

Neath Port Talbot 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 one of 22 which came into existence on 1st April 2003. As a statutory body governed by Acts of Parliament the LHB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of [Neath Port Talbot](#).
- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;
- supporting and funding the contractor professions;
- the commissioning of health promotion, emergency planning and other regulatory tasks;
- the stewardship of resources including the financial management and monitoring of performance in critical areas;
- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept.

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 Operating Cost Statement, which shows the net operating cost incurred by the LHB which is funded by the Assembly. This funding is allocated on receipt directly to the General Fund in the Balance Sheet.

The statutory duty for Local Health Boards is enacted in the 2002 NHS Reform and Health Care Professionals Act. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is note 2.1 Achievement of Operational Financial Balance on page 16. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year.

OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	Total £000	2007-08 Total £000
Expenditure	4.1,4.2,4.3, 4.4	212,206	202,905
Miscellaneous income	3.1	3,607	3,044
Net operating costs		<u>208,599</u>	<u>199,861</u>

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2009**

	£000	£000
Unrealised surplus on revaluation / indexations of fixed assets	0	0
Net increases / reductions in General Fund due to transfers of assets	0	0
Fixed asset impairment losses	0	0
Recognised gain / (loss) for the year	<u>0</u>	<u>0</u>

BALANCE SHEET AS AT 31 MARCH 2009

	Note	£000	31 March 2008 £000
TOTAL FIXED ASSETS			
Intangible fixed assets	5.1	0	0
Tangible fixed assets	5.2	0	0
CURRENT ASSETS			
Debtors	6.1	1,015	917
Cash at bank and in hand		163	340
Total Current Assets		1,178	1,257
Creditors: amounts falling due within one year	6.2	13,185	11,772
Net current assets / (liabilities)		(12,007)	(10,515)
Creditors: amounts falling due after more than one year	6.3	0	0
Provisions for liabilities and charges	6.4	2,690	1,454
TOTAL NET ASSETS		(14,697)	(11,969)
FINANCED BY:			
General fund	6.5	(14,697)	(11,969)
Donated Assets Reserve	6.6	0	0
Revaluation Reserve	6.7	0	0
TOTAL		(14,697)	(11,969)

Signed for and on behalf of the Board

Director of Finance Chief Executive

Date Date.....

Adopted by the Board on.....

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	£000	2007-08 £000
Net operating costs	(208,599)	(199,861)
Adjust for non-cash transactions	836	(204)
Adjust for movements in working capital other than cash	1,315	1,426
Utilisation of provisions	(76)	(78)
	<hr/>	<hr/>
Net cash outflow from operating activities	(206,524)	(198,717)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT:		
Payments to acquire fixed assets	0	0
Receipts from the sale of fixed assets	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) from investing activities	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) before financing	(206,524)	(198,717)
FINANCING:		
Net Assembly funding (including capital)	206,347	198,327
Surrender of income from sale of fixed assets	0	0
Donations	0	0
Capital element of finance lease rental payments	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) from financing	206,347	198,327
	<hr/>	<hr/>
Increase / (decrease) in cash	(177)	(390)

Notes to the cash flow statement

Adjust for non-cash transactions

	£000	2007-08 £000
Depreciation and other write-offs	0	0
Impairment of fixed assets	0	0
(Profit) / Loss on disposal of fixed assets	0	0
Non-cash provisions	1,312	200
Capital charge interest	(476)	(404)
	<u>836</u>	<u>(204)</u>

Adjust for movements in working capital other than cash

	£000	2007-08 £000
(Increase)/decrease in debtors	(98)	155
Increase/(decrease) in creditors	1,413	1,271
	<u>1,315</u>	<u>1,426</u>

Reconciliation of net cash flow to movement in net debt

	£000
Increase/(decrease) in cash in the period	(177)
Cash outflow from debt repaid and finance lease capital payments	0
Change in net debt resulting from cash flows	(177)
Non cash changes in debt	0
Net debt at 1 April 2008	<u>340</u>
Net debt at 31 March 2009	<u>163</u>

Analysis of changes in net debt

	As at 1 April 2008	Cash flows	Other changes	As at 31 March 2009
	£000	£000	£000	£000
Cash at bank and in hand	340	(177)	0	163
Bank overdraft	0	0	0	0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
Total	<u>340</u>	<u>(177)</u>	<u>0</u>	<u>163</u>

Amount held in Office of Paymaster General bank accounts as at 31 March 2009 was £162,484.44

Analysis of capital expenditure, financial investments and associated receipts

	Capital		Loans		Net Total £'000
	Additions	Disposals	Issues	Repayments	
	£'000	£'000	£'000	£'000	
Total cash payment and receipts	0	0	0	0	0

Reconciliation of loan issues and repayments to cash movements

	Issues £'000	2008-09	Net Movement £'000
		Repayments £'000	
Total issues and repayments (per creditors note 6.3)	0	0	0
Accrued movement in loan capital	0	0	0
Non-cash adjustments	0	0	0
Total financial investment and associated receipts	0	0	0

Reconciliation of fixed assets and disposals

	Additions £'000	2008-09	Net Movement £'000
		Disposals £'000	
Total assets and disposals (per fixed assets note 5.1 5.2)	0	0	0
Accrued movement in fixed asset additions	0	0	0
Non-cash adjustments	0	0	0
Total cash movement on asset additions and disposals	0	0	0

Notes to the Account

1. Accounting Policies

1.1 The financial statements have been prepared in accordance with the Financial Reporting Manual (FRoM) issued by HM Treasury to the extent that the Welsh Assembly Government has directed as being appropriate to LHB's. The particular accounting policies adopted by the Local Health Board (LHB) are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention, modified by the application of current cost principles to tangible fixed assets, and in accordance with directions issued by the Welsh Assembly Government and approved by Treasury.

LHB's are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

Acquisitions and Discontinued Operations

Activities are considered to be "acquired" and disclosed as such, only if they are acquired from outside the public sector. Activities are considered to be "discontinued" and disclosed as such, only if they cease entirely or are transferred outside the public sector.

1.2 Income and funding

The main source of funding for the LHB is resource allocations from the Welsh Assembly Government within an approved cash limit, which is credited to the general fund when the associated cash is received. Income disclosed in the Operating Cost Statement reflects only the amounts other than Welsh Assembly Government Funding.

Miscellaneous income is income which relates directly to the operating activities of the LHB. It comprises principally of fees and charges for services provided on a full cost basis to external customers, (or any other other material types of income if this disclosure would not be sufficient).

It includes both income appropriated-in-aid of the Vote and income to the consolidated fund which HM Treasury has agreed should be treated as operating income.

Income is accounted for by applying the accruals convention. Income is recognised in the period in which services are provided.

1.3 Taxation

The LHB is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.4 Intangible fixed assets

Intangible assets which can be valued, are capable of being used in a LHB's activities for more than one year and have a cost equal to or greater than £5,000;

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is carried at historic cost. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.5 Tangible fixed assets

a. Capitalisation

Tangible fixed assets are capitalised if they are capable of being used for a period which exceeds one year and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost equal to or greater than £250,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- form part of the initial setting - up cost of a new building, irrespective of their individual or collective cost.
- form part of an IT network which collectively has a cost more than £5,000 and individually have a cost of more than £250.

b. Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at costs (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and Buildings

Land and buildings are restated at current cost using professional valuations every five years and appropriate indices in intervening years. The buildings indexation is based on the All in Tender Price Index published by the Building Cost Information Service (BICS). The land index is based on the residential building and land values reported in the Property Market Report published by the Valuation Office. Valuations are carried out by the District Valuers of the Inland Revenue Government Department at five - yearly intervals. A five - yearly revaluation was carried out as at 1 April 2007.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non - specialised operational property.

In respect of non - operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value. Land and buildings held under finance leases are capitalised at inception at the fair value of the asset but may be subsequently revalued by the District

Valuer. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All impairments resulting from price changes are charged to the Statement of Recognised Gains and Losses where there is a credit balance for that impaired asset in the revaluation reserve, otherwise ordinarily they will be charged to the Operating Cost Statement. Falls in value when newly constructed assets are charged to the revaluation reserve even when there is no credit balance.

Equipment

Operational equipment is carried at current value. Where assets are of low value, and/or have short useful economic lives, these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is valued at net recoverable amount and assets held under finance leases are capitalised at the fair value of the assets. With those exceptions, equipment is valued at Depreciated Replacement Cost.

Assets in the course of construction

Assets in the course of construction are valued at current cost as for land and buildings. These assets include any existing land or buildings under the control of a contractor.

c. Depreciation, amortisation and impairments

Depreciation is charged on a straight - line basis on each main class of fixed asset as follows:

Freehold land and land and buildings surplus to requirements are not depreciated. Assets in the course of construction and residual interests in off - balance sheet Private Finance Initiative contract assets are not depreciated until the asset is brought into use or reverts to the LHB, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives

1.6 Donated assets

Donated tangible fixed assets are capitalised at their valuation on receipt and are valued and depreciated as described above for purchased assets.

The value of donated tangible fixed assets and the donated element of part - donated assets are reflected in a donated asset reserve. This reserve is credited with the value of the original donation and any subsequent revaluation and indexation; an amount equal to the depreciation charge is released from this reserve each year to the Operating Cost Statement.

1.7 Research and development

Research and development expenditure is charged to the Operating Cost Statement in the year in which it is incurred, except insofar as it is separately identifiable development expenditure relating to a clearly defined project and benefits therefore can reasonably be regarded as assured.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project.

1.8 Pension Costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.pensions.nhsbsa.nhs.uk. 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.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay.

On advice from the Scheme Actuary, scheme contributions may be varied from time to time to reflect changes in the schemes liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting Valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

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

Scheme provisions as at 31 March 2008

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

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 the operating cost statement at the time the LHB commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to membersto increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Scheme provisions from 1 April 2008

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website www.pensions.nhsbsa.nhs.uk.

Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from the Stationary Office.

The conclusion from the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

Additional pension liabilities arising from early retirements are not funded by the scheme, except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement at the time the LHB commits itself to the retirement, regardless of the method of payment.

1.9 Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Resulting exchange gains and losses are taken to the Operating Cost Statement.

1.10 Cost of Capital

The cost of capital applies to all the assets and liabilities of the LHB, less cash balances held at the OPG and donated assets. The interest rate applied to capital charges in the 2008-09 financial year was 3.5%.

1.11 Provisions

The LHB provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms. Provisions are only recognised where the amount of economic benefit is probable, and the amount of the transfer can reasonably be estimated.

1.12 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The LHB does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.13 Leases

Where substantially all the risks and rewards of ownership of a leased asset are borne by the LHB, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the OCS over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the OCS on a straight line basis.

1.14 Contingent liabilities

- a possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the LHB's control;
 - a present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or
 - a present obligation where the amount of the obligation cannot be measured with sufficient accuracy.
- Contingent liabilities are not disclosed where the probability of them becoming liabilities is considered to be remote.

Contingent assets are disclosed where a possible asset exists as a result of past events whose existence will be confirmed only by the occurrence of one or more uncertain future events met wholly within the LHB's control. Contingent assets are disclosed only where the future outflow of economic benefit is considered to be probable.

1.15 Deferred Income

Deferred income is recognised where income has been received with an obligation to use the monies for a specific purpose, but these monies have not yet been spent. Only third party income between non-government bodies may be recognised.

1.16 Expenditure

Interest payable arises from the unwinding of discount on provisions, as the value is restated to reflect the present value of the provision at the closing balance sheet date. Interest payable also arises on bank overdrafts and finance leases and is recognised on the accruals basis. Interest payable is not shown separately on the face of the Operating Cost Statement, but is included within expenditure.

Certain expenditure relating to reimbursement of General Practitioners for the provision of Family Health Services is defined by the National Assembly as "non-discretionary" and is deducted from net operating costs for the purposes of assessing outturn against revenue resource limit in note 2.1.

Programme expenditure is defined as costs relating directly to the provision of healthcare, social care and other services relating to the LHB's functions provided directly to the public. All other expenditure is classified as administration expenditure.

1.17 Financial Instruments

Financial Assets

Financial assets are recognised on the balance sheet 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.

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset. At the balance sheet date, the 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 or 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 income statement 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 income statement 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.

Financial Liabilities

Financial liabilities are recognised on the balance sheet 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.

Financial liabilities are initially recognised at fair value.

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

Financial liabilities at fair value through profit and loss

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

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.

3.1 Miscellaneous income

	£000	2007-08 £000
Fees & Charges	0	0
Prescription charge income	552	472
Dental fee income	995	1,018
Income for trust impairments	0	0
Deferred Income released to revenue	0	0
Rental income from finance leases	0	0
Rental income from operating leases	0	0
Other	<u>2,060</u>	<u>1,554</u>
Total	<u>3,607</u>	<u>3,044</u>

Other

Prescription income has reduced due to the removal of prescription charges. The only income received now relates to FP10 income from Trust prescriptions.

Other income includes:-

	£'000	
Mental Health Capacity Act	73	The LHB hosts co-ordinates the project on behalf of Swansea and Bridgend LHBs
Condition Management	699	This Project is recharged to Job Centre Plus
Regional Low Secure	49	The LHB hosts co-ordinates the project on behalf of the Mid & West Region LHBs
Out Of Area Assessor	40	This project is recovered from the Welsh Assembly Government
CESIC Project	45	The LHB hosts co-ordinates the project on behalf of Swansea and Bridgend LHB and Swansea, Neath and Bridgend CBCs
Integrated Project Support	10	The LHB hosts co-ordinates the project on behalf of Bridgend LHB and CBC, Neath CBC and Bro Morgannwg NHS Trust
New Flexibilities Funding	39	This role is funded by Neath Port Talbot CBC
Pharmacy Methodone Recharge	113	This role is funded by Neath Port Talbot CBC
GP Training Scheme	543	This is funded by the Welsh Assembly Government
Protected time for Learning	25	Sponsorship funding for GP Training
Funding for Lucentis and Infrastructure	205	Welsh Assembly Government
Regional commissioning programme	35	Mid & West Wales Regional Office funding
Mental Health Advocacy	57	The LHB manages this service of behalf of Mid & West Wales LHBs

4.3 Other programme expenditure

	£000	2007-08 £000
Salaries and wages	1,589	1,424
National Public Health Service	912	891
Losses, special payments and irrecoverable debts	18	0
Research and development	0	0
Other	1,416	635
Total	3,935	2,950

4.4 Administration expenditure

	£000	2007-08 £000
Non-officer members' remuneration	78	92
Other salaries and wages	986	927
Consultancy services	10	13
Establishment expenses	84	98
Transport and moveable plant	0	0
Premises and fixed plant	137	124
External contractors	28	25
Auditors' remuneration - audit fee	103	98
Auditors' remuneration - other fees	0	0
Business Services Centre recharge	970	978
Interest payable - unwinding of discount	0	0
Interest payable - other	0	0
Capital - Depreciation	0	0
Amortisation	0	0
Capital charge interest	(475)	(404)
Impairments and reversals (property, plant, equipment)	0	0
Impairments and reversals (intangible assets)	0	0
Impairments and reversals of financial assets (by class)	0	0
(Profit) / loss on disposal of fixed assets	0	0
Other	44	21
Total	1,965	1,973

Note 4.3 contains

	£000	
Staff Costs relating to note 4.1 Primary Care	379	454
Staff Costs relating to note 4.2 Secondary Care	221	168
Costs relating to the Condition Management Programme - reclaimed from Job Centre Plu	650	494
Health Inequalities Schemes	121	105
Wanless Schemes not within Bro Morgannwg or Swansea NHS Trusts	166	167
Costs relating to Schemes hosted by Neath Port Talbot LHB on behalf of other bodies	686	435

Note 4.4

	£000	
Auditor fees included in respect of BSC audit costs	19	16

4.6 Hire and operating lease rentals

	£000	2007-08 £000
Hire of plant and machinery	0	0
Other operating leases	223	102
Total	223	102

Commitments under non-cancellable operating leases:

	Land and Buildings £000	Other Leases £000	2007-08 Land and Buildings £000	2007-08 Other Leases £000
Operating leases which expire:				
Within 1 year	5	6	43	0
Between 1 and 5 years	9	4	5	9
After 5 years	134	0	113	0

4.7 Executive Directors and staff costs

	Total £000	2007-08 Total £000
Salaries and wages	1,864	1,790
Social security costs	162	152
Employer contributions to NHSPA	274	261
Other pension costs	0	0
Agency / seconded staff	807	729
Total	3,108	2,932

Agency and seconded staff costs have increased due the expansion of the Conditions Management Programme funded by the Job Centre Plus.

Neath Port Talbot LHB also hosts a number of Sub Regional and Regional Programmes including the Low Secure Project, Out of Area Assessments, the Community Equipment Service and Regional Commissioning

The above costs consist of the following:

Note 4.1	£0.497m	GMS staff in Managed Practices
Note 4.1	£0.031m	Prescribing staff employed by GP Practice
Note 4.3	£1.589m	Other Programmes
Note 4.4	£0.986m	Other Salaries
Note 4.4	£0.004m	Board Members NI and Superannuation

4.8 Board Directors' remuneration

	£000	2007-08 £000
Non-officer members' remuneration	78	92
Executive Directors' remuneration:		
basic salaries	317	289
benefits	12	14
performance related bonuses	0	0
pension contributions	37	40
Compensation for loss of office	0	0
Pensions to former directors (early retirees)	0	0
Total	444	435

	Chairman £000	Chief Executive £000
Basic Salary	20	54
Benefits	0	3
Compensation for loss of office	0	0
Performance related bonuses	0	0
Pension contributions	0	8
Total	20	64

Remuneration waived by directors and allowances paid in lieu:

	Number	£000
Directors' remuneration waived	0	0
Allowances paid in lieu of remuneration	0	0

The basis on which performance related bonuses are calculated is as follows:

No performance related bonuses were awarded

The Chief Executive covered NPT LHB and Bridgend LHB from 1st April 2008 until 31st December 2008.

The salary was split 50:50 as in 2007-08.

The Chief Executive was paid £14,200 extra for his role as Transitional Director w.e.f. 1st December 2008.

This extra charge was split equally between Swansea, Bridgend and Neath Port Talbot LHBs.

From 1st January 2009 the Chief Executive also covered Swansea LHB, splitting the salary 33:33:33, until the end of the financial year. For this his salary was increased by £27,000 p.a.

The Chairman covered Bridgend LHB from 1st April 2008, splitting the salary 50:50. This is a change from 2007-08.

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4.10 Retirements due to ill-health

During 2008-09 there were no early retirements from the LHB agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £ NIL.

4.11 Public Sector Payment Policy - Measure of Compliance

The Welsh Assembly Government requires LHB's to pay non-NHS trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The target is to pay all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

	Number	£000	2007-08 £000
Non- NHS			
Total bills paid 2008-2009	49,355	22,000	19,753
Total bills paid within target	49,201	21,713	19,377
Percentage of bills paid within target	99.7%	98.7%	98.1%

In addition, the Welsh Assembly Government requires LHB's to pay other NHS bodies in accordance with Government Accounting rules. The target is to pay all other NHS bodies within 30 days of receipt of goods or a valid invoice by the authority (whichever is the later) unless other payment terms have been agreed with the NHS body.

	Number	£000	2007-08 £000
NHS			
Total bills paid 2008-2009	638	140,649	136,102
Total bills paid within target	619	140,595	136,083
Percentage of bills paid within target	97.0%	100.0%	100.0%

	Number	£000	2007-08 £000
Total			
Total bills paid 2008-2009	49,993	162,649	155,854
Total bills paid within target	49,820	162,308	155,460
Percentage of bills paid within target	99.7%	99.8%	99.7%

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

	£	2007-08 £
Amounts included within Interest Payable arising from claims made by small businesses under this legislation (see note 4.4).	0	0
Compensation payable to cover debt recovery costs	0	0

5.1 Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2008	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Gross replacement cost at 31 March 2009	0	0	0	0	0
Accumulated amortisation at 1 April 2008	0	0	0	0	0
Provided during the year	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March 2009	0	0	0	0	0
Net book value at 1 April 2008	0	0	0	0	0
Net book value at 31 March 2009	0	0	0	0	0

Tangible fixed assets

5.2 Tangible assets at the balance sheet date:

Cost or valuation	Assets under construction and payments on account								Total £000
	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000		
At 1 April 2008	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0	0	0	0
Depreciation									
At 1 April 2008	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0	0	0
At 31 March 2009	0	0	0	0	0	0	0	0	0
Net book value									
at 1 April 2008	0	0	0	0	0	0	0	0	0
at 31 March 2009	0	0	0	0	0	0	0	0	0
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	0	0	0	0	0	0	0	0

The total amount of depreciation charged in the Operating Cost Statement in respect of assets held under finance leases and hire purchase contracts:

Total	0	0	0	0	0	0	0	0	0	0
Value of assets held at open market value	0	0	0	0	0	0	0	0	0	0

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6.1 Debtors

	£000	2007-08 £000
Amounts falling due within one year:		
Welsh Assembly Government	200	1
Health Commission Wales	0	0
Local Health Boards	244	157
Primary Care Trusts	0	0
NHS Trusts	91	174
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	270	279
Provision for irrecoverable debts	(204)	(221)
Pension Prepayments:	0	0
Other prepayments and accrued income	414	527
	<hr/>	<hr/>
Sub total	1,015	917
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Welsh Assembly Government	0	0
Health Commission Wales	0	0
Local Health Boards	0	0
Primary Care Trusts	0	0
NHS Trusts	0	0
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
	<hr/>	<hr/>
Sub total	0	0
	<hr/>	<hr/>
Total	1,015	917
	<hr/>	<hr/>
Provision for irrecoverable debts (impairment of receivables):		
Balances at 1 April	221	0
Provided in year	0	221
Written-off in year	0	0
Recovered during year	-17	0
Balance at 31 March	204	221
	<hr/>	<hr/>
Debtors past due date but not impaired:		
Up to 3 months	811	696
3 to 6 months	0	0
More than 6 months	204	221
Total	1015	917
	<hr/>	<hr/>

6.2 Creditors

		2007-08
Amounts falling due within one year:	£000	£000
Welsh Assembly Government	0	101
Health Commission Wales	0	66
Local Health Boards	108	137
NHS Trusts	580	893
Primary Care Trusts	0	0
Income tax and social security	0	0
VAT	0	0
Non-NHS creditors	9,983	9,661
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases and HP contracts	0	0
GPFH savings	0	0
Pensions: staff	0	0
Accruals	2,514	914
Deferred Income	0	0
Other creditors	0	0
	<hr/>	<hr/>
Total	13,185	11,772

6.3 Creditors

		2007-08
Amounts falling due after more than one year:	£000	£000
Obligations under finance leases and HP contracts	0	0
NHS creditors	0	0
Assembly loans	0	0
Pensions: staff	0	0
Other	0	0
	<hr/>	<hr/>
Total	0	0

6.4 Provisions for liabilities and charges

	At 1 April 2008	Structured settlement cases trans- ferred to WRP	Transfer of prov- isions to creditors	Arising during the year	Reversed unused	Utilised during the year	Unwind- ing of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration costs.	0	0	0	0	0	0	0	0
Sub-total	0	0	0	0	0	0	0	0
Pensions	0			0	0	0	0	0
Other	1,454			2,054	(742)	(76)		2,690
Total	1,454	0	0	2,054	(742)	(76)	0	2,690

Expected timing of cash flows:

	Within 1 year £000	Between 2 and 5 years £000	After 5 years £000	Total £000
Clinical negligence	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Defence legal fees and other administration costs	0	0	0	0
Pensions	0	0	0	0
Other	0	0	0	0
Total	0	0	0	0

The LHB estimates that in 2009-10 it will receive £NIL, and in 2010-11 and beyond £NIL from the Welsh Risk Pool in respect of losses and special payments.

The provision is made up of £2,653,000 for Ombudsman claims. To date £223,000 has been paid out in respect of successful claims. The increase for 2008-09 is £2,032,000, offset by £582,000 writeback due to unsuccessful claims

Also included is a provision for Agenda 4 Change £37,000, relating to the recent announcement made by the Health Minister regarding staff not being financially disadvantaged due to the delays in the systems assimilating them to the new bandings.

6.5 General fund

The movement on the General fund in the year comprised:

	£000
At 1 April 2008	(11,969)
Net operating cost for the financial year	(208,599)
Net Assembly funding (including capital)	206,347
Capital charge interest	(476)
Transfers to NHS bodies	0
Transfer to general fund of realised elements of the revaluation reserve	0
	<hr/>
Balance at 31 March 2009	<u>(14,697)</u>

6.6 Donated asset reserve

The movement on the donated asset reserve in the year comprised:

	£000
Balance at 1 April 2008	0
Additions	0
Impairments	0
Revaluation and indexation	0
Disposals and write-offs	0
Depreciation	0
	<hr/>
Balance at 31 March 2009	<u>0</u>

6.7 Revaluation reserve

The movement on the revaluation reserve in the year comprised:

	£000
Balance at 1 April 2008	0
Revaluation	0
Indexation	0
Transfer to general fund - realised revaluation	0
	<hr/>
Balance at 31 March 2009	<u>0</u>

6.8 Contingent liabilities -

The following contingent losses/gains have not been included in the accounts

Nature:	2007-08	
	£000	£000
Legal claims for third parties liabilities	0	0
Doubtful debts	0	0
Other	0	223
Total	0	223

Uncertainties affecting outcome:

6.9 Intra Government balances

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors: Amounts falling due within one year £000	Creditors: Amounts falling due after more than one year £000
Balances with other central government bodies	214	0	0	0
Balances with local authorities	0	0	655	0
Balances with NHS trusts and Foundation trusts	91	0	580	0
Balances with Local Health Boards	244	0	108	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	466	0	11,842	0
Total at 31 March 2009	1,015	0	13,185	0

Balances with other central government bodies	1	0	167	0
Balances with local authorities	30	0	490	0
Balances with NHS trusts and Foundation trusts	174	0	851	42
Balances with Local Health Boards	157	0	137	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	555	0	10,085	0
Total at 31 March 2008	917	0	11,730	42

6.10 Post balance sheet events

Post balance sheet events having a material effect on the accounts are:

1.	0
	
2.	0
	
Total		0

6.11 Capital commitments

The Local Health Board has the following capital commitments:

	2007-08	
Contracted	0	0
Authorised but not contracted	0	0
Total	0	0

6.12 Related Party transactions**£000**

Total value of transactions with Board members and key senior staff in 2008-2009

0

Neath Port Talbot Local Health Board is a body corporate established by order of the National Assembly.

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

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

In addition the Local health Board has a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Neath Port Talbot County Borough Council as per note 4.2

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

Name	Details	Interests
Dr Naranjan Khosa	General Practitioner General Practitioner	Payment under GMS contract Also works for Primecare - LHB Out of Hours provider who was paid £1.09m under a signed SLA
Dr Andy Muir	General Practitioner	Payment under GMS contract
Dr Paul Westwood	General Practitioner General Practitioner	Payment under GMS contract Also works for Primecare - LHB Out of Hours provider who was paid £1.06m under a signed SLA
Dr Bryn John	General Practitioner	Payment under GMS contract
Dr Ed Roberts	General Practitioner	Occasional GP Locum to GP Practices
L Fitchett	Employee of Bro Morgannwg NHST	Payment to Trust under LTA
C Edwards	Local Authority Representative	Payment to NPT CBC as per note 4.2
Dr B Ferguson	Employee of Bro Morgannwg NHST	Payment to Trust under LTA
Mr C Campbell	Employee of Swansea NHST	Payment to Trust under LTA
C Preece	Local Authority Representative	Payment to NPT CBC as per note 4.2
A Woolcock	Local Authority Representative	Payment to NPT CBC as per note 4.2
O Jones	Local Authority Representative	Payment to NPT CBC as per note 4.2
Dr A Delahunty	NPHS Consultant	Payment under SLA as per note 4.3
G Thomas	Ophthalmic Representative	Payment under General Ophthalmic Services
C Jenkins	Pharmacy Representative	Payment under Pharmacy Contract
B Trahar	Associate Member	Neath Port Talbot CHC
R Thomas	Carer Member	None
P Phillips	Voluntary Sector Representative	None
J Beddow	TUC Member	None

6.12 Related Party transactions

WD Walter Dental Representative	Payment under NHS Dental Contract to Denticare
A Thomas Voluntary Sector Representative	None
C Owen Lay Council Member	Trustee of NPT CVS under 4 separate signed SLA's, Tutor with Expert Patient Programme Chair of Citizens Advice Cymru. Port Talbot Citizens Advice Bureau under a Voluntary Sector SLA
K Davies Therapy Representative	Employee of Bro Morgannwg NHST, payment as per note 4.2

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

6.13 Losses and special payments

Losses and special payments are transactions that the Welsh Assembly Government would not have contemplated when it allocated and distributed funding for the National Health Service. By their nature they items that should not arise. They are therefore subject to special control procedures compared with the generality of payments and special notation in the accounts to draw them to the attention of the Welsh Assembly Government. They are divided into different categories, which govern the way each individual case is handled. These payments are charged to the Operating Cost Statement in accordance with UK GAAP but are recorded in the losses and special payments register when payment is made. Therefore, this note is compiled on a cash basis.

	Number of cases	Value of cases £
Personal injury	0	0
Fraud cases	0	0
All other losses and special payments	17	17,961
Total losses and special payments	17	17,961

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

	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £250,000			
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
Sub-total	0	0	0
All other cases	0	0	0
Total cases	0	0	0

6.14 Financial Instruments

Financial Risk Management

FRS 29 "Financial Instruments: Disclosures" requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the way that LHBs in Wales are financed, they are 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 the listed companies to which this standard mainly applies. LHBs have no powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

Liquidity Risk

The LHBs income allocations and capital expenditure are financed from resources voted annually by Parliament. Therefore they are not exposed to significant liquidity risks.

Interest Rate Risk

All of the LHB's financial assets and financial liabilities carry nil or fixed rates of interest. Therefore, they are not exposed to significant interest rate risk.

Foreign Currency Risk

The LHB has negligible foreign currency income or expenditure. Therefore, it is not exposed to significant foreign currency risk.

6.15 Finance lease obligations

The future minimum lease payments under finance leases to which the Local Health Board was committed at the balance sheet date were as follows:

	£000	2007-08 £000
In one year or on demand	0	0
In more than 1 year but no longer than 2	0	0
in more than 2 year but no longer than 5	0	0
After 5 years	0	0
	<hr/>	<hr/>
Subtotal	0	0
	<hr/>	<hr/>
Less finance charges allocated to future periods	0	0
	<hr/>	<hr/>
Total	0	0

The total net obligation under finance leases can be analysed as follows:

Creditors: amounts due within one year	0	0
Creditors: amounts due after more than one year	0	0

6.16 Pooled Budgets

Neath Port Talbot Local Health Board participates in one formal pooled budget arrangement in 2008/09 as detail below:

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

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

Section 33 Partnership: Morgannwg Integrated Community Equipment

1. Statutory Partners:

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

2. Aims of the Partnership:

- To provide intergrated community equipment service that meets the defining criteria and good practice within the guidance provided by the Welsh Assembly Government
- To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which avoids duplication and barriers to provision.
- To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor adaption within a seven day target.
- To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint arrangements
- To develop more accessible services, with consistent eligibility criteria, which will improve co-ordination between partner agencies and service users.
- To maintain recycling, cleaning and maintenance of equipment, and to meet national standards.
- To provide an assessment, demonstration display and learning facility for service users and practitioners from health

education and social services.

- To meet the above in respect of Beds, Mattresses and Cot Sides for 2008/09 expanding to cover other equipment from 1st April 2010.

3. Pooled Budget Memorandum Account for 2008-09:

	£
<u>Funding</u>	
Neath Port Talbot Local Health Board	26,067.51
Neath Port Talbot Social Services	<u>19,702.80</u>
Total Combined Funding	<u>45,770.31</u>
<u>Expenditure</u>	
Neath Port Talbot Local Health Board	24,724.92
Neath Port Talbot Social Services	<u>12,600.91</u>
Total Combined Expenditure	<u>37,325.83</u>
Excess of funding over expenditure	8,444.48

This note is provided to the LHB by the administering body (NPT CBC) remains unaudited at the time of publication of LHBs financial statements due to this being the responsibility of the administering body's auditors. At the time of publication of these financial statements, the audit for NPT CBC had not been completed.

6.17 Financial Assets

	At fair value through Profit & Loss £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	535	0	0	535
Cash at bank and in hand	163	0	0	163
Other financial assets	480	0	0	480
At 31 March 2009	1178	0	0	1178
Embedded derivatives	0	0	0	0
NHS receivables	332	0	0	332
Cash at bank and in hand	340	0	0	340
Other financial assets	585	0	0	585
At 31 March 2008 (Prior year)	1257	0	0	1257

6.18 Financial liabilities

	At fair value through Profit & Loss £000	Other £000	Total £000
Embedded derivatives	0	0	0
Borrowings	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	15875	0	15875
At 31 March 2009	15875	0	15875
Embedded derivatives	0	0	0
Borrowings	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13226	0	13226
At 31 March 2008 (Prior year)	13226	0	13226

7 Additional Information

Additional Consultancy Costs

Neath Port Talbot LHB has incurred the following consultancy costs under notes 4.1, 4.2 and 4.3:-

	Total	Note 4.1	Note 4.2	Note 4.3	Note 4.4
PT4L	8,819	8,819			
Dental contract	202	202			
Condition Management Scheme	8,267			8,267	
Substance Misuse Review	20,000			20,000	
Mental Health Act	25,529			25,529	
Mental Health Criminal Justice Liasion	5,000			5,000	
Nursing	10				10
Training consultants	67,826	9,021	0	58,795	10
General Medical Services	65,700	65,700			
Wanless DV Costs	11,708	11,708			
Medicines Management	149	149			
Continuing Care	964		964		
IPP	525		525		
Condition Management Scheme Administration	1,295			1,295	
Administration	2,269				2,269
Legal Prof Fees	82,610	77,558	1,489	1,295	2,269
General Medical Services	2,093	2,093			
PT4L	233	233			
PCD - Clinical Governance	211	211			
Wanless DV Costs	3,767	3,767			
Continuing Care	50,107		50,107		
Board & Management	4,230				4,230
Administration	5,886				5,886
External Consultancy Fees	66,527	6,304	50,107	0	10,116
Total consultancy services	216,963	92,882	51,596	60,090	12,394

7 Additional Information

Reconfiguration of the NHS in Wales

In 2008 the Health and Social Services Minister in the Welsh Assembly Government gave approval for the merger of NHS Trusts and LHBs to create 7 new LHBs at 1st October 2009.

The Neath Port Talbot LHB will continue in its present form until that date. These financial statements are the final full year financial statements. 6 month financial statements from 1st April 2009 to 30th September 2009 will be produced and on 1st October 2009 the Neath Port Talbot LHB will merge with Swansea and Bridgend LHB's and AbertaweBro Morgannwg University NHS Trust to form Abertawe Bro Morgannwg University Local Health Board. All of the assets and liabilities of the Neath Port Talbot LHB will transfer to the new LHB at that date and all operations are continuing

The Annual Operating Framework for 2009/10 is being progressed on an Abertawe Bro Morgannwg wide basis. Within this Neath Port Talbot Local Health Board is currently forecasting a breakeven financial position for the period 1st April 2009 to 30th September 2009, anticipating the significant financial pressure arising from the National Finance Agreement, delivery of the 2009 Access Targets and Continuing NHS Healthcare.

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

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

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

Date.....2009 Chief Executive

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

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

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

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

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

By Order of the Board

Signed:

Chairman: Dated:2009

Chief Executive: Dated:2009

Director of Finance: Dated:2009

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

I certify that I have audited the financial statements of Neath Port Talbot Local Health Board for the year ended 31 March 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is required to be audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

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

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

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

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

I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not available at the time of my audit.

Basis of audit opinions

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers of the state of affairs of Neath Port Talbot Local Health Board as at 31 March 2009 and of its net operating costs, recognised gains and losses and cash flows for the year then ended; and
- the financial statements and that part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

My conclusion on Neath Port Talbot Local Health Board arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009 will be reported separately in the published Annual Audit Letter.

Jeremy Colman
Auditor General for Wales
19 June 2009

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

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

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2009 and subsequent financial years in respect of the Local Health Boards (LHB). The basis of preparation and the form and content shall be as set out in the following paragraphs and Schedules.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

- (a) generally accepted accounting practice in the United Kingdom (UK GAAP);
- (b) the accounting and disclosure requirements of the Companies Act;
- (c) all relevant accounting standards issued or adopted by the Accounting Standards Board, in so far as they are appropriate to the NHS and are in force for the financial year for which the accounts are to be prepared;
- (d) accounting guidance approved by the FRAB and contained in the Financial Reporting Manual (FReM), as detailed in the NHS Wales Trust Manual for Accounts;
- (e) the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs; and stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

FORM AND CONTENT

- 3. The account of the LHB for the year ended 31 March 2009 and subsequent years shall comprise an operating cost statement, a balance sheet, a cash flow statement and a statement of recognised gains and losses as long as these statements are required by FRAB, including such notes as are necessary to ensure a proper understanding of the accounts.
- 4. For the financial year ended 31 March 2009 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, recognised gains and losses and cashflows during the year.
- 5. The account shall be signed and dated by the Chief Executive and Chairman 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.
8. Notes providing further explanations of figures in the accounts shall be made where it is considered appropriate for a proper understanding of the accounts.

Signed by the authority of Welsh Ministers

Signed :

Dated :

