

CWM TAF UNIVERSITY 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 1st April 2014, responsible for planning and securing the provision of emergency ambulance services. 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 2015

	Note	2014-15 £'000 Cwm Taf HB activities	2014-15 £'000 Total	2013-14 £'000 Cwm Taf HB activities	2014-15 £'000 Total
Expenditure on Primary Healthcare Services	3.1	137,847	137,847	136,785	136,785
Expenditure on healthcare from other providers	3.2	136,533	691,592	123,539	659,969
Expenditure on Hospital and Community Health Services	3.3	377,116	381,002	382,659	386,045
		651,496	1,210,441	642,983	1,182,799
Less: Miscellaneous Income	4	72,996	631,941	75,432	615,248
LHB net operating costs before interest and other gains and losses		578,500	578,500	567,551	567,551
Investment Income	8	0	0	0	0
Other (Gains) / Losses	9	2	2	(50)	(50)
Finance costs	10	153	153	176	176
Net operating costs for the financial year		578,655	578,655	567,677	567,677

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

The notes on pages 8 to 62 form part of these accounts

Other Comprehensive Net Expenditure

	2014-15	2013-14
	£'000	£'000
Net gain / (loss) on revaluation of property, plant and equipment	6,243	5,235
Net gain / (loss) on revaluation of intangibles	0	0
Net gain / (loss) on revaluation of available for sale financial assets	29	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	6,272	5,235
Total comprehensive net expenditure for the year	572,383	562,442

Statement of Financial Position as at 31 March 2015

	31 March 2015	31 March 2015	31 March 2014	31 March 2014
Notes	£'000	£'000	£'000	£'000
	Cwm Taf	Total	Cwm Taf	Total
Non-current assets				
Property, plant and equipment	11	317,051	300,131	300,131
Intangible assets	12	1,967	0	0
Trade and other receivables	15	8,245	4,883	4,883
Other financial assets	19	0	0	0
Total non-current assets		327,263	305,014	305,014
Current assets				
Inventories	14	4,089	3,637	3,637
Trade and other receivables	15	48,417	43,805	53,781
Other financial assets	19	0	0	0
Cash and cash equivalents	18	309	130	293
		52,815	47,572	57,711
Non-current assets classified as "Held for Sale"	11	0	1,439	1,439
Total current assets		52,815	49,011	59,150
Total assets		380,078	354,025	364,164
Current liabilities				
Trade and other payables	16	59,632	57,025	79,006
Other financial liabilities	20	0	0	0
Provisions	17	36,916	31,987	31,987
Total current liabilities		96,548	89,012	110,993
Net current assets/ (liabilities)		(43,733)	(40,001)	(51,843)
Non-current liabilities				
Trade and other payables	16	2,119	2,274	2,274
Other financial liabilities	20	0	0	0
Provisions	17	14,900	11,579	11,579
Total non-current liabilities		17,019	13,853	13,853
Total assets employed		266,511	251,160	239,318
Financed by :				
Taxpayers' equity				
General Fund		250,457	236,186	224,344
Revaluation reserve		16,054	14,974	14,974
Total taxpayers' equity		266,511	251,160	239,318

The financial statements on pages 2 to 7 were approved by the Board on 3rd June 2015 and signed on its behalf by:

Chief Executive.....Allison Williams.....

Date : 3rd June 2015

The notes on pages 8 to 62 form part of these accounts

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2015

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2014-15			
Balance at 1 April 2014	224,344	14,974	239,318
Net operating cost for the year	(578,655)	(578,655)
Net gain/(loss) on revaluation of property, plant and equipment	0	6,243	6,243
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	29	29
Impairments and reversals	0	0	0
Movements in other reserves	0	0	0
Transfers between reserves	11,262	(11,262)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2014-15	(567,393)	(4,990)	(572,383)
Net Welsh Government funding	587,734	587,734
Balance at 31 March 2015	244,685	9,984	254,669

The notes on pages 8 to 20 form part of these accounts

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2014

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2013-14			
Balance at 1 April 2013	235,261	10,663	245,924
Net operating cost for the year	(567,677)	(567,677)
Net gain/(loss) on revaluation of property, plant and equipment	0	5,235	5,235
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	924	(924)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2013-14	(566,753)	4,311	(562,442)
Net Welsh Government funding	555,836	555,836
Balance at 31 March 2014	224,344	14,974	239,318

The notes on pages 8 to 62 form part of these accounts

Statement of Cash flows for year ended 31 March 2015

		2014-15	2014-15	2013-14	2013-14
		£'000	£'000	£'000	£'000
	notes	Cwm Taf	Total	Cwm Taf	Total
Cash Flows from operating activities					
Net operating cost for the financial year		(578,655)	(578,655)	(567,677)	(567,677)
Movements in Working Capital	32	(4,072)	(3,434)	6,988	6,978
Other cash flow adjustments	33	30,022	30,022	26,798	26,798
Provisions utilised	17	(13,540)	(13,540)	(12,232)	(12,232)
Net cash outflow from operating activities		(566,245)	(565,607)	(546,123)	(546,133)
Cash Flows from investing activities					
Purchase of property, plant and equipment		(20,987)	(20,987)	(9,865)	(9,865)
Proceeds from disposal of property, plant and equipment		1,250	1,250	205	205
Purchase of intangible assets		(1,419)	(1,419)	0	0
Proceeds from disposal of intangible assets		0	0	0	0
Payment for other financial assets		0	0	0	0
Proceeds from disposal of other financial assets		0	0	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		(21,156)	(21,156)	(9,660)	(9,660)
Net cash inflow/(outflow) before financing		(587,401)	(586,763)	(555,783)	(555,793)
Cash flows from financing activities					
Welsh Government funding (including capital)		587,734	587,734	555,836	555,836
Capital receipts surrendered		0	0	0	0
Capital grants received		0	0	36	36
Capital element of payments in respect of finance leases and on-SoFP		(154)	(154)	(162)	(162)
Cash transferred (to)/ from other NHS bodies		0	0	0	0
Net financing		587,580	587,580	555,710	555,710
Net increase/(decrease) in cash and cash equivalents		179	817	(73)	(83)
Cash and cash equivalents (and bank overdrafts) at 1 April 2014		130	293	203	376
Cash and cash equivalents (and bank overdrafts) at 31 March 2015		309	1,110	130	293

The notes on pages 8 to 62 form part of these accounts

Notes to the Accounts

1. Accounting policies

The accounts have been prepared in accordance with the 2014-15 Local Health Board Manual for Accounts and 2014-15 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

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.

1.4 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 NHS Trust 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 2012-13 a formal revaluation exercise was applied to land and properties. Land and buildings have been indexed with indices supplied by the District Valuation Office. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

Subsequent expenditure

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and assets under construction and properties held for sales 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 Donated assets

Following the accounting policy change outlined in the Treasury FReM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Miscellaneous Income. They are valued, depreciated and impaired as described for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is only recognised where conditions attached to the donation preclude immediate recognition of the gain.

1.11 Government grants

Following the accounting policy change outlined in the Treasury FReM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to Miscellaneous Income. They are valued, depreciated and impaired as described for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is only recognised where conditions attached to the grant preclude immediate recognition of the gain.

1.12 Non-current assets held for sale

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the 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.

1.13 Leases

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

1.13.1 The Local Health Board as lessee

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

1.13.2 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.

1.14 Inventories

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

1.15 Cash and cash equivalents

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

1.16 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.

1.17 Clinical negligence costs

The Welsh Risk Pool operates a risk pooling scheme which is paid for by top sliced allocations based on direct invoicing to the Welsh Government. The Welsh Risk Pool is hosted by Velindre NHS Trust.

1.18 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.

1.18.1 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.

1.18.2 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.

1.18.3 Held to maturity investments

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

1.18.4 Available for sale financial assets

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

1.18.5 Loans and receivables

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

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

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.

1.19 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.

1.19.1 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.

1.19.2 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.

1.19.3 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.

1.20 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.

1.21 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.

1.22 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 22 to the accounts.

1.23 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.

1.24 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 29.

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.

1.25 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.

1.26 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 negligence 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 liabilities are adjusted in the following reporting period.

1.27 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.

1.28 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.

1.29 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.

1.30 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 over 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 transferred is recognised in the SoCNE and is disclosed separately from the operating costs.

1.31 Accounting standards that have been issued but not yet been adopted.

During 2014-15 there have been no standards issued by the IASB that have not been adopted.

1.32 Accounting standards that have been issued but not yet been adopted.

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2014-15. Application of the Standards as revised would not have a material impact on the accounts for 2014-15, were they applied in that year:

IFRS 13 Fair Value Measurement - subject to consultation

IPSAS 32 - Service Concession Arrangement - subject to consultation

1.33 Accounting standards issued that have been adopted early

During 2014-15 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.34 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 Funds, it is considered for accounting standards compliance to have control of Cwm Taf NHS Charitable Funds as a subsidiary and therefore is required to consolidate the results of Cwm Taf NHS Charitable Funds 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 Cwm Taf NHS Charitable Funds or its independence in its management of charitable funds.

However, the LHB has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will [consolidate/disclose] Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts. Details of 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 amends 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 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 first assessment of performance against the 3 year statutory duty under section 175 (1) will take place at the end of 2016/17, being the first 3 year period of assessment.

2.

2014-15

Net operating costs for the year	578,655
Less general ophthalmic services expenditure and other non-cash limited expenditure	(3,643)
Less revenue consequences of bringing PFI schemes onto SoFP	(105)
Total operating expenses	574,907
Revenue Resource Allocation	574,937
Under /(over) spend against Allocation	30

2.2 Capital Resource Performance

2014-15

Gross capital expenditure	20,475
Add: Losses on disposal of donated assets	0
Less NBV of property, plant and equipment and intangible assets disposed	(1,252)
Less capital grants received	0
Less donations received	(19)
Charge against Capital Resource Allocation	19,204
Capital Resource Allocation	19,207
(Over) / Underspend against Capital Resource Allocation	3

2.3 Duty to prepare a 3 year plan

The LHB did submit an Integrated Medium Term Plan for the period 2014/15 - 2016/17 in accordance with the planning directions issued by the Welsh Ministers.

The Minister for Health and Social Services did approve the plan submitted for the period 2014/15 - 2016/17.

The LHB did meet its statutory financial duty under section 175 (2A) of the National Health Service (Wales) Act 2006.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2014-15 Total £'000	2013-14 £'000
General Medical Services	45,143		45,143	44,695
Pharmaceutical Services	17,720	(51)	17,669	18,336
General Dental Services	15,849		15,849	15,625
General Ophthalmic Services	0	3,694	3,694	3,785
Other Primary Health Care expenditure	265		265	94
Prescribed drugs and appliances	55,227		55,227	54,250
Total	134,204	3,643	137,847	136,785

Included within Note 3.1 General Medical Services are staff costs of £3.947m (2013-14:£3.673m)

3.2 Expenditure on healthcare from other provider	2014-15 £'000 Cwm Taf HB activities	2014-15 £'000 Total	2013-14 £'000 Cwm Taf HB activities	2013-14 £'000 Total
Goods and services from other NHS Wales Health Bo	27,382	334,765	28,076	330,541
Goods and services from other NHS Wales Trusts	9,199	170,720	9,143	160,499
Goods and services from other non Welsh NHS bodie	1,230	120,805	677	112,837
Goods and services from WHSSC / EASC	63,410	0	56,133	0
Local Authorities	99	99	100	100
Voluntary organisations	2,458	8,197	1,776	7,253
NHS Funded Nursing Care	4,165	4,165	3,737	3,737
Continuing Care	27,606	27,606	22,886	22,886
Private providers	852	25,103	926	22,031
Specific projects funded by the Welsh Government	0	0	0	0
Other	132	132	85	85
Total	136,533	691,592	123,539	659,969

3.3 Expenditure on Hospital and Community Health Services

	2014-15 £'000 Cwm Taf HB activities	2014-15 £'000 Total	2013-14 £'000 Cwm Taf HB activities	2013-14 £'000 Total
Directors' costs	1,678	1,678	1,623	1,623
Staff costs	291,029	294,356	288,432	291,428
Supplies and services - clinical	45,068	45,068	39,226	39,226
Supplies and services - general	5,443	5,443	5,075	5,075
Consultancy Services	75	153	218	270
Establishment	5,788	5,996	5,949	6,080
Transport	514	514	582	582
Premises	13,290	13,493	13,032	13,190
External Contractors	97	118	39	39
Depreciation	14,114	14,114	14,029	14,029
Amortisation	24	24	0	0
Fixed asset impairments and reversals (Property, plant & equipmen	(6,336)	(6,336)	7,639	7,639
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	245	245	0	0
Audit fees	366	415	366	415
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	3,762	3,762	3,676	3,676
Research and Development	0	0	0	0
Other operating expenses	1,959	1,959	2,773	2,773
Total	377,116	381,002	382,659	386,045

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

	2014-15 £000	2013-14 £000
Increase/(decrease) in provision for future payments:		
Clinical negligence	17,024	2,446
Personal injury	1,744	1,284
All other losses and special payments	829	930
Defence legal fees and other administrative costs	975	888
Gross increase/(decrease) in provision for future payments	20,572	5,548
Premium for other insurance arrangements	0	0
Irrecoverable debts	327	453
Less: income received/ due from Welsh Risk Pool	(17,137)	(2,325)
Total	3,762	3,676

Personal injury includes £587,226 (2013-14 £505,219) in respect of permanent injury benefits.

Clinical Redress arising during the year was £104,413 (2013-14 £75,515)

4. Miscellaneous Income

	2014-15 Cwm Taf HB activities	2014-15 Total	2013-14 Cwm Taf HB activities	2013-14 Total
Local Health Boards	35,202	599,296	35,570	581,438
WHSSC /EASC	5,162	0	6,216	0
NHS trusts	3,704	3,755	3,129	3,129
Strategic health authorities and primary care trusts	481	481	417	417
Foundation Trusts	0	0	0	0
Local authorities	5,468	5,468	4,951	4,980
Welsh Government	67	67	1,991	1,991
Non NHS:	0	0		
Prescription charge income	0	0	0	0
Dental fee income	3,447	3,447	3,282	3,282
Private patient income	98	98	94	94
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	1,722	1,722	1,772	1,772
Other income from activities	276	383	438	438
Patient transport services	0	0	0	0
Education, training and research	10,376	10,376	10,060	10,060
Charitable and other contributions to expenditure	225	360	296	431
Receipt of donated assets	20	20	49	49
Receipt of Government granted assets	0	0	0	0
Non-patient care income generation schemes	430	430	488	488
NWSSP	0	0	0	0
Deferred income released to revenue	0	0	0	0
Contingent rental income from finance leases	0	0	0	0
Rental income from operating leases	0	0	0	0
Other income:	0	0		
Provision of laundry, pathology, payroll services	1,004	1,004	1,048	1,048
Accommodation and catering charges	2,209	2,209	2,319	2,319
Mortuary fees	255	255	135	135
Staff payments for use of cars	414	414	443	443
Business Unit	0	0	0	0
Other	2,436	2,156	2,734	2,734
Total	72,996	631,941	75,432	615,248

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 18.9 % to reflect expected rates of collection.

5. Employee benefits and staff numbers

5.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2013-14
	£000	£000	£000	£000	£000
Salaries and wages	245,318	422	9,074	254,814	251,090
Social security costs	18,466	46	0	18,512	18,625
Employer contributions to NHS Pension Scheme	31,711	72	0	31,783	31,919
Other pension costs	10	0	0	10	4
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	295,505	540	9,074	305,119	301,638
Charged to capital				593	399
Charged to revenue				304,526	301,239
				305,119	301,638
Net movement in accrued employee benefits (untaken staff leave accrual included above)				40	

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2013-14
	Number	Number	Number	Number	Number
Medical and dental	651	2	57	710	670
Ambulance staff	0	0	0	0	0
Administrative and estates	1,404	4	1	1,409	1,437
Healthcare assistants and other support staff	1,689	0	0	1,689	1,701
Nursing, midwifery and health visiting staff	2,288	1	30	2,319	2,364
Nursing, midwifery and health visiting learners	14	0	0	14	19
Scientific, therapeutic and technical staff	939	0	3	942	956
Social care staff	0	0	0	0	0
Other	0	0	0	0	2
Total	6,985	7	91	7,083	7,149

5.3. Retirements due to ill-health

5.4 Employee benefits	2014-15	2013-14
	£000	£000
	0	0
	0	0
	0	0

During 2014-15 there were 14 early retirements from the LHB agreed on the grounds of ill-health (9 in 2013-14). The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £918,909.

5.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2014-15	2014-15	2014-15	2014-15	2013-14
	Number of compulsory redundancies	Number of other departures	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	7	7	7	0
£10,000 to £25,000	0	17	17	17	0
£25,000 to £50,000	0	11	11	11	0
£50,000 to £100,000	0	2	2	2	0
£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	37	37	37	0

Exit packages cost band (including any special payment element)	2014-15	2014-15	2014-15	2014-15	2013-14
	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	57,276	57,276	57,276	0
£10,000 to £25,000	0	251,099	251,099	251,099	0
£25,000 to £50,000	0	383,118	383,118	383,118	0
£50,000 to £100,000	0	113,008	113,008	113,008	0
£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	804,501	804,501	804,501	0

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Release Scheme (VERS). Exit costs in this note are accounted for in full in the year of departure. Where there are agreed early retirements, the additional costs are met by the LHB and not by the NHS pensions scheme. If retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: Th

5.6 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 Health Board in the financial year 2014-15 was £170,000 - £175,000 (2013-14, £170,000 - £175,000). This was 6.5 times (2013-14, 6.5) the median remuneration of the workforce, which was £26,618 (2013-14, £26,398).

In 2014-15, 1 (2013-14, 3) employee received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £220,000 to £225,000 (2013-14 £175,001 to £200,000). Staff earning in excess of the highest paid director held a clinical posts.

The requirements relating to total remuneration is to include salary, non-consolidated performance related pay, overtime and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

5.7 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run on a cost-plus basis, but 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.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from what 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 the methodology used for the valuations is set out below.

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as at 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial valuation, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by the actuary have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. 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 scheme (taking account of its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2012. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on money grounds while future scheme terms are developed as part of the reforms to public service pensions to be implemented in 2015.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the concurrence of the Treasury, and after consideration of the advice of the Scheme Actuary. A formal valuation for funding purposes for the year ending 31 March 2012 is currently close to completion and will be used to inform the contribution rates applicable from 1 April 2012.

c) Scheme provisions

The NHS Pension Scheme provides defined benefits, which are summarised below. This list is an illustrative list and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met for these benefits can be obtained:

The Scheme is a "defined benefit" scheme. Annual pensions are normally based on 1/80th for the 1995 section and the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section on a pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have reduced rate pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in inflation in the twelve months ending 30 September in the previous calendar year. From 2012 the Consumer Price Index (CPI) has been used as the measure of inflation and replaced the Retail Prices Index. Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapacitated from fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable earnings is payable on death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the NHS. The full amount of the liability for the additional costs is charged to the employer.

d) National Employment Savings Trust (NEST)

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

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

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

Currently, the legal minimum level of contributions is 2 per cent of a jobholder's qualifying earnings for employers whose legal duties have started. Of this, the employer needs to pay at least 1 per cent, though they can pay more if they want to.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,772 and £41,865 for the 2014/2015 tax year.

NEST has an annual contribution limit of £4,600 for the 2014/15 tax year (£4500 for 2013-14). This means the most that can be contributed to a single pot in the current tax year is £4,600. This figure will be adjusted annually in line with average earnings.

The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member, such as a member's partner or spouse.

6. 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	2014-15	2013-14
	£000	£000
Minimum lease payments	3,049	2,727
Contingent rents	0	0
Sub-lease payments	0	0
Total	3,049	2,727

Total future minimum lease payments

Payable	£000	£000
Not later than one year	2,983	3,360
Between one and five years	7,905	9,720
After 5 years	10,297	12,026
Total	21,185	25,106

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

7. Public Sector Payment Policy - Measure of Compliance

7.1 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.

	2014-15	2014-15	2013-14	2013-14
NHS	Number	£000	Number	£000
Total bills paid	3,268	517,534	3,436	498,860
Total bills paid within target	2,830	514,463	3,386	498,797
Percentage of bills paid within target	86.6%	99.4%	98.5%	100.0%
Non-NHS				
Total bills paid	106,124	265,384	105,372	249,586
Total bills paid within target	94,687	253,251	102,149	246,795
Percentage of bills paid within target	89.2%	95.4%	96.9%	98.9%
Total				
Total bills paid	109,392	782,918	108,808	748,446
Total bills paid within target	97,517	767,714	105,535	745,592
Percentage of bills paid within target	89.1%	98.1%	97.0%	99.6%

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

	2014-15	2013-14
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

8. Investment Income

	2014-15 £000	2013-14 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

9. Other gains and losses

	2014-15 £000	2013-14 £000
Gain/(loss) on disposal of property, plant and equipment	(2)	23
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	27
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	(2)	50

10. Finance costs

	2014-15 £000	2013-14 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	6	8
Interest on obligations under PFI contracts		
main finance cost	74	80
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	1
Total interest expense	80	89
Provisions unwinding of discount	73	87
Other finance costs	0	0
Total	153	176

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 2014	19,739	266,672	2,202	2,906	56,383	127	15,954	7,728	371,711
Indexation	8	6,276	110	0	565	1	0	76	7,036
Additions									
- purchased	300	5,493	0	5,065	5,190	0	2,527	124	18,699
- donated	0	0	0	0	19	0	0	0	19
- 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	1,191	0	(1,285)	94	0	(433)	0	(433)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	387	7,047	0	0	0	0	0	0	7,434
Impairments	0	(694)	0	0	0	0	0	0	(694)
Reclassified as held for sale	(27)	0	0	0	0	0	0	0	(27)
Disposals	0	0	0	0	(7,011)	(9)	(2,419)	(1,555)	(10,994)
At 31 March 2015	20,407	285,985	2,312	6,686	55,240	119	15,629	6,373	392,751
Depreciation at 1 April 2014	0	14,405	132	0	42,778	119	9,931	4,215	71,580
Indexation	0	316	6	0	428	1	0	42	793
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	(5)	0	0	5	0	(199)	0	(199)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	404	0	0	0	0	0	0	404
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	(7,009)	(9)	(2,419)	(1,555)	(10,992)
Provided during the year	0	7,859	70	0	3,746	5	1,774	660	14,114
At 31 March 2015	0	22,979	208	0	39,948	116	9,087	3,362	75,700
Net book value at 1 April 2014	19,739	252,267	2,070	2,906	13,605	8	6,023	3,513	300,131
Net book value at 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
Net book value at 31 March 2015 comprises :									
Purchased	19,850	261,417	2,104	6,686	15,103	2	6,526	2,959	314,647
Donated	557	1,589	0	0	161	1	16	47	2,371
Government Granted	0	0	0	0	28	0	0	5	33
At 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
Asset financing :									
Owned	20,167	260,926	849	6,686	15,292	3	6,542	3,011	313,476
Held on finance lease	0	498	0	0	0	0	0	0	498
On-SoFP PFI contracts	240	1,582	1,255	0	0	0	0	0	3,077
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
The net book value of land, buildings and dwellings at 31 March 2015 comprises :									
Freehold									£000
Long Leasehold									285,019
Short Leasehold									0
									498
									285,517

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 2013	21,962	279,114	2,542	2,305	56,495	127	15,402	7,773	385,720
Indexation	0	5,582	51	0	0	0	0	0	5,633
Additions									
- purchased	(4)	1,912	0	601	3,614	0	865	(34)	6,954
- donated	0	0	0	0	13	0	0	0	13
- government granted	0	0	0	0	36	0	0	0	36
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	365	0	0	0	0	0	0	365
Impairments	(680)	(7,742)	(121)	0	0	0	(228)	0	(8,771)
Reclassified as held for sale	(1,539)	(12,559)	(270)	0	0	0	0	0	(14,368)
Disposals	0	0	0	0	(3,775)	0	(85)	(11)	(3,871)
At 31 March 2014	19,739	266,672	2,202	2,906	56,383	127	15,954	7,728	371,711
Depreciation at 1 April 2013	0	19,608	314	0	42,674	114	8,352	3,503	74,565
Indexation	0	392	6	0	0	0	0	0	398
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	(625)	(5)	0	0	0	(137)	0	(767)
Reclassified as held for sale	0	(12,529)	(250)	0	0	0	0	0	(12,779)
Disposals	0	0	0	0	(3,772)	0	(84)	(10)	(3,866)
Provided during the year	0	7,559	67	0	3,876	5	1,800	722	14,029
At 31 March 2014	0	14,405	132	0	42,778	119	9,931	4,215	71,580
Net book value at 1 April 2013	21,962	259,506	2,228	2,305	13,821	13	7,050	4,270	311,155
Net book value at 31 March 2014	19,739	252,267	2,070	2,906	13,605	8	6,023	3,513	300,131
Net book value at 31 March 2014 comprises :									
Purchased	19,193	250,701	2,070	2,906	13,386	6	5,994	3,451	297,707
Donated	546	1,566	0	0	184	2	19	56	2,373
Government Granted	0	0	0	0	35	0	10	6	51
At 31 March 2014	19,739	252,267	2,070	2,906	13,605	8	6,023	3,513	300,131
Asset financing :									
Owned	19,504	250,192	843	2,906	13,605	8	6,023	3,513	296,594
Held on finance lease	0	495	0	0	0	0	0	0	495
On-SoFP PFI contracts	235	1,580	1,227	0	0	0	0	0	3,042
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2014	19,739	252,267	2,070	2,906	13,605	8	6,023	3,513	300,131

The net book value of land, buildings and dwellings at 31 March 2014 comprises :

	£000
Freehold	273,580
Long Leasehold	0
Short Leasehold	495
	<u>274,075</u>

11. Property, plant and equipment (continued)

1) Assets totalling £19,394 were purchased with donated funds:
£'000

Cardiology Fund - Plant & Machinery	19
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2) Assets are restated to current value annually using indices provided by the District Valuer via the 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 2012.
- The valuation was carried out by the Valuation Office Agency
- The basis of valuation for Specialised operational assets where there is no market-based evidence, the fair value is 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 2014/15 the following Impairments arose:

	£'000
PCH ECC	134
Keir Hardie Medical Education	561
Aberdare	244
Land - reversal of impairments	(387)
Buildings - reversal of impairments	(6,642)
Total Impairments	(6,090)

4) The impairment of Aberdare relate to writedown to open market value prior to disposal during this financial year. Keir Hardie was transferred from AUC to Buildings on completion and revalued by the District Valuer. PCH ECC is related expenditure on a scheme that was previously completed and impaired.

11. Property, plant and equipment (continued)

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 2014	1,439	0	0	0	0	1,439
Plus assets classified as held for sale in the year	27	0	0	0	0	27
Revaluation	29	0	0	0	0	29
Less assets sold in the year	(1,250)	0	0	0	0	(1,250)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	(245)	0	0	0	0	(245)
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 2015	0	0	0	0	0	0
Balance brought forward 1 April 2013	0	0	0	0	0	0
Plus assets classified as held for sale in the year	1,539	50	0	0	0	1,589
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(100)	(50)	0	0	0	(150)
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 2014	1439	0	0	0	0	1439

Aberdare hospital was sold in October 2014

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 2014	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	317	0	116	0	0	0	433
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	10	0	1,694	0	0	53	1,757
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2015	327	0	1,810	0	0	53	2,190
Amortisation at 1 April 2014	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	199	0	0	0	0	0	199
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	24	0	0	0	24
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 2015	199	0	24	0	0	0	223
Net book value at 1 April 2014	0	0	0	0	0	0	0
Net book value at 31 March 2015	128	0	1,786	0	0	53	1,967
At 31 March 2015							
Purchased	128	0	1,786	0	0	53	1,967
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2015	128	0	1,786	0	0	53	1,967

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitment s	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2013	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2014	0	0	0	0	0	0	0
Amortisation at 1 April 2013	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2014	0	0	0	0	0	0	0
Net book value at 1 April 2013	0	0	0	0	0	0	0
Net book value at 31 March 2014	0	0	0	0	0	0	0
At 31 March 2014							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2014	0	0	0	0	0	0	0

£433k of assets were reclassified from tangible to intangible non-current assets during the year.

In year, £1.757m of intangible assets were acquired, including £0.01m software and £1.694m licences and £0.053m carbon reduction commitments.

The software and licences have been allocated a useful life of five years.

13 . Impairments

	2014-15		2013-14	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (see Note 11 narrative)	-6,090	0	7,639	0
Total of all impairments	-6,090	0	7,639	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	-6,090	0	7,639	0
Charged to Revaluation Reserve	0	0	0	0
	-6,090	0	7,639	0

An impairment loss of £0.245m was incurred prior to the disposal of Aberdare .

An impairment loss of £0.561m and £0.134m was incurred on Keir Hardie and PCH ECC respectively.

A £7.030m reversal of impairment as a result of upward indexation on assets previously impaired.

14.1 Inventories

	31 March	31 March
	2015	2014
	£000	£000
Drugs	1,388	1,363
Consumables	2,652	2,208
Energy	49	66
Work in progress	0	0
Other	0	0
Total	4,089	3,637
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2015	2014
	£000	£000
Inventories recognised as an expense in the period	34	53
Write-down of inventories (including losses)	43	0
Reversal of write-downs that reduced the expense	0	0
Total	77	53

15. Trade and other Receivables

Current	31 March	31 March	31 March	31 March
	2015	2015	2014	2014
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
	HB activities		HB activities	
Welsh Government	71	71	394	394
WHSSC / EASC	778	0	857	0
Welsh Health Boards	3,634	15,042	4,437	13,604
Welsh NHS Trusts	1,270	1,320	418	418
Non - Welsh Trusts	2	1,201	3	1,549
Other NHS	200	200	229	229
Welsh Risk Pool	33,882	33,882	29,465	29,465
Local Authorities	2,883	2,883	2,447	2,447
Capital debtors	0	0	365	365
Other debtors	5,158	5,237	4,716	4,808
Provision for irrecoverable debts	(1,819)	(1,819)	(1,572)	(1,572)
Pension Prepayments	0	0	0	0
Other prepayments	1,841	1,876	2,046	2,074
Other accrued income	517	517	0	0
Sub total	48,417	60,410	43,805	53,781
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	8,073	8,073	4,697	4,697
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	172	172	186	186
Other accrued income	0	0	0	0
Sub total	8,245	8,245	4,883	4,883
Total	56,662	68,655	48,688	58,664
Receivables past their due date but not impaired				
By up to three months	1,552	3,775	598	598
By three to six months	279	935	138	142
By more than six months	175	182	134	779
	2,006	4,892	870	1,519
Provision for impairment of receivables				
Balance at 1 April	(1,572)	(1,572)	(1,130)	(1,130)
Transfer to other NHS Wales body	0	0	0	0
Amount written off during the year	5	5	7	7
Amount recovered during the year	99	99	48	48
(Increase) / decrease in receivables impaired	(351)	(351)	(497)	(497)
Bad debts recovered during year	0	0	0	0
Balance at 31 March	(1,819)	(1,819)	(1,572)	(1,572)
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	515	515	736	757
Total	515	515	736	757

16. Trade and other payables

Current	31 March	31 March	31 March	31 March
	2015	2015	2014	2014
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
	HB activities		HB activities	
Welsh Government	19	19	193	193
WHSSC / EASC	80	0	1,180	0
Welsh Health Boards	4,093	8,000	4,411	11,797
Welsh NHS Trusts	1,005	2,543	1,737	3,122
Other NHS	1,186	16,830	583	12,049
Taxation and social security payable / refunds	0	37	0	28
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	2,833	2,833	2,976	2,976
NI contributions payable to HMRC	2,761	2,793	2,833	2,859
Non-NHS creditors	3,366	4,880	3,195	4,859
Local Authorities	2,266	2,266	1,602	1,602
Capital Creditors	2,133	2,133	4,246	4,246
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	26	26	31	31
Imputed finance lease element of on SoFP PFI contracts	130	130	124	124
Pensions: staff	4,414	4,414	4,371	4,371
Accruals	31,213	33,257	26,981	28,187
Deferred Income:				
Deferred Income brought forward	107	107	108	108
Deferred Income Additions	76	76	107	107
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	(106)	(106)	(108)	(108)
Other creditors	4,030	4,030	2,455	2,455
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Total	59,632	84,268	57,025	79,006
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	82	82	107	107
Imputed finance lease element of on SoFP PFI contracts	2,037	2,037	2,167	2,167
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	2,119	2,119	2,274	2,274

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

Included in Pensions:staff figure above is £1k which relates to NEST Pension payables

17. Provisions

	At 1 April 2014	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 2015
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	27,090	0	(170)	1,404	29,143	(9,635)	(16,656)	0	31,176
Personal injury	1,107	0	(58)	210	1,831	(682)	(647)	0	1,761
All other losses and special payments	608	0	0	616	955	(979)	(126)	0	1,074
Defence legal fees and other administration	1,488	0	0	(221)	1,364	(483)	(569)		1,579
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	229			218	20	(234)	0	0	233
Restructuring	0			0	0	0	0	0	0
Other	1,465		0	136	272	(572)	(208)		1,093
Total	31,987	0	(228)	2,363	33,585	(12,585)	(18,206)	0	36,916
Non Current									
Clinical negligence	4,725	0	0	(1,404)	4,538	(75)	(1)	0	7,783
Personal injury	2,708	0	0	(210)	560	0	0	52	3,110
All other losses and special payments	616	0	0	(616)	0	0	0	0	0
Defence legal fees and other administration	173	0	0	221	196	(34)	(16)		540
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	911			(218)	83	0	0	21	797
Restructuring	0			0	0	0	0	0	0
Other	2,446		0	(136)	1,206	(846)	0		2,670
Total	11,579	0	0	(2,363)	6,583	(955)	(17)	73	14,900
TOTAL									
Clinical negligence	31,815	0	(170)	0	33,681	(9,710)	(16,657)	0	38,959
Personal injury	3,815	0	(58)	0	2,391	(682)	(647)	52	4,871
All other losses and special payments	1,224	0	0	0	955	(979)	(126)	0	1,074
Defence legal fees and other administration	1,661	0	0	0	1,560	(517)	(585)	0	2,119
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,140			0	103	(234)	0	21	1,030
Restructuring	0			0	0	0	0	0	0
Other	3,911		0	0	1,478	(1,418)	(208)	0	3,763
Total	43,566	0	(228)	0	40,168	(13,540)	(18,223)	73	51,816

Expected timing of cash flows:

	In the remainder of spending review to 31 March 2016	Between 1 April 2016 and 31 March 2021	Between 1 April 2021 and 31 March 2026	Thereafter	Total
					£000
Clinical negligence	31,176	7,783	0	0	38,959
Personal injury	1,761	1,085	1,085	940	4,871
All other losses and special payments	1,074	0	0	0	1,074
Defence legal fees and other administration	1,579	540	0	0	2,119
Pensions relating to former directors	0	0	0	0	0
Pensions relating to other staff	233	797	0	0	1,030
Restructuring	0	0	0	0	0
Other	1,095	2,668	0	0	3,763
Total	36,918	12,873	1,085	940	51,816

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

The Legal & Risk Service (part of the NHS Wales Shared Service Partnership) provide details of Clinical Negligence and personal 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 £2,759k for Continuing Healthcare Claims (2013-14: £2,919k)

The Clinical negligence provision arising from Redress and included in Clinical Negligence is £nil (2013-14 £nil)

The Health Board estimates that in 2015-2016 it will receive £33,882k and in 2017-2018 and beyond £8,073k from the Wesh Risk Pool in respect of losses and special payments cases (including Clinical Negligence and Personal Injury)

In addition to the provisions shown above, contingent liabilities are given in Note 25.1 ContingentLiabilities.

17. Provisions (continued)

	At 1 April 2013	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 2014
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	36,701	0	0	583	18,523	(9,159)	(19,558)	0	27,090
Personal injury	1,363	0	0	104	1,159	(1,146)	(373)	0	1,107
All other losses and special payments	0	0	0	0	660	(52)	0	0	608
Defence legal fees and other administration	1,085	0	0	114	1,277	(437)	(551)		1,488
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	229			228	1	(229)	0	0	229
Restructuring	0			0	0	0	0	0	0
Other	4,109		0	(428)	208	(983)	(1,441)		1,465
Total	43,487	0	0	601	21,828	(12,006)	(21,923)	0	31,987
Non Current									
Clinical negligence	1,827	0	0	(583)	3,598	0	(117)	0	4,725
Personal injury	2,436	0	0	(104)	498	(182)	0	60	2,708
All other losses and special payments	346	0	0	0	270	0	0	0	616
Defence legal fees and other administration	169	0	0	(114)	168	(44)	(6)		173
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	914			(228)	198	0	0	27	911
Restructuring	0			0	0	0	0	0	0
Other	1,357		0	428	940	0	(279)		2,446
Total	7,049	0	0	(601)	5,672	(226)	(402)	87	11,579
TOTAL									
Clinical negligence	38,528	0	0	0	22,121	(9,159)	(19,675)	0	31,815
Personal injury	3,799	0	0	0	1,657	(1,328)	(373)	60	3,815
All other losses and special payments	346	0	0	0	930	(52)	0	0	1,224
Defence legal fees and other administration	1,254	0	0	0	1,445	(481)	(557)		1,661
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,143			0	199	(229)	0	27	1,140
Restructuring	0			0	0	0	0	0	0
Other	5,466		0	0	1,148	(983)	(1,720)		3,911
Total	50,536	0	0	0	27,500	(12,232)	(22,325)	87	43,566

18. Cash and cash equivalents

	2014-15 £000	2014-15 £000	2013-14 £000	2013-14 £000
	Cwm Taf	Total	Cwm Taf	Total
Balance at 1 April	130	293	203	376
Net change in cash and cash equivalent balances	179	817	(73)	(83)
Balance at 31 March	309	1,110	130	293
Made up of:				
Cash held at GBS	226	1,027	85	248
Commercial banks	67	67	45	45
Cash in hand	16	16	0	0
Current Investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	309	1,110	130	293
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial banks	0	0	0	0
Cash and cash equivalents as in Statement of Cash Flows	309	1,110	130	293

19. Other Financial Assets

	Current		Non-current	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0

20. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	£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

21. 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,

	2014-15	2014-15	31 March 2015	31 March 2015
	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	69	598,896	19	71
WHSSC (see below)	63,492	5,512	80	778
NHS Trusts				
Public Health Wales	244	1,730	59	605
Velindre	13,189	3,459	842	398
Welsh Ambulance Services	1,426	306	104	268
Local Health Boards				
ABMU	5,506	5,952	612	1,387
Aneurin Bevan	1,032	19,894	198	639
Betsi Cadwaladr	61	72	9	31
Cardiff & Vale	23,478	9,171	3,216	1,272
Hywel Dda	330	199	20	22
Powys	60	1,662	39	283
TOTAL	108,887	646,853	5,198	5,754

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	7,830	5,079	1,850	2,293
Merthyr Tydfil County Borough Council	2,153	1,468	382	495

The LHB has also received revenue payments from Cwm Taf NHS Charitable Funds totalling £0.225m (£0.296m in 2013-14) 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	Husband is employee of Welsh Ambulance Services Trust
Mr Stephen Harry	Director of Primary, Community & Mental Health Services until 1st February 2015	Interim Director of WHSSC, Chief Ambulance Commissioner for Wales
Mr John Palmer	Director of Primary, Community & Mental Health Services from 2nd February 2015	Interim Director of WHSSC
Professor Vivienne Harpwood	Vice Chair until 30th September 2014	Professor of Law, Cardiff University
Cllr Clive Jones	Independent Member	Councillor of Merthyr Tydfil County Borough Council Member of Merthyr Tydfil & the Valley's Mind Member of Crossroads Care Cwm Taf
Professor Donna Mead	Independent Member until 16th December 2014 Vice Chair from 17th December 2014	Dean of University of South Wales Trustee of St John Cymru
Mr Geoffrey Bell	Independent Member	Treasurer and Trustee of Interlink
Cllr Michael Forey	Independent Member	Councillor of Rhondda Cynon Taf County Borough Council
Dr. Chris Turner	Independent Member	Director of Services & Governance, Cardiff University
Mrs Maria Thomas	Independent Member	Trustee on Voluntary Action Merthyr Tydfil Board Macmillan Cancer Support Merthyr Tydfil Board Member and Trustee of Safer Merthyr Tydfil
Mr John Hill-Tout	Independent Member	Chair of WHSSC

Total value of transactions with these related parties:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Cardiff University	2138	380	258	54
University of South Wales	98	306	79	56
Interlink RCT	117	0	0	0
Merthyr & the Valley's Mind	251	1	0	0
Crossroads Care Cwm Taf	15	0	0	0
Voluntary Action Merthyr Tydfil	30	0	0	0
Macmillan Cancer Support Merthyr Tydfil	0	8	0	0
St John Cymru	57	0	0	0
Safer Merthyr Tydfil	1	0	0	0

21. Related Party Transactions(cont)

Welsh Health Specialised Services and Emergency Ambulance Services

WHSSC and EASC are statutory 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 LHB as the host organisation.

During 2014/2015, 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 income received from each LHB during 2014/2015 as per Note 4, and analysed in the Segmental Analysis in Note 36, is as follows

	Cardiff and Vale £000's	Abertawe Bro Morgannwg £000's	Cwm Taf £000's	Aneurin Bevan £000's	Hywel Dda £000's	Powys £000's	Betsi Cadwalladr £000's	Total £000's
Income allocation	108,529	104,198	63,409	111,193	69,564	29,547	141,064	627,504

Expenditure incurred by WHSSC with providers of tertiary and specialist services is as follows

	£000's
Cardiff and Vale LHB	180,262
Aneurin Bevan LHB	3,455
Betsi Cadwalladr LHB	34,858
Abertawe Bro Morgannwg LHB	87,801
Cwm Taf LHB	5,217
Hywel Dda LHB	922
Powys LHB	86
Public Health Wales NHS Trust	48
Velindre NHS Trust	31,480
Welsh Ambulance Services NHS Trust	129,993
Total Welsh Organisations as per Note 3.2 and analysed in the Segmental Analysis in Note 36	474,122

Members of the Joint Committees for 2014/2015

LHB Chief Executives have voting rights on the committee while Trust Chief Executives are associate members only
During 2014/2015 WHSSC and EASC have entered into material transactions with the organisations represented as listed above

Dr Andrew Goodall	Member until May 2014	Chief Executive Aneurin Bevan UHB
Mrs Judith Paget	Member from May 2014	Chief Executive Aneurin Bevan UHB
Mr Bob Hudson	Member until March 2015	Chief Executive Powys Teaching LHB
Mrs Carol Shillibeer	Member from March 2015	Interim Chief Executive Powys Teaching LHB
Mr Geoff Lang	Member until August 2014	Acting Chief Executive Betsi Cadwalladr UHB
Professor Trevor Purt	Member from August 2014	Chief Executive Betsi Cadwalladr UHB
Mrs Allison Williams	Member	Chief Executive Cwm Taf UHB
Mr Adam Cairns	Member	Chief Executive Cardiff and Vale UHB
Professor Trevor Purt	Member until August 2014	Chief Executive Hywel Dda UHB
Mrs Karen Howell	Member from August 2014 to January 2015	Interim Chief Executive Hywel Dda UHB
Mr Steve Moore	Member from January 2015	Chief Executive Hywel Dda UHB
Mr Paul Roberts	Member	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

Mr Huw George	Associate Member until June 2014	Interim Chief Executive Public Health Wales NHS Trust
Mrs Tracey Cooper	Associate Member from June 2014	Chief Executive Public Health Wales NHS Trust
Mr Steve Ham	Associate Member	Interim Chief Executive Velindre NHS Trust
Mr Simon Smail	Associate Member	Independent Board Member, Public Health Wales NHS Trust
Ms Tracey Myhill	Associate Member (EASC only)	Interim Chief Executive, Welsh Ambulance Services NHS Trust

Members With a Declared Interest

Mr John Hill-Tout	Interim Chair until January 2015	Independent Board Member, Cwm Taf UHB
Mr David Jenkins	Independent Member until September 2014	Chairman of Aneurin Bevan UHB
Mrs Maria Thomas	Independent Member from September 2014	Independent Board Member, Cwm Taf UHB
Mr Chris Tillson	Independent Member from September 2014	Independent Board Member, Betsi Cadwalladr UHB
Ms Sian Marie James	Independent Member	Independent Board Member, Hywel Dda UHB

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.

22. Third Party assets

The LHB held £7,421 cash at bank and in hand at 31 March 2015 (31 March 2014, £80,991) 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 2015 (31 March 2014, £91,284). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

23. Intra Government balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
2014-15 :				
Welsh Government	71	0	19	0
Welsh Local Health Boards	15,042	0	8,000	0
Welsh NHS Trusts	35,202	8,073	2,543	0
WHSSC / EASC	0	0	0	0
All English Health Bodies	1,474	0	21,151	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	92	0
Miscellaneous	0	0	0	0
Credit note provision	-73	0	0	0
Sub total	51,716	8,073	31,805	0
Other Central Government Bodies				
Other Government Departments	199	0	2	0
Revenue & Customs	572	0	5,663	0
Local Authorities	2,883	0	2,266	0
Balances with Public Corporations and trading funds	0	0	2	0
Balances with bodies external to Government	5,040	172	44,530	2,119
TOTAL	60,410	8,245	84,268	2,119
2013-14 :				
Welsh Government	394	0	193	0
Welsh Local Health Boards	13,604	0	11,797	0
Welsh NHS Trusts	31,904	4,697	3,122	0
WHSSC / EASC	0	0	0	0
All English Health Bodies	1,772	0	16,414	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	6	0	5	0
Miscellaneous	0	0	-1	0
Credit note provision	0	0	0	0
Sub total	47,680	4,697	31,530	0
Other Central Government Bodies				
Other Government Departments	151	0	0	0
Revenue & Customs	791	0	5,863	0
Local Authorities	2,447	0	1,602	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	2,712	186	40,011	2,274
TOTAL	53,781	4,883	79,006	2,274

24. Losses and special payments

Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with the accounting policy recorded in the losses and special payments register when payment is made. Therefore this note is prepared

Losses and special payments

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

	Amounts paid out during period to 31 March 2015		Approved to write-off to 31 March 2015	
	Number	£	Number	£
Clinical negligence	97	9,882,095	68	10,626,709
Personal injury	64	741,674	33	718,261
All other losses and special payments	171	978,759	196	984,172
Total	332	11,602,528	297	12,329,142

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

Cases exceeding £300,000 Case Ref	Case Type	Amounts	Cumulative	Approved to
		paid out in year £	amount £	write-off in year £
03RRSPI0020	Pers. Injury	44,021	501,409	0
04RRSMN0038	Med Neg	0	3,477,000	3,477,000
05RRSMN0014	Med Neg	30,000	3,550,000	0
05RRSMN0039	Med Neg	75,000	340,800	0
09RVEMN0017	Med Neg	920,000	935,319	0
09RVEMN0052	Med Neg	761,509	801,698	801,698
10RYLMN0013	Med Neg	10,000	415,000	415,000
10RYLMN0021	Med Neg	970,179	1,170,179	1,170,179
10RYLMN0030	Med Neg	2,563,767	3,193,767	0
10RYLMN0071	Med Neg	0	387,876	0
10RYLMN0100	Med Neg	105,000	534,250	0
10RYLMN0114	Med Neg	0	649,032	649,032
11RYLMN0003	Med Neg	0	403,500	403,500
11RYLMN0082	Med Neg	570,000	610,000	610,000
11RYLMN0096	Med Neg	10,000	335,000	0
12RYLMN0004	Med Neg	50,000	340,000	0
97RVEMN0001	Med Neg	846,553	1,055,000	0
Sub-total		6,956,029	18,699,830	7,526,409
All other cases		4,646,499	9,684,359	4,802,733
Total cases		11,602,528	28,384,189	12,329,142

25. Contingencies

25.1 Contingent liabilities

	2014-15 £'000	2013-14 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	107,144	121,394
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	2,820	2,567
Continuing Health Care costs	2,972	4,275
Other	528	1,604
Total value of disputed claims	<u>113,464</u>	<u>129,840</u>
Amounts recovered in the event of claims being successful	103,389	117,864
Net contingent liability	<u>10,075</u>	<u>11,976</u>

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined at this time.

Liability for Permanent Injury Benefit under the NHS Injury Benefit Scheme lies with the employer. Individual claims to the NHS Pensions Agency continue to be processed.

OTHER

The significant amounts in other includes £0.528 m relating to capital contract disputes.

CONTINGENT LIABILITY - CHC

Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. The 31st July 2014 deadline for the submission of an application for continuing care back to 1st April 2003 has resulted in a large increase in the number of claims registered this financial year.

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

Note 17 sets out the £2.759 m provision made for probable continuing care costs relating to 162 claims received;

Note 25.1 sets out the £2.972 m contingent liability for possible continuing care costs relating to 139 claims received;

However, in addition the LHB has a further 171 claims, which were received by the 31st July 2014 deadline, for which the assessment process has not yet started. This process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to determine the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB, which cannot be quantified at this time.

The Health Board is pursuing a legal claim to recover costs incurred relating to a capital contract dispute. If successful, the receipt will be recorded as income in the period in which agreement is reached or court decision made.

26. Capital commitments

	2014-15 £'000	2013-14 £'000
Contracted capital commitments at 31 March		
Property, plant and equipment	1,439	3,778
Intangible assets	0	0
	<u>1,439</u>	<u>3,778</u>

27. Finance leases**27.1 Finance leases obligations (as lessee)**

The Buildings finance lease reported on page 53 includes building improvements to the Dental Teaching Unit significant leasing arrangements which require further disclosure.

Amounts payable under finance leases:

Land	31 March 2015 £000	31 March 2014 £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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

27.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	31 March 2015 £000	31 March 2014 £000
Minimum lease payments		
Within one year	31	37
Between one and five years	88	119
After five years	0	0
Less finance charges allocated to future periods	(11)	(18)
Minimum lease payments	<u>108</u>	<u>138</u>
Included in:		
Current borrowings	26	31
Non-current borrowings	82	107
	<u>108</u>	<u>138</u>

Present value of minimum lease payments

Within one year	26	31
Between one and five years	82	107
After five years	0	0
Present value of minimum lease payments	<u>108</u>	<u>138</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Other

	31 March 2015 £000	31 March 2014 £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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

27.2 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	31 March
	2015	2014
	£000	£000
Gross Investment in leases		
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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

28. Private Finance Initiative contracts

28. Private Finance Initiative contracts

28.1 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	Off-SoFP PFI contracts
	31 March 2015 £000	31 March 2014 £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

28.2 PFI schemes on-Statement of Financial Position

Capital value of schemes included in Fixed Assets Note 11	£000
Staff Residences - Royal Glamorgan Hospital	1,494
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. A project agreement was entered into with Charter Housing Association on the 9th October 1998

£000

Combined Heat and Power Plant-Prince Charles Hospital	1,582
Contract start date:	01/04/2004
Contract end date:	31/03/2029
Scheme Description	

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

	On SoFP PFI Capital element 31 March 2015 £000	On SoFP PFI Imputed interest 31 March 2015 £000	On SoFP PFI Service charges 31 March 2015 £000
Total payments due within one year	130	69	366
Total payments due between 1 and 5 years	573	221	1,463
Total payments due thereafter	1,464	179	3,217
Total future payments in relation to PFI contracts	2,167	469	5,046

	On SoFP PFI Capital element 31 March 2014 £000	On SoFP PFI Imputed interest 31 March 2014 £000	On SoFP PFI Service charges 31 March 2014 £000
Total payments due within one year	124	74	366
Total payments due between 1 and 5 years	551	243	1,463
Total payments due thereafter	1,616	226	3,583

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 systems on the Prince Charles Hospital site. The contract includes performance guarantees for

28.3 Charges to expenditure	2014-15	2013-14
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest co:	373	361
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	<u>373</u>	<u>361</u>

The LHB is committed to the following annual charges

	31 March 2015	31 March 2014
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	366	365
Total	<u>366</u>	<u>365</u>

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.

28.4 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

	On /off statement of financial
PFI Contract	
Staff residences, Royal Glamorgan Hospital	On
Combined heat and power plant, Price Charles Hospital	On

28.5 The LHB has no Public Private Partnerships

29. 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 Community Equipment Service. The service is to enable children and adults who require assistance to perform daily living to maintain their health and autonomy and to live life as full as possible. The equipment provided 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 based on a budget agreement between the above named organisations and the Health Board. The Health Board accounts for its contributions to the budget in expenditure. Contributions are based on each individual organisation's share of liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the budget agreement.

Funding	2014-15 £'000
Rhondda Cynon Taf County Borough Council	1,245
Merthyr Tydfil County Borough Council	146
Bridgend County Borough Council	492
Abertawe Bro Morgannwg University Local Health Board	562
Cwm Taf University Local Health Board	207
Total	2,652
Expenditure	
Provision of community equipment services within Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Boroughs.	2,686
Pooled Budget deficit carried forward to 2014-15	34

30. Financial Instruments

Financial assets				31 March	31 March
				2015	2014
	Loans Receivables & Deposits held to maturity at amortised cost £000	At fair value through the SoCNE £000	Available for sale at fair value £000	TOTAL £000	TOTAL £000
Cash and Cash Equivalents					
Cash balances (GBS, commercial banks and in hand)	1,110			1,110	293
Liquid deposits	0			0	0
Receivables					
Trade and other receivables (net of impairment allowanc	67,909			67,909	56,404
Accrued Income (must exclude prepayments)	517			517	0
Interest receivable	0			0	0
Other Financial Assets					
Shares and equity type investments	0	0	0	0	0
Loans	0			0	0
Deposits held to maturity	0			0	0
Derivatives		0		0	0
Other	0	0	0	0	0
Total	69,536	0	0	69,536	56,697

Financial liabilities				31 March	31 March
				2015	2014
	Carried at amortised cost £000	At fair value through the SoCNE £000		TOTAL £000	TOTAL £000
Bank and Other Borrowings					
Bank overdraft and other borrowings	0			0	0
Trade and Other Payables					
Trade and other payables	(45,115)			(45,115)	(44,832)
Accruals	(33,257)			(33,257)	(28,187)
PFI and lease obligations	(2,167)			(2,167)	(2,291)
Interest payable	0			0	0
Other Financial Liabilities					
Financial guarantees	0	0		0	0
Derivatives		0		0	0
Other	0	0		0	0
Total	(80,539)	0		(80,539)	(75,310)

31. Financial risk management

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

Currency risk

The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities denominated in pounds sterling. 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 is not exposed to credit risk.

Liquidity risk

The LHB is required to operate within cash limits set by the Welsh Government for the financial year or to request additional funding from the Welsh Government as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risk.

32. Movements in working capital

	2014-15 £000 Cwm Taf HB activities	2014-15 £000 Total	2013-14 £000 Cwm Taf HB activities	2013-14 £000 Total
(Increase)/decrease in inventories	(452)	(452)	(55)	(55)
(Increase)/decrease in trade and other receivables - non - current	(3,362)	(3,362)	(2,771)	(2,771)
(Increase)/decrease in trade and other receivables - current	(4,612)	(6,629)	8,248	3,545
Increase/(decrease) in trade and other payables - non - current	(155)	(155)	(155)	(155)
Increase/(decrease) in trade and other payables - current	2,607	5,262	(1,349)	3,344
Total	(5,974)	(5,336)	3,918	3,908
Adjustment for accrual movements in fixed assets -creditors	2,113	2,113	2,543	2,543
Adjustment for accrual movements in fixed assets -debtors	(365)	(365)	365	365
Other adjustments	154	154	162	162
	(4,072)	(3,434)	6,988	6,978

33. Other cash flow adjustments

	2014-15 £000	2014-15 £000	2013-14 £000	2013-14 £000
Depreciation	14,114	14,114	14,029	14,029
Amortisation	24	24	0	0
(Gains)/Loss on Disposal	2	2	(50)	(50)
Impairments and reversals	(6,091)	(6,091)	7,639	7,639
Release of PFI deferred credits	0	0	0	0
Donated assets received credited to revenue but non-cash	(20)	(20)	(49)	(49)
Government Grant assets received credited to revenue but non-c:	0	0	0	0
Non-cash movements in provisions	21,993	21,993	5,229	5,229
Total	30,022	30,022	26,798	26,798

34. Cash flow relating to exceptional items

35. Events after the Reporting Period

36. 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)

The Emergency Ambulance Services Committee was set up on the 1st April 2014 taking responsibility for planning and securing the provision of emergency ambulance services. This function had previously been undertaken by the Welsh Health Specialised Services Committee.

Operating Costs 2014-15

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	137,847			0	137,847
Expenditure on healthcare from other providers services	136,533	504,855	118,832	-68,628	691,592
	<u>377,116</u>	<u>3,963</u>	<u>147</u>	<u>-224</u>	<u>381,002</u>
Less: Miscellaneous Income	651,496	508,818	118,979	-68,852	1,210,441
LHB net operating costs before interest and other gains and losses	<u>-72,996</u>	<u>-508,818</u>	<u>-118,979</u>	<u>68,852</u>	<u>-631,941</u>
Investment Income	578,500	0	0	0	578,500
Other (Gains) / Losses	0	0	0	0	0
Finance costs	2	0	0	0	2
	<u>153</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>153</u>
Net operating costs for the financial year	<u>578,655</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>578,655</u>

Net Assets 2014-15

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	327,263				327,263
Total current assets	52,815	13,596	56	-858	65,609
Total current liabilities	-96,548	-25,438	-56	858	-121,184
Total non-current liabilities	<u>-17,019</u>				<u>-17,019</u>
Total assets employed	<u>266,511</u>	<u>-11,842</u>	<u>0</u>	<u>0</u>	<u>254,669</u>
Total taxpayers' equity	<u>266,511</u>	<u>-11,842</u>	<u>0</u>	<u>0</u>	<u>254,669</u>

Operating Costs 2013-14

	Healthcare activities	WHSSC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	136,785	0	0	136,785
Expenditure on healthcare from other providers services	123,539	598,491	-62,061	659,969
	<u>382,659</u>	<u>3,674</u>	<u>-288</u>	<u>386,045</u>
Less: Miscellaneous Income	642,983	602,165	-62,349	1,182,799
LHB net operating costs before interest and other gains and losses	<u>-75,432</u>	<u>-602,165</u>	<u>62,349</u>	<u>-615,248</u>
Investment Income	567,551	0	0	567,551
Other (Gains) / Losses	0	0	0	0
Finance costs	-50	0	0	-50
	<u>176</u>	<u>0</u>	<u>0</u>	<u>176</u>
Net operating costs for the financial year	<u>567,677</u>	<u>0</u>	<u>0</u>	<u>567,677</u>

Net Assets 2013-14

	£'000	£'000	£'000	£'000
Total non-current assets	305,014	0	0	305,014
Total current assets	49,011	12,176	-2,037	59,150
Total current liabilities	-89,012	-24,018	2,037	-110,993
Total non-current liabilities	<u>-13,853</u>	<u>0</u>	<u>0</u>	<u>-13,853</u>
Total assets employed	<u>251,160</u>	<u>-11,842</u>	<u>0</u>	<u>239,318</u>
Total taxpayers' equity	<u>251,160</u>	<u>-11,842</u>	<u>0</u>	<u>239,318</u>

**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 Welsh Government.

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

Date: 3rd June 2015 ...Allison Williams..... 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, direct that these accounts give a true and fair view of the state of affairs of the LHB and of the income and expenditure of the LHB for that period. In preparing those accounts, the directors are required to:

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

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

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

By Order of the Board

Signed:

Chairman:Chris Jones..... Dated: 3rd June 2015

Chief Executive: ...Allison Williams.....Dated: 3rd June 2015

Director of Finance: ...Steve Webster..... Dated: 3rd June 2015

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 Cwm Taf University Health Board for the year ended 31 March 2015 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. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 63 and 64, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Cwm Taf University Health Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

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

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Cwm Taf University Health Board as at 31 March 2015 and of its net operating costs, its recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

- Please see my Report on pages 66 to 66a.

Huw Vaughan Thomas
Auditor General for Wales
Date: 11th June 2015

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the National Assembly for Wales

Introduction

On 1st April 2014 the *NHS Finance (Wales) Act 2014* amended the *NHS (Wales) Act 2006* and required Local Health Boards (LHBs) to meet two new statutory financial duties.

I have decided to issue a narrative report alongside my audit certificate to explain the new duties, Cwm Taf University Health Board's performance against them, and the implications for 2015-16.

New financial duties

The **first financial duty** gives additional resource flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period, replacing the duty to balance their books over a one year period. The first three year period under this duty is 2014-15 to 2016-17, so LHBs' performance against this duty will not be measured until 2016-17.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the spending limit set for those three years is 'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend. For the 2014-15 financial year, any excess spend against annual financial allocations is not irregular spend and so does not affect my regularity opinion.

The **second financial duty** is a new duty requiring LHBs to prepare and have approved by the Welsh Ministers a rolling three year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services and delivery of the first financial duty. An LHB will be deemed to have met this duty for 2014-15 if it submitted a Board approved 2014-15 to 2016-17 plan to the Welsh Ministers, who then approved it by the date the Accountable Officer signed the 2014-15 Financial Statements.

LHB performance against duties

First Financial Duty

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

As shown in Note 2.1 and 2.2 to the Financial Statements, in 2014-15 the LHB:

- operated within its annual revenue resource allocation; and
- operated within its annual capital resource allocation.

Second Financial Duty

As shown in Note 2.3 to the Financial Statements, the LHB met its *second financial duty* to have an approved three-year integrated medium term plan in place for the period 2014-15 to 2016-17. Welsh Ministers approved Cwm Taf University Health Board's 3 year plan on 7 May 2014.

Look ahead to 2015-16

The LHB has until June 2016 (i.e. the date the Accountable Officer signs the 2015-16 financial statements) to obtain Ministerial approval for its three-year plan 2015-16 to 2017-18.

The LHB's 3 year plan 2015-16 to 2017-18 was approved by the Board on 6 May 2015 and by the Minister on 2 June 2015. The plan has identified the need to make savings of £48.3 million over the 3 year period, £19.7 million of which will need to be found in 2015/16.

At the end of April 2015 the LHB is forecasting a balanced year end position.

Huw Vaughan Thomas
Auditor General for Wales
Date: 11th June 2015

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



GOVERNANCE STATEMENT 2014-15

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, established on 1st October 2009, is responsible for the provision of services to the 289,400 residents of Merthyr Tydfil and Rhondda Cynon Taf. Almost 81% of the population live in Rhondda Cynon Taf Local Authority and the remaining 19% in Merthyr Tydfil. The University Health Board's catchment population increases to 330,000 when including patient flow from the Upper Rhymney Valley, South Powys, North Cardiff and the Western Vale.

The Board's overarching role is to ensure its Strategy outlined within 'Cwm Taf Cares' 3 Year Integrated Medium Term Plan (2015-18) 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.

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 University Health Board 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 Cwm Taf.

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 Health Board also hosts two all Wales Committees;

- The Welsh Health Specialised Services Committee (WHSSC), a joint committee of the 7 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), a joint committee of the 7 Local Health Boards, which was established in April 2014. EASC is responsible for the joint planning and commissioning of over £125m of emergency ambulance services on an all Wales basis.

Cwm Taf Local Health Board is led by its Chairman, Chief Executive and a Board of Executive Directors, Independent Members and Associate Members.

The Chairman, Vice Chairman, 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 attendance is set out in a table at

Associate Members, appointed by the Minister for Health and Social Services attend Board meetings on an ex-officio basis but have no voting rights and these are as follows: -

- A Director of Social Services, nominated by the Local Authorities in the Health Board area – Mr G Isingrini, (appointed from January 2015) Group Director of Community & Children Services, Rhondda Cynon Taf Local Authority. Attended **0/1** public Board Meetings.
- The Chair of the Stakeholder Reference Group – Mr T Davis, attended **5/7** public Board meetings
- The Chair of the Healthcare Professionals' Forum – Mr S Jones, attended **6/7** public Board meetings.

The Executive Directors as set out below 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
- Mr S Harrhy, Director of Primary, Community & Mental Health (until 1 February 2015)

- Mrs N John, Public Health Director
- Mr J Palmer, 'Interim' Director of Primary, Community & Mental Health (from 2 February 2015)
- Ms R Treharne, Director of Planning & Performance
- Mr S Webster, Director of Finance /Deputy Chief Executive
- Mr C White, Director of Therapies & Health Sciences / Chief Operating Officer
- Mrs L Williams, Director of Nursing, Patient Services and Midwifery

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

- Mr R Williams, Board Secretary / Director of Corporate Services and Governance
- Mr J Palmer, Turnaround Director (until 1 February 2015), during this time, Mr Palmer also held the post of Director of Welsh Health Specialised Services (WHSS);
- Mr S M Harry, Board Director (from 2 February 2005).

Note *

From 2 February 2015 Mr J Palmer was appointed 'Interim' Executive Director of Primary, Community & Mental Health.

From 2 February 2015, Mr S M Harry, was appointed Chief Ambulance Services Commissioner for Wales, Board Director Cwm Taf UHB.

The Board determines policy, sets the strategic direction, aims to ensure there is effective internal control and that high standards of governance and behaviour are maintained. Additionally the Board has responsibility for making sure that the Health Board is responsive to the needs of its communities.

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. Cwm Taf University Health Board 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 became Cwm Taf University Health Board formally in November 2013, an important achievement in our development journey and a source of great pride for Cwm Taf. We are confident that this will help us in our ongoing drive to provide high quality, responsive care and services for our community in strengthened collaboration with our academic partners.

Cwm Taf University Health Board usually meets six 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 and eight other Independent Members and the Chief Executive and eight Executive Directors. There are also three Associate Independent Members. The full membership of the Board is outlined above.

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 also seeks to ensure that it has an open culture and high standards in the ways in which its work is conducted. Together, Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board in 2014/2015 were appropriately constituted with a quorum.

Key business and risk matters considered by the Board during 2014/2015 are outlined below;

- Overseen the implementation of the 2014-2017, 3 year Integrated Medium Term Plan (IMTP) and actively involved in the development and approval of the 2015-2018 refreshed 3 year plan submitted to Welsh Government on 31 March 2015;
- Approved transitional arrangements in taking forward the outcomes of the South Wales Programme and where necessary e.g. Paediatric, neonatal and obstetric services, developed and agreed related contingency plan;
- Approved arrangements for taking forward the outcome of the South Wales Programme, including the establishment of and supporting governance arrangements relating to the South Central Acute Care Alliance;
- Significantly progressed clinical service redesign proposals including, older peoples mental health and cessation of inpatient services at Dewi Sant Hospital and redesign of Stroke services;
- Received an update report on progress with Dignified Care? and the UHB action plan in response to the older people's commissioner report;
- Agreed our priorities for quality improvement aligned to our Quality Strategy and reviewed these in light of the 'Andrews' Report into care at Abertawe Bro Morgannwg (ABM) UHB;
- Received positive feedback from the Ministerial unannounced spot check visits to our hospitals and the unannounced HIW inspection visits and our own Independent Board Member unannounced visits;
- Increased the number of Board Member led unannounced visits;
- Received the annual Fundamentals of Care Audit Report and approved the related action plan;
- Considered the UHB position and response to the 'Keith Evans' Review of 'Putting Things Right' and introduced revised local arrangements to speed up the engagement and response to concerns;

- 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 and cooperate fully with partners including South Wales Police, as evidenced in the ongoing Serious Untoward Incident reported at Ysbyty Cwm Cynon;
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improve performance where appropriate, this included actions to address cancer target performance; stroke services; cardiac surgery and ophthalmology;
- Routinely received updates on its discretionary capital programme and at "in Committee" received updates on the ongoing legal dispute between the Health Board and contractors involved in the construction of Ysbyty Cwm Rhondda (YCR) and Ysbyty Cwm Cynon (YCC). In relation to YCR, there are significant issues including financial risks associated with the dispute and the Capital Board is also being kept updated on its progress and involved in related decision making;
- Routinely received assurance reports from the Committees of the Board and the Stakeholder Reference Group, Healthcare Professionals Forum and Working in Partnership Forum.

Committees of the Board: The Health Board has established a range of committees, as outlined in the Governance & Assurance Framework on **page 10**. These Committees are chaired by Independent Members of the Board and the Committees 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 **Integrated Governance Committee** is an important committee in this respect as it aims to ensure effective working and as appropriate, connectivity of the Board Committees.

The Board's Standing orders require Committees to undertake an annual assessment of its own effectiveness and produce an Annual Report for submission to the Health Board. This was not undertaken fully across all Committees of the Board for 2013-14, but will be completed for 2014-15.

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 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 2014/2015, 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;
- Sponsored an increasing programme of compliance, including internal audit activity across Corporate and Clinical Directorates;
- In relation to compliance with the Public Sector Prompt Payment (PSPP) duty and related target (which nationally across Wales will not be met this year) considered the actions to be taken with Shared Services Partnership to ensure the lessons relating to the ORACLE payments system software upgrade are addressed with sustained improvements going forward;
- Overseeing the local arrangements for Counter Fraud and received regular update reports on related investigations;
- Keeping under review the Health Board's risk management strategy, risk appetite and related processes;
- Tracking progress against internal and external audit recommendations, although it is recognised that more work is needed to strengthen the Board's monitoring arrangements.

The **Quality and Safety Committee** is also a crucial committee with regard to the assessment of the Health Board's overall governance and assurance. Key issues considered by this committee are summarised below, with detail covered within the Health Board's Annual Quality Statement which will be published in September 2015. However, the Committee's key areas of activity during the year have been;

- Completed a review of the work of the Committee during 2014-15, partly in response to WAO Structured Assessment 2013, but also in recognition of the UHB's own assessment of changes required to the Committee. Good progress has been noted although further changes are planned;
- Introduced two Quality Summits, with engagement with Clinical Directorates to inform the UHB's priorities for the year and to review progress against them;
- Developed and implemented an 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;

This plan was further reviewed as a consequence of the publication of the "Andrews" Report;

- 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;
- Overseen the development of the Annual Quality Statement.

2. GOVERNING CWM TAF UNIVERSITY HEALTH BOARD

The Board is accountable for governance and 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, Welsh Government / Chief Executive NHS Wales. 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 who 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. At the time of writing, Healthcare Inspectorate Wales had recently completed a follow up Governance Review of the Health Board, following its initial review in 2011, a 'draft' report is anticipated in June 2015.

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 and Safety Committee, Corporate Risk Committee, Finance & Performance Committee, Mental Health Act Monitoring Committee, the Remuneration & Terms of Service Committee and the Academic Partnership Board. During the year the Board agreed to establish a Primary Care Committee, recognising the significant challenges and opportunities presented by Primary and Community Care. 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 developing Board Assurance Framework developed and agreed by the Board towards the end of the year.

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 (NHS Wales Shared Services Partnership)
- Healthcare Inspectorate Wales (HIW)
- Welsh Risk Pool (WRP)
- Community Health Councils (CHCs)
- Health & Safety Executive (HSE)
- South Wales Fire & Rescue Service
- 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
- Working in Partnership Forum

I can confirm that these groups are fully established and working in accordance with the Standing Orders. Both the Stakeholder Reference Group and the Healthcare Professionals Forum have undertaken a review of their role, function, terms of reference and membership going forward in order to strengthen their influence and role in advising and supporting the work of the UHB. The outcomes of these reviews will be fully implemented during 2015-16. During the year, both advisory forums have been actively involved in the development of the Board's refreshed Integrated Medium Term Plan (IMTP) for 2015-18 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.

At the start of 2014-15 the Board adopted the all Wales Model Standing Orders (SOs) and Standing Financial Instructions (SFIs) from Welsh Government. The Board also agreed to become the host for the newly formed Emergency Ambulance Services Joint Committee (EASC) and approved the governance framework for the operation of the Joint Committee.

The University Health Board has in place maturing governance and assurance arrangements, which has received support from the Wales Audit Office, following review, as part of their annual structured assessment process.

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 internal control mechanisms for the University Health Board that demonstrate high standards of governance and behaviour. This is of course, set against a back drop of the University Health Board ensuring that it remains responsive to the needs of its communities.

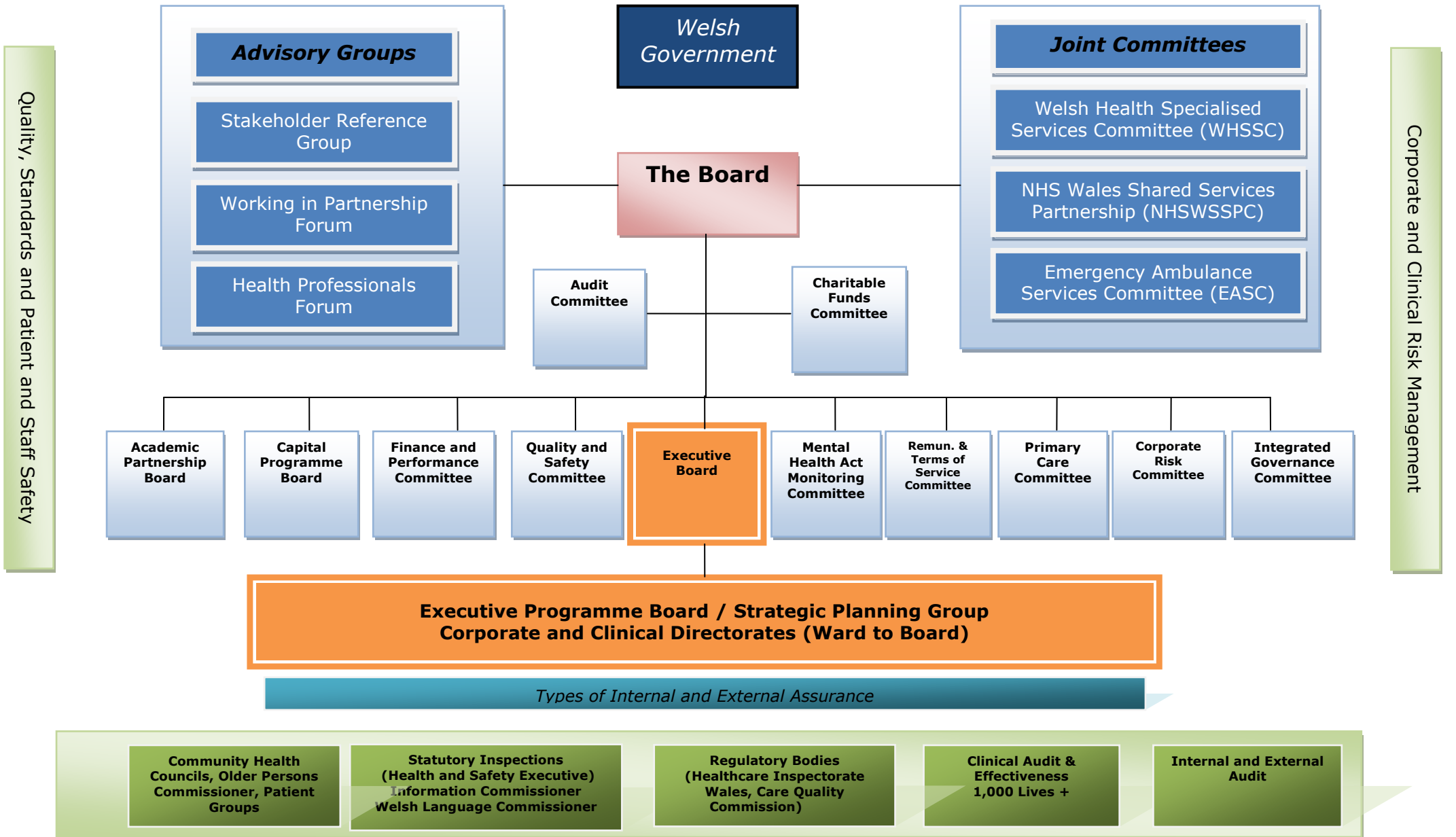
Patients and the public have an important role to play in proactively participating in their care and it is important that the organisation addresses this requirement in its governance arrangements. The University Health Board has recognised that work is needed to introduce a more co-ordinated approach to ensure the patient voice is proactively informing service delivery and more importantly to ensure that information captured is readily available for reporting to Board on 'lessons learned' and implementing changes to working practices.

The Board's Quality Strategy (aligned with the Board's 'Cwm Taf Cares' philosophy) was approved at the start of the year and is supported by a Quality Delivery Plan (QDP), which clearly articulates the key actions that will ensure this happens in a more coordinated and structured way.

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 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 accords with Welsh Government Guidance. The system of internal control has been in place for the whole of the financial year ended 31 March 2015 and up to the date of approval of the annual report and accounts. The following chart outlines the Governance & Assurance Framework arrangements established by the Board.

Cwm Taf University Health Board – Governance and Assurance Framework



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 and Safety, Finance & Performance and Corporate Risk Committees comprising of a variety of Independent Members and Executive Directors plus representatives from the Community Health Council oversee the Health Board's risk management arrangements making recommendations for change as appropriate.

The University Health Board has an approved strategy for risk management and during the year developed a new Board Assurance Framework (BAF) that includes the organisation's risk appetite and process for ensuring the Board's plans are built on a foundation of risk assessment that informs mitigating actions. To support this, the University Health Board has an organisational Risk Register, which is published quarterly and considered by the Integrated Governance Committee, the Audit Committee and the Corporate Risk Committee, with specific risks assigned to all the key Sub-Committees. The Risk Register includes the risk appetite (or targeted risk level), which helps inform the Board and its Sub-Committees of the level Supported with input from the Executive, the register helps to ensure key risks aligned to delivery are considered and scrutinised by the relevant Sub-Committee of the Board. E.g. statutory and Tier 1 finance and performance targets are scrutinised routinely at the Finance & Performance 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 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 Sub Committee are transcribed onto the Corporate Risk Register, which is considered by the Audit Committee, the Integrated Governance Committee and the Corporate Risk Committee.

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 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.

The University Health Board manages risk through its Directorate structures. The Corporate Risk Register has been reviewed and strengthened during 2014-15, including reporting through the Executive Board and scrutiny via key sub committees of the Board.

Improvements have been identified to enable the Health Board to better manage and communicate the risks associated with Fire. This will consist of regular reporting via the Directorate Managers and their Integrated Governance 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 Corporate Risk Register.

During the year work has progressed in relation to the BAF, which ensures better alignment of the organisations key risks with the Board's 3 Year Integrated Medium Term Plan.

The Risk and Assurance Framework

The organisations commitment to the principle that risk must be managed means that we 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

It is noted that the Internal Audit review of aspects of this work during the year concluded that the Board can take reasonable assurance from the arrangements it has in place.

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 Committee and Concerns/Claims scrutiny panels, in order that lessons can be disseminated and shared. The Wales Audit Office has recognised as part of its structured assessment that the organisation has a positive, open and listening culture focused on learning and improvement and this culture continues to mature.

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 progressing well to embed the Standards for Health Services in Wales into the every day working of the organisation and to ensure appropriate linkages to other key strategies such as the Quality Delivery Plan. During 2015, we will take forward the new Standards developed by Welsh Government and NHS Wales.

The 1000 Lives Improvement Service and Health Board/Trusts across Wales have built national priorities for improvement into the three year integrated plans. For the University Health Board these are:-

- Improving Patient Flow
- Inverse Care Law
- Improving Quality Together – Model for Improvement

In respect of the other areas of Primary Care, including Dental and Optometry, annual visits and monitoring similar to that for General Practice also takes place. Concerns across Primary Care are also monitored for trends and issues are addressed.

The University Health Board is committed to listening to our patients/service users/carers to ensure that feedback on patient, user and carer experience is obtained, published and acted upon to harness the learning to inform 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 services we deliver. We have very strong scrutiny processes in place, overseen by Independent Board Members, where every opportunity is taken to review and learn lessons when things go wrong.

Mortality Review

We have developed a robust process for undertaking mortality reviews that span all hospital inpatient deaths. This process also includes General Practitioners in addition to multi disciplinary hospital teams. Our work has been recognised nationally following the publication of the Stephen Palmer review, on behalf of the Health Minister during 2014 and this work continues to evolve and features prominently at the Board and its sub-committees.

Integrated Quality and Performance Dashboard

The University Health Board has in place a comprehensive Integrated Performance Dashboard that is presented monthly at Executive Board and a number of sub-committees and routinely at the University Health Board public meeting as part of our openness and transparency agenda with our public.

Since its inception in October 2012, the performance dashboard has evolved to encompass key performance indicators that cover:

- Need and Prevention
- Quality and Safety
- Experience and Access
- Use of Resources

The report is also segmented to highlight any areas which may be under formal escalation measures by the Welsh Government and is supported by a covering report that seeks to expand on these areas as well as to highlight areas of best practice within the UHB. The Board recognises the importance of good quality data to inform its decision making at Board and sub committee level of the Board and has invested significant resource to develop the information and reports presented to Board for this purpose.

Health Board

Our vision as a University Health Board is to:

Care for our communities and patients by preventing ill health, promoting better health, providing excellent services and reducing the need for inpatient care wherever possible through the provision of strengthened home, primary and community care

- 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).

The Health Board's agreed priorities going forward into 2015-16 are to;

- Continue to improve patient experience throughout the Health Board.
- Develop our clinical service strategy, including the implementation of the outcomes of the South Wales Programme and ensure innovation and prudent healthcare is at the heart of our service provision and redesign.
- Implement our refreshed primary and community care plans, including evidencing the shift from secondary to primary care.
- Continue to develop truly integrated services with our partners including Local Authorities and the Third Sector, across areas such as health and social care and reablement services, particularly for children and the frail elderly.
- Continue to improve scheduled & unscheduled patient care, patient flow and urgent care processes.
- Engage with an increasing number of members of the public in Cwm Taf through our regular public fora events and social media.
- Continue work to meet our quality and performance trajectories.
- Involve patients in the design and development of new clinically led and patient focused services, both in and out of hospital.
- Improve data quality and business intelligence, including reporting and transparency.
- Address high sickness rates amongst staff.
- Ensure compliance with legislation.
- Achieve financial balance.

3. BOARD LEVEL COMMITTEES

The Board and its sub committees are fully established and operating in line with the Standing Orders. The following table outlines dates of Board (and development Board) and Committee meetings held during 2014-15.

Board/ Committee	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Board	*2 nd	7 th	*4 th	9 th	*6 th	3 rd	*8 th	5 th	*3 rd	21 st	* 4 th	4 th
Academic Partnership Board		7 th				3 rd						
Audit Committee	7 th		4 th	7 th			6 th			19 th		
Charitable Funds								5 th				
Corporate Risk Committee			9 th			8 th			8 th			25 th
Finance and Performance Committee	24 th	29 th	26 th	31 st		25 th	30 th	27 th		29 th	26 th	*** 26 th
Integrated Governance Committee	29 th				6 th			4 th			3 rd	
Mental Health Act Monitoring Committee			25 th				22 nd				17 th	
Primary Care Committee (commenced in November 2014)								19 th	17 th		18 th	25 th
Quality and Safety Committee	10 th	** 1 st & 9 th		17 th			9 th			22 nd		
Remuneration and Terms of Service		7 th	4 th			3 rd		4 th		21 st		

Note * Development Board Meetings

Note ** Quality & Safety Committee held two Annual Quality Summits on 1st & 9th May 2015.

Note *** Finance & Performance Committee held an extraordinary meeting (open to Board Members) to review and sign off the refreshed 2015-2018 3 Year Integrated Medium Term Plan.

4. REVIEW OF GOVERNANCE ARRANGEMENTS

During 2014-15 we have made good progress in completing a review of our clinical governance arrangements and making changes to those arrangements which have been captured within our Strategy for Quality. This not only articulates the important lessons learnt from Francis and Keogh along with other relevant Inquiries, but also important messages from listening to our patients.

To facilitate this we have had our own Healthcare Inspectorate Wales (HIW) review into governance arrangements published in spring 2012 and developed a comprehensive action plan in response. Indeed, HIW have recently completed a review of progress against the recommendations from 2012 and the UHB anticipate receipt of a 'draft' report in June 2015.

The UHB has an Integrated Governance & Accountability Action Plan, which has also taken into account learning from Betsi Cadwaladr University Health Board (BCUHB) review and the 'Andrews' Report into Abertawe Bro Morgannwg (ABM) UHB and this has helped to inform the development of our own governance arrangements and significant progress has taken place throughout the year. The University Health Board's Integrated Governance Committee has reviewed and endorsed the revised action plan and routinely monitors related progress.

Over the last three years there has been a significant amount of work undertaken to strengthen the governance and accountability arrangements supporting the delivery of the quality, performance and financial targets within the organisation and this progress has also been recognised by Wales Audit Office within its 2012, 2013 and 2014 structured assessments. The organisation through its established clinical business meeting model has strengthened its arrangements for reviewing delivery and holding directorates to account to reflect the move to integrated planning and delivery.

The Wales Audit Office Structured Assessment process over this period concludes that overall the Health Board's governance arrangements have continued to evolve but some arrangements need further improvement. Board administration is improving and increased corporate capacity should strengthen arrangements further. The Health Board is actively reviewing and seeking to strengthen its assurance arrangements.

The significant progress made on the University Health Board's governance and assurance mechanisms over recent years, will continue to be built on as we move forward on our journey of improvement from being an organisation that has matured its governance and assurance arrangements from 'developing' to consistently 'practicing'.

The University Health Board's governance and assurance arrangements also have a strong focus on sustained performance and delivery. Whilst challenges remain going forward, good progress is being made in this area of our work and notable sustained improvements in performance have featured during 2014-15. Robust scrutiny through the Board's Finance & Performance Committee will remain the focus going forward.

5. THREE YEAR INTEGRATED MEDIUM TERM PLAN

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

The Board has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year integrated plan. In accordance with the new legislative duty the 2014-2017 Plan was approved by the Board and submitted to Welsh Government within the required timescale. The Welsh Government approved the Health Board's plan. A copy of the Plan is available at:

<http://www.cwmtafuhb.wales.nhs.uk/opendoc/239809>

Overall, the Health Board continues to make solid and steady progress in delivering the Plan and in fact this will be the third year that we have moved from delivering an organisational 'turnaround' agenda into delivering a much more mature, innovative and exciting transformational agenda for the Health Board.

Two major highlights for us this year, as a result, were winning a national award for our work on improving scheduled and unscheduled care patient flow across our hospitals and also obtaining the Platinum Award in the Corporate Health Standard.

Our Board maintains a strong focus on quality, performance and delivery and we are able to demonstrate that we are an organisation that has matured in our governance and assurance arrangements.

The Health Board also achieved its 2014/15 financial plan of breakeven in revenue expenditure terms, with a small surplus of £30k, which was a success given the challenging nature of our plan and a lower than average share of additional Welsh Government allocations. Capital expenditure was managed closely to plan, with a minor under spend of £3k against the planned expenditure of £19,207k.

Whilst challenges remain going forward, we will continue to build on our achievements and celebrate our success with notable improvements in performance and quality outcomes having been delivered for our community.

Further detail on our actual achievements and continued challenges moving into 2015/2016 can be found in our refreshed IMTP, particularly in Chapter 2, which outlines progress in delivering our Plan.

The Board has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year Integrated Medium Term Plan. The Health Board submitted its refreshed 2015-18 Plan to Welsh Government on 31 March 2015. The submission was informed by correspondence outlining the associated risks and basis on which the Board had approved its submission. The Board approved plan was ratified at the public Board meeting on 6 May 2015, with a copy made available to the public via its internet site.

At the time of writing, the Board is awaiting confirmation from Welsh Government, in accordance with the new legislative duty, as to whether the 2015-18 plan has been approved.

Central to implementation and delivery of the Cwm Taf plan, is robust local scrutiny and assurance arrangements endorsed by the University Health Board that provide assurance in relation to contractor services, directly provided services and commissioned services.

6. AREAS OF RISK

The risk profile of the Health Board is continually changing and captures the key risks that can impact upon the Health Board's achievement of its objectives if not adequately assessed, mitigated and monitored. The key risks of the organisation as at the 31 March 2015 are listed below. The organisational risk register currently includes 28 Extreme / High risks. The risks are categorised into the following groupings;

Categories / Risk Rating	Extreme (rated 15 -25)	High (rated 8-12)
Business objectives / projects	6	4
Impact on Safety	8	0
Statutory duty / inspections	5	1
Finance (including claims)	1	1
Human Resource / Organisational Development / Staff Competence	1	0
Service / Business Interruptions	1	0
Total Risks	22	6

Top Extreme Organisational Risks (Rating 20 and above)

The top organisational risks are delegated where appropriate to key sub committees of the Board and these in summary fall into the following areas;

- **Producing and delivering a viable 3 year integrated plan.**
- **Failure to recruit medical & dental staff and its related impact on rotas going forward (also aligned with SWP outcome)**
- **Reduction in medical doctor training posts (paediatrics specifically)**
- **Emergency ambulance response times**
- **Fire Safety compliance and issues with Prince Charles Hospital (Ground & First Floor) and related Fire Enforcement Notice**
- **Failure to meet Cardiology waiting times**
- **Control and capacity to accommodate all hospital follow up outpatient appointments**
- **Waiting lists and cancer target delivery**
- **Sustainability of a clinically safe & effective Ophthalmology service**
- **Deprivations of Liberties Safeguards and implications of recent court rulings; and**
- **Failure to continue to provide GP Out of Hours Services as currently configured.**

Actions to control and mitigate extreme / high risks are reported within the updates presented to Committee(s) of the Board and risks are assigned to key Committees for monitoring and assurance. Risks that have emerged during the year, include ophthalmology services; outpatient follow ups; Deprivations of Liberties Safeguards; GP Out of Hours services and increased fragility, as a consequence of medical staffing shortages impacting on Paediatrics, Neonates and Obstetric services, the latter linked to Deanery changes in the allocation of trainees. A number of contingency/action plans are in place to address these matters, which are being reported and reviewed by key Committees of the Board, the following is a summary of key areas;

6.1 Health & Safety Executive (HSE)

I reported in 2014, that as a consequence of a number of separate reportable RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) incidents, that the Health & Safety Executive (HSE) had issued a number of improvement notices. One of these related to safer sharps (following a staff needle stick incident) with a requirement on the UHB to fully implement the Health and Safety (Sharp Instruments in Healthcare) Regulations 2013. Separately an incident relating to safe specimen collection in the Genito Urinary Medicine (GUM) Service. Progress is being made with related implementation of improvement actions across the UHB.

The HSE issued an improvement notice following a moving and handling incident involving a member of staff and the HSE asked the UHB to improve its arrangements for moving and handling within the Medicine Directorate at the Royal Glamorgan Hospital. A series of actions has been taken Health Board wide, including a baseline assessment of staff training needs and a commitment by the Board to increase training provision; procurement of replacement equipment up to £400k and general awareness raising across the UHB.

An improvement notice relating to Post Exposure Prophylaxis (PEP), following a reported staff incident has been addressed in full and the HSE has recently confirmed their withdrawal of the notice.

6.2 Fire

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

Senior Officers and members of the South Wales Fire & Rescue Service have met with the Director General and officials from Welsh Government to discuss the capital works progressed to date and planned, to manage and mitigate the fire safety related risks associated with the Prince Charles Hospital building.

6.3 Invited Data Protection Audit by the Information Commissioner's Office (ICO)

Good progress has been made in relation to the ICO invited audit which took place in early 2014. The UHB action plan addressing the ICO recommendations is being progressed and scrutinised at the Information Governance Group, which reports into Corporate Risk Committee.

6.4 Paediatrics, Neonatal and Obstetric Services

At its public meeting in January 2015, the Board agreed transitional arrangements to implement the outcome of the South Wales Programme in relation to Paediatric, neonatal and obstetric services. These arrangements also included a contingency plan, should it become clinically unsafe to sustain services across both District General Hospital sites.

6.5 Emergency Ambulance Services

The Board has expressed its concern with regards the performance of the Welsh Ambulance Service in relation to its Category A. emergency response times and its impact on the Cwm Taf community. As a consequence the Board initiated a number of discussions with senior officers at WAST and also with the Chair and 'Interim' Chief Executive of the Welsh Ambulance Services Trust (WAST) and the Chief Ambulance Service Commissioner for Wales.

These discussions have led to an agreed way forward and commitment to a series of actions that the Ambulance Service are taking to improve performance in Cwm Taf and the Board will monitor its effectiveness and continue to work with WAST.

6.6 Ophthalmology Services

The Board has discussed in some detail, issues associated with pressures within the Ophthalmology service, which have also compounded performance in relation to routine waiting times for cataract surgery. The Board has taken action to redirect and concentrate resource to the areas of greatest clinical urgency e.g. sight limiting conditions, a plan to address sustainable ophthalmology services going forward is being progressed.

6.7 Legal disputes relating to the construction of Ysbyty Cwm Rhondda (YCR) and Ysbyty Cwm Cynon (YCC)

The Board has been kept apprised of the ongoing legal disputes with contractor(s) involved in the construction of YCR and separately YCC. There are risks associated with the disputes, including financial risks, which the Board has been fully briefed on. The YCC dispute which is not as complex or significant in terms of value continues. Executive Officers will continue to ensure that the Board, Capital Programme Board and the Audit Committee is kept updated on progress with the disputes.

6.8 Cancer services

The Board reviewed and took action to improve performance against the cancer targets with improvement noted in the latter half of this year.

6.9 GP Out of Hours Services

An alternative model for GP out of hours services is being developed in partnership with interested parties. The public are being kept updated through our established public fora meetings and ongoing engagement with the Community Health Council (CHC).

7. MANDATORY DISCLOSURES

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

7.1 Standards for Health Services

Doing Well, Doing Better: Standards for Health Services in Wales ('the standards') came into force on 1 April 2010 and there are 26 standards in total covering all aspects of governance, service delivery, quality and safety which help services to focus on continuous improvement and ensure that they are "doing the right thing, at the right time, for the right patient, in the right place, with the right staff who have the right skills".

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

During this year the UHB completed its assessment against the 26 Standards, the outcome from which was reported through the Quality and Safety Committee and used to inform the Board's Governance & Accountability Assessment.

The Board completed a self assessment against the Governance and Accountability Module at its Board Development meeting held on 8 April 2015 and has;

- openly assessed its performance using the maturity matrix;
- responded to feedback from Healthcare Inspectorate Wales;
- plans in place to achieve the improvement actions identified within clearly defined timescales proportionate to the risk.

The Board reviewed its 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 coming 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 2013-14 Governance and Accountability Module and the actions following the governance review in Betsi Cadwaladr University Health Board. Progress against this action plan was reviewed and monitored routinely by the Integrated Governance Committee during the year.

The approach adopted was in line with the templates and guidance issued by the Welsh Government and Healthcare Inspectorate Wales 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. The Health Board has demonstrated a continuous improvement on the level of engagement undertaken in previous years. Progress has also been made towards embedding the Standards within all areas who are actively involved in completing their own self assessments.

The Health Board has improved its scrutiny arrangements in relation to the Standards during 2014-15 and there were 5 recommendations for improvement – 1 was assessed as high risk and 4 as medium risk. This led to an overall **Reasonable Assurance** rating.

7.2 Equality, Diversity and Human Rights

The University 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 Health Board's policy on equal opportunities and in relation to disabled employees is made equally accessible to staff and the public. This policy will be reviewed in 2014-15 to take account of all current legislation and initiatives such as the All Wales Standards for Accessible Communication and Information for People with Sensory Loss.

Control measures are in place to ensure that all Cwm Taf Health Board's obligations under equality, diversity and human rights legislations are complied with. Equality issues are monitored by the Health Board's Equality Forum and the Welsh Language Group.

7.3 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 with the development of a suspect package and a person with weapons procedure. These plans are in the process of being signed off, tested/exercised and rehearsed on a regular basis in order to maintain the level of awareness and preparedness across the organisation.

The organisation has also developed a Tactical Pandemic Framework on behalf of Public Health Wales to be used across the Region by three Health Boards as well as developing a detailed data on a Pandemic Profile to aid preparedness with Local Authority partners on such areas as planning for potential excess deaths.

The Severe Weather / Snow plan has been further strengthened and considerable work has been undertaken with the RAF, Coastguard and Air Ambulance to ensure that our Helicopter Procedure is resilient.

The organisation is also working with the Civil Aviation Authority to ensure that the proposed new helicopter landing pad at Prince Charles Hospital is appropriate.

Contingency planning in response to the NATO Summit, working with colleagues across South Wales was very successful and more recently contingency arrangements to respond to Ebola have also been progressed successfully in Cwm Taf and the arrangements have been shared with others.

7.4 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 Shared Services.

7.5 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.

7.6 Ministerial Directions

A list of Ministerial Directions issued by the Welsh Government during 2014-15 are available at:-

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

The Health Board can confirm that all 8 of these Directions have been fully considered and where appropriate implemented.

The two Ministerial Directions of significant importance to Cwm Taf UHB are:

- Emergency Ambulance Services Committee (Wales) Directions 2014 (2014 No.8)
- Welsh Health Specialised Services Committee (Wales) (Amendment) Directions 2014 (2014 No.9)

A range of Welsh Health Circulars (WHCs) were published by Welsh Government during 2014-15 and are centrally logged within the Health Board with a lead Executive Director being assigned to oversee implementation of any required action. Where appropriate, the Board or one of its Committees is also sighted on the content of the WHC.

7.7 Data Security

All information governance incidents are reviewed by the Information Governance Group and during the year there were no incidents relating to data security that required reporting to the Information Commissioners Office.

7.8 UK Corporate Governance Code

The organisation has also undertaken an assessment against the main principles of the UK Corporate Governance Code 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 2015 and also evidenced by internal and external audits. 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 wider Annual Report.

8. 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 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 and Safety Committee and the Finance & Performance Committee, with the Integrated Governance Committee ensuring alignment and connections with the Board's business. The Quality and Safety Committee also provides assurance relating to issues of clinical governance, patient safety, patient experience and the Standards for Health Services in Wales. 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 Health Board.

During the year, the Audit Committee has reported to the Board on the following key areas, that have been raised through reports from;

- Counter Fraud;
- Internal Audit reports covering;
 - Workforce;
 - Financial Systems;
 - Payroll;
 - Standards for Health Services in Wales;
 - Consultant Job Planning;
 - Electronic Staff Record;
 - Medical Staff Revalidation;
 - Capital;
 - Estates Maintenance;
 - Energy Management;
 - Risk Management; and
 - Charitable Funds.

- Wales Audit Office reports covering;
 - Clinical Coding,
 - Operating Theatres,
 - Primary Care Fraud,
 - Management of Chronic Conditions;
 - Historical Handling of Waiting List Anomalies; and
 - Annual Structured Assessment.

The Quality and Safety Committee has during the year reported to the Board its consideration of patient safety issues which include routine exception reports from Directorates; action plans from high risk areas including Ophthalmology; Clinical Coding; Dignity in Care; Fundamentals of Care, regular updates on Concerns, Claims Scrutiny Panels and Directorate risk based exception reports. The Committee has also reviewed and overseen the development of the mortality review process.

The Committee has been actively involved in the development of the following key documents on behalf of the Board; Quality Strategy and Quality Delivery Plan; Research Strategy, enhanced as a consequence of University Health Board status being granted and the Patient Experience plan. It also uses patient stories to highlight areas for improvement.

The Finance and Performance Committee has during the year reported to the Board on key financial and performance related delivery against targets and these have included; Cancer targets; Referral to Treatment and related waiting times; Unscheduled Care and related patient flow; Ambulance performance; Stroke performance against the four bundles; related matters under escalation by Welsh Government. In addition there has been routine focus on staff sickness absence; Commissioning; Waiting List Management; Data Quality and Clinical Coding and development of the three year Integrated Plan.

The Integrated Governance Committee includes the Chairs and lead Executive Directors as members and has internal and external auditors present. This Committee makes connections across the organisations agenda and ensures work is aligned appropriately to Sub Committees of the Board. In addition it oversees progress with the Board's Integrated Governance & Accountability action plan. During the year the Committee integrated its response to the HIW/WAO review of Betsi Cadwaladr UHB into its integrated action plan.

During the year the Board agreed to establish a Primary Care Committee to focus on the significant challenges and opportunities presented by Primary Care and oversee the development and implementation of a Strategy with strong alignment with our IMTP.

8.1 Internal Audit

Internal audit provide me and the Board through the Audit Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

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

The Head of Internal Audit opinion 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.
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The overall internal audit opinion is based on;

- The review of the process for self-assessment of Standards for Health Services in Wales. Evidence available by which the Board has arrived at its declaration in respect of the assessment for the Governance and Accountability module.
- 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 management’s progress in respect of addressing control weaknesses.
- Other assurance reviews which are directly relevant to the HIA 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. Where there is insufficient evidence to draw a firm conclusion the assurance domain is not rated. A summary of the related findings is outlined within the HIA Annual Report.

8.2. Annual Audit Report

In March 2015, the Wales Audit Office published its Annual Audit Report and issued an unqualified opinion on the 2013-14 financial statements of the Health Board, although there were some issues brought to the attention of officers and the Audit Committee. These related to:

- a. two non-material uncorrected mis-statements; an expenditure classification error of £401,000, and an overstatement of impairment costs of £2.18 million, neither of which impacted upon the year-end reported underspend;

- b. the reported Public Sector Payment Policy (PSPP) performance of paying 96.9 per cent of non NHS invoices within 30 days of receipt could not be verified as the Health Board 'starts the clock' when an invoice is received within Finance rather than when first received by the Health Board; and
- c. non-material uncertainties of £1.3 million in respect of some disputed balances between WHSSC and English providers of healthcare.

In addition, the Auditor General placed a substantive report on the Health Board's financial statements alongside his audit opinion. His report drew attention to £3.9 million of brokerage from the Welsh Government at the year-end, primarily to enable it to stay within its Revenue Resource Limit for the year. The Auditor General also concluded that;

- the Health Board's accounts were properly prepared and materially accurate;
- the Health Board had an effective control environment to reduce the risk of material misstatements to the financial statements; and
- the Health Board's significant financial and accounting systems were appropriately controlled and operating as intended.

In addition, several issues were brought to the attention of officers and the Audit Committee as set out below: -

- The Health Board has strong arrangements for budgetary control, in-year monitoring and reporting. The direction of travel on arrangements for financial sustainability is positive, but delivery of savings is behind schedule, and future success will require increased 'buy in' from key stakeholders;
- The Health Board has continued to strengthen governance arrangements and recognises areas that require further development;
- Whilst the Health Board's arrangements for managing resources generally meet normal operational needs, further improvement is needed to key enablers to support delivery of the integrated medium term plan;
- Performance audit work has identified opportunities to secure improvements in the use of resources in a number of specific areas.

Progress against the risks identified above will be monitored via the Board and its sub committees during 2015-16.

9. CONCLUSION

This Governance Statement indicates that the Health Board has continued to make progress and mature as an organisation during 2014-2015 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 two 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 two reports and related management response is outlined below. Management action has been taken forward to respond in these areas and progress is being monitored by the Audit Committee.

Internal Audit Report – Limited Assurance

- **Incident Reporting and Management**

This review concluded that the Board can take only 'limited' assurance that arrangements to secure governance, risk management and internal controls, within those areas reviewed, are suitably designed and applied effectively.

The review highlighted that the UHB has a good culture of awareness and reporting of incidents. However, there are currently a number of weaknesses in the way that the Datix system is being used to record, review and monitor incidents. This creates the risk that ongoing issues and trends relating to incidents may not be effectively highlighted and addressed. UHB Incident Reporting Policy and Incident Reporting Procedures are in place and available to all staff via the intranet. Training on the incident reporting process is provided to all staff as part of the induction process and specific 1 or 3 day training on 'managing risk' is also provided to staff when needed.

Staff members within the three sampled Directorates were aware of the UHB Incident Reporting policy and procedure and it was clear that incidents were being reported, but systems were not being used effectively. An action plan is in place to address the weaknesses found within the report, progress against which will be monitored by Audit Committee.

- **Business Continuity Planning**

This review concluded that the Board can take only 'limited' assurance that arrangements to secure governance, risk management and internal controls, within those areas reviewed, are suitably designed and applied effectively.

The review highlighted that overall, the controls in place to manage the risks associated with Business Continuity are of a limited standard. There is a structured process for developing corporate and directorate level plans, however, there is nothing in place ensuring that departments are aware of or consider continuity planning.

Whilst the Health Board has developed continuity plans for a number of areas throughout the organisation it is evident that the majority of these have not been formally approved and are due for review.

There is a significant lack of awareness at departmental level as to what continuity is. Despite this lack of awareness or training some departments have utilised the risk management process to develop risk mitigations that are in effect continuity plans although not badged as such and with varying formats. The actual level of operational resilience within the UHB may actually be of a greater standard than the assurance rating indicates due to these factors and the ability of staff to deal with problems as they arise. However, the reliance on unstructured processes is considered a significant risk and so does not increase the assurance rating.

There is currently a lack of assurance that the IT department have sufficient oversight of all local, departmental IT systems in terms of ensuring security, integrity and backups of data; this is evidenced by the arrangements currently within the Out of Hours service.

A comprehensive action plan is in place to address the weaknesses identified by the review (indeed a number of those actions have been completed) and regular updates on progress against the action plan will be monitored for progress by the Audit Committee.

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 plan for 2015-18, sets out the strategy for the University Health Board and outlines high level objectives and key areas for progress 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: ...3 June 2015.....

Annexe 1.

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD ATTENDANCE 2014-15
Dr C D V Jones	Chairman	Remuneration and Terms of Service Committee (Chair); Integrated Governance Committee.	Welsh Language	7/7
Prof. V Harpwood In post until 30 Sept 2014.	Vice Chair (Primary Care, Community and Mental Health services)	Mental Health Act Monitoring Committee (Chair); Integrated Governance Committee; Academic Partnership Board; Quality and Safety Committee; Remuneration and Terms of Service Committee.	Organ Donation	2/4
Prof. D Mead In post from 17 Dec 2014.	Vice Chair (Primary Care, Community and Mental Health services)	Mental Health Act Monitoring Committee (Chair); Integrated Governance Committee; Academic Partnership Board; Quality and Safety Committee; Primary Care Committee; Remuneration and Terms of Service Committee.	Armed Forces/ Veterans Health	2/2
Prof. D Mead In post until 16 Dec 2014.	Independent Member (Information Management & Technology)	Quality and Safety Committee; Primary Care Committee; Academic Partnership Board; Remuneration and Terms of Service Committee.	Information Governance; Armed Forces/ Veterans Health	5/5
Cllr. M Forey	Independent Member (Local Authority)	Remuneration and Terms of Service Committee; Integrated Governance Committee. Audit Committee from January 2015		5/7
Mr J Hill-Tout	Independent Member (Finance)	Finance & Performance Committee (Chair); Integrated Governance Committee; Audit Committee up until October 2014; Remuneration and Terms of Service Committee;	Capital (Design)	4/7

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD ATTENDANCE 2014-15
		Corporate Risk Committee from January 2015 Welsh Health Specialised Services Committee (Interim Chair from 24 March 2014 to February 2015).		
Mr A Seculer	Independent Member (Legal)	Integrated Governance Committee (Chair); Corporate Risk Committee (Chair); Finance & Performance Committee; Remuneration and Terms of Service Committee.	Children; Equality & Diversity; Violence & Aggression; Safeguarding	3/7
Mr G Bell	Independent Member (Community)	Audit Committee (Chair); Quality and Safety Committee; Integrated Governance Committee; Remuneration and Terms of Service Committee.	Patient Public Involvement, the Taff Ely Locality and the RCT Compact; Organ Donation	6/7
Cllr C Jones	Independent Member (Community)	Quality and Safety Committee (Chair); Audit Committee until October 2014; Integrated Governance Committee; Finance & Performance Committee; Remuneration and Terms of Service Committee.	Cleanliness, Hygiene & Infection Control; Corporate Health Standard	7/7
Mrs M Thomas	Independent Member (Third Sector)	Corporate Risk Committee (up until December 2014); Finance and Performance Committee; Mental Health Act Monitoring Remuneration and Terms of Service Committee; Audit Committee from October 2014.	Vulnerable Adults; Carers; Volunteers; Cynon Valley Locality and Merthyr Tydfil Compact	6/7
Mrs G Jones	Independent Member (Trade Union representative)	Audit Committee until October 2014; Corporate Risk Committee; Quality and Safety Committee; Remuneration and Terms of Service Committee.		7/7

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD ATTENDANCE 2014-15
Dr C Turner	Independent Member (University representative)	Academic Partnership Board; Remuneration and Terms of Service Committee; Audit Committee from January 2015.	N/A	7/7
Mrs A Williams	Chief Executive	Integrated Governance Committee; Emergency Ambulance Services Committee; Welsh Health Specialised Services Committee.	N/A	7/7
Mr S Webster	Director of Finance / Deputy Chief Executive	Audit Committee (in attendance); Finance and Performance Committee; Integrated Governance Committee; Primary Care Committee; Quality and Safety Committee.	N/A	6/7
Mr Kamal Asaad	Medical Director	Corporate Risk Committee; Integrated Governance Committee; Quality and Safety Committee.	N/A	5/7
Mrs Joanna Davies	Director of Workforce and Organisational Development	Academic Partnership Board Corporate Risk Committee Integrated Governance Committee.	N/A	6/7
Mr Stephen Harry	Director of Primary Care, Community & Mental Health (up until 2 February 2015) Board Director (from 2 February 2015)	Quality and Safety Committee (up until 2 February 2015); Integrated Governance Committee (up until 2 February 2015); Mental Health Act Monitoring Committee (up until 2 February 2015); Primary Care Committee (up until 2 February 2015); NHS Shared Services Partnership Committee.	N/A	6/7
Mrs Nicola John	Director of Public Health	Quality and Safety Committee; Integrated Governance Committee; Primary Care Committee.	N/A	7/7
Mr John Palmer	Turnaround Director Interim Director of Primary	Finance and Performance Committee Quality and Safety Committee (from 2 February 2015);	N/A	6/7

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD ATTENDANCE 2014-15
	Care, Community & Mental Health (from 2 February 2015)	Integrated Governance Committee (from 2 February 2015); Mental Health Act Monitoring Committee (from 2 February 2015); Primary Care Committee (from 2 February 2015).		
Ms Ruth Treharne	Director of Planning and Performance	Corporate Risk Committee; Finance and Performance Committee; Integrated Governance Committee Primary Care Committee.	N/A	7/7
Mr Chris White	Director of Therapies and Health Sciences/Chief Operating Officer	Academic Partnership Board (Chair); Corporate Risk Committee; Quality and Safety Committee Finance and Performance Committee; Integrated Governance Committee.	N/A	7/7
Mrs Lynda Williams	Director of Nursing, Midwifery and Patient Services	Academic Partnership Board; Corporate Risk Committee; Integrated Governance Committee; Quality and Safety Committee; Primary Care Committee.	N/A	6/7
Mr Robert Williams	Board Secretary / Corporate Director	Attends a range of Committee meetings on a regular basis.	N/A	7/7



GIG
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Pwyllgor Gwasanaethau Iechyd
Arbenigol Cymru (PGIAC)
Welsh Health Specialised
Services Committee (WHSSC)

**To: Mrs Allison Williams, Chief Executive,
Cwm Taf University Health Board**

cc: Joint Committee Members

**WELSH HEALTH SPECIALISED SERVICES COMMITTEE
ANNUAL GOVERNANCE STATEMENT
2014/15**

1. SCOPE OF RESPONSIBILITY

In accordance with the **Welsh Health Specialised Services Committee (Wales) Directions 2009 (2009/35) and 2014 (2014/9 (w.9))** (the WHSSC Directions), the Local Health Boards (LHBs) established a Joint Committee, which commenced on 1st April 2010, for the purpose of jointly exercising its Delegated Functions and providing the Relevant Services.

In establishing WHSSC and the Joint Committee to work on their behalf, the seven Local Health Boards (LHBs) recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency.

Our Aim is to ensure that there is:

equitable access to safe, effective and sustainable specialist services for the people of Wales, as close to patients' homes as possible, within available resources

The Welsh Health Specialised Services Committee (WHSSC) (Wales) Regulations 2009 (SI 2009 No 3097) make provision for the constitution of the "Joint Committee" including its procedures and administrative arrangements.

The Joint Committee is a statutory committee established under sections 12 (1)(b) and (3), 13(2)(c), (3)(c) and (4)(c) and 203(9) and (10) of the Act. The LHBs are required to jointly exercise the Relevant Services.

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Cwm Taf University Health Board (UHB) is the identified host organisation. It provides administrative support for the running of WHSSC and has established the Welsh Health Specialised Services Team (WHSST) as per Direction 3(4), Regulation 3(1) (d) and the interpretation sections of both the Directions and the Regulations and the Joint Committee Standing Orders: Statutory Framework and Joint Committee Framework.

2. GOVERNANCE FRAMEWORK

In accordance with regulation 12 of the Welsh Health Specialised Services Committee (Wales) Regulations 2009 ('the Regulations'), each Local Health Board ('LHB') in Wales must agree Standing Orders (SOs) for the regulation of the Welsh Health Specialised Services Committee's ("Joint Committee") proceedings and business. These Joint Committee Standing Orders (Joint Committee SOs) form a schedule to each LHB's own Standing Orders, and have effect as if incorporated within them. Together with the adoption of a scheme of decisions reserved to the Joint Committee; a scheme of delegations to officers and others; and Standing Financial Instructions (SFIs), they provide the regulatory framework for the business conduct of the Joint Committee.

These documents, together with a Memorandum of Agreement setting out the governance arrangements for the seven LHBs and a hosting agreement between the Joint Committee and Cwm Taf LHB ("the Host LHB"), form the basis upon which the Joint Committee's governance and accountability framework is developed. Together with the adoption of a Values and Standards of Behaviour framework this is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.

In March 2014 the Joint Committee approved the revised Governance and Accountability Framework.

1.1 The Joint Committee

The Joint Committee has been established in accordance with the Directions and Regulations to enable the seven LHBs in NHS Wales to make collective decisions on the review, planning, procurement and performance monitoring of agreed specialised and tertiary services (Relevant Services) and in accordance with their defined Delegated Functions.

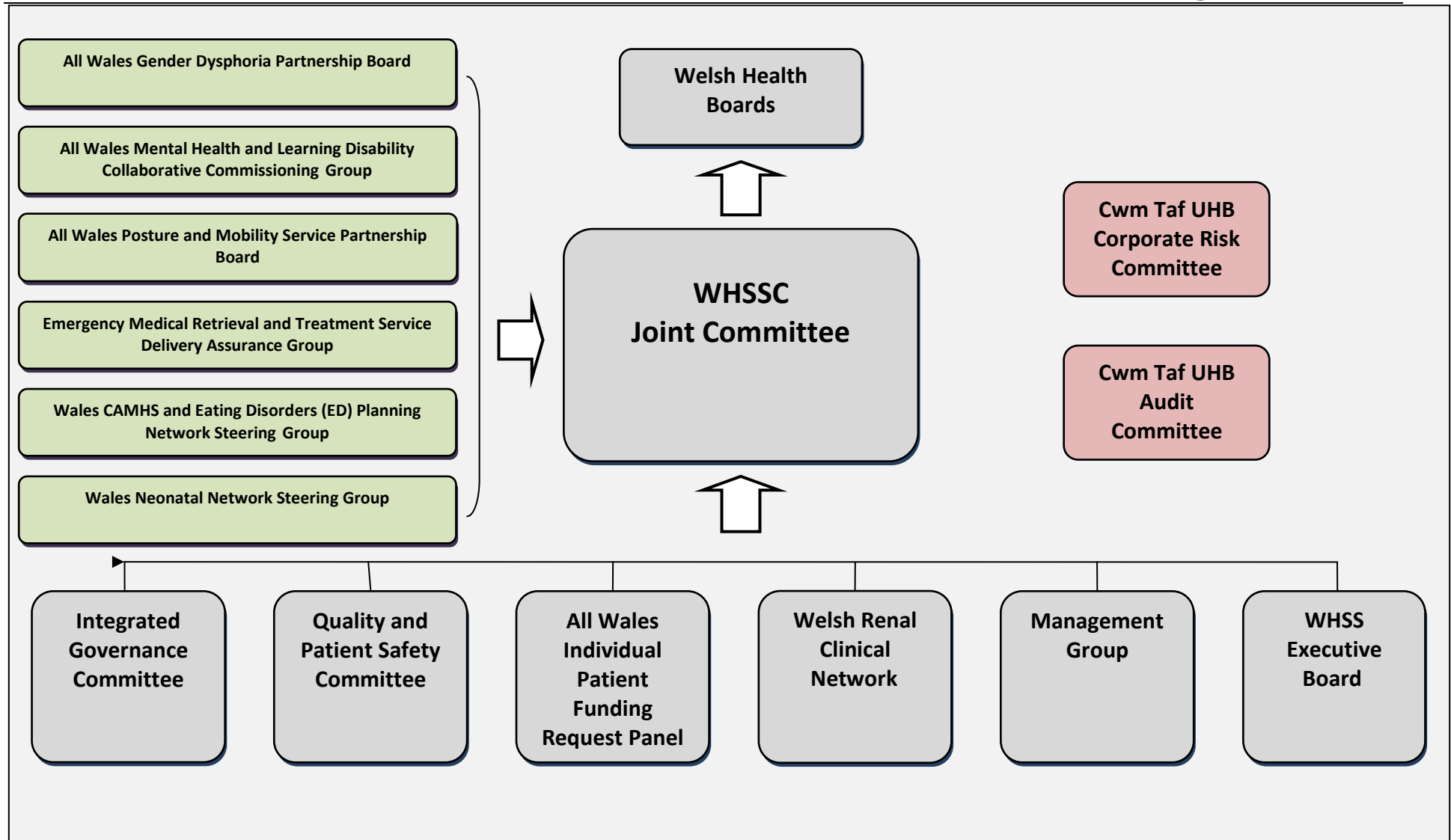
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Whilst the Joint Committee acts on behalf of the seven LHBs in undertaking its functions, the responsibility of individual LHBs for their residents remains and they are therefore accountable to citizens and other stakeholders for the provision of specialised and tertiary services.

The Joint Committee is accountable for internal control. As Managing Director of Specialised Commissioning, NHS Wales, I have the responsibility for maintaining a sound system of internal control that supports achievement of the Joint Committee's policies, aims and objectives and to report the adequacy of these arrangements to the Chief Executive of Cwm Taf University Health Board. Under the terms of the establishment arrangements, Cwm Taf University Health Board is deemed to be held harmless and have no additional financial liabilities beyond their own population.

The Joint Committee is supported by the Committee Secretary, who acts as the guardian of good governance within the Joint Committee.

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The Joint Committee members in post during the financial year 2014/15 are:

Name	Role	Organisation
Mr John Hill-Tout	Interim Chair (until January 2015)	Welsh Health Specialised Services Committee and Independent Member, Cwm Taf UHB
Mrs Ann Lloyd	Chair (from February 2015)	Welsh Health Specialised Services Committee
Mrs Sian Marie James	Member and Vice Chair	Independent Member, Hywel Dda UHB
Mr David Jenkins	Member (until September 2014)	Independent Member, Aneurin Bevan UHB
Mrs Maria Tomas	Member and Audit Lead (from September 2014)	Independent Member, Cwm Taf UHB
Dr Chris Tillson	Member (from September 2014)	Independent Member, Betsi Cadwaladr UHB
Mr Paul Roberts	Member	Chief Executive, Abertawe Bro Morgannwg UHB
Dr Andrew Goodall	Member (until May 2014)	Chief Executive, Aneurin Bevan UHB
Mrs Judith Paget	Member (from May 2014)	Chief Executive, Aneurin Bevan UHB
Mr Geoff Lang	Member (until June 2014))	Acting Chief Executive, Betsi Cadwaladr UHB
Professor Trevor Purt	Member (from July 2014)	Chief Executive, Betsi Cadwaladr UHB
Professor Adam Cairns	Member	Chief Executive, Cardiff and Vale UHB
Mrs Allison Williams	Member	Chief Executive, Cwm Taf UHB
Professor Trevor Purt	Member (until June 2014)	Chief Executive, Hywel Dda UHB
Mrs Karen Howell	Member (from June 2014 until January 2015)	Interim Chief Executive, Hywel Dda UHB
Mr Steve Moore	Member (from January 2015)	Chief Executive, Hywel Dda UHB
Mr Bob Hudson	Member (until March 2015)	Chief Executive, Powys Teaching HB
Mrs Carol Shillabeer	Member (from March 2015)	Interim Chief Executive, Powys Teaching HB
Mr John Palmer	Officer Member (from April 2014 until February 2015)	Director of Specialised and Tertiary Services, Welsh Health Specialised Services
Mrs Karen Howell	Officer Member (from February 2015)	Managing Director of Specialised and Tertiary Services Commissioning, NHS Wales, Welsh Health Specialised Services Committee

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Name	Role	Organisation
Dr Geoffrey Carroll	Officer Member	Medical Director, Welsh Health Specialised Services
Mr Stuart Davies	Officer Member	Director of Finance, Welsh Health Specialised Services
Miss Eiri Jones	Officer Member (from September 2014 until March 2015)	Interim Director of Nursing and Quality, Welsh Health Specialised Services Committee
Dr Tracey Cooper	Associate Member (from June 2014)	Chief Executive, Public Health Wales NHS Trust
Mr Simon Dean	Associate Member	Chief Executive, Velindre NHS Trust
Mr Steve Ham	Associate Member	Interim Chief Executive, Velindre NHS Trust
Mr Huw George	Associate Member (until June 2014)	Interim Chief Executive, Public Health Wales NHS Trust
Professor Simon Smail	Associate Member	Non Executive Member of Public Health Wales and Chair of the Quality and Patient Safety Committee
Professor John Williams	Associate Member	Chair of the Welsh Clinical Renal Network

In accordance with WHSSC Standing Order 3, the Joint Committee may and, where directed by the LHBs jointly or the Welsh Ministers must, appoint joint sub-Committees of the Joint Committee either to undertake specific functions on the Joint Committee's behalf or to provide advice and assurance to others (whether directly to the Joint Committee, or on behalf of the Joint Committee to each LHB Board and/or its other committees).

1.2 Sub Committees and Advisory Groups

The **Audit Committee** of the Cwm Taf UHB, as host organisation, advises and assures the Joint Committee on whether effective arrangements are in place – through the design and operation of the Joint Committee's assurance framework – to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Joint Committee's Delegated Functions.

The relevant officers from WHSSC are in attendance for the WHSSC components of the Cwm Taf Audit Committee.

1.2.1 Sub-Committees

The Joint Committee has also established 5 sub-committees in the discharge of functions:

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- All Wales Individual Patient Funding Request (IPFR) Panel (WHSSC)
- Welsh Renal Clinical Network
- Integrated Governance Committee
- Management Group
- Quality and Patient Safety Committee

The **All Wales Individual Patient Funding Request (IPFR) Panel (WHSSC)** holds delegated Joint Committee authority to consider and make decisions on requests to fund NHS healthcare for patients who fall outside the range of services and treatments that a health board has agreed to routinely provide.

The **Integrated Governance Committee** provides assurance to the Joint Committee that effective governance and scrutiny arrangements are in place across WHSSC activities.

The **Management Group** is the specialised services commissioning operational body responsible for the implementation of the Specialised Services Strategy. The group underpins the commissioning of specialised services to ensure equitable access to safe, effective, sustainable and acceptable services for the people of Wales.

The **Quality and Patient Safety Committee** provides assurance to the Joint Committee in relation to the arrangements for safeguarding and improving the quality and safety of specialised healthcare services within the remit of the Joint Committee.

The **Welsh Clinical Renal Network** is a vehicle through which specialised renal services is planned and developed on an all Wales basis in an efficient, economical and integrated manner and will provide a single decision-making framework with clear remit, responsibility and accountability.

1.2.2 Advisory Groups and Networks

The Joint Committee has also established 6 advisory groups in the discharge of functions

- All Wales Gender Dysphoria Partnership Board
- All Wales Mental Health and Learning Disability Collaborative Commissioning Group (formally Wales Secure Services Delivery Assurance Group)
- All Wales Posture and Mobility Service Partnership Board
- Emergency Medical Retrieval and Treatment Service Delivery Assurance Group
- Wales Child and Adolescent Mental Health Services (CAMHS) and Eating Disorders (ED) Planning Network Steering Group

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- Wales Neonatal Network Steering Group

The **All Wales Gender Dysphoria Partnership Board**, established in July 2013, supports the development of a future NHS Wales Strategy for Gender Dysphoria services within current NHS Wales funding parameters and to review the audit of assessment and surgical services against the quality indicators and key performance indicators. The scope of the Partnership Board extends beyond the services currently commissioned by WHSSC.

The **All Wales Mental Health and Learning Disability Collaborative Commissioning Group** advises the Joint Committee on issues regarding the development of secure mental health services for Wales. The group ensures that there is a co-ordinated approach to secure services across Wales and that the benefits of working collaboratively are realised.

In year, at the request of Welsh Government, the group's name was changed from the Secure Service Delivery Group to the Mental Health & Learning Disabilities Collaborative Commissioning Group to ensure there is no confusion between this NHS Group and the Welsh Government's Secure Service Advisory Group.

The **All Wales Posture and Mobility Services Partnership Board** monitor the service's delivery against the key performance and quality indicators, in order to provide assurance to the Joint Committee that the service is delivering in line with the All Wales Service Specification and advises the Joint Committee on the commissioning strategy for Posture and Mobility services, including identification of, and supporting opportunities for embedding coproduction as a core principle of the commissioning strategy.

The **Emergency Medical Retrieval and Treatment Service Delivery Assurance Group** was established in year. The purpose of the EMRTS Delivery Assurance Group is to co-ordinate the delivery, performance and direction of the EMRTS across Wales and to ensure that the benefits of working collaboratively are realised.

The **Wales Child and Adolescent Mental Health Services (CAMHS) and Eating Disorders (ED) Planning Network Steering Group** was established in year. The Steering Group remit is to plan CAMHS and ED services in order to improve access, effectiveness and quality of services from a patient perspective.

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The **Wales Neonatal Network Steering Group** advises the Joint Committee on issues regarding the development of neonatal services in Wales. The Steering Group ensures that there is a co-ordinated approach to Neonatal care across Wales and that the benefits of working collaboratively are realised.

1.3 Joint Committee and Sub-Committees meetings 2014/15

During the year improvements have been made to address issues in terms of quoracy at meetings. The following table outlines the number of occasions that the meetings were quorate.

Committee	Meetings	
	2013/14	2014/15
Joint Committee	1 of 4	5 of 5 ↑
All Wales IPFR Panel	5 of 12	14 of 17 ↑
Management Group	12 of 12	12 of 12 ↔
Quality and Patient Safety Committee	4 of 4	4 of 5 ↓
All Wales Clinical Renal Network	6 of 6	5 of 5 ↔

The following table outlines dates of Board and Committee meetings held during 2014/15. Meetings that were not quorate are highlighted in red.

Joint Committee/ Sub-Committee	2014/15					
	Joint Committee	24-Jun	16-Sep	25-Nov	27-Jan	16-Mar
Integrated Governance	30-Jul	14-Jan	13-Mar			
All Wales IPFR Panel	30-Apr	09-May (Virtual) 30-May (Virtual)	25-Jun	30-Jul	27-Aug	24-Sept
	29-Oct	19-Nov	08-Dec (Virtual)	08-Jan (additional Panel)	18-Feb (Virtual)	25-Mar
		25-Nov (Virtual)	17-Dec	28-Jan	25-Feb	
Management Group	10-Apr	08-May	12-Jun	10-Jul	14-Aug	04-Sep
	09-Oct	13-Nov	11-Dec	15-Jan	26-Feb	26-Mar

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Quality & Safety	10-Apr	14-Jul	09-Oct	11-Dec	12-Feb	
Welsh Renal Clinical Network	06-Jun	18-Jul	28-Oct	18-Dec	17-Feb	

3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

4. CAPACITY TO HANDLE RISK

As Managing Director for Specialised Services Commissioning, NHS Wales, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aim and objectives and need to be satisfied that appropriate policies and strategies are in place and that systems are functioning effectively. The Joint Committee's sub committees have assisted in providing these assurances and I am supported by the Head of Internal Audit's annual work, report and opinion on the effectiveness of our system of internal control.

An Independent Member of the Joint Committee is a Member of the Cwm Taf UHB Audit Committee. The Director of Finance and Committee Secretary and other members of Welsh Health Specialised Services Team (WHSST) (as required) attend the Audit Committee meetings.

The links with sub committees previously established through the Integrated Governance Committee continue. The Integrated Governance Committee is chaired by the Chair of the Joint Committee and the Members include the Chairs of the sub committees and advisory groups. The summary from each meeting along with the minutes of the Joint Committee are circulated to all LHBs and Trusts for reporting to their Boards.

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The Joint Committee and Integrated Governance Committee receive a copy of all the minutes of the sub-committees and advisory groups to ensure that an integrated and efficient approach to risk management is maintained in the organisation.

During the year, summary reports were introduced which reported an overview of the discussions at each Joint Committee Meeting. Arrangements are being put in place to enable the Chair and Managing Director to attend each Health Board meeting at least annually.

4.1 The risk and assurance framework

Under the hosting agreement with Cwm Taf UHB, WHSSC complies with their Risk Management Policy and Risk Assessment Procedure.

The aim of the Risk Management Policy is to:

- Ensure that the culture of risk management is effectively promoted to staff ensuring that they understand that the 'risk taker is the risk manager' and that risks are owned and managed appropriately;
- Utilise the agreed approach to risk when developing and reviewing the Resource and Operational Plan;
- Embed both the principles and mechanisms of risk management into the organisation;
- Involve staff at all levels in the process; and
- Revitalise its approach to risk management, including health and safety.

Risk management is embedded in the activities of WHSSC through a number of processes.

During 2014 a revised method for reporting the organisational risks was developed. The Corporate Risk and Assurance Framework (CRAF) forms part of the Welsh Health Specialised Services Committee approach to the identification and management of strategic risks. The framework is subject to continuous review by the Executive Director lead, Executive Board, Management Group, Joint Committee and sub committees.

It is for the Joint Committee to determine whether there is sufficient assurance in the rigour of internal systems to be confident that there are adequate controls over the management of principal risks to the strategic objectives.

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The CRAF is informed by risks identified at a Programme Team, Network, Directorate and Executive level. Each risk is allocated to an appropriate committee for assurance and monitoring purposes, i.e. Joint Committee, Audit Committee, Quality and Patient Safety Committee, and the Cwm Taf Corporate Risk Committee. The CRAF is received by the sub-committees as a standing agenda item. The Joint Committee receives the CRAF twice yearly. The Corporate Governance Manager is also a member of the Cwm Taf Corporate Risk Committee.

4.2 Risk Appetite

The Executive Board has agreed to adopt the Good Governance Institute Model Matrix on defining Risk Appetite for Specialised Services. This work is in development and will be discussed and developed further at the Management Group during 2015/16.

Developing risk appetite can be complex and therefore it is proposed that our opening risk appetite statement is described loosely around the organisational priority areas as identified and supported by the Joint Committee.

- Specialised Services Strategy;
- Improving quality, patient outcomes and experience;
- Delivery of the Integrated Commissioning Plan;
- Improving governance and business processes; and
- Organisational Development.

Once established, the risk appetite statement will become the driver for implementing our strategic objectives. It will give the staff clear expectations on how risks should be managed and a common acceptance of the importance of continuous management of risk.

4.3 Performance Dashboard

During 2014/15, the organisation put in place a Performance Dashboard that is monitored monthly at Executive Board, Management Group and assurance is provided at the sub-committees. The Joint Committee receives the dashboard at every meeting.

4.4 Top Organisational Risks

There are 16 risks on the CRAF as at 06 March 2015 all of which are Commissioning Risks. The latest position was reported to the Joint Committee in [March 2015](#).

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The top organisational risks (scored 16 and above) are delegated where appropriate to key sub committees of the Joint Committee and these in summary fall into the following areas;

- **Cardiac Surgery** – Patients are not being treated in a clinically appropriate timeframe;
- **Tier 1 Targets** – Delivery of waiting times targets across a range of services including Posture and Mobility Services, Paediatric Surgery and Plastic Surgery;
- **Bone Marrow Transplantation** – services issues which include appropriate accreditation, staffing and operational; and
- **Thoracic Surgery** – provision of the Thoracic Surgery Service to undertake appropriate levels of lung resections.

5. THE CONTROL FRAMEWORK

5.1 Integrated Plan for Commissioning Specialised Services

The [Integrated Plan for Commissioning Specialised Services for Wales 2014/15 – 2016/17](#) has been structured to support the delivery of the *NHS Wales Specialised Services Strategy*, and to ensure that the planning of specialised services is consistent with the Institute for Healthcare Improvement 'Triple Aim' to:

- Improve the health of the population;
- Enhance the patient experience of care (including quality, access, and reliability); and
- Reduce, or at least control, the per capita cost of care.

A key feature of this plan is the integration of:

- 7 Health Board plans for commissioning local services (collaboratively along the patient pathway); and
- Provider plans (Health Boards, NHS Trusts in Wales and England)

As well as:

- Quality (including patient experience and outcome)
- Activity volume (to meet agreed targets)
- Finance (including cost and affordability)

The plan highlights the key priorities for specialised services for Welsh patients over the next three years, together with the financial implications, and key risks to delivery. The plan is underpinned by detailed work plans for each of the programme areas, and a three year financial plan.

In addition to setting out the priorities and work plan over the next three years, the plan also describes the commissioning process, and sets out a model for transforming commissioning through the adoption of:

- Collaborative Commissioning
- Integrated Commissioning
- Commissioning through Collaboration

A copy of the plan is available on the WHSSC website:

<http://www.wales.nhs.uk/sites3/page.cfm?orgid=898&pid=58239>

5.2 Standards for Health Services in Wales: Doing Well, Doing Better

WHSSC currently uses *Doing Well, Doing Better: Standards for Health Services in Wales* ('the standards') as its framework for gaining assurance on its ability to commission safe, high quality health services. This involves self assessment of performance against the standards across all activities at all levels through the organisation.

During the year a new Managing Director and Chair have been appointed as well as changes to the Independent Members which sit on the Joint Committee. As part of strengthening these arrangements, a governance review was commissioned. In reviewing these arrangements, the full self assessment including the Governance and Accountability Module (see figure 1 for overview) was scrutinised by the Integrated Governance Committee.

The Committee considered that given some of these factors, the risks managed throughout the year as well as the need identified for strengthening the quality function in WHSSC, that a more rigorous approach to the assessment was required. This has been reflected in the scoring for the standards.

The Integrated Governance Committee supports the view that these standards do not apply to commissioning organisations and that a set of commissioning standards will need to be developed. This principle was agreed as part of the development of a Quality Framework for Specialised Services.

Figure 1

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Governance and Accountability Module	do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve.	are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	are developing plans and processes and can demonstrate progress with some of their key areas for improvement.	have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Setting the Direction			3		
Enabling Delivery			3		
Delivering results achieving excellence			3		
Overall Maturity Level			3 ¹		

The Internal Audit report following the review of WHSSC management of the Standards for Health Services in Wales concluded that the “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.

Key improvement actions for 2015/16 include:

- Development of a specialised services strategy;
- Development of a set of commissioning standards applicable for Specialised Services;
- Development and agreement of robust governance and partnership arrangements through the integration of the Programme Teams and CEEGs; and
- Improve arrangements for engaging effectively with public, patients and stakeholders.

5.3 Corporate Governance Code

WHSSC has undertaken an assessment against the main principles of the UK Corporate Governance Code as they related to an NHS public sector organisation in Wales. The assessment has been informed by our assessment against the Governance and Accountability Module undertaken by WHSSC in March 2015 and also evidences by internal and external audits. WHSSC is satisfied 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.

¹ The maturity scores within the Governance and Accountability Module for 2014/15 are unchanged from 2013/14

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WHSSC has no identified any departures from the Code through the year.

5.4 Ministerial Directions 2014/15

The Welsh Government has issued 8 Ministerial Directions in 2014/15 and these are available at the following Welsh Government website:

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

The two Ministerial Directions of significant importance to WHSSC are:

- Emergency Ambulance Services Committee (Wales) Directions 2014 (2014 No.8)
- Welsh Health Specialised Services Committee (Wales) (Amendment) Directions 2014 (2014 No.9)

All 8 of these Directions have been considered appropriately and implemented.

5.5 Data Security

There were no WHSSC specific incidents relating to data security that required reporting to the Information Commissioners Office.

5.6 Other elements of control framework

5.6.1 Equality and Diversity

WHSSC follows the policies and procedures of the Cwm Taf UHB, as the Host LHB. All staff have access to the Intranet where these are available. The Hosting Agreement includes provision for specific support around Equality and Diversity and the WHSSC has been working with the Equality Officer in the LHB and the NHS Wales Equality Unit to look at ways of integrating equality and diversity issues into our work. The Corporate Governance Manager is a member of the Equality Group within Cwm Taf and therefore any issues are integrated into this process.

5.5.2 Information Governance

The Committee Secretary is the Lead Officer in relation to Information Governance for the WHSSC and an agreement has been made that the Medical Director for Cwm Taf UHB will act as Caldicott Guardian with input and assurance from me.

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The Committee Secretary and the Corporate Governance Manager are members of the Cwm Taf UHB Information Governance Group.

5.5.3 Counter Fraud

A counter fraud plan has been developed which has been designed to reduce the risk of fraud by reviewing those aspects of WHSSC business that have a residual fraud risk. Work in delivering the programme for higher risk areas such as private sector secure mental health services has commenced in 2014/15 and will be rolled out on a planned basis through into 2015/16 and beyond.

6. REVIEW OF EFFECTIVENESS

As Managing Director, 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 WHSSC 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.

Internal audit provide me and the Joint Committee through the Audit Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

During the year internal audit issued the following audit report with a conclusion of **Limited Assurance**.

Individual Patient Funding (IPFR) Report	The objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the management of patient funding requests and IPFR.				
	Priority	H	M	L	Total
	Number of recommendations	4	4	1	9
	Plans to address these weaknesses and ensure continuous improvement are in place for all matters and the Executive Board and Audit Committee continues to scrutinise that agreed actions are being delivered on behalf of the Joint Committee.				

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	A summary of the actions being taken to address these weaknesses was been considered by the Audit Committee. A further review against management progress was reported to the Audit Committee in January 2015. A Follow-Up Review on IPFR was undertaken in February 2015 by Internal Audit which concluded that the level of assurance would have increased to Reasonable Assurance .
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8. SIGNIFICANT GOVERNANCE ISSUES

I wish to highlight following matters that are considered significant and have presented challenges in 2014/15.

8.1 Renal Transplantation

The death of two patients was reported to WHSSC by the provider in January 2014. The two patients received a kidney transplant in November 2013. Both patients developed neurological symptoms similar to donor and unfortunately despite treatment, both patients deteriorated and died.

A level 2 investigation was initiated by the provider in January 2014. The redacted report was received by WHSSC. An Inquest was held by HM Coroner, who in December 2014, concluded that the cause of death was "unintended consequences of a necessary medical intervention".

The provider attended the WHSSC Quality and Patient Safety Committee in February 2015 and presented the learning following the investigation and Inquest. Members of the Quality and Patient Safety Committee were assured that appropriate action had been taken by the provider in response to these incidents and that learning had been demonstrated.

The incident investigation and Inquest has identified learning which needs to be shared nationally. Sharing of this learning is being taken forward by the provider and the NHSBT.

8.2 Cardiac Surgery

A risk issue was highlighted to the Joint Committee in 2013/14 relating to patients listed for cardiac surgery not being treated within a clinically appropriate timeframe which potentially may lead to increased morbidity, increased risk of clinical deterioration

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leading to emergency admission, and increased risk of mortality, while waiting for surgery.

A project was established during the year which included outsourcing cardiac surgery to Providers in England, in order that patients would be treated in accordance with Welsh Waiting Times. The Joint Committee has continued to receive regular updates regarding the progress in reducing waiting times and performance of the providers. The position reported at the March 2015 Joint Committee was as follows:

- Cardiff and Vale UHB (**CV UHB**) has continued to treat patients within the waiting times target since first achieving the target in October, and expects to sustain this position to March;
- Abertawe Bro Morgannwg UHB (**ABM UHB**) has given assurance to that the delivery plans are in place to achieve the waiting times target by March;
- Agreement reached to establish the referral pathway from ABMUHB to CVUHB to support delivery of recurrent demand in 2015/16 while capacity is increased at Morriston Hospital; and
- Progress being made towards a fully collaborative service across the 2 centres to support sustainability and resilience of cardiac surgery in South Wales.

8.3 Review of Governance Arrangements

The Good Governance Institute (GGI) were commissioned to undertake a review of the governance review of WHSSC in September 2014. The review included:

- The decision making processes that operate through the current governance model including review of delegations and suggest areas for improvement ;
- Each element of WHSSC governance on its own terms including the Joint Committee;
- How WHSSC could best fit in the Welsh Government 3 year Integrated Medium Term Planning processes and the Performance Management Framework;
- How the Local Health Boards could exercise their WHSSC responsibilities more effectively as both commissioner and provider and how WHSSC exercises;
- How WHSSC can discharge it's responsibilities through the Networks; and
- How WHSSC can position itself in NHS Wales with Welsh Government and Welsh Ministers.

The fieldwork has been completed and the final report is awaited. An action plan will be developed to address the issues identified and recommendations detailed by the GGI.

8.4 Integrated Medium Term Plans

The organisation has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year integrated commissioning plan.

During 2014/15 the Joint Committee agreed a one year plan in June 2014. The process for the development of a three year plan had been presented and discussed at each Management Group meeting throughout 2014/15. Updates on progress were also provided to the Joint Committee.

The final draft plan of the three year plan for the period 2015-18 was presented to the Joint Committee on 17th March 2015 and submitted to Welsh Government in accordance with the timescales set. Members endorsed the process used to develop the plan and approved the proposed changes to the list of services delegated by Health Boards to be commissioned as specialised services. In view of the Health Board plans being unapproved at the time of the meeting further work is to be undertaken to align the WHSSC and LHB plans.

8.5 Healthcare Inspectorate Wales (HIW) Review

Health Inspectorate Wales are in the process of undertaking a review of WHSSC, in order to understand the clinical governance arrangements that WHSSC has in place and how these relate to patient outcomes.

The focus of the review will be on two inter-linked elements of WHSSC services:

- Cardiac Surgery; and
- Specialised Services Referral Management.

It is anticipated that the review will be concluded by the end of June 2015.

9. CONCLUSION

As the Managing Director, 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.

Signed:

Mrs Karen Howell

Managing Director of
Specialised and Tertiary
Services Commissioning
(from 1st February 2015)

Date:



GIG
CYMRU
NHS
WALES

Pwyllgor Gwasanaethau
Ambiwlans Brys
Emergency Ambulance
Services Committee

**To: Mrs Allison Williams, Chief Executive,
Cwm Taf University Health Board**

**cc: Emergency Ambulance Services Committee
Members**

**EMERGENCY AMBULANCE SERVICES COMMITTEE
ANNUAL GOVERNANCE STATEMENT
2014/15**

1. SCOPE OF RESPONSIBILITY

In accordance with the Emergency Ambulance Services Committee (Wales) Directions 2014 (2014 No.08), the Local Health Boards (LHBs) established a Joint Committee, which commenced on 1st April 2014, for the purpose of jointly exercising its Delegated Functions and providing the Relevant Services.

In establishing EASC and the Joint Committee to work on their behalf, the seven Local Health Boards (LHBs) recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency.

The Emergency Ambulance Services Committee (EASC) (Wales) Regulations 2014 (SI 2014 No.566 (W.67) make provision for the constitution of the "Joint Committee" including its procedures and administrative arrangements.

The Joint Committee is a statutory committee established under sections 11, 12(3), 13(2)(c) and (4)(c) and 203(9) and (10) of and paragraph 4 of Schedule 2 to the National Health Service (Wales) Act 2006(1). The LHBs are required to jointly exercise the Relevant Services.

Cwm Taf University Health Board (UHB) is the identified host organisation. It provides administrative support for the running of EASC in line with the Directions and has established the Emergency Ambulance Services Team (WHAST) and appointed the Chief Ambulance Services Commissioner as per Direction 8(4), 3 of the Emergency Ambulance Services Committee and related Regulations.

2. GOVERNANCE FRAMEWORK

In March 2014 the Joint Committee approved the revised Governance and Accountability Framework including the Standing Orders. In accordance with related Regulations and Directions, each Local Health Board ('LHB') in Wales must agree Standing Orders (SOs) for the regulation of the Emergency Ambulance Services Committee ("Joint Committee") proceedings and business. These Joint Committee Standing Orders (Joint Committee SOs) form a schedule to each LHB's own Standing Orders, and have effect as if incorporated within them.

Together with the adoption of a scheme of decisions reserved to the Joint Committee; a scheme of delegations to officers and others; and Standing Financial Instructions (SFIs), they provide the regulatory framework for the business conduct of the Joint Committee.

These documents, together with a Memorandum of Agreement setting out the governance arrangements for the seven LHBs and a hosting agreement between the Joint Committee and Cwm Taf LHB ("the Host LHB"), form the basis upon which the Joint Committee's governance and accountability framework is developed. Together with the adoption of a Values and Standards of Behaviour framework this is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.

1.1 The Joint Committee

The Joint Committee has been established in accordance with the Directions and Regulations to enable the seven LHBs in NHS Wales to make collective decisions on the review, planning, procurement and performance monitoring of Emergency Ambulance Services (relevant Services) and in accordance with their defined Delegated Functions.

Whilst the Joint Committee acts on behalf of the seven LHBs in undertaking its functions, the responsibility of individual LHBs for their residents remains and they are therefore accountable to citizens and other stakeholders for the provision of Emergency Ambulance Services.

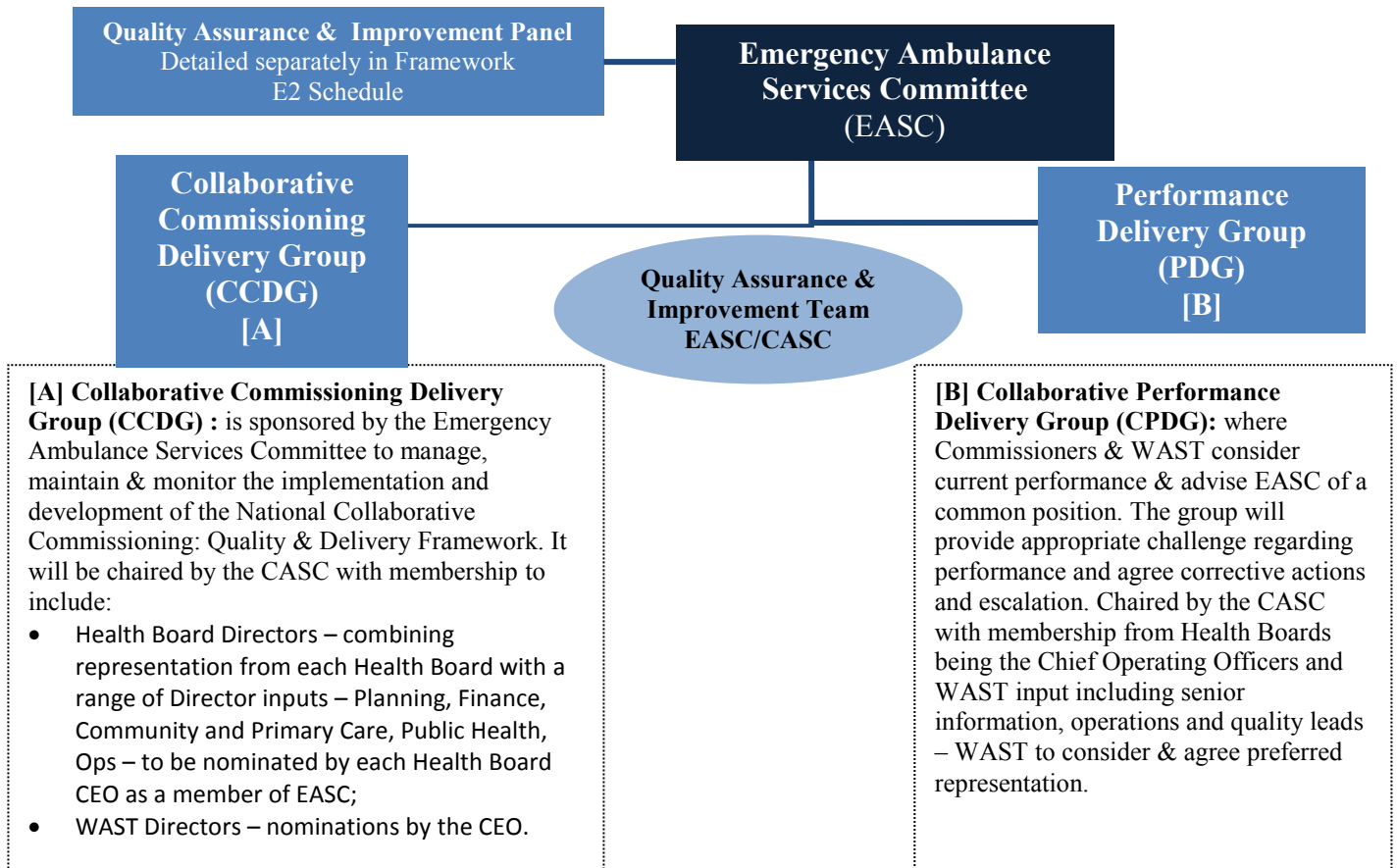
The Joint Committee is accountable for internal control. As Chief Ambulance Services Commissioner NHS Wales, I have the responsibility for maintaining a sound system of internal control that supports achievement of the Joint Committee's policies, aims and objectives and to report the adequacy of these arrangements to the Chief Executive of Cwm Taf University Health Board.

Audit Committee 3 June 2015 - Agenda Item 2.3

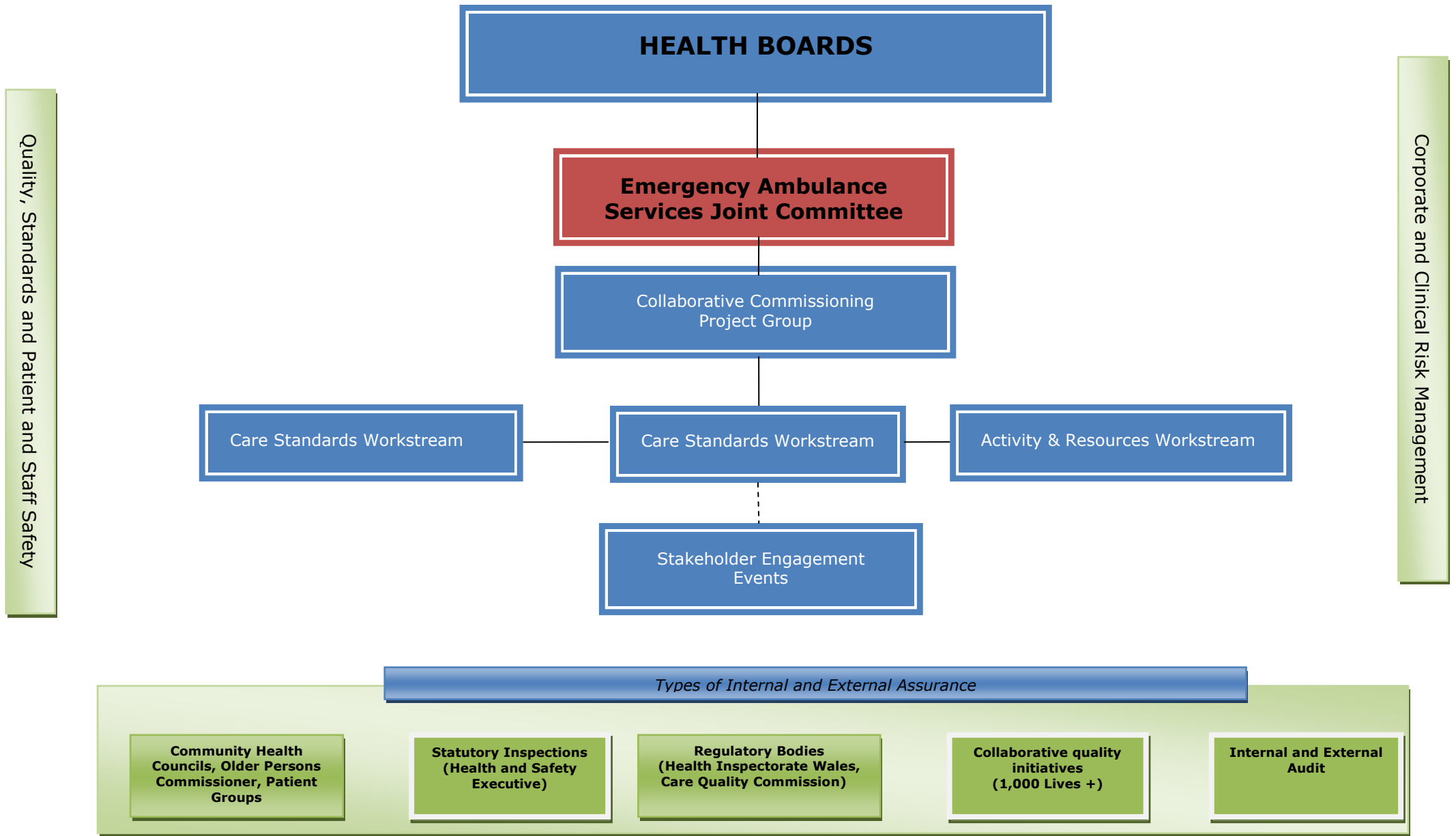
Under the terms of the establishment arrangements, Cwm Taf University Health Board is deemed to be held harmless and have no additional financial liabilities beyond their own population.

The Joint Committee is supported by a Board/Committee Secretary, who acts as the guardian of good governance within the Joint Committee.

Governance Arrangements



Emergency Ambulance Services Joint Committee – Governance Framework



The Joint Committee members in post during the financial year 2014/15 are:

Name	Role	Organisation
Professor Siobhan McClelland	Chair	Emergency Ambulance Services Committee
Professor Adam Cairns	Member	Chief Executive, Cardiff and Vale UHB
Andrew Cottom	Member (until June 2014)	Director of Ambulance Service Reform
Dr Andrew Goodall	Member (until May 2014)	Chief Executive, Aneurin Bevan UHB
Mr Stephen Harray	Chief Ambulance Services Commissioner (from January 2015)	Emergency Ambulance Services Committee
Mrs Karen Howell	Member (from June 2014 until January 2015)	Interim Chief Executive, Hywel Dda UHB
Mr Bob Hudson	Member (until March 2015)	Chief Executive, Powys Teaching HB
Mr Stuart Ide	Interim Ambulance Services Commissioner (from July 2014 to December 2014)	Emergency Ambulance Services Committee
Mr Geoff Lang	Member (until May 2014))	Acting Chief Executive, Betsi Cadwaladr UHB
Mr Steve Moore	Member (from January 2015)	Chief Executive, Hywel Dda UHB
Mrs Judith Paget	Member (from May 2014)	Chief Executive, Aneurin Bevan UHB
Professor Trevor Purt	Member (until May 2014)	Chief Executive, Hywel Dda UHB
Professor Trevor Purt	Member (from June 2014)	Chief Executive, Betsi Cadwaladr UHB
Mr Paul Roberts	Member	Chief Executive, Abertawe Bro Morgannwg UHB
Mrs Carol Shillibeer	Member (from March 2015)	Interim Chief Executive, Powys Teaching HB
Mrs Allison Williams	Member	Chief Executive, Cwm Taf UHB
Ms Tracey Cooper	Associate Member (from June 2014)	Chief Executive, Public Health Wales NHS Trust
Mr Steve Ham	Associate Member	'Interim' Chief Executive, Velindre NHS Trust
Mr Huw George	Associate Member (until June 2014)	Interim Chief Executive, Public Health Wales NHS Trust
Mr Elwyn Price-Morris	Associate Member (Until August 2014)	Chief Executive, Welsh Ambulance Services NHS Trust
Mrs Tracy Myhill	Associate Member (from September 2014)	Interim Chief Executive, Welsh Ambulance Services NHS Trust

In accordance with EASC Standing Orders, the Joint Committee may and, where directed by the LHBs jointly or the Welsh Ministers must, appoint joint sub-Committees of the Joint Committee either to undertake specific functions on the Joint Committee's behalf or to provide advice and assurance to others (whether directly to the Joint Committee, or on behalf of the Joint Committee to each LHB Board and/or its other committees).

1.2 Sub Committees and Advisory Groups

The **Audit Committee** of the Cwm Taf UHB, as host organisation, advises and assures the Joint Committee on whether effective arrangements are in place – through the design and operation of the Joint Committee’s assurance framework – to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Joint Committee’s Delegated Functions.

The relevant officers are in attendance for the EASC components of the Cwm Taf Audit Committee, although it is recognised that as EASC develops and matures as a joint Committee, there will be an increasing level of audit.

1.2.1 Sub-Committees

The Joint Committee has also established a Collaborative Commissioning Group with two work streams supporting its work;

- Care Standards
- Activity and Resources

With a small project team in support and a Stakeholder Engagement Events Group.

The **Care Standards Work Stream** focuses on the development of care standards that informs the National Collaborative Commissioning : Quality and Delivery Framework. The Workstream has developed Care Standards for Emergency Ambulance Services under the guidance of the Collaborative Commissioning Project Group.

The aims of the Workstream were confirmed to support the delivery of a NHS Wales Commissioning & Quality Delivery Framework Agreement for WAST: Emergency Ambulance Services which:

- improves patient outcomes;
- improves patient experience;
- demonstrates value for money.

The workstream agreed principles to develop a suite of bespoke Welsh Care standards as follows:

- to reflect the 6 domains of Health Care Quality as per the Institute of Medicine - Safe, Effective, Patient-centred, Timely, Efficient, Equitable.
- to be ‘balanced’ ie outcomes for patients and qualitative standards not just time requirements;
- to fit into the Prudent Healthcare context;

-
- to keep to the discipline of a patient care pathway / patient journey approach for the use of emergency ambulance services;
 - to use language from the perspective of the public / service user(s) not necessarily the provider/commissioner when constructing the pathway;
 - to have an minimum number of standards to provide appropriate assurance;
 - to ensure they support the provider to be "fit to be commissioned" ie core infrastructure requirements are included;
 - to enable over-time performance measures / service levels to be varied depending upon service circumstances / developments, this assumes that the Care standards will remain static;
 - to be complimentary to unscheduled care;

The Workstream developed 21 Care standards divided into the following two categories:

- Service Requirements – 15 Care standards;
- Core Requirements – 6 Care standards.

Service Requirements were agreed to provide assurance that:-

- Emergency Ambulance Services are able to deliver the Ambulance Service Patient Care Pathway (ASPCP) as developed by the Workstream.

Core Requirements were agreed to provide assurance that:-

- The public must receive an emergency ambulance service in accordance with any relevant statutory legislation and any relevant codes of practice, guidance and policies published or endorsed by the Welsh Government.

Finalised Care Standards were produced and approved by EAS Committee at their meeting in January 2015.

The **Activity and Resources Work Stream** was established to provide assurance to the Joint Committee that effective governance and assurance is in place to oversee the utilisation of resources allocated to Welsh Ambulance Services Trust (WAST).

The workstreams development work was shaped by the original commissioning intentions for 2015/16 as outlined in the Interim Collaborative Commissioning Agreement (ICCA) 2014/15.

This stated that the Resource Envelope should include the direct or complementary services which impact upon the effective and efficient delivery of emergency ambulance services, by the identification of all opportunities from:

-
- the application of Prudent Healthcare principles;
 - whole system resource regardless of resource-holder eg primary, community, secondary and ambulance;
 - areas of perceived waste;
 - areas of perceived variation;
 - capital investment;
 - alternative sources of funding to support innovative work to deliver transformational change, for example, Integrated Care Fund, Inverse Care Programme, Invest to Save, Social Enterprise funds.

EASC, at their meeting in March 2015, agreed an approach to support the finalisation of the financial value for 2015/16 payable to WAST from EASC.

The following agreed products have been developed through the workstream;

- Resource Management Descriptors.
- Resource Management Dataset, which has been produced by WAST following the work undertaken by the task & finish group, covering specific health boards and time periods.
- Financial Value Payable to WAST for emergency ambulance services.
- Minimum Datasets for Activity & Resources.
- Demand & Capacity Model.
- Service Development delivery plans.
- WAST Performance Improvement Plan for 2015/16.
- Benchmarking Toolkit.
- Service change ideas considered through the Quality Assurance & Improvement Panel (QAIP).

The following table outlines dates of Join Committee meetings held during 2014/15. All meetings held were quorate.

Joint Committee/ Sub-Committee	2014/15						
Joint Committee	24-Jun	16-Sep	21-Oct *	10-Nov **	25-Nov	27-Jan	17-Mar

*** Special Committee meeting**

**** Special Committee meeting via teleconference**

3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

4. CAPACITY TO HANDLE RISK

As Chief Ambulance Services Commissioner, NHS Wales, I have responsibility for maintaining a sound system of internal control that supports the achievement of EASC's policies, aims and objectives and need to be satisfied that appropriate policies and strategies are in place and that systems are functioning effectively. The Joint Committee's workstreams have assisted in providing these assurances and I am supported by the Head of Internal Audit's related work, report and opinion on the effectiveness of our system of internal control. It must be noted that responsibility for the commissioning of Emergency Ambulance Services remains that of the individual health boards, discharged collaboratively through the Joint Committee.

4.1 The risk and assurance framework

Under the hosting agreement with Cwm Taf UHB, EASC complies with their Risk Management Policy and Risk Assessment Procedure.

The aim of the Risk Management Policy is to:

- Ensure that the culture of risk management is effectively promoted to staff ensuring that they understand that the 'risk taker is the risk manager' and that risks are owned and managed appropriately;
- Utilise the agreed approach to risk when developing and reviewing the Resource and Operational Plan;
- Embed both the principles and mechanisms of risk management into the organisation;
- Involve staff at all levels in the process; and
- Revitalise its approach to risk management, including health and safety.

Risk management relating to the activities of EASC has matured throughout the year and arrangements for reporting organisational risks was agreed and developed.

The organisational risk register currently includes the following 4 Extreme / High risks as at 6 March 2015;

Risk Reference	Description of risk identified	Initial Score	Current Score	Trend	Last Reviewed
EASC 02	Failure to deliver Emergency Ambulance Performance Targets	20	25	↑	November 2014
EASC 01	Failure to put in place robust Corporate Governance arrangements.	15	16	↑	November 2014
EASC 03	Failure to commission safe Emergency Ambulance Services	12	16	↑	November 2014
EASC 04	Failure to commissioning EAS within the resources agreed by the EAS Joint Committee.	12	16	↑	November 2014

The EASC Risk Register outlines the actions in place to mitigate the related risks. It is also important to correlate these high level risks with the risk registers of the member Health Boards and WAST.

5. THE CONTROL FRAMEWORK

5.1 Quality & Delivery Framework Agreement



The *Quality & Delivery Framework Agreement* has been structured to support the following scope of services;

- a) responses to emergency calls via 999;
- b) urgent hospital admission requests from general practitioners;
- c) high dependency and inter-hospital transfers;
- d) major incident response and urgent patient triage by telephone;
- e) NHS Direct Wales Services.

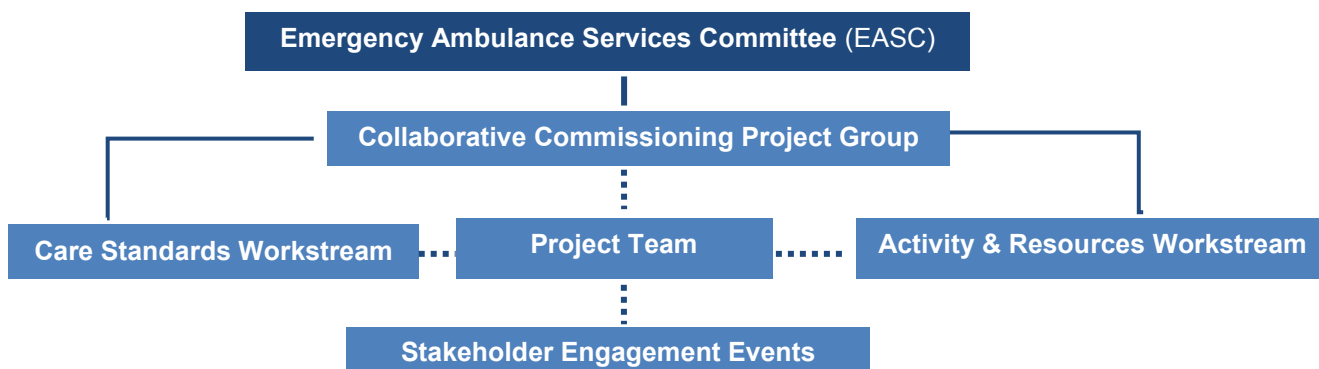
In line with the EASC (Wales) Directions 10 March 2014.

Prior to the formation of EASC there were inadequate arrangements and documentation in place covering the commissioning of emergency ambulance services between Health Boards and the Welsh Ambulance Services NHS Trust (WAST).

The Emergency Ambulance Services Committee (EASC) at its inaugural meeting in April 2014 sponsored the use of CAREMORE[®] for the creation of a Commissioning, Quality & Delivery Framework Agreement ('Framework Agreement') for Emergency Ambulance Services.

A Collaborative Commissioning Project Group was established to lead the production of the Framework Agreement, which consisted of representation, at Executive Director level, from all Health Boards and WAST, together with Welsh Government and Public Health Wales. Collaborative Commissioning was the favoured methodology as it endorses the national 'once for Wales' approach to share and develop ideas in a non-competitive environment. This is the situation in which CAREMORE[®] has been successfully applied to develop the 'Framework Agreement'.

The project governance arrangements are summarised in the figure below, with further history provided within the Sections of the Framework Agreement on how key stakeholders have collaboratively supported its development through specific workstreams and events.



The project management arrangements have complied with best practice including regular assurance reports on progress, risk management and product development to EASC.

The expectations for the Framework Agreement are to:

- clarify the role, responsibilities and outcomes from emergency ambulance services and their partners;
- enable a balance to be achieved between national expectations and local responsiveness to support the delivery of an efficient and effective urgent / emergency care response system;
- improve patient experience, improve patient outcomes, and demonstrate value for money;
- be fully operational in 2015/16.

An Interim Collaborative Commissioning Agreement (ICCA) for 2014/15 was developed by the Collaborative Commissioning Group and then agreed for 2014/15 between EASC and WAST. This agreement set out the original intentions for each Section of the Framework Agreement together with the interim arrangements for 2014/15 as a transitional year.

5.2 Governance & Accountability Assessment

The Governance & Accountability Assessment is more relevant to the host body, Cwm Taf UHB, who has undertaken an assessment in April 2015.

An Internal Audit report reviewing the establishment of EASC has recently been received and provides '**Substantial Assurance**'.

The Head of Internal Audit Opinion for the host body Cwm Taf UHB, 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.

5.3 Corporate Governance Code

The Corporate Governance Code is more relevant to the host body, Cwm Taf UHB, who has undertaken an assessment against the main principles of the UK Corporate Governance Code as they related to an NHS public sector organisation in Wales.

Cwm Taf UHB is satisfied 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 and not identified any departures from the Code through the year.

5.4 Ministerial Directions 2014/15

A list of Ministerial Directions issued by the Welsh Government during 2014-15 are available at:-

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

The two Ministerial Directions of significant importance to EASC are:

- Emergency Ambulance Services Committee (Wales) Directions 2014 (2014 No.8)
- Welsh Health Specialised Services Committee (Wales) (Amendment) Directions 2014 (2014 No.9)

5.5 Other elements of control framework

5.5.1 Equality and Diversity

EASC follows the policies and procedures of the Cwm Taf UHB, as the Host LHB. All staff have access to the Intranet where these are available.

5.5.2 Information Governance

EASC are supported with matters relating to Information Governance via the Host body LHB.

5.5.3 Counter Fraud

EASC are supported with matters relating to Counter Fraud via the Host body LHB. Local Counter Fraud Plans relating to the role of the Host body, including matters relating to EASC, is considered via the Cwm Taf UHB Audit Committee.

6. REVIEW OF EFFECTIVENESS

As Chief Ambulance Services Commissioner, 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 Team within EASC and the Host body who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.

The internal control framework and internal and external related audit support is maturing and will be strengthened going forward.

7. SIGNIFICANT GOVERNANCE ISSUES

I wish to highlight the following matters that are considered significant and have presented challenges in 2014/15.

7.1 Ambulance Performance

In October and November, there were 2 extraordinary meetings of the Emergency Ambulance Services Committee to discuss the deteriorating Ambulance response time standard performance. In December 2014, performance hit an all time low. However, there was improvement in January, February and March, although this still fell short of the national target.

8. CONCLUSION

As the Chief Ambulance Services Commissioner, 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.

Signed:

Mr Stephen HARRY

Chief Ambulance Services Commissioner,
NHS Wales

Date: