director of Human Resources until 21st July 2017						90-95	0	0	0	**90-95**
C Morrell	Director of Therapies & Health Sciences from 6th February 2017 to 1st November 2018	55-60	0	0		**55-60**	95-100	0	0		**95-100**
S Husbands	Director of Public Health from 5th June 2017	115-120	0	0	46	**165-170**	90-95	0	0	155	**245-250**
S. Harrop-Griffiths	Director of Strategy	125-130	0	50	22	**150-155**	120-125	0	26	10	**135-140**
P Wenger	Director of Corporate Governance/Board Secretary from 1st January 2018	100-105	0	0	77	**180-185**	25-30	0	0	81	**105-110**
S Combe	Board Secretary until						75-80	0	0		**75-80**

Names	tles	2018/19					2017/18				
		Salary 5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
	31st December 2017										
M Berry	Non-officer Member	15-20	0	0	0	**15-20**	15-20	0	0	0	**15-20**
C Phillips	Non-officer Member to 31st December 2018	10-15	0	0	0	**10-15**	15-20	0	0	0	**15-20**
M Sollis	Non-officer Member from 8th June 2017	15-20	0	0	0	**15-20**	10-15	0	0	0	**10-15**
M Waygood	Non-officer Member from 1st June 2017	15-20	0	0	0	**15-20**	5-10	0	0	0	**5-10**
T Crick	Non-officer Member from 16th October 2017	15-20	0	0	0	**15-20**	5-10	0	0	0	**5-10**
M Child	Non-officer Member from 16th October 2017	15-20	0	0	0	**15-20**	5-10	0	0	0	**5-10**
R Owen	Non-officer Member from 10th August 2018	10-15	0	0	0	**10-15**					
R Ciborowski	Non-officer Member from 14th August 2018 to 31st December 2018	5-10	0	0	0	**5-10**					
J Davies	Non-officer Member	0	0	0	0	**0**	0	0	0	0	**0**
P Newman	Non-officer Member until 30th September 2017						5-10	0	0	0	**5-10**
M Nott	Non-officer Member until 4th May 2017						0-5	0	0	0	**0-5**
G Richards	Non-officer Member until 30th September 2017						5-10	0	0	0	**5-10**
D Evans Williams	Non-officer Member until 8th May 2017						0-5	0	0	0	**0-5**
C Patel	Non-officer Member						15-20	0	0	0	**15-20**

Names	tles	2018/19					2017/18				
		Salary 5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
	until 31st March 2018										

The following notes provide explanations for either no salary or changes in salary or post between the financial the years:

- C White commenced as Interim Chief Operating Officer on 1st December 2017 on secondment from Cwm Taf Health Board. He was then appointed as Deputy Chief Executive with effect from 4th February 2019.
- H Laing, Other Remuneration related to payment of a clinical excellence award.
- A Hopkins commenced as Interim Director of Nursing & Patient Experience on 4th December 2017 and left the role on 13th July 2018. She was engaged via a Personal Services Contract (PSC), with the arrangement falling within the remit of the IR35 regulations.
- R Farrelly, Director of Nursing & Patient Experience was also Acting Deputy Chief Executive and Acting Chief Operating Officer from 20th March 2017 until 6th December 2017. No additional remuneration was accepted for these additional responsibilities.
- B Edgar, Director of Human Resources was seconded to NWSSP from 16th January 2017 until departure on 21st July 2017. In line with the settlement agreement for her departure, the salary reported within the table above represents a repayment for over taken annual leave of £2,359.50, an ex-gratia payment for termination of employment of £63,125 and a payment of £31,562.50 in respect of her contractual entitlement to payment in lieu of notice.
- M Waygood, Non Officer Member, commenced on 1st June 2017 but did not take any remuneration until 1st October 2017
- J Davies is a full time employee of the Health Board and as such, has not received the remuneration that is normally paid to a Non-officer Member.

- C Morrell stood down from the role of Director of Therapies and Health Science on 1st November 2018 at which point the role ceased to be an Executive Director role within the Health Board. The Therapies and Health Science portfolio now forms part of the role of the Chief Operating Officer.

The former Director of Human Resources left the Health Board on 21st July 2017 receiving payments in line with the Settlement Agreement. These payments (excluding the payment for accrued but untaken annual leave and over taken annual leave respectively)) are disclosed in this report, and in full within the prior year figures in the Annual Accounts within Note 3.3 (Expenditure on Hospital and Community Services) and also within Note 5.5 (Reporting of other compensation schemes – exit packages).

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the LHB in the financial year 2018/19 was £200,000 - £205,000 (2017/18, £210,000 - £215,000). This was 7.0 times (2017/18, 7.4) the median remuneration of the workforce, which was £28,840 (2017/18, £28,667).

The highest paid director in the LHB in 2018/19 was the Chief Executive (In 2017/18, the highest paid director in the LHB was the Medical Director, who was in receipt of a Clinical Excellence Award, the value of which when added to the remuneration as Medical Director resulted in the Medical Director becoming the highest-paid director).

The banded remuneration of the Chief Executive in the LHB in the financial year 2018/19 was £200,000 - £205,000 (2017/18, £200,000 - £205,000). This was 7.0 times (2016/17, 7.1) the median remuneration of the workforce, which was £28,840 (2017/18, £28,667).

In 2018/19, 11 (2017/18, 2) employees received remuneration in excess of the highest-paid director. The remuneration for these 11 employees includes payments in respect of waiting list initiatives undertaken in addition to their normal salary. Remuneration for staff ranged from £17,460 to £245,038 (2017/18 £16,523 to £222,051).

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. Benefits in kind relate to benefits derived from the provision of a leased car.

The employees who received remuneration in excess of the highest paid director in 2018/19 were all medical staff as in 2017/18. None of these staff are related to the Chairman, Executive Directors or Non-officer Members

4. Directors Pension Benefits

The NHS scheme requires that employees pay from 5% up to 14.5%, on a tiered scale, of their earnings, into the NHS Pension Scheme, with the employer contributing 14.38%. The employer's contribution to the NHS Pension Scheme is excluded from the salary figures shown below for Executive Directors.

Cash Equivalent Transfer Value
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 arrangement to secure pension benefits in another pension scheme or 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

The disclosures in the table below do not apply to non-officer members as they are not members of the NHS Pension Scheme and do not receive pensionable remuneration. It should be noted that the table below only includes Directors in post at 31st March 2019 since the NHS Pensions Agency is unable to provide the relevant information on pensions for staff who have left or are no longer acting as Executive Directors.

Name	Title	Real Increase/ (Decrease) in Pension @ Age 60 (bands of £2,500) £000	Real Increase/ (Decrease) in Pension Lump Sum @ Age 60 (bands of £2,500) £000	Total accrued Pension at age 60 at 31 March 2019 (bands of £5,000) £000	Lump Sum at age 60 related to accrued Pension at 31 March 2019 (bands of £5,000) £000	Cash Equiv. Transfer Value at 31/03/2019 £000	Cash Equiv. Transfer Value at 31/03/2018 £000	Real increase in Cash Equiv. Transfer Value £000	Employer's contrib. to stake-holder pension £000
T Myhill	Chief Executive	5-7.5	12.5-15	70-75	190-195	1,480	1,178	266	0
L Hamilton	Director of Finance	2.5-5		0-5		66	25	40	0
C White	Deputy Chief Executive and Interim Chief Operating Officer	2.5-5	12.5-15	55-60	175-180	1,344	1,104	207	0
S Husbands	Director of Public Health	2.5-5	7.5-10	35-40	105-110	801	651	131	0
S Harrop-Griffiths	Director of Strategy	0-2.5	(0-2.5)	45-50	115-120	951	801	125	0
R Evans	Medical Director	5-7.5	5-7.5	50-55	115-120	950	750	178	0
G Howells	Director of Nursing & Patient Experience	7.5-10	25-27.5	50-55	160-165	1,194	882	285	0
H Robinson	Director of Human Resources	10-12.5	30-32.5	35-40	110-115	867	560	290	0
P Wenger	Director of Corporate Governance/Board Secretary	2.5-5	5-7.5	35-40	85-90	655	504	136	0

- L Hamilton has no lump sum as she is not a member of the 1995 NHS Pension Scheme. She is a member of the 2015 NHS Pension Scheme where no lump sum is payable.

5. Contracts of employment

With the exception of the Interim Chief Operating Officer and Deputy Chief Executive, (C White) who is on secondment from his permanent contract at Cwm Taf Health Board, all Executive Directors are on permanent Contracts of Employment with Abertawe Bro Morgannwg University Health Board. Executive Directors are required to give the Health Board three month's notice and are eligible to receive three month's notice from the Health Board. The policy on duration of contracts, notice period and termination periods is that set by the Welsh Government.

The only provisions for early termination are as allowed by the NHS Pension Scheme (compensation for premature retirement) regulations. In all other cases of early termination this will be as detailed in individuals' contract of employment.

6. Other information

There are no local pay bargaining initiatives within the Health Board. No payments have been made for Professional Indemnity Insurance for any Officer or Director.

7. Staff Report Section

This section of the report includes information on staff numbers, composition, sickness absence data, staff policies applied during the year, expenditure on consultancy, off-payroll engagements and exit packages.

7.1 Staff Numbers and Composition

The average number of employees by staff group for 2018/19 is set out in the table below, along with the comparison for 2017/18. The average is calculated as the whole time equivalent number of employees under contract of service at the end of each calendar month in the financial year.

Staff Group	Permanent Staff	Agency Staff	Staff on Inward Secondment	Total 2018/19	Total 2017/18
Administration, Clerical & Board Members	2,490	34	11	**2,535**	**2,501**
Medical & Dental	1,355	37	0	**1,392**	**1,386**
Nursing, Midwifery registered	4,480	156	0	**4,636**	**4,567**
Professional, Scientific & technical	448	0	0	**448**	**439**

Staff Group	Permanent Staff	Agency Staff	Staff on Inward Secondment	Total 2018/19	Total 2017/18
staff					
Additional Clinical Services	2,744	23	0	**2,767**	**2,798**
Allied Health Professions	909	12	0	**921**	**907**
Healthcare Scientists	323	1	0	**324**	**328**
Estates and Ancillary	1,390	20	0	**1,410**	**1,419**
Students	5	0	0	**5**	**9**
Totals	**14,144**	**283**	**11**	**14,438**	**14,354**

As at 31st March 2019, the Health Board has 16,166 employees, of which 8 are Executive Directors. Of these staff, 3,522 are male, including 3 Executive Directors, and 12,644 are female, including 5 female Executive Directors.

There are also 9 Non-officer Members, of which 5 are male and 4 are female.

7.2 Sickness Absence Data

	2018/19	2017/18
Total days lost	303,195.43	294,456.22
Short Term Sickness (27 days or less)	78,448.06	85,798.25
Long Term Sickness (28 days or more)	224,747.37	208,657.91
Total staff years	14,093.05	13,990.25
Average working days lost	13	13
Total staff employed in period (headcount)	16,088	16,081
Total staff employed in period with no absence (headcount)	6,521	6,062
Percentage staff with no sick leave	40.32%	38.08%

7.3 Staff Policies applied during the year:

The staff policy on equality was applied during the year to address the following:

- For giving full and fair consideration to applications for employment by the Health Board made by disabled persons, having regard to their particular aptitudes and abilities.
- For continuing the employment of, and for arranging appropriate training for, employees of the Health board who have become disabled persons during the period when they were employed by the Health Board.
- Otherwise for the training, career development and promotion of disabled persons employed by the Health Board.

7.4 Expenditure on Consultancy

As disclosed in Note 3.3 of the Health Board's Accounts, the Health Board incurred expenditure of £0.530m on Consultancy Services in 2018/19. Expenditure on Consultancy Services is incurred when outside expertise is required by the Health Board to support the Health Board in managing its services and functions on a day to day basis. Such examples include:

- Management Consultancy to support performance improvement through independent reviews of the Health Board's Clinical Services and benchmarking of clinical and other performance data.
- Management Consultancy to support the Health Board with staffing and other operational management issues.
- External advice and support to the Health Board in implementing staff development and training programmes including coaching for performance and mentoring.

7.5 Off-payroll Engagements

Table 1: For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2019	0
Of which...	
Number that have existed for less than one year at time of reporting.	0
Number that have existed for between one and two years at time of reporting.	0
Number that have existed for between two and three years at time of reporting.	0
Number that have existed for between three and four years at time of reporting.	0
Number that have existed for four or more years at time of reporting.	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	0
Number of these engagements which were assessed as caught by IR35	0
Number of these engagements which were assessed as not caught by IR35	0
Number of these engagements that were engaged directly (via PSC contracted to department) and are on the departmental payroll;	0
Number of these engagements that were reassessed for consistency/assurance purposes during the year whom assurance has been requested but not received;	0
Number that saw a change to IR35 status following the consistency review.	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Details of the exceptional circumstances that led to each of these engagements.	On resignation of the Director of Nursing & Patient Experience in December 2017, temporary cover was provided off payroll via a PSC. A permanent Director of Nursing & Patient Experience commenced on 16th July 2018 and is not the person who provided the temporary cover.
Details of the length of time each of these exceptional engagements lasted	Commenced on 4th December 2017 and ended on 13th July 2018
Total number of individuals both on and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year. This figure includes engagements which are ON PAYROLL as well as those off-payroll.	1

There were 2 off payroll engagements in place at the start of the 2018/19 financial year but both these arrangements ceased in year. There have been no new off payroll engagements during the year.

7.6 Exit packages

The figures disclosed relate to exit packages agreed in the year. The actual date of departure might be in a subsequent period, and the expense in relation to the departure costs may have been accrued in a previous period. The data here is therefore presented on a different basis to other staff costs and expenditure noted in the Health Board's Annual Accounts.

	2018-19				2017-18
Staff Numbers **Exit packages cost band (including any special payment element)**	**Number of compulsory redundancies**	**Number of other departures**	**Total number of exit packages**	**Number of departures where special payments have been made**	**Total number of exit packages**
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	1
£25,000 to £50,000	0	1	1	0	0
£50,000 to £100,000	0	0	0	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**	**1**	**1**	**0**	**2**
Exit Packages Costs **Exit packages cost band (including any special payment element)**	**Cost of compulsory redundancies**	**Cost of other departures**	**Total cost of exit packages**	**Cost of special element included in exit packages**	**Total cost of exit packages**
	£	**£**	**£**	**£**	**£'**
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	24,421
£25,000 to £50,000	0	45,805	45,805	0	0
£50,000 to £100,000	0	0	0	0	92,328
£100,000 to £150,000	0	0	0	0	0

	2018-19				2017-18
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**45,805**	**45,805**	**0**	**116,749**

The exit package disclosed above for 2018/19 comprises departure costs paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS).

Of the packages disclosed above for 2017/18, 1 package comprises departure costs paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS), and 1 package relates to the former Director of Human Resources under a Settlement Agreement whereby the terms were approved by the Remuneration Committee and in accordance with Welsh Government guidance.

Exit costs are accounted for in full in the year of departure. Where the Health Board has agreed early retirements, the additional costs are met by the Health Board and not by the NHS pension's scheme. Ill health retirement costs are met by the NHS pension's scheme and are not included in the table.

Annex D

National Assembly for Wales Accountability and Audit Report

National Assembly for Wales Accountability and Audit Report

1. Regularity of Expenditure

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

The Abertawe Bro Morgannwg University Health Board ensures that the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The Health Board's Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- prepare them on a going concern basis on the presumption that the services of the Health Board will continue in operation.

2. Remote Contingent Liabilities

Remote contingent liabilities are made for three categories, comprising indemnities, letters of comfort and guarantees.

Indemnity in the legal sense may also refer to an exemption from liability for damages. The concept of indemnity is based on a contractual agreement made between two parties, in which one party agrees to pay for potential losses or damages caused by the other party

Letters of comfort, however vague, give rise to moral and sometimes legal obligations. They should therefore be treated in the same way as any other proposal for a liability. Great care should be taken with proposals to offer general statements of awareness of a third party's position, or oral statements with equivalent effect. Creditors could easily take these to mean more than intended and threats of legal action could result.

Guarantees should normally arise using statutory powers. They typically involve guarantees against non-payment of debts to third parties.

The Health Board has identified remote contingent liabilities in the form of indemnities in respect of the net liability for remote clinical negligence and personal injury claims. This remote contingent liability comprises the first £25,000 of such claims with all indemnities above this value being met by the Welsh Risk Pool.

The value of remote contingent liabilities for 2018-19 is £0.290m and is disclosed in note 21.2 of the Health Board's accounts.

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

Annual Accounts

2018-2019

ABERTAWE BRO MORGANNWG UNIVERSITY HEALTH BOARD

FOREWORD

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

Statutory background

The Local Health Board was established on 1st October 2009.

Performance Management and Financial Results

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

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

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
Expenditure on Primary Healthcare Services	3.1	**245,546**	242,052
Expenditure on healthcare from other providers	3.2	**250,518**	238,469
Expenditure on Hospital and Community Health Services	3.3	**898,238**	887,423
		1,394,302	1,367,944
Less: Miscellaneous Income	4	**(255,796)**	(243,248)
LHB net operating costs before interest and other gains and losses		**1,138,506**	1,124,696
Investment Revenue	5	**0**	0
Other (Gains) / Losses	6	**(292)**	(127)
Finance costs	7	**5,165**	4,923
Net operating costs for the financial year		**1,143,379**	1,129,492

See note 2 on page 23 for details of performance against Revenue and Capital allocations.

The notes on pages 2 to 70 form part of these accounts

Other Comprehensive Net Expenditure

	2018-19	2017-18
	£'000	£'000
Net (gain) / loss on revaluation of property, plant and equipment	**(3,526)**	(17,074)
Net (gain) / (loss) on revaluation of intangibles	**0**	0
Net (gain) / loss on revaluation of available for sale financial assets	**0**	44
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**(3,526)**	(17,030)
Total comprehensive net expenditure for the year	**1,139,853**	1,112,462

The Net (gain) / loss on revaluation of property, plant and equipment figure reported in 2017-18 includes the impact of the revaluation of the NHS estate undertaken by the Valuation Office Agency effective from 1st April 2017.

Statement of Financial Position as at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Property, plant and equipment	11	**611,982**	603,428
Intangible assets	12	**2,751**	2,474
Trade and other receivables	15	**108,880**	153,983
Other financial assets	16	**0**	0
Total non-current assets		**723,613**	759,885
Current assets			
Inventories	14	**10,234**	9,725
Trade and other receivables	15	**66,331**	55,901
Other financial assets	16	**0**	0
Cash and cash equivalents	17	**830**	491
		77,395	66,117
Non-current assets classified as "Held for Sale"	11	**155**	330
Total current assets		**77,550**	66,447
Total assets		**801,163**	826,332
Current liabilities			
Trade and other payables	18	**(151,171)**	(150,778)
Other financial liabilities	19	**0**	0
Provisions	20	**(35,458)**	(24,092)
Total current liabilities		**(186,629)**	(174,870)
Net current assets/ (liabilities)		**(109,079)**	(108,423)
Non-current liabilities			
Trade and other payables	18	**(40,178)**	(43,018)
Other financial liabilities	19	**0**	0
Provisions	20	**(115,048)**	(160,437)
Total non-current liabilities		**(155,226)**	(203,455)
Total assets employed		**459,308**	448,007
Financed by :			
Taxpayers' equity			
General Fund		**408,417**	399,366
Revaluation reserve		**50,891**	48,641
Total taxpayers' equity		**459,308**	448,007

The financial statements on pages 2 to 7 were approved by the Board on 29th May 2019 and signed on its behalf by:

On Behalf of the Chief Executive and Accountable Officer Tracy Myhill Date 29th May 2019

The notes on pages 2 to 70 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance as at 31 March 2018	399,366	48,641	**448,007**
Adjustment for Implementation of IFRS 9	(504)	0	**-504**
Balance at 1 April 2018	398,862	48,641	447,503
Net operating cost for the year	(1,143,379)		**(1,143,379)**
Net gain/(loss) on revaluation of property, plant and equipment	0	3,526	**3,526**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	1,276	(1,276)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from (please specify)	0	0	**0**
Total recognised income and expense for 2018-19	(1,142,103)	2,250	**(1,139,853)**
Net Welsh Government funding	1,151,658		**1,151,658**
Balance at 31 March 2019	408,417	50,891	**459,308**

The notes on pages 2 to 70 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2018

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 31 March 2017	408,605	27,826	**436,431**
Net operating cost for the year	(1,129,492)		**(1,129,492)**
Net gain/(loss) on revaluation of property, plant and equipment	0	17,074	**17,074**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	(44)	**(44)**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	(3,785)	3,785	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from (please specify)	(505)	0	**(505)**
Total recognised income and expense for 2017-18	(1,133,782)	20,815	**(1,112,967)**
Net Welsh Government funding	1,124,543		**1,124,543**
Balance at 31 March 2018	399,366	48,641	**448,007**

The notes on pages 2 to 70 form part of these accounts

Statement of Cash Flows for year ended 31 March 2019

	notes	2018-19 £'000	2017-18 £'000
Cash Flows from operating activities			
Net operating cost for the financial year		**(1,143,379)**	(1,129,492)
Movements in Working Capital	27	**27,348**	(52,251)
Other cash flow adjustments	28	**22,203**	131,449
Provisions utilised	20	**(25,389)**	(25,868)
Net cash outflow from operating activities		**(1,119,217)**	(1,076,162)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(35,340)**	(49,716)
Proceeds from disposal of property, plant and equipment		**644**	2,043
Purchase of intangible assets		**(994)**	(942)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(35,690)**	(48,615)
Net cash inflow/(outflow) before financing		**(1,154,907)**	(1,124,777)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**1,151,658**	1,124,543
Capital receipts surrendered		**0**	0
Capital grants received		**384**	0
Capital element of payments in respect of finance leases and on-SoFP		**3,204**	0
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,155,246**	1,124,543
Net increase/(decrease) in cash and cash equivalents		**339**	(234)
Cash and cash equivalents (and bank overdrafts) at 1 April 2018		**491**	725
Cash and cash equivalents (and bank overdrafts) at 31 March 2019		**830**	491

The notes on pages 2 to 70 form part of these accounts

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2018-19 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 LHB 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 LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

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

From 2018-19, IFRS 15 Revenue from Contracts with Customers is applied, as interpreted and adapted for the public sector, in the Financial Reporting Manual (FReM). It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. Upon transition the accounting policy to retrospectively restate in accordance with IAS 8 has been withdrawn. All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.
A review consistent with the portfolio approach was undertaken by the NHS Technical Accounting Group members, which:

- identified that the only material income that would potentially require adjustment under IFRS 15 was that for patient care provided under Long Term Agreements (LTAs) for episodes of care which had started but not concluded as at the end of the financial period;
- demonstrated that the potential amendments to NHS Wales NHS Trust and Local Health Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

Under the Conceptual IFRS Framework due consideration must be given to the users of the accounts and the cost restraint of compliance and reporting and production of financial reporting. Given the income for LTA activity is recognised in accordance with established NHS Terms and Conditions affecting multiple parties across NHS Wales it was considered reasonable to continue recognising in accordance with those established terms on the basis that this provides information that is relevant to the user and to do so does not result in a material misstatement of the figures reported.

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

1.4 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

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

NEST Pension Scheme

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

1.5 Other expenses

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

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

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

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

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

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

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

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

In 2017-18 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

From 2015-16, the LHB must comply with IFRS 13 Fair Value Measurement in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

In accordance with the adaptation of IAS 16 in table 6.2 of the FReM, for non-specialised assets in operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

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

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

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

1.7 Intangible assets

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

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

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

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

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

1.8 Depreciation, amortisation and impairments
Freehold land, assets under construction and assets held for sale are not depreciated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.14.1 Clinical negligence and personal injury 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 2018-19***. The WRP is hosted by Velindre NHS Trust.

1.15 Financial Instruments

From 2018-19 IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales bodies, will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.

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

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

NHS Wales Technical Accounting Group members reviewed the IFRS 9 requirements and determined a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS9 to construct a provision matrix.

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

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

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

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

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

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

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

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of

Comprehensive Net Expenditure and the carrying amount of the asset is reduced directly, or through a provision of impairment of receivables.

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

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

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

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

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

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

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

1.20 Third party assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 29 to the accounts.

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

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

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

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

1.22 Pooled budget
The LHB has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in Note 32.

The pool is hosted by one organisation. Payments for services provided are accounted for as miscellaneous income. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

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

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

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

Provisions
The Health Board provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the Health Board or Trust, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

Probable & Certain Cases – Accounting Treatment

A provision for these cases is calculated in accordance with IAS 37. Cases are assessed and divided into four categories according to their probability of settlement;

Remote	Probability of Settlement	0 – 5%
	Accounting Treatment	Contingent Liability.
Possible	Probability of Settlement	6% - 49%
	Accounting Treatment	Defence Fee - Provision Contingent Liability for all other estimated expenditure.
Probable	Probability of Settlement	50% - 94%
	Accounting Treatment	Full Provision
Certain	Probability of Settlement	95% - 100%
	Accounting Treatment	Full Provision

The provision for probable and certain cases is based on case estimates of individual reported claims received by Legal & Risk Services within NHS Wales Shared Services Partnership.

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of -0.75%.

Future liabilities for certain & probable cases with a probability of 95%-100% and 50%- 94% respectively are held as a provision on the balance sheet. Cases typically take a number of years to settle, particularly for high value cases where a period of development is necessary to establish the full extent of the injury caused.

Annual Leave Accrual

In line with International Accounting Standard (IAS) 19, the Health Board has reviewed the level of annual leave taken by its staff to 31st March 2019. Based on a sample, the Health Board has accrued £1.019m (2017-18 £1.310m) for untaken annual leave. This is based on a sample of the leave records of 8% (2017-18: 8%) of all LHB staff and reflects the Health Board's policy of only allowing staff to carry over annual leave in exceptional circumstances. However, it must be noted that in some instances, the annual leave year for staff, particularly Consultant Medical Staff, does not run co-terminus with the financial year and for these staff the untaken annual leave has been calculated on a pro-rata basis to arrive at the figure as at 31st March 2019. The Health Board is aware of the EU ruling on Holiday pay but given the significant work required to identify any potential liabilities arising from this judgement, the Health Board is not yet in a position to have identified if there are any such liabilities arising from the ruling.

Retrospective Continuing Healthcare Claims

The Health Board has an estimated liability of £1.166m (2017-18: £2.467m) in respect of retrospective claims for continuing healthcare funding. The provision is based upon an assessment of the likelihood of claims meeting the criteria for continuing healthcare and is based on actual costs incurred by individuals in care homes. The provision is based on information available to the Health Board as at the Statement of Financial Position date and could be subject to change as outcomes are determined. In 2018/19, as in 2017/18, the provision is based on the average weekly rate reimbursed for successful claims together with the success factor for the claims made against the LHB.

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

Primary Care Expenditure

General Medical Services Quality and Outcomes Framework

An amount of £2.422m (2017-18: £2.299m) was accrued on the basis of the number of points achieved by each GP Practice in 2018/19 capped at 567 points which is the maximum number of points available under this scheme. Unlike in both 2016/17 and 2017/18 the relaxation of QOF ceased in 2018/19 and therefore no adjustment for relaxation is included in the accrual. The cost per point for QOF included within the accrual for 2018/19 has been uplifted by 3.05% in accordance with the inflation uplift advised by Welsh Government.

Prescribing Costs

The Health Board has accrued a total of £14.725m (2017-18: £15.815m) in respect of prescribing costs for the months of February and March 2019. The costs were derived using the average daily charge for the 4 month period October to January to derive an average weighted daily run rate for prescribing. This weighted daily run rate is based on 50% calender days in the month and 50% prescribing days in the month. This average cost was then applied to the number of days in February and March to arrive at an amount for accrual. This amount was then reviewed to take into account the estimated impact of category M changes effective from January 2019 which impact in February and March. In addition No Cheaper Stock Option (NCSO) information was assessed to determine whether adjustments needed to be made for any specific drugs within the accrual methodology.

Pharmacy

A total of £4.560m (2017-18: £4.638m) was accrued for February and March pharmacy contract payments and £0.466m (2017-18: £0.525m) for the February and March costs of GMS dispensing. For the past four years, the run rate for November to January was used to accrue for February and March due to several changes to the fees and allowances within the pharmacy contract from April to October. This approach was used again for 2018/19 with estimated adjustments made for the increase in contract price per item for February and March 2019.

The basis of the primary care estimates disclosed above was agreed in advance with the Health Board's Auditors and reported to the Health Board's Audit Committee in March 2019.

1.25 Private Finance Initiative (PFI) transactions

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

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

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

Services received

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

PFI asset

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

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

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

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

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

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

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

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

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

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

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

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

1.29 Accounting standards that have been issued but not yet been adopted
The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS14 Regulatory Deferral Accounts (The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries),
IFRS 16 Leases, HMT have confirmed that IFRS16 Leases, as interpreted and adapted by the FReM is to be effective from 1st April 2020.
IFRS 17 Insurance Contracts,
IFRIC 23 Uncertainty over Income Tax Treatment.

1.30 Accounting standards issued that have been adopted early
During 2018-19 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.31 Charities
Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as the LHB is the corporate trustee of the Abertawe Bro Morgannwg University Health Board linked NHS Charity it is considered for accounting standards compliance to have control of Abertawe Bro Morgannwg University Local Health Board Charity as a subsidiary and therefore is required to consolidate the results of Abertawe Bro Morgannwg University Local Health Board Charity within the statutory accounts of the LHB.

The determination of control is an accounting standard test of control and there has been no change to the operation of Abertawe Bro Morgannwg University Local Health Board Charity or its independence in its management of charitable funds.

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

2. Financial Duties Performance

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

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

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

Welsh Health Circular WHC/2016/054 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" clarifies the statutory financial duties of NHS Wales bodies effective from 2016-17.

2.1 Revenue Resource Performance

	Annual financial performance			
	2016-17	2017-18	2018-19	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	1,102,684	1,129,492	**1,143,379**	**3,375,555**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(147)	726	**1,484**	**2,063**
Less revenue consequences of bringing PFI schemes onto SoFP	(2,283)	(1,551)	**(1,684)**	**(5,518)**
Total operating expenses	1,100,254	1,128,667	1,143,179	**3,372,100**
Revenue Resource Allocation	1,060,938	1,096,250	**1,133,300**	**3,290,488**
Under /(over) spend against Allocation	(39,316)	(32,417)	**(9,879)**	**(81,612)**

Abertawe Bro Morgannwg University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2016-17 to 2018-19.

The Health Board did not receive any repayable brokerage during the year.

The Health Board received £7.979m cash only support in 2018-19. The accumulated cash support provided to the Health Board by the Welsh Government is £63.271m as at 31st March 2019. The cash only support is provided to assist the Health Board with ensuring payments to staff and suppliers. There is no interest payable on cash only support. Repayment of this cash assistance will be in accordance with the Health Board's future Integrated Medium Term Plan.

2.2 Capital Resource Performance

	2016-17	2017-18	2018-19	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	44,241	42,663	**37,873**	**124,777**
Add: Losses on disposal of donated assets	0	0	**0**	**0**
Less: NBV of property, plant and equipment and intangible assets disposed	(83)	(1,918)	**(352)**	**(2,353)**
Less: capital grants received	0	0	**(384)**	**(384)**
Less: donations received	(407)	(694)	**(730)**	**(1,831)**
Charge against Capital Resource Allocation	43,751	40,051	**36,407**	**120,209**
Capital Resource Allocation	43,845	40,093	**36,447**	**120,385**
(Over) / Underspend against Capital Resource Allocation	94	42	**40**	**176**

Abertawe Bro Morgannwg University LHB met its financial duty to break-even against its Capital Resource Limit over the 3 years 2016-17 to 2018-19.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2018-19 to 2020-21 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2018-19 to 2020-21 in accordance with NHS Wales Planning Framework.

	2018-19 to 2020-21
The Minister for Health and Social Services approval status	**Not Approved**

The LHB **has not** therefore met its statutory duty to have an approved financial plan for the period 2018-19 to 2020-21

The LHB Integrated Medium Term Plan **was not** approved in 2017-18.

Following the LHB being placed in Targeted Intervention in September 2016, it was not in a position to submit a three year Integrated Medium Term Plan for 2018-21. The LHB has since operated, in agreement with Welsh Government, under annual planning arrangements. The LHB's Annual Operating Plan for 2018-19, which identified a planned annual deficit of £25 million, was approved by its Board in March 2018. The Board subsequently approved further amendments to the Annual Operating Plan, resulting in a reduction in the planned annual deficit to £10m.
The LHB's eventual deficit for 2018/19 was £9.879m.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2018-19 Total	2017-18
	£'000	£'000	£'000	£'000
General Medical Services	86,542		**86,542**	78,116
Pharmaceutical Services	27,447	(7,189)	**20,258**	20,811
General Dental Services	36,325		**36,325**	34,802
General Ophthalmic Services	1,415	5,705	**7,120**	7,089
Other Primary Health Care expenditure	957		**957**	2,430
Prescribed drugs and appliances	94,344		**94,344**	98,804
Total	**247,030**	**-1,484**	**245,546**	242,052

The Total expenditure above includes £0.460m in respect of staff costs (2017-18, £0.640m).

3.2 Expenditure on healthcare from other providers	2018-19	2017-18
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**21,969**	23,936
Goods and services from other NHS Wales Trusts	**14,126**	13,016
Goods and services from Health Education and Improvement Wales (HEIW)	**0**	0
Goods and services from other non Welsh NHS bodies	**1,641**	1,784
Goods and services from WHSSC / EASC	**123,210**	118,494
Local Authorities	**12,913**	9,630
Voluntary organisations	**5,158**	4,155
NHS Funded Nursing Care	**10,169**	12,543
Continuing Care	**52,076**	49,537
Private providers	**9,251**	5,364
Specific projects funded by the Welsh Government	**0**	0
Other	**5**	10
Total	**250,518**	238,469

GMS Expenditure in Note 3.1 includes £0.068m (2017-18, £2.996m) of rates rebates received in respect of GP premises rates for previous financial years following a successful appeal against the rateable value of GP premises. The GMS expenditure of £86.542m for 2018-19 (2017-18, £78.116m) is therefore net of the rates rebates received.

Expenditure with Local Authorities in Note 3.2 is in respect of Continuing Healthcare Costs for services provided to the Health Board's residents within Local Authority Residential and Nursing Homes and in respect of contributions to the Community Equipment Pooled Budgets schemes with City & County of Swansea and Rhonnda Cynon Taff County Borough Council. Expenditure in respect of other projects run by Local Authorities but where contributions are made by the Health Board are also included here such as the contributions to the Assisted Recovery in the Community (ARC) pooled budget detailed in Note 32 to the accounts.

3.3 Expenditure on Hospital and Community Health Services

	2018-19 £'000	2017-18 £'000
Directors' costs	1,846	1,799
Staff costs	657,097	627,156
Supplies and services - clinical	130,772	134,734
Supplies and services - general	10,886	11,117
Consultancy Services	530	476
Establishment	14,365	14,817
Transport	2,881	3,208
Premises	29,340	28,866
External Contractors	3,816	3,829
Depreciation	30,529	32,495
Amortisation	772	607
Fixed asset impairments and reversals (Property, plant & equipment)	1,089	14,716
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	402	407
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	3,035	3,739
Research and Development	5,978	4,982
Other operating expenses	4,900	4,475
Total	**898,238**	887,423

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

Increase/(decrease) in provision for future payments:	**2018-19 £'000**	2017-18 £'000
Clinical negligence	(9,988)	85,246
Personal injury	396	(170)
All other losses and special payments	693	221
Defence legal fees and other administrative costs	1,458	1,235
Gross increase/(decrease) in provision for future payments	**(7,441)**	**86,532**
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/due from Welsh Risk Pool	10,476	(82,793)
Total	**3,035**	**3,739**

Personal injury includes £276k (2017-18 -£3k) in respect of permanent injury benefits.
Clinical Redress expenditure during the year was £523k in respect of 76 cases (2017-18 £631k re 95 cases).

4. Miscellaneous Income

	2018-19 £'000	2017-18 £'000
Local Health Boards	69,037	67,042
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	107,369	102,615
NHS trusts	6,059	6,808
Health Education and Improvement Wales (HEIW)	5,976	0
Other NHS England bodies	3,521	3,227
Foundation Trusts	0	0
Local authorities	7,404	7,504
Welsh Government	11,168	8,170
Non NHS:		
Prescription charge income	0	0
Dental fee income	6,843	6,818
Private patient income	3,862	3,817
Overseas patients (non-reciprocal)	144	202
Injury Costs Recovery (ICR) Scheme	2,685	2,367
Other income from activities	3,545	3,103
Patient transport services	0	
Education, training and research	17,460	22,548
Charitable and other contributions to expenditure	784	368
Receipt of donated assets	730	694
Receipt of Government granted assets	384	0
Non-patient care income generation schemes	656	643
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	822	245
Contingent rental income from finance leases	0	0
Rental income from operating leases	509	522
Other income:		
Provision of laundry, pathology, payroll services	267	233
Accommodation and catering charges	3,380	3,196
Mortuary fees	322	344
Staff payments for use of cars	1,916	1,690
Business Unit	0	0
Other	953	1,092
Total	**255,796**	243,248

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of **21.89%** to reflect expected rates of collection.

Other Income includes:	2018-19	2017-18
Grant Income	20	5
Pharmacy and Other Sales Income	97	106
Clinical Trials Income	96	96
Search Fee Income	34	159
Syrian Refugee Income	109	279
All Other Income	597	447
Total	**953**	1,092

Health Education and Improvement Wales (HEIW) came into being on 1st October 2018. The income received from HEIW prior to 1st October 2018 is included in Education, Training & Research income .

5. Investment Revenue

	2018-19	2017-18
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	**0**	0

6. Other gains and losses

	2018-19	2017-18
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	142	37
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	150	90
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	**292**	127

7. Finance costs

	2018-19	2017-18
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	26	39
Interest on obligations under PFI contracts		
main finance cost	2,529	2,673
contingent finance cost	2,604	2,194
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	**5,159**	4,906
Provisions unwinding of discount	6	17
Other finance costs	0	0
Total	**5,165**	4,923

8. Operating leases

LHB as lessee

As at 31st March 2019 the LHB had 27 operating leases agreements in place for the leases of premises, 230 arrangements in respect of equipment and 363 in respect of vehicles, with 2 premises, 88 equipment and 45 vehicle leases having expired in year. The periods in which the remaining 620 agreements expire are shown below:

Payments recognised as an expense	**2018-19**	2017-18
	£000	£000
Minimum lease payments	**7,207**	6,524
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**7,207**	6,524

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**6,815**	6,150
Between one and five years	**15,759**	15,021
After 5 years	**11,264**	8,455
Total	**33,838**	29,626

Number of operating leases expiring	**Land & Buildings**	**Vehicles**	**Equipment**	**Total**
Not later than one year	8	82	44	**134**
Between one and five years	2	281	185	**468**
After 5 years	17	0	1	**18**
Total	**27**	**363**	**230**	**620**
Charged to the income statement (£000)	**1,504**	**1,030**	**4,673**	**7,207**

There are no future sublease payments expected to be received

LHB as lessor

Rental revenue	**£000**	£000
Rent	**509**	522
Contingent rents	**0**	0
Total revenue rental	**509**	522

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**361**	383
Between one and five years	**1,143**	871
After 5 years	**1,718**	1,309
Total	**3,222**	2,563

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	£000	£000	£000	£000	£000	£000
Salaries and wages	521,626	936	26,217	0	**548,779**	525,182
Social security costs	49,917	0	0	0	**49,917**	47,634
Employer contributions to NHS Pension Scheme	65,202	0	0	0	**65,202**	62,180
Other pension costs	196	0	0	0	**196**	177
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	70	0	0	0	**70**	117
Total	637,011	936	26,217	0	**664,164**	635,290
Charged to capital					**708**	743
Charged to revenue					**663,961**	634,547
					664,669	635,290
Net movement in accrued employee benefits (untaken staff leave accrual included above)					1,086	(236)

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,490	11	34	0	**2,535**	2,501
Medical and dental	1,355	0	37	0	**1,392**	1,386
Nursing, midwifery registered	4,480	0	156	0	**4,636**	4,567
Professional, Scientific, and technical staff	448	0	0	0	**448**	439
Additional Clinical Services	2,744	0	23	0	**2,767**	2,798
Allied Health Professions	909	0	12	0	**921**	907
Healthcare Scientists	323	0	1	0	**324**	328
Estates and Ancilliary	1,390	0	20	0	**1,410**	1,419
Students	5	0	0	0	**5**	9
Total	**14,144**	**11**	**283**	**0**	**14,438**	14,354

9.3. Retirements due to ill-health

During 2018-19 there were 15 early retirements from the LHB agreed on the grounds of ill-health (2017-18, 11). The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £660,912 (2017-18, £600,398)

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2018-19 Number of compulsory redundancies	2018-19 Number of other departures	2018-19 Total number of exit packages	2018-19 Number of departures where special payments have been made	2017-18 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	0	0	0	0
£10,000 to £25,000	0	0	0	0	1
£25,000 to £50,000	0	1	1	0	0
£50,000 to £100,000	0	0	0	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**	**1**	**1**	**0**	**2**

Exit packages cost band (including any special payment element)	2018-19 Cost of compulsory redundancies	2018-19 Cost of other departures	2018-19 Total cost of exit packages	2018-19 Cost of special element included in exit packages	2017-18 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	24,421
£25,000 to £50,000	0	45,805	45,805	0	0
£50,000 to £100,000	0	0	0	0	92,328
£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**	**45,805**	**45,805**	**0**	**116,749**

The exit package disclosed for 2018-19 comprises departure costs paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS).

Of the packages disclosed above for 2017-18, 1 package comprises departure costs paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). The remaining package relates to a payment made to the former Director of Human Resources who left the Health Board on 21st July 2017. This package comprised payments in lieu of notice and an Ex-Gratia payment on termination.

Exit costs in this note are accounted for in full in the year of departure. Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

9.6 Remuneration Relationship

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

In 2018-19 the highest paid director in the LHB was the Chief Executive, in 2017-18 it was the Medical Director who left the LHB in July 2018.

The banded remuneration of the Chief Executive in the LHB in the financial year 2018-19 was £200,000 - £205,000 (2017-18, £200,000- £205,000). This was 7.0 times (2017-18, 7.1) the median remuneration of the workforce, which was £28,840 (2017-18, £28,667).

In 2018-19, 11 (2017-18, 2) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £17,460 to £245,038 (2017-18 £16,523 to £222,051).

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

The employees who received remuneration in excess of the highest paid director in 2018-19 were all medical staff as in 2017-18. None of these staff are related to the Chairman, Executive Directors or Non Officer Members.

9.7 Pension costs

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 for Health 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. 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 recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 5% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 2% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,032 and £46,350 for the 2018-19 tax year (2017-18 £5,876 and £45,000).

Restrictions on the annual contribution limits were removed on 1st April 2017.

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

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

	2018-19	**2018-19**	2017-18	2017-18
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,770**	**189,151**	5,822	176,146
Total bills paid within target	**4,845**	**182,341**	4,881	164,686
Percentage of bills paid within target	**84.0%**	**96.4%**	83.8%	93.5%
Non-NHS				
Total bills paid	**310,861**	**374,262**	300,160	379,963
Total bills paid within target	**294,597**	**353,753**	282,150	354,208
Percentage of bills paid within target	**94.8%**	**94.5%**	94.0%	93.2%
Total				
Total bills paid	**316,631**	**563,413**	305,982	556,109
Total bills paid within target	**299,442**	**536,094**	287,031	518,894
Percentage of bills paid within target	**94.6%**	**95.2%**	93.8%	93.3%

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

	2018-19	2017-18
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2018	55,640	477,074	12,829	15,541	133,243	1,585	41,983	7,978	**745,873**
Indexation	987	2,519	129	0	0	0	0	0	**3,635**
Additions									
- purchased	136	5,237	0	16,486	9,371	165	4,121	250	**35,766**
- donated	0	38	0	188	398	0	106	0	**730**
- government granted	0	0	0	383	0	0	1	0	**384**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	10,830	0	(11,867)	592	0	323	66	**(56)**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	126	2,253	0	0	0	0	0	0	**2,379**
Impairments	113	(3,887)	0	0	0	0	0	0	**(3,774)**
Reclassified as held for sale	(155)	0	0	0	0	0	0	0	**(155)**
Disposals	(20)	65	0	0	(6,940)	(124)	(3,127)	(2,638)	**(12,784)**
At 31 March 2019	56,827	494,129	12,958	20,731	136,664	1,626	43,407	5,656	**771,998**
Depreciation at 1 April 2018	0	10,476	169	0	99,012	1,272	26,228	5,288	**142,445**
Indexation	0	105	2	0	0	0	0	0	**107**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	3	0	0	0	**3**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(306)	0	0	0	0	0	0	**(306)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	65	0	0	(6,938)	(124)	(3,127)	(2,638)	**(12,762)**
Provided during the year	0	16,504	354	0	8,220	111	4,778	562	**30,529**
At 31 March 2019	0	26,844	525	0	100,297	1,259	27,879	3,212	**160,016**
Net book value at 1 April 2018	55,640	466,598	12,660	15,541	34,231	313	15,755	2,690	**603,428**
Net book value at 31 March 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	**611,982**
Net book value at 31 March 2019 comprises :									
Purchased	56,827	463,491	12,433	20,234	35,455	362	15,111	2,418	**606,331**
Donated	0	3,720	0	188	897	0	354	5	**5,164**
Government Granted	0	74	0	309	15	5	63	21	**487**
At 31 March 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	**611,982**
Asset financing :									
Owned	54,787	416,318	12,433	20,731	35,947	367	15,528	2,444	**558,555**
Held on finance lease	0	0	0	0	420	0	0	0	**420**
On-SoFP PFI contracts	2,040	50,967	0	0	0	0	0	0	**53,007**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2019	56,827	467,285	12,433	20,731	36,367	367	15,528	2,444	**611,982**

The net book value of land, buildings and dwellings at 31 March 2019 comprises :

	£000
Freehold	**481,080**
Long Leasehold	**55,465**
Short Leasehold	**0**
	536,545

Within the note above, reclassifications of (£56k) are shown. This is due to the recallsification of an intangible asset from assets under construction and the opposite entry is shown in Note 12.

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2017	59,854	528,613	12,714	18,504	131,274	1,710	34,751	7,743	**795,163**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions									
- purchased	771	3,005	0	22,359	10,149	0	4,514	228	**41,026**
- donated	0	16	0	199	287	0	164	7	**673**
- government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	(110)	(396)	0	0	0	0	0	0	**(506)**
Reclassifications	0	22,755	0	(25,521)	31	0	2,611	0	**(124)**
Revaluations	(3,040)	(63,360)	(197)	0	0	0	0	0	**(66,597)**
Reversal of impairments	8	5,487	385	0	0	0	0	0	**5,880**
Impairments	(1,477)	(19,046)	(73)	0	0	0	0	0	**(20,596)**
Reclassified as held for sale	(330)	0	0	0	0	0	0	0	**(330)**
Disposals	(36)	0	0	0	(8,498)	(125)	(57)	0	**(8,716)**
At 31 March 2018	55,640	477,074	12,829	15,541	133,243	1,585	41,983	7,978	**745,873**
Depreciation at 1 April 2017	0	76,413	1,590	0	96,279	1,275	22,088	4,606	**202,251**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	(12)	0	0	12	0	0	0	**0**
Revaluations	0	(81,864)	(1,763)	0	0	0	0	0	**(83,627)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(8,492)	(125)	(57)	0	**(8,674)**
Provided during the year	0	15,939	342	0	11,213	122	4,197	682	**32,495**
At 31 March 2018	0	10,476	169	0	99,012	1,272	26,228	5,288	**142,445**
Net book value at 1 April 2017	59,854	452,200	11,124	18,504	34,995	435	12,663	3,137	**592,912**
Net book value at 31 March 2018	55,640	466,598	12,660	15,541	34,231	313	15,755	2,690	**603,428**
Net book value at 31 March 2018 comprises :									
Purchased	55,640	462,781	12,660	15,539	33,539	305	15,285	2,653	**598,402**
Donated	0	3,817	0	2	672	0	352	7	**4,850**
Government Granted	0	0	0	0	20	8	118	30	**176**
At 31 March 2018	55,640	466,598	12,660	15,541	34,231	313	15,755	2,690	**603,428**
Asset financing :									
Owned	53,640	416,195	12,660	15,541	33,601	313	15,755	2,690	**550,395**
Held on finance lease	0	0	0	0	630	0	0	0	**630**
On-SoFP PFI contracts	2,000	50,403	0	0	0	0	0	0	**52,403**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	55,640	466,598	12,660	15,541	34,231	313	15,755	2,690	**603,428**

The net book value of land, buildings and dwellings at 31 March 2018 comprises :

	£000
Freehold	**480,002**
Long Leasehold	**54,896**
Short Leasehold	**0**
	534,898

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition . LHB s are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 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.

Within the note above reclassifications of £124k are shown. This is due to recalssification of an intangible asset from assets under constriction with the opposite entry shown in Note 12.

11. Property, plant and equipment (continued)

Additional disclosures re Property, Plant and Equipment

The majority of donated assets were purchased by the Abertawe Bro Morgannwg University Health Board Charity and donated to the health board.

Building asset lives are as determined by the District Valuer and range from 2 to 84 years.

Equipment assets are allocated lives based on the professional judgement and past experience of clinicians, finance staff and other Health Board professionals. The appropriateness of these lives is reviewed regularly. The equipment lives are as follows:

Medical Equipment range from 5 to 15 Years
Non-clinical Equipment - 5 Years
Vehicles - 7 Years
Furniture - 10 Years
IMT Hardware & Software - 5 years or reflects contract life for some software assets

The following assets were valued on completion by the District Valuer:

Morriston Hospital Renal Unit Refurbishment - June 2018
Morriston Hospital Chiller Replacement - June 2018
Singleton Hospital Pharmacy Aseptic Development - June 2018

IFRS 13 Fair value measurement

There are no assets requiring Fair Value measurement under IFRS 13 in 2018-19.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2018	330	0	0	0	0	**330**
Plus assets classified as held for sale in the year	155	0	0	0	0	**155**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(330)	0	0	0	0	**(330)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2019	155	0	0	0	0	**155**
Balance brought forward 1 April 2017	1,875	0	0	0	0	**1,875**
Plus assets classified as held for sale in the year	330	0	0	0	0	**330**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(1,875)	0	0	0	0	**(1,875)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2018	330	0	0	0	0	**330**

Assets sold in the period

Fairwood Hospital was sold during the 2018/19 financial year. The health board made a profit on disposal of the asset of £150k which is disclosed in Note 6 of the accounts.

Assets classified as held for sale during the year

Coelbren Health Centre was classified as an asset held for sale during the year.

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	6,953	0	279	0	0	0	**7,232**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**56**	**0**	**0**	**0**	**0**	**0**	**56**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**797**	**0**	**196**	**0**	**0**	**0**	**993**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- government granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gross cost at 31 March 2019	**7,806**	**0**	**475**	**0**	**0**	**0**	**8,281**
Amortisation at 1 April 2018	4,756	0	2	0	0	0	**4,758**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provided during the year	**619**	**0**	**153**	**0**	**0**	**0**	**772**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 31 March 2019	**5,375**	**0**	**155**	**0**	**0**	**0**	**5,530**
Net book value at 1 April 2018	**2,197**	**0**	**277**	**0**	**0**	**0**	**2,474**
Net book value at 31 March 2019	**2,431**	**0**	**320**	**0**	**0**	**0**	**2,751**
At 31 March 2019							
Purchased	**2,408**	**0**	**320**	**0**	**0**	**0**	**2,728**
Donated	**22**	**0**	**0**	**0**	**0**	**0**	**22**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2019	**2,430**	**0**	**320**	**0**	**0**	**0**	**2,750**

The reclassification of £56k in this note relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	6,135	0	9	0	0	0	**6,144**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	124	0	0	0	0	0	**124**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	**0**
Additions- purchased	672	0	270	0	0	0	**942**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	22	0	0	0	0	0	**22**
Additions- government granted	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Gross cost at 31 March 2018	**6,953**	**0**	**279**	**0**	**0**	**0**	**7,232**
Amortisation at 1 April 2017	4,151	0	0	0	0	0	**4,151**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	**0**
Provided during the year	605	0	2	0	0	0	**607**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Amortisation at 31 March 2018	**4,756**	**0**	**2**	**0**	**0**	**0**	**4,758**
Net book value at 1 April 2017	**1,984**	**0**	**9**	**0**	**0**	**0**	**1,993**
Net book value at 31 March 2018	**2,197**	**0**	**277**	**0**	**0**	**0**	**2,474**
At 31 March 2018							
Purchased	2,164	0	277	0	0	0	**2,441**
Donated	33	0	0	0	0	0	**33**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2018	**2,197**	**0**	**277**	**0**	**0**	**0**	**2,474**

The reclassification of £124k in this note relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1

Additional disclosures re Intangible Assets

For each class of intangible asset disclose :

the effective date of revaluation - **None**

the methods and significant assumptions applied in estimating fair values **- Estimated at Cost less depreciation to date**

the carrying amount had they been sold at cost **- £0**

For each class of intangible asset, distinguishing between internally generated intangible assets and others disclose :
whether the useful lives are indefinite or finite **- Finite**

the useful lives or the amortisation rates used - **Standard life of 5 years or the period that the licence covers as applicable**

Intangible assets, assessed as having indefinite useful lives - **None**

13 . Impairments

	2018-19 Property, plant & equipment £000	2018-19 Intangible assets £000	2017-18 Property, plant & equipment £000	2017-18 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**24**	0	**13**	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	**10**	0	**445**	0
Others (specify)	**3,434**	0	**26,563**	0
Reversal of impairments	**(2,379)**	0	**(5,881)**	0
Total of all impairments	**1,089**	0	**21,140**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	**1,089**	0	**14,716**	0
Charged to Revaluation Reserve	**0**	0	**6,424**	0
	1,089	0	**21,140**	0

The impairment losses disclosed above as "other" comprise:

£3.434m for the write down to depreciated replacement cost following the initial professional valuation on completion of 3 specialised assets as detailed below

Morriston Hospital Renal Unit Refurbishment - £2.189m
Morriston Hospital Chiller Replacement - £0.096m
Singleton Hospital Pharmacy Aseptic Development - £1.149m

14.1 Inventories

	31 March 2019 £000	31 March 2018 £000
Drugs	**4,525**	4,523
Consumables	**5,334**	5,092
Energy	**375**	110
Work in progress	**0**	0
Other	**0**	0
Total	**10,234**	9,725
Of which held at realisable value	**0**	0

14.2 Inventories recognised in expenses

	31 March 2019 £000	31 March 2018 £000
Inventories recognised as an expense in the period	**0**	0
Write-down of inventories (including losses)	**0**	0
Reversal of write-downs that reduced the expense	**0**	0
Total	**0**	**0**

Note 14.1 discloses the stock values held at 31st March 2019. Where stock is counted manually stock takes are undertaken throughout February and March in order to ensure that stock valuations are available at the balance sheet date due to the time taken to price the items of stock counted.

Note 14.2 only requires completion where inventories are purchased for sale.
ABMU LHB does not purchase inventories for sale.

15. Trade and other Receivables

Current	**31 March 2019 £000**	31 March 2018 £000
Welsh Government	**4,853**	**1,858**
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**1,981**	**1,675**
Welsh Health Boards	**3,612**	**4,069**
Welsh NHS Trusts	**1,640**	**1,340**
Health Education and Improvement Wales (HEIW)	**329**	**0**
Non - Welsh Trusts	**75**	**32**
Other NHS	**253**	**551**
Welsh Risk Pool	**38,211**	**31,106**
Local Authorities	**2,235**	**2,609**
Capital debtors	**0**	**13**
Other debtors	**10,522**	**9,209**
Provision for irrecoverable debts	**(3,068)**	**(2,222)**
Pension Prepayments	**0**	**0**
Other prepayments	**5,037**	**5,334**
Other accrued income	**651**	**327**
Sub total	**66,331**	55,901
Non-current		
Welsh Government	**0**	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Health Education and Improvement Wales (HEIW)	**0**	0
Non - Welsh Trusts	**0**	0
Other NHS	**0**	0
Welsh Risk Pool	**108,880**	153,983
Local Authorities	**0**	0
Capital debtors	**0**	0
Other debtors	**0**	0
Provision for irrecoverable debts	**0**	0
Pension Prepayments	**0**	0
Other prepayments	**0**	0
Other accrued income	**0**	0
Sub total	**108,880**	153,983
Total	**175,211**	209,884
Receivables past their due date but not impaired		
By up to three months	**6,772**	3,509
By three to six months	**358**	529
By more than six months	**467**	745
	7,597	4,783

Expected Credit Losses (ECL) / Provision for impairment of receivables		
Balance at 31 March 2018	(2,222)	
Adjustment for Implementation of IFRS 9	**(504)**	
Balance at 1 April 2018	**(2,726)**	**(1,165)**
Transfer to other NHS Wales body	**0**	**0**
Amount written off during the year	**635**	**155**
Amount recovered during the year	**94**	**377**
(Increase) / decrease in receivables impaired	**(1,071)**	**(1,589)**
Bad debts recovered during year	**0**	**0**
Balance at 31 March	**(3,068)**	(2,222)

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. Further details on the ECL provision is provided at Note 34.

Receivables VAT		
Trade receivables	**2,373**	1,219
Other	**0**	0
Total	**2,373**	1,219

16. Other Financial Assets

	Current		Non-current	
	31 March 2019 £000	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**0**	0	**0**	0
Derivatives	**0**	0	**0**	0
Other (Specify)				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Total	**0**	**0**	**0**	**0**

17. Cash and cash equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	**491**	725
Net change in cash and cash equivalent balances	**339**	(234)
Balance at 31 March	**830**	491
Made up of:		
Cash held at GBS	**708**	329
Commercial banks	**0**	0
Cash in hand	**122**	162
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**830**	491
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**830**	491

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are;

Lease Liabilities £258k
PFI liabilities £2,946k

The movement relates to cash, no comparative information is required by IAS 7 in 2018 -19.

18. Trade and other payables

Current	**31 March 2019 £000**	31 March 2018 £000
Welsh Government	**16**	**18**
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**650**	**925**
Welsh Health Boards	**4,532**	**3,282**
Welsh NHS Trusts	**2,540**	**1,877**
Health Education and Improvement Wales (HEIW)	**0**	**0**
Other NHS	**1,192**	**810**
Taxation and social security payable / refunds	**5,896**	**5,621**
Refunds of taxation by HMRC	**0**	**0**
VAT payable to HMRC	**241**	**101**
Other taxes payable to HMRC	**0**	**0**
NI contributions payable to HMRC	**7,571**	**7,257**
Non-NHS creditors	**19,622**	**20,923**
Local Authorities	**6,285**	**4,109**
Capital Creditors	**10,643**	**9,989**
Overdraft	**0**	**0**
Rentals due under operating leases	**0**	**0**
Obligations under finance leases, HP contracts	**270**	**258**
Imputed finance lease element of on SoFP PFI contracts	**2,569**	**2,945**
Pensions: staff	**10,297**	**9,305**
Accruals	**75,354**	**79,668**
Deferred Income:		
Deferred Income brought forward	**2,720**	**253**
Deferred Income Additions	**1,061**	**2,711**
Transfer to / from current/non current deferred income	**0**	**0**
Released to SoCNE	**(822)**	**(245)**
Other creditors	**534**	**971**
PFI assets –deferred credits	**0**	**0**
Payments on account	**0**	0
Total	**151,171**	150,778

Non-current		
Welsh Government	**0**	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Health Education and Improvement Wales (HEIW)	**0**	0
Other NHS	**0**	0
Taxation and social security payable / refunds	**0**	0
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS creditors	**0**	0
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**211**	481
Imputed finance lease element of on SoFP PFI contracts	**39,967**	42,537
Pensions: staff	**0**	0
Accruals	**0**	0
Deferred Income :		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Total	**40,178**	43,018

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

Amounts falling due more than one year are expected to be settled as follows:	**31-Mar-19 £000**	**31-Mar-18 £000**
Between one and two years	3,042	2,840
Between two and five years	10,878	11,020
In five years or more	26,258	29,158
Sub-total	40,178	43,018

19. Other financial liabilities

	Current		Non-current	
Financial liabilities	**31 March 2019 £000**	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £000
Financial Guarantees:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Derivatives at fair value through SoCNE	**0**	0	**0**	0
Other:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Total	**0**	0	**0**	0

20. Provisions

	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2019
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**17,587**	0	(714)	43,837	27,946	(20,347)	(37,912)	0	**30,397**
Personal injury	**1,010**	0	0	446	554	(976)	(312)	6	**728**
All other losses and special payments	**0**	0	0	0	693	(693)	0	0	**0**
Defence legal fees and other administration	**1,489**	0	0	275	2,389	(862)	(1,137)		**2,154**
Pensions relating to former directors	**4**			4	0	(4)	0	0	**4**
Pensions relating to other staff	**139**			47	96	(139)	(4)	0	**139**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**3,863**		0	0	1,437	(1,247)	(2,017)		**2,036**
Total	**24,092**	**0**	**(714)**	44,609	33,115	(24,268)	(41,382)	**6**	**35,458**
Non Current									
Clinical negligence	**152,908**	0	0	(43,837)	5,067	(1,104)	(5,089)	0	**107,945**
Personal injury	**6,036**	0	0	(446)	275	0	(121)	0	**5,744**
All other losses and special payments	**0**	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	**1,277**	0	0	(275)	210	(17)	(4)		**1,191**
Pensions relating to former directors	**16**			(4)	0	0	0	0	**12**
Pensions relating to other staff	**200**			(47)	4	0	(1)	0	**156**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**0**		0	0	0	0	0		**0**
Total	**160,437**	**0**	**0**	**(44,609)**	**5,556**	**(1,121)**	**(5,215)**	**0**	**115,048**
TOTAL									
Clinical negligence	**170,495**	**0**	**(714)**	**0**	**33,013**	**(21,451)**	**(43,001)**	**0**	**138,342**
Personal injury	**7,046**	**0**	**0**	**0**	**829**	**(976)**	**(433)**	**6**	**6,472**
All other losses and special payments	**0**	**0**	**0**	**0**	**693**	**(693)**	**0**	**0**	**0**
Defence legal fees and other administration	**2,766**	**0**	**0**	**0**	**2,599**	**(879)**	**(1,141)**		**3,345**
Pensions relating to former directors	**20**			**0**	**0**	**(4)**	**0**	**0**	**16**
Pensions relating to other staff	**339**			**0**	**100**	**(139)**	**(5)**	**0**	**295**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**3,863**		**0**	**0**	**1,437**	**(1,247)**	**(2,017)**		**2,036**
Total	**184,529**	**0**	**(714)**	**0**	**38,671**	**(25,389)**	**(46,597)**	**6**	**150,506**

Expected timing of cash flows:

	In year to 31 March 2020	Between 1 April 2020 31 March 2024	Thereafter	Total
				£000
Clinical negligence	30,397	107,945	0	**138,342**
Personal injury	728	1,978	3,766	**6,472**
All other losses and special payments	0	0	0	**0**
Defence legal fees and other administration	2,154	1,191	0	**3,345**
Pensions relating to former directors	4	12	0	**16**
Pensions relating to other staff	139	135	21	**295**
Restructuring	0	0	0	**0**
Other	2,036	0	0	**2,036**
Total	**35,458**	**111,261**	**3,787**	**150,506**

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

The Clinical Negligence provision arising from redress includes £523k arising and £523k utilised in year.

Other provisions includes £1.166m in respect of retrospective Continuing Healthcare claims (CHC) which are subject to review by CHC teams in Powys and ABMU Health Boards. Other provisions also include £0.607m in respect of payments to HMRC in respect of the HMRC review of employment status of GP's undertaking GP out of Hours sessions for the Health Board.

Reimbursements are anticipated from the Welsh Risk Pool for Clinical Negligence, Personal Injury and Defence Fee payments against these provisions above amounting to £147.091m. This amount is recognised in Note 15 Trade and Other Receivables.

20. Provisions (continued)

	At 1 April 2017	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	29,338	0	(1,652)	(930)	18,640	(18,658)	(9,151)	0	**17,587**
Personal injury	1,661	0	0	435	768	(940)	(930)	16	**1,010**
All other losses and special payments	0	0	0	0	221	(221)	0	0	**0**
Defence legal fees and other administration	1,945	0	0	(539)	1,562	(661)	(818)		**1,489**
Pensions relating to former directors	2			4	0	(2)	0	0	**4**
Pensions relating to other staff	146			64	75	(142)	(5)	1	**139**
Restructuring	0			0	0	0	0	0	**0**
Other	2,478		0	0	4,009	(1,296)	(1,328)		**3,863**
Total	**35,570**	**0**	**(1,652)**	**(966)**	**25,275**	**(21,920)**	**(12,232)**	**17**	**24,092**
Non Current									
Clinical negligence	83,278	0	(3,200)	930	82,005	(3,857)	(6,248)	0	**152,908**
Personal injury	6,479	0	0	(435)	153	0	(161)	0	**6,036**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	338	0	0	539	491	(91)	0		**1,277**
Pensions relating to former directors	20			(4)	0	0	0	0	**16**
Pensions relating to other staff	260			(64)	4	0	0	0	**200**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**90,375**	**0**	**(3,200)**	**966**	**82,653**	**(3,948)**	**(6,409)**	**0**	**160,437**
TOTAL									
Clinical negligence	112,616	0	(4,852)	0	100,645	(22,515)	(15,399)	0	**170,495**
Personal injury	8,140	0	0	0	921	(940)	(1,091)	16	**7,046**
All other losses and special payments	0	0	0	0	221	(221)	0	0	**0**
Defence legal fees and other administration	2,283	0	0	0	2,053	(752)	(818)		**2,766**
Pensions relating to former directors	22			0	0	(2)	0	0	**20**
Pensions relating to other staff	406			0	79	(142)	(5)	1	**339**
Restructuring	0			0	0	0	0	0	**0**
Other	2,478		0	0	4,009	(1,296)	(1,328)		**3,863**
Total	**125,945**	**0**	**(4,852)**	**0**	**107,928**	**(25,868)**	**(18,641)**	**17**	**184,529**

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

The Clinical Negligence provision arising from redress includes £631k arising and £631k utilised in year.

Other provisions includes £2.467m in respect of retrospective Continuing Healthcare claims (CHC) which are subject to review by CHC teams in Powys and ABMU Health Boards.

Reimbursements are anticipated from the Welsh Risk Pool for Clinical Negligence, Personal Injury and Defence Fee payments aga inst these provisions above amounting to £185.089m. This amount is recognised in Note 15 Trade and Other Receivables.

21. Contingencies

21.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2018-19 £'000**	2017-18 £'000
Legal claims for alleged medical or employer negligence	**146,656**	80,325
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**3,831**	2,892
Continuing Health Care costs	**3,398**	8,336
Other	**0**	0
Total value of disputed claims	**153,885**	91,553
Amounts (recovered) in the event of claims being successful	**(138,606)**	(70,422)
Net contingent liability	**15,279**	**21,131**

Continuing Healthcare Cost Uncertainties

Liabilities for continuing healthcare costs continue to be a significant issue for the LHB. The 31st July 2014 deadline for the submission of any claims dating back to 1st April 2003 resulted in a large increase in the number of claims registered (phase 2 claims).

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

Note 20 sets out the £6,090 provision made for probable continuing care costs relating to the 1 claim remaining.

There are no remaining contingent liabilities for phase 2 claims.

During the 2017/18 financial year, the health board made significant progress in assessing phase 3,4 and 5 continuing healthcare claims and enabling provisions to be made in the health board's accounts for the year ended 31st March 2018. Further progress has been made in 2018/19 in assessing phase 7 claims which are also now able to be included within both the provisions figure reported in Note 20 and within the contingent liabilities figure reported above. Therefore, as at 31st March 2019,the LHB has included the following amounts relating to these uncertain continuing healthcare costs for these claims:

Note 20 sets out the £1,159,839 provision for probable continuing care costs relating to 95 claims received.

Note 21.1 sets out the £3,398,130 contingent liability for possible continuing care costs relating to 71 claims received.

21.2 Remote Contingent liabilities

	2018-19 £'000	2017-18 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	290	144
Indemnities	0	0
Letters of Comfort	0	0
Total	**290**	**144**

21.3 Contingent assets

	2018-19 £'000	2017-18 £'000
	0	0
	0	0
	0	0
Total	**0**	0

22. Capital commitments

Contracted capital commitments at 31 March	2018-19 £'000	2017-18 £'000
Property, plant and equipment	8,214	1,032
Intangible assets	0	0
Total	**8,214**	1,032

23. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2019		Approved to write-off to 31 March 2019	
	Number	£	Number	£
Clinical negligence	143	20,928,034	13	1,054,590
Personal injury	43	421,976	26	217,774
All other losses and special payments	266	692,787	266	692,787
Total	452	22,042,797	305	1,965,151

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

Cases exceeding £300,000	Case type	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
04RVCMN0045	Clinical Negligence	6,500	2,182,651	0
07RVCMN0045	Clinical Negligence	0	710,000	0
08RVCMN0021	Clinical Negligence	25,000	1,129,996	0
08RVCMN0035	Clinical Negligence	0	708,000	0
09RVCMN0077	Clinical Negligence	0	8,500,000	0
10RYMMN0033	Clinical Negligence	0	1,100,000	0
10RYMMN0057	Clinical Negligence	6,500	2,312,556	0
10RYMMN0173	Clinical Negligence	0	831,250	0
10RYMMN0205	Clinical Negligence	0	481,250	0
10RYMMN0212	Clinical Negligence	50,000	751,100	0
10RYMMN0223	Clinical Negligence	3,005,000	3,935,000	0
11RYMMN0156	Clinical Negligence	350,000	370,000	0
11RYMMN0179	Clinical Negligence	0	839,224	0
12RYMMN0001	Clinical Negligence	84,880	1,254,880	0
12RYMMN0047	Clinical Negligence	130,000	338,000	0
12RYMMN0106	Clinical Negligence	0	845,541	0
12RYMMN0108	Clinical Negligence	0	736,164	0
12RYMMN0130	Clinical Negligence	250,000	424,000	0
13RYMMN0004	Clinical Negligence	0	319,550	0
13RYMMN0010	Clinical Negligence	85,000	730,311	0
13RYMMN0078	Clinical Negligence	62,500	595,000	0
13RYMMN0094	Clinical Negligence	715,977	778,061	0
13RYMMN0235	Clinical Negligence	4,140,000	5,325,000	0
14RYMMN0034	Clinical Negligence	0	890,000	0
14RYMMN0047	Clinical Negligence	512,837	547,837	0
14RYMMN0103	Clinical Negligence	1,618,830	2,568,119	0
14RYMMN0110	Clinical Negligence	58,500	301,705	0
14RYMNN0120	Clinical Negligence	200,000	430,000	0
14RYMMN0169	Clinical Negligence	0	481,517	0
14RYMMN0207	Clinical Negligence	0	615,000	0
15RYMMN0036	Clinical Negligence	688,185	688,185	688,185
15RYMNN0105	Clinical Negligence	91,000	316,000	0
15RYMMN0106	Clinical Negligence	30,000	656,000	0
15RYMMN0176	Clinical Negligence	1,535,000	1,663,329	0
15RYMMN0232	Clinical Negligence	415,800	415,800	0
15RYMMN0240	Clinical Negligence	77,100	417,100	0
16RYMMN0120	Clinical Negligence	(18,021)	441,979	0
17RYMMN030	Clinical Negligence	660,284	1,360,284	0
Sub-total		**14,780,872**	**46,990,389**	**688,185**
All other cases		7,261,925	18,344,658	1,276,966
Total cases		**22,042,797**	**65,335,047**	**1,965,151**

24. Finance leases

24.1 Finance leases obligations (as lessee)

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

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

Future sub lease payments expected to be received total £Nil (2017-18 - £Nil).

Contingent rents recognised as an expense total £Nil (2017-18 - £Nil).

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

Amounts payable under finance leases:

Land	**31 March 2019 £000**	31 March 2018 £000
Minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	**31 March 2019**	31 March 2018
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

Other	**31 March 2019**	31 March 2018
Minimum lease payments	**£000**	£000
Within one year	**284**	284
Between one and five years	**213**	498
After five years	**0**	0
Less finance charges allocated to future periods	**(16)**	(43)
Minimum lease payments	**481**	739
Included in:		
Current borrowings	**270**	258
Non-current borrowings	**211**	481
	481	739
Present value of minimum lease payments		
Within one year	**270**	258
Between one and five years	**211**	481
After five years	**0**	0
Present value of minimum lease payments	**481**	739
Included in:		
Current borrowings	**270**	258
Non-current borrowings	**211**	481
	481	739

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2019	31 March 2018
Gross Investment in leases	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The LHB has no PFI schemes which are deemed to be off-statement of financial position.

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	Off-SoFP PFI contracts
	31 March 2019	31 March 2018
	£000	£000
Total payments due within one year	**0**	0
Total payments due between 1 and 5 years	**0**	0
Total payments due thereafter	**0**	0
Total future payments in relation to PFI contracts	**0**	0
Total estimated capital value of off-SoFP PFI contracts	**0**	0

25.2 PFI schemes on-Statement of Financial Position

On 12th May 2000 a 30 year Private Finance Initiative (PFI) contract was signed between the Health Board's predecessor organisation Bro Morgannwg NHS Trust and Baglan Moor Healthcare in respect of Neath Port Hospital.

The first payment on the contract was made in December 2002. The annual payments to the contractor amount to approximately £11.925 million. The hospital becomes the property of the Heath Board at the end of the contract.

Under IFRS the hospital is recognised in the Health Board's accounts as an asset. A corresponding liability for payment of the asset is similarly recognised.

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

	On SoFP PFI Capital element	**On SoFP PFI Imputed interest**	**On SoFP PFI Service charges**
	31 March 2019	**31 March 2019**	**31 March 2019**
	£000	**£000**	**£000**
Total payments due within one year	**2,569**	**4,897**	**4,757**
Total payments due between 1 and 5 years	**12,245**	**20,054**	**19,728**
Total payments due thereafter	**27,722**	**39,154**	**24,122**
Total future payments in relation to PFI contracts	**42,536**	**64,105**	**48,607**

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2018	31 March 2018	31 March 2018
	£000	£000	£000
Total payments due within one year	2,946	5,133	3,846
Total payments due between 1 and 5 years	11,620	19,978	19,159
Total payments due thereafter	30,916	44,126	29,447
Total future payments in relation to PFI contracts	45,482	69,237	52,452

Total present value of obligations for on-SoFP PFI contracts **£155m**

25.3 Charges to expenditure	2018-19	2017-18
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,488	2,428
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	2,488	2,428

The LHB is committed to the following annual charges

PFI scheme expiry date:	31 March 2019 £000	31 March 2018 £000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	12,223	11,925
Total	12,223	11,925

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

25.4 Number of PFI contracts

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

PFI Contract	On / Off-statement of financial position
Number of PFI contracts which individually have a total commitment > £500m	0

PFI Contract	
Neath Port Talbot Hospital	On

25.5 The LHB had no Public Private Partnerships during the year

26. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

27. Movements in working capital

	2018-19	2017-18
	£000	£000
(Increase)/decrease in inventories	**(509)**	730
(Increase)/decrease in trade and other receivables - non-current	**45,103**	(70,458)
(Increase)/decrease in trade and other receivables - current	**(10,430)**	10,631
Increase/(decrease) in trade and other payables - non-current	**(2,840)**	(3,204)
Increase/(decrease) in trade and other payables - current	**393**	1,359
Total	**31,717**	(60,942)
Adjustment for accrual movements in fixed assets - creditors	**(654)**	8,718
Adjustment for accrual movements in fixed assets - debtors	**(7)**	(27)
Other adjustments	**(3,708)**	0
	27,348	(52,251)

28. Other cash flow adjustments

	2018-19	2017-18
	£000	£000
Depreciation	**30,529**	32,495
Amortisation	**772**	607
(Gains)/Loss on Disposal	**(292)**	(127)
Impairments and reversals	**1,089**	14,716
Release of PFI deferred credits	**0**	0
Donated assets received credited to revenue but non-cash	**(730)**	(694)
Government Grant assets received credited to revenue but non-cash	**(384)**	0
Non-cash movements in provisions	**(8,781)**	84,452
Total	**22,203**	131,449

Other adjustments in Note 27 relate to the capital element of payments in respect of finance leases and on SoFP PFI schemes, (£3,204k) together with the non cash movement associated with the introduction of IFRS 9 with the prior year impact being adjusted through reserves (£504k).

29. Third Party assets

The LHB held £721,755 cash at bank and in hand at 31 March 2019 (31st March 2018, £645,388) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £616,247 at 31st March 2019 (31st March 2018, £638,071). This has been excluded from the cash and cash equivalents figure reported in the Accounts.

In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2019 was £593,564 (£479,529 as at 31st March 2018).

30. Events after the Reporting Period

The Cabinet Secretary for Health and Social Services announced on 14 June 2018 that from 1 April 2019, the responsibility for providing healthcare services for the people in the Bridgend County Borough Council (BCBC) area will move from Abertawe Bro Morgannwg UHB to Cwm Taf UHB.

The Local Health Boards (Area Change) (Wales) (Miscellaneous Amendments) Order 2019 transfers the principal local government area of Bridgend from Abertawe Bro Morgannwg UHB to Cwm Taf UHB.

The Order also changes the health board names to Cwm Taf Morgannwg University Local Health Board and Swansea Bay University Local Health Board. In accordance with the Local Health Boards (Area Change) (Transfer of Staff, Property and Liabilities) (Wales) Order 2019 made on 19th March 2019 and effective on 1 April 2019.

Assets and liabilities relating to Bridgend services will transfer from Swansea Bay ULHB to Cwm Taf Morgannwg ULHB on 1 April 2019.

The transfer will be accounted for as a 'Transfer by Absorption' in accordance with the Government Financial Reporting Manual. The recorded amounts of net assets will be brought into the financial statements of Cwm Taf Morgannwg ULHB from the 1 April 2019.

The impact of the transfer for Swansea Bay ULHB is estimated to reduce the expenditure and associated funding by 28% for future financial years.

31. Related Party Transactions

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

Name	Details	Related Party Interest
Mr M. Child	Independent Member	Cabinet Member for Health and Wellbeing for Swansea Council
Mr R. Ciborowski	Independent Member 14th August to 31st December 2018	Trustee at Neath Port Talbot CVS
Mrs S. Cooper	Associate Board Member	Director of Social Services and Wellbeing, Bridgend County Borough Council
Professor T. Crick	Independent Member	Non Executive Director of Welsh Water/Dwr Cymru
Mrs J. Davies	Board Member - Staff Representative	Board Member at Royal College of Nursing Wales
Mr H. Laing	Executive Medical Director until 31st July 2018	Honorary Chair, Swansea University

The total value of transactions with related parties in 2018/19 were as follows:

Related Party		Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
		£000	£000	£000	£000
City & County of Swansea Council		13,982	1,999	2,679	769
Neath Port Talbot CVS		120	0	0	0
Bridgend County Borough Council		9,671	4,485	1,477	118
Welsh Water - Dwr Cymru		995	0	3	0
Royal College of Nursing		1	1	0	0
Swansea University		6,654	1,115	196	484

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

Entity	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	292	1,174,240	16	4,853
Welsh Health Specialised Services Commission	123,239	107,383	650	1,981
Aneurin Bevan LHB	1,164	3,480	138	198
Betsi Cadwaladr LHB	290	140	98	10
Cardiff & Vale LHB	11,292	16,821	1,469	2,034
Cwm Taf LHB	7,721	5,894	1,972	641
Health Education & Improvement Wales	0	7,311	0	329
Hywel Dda LHB	4,150	35,335	406	433
Powys LHB	1,673	9,218	448	297
Public Health Wales NHS Trust	4,498	4,439	411	371
Velindre NHS Trust	25,498	5,292	2,053	1,253
Welsh Ambulance Services NHS Trust	4,146	180	76	16
Total	**183,963**	**1,369,733**	**7,737**	**12,416**

32. Pooled budgets

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

The pool is hosted by Bridgend County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between Bridgend County Borough Council and the Health Board. Contributions to the pool from the Health Board amounted to £300,077 for the 2018/19 financial year. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The pooled budget arrangement is accounted for in accordance with IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities.

Pooled Budget Memorandum Account

	2018/19	2017/18
Gross Funding	£	£
Bridgend County Borough Council	300,077	401,488
ABMU Health Board	300,077	158,135
Total Funding	**600,154**	**559,623**
Expenditure		
Provision of Day Opportunities to individuals recovering from mental health problems	600,154	559,623
Net Under/Over Spend	**0**	**0**

32. Pooled budgets (continued)

The Health Board (Swansea Locality) has participated in a formal pooled budget arrangement in 2018/19 which commenced in April 2012 and replaced previous agreements in place between 2008/09 and March 2012.

Section 33 Partnership : Community Equipment

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

2. Aims of the Partnership:

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

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

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

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

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

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

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

3. Pooled Budget Memorandum Account

Gross Funding	**2018-19**	**2017-18**
	£	**£**
City & County of Swansea	705,000	698,155
Neath Port Talbot County Borough Council	470,000	465,437
ABMU Local Health Board	1,175,000	1,163,593
Other Income	354,383	42,919
Total Funding	**2,704,383**	**2,370,104**
Expenditure	2,333,546	2,370,104
Net (under)/over spend	**-370,837**	**0**

32. Pooled budgets (continued)

The Health Board has participated in a formal pooled budget arrangement in 2018/19 which commenced in June 2012. This replaced the previous agreement which ran from 2008/09 to March 2012. The pooled budget arrangement is accounted for in accordance with IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities.

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

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

2. Aims of the Partnership

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

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

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

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

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

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

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

3. Financial Value of the Pooled Budget

Gross Funding	**2018-19**	**2017-18**
	£	**£**
Rhondda Cynon Taff County Borough Council	1,222,913	788,151
Merthyr Tydfil County Borough Council	213,328	130,468
Bridgend County Borough Council	593,877	608,833
Cwm Taf Local Health Board	355,290	223,325
Abertawe Bro Morgannwg Local Health Board	362,076	694,076
I.C.F. Funding	32,701	0
Other Income Received	50,647	200,938
Total Funding	**2,830,832**	**2,645,791**
Total Expenditure	**2,711,594**	**2,733,604**
Pool (Deficit)/Surplus	**119,238**	**(87,813)**

33. Operating segments

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

ABMU Health Board has organised its operational services into 6 Service Delivery Units (SDU)'s. Four of these units are centred on the Health Board's main hospital sites of Morriston, Neath Port Talbot, Princess of Wales and Singleton. The remaining two SDU's cover Mental Health and Learning Disabilities Services and Primary Care and Community Services.

The LHB has formed the view that the activities of its SDU's are sufficiently similar for the results of their operations not to have to be disclosed separately. In reaching this decision the Health Board is satisfied that the following criteria are met:

1. Aggregation still allows users to evaluate the business and its operating environment.

2. Service Delivery Units have similar economic characteristics.

3. The Service Delivery Units are similar in respect of all of the following:

The nature of the service provided
The Service Delivery Units operate fundamentally similar processes.
The end customers (the patients) fall into broadly similar categories.
The Service Delivery Units share a common regulatory environment.

The LHB did operate as a home to one hosted body during 2018/19, which is the NHS Wales Delivery Unit (DU). This unit is responsible for the functions of assurance, improvement of performance and delivery for NHS Wales, with the unit being aligned to the priorities of and directly funded by the Welsh Government.

During 2018/19 these accounts contain income of £2.885m and expenditure of £2.826m in respect of the DU. The LHB does not consider the amounts involved to be sufficiently material to be reported as a separate segment.

34. Other Information

IFRS15

Work was undertaken by the TAG IFRS sub group, consistent with the 'portfolio' approach allowed by the standard. Each income line in the notes from a previous year's annual accounts (either 2016/17 or 2017/18) was considered to determine how it would be affected by the implementation of IFRS 15. It was determined that the following types of consideration received from customers for goods and services (hereon referred to as income) fell outside the scope of the standard, as the body providing the income does not contract with the body to receive any direct goods or services in return for the income flow.

- Charitable Income and other contributions to Expenditure.
- Receipt of Donated Assets.
- WG Funding without direct performance obligation (e.g. SIFT/SIFT®/Junior Doctors & PDGME Funding).

Income that fell wholly or partially within the scope of the standard included:

- Welsh LHB & WHSCC LTA Income;
- Non Welsh Commissioner Income;
- NHS Trust Income;
- Foundation Trust Income;
- Other WG Income;
- Local Authority Income;
- ICR Income ;
- Training & Education income ;
- Accommodation & Catering income

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTA's). The adjustment being, for episodes of patient care which had started but not concluded (Finished Consultant Episode's), as at period end, e.g. 31 March. Abertawe Bro Morgannwg University Local Health Board does not use FCE's as its contract currency which is based on DIscharges and Deaths (D&D's).

When calculating the income generated from these episodes, it was determined that it was appropriate to use length of stay as the best proxy for the attributable Work In Progress (WIP) value. In theory, as soon as an episode is opened, income is due. Under the terms and conditions of the contract this will only ever be realised on episode closure, in effect the discharge or death of the patient,so the average length of stay would be the accepted normal proxy for the work in progress value. However, the Abertawe Bro Morgannwg University Local Health Board also adjusts for contract performance with its providers and commissioners at the end of February each year based on contract activity for the period April to February.This informaton is then used to make income and expenditure adjustments for March to reflect expected contract activity and therefore ensure that only income due for the financial year is recognised in the year end accounts.

For Abertawe Bro Morgannwg University Local Health Board, the following methodology was applied to assess the value of the unaccounted WIP.

1. For 2017/18, income for inpatient activity recorded on D&D basis was £70.9m, representing 41.8% of total LTA income (total income from LTA's, including WHSSC, Welsh Health Boards and Non Welsh Commissioners, was £169.6m).

34. Other Information (continued)

1. This related to circa 19,000 D&D's, with an estimated average unit cost of £3,786
2. Using available Business Intelligence/ Costing Information, the total open episodes at year-end of 286 were identified.
3. There are marginal rates in place for inpatient contracts and utilising these marginal rates and applying them to the open episodes at the end of the 2017/18 financial year generates an adjustment calculation of 0.59% to align revenue recognised to the requirements of the standard, amounting to £0.422m.

A summary of the Impact Assessment carried out by Abertawe Bro Morgannwg University Local Health Board is shown in the table below:

	£m
Total Income as per the Accounts for 2017-18	243.248
Total Income Reviewed as part of the Exercise	205.708
Total Income considered to be outside the scope of IFRS 15	32.984
Total income considered to be inside the scope of IFRS 15	172.724
Total income inside the scope of IFRS15 that potentially	70.897
requires adjustment for incomplete service provision	
Total Estimated Adjustment Required under IFRS 15	0.422

It is clear from the above that the potential amendments to the Abertawe BRo Morgannwg University Local Health Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

The significant majority of income flows are either outside the scope of IFRS15, or already accounted for consistent with the recognition principles required by the standard. In the few instances noted and outlined above where income recognition is not wholly consistent with the principles required by the standard, the full implementation of the standard principles would not lead to a material difference in the income recognised.

Under the Conceptual Framework for IFRS, due consideration must be given both to the users of the account and the cost constraints of compliance and production of financial reporting. Given income for LTA activity is recognised in accordance with established NHS Terms and Conditions, affecting multiple parties across the NHS system in Wales such as WHSSC due to the mixed commissioner / provider relationship, it is reasonable that continuing to recognise income in accordance with the established terms and conditions provides financial information that is relevant to the user. As continuing to do so does not result in a material misstatement of the financial reporting, a true and fair view taking account of the needs of the users is achieved for LTA activity.

Further given that an IFRS 15 review of income could only be properly carried out once financial ledgers had closed in month 12 and that any adjustments that come out of that would inevitably impact on the Agreement of Balances Exercise and the WHSCC Risk Sharing arrangement, there are clearly significant wider risks to the statutory accounts accuracy of preparation and operational increased costs involved in implementing the standard in full for LTA activity.

The Conceptual Framework allows bodies not to implement standards if the work involved in the implementation outweighs the benefit of that implementation for the users of the accounts and the overall true and fair picture provided by the accounts. Given the relatively small size of the adjustments that the adoption would give rise to, NHS Wales has decided to make use of this approach for LTA activity.

34. Other Information (continued)

IFRS 9

For consistency across Wales, the practical expedient provision matrix was used to estimate expected credit losses (ECLs) based on the 'age' of receivables as follows:

- Receivables were segregated into appropriate groups based on the profile class categories used within the health board.

- Each group, was analysed:

a) age-bands
   - 1-30 days (including current)
   - 31-60 days
   - 61-90 days
   - 91-180 days
   - 181- 365 days
   - > 1 year

b) at historical back-testing dates (data points)

- For each age-band, recoverability rates were established by reviewing the balances outstanding at 31st March 2015 and calculating the amounts :

  a) collected over the following 3 years
  b) written-off over the following 3 years.

- The average historical loss rate by age-band was therefore determined, and adjusted where necessary e.g. to take account of changes in:
  a) economic conditions
  b) types of customer
  c) credit management practices

- Consideration was given as to whether ECLs should be estimated individually for any period-end receivables, e.g. because information was available specific debtors.

- Loss rate estimates were applied to each age-band for the other receivables

- The percentages calculated have been applied to those invoices outstanding as at 31st March 2018 (which don't already have a specific provision against them) to recalculate the value of the HB/Trust non-specific provision under IFRS9. This approach resulted in the non-specific bad debt provision for the health board increasing by £0.504m. In line with the accounting treatment mandated in the FReM, the increase in provision was taken to the reserves through the general fund.

- The percentages calculated have been applied to those invoices outstanding as at 31st March 2019 (which don't already have a specific provision against them) to calculate the non specific bad debt provision as at 31st March 2019, this sum amounting to £1.064m which is reported in note 15 to the accounts within the figure shown as provision for irrecoverable debts.

Brexit

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

In 2018-19 the NHS Estate has been valued using indices provided by the District Valuer and disclosed in the Manual For Accounts."

The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Abertawe Bro Morgannwg University Health Board for the year ended 31 March 2019 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. 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).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Abertawe Bro Morgannwg University Health Board as at 31 March 2019 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information 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.

Basis for Qualified Opinion on Regularity

Abertawe Bro Morgannwg University Health Board has breached its revenue resource limit by spending £81.612 million over the £3,290 million that it was authorised to spend in the three-year period 2016-17 to 2018-19. This spend constitutes irregular expenditure. Further detail is set out in the report on page 73.

Qualified Opinion on Regularity

In my opinion, except for the irregular expenditure of £81.612 million explained in the paragraph above, in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Report on other requirements

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 thereunder by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword and Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the health board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report.

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

- 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.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am 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.

Adrian Crompton
Auditor General for Wales
11 June 2019

24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the National Assembly for Wales

Introduction

Local Health Boards (LHBs) are required to meet two statutory financial duties – known as the first and second financial duties.

For 2018-19, Abertawe Bro Morgannwg University Local Health Board (the LHB) failed to meet both the first and the second financial duty and so I have decided to issue a narrative report to explain the position.

Failure of the first financial duty

The **first financial duty** gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The third three-year period under this duty is 2016-17 to 2018-19, and so it is measured this year for the third time.

As shown in Note 2.1 to the Financial Statements, the LHB did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £3,290 million by £81.612 million. The LHB did not therefore meet its first financial duty.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the resource allocation (ie spending limit) for those three years exceeds the LHB's authority to spend and is therefore 'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend.

Failure of the second financial duty

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2018-19 if it submitted a 2018-19 to 2020-21 plan approved by its Board to the Welsh Ministers who then approved it by 30 June 2018.

As shown in Note 2.3 to the Financial Statements, the LHB did not meet its second financial duty to have an approved three-year integrated medium term plan in place for the period 2018-19 to 2020-21.

Following the LHB being placed in Targeted Intervention in September 2016, it was not in a position to submit a three-year Integrated Medium Term Plan for 2018-21. Instead the LHB has operated, in agreement with Welsh Government, under annual planning arrangements. The LHB's Annual Operating Plan for 2018-19, which identified a planned annual deficit of £25 million, was approved by its Board in March 2018. The Board subsequently approved further amendments to the Annual Operating Plan, resulting in a reduction in the planned annual deficit to £10 million. The LHB's eventual deficit for 2018-19 was £9.879 million.

Adrian Crompton
Auditor General for Wales
11 June 2019

24 Cathedral Road
Cardiff
CF11 9LJ

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

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