Aneurin Bevan University Health Board
Accountability Report 2018/19

1. Introduction

Aneurin Bevan University Health Board is required to publish, as part of our annual reporting, an Accountability Report. The purpose of the Accountability Report section of the Annual Report has been designed to demonstrate the ways in which the Health Board is meeting its key accountability and reporting requirements.

This Accountability Report has three sections:

- **Corporate Governance Report**
  This explains the composition of the Health Board, its governance structures and arrangements and how the Health Board seeks to achieve its objectives and responsibilities to meet the needs of the people we serve.

- **Remuneration and Staff Report**
  This section contains information about the staff of the organisation, particularly focusing on the remuneration of its Board and senior management, fair pay ratios and other staff information such as sickness absence rates.

- **Parliamentary Accountability and Audit Report**
  This section contains a range of disclosures on the regularity of expenditure, fees, charges, compliance with cost allocation, material remote contingent liabilities, long-term expenditure trends and charging requirements set out in HM Treasury guidance.

2. Corporate Governance Report

As a minimum, the corporate governance report includes:

- The Directors' report
- The statement of Accounting Officer's responsibilities
- The Annual Governance Statement.

2.1 Directors' Report

This section of the report sets out details of the directors of the Health Board in 2018/19. This information is outlined in the Annual Governance

Statement of the Health Board and can be found in detail in the Annual Governance Statement (AGS) on pages 13 - 16. Details of the membership of the Board and its Committees, including the Audit Committee, are also shown in this section of the AGS.

2.2 Board Members' Interests

The document, which can be accessed in the link below, shows details of directorships of other organisations or other interests that have been declared by the members of the Board of Aneurin Bevan University Health Board, as at the 31st March 2019. This information is available on the Health Board Internet site and can be accessed by following this link:

Declarations of Interest 2018/2019

2.3 Information Governance

This section covers information relating to data related incidents where they have been formally reported to the Information Commissioner's Office. It also includes information relating to personal data related incidents, including 'serious untoward incidents'. This information is available in the Health Board's Annual Governance Statement (AGS) and can be found on page 27-29 of the AGS.

2.4 Information on Environmental, Social and Community Issues

This section provides information on environmental, social and community issues. The Board has a Wellbeing of Future Generations Steering Group which covers a broad agenda including Energy, Waste, Water and Sustainability. It is co-chaired by the Director for Public Health and Board Secretary. The group is charged with taking forward the sustainability agenda of the organisation. Reporting to the group is the Environmental Management Steering Group that takes forward the improvements in energy, water and waste management by developing and reporting against targets. In addition the group includes other representatives responsible for developing sustainable procurement, IT and travel initiatives.

Environmental public health issues are dealt with in liaison with Public Health Wales Environmental Health and the Health Protection Agency in England. Environmental public health incidents reports are made to the Public Health and Partnerships Committee of the Board.

The Health Board has a Carbon Management Strategy which reflects the current priorities, drivers and opportunities for the Health Board. It examines how overall carbon management in the organisation could be made more effective with best practice, technology and innovation. This includes a challenging target for carbon reduction of 3% year on year for 5

years, the performance of which is being independently assessed and reviewed by the Carbon Trust.

The Health Board continues to work towards introducing more sustainable and resource efficient methods of processing waste generated from health care activities. Recycling facilities are embedded at all main hospital sites which stream off co-mingled mixed recyclates for onward sorting and reprocessing into new products and materials. Cardboard is separated and baled at the two main hospital sites within the Health Board and processed into mill size bales.

The segregation of infectious waste is continually evaluated and where possible, in line with guidance and best practice items are removed and diverted into a lower cost disposal option.

The Health Board continues to work towards implementing a zero to landfill approach. This includes exploring the options to divert residual waste to energy or a waste plant.

The Health Board continues to operate a third party certified Environmental Management System (EMS) to the international standard ISO 14001.

The EMS has developed to become the focal point for driving forward continual environmental improvement. It provides a joined up approach for the management of waste minimisation initiatives, recycling, energy and carbon management, sustainable procurement and green travel initiatives.

Certification ensures that we not only comply with legislation but go above and beyond this implementing best practice in our role as an exemplar NHS organisation in the area of healthcare waste and environmental management.

The organisation places high importance on continued certification to ISO 14001 and the assurance it provides to the Board and our stakeholders.

The Health Board continues to lead in the area of recycling of polypropylene instrument wrap from the Hospital Sterilisation and Disinfection Unit (HSDU) for recycling. Before the introduction of the recycling initiative all the polypropylene wrap from HSDU was being collected into Orange Hazardous Waste bags and consigned as Infectious Waste at considerable cost and environmental impact.

The Health Board can demonstrate a number of benefits in relation to the diversion of material from the clinical waste stream (currently 2 tonnes per month), while producing a commercial polymer with a commodity value.

Further plans are in process for collaboration with a major established Healthcare Supplier to use 3D printing technology to create healthcare consumables directly from the hospitals own "plastic waste", therefore creating a closed loop recycling model which benefits the circular economy. The Health Board has received widespread publicity and recognition for this.

2.5 Sickness Absence Data

The Health Board sickness absence rates for 2018/2019 have slightly increased from 5.22% in 2017/2018 to 5.29% in 2018/2019. The Health Board's target for sickness absence remains at 5%.

Whilst sickness absence has been high over the winter period, 69.72% of staff have not had any sickness absence. Of the 30.28% that have had sickness absence, it is mainly due to long term sickness.

Sickness absence remains a high priority. Evidence based analysis enables the Health Board to target sickness absence not only with the aim of reducing sickness absence but ensuring the well being of our staff.

Actions to improve sickness absence include a continued focus on managing hot spot areas and specifically for certain groups of staff such as registered nurses and healthcare support workers (HCSWs). This has supported a reduction in HCSWs sickness absence from 9.6% to 8.17% over the winter period.

The new Managing Attendance at Work Policy has been launched:

- 314 managers have been trained on the new policy and a training programme is in place being delivered in partnership with TU colleagues.
- A number of roadshows have taken place across various hopsital sites within the Health Board to advise staff of the changes as well as updating them on the impact of the pay progression linked to the 2018/19 pay award.
- Workforce & OD have also joined trade union roadshows to deliver messages in partnership.
- Ongoing coaching for managers to support them in managing absence is being provided.
- Maintain the focus on hot spot areas for nursing and healthcare support workers.
- Sickness questionnaires have been sent to staff who are/have been absent from work. This is to establish if appropriate support was offered before and during their period of absence. This gives the Health Board an opportunity to look at how things could have been done differently. This is currently being collated and once themes have been identified the HR team will focus on a targeted approach.

Actions to target Well-Being and encourage attendance and an early return to work include:

- Launch of the Employee Experience Framework.
- Additional medical resources in Occupational Health especially over the winter period has led to a reduction in waiting times.
- A task and finish group has been set up focusing on wellbeing at work focusing primarily on reducing staff fatigue.
- A poster has been developed to include all support services available to staff within the Health Board. These support services can be accessed via codes on the poster for those staff who do not have access to the intranet.
- Apppointment of additional counsellors to support staff during the winter period.

Please find below a table outlining further information with regard to sickness absence within the Health Board in the last year. However, comparison information is given with regard to previous years:

	2015/16	**2016/17**	**2017/18**	**2018/19**
Days lost (Short term < 28 days)	61,261	53,097	60,406	54,759
Days lost (Long term >28 days)	144,562	147,711	153,345	162,684
Total days lost	205,823	200,808	213,751	217,443
Total staff years	902	880	937	954
Average working days lost	14.7	14.2	15.2	15.2
Total staff employed in period (headcount)	14,020	14,155	14,012	14,334
Total staff employed with no absence (headcount)	4,919	5,803	4,848	5,016
Percentage staff with no sick	40%	41%	37%	35%

2.6 Statement of the Accountable Officer's Responsibilities

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer for Aneurin Bevan University Local Health Board. 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 Accountable Officer. As Accountable Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the Health Board's Auditors are unaware, and I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and that the Health Board's auditors are aware of that information.

As Accountable Officer, I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and that the judgements required for determining that they are fair, balanced and understandable.

Name: Judith Paget, Chief Executive **Date:** 30th May 2019

2.7 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:

Ann Lloyd

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Ann Lloyd, Chair
Dated: 30th May 2019

Judith Paget

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Judith Paget, Chief Executive
Dated: 30th May 2019

Glyn Jones

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Glyn Jones, Director of Finance and Performance
Dated: 30th May 2019

2.8 Annual Governance Statement

The Annual Governance Statement of the Health Board is provided as a separate document.

3. Remuneration and Staff Report

3.1 Directors' Remuneration Report

This report provides information in relation to the remuneration of those persons in senior positions within the Health Board who have authority and responsibility for directing or controlling the major activities of the Health Board. Details are provided in the tables below.

Remuneration Report

Salary and Pension entitlements of Senior Managers Remuneration

		2018-19				2017-18			
Name	**Title**	**Salary (bands of £5,000)**	**Benefits in kind (to nearest £100)**	**Pension Benefits**	**Total (bands of £5,000)**	**Salary (bands of £5,000)**	**Benefits in kind (to nearest £100)**	**Pension Benefits**	**Total (bands of £5,000)**
		£000	**£00**	**£000**	**£000**	**£000**	**£00**	**£000**	**£000**
Executive Directors									
Judith Paget	Chief Executive	200 - 205	0	7	205 - 210	195 - 200	0	28	225 - 230
Glyn Jones	Director of Finance & Performance / Deputy Chief Executive (Since 01.07.18)	145 - 150	87	45	195 - 200	135 - 140	85	57	195 - 200
Nicola Prygodzicz	Director of Planning, Digital & IT	110 - 115	4	20	130 - 135	110 - 115	7	32	145 - 150
Bronagh Scott	Director of Nursing (Until 30.11.18)	85 - 90	0	6	90 - 95	125 - 130	0	151	275 - 280
Martine Price	Acting Director of Nursing (Since 01.12.18)	40 - 45	0	42	80 - 85	0	0	0	0
Geraint Evans *	Director of Workforce and Organisational Development / Deputy Chief Executive (From 01.04.18 to 30.06.18)	130 - 135	0	0	130 - 135	115 - 120	0	0	115 - 120
Dr Gill Richardson	Director of Public Health (Until 31.05.17)	0	0	0	0	20 - 25	0	0	20 - 25
Dr Sarah Aitken **	Director of Public Health & Strategic Partnerships (Since 01.06.17)	120 - 125	0	4	125 - 130	115 - 120	0	83	195 - 200
Dr Paul Buss	Medical Director / Deputy Chief Executive (Until 31.03.18)	190 - 195	0	0	190 - 195	200 - 205	0	0	200 - 205
Alison Shakeshaft	Director of Therapies and Health Sciences (Until 31.12.17)	0	0	0	0	75 - 80	0	16	90 - 95
Peter Carr	Director of Therapies and Health Sciences (Since 17.10.18)	45 - 50	0	67	110 - 115	0	0	0	0
Nick Wood	Chief Operating Officer (Until 09.12.18) / Director of Primary, Community and Mental Health (Since 09.11.18)	140 - 145	41	23	170 - 175	140 - 145	0	33	175 - 180
Director of Operations									

Claire Birchall	Interim Director of Operations (From 20.08.18 Until 11.12.18) / Director of Operations (Since 12.12.18)	65 - 70	0	11	75 - 80	0	0	0
Board Secretary								
Richard Bevan	Board Secretary	100 - 105	0	34	135 - 140	95 - 100	0	41
Special Advisor to the Board								
Philip Robson	Special Advisor to the Board (Since 24.05.18)	30 - 35	0	0	30 - 35	0	0	0
Non-Executive Directors								
David Jenkins OBE	Chairman (Until 31.05.17)	0	0	0	0	10 - 15	0	0
Ann Lloyd CBE	Chairman (Since 10.07.17)	65 - 70	0	0	65 - 70	50 - 55	0	0
Philip Robson	Vice Chair (Until 23.05.18)	5 - 10	1	0	5 - 10	55 - 60	2	0
Emrys Elias	Vice Chair (Since 05.11.18)	20 - 25	0	0	20 - 25	0	0	0
Katija Dew	Independent Member (Third/Voluntary Sector)	15 - 20	0	0	15 - 20	15 - 20	0	0
Prof. Dianne Watkins	Independent Member (University)	15 - 20	0	0	15 - 20	15 - 20	0	0
Chris Koehli	Independent Member (Finance) (Until 30.09.17)	0	0	0	0	5 - 10	0	0
Catherine Brown	Independent Member (Finance) (Since 01.10.17)	15 - 20	0	0	15 - 20	5 - 10	0	0
Cllr Brian Mawby	Independent Member (Local Authority) (Until 30.04.17)	0	0	0	0	0 - 5	0	0
Richard Clark	Independent Member (Local Authority) (Since 01.10.17)	15 - 20	0	0	15 - 20	5 - 10	0	0
Joanne Smith	Independent Member (Community) (Until 30.09.17)	0	0	0	0	5 - 10	0	0
Pippa Britton	Independent Member (Community) (Since 01.11.17)	15 - 20	0	0	15 - 20	5 - 10	0	0
Frances Taylor	Independent Member (Community)	15 - 20	0	0	15 - 20	15 - 20	0	0
Shelley Bosson	Independent Member (Community) (Since 03.04.17)	15 - 20	1	0	15 - 20	15 - 20	2	0
Dr Janet Wademan	Independent Member (ICT) (Until 30.09.17)	0	0	0	0	5 - 10	0	0
David Jones	Independent Member (ICT) (Since 09.11.17)	15 - 20		0	15 - 20	5 - 10	0	0

Louise Wright	Independent Member (Trade Union) (Since 09.04.17)	0	0	0	0	0	0	0
Lorraine Morgan	Associate Independent Member (Chair of Stakeholder Group) (Until 30.09.18)	0	0	0	0	0	0	0
Keith Sutcliffe	Associate Independent Member (Chair of Stakeholder Group) (Since 05.03.19)	0	0	0	0	0	0	0
Claire Marchant	Associate Independent Member (Social Services) (Until 30.05.18)	0	0	0	0	0	0	0
David Street	Associate Independent Member (Social Services) (Since 04.10.18)	0	0	0	0	0	0	0
Colin Powell	Associate Independent Member (Chair of Health Professionals Forum) (Until 30.11.18)	0	0	0	0	0	0	0

	2018-19	**2017-18**
Band of Highest paid Director's Total Remuneration £000	200 - 205	200 - 205
Median Total Remuneration £	28,766	28,005
Ratio	7.0	7.2

In 2017-18 the highest paid director was not the Chief Executive whose remuneration was in the band of £195k - £200k with a ratio of 7.1.

* Geraint Evans retired on the 31st May 2017 and returned to employment initially for 16 hours per week from 15th June 2017, increasing to full-time hours from 2nd July 2017 under the provisions of the Accessing NHS Pension Retirement Guidelines (2014).

** Dr Sarah Aitken 2017-18 salary includes £77k invoiced by Public Health Wales NHS Trust for the period June 2017 through to November 2017, this is not the amount paid to Dr Sarah Aitken by Public Health Wales NHS Trust.

Salary has been reported as gross pay, which is before the deduction of any salary sacrifice schemes. During 2018-19 Glyn Jones had £6k sacrificed and Nick Wood had £5k sacrificed in respect of the lease car scheme, Nicola Prygodzicz had £1k sacrificed in respect of the home computing scheme and Richard Bevan had £1k sacrificed in respect of the purchase of annual leave scheme.

The amount of pension benefits for the year which contributes to the single total figure is calculated using a similar method to that used to derive pension values for tax purposes and is based on information received from NHS BSA Pensions Agency.

The value of pension benefits is calculated as follows: (real increase in pension* x20) + (real increase in any lump sum) – (contributions made by member)
*excluding increases due to inflation or any increase of decrease due to a transfer of pension rights

This is not an amount which has been paid to an individual by the Health Board during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

Remuneration Report continued

Salary and Pension entitlements of Senior Managers Pension Benefits

Name	Title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2019 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
Judith Paget	Chief Executive	0.0 - 2.5	2.5 - 5.0	95 - 100	290 - 295	2,256	1,968	199	0
Glyn Jones	Director of Finance & Performance / Deputy Chief Executive (Since 01.07.18)	2.5 - 5.0	0.0 - 0.0	20 - 25	0 - 0	275	199	50	0
Nicola Prygodzicz	Director of Planning, Digital and IT	0.0 - 2.5	(2.5) - 0.0	40 - 45	95 - 100	715	591	91	0
Bronagh Scott	Director of Nursing (Until 30.11.18)	0.0 - 2.5	0.0 - 2.5	45 - 50	140 - 145	1,083	933	70	0
Martine Price	Acting Director of Nursing (since 01.12.18)	0.0 - 2.5	5.0 - 7.5	45 - 50	135 - 140	990	742	66	0
Dr Sarah Aitken	Director of Public Health & Strategic Partnerships	0.0 - 2.5	2.5 - 5.0	35 - 40	115 - 120	938	817	78	0
Peter Carr	Director of Therapies and Health Sciences (since 17.10.18)	2.5 - 5.0	5.0 - 7.5	25 - 30	70 - 75	505	327	70	0
Claire Birchall	Interim Director of Operations (between 20.08.18 and 11.12.18) / Director of Operations (since 12.12.18)	0.0 - 2.5	(2.5) - 0.0	30 - 35	70 - 75	551	455	41	0
Nick Wood	Chief Operating Officer (until 9.12.18) / Director of Primary, Community & Mental Health (since 09.11.18)	0.0 - 2.5	0.0 - 0.0	20 - 25	0 - 0	304	234	43	0

Richard Bevan	Board Secretary	0.0 - 2.5	0.0 - 2.5	40 - 45	105 - 110	852	709	108	0

Geraint Evans has chosen not to be covered by the NHS Pension Scheme from June 2017.

Dr Paul Buss was not covered by the NHS Pension Scheme for 2017/18 and 2018/19

As Non-Executive members and the Special Advisor to the Board do not receive pensionable remuneration, there will be no entries in respect of pensions.

3.2 Membership of the Remunerations and Terms of Service Committee (RATS)

The Remuneration and Terms of Service Committee advises the Board on remuneration and terms and conditions matters. The membership of this Committee is published as part of the Annual Governance Statement (AGS). The information is published on pages 13 – 16 of the AGS.

The remuneration policy of the Health Board for the current and future financial years is set by Welsh Government and guidance and requirements are provided to the Health Board. The remuneration levels of senior decision makers within the Health Board are determined in line with national pay scales and Welsh Government approved proposed salary levels for very senior staff, who are not covered by the Agenda for Change pay scales.

All senior managers within the Health Board are subject to annual appraisal and the Health Board's PADR process. This process sets objectives for staff throughout the year and assesses individual achievement against these objectives.

In relation to contracts and tenure of Board Members, the Chair, Vice-Chair and Independent Members can be appointed up to 4 year terms, which can be extended to a maximum of eight years in any one NHS organisation. Executive Members of the Board are appointed to permanent contracts in line with Welsh Government contractual guidance and requirements and as a result are required to provide three months' notice of termination of employment.

3.3 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB for the financial year 2018-19 was £200k - £205k (2017-18, £200k - £205k). This was 7.0 times (2017-18, 7.2) the median remuneration of the workforce, which was £28,766 (2017-18, £28,005).

In 2017-18 the highest paid director was not the Chief Executive whose remuneration was in the band of £195k - £200k with a ratio of 7.1.

In 2018-19, 16 (2017-18, 14) employees received remuneration in excess of the highest-paid director.

The workforce remuneration ranged from £17k to £273k (2017-18 £15k to £254k).

There was a 2.7% increase in the median remuneration of the workforce due to the 3.0% pay award, incremental pay progression and workforce composition fluctuations.

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

3.4 Staff Report

3.4.1 Staff Numbers (shown as contracted whole time equivalents):

	Permanent Staff Number	Staff on Inward Secondment Number	Agency Staff Number	Other	Total Number	2017-18 Number
Administrative, clerical and board members	2,251	21	5	0	**2,277**	2,064
Medical and dental	990	5	78	0	**1,073**	1,032
Nursing, midwifery registered	3,468	1	93	0	**3,562**	3,574
Professional, Scientific, and technical staff	541	8	2	0	**551**	428
Additional Clinical Services	2,087	0	2	0	**2,089**	2,396
Allied Health Professions	705	0	20	0	**725**	520
Healthcare Scientists	220	0	12	0	**232**	228
Estates and Ancillary	946	0	35	0	**981**	1,108
Students	0	0	0	0	**0**	1
Total	**11,208**	**35**	**247**	**0**	**11,490**	11,351

3.4.2 Staff Composition

The table above provides the breakdown of staff numbers per discipline and professional group within the Health Board.

The gender breakdown for all staff groups is provided below:

	Female	Male	Total
Total	8,987	2,374	11,361

The total number of staff per discipline differs from the staff numbers table shown on page 15 due to the gender figures being based on a point in time as at 31st March 2019. The staff numbers figures represents the average over a 52 week period of staff in post.

3.4.3 Sickness Absence data

This information is provided above in section 2.5 (page 4).

3.4.4 Staff Policies applied in the Year

The Health Board has a policy framework in place, which covers all policies, procedures and guidance that apply to the Health Board, our staff and those who work in partnership with the organisation or are contracted to work for the Health Board. These policies also include policies relevant to the protected characteristics of age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation to ensure that the Health Board is fair, open and equal to all members of staff and to those who apply to work for the organisation. These policies include open and accessible training programmes, which promote equality of opportunity and raise awareness of the needs of all staff, but particularly those with protected characteristics. The Health Board has a policy database, which is actively managed and guided by the Health Board's Policy on Policies and Procedures.

3.4.5 Expenditure on Consultancy

As disclosed in Note 3.3 of the annual accounts, the following table shows details of expenditure incurred on consultancy services with external providers in 2018-19.

Consultant	Details	£000
ALISON WATKINS COMMUNICATIONS	SAIL evaluation resources as part of Living Well Living Longer programme - Balance of accrual from 2017/18	-1
ALISON WATKINS COMMUNICATIONS	NHS 70 Communications Support	6
BWB CONSULTING LTD	Sustainable Travel Plan for ABUHB - (Contract Ref Q59)	13
CAMPBELL TICKELL LTD	Housing Needs Assessment	62
CARNALL FARRAR LTD	Consultancy Services for a 'Medical Staffing in 2021 - Acute Takes - Substantive Model Workshops	21
CASTOR BUSINESS CONSULTING LTD	Consultant Support on Chepstow PFI contract & Med and Surgical Equipment for the Llanwenarth Suite	13
COMMON CAUSE CONSULTING LTD	Consulting on Board governance and assurance - reversal of accrual from 2017/18	-2
CREATIVE INCUBATION LTD	Establish Genie Review of Care at Home Team and Care Homes in Support of the Wales Staffing Act	23
DELOITTE LLP	VAT compliance reviews - revenue and capital and Employment tax issues - including GP out of hours employment status issues and salary sacrifice	75
DR ANNE ESAIN	Ten day undertaking of the Urgent Primary Care Pilot	6
ERNST & YOUNG LLP	VAT compliance reviews	5
FMLM APPLIED LTD	External Consultancy provided to undertake an independent assessment of the Interim and Transitional Service Plans for Paediatrics with a High-level review into the impacts and interdependencies within obstetrics and Neonatology	16
GOODMAN CONSULTANCY LTD	Catering Model Review - HB Contract Q50 Part Reversal of 2017/18 accrual	-10
GP ACCESS LTD	Pathfinder on-site programme - Additional amount paid over accrual actioned in 2018/19	1
HEALTH DIAGNOSTICS LTD	Cost of developing Health Options Software for Call and Recall function - balance of accrual from 2017/18	-1
HHJ CONSULTING	TALK STROKE VIDEOS- FUNDED VIA STROKE IMPLEMENTATION GROUP	3
MAINTEL EUROPE LTD	Professional services provided re the HBs network and telephony estate	3
OPERASEE LTD	Tredegar HC - Workforce demand and capacity planning	2
OXFORD BROOKES	Transformational Fund Whole School Approach	46
PEOPLETOO LTD	Health Care & Social Care Integration - Care closer to home	42
PWC	PWC Independent review of palliative care services March 2018 - Balance of accrual from 2017/18	-13

Consultant	Details	£000
PRIMARY CARE COMMISSIONING	Provide in practice support, mentoring, facilitated sessions & workshops working with GP staff preparing them for shift to the new model of working.	49
ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS	Managing occupational road risk (MORR) fleet transport review for the Out of Hours service	1
SWANSEA UNIVERSITY	Outstanding accrual from 2017/18 re SAIL evaluation for Inverse Care Law National Programme Board	-8
Total		**352**

3.4.6 Off Payroll Engagements

2018/19

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

	Total Number
No. of existing engagements as of 31 March 2019	14
Of which, the number that have existed:	
for less than one year at time of reporting.	2
for between one and two years at time of reporting	5
for between two and three years at time of reporting	1
for between three and four years at time of reporting	2
for four or more years at time of reporting	4

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

	Total Number
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	18
Of which…	
No. assessed as caught by IR35	
No. assessed as not caught by IR35	18
No. engaged directly (via PSC contracted to department) and are on the departmental payroll.	0
No. of engagements reassessed for consistency / assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

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

	Total Number
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

3.4.7 Exit Packages

There were no exit packages agreed during 2018/2019 financial year.

4. National Assembly for Wales Accountability and Audit Report

4.1 Regularity of Expenditure

Expenditure incurred by the Health Board during 2018/19 was in line with the purposes intended by the National Assembly for Wales.

4.2 Fees and charges

The Health Board incurred costs amounting to £0.4m for the provision of the statutory audit by the Wales Audit Office.

4.3 Managing public money

This is the required Statement for Public Sector Information Holders as referenced at 2.1 (page 2) of the Directors' Report. In line with other Welsh NHS bodies, the Health Board has developed standing financial instructions which enforce the principles outlined in HM Treasury guidance 'Managing Public Money' which sets out the main principles for dealing with resources in the UK public sector. As a result the Health Board should have complied with the cost allocation and charging requirements of this guidance. The Health Board has not been made aware of any instances where this has not been done.

4.4 Remote Contingent Liabilities

This disclosure was introduced for the first time in 2015-16. It shows those contingent liabilities that are deemed to be extremely remote and have not been previously disclosed within the normal contingent liability note within the accounts. . It relates to 9 medical negligence cases in 2018/19 (1 personal injury case in 2017/18) and is reported in Note 21.2 to the main accounts.

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

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Aneurin Bevan University Local Health Board for the year ended 31 March 2019 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Aneurin Bevan University Local Health Board as at 31 March 2019 and of its net operating costs for the year then ended; and

- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinion on regularity

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

Report on other requirements

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

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

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

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

Matters on which I report by exception
In the light of the knowledge and understanding of the board and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report or the Governance Statement.

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

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

Report
I have no observations to make on these financial statements.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements
As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities [set out on pages 6 and 7], the Directors and the Chief

Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Responsibilities for regularity

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

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

Adrian Crompton
Auditor General for Wales
11 June 2019

24 Cathedral Road
Cardiff
CF11 9LJ

Aneurin Bevan University Health Board

Annual Governance Statement 2018/2019

1. Scope of responsibility

The Board of Aneurin Bevan University Health Board is accountable for good governance, risk management and internal control of the organisation. As Chief Executive of the Health 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 also safeguarding 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.

Aneurin Bevan University Health Board, established on 1st October 2009, covers the areas of Blaenau Gwent, Caerphilly, Monmouthshire, Newport, and Torfaen with a population of approximately 600,000 people. The Health Board has an annual budget from the Welsh Government of just over £1 billion per year from which we plan and deliver services for the population of the Health Board area. The Health Board, as well as providing services locally, works in partnership to seek to improve health and well-being in the area, particularly through our partnership arrangements to respond to the Social Services and Well-Being Act and the Well Being of Future Generations Act. These regional statutory partnerships also have the responsibility for the management of funds directly allocated from Welsh Government and the development and delivery of integrated care and services to meet the identified needs of our local population.

During the year the Health Board has been committed to a number of high level objectives expressed within our IMTP and in line with our Clinical Futures Strategy and Programme. The Clinical Futures Programme sets out how we are focusing on population health and well-being and also moving to a better balance of services and care by:

- Making primary and community services central to this new integrated model of care and services. Also by developing new relationships with patients to preserve, maintain and improve their own health and well-being;
- delivering most care close to home;
- creating a network of local hospitals providing routine diagnostic and treatment services;
- centralising specialist and critical care services in a purpose built Specialist and Critical Care Centre to be called The Grange University Hospital.

The Health Board in its Integrated Medium Term Plan has expressed a clear change ambition for our organisation and the population that we serve. This change ambition frames our organisational priorities and plans.

Our Change Ambition

In our area, people are looking after their own health and well-being and that of their families. When they need help, this is readily available at home and in their community and supported through innovative technology.

We work in a modern system that with partners delivers the best quality outcomes, utilising best practice in the most appropriate setting. Our service provides truly holistic care from home to home and continuously evolves so it remains leading edge.

Compassionate care is delivered by talented creative teams that we trust and respect to put the needs of our patients at the heart of everything we do.

Our staff tell us they feel empowered, equipped and driven to make a difference to the lives and outcomes of people. Our teams feel listened to, valued and trusted.

We are a dynamic organisation that cares, learns and improves together.

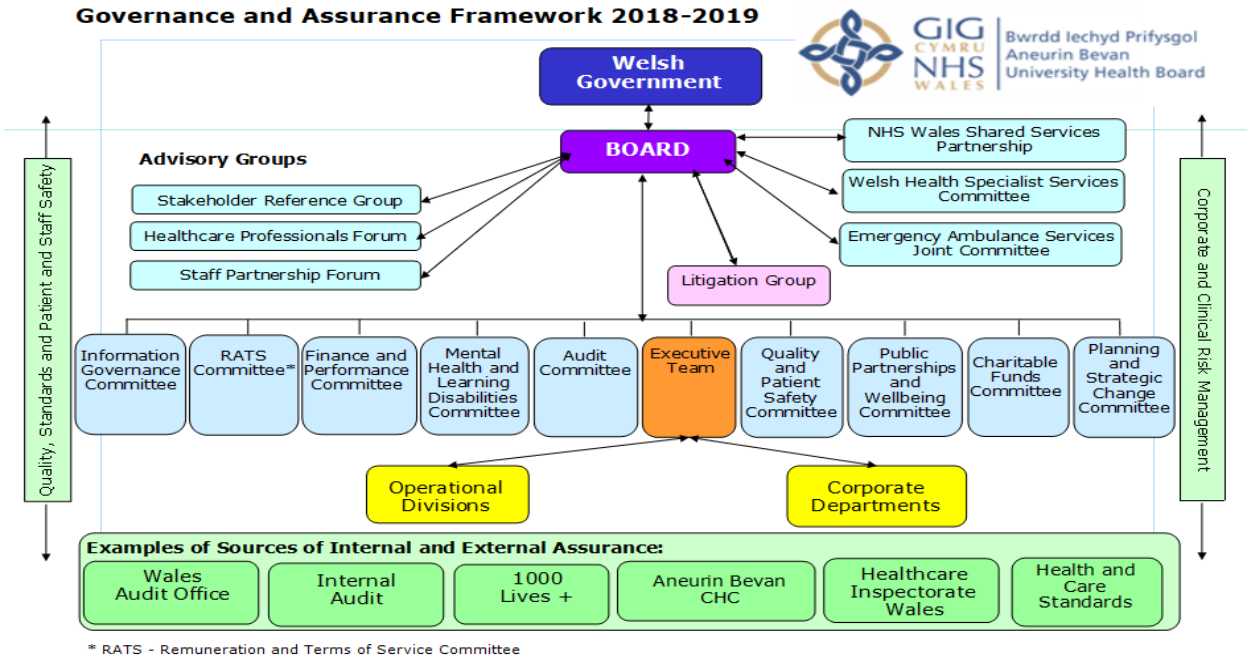
In this Annual Governance Statement the Health Board provides an overview of its performance against this position and also outlines decisions made, areas considered during the year and key risks identified and responded to by the Board and the wider organisation.

During 2018/2019, the Health Board has continued to develop and improve its system of governance and assurance. However, as an organisation we are not complacent and we are aware that there is continuing work that has to be undertaken to further develop, especially to continue to realise the opportunities and requirements of our status as a University Health Board and as we continue to deliver our Clinical Futures Programme. The Grange University Hospital build, as part of Clinical Futures, remains on time and to budget. Sights continue to be set on Operational Commissioning which will be a significant task once the building is handed over to the Health Board in 2020.

The Health Board's current leadership and stewardship of governance and assurance arrangements include taking assurance from work of our Committees and assessments against the Health and Care Standards for Wales and other professional standards and regulatory frameworks. This is alongside a range of sources of assurance from within and outside the organisation. Further development work has been undertaken and will continue to be taken forward during the next year to ensure all our arrangements are fit for purpose and appropriately aligned through a comprehensive governance and assurance framework with a key focus on the quality and safety of our clinical services.

The Health Board's approach also seeks to ensure we meet national priorities set by Welsh Government, locally determined priorities and also national and professional standards throughout the conduct of our business. These are clearly expressed in the Health Board's Integrated Medium Term Plan (IMTP). Further information regarding the IMTP is provided within this Statement. Reporting and monitoring against objectives and the risks associated with their delivery and achievement are actively considered and responded to by the Health Board and its Committees.

1.1 Our System of Governance and Assurance



In line with all Health Boards in Wales, Aneurin Bevan University Health Board has agreed Standing Orders for the regulation of proceedings and business of the organisation. These are designed to translate the statutory requirements set out in the LHB (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice, and together with the adoption of a scheme of matters reserved to the Board; a scheme of delegation to officers and others; and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define its 'ways of working'. These documents, together with the range of corporate policies set by the Health Board make up the Governance and Assurance Framework and arrangements.

The Board is in the process of further developing a written Board Assurance Framework, which will be introduced in 2019 and will include a Board Assurance Map, which outlines the sources of assurance used by the Board to assist the organisation in judging the progress it is making against its stated objectives and particularly the quality, safety and timeliness of care for the population we serve.

The Health Board continues to implement its Values and Behaviours Framework, which was launched by the Board in November 2013 and activity has been undertaken to embed this throughout the organisation and the Framework has been regularly refreshed and updated. The Health Board has also introduced an Employee Experience Framework in February 2019, as we are clear that good employee experience and organisational culture shapes positive patient experience.

During the year the Health Board's Declarations of Interest and Staff Code of Business Conduct Policy has been updated and has been further embedded to better manage any conflicts of interest that might arise for our Board Members and staff. This continues to be rolled out across the organisation and communication and engagement undertaken on the requirements of the policy. During 2018/2019 these arrangements were embedded in the organisation's Personal Appraisal Development Review (PADR) process to engage all staff in understanding their responsibilities and obligations and encouraging declarations.

1.2 The Role of the Board

During 2017/2018 the Health Board experienced a significant amount of change with regard to the membership of the Board. However, during the last year this new membership has consolidated its position. The organisation is chaired by Ann Lloyd CBE and the organisation's operational delivery is led by Judith Paget, Chief Executive, who is the Health Board's Accountable Officer. There has been some change in the executive membership of the Board. These changes are outlined in **Table One,** starting on page 13. Members of the Board have been able to access a programme of induction and development at a national level facilitated by Academi Wales and the Welsh Government. The Health Board has also provided complementary local development and briefing activities.

The 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 nine other Independent Members and the Chief Executive and eight Executive Directors. There are also Associate Independent Members and other senior managers who routinely attend Board Meetings. The full membership of the Board and their lead roles and committee responsibilities are outlined in **Table One** starting on page 13.

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 2018/2019 were appropriately constituted with a quorum. The key business and risk matters considered by the Board during 2018/2019 are outlined in this statement and further information can be obtained from the published Health Board meeting papers on the Health Board's web pages via the following link.

Health Board Meeting Papers

1.3 Committees of the Board

The Health Board has established a range of committees, as outlined in the diagram on page 3. 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, an assessment of current risks and also performance monitoring.

The Health Board has continued to keep its committee structure under review and a revised committee structure is proposed for 2019/2020 and these proposals will be submitted to the May 2019 meeting of the Health Board in line with the Health Board's governance framework and priorities of the IMTP.

In terms of the existing committee structure, the Planning and Strategic Change Committee has a different model of membership, which includes both Independent Members and Executive Members of the Board. This recognises that the committee is constituted to focus on development and medium and longer term planning matters, rather than acting as an assurance committee for scrutiny purposes.

The committees provide assurance reports and the minutes of their meetings to each Board meeting to contribute to the Board's assessment of assurance and to provide scrutiny on the delivery of objectives. There is some cross representation between committees to support the connection of the business of committees. This is an area that will be further worked on in 2019/2020 to effectively co-ordinate business between committees and avoid any duplication. Therefore, further work is required during the next year to continue to build cross committee working and also the flow of business and assurance between committees and the Board. The Health Board is continuing to develop the ways in which its committees operate and work together to ensure the Board has assurance on the breadth of the Health Board's work to meet its objectives and responsibilities and the risks against their non-achievement.

During 2018/2019, the Health Board continued to increase its openness and transparency with regard to the ways in which it conducted its committee business. The majority of the committees of the Board continue to meet in public with their papers published on our website prior to their meetings.

The link below provides to access to the Health Board's web pages, where the papers are published:

Health Board Meeting Papers

The meetings that currently do not meet in public are either because of the confidential nature of their business such as the Remuneration and Terms of Service (RATS) Committee or they are development meetings such as the Planning and Strategic Change Committee, discussing plans and ideas often in their formative stages. The Health Board and its committees have also sought to undertake a minimum of its business in private sessions and ensure business wherever possible is considered in public. During the coming year as part of the Health Board's overall plan for Board and Committee business further work will be completed to build on this position and ensure that we maximise the amount of our business undertaken in public.

The Board, as part of its committee structure, also has a **Charitable Funds Committee** which oversees the Health Board's Charitable Funds on behalf of the Board, as Corporate Trustee for charitable funds. The work of the Committee provides assurance through reporting to the Board that charitable funds are being appropriately considered and overseen within the organisation.

An important Committee of the Board in relation to this 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 and its system of internal control. During 2018/2019, key issues considered by the Audit Committee relating to the overall governance of the organisation have been:

- The Committee approved an Internal Audit Plan for 2018/2019 and has kept under review the resulting Internal Audit Reports, noted key areas of risk and tracked the management responses made to improve systems and organisational policies. Improvement work is progressing with regard to the arrangements to track Internal Audit and Wales Audit Office recommendations, their implementation and progress made against them. This is being further developed during 2019/2020 with the NHS Wales Shared Services Partnership to implement an on-line tracking and reporting system.

- There has been a continued focus on improvements in the financial systems and control procedures and the monitoring of payments and trending processes and regular monitoring of implementation of the financial control policies.

- Continuing to oversee a comprehensive programme of internal audits in Divisions of the organisation with a range of supportive follow-up activity undertaken. The Committee has kept these reports, in particular, on the forward work programme and regular updates from the leads for each area have been submitted to the Committee, to ensure progress and continued traction, where appropriate. There has been a particular focus on monitoring continuing improvement and seeking assurance regarding the organisation's arrangements for clinical audit, following limited assurance reports in this area. Progress has been noted during the year, but the Audit Committee in association with the Quality and Patient Safety Committee will continue to closely scrutinise the progress being made in this area.

- During the year the Committee also considered a limited assurance report on patient discharge arrangements. The Committee noted that the proposed recommendations and responses the audit were very clear as to how to address the issues from the audit. The Committee noted that the Discharge Policy was under review and being consulted on across the whole organisation and that the Health Board had made significant levels of investment in this area of its business. The improvement measures being implemented in relation to monitoring, auditing, spot checking and holding individuals to account were discussed and it was agreed that this improvement work would be closely monitored by the Executive Team.

- Engaged actively with Counter Fraud, receiving regular update reports throughout the year and approving the Counter Fraud Annual Plan and Annual Report.

- Continuing to seek assurance on the processes for post payment verification (PPV) reviews for primary care practitioners.

- Further developing the Health Board's approach to risk management strategy and processes. Comprehensive work has been undertaken during the year to undertake a whole organisation Risk Management Landscape Review. This has been reported and the Committee has endorsed an Action Plan and implementation of this plan will be monitored by the Committee during 2019/2020.

- Further development and engagement work has been undertaken in relation to the Health Board's Declarations of Interests register. The Board Secretary and the Medical Director have written to all Health Board Consultants. This has resulted in a significant increase of Declarations of Interest, all of which have been captured on the organisational register. Further work has been undertaken during the

year to embed these processes in the PADR and induction process. PADR documentation has now been revised to include a specific discussion question on Declarations of Interest.

- The Committee continues to work with the Wales Audit Office (WAO) with regard to the work of external audit on the accuracy of financial statements. The Committee also liaises with the WAO on a programme of performance audits within the organisation and assurance reports. This includes the comprehensive Structured Assessment undertaken annually. The Committee has received this assessment and an Action Plan, which will be monitored during the year. Further information of the Structured Assessment is provided on page 20.

The **Quality and Patient Safety Committee** is also an important committee with regard to the assessment of the Health Board's overall governance and assurance and particularly the quality and safety of the Health Board's services. Key issues considered by this committee are outlined below, but have not been highlighted in detail in this document as they are covered comprehensively in the Health Board's Annual Quality Statement to be published in July 2019. The Committee has identified a number of key issues and achievements during 2018/2019, which are outlined below:

- Understanding patient experience and how patient stories could be further used as part of the Committee's work has been a key area of focus during the last year. The Committee has heard examples of patient stories about the ways the Health Board delivers and designs our services and how patient experience can influence and shape this work. The further development and active use of patient experience metrics is a key area of attention for the Committee and will be progressed during the next year, particularly in relation to how this influences delivery of the Health Board's Clinical Futures Programme.

- The Committee has continued to monitor the Health Board's performance with regard to mortality data and has continued to explore variation in data in relation to condition specific mortalities as well as receiving regular updates in relation to the focused work on the Mortality Audit/Review Process and coding completeness and timeliness. Throughout the year a lower Risk Adjusted Mortality Index (RAMI) in comparison with other Health Boards in Wales has generally been maintained. The Health Board's focus on mortality reviews has generated a range of learning and regular reports have been presented to the Committee to provide updates on progress;

- The regulations for the management of concerns in Wales were introduced in April 2011. The regulations required health bodies to 'investigate once, investigate well'. The Committee has continued to monitor organisational and divisional performance against the 20 and 30 day compliance targets for response and to receive assurance that there is learning from each complaint and/or incident and that this is

communicated across the Health Board. The Committee has been clear that further improvement is required in this area, particularly in terms of compliance with response targets. The compliance levels are provided in the Health Board's Annual Quality Statement for 2018/2019, which is published in July 2019.

- The Committee has continued to monitor organisational performance against quality and safety targets and measures, for example the number of clostridium difficile cases and the cases of pressure damage experienced by patients. The Committee has been pleased to see divisional progress with targets and interventions to address the measures and targets, but have emphasised the continuing need to improve in some areas. The Committee received the Infection Control Annual Report and was assured that infection control and prevention was being robustly monitored across the Health Board;

- The Committee received updates on the progress that had been made in embedding the Health and Care Standards to date in 2018/19. The Internal Audit of Health and Care Standards was reported in March 2019 and the final report gave a reasonable level of assurance. The Health and Care Standards Group meets regularly with good engagement across the Health Board;

- Any adverse incidents that have occurred within our Health Board or other health bodies, have been considered by the Committee to ensure that the Health Board's arrangements are safe and to consider recommendations for further improvement;

- The Committee has continued to monitor performance and progress against a number of key areas of activity, including maternity services, urgent primary care services, stroke, falls prevention, prevention of suicide and self-harm, waiting times within the Health Board's Emergency Departments, and Continuing Health Care. In relation to Maternity Services, the Committee as part of its cycle of service reviews undertook a specific scrutiny session on maternity services at its February 2019 meeting and received assurance from the Health Board's Maternity Service Board on the continuing focus on quality and safety in these services across the Health Board;

- The Committee has continued to monitor Winter Plans to ensure the reduction in patient care delays, improvements to the flow of patients across the system, and improvements of timely access for patients into and out of our system. The Committee received a detailed presentation in February 2019 on the impact of the plans and noted that active evaluation was underway. The Plans have highlighted areas of good practice and learning to build on the evaluation and experiences of this winter and previous years.

- The Committee received updates in relation to Mandatory and Statutory Training compliance within the Health Board, including historical and current challenges to improving compliance rates. A number of plans have been put in place to increase training compliance and steady improvement has been noted;

- The Committee received updates on all Healthcare Inspectorate Wales (HIW) and Aneurin Bevan Community Health Council reports going forward to ensure recommendations made are being progressed across the organisation to enable learning. The Committee has overseen the arrangements for the establishment of a comprehensive tracking and reporting process for all recommendations and actions agreed as a result of these reports. The first full report will be submitted to the Committee in June 2019.

- The Committee has jointly with the Mental Health and Learning Disability Committee received feedback on the Health Board's responses to the Betsi Cadwaladr University Health Board's response to the reports on service at the Tawel Fan Unit and also considered our local action plan to ensure that our local services have used the learning from these reports to further develop our local services.

The **Public Partnerships and Well Being Committee** is also an important Committee of the Board, as it provides assurance to the Health Board regarding the organisation's contribution and commitment to public partnerships, in which the Health Board is playing a key role.

- This includes the Regional Partnership Board for the Social Services and Well Being Act and also the five Public Service Boards in the Health Board area under the Well Being of Future Generations Act. The Committee has ensured that the Health Board has contributed to the proposals for the local Transformation Programme in response to the Transformation Fund provided by Welsh Government.

- The Committee provides assurance to the Board on the range of partnership structures on a regional basis and also focuses on the Health Board's individual responsibilities and preparedness for the implementation of these key areas of legislation.

- The Committee also provides assurance on the Health Board's work in the area of primary and community based services and seeks assurance on the developing work and governance arrangement of the Neighbourhood Care Networks (NCNs) in the Health Board area.

- It also focuses on plans for promoting good public health and the prevention and early intervention programmes to support improved health and well-being outcomes for the population of the Health Board area.

Litigation Group: Under WHC (97) 17 on Clinical Negligence and Personal Injury Litigation – Claims Handling, the Welsh Assembly Government formally delegated its authority for the management of clinical negligence and personal injury litigation claims with a value of under £1m to Health Boards and NHS Trusts on the condition that guidance in the circular was followed.

The Health Board has approved the Policy for the Management of Clinical Negligence and Personal Injury Litigation, which formally sets out the Health Board's financial scheme of delegation following the guidelines within the Welsh Health Circular. Under the scheme a formal sub group of the Board, known as the **Litigation Group** has been established with delegated authority to make decisions on claims with a value above £100,000, where cases may be taken to trial and for cases which significantly risk the reputation of the Health Board.

The Health Board also has a **Redress** Panel, under the Putting Things Right Regulations that govern the investigation of Concerns in Wales. There is a requirement to - **"Investigate once, investigate well".** If the investigation of a concern (e.g. complaint or incident) has identified that there have been or may have been failings in care, and that, as a result of those failings, a patient has, or may have, suffered harm – then the concern is presented to the Redress Panel before a response to the concern can be issued.

The purpose of the Redress Panel is to consider the findings of the investigation and to make final determinations as to whether there has been a breach of duty of care and whether any harm ('causation') has been caused to the patient by such a breach. Further information on this work is provided in the Annual Quality Statement.

The Health Board, as part of its wider governance arrangements also has reporting to it a number of Wales-wide **Joint Committees**, which regularly provide written update reports to the Board.

These are:

Welsh Health Specialised Services Committee (WHSSC): The Welsh Health Specialised Services Committee (WHSSC) is responsible for the joint planning of Specialised and Tertiary Services on behalf of Local Health Boards in Wales.

WHSSC was established in 2010 by the seven Local Health Boards (LHBs) in Wales to ensure that the population of Wales has fair and equitable access to the full range of specialised services. In establishing WHSSC to work on their behalf, the seven LHBs recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency.

WHSSC is hosted by Cwm Taf Morgannwg University Local Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the joint committee's activity are regularly reported to the Board.

Emergency Ambulance Services Committee (EASC): Ambulance commissioning in Wales is a collaborative process underpinned by a national collaborative commissioning quality and delivery framework. All seven Health Boards have signed up to the framework. Emergency Ambulance services in Wales are provided by a single national organisation – Welsh Ambulance Services NHS Trust (WAST).

The framework provides a mechanism to support the recommendations of the 2013 McClelland review of ambulance services. It puts in place a structure which is clear and directly aligned to the delivery of better care. The framework introduces clear accountability for the provision of emergency ambulance services and sees the Chief Ambulance Services Commissioner (CASC) and the Emergency Ambulance Services Committee (EASC) acting on behalf of health boards and holding WAST to account as the provider of emergency ambulance services.

EASC is hosted by Cwm Taf Morgannwg University Local Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the joint committee's activity are regularly reported to the Board. During the last year, as part of our governance arrangements, reports from these joint Committees as well as the **NHS Wales Shared Services Partnership** and the **National Informatics Board and NHS Wales Informatics Service** have been reported to the Health Board and Committee meetings to discuss key issues, plans for the future and organisational, partnership and system risks.

1.4 Membership of the Health Board and its Committees:

In **Table one** starting on page 13, the membership of the Board is outlined for 2018/2019 and the attendance at Board meetings for this period. It also highlights the membership of Health Board Committees and the areas of Health Board responsibilities that are championed by the members of the Board.

The Chair of the Health Board keeps under review the membership of Board Committees to ensure changes are made regularly to refresh the membership of each committee and respond to circumstances when new members join the Board. This ensures that the Board maximises the skills and knowledge of the members of the Board by engaging them in the right committee to effectively utilise their background and areas of interest. It also supports succession planning for future roles on committees, particularly Chair and Vice Chair roles. A report of any proposed changes to the structure and membership of Health Board committees is approved by the Board and as mentioned a revised committee structure for 2019/2020 will be considered by the Board at its May 2019 Meeting.

The Board also ensures that terms of reference for each committee are reviewed annually to confirm the work of committees clearly reflects any required governance requirements or changes to delegation arrangements or areas of responsibility from the Board. Committees also develop Annual Reports of their business and activities, which are presented to the Health Board meeting July.

Health Board Attendance at Public Board Meetings 2018/2019:

Key:

- ● Audit Committee
- ◆ Quality and Patient Safety Committee
- ■ Information Governance Committee
- ▲ Public Partnerships and Well Being Committee
- ⬟ Charitable Funds Committee
- ❖ Remuneration and Terms of Service Committee
- ⊙ Finance and Performance Committee
- ☸ Planning and Strategic Change Committee
- ◻ Litigation Group
- ⁂ Mental Health and Learning Disabilities Committee

The members shown in grey boxes were those that left the organisation during 2018/2019.

Table One

Name	Position	Board Committee Membership 2018/2019	Champion Roles	Attendance Record at Board 2018/2019
Ann Lloyd CBE	Chair	❖ Chair ◻ Chair Attends all other Committees as an observer on a periodic basis during the year.		7 out of 7 possible meetings attended
Judith Paget	Chief Executive	⬟ ☸ Attends all committees on a periodic basis ◻		7 out of 7 possible meetings attended
Glyn Jones	Director of Finance and Performance/ Deputy Chief Executive (from 1st July 2018 to present)	● Lead Officer ⬟ Lead Officer ⊙ Lead Officer ☸		7 out of 7 possible meetings attended
Dr Paul Buss	Medical Director	◆ Lead Officer ☸ ◻ Lead Officer ■ Lead Officer ⁂ Lead Officer		6 out of 7 possible meetings attended
Bronagh Scott (on secondment from 30th November 2018)	Director of Nursing	◆ Lead Officer ☸		4 out of 4 possible meetings attended

Name	Position	Board Committee Membership 2018/2019	Champion Roles	Attendance Record at Board 2018/2019
Martine Price (acting Director of Nursing from 1st December 2018)	Acting Director of Nursing	◆ Lead Officer ☸		2 out of 2 possible meetings attended
Nick Wood	Director of Primary, Community and Mental Health on 9th November 2018 (formerly Chief Operating Officer	▲ Lead Officer ☸ ⁂ Lead Officer		2 out of 7 meetings attended. (Please note Mr Wood was on a leave of absence from May to December 2018
Geraint Evans	Director of Workforce and OD/Deputy Chief Executive (from 1st April 2018 to 30th June 2018)	❖ Lead Officer ⊙ Lead Officer ☸		7 out of 7 possible meetings attended
Dr Sarah Aitken	Director of Public Health and Strategic Partnerships	▲ Lead Officer ☸		7 out of 7 possible meetings attended
Philip Robson (left post as Vice Chair on 23rd May 2018)	Vice Chair of the Board	◆ ▲ Chair □ Vice Chair ☸ Vice Chair ⁂ Chair ❖ Vice Chair	• Safeguarding Champion • Children and Young People Lead • Mental Health Lead/Champion • Blaenau Gwent Area Lead • Regional Partnership Board Lead/ Champion	1 out of 1 possible meetings attended
Philip Robson commenced the role Special Adviser to the Chair of the Board on 24th May 2019	Special Adviser to the Board	Attends the Board and a range of committee meetings on a regular basis. Mr Robson is also Chair of the Regional Partnership Board under the Social Services and Well Being Act arrangements in the Gwent area.		6 out of 6 in this role.
Emrys Elias (commenced post 5th November 2018)	Vice Chair of the Board	◆ ▲ Vice Chair □ Vice Chair ☸ Vice Chair ⁂ Chair ❖ Vice Chair	• Safeguarding Champion • Children and Young People Lead • Mental Health Lead/Champion	3 out of 3 possible meetings attended
Nicola Prygodzicz	Director of Planning, Digital and IT	■ Lead Officer ⊙ Lead Officer ☸ Lead Officer		7 out of 7 possible meetings attended

Name	Position	Board Committee Membership 2018/2019	Champion Roles	Attendance Record at Board 2018/2019
Katija Dew	Independent Member (Third/Voluntary Sector)	● ■ Vice Chair ▲ ⁂ Vice Chair	• Citizen Engagement Champion • Mental Health Lead/Champion • Newport Lead/Champion	7 out of 7 possible meetings attended
Professor Dianne Watkins	Independent Member (University)	◆ Chair ▲ ☸ Chair	• University and Research Lead/Champion • ABCI Lead/Champion • Monmouthshire Lead/Champion • Pharmaceutical Applications Lead/Champion	5 out of 7 possible meetings attended
Frances Taylor	Independent Member (Community)	◆ Vice Chair ⬟ Chair ⊙ Vice Chair ❖ ☸ ⁂ Vice Chair	• Patient Champion • Charitable Funds Lead/Champion	7 out of 7 possible meetings attended
Louise Wright	Independent Member (Trade Union)	■ ☸ ⬟	• Equalities Champion/Lead • Welsh Language Champion/Lead • Staff Welfare Champion/Lead	6 out of 7 possible meetings attended
Shelley Bosson	Independent Member (Community)	● Vice Chair ⊙ Chair ▲ ❖	• Putting Things Right Champion/Lead (until June 2018) • Out of Area Referrals Champion/Lead • Caerphilly Champion/Lead • Structural Design Champion/Lead • Pharmaceutical Applications Champion/Lead	7 out of 7 possible meetings attended
Pippa Britton	Independent Member (Community)	⬟ Vice Chair ▲ ☸	• Torfaen Champion/Lead	6 out of 7 possible meetings attended
Catherine Brown	Independent Member (Finance)	● Chair ⊙ ❖ ▢		6 out of 7 possible meetings attended
Cllr Richard Clark	Independent Member (Local Authority)	◆ ⊙ ⁂	• Local Government Champion/Lead	4 out of 7 possible meetings attended
David Jones	Independent Member (ICT)	■ Chair		6 out of 7 possible meetings attended

Name	Position	Board Committee Membership 2018/2019	Champion Roles	Attendance Record at Board 2018/2019
Colin Powell (Left post 30th November 2018)	Chair of the Health Professionals (Associate Independent Member)	◆		1 of 5 possible meetings attended
Lorraine Morgan (Left post 30th September 2018)	Chair of the Stakeholder Reference Group (Associate Independent Member)	◆ ▲		1 of 4 possible meetings attended
Claire Marchant (Left post 30th May 2018)	Associate Independent Member – Directors of Social Services	▲		1 of 1 possible meetings attended
Dave Street (commenced post on 4th October 2018)	Independent Member (Directors of Social Services)	▲		2 of 3 possible meetings attended
Keith Sutcliffe (commenced post 5th March 2019)	Associate Independent Member (Chair of Stakeholder Group)	◆ ▲		0 of 1 possible meetings attended
Richard Bevan	Board Secretary	Attends a range of committee meetings on a regular basis. Lead Officer for the Stakeholder Reference Group and Healthcare Professionals Forum. ☸ ● Lead Officer ◻		6 of 7 possible meetings attended
Claire Birchall (commenced post 12th December 2018)	Director of Operations (formerly Interim Director of Operations)	⊙ Lead Officer		6 of 7 possible meetings attended
Please note that Executive members of the Board are lead officers for some committees, but can be required to attend all committees.				

The attendance of Board Members at the in-public Board meetings during the last year is shown in the above table and all of the meetings of the Board in 2018/2019 were quorate. Members are involved in a range of other activities on behalf of the Board, such as Board Briefing Meetings (at least six a year), Board Development Sessions (three in 2018/2019), meetings of Committees of the Board, service visits and a range of other internal and external meetings.

The Board also held one additional meeting of the Board in 2018/2019 (over and above the scheduled six meetings) on the 27th June 2018 to formally consider and approve the proposal for Thoracic Surgery Services in South Wales.

The Board also held its Annual General Meeting on Wednesday 25th July 2019.

The Board also meet in May 2018 to formally approve the Annual Accounts of the Health Board following detailed consideration by the Health Board's Audit Committee. This meeting has not been included in the above attendance record as this is a procedural meeting and is run with the required number of members for a quorum for the Board only and therefore not all members are required to attend.

All of the meetings of the Committees of the Board during 2018/19 were appropriately constituted and were quorate with the exception of the Quality and Patient Safety Committee held on held on Wednesday 7th February 2019. However, the meeting continued to be held and any required decisions were ratified at the next meeting of the Committee, which was held on the 4th April 2019.

The Board in October 2018 also held a joint meeting between the **Audit Committee and the Information Governance Committee** to discuss recent IT system outages.

The meeting considered and discussed the Thematic Review of National Major Incidents in 2018 and agreed a number of actions with regard to the impact of outages locally on patient care and the sustainability of services.

The Committee discussed mitigation and acknowledged that the Health Board could manage local risks, however, it did not have control of national approaches. The Committee agreed that the Health Board should continue to do all it could to influence the National Wales Informatics Service (NWIS) and the resilience on a national scale.

Advisory Groups: The Board also has three advisory groups. These are the Stakeholder Reference Group, Healthcare Professionals Forum and the Trade Union Partnership Forum (Local Partnership Forum) established in line with our Standing Orders.

Stakeholder Reference Group: The Group is made up of a range of partner organisations from across the Health Board area. The Group is chaired by an Associate Independent Member of the Board. Up until September 2018 this was chaired by Lorraine Morgan, Carer Representative. This position is now held by Keith Sutcliffe, Veterans Representative. The Group during the year has continued to advise the Health Board on a range of service issues and planning and development matters and acts as a 'critical friend' to the organisation with regard to its emerging plans.

Healthcare Professionals Forum: The Forum comprises representatives from a range of clinical and health professions within the Health Board and across primary care practitioners. The Forum is chaired by an Associate Independent Member of the Board. This role was held by Colin Powell, Hospital Pharmacist representative on the Forum until November 2018. The Forum is in the process of agreeing a new Chair, but meetings are chaired by the Vice Chair or from within the membership until a formal appointment is made. The Forum during the year has considered a range of professional and service issues and provided advice to the Board with regard to how to effectively engage with professionals across the organisation. The Forum also provides input to the National Joint Professional Advisory Committee (NJPAC) at Welsh Government and the Chair is automatically a member of the NJPAC.

Trade Union Partnership Forum (Local Partnership Forum): The Trade Union Partnership Forum (TUPF) is jointly chaired by George Puckett on behalf of the staff side and Judith Paget, Chief Executive for the management side. The Forum is responsible for engaging with staff organisations on key issues facing the organisation. The TUPF provides the formal mechanism for consultation, negotiation and communication between our staff and the Health Board, embracing the Trades Union Congress principles of partnership. The Forum via its Chairs reports formally to the Board each year.

1.5 Integrated Medium Term Plan

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

In line with its planning duty, the Health Board progressed as planned its IMTP during 2018/2019. (Further information with regard to this progress is outlined in the Health Board's Performance Report to be published in July 2019). The Health Board refreshed its IMTP on the 23rd January 2019 and this was approved by Welsh Ministers to run from 2019/20 to 2021/2022.

In terms of progress against the IMTP, the Health Board has assessed that it has progressed well with the delivery of the previously agreed IMTP. There is continuing implementation work to deliver the agreed objectives and priorities of the IMTP. Further information regarding this progress is provided in the Performance Section of the Health Board's Annual Report.

Revenue Resource Performance

The Health Board met its Revenue Resource Limit for the year and delivered a surplus of £235K. Against the breakeven duty over a rolling three year period, the Board reported a surplus of £530k as shown below:

3 Year Revenue Breakeven Duty	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Underspend Against Allocation	49	246	235	530

Capital Resource Performance

In addition to a revenue resource limit the Health Board has a capital resource Limit (CRL) that sets the target for capital expenditure, The target of £140.933M was met in 2018/19 with a small underspend of £41k. The target is measured over a 3 year period as shown below:

3 Year Capital Resource Duty	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Underspend Against Allocation	42	78	41	161

1.6 All-Wales Risk Pool Arrangements

The Welsh Risk Pool Services (WRPS) is a risk sharing mechanism, akin to an insurance arrangement which provides indemnity to NHS Wales's organisations against negligence claims and losses. Individual NHS organisations must meet the first £25,000 of a claim or loss which is similar to an insurance policy excess charge. Until the beginning of financial year 2014/15 the WRPS was funded directly by Welsh Government with overspends being covered directly from Welsh Government budgets. With effect from 2015/2016, the overall budget was transferred into NHS Wales on a risk share basis.

1.7 Wales Audit Office Structured Assessment

The Wales Audit Office Structured Assessment Report for 2018, which examines the arrangements the Health Board has in place to support good governance across key areas of the Health Board's business and the efficient, effective and economic use of resources, made the following assessment:

- The Health Board has effective planning processes, but there is more to do to ensure governance arrangements operate as intended and improve performance against some key targets

- Whilst the Health Board has established the necessary arrangements to support good governance, there is more to do to ensure they are operating as intended

- The Health Board has a clear vision supported by effective planning processes, and work is continuing to update plans for service re-design

- The Health Board has a track record in managing resources effectively and a good developing approach to improving productivity, although some aspects are not always sufficiently strategic or detailed and performance against some key targets needs to improve

The Health Board has committed to undertake a number of improvement actions during 2019 to respond to this assessment and the progress against these actions will be monitored by the Executive Team and the Health Board's Committees, but the overall organisational response to these actions will be kept under review through the Audit Committee's reporting and tracking mechanisms.

The Health Board along with its internal sources of assurance, which includes its internal audit function provided by NHS Shared Services, also uses sources of external assurance and reviews from auditors, regulators and inspectors to inform and guide our development. The outcomes of these assessments are being used by the Health Board to further inform our improvement planning and the embedding of good governance across a range of the organisation's responsibilities. The Health Board has undertaken further work during the year on mapping its sources of assurance and a more formal assurance map and Board Assurance Framework will be implemented in the coming year.

The Health Board also has in place a tracking system for internal audit recommendations and the agreed management actions, which is reported to the Health Board's Audit Committee. This has been further developed to include the tracking of external audit recommendations. Further work has been undertaken with audit colleagues to ensure smart recommendations are developed along with clear management responses from Executive colleagues. These are more easily tracked to ensure that the organisation can be assured that effective responses have been made, the required outcomes are being achieved and are clearly reported. This process will be developed

further in 2019/20 with the transfer of the recommendations tracker to the automated Team Mate software used by Internal Audit and the additional reporting requirements that have been established for Executive Team sign-off of completed actions prior to reporting to Audit Committee.

The Health Board also uses reports from Healthcare Inspectorate Wales, the Welsh Risk Pool and other inspectorates and regulatory bodies to inform the governance and assurance approaches established by the organisation. A tracking mechanism for these recommendations is also in place and is monitored by the Quality and Patient Safety Committee.

1.8 Annual Quality Statement

The Health Board published its sixth Annual Quality Statement in 2018, which provided the organisation with an opportunity to outline for the public an assessment of what the Health Board has been doing to ensure our services are meeting local needs and are achieving the required standards of quality and safety. The seventh Annual Quality Statement will be published in July 2019.

1.9 Aneurin Bevan Continuous Improvement (ABC*i*)

The Health Board also uses information regarding best practice available inside and outside the public sector to benchmark its performance and continue to foster a culture of continuous improvement that has been established by the ABCi (Aneurin Bevan Continuous Improvement) initiative in the Health Board to lead and advise on areas of this work. ABC*i* lead for the organisation on engagement with the 1000 Lives Plus Programme and the Board promotes the use of these methodologies for improvement and is aware of improvements made and barrier to improvements and these are monitored by the Quality and Patient Safety Committee on behalf of the Board.

Value Based Healthcare -The Value Based Healthcare Programme at Aneurin Bevan was initially established in support of Prudent Healthcare, and looks to support other National and Local initiatives including the Wellbeing of Future Generations Act, the Parliamentary Review and of Health and Social Care in Wales and Clinical Futures Strategy. The Health Board is ambitious in its vision to build and implement at scale and with pace a value based care system with the aim of ***'achieving the outcomes that matter to people and being good stewards of the financial resource available, working together to do the right thing across the whole system – improving Value for people with a range of medical conditions'***.

The Programme is currently working across a number of live projects (i.e. specific disease/condition areas) and will continue to grow in line with the priorities laid out in the Clinical Futures Programme and Integrated Medium Term Plan. Further information is available in the Health Board's Annual Quality Statement.

2. The purpose of the system of internal control

The Health Board's 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 2019 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

Aneurin Bevan University Health Board has continued to develop and embed its approaches to risk management over the last year and has undertaken a comprehensive review and redevelopment of its approach to risk management. This has generated an agreed action plan that will be implemented during 2019. The Health Board's approach includes reporting arrangements for the Board and its committees using a Risk Dashboard format. A link to the Health Board's Risk Dashboard as at the 31st March 2019 is provided below:

Risk Dashboard – 31st March 2019

Work is now underway to implement the new risk approach across the Health Board and embed new assessment and reporting arrangements including a written Board Assurance Framework, Assurance Map and the use of 'Risk on a Page' reporting. This work will ensure risk systems continue to be streamlined and interconnected and that our understanding of risks actively informs the Health Board's key priorities and actions and our overall approach to risk governance. The Health Board's approach to risk management for 2018/2019 was given a 'reasonable' assurance rating by Internal Audit.

Further work during 2019 will be undertaken through active Board Member engagement to agree a new risk appetite statement and risk tolerances, in line with the work outlined above, which will build on the existing risk appetite statement included in the Health Board's Risk Management Strategy. Work will also be undertaken to actively demonstrate how risk appetite is being applied to the organisation's decision making and how it is used to support accountability and authority to act. The Health Board's consistency of approach on risk management will be supported through the use of standardised software across the organisation and also increased training and awareness raising work across the organisation.

The continuing development work undertaken on the Health Board's Risk Management Strategy and processes has been informed by the comprehensive risk review and also using feedback from Internal Audit Reports and the Wales Audit Office Structured Assessment. Work continues to develop the Corporate Risk approaches to respond to the risks to the Health Board's delivery of the agreed IMTP and the assurances the Board will require to know that it is on track to deliver its stated objectives in the ways it intended and to the level of quality it expected.

Work is also underway to reflect in the Health Board's risk approaches the short, medium and longer term risks as required by the Well Being of Future Generations Act and the Social Services and Well Being Act and ensure this is reflected in the Health Board's risk appetite statement. Through this work the Health Board is actively working with partners through Public Service Boards and our Regional Partnership Board for the Social Services and Well Being Act to develop and agree partnership risk assessments, which enable local partners to inform and advise the assessments of Health Board risks and vice versa.

The Health Board sees active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business. This assists in ensuring high quality and safe heath care is provided to local people, that we contribute to improving the health and well-being of our population and that a safe and supportive working environment is provided for our staff.

The Health Board also recognises that risks can arise from not taking opportunities to develop and deliver improved services. The Health Board recognises it might need to take controlled risks over time or at certain times to enable the delivery of new forms of services or different ways of delivering services in changing economic, political and social contexts and the Health Board's appetite for risk is assessed on an issue by issue basis bearing in mind the issues outlined above. The Health Board via its Public Partnerships and Well Being Committee has also developed a Public Health and Health Promotion Risk Register, which recognises the different nature of public health risks and also potentially the longer timeframes involved with these types of risks. This work is contributing to the Health Board's response to the Well Being of Future Generations Act.

As Chief Executive, I have overall responsibility for the management of risk for the Health Board. The Executive Lead for clinical risk management is the Director of Therapies and Health Science and has delegated responsibility for ensuring that arrangements are in place to effectively assess and manage clinical risks across the Health Board. The Board Secretary along with the Director of Therapies and Health Science work together to design systems and processes for risk management with the Board Secretary having responsibility for maintaining and co-ordinating a corporate risk register and the corporate reporting of risks. The Health Board and its committees identify and monitor risks within the organisation. Specifically, the Executive Team meetings present an opportunity for the executive function to consider and

address risk and actively engage with and report to the Board and its committees on the organisation's risk profile. The Board and the Executive Team undertook specific consideration of our approach to risk management through a development and training session held in March 2019. This session used as its context the outcome of the comprehensive risk management review.

The Health Board is also committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage, escalate and report risks and further work continues to embed good risk management throughout the organisation. Further work has been undertaken through the review to extend the scope of risk management training and awareness raising across the organisation. The Health Board has established a network of risk leads across the divisions and departments of the Health Board and has undertaken an assessment of risk management training needs as part of the review to further inform a programme of training and development for 2019/2020.

This work throughout the Health Board is being informed by best practice examples identified through external advice to support the risk management review and through advice from the Health Board's Internal Auditors and the Wales Audit Office.

The risk profile of the Health Board is continually changing, but the key risks that emerge and can impact upon the Health Board's achievement of its objectives include strategic, operational, financial, compliance and public health risks.

There were **30** risks on the Health Board's Corporate Risk Register at the end of March 2019.

The profile of risks are as follows:

Category of Risk	**Number of Risks at March 2019**
Strategic Risks	9
Financial Risks	3
Operational/Business Risks	11
Compliance Risks	4
Public Health Risk	3

The profile of the assessed level of risks as at 31st March 2019 is outlined in the risk map below. Further information is provided below with regard to the highest assessed risks.

Consequence Score	Likelihood Score				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 - Catastrophic		1	7	2	
4 - Major		1	9	6	
3 - Moderate			2		
2 - Minor		2			
1 - Negligible					

The Health Board as at the 31st March 2019 had two risks which were assessed as high level risks. These were:

- **Operational/Business Risk** – Failure to meet the needs of the local people in relation to emergency care provision including WAST provision. (Assessed Red Risk – Score 20)

- **Operational/Business Risk** - Failure to recruit and retain appropriately skilled staff and senior leadership to deliver high quality care. (Assessed Red Risk – Score 20)

The Health Board during the year has also had an assessed significant financial risk with regard to financially breaking even and meeting its statutory financial duties, but this risk was effectively mitigated during the year.

3.1 The risk and control framework

The Health Board's approach to risk management provides a framework and structured process for the identification and management of risk across the organisation to better inform decision making. The Health Board's decision to accept and actively manage risks might be different for the range of its responsibilities and this is reflected in the Health Board's current Risk Appetite Statement. The Health Board's systems and processes allow for the Board and staff to implement necessary actions to respond to risks at all organisational levels. They also facilitate the reporting of risks throughout the organisation, escalating to senior levels of management, where required, and to the Health Board and its Committees via the Executive Team, or vice versa, to further inform corporate decisions.

The Health Board recognises that through these processes it is not possible to eliminate or avoid all risks and that in some instances the Board, the wider organisation and with our partners we might have to take informed risks to further our stated aims and objectives. However, as risks are recognised and identified, actions to understand and respond to these risks are undertaken

and implemented. If after all necessary steps have been taken and the risk remains, the Health Board may decide to accept the risk and continue to actively manage it.

The Board's decision to accept and actively manage risks might be different for the range of its responsibilities and this is reflected in the Health Board's Risk Appetite Statement. The Board through information and intelligence from within and outside the organisation will determine the level of risk it is willing to accept for each area of its plans and business – known as its 'risk appetite'. A risk appetite statement has been agreed by the Board as part of the Risk Management Strategy. Further work will be required in the coming year to embed the risk appetite statement in the Health Board's strategic and operational planning activities and also to ensure that it becomes evident in the decision making of the Health Board.

The Health Board links closely with public service partners, such as Local Authorities and other bodies and organisations to assess and manage risk and to understand key issues and risk that could impact upon the Health Board and affect the effective and efficient delivery of its services and functions to support patient care. This work has been taken forward particularly in the last year on the implementation of key areas of legislation such as the Social Services and Well Being Act and the Well Being of Future Generations Act through our local Partnership Board and the five local Public Service Boards in the Health Board area.

The Health Board also uses the Health and Care Standards for Wales as a part of our framework for gaining assurance on our ability to fulfil our aims and objectives for the delivery of safe and high quality health services. This involves self-assessment of our performance against the standards across all activities and at all levels throughout the organisation and this is also linked to the Health Board's approach to risk management. An assessment against the Health and Care Standards has been undertaken and will be reported in the Health Board's Annual Quality Statement (AQS).

3.2 UK Corporate Governance Code

The Health Board 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 WAO Structured Assessment, key feedback from the Internal Audit Programme and the Board's assessment of its own effectiveness. This has been supplemented by a self-assessment and action plan, which was developed by members of the Board at a development session in April 2019. The Health Board is satisfied that it is complying with the main principles of the Code and is conducting its business openly and in line with the Code. The Health Board has not identified any departures from the Code through the year. However, the Board recognises that not all reporting elements of the Code are outlined in this Governance Statement, but are reported more fully in the Health Board's wider Annual Report.

3.3 Ministerial Directions 2018/2019 and Welsh Health Circulars

A list of Welsh Government Ministerial Directions issued in 2018/19 is available at the following Welsh Government website:

Ministerial Directions 2018/2019 and Welsh Health Circulars

The Health Board can confirm that all of these directions have been fully considered and assessed and where appropriate implemented by the Health Board or in partnership with other NHS organisations.

The Welsh Government reintroduced Welsh Health Circulars during 2014/2015, which replaced the former system of Ministerial Letters/Directions. These are centrally logged within the Health Board with a lead Executive Director identified to oversee the implementation of the required action or to develop the required response. Also, where appropriate the Board, a designated Committee or the Executive Team monitors progress against the circulars depending on the subject matter or actions required within the circular.

There are no major issues to report with regard to the implementation of these Ministerial Directions or Welsh Health Circulars.

Also a formal system is in place that tracks regulatory and inspection reports against statutory requirements and all such reports are made available to the appropriate Board Committee.

3.4 Information Governance

The Health Board has a range of responsibilities in relation to the appropriate use and access to the information that it holds including confidential patient information. This is guided by legislation, including the new (May 2018) General Data Protection Regulations (GDPR) and new Data Protection Act (DPA) and the Caldicott principles. The Medical Director is the Health Board's Caldicott Guardian and the Director of Planning, Digital and IT is the Senior Information Risk Owner (SIRO).

The Information Governance Committee (IGC) provides assurance and advice to the Board to assist it in discharging its legal obligations and meeting its responsibilities with regard to the Health Board's management arrangements for information and ICT. The Transformation to Digital (T2D) Delivery Board ensures that the Health Board's programme for change to digital information and technological frameworks is managed effectively. The T2D Delivery Board provides the direct managerial link between operational services and informatics strategy and plans and provides a mechanism for Division engagement and participation. The T2D Delivery Board is chaired by the Health Board's Director of Planning, Digital and IT.

The General Data Protection Regulation (GDPR) and new Data Protection Act (DPA) have now been in law since May 2018 and the Health Board has integrated its requirements into its general day-to-day working arrangements. The Health Board continues to implement processes and communication around information asset tracking, GDPR and data protection. The information governance e-learning training material has been revised and made available on the intranet. Revision of privacy notices at a national and local level have taken place and are in deployment. Information governance policies continue to be reviewed on an all-Wales basis as part of the collaborative work required in light of GDPR to ensure consistency of policy content and context across and this will continue.

The Health Board continues to be proactive in the NHS Wales Information Governance management support framework to ensure consistency of policy, standards and interpretation of the rules across NHS Wales' organisations.

During 2018-19, the Health Board received over 5,400 Data Protection Act Subject Access Requests (SARs); this is a 12% increase from 2017-18. The largest proportion of requests received continues to be made by solicitors and legal services at over 60%. The changes to the compliance requirements, reduced from 40 days to 30 days, coupled with staff numbers have been challenging, however, the compliance rate is now similar to that of last year at approximately 94%.

The Divisional Information Governance Delivery Groups (IGDGs) are "owned" by each Division and chaired by Assistant Directors, which provides authority and credibility to embed the information governance requirements at operational level. These groups are an important conduit for legislative requirements, standards and change management programmes.

The Wales Accord on the Sharing of Personal Information (WASPI) framework has been amended to conform to GDPR. The Health Board plays a leading role as part of the South-East Wales Information Sharing Partnership and continues to review and discuss information sharing and assure the local Information Sharing Protocols (ISP) between health, social care, police and fire and rescue service partners via a South East Wales Partnership.

There were 822 information governance incidents recorded by staff this year on the Health Board's DATIX Incident Reporting System; an increase of 25%. This was expected this year with the new legislation, an emphasis on staff learning and communications through IGDGs to help staff recognise a potential information governance incident and this is seen as a positive step. These incidents are of various levels of concern, such as missing pages in a paper record to IT systems being unavailable for a period of time. All significant incidents are monitored by the Information Governance Committee.

Four complaints were made to the ICO by complainants (and 2 concerns were reported by the Health Board). The Health Board provided supportive evidence to the ICO to show that it was acting within the law and had provided the complainants with an effective service regarding their information. No action was taken by the ICO against the Health Board during the year.

4. 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 annual audit letter and other reports.

As Accountable Officer, 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 and Quality and Patient Safety Committee. The Quality and Patient Safety Committee also provides assurance relating to issues of clinical governance, patient safety and health standards. In addition, reports submitted to the Board by the Executive Team identify risk issues for consideration.

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

4.1 Internal Audit

Internal Audit provides me as Accountable Officer, 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 focused 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.

4.2 Health and Care Standards

The Health and Care Standards set out the Welsh Government's common framework of standards to support the NHS and partner organisations in providing effective, timely and quality services across all health care settings. They set out what the people of Wales can expect when they access health services and what part they themselves can play in promoting their own health and wellbeing. They set out the expectations for services and organisations, whether they provide or commission services for their local citizens.

The Health and Care Standards came into force from 1 April 2015 and incorporate a revision of the 'Doing Well, Doing Better: Standards for Health Services in Wales (2010)' and the 'Fundamentals of Care Standards (2003)'.

Standards provide a consistent framework that enables the Health Board to look across the range of our services in an integrated way to ensure that all we do is of the highest quality and that we are doing the right thing, in the right way, in the right place at the right time and with the right staff. The work on Health and Care Standards is led within the organisation by the Director of Nursing and monitored in terms of compliance by the Quality and Patient Safety Committee. During the last year, the Health Board's Internal Auditors undertook a review of the implementation of Health and Care Standards in the organisation and this received an assessment of 'reasonable' assurance.

As indicated below, the Health and Care Standards cover seven key themes, but also have at their core a focus on patient-centred care and it is recognised are surrounded by the requirement for clear governance, leadership and accountability. Further information on compliance with standards are covered in the Annual Quality Statement. This is outlined in the diagram below.

4.3 Health Board Review of Effectiveness

The Health Board is in the process of undertaking a comprehensive review of its effectiveness, which builds on the externally facilitated work that was undertaken in May 2018 through a Board observation exercise, Board Member survey and workshop review. This resulted in an additional training and development programme over and above the existing arrangements in order to focus on key areas of the Board's responsibilities, such as planning, finance, safeguarding, Mental Health Act and risk management.

The effectiveness review work in 2019 has been undertaken through an independently facilitated questionnaire and Board development session, which was held on the 10th April 2019. This collective assessment identified key areas for improvement for 2019/20 and will supplement the actions already agreed as part of the Health Board's response to the Wales Audit Office Structured Assessment.

Some of the agreed key areas for development and improvement during 2019/20 are outlined below:

- To continue a programme of team building for the Board. A further session is to be planned for September 2019;

- To establish a programme of training for Chairs, lead executives and committee secretariat colleagues with regard to running effective meetings, further improving Board and Committee paper formats and information provided to the Board and Committees;

- Progress our approach regarding risk management aligned to the IMTP and agree a new risk appetite statement as part of finalisation of a new Board Governance and Assurance Framework.

- Continue to focus on transparency and openness and agree a new code of conduct for the management of information and the conduct of our Board and Committee meetings;

- Further enhance our approach to public and staff engagement with active Board involvement to further support a positive culture across the organisation;

- Further develop our organisational approaches to foster a culture of value, innovation and share best practice and learning.

This programme of work will be progressed during 2019/2020 and progress will be monitored by the Board.

4.4 Additional Assurance Disclosures

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

Control measures are also in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with and the Health Board is implementing an Equality and Human Rights Strategy approved by the Board. The Health Board has an agreed series of Equality Objectives for the organisation. However, it is recognised that further work is required across the organisation to further embed equality impact assessment activity and also assessments against the five ways of working as outlined in the Well Being of Future Generations Act (2015). The Health Board has adopted a news Board paper format and will further refine this, which requires active assessment against these requirements to be reported to the Board and its committees, this will need to be fully implemented during 2019/2020.

Risk assessments have been undertaken and delivery plans are in place in accordance with emergency preparedness and civil contingency requirements to adapt and mitigate for the extreme weather predicted as a consequence of climate change based on UK Climate Impacts programme 2009 projections.

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. Reports are made to the Executive Team with regard to these areas.

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 Health Board therefore approved an Integrated Medium Term Plan for 2019/2022 at a meeting in January 2019 for submission to Welsh Government.

4.5 Post Payment Verification

In accordance with the Welsh Government directions the Post Payment Verification (PPV) Team, (a role undertaken for the Health Board by the NHS Shared Services Partnership), in respect of General Medical Services Enhanced Services, General Dental Services and General Ophthalmic Services has carried out its work under the terms of the service level agreement (SLA)

and in accordance with NHS Wales agreed protocols. This area is scrutinised by the Audit Committee via regular reporting throughout the year.

5. Head of Internal Audit Opinion

Internal audit provides the Accountable Officer and the Board through the Audit Committee with a flow of assurance on the system of internal control. The Health Board has 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 focused 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 has concluded:

Internal Audit

Internal audit provide me as Accountable Officer 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 has concluded:

'In my opinion 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. Several significant matters require management attention with low to moderate impact on residual risk exposure until resolved.'

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

In reaching this opinion the Head of Internal Audit has identified that in overall terms he can provide positive assurance to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the following assurance domains:

- Corporate governance, risk management and regulatory compliance;
- Strategic planning, performance management and reporting;
- Financial governance and management;
- Information governance and security
- Operational services and functional management;
- Workforce management; and
- Capital and estates management.

However, the significance of the matters identified in those areas where there are improvements to be made in governance, risk management and control impacts upon the overall audit assessment in the following assurance domain:

- Clinical Governance, Quality and Safety

Limited assurance reports for Patient Discharge Process and Clinical Audit Follow-up led to the Clinical Governance, Quality and Safety domain being rated with limited assurance overall. The Head of Internal Audit has highlighted that this is the third year in succession that this domain has received limited assurance and improvement in this area is expected as part of the programme of improvement in governance and assurance arrangements.

In contrast to these areas of focus for improvement, the Health Board's established financial governance and management and strategic planning arrangements continue to receive positive internal audit outcomes, together with internal audit work in respect of the Grange University Hospital and improved internal audit outcomes for other aspects of capital and estates. Positive assurance in these areas is important to support the transformation programme that the Health Board is going through as it implements the Clinical Futures Strategy.

6. Conclusion

This Governance Statement indicates that the Health Board has continued to make progress and mature during 2018/2019 and that we are further developing and embedding good governance and appropriate controls across key areas the organisation. However, there are a number of challenges and areas for further development that the Health Board will need to be progress during the coming year based on our own improvement plans and also the assessments made by our Internal Auditors, Wales Audit Office and our inspectors and regulators.

The Health Board is aware, that the areas of our business that received 'limited' assurance from Internal Audit during the last year are within the audit domain of Clinical Governance, Quality and Safety, as mentioned in the

assessment by the Head of Internal Audit. This will be a key area of focus for the Health Board in the coming year to actively respond to these areas of limited assurance assessment and ensure that improvement in this domain is achieved. There are also a number of suggested areas of improvement from Wales Audit Office through the Structured Assessment, which require continuing management action to respond to the impact of potential risk, and these have been outlined above.

In each instance, management action is being taken forward to respond and progress is being actively monitored by the Executive Team and reported to and monitored by the Health Board's Committees, particularly the Audit Committee, Quality and Patient Safety Committee, Finance and Performance Committee in order to provide assurance to the Board.

The Health Board will continue to progress and improve our arrangements as we further develop as an organisation in the coming year. In taking forward these improvements we will continue to undertake our business openly and provide information publically on our performance. Information about our services will be published to provide assurance to our citizens and stakeholders that the services we provide are efficient, effective and are of a high quality and level of safety. We will also actively involve patients and citizens in the design, delivery and transformation of our services to meet the needs and expectations of patients and citizens and the wider communities we serve and develop structured ways for this to be reported to the Board and through our public reporting of our performance in relation to our services and delivery of our future plans through the Clinical Futures Programme.

Judith Paget

Judith Paget
Chief Executive

Date: 30th May 2019

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

FOREWORD

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

Statutory background

The Local Health Board was established on 1 October 2009.

Performance Management and Financial Results

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

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

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

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

	Note	2018-19 £'000	2017-18 £'000
Expenditure on Primary Healthcare Services	3.1	**267,432**	262,060
Expenditure on healthcare from other providers	3.2	**349,991**	334,735
Expenditure on Hospital and Community Health Services	3.3	**706,609**	666,452
		1,324,032	1,263,247
Less: Miscellaneous Income	4	**(98,524)**	(93,786)
LHB net operating costs before interest and other gains and losses		**1,225,508**	1,169,461
Investment Revenue	5	**(20)**	(21)
Other (Gains) / Losses	6	**(10)**	1
Finance costs	7	**783**	791
Net operating costs for the financial year		**1,226,261**	1,170,232

See note 2 on page 24 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 69 form part of these accounts

Other Comprehensive Net Expenditure

	2018-19	2017-18
	£'000	£'000
Net (gain) / loss on revaluation of property, plant and equipment	**(2,811)**	(12,932)
Net (gain) / (loss) on revaluation of intangibles	**0**	0
Net (gain) / loss on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**(2,811)**	(12,932)
Total comprehensive net expenditure for the year	**1,223,450**	1,157,300

Statement of Financial Position as at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Property, plant and equipment	11	**651,749**	531,870
Intangible assets	12	**2,678**	2,704
Trade and other receivables	15	**91,000**	52,193
Other financial assets	16	**661**	693
Total non-current assets		**746,088**	587,460
Current assets			
Inventories	14	**7,573**	7,056
Trade and other receivables	15	**70,078**	76,536
Other financial assets	16	**32**	32
Cash and cash equivalents	17	**984**	1,606
		78,667	85,230
Non-current assets classified as "Held for Sale"	11	**420**	0
Total current assets		**79,087**	85,230
Total assets		**825,175**	672,690
Current liabilities			
Trade and other payables	18	**(138,462)**	(130,953)
Other financial liabilities	19	**0**	0
Provisions	20	**(35,279)**	(42,955)
Total current liabilities		**(173,741)**	(173,908)
Net current assets/ (liabilities)		**(94,654)**	(88,678)
Non-current liabilities			
Trade and other payables	18	**(5,392)**	(6,017)
Other financial liabilities	19	**0**	0
Provisions	20	**(97,531)**	(60,573)
Total non-current liabilities		**(102,923)**	(66,590)
Total assets employed		**548,511**	432,192
Financed by :			
Taxpayers' equity			
General Fund		**430,993**	316,574
Revaluation reserve		**117,518**	115,618
Total taxpayers' equity		**548,511**	432,192

The financial statements on pages 2 to 7 were approved by the Board on 30th May 2019 and signed on its behalf by:

On Behalf of the Chief Executive and Accountable Officer Judith Paget Date 30th May 2019

The notes on pages 8 to 69 form part of these accounts

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance as at 31 March 2018	316,574	115,618	**432,192**
Adjustment for Implementation of IFRS 9	(407)	0	**-407**
Balance at 1 April 2018	316,167	115,618	431,785
Net operating cost for the year	##########		**(1,226,261)**
Net gain/(loss) on revaluation of property, plant and equipment	0	2,811	**2,811**
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	911	(911)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from (please specify)	0	0	**0**
Total recognised income and expense for 2018-19	##########	1,900	**(1,223,450)**
Net Welsh Government funding	1,340,176		**1,340,176**
Balance at 31 March 2019	430,993	117,518	**548,511**

The notes on pages 8 to 69 form part of these accounts

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 31 March 2017	273,293	105,699	**378,992**
Net operating cost for the year	(1,170,232)		**(1,170,232)**
Net gain/(loss) on revaluation of property, plant and equipment	0	12,932	**12,932**
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	3,013	(3,013)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from (please specify)	0	0	**0**
Total recognised income and expense for 2017-18	(1,167,219)	9,919	**(1,157,300)**
Net Welsh Government funding	1,210,500		**1,210,500**
Balance at 31 March 2018	316,574	115,618	**432,192**

The notes on pages 8 to 69 form part of these accounts

Statement of Cash Flows for year ended 31 March 2019

	notes	2018-19 £'000	2017-18 £'000
Cash Flows from operating activities			
Net operating cost for the financial year		**(1,226,261)**	(1,170,232)
Movements in Working Capital	27	**(27,266)**	(27,656)
Other cash flow adjustments	28	**63,161**	51,613
Provisions utilised	20	**(10,459)**	(11,272)
Net cash outflow from operating activities		**(1,200,825)**	(1,157,547)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(138,641)**	(53,631)
Proceeds from disposal of property, plant and equipment		**91**	126
Purchase of intangible assets		**(712)**	(936)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(139,262)**	(54,441)
Net cash inflow/(outflow) before financing		**(1,340,087)**	(1,211,988)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**1,340,176**	1,210,500
Capital receipts surrendered		**0**	0
Capital grants received		**45**	0
Capital element of payments in respect of finance leases and on-SoFP		**(756)**	(689)
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,339,465**	1,209,811
Net increase/(decrease) in cash and cash equivalents		**(622)**	(2,177)
Cash and cash equivalents (and bank overdrafts) at 1 April 2018		**1,606**	3,783
Cash and cash equivalents (and bank overdrafts) at 31 March 2019		**984**	1,606

The notes on pages 8 to 69 form part of these accounts

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2018-19 Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2017-18 a formal revaluation exercise was applied to land and properties. 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 the impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure.

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

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

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

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

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

1.7 Intangible assets

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale are not depreciated.

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

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

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

1.9 Research and Development

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

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

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

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

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.
Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

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

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

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

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

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

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

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

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

1.14.1 Clinical negligence and personal injury costs
The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. ***The risk sharing option was not implemented in 2018-19***. The WRP is hosted by Velindre NHS Trust.

1.15 Financial Instruments

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

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

1.16 Financial assets
Financial assets are recognised on the Statement of Financial Position when the LHB becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.
The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease

receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.
NHS Wales Technical Accounting Group members reviewed the IFRS 9 requirements and determined a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS9 to construct a provision matrix.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Monmouthshire County Council - Monnow Vale Health and Social Care Unit
Funds are pooled for the provision of health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs. The pool is hosted by Aneurin Bevan University Local Health Board. The financial operation of the pool is governed by a pooled budget agreement between the Local Health Board and Monmouthshire County Council. The income from Monmouthshire County Council is recorded as Local Authority Income in these accounts.

Expenditure for services provided under the arrangement is recorded under the appropriate expense headings in these accounts.

The property in which the unit is housed has been provided by a Private Finance Partner; the contract with the PFI partner is for 30 years and is categorised as an on balance sheet PFI scheme with the HB recognising **71%** of the property - see Note 32 of these accounts for further details.

The five Local Authorities in Gwent - Gwent Wide Integrated Community Equipment Service
Funds are pooled for the provision of an efficient and effective GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partner localities. The pool is hosted by Torfaen County Borough Council. The Health Board makes a financial contribution to

The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Torfaen County Borough Council, are accounted for as expenditure within these accounts.

Monmouthshire County Council - Mardy Park Rehabilitation Centre
Funds are pooled for the provision of care to individuals who have rehabilitation needs. The LHB has entered into a pooled budget with Monmouthshire County Council. The pool is hosted by Monmouthshire County Council.

The five Local Authorities in Gwent - Gwent Frailty Programme
Funds are pooled for the purpose of establishing a consistent service across Gwent. The pool is hosted by Caerphilly County Borough Council , as lead commissioner. The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Caerphilly County Borough Council, are accounted for as expenditure within these accounts. Additional information is provided in Note 32.

The five Local Authorities in Gwent and ABUHB – A pooled Fund for Care Home Accommodation functions for Older People
Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions.

The overarching strategic aim of this Agreement is: -

• To ensure coordinated arrangements for ensuring an integrated approach across the Partnership to the commissioning and arranging for Care Home Accommodation for Older People.

• To ensure provision of high quality, cost effective Care Home Accommodation which meets local health and social care needs, through the establishment of a pooled fund

• To develop a managed market approach to the supply of quality provision to meets the needs of Older People Care Home Accommodation.
Funds are pooled for the provision and commissioning of specified services for older people (>65 years of age) in a care home setting in Gwent. The pool has been hosted by Torfaen County Borough Council since August 2018.

The Health Board makes a financial contribution to the scheme equivalent to actual expenditure incurred in commissioning related placements in homes during the year, but in addition does incur minimal costs associated with a share of the services provided by the host organisation and these

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

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

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

Provisions
The Health Board provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.
Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the Health Board or Trust, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

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

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

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

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

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

The Health Board has provided for some £125m (£94m 2017/18) within note 20 in respect of potential clinical negligence and personal injury claims and associated defence fees. These provisions have been arrived at on the advice of NHS Wales Shared Services Partnership - Legal & Risk Services. Given the nature of such claims this figure could be subject to significant change in future periods. However, the potential financial effect of such uncertainty is mitigated by the fact that the LHB's ultimate liability in respect of individual cases is capped at £0.025m, with amounts above this excess level being reimbursed by the Welsh Risk Pool.

The Health Board has estimated a liability of £2m (£4m 2017/18) in respect of retrospective claims for Continuing Health Care funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing health care and the actual costs incurred by individuals in care homes. The provision is based on information made available to the Health Board at the time of these accounts and could be subject to significant change as outcomes are determined. Aneurin Bevan University Local Health Board has reviewed its portfolio of outstanding claims for continuing healthcare and made an assessment of likely financial liability based on an estimated success factor, eligibility factor and expected weekly average costs of claims. The assumptions have been derived by reviewing a sample of claims.

Primary care expenditure includes estimates for areas which are paid in arrears and not finalised at the time of producing the accounts. These estimates relate to GMS Quality Outcome Framework, GMS Enhanced Services, dental contract performance, prescribing and pharmacy estimates, which are based on an assessment of likely final performance

1.25 Private Finance Initiative (PFI) transactions

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

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

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

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

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

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

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

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

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

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

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a

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.

Other PFI arrangements off Statement of Financial Position
Where the LHB has no control or residual interest in the assets and the balance of risks and rewards lie with the operator, the arrangement is treated as an operating lease and the costs are included in the SoCNE as incurred. The LHB has two such arrangements relating to the maintenance of the energy systems in the Royal Gwent and Nevill Hall Hospitals.

Joint PFI contract
The LHB has entered into an agreement to share a facility, provided by a Private Finance Partner, with Monmouthshire County Council to match the agreement with the Private Finance Partner. The arrangement is treated as a PFI arrangement and the total obligation is included as a liability of the LHB. The contribution towards the unitary charge committed by Monmouthshire County Council is treated as a financial asset. The future contribution was measured initially at the same amount as the fair value of the share of the PFI asset and is subsequently measured as a finance lease.

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

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

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

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

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

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

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

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

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

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

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

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

2. Financial Duties Performance

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

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

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

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2016-17	2017-18	2018-19	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	1,143,841	1,170,232	**1,226,261**	**3,540,334**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(1,525)	(1,743)	**(2,149)**	**(5,417)**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	**0**	**0**
Total operating expenses	1,142,316	1,168,489	1,224,112	**3,534,917**
Revenue Resource Allocation	1,142,365	1,168,735	**1,224,347**	**3,535,447**
Under /(over) spend against Allocation	49	246	**235**	**530**

Aneurin Bevan University LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2016-17 to 2018-19.

2.2 Capital Resource Performance

	2016-17	2017-18	2018-19	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	34,097	50,648	**141,139**	**225,884**
Add: Losses on disposal of donated assets	5	11	**0**	**16**
Less: NBV of property, plant and equipment and intangible assets disposed	(12)	(127)	**(81)**	**(220)**
Less: capital grants received	0	(8)	**(45)**	**(53)**
Less: donations received	(335)	(126)	**(121)**	**(582)**
Charge against Capital Resource Allocation	33,755	50,398	**140,892**	**225,045**
Capital Resource Allocation	33,797	50,476	**140,933**	**225,206**
(Over) / Underspend against Capital Resource Allocation	42	78	**41**	**161**

In 2018/19 £120m out of the £141m spend related to the new Grange University Hospital.

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

2.3 Duty to prepare a 3 year plan

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

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

	2018-19 to 2020-21
The Minister for Health and Social Services approval status	**Approved**

The LHB **has** therefore met its statutory duty to have an approved financial plan for the period 2018-19 to 2020-21.

The LHB Integrated Medium Term Plan **was** approved in 2017-18.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2018-19 Total	2017-18
	£'000	£'000	£'000	£'000
General Medical Services	99,491		**99,491**	92,959
Pharmaceutical Services	29,287	(4,292)	**24,995**	24,045
General Dental Services	36,232		**36,232**	35,362
General Ophthalmic Services	1,978	6,441	**8,419**	8,681
Other Primary Health Care expenditure	2,738		**2,738**	2,849
Prescribed drugs and appliances	95,557		**95,557**	98,164
Total	**265,283**	**2,149**	**267,432**	262,060

The Total expenditure above includes £14.081m in respect of staff costs (£9.626m 2017-18). Detailed breakdown of this expenditure by service area is shown at the bottom of this page.

3.2 Expenditure on healthcare from other providers	2018-19	2017-18
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**57,379**	54,347
Goods and services from other NHS Wales Trusts	**29,290**	25,172
Goods and services from Health Education and Improvement Wales (HEIW)	**0**	0
Goods and services from other non Welsh NHS bodies	**8,875**	8,242
Goods and services from WHSSC / EASC	**136,682**	132,044
Local Authorities	**30,009**	26,577
Voluntary organisations	**6,714**	6,438
NHS Funded Nursing Care	**7,548**	8,903
Continuing Care	**71,481**	70,408
Private providers	**2,156**	2,229
Specific projects funded by the Welsh Government	**0**	0
Other	**-143**	375
Total	**349,991**	334,735

Local Authorities expenditure relates to the following bodies:	£'000	£'000
Blaenau Gwenty County Borough Council	**1,445**	1,128
Caerphilly County Borough Council	**14,043**	14,383
Monmouthshire County Borough Council	**4,371**	2,757
Newport City Council	**5,084**	3,709
Torfaen County Borough Council	**5,122**	4,382
Gloucestershire County Council	**-56**	218
	30,009	26,577

Note 3.1 - Expenditure on Primary Healthcare Services
The General Medical Services expenditure includes £11,025k (2017/18 £6,220k) in relation to staff salaries, the General Dental Services expenditure includes £2,592k (2017/18 £3,008k) in relation to staff salaries, & the Prescribed Drugs & Appliances expenditure includes £464k (2017/18 £398k) in relation to staff salaries.

3.3 Expenditure on Hospital and Community Health Services

	2018-19 £'000	2017-18 £'000
Directors' costs	2,013	1,938
Staff costs	522,079	504,130
Supplies and services - clinical	98,580	91,785
Supplies and services - general	13,801	12,958
Consultancy Services	349	719
Establishment	7,983	8,403
Transport	1,852	1,522
Premises	26,057	24,466
External Contractors	0	0
Depreciation	24,200	23,487
Amortisation	839	688
Fixed asset impairments and reversals (Property, plant & equipment)	(1,443)	(13,431)
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	400	409
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	2,024	2,866
Research and Development	0	0
Other operating expenses	7,875	6,512
Total	**706,609**	666,452

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

Increase/(decrease) in provision for future payments:	**2018-19 £'000**	2017-18 £'000
Clinical negligence	38,087	37,963
Personal injury	660	1,287
All other losses and special payments	220	141
Defence legal fees and other administrative costs	632	581
Gross increase/(decrease) in provision for future payments	**39,599**	**39,972**
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	81	80
Less: income received/due from Welsh Risk Pool	(37,656)	(37,186)
Total	**2,024**	**2,866**

The Health Board spent £1.9m (£1.5m 2017/18) on Research and Development. The majority of this spend relates to staff £1.6m (£1.2m 2017/18) which along with the non-staff spend is reflected under the various headings within note 3.3.

Personal injury includes £345,411 (2017-18 £1,118,806) in respect of permanent injury benefits.

Note 3.4 includes £800,786 (£635,714 2017/18) relating to Redress cases which represents 90 (73 2017/18) cases where payments were made in year totalling £355,025 (£436,714 2017/18) including defence fees. An additional provision has been created for a further 41 (24 2017/18) cases where an offer has been made or causation and breach have been proven with estimated costs of £445,761 (£199,000 2017/18).

4. Miscellaneous Income

	2018-19 £'000	2017-18 £'000
Local Health Boards	20,118	20,821
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	8,223	9,141
NHS trusts	7,733	6,468
Health Education and Improvement Wales (HEIW)	1,012	0
Other NHS England bodies	2,581	2,369
Foundation Trusts	0	0
Local authorities	16,656	16,278
Welsh Government	5,945	1,429
Non NHS:		
Prescription charge income	0	0
Dental fee income	7,313	6,949
Private patient income	408	539
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	1,879	1,675
Other income from activities	966	953
Patient transport services	0	0
Education, training and research	10,904	10,975
Charitable and other contributions to expenditure	1,016	811
Receipt of donated assets	121	126
Receipt of Government granted assets	45	8
Non-patient care income generation schemes	121	140
NHS Wales Shared Services Partnership (NWSSP)	39	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
Other income:		
Provision of laundry, pathology, payroll services	69	57
Accommodation and catering charges	3,247	3,048
Mortuary fees	255	252
Staff payments for use of cars	818	837
Business Unit	1,815	1,824
Other	7,240	9,086
Total	**98,524**	93,786

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of **21.89%** re personal injury claims

Other Income includes amounts in excess of £500K		
Salary Sacrifice Schemes & Fleet Vehicles	2,812	2,793
VAT recoveries re Business Activities and accrued income	541	303
Managed Practices	0	2,692
Other	3,887	3,298
	0	0
	0	0
Total	**7,240**	9,086

5. Investment Revenue

	2018-19	2017-18
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	20	21
Total	**20**	21

6. Other gains and losses

	2018-19	2017-18
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	10	(1)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
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	**10**	(1)

7. Finance costs

	2018-19	2017-18
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	428	480
contingent finance cost	332	303
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	**760**	783
Provisions unwinding of discount	23	8
Other finance costs	0	0
Total	**783**	791

8. Operating leases

LHB as lessee

As at 31st March 2019 the LHB had 33 operating leases agreements in place for the leases of premises, 471 arrangements in respect of equipment and 533 in respect of vehicles, with 1 premise, 16 equipment and 166 vehicle leases having expired in year. The periods in which the remaining 1,037 agreements expire are shown below:

Payments recognised as an expense	**2018-19**	2017-18
	£000	£000
Minimum lease payments	**6,579**	7,091
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**6,579**	7,091

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**5,823**	4,801
Between one and five years	**7,948**	7,896
After 5 years	**11,517**	6,996
Total	**25,288**	19,693

Number of operating leases expiring	**Land & Buildings**	**Vehicles**	**Equipment**	**Total**
Not later than one year	8	188	74	**270**
Between one and five years	13	345	397	**755**
After 5 years	12	0	0	**12**
Total	33	533	471	**1,037**
Charged to the income statement (£000)	**1,974**	**1,535**	**3,070**	**6,579**

There are no future sublease payments expected to be received

LHB as lessor

Rental revenue	**£000**	£000
Rent	**192**	160
Contingent rents	**0**	0
Total revenue rental	**192**	160

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**178**	139
Between one and five years	**705**	553
After 5 years	**1,358**	1,150
Total	**2,241**	1,842

LHB as Lessee
The LHB has the following leases, none of which is subject to any contingency:
- Leases on properties which are at fixed rentals subject to periodic review. The significant Leases expire at dates between April 2019 and November 2043 except for one lease which does not expire until March 2064
- Leases of medical and other equipment, IT equipment and photocopiers, at fixed rentals, generally for between three and seven years and
- Vehicle leases at fixed rentals generally for a period of three to five years

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	£000	£000	£000	£000	£000	£000
Salaries and wages	424,489	1,980	20,833	0	**447,302**	427,917
Social security costs	42,029	0	0	0	**42,029**	39,645
Employer contributions to NHS Pension Scheme	50,337	0	0	0	**50,337**	48,452
Other pension costs	0	0	0	0	**0**	167
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	0	0	0	0	**0**	110
Total	516,855	1,980	20,833	0	**539,668**	516,291
Charged to capital					**1,495**	598
Charged to revenue					**538,173**	515,693
					539,668	516,291
Net movement in accrued employee benefits (untaken staff leave accrual included above)					52	97

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,251	21	5	0	**2,277**	2,064
Medical and dental	990	5	78	0	**1,073**	1,032
Nursing, midwifery registered	3,468	1	93	0	**3,562**	3,574
Professional, Scientific, and technical staff	541	8	2	0	**551**	428
Additional Clinical Services	2,087	0	2	0	**2,089**	2,396
Allied Health Professions	705	0	20	0	**725**	520
Healthcare Scientists	220	0	12	0	**232**	228
Estates and Ancilliary	946	0	35	0	**981**	1,108
Students	0	0	0	0	**0**	1
Total	**11,208**	**35**	**247**	**0**	**11,490**	11,351

9.3. Retirements due to ill-health

During 2018-19 there were 5 early retirements from the LHB agreed on the grounds of ill-health (15 in 2017-18 - £873,891.82). The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £207,779.52.

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2018-19 Number of compulsory redundancies	2018-19 Number of other departures	2018-19 Total number of exit packages	2018-19 Number of departures where special payments have been made	2017-18 Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	3
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	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**	**0**	**0**	**0**	**4**

Exit packages cost band (including any special payment element)	2018-19 Cost of compulsory redundancies	2018-19 Cost of other departures	2018-19 Total cost of exit packages	2018-19 Cost of special element included in exit packages	2017-18 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	66,537
£25,000 to £50,000	0	0	0	0	43,267
£50,000 to £100,000	0	0	0	0	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**	**0**	**0**	**0**	**109,804**

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

Exit costs in this note relate to exit packages agreed in year. The actual date of departure might be in a subsequent period and the expense in relation to the departure costs may have been accrued in a previous period.

The Health Board has not approved any VERS during 2018/19.

9.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB for the financial year 2018-19 was £200k - £205k (2017-18, £200k - £205k). This was 7.0 times (2017-18, 7.2) the median remuneration of the workforce, which was £28,766 (2017-18, £28,005).

In 2017-18 the highest paid director was not the Chief Executive whose remuneration was in the band of £195k - £200k with a ratio of 7.1.

In 2018-19, 16 (2017-18, 14) employees received remuneration in excess of the highest-paid director.

The workforce remuneration ranged from £17k to £273k (2017-18 £15k to £254k).

There was a 2.7% increase in the median remuneration of the workforce due to the 3.0% pay award, incremental pay progression and workforce composition fluctuations.

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions or beneifuts-in-kind which due to their value are not material.

9.7 Pension costs

PENSION COSTS

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

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

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

c) National Employment Savings Trust (NEST)

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

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

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

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

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

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

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

	2018-19	**2018-19**	2017-18	2017-18
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,870**	**256,692**	5,753	236,442
Total bills paid within target	**5,356**	**253,807**	5,577	236,043
Percentage of bills paid within target	**91.2%**	**98.9%**	96.9%	99.8%
Non-NHS				
Total bills paid	**253,860**	**550,766**	238,919	463,856
Total bills paid within target	**241,381**	**533,136**	231,316	450,017
Percentage of bills paid within target	**95.1%**	**96.8%**	96.8%	97.0%
Total				
Total bills paid	**259,730**	**807,458**	244,672	700,298
Total bills paid within target	**246,737**	**786,943**	236,893	686,060
Percentage of bills paid within target	**95.0%**	**97.5%**	96.8%	98.0%

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

	2018-19	2017-18
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**870**	299
Total	**870**	299

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2018	78,138	359,367	2,575	64,350	82,933	632	19,711	2,678	**610,384**
Indexation	1,499	1,371	12	0	0	0	0	0	**2,882**
Additions									
- purchased	0	3,981	11	124,514	7,498	44	3,947	266	**140,261**
- donated	0	26	0	0	95	0	0	0	**121**
- government granted	0	17	0	0	28	0	0	0	**45**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	67	1,488	0	(2,078)	422	0	0	0	**(101)**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	64	2,223	13	0	0	0	0	0	**2,300**
Impairments	(34)	(830)	0	0	0	0	0	0	**(864)**
Reclassified as held for sale	(127)	(293)	0	0	0	0	0	0	**(420)**
Disposals	(33)	(37)	0	0	(2,145)	0	(729)	(281)	**(3,225)**
At 31 March 2019	79,574	367,313	2,611	186,786	88,831	676	22,929	2,663	**751,383**
Depreciation at 1 April 2018	0	12,856	71	1,792	51,514	476	10,059	1,746	**78,514**
Indexation	0	70	1	0	0	0	0	0	**71**
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	58	0	0	0	0	0	0	**58**
Impairments	0	(65)	0	0	0	0	0	0	**(65)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(2,134)	0	(729)	(281)	**(3,144)**
Provided during the year	0	13,283	75	0	7,926	27	2,633	256	**24,200**
At 31 March 2019	0	26,202	147	1,792	57,306	503	11,963	1,721	**99,634**
Net book value at 1 April 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	**531,870**
Net book value at 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	**651,749**
Net book value at 31 March 2019 comprises :									
Purchased	76,436	339,219	2,464	184,994	30,783	173	10,963	922	**645,954**
Donated	3,138	1,848	0	0	704	0	3	20	**5,713**
Government Granted	0	44	0	0	38	0	0	0	**82**
At 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	**651,749**
Asset financing :									
Owned	79,574	330,718	2,464	184,994	31,432	173	10,966	942	**641,263**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	10,393	0	0	93	0	0	0	**10,486**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	**651,749**

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

	£000
Freehold	**412,442**
Long Leasehold	**10,707**
Short Leasehold	**0**
	423,149

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

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2017	81,080	378,680	2,727	35,702	80,265	630	18,958	2,883	**600,925**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions									
- purchased	0	5,421	275	35,387	5,488	2	2,963	41	**49,577**
- donated	0	0	0	0	126	0	0	0	**126**
- government granted	0	0	0	0	8	0	0	0	**8**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	3,486	0	(3,486)	0	0	0	0	**0**
Revaluations	(3,230)	(14,966)	(268)	0	0	0	0	0	**(18,464)**
Reversal of impairments	313	(11,258)	129	0	0	0	0	0	**(10,816)**
Impairments	0	(1,965)	(288)	(3,253)	0	0	0	0	**(5,506)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	(25)	(31)	0	0	(2,954)	0	(2,210)	(246)	**(5,466)**
At 31 March 2018	78,138	359,367	2,575	64,350	82,933	632	19,711	2,678	**610,384**
Depreciation at 1 April 2017	0	60,808	310	1,792	46,526	424	9,933	1,722	**121,515**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	(31,183)	(213)	0	0	0	0	0	**(31,396)**
Reversal of impairments	0	(29,423)	(24)	0	0	0	0	0	**(29,447)**
Impairments	0	(233)	(73)	0	0	0	0	0	**(306)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	(2)	0	0	(2,892)	0	(2,199)	(246)	**(5,339)**
Provided during the year	0	12,889	71	0	7,880	52	2,325	270	**23,487**
At 31 March 2018	0	12,856	71	1,792	51,514	476	10,059	1,746	**78,514**
Net book value at 1 April 2017	81,080	317,872	2,417	33,910	33,739	206	9,025	1,161	**479,410**
Net book value at 31 March 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	**531,870**
Net book value at 31 March 2018 comprises :									
Purchased	75,062	344,561	2,504	62,558	30,498	156	9,644	908	**525,891**
Donated	3,076	1,920	0	0	905	0	8	24	**5,933**
Government Granted	0	30	0	0	16	0	0	0	**46**
At 31 March 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	**531,870**
Asset financing :									
Owned	78,138	334,794	2,504	62,558	31,148	156	9,652	932	**519,882**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	11,717	0	0	271	0	0	0	**11,988**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	**531,870**

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

	£000
Freehold	**415,185**
Long Leasehold	**11,968**
Short Leasehold	**0**
	427,153

11. Property, plant and equipment (continued)

Additional disclosures re Property, Plant and Equipment

i) Assets donated in the year were purchased from donated charitable funds and a grants totalling £45k received from Health and Care Research Wales, Sparkle and Cardiff & Vale UHB Training Fund.

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

Land and buildings have been restated to current value using the professional valuations carried out by the District Valuer Service (DVS) which is the commercial arm of the Valuation Office Agency. The valuations were carried out as at the 1st April 2017 as part of the 5 yearly revaluation programme. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation manual insofar as these terms are consistent with the agreed requirements of the Welsh Government and HM Treasury. In 2018-19 indexation has been applied to land and buildings based on indices received from the District Valuer Service. In 2018-19, no indexation has been applied to equipment.

In addition, in 2018-19 there have been separate revaluations for one asset under construction coming into use (relating to the refurbishment if the Psychiatric Intensive Care Unit at St Cadoc's), and two assets that have been assessed as surplus and revalued prior to disposal / reclassification to Asset Held for Sale (Brynmawr Health Centre and Lamb House).

iii) Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the DVS. Leaseholds are depreciated over the primary lease term. Equipment is depreciated on current cost evenly over the estimated useful life of the asset. There are standard suggested lives for classes of equipment as set below which are used as a default unless there is evidence proving an alternative, i.e. current manufacturer guidance on CT Scanners suggests a 7 year life. Health Board standard assumed lives:

Short life engineering plant and equipment - 5 years
Medium life engineering plant and equipment - 7 years
Long Life engineering plant and equipment - 15 years
Private vehicles - 7 years
Commercial vehicles - 10 years
Soft furniture and fittings - 5 years
Other furniture and fittings - 10 years
IT hardware - 5 years
Short life medical and other equipment - 5 years
Medium life medical equipment - 7 years
Long life medical equipment - 15 years

Where evidence is provided to show that an asset life should differ from those above this will be reviewed and adjusted. A shortened life would give a higher depreciation charge over the remaining life of the asset. A small number of relife adjustments are made in year.

iv) During the year the UHB has received Non Cash Allocation from the Welsh Government for assets impaired during the period and this allocation is included in our Revenue Resource Limit.

v) Impairment provisions have been made where valuations from the DVS indicate that the carrying value of the assets are above the current valuation. In 2018-19 impairment provisions have been made in respect of:

Assets impaired on revaluation prior to disposal / reclassification to Asset Held for Sale (Brynmawr Health Centre / Lamb House).
Assets Under Construction impaired on coming into use (PICU, St Cadoc's).

vi) There is considered to be no material difference between the open market value of properties and the existing use value at which they are held.

vii) IFRS 13 Fair value measurement – The Health Board is required to assess whether it owns any surplus assets which have no sale restrictions and plans for future use to comply with IFRS 13. There are no assets classed as surplus at the balance sheet date.

viii) The GCRC of fully depreciated equipment assets as at 31/03/2019 is £36,333K.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2018	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	127	293	0	0	0	**420**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2019	127	293	0	0	0	**420**
Balance brought forward 1 April 2017	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2018	0	0	0	0	0	**0**

Assets sold in the period

Assets classified as held for sale during the year are Lamb House in Blaina

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	1,609	0	3,162	0	0	0	**4,771**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**101**	**0**	**0**	**0**	**0**	**0**	**101**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**364**	**0**	**348**	**0**	**0**	**0**	**712**
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	**(595)**	**0**	**(307)**	**0**	**0**	**0**	**(902)**
Gross cost at 31 March 2019	**1,479**	**0**	**3,203**	**0**	**0**	**0**	**4,682**
Amortisation at 1 April 2018	1,058	0	1,009	0	0	0	**2,067**
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	**210**	**0**	**629**	**0**	**0**	**0**	**839**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**(595)**	**0**	**(307)**	**0**	**0**	**0**	**(902)**
Amortisation at 31 March 2019	**673**	**0**	**1,331**	**0**	**0**	**0**	**2,004**
Net book value at 1 April 2018	**551**	**0**	**2,153**	**0**	**0**	**0**	**2,704**
Net book value at 31 March 2019	**806**	**0**	**1,872**	**0**	**0**	**0**	**2,678**
At 31 March 2019							
Purchased	**790**	**0**	**1,872**	**0**	**0**	**0**	**2,662**
Donated	**16**	**0**	**0**	**0**	**0**	**0**	**16**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2019	**806**	**0**	**1,872**	**0**	**0**	**0**	**2,678**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	1,570	0	2,328	0	0	0	**3,898**
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	39	0	897	0	0	0	**936**
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	(63)	0	0	0	**(63)**
Gross cost at 31 March 2018	**1,609**	**0**	**3,162**	**0**	**0**	**0**	**4,771**
Amortisation at 1 April 2017	835	0	607	0	0	0	**1,442**
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	223	0	465	0	0	0	**688**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	(63)	0	0	0	**(63)**
Amortisation at 31 March 2018	**1,058**	**0**	**1,009**	**0**	**0**	**0**	**2,067**
Net book value at 1 April 2017	**735**	**0**	**1,721**	**0**	**0**	**0**	**2,456**
Net book value at 31 March 2018	**551**	**0**	**2,153**	**0**	**0**	**0**	**2,704**
At 31 March 2018							
Purchased	525	0	2,153	0	0	0	**2,678**
Donated	26	0	0	0	0	0	**26**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2018	**551**	**0**	**2,153**	**0**	**0**	**0**	**2,704**

Additional disclosures re Intangible Assets

i) On initial recognition Intangible non-current assets are measured at cost. 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 asset basis), indexed for relevant price increases, as a proxy for fair value.
ii) The useful economic life of Intangible non-current assets are assigned on an individual asset basis using either a standard life of 5 years or the period covered by a licence.
iii) All fully depreciated assets still in use are being carried at nil net book value.
iv) These assets have not been subject to indexation or revaluation during the year.

Additions during the year comprised:
1. Various Cyber Security Software & Licences £343k with a 5 year life
2. Digital Cellular Pathology Software & Licences £84k with a 5 year life
3. Facilities Management Software & Licences £285k with a 5 year life

13 . Impairments

	2018-19 Property, plant & equipment £000	2018-19 Intangible assets £000	2017-18 Property, plant & equipment £000	2017-18 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**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	**66**	0	**0**	0
Others (specify)	**733**	0	**10,928**	0
Reversal of impairments	**(2,242)**	0	**(18,631)**	0
Total of all impairments	**(1,443)**	0	**(7,703)**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	**(1,443)**	0	**(13,431)**	0
Charged to Revaluation Reserve	**0**	0	**5,728**	0
	(1,443)	0	**(7,703)**	0

Impairments

2018-2019	Impairment amount £000	Reason for impairment £000	Nature of Asset £000	Valuation basis £000	Charge to SoCNE £000	Charge to Reserve £000
IMPAIRMENTS						
Changes in Market Price						
Brynmawr Health Centre	40	Assets recognised as surplus, revaluation prior to disposal	Disposal during 2018/19	Fair value	40	0
Lamb House	26	Assets recognised as surplus, moved to AHFS and marketed for sale	Non operational, held for sale	Fair value less costs to sell	26	0
Others						
St Cadocs Hospital - PICU Refurbishment scheme	733	Assets Valued on Coming Into Use	Operational	Fair value	733	0
Total Impairment	799				799	0
REVERSAL OF IMPAIRMENTS						
Others						
Ysbyty Aneurin Bevan	(349)	Indexation - reversal of impairment in previous years	Operational assets	Indexation	(349)	0
Ysbyty Ystrad Fawr	(1,272)				(1,272)	0
Serennu Childrens Centre	(75)				(75)	0
Royal Gwent	(485)				(485)	0
St Cadocs	(2)				(2)	0
Llanfrechfa Grange	(14)				(14)	0
Neville Hall	(23)				(23)	0
Various Community Sites	(22)				(22)	0
Total Reversal of Impairments	(2,242)				(2,242)	0
Net credit to SoCNE	(1,443)				(1,443)	0

14.1 Inventories

	31 March 2019 £000	31 March 2018 £000
Drugs	3,200	2,442
Consumables	4,147	4,391
Energy	226	223
Work in progress	0	0
Other	0	0
Total	**7,573**	7,056
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

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

In line with the 2015-16 revised guidance this section only relates to Health Bodies that purchase assets to sell and as such does not apply to Aneurin Bevan University Health Board.

15. Trade and other Receivables

Current	**31 March 2019 £000**	31 March 2018 £000
Welsh Government	**5,448**	989
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**47**	311
Welsh Health Boards	**3,164**	3,670
Welsh NHS Trusts	**2,235**	702
Health Education and Improvement Wales (HEIW)	**424**	0
Non - Welsh Trusts	**402**	325
Other NHS	**0**	0
Welsh Risk Pool	**37,602**	48,917
Local Authorities	**5,116**	7,542
Capital debtors	**0**	0
Other debtors	**12,066**	11,279
Provision for irrecoverable debts	**(1,663)**	(1,240)
Pension Prepayments	**0**	0
Other prepayments	**5,237**	4,041
Other accrued income	**0**	0
Sub total	**70,078**	76,536
Non-current		
Welsh Government	**0**	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Health Education and Improvement Wales (HEIW)	**0**	0
Non - Welsh Trusts	**0**	0
Other NHS	**0**	0
Welsh Risk Pool	**89,097**	50,522
Local Authorities	**0**	0
Capital debtors	**0**	0
Other debtors	**1,903**	1,671
Provision for irrecoverable debts	**0**	0
Pension Prepayments	**0**	0
Other prepayments	**0**	0
Other accrued income	**0**	0
Sub total	**91,000**	52,193
Total	**161,078**	128,729

HEIW was formed on 1st October 2018. In 2017/18 income which has now transferred to HEIW would have been reported under Welsh NHS Trusts and Other.

Receivables past their due date but not impaired

By up to three months	**1,593**	2,184
By three to six months	**356**	505
By more than six months	**747**	1,027
	2,696	3,716

Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 31 March 2018	(1,240)	
Adjustment for Implementation of IFRS 9	(407)	
Balance at 1 April 2018	(1,647)	**(1,160)**
Transfer to other NHS Wales body	**0**	**0**
Amount written off during the year	**0**	**0**
Amount recovered during the year	**0**	**0**
(Increase) / decrease in receivables impaired	**(5)**	**(86)**
Bad debts recovered during year	**(11)**	**6**
Balance at 31 March	**(1,663)**	(1,240)

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	**2,452**	1,501
Other	**275**	307
Total	**2,727**	1,808

16. Other Financial Assets

	Current		Non-current	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
	£000	£000	**£000**	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**32**	32	**661**	693
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	**32**	**32**	**661**	**693**

17. Cash and cash equivalents

	2018-19	2017-18
	£000	£000
Balance at 1 April	**1,606**	3,783
Net change in cash and cash equivalent balances	**(622)**	(2,177)
Balance at 31 March	**984**	1,606
Made up of:		
Cash held at GBS	**964**	1,584
Commercial banks	**0**	0
Cash in hand	**20**	22
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**984**	1,606
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**984**	1,606

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

Lease Liabilities £0
PFI liabilities £689K

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

18. Trade and other payables

Current	31 March 2019 £000	31 March 2018 £000
Welsh Government	0	2
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	2,304	3,387
Welsh Health Boards	1,882	2,884
Welsh NHS Trusts	2,509	3,544
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	6,181	5,710
Taxation and social security payable / refunds	9,774	3,579
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	148
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS creditors	43,067	41,840
Local Authorities	11,932	10,156
Capital Creditors	8,567	6,902
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	625	756
Pensions: staff	8,136	7,366
Accruals	52,177	53,054
Deferred Income:		
Deferred Income brought forward	70	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	(8,762)	(8,375)
Total	138,462	130,953

Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS creditors	0	0
Local Authorities	0	0
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	5,392	6,017
Pensions: staff	0	0
Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Total	5,392	6,017

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

The Capital Creditors figure within Trade & Other Payables - Current includes £51K relating to Velindre NHS Trust (£278K was included in 2017/18). This amount was agreed as part of our agreement of balances figure with Velindre NHS Trust

Amounts falling due more than one year are expected to be settled as follows:	31-Mar-19 £000	31-Mar-18 £000
Between one and two years	685	625
Between two and five years	2,480	2,262
In five years or more	2,227	3,130
Sub-total	5,392	6,017

19. Other financial liabilities

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

20. Provisions

	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2019
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**37,927**	(1,147)	0	(6,551)	13,967	(6,102)	(7,283)	0	**30,811**
Personal injury	**278**	0	0	(11)	665	(549)	(5)	10	**388**
All other losses and special payments	**0**	0	0	0	220	(220)	0	0	**0**
Defence legal fees and other administration	**1,441**	0	0	46	841	(671)	(559)		**1,098**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**423**			238	257	(427)	(81)	13	**423**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**2,886**		0	0	1,100	(468)	(959)		**2,559**
Total	**42,955**	**(1,147)**	**0**	(6,278)	17,050	(8,437)	(8,887)	**23**	**35,279**
Non Current									
Clinical negligence	**49,978**	0	0	6,551	44,047	(595)	(11,497)	0	**88,484**
Personal injury	**3,249**	0	0	11	0	0	0	0	**3,260**
All other losses and special payments	**0**	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	**823**	0	0	(46)	468	(90)	(118)		**1,037**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**4,069**			(238)	0	0	0	0	**3,831**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**2,454**		0	0	724	(1,337)	(922)		**919**
Total	**60,573**	**0**	**0**	**6,278**	**45,239**	**(2,022)**	**(12,537)**	**0**	**97,531**
TOTAL									
Clinical negligence	**87,905**	**(1,147)**	**0**	**0**	**58,014**	**(6,697)**	**(18,780)**	**0**	**119,295**
Personal injury	**3,527**	**0**	**0**	**0**	**665**	**(549)**	**(5)**	**10**	**3,648**
All other losses and special payments	**0**	**0**	**0**	**0**	**220**	**(220)**	**0**	**0**	**0**
Defence legal fees and other administration	**2,264**	**0**	**0**	**0**	**1,309**	**(761)**	**(677)**		**2,135**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**4,492**			**0**	**257**	**(427)**	**(81)**	**13**	**4,254**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**5,340**		**0**	**0**	**1,824**	**(1,805)**	**(1,881)**		**3,478**
Total	**103,528**	**(1,147)**	**0**	**0**	**62,289**	**(10,459)**	**(21,424)**	**23**	**132,810**

Expected timing of cash flows:

	In year to 31 March 2020	Between 1 April 2020 31 March 2024	Thereafter	Total
				£000
Clinical negligence	30,811	87,953	531	**119,295**
Personal injury	388	1,062	2,198	**3,648**
All other losses and special payments	0	0	0	**0**
Defence legal fees and other administration	1,098	1,037	0	**2,135**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	423	3,831	0	**4,254**
Restructuring	0	0	0	**0**
Other	2,559	919	0	**3,478**
Total	**35,279**	**94,802**	**2,729**	**132,810**

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes. The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors. The Health Board estimates that in 2019/20 it will receive £30,332,948 and in 2020/21 and beyond £89,097,104 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £2,186,260. As per above the Local Health Board has estimated a liability of £2.186m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2018/19 is consistent with the methodology used in 2017/18. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established. Other provisions also include £15,958 for Ancillary Staff Banked Annual Leave Payments, £127,351 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £1,148,477 potential VAT payments to HMRC re overclaimed VAT in relation to Research and Development and other invoices raised by the Health Board. It also includes a potential penalty payment previoulsy identified by the Health Board to HMRC. The total Health Board provision also includes an amount of £445,761 which relates to 41 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

20. Provisions (continued)

	At 1 April 2017	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	26,451	0	(175)	2,791	20,497	(7,456)	(4,181)	0	**37,927**
Personal injury	324	0	0	(805)	1,372	(531)	(85)	3	**278**
All other losses and special payments	0	0	0	0	141	(141)	0	0	**0**
Defence legal fees and other administration	1,641	0	0	156	943	(563)	(736)		**1,441**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	462			216	280	(428)	(112)	5	**423**
Restructuring	0			0	0	0	0	0	**0**
Other	1,265		0	0	2,186	(452)	(113)		**2,886**
Total	**30,143**	**0**	**(175)**	**2,358**	**25,419**	**(9,571)**	**(5,227)**	**8**	**42,955**
Non Current									
Clinical negligence	31,676	0	0	(2,791)	21,993	(554)	(346)	0	**49,978**
Personal injury	2,444	0	0	805	0	0	0	0	**3,249**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	710	0	0	(156)	415	(105)	(41)		**823**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	4,285			(216)	0	0	0	0	**4,069**
Restructuring	0			0	0	0	0	0	**0**
Other	4,540		0	0	211	(1,042)	(1,255)		**2,454**
Total	**43,655**	**0**	**0**	**(2,358)**	**22,619**	**(1,701)**	**(1,642)**	**0**	**60,573**
TOTAL									
Clinical negligence	58,127	0	(175)	0	42,490	(8,010)	(4,527)	0	**87,905**
Personal injury	2,768	0	0	0	1,372	(531)	(85)	3	**3,527**
All other losses and special payments	0	0	0	0	141	(141)	0	0	**0**
Defence legal fees and other administration	2,351	0	0	0	1,358	(668)	(777)		**2,264**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	4,747			0	280	(428)	(112)	5	**4,492**
Restructuring	0			0	0	0	0	0	**0**
Other	5,805		0	0	2,397	(1,494)	(1,368)		**5,340**
Total	**73,798**	**0**	**(175)**	**0**	**48,038**	**(11,272)**	**(6,869)**	**8**	**103,528**

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes. The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors. The Health Board estimates that in 2018/19 it will receive £37,516,001 and in 2019/20 and beyond £50,517,620 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £4,128,856. As per above the Local Health Board has estimated a liability of £4.129m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2017/18 is consistent with the methodology used in 2016/17. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established. Other provisions also include £53,105 for Ancillary Staff Banked Annual Leave Payments, £792,830 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £365,307 potential VAT penalty payment regarding an over claim of VAT identified by the Health Board to HMRC. The total Health Board provision also includes an amount of £199,000 which relates to 24 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

21. Contingencies

21.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2018-19 £'000**	2017-18 £'000
Legal claims for alleged medical or employer negligence	**340,890**	323,545
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**4,881**	5,433
Continuing Health Care costs	**5,579**	14,889
Other	**0**	25
Total value of disputed claims	**351,350**	343,892
Amounts (recovered) in the event of claims being successful	**(341,256)**	(323,293)
Net contingent liability	**10,094**	**20,599**

ABUHB – Contingent Liability Note

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them. The legal claims have increased by £17m from 2017/18 with the number of claims decreasing from 297 in 2017/18 to 248 in 2018/19.

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

The Other Continent Liabilities in 2017/18 relates to 2 Redress cases where breach and causation have not been proven. There were no cases where breach and causation had not been proven in 2018/19.

Continuing Healthcare Cost uncertainties
Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. The 31st July 2014 (Phase 3) deadline for the submission of any claims for continuing healthcare costs dating back to 1st April 2003 resulted in a large increase in the number of claims registered in 2014/15. Annual Welsh Government deadlines for submission of claims for subsequent periods resulted in a regular and significant flow of news claims into the Health Board.

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

Note 20 sets out the £2.186m provision made for probable continuing care costs relating to 179 outstanding claims received by 31st October 2017 (up to and including Phase 6).

Note 21.1 also sets out the £5.579m contingent liability for possible continuing care costs relating to those claims;

During 2016/17 ABUHB took the decision to close 116 claims that had become dormant i.e. no progress made in establishing eligibility, between December 2007 and November 2014. It is highly improbable that these claims will ever progress to settlement stage, but have been considered as a contingent liability until formally accepted as closed by the claimant. The associated estimated liability at the time of closure was £2.647m. As at 31st March 2019, there are now 120 dormant claims with a potential liability at current average settlement rates of £3.159m

In addition the LHB has received 56 Phase 7 claims during 2018/19, 4 of which have been closed and one settled leaving a net 51 on-going claims, for which the assessment process remains incomplete. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB, which cannot be quantified at this time.

Powys Teaching Health Board continues to manage the majority of the Phase 3 claims, and will continue to do so into 2019/20.

21.2 Remote Contingent liabilities

	2018-19 £'000	2017-18 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	**0**	0
Indemnities	**482**	150
Letters of Comfort	**0**	0
Total	**482**	**150**

21.3 Contingent assets

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

22. Capital commitments

Contracted capital commitments at 31 March	2018-19 £'000	2017-18 £'000
Property, plant and equipment	**97,386**	195,919
Intangible assets	**0**	0
Total	**97,386**	195,919

23. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2019		Approved to write-off to 31 March 2019	
	Number	£	Number	£
Clinical negligence	131	6,696,956	77	7,607,058
Personal injury	38	548,521	21	255,657
All other losses and special payments	214	284,969	213	334,636
Total	383	7,530,446	311	8,197,351

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

Cases exceeding £300,000	Case type	**Amounts paid out in year** £	**Cumulative amount** £	**Approved to write-off in year** £
04RVFPI0038	Personal Injury	26,020	384,497	
05RVFMN0063	Medical Negligence	3,750	3,471,014	
08RVFMN0070	Medical Negligence	0	1,100,000	
08RVFMN0085	Medical Negligence	110,000	2,100,467	2,100,467
10RVFMN0058	Medical Negligence	0	400,000	
13RVFMN0059	Medical Negligence	0	1,627,500	1,627,500
13RVFMN0188	Medical Negligence	338,201	348,201	
14RVFMN0015	Medical Negligence	1,040,829	1,655,324	
14RVFMN0052	Medical Negligence	70,000	370,000	
14RVFMN0114	Medical Negligence	591,563	1,134,993	
14RVFMN0228	Medical Negligence	297,500	332,500	
15RVFMN0190	Medical Negligence	881,500	901,500	901,500
16RVFMN0093	Medical Negligence	142,000	1,212,000	
16RVFMN0106	Medical Negligence	74,800	334,800	
16RVFMN0216	Medical Negligence	350,000	470,000	
Sub-total		**3,926,163**	**15,842,796**	**4,629,467**
All other cases		3,604,283	9,148,952	3,567,884
Total cases		**7,530,446**	**24,991,748**	**8,197,351**

24. Finance leases

24.1 Finance leases obligations (as lessee)

No finance leases have been entered into in 2018-19

Amounts payable under finance leases:

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

24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

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

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

24.2 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 2019	31 March 2018
Gross Investment in leases	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The LHB has two PFI operational schemes deemed to be off-Statement of Financial Position

	Newport Hospitals Energy Scheme	Nevill Hall Hospitals Energy Scheme	Total
	£000	£000	£000
Estimated capital value of the PFI scheme	1182	3300	4482

Both schemes relate to the provision of replacement heating and lighting systems within the respective hospitals. Neither has resulted in guarantees, commitments or other rights and obligations upon the LHB. The Newport hospitals scheme commenced in 2015 for a period of 5 years and the Nevill Hall scheme commenced in 2000 for a period of 25 years. The payments are made quarterly in advance with prepayments at year end for the period beyond 31 March 2019 included in debtors.

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	Off-SoFP PFI contracts
	31 March 2019	31 March 2018
	£000	£000
Total payments due within one year	**1,336**	1,306
Total payments due between 1 and 5 years	**3,536**	3,864
Total payments due thereafter	**3,046**	3,661
Total future payments in relation to PFI contracts	**7,918**	8,831
Total estimated capital value of off-SoFP PFI contracts	**4,482**	4,482

25.2 PFI schemes on-Statement of Financial Position

The LHB has three PFI schemes which are deemed to be on-Statement of Financial Position and the assets are treated as assets of the LHB.
Nevill Hall Hospital Day Surgery - a purpose built day unit including the provision of medical equipment for the unit. The PFI partner has responsibility for maintaining the building and replacing the equipment used with the unit. The scheme commenced in 1998 and the obligations for on-Statement of Financial Position is £934K. The scheme is for a period of 25 years.

Chepstow Community Hospital - a new community hospital including the provision of ancillary support services. This scheme commenced in 1998 for a period of 25 years and the obligations for on-Statement of Financial Position is £2,810K.

Monnow Vale Health and Social Care Facility - a new health and social care facility. This scheme commenced in 2004 for a period of 30 years and the obligations for on-Statement of Financial Position is £2,273K.

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

	On SoFP PFI Capital element	**On SoFP PFI Imputed interest**	**On SoFP PFI Service charges**
	31 March 2019	**31 March 2019**	**31 March 2019**
	£000	**£000**	**£000**
Total payments due within one year	**625**	**371**	**2,656**
Total payments due between 1 and 5 years	**3,165**	**971**	**10,120**
Total payments due thereafter	**2,227**	**365**	**9,034**
Total future payments in relation to PFI contracts	**6,017**	**1,707**	**21,810**

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2018	31 March 2018	31 March 2018
	£000	£000	£000
Total payments due within one year	756	428	2,414
Total payments due between 1 and 5 years	2,887	1,186	10,836
Total payments due thereafter	3,130	522	10,827
Total future payments in relation to PFI contracts	6,773	2,136	24,077

Total present value of obligations for on-SoFP PFI contracts **£29.534m**

25.3 Charges to expenditure	2018-19	2017-18
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,062	2,010
Total expense for Off Statement of Financial Position PFI contracts	1265	1335
The total charged in the year to expenditure in respect of PFI contracts	3,327	3,345

The LHB is committed to the following annual charges

PFI scheme expiry date:	31 March 2019 £000	31 March 2018 £000
Not later than one year	0	0
Later than one year, not later than five years	678	644
Later than five years	2,758	2,758
Total	3,436	3,402

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

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	3	2
Number of PFI contracts which individually have a total commitment > £500m	0	0

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

PFI Contract		
	0	0

25.5 The LHB had 5 Public Private Partnerships during the year

26. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

27. Movements in working capital

	2018-19	2017-18
	£000	£000
(Increase)/decrease in inventories	**(517)**	(54)
(Increase)/decrease in trade and other receivables - non-current	**(38,775)**	(18,662)
(Increase)/decrease in trade and other receivables - current	**6,458**	(13,526)
Increase/(decrease) in trade and other payables - non-current	**(625)**	(756)
Increase/(decrease) in trade and other payables - current	**7,509**	599
Total	**(25,950)**	(32,399)
Adjustment for accrual movements in fixed assets - creditors	**(1,665)**	4,054
Adjustment for accrual movements in fixed assets - debtors	**0**	0
Other adjustments	**349**	689
	(27,266)	(27,656)

28. Other cash flow adjustments

	2018-19	2017-18
	£000	£000
Depreciation	**24,200**	23,487
Amortisation	**839**	688
(Gains)/Loss on Disposal	**(10)**	1
Impairments and reversals	**(1,443)**	(13,431)
Release of PFI deferred credits	**0**	0
Donated assets received credited to revenue but non-cash	**(121)**	(126)
Government Grant assets received credited to revenue but non-cash	**(45)**	(8)
Non-cash movements in provisions	**39,741**	41,002
Total	**63,161**	51,613

29. Third Party assets

The LHB held £612,213.70 cash at bank and in hand at 31 March 2019 (31 March 2018, £881,078.19) which relates to monies held by the LHB on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the Accounts. None of this Cash was held in Patients' Investment Accounts in either 2018-19 or 2017-18.

In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2019 was £69,393 (£71,910 31st March 2018).

30. Events after the Reporting Period

The LHB **has not** experienced any events having a material effect on the accounts, between the date of the statement of financial position and the date on which these accounts were approved by its Board.

31. Related Party Transactions

The Welsh Government is regarded as a related party. During the year Aneurin Bevan 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,

	2018-19		As at 31st March 2019	
	Income from related party	Expenditure to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Welsh Government	1,353,169	95	5,448	0
Abertawe Bro Morgannwg University Health Board	1,164	3,480	138	198
Betsi Cadwaladr University Health Board	87	938	12	19
Cardiff & Vale University Health Board	3,524	31,830	1,646	592
Cwm Taf University Health Board	1,194	21,832	332	761
Hywel Dda University Health Board	808	762	74	23
Powys Teaching Health Board	15,148	719	962	289
Velindre NHS Trust	5,877	36,978	1,803	2,003
Welsh Ambulance Services NHS Trust	183	6,378	58	278
Public Health Wales NHS Trust	3,381	1,715	374	279
Welsh Health Specialised Services Committee	8,223	136,775	47	2,304
Health Education and Improvement Wales (HEIW)	4,557	1	424	0

In addition the LHB has had significant number of material transactions with other Government Departments and other central and local Government bodies. The most significant of these transactions are with the following:-

	2018-19		As at 31st March 2019	
Government Body	Income from related party	Expenditure to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Blaenau Gwent County Borough Council	1,459	3,185	1,064	1,130
Caerphilly County Borough Council	11,214	15,624	2,583	4,649
Monmouthshire County Borough Council	1,555	5,412	670	3,228
Newport City Council	2,053	7,063	500	1,658
Torfaen County Borough Council	2,025	5,860	299	1,146

The LHB has also had significant material transactions with the following:

Aneurin Bevan Local Health Board Charitable Fund	1,016	26	10	35

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

			2018-19		As at 31st March 2019	
Member	Related Organisation	Relationship with Related Party	Income from related party	Expenditure to related party	Amount due from related party	Amount owed to related party
			£000	£000	£000	£000
Glyn Jones	Royal Brompton & Harefield NHS Foundation Trust	Son is on Student/Clinical Placement	1	11	0	12
	NHS Wales Informatics Service (Hosted by Velindre NHS Trust)	Sister is Project Manager and Niece is a Support Officer	5,877	36,978	1,803	2,003
	Abertawe Bro Morgannwg University Health Board	Niece is on the NHS Wales Graduate Finance Training Scheme	1,164	3,480	138	198
Bronagh Scott	United Response	Trustee	0	50	0	0
Richard Bevan	Carers Trust South East Wales	Voluntary Director and Chair of the People and Well Being Committee	0	255	0	117
Philip Robson	Hospice of Valleys	Trustee	0	333	0	12
Emrys Elias	Velindre NHS Trust	Spouse is Director of Nursing	5,877	36,978	1,803	2,003
	Betsi Cadwaladr University Health Board	Consultancy	87	938	12	19
	Cardiff & Vale University Health Board	Consultancy	3,524	31,830	1,646	592
Katija Dew	Melin Homes	Spouse is Executive Director	0	79	0	0
Prof Dianne Watkins	Cardiff University	Deputy Head, School of Healthcare Sciences	506	797	150	212
Catherine Brown	Natural Resources Wales	Board Member	0	7	0	0
Richard Clark	Torfaen Voluntary Alliance	Trustee and Company Secretary	0	47	0	0
	Torfaen County Borough Council	Executive Member for Health and Adult Services	2,025	5,860	299	1,146
Frances Taylor	Monmouthshire County Council	County Councillor	1,555	5,412	670	3,228
Lorraine Morgan	Melin Homes	Board Member	0	79	0	0
Claire Marchant	Monmouthshire County Council	Director of Social Services	1,555	5,412	670	3,228
	Abertawe Bro Morgannwg University Health Board	Spouse is Director - Princess of Wales Hospital	1,164	3,480	138	198
David Street	Caerphilly County Borough Council	Corporate Director, Social Services and Housing	11,214	15,624	2,583	4,649
	Welsh Government	Spouse is Assistant Director of Social Care Policy	1,353,169	95	5,448	0

32. Pooled budgets

The Health Board has five pooled budgets. The specific accounting treatment of each pooled budget is covered within Accounting Policies note 1.22.

Monnow Vale Health and Social Care Unit
The Health Board has entered into a pooled budget with Monmouthshire County Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 to provide health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs and a memorandum note to the accounts provides details of the joint income and expenditure. The asset value of property, plant & equipment is £4,597K which is split 71% Aneurin Bevan Health Board and 29% Monmouthshire County Council. The costs incurred under the pooled budget is declared in the memorandum trading account.

Gwent Wide Integrated Community Equipment Service
The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen County Borough Councils, for the provision of an effective integrated GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the joint equipment store in the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £895K for 2018/19 (£852K for 2017/18).

Mardy Park Rehabilitation Centre
The Health Board has entered into a pooled budget arrangement with Monmouthshire County Council. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide care to individuals who have rehabilitation needs. The pool is hosted by Monmouthshire County Council and the LHBs contribution is £195K for 2018/19 (£187K 2017/18).

Gwent Frailty Programme
The Health Board has entered into a pooled budget with 5 Local Authorities in the Gwent area, namely Blaenau Gwent , Caerphilly, Monmouthshire, Newport and Torfaen County councils, for the provision of a Gwent wide integrated health and social care Frailty service, for service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the purpose of establishing a consistent service for the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £9,616K for 2018/19 (£9,034K 2017/18).

Continuing Healthcare
The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen County Councils, for the provision and commissioning of certain specialised services for older people (>65 years of age) in a care home setting in Gwent. Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions.
The pool was established in August 2018 and is hosted by Torfaen County Borough Council. Under the arrangement, the Health Board makes a financial contribution equivalent to related expenditure in commissioning related placesments in homes during the year. The LHB's contribution is £34,973K for 2018/19 (£0K in 2017/18).

Pooled Budget memorandum account for the period 1st April 2018 - 31st March 2019

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,337,405	0	2,337,405
Monmouthshire County Council	351,767	722,533	0	1,074,300
Total Funding	**351,767**	**3,059,938**	**0**	**3,411,705**
Expenditure				
Aneurin Bevan Health Board	0	2,496,356	0	2,496,356
Monmouthshire County Council	368,554	767,642	0	1,136,196
Total Expenditure	**368,554**	**3,263,998**	**0**	**3,632,552**
Net (under)/over spend	**16,787**	**204,060**	**0**	**220,847**

33. Operating segments

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

Whilst the organisation is structured into divisions, performance management and the allocation of res
Board of Aneurin Bevan University Health Board.

There are no hosted services within the health board. Divisions do not manage capital programmes, h
relation to balance sheets or produce discrete accounts.

For the purposes of IFRS 8 it is therefore deemed that there is no requirement to report any operating

34. Other Information

IFRS15 - Revenue from Contracts with Customers

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

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

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

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

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTA's). The adjustment being, for episodes of patient care which had started but not concluded (FCE's), as at period end, e.g. 31 March.

When calculating the income generated from these episodes, it was determined that it was appropriate to use length of stay as the best proxy for the attributable Work In Progress (WIP) value. In theory, as soon as an episode is opened, income is due. Under the terms and conditions of the contract this will only ever be realised on episode closure so the average length of stay would be the accepted normal proxy for the work in progress value.

For Aneurin Bevan University Health Board, the following methodology was applied to assess the value of the unaccounted WIP.

1. For 2017/18, income for inpatient activity recorded on an FCE basis was £72.8m (total income from LTA's, including WHSSC, Welsh Health Boards and Non Welsh Commissioners, was £93.8m).

34. Other Information (continued)

1. This related to circa 7,527 FCEs, with an estimated average unit cost of £1,554.28.
2. Most contracts still work on 25% marginal rates, however there are some cost per case contract (e.g. Orthopaedics or Thoracic Surgery). Therefore to ensure a prudent assessment of exposure, a 35% marginal rate has been determined for this calculation.
3. As such, £621.71 per FCE is the derived estimate for a WIP calculation.
4. Using available Business Intelligence/ Costing Information, the total open episodes at year-end and the average length of stay (ALoS) were identified.
5. This provided assumptions of a 7 day ALoS (with 50% completed) and circa 74 FCEs attributable to contracts at year-end, which lead to an adjustment calculation to align revenue recognised to the requirements of the standard:

£621.71 / 7 days x 3.5 days x 74 FCEs = £23,003

A summary of the Impact Assessment carried out by Aneurin Bevan University Local Health Board is shown in the table below:

Description	Amount
ANNUAL ACCOUNTS YEAR LOOKED AT:	2017/18
	£M
TOTAL INCOME PER ACCOUNTS IN THE YEAR ABOVE	93.786
TOTAL INCOME LOOKED AT AS PART OF THE EXERCISE	72.774
TOTAL INCOME LOOKED AT CONSIDERED TO BE OUTSIDE THE SCOPE OF IFRS 15	41.068
TOTAL INCOME LOOKED AT CONSIDERED TO BE INSED THE SCOPE OF IFRS 15	52.718
TOTAL INCOME LOOKED AT THAT IS INSIDE THE SCOPE OF IFRS 15 AND POTENTIALLY REQUIRES ADJ. FOR INCOMPLETE SERV PROV EPISODES	16.713
TOTAL ESTIMATED ADJUSTMENT REQUIRED UNDER IFRS 15	0.023

IFRS 9 - Financial Instruments

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

- Receivables were segregated into appropriate groups

- Each group, was analysed:

a) age-bands

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

b) at historical back-testing dates (data points)

- For each age-band, at each back-testing date the following were determined:

a) the gross receivables
b) the amounts ultimately collected/written-off. If material, adjustments should be made to exclude the effect of non-collections for reasons other than credit loss (e.g. credit notes issued for returns, short-deliveries or as a commercial price concession)

34. Other Information (continued)

- The average historical loss rate by age-band was calculated, and adjusted where necessary e.g. to take account of changes in:
  - a) economic conditions
  - b) types of customer
  - c) credit management practices

- Consideration was given as to whether ECLs should be estimated individually for any period-end receivables, e.g. because information was available specific debtors.

- Loss rate estimates were applied to each age-band for the other receivables.

- The percentages calculated have been applied to those invoices outstanding as at 31st March 2018 (which don't already have a specific provision against them) to recalculate the value of the HB non-specific provision under IFRS9.

ABUHB – IFRS 9 Impact

Debtor Type	Total Outstanding Amount 2017/18	Specific Provision 2017/18	General Provision 2017/18 - Current Methodology	General Provision - IFRS 9 Methodology	Increase to Provision due to IFRS 9
	£000	£000	£000	£000	£000
Total NHS	2,976	1	0	21	21
Total Non-NHS	5,887	261	51	438	386
Total Outstanding	8,862	262	51	458	407

BREXIT
On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

In 2018-19 the NHS Estate has been valued using indices provided by the District Valuer and disclosed in the Manual For Accounts.

THE 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