Accountability Report

2017-2018

Signed : Mrs Allison Williams (Chief Executive)

Date : 31 May 2018

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1 INTRODUCTION

The Government Financial Reporting Manual (FReM) is the technical accounting guide to the preparation of the financial statements. HM Treasury published a revised version of the Government Financial Reporting Manual (FReM) 2017-2018, in December 2017 and states that NHS bodies are required to publish, as a single document, a three-part annual report and accounts document which includes:

1.1 The Performance Report

The purpose of the performance section of the annual report is to provide information on the entity, its main objectives and strategies and the principal risks that it faces. The report must include:

- An overview;
- A Performance analysis.

1.2 The Accountability Report

The purpose of the accountability section of the annual report is to meet key accountability requirements to the National Assembly for Wales, which must include the following 3 sections:

- A Corporate Governance Report;
- A Remuneration and Staff Report;
- A National Assembly for Wales Accountability and Audit Report.

1.3 The Financial Statements

- The Audited Annual Accounts 2017-2018.

2 THE ACCOUNTABILITY REPORT

a. The Corporate Governance Report

This explains the composition and organisation of Cwm Taf University Health Board's governance structures and how they support the achievement of the entity's objectives. This section includes the Directors report, the statement of Accounting Officers responsibilities and a governance statement. The Director of Corporate Services & Governance / Board Secretary and the Corporate Services team has compiled the report, the main document being the Annual Governance Statement (AGS). The compilation of this section of the report has been informed by a review of the business undertaken by the Board and its Committees / Advisory Groups over the last year and has had input from the Chief Executive, as Accountable Officer, the Executive Team and Members of the Audit Committee.

b. Remuneration and Staff Report

The remuneration and staff report sets out the UHB's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors and where relevant the link between performance and remuneration. This section contains information about the remuneration of senior management, fair pay ratios, sickness absence rates etc. and has been compiled by the Finance department and the Workforce & Organisational Development directorate.

c. National Assembly for Wales Accountability and Audit Report

This contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in HM Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report.

The timescale for production of the Annual Report 2017-2018, varies from that of the Accountability Report, which will be considered for approval by the Audit Committee and the Board on Wednesday 31 May 2018.

The Annual Report must be produced in a bilingual format in time for presentation at the Annual General Meeting (AGM) in July 2018, having been reviewed by the Wales Audit Office (WAO).

Corporate Governance Report

2017-2018

ANNUAL GOVERNANCE STATEMENT 2017-2018

1. SCOPE OF RESPONSIBILITY

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

Cwm Taf University Health Board (CTUHB), was established on the 1st October 2009, and is responsible for the provision of services to more than 301,846[1] residents within the Local Authority boundary areas of Merthyr Tydfil and Rhondda Cynon Taf. Almost 79% of the population live in Rhondda Cynon Taf Local Authority and the remaining 21% in Merthyr Tydfil. The Cwm Taf UHB's catchment population increases when patient flow from the Upper Rhymney Valley, South Powys, North Cardiff and the Western Vale area are included.

The Board's overarching role, is to ensure delivery of its 3 Year Integrated Medium Term Plan (2017 - 2020) in accordance with the relevant Welsh Government NHS Planning Framework, (current version 2018-2021[2]), and the related organisational objectives aligned with the Institute of Healthcare Improvement's (IHI) 'Triple Aim' are being progressed. These in summary are:

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

Cwm Taf UHB has decided to integrate its well-being statement and delivery of its well-being objectives into the IMTP 2017-20. The rationale for this is to ensure that the Act is at the core of decisions the Health Board makes about the delivery of its services.

[1] As at 19 March 2018
[2] Welsh Government's NHS Planning Framework 2018-2021http://gov.wales/topics/health/nhswales/planning/?lang=en

Most importantly, the main focus is to effect long-term change which improves the health, well-being and resilience of the communities we serve. This is the connecting link between all our well-being objectives which also encapsulate the five ways of working (sustainable development principle) as being integral, not added on to our IMTP.

The University Health Board provides a full range of hospital and community based services to the residents of Rhondda Cynon Taf and Merthyr Tydfil. These include the provision of local primary care services; GP Practices, Dental Practices, Optometry Practices and Community Pharmacy and the running of hospitals, health centres and community health teams. The UHB is also responsible for making arrangements for the residents of Rhondda Cynon Taf and Merthyr Tydfil to access health services where these are not provided within the Cwm Taf area.

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

The UHB also hosts two all Wales Joint Committees:

- **The Welsh Health Specialised Services Committee (WHSSC),** is a statutory joint committee of the seven Local Health Boards which was established in April 2010. WHSSC is responsible for the joint planning and commissioning of over £500m of specialised and tertiary health care services on an all Wales basis.
- **The Emergency Ambulance Services Committee (EASC),** is a statutory joint committee of the seven Local Health Boards, with three Welsh NHS Trusts as Associate Members, which was established in April 2014. The EASC is responsible for the joint planning and commissioning of circa £155m of emergency ambulance services, including Emergency Medical Retrieval & Transfer Service (EMRTS) on an all Wales basis and commissioning Non-Emergency Patient Transport Services (NEPTS).

In 2017, the Welsh Government approved the business case outlining that the UHB will host the NHS Wales National Imaging Academy. The Academy will provide a dedicated environment to train radiologists and imaging professionals and will feature state-of-the-art workstation classrooms, a fully functioning ultrasound suite, simulation training and a lecture theatre. Seminars and supervision for trainees on medical image interpretation such as X-rays, CT and MRI examinations will be provided by Consultant Radiologists from across South Wales. It will also enable trainees to access NHS Wales' Health Board medical imaging studies without having to physically be at a hospital site, thereby improving trainee and trainer time efficiency.

The Cwm Taf UHB is led by its Chair, Chief Executive and a Board of Executive Directors, Independent Members and Associate Members.

The Chair, Vice Chair, Independent Members and Associate Members are appointed for fixed term periods by the Welsh Government. Each Independent Member has a specific area of responsibility and this, along with their level of Board and Committee attendance is set out in the Directors report (Table 2) at Page 57.

Associate Members, appointed by the Cabinet Secretary for Health and Social Care attend Board meetings on an ex-officio basis, but have no voting rights and these are outlined below:

Associate Member Role	**Name**	**Attendance**
Social Services A Director of Social Services, nominated by the Local Authorities in the Health Board area	Mr G Isingrini, Group Director of Community & Children Services, Rhondda Cynon Taf County Borough Council	5/7 Public Board meetings
Stakeholder Reference	Ms C. Llewellyn Chair of the Stakeholder Reference Group	2/7 Public Board meetings
Healthcare Professionals	Ms Collette Kiernan Chair of the Healthcare Professionals Forum	2/7 Public Board meetings

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

- Mrs A Williams, Chief Executive;
- Mr K Asaad, Medical Director;
- Mrs J Davies, Director of Workforce & Organisational Development;
- Dr K Nnoaham, Public Health Director ;
- Mr A Lawrie, 'Interim' Executive Director of Primary, Community & Mental Health (from February 2018);
- Ms R Treharne, Director of Planning & Performance & Deputy Chief Executive (Deputy CEO from June 2017);
- Mr S Webster, Director of Finance & Procurement/Deputy Chief Executive (up to June 2017);
- Mr M Thomas, 'Interim' Director of Finance & Procurement (from 17 June 2017);
- Mr C White, Executive Director of Therapies & Health Sciences/Chief Operating Officer (up to November 2017);
- Mrs K McGrath, 'Interim' Chief Operating Officer (from December 2017 to January 2018);
- Mr J Palmer, Director of Primary, Community & Mental Health (up to January 2018), 'Interim' Chief Operating Officer (from February 2018);
- Mrs L Williams, Director of Nursing, Midwifery and Patient Services.

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

- Mr R Williams, Director of Corporate Services and Governance / Board Secretary;
- Mr S M Harrhy, Board Director[3]*.

The Board determines policy, sets the strategic direction and aims to ensure that there is an effective system of internal control in place and that high standards of governance and behaviour are consistently maintained. In addition, the Board has responsibility for making sure that the Health Board is responsive to the needs of the communities it serves.

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

The Health Board was awarded University Health Board status by the Minister for Health and Social Services and formally became the "Cwm Taf University Health Board (CTUHB)" in November 2013. This was an important achievement in the organisation's development journey and a source of great pride for Cwm Taf. The University status was re-accredited in 2017.

The Welsh Government recently held a celebratory event in recognition of University status for Health Boards in Wales, during which the Health Board and its academic partners, were able to present some of the excellent work undertaken to work in partnership to improve outcomes and services for the population of Cwm Taf. The University status continues to help CTUHB in its ongoing drive to provide high quality, responsive care and services for the communities in strengthened collaboration with our academic partners.

Cwm Taf University Health Board usually meets seven times a year in public. The Board is made up of individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises the Chair, Vice Chair, nine other Independent Members, three Associate Board Members, the Chief Executive, eight Executive Directors and two other Directors. The full membership of the Board is outlined on page 57.

The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place. The Board promotes a culture of openness, honesty and transparency and has high standards in clinical care, financial stewardship as well as responding to the health needs of the population it serves. Together, Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the UHB. All the meetings of the Board in 2017-2018 were appropriately constituted and quorate.

[3] ***Note -** From the 2 February 2015, Mr S M Harrhy, was appointed as the Chief Ambulance Services Commissioner (CASC) for Wales and Board Director Cwm Taf UHB. In addition, Mr Harrhy took on the role of Director of Unscheduled Care for NHS Wales in 2015-2016.

Key business and risk matters considered by the Board during 2017-2018 are outlined below:

- Overseen the implementation of the approved 2017-2020, 3 year Integrated Medium Term Plan (IMTP) and actively involved in the development and approval of the 2018-2021 refreshed 3 year plan, submitted to Welsh Government on 31 March 2018;
- Received and approved quarterly updates on progress with implementing the 2017-2020 IMTP;
- Received, considered and discussed the organisational risk register and the monitoring and management of the assigned risks to key committees of the Board;
- Received, considered and discussed financial performance and the related risks being managed by the Health Board;
- Routinely received updates on matters relating to workforce, including performance metrics, recruitment, and legislative changes e.g. the Nurse Staffing Levels (Wales) Act 2016;
- Received and developed its response to the 2017 Structured Assessment and the Auditor General for Wales' Annual Audit Report for 2017;
- Overseen the ongoing development of arrangements to deliver the outcomes of the South Wales Programme, specifically in relation to Paediatric, Neonatal and Obstetric services, including piloting of the Paediatric Assessment Unit (PAU) located at the Royal Glamorgan Hospital and progressed to approval and commencement of works, the related capital business case to expand neonatal and obstetric services at Prince Charles Hospital;
- Monitored progress following implementation of the redesigned stroke service across Cwm Taf UHB, informed and developed further following consideration of the related evaluation;
- Continued to review and make adjustments to the revised GP Out of Hours (OOH) services, that resulted in the consolidation of 4 OOHs Centres into two located on the District General Hospital sites;
- Received regular reports on Patient Experience and feedback, ensuring where concerns are raised, that these are escalated to the Board and where necessary, result in the Board proactively activating agreed multiagency procedures with partners including South Wales Police;
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improved performance where appropriate, this included actions to address and improve cancer target performance; stroke services; referral to treatment (RTT) waiting times, mental health measure compliance and workforce indicators;
- Progress against the Social Services & Well-Being (Wales) Act 2014 (the SSWB Act) and the Well-Being of Future Generations (Wales) Act (2015), including related Population Needs assessments and Well-Being Assessments, along with the Public Services Board's Well-Being Statement and Objectives;

- Routinely received updates from Board Champions, including those relating to Welsh Language, Equality, Patient & Public Engagement, Vulnerable Adults and Older People; and Carers and Staff;
- Routinely received updates on its discretionary capital programme;
- Contributed to the ongoing review of the Board's maturing Board Assurance Framework (BAF);
- Routinely received assurance reports from the Committees and Advisory Groups of the Board;
- Considered updates and responded to the Welsh Government Consultation proposing that healthcare services in the Bridgend County Borough Council area transfer to Cwm Taf UHB from Abertawe Bro Morgannwg UHB, moving the health board boundary accordingly.

1.1 Committees of the Board and Advisory Groups

The Health Board has established a range of committees, as outlined in the Governance & Assurance Framework on page 22. These Committees are chaired by Independent Members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, assessment of current risks and performance monitoring. Key matters considered by the Committees of the Board are summarised below.

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

The purpose of the **Integrated Governance Committee** is to provide assurance to the Board around the UHB's healthcare assurance and risk management frameworks, ensuring that there is an accurate reflection of existing risks, key controls, assurances, and action plans to deliver against gaps in assurance. In 2017-2018 the Committee considered:

- Progress with implementation of its Integrated Governance & Accountability Action Plan;
- Learning from other relevant governance reviews, including the Wales Audit Office (WAO) Public Accounts Report following a review of Cardiff and Vale University Health Board's Contractual Relationships with RKC Associates Ltd and its Owner;
- Oversight and coordination of the Board's Governance & Accountability Module Annual Self-Assessment for 2017-2018;
- Consideration of the schedule of referral of matters to committees of the Board;
- Board Committee Chairs reports.

The Board's Standing Orders require Committees to undertake an annual assessment of their own effectiveness and report the outcome of these to the Health Board.

Over the last year the following improvement actions (agreed through self-assessment) were progressed:

- Continued to embed the Health and Care Standards across the organisation's business;
- Ensured that the Primary Care Plan is fully integrated into the IMTP;
- Strengthened the monitoring of the delivery of the IMTP including Board and Welsh Government reporting;
- Progressed a number of capital business cases to support the introduction of a number of clinical service redesign programmes, which include; the Diagnostic Hub at the Royal Glamorgan Hospital (RGH); Ground and First Floor development at Prince Charles Hospital (PCH) and Paediatrics, Neonates and Obstetric services at PCH;
- Developed and strengthened partnership working with agency and other stakeholder partners;
- Board Committee related work taken forward and strengthened during the year, with established forward work plans in place for all Board level Committees;
- Ongoing progress with integration of primary/secondary care pathways;
- Continued to progress actions resulting from decisions relating to the outcome of the South Wales Programme decisions;
- Progressed implementation of Primary Care Plan aligned with IMTP;
- Good performance out turn for 2017-2018 with excellent Referral to Treatment (RTT) and diagnostic waiting times position;
- Good progress with delivering the Quality Delivery Plan;
- Demand & Capacity Planning maturing and becoming more reliable;
- Progressing prioritised quality improvement initiatives.

Self-assessments will be completed for this year and feedback from these assessments will be used by Board Committees to inform positive changes. Last year's assessments identified a number of key actions, which were generic themes identified from the feedback, a summary of which is outlined in the table below:

Feedback	Suggested Action	Progress with action
Ensure the Terms of Reference are reviewed annually	The terms of reference are reviewed annually in tandem with the review of standing orders.	Completed
Committee Member training	Develop bespoke local induction training sessions for new Independent Members (IM's) and consider training requirements for long-serving IM's.	New IMs attended the national induction training organised by Academi Wales / NHS Confederation Wales and Cwm Taf UHB held its own local induction training and site visits for new IM's.
More timely circulation of Committee Minutes / Action Notes	Minutes should be circulated to members in 'draft' format once approved by the Committee Chair.	The team endeavour to issue the minutes as swiftly as possible once approved by the Chair. Further progress is needed in this area.

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

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

During 2017-2018, key issues considered by the Audit Committee relating to the overall governance of the organisation have been:

- Overseeing the UHB's system of internal controls;
- A continued focus on improvements in the financial systems, controls procedures and the monitoring of payments and trending processes, including improved compliance this year, with the Public Sector Prompt Payment (PSPP) duty and related target, which will be met for the first time in four financial years;
- Sponsored an increasing programme of compliance, including internal audit activity across Corporate and Clinical Directorates;
- Overseen on behalf of the Board, the Board Assurance Framework (BAF);
- Overseen the local arrangements for Counter Fraud and received regular update reports on related activity, including investigations;
- Keeping under review the Health Board's risk management strategy, risk appetite and related processes;
- Provided Audit Committee oversight and scrutiny to hosted bodies, namely Welsh Health Specialised Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC);
- Overseen and recommended approval of the revised Standing Orders of the Board;
- Internal and external audit reports, and tracking progress against internal and external audit recommendations, developing and strengthening related internal processes. Calling and holding Executive Directors to account, where appropriate, in relation to internal and external audit activity.

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

The **Quality, Safety & Risk Committee** is a key Committee of the Board, primarily aligned with assessment of the Health Board's overall clinical governance and assurance and related risk management arrangements.

During 2017-2018, key issues considered by the Quality, Safety & Risk Committee were:

- Held two Quality Summits, with engagement with Clinical Directorates to inform the UHB's priorities for the year and to review progress against them;
- Overseen delivery of the UHB's approved Quality Strategy (aligned with the Board's *'Cwm Taf Cares'* philosophy) supported by a Quality Delivery Plan (QDP) which focuses on the key priorities of the Board;
- Linked to the Quality Strategy and QDP, developed a related quality dashboard including 'at a glance' to consider progress with key quality and safety related targets;
- Considered planned and unannounced review and inspection activity by Healthcare Inspectorate Wales (HIW) and separately the Community Health Council, along with the UHB's internal inspection processes;
- Overseen the development of the Annual Quality Statement;
- Development and review of the UHB's Corporate Risk Register;
- Monitoring and scrutiny of the UHB's arrangements with regards to compliance with legislative and regulatory requirements for workplace Health & Safety, including Moving & Handling, Violence & Aggression and Fire Safety;
- In addition to overseeing the risk registers of the Health Board and hosted bodies, also reviewed the Committee's assigned risks and provided risk management oversight and scrutiny to hosted bodies, namely the Welsh Health Specialised Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC);
- Received updates on progress relating to compliance in relation to quality, safety & risk, including patient experience, concerns, safeguarding, infection prevention & control, Information Governance, Equality & Diversity and Welsh Language.

Additional detail on performance in relation to quality, safety and risk can be viewed in CTUHB's Annual Quality Statement which will be published in July 2018 and can be accessed via this link.

The **Primary & Community Care Committee** was constituted by the UHB in 2014, initially to support the development of a Strategy for Primary Care, which informed the UHB's IMTP submitted in 2015 and subsequent refreshed versions of the plan.

The Committee's focus is on scrutinising the delivery of key elements of the IMTP that relate to Primary Care. The Committee is chaired by the Vice Chair of the UHB.

The Committee met 4 times during the year and considered the following key areas of activity:

- The delivery and implementation of the primary care delivery plan (informed by the Primary Care Strategy) as it relates to the Board's Integrated Medium Term Plan;
- Reviewed and monitored delivery of the Oral Health Delivery Plan and the Eye Care Delivery Plan;
- Reviewed and monitored delivery of agreed Primary Care Investments;
- Reviewed and monitored delivery of the oral health delivery plan and the eye care delivery plan;
- Reviewed and monitored delivery of the GP Out of Hours service;
- Overseen arrangements for Primary Care Contractor service developments and related cluster hub work;
- Reviewed and monitored actions being taken to sustain Primary Care Services across Cwm Taf UHB;
- Reviewed, considered and discussed the Board's Inverse Care Law programme of work and related progress.

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

- Active involvement in the development and scrutiny of the Refreshed 2018-2021 Integrated Medium Term Plan (IMTP);
- Routinely reviewed and scrutinised the UHB's Integrated Performance Dashboard;
- Routinely, reviewed and scrutinised the UHB's Financial Performance including development of savings plans and directorate budget setting and delivery of agreed savings plans;
- Reviewed and scrutinised key areas of workforce activity, including the increasing impact of workforce shortages, particularly within Medical and Registered Nursing, staff sickness and the mitigating actions being taken both locally and nationally;
- Reviewed and scrutinised the development of the Board's Commissioning Plan;
- Reviewed and scrutinised Ambulance performance;
- Reviewed actions in response to the Follow Up Outpatients Not Booked (FUNBs) WAO review;
- Received clinical efficiency reports in agreed key service areas;
- Received deep dive financial reports for agreed directorates;
- Reviewed its assigned organisational risks.

For the coming year, the Board has discussed and agreed a revised approach to the forward programme of the Committee and will use 6 structured performance focused meetings to provide scrutiny and assurance to the Board meetings held in public.
The remaining four meetings, will focus on targeted 'deep dives' and clinical efficiency reviews, directed by the Committee, informed by the organisation's performance and outcome data.

The **Mental Health Act Monitoring** Committee is chaired by the Vice Chair of the Health Board and monitors the Health Board's compliance with the requirements of the Mental Health Act and met 4 times during the year.

The work of the Committee, including its Terms of Reference, was reviewed and refreshed during the year and related processes and focus areas have been strengthened. The Committee's key areas of activity during the year were:

- Quarterly review of statistical performance in relation to compliance with the Mental Health Act; and
- Review and scrutiny of reported breaches as they relate to the Mental Health Act.

The **Academic Partnership Board (APB)** chaired by the Vice Chair of the CTUHB and includes representation from Cardiff University, Cardiff Metropolitan University and the University of South Wales. The APB oversees the Health Board and partners work in relation to the Health Board's University status and ensures that the related strategy of the Board in this area of its work is taken forward in partnership with academic providers. The Board is supported by the Academic Partnership Steering Group.

The APB reports routinely into the Health Board and produces an annual report of its work, which is considered by the Board.

During this year, the Health Board contributed to the celebration of University Status (originally granted by the then Health Minister to the UHB in 2013, and re-accredited in 2017).

In addition to the Committees of the Board, the Board has 3 Advisory Groups, as outlined below:

Stakeholder Reference Group (SRG) The Group is formed from a range of partner organisations from across the Health Board's area and engages with and has involvement in the Health Board's strategic direction, advises on service improvement proposals and provides feedback to the Board on the impact of its operations on the communities it serves. The SRG met on 3 occasions during the year and held a development workshop and reviewed its Terms of Reference.

The SRG has been actively engaged in the development of the Board's Integrated Medium Term Plan (IMTP) 2018-2021, including supporting the development of a public facing easy read summary of the plan.

Working in Partnership Forum (WIPF) The UHB and Staff side representatives have a strong working relationship and the Board recognises the importance of engaging with staff organisations on key issues facing the Health Board.

The WIPF met regularly during the year, providing the formal mechanism through which the Health Board works together with Trade Unions and

professional bodies to improve health services for the population it serves in the Cwm Taf area. In addition the Health Board engages with its Medical Workforce through its Hospital Medical Staff Committees (HMSCs). WIPF is the forum where key stakeholders engage with each other to inform debate and seek to agree local priorities on workforce and health service issues.

During the year, significant strategic issues were discussed and included:

- progress on implementation of the 2017-2020 IMTP and the development of the refreshed 2018-2021 IMTP;
- implementation and evaluation of the revised GP Out of Hours Service;
- the NHS Staff Survey and Medical Engagement Scale feedback;
- progress with implementation of service change, including:
    - the Acute Medicine Model;
    - development of the Paediatric Assessment Unit (PAU) and related services change to Paediatrics, Neonates and Obstetric services at the Royal Glamorgan Hospital;
    - Dewi Sant Health Park Development and related service change e.g. Genito Urinary Medicine (G.U.M.), Breast Service redesign.
    - schemes to establish the Diagnostic Hub at the Royal Glamorgan, and the Ground and First Floor scheme at Prince Charles Hospital.

Healthcare Professionals' Forum (HPF) The Forum comprises representatives from a range of clinical and healthcare professions within the Health Board and across primary care practitioners and provides advice to the Board on all professional and clinical issues it considers appropriate.

The HPF met twice during the year, to review membership, work plan and nominate a new Chair. The HPF is currently reviewing and developing its work programme to inform its work over the coming year.

2. GOVERNING CWM TAF UNIVERSITY HEALTH BOARD

The Board is accountable for governance and the system of internal control. As Accountable Officer and Chief Executive, I have the responsibility for maintaining a sound system of internal control that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding public funds and this organisation's assets for which I am personally responsible in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales. My performance in the discharge of these personal responsibilities is assessed by the Director General Health & Social Services/Chief Executive NHS Wales, Welsh Government.

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

My review of the effectiveness of the system of internal control is informed by the work of Executive Directors within the organisation. These Directors have responsibility for the development and maintenance of the Risk Assurance and Internal Control Framework, supported by the Internal Auditors and

comments made by the External Auditors in the Annual Audit Report and other reports received throughout the year. In addition, the work of Healthcare Inspectorate Wales, both investigations and reviews, informs my opinion.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the work of the Audit Committee, Integrated Governance Committee, Quality, Safety and Risk Committee, Finance, Performance & Workforce Committee, Mental Health Act Monitoring Committee, the Remuneration & Terms of Service Committee, Primary & Community Care Committee and the Academic Partnership Board.

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

A plan to address weaknesses and ensure continuous improvement of the system is in place and it is my intention to build on this as part of our maturing Board Assurance Framework.

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

These include:

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

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

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

In relation to our three Advisory Groups, all three are now active and working in line with the Board's Standing Orders.

During the year, advisory fora have been actively involved in the development of the Board's refreshed Integrated Medium Term Plan (IMTP) for 2018-2021 and have also contributed views in relation to clinical service redesign changes being taken forward by the Board. The Working in Partnership Forum has

worked closely with senior management in progressing the service redesign and change agenda, ensuring appropriate arrangements are in place to support staff.

The Wales Audit Office (WAO) concluded in their 2017 Structured Assessment that, "The Health Board continues to operate effective governance, financial planning and management arrangements, however, there are opportunities for improvement such as through strengthening the approach to change management and implementing the digital strategy. The Health Board is meeting its statutory financial duty to break even over a three-year cycle but non-recurring savings are increasing, and whilst the approach to planning savings is effective there is scope to develop more transformational schemes and enhance project management and data analytics. The Health Board has continued to demonstrate effective strategic planning and governance arrangements, however, there is scope to further refine integrated medium term plan reporting and support new independent members".

Our delivery, governance and assurance arrangements are built on an organisational culture that is based on listening and learning, which directs its role in determining policy and setting strategic direction and also ensures that there are effective systems of internal control in place for the UHB that demonstrate high standards of governance and behaviour. This is in tandem with ensuring that the UHB remains responsive to the needs of its communities.

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

2.1 The Purpose of the System of Internal Control

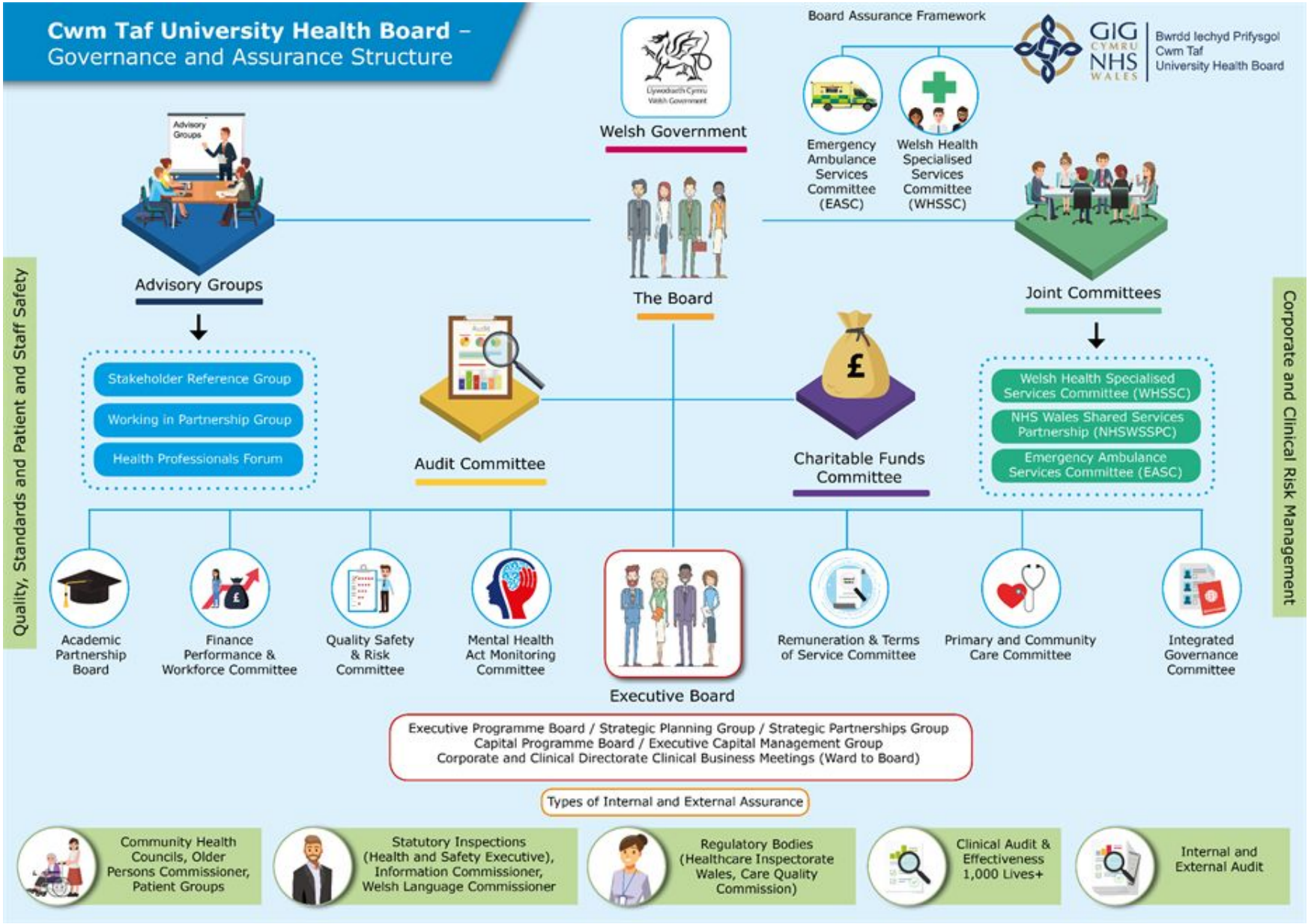
The system of internal control is designed to ensure that risks are managed to a reasonable level rather than to eliminate all risks within the organisation. It therefore provides reasonable and not absolute assurance of effectiveness.

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

The impact of these risks is then assessed in order that they can be managed efficiently, effectively and economically. The system in place across the Health Board is in accordance with Welsh Government Guidance.

The system of internal control has been in place for the whole of the financial year ending 31 March 2018 and up to the date of approval of the annual report and accounts for 2017-2018.

The Governance & Assurance Framework arrangements established by the Board are outlined in the table below. Members will note that in June last year, following a review of the Executive Programme Board, reporting through to Executive Board, I established in its place the Efficiency, Productivity and Value Board, which primarily overseas the Board's delivery of its Financial Savings Plan and related Cross-Cutting Theme work.


Cwm Taf University Health Board –
Governance and Assurance Structure
Board Assurance Framework
GIG CYMRU NHS WALES
Bwrdd Iechyd Prifysgol Cwm Taf University Health Board
Welsh Government
Emergency Ambulance Services Committee (EASC)
Welsh Health Specialised Services Committee (WHSSC)
Advisory Groups
The Board
Joint Committees
Stakeholder Reference Group
Working in Partnership Group
Health Professionals Forum
Audit Committee
Charitable Funds Committee
Welsh Health Specialised Services Committee (WHSSC)
NHS Wales Shared Services Partnership (NHSWSSPC)
Emergency Ambulance Services Committee (EASC)
Quality, Standards and Patient and Staff Safety
Corporate and Clinical Risk Management
Academic Partnership Board
Finance Performance & Workforce Committee
Quality Safety & Risk Committee
Mental Health Act Monitoring Committee
Executive Board
Remuneration & Terms of Service Committee
Primary and Community Care Committee
Integrated Governance Committee
Executive Programme Board / Strategic Planning Group / Strategic Partnerships Group
Capital Programme Board / Executive Capital Management Group
Corporate and Clinical Directorate Clinical Business Meetings (Ward to Board)
Types of Internal and External Assurance
Community Health Councils, Older Persons Commissioner, Patient Groups
Statutory Inspections (Health and Safety Executive), Information Commissioner, Welsh Language Commissioner
Regulatory Bodies (Healthcare Inspectorate Wales, Care Quality Commission)
Clinical Audit & Effectiveness 1,000 Lives+
Internal and External Audit

2.2 Capacity to Handle Risk

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

The University Health Board has a strategy for risk management and during the year continued to strengthen and mature its Board Assurance Framework (BAF) which includes the organisation's risk appetite and process for ensuring that the Board's plans are built on a foundation of risk assessment that informs mitigating actions. To support this, the UHB has an Organisational Risk Register, which is approved by the Board, published quarterly and considered by the Executive Board and the Quality, Safety & Risk Committee, with specific risks assigned to all the key Board Committees, as appropriate.

The Risk Register includes the risk appetite (or targeted risk level), which helps inform the Board and its Committees of the level of risk. The register helps to ensure key risks aligned to delivery are considered and scrutinised by the relevant Committee of the Board, supported with input from the Executive, e.g. statutory and tier 1 finance and performance targets are scrutinised routinely at the Finance, Performance & Workforce Committee which meets monthly.

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

The lead Director for risk is the Board Secretary/Director of Corporate Services and Governance, who is responsible for establishing the policy framework and systems and processes that are needed for the management of risks within the organisation.

Depending on the nature of risk, other Directors will take the lead, for example, patient safety risks fall within the responsibility of the Medical Director, Director of Nursing, Midwifery and Patient Services and Director of Therapies and Health Sciences.

The organisational risks assigned to a Board Committee are transcribed onto the Organisational Risk Register, which is approved by the Board and considered routinely by the Quality, Safety & Risk Committee in full and by the Committees who are assigned risks. In addition to reporting risks via the meeting arrangements within the organisation, operational managers and Directors are able to notify a significant risk to the appropriate Executive Director for consideration and where necessary, notification to the Board.

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

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

During the year, work progressed well in relation to the Board Assurance Framework, in order to better align it with the organisation's key risks and with its Three Year Integrated Medium Term Plan for 2017-2020. Indeed the Health Board has been supporting All Wales work with Audit Committee Chairs and Board Secretaries on developing agreed core principles and a consistent approach across NHS Wales to developing Board Assurance processes.

2.3 The Risk and Assurance Framework

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

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

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

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

Clinical governance processes are intended to provide assurance to the Board that services are safe and meet organisational, external and professional standards. Work is ongoing to embed the Health & Care Standards Framework into the everyday working of the organisation and to ensure appropriate links are made to other key strategies, including the Board's Quality Delivery Plan.

The 1,000 Lives Improvement Service and NHS Organisations across Wales have built national priorities for improvement into the Three Year Integrated Plans. The Health Board's quality improvement plans are aligned both nationally and locally.

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

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

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

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

2.4 Mortality Review

We continue to develop and strengthen our robust processes for undertaking mortality reviews that span all hospital inpatient deaths. This process also includes General Practitioners (GPs) in addition to multi-disciplinary hospital teams.

Our work has been recognised nationally following the publication of Professor Stephen Palmer's review of the use of risk adjusted mortality index (RAMI) data within NHS Wales, on behalf of the Health Minister in 2014 and this work continues to evolve and is routinely reported to Board.

2.5 Integrated Quality and Performance Dashboard

The UHB has a comprehensive Integrated Performance Dashboard in place that is presented to the Executive Board monthly. The dashboard is also presented to the UHB's public meeting as part of our commitment to openness and transparency, and it is presented to a number of Board Committees for scrutiny and assurance.

Since its inception in October 2012, the Integrated Performance Dashboard has continued to evolve and develop. The Dashboard report is categorised into segments to highlight any specific areas which may be under formal escalation measures by the Welsh Government and is accompanied by a narrative to provide detailed explanation on key areas, as well as to highlight areas of best practice within the UHB. During this year an agreed set of workforce performance metrics, were developed and are also being routinely reported to Board.

The Board recognises the importance of high quality data to inform its decision making at Board and committee level and has invested significant resource to strengthen and develop reporting mechanisms and business intelligence.

2.6 Health Board Vision

Our vision as a University Health Board is:

"To be recognised as a population well-being organisation that continually makes a positive contribution to improving the lives of all Cwm Taf residents".

- We will prevent ill health, protect good health and promote better health.
- We will provide care as locally as possible wherever it is safe and sustainable.
- Our services will be of the best quality and delivered within efficient, affordable and effective models of care.
- More care will be delivered in primary and community based settings, reducing the need for hospital inpatient care wherever possible.
- Developing joined-up health and social care services by working with our partner Local Health Boards, Trusts, Local Authorities and the Third Sector.
- With a strong sense of corporate social responsibility, we will work with our staff, partners and communities themselves, building on strong local relationships and the solid foundations of the past.

- We will use our University Health Board status to ensure that working with our academic partners, we bring research, innovation and high quality teaching to support our staff and services.
- We will ensure a strongly governed system and pay due regard to equality which will underpin everything we do.

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

These objectives are:

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

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

During the last year, the following key priorities feature in the business of the Board:

- Continue to improve patient experience throughout the UHB;
- Embrace the prevention agenda, for example by encouraging our patients and staff to adopt 'one more healthy behaviour' and support the well-being of our communities with our partners;
- Demonstrate greater integration across health & social care, particularly in the way in which services are provided to our more vulnerable client groups with increased joint commissioning arrangements, pooled budgets and making better use of our estate in partnership;
- Implement our refreshed primary and community care plans including improving the sustainability of primary care; further development of our Clusters and Cluster Plans, improved demand management and evidencing the shift of service from secondary to primary and community care;
- Implementation of our next step mental health service improvements, including the next phase of older adult mental health service redesign and new approaches to dementia care;

- Further develop our clinical service strategy, including the implementation of the outcomes of the South Wales Programme (specifically paediatrics, obstetrics and neonates 2018-2019);
- Continue to improve scheduled and unscheduled patient care, patient flow and urgent care processes including: maintaining and improving upon the target of no patients waiting for treatment over 36 weeks; maintaining and improving upon the target of no patients waiting over 8 weeks for diagnostics, continuing to work to the 95% 4 hour target (maintaining wherever possible at least 90% performance) and having no patients waiting over 12 hours;
- Continue to meet the 31 day target and work to meeting the 62-day cancer target, maintaining at least a 90% position;
- Development of regional service planning and delivery where appropriate in areas such as regional treatment centres such as diagnostics, ophthalmology and orthopaedics, as well as vascular and Ear, Nose & Throat (ENT) service redesign;
- Address recruitment and retention challenges with a priority on workforce planning and redesign and development/implementation of new roles such as Physician Associates;
- Further developing leadership and delivery capacity across the organisation;
- Continue our strong involvement and approach to the commissioning of specialist services working with partners such as the Welsh Health Specialised Services Committee (WHSSC), the Emergency Ambulance Services Committee (EASC) and Velindre NHS Trust;
- Engage with an increasing number of members of the public and staff in Cwm Taf through a variety of accessible platforms to involve people in the design and development of new clinically led and patient focused services, both in and out of hospital;
- Improve data quality, including reporting and transparency;
- Ensure compliance with legislation; and
- Achieve financial balance.

3. REVIEW OF GOVERNANCE ARRANGEMENTS

During 2017-2018 we took forward the agreed changes following a review of our clinical governance arrangements captured within our Quality Strategy 2014-2017. These articulate the important lessons learnt from the Francis and Keogh Reports, following the inquiry into failings at Mid-Staffordshire NHS Foundation Trust and the review of fourteen hospital trusts based on information from national mortality records, along with other relevant inquiries, and lessons learned from listening to patient feedback.

The UHB has an Integrated Governance & Accountability Action Plan, which takes account of lessons learned from the Betsi Cadwaladr UHB (BCUHB) joint review undertaken by the Wales Audit Office (WAO) and Healthcare Inspectorate Wales "An Overview of Governance Arrangements - Betsi Cadwaladr UHB"[4](HIW) review and the

[4] WAO & HIW Joint Report – "Overview of Governance Arrangements at BCU" http://www.audit.wales/publication/overview-governance-arrangements-betsi-cadwaladr-university-health-board-0

'Andrews' Report on the external independent Review of the Princess of Wales Hospital and Neath Port Talbot Hospital within Abertawe Bro Morgannwg UHB. The lessons learned from these reports has assisted CTUHB to inform the development of its own governance arrangements and significant progress has been made against key improvement actions throughout the year. The UHB's Integrated Governance Committee routinely reviews and monitors progress against the action plan and the majority of the management actions were either completed or progressed positively during 2017-2018.

A significant amount of work has been undertaken in recent years to strengthen and develop the governance and accountability arrangements supporting the delivery of the quality, performance and financial targets within CTUHB and this progress has also been recognised by the Wales Audit Office (WAO) within the annual structured assessment report. CTUHB, through its established clinical business meeting model has developed and strengthened its arrangements for reviewing delivery and performance, and in holding directorates to account to reflect the move towards an integrated planning and delivery approach. The arrangements have been strengthened further following approval of a Performance Management Framework, which is being implemented.

The CTUHB has made significant progress in addressing the recommendations made in the WAO Structured Assessment feedback for 2016[5], however, the pace of implementing improvement actions needs to be improved.

The Health Board's governance and assurance arrangements have a strong focus on sustained performance and delivery, and whilst some challenges remain, good progress is being made in this area of our work. The Board's Finance, Performance & Workforce Committee will continue to apply robust scrutiny for all work areas going forward.

4. THREE YEAR INTEGRATED MEDIUM TERM PLAN (IMTP)

The National Health Service Finance (Wales) Act 2014 was introduced on 27 January 2014, and the purpose of the Act is to change the financial duties of Local Health Boards (LHBs) under the National Health Service (Wales) Act 2006 from an annual statutory requirement for expenditure not to exceed resource limit, to a regime which considers the financial duty to manage its resources within approved limits over a 3 year period.

The Welsh Government issued a Welsh Health Circular - WHC/2015/014 issued in December 2016[6] provided further clarifications on the financial duties introduced by the National Health Service Finance (Wales) Act 2014 for LHB's, specifically from 2016-2017 onwards LHB's have:

[5] WAO Structured Assessment Report Cwm Taf UHB, December 2016
http://audit.wales/system/files/publications/structured-assessment-2016-ctuhb-final.pdf
[6] WHC/2015/014, December 2016
http://www.wales.nhs.uk/sitesplus/documents/863/12b%29%20Statutory%20Duties%20of%20Welsh%20Health%20Boards.pdf

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

The WHC retains these duties and exercises the powers of direction in the National Health Service (Wales) Act 2006 section 175 (6) to set the statutory financial duty in section 175 (1) for both revenue and capital funding allocations.

The Health Board's IMTP has been refreshed following extensive engagement within the organisation and builds upon the UHB's approved plans over the last three years. The structure of the Plan has been revised to reflect both changes within the UHB and revised Welsh Government guidance. The Board has undertaken a significant amount of work to plan, design, develop and secure the delivery of safe and high quality preventative, primary, community, hospital care services and specialised and tertiary services for the population of Cwm Taf, and continues to ensure that CTUHB maintains progress to develop its 3 year Integrated Medium Term Plan (IMTP).

In accordance with the legislative duty the IMTP's for 2015-2018, 2016-2019 and 2017-2020 were approved by the Board and submitted to Welsh Government within the required timescale and approved by Welsh Ministers. A copy of the Board approved IMTP 2017-2020, was submitted to Welsh Ministers on the 31 March 2017 and the submission was supported by correspondence outlining the associated risks and basis on which the Board had approved its submission. The document can be viewed on our website: Cwm Taf UHB Approved 2017 - 2020 Integrated Medium Term Plan
A public facing summary of the IMTP has also been developed with input from the Stakeholder Reference Group (SRG) and the Community Health Council (CHC) representing our staff and local communities.

The Board approved plan was ratified at the public Board meeting with a copy made available to the public via the website. At the time of writing, the Board is awaiting confirmation from Welsh Government, in accordance with the legislative duty, as to whether the 2018-2021 plan (approved by the Board on 29 March 2018) has been approved by Welsh Government.

Robust local scrutiny is central to the implementation and delivery of the Cwm Taf plan, which provides assurance that the Board are actively involved in decision making processes in relation to performance, contractor services, and services that are provided directly or which are commissioned. Overall, the Health Board continues to make solid and steady progress in delivering against its IMTP and the organisation is now in the transformational phase of its development and improvement journey, delivering a more mature, innovative and exciting transformational agenda for the Health Board.

Whilst the positive developments made reflect the hard work and commitment of Cwm Taf's workforce and contractor professions, there is no room for complacency, and with ongoing challenges in relation to performance and recruitment, our Board maintains a strong focus on quality, performance and delivery and can demonstrate that the Health Board is an organisation that has matured in its governance and assurance arrangements.

The Health Board also achieved a break even position for its 2017-2018 financial plan in revenue expenditure terms, with a small surplus, in line with the financial plan element of the IMTP which was a success given the challenging nature of our plan. Capital expenditure was managed closely to plan and the Capital Resource Limit target was met, with a small under spend against planned expenditure.

Further detail on CTUHB's achievements and actions being taken to address continued operational challenges anticipated in 2018-2019, can be found in our new Integrated Medium Term Plan for 2018-2021, particularly in Chapter 2, which outlines progress in delivering the Plan.

5. AREAS OF RISK

The Health Board has an approved Risk Management Policy, a Board Assurance Framework, and an Organisational Risk Register, each of which are reviewed and updated periodically and considered by the Board and its Committees. The risk profile of the UHB changes over time and the risk register is reviewed by the Board and regularly considered at Committee meeting, capturing the key risks that could impact upon the Health Board's achievement of its objectives if not adequately assessed, mitigated and monitored.

The organisational risk register currently includes 30 Extreme / High risks which are categorised into the following groupings:

Categories / Risk Rating	Extreme (rated 15 -25)	High (rated 8-12)
Business objectives / projects	6	3
Impact on Safety	10	0
Statutory duty / inspections	4	2
Finance (including claims)	1	1
Human Resource / Organisational Development / Staff Competence	2	0
Service / Business Interruptions	0	1
Total Risks	23	7

High / Extreme Risks (Rating 20 and above)

In considering the robustness of a developing organisational risk register, Board Members regularly review whether the top recorded risks are those that Members of the Board can relate to and indeed evidence that they are informing the work of the Board and its Committees in delivering its related Strategy.

The top risks outlined within the Organisation's risk register (March 2018) are:

- Failure to recruit sufficient numbers of medical & dental staff and its related impact on rotas and finance going forward (also aligned with South Wales Programme outcome);
- Reduction in medical staff training posts;
- Failure to recruit sufficient numbers of registered nursing staff;
- Increasing dependency on agency staff to cover registered nursing and medical staff gaps;
- Deprivation of Liberties Safeguards (DoLS) mainly associated with the volume / backlog of related assessments, although these are now reducing;
- Fire Safety compliance and ongoing issues with Prince Charles Hospital site (Ground & First Floor);
- Lack of control and capacity to accommodate all hospital follow up outpatient appointments;
- Producing and delivering a viable 3 year integrated plan;
- Achieving financial break even on a recurring basis.

It is important to note that there are mitigating actions and scrutiny arrangements in place for all the risks contained within the organisational risk register that are also subject to regular review.

- There are currently 23 extreme and 7 high risks, assigned to various Committees of the Board;
- The majority of assessed risks are linked with workforce shortages and their related impact, which includes GP shortages and Primary Care Sustainability;
- During the year, a number of risks were added and some removed. The following risks were added:
  - a risk relating to the development and delivery of an Information Management & Technology (IM&T) Strategy has been added to the register (note that the Board approved a Digital Health Strategy at its May 2017 Board meeting);
  - Board Member changes including the Chair, 4 Independent Members and the vacant Director of Finance post (now filled), along with a recent secondment (Chief Operating Officer / Director of Therapies & Health Sciences), although all vacant Director posts are now filled; and
  - Anticoagulation management.
- The review of actions has been completed in relation to a 'never event' relating to a Nasogastric Tube insertion, which raised broader issues regarding the reliability and assurance associated with the specific and more general Patient Safety Alerts / Solutions implementation. This is being considered and reviewed by the Quality, Safety & Risk Committee and related work aligned with the Board's Assurance Framework.

During the year, the Board supported the following amendments to the risk register:

- Risk 024, failure to provide adequate capacity to ensure the safe and secure storage of patient records, is removed from the organizational risk register following the successful commissioning of the Williamstown Records Storage Hub which has created capacity for in excess of 1 million patient records to be stored. The next phase of the records storage project, digitization of health records will require an assessment of organizational risk, following which, this may need to be added as a new risk to the organizational risk register;
- The Board also agreed the removal of the risk associated with Ambulance Red 1 performance target delivery and risks associated with ambulance handover delays, due to successful improvement actions;
- Risk 015, relating to Funded Nursing Care (FNC), the Board were advised in the July 2017 meeting of the ruling of the Supreme Court, following an appeal by Local Authorities. The implications of this judgment have recently been concluded and the Board has reviewed and agreed related uplifts in fees, consistent with other Health Boards in Wales.

5.1 Fire Safety

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

Following meetings between Senior Officers and members of the SWFRS, the Director General/Chief Executive NHS Wales and officials from Welsh Government have discussed the capital works progressed to date, and what further work is planned to manage and mitigate the fire safety related risks associated with the Prince Charles Hospital building. Detailed plans for a phased approach to progressing with the remainder of the Capital Scheme at the hospital site continue to be developed with Welsh Government in accordance with an agreed phased process for submission and approval of business cases. The first phase of the remaining works has recently commenced which will, over time, allow the Health Board to comply fully with the requirements of the Fire Safety Enforcement Notice. It is important that the sequencing and inter-dependency of each of the scheme's business cases, run concurrently in order to ensure there is no delay to achieving full compliance with the enforcement actions identified.

It is also important for the Board and other Stakeholders to understand the implications of the phasing of the Schemes, including noting that Internal Audit & Assurance Capital & Estates Audit have undertaken an initial high-level review of the Health Board's management of major capital, with a focus on the project at Prince Charles Hospital to redevelop the ground and first floor.

However, noting the size and challenges related to the project, audit work in relation to this project is still ongoing, with agreement that further related fieldwork, will be undertaken during 2018/19.

5.2 GP Out of Hours (OOH) Services

An alternative model for GP out of hours (OOH) services implemented in 2015-2016 has been evaluated and the Board received a report in May 2017 to endorse the adoption of the current model as the way forward. The public were kept updated on progress through the established public fora meetings and ongoing engagement with the Community Health Council (CHC). Sustainability of GP OOH Services remains a key focus for the Health Board and we continue to work to develop innovative solutions for the future.

5.3 Primary Care Services

As I have reported in previous years, there remains an increasing risk of the Board's ability to sustain effective Primary Care Services as currently configured across all areas of the UHB. A small number of practices have merged or become directly managed by the Health Board over recent years.
Primary Care Cluster leads are working on outline plans for sustainability, which could result in new models of closer collaborative working, and potentially further agreed mergers. This work will continue to be taken forward by the Board in 2018-2019.

5.4 New Legislation

Following the introduction of the **Social Services and Well-being (Wales) Act 2014** ("the Act"), which came into force on 6 April 2016, and **the Well-Being of Future Generations (Wales) Act 2015**, the UHB has worked closely with the Cwm Taf Public Services Board (PSB), which was the first in Wales to agree a co-terminus approach to collaborative working across Health and Local Authority boundaries. The integrated approach to the various population based assessments has been welcomed, along with the approval of joint well-being objectives and a Wellbeing Plan for Cwm Taf.

The provisions of the **Nurse Staffing Levels (Wales) Act 2016**, have also been implemented by the UHB and a baseline assessment and action plan was devised to ensure full compliance with the requirements of the Act. The recently issued Welsh Government guidance and their related implications, are being reviewed and worked through.

The Health Board continues to progress work in raising awareness to comply with the **General Data Protection Regulation** which come into effect from 25 May 2018.

5.5 Funded Nursing Care – Judicial Review (JR)

The CTUHB, along with other Health Boards in Wales were subject to a Judicial Review as a consequence of actions and decisions taken relating to Funded Nursing Care (FNC) in 2014. The Court of Appeal Judgement handed down on the 4 February 2016, found in favour of Health Boards. However, Local Authority Partners made an appeal against the outcome to the Supreme Court, who ruled on it during the year. As a consequence Health and Social Care partners were directed to re-visit the approach taken and the Health Board recently approved a series of related recommendations and updated fees.

5.6 Director Posts / Portfolios

In 2017-2018, following discussion with the Chair and Independent Board Members, I agreed to support a secondment request from the Chief Operating Officer/Director of Therapies & Health Sciences to Abertawe Bro Morgannwg (ABM) UHB and the role was temporarily backfilled through re-allocating Director portfolios, internal moves and the appointment of a new 'Interim' Director, covering the portfolio of Primary Care, Community & Mental Health. All changes were fully endorsed by the Remuneration and Terms of Service sub-committee of the Board.

In addition, I have previously reported on changes to Director Portfolios, partly associated with the role of the Board Director/Chief Ambulance Services Commissioner for the Emergency Ambulance Services Committee (EASC), resulting in realignment of functions to other Executive Directors of the Board; these being Information Technology, Medicines Management and Facilities. This arrangement continues.

The post of Director of Finance, vacated in June 2017, was filled successfully on an Interim basis by Mr Mark Thomas, Deputy Director of Finance, with procured senior finance consultancy support to address the Deputy Director gap. In April 2018, the substantive Director of Finance post was filled.

The term of office for the Board's long serving Chairman and several Independent Members ceased in 2017 and the Board welcomed the appointment of a new Chair, Vice Chair and four new Independent Board Members.

5.7 Workforce

The Health Board continues to work hard in addressing local, national and international recruitment plans to address significant workforce shortages mainly in registered nursing (which continues to impact on available inpatient bed capacity) and to a lesser degree junior and middle grade medical staff and some Allied Health Professional disciplines. Detailed plans remain in place to address these recruitment challenges, which are also being reported to and scrutinised by the appropriate committees of the Board. However, we are currently only managing to address attrition and not the underlying shortages, which for nursing are more acute in medicine at the Royal Glamorgan Hospital.

Healthcare Inspectorate Wales (HIW) and the Community Health Council (CHC) have shared their related concerns about levels of registered nurse staffing cover in some areas of the Health Board, when feeding back on announced and unannounced visits to clinical areas and action plans are in place to mitigate the concerns raised, whilst the Health Board continues to address, what is, a national recruitment shortage.

Managed agency contracts are in place for medical and nursing staff and all Wales framework for nurse agency contracts is in place.

Arrangements for the Medical Agency Cap for agency and locum medical staff, which caps payment rates across NHS Wales was introduced in November 2017 and presents added risks to the Health Board in terms of available locum medical staff cover.

5.8 Paediatrics Neonatal & Obstetric Services

I reported last year on issues associated with progressing the outcomes associated with the South Wales Programme and specifically the capital build development at Prince Charles Hospital (PCH), Merthyr Tydfil for expanded obstetric, midwifery and neonatal facilities and the Capital Scheme is in the process of being completed, with implementation of the clinical service change anticipated for summer 2018. Contingency plans remain in place to address any further related staffing issues, should they materialise.

In addition, capital was also identified for works that will be required at the Royal Glamorgan Hospital (RGH), in order to remodel the accommodation at RGH to suit the planned Freestanding Midwifery Unit (FMU) and revised Paediatric Assessment facilities, as part of the wider service re-modelling.

5.9 Pensions

We continue to consider and monitor potential impact that the changes to the pension taxation regime at UK level is having on senior members of the workforce, both within our directly employed services and in relation to our Primary Care and Out of Hours contractor services. The changes are impacting on the ability of NHS Organisations to retain high earning employees and contractor staff.

5.10 IR35

The IR35 legislation which is also known as the 'intermediary's legislation' is a set of rules that aid in the determination of the tax and National Insurance Contributions (NIC) a candidate working through an intermediary should pay, based on the substance of that working arrangement. The key change is that the Health Board is required to apply these rules and the UHB has been working with other NHS bodies and the NHS Wales Shared Services Partnership (NWSSP) to ensure a consistent approach. Contracts will be changed to include clauses giving the right for engagers to seek assurances and information and evidence to show that income is being treated correctly for tax and NIC purposes and especially with regard to IR35 (**IR35** is tax

legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. Such workers are called 'disguised employees' by Her Majesty's Revenue and Customs (HMRC). Those operating through umbrella companies or on agency payroll, will have to provide copies of their payslips.

5.11 Information Communication & Technology

The Health Board, like most other NHS Organisations in Wales, experienced a cyber security attack during the last year, which was dealt with effectively and the related learning used to strengthen security.

The Health Board also experienced a number of network outages during the year, which impacted on access to clinical systems. Some of these were NHS Wales Informatics Services (NWIS) related and one local to the Health Board. Reviews of all such incidents are undertaken and the related findings used to address any identified improvement actions either locally or nationally.

5.12 Health & Safety Executive (HSE)

The HSE have engaged with the Health Board on two issues during the last year, one is ongoing and relates to a Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) reportable suspected contact dermatitis case, in relation to a member of nursing staff and the other related to an Ionising Radiation Medical Exposure Regulations (IRMeR) matter raised in relation to operating theatres. On the latter, the Health Board has recently responded to a reported contravention of the regulations, clarifying operational procedures and related risk assessments regarding staff protective equipment when undertaking radiological investigations in the operating theatres.

5.13 Unscheduled Care

The Health Board, like all NHS organisations across the United Kingdom, experienced unprecedented and sustained excess pressures, between January and March 2018, in its unscheduled care activity, which resulted in reduced performance against the 4, 8 and 12 hour tier 1 Accident & Emergency targets and delays for inpatient admission. Whilst the Health Board with partners put plans in place to respond to the expected increase in activity, the Health Board will review its plans with partners in order to learn from and strengthen planning for next winter.

5.14 Clinical Service Sustainability

The current arrangements to support the NHS System delivery of sustainable clinical services needs to be strengthened to address the very real requirement to redesign clinical services across organisational boundaries. Whilst the NHS Wales Collaborative and the South Central & East Regional Planning & Delivery Forum are in place, there remains a need for a system that addresses and simplifies some of the current complex governance and accountability arrangements.

5.15 Bridgend Boundary Change

At the time of writing this Statement, the Health Board awaits the outcome of Welsh Government's decision on the consultation, which closed on 7 March 2018 with regards to the realignment of the Bridgend Local Government population boundary from Abertawe Bro Morgannwg (ABM UHB) to Cwm Taf University Health Board.

The Health Board has worked with ABM UHB to scope the implications of what was outlined in the consultation and will seek resource support from Welsh Government to progress into transition, should Welsh Government make a decision to proceed with proposals.

6. MANDATORY DISCLOSURES

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

6.1 Health and Care Standards for Health Services

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

The organisation uses the Health and Care Standards as part of its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self-assessment of performance against the standards across its activities and application of the standards at all levels throughout the organisation. The Standards form an important part of the assessment required during the development of all Board and Board Committee papers (contained within the house style template).

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

- openly assessed its performance using the maturity matrix.

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

This process has been subject to independent internal review and assurance by the organisation's Head of Internal Audit. During the year an integrated Governance and Accountability Action Plan was developed which encompassed the improvements from the 2016-2017 Governance and Accountability Module. Progress against this action plan was reviewed and monitored routinely by the Integrated Governance Committee.

The approach adopted was in line with the templates and guidance issued by the Welsh Government and Healthcare Inspectorate Wales (HIW) and the outcome of the organisational wide assessment is summarised in the table below.

Whilst the overall assessment scores have remained the same as last year, the level of assurance to the Board in making their assessment has been strengthened.

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

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

6.2 Equality, Diversity and Human Rights

The Health Board is committed to the principles of equality and diversity and the importance of meeting the needs of the nine protected groups under the Equality Act 2010. The UHB's policy on equal opportunities and in relation to disabled employees is made equally accessible to staff and the public.

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

Equality issues are monitored by the Health Board's Equality and Welsh Language Forum which reports through the Quality, Safety & Risk Committee to the Board.

The latest version of the Equality Annual Report was received by the Health Board in January 2017 – link here

6.3 Emergency Preparedness / Civil Contingencies / Disaster Recovery

The organisation continues to maintain its duties as a Category 1 responder and has strengthened its level of compliance. The CTUHB Major Incident plan has additional sections to accommodate the new all-Wales NHS mass casualty response plans and our capacity to deliver specially trained Accident & Emergency (A&E) nurses to form part of a Medical Emergency Response Incident Team (MERIT) at a mass casualty clearing station.

A further 2 Executive Directors (totalling 8) have attended Wales Gold Command training and there are 19 separate business continuity plans in place to safeguard CTUHB's services and ensure that there are effective business continuity plans in place. CTUHB have also recently appointed a new "Head of Civil Contingencies" to support its business continuity planning process and two members of frontline staff have attended safety training on "Stay safe, Bomb, Suspicious Mail, Telephone training" in March 2018.

All Major Incident, Business Continuity plans and Local Resilience plans have been uploaded onto the Diligent software system, our paperless Board solution for instant access by Executive Directors with PDF versions available for all other Senior Managers who are required to be on-call, which enables them to have all plans securely to hand on their iPads should they be needed in an emergency.

New video conferencing facilities have recently been installed at all sites - especially to link Gold command and Hospital Silver command control rooms. The Health Board has four state-of-the art decontamination tents and staff have received training on their use to strengthen decontamination capacities and the Viral Haemorrhagic process at two Accident & Emergency (A&E) sites and at two Minor Injury Unit sites.

The helicopter landing pad at the Royal Glamorgan Hospital has been upgraded and relevant staff trained to enable the hospital to accept night flights from the Welsh Air Ambulance Service. The new 24/7 helipad at Prince Charles Hospital adjacent to A&E has also been completed and is currently being commissioned. This will also enable night flights to be accepted and with its close proximity to the Emergency Care Centre (ECC) no ambulance transfer will be required.

Workshops have been undertaken to raise awareness of 'Prevent' (WRAP) training for over 100 staff, primarily focused within mental health services. The WRAP workshops form part of the UK Governments counter terrorism strategy which aims to safeguard vulnerable people from being radicalised to support terrorism.

6.4 NHS Pension Scheme

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

accordance with the timescales detailed in the Regulations. The Scheme is managed on our behalf by the NHS Wales Shared Services Partnership (NWSSP).

6.5 Carbon Reduction Delivery Plans

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

6.6 Ministerial Directions

A list of Ministerial Directions issued by the Welsh Government during 2017 are available at:
https://gov.wales/legislation/subordinate/nonsi/nhswales/2017/?lang=en
https://gov.wales/legislation/subordinate/nonsi/nhswales/2018/?lang=en

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

The Welsh Health Circulars (WHCs) published by Welsh Government during 2017-2018 are centrally logged within the UHB with a lead Executive Director being assigned to oversee implementation of any required actions. Where appropriate, the Board or one of its Committees is also sighted on the contents of WHC's. The Safety Alert Broadcast System Procedure has been developed and implemented to ensure that each WHC is followed up until all actions are completed. The UHB can confirm that all WHCs have been fully considered and implemented as appropriate.
2017 http://gov.wales/docs/dhss/publications/170710whc033en.pdf
2018 http://gov.wales/docs/dhss/publications/180112whc002en.pdf

6.7 Data Security

All information governance incidents are reviewed by the Information Governance Group and during the year there were no personal data security incidents that needed to be reported to the Information Commissioners Office (ICO). There was one data breach reported by Velindre NHS Trust in 2016/17 (and Cwm Taf UHB), relating to a loss of staff personal identifiable data, provided to a third party company, Landauer that was closed during the year.

A planned approach has been taken to ensure organisational preparedness for the General Data Protection Regulation (GDPR). The Information Governance Group (IGG) established a task and finish group to undertake adequate preparations to ensure compliance. Key areas have been progressed including raising awareness across the organisation and communicating to all staff in the health board. Developing and implementing a comprehensive Information Asset Register and ensuring good information governance practices by increasing the awareness and the requirements for staff to complete the mandatory training e-learning package.

Staff training numbers have steadily increased over the year to almost 60% (from a start point of 20%).

6.8 The Corporate Governance Code for Central Government Departments

The organisation has undertaken an assessment against the main principles of **The Corporate Governance Code for Central Government Departments** as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Health Board's assessment against the Governance and Accountability Module undertaken by the Board in April 2018 and also evidenced by feedback received from internal and external audits. The Health Board considers that there have been no departures from the code as it applies to the NHS bodies in Wales.

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

6.9 Welsh Language

The Health Board is committed to ensuring that the Welsh and English languages are treated on the basis of equality in the services we provide to the public and other NHS partner organisations in Wales. This is in accordance with the Cwm Taf UHB Welsh Language Scheme, Welsh Language Act 1993, the Welsh Language Measure (Wales) 2011 and the Welsh Language Standards (No7) Regulations which were approved by the National Assembly for Wales on the 20 March 2018.

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

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

Whilst good progress has been made, we recognise there is much more to do and we continue to improve our Welsh language services by implementing the commitments set out in our Welsh Language Scheme and the "More Than Just Words" strategy. CTUHB is also aware of its contribution to the Welsh Government's "Cymraeg 2050 – A million Welsh speakers" strategy and vision to achieve a million Welsh speakers in Wales by the year 2050.

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

7. REVIEW OF EFFECTIVENESS

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

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

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

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

Overall I consider the arrangements supporting the system of internal control in place within Cwm Taf University Health Board, to be appropriate, robust and effective.

7.1 Internal Audit

Internal audit deliver an agreed Internal Audit & Assurance Plan for the year and provide an overall opinion on the system of internal control to me and the Board through the Audit Committee. I have commissioned a programme of audit work which has been delivered in accordance with Public Sector Internal Audit Standards by the NHS Wales Shared Services Partnership (NWSSP). The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

The overall opinion received from the Head of Internal Audit on governance, risk management and control is a function of the risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The Head of Internal Audit opinion for 2017-2018 is that the Board can take **Reasonable Assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

The Head of Internal Audit has concluded:

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

In reaching the opinion the Head of Internal Audit has applied both professional judgement and the Audit & Assurance 'Supporting criteria for the overall opinion' guidance produced by the Director of Audit & Assurance and shared with key stakeholders, the details of which are contained within his Annual Report to the Audit Committee.

The Head of Internal Audit has concluded reasonable assurance can be reported for seven of the assurance domains. However, work remains outstanding on the capital and estates domain as they are still to issue a draft report on the review of the management of major capital projects, with a specific focus on the activity at Prince Charles Hospital.

The audit work undertaken during 2017/18 and reported to the Audit Committee has been aggregated and explained further in the Annual Report:

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements.

- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews, which impact on the Head of Internal Audit opinion including audit work performed at other organisations.

These detailed results have been aggregated to build a picture of assurance across the eight assurance domains around which the risk-based Internal Audit plan is framed. In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported.

During the year, two audit assignments were deferred to 2018/19. For one review, relating to primary care, the audit resource was allocated to a review of compliance arrangements within a specific directorate. In addition, the proposed review of planned preventative maintenance was also deferred and the audit resource re-assigned to a review of fire safety processes.

Further, one audit assignment planned to be undertaken this year within the Emergency Ambulance Services Committee (EASC) programme of work did not proceed to full audit, following preliminary planning work. This is further explained in the annual report.

Where changes were made to the audit plan, the reasons were presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review; the Head of Internal Audit has considered the impact of changes made to the plan when forming the overall opinion.

The Head of Internal Audit Annual Report provides a summary of the findings in each of the domains, and an assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements.

The results of any audit work related to the Health and Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability Module.

Other assurance reviews which impact on the Head of Internal Audit opinion, including audit work performed in relation to systems operated by the NHS Wales Shared Services Partnership.

These detailed results have been aggregated to build a picture of assurance across the eight key assurance domains around which the risk-based Internal Audit plan is framed. In addition, the Head of Internal Audit has considered residual risk

exposure across those assignments where limited assurance was reported. Further, a number of assignments planned this year did not proceed to full audits following preliminary planning work as either management acknowledged that the present situation would only offer limited assurance or limited audit work has identified issues of concern – the significance of risk exposure for those has also been taken into account in forming the opinion across the Domains.

A summary of the related findings is outlined within the Head of Internal Audit Annual Report - Audit Committee 31 May 2018.

Audit Summary by Assurance Domain							
Assurance domain	**Audit count**	**Overall rating**	**Not rated**	**No assurance**	**Limited assurance**	**Reasonable assurance**	**Substantial assurance**
Corporate Governance, Risk and Regulatory Compliance	6		-	-	• JAG accreditation	• Risk management • Governance arrangement for hosted bodies • Scheme of delegation • *Health & Care Standards [Draft]* • *ACT directorate - management arrangements [Draft]*	-
Strategic Planning, Performance Management and Reporting	4		-	-	• Performance management, monitoring and reporting	• Governance arrangements with third sector partnerships and local authorities • CAHMS data quality reporting • *ACT directorate – management arrangements (draft)*	-
Financial Governance and Management	5		-	-	• Private and overseas patients	• Patient's monies and properties • *ACT directorate – compliance [Draft]*	• Main financial systems • Welsh risk pool claims
Clinical Governance, Quality and Safety	5		-	-	-	• Safeguarding • Alerts process • Clinical audit	• AQS • DoLs Follow up

Information Governance and Security	3		-	-	-	• IT strategy • Data quality monitoring • Clinical coding follow up	-
Operational Service and Functional management	3		-	-	-	• Directorate review - Pathology • Directorate review – Medicines management • Acute medicine - follow up	-
Workforce Management	4		-	-	-	• Recruitment • Healthroster • *ACT directorate – management arrangements [Draft]*	• Nursing staff - revalidation
Capital and Estates Management	3		-	-	-	• Environmental sustainability • Carbon reduction commitment • Fire safety	-

WHSSC

Assurance domain	Audit count	Overall rating	Not rated	No assurance	Limited assurance	Reasonable assurance
WHSSC	4	-	-	-	• Prioritisation process • Programme review – mental health • Governance framework and action plan	• Financial systems

EASC

Assurance	Audit count	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
EASC	2	-	-	-	● EMRTS ● Follow up of the WAO review of EASC commissioning	-

Key to symbols:

● Audit undertaken within the annual Internal Audit plan

Italics Reports not yet finalised but have been issued in draft

During the year, the Health Board were notified of 3 (out of 34) reviews undertaken across the Health Board's business activities, that have received 'limited' assurance ratings from Internal Audit and as a consequence, management action is necessary.

The table below identifies the 3 limited assurance reports:

Area Reviewed	Audit review objective (s)	Management Actions
JAG accreditation process Audit Committee January 2018	The overall objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the Health Board's readiness for the JAG accreditation.	Lines of accountability and clear reporting lines identified Timeliness of the service delivery actioned Operational policy developed Inconsistencies tackled Peer review implemented
Performance management, monitoring and reporting March 2018 Audit Committee April 2018	The objective of our audit was to evaluate and determine the adequacy of the systems and controls in place for demand and capacity planning. We agreed with management that our testing would focus on the arrangements in place within the Surgery and Therapies directorates.	Clinical lead for demand and capacity(D&C) Clinical representation at key meetings Plans to be monitored monthly at Clinical Business Meetings Better use of systems and engagement Potential phasing of plans Ongoing development and assessment of staffing requirements
Private and overseas patients Audit Committee May 2018	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place in relation to private and overseas patients.	Developing policies and procedures Identifying an executive lead Defining roles of key staff and training requirements Raising awareness Developing documentation for the public

In all three areas, the Audit Committee scrutinised the lead Executive Director (s) and considered detailed management responses to address the improvement actions identified. In addition for all No or Limited assurance rated reports, a follow up audit review is planned to assess and report related progress to Audit Committee.

7.2 Annual Audit Report and Structured Assessment Review 2017

The Auditor General for Wales (AGfW) in publishing his Annual Audit Report on the University Health Board concluded in summary that the Health Board is meeting its statutory financial duty to break even over a three-year cycle but non-recurring savings are increasing, whilst the approach to planning savings is effective there is scope to develop more transformational schemes and enhance project management and data analytics.

In relation to the Health Board's arrangements for financial planning and management the AGfW concluded that:

- the Health Board has met its statutory duty under the 2014 NHS (Wales) Finance Act to break even over a three-year rolling period ending 2016-17 and is also forecasting a breakeven position at the end of the period ending 2017-18;
- the Health Board achieved 96% of the overall savings target but there was significant variation in the extent to which directorates performed;
- effective systems are in place for identifying savings, informed by good analysis of available opportunities, however, the majority of savings are short term and more transformation projects will be needed to achieve the levels of recurrent savings needed;
- savings are monitored and reported at all levels of the organisation and there is good Board and committee level scrutiny; and
- the Health Board made good progress to address previous recommendations on financial planning and management.

The Health Board has continued to demonstrate effective strategic planning and governance arrangements, however, there is scope to further refine integrated medium term plan reporting, support new independent members and improve compliance with information governance training.

In reviewing the Health Board's arrangements for strategic planning, board effectiveness, risk management, information governance and performance management, the AGfW found that:

- the Health Board again received Welsh Government approval for its IMTP, in line with the statutory requirements of the 2014 NHS (Wales) Finance Act, and has a sound and established approach to strategic planning;
- work on the organisational structure has been positive, although it should be noted that at the time of our review the post of Director of Finance was still being filled on an interim basis;
- board administration and conduct remained effective, with some opportunities for further work in relation to quality, safety and risk committee;
- a mature approach to risk management was in place;
- information governance arrangements remain sound, with some work to be done in respect of information governance training; and
- the Health Board is implementing its new performance management framework, and had good performance monitoring arrangements in place.

The AGfW' performance audit work identified areas of good progress but opportunities remain to secure better use of resources in a number of areas, having reviewed a number of key enablers of efficient, effective and economical use of resources, in particular arrangements for change management, workforce planning, and ICT and technology. In addition, auditors undertook review work on Radiology Services, GP Out of Hours services and also a review of the implementation of recommendations from previous work on follow-up outpatient appointments. During 2017, Wales Audit Office also undertook work across Wales which examined emergency ambulance commissioning arrangements and the collaborative arrangements for managing local public health resources.

The AGfW conclusions are as follows:

- overall the Health Board has good change management arrangements in place, but there remains scope to improve their visibility;
- workforce pressures remain a challenge for the Health Board, with comparatively high spend on medical agency staffing, however, there is work being done to address this through cross-cutting work streams as well as the Efficiency, Productivity and Value board arrangements. The Health Board is working to develop its leadership capacity.
- positive work has been done to take forward the Digital Health Strategy, which now needs to be resourced and broken down into key deliverables.
- the radiology service within the Health Board is well managed and strategically focussed, but there are risks to meeting future demand due to issues with recruitment, and waiting times are not currently being met.
- the GP Out of Hours service has been stabilised, but there remains work to improve data integrity as well as increasing operational management capacity and improving performance against some targets.
- overall, the Health Board has made good progress against our recommendations, although our follow-up outpatient review found that not all recommendations had been fully addressed as reported in the audit tracker.
- collaborative commissioning arrangements have helped drive some important changes for emergency ambulance services in Wales; however, the maturing arrangements require greater commitment from some partners.
- collaborative arrangements for managing local public health resources do not work as effectively as they should do.

7.3 Counter Fraud

Counter Fraud Services are provided to CTUHB by the Cardiff and Vale UHB Counter Fraud Service. Their work plan for 2017-2018 was completed and covered all of the requirements in accordance with the Welsh Government Directions. The Counter Fraud Service provides regular reports and updates to members of the Executive Board and directly to the Audit Committee. The Audit Committee received the Counter Fraud and Corruption Annual Report for 2017-2018 and updated on related work which was self-assessed and/or reviewed against the relevant "NHS Counter Fraud Standards for Providers – Fraud, Bribery and Corruption / NHS Standard" Contract.

8. CONCLUSION

This Governance Statement indicates that the Health Board has continued to make progress and mature as an organisation during 2017-2018 and that we are further developing and embedding good governance and appropriate controls throughout the organisation. However, the Health Board is aware, that there have been 3 areas of the business of our organisation reviewed during the last year, that have received 'limited' assurance ratings from Internal Audit and as a consequence, management action is necessary.

A summary of the 3 reports outlined above, which have been considered by the Audit Committee, along with the relevant management actions taken and planned, will continue to be monitored by the Audit Committee and a follow up review of progress is also scheduled into the 2018/19 Internal Audit & Assurance Plan.

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

The revised planning guidance and our approved 3 year Integrated Medium Term Plan for 2017-2020 (new for 2018-2021) sets out the strategy for the University Health Board and outlines high level objectives and key priority areas for progressing over the next 3 years.

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

MRS ALLISON WILLIAMS
CHIEF EXECUTIVE

Date: 31 May 2018

Directors Report

2017-2018

The Directors' Report

The following tables contain:

Table 1 Board Level Committees and Advisory Groups

Table 2 Detailed information in relation to the composition of the Board and including Executive Directors, Independent Members, Associate Board Members and who have authority or responsibility for directing or controlling the major activities of Cwm Taf University Health Board during the financial year 2017-2018.

Table 3 Details of company directorships and other significant interests held by members of the Board which may conflict with the responsibilities as Board members.

Table 4 Details relating to membership of the Board level assurance committees and the Audit Committee.

The Health Board confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

TABLE 1 - BOARD LEVEL COMMITTEES AND ADVISORY GROUPS

The Board and its Committees are fully established and operating in line with the Board's Standing Orders. The following table outlines dates of Board (and development Board) and Committee meetings held during 2017-2018.

Board/Committee / Group	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Board	5 *	3 31 Special	7 *	5	2 *	6	4 *	1	6 *	31	28 *	29
Academic Partnership Board			13			19						8
Audit Committee	3	15 31				11		13		15		
Charitable Funds						6						
Finance, Performance & Workforce Committee	27	25	29	27		28	26	30		25		22
Integrated Governance Committee	5				2				6			
Mental Health Act Monitoring Committee			15			14					8	
Primary & Community Care Committee			28			27		29		10		
Remuneration and Terms of Service	5	31			2	6	4	1	6	31	28	
Stakeholder Reference Group	18				17				14		15	
Working in Partnership Forum	25		13		29		31			11	20	
Healthcare Professionals Forum							2	14				13
Quality, Safety & Risk Committee		9				5			5		13	

Note * Development Board Meetings

All meetings of the Board were quorate.

There was one meeting of the Quality, Safety & Risk Committee (5 December 2017) that was not quorate. There was agreement that the Academic Partnership Board meeting held on 8 March 2018, would be officer led, in the absence of Independent Members, who were not available to attend.

Table 2

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2017-2018
Dr C D V Jones	Chairman (Apr-Sep)	Board Remuneration and Terms of Service Committee (Chair); Integrated Governance Committee; Charitable Funds Committee	Welsh Language	**4/4** **4/4** **2/2** **1/1**
Prof. M Longley	Chair (Oct-March)	Board Remuneration and Terms of Service Committee (Chair); Integrated Governance Committee; Charitable Funds Committee		**3/3** **5/5** **1/1** **0/0**
Prof. D Mead	Vice Chair (Primary Care, Community and Mental Health services) (Apr-Dec 2017)	Board Remuneration & Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Quality, Safety & Risk Committee; Mental Health Act Monitoring Committee (Chair); Primary & Community Care Committee (Chair); Academic Partnership Board (Chair until Dec 2017)	Armed Forces/ Veterans Health	**5/5** **7/7** **3/3** **1/1** **2/3 (1 IP)** **2/2** **3/3** **2/2**
Mrs M Thomas	Vice Chair (Jan – March 2018)	Board Remuneration & Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Audit Committee; Quality, Safety & Risk Committee (Chair); Mental Health Act Monitoring Committee (Chair); Primary & Community Care Committee (Chair)		**2/2** **2/2** **0/0** **0/0** **1/1** **1/1** **1/1** **1/1**
Mr J Hill-Tout	Independent Member (Finance) (Apr-Sept)	Board Remuneration & Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Audit Committee;	Capital (Design)	**3/4** **2/4** **1/2** **1/1** **3/5**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2017-2018
		Finance, Performance & Workforce Committee (Chair).		**2/5**
Mr P Griffiths	Independent Member (Finance) **(From October 2017)**	Board; Remuneration & Terms of Service Committee; Integrated Governance Committee **(in attendance only);** Charitable Funds Committee; Audit Committee; Finance, Performance & Workforce Committee.		**3/3** **4/5** **1/1** **0/0** **2/2** **3/4**
Mr A Seculer	Independent Member (Legal) (April-Sept)	Board; Remuneration & Terms of Service Committee; Integrated Governance Committee (Chair); Charitable Funds Committee; Quality, Safety & Risk Committee.	Children; Equality & Diversity; Violence & Aggression; Safeguarding	**4/4 (1 IP)** **4/4 (1 IP)** **2/2** **1/1** **2/2 (1 IP)**
Mr J Hehir	Independent Member (Legal) (From October 2017)	Board; Remuneration & Terms of Service Committee; Integrated Governance Committee **(in attendance only);** Charitable Funds Committee; Quality, Safety & Risk Committee		**3/3** **5/5** **1/1** **0/0** **1/2**
Mr M Jehu	Independent Member	Board Remuneration and Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Finance, Performance & Workforce Committee (Chair from October 2017); Mental Health Act Monitoring Committee.		**7/7** **7/9** **0/1** **2/2** (as attendee only) **1/1** **8/9 (1 IP)** **3/3**
Cllr C Jones	Independent Member (Community) (Apr-Sept)	Board Remuneration and Terms of Service Committee; Integrated Governance Committee **(in attendance only);**	Cleanliness, Hygiene & Infection Control;	**3/4** **2/4** **2/2 (1 IP)**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2017-2018
		Charitable Funds Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee	Corporate Health Standard	**1/1** **5/5** **2/2** **2/2**
Mr K Montague	Independent Member (Community) (From October 2017)	Board; Remuneration & Terms of Service Committee; Integrated Governance Committee **(in attendance only);** Charitable Funds Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee		**3/3** **5/5** **0/1** **1/1** **3/4 (1 IP)** **1/2** **3/4**
Cllr R Smith	Independent Member (Local Authority) (From October 2017)	Board; Remuneration & Terms of Service Committee; Integrated Governance Committee **(in attendance only);** Charitable Funds Committee; Finance, Performance & Workforce Committee; Primary & Community Care Committee		**3/3** **5/5** **1/1** **0/0** **2/2** **1/1**
Mrs M Thomas	Independent Member (Third Sector) (Until December 2017)	Board; Remuneration and Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Audit Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee	Vulnerable Adults; Carers; Volunteers; Cynon Valley Locality and Merthyr Tydfil Compact	**4/5** **6/7** **3/3** **1/1** **6/6 (1 IP)** **5/7** **3/3** **3/3**
Mrs G Jones	Independent Member (Trade Union representative)	Board; Remuneration and Terms of Service Committee; Integrated Governance Committee **(in attendance only);**		**6/7** **5/9** **1/3**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2017-2018
		Charitable Funds Committee; Quality, Safety & Risk Committee.		**1/1** **3/4**
Dr C Turner	Independent Member (Information Technology & Governance)	Board; Remuneration and Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Audit Committee (Chair); Academic Partnership Board.	Information Governance	**7/7** **9/9** **3/3** **1/1** **7/7** **2/3**
Mrs J Sadgrove (nee Dowden)	Independent Member	Board; Remuneration & Terms Of Service Committee; Integrated Governance Committee **(in attendance only);** Charitable Funds Committee; Audit Committee; Academic Partnership Board.		**6/7** **5/9** **0/3** **1/1** **5/7** **1/3**
Mrs C Llewellyn	Associate Board Member	Board; Stakeholder Reference Group		**2/7** **3/3**
Mr G Isingrini	Associate Board Member (Local Authority)	Board		**5/7 (1 IP)**
Mr K Montague	(Local Authority) Associate Board Member (May -Sept)	Board		**2/4**
Mrs C Kiernan	Associate Board Member	Board; Healthcare Professional Forum		**2/7** **3/3**
Mrs A Williams	Chief Executive	Board; Remuneration and Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Emergency Ambulance Services Committee; Welsh Health Specialised Services Committee.	N/A	**7/7** **9/9** **2/3** **1/1** **3/5** **7/8**
Mr S Webster	Director of Finance & Procurement / Deputy Chief Executive	Board; Integrated Governance Committee; Charitable Funds Committee;	N/A	**1/3** **1/1 (1 IP)** **0/0**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2017-2018
	(Until June 2017)	Audit Committee (in attendance); Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee		**2/4 (1 IP)** **1/2** **0/1** **0/1**
Mr M Thomas	'Interim' Director of Finance **(From 17 June 2017 – 31 March 2018)**	Board; Integrated Governance Committee; Charitable Funds Committee; Audit Committee (in attendance); Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee		**5/5** **1/2** **1/1** **3/3 (3 IP)** **7/7** **0/3** **0/3**
Mr Kamal Asaad	Medical Director	Board; Integrated Governance Committee; Charitable Funds Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee	N/A	**3/7** **3/3 (1 IP)** **1/1** **4/4 (1 IP)** **0/4**
Mrs Joanna Davies	Director of Workforce and Organisational Development	Board; Remuneration & Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee Academic Partnership Board Represents the Health Board at NHS Wales Shared Services Partnership Committee.	N/A	**5/7** **6/9 (1 IP)** **3/3** **0/1** **6/9** **3/4 (1 IP)** **2/4** **2/3**
Mr Stephen Harrhy	Board Director	Board; Charitable Funds Committee	N/A	**5/7** **1/1**
Dr Kelechi Nnoaham	Director of Public Health	Board; Integrated Governance Committee **(in attendance only);**	N/A	**6/7 (1 IP)** **1/3**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2017-2018
		Charitable Funds Committee; Primary & Community Care Committee Academic Partnership Board		**1/1** **3/4** **3/3**
Mr John Palmer	Director of Primary, Community & Mental Health	Board; Integrated Governance Committee; Charitable Funds Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Mental Health Act Monitoring Committee; Primary & Community Care Committee.	N/A	**3/5** **1/3** **1/1** **5/7** **3/3 (1 IP)** **2/2** **4/4**
Mr Alan Lawrie	Interim Director of Primary, Community & Mental Health **(from January 2018)**	Board; Integrated Governance Committee; Charitable Funds Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Mental Health Act Monitoring Committee; Primary & Community Care Committee.		**2/2** **0/0** **0/0** **1/2** **1/1** **1/1** **0/0**
Ms Ruth Treharne	Director of Planning and Performance	Board; Integrated Governance Committee; Charitable Funds Committee; Finance, Performance & Workforce Committee; Primary & Community Care Committee	N/A	**7/7 (1 IP)** **3/3** **1/1** **7/9 (1 IP)** **3/4**
Mr Chris White	Director of Therapies and Health Sciences / Chief Operating Officer **(until end of November 2017)**	Board; Integrated Governance Committee; Charitable Funds Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee; Academic Partnership Board.	N/A	**5/5** **2/2 (1 IP)** **1/1** **5/7** **2/2** **2/2**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2017-2018
Mr John Palmer	Interim Chief Operating Officer **(from January 2018)**	Board; Integrated Governance Committee; Charitable Funds Committee; Finance, Performance & Workforce Committee; Quality, Safety & Risk Committee.		**2/2 (1 IP)** **0/0** **0/0** **0/0** **2/2 (2 IP)** **0/1**
Mrs Lynda Williams	Director of Nursing, Midwifery and Patient Services	Board; Integrated Governance Committee; Charitable Funds Committee; Quality, Safety & Risk Committee; Primary & Community Care Committee Academic Partnership Board.	N/A	**5/7 (1 IP)** **3/3** **1/1** **3/4** **3/4 (1 IP)** **0/3**
Mr Robert Williams	Board Secretary / Director of Corporate Services & Governance	Board; Remuneration & Terms of Service Committee; Integrated Governance Committee; Charitable Funds Committee (in attendance); Audit Committee (in attendance); Quality, Safety & Risk Committee; Academic Partnership Board Also periodically attends a range of other Board Committee meetings on a regular basis.	N/A	**7/7** **8/9** **3/3** **1/1** **7/7** **4/4** **1/3**

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

Table 3 - DIRECTORS INTERESTS

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

Name	Designation	Nature of Interest
Dr C D V Jones	Chairman (up to 30/09/2017)	Chair, NHS Confederation Wales
Professor M Longley	Chair (from 01/10/2017)	Board Member, Professional Standards Authority for Health & Social Care
Professor D Mead	Vice Chair (up to 31/12/2017) (Primary, Community & Mental Health)	Member of the Board of Governors, Neath Port Talbot Further Education College Chair of Governors, Glanhowy Primary School Honorary Chair, Cardiff University Director Landarcy Park Limited Director LearnKit Limited Trustee St John Wales Director of Pen-y-cymoedd Community Investment Company Expert Advisor Bevan Commission Elected Member Royal College of Nursing Welsh Board; High Sheriff of West Glamorgan.
Mrs M K Thomas	Independent Member (up to 31/12/2017 (Third Sector) Vice Chair from 01/01/2018	VAMT representative on Merthyr Tydfil Local Authority Social Service & Social Regeneration Scrutiny Panel Justice of the Peace (J.P), Glamorgan Valley Bench Macmillan Cancer Support Merthyr Tydfil Chair of Governors Trustee, Voluntary Action Merthyr Tydfil (VAMT) Executive Fundraising member of Eye Hospital Jerusalem Order of St.Johns Volunteer Merthyr Tydfil & Cynon Foodbank

Name	Designation	Nature of Interest
		Director of Winchfawr Investments Board member of Cancer Aid, Dowlais Board member of Safer Merthyr Tydfil Consultant Governor, South East Wales Consortium Member of Order of St Johns
Mr J Hill-Tout	Independent Member (Finance) (up to 30/09/2017)	Director Dragon Savers, Credit Union Governor, Pontyclun Primary School
Councillor C Jones	Independent Member (up to 30/09/2017) (Community)	Local Councillor, Merthyr Tydfil Local Authority; Trustee, Merthyr & the Valleys Mind; Trustee, Crossroads for Carers, Cwm Taf.
Mrs G Jones	Independent Member (Staff Side Representative)	Elected Member Royal College of Nursing (RCN), Welsh Board (ended 30 December 2017) Elected Chair, RCN Welsh Board Member RCN Joint Committee (from January 2018)
Dr C Turner	Independent Member (Information Technology / Information Governance)	Senior Professional Fellow (Honorary), Cardiff University Independent Governor, Cardiff Metropolitan University
Mrs A Williams	Chief Executive	Trustee & Director – Workforce Development Trust (Formerly known as Skills for Health Limited) (Charitable Company) Husband employed by Welsh Ambulance Services Trust
Mr S Harrhy	Board Director	Chief Ambulance Services Commissioner for Wales; Director of Unscheduled Care Programme for NHS Wales.

Name	Designation	Nature of Interest
Mr Robert Williams	Director of Governance & Corporate Services / Board Secretary	Wife is a health care support worker in Cwm Taf
Mr Keiron Montague	Independent Member (Elected) from 01/04/2017 to 05/05/2017 Associate Board Member (from 06/05/2017 to 30/09/2017) Independent Member (Community) from 01/10/2017	Staff member of Cynon Taff Community Housing Trustee of Merthyr and the Valleys MIND Trustee of Full Circle Education CIC Independent Member of the Supporting People National Advisory Board
Mrs Jayne Sadgrove (nee Dowden)	Independent Member (University)	Member of staff at Cardiff University Daughter in law is a member of staff at the Royal Glamorgan Hospital
Councillor Robert Smith	Independent Member (Elected) from 01/10/2017	Elected Representative of Rhondda Cynon Taf County Borough Council Chair, South Wales Police and Crime Panel Vice Chair, Royal British Legion (Pontypridd)
Mr Mel Jehu	Independent Member	Independent Member of the Police Crime Panel for the South Wales Police Force Trustee Cancer Aid Merthyr Tydfil Chair RCT Council Standards Committee Trustee Safer Merthyr Tydfil
Dr Kelechi Nnoaham	Director of Public Health	Wife works in the Pathology Department at Cwm Taf UHB Governor on Cardiff Metropolitan University Board
Mr James Hehir	Independent Member (Legal) from 01/10/2017	Solicitor of the Supreme Court (ongoing non practicing since 2016) Member Law Society England & Wales Associate Member Magistrates' Association Honorary Vice President West Glamorgan Magistrates' Association Member of Liberal Democrats
Ms Clare Llewellyn	Associate Board Members	Provides training and external quality assurance (as and when required) with AGORED Cymru Employed (as and when) Valleys Kids, Porth Rhondda

Table 4 - Membership of the Board's Audit Committee

Dr Chris Turner	Independent Member (ICT & Governance)	Chair (Audit Committee Independent Member on WHSSC from October 2016)
Mr Paul Griffiths	Independent Member (Finance)	Member from October 2017
Mr John Hill-Tout	Independent Member (Finance)	Member from April 2016 (up to September 2017)
Mrs Maria Thomas	Vice Chair / Independent Member (Third Sector)	Member from 2014
Mrs Jayne Sadgrove (nee Dowden)	Independent Member (University)	Member from April 2016

Information Governance

Information relating to personal data related incidents and how information is managed and controlled can be located on page 41 of the Annual Governance Statement.

Environmental, Social and Community Issues

The Health Board as a large local employer and public service provider is cognisant of the impact it has on the environment and takes steps to minimise this, where possible.

In particular we shall:

- Ensure that all employees, including contractors, are responsible for working in a manner that protects the environment;
- Integrate environmental management into operating procedures to ensure that long term and short term environmental issues are considered;
- Ensure we remain committed to continual improvement and the prevention of pollution in all areas of potential environmental impact; and
- Ensure compliance with all relevant environmental legislation, Health and Care Standards for Wales and Welsh Government Directives.

Building on the good progress made over recent years, the organisation continues to bring together both the behavioural and technical elements of change and are improving communicaiton through a variety of media platforms to strengthen our environmental, social and community responsibilities.

In reducing our environmental impact, we will:

- Reduce the consumption of finite resources, removing waste where possible;
- Adopt a carbon based management approach specifically aimed at reducing CO2 emissions generated by energy, waste and transport by meeting the Welsh Government target objective of a 3% year on year reduction in our carbon footprint, and to work to extend this target and reduce energy costs;
- We will also look to purchase or produce a portion of energy from renewable sources;
- Promote the minimization of waste generated through Health Board activities and reduce the environmental impact of waste disposal wherever possible by diverting waste from landfill and maximizing recycling opportunities;
- Adopt site specific travel plans, which encourage shift away from single occupancy car journeys to more sustainable modes of transport such as public transport, car sharing and active travel; and
- Integrate the principles of sustainable development into every day purchasing decisions.

The Board's Sustainability Report will provide more specific detail on progress against this work over the year and this will feature prominently within the Health Board's Annual Report.

Corporate Social Responsibility

In October 2014, the Health Board supported the suggested approach to optimise the corporate social responsibility potential for our community and it was agreed at that time that the suggested approach fitted with the vision for the UHB over the next 2 years. It was felt also that the approach would contribute to the actions needed to ensure that the organisation is best placed to respond to the challenges set down for Wales in the Well-Being of Future Generations (Wales) Act 2015.

The Well-Being of Future Generations (Wales) Act 2015 seeks to ensure that sustainable development is at the centre of the strategic decision making process for the Welsh Government and public bodies

in Wales. The general purpose is to ensure that the governance arrangements of public bodies take the needs of future generations into account and the aim is for public bodies to improve the economic, social and environmental well-being of Wales in accordance with the sustainable development principles.

As a large employer providing public services and spending public money, our activities need to take place in the most sustainable way, and we want to lead by example and make a contribution to our local communities, acting as a catalyst to improve lives. This can only be achieved through:

- Seeking to deliver the best and most ethical healthcare through developing and promoting services and products that we buy that support a more sustainable way of life.

- Measuring and publicly reporting on our environmental impact and setting challenging targets to lower our impact on the environment.

- Seeking to foster strong positive relationships with our diverse local community, staff and third sector organisations and meeting diverse need, promoting social mobility and tackling inequality.

- Teaming up with suppliers to minimise impacts: sourcing more sustainable and local products and services where possible, with particular emphasis on carbon emissions.

- Giving our employees information to increase their awareness of the impact of their actions on the planet both at work and at home.

- Working in partnership with our local and business communities in ways that meet their environmental, economic and social needs and has a positive effect on our business.

- Using our influence and resources to support international health development, and enrich our community through shared learning.

- Promoting healthy and sustainable lifestyles for our patients and staff and enabling them to take responsibility for their own health and well being.

- Widening access to the work environment to promote employment opportunities and recycle wealth to the local community.

If Cwm Taf University Health Board works towards achievement of these aims we will also:

- ensure service excellence
- make the best use of resources
- provide a great place to work
- be responsive and accountable to our communities

Corporate Social Responsibility Progress 2017/18

3 years on and counting from forming the original intent of our CSR approach the working group is going strong. Building on the scope of projects reported in 2016/17, the CSR group has continued to work on a broad range of projects each attempting to add value to our staff and communities we serve and work within. Our recent focus includes:

Environmental sustainability projects

The group have raised the profile of the species of rare orchids growing close to the consultant car park at PCH. The facilities team are aware of their presence and will ensure that they were protected.

The A&E courtyard at the RGH was developing well with the plans almost completed. The further development of the courtyards was dependent upon the completion of the current capital works and the identification of champions for each area.

The recycling survey is being analysed and the project at YMH will be implemented shortly with additional facilities for staff and the removal of bins from the desk side.

Employer Volunteering

The group is working towards piloting internal volunteering for staff. The scope of project ideas both in-house and in the wider community continues to grow. The intent behind the volunteering is linked to staff morale, improving well-being and increasing a sense of belonging to the wider Cwm Taf. We hope to scope a pilot by the end of the financial year to determine cost benefit analysis. The developing volunteering policy will be influenced by pilot findings.

Pets as Therapy Project

Cwm Taf has piloted a "Pets as Therapy" volunteer at Ysbyty Cwm Rhondda resulting in benefits to the patients and staff on the ward. The group is currently considering how we may seek to train others locally to volunteer in this way. A quote from a patient "I thought the joy had gone from my life and then you brought your dog to see me" demonstrates its impact already.

Health and Well-being

During 2017/18 we gained in advance of 1400 responses to our HWB survey, which are currently being analysed by the Occupational Health and Wellbeing service for key actions. This will enable us to respond to our workforce HWB issues more bespokely in the future, informing both our strategy and project development.

Chat Mats

The "Chat Mats" project now enters its pilot phase and links with the dementia friendly environment work. The project will be piloted within our hospital food outlets to observe take up and ensure user understanding.

Cycling tracks

Work on promotion and development of the cycle tracks at RGH will commence in spring 2018. The idea of Health Board bikes to hire in lunch periods will also be explored.

Statement of Accountability

2017-2018

Statement of the Chief Executive's responsibilities as Accountable Officer of Cwm Taf University Health Board

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

As Accountable Officer I can confirm that as far as I am aware there is no relevant audit information of which Cwm Taf University Health Board's auditors are unaware, and as Accountable Officer, I have taken all the steps that ought to have been taken to ensure that I am aware of any relevant audit information and can confirm that when required I have ensured Wales Audit Office are aware of this information.

I can confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for these and the judgement required for doing so.

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

Allison Williams
Chief Executive

Date: 31 May 2018

Statement of Directors Responsibilities

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

In preparing those accounts, the directors are required to:

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

The directors confirm 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:

On behalf of the Chair: Marcus Longley	Dated:31 May 2018
Chief Executive: Allison Williams	Dated:31 May 2018
Director of Finance: Steve Webster	Dated:31 May 2018

Remuneration and Staff Report

2017-2018

Remuneration Report

Auditors have reviewed this report for consistency with other information in the financial statements and will provide an opinion on the following disclosures:

- Single total figure of remuneration for each director;
- CETV disclosures for each director;
- Payments to past directors, if relevant;
- Payments for loss of office, if relevant;
- Fair pay disclosures (included in Annual Accounts);
- Exit packages (included in Annual Accounts) if relevant, and;
- Analysis of staff numbers.

Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB in the financial year 2017-18 was £175,000 - £180,000 (2016-17, £170,000 - £175,000). This was 6.4 times (2016-17, 6.4) the median remuneration of the workforce, which was £27,889 (2016-17, £27,172).

In 2017-18, 9 (2016-17, 5) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £177,001 to £253,000 (2016-17 £180,001 to £210,000).

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

Whole workforce profile

Extract as at 31 March 2018	Female		Male		Totals	
Staff Group	**FTE**	**Headcount**	**FTE**	**Headcount**	**FTE**	**Headcount**
Add Prof Scientific and Technical	172.50	211	82.76	91	255.26	302
Additional Clinical Services	1085.57	1254	222.11	232	1307.68	1486
Administrative and Clerical	1209.39	1416	262.58	268	1471.98	1684
Allied Health Professionals	338.65	377	84.96	85	423.61	462
Estates and Ancillary	470.03	704	260.75	277	730.78	981
Healthcare Scientists	99.03	108	62.00	63	161.03	171
Medical and Dental	278.68	306	364.16	383	642.84	689
Nursing and Midwifery Registered	2060.82	2278	216.49	222	2277.31	2500
Students	1.00	1	1.00	1	2.00	2
Grand Total	**5715.67**	**6655**	**1556.81**	**1622**	**7272.49**	**8277**

Gender analysis of Directors

Board Member	Female	Male
Independent Member	4	11 (8 part year)
Associate Member	2	
Directors (Executive and Directors)	4 (1 part year)	9 (4 part year)

Sickness Absence Data

The following table details the sickness absence data and provides a comparison of information with 2016-2017 and 2015-2016.

	2017-2018 Number	2016-2017 Number	2015-2016 Number
Days lost (long term – 28 days and over)	**107215.37**	108,289.95	98,347.40
Days lost (short term)	**37899.05**	38,439.20	40,914.09
Total days lost	**145,114.42**	146,729.15	139,261.49
Total staff years	**7229.18**	7114.21	6,930.15
Average working days lost	**12.11**	12.90	12.51
Total staff employed in period headcount)	**8277**	8142	7,865
Total staff employed in period with no absence (headcount)	**3212**	3211	3,055
Percentage of staff with no sick leave	**39%**	39%	38%

Anxiety / Stress and musculoskeletal (43.2%) and also Injury/Fracture (7.2%) problems remain the top reasons and account for 50.4% of all sickness absence. A comprehensive programme of work is in place, working with staff side partners to address sickness absence rates applying the all Wales Sickness Absence Policy.

Equality, Diversity and Human Rights

The Board's Annual Governance Statement (page 43) outlines its Policy on the principles of equality and diversity and the importance of meeting the needs of the nine protected groups under the Equality Act 2010.

Expenditure on Consultancy

Consultancy services are the provision to management of objective advice and assistance relating to strategy, structure, management or operations of an organisation in pursuant of its purposes and objectives. During the year, the Health Board spent £235,000 on external consultancy services.

Tax Assurance for Off-Payroll Appointees

In response to the Government's review of the tax arrangements of public sector appointees, which highlighted the possibility for artificial arrangements to enable tax avoidance, Welsh Government has taken a zero tolerance approach and produced a policy that has been communicated and implemented across the Welsh Government.

Tax assurance evidence has been sought and scrutinised to ensure it is sufficient from all off-payroll appointees. Sponsored bodies should also provide assurance of compliance with this tax policy within their annual governance statements.

Details of these off-payroll arrangements will be published aligned with the Board's Annual Report, by 31 July 2018 on the Health Board's website : www.cwmtaf.wales.nhs.uk .

Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2017-18 Number of compulsory redundancies Whole numbers only	2017-18 Number of other departures Whole numbers only	2017-18 Total number of exit packages Whole numbers only	2017-18 Number of departures where special payments have been made Whole numbers only	2016-17 Total number of exit packages Whole numbers only
less than £10,000	0	0	0	0	1
£10,000 to £25,000	0	2	2	0	3
£25,000 to £50,000	0	1	1	0	2
£50,000 to £100,000	0	0	0	0	2
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**3**	**3**	**0**	**8**

Exit packages cost band (including any special payment element)	2017-18 Cost of compulsory redundancies	2017-18 Cost of other departures	2017-18 Total cost of exit packages	2017-18 Cost of special element included in exit packages	2016-17 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	6,836
£10,000 to £25,000	0	37,289	37,289	0	61,380
£25,000 to £50,000	0	48,515	48,515	0	73,321
£50,000 to £100,000	0	0	0	0	115,027
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**85,804**	**85,804**	**0**	**256,564**

Statement on Remuneration Policy

The remuneration of Senior Managers who are paid on the Very Senior Managers Pay scale is determined by Welsh Government, and the Health Board pays in accordance with these regulations. For the purpose of clarity these posts are posts which operate at Board level and hold either statutory or non statutory positions. In accordance with the regulations the Health Board is able to award incremental up lift within the pay scale and should an increase be considered outside the range a job description is submitted to Welsh Government for job evaluation. All Senior Managers at Cwm Taf are paid consistent with these pay scales and arrangements.

There are clear guidelines in place with regards to the awarding of additional increments. The Health Board does not have a system for performance related pay for its Very Senior Managers.

In addition to Very Senior Managers the Health Board has a number of employment policies which ensure that pay levels are fairly and objectively reviewed for all other staff. There is an All Wales Pay Progression policy which from 1 April 2016 links staff performance through their pay scale and also a local Health Board Policy for the re-evaluation of a post which requires individuals and their managers to submit revised job description for job matching by matching panels comprised of management and staff representatives. The Agenda for Change job matching process is utilised and all results are recorded on the Job Evaluation system. For medical and dental staff the Health Board complies with Medical & Dental terms and conditions which apply to medical remuneration.

The Health Board supports the development of its workforce and ensures opportunities are provided for career progression. The only severance payment policy in place within the Health Board is the All Wales Voluntary Early Release scheme which is utilised to support organisational change and services undertake a robust evaluation of their service and submit evidence that this scheme is value for money and financial savings are secured from the service as a result of the change.

Cwm Taf University Local Health Board

Salary and Pension benefits of Senior Managers
Single Total Figure of Remuneration 2017-18

Executive Directors	**Salary (bands of £5,000) £000**	**Benefits in kind(taxable) to nearest £100 £00**	**Pension benefits 1995 scheme to nearest £1000 £000**	**Pension benefits 2008 scheme to nearest £1000 £000**	**Pension benefits 2015 scheme to nearest £1000 £000**	**Total (bands of £5,000) £000**
Mrs A J Williams *Chief Executive*	175-180	0	11	n/a	41	225-230
Mr S J Webster *Director of Finance / Deputy Chief Executive to 26th June 2017*	35-40	0	0	n/a	n/a	35-40
Mr M Thomas *Interim Director of Finance from 17th June 2017 (Note 1)*	95-100	0	24	n/a	n/a	120-125
Mr J Palmer *Director of Primary, Community & Mental Health Services to 31st January 2018* *Interim Chief Operating Officer from 1st February 2018*	115-120	2	n/a	0	28	145-150
Mr A Lawrie *Director of Primary, Community & Mental Health Services from 21st January 2018*	20-25	16	0	n/a	9	30-35
Mr K Asaad *Medical Director*	155-160	5	8	n/a	n/a	160-165
Mrs L Williams *Director of Nursing, Midwifery and Patient Care*	115-120	0	17	n/a	n/a	130-135
Ms R Treharne *Director of Planning and Performance / Deputy Chief Executive from 1st July 2017*	125-130	0	43	n/a	5	175-180
Mrs J M Davies *Director of Workforce and Organisational Development*	120-125	0	88	n/a	n/a	210-215
Mr C White *Director of Therapies and Health Science/Chief Operating Officer to 30th November 2017*	80-85	0	32	n/a	n/a	115-120
Mrs K McGrath *Interim Chief Operating Officer from 1st December 2017 to 29th January 2018(Note 2)*	15-20	0	14	n/a	n/a	30-35
Dr K Nnoaham *Director of Public Health*	120-125	0	n/a	0	57	180-185
Mr R Williams *Director of Corporate Services & Governance/ Board Secretary*	95-100	0	48	n/a	5	150-155

Independent Members

Dr CDV Jones *Chairman to 30th September 2017*	25-30	0	25-30
Prof M Longley *Chairman from 1st October 2017*	25-30	0	25-30
Prof D M Mead *Vice Chair to 31st December 2017*	35-40	0	35-40
Mrs M Thomas *Independent Member to 31st December 2017/Vice Chair from 1st January 2018*	20-25	0	20-25
Mr J L Hill-Tout *Independent Member to 30th September 2017*	5-10	0	5-10
Mr P Griffiths *Independent Member from 1st October 2017*	5-10	0	5-10
Mr A R Seculer *Independent Member to 30th September 2017*	5-10	0	5-10
Mr J Hehir *Independent Member from 1st October 2017*	5-10	0	5-10
Cllr Clive Jones *Independent Member to 30th September 2017*	5-10	0	5-10
Dr. C B Turner *Independent Member*	10-15	0	10-15
Mr K Montague *Independent Member (Local Authority) to 30th April 2017* *Independent Member (Community) from 1st October 2017 (Note 3)*	5-10	0	5-10
Cllr R Smith *Independent Member from 1st October 2017*	5-10	0	5-10
Mr M Jehu *Independent Member*	10-15	0	10-15
Mrs J Sadgrove (nee Dowden) *Independent Member (Note 4)*	0	0	0
Mrs G Jones *Independent Member (Note 5)*	0	0	0

Mr G Isingrini, Mrs C Llewellyn and Mrs C Kiernan received no remuneration for their role as Associate Members

Independent Members do not receive pensionable remuneration for their Board membership.

Salary and Pension figures relate to remuneration for the period as Senior Manager only .

Benefits in kind relates to lease car and salary sacrifice benefits and mileage allowances received in excess of the Inland Revenue tax free rate (figures given in hundreds).

Notes

1 - Mr M Thomas received additional remuneration which relates to payments received for other duties.
2 - Mrs K McGrath received additional remuneration which relates to payments received for other duties.
3 - Mr K Montague was also an Associate Member from 1st May 2017 to 30th September 2017 but received no remuneration for this role.
4 - Mrs J Dowden receives no remuneration from Cwm Taf UHB for her role as Independent Member.
5 - Ms G Jones is a paid, full time employee of the organisation and receives no additional remuneration as an Independent Member.

Single Total Figure of Remuneration 2016-17

Executive Directors	Salary (bands of £5,000) £000	Benefits in kind(taxable) to nearest £100 £00	Pension benefits 1995 scheme to nearest £1000 £000	Pension benefits 2008 scheme to nearest £1000 £000	Pension benefits 2015 scheme to nearest £1000 £000	Total (bands of £5,000) £000
Mrs A J Williams *Chief Executive*	170-175	0	6	n/a	39	220-225
Mr S J Webster *Director of Finance / Deputy Chief Executive*	145-150	0	26	n/a	n/a	175-180
Mr J Palmer *Director of Primary, Community & Mental Health Services*	115-120	0	n/a	0	27	140-145
Mr K Asaad *Medical Director*	155-160	0	22	n/a	n/a	175-180
Mrs L Williams *Director of Nursing, Midwifery and Patient Services*	110-115	0	16	n/a	n/a	130-135
Ms R Treharne *Director of Planning and Performance*	120-125	0	43	n/a	n/a	165-170
Mrs J M Davies *Director of Workforce and Organisational Development*	110-115	0	16	n/a	n/a	130-135
Mr C White *Director of Therapies and Health Science/Chief Operating Officer*	120-125	0	44	n/a	n/a	165-170
Dr K Nnoaham *Director of Public Health from 1st November 2016*	45-50	0	n/a	4	0	50-55

Independent Members

Dr CDV Jones *Chairman (Note 1)*	65-70	0	65-70
Prof D M Mead *Vice Chair*	45-50	0	45-50
Mr J L Hill-Tout *Independent Member*	10-15	0	10-15
Mr A R Seculer *Independent Member*	10-15	0	10-15
Cllr Clive Jones *Independent Member*	10-15	0	10-15
Dr. C B Turner *Independent Member*	10-15	0	10-15
Mrs M Thomas *Independent Member*	10-15	0	10-15
Mr K Montague *Independent Member from 1st April 2016*	10-15	0	10-15
Mr M Jehu *Independent Member from 1st April 2016*	0	0	0
Ms J Dowden *Independent Member from 1st April 2016 (Note 2)*	0	0	0
Mrs G Jones *Independent Member (Note 3)*			

Mr G Isingrini, Mr T Davis(to 31st October 2016), Mrs C Llewellyn (from 1st November 2016) and Ms S Williamson received no remuneration for their role as Associate Members

Independent Members do not receive pensionable remuneration for their Board membership.

Benefits in kind relates to lease car benefits and mileage allowances received in excess of the Inland Revenue tax free rate (figures given in hundreds).

Notes

1 - Included in the salary for Dr CDV Jones is £8k remuneration for additional duties carried out for Betsi Cadwaladr LHB, which was funded by the Welsh Government.
2 - Mrs J Dowden receives no remuneration from Cwm Taf UHB for her role as Independent Member.
3 - Ms G Jones is a paid, full time employee of the organisation and receives no additional remuneration as an Independent Member.

Pension Benefits 2017-2018

Name and title Cwm Taf University Local Health Board ***Executive Directors***	Real increase in pension at pensionable age (bands of £2,500)	Real increase in lump sum at pensionable age (bands of £2,500)	Total accrued pensionable age at 31 March 2018 (bands of £5,000)	Lump sum at pensionable age accrued pension at 31 March 2018 (bands of £5,000)	Cash equivalent Transfer Value at 31 March 2018	Cash equivalent Transfer Value at 31 March 2017	Real increase in Equivalent Transfer Value	Employers contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Mrs A J Williams 1995 Pension Scheme	0-2.5	0-2.5	50-55	150-155	992	948	35	0
Mrs A J Williams 2015 Pension Scheme *Chief Executive (Note 1)*	2.5-5	0	5-10	0	83	43	40	0
Mr S J Webster *Director of Finance / Deputy Chief Executive to 26th June 2017*	0-2.5	0-2.5	65-70	200-205	1484	1398	17	0
Mr M Thomas *Interim Director of Finance from 17th June 2017*	0-2.5	2.5-5	15-20	55-60	385	331	40	0
Mr J Palmer 2008 Pension Scheme	0	0	0-5	0	14	12	1	0
Mr J Palmer 2015 Pension Scheme *Director of Primary, Community & Mental Health Services to 31st January 2018* *Interim Chief Operating Officer from 1st February 2018(Note 2)*	0-2.5	0	5-10	0	59	37	21	0
Mr A Lawrie 1995 Pension Scheme	0	0	0-5	0	8	7	0	0
Mr A Lawrie 2015 Pension Scheme *Director of Primary, Community & Mental Health Services from 21st January 2018*	0-2.5	0	5-10	0	82	44	7	0
Mr K Asaad *Medical Director (Note 3)*	0-2.5	2.5-5	60-65	190-195	n/a	n/a	n/a	0
Mrs L Williams *Director of Nursing, Midwifery and Patient Care*	0-2.5	2.5-5	55-60	170-175	1254	1152	91	0
Ms R Treharne 1995 Scheme	0-2.5	5-7.5	45-50	145-150	961	865	87	0
Ms R Treharne 2015 Scheme *Director of Planning and Performance* *Deputy Chief Executive from 1st July 2017(Note 4)*	0-2.5	0	0-5	0	14	0	14	0
Mrs J M Davies *Director of Workforce and Organisational Development*	2.5-5	12.5-15	40-45	125-130	923	773	141	0
Mr C White *Director of Therapies and Health Science/Chief Operating Officer to 30th November 2017*	0-2.5	5-7.5	50-55	155-160	1104	980	76	0
Dr K Nnoaham 2008 Pension Scheme	0	0	10-15	0	116	228	0	0
Dr K Nnoaham 2015 Pension Scheme *Director of Public Health*	2.5-5	0	5-10	0	62	28	33	0
Mrs K McGrath *Interim Chief Operating Officer from 1st December 2017 to 29th January 2018*	0-2.5	0-2.5	40-45	125-130	942	820	19	0
Mr R Williams 1995 Pension Scheme	0-2.5	5-7.5	40-45	130-135	855	784	62	0
Mr R Williams 2015 Pension Scheme *Director of Corporate Services & Governance/ Board Secretary(Note 5)*	0-2.5	0	0-5	0	11	0	11	0

Notes:
1.- Mrs A J Williams transferred from the 1995 pension scheme to the 2015 pension scheme on 1 February 2016
2.- Mr J Palmer transferred from the 2008 pension scheme to the 2015 pension scheme on 1 April 2015
3.- Mr K Asaad is over the normal retirement age for 1995 Section members, therefore a CETV is not applicable
4.- Ms R Treharne transferred from the 1995 pension scheme to the 2015 pension scheme on 1 October 2017
5.- Mr R Williams transferred from the 1995 pension scheme to the 2015 pension scheme on 1 October 2017

The NHS Pension scheme which is open to all NHS employees requires all members to contribute on a tiered scale from 5% up to 14.5% of their pensionable pay depending on total earnings, with the employers contributing 14.3%. Pensionable pay is determined by the number of years pensionable service and is related to the level of earnings/final salary at the time of retirement. Pension contributions of Executive Directors are entirely consistent with the standard NHS Pension Scheme. Pension benefits are calculated on the same basis for all members.

As Independent members do not receive pensionable remuneration for Board duties, there will be no entries in respect of pensions for Independent members.

Cash Equivalent Transfer Values

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

Real Increase in CETV

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

Figures shown relate to the period as Senior Manager only .

Pension Benefits 2016-17
Name and title

Cwm Taf University Local Health Board	**(bands of £2,500) £000**	**(bands of £2,500) £000**	**Total accrued pension at pensionable age at 31 March 2017 (bands of £5,000) £000**	**Lump sum at pensionable age related to accrued pension at 31 March 2017 (bands of £5,000) £000**	**Cash Equivalent Transfer Value at 31 March 2017 £000**	**Cash Equivalent Transfer Value at 31 March 2016 £000**	**Real increase in Cash Equivalent Transfer Value £000**	**Employer's contribution to stakeholder pension £000**
Executive Directors								
Mrs A J Williams 1995 Pension Scheme	0-2.5	0-2.5	50-55	150-155	948	889	59	0
Mrs A J Williams 2015 Pension Scheme	2.5-5	0	0-5	0	43	6	37	0
Chief Executive (Note 1)								
Mr S J Webster	0-2.5	5-7.5	65-70	200-205	1398	1,312	86	0
Director of Finance / Deputy Chief Executive								
Mr J Palmer 2008 Pension Scheme	0-2.5	0	0-5	0	12	12	0	0
Mr J Palmer 2015 Pension Scheme	0-2.5	0	0-5	0	37	18	19	0
Director of Primary, Community & Mental Health Services (Note 2)								
Mr K Asaad	0-2.5	5-7.5	60-65	180-185	n/a	n/a	n/a	0
Medical Director (Note 3)								
Mrs L Williams	0-2.5	2.5-5	55-60	165-170	1152	1,089	63	0
Director of Nursing, Midwifery and Patient Services								
Ms R Treharne	2.5-5	7.5-10	45-50	135-140	865	793	72	0
Director of Planning and Performance								
Mrs J M Davies	0-2.5	2.5-5	35-40	110-115	773	724	49	0
Director of Workforce and Organisational Development								
Mr C White	2.5-5	7.5-10	45-50	145-150	980	899	81	0
Director of Therapies and Health Science/Chief Operating Officer								
Dr K Nnoaham 2008 Pension Scheme	0-2.5	0-2.5	15-20	45-50	228	216	5	0
Dr K Nnoaham 2015 Pension Scheme	0-2.5	0	0-5	0	28	19	4	0
Director of Public Health from 1st November 2016								

Notes:
1.- Mrs A J Williams transferred from the 1995 pension scheme to the 2015 pension scheme on 1 February 2016
2.- Mr J Palmer transferred from the 2008 pension scheme to the 2015 pension scheme on 1 April 2015
3.- Mr K Asaad is over the normal retirement age for 1995 Section members, therefore a CETV is not applicable

The NHS Pension scheme which is open to all NHS employees requires all members to contribute on a tiered scale from 5% up to 14.5% of their pensionable pay depending on total earnings, with the employers contributing 14.3%. Pensionable pay is determined by the number of years pensionable service and is related to the level of earnings/final salary at the time of retirement. Pension contributions of Executive Directors are entirely consistent with the standard NHS Pension Scheme. Pension benefits are calculated on the same basis for all members.

As Independent members do not receive pensionable remuneration for Board duties, there will be no entries in respect of pensions for Independent members.

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

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

National Assembly for Wales Accountability and Audit Report

2017-2018

Where the Health Board undertakes an activity that is not funded directly by the Welsh Government, the Health Board receives income to cover its costs. Further detail of income received is published in the Health Board's annual accounts.

The Health Board confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

Remote Contingent Liabilities

Remote contingent liabilities are those liabilities which due to the unlikelihood of a resultant charge against the Health Board are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31st March 2018:

	2017-2018	2016-2017
Guarantees	-	-
Indemnities	1,050	1,525
Letter of Comfort	-	-
Total	**1,050**	**1,525**

Where the Health Board undertakes activities that are not funded directly by the Welsh Government the Health Board receives income to cover its costs which will offset the expenditure reported under the programme areas above. When charging for this activity, the Health Board has complied with the cost allocation and charging requirements as set out in HM Treasury guidance. The miscellaneous income received for the last five years is as follows:

	2013-14	2014-15	2015-16	2016-17	2017-18
	£000	£000	£000	£000	£000
Miscellaneous Income	**75,432**	**72,996**	**79,386**	**80,188**	**82,852**

Long-term Expenditure Trend

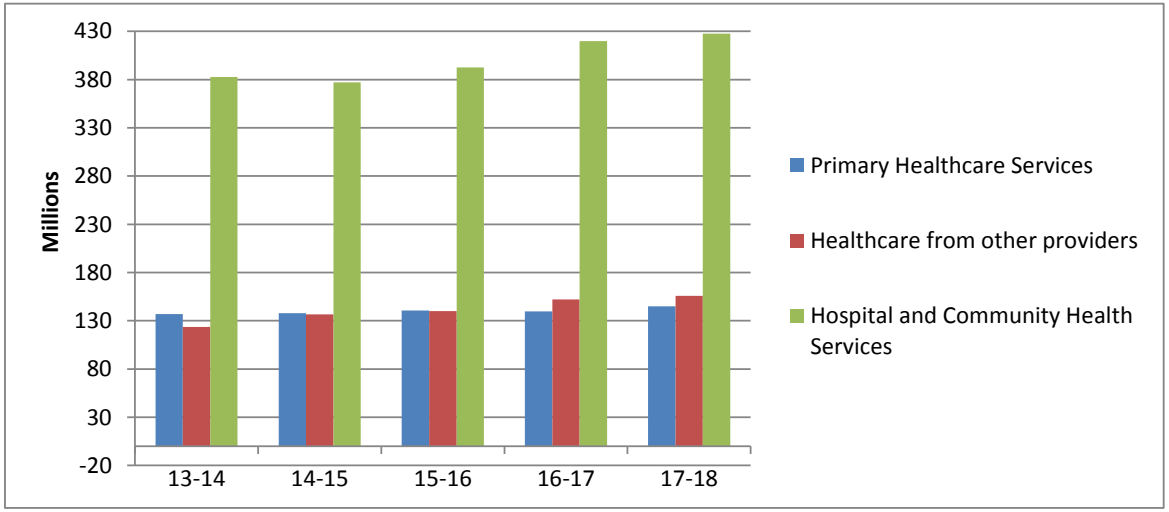
The Health Board has a requirement to report on long term expenditure trends and detailed below is the expenditure incurred over the last five years from 2013/14 to 2017/18 within the main programme areas of:

- Hospital and community health services;
- Primary health care services; and
- Healthcare from other providers.

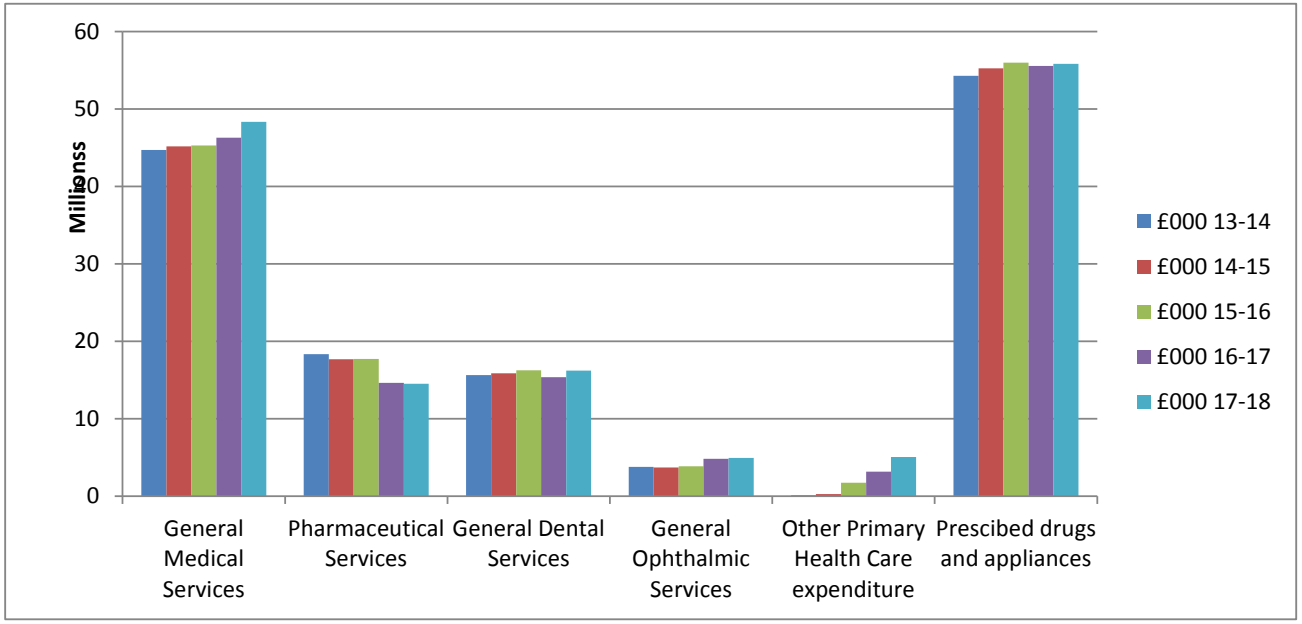
Cwm Taf University Health Board Statistics

Analysis of Expenditure of Cwm Taf Health Board Activities (excluding WHSCC/EASC)

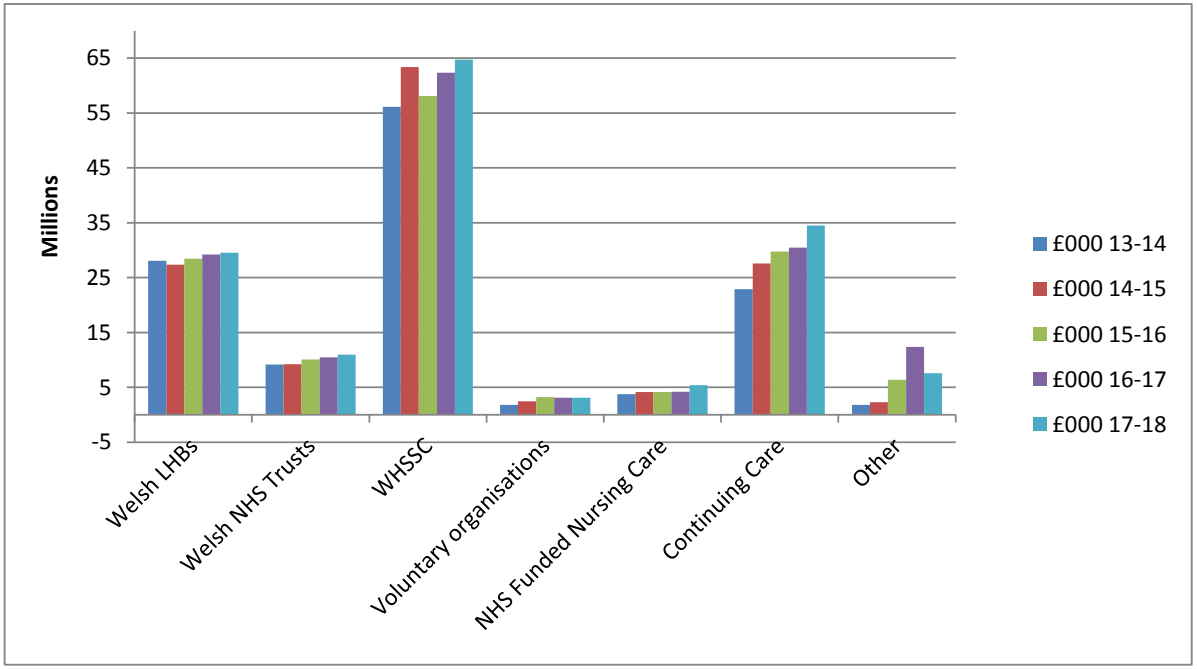
Operating Expenses	£000	£000	£000	£000	£000	%	%	%	%	%
	13-14	14-15	15-16	16-17	17-18	13-14	14-15	15-16	16-17	17-18
Primary Healthcare Services	136,785	137,847	140,777	139,733	144,853	21.27	21.16	20.90	19.63	19.89
Healthcare from other providers	123,539	136,533	140,060	152,234	155,798	19.21	20.96	20.80	21.39	21.40
Hospital and Community Health Services	382,659	377,116	392,669	419,847	427,501	59.51	57.88	58.30	58.98	58.71
Total	642,983	651,496	673,506	711,814	728,152	100	100.00	100.00	100.00	100.00



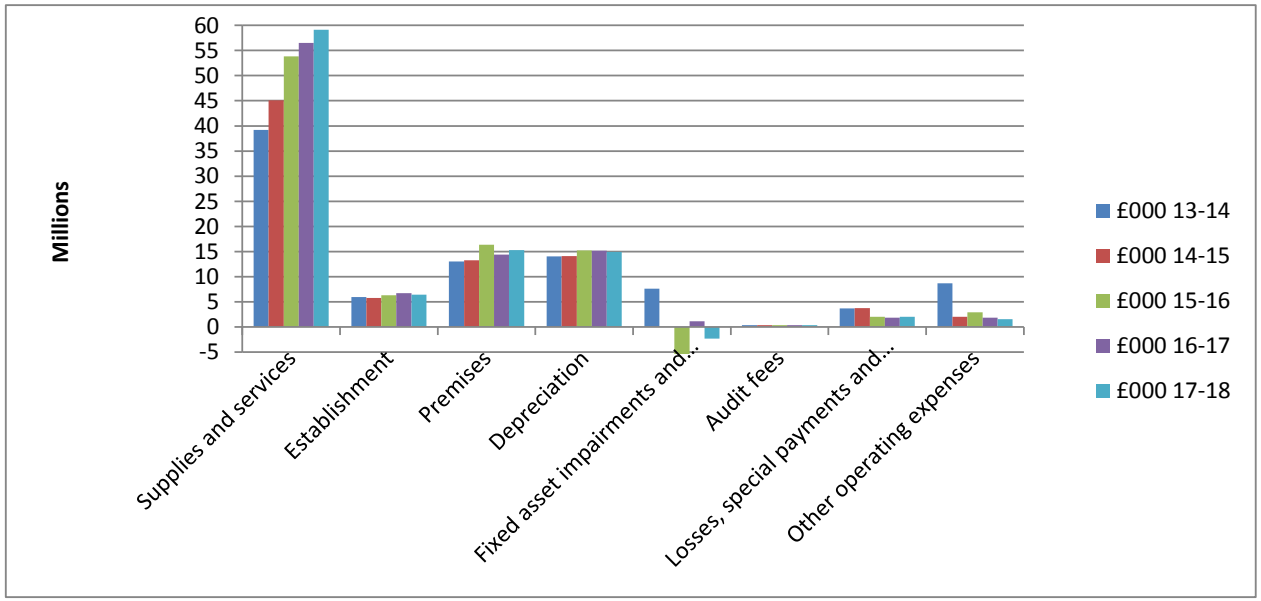
Expenditure on Primary Healthcare Services	£000	£000	£000	£000	£000	%	%	%	%	%
	13-14	14-15	15-16	16-17	17-18	13-14	14-15	15-16	16-17	17-18
General Medical Services	44,695	45,143	45,283	46,280	48,327	32.68	32.75	32.17	33.12	33.36
Pharmaceutical Services	18,336	17,669	17,720	14,612	14,512	13.40	12.82	12.59	10.46	10.02
General Dental Services	15,625	15,849	16,238	15,358	16,214	11.42	11.50	11.53	10.99	11.19
General Ophthalmic Services	3,785	3,694	3,839	4,793	4,941	2.77	2.68	2.73	3.43	3.41
Other Primary Health Care expenditure	94	265	1,727	3,150	5,050	0.07	0.19	1.23	2.25	3.49
Prescribed drugs and appliances	54,250	55,227	55,970	55,540	55,809	39.66	40.06	39.76	39.75	38.53
Total	136,785	137,847	140,777	139,733	144,853	100	100	100	100	100



Expenditure on Healthcare from other providers	£000	£000	£000	£000	£000	%	%	%	%	%
	13-14	14-15	15-16	16-17	17-18	12-13	13-14	14-15	15-16	17-18
Welsh LHBs	28,076	27,382	28438	29195	29549	22.73	20.06	20.30	19.18	18.97
Welsh NHS Trusts	9,143	9,199	10062	10482	10932	7.40	6.74	7.18	6.89	7.02
WHSSC	56,133	63,410	58097	62361	64727	45.44	46.44	41.48	40.96	41.55
Voluntary organisations	1,776	2,458	3227	3133	3102	1.44	1.80	2.30	2.06	1.99
NHS Funded Nursing Care	3,737	4,165	4116	4209	5400	3.02	3.05	2.94	2.76	3.47
Continuing Care	22,886	27,606	29756	30488	34526	18.53	20.22	21.25	20.03	22.16
Other	1,788	2,313	6364	12366	7562	1.45	1.69	4.54	8.12	4.85
Total	123,539	136,533	140,060	152,234	155,798	100	100	100	100	100.00

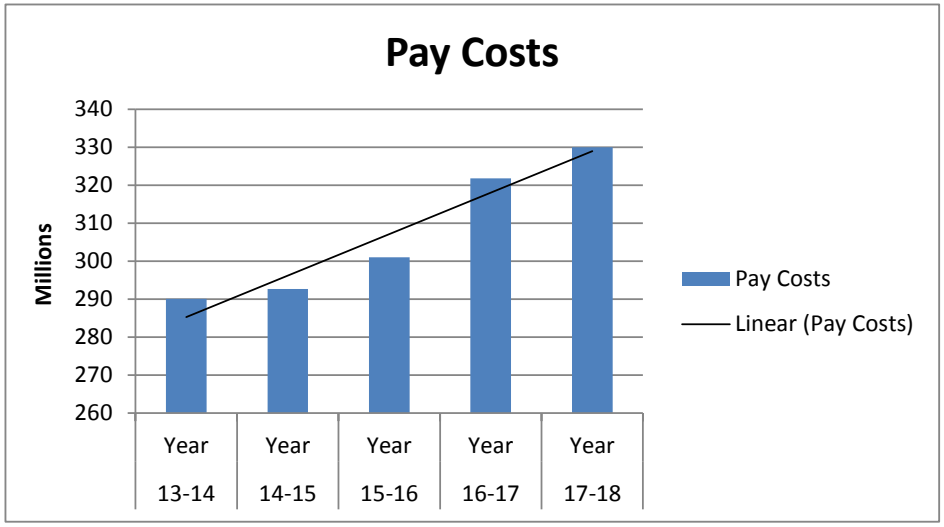


Expenditure on Hospital and Community Health Services	£000	£000	£000	£000	£000	%	%	%	%	%
	13-14	14-15	15-16	16-17	17-18	13-14	14-15	15-16	16-17	17-18
Supplies and services	39,226	45,068	53,804	56,477	59,146	42.36	53.39	58.70	57.61	60.69
Establishment	5,949	5,788	6,350	6,722	6,418	6.42	6.86	6.93	6.86	6.59
Premises	13,032	13,290	16,342	14,422	15,305	14.07	15.74	17.83	14.71	15.70
Depreciation	14,029	14,114	15,254	15,157	14,934	15.15	16.72	16.64	15.46	15.32
Fixed asset impairments and reversals	7,639	0	-5,422	1,145	-2,325	8.25	0.00	-5.92	1.17	-2.39
Audit fees	366	366	366	361	355	0.40	0.43	0.40	0.37	0.36
Losses, special payments and irrecoverable debts	3,676	3,762	2,031	1,877	2,070	3.97	4.46	2.22	1.91	2.12
Other operating expenses	8,687	2,021	2,927	1,872	1,555	9.38	2.39	3.19	1.91	1.60
Total	92,604	84,409	91,652	98,033	97,458	100	100	100	100	100



Expenditure on Hospital & Community Health Services - Staff Costs

	13-14 Year	14-15 Year	15-16 Year	16-17 Year	17-18 Year
Pay Costs	290,055	292,707	301,017	321,814	330,043



Performance against Resource Limits:

Revenue Resource Performance

	Annual financial performance				
	2013-14	2014-15	2015-16	2016-17	2017-18
	£'000	£'000	£'000	£'000	£'000
Net operating costs for the year	567,677	578,655	594,251	631,729	645,338
Less general ophthalmic services expenditure and other non-cash limited expenditure	(4,404)	(3,643)	(4,269)	(1,181)	(784)
Less revenue consequences of bringing PFI schemes onto SoFP	(100)	(105)	(111)	(111)	(119)
Total operating expenses	563,173	574,907	589,871	630,437	644,435
Revenue Resource Allocation	563,189	574,937	589,893	630,455	644,458
Under /(over) spend against Allocation	16	30	22	18	23

Capital Resource Performance

	Annual financial performance				
	2013-14	2014-15	2015-16	2016-17	2017-18
	£'000	£'000	£'000	£'000	£'000
Gross capital expenditure	7,003	20,475	9,542	17,748	34,962
Add: Losses on disposal of donated assets	0	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(154)	(1,252)	(102)	(66)	(4)
Less capital grants received	(36)	0	(60)	0	0
Less donations received	(12)	(19)	(3)	(95)	(64)
Charge against Capital Resource Allocation	6,801	19,204	9,377	17,587	34,894
Capital Resource Allocation	6,808	19,207	9,385	17,592	34,902

Key documents /areas of interest	Web link
3 Year Integrated Medium Term Plan (2018-2020)	http://cwmtaf.wales/Docs/Board_Papers/2017-2018/MEETING%2006%20MARCH%2029%202018/Agenda%20%26%20Papers%20for%20Public%20Board%20Meeting%2029%20March%202018.pdf
Cwm Taf Services	http://cwmtaf.wales/services/
Cwm Taf University Health Board members	http://cwmtaf.wales/board-members/
Board Papers	http://cwmtaf.wales/we-are-cwm-taf/board-papers/
Risk Management Policy Board Assurance Framework Organisational Risk Register	http://cwmtaf.wales/supporting-documents/
Board Committee papers	
Integrated Governance Committee	http://cwmtaf.wales/how-we-work/integrated-governance-committee/
Remuneration and Terms of Service Committee	http://cwmtaf.wales/how-we-work/decision-making-2/remuneration-terms-service-committee/
Primary & Community Care Committee	http://cwmtaf.wales/how-we-work/decision-making-2/primary-care-committee/
Finance, Performance & Workforce Committee	http://cwmtaf.wales/how-we-work/finance-performance-workforce-committee/
Mental Health Act Monitoring Committee	http://cwmtaf.wales/mental-health-act-monitoring-committee/
Quality, Safety & Risk Committee	http://cwmtaf.wales/how-we-work/quality-safety-risk-committee/
Charitable Funds Committee	http://cwmtaf.wales/how-we-work/charitable-funds-committee/
Advisory Forums	
Stakeholder Reference Group	http://cwmtaf.wales/how-we-work/decision-making-2/stakeholder-reference-group/
Working in Partnership Forum	http://cwmtaf.wales/how-we-work/decision-making-2/local-partnership-forum-lpf-known-as-the-working-in-partnership-forum/
Healthcare Professionals Forum	http://cwmtaf.wales/how-we-work/decision-making-2/health-professionals-forum/

The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Cwm Taf University Health Board for the year ended 31 March 2018 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Cwm Taf University Health Board as at 31 March 2018 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on regularity

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

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the board and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 73 and 74, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Huw Vaughan Thomas
Auditor General for Wales
6 June 2018

24 Cathedral Road
Cardiff
CF11 9LJ

CWM TAF LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

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

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

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

Performance Management and Financial Results

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

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

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Note	2017-18 £'000 Cwm Taf HB Activities	2017-18 £'000	2016-17 £'000 Cwm Taf HB Activities	2016-17 £'000
Expenditure on Primary Healthcare Services	3.1	**144,853**	**144,853**	139,733	139,733
Expenditure on healthcare from other providers	3.2	**155,798**	**783,863**	152,234	752,106
Expenditure on Hospital and Community Health Services	3.3	**427,501**	**431,707**	419,847	423,985
		728,152	**1,360,423**	711,814	1,315,824
Less: Miscellaneous Income	4	**(82,852)**	**(715,123)**	(80,188)	(684,198)
LHB net operating costs before interest and other gains and losses		**645,300**	**645,300**	631,626	631,626
Investment Revenue	5	**(4)**	**(4)**	0	0
Other (Gains) / Losses	6	**(40)**	**(40)**	(26)	(26)
Finance costs	7	**82**	**82**	129	129
Net operating costs for the financial year		**645,338**	**645,338**	631,729	631,729

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

The notes on pages 8 to 64 form part of these accounts

Other Comprehensive Net Expenditure

	2017-18	2016-17
	£'000	£'000
Net gain / (loss) on revaluation of property, plant and equipment	**12,032**	127
Net gain / (loss) on revaluation of intangibles	**0**	0
Net gain / (loss) on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**12,032**	127
Total comprehensive net expenditure for the year	**633,306**	631,602

Statement of Financial Position as at 31 March 2018

	Notes	31 March 2018 £'000 Cwm Taf HB Activities	31 March 2018 £'000	31 March 2017 £'000 Cwm Taf HB Activities	31 March 2017 £'000
Non-current assets					
Property, plant and equipment	11	**362,968**	**362,968**	328,125	328,125
Intangible assets	12	**1,061**	**1,061**	1,523	1,523
Trade and other receivables	15	**48,087**	**48,087**	33,329	33,329
Other financial assets	16	**0**	**0**	0	0
Total non-current assets		**412,116**	**412,116**	362,977	362,977
Current assets					
Inventories	14	**4,372**	**4,372**	4,007	4,007
Trade and other receivables	15	**57,333**	**67,972**	58,077	63,978
Other financial assets	16	**22**	**22**	101	101
Cash and cash equivalents	17	**(289)**	**11,285**	421	4,568
		61,438	**83,651**	62,606	72,654
Non-current assets classified as "Held for Sale"	11	**0**	**0**	0	0
Total current assets		**61,438**	**83,651**	62,606	72,654
Total assets		**473,554**	**495,767**	425,583	435,631
Current liabilities					
Trade and other payables	18	**(75,689)**	**(109,582)**	(69,030)	(90,824)
Other financial liabilities	19	**0**	**0**	0	0
Provisions	20	**(34,733)**	**(34,895)**	(37,346)	(37,442)
Total current liabilities		**(110,422)**	**(144,477)**	(106,376)	(128,266)
Net current assets/ (liabilities)		**(48,984)**	**(60,826)**	(43,770)	(55,612)
Non-current liabilities					
Trade and other payables	18	**(1,621)**	**(1,621)**	(1,798)	(1,798)
Other financial liabilities	19	**0**	**0**	0	0
Provisions	20	**(53,833)**	**(53,833)**	(38,337)	(38,337)
Total non-current liabilities		**(55,454)**	**(55,454)**	(40,135)	(40,135)
Total assets employed		**307,678**	**295,836**	279,072	267,230
Financed by :					
Taxpayers' equity					
General Fund		**276,961**	**265,119**	259,994	248,152
Revaluation reserve		**30,717**	**30,717**	19,078	19,078
Total taxpayers' equity		**307,678**	**295,836**	279,072	267,230

The financial statements on pages 2 to 7 were approved by the Board on 1 June 2018 and signed on its behalf by:

Chief Executive Allison Williams Date: 31 May 2018

The notes on pages 8 to 64 form part of these accounts

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 1 April 2017	248,152	19,078	**267,230**
Net operating cost for the year	(645,338)		**(645,338)**
Net gain/(loss) on revaluation of property, plant and equipment	0	12,032	**12,032**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	393	(393)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2017-18	(644,945)	11,639	**(633,306)**
Net Welsh Government funding	661,912		**661,912**
Balance at 31 March 2018	265,119	30,717	**295,836**

The notes on pages 8 to 64 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2017

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2016-17			
Balance at 1 April 2016	230,237	19,398	**249,635**
Net operating cost for the year	(631,729)		**(631,729)**
Net gain/(loss) on revaluation of property, plant and equipment	0	127	**127**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	447	(447)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2016-17	(631,282)	(320)	**(631,602)**
Net Welsh Government funding	649,197		**649,197**
Balance at 31 March 2017	248,152	19,078	**267,230**

The notes on pages 8 to 64 form part of these accounts

Statement of Cash Flows for year ended 31 March 2018

		2017-18	2017-18	2016-17	2016-17
		£'000	£'000	£'000	£'000
		Cwm Taf		Cwm Taf	
Cash Flows from operating activities	notes	**HB Activities**		HB Activities	
Net operating cost for the financial year		**(645,338)**	**(645,338)**	(631,729)	(631,729)
Movements in Working Capital	27	**(9,856)**	**(2,495)**	(28,468)	(25,318)
Other cash flow adjustments	28	**37,170**	**37,264**	41,124	41,220
Provisions utilised	20	**(11,731)**	**(11,759)**	(10,356)	(10,356)
Net cash outflow from operating activities		**(629,755)**	**(622,328)**	(629,429)	(626,183)
Cash Flows from investing activities					
Purchase of property, plant and equipment		**(32,672)**	**(32,672)**	(19,049)	(19,049)
Proceeds from disposal of property, plant and equipment		**44**	**44**	92	92
Purchase of intangible assets		**(162)**	**(162)**	(446)	(446)
Proceeds from disposal of intangible assets		**0**	**0**	0	0
Payment for other financial assets		**0**	**0**	(50)	(50)
Proceeds from disposal of other financial assets		**79**	**79**	0	0
Payment for other assets		**0**	**0**	0	0
Proceeds from disposal of other assets		**0**	**0**	0	0
Net cash inflow/(outflow) from investing activities		**(32,711)**	**(32,711)**	(19,453)	(19,453)
Net cash inflow/(outflow) before financing		**(662,466)**	**(655,039)**	(648,882)	(645,636)
Cash Flows from financing activities					
Welsh Government funding (including capital)		**661,912**	**661,912**	649,197	649,197
Capital receipts surrendered		**0**	**0**	0	0
Capital grants received		**0**	**0**	0	0
Capital element of payments in respect of finance leases and on-SoFP		**(156)**	**(156)**	(155)	(155)
Cash transferred (to)/ from other NHS bodies		**0**	**0**	0	0
Net financing		**661,756**	**661,756**	649,042	649,042
Net increase/(decrease) in cash and cash equivalents		**(710)**	**6,717**	160	3,406
Cash and cash equivalents (and bank overdrafts) at 1 April 2017		**421**	**4,568**	261	1,162
Cash and cash equivalents (and bank overdrafts) at 31 March 2018		**(289)**	**11,285**	421	4,568

The notes on pages 8 to 64 form part of these accounts

Notes to the Accounts

1. Accounting policies

The Cabinet Secretary for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2017-18 Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

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

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

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

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

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.

1.3.1 WHSSC/EASC
Neither WHSSC nor EASC hold any statutory responsibility for a resource limit. Services are funded by income from Local Health Boards and based on an agreed financial plan. The committees account for all expenditure on agreed services against the income received as part of their plans. All variances from plan are allocated to Health Boards on the basis of an agreed risk sharing framework and matched by income adjustments consistent with this framework. The net operating cost for the financial year is therefore zero.

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

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

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

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

NEST Pension Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.7 Intangible assets

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.14.1 Clinical negligence and personal injury costs
The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2017-18. The WRP is hosted by Velindre NHS Trust.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 Pooled budget

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

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

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

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

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

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

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

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

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Where the time value of money is material, contingencies are disclosed at their present value. Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

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

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

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

1.28 Accounting standards that have been issued but not yet been adopted
The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM
IFRS 9 Financial Instruments -2018-19 adoption
IFRS14 Regulatory Deferral Accounts
IFRS15 Revenue from contracts with customers -2018-19 adoption
IFRS 16 Leases

1.29 Accounting standards issued that have been adopted early
During 2017-18 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30 Charities

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

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

2. Financial Duties Performance

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

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

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

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2015-16	2016-17	2017-18	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	594,251	631,729	645,338	**1,871,318**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(4,269)	(1,181)	(784)	**(6,234)**
Less revenue consequences of bringing PFI schemes onto SoFP	(111)	(111)	(119)	**(341)**
Total operating expenses	589,871	630,437	644,435	**1,864,743**
Revenue Resource Allocation	589,893	630,455	644,458	**1,864,806**
Under /(over) spend against Allocation	22	18	23	**63**

Cwm Taf LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2015-16 to 2017-18.

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

2.2 Capital Resource Performance

	2015-16	2016-17	2017-18	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	9,542	17,748	34,962	**62,252**
Add: Losses on disposal of donated assets	0	0	0	**0**
Less NBV of property, plant and equipment and intangible assets disposed	(102)	(66)	(4)	**(172)**
Less capital grants received	(60)	0	0	**(60)**
Less donations received	(3)	(95)	(64)	**(162)**
Charge against Capital Resource Allocation	9,377	17,587	34,894	**61,858**
Capital Resource Allocation	9,385	17,592	34,902	**61,879**
(Over) / Underspend against Capital Resource Allocation	8	5	8	**21**

Cwm Taf LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2015-16 to 2017-18.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2017-18 to 2019-20 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2017-18 to 2019-20 in accordance with NHS Wales Planning Framework.

	2017-18 to 2019-20
The Cabinet Secretary for Health and Social Services approval status	Approved

The LHB has therefore met met its statutory duty to have an approved financial plan for the period 2017-18 to 2019-20.

The LHB Integrated Medium Term Plan was approved in 2016-17

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2017-18 Total £'000	2016-17 £'000
General Medical Services	48,327		**48,327**	46,280
Pharmaceutical Services	17,639	(3,127)	**14,512**	14,612
General Dental Services	16,214		**16,214**	15,358
General Ophthalmic Services	1,030	3,911	**4,941**	4,793
Other Primary Health Care expenditure	5,050		**5,050**	3,150
Prescribed drugs and appliances	55,809		**55,809**	55,540
Total	**144,069**	**784**	**144,853**	139,733

Included within Note 3.1 General Medical Services are staff costs of £6.748m (2016-17 £6.396m).

3.2 Expenditure on healthcare from other providers	**2017-18 £'000 CT activities**	**2017-18 £'000**	2016-17 £'000 CT activities	2016-17 £'000
Goods and services from other NHS Wales Health Boards	**29,549**	**387,186**	29,195	367,531
Goods and services from other NHS Wales Trusts	**10,932**	**190,023**	10,482	183,928
Goods and services from other non Welsh NHS bodies	**1,317**	**133,017**	1,797	125,082
Goods and services from WHSSC / EASC	**64,727**	**0**	62,361	0
Local Authorities	**2,749**	**2,749**	2,834	2,834
Voluntary organisations	**3,102**	**6,733**	3,133	7,564
NHS Funded Nursing Care	**5,400**	**5,400**	4,209	4,209
Continuing Care	**34,526**	**34,526**	30,488	30,465
Private providers	**3,426**	**24,159**	7,667	30,425
Specific projects funded by the Welsh Government	**0**	**0**	0	0
Other	**70**	**70**	68	68
Total	**155,798**	**783,863**	152,234	752,106

3.3 Expenditure on Hospital and Community Health Services

	2017-18 £'000 CT activities	2017-18 £'000	2016-17 £'000 CT activities	2016-17 £'000
Directors' costs	1,726	1,726	1,659	1,659
Staff costs	328,317	331,876	320,155	323,511
Supplies and services - clinical	53,359	53,359	50,766	50,766
Supplies and services - general	5,787	5,787	5,711	5,711
Consultancy Services	235	351	310	512
Establishment	6,418	6,590	6,722	6,974
Transport	808	808	704	704
Premises	15,305	15,583	14,422	14,702
External Contractors	3	3	53	53
Depreciation	14,934	14,934	15,157	15,157
Amortisation	486	486	457	457
Fixed asset impairments and reversals (Property, plant & equipment)	(2,811)	(2,811)	688	688
Fixed asset impairments and reversals (Intangible assets)	0	0	0	0
Impairments & reversals of financial assets	0	0	0	0
Impairments & reversals of non-current assets held for sale	0	0	0	0
Audit fees	355	404	361	410
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	2,070	2,102	1,877	1,877
Research and Development	0	0	0	0
Other operating expenses	509	509	805	804
Total	**427,501**	**431,707**	419,847	423,985

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

Increase/(decrease) in provision for future payments:	2017-18 £'000	2016-17 £'000
Clinical negligence	20,110	26,699
Personal injury	1,543	741
All other losses and special payments	202	310
Defence legal fees and other administrative costs	954	461
Gross increase/(decrease) in provision for future payments	**22,809**	**28,211**
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	254	(99)
Less: income received/due from Welsh Risk Pool	(20,961)	(26,235)
Total	**2,102**	**1,877**

Personal injury includes £53k (2016-17 £339k) in respect of permanent injury benefits.
Clinical Redress arising during the year was £213k (2016-17 £233k)

4. Miscellaneous Income

	2017-18 £'000 CT activities	2017-18 £'000	2016-17 £'000 CT activities	2016-17 £'000
Local Health Boards	**38,114**	**678,650**	38,579	650,393
WHSSC /EASC	**8,289**	**0**	7,775	0
NHS trusts	**5,363**	**5,381**	4,166	4,166
Other NHS England bodies	**604**	**604**	668	668
Foundation Trusts	**0**	**0**	0	0
Local authorities	**6,305**	**6,305**	5,467	5,467
Welsh Government	**543**	**543**	913	913
Non NHS:				
Prescription charge income	**0**	**0**	0	0
Dental fee income	**4,026**	**4,026**	3,807	3,807
Private patient income	**81**	**81**	124	124
Overseas patients (non-reciprocal)	**0**	**0**	0	0
Injury Costs Recovery (ICR) Scheme	**1,520**	**1,520**	1,674	1,676
Other income from activities	**545**	**551**	454	454
Patient transport services	**0**	**0**	0	0
Education, training and research	**9,834**	**9,834**	9,681	9,681
Charitable and other contributions to expenditure	**284**	**284**	324	324
Receipt of donated assets	**64**	**64**	95	95
Receipt of Government granted assets	**0**	**0**	0	0
Non-patient care income generation schemes	**499**	**499**	506	506
NWSSP	**0**	**0**	0	0
Deferred income released to revenue	**169**	**169**	50	50
Contingent rental income from finance leases	**0**	**0**	0	0
Rental income from operating leases	**0**	**0**	0	0
Other income:				
Provision of laundry, pathology, payroll services	**1,137**	**1,137**	1,023	1,023
Accommodation and catering charges	**2,764**	**2,764**	2,317	2,317
Mortuary fees	**310**	**310**	271	271
Staff payments for use of cars	**203**	**203**	266	266
Business Unit	**0**	**0**	0	0
Other	**2,198**	**2,198**	2,028	1,997
Total	**82,852**	**715,123**	80,188	684,198

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 22.84% re personal injury claims

5. Investment Revenue

	2017-18 £000	2016-17 £000
Rental revenue :		
PFI Finance lease income		
planned	**0**	0
contingent	**0**	0
Other finance lease revenue	**0**	0
Interest revenue :		
Bank accounts	**0**	0
Other loans and receivables	**4**	0
Impaired financial assets	**0**	0
Other financial assets	**0**	0
Total	**4**	0

6. Other gains and losses

	2017-18 £000	2016-17 £000
Gain/(loss) on disposal of property, plant and equipment	**40**	16
Gain/(loss) on disposal of intangible assets	**0**	0
Gain/(loss) on disposal of assets held for sale	**0**	10
Gain/(loss) on disposal of financial assets	**0**	0
Change on foreign exchange	**0**	0
Change in fair value of financial assets at fair value through SoCNE	**0**	0
Change in fair value of financial liabilities at fair value through SoCNE	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	0
Total	**40**	26

7. Finance costs

	2017-18 £000	2016-17 £000
Interest on loans and overdrafts	**0**	0
Interest on obligations under finance leases	**3**	4
Interest on obligations under PFI contracts		
main finance cost	**69**	69
contingent finance cost	**0**	0
Interest on late payment of commercial debt	**0**	0
Other interest expense	**0**	0
Total interest expense	**72**	73
Provisions unwinding of discount	**10**	56
Other finance costs	**0**	0
Total	**82**	129

8. Operating leases

LHB as lessee

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

Payments recognised as an expense	**2017-18**	2016-17
	£000	£000
Minimum lease payments	**2,163**	2,301
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**2,163**	2,301

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**2,184**	2,167
Between one and five years	**5,686**	6,010
After 5 years	**6,668**	7,702
Total	**14,538**	15,879

There are no future sublease payments expected to be received

LHB as lessor

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

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**0**	0
Between one and five years	**0**	0
After 5 years	**0**	0
Total	**0**	0

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	£000	£000	£000	£000	£000	£000
Salaries and wages	262,134	49	14,754	10,388	**287,325**	279,796
Social security costs	27,043	5	0	0	**27,048**	24,316
Employer contributions to NHS Pension Scheme	34,901	8	0	0	**34,909**	33,687
Other pension costs	19	0	0	0	**19**	13
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	0	0	0	0	**0**	0
Total	324,097	62	14,754	10,388	**349,301**	337,812
Charged to capital					**1,008**	684
Charged to revenue					**348,293**	337,128
					349,301	337,812
Net movement in accrued employee benefits (untaken staff leave accrual included above)					(76)	35

Following categories of costs are included within the 'Other' heading:

1) Medacs contracted staff.
2) IR35 applicable staff.
3) GP out of hours staff.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	Number	Number	Number		Number	Number
Administrative, clerical and board members	1,464	1	20	2	**1,487**	1,424
Medical and dental	650	0	60	78	**788**	741
Nursing, midwifery registered	2,309	0	69	0	**2,378**	2,413
Professional, Scientific, and technical staff	254	0	0	0	**254**	241
Additional Clinical Services	1,310	0	0	0	**1,310**	1,267
Allied Health Professions	417	0	29	0	**446**	438
Healthcare Scientists	157	0	8	0	**165**	158
Estates and Ancilliary	733	0	0	0	**733**	731
Students	2	0	0	0	**2**	3
Total	**7,296**	**1**	**186**	**80**	**7,563**	7,416

9.3. Retirements due to ill-health

During 2017-18 there were 18 early retirements from the LHB agreed on the grounds of ill-health (11 in 2016-17 - £520,417) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £1,068,008.

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2017-18 Number of compulsory redundancies	2017-18 Number of other departures	2017-18 Total number of exit packages	2017-18 Number of departures where special payments have been made	2016-17 Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	1
£10,000 to £25,000	0	2	2	0	3
£25,000 to £50,000	0	1	1	0	2
£50,000 to £100,000	0	0	0	0	2
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**3**	**3**	**0**	8

Exit packages cost band (including any special payment element)	2017-18 Cost of compulsory redundancies	2017-18 Cost of other departures	2017-18 Total cost of exit packages	2017-18 Cost of special element included in exit packages	2016-17 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	6,836
£10,000 to £25,000	0	37,289	37,289	0	61,380
£25,000 to £50,000	0	48,515	48,515	0	73,321
£50,000 to £100,000	0	0	0	0	115,027
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**85,804**	**85,804**	**0**	256,564

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

All 3 special payments are severance payments, the highest payment was £48,515, the lowest payment was £14,606 and the median value was for £ 22,683.

Two of the exit packages are in relation to Cwm Taf employees and one relates to WHSCC employee.

9.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB in the financial year 2017-18 was £175,000 - £180,000 (2016-17, £170,000 - £175,000). This was 6.4 times (2016-17, 6.4) the median remuneration of the workforce, which was £27,889 (2016-17, £27,172).

In 2017-18, 9 (2016-17, 5) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £177,001 to £253,000 (2016-17 £180,001 to £210,000).

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

9.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.
The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

c) National Employment Savings Trust (NEST)

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

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

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

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 2% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 1% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,876 and £45,000 for the 2017-18 tax year (2016-17 £5,824 and £43,000).

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

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

	2017-18	**2017-18**	2016-17	2016-17
NHS	**Number**	**£000**	Number	£000
Total bills paid	**6,312**	**715,706**	5,609	707,702
Total bills paid within target	**5,096**	**706,430**	3,844	687,205
Percentage of bills paid within target	**80.7%**	**98.7%**	68.5%	97.1%
Non-NHS				
Total bills paid	**136,835**	**290,997**	144,748	284,943
Total bills paid within target	**130,585**	**280,586**	129,445	260,126
Percentage of bills paid within target	**95.4%**	**96.4%**	89.4%	91.3%
Total				
Total bills paid	**143,147**	**1,006,703**	150,357	992,645
Total bills paid within target	**135,681**	**987,016**	133,289	947,331
Percentage of bills paid within target	**94.8%**	**98.0%**	88.6%	95.4%

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

	2017-18	2016-17
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2017	21,705	307,658	2,444	14,557	59,479	119	18,641	6,613	**431,216**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions									
- purchased	0	3,276	0	19,013	8,967	0	3,332	286	**34,874**
- donated	0	0	0	51	13	0	0	0	**64**
- government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	5,562	0	(6,332)	830	0	0	(60)	**0**
Revaluations	(39)	11,908	163	0	0	0	0	0	**12,032**
Reversal of impairments	61	6,859	24	0	0	0	0	0	**6,944**
Impairments	(681)	(3,452)	0	0	0	0	0	0	**(4,133)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(3,734)	0	(252)	0	**(3,986)**
At 31 March 2018	21,046	331,811	2,631	27,289	65,555	119	21,721	6,839	**477,011**
Depreciation at 1 April 2017	0	41,411	368	0	43,822	118	12,848	4,524	**103,091**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	41	0	0	(41)	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(3,730)	0	(252)	0	**(3,982)**
Provided during the year	0	8,386	79	0	4,224	0	1,774	471	**14,934**
At 31 March 2018	0	49,797	447	0	44,357	118	14,370	4,954	**114,043**
Net book value at 1 April 2017	21,705	266,247	2,076	14,557	15,657	1	5,793	2,089	**328,125**
Net book value at 31 March 2018	21,046	282,014	2,184	27,289	21,198	1	7,351	1,885	**362,968**
Net book value at 31 March 2018 comprises :									
Purchased	20,181	280,297	2,184	27,143	21,138	1	7,309	1,866	**360,119**
Donated	865	1,717	0	146	54	0	7	17	**2,806**
Government Granted	0	0	0	0	6	0	35	2	**43**
At 31 March 2018	21,046	282,014	2,184	27,289	21,198	1	7,351	1,885	**362,968**
Asset financing :									
Owned	20,811	280,082	954	27,289	21,195	1	7,351	1,885	**359,568**
Held on finance lease	0	488	0	0	3	0	0	0	**491**
On-SoFP PFI contracts	235	1,444	1,230	0	0	0	0	0	**2,909**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	21,046	282,014	2,184	27,289	21,198	1	7,351	1,885	**362,968**

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

	£000
Freehold	**304,758**
Long Leasehold	**0**
Short Leasehold	**487**
	305,245

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institutie of Chartered Surveyors Valuation Standards, 6th Edition . LHB s are required to apply the revaluation model set ou t in IAS 16 and value its capital assets to fair vvalue. Fair value is defined by IAS 16 as the amount for whih as asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2016	20,914	305,949	2,444	8,202	56,289	119	16,853	6,495	**417,265**
Indexation	127	0	0	0	0	0	0	0	**127**
Additions									
- purchased	0	3,516	0	5,883	5,514	0	2,447	118	**17,478**
- donated	0	0	0	95	0	0	0	0	**95**
- government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	(377)	0	377	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	677	0	0	0	0	0	0	0	**677**
Impairments	(13)	(1,430)	0	0	(96)	0	0	0	**(1,539)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(2,228)	0	(659)	0	**(2,887)**
At 31 March 2017	21,705	307,658	2,444	14,557	59,479	119	18,641	6,613	**431,216**
Depreciation at 1 April 2016	0	32,814	294	0	42,618	118	11,184	3,966	**90,994**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(96)	0	0	(78)	0	0	0	**(174)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(2,227)	0	(659)	0	**(2,886)**
Provided during the year	0	8,693	74	0	3,509	0	2,323	558	**15,157**
At 31 March 2017	0	41,411	368	0	43,822	118	12,848	4,524	**103,091**
Net book value at 1 April 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	**326,271**
Net book value at 31 March 2017	21,705	266,247	2,076	14,557	15,657	1	5,793	2,089	**328,125**
Net book value at 31 March 2017 comprises :									
Purchased	21,116	264,684	2,076	14,462	15,563	1	5,736	2,059	**325,697**
Donated	589	1,563	0	95	81	0	10	27	**2,365**
Government Granted	0	0	0	0	13	0	47	3	**63**
At 31 March 2017	21,705	266,247	2,076	14,557	15,657	1	5,793	2,089	**328,125**
Asset financing :									
Owned	21,451	264,386	820	14,557	15,653	1	5,793	2,089	**324,750**
Held on finance lease	0	500	0	0	4	0	0	0	**504**
On-SoFP PFI contracts	254	1,361	1,256	0	0	0	0	0	**2,871**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2017	21,705	266,247	2,076	14,557	15,657	1	5,793	2,089	**328,125**

The net book value of land, buildings and dwellings at 31 March 2017 comprises :

	£000
Freehold	**289,528**
Long Leasehold	**0**
Short Leasehold	**500**
	290,028

11. Property, plant and equipment (continued)

1) Assets totalling £63,852 were purchased with donated funds:

	£'000
Fees - Macmillan Palliative Care unit	51
Cardiovascular Equipment	6
Bladder Scanner	7

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

The last valuation was carried out as at 1st April 2017.

The valuation was carried out by the Valuation Office Agency

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

3) During 2017/18 the following impairments arose as a result of bringing assets into use:

	£'000
Diagnostic Hub	2084
Aberdare HC	103
Dewi Sant Health Park	1091
PCH Helipad	15
Williamstown Medical Records Hub	1
Total Impairments	3294

4) IFRS 13 Fair value measurement

No assets currently meet the criteria for valuation under IFRS13

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2017	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2018	0	0	0	0	0	**0**
Balance brought forward 1 April 2016	13	52	0	0	0	**65**
Plus assets classified as held for sale in the year	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(13)	(52)	0	0	0	**(65)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2017	0	0	0	0	0	**0**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	443	0	2,161	0	0	0	**2,604**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**24**	**0**	**0**	**0**	**0**	**0**	**24**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- government granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**(9)**	**0**	**0**	**0**	**0**	**0**	**(9)**
Gross cost at 31 March 2018	**458**	**0**	**2,161**	**0**	**0**	**0**	**2,619**
Amortisation at 1 April 2017	329	0	752	0	0	0	**1,081**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provided during the year	**65**	**0**	**421**	**0**	**0**	**0**	**486**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**(9)**	**0**	**0**	**0**	**0**	**0**	**(9)**
Amortisation at 31 March 2018	**385**	**0**	**1,173**	**0**	**0**	**0**	**1,558**
Net book value at 1 April 2017	**114**	**0**	**1,409**	**0**	**0**	**0**	**1,523**
Net book value at 31 March 2018	**73**	**0**	**988**	**0**	**0**	**0**	**1,061**
At 31 March 2018							
Purchased	**50**	**0**	**988**	**0**	**0**	**0**	**1,038**
Donated	**23**	**0**	**0**	**0**	**0**	**0**	**23**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2018	**73**	**0**	**988**	**0**	**0**	**0**	**1,061**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2016	327	0	2,101	0	0	51	**2,479**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	**0**
Additions- purchased	116	0	60	0	0	0	**176**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	0	0	0	0	0	0	**0**
Additions- government granted	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	(51)	**(51)**
Disposals	0	0	0	0	0	0	**0**
Gross cost at 31 March 2017	**443**	**0**	**2,161**	**0**	**0**	**0**	**2,604**
Amortisation at 1 April 2016	264	0	360	0	0	0	**624**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	**0**
Provided during the year	65	0	392	0	0	0	**457**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Amortisation at 31 March 2017	**329**	**0**	**752**	**0**	**0**	**0**	**1,081**
Net book value at 1 April 2016	**63**	**0**	**1,741**	**0**	**0**	**51**	**1,855**
Net book value at 31 March 2017	**114**	**0**	**1,409**	**0**	**0**	**0**	**1,523**
At 31 March 2017							
Purchased	84	0	1,409	0	0	0	**1,493**
Donated	30	0	0	0	0	0	**30**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2017	**114**	**0**	**1,409**	**0**	**0**	**0**	**1,523**

Additional disclosures re Intangible Assets

In year, £0.024m of intangible assets were acquired relating to software

Software and licences are allocated a useful life of five years

	A	B	C	E	G	I
1	**CWM TAF LOCAL HEALTH BOARD ANNUAL ACCOUNTS 2017-18**					
2						
3						
4	**13 . Impairments**					
5			**2017-18**		2016-17	
6			**Property, plant**	**Intangible**	Property, plant	Intangible
7			**& equipment**	**assets**	& equipment	assets
8			**£000**	**£000**	£000	£000
9						
10	Impairments arising from :					
11	Loss or damage from normal operations		**0**	0	**0**	0
12	Abandonment in the course of construction		**0**	0	**0**	0
13	Over specification of assets (Gold Plating)		**0**	0	**0**	0
14	Loss as a result of a catastrophe		**0**	0	**0**	0
15	Unforeseen obsolescence		**0**	0	**0**	0
16	Changes in market price		**1,116**	0	**0**	0
17	Others (specify)		**3,294**	0	**688**	0
18	Reversal of Impairments		**(6,944)**	0	**0**	0
19	**Total of all impairments**		**(2,534)**	0	**688**	0
20						
21	**Analysis of impairments charged to reserves in year :**					
22						
23	Charged to the Statement of Comprehensive Net Expenditure		**(2,811)**	0	**688**	0
24	Charged to Revaluation Reserve		**277**	0	**0**	0
25			**(2,534)**	0	**688**	0
26						
27						
28						
29						
30						
31						
32	The following impairment losses were incurred for assets brought into use during the year:					
33		£'000				
34	Diagnostic Hub	2,084				
35	Aberdare HC	103				
36	Dewi Sant Health Park	1,091				
37	PCH Helipad	15				
38	Williamstown Medical Records Hub	1				
39						
40						

14.1 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	1,705	1,459
Consumables	2,594	2,504
Energy	73	44
Work in progress	0	0
Other	0	0
Total	**4,372**	4,007
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2018 £000	31 March 2017 £000
Inventories recognised as an expense in the period	58	55
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	**58**	**55**

15. Trade and other Receivables

Current	**31 March 2018 £000 CT activities**	**31 March 2018 £000**	31 March 2017 £000 CT activities	31 March 2017 £000
Welsh Government	**627**	**627**	135	135
WHSSC / EASC	**1,125**	**0**	38	0
Welsh Health Boards	**2,948**	**13,938**	4,724	9,404
Welsh NHS Trusts	**1,871**	**1,892**	449	471
Non - Welsh Trusts	**20**	**707**	3	1,198
Other NHS	**153**	**153**	117	117
Welsh Risk Pool	**39,448**	**39,448**	42,340	42,340
Local Authorities	**3,523**	**3,523**	2,719	2,719
Capital debtors	**0**	**0**	0	0
Other debtors	**6,628**	**6,633**	5,943	5,957
Provision for irrecoverable debts	**(2,494)**	**(2,494)**	(2,211)	(2,211)
Pension Prepayments	**0**	**0**	0	0
Other prepayments	**2,826**	**2,887**	3,125	3,153
Other accrued income	**658**	**658**	695	695
Sub total	**57,333**	**67,972**	58,077	63,978
Non-current				
Welsh Government	**0**	**0**	0	0
WHSSC / EASC	**0**	**0**	0	0
Welsh Health Boards	**0**	**0**	0	0
Welsh NHS Trusts	**0**	**0**	0	0
Non - Welsh Trusts	**0**	**0**	0	0
Other NHS	**0**	**0**	0	0
Welsh Risk Pool	**47,956**	**47,956**	33,184	33,184
Local Authorities	**0**	**0**	0	0
Capital debtors	**0**	**0**	0	0
Other debtors	**0**	**0**	0	0
Provision for irrecoverable debts	**0**	**0**	0	0
Pension Prepayments	**0**	**0**	0	0
Other prepayments	**131**	**131**	145	145
Other accrued income	**0**	**0**	0	0
Sub total	**48,087**	**48,087**	33,329	33,329
Total	**105,420**	**116,059**	91,406	97,307
Receivables past their due date but not impaired				
By up to three months	**1,111**	**1,201**	919	1,039
By three to six months	**288**	**288**	78	79
By more than six months	**73**	**73**	218	221
	1,472	**1,562**	1,215	1,339

Provision for impairment of receivables				
Balance at 1 April	**(2,211)**	**(2,211)**	**(2,179)**	**(2,179)**
Transfer to other NHS Wales body	**0**	**0**	**0**	**0**
Amount written off during the year	**1**	**1**	**4**	**4**
Amount recovered during the year	**146**	**146**	**171**	**171**
(Increase) / decrease in receivables impaired	**(430)**	**(430)**	**(207)**	**(207)**
Bad debts recovered during year	**0**	**0**	**0**	**0**
Balance at 31 March	**(2,494)**	**(2,494)**	(2,211)	(2,211)

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

Receivables VAT				
Trade receivables	**0**	**0**	0	0
Other	**1,093**	**1,093**	702	702
Total	**1,093**	**1,093**	702	702

16. Other Financial Assets

	Current		Non-current	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	£000	£000	**£000**	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**0**	0	**0**	0
Derivatives	**0**	0	**0**	0
Other (Specify)				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**22**	101	**0**	0
Available for sale at FV	**0**	0	**0**	0
Total	**22**	**101**	**0**	**0**

17. Cash and cash equivalents

	2017-18	**2017-18**	2016-17	2016-17
	£000	**£000**	£000	£000
	CT activities		CT activities	
Balance at 1 April	**421**	**4,568**	261	1,162
Net change in cash and cash equivalent balances	**(710)**	**6,717**	160	3,406
Balance at 31 March	**(289)**	**11,285**	421	4,568
Made up of:				
Cash held at GBS	**0**	**11,574**	366	4,513
Commercial banks	**29**	**29**	36	36
Cash in hand	**17**	**17**	19	19
Current Investments	**0**	**0**	0	0
Cash and cash equivalents as in Statement of Financial Position	**46**	**11,620**	421	4,568
Bank overdraft - GBS	**(335)**	**(335)**	0	0
Bank overdraft - Commercial banks	**0**	**0**	0	0
Cash and cash equivalents as in Statement of Cash Flows	**(289)**	**11,285**	421	4,568

18. Trade and other payables

Current	**31 March 2018 £000 CT activities**	**31 March 2018 £000**	31 March 2017 £000 CT activities	31 March 2017 £000
Welsh Government	**0**	**0**	1	2
WHSSC / EASC	**405**	**0**	628	0
Welsh Health Boards	**2,212**	**10,737**	1,899	8,403
Welsh NHS Trusts	**1,202**	**1,727**	1,317	2,154
Other NHS	**1,640**	**23,584**	2,169	14,058
Taxation and social security payable / refunds	**0**	**42**	0	38
Refunds of taxation by HMRC	**0**	**0**	0	0
VAT payable to HMRC	**48**	**48**	0	0
Other taxes payable to HMRC	**2,447**	**2,447**	2,945	2,945
NI contributions payable to HMRC	**53**	**54**	75	75
Non-NHS creditors	**4,788**	**5,044**	2,877	4,035
Local Authorities	**6,364**	**6,364**	5,535	5,535
Capital Creditors	**3,658**	**3,658**	1,543	1,543
Overdraft	**0**	**0**	0	0
Rentals due under operating leases	**0**	**0**	0	0
Obligations under finance leases, HP contracts	**27**	**27**	28	28
Imputed finance lease element of on SoFP PFI contracts	**165**	**165**	143	143
Pensions: staff	**4,983**	**4,983**	4,706	4,706
Accruals	**38,907**	**41,906**	38,138	40,133
Deferred Income:				
Deferred Income brought forward	**338**	**338**	200	200
Deferred Income Additions	**253**	**253**	188	188
Transfer to / from current/non current deferred income	**0**	**0**	0	0
Released to SoCNE	**(169)**	**(169)**	(50)	(50)
Other creditors	**8,368**	**8,368**	6,688	6,688
PFI assets –deferred credits	**0**	**0**	0	0
Payments on account	**0**	**6**	0	0
Total	**75,689**	**109,582**	69,030	90,824
Non-current				
Welsh Government	**0**	**0**	0	0
WHSSC / EASC	**0**	**0**	0	0
Welsh Health Boards	**0**	**0**	0	0
Welsh NHS Trusts	**0**	**0**	0	0
Other NHS	**0**	**0**	0	0
Taxation and social security payable / refunds	**0**	**0**	0	0
Refunds of taxation by HMRC	**0**	**0**	0	0
VAT payable to HMRC	**0**	**0**	0	0
Other taxes payable to HMRC	**0**	**0**	0	0
NI contributions payable to HMRC	**0**	**0**	0	0
Non-NHS creditors	**0**	**0**	0	0
Local Authorities	**0**	**0**	0	0
Capital Creditors	**0**	**0**	0	0
Overdraft	**0**	**0**	0	0
Rentals due under operating leases	**0**	**0**	0	0
Obligations under finance leases, HP contracts	**7**	**7**	35	35
Imputed finance lease element of on SoFP PFI contracts	**1,614**	**1,614**	1,763	1,763
Pensions: staff	**0**	**0**	0	0
Accruals	**0**	**0**	0	0
Deferred Income :				
Deferred Income brought forward	**0**	**0**	0	0
Deferred Income Additions	**0**	**0**	0	0
Transfer to / from current/non current deferred income	**0**	**0**	0	0
Released to SoCNE	**0**	**0**	0	0
Other creditors	**0**	**0**	0	0
PFI assets –deferred credits	**0**	**0**	0	0
Payments on account	**0**	**0**	0	0
Total	**1,621**	**1,621**	1,798	1,798

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

19. Other financial liabilities

	Current		Non-current	
Financial liabilities	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
	£000	£000	**£000**	£000
Financial Guarantees:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Derivatives at fair value through SoCNE	**0**	0	**0**	0
Other:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Total	**0**	0	**0**	0

20. Provisions

	At 1 April 2017	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**32,516**	(4,858)	0	256	17,711	(7,865)	(8,823)	0	**28,937**
Personal injury	**764**	0	(54)	166	1,909	(742)	(366)	0	**1,677**
All other losses and special payments	**0**	0	0	0	203	(202)	(1)	0	**0**
Defence legal fees and other administration	**2,365**	0	0	(377)	1,608	(829)	(938)		**1,829**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**172**			124	41	(213)	25	0	**149**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**1,625**		0	0	928	(250)	0		**2,303**
Total	**37,442**	**(4,858)**	**(54)**	169	22,400	(10,101)	(10,103)	**0**	**34,895**
Non Current									
Clinical negligence	**33,248**	0	0	(256)	16,080	(1,625)	0	0	**47,447**
Personal injury	**3,200**	0	0	(166)	0	0	0	8	**3,042**
All other losses and special payments	**0**	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	**320**	0	0	377	310	(33)	(26)		**948**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**482**			(124)	0	0	0	2	**360**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**1,087**		0	0	1,632	0	(683)		**2,036**
Total	**38,337**	**0**	**0**	**(169)**	**18,022**	**(1,658)**	**(709)**	**10**	**53,833**
TOTAL									
Clinical negligence	**65,764**	**(4,858)**	**0**	**0**	**33,791**	**(9,490)**	**(8,823)**	**0**	**76,384**
Personal injury	**3,964**	**0**	**(54)**	**0**	**1,909**	**(742)**	**(366)**	**8**	**4,719**
All other losses and special payments	**0**	**0**	**0**	**0**	**203**	**(202)**	**(1)**	**0**	**0**
Defence legal fees and other administration	**2,685**	**0**	**0**	**0**	**1,918**	**(862)**	**(964)**	**0**	**2,777**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**654**			**0**	**41**	**(213)**	**25**	**2**	**509**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**2,712**		**0**	**0**	**2,560**	**(250)**	**(683)**	**0**	**4,339**
Total	**75,779**	**(4,858)**	**(54)**	**0**	**40,422**	**(11,759)**	**(10,812)**	**10**	**88,728**

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 31 March 2023	Thereafter	Total
				£000
Clinical negligence	28,937	47,447	0	**76,384**
Personal injury	1,677	834	2,208	**4,719**
All other losses and special payments	0	0	0	**0**
Defence legal fees and other administration	1,829	948	0	**2,777**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	149	340	20	**509**
Restructuring	0	0	0	**0**
Other	2,303	2,036	0	**4,339**
Total	**34,895**	**51,605**	**2,228**	**88,728**

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

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

The provision for Permanent Injury Benefit is supplied by NHS Pensions Agency.

Other provisions include £3,185k for Continuing Healthcare Claims (2016-17: £1,630k).

The Health Board estimates that it will receive £78,478k from the Welsh Risk Pool in respect of losses and special payments c ases (including Clinical Negligence and Personal Injury). In addition to the provisions shown above, contingent liabilities are given in Note 21.1 Contingent Liabilities.

20. Provisions (continued)

	At 1 April 2016	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2017
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	46,880	0	(1,306)	(26,799)	31,146	(7,285)	(10,120)	0	**32,516**
Personal injury	765	0	(54)	216	743	(565)	(341)	0	**764**
All other losses and special payments	0	0	0	0	310	(310)	0	0	**0**
Defence legal fees and other administration	2,518	0	0	284	2,433	(691)	(2,179)		**2,365**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	226			138	48	(219)	(21)	0	**172**
Restructuring	0			0	0	0	0	0	**0**
Other	4,431		(466)	543	259	(1,275)	(1,867)		**1,625**
Total	**54,820**	**0**	**(1,826)**	**(25,618)**	**34,939**	**(10,345)**	**(14,528)**	**0**	**37,442**
Non Current									
Clinical negligence	780	0	0	26,799	5,673	(4)	0	0	**33,248**
Personal injury	3,032	0	0	(216)	339	0	0	45	**3,200**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	404	0	0	(284)	265	(7)	(58)		**320**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	603			(138)	6	0	0	11	**482**
Restructuring	0			0	0	0	0	0	**0**
Other	2,416		0	(543)	0	0	(786)		**1,087**
Total	**7,235**	**0**	**0**	**25,618**	**6,283**	**(11)**	**(844)**	**56**	**38,337**
TOTAL									
Clinical negligence	47,660	0	(1,306)	0	36,819	(7,289)	(10,120)	0	**65,764**
Personal injury	3,797	0	(54)	0	1,082	(565)	(341)	45	**3,964**
All other losses and special payments	0	0	0	0	310	(310)	0	0	**0**
Defence legal fees and other administration	2,922	0	0	0	2,698	(698)	(2,237)		**2,685**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	829			0	54	(219)	(21)	11	**654**
Restructuring	0			0	0	0	0	0	**0**
Other	6,847		(466)	0	259	(1,275)	(2,653)		**2,712**
Total	**62,055**	**0**	**(1,826)**	**0**	**41,222**	**(10,356)**	**(15,372)**	**56**	**75,779**

21. Contingencies

21.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2017-18 £'000**	2016-17 £'000
Legal claims for alleged medical or employer negligence	**148,659**	189,404
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**2,116**	3,120
Continuing Health Care costs	**4,811**	2,050
Other	**0**	0
Total value of disputed claims	**155,586**	194,574
Amounts recovered in the event of claims being successful	**147,868**	187,469
Net contingent liability	**7,718**	7,105

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims ca nnot be determined and no provision has been made for them.

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

Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. The 31 st July 2014 deadline for the submission of any claims for continuing healthcare costs dating back to 1 st April 2003 resulted in a large increase in the number of claims which have been recognised in the 2017/18 provision assessment.

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

Note 20 sets out the £3.185m provision made for probable continuing care costs relating to 132 claims received;

Note 21.1 sets out the £4.811m contingent liability for possible continuing care costs relating to 126 claims received.

21.2 Remote Contingent liabilities

	2017-18 £'000	2016-17 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	**0**	0
Indemnities	**1,050**	1,525
Letters of Comfort	**0**	0
Total	**1,050**	**1,525**

21.3 Contingent assets

	2017-18 £'000	2016-17 £'000
	0	0
	0	0
	0	0
Total	**0**	0

22. Capital commitments

Contracted capital commitments at 31 March	2017-18 £'000	2016-17 £'000
Property, plant and equipment	**8,461**	10,470
Intangible assets	**0**	0
Total	**8,461**	10,470

23. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2018		Approved to write-off to 31 March 2018	
	Number	£	Number	£
Clinical negligence	116	9,527,427	62	7,556,056
Personal injury	47	800,933	31	1,060,043
All other losses and special payments	226	179,392	225	200,458
Total	389	10,507,752	318	8,816,557

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

Cases exceeding £300,000	Case type	**Amounts paid out in year** £	**Cumulative amount** £	**Approved to write-off in year** £
03RRSPI0020	Personal Injury	44,961	635,433	0
05RRSMN0039	Clinical Negligence	225,000	680,800	0
06RVEMN0019	Clinical Negligence	62,500	872,500	872,500
07RRSMN0006	Clinical Negligence	1,294,130	3,024,130	0
08RVEMN0013	Clinical Negligence	0	900,000	0
09RVEMN0017	Clinical Negligence	0	944,619	0
10RYLMN0030	Clinical Negligence	0	3,193,767	0
10RYLMN0092	Clinical Negligence	28,000	343,000	0
11RYLMN0041	Clinical Negligence	0	803,000	803,000
12RYLMN0002	Clinical Negligence	0	1,001,950	1,001,950
12RYLMN0004	Clinical Negligence	580,000	1,420,000	0
12RYLMN0031	Clinical Negligence	42,500	742,500	0
12RYLMN0052	Clinical Negligence	0	427,594	427,594
12RYLMN0065	Clinical Negligence	0	303,500	303,500
12RYLMN0075	Clinical Negligence	228,987	541,511	0
12RYLMN0100	Clinical Negligence	0	328,860	0
13RYLMN0080	Clinical Negligence	190,000	502,190	0
13RYLMN0131	Clinical Negligence	800,000	800,000	0
13RYLPI0024	Personal Injury	0	353,129	353,129
14RYLMN0010	Clinical Negligence	313,656	313,656	0
14RYLMN0133	Clinical Negligence	87,000	786,646	0
14RYLMN0200	Clinical Negligence	75,000	1,025,880	0
15RYLMN0010	Clinical Negligence	1,776,247	1,907,205	0
15RYLMN0025	Clinical Negligence	0	638,650	638,650
16RYLMN0170	Clinical Negligence	307,950	307,950	0
97RVEMN0001	Clinical Negligence	0	1,122,000	1,122,000
Sub-total		**6,055,931**	**23,920,470**	**5,522,323**
All other cases		4,451,821	10,223,844	3,294,234
Total cases		**10,507,752**	**34,144,314**	**8,816,557**

24. Finance leases

24.1 Finance leases obligations (as lessee)

The Buildings finance lease reported on page 52 includes building improvements to the Dental Teaching Unit. There are no other significant leasing arrangements which require further disclosure.

Amounts payable under finance leases:

Land	**31 March 2018 £000**	31 March 2017 £000
Minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	**31 March 2018**	31 March 2017
Minimum lease payments	**£000**	£000
Within one year	**27**	28
Between one and five years	**4**	31
After five years	**0**	0
Less finance charges allocated to future periods	**(1)**	(3)
Minimum lease payments	**30**	56
Included in:		
Current borrowings	**26**	26
Non-current borrowings	**4**	30
	30	56
Present value of minimum lease payments		
Within one year	**26**	26
Between one and five years	**4**	30
After five years	**0**	0
Present value of minimum lease payments	**30**	56
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

Other	**31 March 2018**	31 March 2017
Minimum lease payments	**£000**	£000
Within one year	**2**	2
Between one and five years	**3**	5
After five years	**0**	0
Less finance charges allocated to future periods	**(1)**	0
Minimum lease payments	**4**	7
Included in:		
Current borrowings	**1**	2
Non-current borrowings	**3**	5
	4	7
Present value of minimum lease payments		
Within one year	**1**	2
Between one and five years	**3**	5
After five years	**0**	0
Present value of minimum lease payments	**4**	7
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2018	31 March 2017
Gross Investment in leases	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Local Health Board has no PFI Schemes off-statement of financial position

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts 31 March 2018 £000	Off-SoFP PFI contracts 31 March 2017 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	£000
Staff Residences - Royal Glamorgan Hospital	1,465
Contract start date:	09/10/1998
Contract end date:	21/09/2028

Scheme Description

The staff residences scheme covers the design, build, financing and operation of staff accommodation on the Royal Glamorgan Hospital site.

The Health Board entered into a project agreement with Charter Housing Association on the 9th October 1998.

	£000
Combined Heat and Power Plant-Prince Charles Hospital	1,444
Contract start date:	01/04/2004
Contract end date:	31/03/2029

The contract is for the installation, operation, maintenance and ownership of a Combined Heat and Power plant and the complete management and operation of a central boiler plant installation, light fittings and building management system on the Prince Charles Hospital site. The contract includes performance guarantees for the supply of hot water and electricity. The charging structure requires the Health Board to pay for the heat (in the form of hot water) created from the electricity generated by the Combined Heat and Power plant being supplied free of charge to the Health Board.

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

	On SoFP PFI Capital element 31 March 2018 £000	On SoFP PFI Imputed interest 31 March 2018 £000	On SoFP PFI Service charges 31 March 2018 £000
Total payments due within one year	165	52	391
Total payments due between 1 and 5 years	639	155	1,563
Total payments due thereafter	975	71	2,149
Total future payments in relation to PFI contracts	1,779	278	4,103

	On SoFP PFI Capital element 31 March 2017 £000	On SoFP PFI Imputed interest 31 March 2017 £000	On SoFP PFI Service charges 31 March 2017 £000
Total payments due within one year	143	58	382
Total payments due between 1 and 5 years	618	177	1,528
Total payments due thereafter	1,145	102	2,594
Total future payments in relation to PFI contracts	1,906	337	4,504
Total present value of obligations for on-SoFP PFI contracts	0		

25.3 Charges to expenditure	2017-18	2016-17
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	391	438
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	391	438

The LHB is committed to the following annual charges

	31 March 2018	31 March 2017
PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	388	382
Total	388	382

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

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	2	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

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

PFI Contract	
Staff residences, Royal Glamorgan Hospital	On
Combined heat and power plant, Prince Charles Hospital	On

25.5 The LHB has no Public Private Partnerships

26. Financial risk management

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

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

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

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

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

27. Movements in working capital

	2017-18 £000 CT activities	2017-18 £000	2016-17 £000 CT activities	2016-17 £000
(Increase)/decrease in inventories	**(365)**	**(365)**	(98)	(98)
(Increase)/decrease in trade and other receivables - non-current	**(14,758)**	**(14,758)**	(32,376)	(32,376)
(Increase)/decrease in trade and other receivables - current	**744**	**(3,994)**	11,175	19,669
Increase/(decrease) in trade and other payables - non-current	**(177)**	**(177)**	(165)	(165)
Increase/(decrease) in trade and other payables - current	**6,659**	**18,758**	(8,041)	(13,385)
Total	**(7,897)**	**(536)**	(29,505)	(26,355)
Adjustment for accrual movements in fixed assets - creditors	**(2,115)**	**(2,115)**	882	882
Adjustment for accrual movements in fixed assets - debtors	**0**	**0**	0	0
Other adjustments	**156**	**156**	155	155
	(9,856)	**(2,495)**	(28,468)	(25,318)

28. Other cash flow adjustments

	2017-18 £000 CT activities	2017-18 £000	2016-17 £000 CT activities	2016-17 £000
Depreciation	**14,934**	**14,934**	15,157	15,157
Amortisation	**486**	**486**	457	457
(Gains)/Loss on Disposal	**(40)**	**(40)**	(26)	(26)
Impairments and reversals	**(2,811)**	**(2,811)**	688	688
Release of PFI deferred credits	**0**	**0**	0	0
Donated assets received credited to revenue but non-cash	**(64)**	**(64)**	(95)	(95)
Government Grant assets received credited to revenue but non-cash	**0**	**0**	0	0
Non-cash movements in provisions	**24,665**	**24,759**	24,943	25,039
Total	**37,170**	**37,264**	41,124	41,220

29. Third Party assets

The LHB held £16,425 cash at bank and in hand at 31 March 2018 (31 March 2017, £7,696) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £nil at 31 March 2018 (31 March 2017, £nil). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

30. Events after the Reporting Period

None

31. Related Party Transactions

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

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

	2017-18 Payments to related party £000	2017-18 Receipts from related party £000	2017-18 Amounts owed to related party £000	2017-18 Amounts due from related party £000
Welsh Assembly Government	7	670,590	0	627
WHSSC (see below)	64,727	8,338	405	1,125
NHS Trusts				
Public Health Wales	536	2,595	124	534
Velindre	16,798	4,328	1,077	1,327
Welsh Ambulance Services	1,301	53	1	10
Local Health Boards				
ABMU	5,523	7,334	356	1,418
Aneurin Bevan	1,142	21,060	259	701
Betsi Cadwaladwr	128	67	58	33
Cardiff & Vale	23,786	8,379	1,406	582
Hywel Dda	497	432	42	60
Powys	284	2,065	91	154
TOTAL	114,729	725,241	3,819	6,571

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

Rhondda Cynon Taf County Borough Council	9,020	5,768	4,880	3,129
Merthyr Tydfil County Borough Council	587	975	1,478	257

The LHB has also received revenue payments from Cwm Taf NHS Charitable Funds totalling £0.235m (£0.217m in 2016-17) and capital contributions totalling £0.013m (NIL in 2016-17). The Trustees for which are also members of the Board.

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

Name	Details	Interests
Mrs Allison Williams	Chief Executive	Spouse is employee of Welsh Ambulance Services Trust
Mr Steven Webster	Deputy Chief Executive	Consultancy work for Portsmouth NHS Trust
Mr Robert Williams	Board Secretary	Spouse is employee of Cwm Taf University Local Health Board
Professor Donna Mead	Vice Chair	Honorary Chair of Cardiff University
		Trustee of St John Cymru
		Elected Member Royal College of Nursing Welsh Board
Mrs Maria Thomas	Vice Chair	Trustee on Voluntary Action Merthyr Tydfil Board
		Macmillan Cancer Support Merthyr Tydfil
		Board Member for Cancer Aid Dowlais
		Member of Order of St Johns
		Board Member for Safer Merthyr Tydfil
Dr Kelechi Nnoaham	Director of Public Health	Spouse is employee of Cwm Taf University Local Health Board
		Governor on Cardiff Metropolitan University Board
Cllr Clive Jones	Independent Member	Councillor of Merthyr Tydfil County Borough Council
		Member of Merthyr Tydfil & the Valley's Mind
		Crossroads for Carers, Cwm Taf
Mr John Hill-Tout	Independent Member	Director Dragon Savers Credit Union
Cllr Keiron Montague	Independent Member	Councillor of Rhondda Cynon Taff County Borough Council
		Member of Merthyr Tydfil & the Valley's Mind
Cllr Robert Smith	Independent Member	Councillor of Rhondda Cynon Taff County Borough Council
		Retired Member of Unison
Mrs Jayne Sadgrove	Independent member	Member of Cardiff University
Mr Mel Jehu	Independent Member	Trustee on Cancer Aid Merthyr Tydfil
		Chair Rhondda Cynon Taff County Borough Council Standards Committee
		Trustee on the Board of Safer Merthyr Tydfil
Dr Christopher Turner	Independent Member	Senior Professional Fellow (Honary) Cardiff University
		Independent Governor Cardiff Metropolitan University
Mrs Gaynor Jones	Independent Member	Elected to Royal College of Nursing Council
		Chair Royal College of Nursing Welsh Board
		Member of Royal College of Nursing Committee
Mrs Clare Llewellyn	Associate Board Member	Spouse is employee of Abertawe Bro Morganwg Health Board
		Associate Member Agored Cymru

Total value of transactions with these related parties:

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Agored Cymru	2	0	0	0
Cancer Aid Merthyr Tydfil	25	0	5	0
Cardiff Metropolitan University	25	6	6	2
Cardiff University	381	467	154	106
Crossroads for Carers, Cwm taf	51	0	0	0
Dragon Savers Credit Union	11	0	0	0
Macmillan Cancer Support Merthyr Tydfil	0	0	0	0
Merthyr and Valleys MIND	313	0	0	0

31. Related Party Transactions(cont.)

Welsh Health Specialised Services and Emergency Ambulance Services

WHSSC and EASC are sub-committees of each of the 7 Local Health Boards in Wales. Therefore, any related transactions would form part of each LHB's statutory financial statements.
Whilst the committees have executive teams these are not executive directors and they are employed by Cwm Taf UHB as the host organisation.
During 2017/2018, the Joint Committees adopted a risk sharing approach which is applied to all financial transactions.
In accordance with the Standing Orders, the Joint Committees must agree a total budget to plan and secure the relevant services delegated to them. The Joint Committees must also agree the appropriate contribution of funding required from each LHB.

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

The risk sharing income received from each LHB during 2017/2018 as per Note 4,
Expenditure incurred by WHSSC and EASC with providers of tertiary and specialist services is as follows as per Note 3.2 and analysed in the Segmental Analysis in Note 33.

	Income (Note 4) £000's	Expenditure (Note 3.2) £000's	Debtor (Note 15) £000's	Creditor (Note 18) £000's
Cardiff and Vale LHB	119,511	204,316	4,030	5,010
Aneurin Bevan LHB	132,044	9,141	3,386	310
Betsi Cadwalladr LHB	158,449	39,401	2,363	762
Abertawe Bro Morgannwg LHB	118,574	102,550	925	1,675
Cwm Taf UHB	64,645	7,917	405	1,125
Hywel Dda LHB	79,409	2,071	133	450
Powys Teaching HB	32,549	158	153	318
Public Health Wales NHS Trust		9	21	
Velindre NHS Trust	18	39,168		514
Welsh Ambulance Services NHS Trust		139,914		11
	705,199	**544,645**	**11,416**	**10,175**

Members of the Joint Committees for 2017/2018

LHB Chief Executives have voting rights on the committee while Trust Chief Executives are associate members only
During 2017/2018 WHSSC and EASC have entered into material transactions with the organisations represented as listed above

Mrs Judith Paget	Member		Chief Executive Aneurin Bevan UHB
Mrs Carol Shillabeer	Member		Chief Executive Powys Teaching HB
Mr Gary Doherty	Member		Chief Executive Betsi Cadwalladr UHB
Mrs Allison Williams	Member		Chief Executive Cwm Taf UHB
Dr Sharon Hopkins	Member	Until May 2017	Interim Chief Executive Cardiff and Vale UHB
Mr Len Richards	Member	From June 2017	Chief Executive Cardiff and Vale UHB
Mr Steve Moore	Member		Chief Executive Hywel Dda UHB
Mrs Alex Howells	Member	Until Jan 2018	Interim Chief Executive Abertawe Bro Morgannwg UHB
Mrs Tracy Myhill	Member	From Feb 2018	Chief Executive Abertawe Bro Morgannwg UHB

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

Dr Tracey Cooper	Associate Member		Chief Executive Public Health Wales NHS Trust (WHSSC & EASC)
Mr Steve Ham	Associate Member		Chief Executive Velindre NHS Trust (WHSSC only)
Mrs Tracy Myhill	Associate Member	Until Feb 2018	Chief Executive, Welsh Ambulance Services NHS Trust (EASC only)
Mrs Patsy Roseblade	Associate Member	From Feb 2018	Interim Chief Executive, Welsh Ambulance Services NHS Trust (EASC only)
Prof John Williams	Independent Member		Chair of the Wales Renal Clincial Network (WHSSC only)
Mr Chris Koehli	Independent Member	Until Sept 2017	Chair of the Quality and Patient Safety Committee (WHSSC only)
Mr Charles Janczewski	Independent Member	From Feb 2018	Chair of the Quality and Patient Safety Committee (WHSSC only)

Members With a Declared Interest

Prof Vivienne Harpwood	Chair	From July 2017	Chair, Powys Teaching HB (WHSSC only)
Mr Charles Janczewski	Independent Member	From Feb 2018	Independent Board Member, Cardiff and Vale UHB (WHSSC only)
Mrs Lyn Meadows	Independent Member		Independent Board Member, Betsi Cadwalladr UHB (WHSSC only)
Mr Chris Turner	Independent Member		Independent Board Member, Cwm Taf UHB (WHSSC only)
Mr Marcus Longley	Independent Member	Until Sept 2017	Independent Board Member, Cardiff and Vale UHB (WHSSC only)

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

32. Pooled budgets

The Health Board has entered into a pooled budget with

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

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

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

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

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

Funding	2017-18 £'000
Rhondda Cynon Taf County Borough Council	788
Merthyr Tydfil County Borough Council	130
Bridgend County Borough Council	609
Abertawe Bro Morgannwg University Local Health Board	694
Cwm Taf University Local Health Board	223
Total Partners Funding	2,444
Other Income Received	201
Total Funding	2,645
Expenditure	
Provision of community equipment services within Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Boroughs.	2,733

33. Operating segments

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

The following information segments the results of Cwm Taf Local Health Board by:
- Healthcare activities
- Welsh Health Specialised Services Committee (WHSSC)
- Emergency Ambulance Services Joint Committee (EASC)

Operating Costs 2017-18

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	144,853	0	0	0	144,853
Expenditure on healthcare from other providers	155,798	560,774	139,935	(72,644)	783,863
Expenditure on hospital and community health services	427,501	3,255	1,241	(290)	431,707
	728,152	564,029	141,176	(72,934)	1,360,423
Less: Miscellaneous Income	(82,852)	(564,029)	(141,176)	72,934	(715,123)
losses	645,300	0	0	0	645,300
Investment Income	(4)	0	0	0	(4)
Other (Gains) / Losses	(40)	0	0	0	(40)
Finance costs	82	0	0	0	82
Net operating costs for the financial year	645,338	0	0	0	645,338

Net Assets 2017-18

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	389,311	0	0	0	389,311
Total current assets	84,243	23,547	196	(1,530)	106,456
Total current liabilities	(133,593)	(35,389)	(196)	1,530	(167,648)
Total non-current liabilities	(32,283)	0	0	0	(32,283)
Total assets employed	307,678	(11,842)	0	0	295,836
Total taxpayers' equity	307,678	(11,842)	0	0	295,836

Operating Costs 2016-17

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	139,733	0	0	0	139,733
Expenditure on healthcare from other providers	152,234	532,929	136,691	(69,748)	752,106
Expenditure on hospital and community health services	419,847	3,423	1,102	(387)	423,985
	711,814	536,352	137,793	(70,135)	1,315,824
Less: Miscellaneous Income	(80,188)	(536,343)	(137,802)	70,135	(684,198)
losses	631,626	9	(9)	0	631,626
Investment Income	0	0	0	0	0
Other (Gains) / Losses	(26)	0	0	0	(26)
Finance costs	129	0	0	0	129
Net operating costs for the financial year	631,729	9	(9)	0	631,729

Net Assets 2016-17

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	362,977	0	0	0	362,977
Total current assets	62,606	10,587	127	(666)	72,654
Total current liabilities	(106,376)	(22,429)	(127)	666	(128,266)
Total non-current liabilities	(40,135)	0	0	0	(40,135)
Total assets employed	279,072	(11,842)	0	0	267,230
Total taxpayers' equity	279,072	(11,842)	0	0	267,230

34. Other Information

IFRS 9

IFRS 9 Financial Instruments is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

Initial application impacts for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

The principal impact of IFRS9 adoption will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss basis. The FreM mandates the application of the simplified approach to impairment under the standard, requiring for short and long term receivables the recognition of a loss allowance for an amount equal to lifetime expected credit losses.

The impact of adopting IFRS9 in 2018/19 is not expected to have a material impact. Disclosure and presentation requirements of IFRS9 will be applied as required by the FReM and in accordance with the principles of streamlining and materiality.

IFRS15

IFRS 15 Revenue from Contracts with Customers is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

The NHS Wales Technical Accountants Group and the Welsh Government (as a Relevant Authority) are considering the detail of application of IFRS15 for Local Health Boards and NHS Trusts in Wales.

Final application guidance will be issued in the NHS Wales Manuals for Accounts for 2018/19.

Any initial application impacts arising for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

No material impacts are anticipated as a consequence of IFRS15 becoming effective in the FreM for 2018/19.

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

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