

# Neath Port Talbot Local Health Board

## **Foreword to the Accounts**

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

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

	<b>6 months to 30 September 2009</b>	12 months 2008-09
	<b>Note      £000</b>	£000
Expenditure on Primary Healthcare Services	2.1 <b>28,493</b>	56,387
Expenditure on secondary and community healthcare	2.2 <b>77,240</b>	149,919
Other programme expenditure	2.3 <b>2,367</b>	3,935
Administration expenditure	2.4 <b>1,040</b>	1,965
	<u><b>109,141</b></u>	<u>212,206</u>
Less: Miscellaneous Income	3 <u><b>(1,887)</b></u>	<u><b>(3,607)</b></u>
Net Operating Costs	<u><b>107,254</b></u>	<u>208,599</u>

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

## Statement of Financial Position as at 30 September 2009

	30 September 2009	31 March 2009	1 April 2008
Note	£000	£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment	10      0	0	0
Intangible assets	11      0	0	0
Trade and other receivables	17      0	0	0
Other financial assets	14      0	0	0
Other assets	15      0	0	0
<b>Total non-current assets:</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>			
Inventories	16      0	0	0
Trade and other receivables	17      449	913	902
Other financial assets	14      0	0	0
Other assets	15      242	102	15
Cash and cash equivalents	18      57	163	340
	<b>748</b>	<b>1,178</b>	<b>1,257</b>
Non-current assets classified as held for sale	10      0	0	0
<b>Total current assets</b>	<b>748</b>	<b>1,178</b>	<b>1,257</b>
<b>Total assets</b>	<b>748</b>	<b>1,178</b>	<b>1,257</b>
<b>Current liabilities</b>			
Trade and other payables	19      14,769	13,185	11,790
Other financial liabilities	14      0	0	0
Provisions	20      2,586	2,690	1,454
<b>Total current liabilities</b>	<b>17,355</b>	<b>15,875</b>	<b>13,244</b>
<b>Net current assets/ (liabilities)</b>	<b>(16,607)</b>	<b>(14,697)</b>	<b>(11,987)</b>
<b>Non-current liabilities</b>			
Trade and other payables	19      0	0	0
Provisions	20      0	0	0
Other financial liabilities	14      0	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Assets less liabilities</b>	<b>(16,607)</b>	<b>(14,697)</b>	<b>(11,987)</b>
<b>Taxpayers' equity</b>			
General Fund	(16,607)	(14,697)	(11,987)
Revaluation reserve	0	0	0
Donated asset reserve	0	0	0
Government grant reserve	0	0	0
<b>Total taxpayers' equity</b>	<b>(16,607)</b>	<b>(14,697)</b>	<b>(11,987)</b>

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

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

Chief Executive.....

Date.....

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

	<b>General Fund</b>	<b>Revaluation reserve</b>	<b>Donated asset reserve</b>	<b>Government grant reserve</b>	<b>Total reserves</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 31 March 2008</b>					
As previously stated	(11,987)	0	0	0	(11,987)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2008</b>	<b>(11,987)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,987)</b>
<b>Changes in taxpayers' equity for 2008-09</b>					
Net gain/(loss) on revaluation of property, plant & equipment	0	0	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	18	0	0	0	18
Non-cash charges- cost of capital	(476)	0	0	0	(476)
Transfers between reserves	0	0	0	0	0
Net operating cost for the year	(208,599)	0	0	0	(208,599)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2008-09</b>	<b>(209,057)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(209,057)</b>
Net Assembly funding	206,347	0	0	0	206,347
<b>Balance at 31 March 2009</b>	<b>(14,697)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14,697)</b>

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

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

Changes in taxpayers' equity for the 6 months to 30 September 2009	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31 March 2009</b>					
As previously stated	(14,697)	0	0	0	(14,697)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2009</b>	<b>(14,697)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14,697)</b>
Net gain/(loss) on revaluation of property, plant & equipment	0	0	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(238)	0	0	0	(238)
Transfers between reserves	0	0	0	0	0
Net operating cost for the period	(107,254)	0	0	0	(107,254)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2009</b>	<b>(107,492)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(107,492)</b>
Net Assembly funding	105,582	0	0	0	105,582
<b>Balance at 30 September 2009</b>	<b>(16,607)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,607)</b>

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

## Cashflow Statement for the period ended 30 September 2009

	Notes	6 months to 30 September 2009 £000	12 months 2008-09 £000
<b>Cash Flows from operating activities</b>			
Net operating cost		(107,254)	(208,599)
Other cashflow transactions	32.2	(273)	836
Movement in working capital	32.1	1,908	1,315
Provisions utilised		(68)	(76)
Interest paid		0	(0)
<b>Net cash outflow from operating activities</b>		<b>(105,688)</b>	<b>(206,524)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		0	0
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Interest received		0	0
Payment for investments		0	0
Proceeds of investments		0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Welsh Assembly Government funding (including capital)		105,582	206,347
Capital receipts surrendered		0	(0)
Capital element of payments in respect of finance leases and on-balance sheet finance		0	(0)
<b>Net financing</b>		<b>105,582</b>	<b>206,347</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(106)</b>	<b>(177)</b>
<b>Cash and cash equivalents at 1 April 2009</b>		<b>163</b>	<b>340</b>
<b>Cash and cash equivalents at 30 September 2009</b>		<b>57</b>	<b>163</b>

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

## Notes to the Accounts

### 1. Accounting policies

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

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

#### 1.1 Accounting convention

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

#### 1.2 Acquisitions and discontinued operations

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

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

#### 1.3 Income and funding

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

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

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

#### 1.4 Employee benefits

##### Short-term employee benefits

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

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





## **Retirement benefit costs**

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

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

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

## **1.5 Other expenses**

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

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

### **Recognition**

Property, plant and equipment is capitalised if:

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

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

### **Valuation**

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



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

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

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

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

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

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

### **Subsequent expenditure**

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

## **1.7 Intangible assets**

### **Recognition**

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

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



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

### **Measurement**

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

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

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

Freehold land and properties under construction are not depreciated.

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

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

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

### **1.9 Borrowing costs**

Borrowing costs are recognised as expenses as they are incurred.



### **1.10 Donated assets**

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

### **1.11 Government grants**

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

### **1.12 Non-current assets held for sale**

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

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

### **1.13 Leases**

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

#### **1.13.1 The Local Health Board as lessee**

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

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

#### **1.13.2 The health board as lessor**

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





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

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

#### **1.14 Inventories**

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

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

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

#### **1.16 Provisions**

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

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

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

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

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

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



## **1.18 Financial assets**

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

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

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

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

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

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

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

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

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

### **1.18.5 Loans and receivables**

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques— see IAS 39 AG 74 and following paragraphs

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

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



## **1.19 Financial liabilities**

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

### **1.19.1 Financial liabilities are initially recognised at fair value.**

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

### **1.19.2 Financial liabilities at fair value through profit and loss**

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

### **1.19.3 Other financial liabilities**

There are no other financial liabilities

## **1.20 Cost of Capital**

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

## **1.21 Value Added Tax**

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

### **1.22 Foreign currencies**

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

### **1.23 Third party assets**

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

### **1.24 Losses and Special Payments**

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

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

### **1.25 Pooled budget**

The LHB has entered into a pooled budget with Neath Port Talbot Local Authority. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community equipment service.

The pool is hosted by Neath Port Talbot Local Authority. Payments for services provided are accounted for as Community Care spend with Local Authorities. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

### **1.26 Critical Accounting Judgements and key sources of estimation uncertainty**

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

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

### **1.27 Key sources of estimation uncertainty**

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

1. Current outstanding allocations will be funded by Welsh Assembly Government, as in previous years.
2. No further mass transfers for Learning Disability clients from NPT Local Authority.
3. Increased number of Ombudsman claims for retrospective reimbursement of costs for people potentially eligible for continuing healthcare will be funded by Welsh Assembly Government
4. Spending patterns will remain similar for October to March as they have been for April to September apart from some known schemes which are phased in the latter half of the year.

**2. Analysis of gross operating costs****2.1 Expenditure on Primary Healthcare Services**

	Cash limited £000	Non-cash limited £000	6 months to	12 months
			30 September 2009 Total £000	2008-09 Total £000
General Medical Services	8,924	0	8,924	17,415
Pharmaceutical Services	3,597	0	3,597	6,093
General Dental Services	3,199	0	3,199	6,841
General Ophthalmic Services	0	634	634	1,148
Other Primary health care expenditure	499	0	499	736
Prescribed drugs and appliances	11,871	-231	11,640	24,154
<b>Total</b>	<b>28,090</b>	<b>404</b>	<b>28,493</b>	<b>56,387</b>

**2.2 Expenditure on secondary and community healthcare**

	6 months to	12 months
	30 September 2009	2008-09
Goods and services from other NHS Wales Trusts	68,492	134,400
Goods and services from other non Welsh NHS bodies	216	282
Local Authorities	42	284
Voluntary organisations	205	561
NHS Funded Nursing Care	991	2,056
Continuing Care	7,253	12,335
Private providers	42	1
Specific projects funded by the Welsh Assembly Government	0	0
Other	0	0
<b>Total</b>	<b>77,240</b>	<b>149,919</b>

**2.3 Other programme expenditure**

	6 months to	12 months
	30 September 2009	2008-09
Salaries and wages	898	1,589
National Public Health Service	466	912
Losses, special payments and irrecoverable debts	0	18
Research and development	0	0
Other	1,002	1,416
<b>Total</b>	<b>2,367</b>	<b>3,935</b>

**2.4 Administration expenditure**

	<b>6 months to</b>	
	<b>30 September</b>	12 months
	<b>2009</b>	2008-09
	<b>Total</b>	Total
	<b>£000</b>	£000
Non-officer members' remuneration	38	78
Other salaries and wages	540	986
Consultancy services	15	10
Establishment expenses	42	84
Transport and moveable plant	0	0
Premises and fixed plant	71	137
External contractors	12	28
Auditors' remuneration - audit fee	68	103
Auditors' remuneration - other fees	0	0
Business Services Centre / Business Services Partnership recharge	483	970
Interest payable - unwinding of discount	0	0
Interest payable - other	0	0
Capital - Depreciation	0	0
Amortisation	0	0
Capital charge interest	-238	-475
Impairments and reversals (property, plant, equipment)	0	0
Impairments and reversals (intangible assets)	0	0
Impairments and reversals of financial assets (by class)	0	0
Loss on disposal of non-current assets	0	0
Other	9	44
	<b>1,040</b>	<b>1,965</b>



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

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	18
Defence legal fees and other administrative costs	0	0
Gross increase/(decrease) in provision for future payments	<u>0</u>	<u>18</u>
Irrecoverable debts	0	0
<b>Less:</b> income received/ due from Welsh Risk Pool	<u>0</u>	<u>0</u>
<b>Net cost :</b>	<u><b>0</b></u>	<u><b>18</b></u>

### 3. Miscellaneous income

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
	<b>Note</b>	
Fees and Charges	<b>0</b>	0
Prescription charge income	<b>262</b>	552
Dental fee income	<b>480</b>	995
Deferred income released to revenue	<b>0</b>	0
Rental income from finance leases	<b>0</b>	0
Rental income from operating leases	<b>0</b>	0
Profit on disposal of non-current assets	<b>0</b>	0
Other	<b>1,144</b>	2,060
<b>Total</b>	<b><u>1,887</u></b>	<u>3,607</u>

#### 4. Investment revenue

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

#### 5. Other gains and losses

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

#### 6. Finance costs

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

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

NPT LHB has short term leases for office accommodation and premises to run 3 managed practices  
Equipment leases include a telephone system and photocopiers

**Payments recognised as an expense**

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
Minimum lease payments	<b>110</b>	<b>223</b>
Contingent rents	<b>0</b>	<b>0</b>
Sub-lease payments	<b>0</b>	<b>0</b>
<b>Total</b>	<b>110</b>	<b>223</b>

**Total future minimum lease payments**

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
Payable:		
Not later than one year	<b>0</b>	<b>11</b>
Between one and five years	<b>45</b>	<b>13</b>
After 5 years	<b>121</b>	<b>134</b>
<b>Total</b>	<b>166</b>	<b>158</b>

Total future sublease payments expected to be received £

**As lessor**

NPT LHB does not lease any property or equipment

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

**Total future minimum lease payments**

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

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

	Permanent Staff	Staff on Inward Secondment	6 months to		12 months 2008-09
			30 September 2009 Agency Staff	Total	
	£000	£000	£000	£000	£000
Salaries and wages	1,182	336	22	1,540	2,654
Social security costs	89	0	0	89	162
Employer contributions to NHS Pension Scheme	164	0	0	164	274
Other pension costs	0	0	0	0	0
<b>Total</b>	<b>1,435</b>	<b>336</b>	<b>22</b>	<b>1,793</b>	<b>3,090</b>

**8.2 Average number of employees**

	Permanent staff	Staff on inward secondment	Agency staff	Total	2008-09
	No.	No.	No.	No.	No.
Medical and dental	3	0	0	4	2
Ambulance staff	0	0	0	0	0
Administrative and estates	55	4	1	60	28
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	13	1	0	14	11
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and therapeutic staff	7	17	0	23	18
Social care staff	0	0	0	0	0
Other	0	0	0	0	20
<b>Total</b>	<b>77</b>	<b>23</b>	<b>1</b>	<b>102</b>	<b>79</b>

**8.3. Retirements due to ill-health**

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

**8.4 Employee benefits**

Employee benefits for lease cars

£000

9

## 9. Public Sector Payment Policy - Measure of Compliance

### 9.1 Prompt payment code - measure of compliance

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

	Number	£000
<b>NHS</b>		
Total bills paid within target	339	71,705
Percentage of bills paid within target	327	71,558
Total bills paid	96.5%	99.8%
<b>Non-NHS</b>		
Total bills paid	26,039	11,707
Total bills paid within target	26,011	11,644
Percentage of bills paid within target	99.9%	99.5%
<b>Total</b>		
Total bills paid	26,378	83,412
Total bills paid within target	26,338	83,202
Percentage of bills paid within target	99.8%	99.7%

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

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

## 10. Property, plant and equipment

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

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

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

**10. Property, plant and equipment (continued)**

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

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

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



**Disclosures:**

- i) There were no donated assets received in the period 1st April 2009-30th September 2009
- ii) There were no assets held in the period 31st March 2009-30th September 2009
- iii) no assets
- iv) not applicable
- v). not applicable
- vi) not applicable
- vii) not applicable

**Desirable disclosures:**

- i). There are no temporarily idle assets.
- ii). There are no fully depreciated assets still in use

**11. Intangible Non-Current Assets**

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

**11. Intangible Non-Current Assets (continued)**

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

**12. Impairments**

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

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

Charged to revaluation reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
--------------------------------	----------	----------	----------	----------

Note significant events and circumstances giving rise to impairments and impairment reversal

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

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

**14. Other Financial Assets and Liabilities**

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

**Other Financial liabilities**

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

Narrative disclosures - Financial Instruments

**15. Other assets**

	Current 30 September 2009 £000	Non-current 30 September 2009 £000	Current 2008-09 £000	Non-current 2008-09 £000	Current 2007-08 £000	Non-current 2007-08 £000
Other assets	242	0	102	0	15	0
<b>Total</b>	<u>242</u>	<u>0</u>	<u>102</u>	<u>0</u>	<u>15</u>	<u>0</u>

**16. Inventories**

**16.1 Inventories**

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

**16.2 Inventories recognised in expenses**

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

<b>17. Trade and other receivables</b>	<b>30 September 2009</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	223	200	1
Welsh Health Boards	42	244	157
Welsh NHS Trusts	140	91	174
Other NHS Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments:	0	0	0
Other debtors	221	270	279
Provision for irrecoverable debts	(204)	(204)	(221)
Capital debtors	0	0	0
Other prepayments and accrued income	27	312	512
<b>Sub-total</b>	<b>449</b>	<b>913</b>	<b>902</b>
<b>Amounts falling due after more than one year:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments	0	0	0
Other debtors	0	0	0
Provision for irrecoverable debts	0	0	0
Capital debtors	0	0	0
Other prepayments and accrued income	0	0	0
<b>Sub total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Trade and other Receivables</b>	<b>449</b>	<b>913</b>	<b>902</b>

The only outstanding debtors older than six months either relate to NHS debtors which have been agreed via the LMS process, or are repayments by staff and are recovered directly from salary over a pre-agreed number of months. These are primarily for course fees.

**17.1 Provision for the impairment of receivables**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at beginning of the year	204	221	0
Amount written off during the year	0	0	0
Amount recovered during the year	0	-17	0
(Decrease)/increase in allowance recognised in income statement	0	0	221
<b>Balance at end of the year</b>	<b>204</b>	<b>204</b>	<b>221</b>

The current impairments relate to underperformances on a Dental Contract for the year ended 2006-07. These are currently being contested by the Practice and are being taken forward under judicial review despite the original appeal being found in the favour of NPT LHB by the Welsh Assembly Government



**18. Cash and cash equivalents**

	<b>30 September</b>	<b>31 March</b>
	<b>2009</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Opening balance	<b>163</b>	<b>340</b>
Net change in cash and cash equivalent balances	<b>-106</b>	<b>-177</b>
Closing balance	<b>57</b>	<b>163</b>
Commercial banks and cash in hand	<b>0</b>	<b>0</b>
Held at Paymaster General	<b>57</b>	<b>163</b>

**19. Trade and other payables**

	<b>30 September</b>	<b>31 March</b>
	<b>2009</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	34	0
Welsh Health Boards	67	108
Welsh NHS Trusts	548	480
Other NHS	74	100
Income tax and social security	0	0
Non-NHS creditors	12,021	9,983
Capital Creditors	0	0
Overdraft	0	0
Obligations under finance leases and HP contracts	0	0
Pensions: staff	155	0
Accruals	0	0
Deferred Income	0	0
Other creditors	1,871	2,514
	<hr/>	<hr/>
<b>Sub Total</b>	<b>14,769</b>	<b>13,185</b>
	<hr/>	<hr/>

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

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

20. Provisions

	At 1 April 2008	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	1,454			2,054	(76)	(742)		2,690
<b>Total</b>	<b>1,454</b>	<b>0</b>	<b>0</b>	<b>2,054</b>	<b>(76)</b>	<b>(742)</b>	<b>0</b>	<b>2,690</b>

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

<b>TOTAL</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	1,454			2,054	(76)	(742)		2,690
<b>Total</b>	<b>1,454</b>	<b>0</b>	<b>0</b>	<b>2,054</b>	<b>(76)</b>	<b>(742)</b>	<b>0</b>	<b>2,690</b>

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
				£000	£000	£000	£000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	2,690	0	0	0	0	0	2,690
<b>Total</b>	<b>2,690</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,690</b>

The provision is made up of £2.653m for retrospective continuing healthcare claims submitted to the Ombudsman, with the balance held for outstanding appeals in relation to the Agenda for Change process

**20. Provisions (continued)**

	At 1 April 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 30 September 2009
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	2,690			704	(68)	(739)		2,586
<b>Total</b>	<b>2,690</b>	<b>0</b>	<b>0</b>	<b>704</b>	<b>(68)</b>	<b>(739)</b>	<b>0</b>	<b>2,586</b>
<b>Non Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	2,690			704	(68)	(739)		2,586
<b>Total</b>	<b>2,690</b>	<b>0</b>	<b>0</b>	<b>704</b>	<b>(68)</b>	<b>(739)</b>	<b>0</b>	<b>2,586</b>

**Expected timing of cash flows:**

	Within 1 year £000	2 and 5 years £000	6 and 10 years £000	After 10 years £000	After 50 years £000	After 75 years £000	Totals £000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	2,586	0	0	0	0	0	2,586
<b>Total</b>	<b>2,586</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,586</b>

£2.560m of the provision relates to outstanding Ombudsman claims for retrospective funding in relation to continuing healthcare for patients who have received care in a nursing home environment since 1st April 2003. The increase cost for April-September cover

**21. Finance leases**

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

The Local Health Board does not hold any finance leases.

**Amounts payable under finance leases:**

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

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

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

**21.2 Finance lease receivables (as lessor)**

The Local Health Board does not lease any assets under a finance lease.

**Amounts receivable under finance leases:**

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

## 22. Financial risk management

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

### Currency risk

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

### Interest rate risk

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

### Credit risk

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

### Liquidity risk

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

## Maturity of financial liabilities

	<b>30 September 2009 £'000</b>
In one year	<b>17,355</b>
In more than one year but not more than two years	<b>0</b>
In more than two years but not more than five years	<b>0</b>
In more than five years	<b>0</b>
<b>Total</b>	<b><u>17355</u></b>



**23. Financial Instruments**

<b>Financial assets</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	57	0	0	57
Other financial assets	444	0	0	444
<b>Total at 30 September 2009</b>	<b>501</b>	<b>0</b>	<b>0</b>	<b>501</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	17,284	0	17,284
<b>Total at 30 September 2009</b>	<b>17,284</b>	<b>0</b>	<b>17,284</b>

<b>Financial assets</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	163	0	0	163
Other financial assets	1,015	0	0	1,015
<b>Total at 31 March 2009</b>	<b>1,178</b>	<b>0</b>	<b>0</b>	<b>1,178</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	15,875	0	15,875
<b>Total at 31 March 2009</b>	<b>15,875</b>	<b>0</b>	<b>15,875</b>

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

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

## 24. Contingencies

	<b>30 September 2009</b>
Contingent liabilities	<b>£000</b>
see note below	<b>1,316</b>
	<b>0</b>
	<hr/>
	<b>1,316</b> <hr/>
Contingent assets	
nil	<b>0</b>
	<b>0</b>
	<b>0</b>
	<hr/>
	<b>0</b> <hr/>

### Contingent Liability note:-

#### **Continuing Healthcare Cost uncertainties**

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

Note 20 sets out the £2.560m provision made for probable continuing care costs relating to 37 claims received;

Note 24 sets out the £1.32m contingent liability for possible continuing care costs relating to 14 claims received since 30<sup>th</sup> September until the date of this report. However in addition the LHB has another 18 claims for which the assessment process has not yet started. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB.

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

## **25. Third Party assets**

There are no assets held by other parties and excluded from these accounts.

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

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

These six month financial statements from 1st April 2009 to 30th September are the final financial statements of Neath Port Talbot LHB. On 1st October 2009 the Neath Port Talbot LHB merged with ABMU Trust and Swansea and Bridgend LHBs to form ABMU LHB. All of the assets and liabilities of the Neath Port Talbot LHB transferred to the new LHB at that date and all operations are continuing.

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

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

0

The Assembly is regarded as a related party.  
During the year Neath Port Talbot Local Health Board  
has had a significant number of material transactions with the Assembly and with  
other entities for which the Assembly is regarded as the parent body namely,

Swansea LHB  
Bridgend LHB  
Powys LHB - Business Service Centre, Swansea  
Velindre NHS Trust - National Public Health Service

In addition the Local health Board has a significant number of material transactions with other Government  
Departments and other central and local Government bodies. Most of these transactions have been with  
Neath Port Talbot County Borough Council as shown in note 2.2.

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

Name	Details	Interests
Dr Naranjan Khosa	General Practitioner	Payment under GMS contract Also works for Primecare - LHB Out of Hours provider
Dr Andy Muir	General Practitioner	Payment under GMS contract
Dr Ed Roberts	General Practitioner	Occasional GP Locum to GP Practices
L Fitchett	Employee of ABMU NHS Trust	Payment to Trust under LTA
C Edwards	Local Authority Representative	Payment to NPT CBC as per note 2.2
Dr B Ferguson	Employee of ABMU NHS Trust	Payment to Trust under LTA
Mr C Campbell	Employee of ABMU NHS Trust	Payment to Trust under LTA
Mr A Clements	Local Authority Representative	Payment to NPT CBC as per note 2.2
A Woolcock	Local Authority Representative	Payment to NPT CBC as per note 2.2
O Jones	Local Authority Representative	Payment to NPT CBC as per note 2.2
Dr A Delahunty	NPHS Consultant	Payment under SLA as per note 2.3
G Thomas	Ophthalmic Representative	Payment under General Ophthalmic Services
C Jenkins	Pharmacy Representative	Payment under Pharmacy Contract
B Trahar	Associate Member	Neath Port Talbot CHC
R Thomas	Carer Member	None
P Phillips	Voluntary Sector Representative	None
J Beddow	TUC Member	None
WD Walters	Dental Representative	Payment under NHS Dental Contract to Denticare
A Thomas	Voluntary Sector Representative	None
C Owen	Lay Council Member	Trustee of NPT CVS under 4 separate signed SLA's, Tutor with Expert Patient Programme Chair of Citizens Advice Cymru. Port Talbot Citizens Advice Bureau under a Voluntary Sector SLA
K Davies	Therapy Representative	Employee of ABMU NHS Trust

The Welsh Assembly Government have reviewed the Ministerial Disclosures and confirmed that there are no  
issues from an NHS Wales perspective.

**28. Intra Government balances**

	Trade receivables		Trade payables	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
<b>To 30 September 2009</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	223	0	34	0
Welsh Local Health Boards	42	0	67	0
Welsh NHS Trusts	140	0	548	0
Health Commission Wales	0	0	0	0
All English Health Bodies	0	0	74	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
<b>Sub-total</b>	<b>405</b>	<b>0</b>	<b>722</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	0	0
HMRC	5	0	71	0
Local Authorities	4	0	3	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	35	0	13,974	0
<b>TOTAL</b>	<b>449</b>	<b>0</b>	<b>14,769</b>	<b>0</b>
<b>2008-09</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	214	0	0	0
Welsh Local Health Boards	91	0	108	0
Welsh NHS Trusts	244	0	480	0
Health Commission Wales	0	0	0	0
All English Health Bodies	0	0	93	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	7	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
<b>Sub-total</b>	<b>549</b>	<b>0</b>	<b>688</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	0	0
HMRC	0	0	0	0
Local Authorities	0	0	655	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	466	0	11,842	0
<b>TOTAL</b>	<b>1,015</b>	<b>0</b>	<b>13,185</b>	<b>0</b>

**29. Losses and special payments**

Losses and special payments are charged to the Income statement in accordance with IFF losses and special payments register when payment is made. Therefore this note is prepared

**Gross loss to the Exchequer**

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

	<b>Amounts paid out during period to 30 September 2009</b>	
	<b>Number</b>	<b>£</b>
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Analysis of cases which exceed £250,000 and all other cases

<b>Cases exceeding £250,000</b>		<b>Amounts paid out in year £</b>
Case reference	Case type	
		0
Nil		0
		0
		0
		0
		0
		0
		0
		0
		0
<b>Sub-total</b>		<b>0</b>
<b>All other cases</b>		<b>0</b>

### 30. Pooled budgets

The Health Board has entered into a pooled budget with [Neath Port Talbot Local Authority](#). Under the arrangement funds are pooled under the NHS (Wales) Act 2006 for [the provision of an integrated community equipment service](#) and a memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Neath Port Talbot Local Authority. The financial operation of the pool is governed by a pooled budget agreement between Neath Port Talbot Local Authority and the Local Health Board. Payments for services by the Health Board are accounted for as expenditure under note 2.2.

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.

#### **Neath Port Talbot Local Health Board participates in one formal pooled budget arrangement in 2009/10 as detail below:**

The agreement commenced on 1st July 2008 and the host partner is NPT CBC.

The purpose of this Agreement is to facilitate the provision of purchasing the Service and the development thereof in the manner in this Agreement and which Service is to be provided from a Pooled Fund, Local Health Boards and the powers and is limited to eligible people within the administrative area of the Council of Neath Port Talbot

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

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

- Neath Port Talbot County Borough Council
- Neath Port Talbot Local Health Board

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

- To provide intergrated community equipment service that meets the defining criteria and good practice within the guidance provided by the 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 j arrangements
- To develop more accessible services, with consistent eligibility criteria, which will improve co-ordination between partne agencies and service users.
- To maintain recycling, cleaning and maintenance of equipment, and to meet national standards.
- To provide an assessment, demonstration display and learning facility for service users and practitioners from health

**31. First time adoption**

	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>	<b>Donated Asset Reserve £000</b>	<b>Government Grant Reserve £000</b>	<b>Total Reserves £000</b>
Taxpayers' equity at 31 March 2009 under UKGAAP	-14,697	0	0	0	-14,697
Adjustment to remove negative balances on revaluation reserves	0	0	0	0	0
<b>Adjusted Taxpayers' equity at 31 March 2009</b>	<b>-14,697</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,697</b>
<b>Adjustments for IFRS changes</b>					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
<b>Taxpayers' equity at 1 April 2009 under IFRS</b>	<b>-14,697</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,697</b>
Net operating costs for 2008-09 under UKGAAP	208,599	0	0	0	208,599
Adjustments for IFRS changes :					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others - annual leave accrual	18	0	0	0	18
<b>Net operating costs for 2008-09 under IFRS</b>	<b>208,617</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208,617</b>



## 32. Cashflow Notes

### 32.1 Movements in working capital

	6 months to 30 September 2009	12 months 2008-09
	£000	£000
(Increase)/decrease in receivables	324	-98
(Increase)/decrease in inventories	0	0
(Increase)/decrease in payables	1,584	1,413
<b>Subtotal</b>	<b>1,908</b>	<b>1,315</b>
Less Movement in receivables relating to items not passing through the OCS	0	0
Less Movement in payables relating to items not passing through the OCS	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,908</b>	<b>1,315</b>

### 32.2 Other cashflow adjustments

	30 September 2009	2008-09
Depreciation	0	0
Amortisation	0	0
Impairments and reversals	0	0
Cost of Capital Charge	-238	-476
Profit/(Loss) on disposal	0	0
Finance Costs	0	0
Interest Revenue	0	0
Change in fair value of financial instruments	0	0
Provisions - Arising in Year	704	2,054
Provisions - Reversed unused	-739	-742
Provisions - unwinding of discount	0	0
<b>Total</b>	<b>-273</b>	<b>836</b>

### 32.3 Analysis of changes in net debt

	As at 1 April 2009	Cash flows	As at 30 September 2009
	£000	£000	£000
OPG cash at bank	163	-106	57
Commercial cash at bank and in hand	0	0	0
Bank overdraft	0	0	0
<b>Total</b>	<b>163</b>	<b>-106</b>	<b>57</b>

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

Name and title	To 30 September 2009	To 30 September 2009	To 30 September 2009	2008-09	2008-09	2008-09
	Salary (bands of £5,000) £'000	Other (bands of £5,000) £'000	Benefits in kind (to nearest £100) £'000	Salary (bands of £5,000) £'000	Other (bands of £5,000) £'000	Benefits in kind (to nearest £100) £'000
<b>Executive directors</b>						
Andrew Goodall - Chief Exec to 15/6/09 see note 1	10-15	0	0	50-55	0	3
Paul Gilchrist - Director of Finance and Commissioning/Acting Chief Executive w.e.f. 15/6/09 - see note 4	40-45	0	2	75-80	0	3
Judith Hill - Director of Nursing	35-40	0	3	70-75	0	6
Hilary Allman - Director of Planning & Primary Care	30-40	0	1	60-65	0	3
Dr J Harrison - Medical Director - see note 3	15-20	0	0	20-25	0	0
Karen Evans - Acting Finance Director w.e.f. 15/6/09	25-30	0	0	0	0	0
<b>Non Executive Directors</b>						
Dr EM Roberts - Chairman see note 2	10-15	0	0	20-25	0	0
Dr P Westwood (1/4-31/12/08)	0	0	0	0-5	0	0
RA Thomas	0-5	0	0	5-10	0	0
DC Jenkins	0-5	0	0	5-10	0	0
W D Walters	0-5	0	0	5-10	0	0
Dr NS Khosa	0-5	0	0	5-10	0	0
GL Thomas	0-5	0	0	5-10	0	0
Dr AM Muir (1/4 to 30/9/08)	0	0	0	0-5	0	0
C Morgan (28/5-30/4/09)	0	0	0	0	0	0
AJ Thomas	0-5	0	0	5-10	0	0
P Phillips	0-5	0	0	5-10	0	0
C Owen	0-5	0	0	5-10	0	0
C Edwards (1/4-30/4/08)	0	0	0	0	0	0
L Fitchett	0	0	0	0	0	0
O Jones	0	0	0	0	0	0
A Woolcock	0	0	0	0	0	0
K Davies	0	0	0	0	0	0
A Delahunty	0	0	0	0	0	0
C Campbell - Associate	0	0	0	0	0	0
B Ferguson - Associate	0	0	0	0	0	0
J Beddow - Associate	0	0	0	0	0	0
B Trahar - Associate	0	0	0	0	0	0

Note 1. - Mr A Goodall was joint Chief Executive and Transitional Director for NPT, Swansea and Bridgend LHB's for the period 1/4/09 - 15/6/09 until he left post.

The NPT LHB element of his salary is shown only

Note 2. - Dr E Roberts was joint chairman for NPT and Bridgend LHB's. His salary is shown net of recharges

Note 3. - Dr J Harrison is joint Medical Director for NPT, Swansea and Bridgend LHBs. Her salary is shown only for the NPT LHB element.

Note 4. - Mr H P Gilchrist was Director of Finance for the period 1/4/09-15/6/09. From 15/6/09 he became acting Chief executive until 30/9/09.

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

Name and title	Real	Lump	Total	Lump	Cash	Cash	Real	Employers
	increase in pension at 60 (bands of £2,500)	sum at age 60 related to real increase in pension £'000	accrued pension at age 60 at 30 September 2009 (bands of £2,500)	sum at age 60 related to accrued pension at 30 September £'000	Equivalent Transfer Value at 30 September 2009 £'000	Equivalent Transfer Value at 31 March 2009 £'000	increase on cash equivalent transfer value £'000	contribution to stakeholder pension £'000
Dr Ed Roberts Chairman	0	0	0	0	0	0	0	0
Hilary Mary Allman Director of Partnership & Planning	0-2.5	6	30-32.5	93	653	602	36	0
Howard Paul Gilchrist Dir of Finance/Acting Chief Exec w.e.f. 15/6/09	0-2.5	4	22.5-25	70	489	440	34	0
Andrew Keith Goodall Chief Executive to 15/6/09	0-2.5	2	15-17.5	46	221	187	8	0
Judith Ann Hill Director of Nursing	0-2.5	4	17.5-20	53	322	322	23	0
Jane Harrison Medical Director	0-2.5	4	22.5-25	71	461	461	41	0
Karen Evans Acting Finance Director w.e.f. 15/6/09	0-2.5	2	12.5-15	43	198	198	8	0

**34. Operating segments**

Not applicable

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

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

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

Date.....2009 ..... Chief Executive

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

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

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

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

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

**By Order of the Board**

**Signed:**

Chairman: ..... Dated: .....2009

Chief Executive: ..... Dated: .....2009

Director of Finance: ..... Dated: .....2009

## PROFORMA STATEMENT ON INTERNAL CONTROL

### **1. Scope of responsibility**

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

The former Neath Port Talbot LHB had a comprehensive reporting and accountability system throughout the management structure via Executive Directors to the Board. External and Internal Auditors as well as formal Committees, such as the Audit and Risk Committee (supported by the Risk Management Sub group) and the Clinical Governance Committee, provide checks and balances. There was a Board- approved Risk Management Strategy in place for the whole of the six month period.

The former Local Health Board worked closely with the Welsh Assembly Government (WAG), both directly and via its Regional Office, in managing the risk process. Workload was set via performance agreements and there was a system of regular written and verbal exception reporting in place to both the Regional Office and WAG, providing evidence of progress by the LHB. The LHB's main reporting tool was a form of Balanced Scorecard/Performance Report, which was submitted regularly to the former LHB Board and the Regional Office. In addition to the detailed scorecard the LHB regularly submitted other returns including the Health Care Standards Action Plan and the Risk Register. In addition the LHB had a continuous process of evaluating the current Health Care Standards.

The former LHB was also supported in its control processes by numerous partnership organisations via Non Officer participation at the Board e.g. Local Authority representation, NHS Trust representation, Voluntary Sector etc.. There were also many joint meetings at all levels with partnership/ stakeholders organisations creating an open environment for discussion and control. Examples of partner review groups include the Joint Executive Group (JEG) and the Local Service Board (LSB) which contained representatives from the LHB, both Trusts, the Neath Port Talbot County Borough Council, Voluntary Sector and in the case of the LSB there was also WAG representation.

### **2. The purpose of the system of internal control**

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

### **3. Capacity to handle risk**

The former LHB Board played the lead role within the LHB's risk management systems. The Board would review and monitor the whole process and would decide upon the degree of risk acceptable in any key area of the LHB's work. The LHB Board recognized that it is not possible to eliminate all risks but had sought to create a culture that both identified risks and quantified the potential impact upon the organisation. Executives, Non Officer Members, staff from all levels within the LHB, primary care contractors and representatives from partner organisations were all actively encouraged to identify risks and report near miss incidents in a "no blame" environment as clearly outlined within the Risk Management Strategy. The LHB encouraged a culture of learning from its mistakes. The Risk Management Strategy was available to the public, staff and other stakeholders via the LHB website and intranet. This strategy document had a number of minor amendments approved by the Board in recent years. If the LHB had been continuing past September 2009 then a full review by the former Board would have been carried out in 2009/10.

Each year staff had been encouraged to participate in helping set their directorate contributions to the Corporate Risk Matrix as well as being requested to identify all risks directly linked to their own work environment both physical and system risks. Every year all LHB staff was reminded of the existence and the electronic location of both the Risk Management Strategy and also the Risk Management Toolkit. New staff members are made aware of the risk management process during their initial induction period. Every member of staff was required to annually identify their training needs including areas such as risk management. Where appropriate, training had been provided by experts in particular fields such as the Local Counter Fraud Specialist, etc. Due to the reduced timeframe of the reporting period the LHB was not able to complete its normal 12 month cycle of risk management but could draw assurance from the fact that most of the annual exercises were completed very recently.

Staff have had the opportunity not only to receive local training but they have also had the opportunity to access national web-based training support for high-risk issues such as Fire Training, Manual Handling and more recently Counter Fraud training. The LHB also made a significant training investment several years ago as part of the introduction of a risk management software system although the software was eventually not used because of its lack of flexibility. In addition the Director of Finance also ran a number of separate training sessions on risk management for Board Members, LHB staff and also for primary care staff in previous years.

The Board received an annual risk report in March 2009 which contained information on the training, knowledge and awareness, etc. of risk management processes within the LHB.

Regular dialogue with partner organisations and other stakeholders such as the public ( via direct contact and the Public Involvement Group), Community Health Council etc. at all levels helped to further assist the identification and scales of risk that existed in common areas of workload. Directors participated in both regional-based and national-based professional networks where risks are shared and common solutions sought. The LHB was a partner in the Neath Port Talbot and City and Council of Swansea Risk Working Group.

The LHB officers regularly submitted reports on risks areas and progress in managing those risks to both the Audit & Risk Committee and also the main Board. The Risk Management Sub Group normally supports the Audit and Risk Committee in reviewing risks but did not meet in the period April 2009 to September 2009 as key staff was diverted to support the urgent swine flu planning processes which was the LHB's main risk during this period. However, the Audit Committee itself directly received on a regular basis the Risk Matrix.



#### **4. The risk and control framework**

The Risk Management Strategy included the following: -

- The purpose, aims and objectives for Risk Management within the organisation
- Details of the interactive roles of individual Officers, Board-approved Committees, staff and the Board itself.
- It describes methods for capturing and evaluating risks as well as their management where appropriate.
- Defines risk management, risk, the purpose of the Risk Matrix etc.

Risks were captured on an ongoing basis from a wide variety of sources e.g. from individual staff members, Directorates, primary care contractors, Trusts, other LHBs and other partners e.g. the Local Unitary Authorities, Voluntary Sector etc. The information may be captured through individual direct entry onto the Risk Matrix, staff questionnaires, exchange of information between corporate bodies etc.

The Risk Matrix /Register was a fundamental tool of the former LHB and its progress was reviewed regularly by both the Board and the Audit and Risk Committee for progress. It identified the following:

- Type of risk
- The likelihood of the risk-taking place
- The potential impact upon the LHB
- Action plans to counteract the risks and responsible officers responsible for implementation of plans
- Movements in risk evaluation between periods.

Whilst the Risk Matrix serves as an "aide- memoire" both for staff, managers and the Board of all the risks and their controls relating to the LHB, it is not the only source of information. The former Board would have received throughout the year regular individual reports on all major risk areas e.g. finance, performance, primary care contract issues, Service and Financial Framework, Annual Operating Framework, POVA etc. It is through debate at the public Board sessions on individual papers relation to high risk areas that the former Board would reach a conclusion on what level of risk it will accept on any individual item.

Where there were planned changes of commissioned services the former LHB would consult widely with partners, general public and other stakeholder groups upon the movement of risk associated with the changes.

The Healthcare Standards for Wales now form a key component of risk management and control processes for healthcare organisations within Wales. Each year the LHB is required to assess itself against the 32 Standards, a process which has replaced the previous self assessments against the Welsh Risk Pool Standards. In completing the self assessments the former LHB had always involved staff at all levels of the organisation, senior managers and Executive directors. In addition for 2008/09 the former Board members were actively involved in all parts of the process e.g. the Board approved the timetable, received regular updates, received provisional scores, delegated authority to certain Board members to validate the scores etc. Representatives from Internal Audit had opportunities to observe much of the review and scoring process. The self assessment returns were ratified by the Board in Public Session. The Board always also received the final HIW report in public session.

The LHB made good progress each year in its self assessment scores. There had been a significant movement from "Developing" to "Practising" for many of the Standards between the periods 2007/08 and 2008/09 as reported previously.

However, as in previous years the LHB was not content with maintaining scores and produced an action plan to continue the self improvement process. The action plan was agreed by the Board and in readiness for the new organisation was merged with the action plans of the other LHBs and the Trust. There was no self assessment required for the 6 month period April 2009 to September 2009 but there will be a normal assessment for the new ABMU LHB at the end of March 2010.

There are four standards that are regarded as key indicators of an organisation's clinical and corporate governance by WAG and has sought internal audit reviews of these standards across Wales.

The LHB's scores against the four main core governance standards for 2008/09 were as follows

- Healthcare standard 14 - 4 Practising (4 in 2007/08)
- Healthcare standard 16 - 3 Developing (3 in 2007/08)
- Healthcare standard 27 - 4 Practising (3 in 2007/08)
- Healthcare standard 28 - 4 Practising (3 in 2007/08)

Internal Audit comments on the 2008/09 HCS self assessments were as follows:-

"In general we were satisfied that narrative and evidence presented by the LHB supported the self-assessment scores of the core standards:

Additionally, we are satisfied that self-assessment scores for non-core standards are consistent with the narrative and evidence submitted."

As can be seen from the above chart the LHB improved its scores in two of the four standards so that three of the four core standards are now at Practising level with only one at the Developing level.

The former LHB produced an action plan in 2009/10 to improve these scores but progress was limited due to the short time available between evaluation and the closure of the former LHB. However, had there been a six month assessment carried out it would be reasonable to assume similar overall scores in the core standards as there as no known adverse reasons why the scores would reduce.

The Healthcare Standards Improvement Plan 2009/10 was received by the former Board in September 2009. The plan was a combined response produced by amalgamating Improvement Plans from the four organisations. The document will be reviewed in the short term by the Interim Locality Management and the ABMU Quality & Safety Committee.

The transition period before the merger of the organisations obviously created risks e.g. loss of key staff, loss of corporate memory, loss of financial control etc. All organisations involved worked closely together through a series of Transitional Work streams to minimise the level of risk. All groups had clear objectives and timescales with regular reporting on progress in place. Key information was made available to the successor organisation either through the Legacy Statement or through a series of supplementary papers processed through the Work streams. The former Board was able to receive and approve the draft Legacy Statement in its final Public Board meeting.

## **5. Review of effectiveness**

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

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

The former Board received regular minutes from the Audit and Risk Committee, the Clinical Governance Committee, the Remuneration Committee as well as individual reports produced directly by Executive Directors and Senior Managers. The Chairs of the Sub Committees were also Board members and could have been questioned on the minutes or directly communicate concerns to the Board if necessary. These reports were designed, not only to inform the Board of the LHB’s level of corporate and financial risks but also to encourage full participation by the Board in both the debating and problem solving of these issues where appropriate. The former Board received at each Public Meeting (as a minimum) reports on the financial and commissioning performance as well as at appropriate intervals updates on the Risk Matrix/Register, reports on achievement against Corporate Objectives, etc. All appropriate papers to the Board contained an Impact Assessment table that clearly stated the impact of the topic under discussion on the following headings: Health Social Care and Wellbeing; Resources, Risk and Equality. The process had been further enhanced in recent years by the introduction and gradual refinement of the Balanced Scorecard which not only contained SaFF/AOF targets but also LHB internal targets.

The Audit and Risk Committee, which consisted of Non Officer Members (Non Executive Directors) formed a direct line of communication to the Board from the Internal Auditors, External Auditors and the Local Counter Fraud Specialist Team. The former Board was therefore able to reassure itself, that it has receive advice on control and risk issues independently of Executive Officers on a regular basis. The Audit and Risk Committee received reports from these three independent groups on control systems within the LHB. In addition the former LHB’s Audit Committee also received assurance from the Business Support Centre’s (BSC) Internal Auditors via relevant reports to the Powys LHB’s Audit Committee.

This Audit Committee would then review management responses to the reports and oversaw the implementation of corrective action plans as part of a continuous improvement process as appropriate.

It is however recognised that no incorporated body will achieve and maintain a perfect control system as both the external and internal environments will always change and so it must continue to seek improvements and enhance its systems over time. The former LHB also recognizes that its staff, managers and Board Members also require time to develop the appropriate skills and experience necessary for effective control. However, information that was contained within the various reports on both the LHB systems and the BSC systems by the various independent auditors, coupled with the scores achieved in the Healthcare Standards, provided sufficient evidence to conclude that the LHB at least has its core controls in place.

The Head of Internal Audit's opinion on the effectiveness of the System of Internal Control at Neath Port Talbot Local Health Board for the Year Ended 31 March 2009 was as follows:

*“Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation’s objectives, and that controls are generally being applied consistently. A limited number of weaknesses in the design and/or inconsistent application of controls were identified in respect of particular objectives. Where this was the case recommendations have been made to address issues raised.”*

From the more limited work undertaken for the 6 month period ended 31st of September the Head of Internal Audit recorded a “Full Assurance” level in the report “ Head of Internal Audit Opinion and Closure Report for 1<sup>st</sup> April to 30<sup>th</sup> September 2009- Neath Port Talbot LHB”

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

“We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Business Services Centre's control processes. Further work will be undertaken as part of Powys LHB on Governance and Risk Management processes for the year ended 31 March 2010. In our opinion, based upon the work we have undertaken, for the 6 months ended 30 September 2009 the Business Services Centre has adequate and effective control processes to manage the achievement of the organisation's objectives.

. The LHB also recognised that it would need to continue to improve on its ability to fully analyse and interpret data received from the Dental Services Division so as to minimise risks associated with the dental contract.

“Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.” Such controls include the requirement for all papers to the former Board to contain an impact assessment that identified what result the contents on the paper would have upon a number of key areas including a section on equality. In order to ensure that the former LHB complied with the duties placed on it under various equality and human rights legislation to eliminate unlawful discrimination, and to promote equality of opportunity and good community relations, the LHB adopted, after a period of consultation, adopted a Single Equality Scheme which sets out how it was to ensure that everyone was treated fairly irrespective of their race, gender, disability, sexual orientation, religion/belief or age. The former LHB's Equality and Human Rights Joint Steering Group (EHRJSG), which had representatives from all the Directorates across Neath Port Talbot and Bridgend LHBs continually worked towards making sure that “equality” was mainstreamed across all the former LHB's functions.

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

## 6. Significant internal control problems

It is the view of the Accountable Officer that there were no significant internal control problems identified within the period 1st April 2009 to the 30th September 2009.

Signed:.....  
Chief Executive  
(on behalf of board)

Date:.....

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

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

### **Respective responsibilities of Directors, the Chief Executive and the Auditor**

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

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

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

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

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

### **Basis of audit opinions**

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

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

### **Opinion**

In my opinion:

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

### **Emphasis of matter**

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

### **Opinion on Regularity**

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

### **Report**

I have no observations to make on these financial statements. My conclusion on Neath Port Talbot Local Health Board's arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 30 September 2009 will be reported separately in my published Audit Letter for the six month period.

Gillian Body  
Auditor General for Wales  
12 March 2010

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ