

Betsi Cadwaladr University Local Health Board

FOREWORD

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

Statutory background

The Local Health Board was established on 1 October 2009 following the merger of North Wales NHS Trust, North West Wales NHS Trust and the following Local Health Boards:-

- Conwy Local Health Board.
- Denbighshire Local Health Board.
- Flintshire Local Health Board.
- Gwynedd Local Health Board.
- Wrexham Local Health Board.
- Anglesey Local Health Board.

All the bodies which were in existence have prepared a set of statutory accounts for their final six month period from 1 April 2009 to 30 September 2009.

The LHB is required to prepare a set of accounts for the accounting year 2009-10 in accordance with the HM Treasury's Financial Reporting Manual Section 4.2.18 on a merger accounting basis. This requires the account to be prepared as if the new LHB had existed in its post 1 October 2009 configuration for the full 12 month period and for prior period comparators to be reported with these accounts.

Performance Management and Financial Results

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

The statutory duty for Local Health Boards is enacted in the National Health Service (Wales) Act 2006. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is the Achievement of Operational Financial Balance on page 2. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year.

Operating Cost Statement for the year ended 31 March 2010

	Note	2009-10 £'000	2008-09 £'000
Expenditure on Primary Healthcare Services	3.1	285,113	279,149
Expenditure on healthcare from other providers	3.2	137,965	121,509
Expenditure on Hospital and Community Health Services	3.3	903,655	751,525
		<u>1,326,733</u>	<u>1,152,183</u>
Less: Miscellaneous Income	4	95,490	114,616
LHB net operating costs before interest and other gains and losses		<u>1,231,243</u>	<u>1,037,567</u>
Investment Income	8	93	2,369
Other (Gains) / Losses	9	(320)	47
Finance costs	10	10,067	17,778
Net operating costs for the financial year		<u>1,240,897</u>	<u>1,053,023</u>

Achievement of Operational Financial Balance

The LHBs performance for the year ended 31 March 2010 is as follows:

	2009-10 £000
Net operating costs for the financial year	1,240,897
Less Non-discretionary expenditure	2,248
Less Revenue consequences of Bringing PFI schemes onto SoFP	0
Net operating costs less non-discretionary expenditure and revenue consequences of PFI	<u>1,238,649</u>
Revenue Resource Limit	<u>1,238,735</u>
Under / (over) spend against Revenue Resource Limit	<u>86</u>

The notes on pages 7 to 67 form part of these accounts

Statement of Financial Position as at 31 March 2010

	Notes	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Non-current assets				
Property, plant and equipment	11	525,299	524,745	491,728
Intangible assets	12	2,378	2,113	858
Trade and other receivables	15	203,560	120,014	120,918
Other financial assets	19	0	0	0
Other assets	20	0	1,225	0
Total non-current assets		731,237	648,097	613,504
Current assets				
Inventories	14	10,482	8,490	7,670
Trade and other receivables	15	209,660	206,353	202,074
Other financial assets	19	0	0	4,000
Other current assets	20	4,713	3,469	3,853
Cash and cash equivalents	18	5,635	14,181	15,904
		230,490	232,493	233,501
Non-current assets classified as "Held for Sale"	11	1,145	546	0
Total current assets		231,635	233,039	233,501
Total assets		962,872	881,136	847,005
Current liabilities				
Trade and other payables	16	132,223	124,731	111,197
Other financial liabilities	22	0	0	0
Provisions	17	178,680	183,508	193,636
Other liabilities	21	0	0	0
Total current liabilities		310,903	308,239	304,833
Net current assets/ (liabilities)		(79,268)	(75,200)	(71,332)
Non-current liabilities				
Trade and other payables	16	83,479	58,582	53,991
Other financial liabilities	22	0	0	0
Provisions	17	130,014	66,473	71,964
Other liabilities	21	0	0	510
Total non-current liabilities		213,493	125,055	126,465
Total assets employed		438,476	447,842	415,707
Financed by :				
Taxpayers' equity				
General Fund		360,376	365,369	337,840
Revaluation reserve		65,931	69,861	65,121
Donated asset reserve		12,169	12,612	12,746
Government grant reserve		0	0	0
Total taxpayers' equity		438,476	447,842	415,707

The financial statements on pages 2 to 6 were approved by the Board on 07 July 2010 and signed on its behalf by:

Chief Executive.....

Date.....

The notes on pages 7 to 67 form part of these accounts

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2010

	General Fund £000s	Revaluation reserve £000s	Donated asset reserve £000s	Government grant reserve £000s	Total reserves £000s
Changes in taxpayers' equity for 2009-10					
Balance at 1 April 2009	365,369	69,861	12,612	0	447,842
Net operating cost for the year	(1,240,897)				(1,240,897)
Net gain/(loss) on revaluation of property, plant and equipment	0	(3,316)	(542)	0	(3,858)
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	0	(580)	0	(580)
Receipt / (disposal) of donated or government granted assets	0	0	1,545	0	1,545
Movements in other reserves	0	0	0	0	0
Release of reserves to OCS	0	0	(1,666)	0	(1,666)
Non-cash charges - cost of capital	5,826				5,826
Transfers between reserves	614	(614)	0	0	0
Transfers to/(from) other bodies within the Resource Accounting boundary	17,203	0	800	0	18,003
Total recognised income and expense for 2009-10	(851,885)	65,931	12,169	0	(773,785)
Net Assembly funding	1,212,261				1,212,261
Balance at 31 March 2010	360,376	65,931	12,169	0	438,476

The notes on pages 7 to 67 form part of these accounts

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

	General Fund £000s	Revaluation reserve £000s	Donated asset reserve £000s	Government grant reserve £000s	Total reserves £000s
Balance at 31 March 2008	236,207	161,903	12,746	0	410,856
Changes in accounting policy	101,633	(96,782)	0	0	4,851
Restated balance at 1 April 2008	337,840	65,121	12,746	0	415,707
Changes in taxpayers' equity for 2008-09					
Net operating cost for the year	(1,053,023)				(1,053,023)
Net gain/(loss) on revaluation of property, plant and equipment	(790)	5,700	417	0	5,327
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	(729)	0	0	(729)
Receipt / (disposal) of donated or government granted assets	0	0	773	0	773
Movements in other reserves	0	0	(1,324)	0	(1,324)
Release of reserves to OCS	0	0	0	0	0
Non-cash charges - cost of capital	(2,125)				(2,125)
Transfers between reserves	231	(231)	0	0	0
Transfers to/(from) other bodies within the Resource Accounting boundary	2,825	0	0	0	2,825
Total recognised income and expense for 2008-09	(1,052,882)	4,740	(134)	0	(1,048,276)
Net Assembly funding	1,080,411				1,080,411
Balance at 31 March 2009	365,369	69,861	12,612	0	447,842

The notes on pages 7 to 67 form part of these accounts

Statement of Cash flows for year ended 31 March 2010

		2009-10	2008-09
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost before interest		(1,231,243)	(1,037,567)
Movements in Working Capital	35	(29,452)	5,923
Other cash flow adjustments	36	103,889	7,825
Provisions utilised	17	(9,312)	(12,084)
Interest paid		(82)	(46)
Net cash outflow from operating activities		(1,166,200)	(1,035,949)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(58,298)	(54,106)
Proceeds from disposal of property, plant and equipment		1,167	1,149
Purchase of intangible assets		(726)	(190)
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		(48,000)	(294,000)
Proceeds from disposal of other financial assets		52,540	298,000
Payment for other assets		0	0
Proceeds from disposal of other assets		0	4
Interest received		105	2,534
Rental Income		0	0
Net cash inflow/(outflow) from investing activities		(53,212)	(46,609)
Net cash inflow/(outflow) before financing		(1,219,412)	(1,082,558)
Cash flows from financing activities			
Welsh Assembly Government funding (including capital)		1,212,261	1,080,411
Capital receipts surrendered		0	(0)
Capital grants received		0	741
Capital element of payments in respect of finance leases and on-SoFP		(92)	(139)
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		1,212,169	1,081,013
Net increase/(decrease) in cash and cash equivalents		(7,243)	(1,545)
Cash and cash equivalents at 1 April 2009		12,878	14,423
Cash and cash equivalents at 31 March 2010		5,635	12,878

The notes on pages 7 to 67 form part of these accounts

Notes to the Accounts

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

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

1.3 Income and funding

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

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

Funding for the acquisition of fixed assets received from the Welsh Assembly Government is credited to the general fund.

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

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

1.4 Employee benefits

Short-term employee benefits

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

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

Retirement benefit costs

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

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

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the 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. All assets are measured subsequently at fair value.

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

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

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

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

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

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

Subsequent expenditure

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

1.7 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the 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 £5000.

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

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

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

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

1.9 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.10 Donated assets

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

1.11 Government grants

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

1.12 Non-current assets held for sale

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

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

1.13 Leases

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

1.13.1 The Local Health Board as lessee

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

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

1.13.2 The health board as lessor

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

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

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

1.14 Inventories

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

1.15 Cash and cash equivalents

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

1.16 Provisions

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

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

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

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

1.17 Clinical negligence costs

The Welsh Risk Pool operates a risk pooling scheme which is paid for by top sliced allocations based on direct invoicing to the Welsh Assembly Government. The Welsh Risk Pool is hosted by Betsi Cadwaladr University Local Health Board.

1.18 Financial assets

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

1.18.1 Financial assets are initially recognised at fair value

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

1.18.2 Financial assets at fair value through OCS

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 OCS. They are held at fair value, with any resultant gain or loss recognised in the operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

1.18.3 Held to maturity investments

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

1.18.4 Available for sale financial assets

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

1.18.5 Loans and receivables

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

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

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 end of the reporting period, 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 operating cost statement and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

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

1.19 Financial liabilities

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

1.19.1 Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through OCS' or other financial liabilities.

1.19.2 Financial liabilities at fair value through OCS

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

1.19.3 Other financial liabilities

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

1.20 Cost of Capital

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

1.21 Value Added Tax

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

1.22 Foreign currencies

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

1.23 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

1.24 Losses and Special Payments

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

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

1.25 Pooled budget

The LHB has entered into two pooled budgets one with Flintshire County Council (FCC) and Wrexham County Borough Council and another with Denbighshire County Council. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for Community Equipment Services.

The pools are hosted by Flintshire County Council and Denbighshire County Council. Payments for services provided are accounted for as Miscellaneous Income. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.26 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.27 Key sources of estimation uncertainty

The LHB does not consider that there are any estimation uncertainties at 31st March 2010 where there is a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

1.28 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 Income Statement.

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 Income Statement.

Lifecycle replacement

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

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

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

Assets contributed by the LHB to the operator for use in the scheme

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

Other assets contributed by the LHB to the operator

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

1.29 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 trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.30 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The asset, provision and government grant reserve are valued at fair value at the end of the reporting period.

1.31 Welsh Risk Pool

The Welsh Risk Pool was established to assist health bodies in Wales with risk management and settlement of claims with Betsi Cadwaladr University Local Health Board responsible for the administration of the scheme. The Pool is a mutual self-insurance arrangement covering all risks associated with NHS activities, with the exception of business interruption, private finance, motor insurance and income generation and members carry a £25,000 excess.

The Pool is operated by the LHB and managed by a Management Group comprising representatives from Local Health Boards and the National Assembly for Wales. Contributions are currently reviewed annually and calculated to produce a fund sufficient to cover anticipated payments during the financial year. If the fund is insufficient to meet all the claims against the pool in year then members are required to pay an additional premium. Betsi Cadwaladr University Local Health Board liability is limited to the funds available in the Pool. The ultimate liability to meet claims rests jointly with the members of the Pool and is underwritten by the National Assembly for Wales.

The accounts of the Welsh Risk Pool are based on audited figures which are included in the final accounts of individual health bodies at 31 March 2010. The figures included within the accounts of individual health bodies are compiled in accordance with IAS 37 which recognises all claims with a probability of settlement which is greater than 50%. These potential liabilities are reflected in the Welsh Risk Pool Accounts. The potential liabilities of the Welsh Risk Pool are offset in the accounts by available cash and other debtors but the resultant liability is mitigated by the creation of a National Assembly Debtor.

IAS 37 requires that where the time value of money is material, the amount of a provision should be adjusted to the present value of the expenditure required to settle the obligation.

The provision figure in the Welsh Risk pool accounts represents the reimbursement due to individual LHBs in respect of medical negligence claims and is compiled on the basis of audited information contained in those individual LHB accounts. The LHB accounts are compiled on the basis of IAS 37, and their audits have not identified any instances of individual clinical negligence cases and would require discounting on the grounds of the materiality of the time value of money.

The debtor led concept set out in the National Assembly for Wales Manual for Accounts requires the Risk Pool to establish provisions that match the debtor balances established by individual LHBs in respect of the LHBs assessment of the amounts due from the Welsh Risk Pool. The Assembly requires such an approach in order to ensure that the Welsh Risk Pool accounts are consistent with those of the individual health bodies and in order to facilitate the consolidation of all-Wales NHS accounts by the Assembly. As a result of the need to comply with this requirement no further discounting exercise has been undertaken in respect of the provisions.

1.32 Welsh Risk Pool Activities

During 2009/10 the Welsh Risk Pool (the Pool) received its resource (income) from the Assembly.

Special Payment expenditure includes the settlement of claims, costs of payments into court, plaintiff costs (where relevant) and the costs of associated professional fees. It also includes the in year movement on the provisions and creditors balances which are charged to expenditure in year.

The Pool reimburses LHBs for amounts over the agreed excess level in respect of all risks except for motor vehicle, private finance and income generation.

2. Achievement of Operational Financial Balance

2.1 Revenue Resource Limit

The results reporting whether the LHB has achieved Operational Financial Balance are shown on the face of the Operating Cost Statement.

2.2 Capital Resource Limit	2009-10
	£000
The LHB is required to keep within its Capital Resource Limit :	
Gross capital expenditure	52,937
Add: Loss in respect of disposals of donated assets	0
Less NBV of property, plant and equipment and intangible assets	(847)
Less capital grants	0
Less donations	(1,545)
Charge against Capital Resource Limit	<u>50,545</u>
Capital Resource Limit	<u>50,578</u>
(Over) / Underspend against Capital Resource Limit	<u>33</u>

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2009-10 Total £'000	2008-09 £'000
General Medical Services	110,804		110,804	107,617
Pharmaceutical Services	28,340	(4,045)	24,295	25,528
General Dental Services	27,569		27,569	28,935
General Ophthalmic Services	0	6,293	6,293	5,249
Other Primary Health Care expenditure	6,693		6,693	5,234
Prescribed drugs and appliances	109,459		109,459	106,586
Total	282,865	2,248	285,113	279,149

3.2 Expenditure on healthcare from other providers

	2009-10 £'000	2008-09 £'000
Goods and services from other NHS Wales Health Boards	3,701	0
Goods and services from other NHS Wales Trusts	518	4,503
Goods and services from other non Welsh NHS bodies	51,393	41,993
Local Authorities	109	97
Voluntary organisations	2,414	2,476
NHS Funded Nursing Care	7,978	8,478
Continuing Care	62,319	52,786
Private providers	3,277	3,609
Specific projects funded by the Welsh Assembly Government	0	0
National Public Health Service / Public Health Wales	3,209	4,425
Business Services Centre / Business Services Partnership	3,427	2,547
Other	-380	595
Total	137,965	121,509

3.3 Expenditure on Hospital and Community Health Services

	2009-10	2008-09
	£'000	£'000
Goods and services from other NHS bodies	7,076	7,128
Goods and services from other NHS Foundation Trusts	370	405
Goods and services from non-NHS bodies	4,391	1,987
Directors' costs	3,889	4,386
Staff costs	547,395	522,437
Supplies and services - clinical	87,814	84,712
Supplies and services - general	7,318	7,487
Consultancy Services	1,076	704
Establishment	12,389	12,336
Transport	4,733	4,418
Premises	24,206	24,132
External Contractors	51	86
Depreciation	27,599	27,964
Amortisation	460	391
Fixed asset impairments and reversals (Property, plant & equipment)	35,828	3,886
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets (by class)	0	0
Capital charge interest	6,295	(2,125)
Audit fees	1,658	1,499
Other auditors' remuneration	22	0
Losses, special payments and irrecoverable debts	122,138	41,831
Research and Development	0	0
Other operating expenses	8,947	7,861
Total	903,655	751,525

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

	2009-10	2008-09
	£000	£000
Increase/(decrease) in provision for future payments:		
Clinical negligence	119,638	36,078
Personal injury	2,867	2,452
All other losses and special payments	276	564
Defence legal fees and other administrative costs	21,835	5,845
Gross increase/(decrease) in provision for future payments	144,616	44,939
Premium for other insurance arrangements	25	21
Irrecoverable debts	381	121
Less: income received/ due from Welsh Risk Pool	(22,884)	3,452
Total	122,138	48,533

Personal injury includes £141,609 (2008-09 £69,592) in respect of permanent injury benefits

4. Miscellaneous Income

	2009-10 £'000	2008-09 £'000
Local Health Boards	4,006	2,712
Health Commission Wales	29,506	26,201
NHS trusts	3,311	2,201
Strategic health authorities and primary care trusts	11,429	12,691
Foundation Trusts	32	33
Local authorities	9,350	7,356
Welsh Assembly Government	6,271	12,819
Non NHS:		
Prescription charge income	125	89
Dental fee income	5,635	5,749
Private patient income	950	1,423
Overseas patients (non-reciprocal)	111	124
Injury Costs Recovery (ICR) Scheme	2,763	2,480
Other income from activities	2,030	5,173
Patient transport services	0	0
Education, training and research	19,311	19,137
Charitable and other contributions to expenditure	3,428	3,859
Transfer from the donated asset reserve	1,666	1,647
Transfer from the government grant reserve	0	0
Non-patient care income generation schemes	992	1,055
Business Services Centre / Business Services Partnership	1,322	2,254
Deferred income released to revenue	127	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	106	0
Other income:		
Provision of laundry, pathology, payroll services	953	1,400
Accommodation and catering charges	2,919	3,025
Mortuary fees	411	401
Staff payments for use of cars	427	413
Business unit	0	0
Other	(11,691)	2,374
Total	95,490	114,616

5. Employee benefits and staff numbers

5.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2008-09
	£000	£000	£000	£000	£000
Salaries and wages	457,624	1,281	12,617	471,522	444,213
Social security costs	33,265	15	164	33,444	32,422
Employer contributions to NHS Pension Scheme	54,830	18	279	55,127	55,102
Other pension costs	92	0	0	92	111
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	545,811	1,314	13,060	560,185	531,848

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2008-09
	Number	Number	Number	Number	Number
Medical and dental	1,115	7	97	1,219	1,186
Ambulance staff	0	0	0	0	0
Administrative and estates	3,725	1	15	3,741	2,953
Healthcare assistants and other support staff	2,890	0	10	2,900	3,012
Nursing, midwifery and health visiting staff	4,988	0	47	5,035	5,550
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	1,835	0	4	1,839	1,986
Social care staff	2	2	0	4	3
Other	12	0	4	16	8
Total	14,567	10	177	14,754	14,698

5.3. Retirements due to ill-health

During 2009-10 there were 26 early retirements from the LHB agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £1,720,113

	2009-10	2008-09
	£000	£000

5.4 Employee benefits

The LHB does not have an employee benefit scheme.

5.5 Pension costs

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

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

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

The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

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

The valuation of the scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data. The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

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

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

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

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

6. Operating leases

LHB as lessee

Included within operating leases are the following types of lease:

- Lease of various medical and administrative equipment
- Lease of cars over a period of 3 years.
- Lease of various properties over differing periods.

The rent payable is negotiated at the time the contract is entered into.

Payments recognised as an expense	2009-10	2008-09
	£000	£000
Minimum lease payments	3,287	2,744
Contingent rents	0	0
Sub-lease payments	0	0
Total	3,287	2,744

Total future minimum lease payments

Payable	£000	£000
Not later than one year	1,911	921
Between one and five years	4,207	2,057
After 5 years	5,363	1,056
Total	11,481	4,034

Total future sublease payments expected to be received are £

LHB as lessor

Included within operating leases are the lease of various properties over differing periods.

The rent receivable is negotiated at the time the contract is entered into.

Rental revenue	£000	£000
Rent	347	276
Contingent rents	0	0
Total revenue rental	347	276

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	191	32
Between one and five years	617	149
After 5 years	1,761	374
Total	2,569	555

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

NHS	Number	£000
Total bills paid 2009-10	10,074	413,719
Total bills paid within target	9,556	412,135
Percentage of bills paid within target	94.9%	99.6%
Non-NHS		
Total bills paid 2009-10	248,127	295,604
Total bills paid within target	240,426	288,728
Percentage of bills paid within target	96.9%	97.7%
Total		
Total bills paid 2009-10	258,201	709,323
Total bills paid within target	249,982	700,863
Percentage of bills paid within target	96.8%	98.8%

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

	2009-10	2008-09
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	0	257
Compensation paid to cover debt recovery costs under this legislation	0	210
Total	0	467

8. Investment Income

	2009-10	2008-09
	£000	£000
Rental revenue :		
PFI Finance lease income	0	0
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	93	2,369
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	93	2,369

9. Other gains and losses

	2009-10	2008-09
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	320	-47
Gain/(loss) on disposal of intangible assets	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 OCS	0	0
Change in fair value of financial liabilities at fair value through OCS	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	320	(47)

10. Finance costs

	2009-10	2008-09
	£000	£000
Interest on loans	0	0
Interest on obligations under finance leases	30	46
Interest on obligations under PFI contracts		
main finance cost	52	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Provisions unwinding of discount	1,371	1,180
Other interest expense	0	0
Total interest expense	1,453	1,226
PDC dividends payable	8,614	16,472
Other finance costs	0	80
Total	10,067	17,778

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 2009	55,017	405,503	17,710	46,993	104,548	1,896	17,664	5,343	654,674
Indexation	(5)	12	0	7	2,023	37	0	103	2,177
Additions - purchased	0	1,201	0	43,140	4,200	210	1,543	372	50,666
Additions - donated	0	48	0	590	901	0	0	6	1,545
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	4,639	12,777	237	0	0	0	0	0	17,653
Reclassifications	7	47,051	(44)	(48,042)	780	(1)	140	109	0
Revaluations	954	(13,061)	17	0	0	0	0	0	(12,090)
Impairments	(8,379)	(37,667)	(1,337)	0	0	0	0	0	(47,383)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	(569)	0	(59)	(15)	(643)
Reclassified as held for sale	(678)	(497)	(217)	0	0	0	0	0	(1,392)
Disposals	0	0	0	0	(11,886)	(161)	(3,238)	(887)	(16,172)
At 31 March 2010	51,555	415,367	16,366	42,688	99,997	1,981	16,050	5,031	649,035
Depreciation at 1 April 2009	0	49,726	1,514	0	63,329	1,316	11,414	2,630	129,929
Indexation	0	0	0	0	1,225	25	0	47	1,297
Reclassifications	0	1	(1)	0	(107)	0	107	0	0
Revaluations	0	(19,957)	(359)	0	(373)	0	0	(7)	(20,696)
Impairments	0	2,093	(262)	0	0	0	0	0	1,831
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	(59)	0	(59)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(11,879)	(161)	(3,238)	(887)	(16,165)
Provided during the year	0	14,536	476	0	9,565	131	2,389	502	27,599
At 31 March 2010	0	46,399	1,368	0	61,760	1,311	10,613	2,285	123,736
Net book value at 1 April 2009	55,017	355,777	16,196	46,993	41,219	580	6,250	2,713	524,745
Net book value at 31 March 2010	51,555	368,968	14,998	42,688	38,237	670	5,437	2,746	525,299
Net book value at 31 March 2010 comprises :									
Purchased	50,755	352,689	15,215	52,929	32,598	670	5,273	2,386	512,515
Donated	800	6,226	0	440	4,794	0	164	360	12,784
Government Granted	0	0	0	0	0	0	0	0	0
	51,555	358,915	15,215	53,369	37,392	670	5,437	2,746	525,299
Asset financing :									
Owned	50,755	349,917	15,215	53,369	37,362	670	5,165	2,746	515,199
Held on finance lease	800	7,848	0	0	30	0	272	0	8,950
On-SoFP PFI contracts	0	1,150	0	0	0	0	0	0	1,150
PFI residual interests									0
	51,555	358,915	15,215	53,369	37,392	670	5,437	2,746	525,299

The net book value of land, buildings and dwellings at 31 March 2010 comprises :

	£000
Freehold	418,489
Long Leasehold	7,547
Short Leasehold	0
	426,036

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2008	64,592	369,059	17,250	28,407	99,089	1,935	16,707	4,673	601,712
Indexation	(9,680)	10,257	496	853	2,968	58	18	139	5,109
Additions - purchased	505	8,317	2	41,797	8,842	122	1,356	403	61,344
Additions - donated	0	282	0	541	245	0	15	13	1,096
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	23,142	162	(24,605)	335	0	824	142	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	(4,034)	0	0	0	0	0	0	(4,034)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	49	2,294	30	0	0	0	(432)	0	1,941
Reclassified as held for sale	(419)	(671)	(127)	0	0	0	0	0	(1,217)
Disposals	(30)	(3,143)	(103)	0	(6,931)	(219)	(824)	(27)	(11,277)
At 31 March 2009	55,017	405,503	17,710	46,993	104,548	1,896	17,664	5,343	654,674
Depreciation at 1 April 2008	0	35,628	1,023	0	59,416	1,338	10,442	2,137	109,984
Indexation	0	268	9	0	1,780	40	4	60	2,161
Reclassifications	0	155	0	0	0	0	(155)	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	581	0	0	0	0	0	0	581
Reversal of impairments	0	0	0	0	0	0	(12)	0	(12)
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	(671)	0	0	0	0	0	0	(671)
Disposals	0	(2,168)	0	0	(6,844)	(215)	(824)	(27)	(10,078)
Provided during the year	0	15,933	482	0	8,977	153	1,959	460	27,964
At 31 March 2009	0	49,726	1,514	0	63,329	1,316	11,414	2,630	129,929
Net book value at 1 April 2008	64,592	333,431	16,227	28,407	39,673	597	6,265	2,536	491,728
Net book value at 31 March 2009	55,017	355,777	16,196	46,993	41,219	580	6,250	2,713	524,745
Net book value at 31 March 2009 comprises :									
Purchased	55,017	347,138	16,196	46,993	36,220	580	5,944	2,398	510,486
Donated	0	8,639	0	0	4,999	0	306	315	14,259
Government Granted	0	0	0	0	0	0	0	0	0
	55,017	355,777	16,196	46,993	41,219	580	6,250	2,713	524,745
Asset financing :									
Owned	55,017	352,112	16,196	46,993	41,167	580	5,796	2,713	520,574
Held on finance lease	0	248	0	0	52	0	454	0	754
On-SoFP PFI contracts	0	3,417	0	0	0	0	0	0	3,417
PFI residual interests	0	0	0	0	0	0	0	0	0
	55,017	355,777	16,196	46,993	41,219	580	6,250	2,713	524,745

The net book value of land, buildings and dwellings at 31 March 2009 comprises :

	£000
Freehold	423,325
Long Leasehold	3,417
Short Leasehold	248
	426,990

11. Property, plant and equipment (continued)**11.2 Non-current assets held for sale**

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2009	419	127	0	0	0	546
Plus assets classified as held for sale in the year	677	715	0	0	0	1392
Less assets sold in the year	-485	-355	0	0	0	-840
Less impairment of assets held for sale	66	-19	0	0	0	47
Plus reversal of 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 2010	677	468	0	0	0	1145
Balance brought forward 1 April 2008	0	0	0	0	0	0
Plus assets classified as held for sale in the year	419	127	0	0	0	546
Less assets sold in the year	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Plus reversal of 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 2009	419	127	0	0	0	546

The assets classified as held for sale as at 31st March 2010 are as follows:

The old Holywell Hospital is classified as 'held for sale' at the end of the year. This property is being actively marketed. Due to current property markets, it is unknown when the asset will be sold.

Roslyn Flats, Llandudno - former staff residences that are no longer required. The properties have been on the market since September 2008. Sale was completed in April 2010.

Bethesda Clinic - services have now transferred to the new health centre in Bethesda. The property has not been marketed for general sale; negotiations continue with Welsh Health Estates to transfer ownership to another public body. The District Valuer has been consulted to ensure a fair price is achieved.

2, 3 & 4 Maes Mawr, Bangor - former staff residences that are no longer required. The sale of No 2 & No 4 Maes Mawr were completed in April 2010.

It is anticipated that the sale of No3 Maes Mawr will be completed during June 2010.

Assets sold during the period were Minffordd Hospital, Bryn Seiont Hospital & Bryn y Neuadd Farm.

11. Property, plant and equipment (continued.)

i) Donated assets include schemes funded by:-

League of Friends £505,000

Charitable Funds £584,000

WRVS £384,000

Maelor Voluntary Service £65,000

Good Companions £6,000

ii) The District Valuer revalued all land, buildings and dwellings as at 1st April 2009, using the Modern Equivalent Asset basis.

iii) Asset lives for buildings & dwellings are provided by the District Valuer. Asset lives for equipment assets are assessed by the owner/user and are reviewed regularly.

iv) There has been no compensation from third parties for assets impaired, lost or given up.

v) There have been no write downs to recoverable amount and any reversals of such write downs.

vi) There are no temporarily idle assets.

vii) The gross carrying amount of fully depreciated assets still in use is £30m.

viii) Assets transferred from other NHS Bodies were:-

Bryn y Neuadd Farm

Bryn Seiont Hospital.

7 & 9 Abbey Road

Abegele Hospital

Archimedes Centre

Dobshill Community Hospital

Fron Heulog

Land at Cefni Hospital

Land at Nant y Pandy

Lluesty Hospital

Preswylfa

All properties were formerly part of the Residual Estate held by Powys LHB.

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	2009-10 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	4,554	0	0	0	0	4,554
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Additions- purchased	726	0	0	0	0	726
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals	(1,627)	0	0	0	0	(1,627)
Gross cost at 31 March 2010	3,653	0	0	0	0	3,653
Amortisation at 1 April 2009	2,442	0	0	0	0	2,442
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	460	0	0	0	0	460
Reclassified as held for sale	0	0	0	0	0	0
Disposals	(1,627)	0	0	0	0	(1,627)
Amortisation at 31 March 2010	1,275	0	0	0	0	1,275
Net book value at 1 April 2009	2,112	0	0	0	0	2,112
Net book value at 31 March 2010	2,378	0	0	0	0	2,378
At 31 March 2010						
Purchased	2,377	0	0	0	0	2,377
Donated	1	0	0	0	0	1
Government Granted	0	0	0	0	0	0
Total at 31 March 2010	2,378	0	0	0	0	2,378

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	2008-09 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2008	2,886	0	0	0	0	2,886
Revaluation	0	0	0	0	0	0
Reclassifications	430	0	0	0	0	430
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Additions- purchased	1,228	0	0	0	0	1,228
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals	(49)	0	0	0	0	(49)
Gross cost at 31 March 2009	4,495	0	0	0	0	4,495
Amortisation at 1 April 2008	2,028	0	0	0	0	2,028
Revaluation	0	0	0	0	0	0
Reclassifications	12	0	0	0	0	12
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	391	0	0	0	0	391
Reclassified as held for sale	0	0	0	0	0	0
Disposals	(49)	0	0	0	0	(49)
Amortisation at 31 March 2009	2,382	0	0	0	0	2,382
Net book value at 1 April 2008	858	0	0	0	0	858
Net book value at 31 March 2009	2,113	0	0	0	0	2,113
At 31 March 2009						
Purchased	2,113	0	0	0	0	2,113
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2009	2,113	0	0	0	0	2,113

13 . Impairments

	2009-10		2008-09	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Loss as a result of catastrophe	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Changes in market price	0	0	0	0
Others	(35,828)	0	4,034	0
Total	(35,828)	0	4,034	0
Impairments charged in the year to the revaluation reserve				
Charged to revaluation reserve	14,134	0	729	0

The tangible impairments relate to the revaluation of land, buildings and dwellings by the District Valuer, valued on the Modern Equivalent Asset basis, in accordance with the requirements of IFRS.

14. Inventories

	31 March	31 March	1 April
	2010	2009	2008
	£000	£000	£000
Drugs	4,228	3,205	3,082
Consumables	5,904	4,997	4,229
Energy	342	276	352
Work in progress	0	0	0
Other	8	12	7
Total	10,482	8,490	7,670

15. Trade and other Receivables

Current	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Welsh Assembly Government	191,426	176,189	159,050
Welsh Health Boards	1,313	1,518	7,603
Welsh NHS Trusts	821	701	1,215
Non - Welsh Trusts	2,498	2,232	1,015
Other NHS	0	90	112
Welsh Risk Pool	0	11,002	13,395
Capital debtors	0	0	0
Other debtors	13,208	14,805	11,731
Provision for irrecoverable debts	(1,931)	(1,520)	(1,460)
Pension Prepayments	0	0	0
Other prepayments and accrued income	2,325	1,336	9,413
Sub total	209,660	206,353	202,074
Non-current			
Welsh Assembly Government	201,920	118,863	102,099
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Non - Welsh Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	493	17,684
Capital debtors	0	0	0
Other debtors	1,963	658	1,135
Provision for irrecoverable debts	(323)	0	0
Pension Prepayments	0	0	0
Other prepayments and accrued income	0	0	0
Sub total	203,560	120,014	120,918
Total	413,220	326,367	322,992
Receivables past their due date but not impaired			
By up to three months	5,541	3,312	2,307
By three to six months	638	404	384
By more than six months	3,110	762	866
	9,289	4,478	3,557
Provision for impairment of receivables			
Balance at 1 April	(1,520)	(1,460)	(900)
Amount written off during the year	0	0	0
Amount recovered during the year	0	0	0
(Increase) / decrease in receivables impaired	(734)	(60)	(560)
Balance at 31 March	(2,254)	(1,520)	(1,460)

16. Trade and other payables

Current	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Welsh Assembly Government	405	324	3,105
Welsh Health Boards	11,653	11,151	6,345
Welsh NHS Trusts	774	1,992	2,051
Other NHS	13,360	4,412	3,559
Income tax and social security	10,786	3,173	3,578
Non-NHS creditors	31,891	34,612	43,835
Capital Creditors	5,813	13,445	4,516
Overdraft	0	1,303	1,481
Rentals due under operating leases	0	0	0
Obligations under finance leases, HP contracts and PFI contracts	277	431	169
Pensions: staff	21	3,488	2,731
Accruals	49,885	43,966	32,918
Deferred Income	1,392	390	527
Other creditors	5,966	6,044	6,382
Total	132,223	124,731	111,197
Non-current			
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS	0	0	0
Income tax and social security	0	0	0
Non-NHS creditors	81,487	56,651	51,799
Capital Creditors	0	0	0
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases, HP contracts and PFI contracts	1,664	1,602	1,861
Pensions: staff	328	329	331
Accruals	0	0	0
Deferred Income	0	0	0
Other creditors	0	0	0
Total	83,479	58,582	53,991

17. Provisions

	At 1 April 2009	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors and between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2010
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
Clinical negligence	169,795	0	0	4,309	(5,000)	(2,880)	0	166,224
Personal injury	3,666	0	0	1,218	(644)	(337)	1	3,904
All other losses and special payments	0	0	0	276	(276)	0	0	0
Defence legal fees and other administration	1,086	0	0	854	(403)	(684)		853
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	873			52	(154)	65	40	876
Restructuring	0			0	0	0	0	0
Other	9,242			2,590	(1,533)	(3,476)		6,823
Total	184,662	0	0	9,299	(8,010)	(7,312)	41	178,680
Non Current								
Clinical negligence	61,263	0	0	67,337	(1,151)	(1,040)	0	126,409
Personal injury	2,908	0	0	(442)	(135)	(37)	39	2,333
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	154	0	0	157	(16)	(21)		274
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	994			3	0	0	1	998
Restructuring	0			0	0	0	0	0
Other	0			0	0	0	0	0
Total	65,319	0	0	67,055	(1,302)	(1,098)	40	130,014
TOTAL								
Clinical negligence	231,058	0	0	71,646	(6,151)	(3,920)	0	292,633
Personal injury	6,574	0	0	776	(779)	(374)	40	6,237
All other losses and special payments	0	0	0	276	(276)	0	0	0
Defence legal fees and other administration	1,240	0	0	1,011	(419)	(705)		1,127
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	1,867			55	(154)	65	41	1,874
Restructuring	0			0	0	0	0	0
Other	9,242			2,590	(1,533)	(3,476)		6,823
Total	249,981	0	0	76,354	(9,312)	(8,410)	81	308,694

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Total
	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	166,224	126,409	0	0	0	0	292,633
Personal injury	3,904	1,656	677	0	0	0	6,237
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	853	274	0	0	0	0	1,127
Pensions relating to former directors	0	0	0	0	0	0	0
Pensions relating to other staff	876	335	663	0	0	0	1,874
Restructuring	0	0	0	0	0	0	0
Other	6,823	0	0	0	0	0	6,823
Total	178,680	128,674	1,340	0	0	0	308,694

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

Provisions have been made for clinical negligence and personal injury claims against the LHB. The LHB is contesting these cases. Where the Legal Advisors consider the probability of loss on a case to be less than 50%, the LHB has only made a provision for the legal fees and the potential damages arising from these cases are disclosed in note 27 Contingent Liabilities.

Included under Other Provisions is:-

£1,829,000 to reflect the costs relating to the expected costs of the Agenda for Change initiative, including bank nurses. The provision reflects the cost for the additional charges for the period 01/10/2004 to 31/03/2010.

£124,000 of General Medical Services exceptional claims.

£964,000 for liabilities arising from Continuing Care Costs. The December 2009 deadline for reclaiming pre-1/4/2003 care costs has resulted in an increase in the number of claims registered, regarding both pre and post 1/4/2003 costs.

Betsi Cadwaladr University LHB is responsible for post 1/4/2003 costs and the financial statements include a provision for those continuing healthcare costs.

17. Provisions (continued)

	At 1 April 2008	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors and between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
Clinical negligence	172,977	0	0	9,543	(3,426)	(9,802)	0	169,292
Personal injury	5,175	0	0	(586)	(610)	(257)	40	3,762
All other losses and special payments	0	0	0	255	(254)	(1)	0	0
Defence legal fees and other administration	898	0	0	1,105	(581)	(352)		1,070
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	139			45	(147)	65	40	142
Restructuring	0			0	0	0	0	0
Other	14,447			3,600	(7,066)	(1,739)		9,242
Total	193,636	0	0	13,962	(12,084)	(12,086)	80	183,508
Non Current								
Clinical negligence	68,131	0	0	(754)	0	(5,611)	0	61,766
Personal injury	1,856	0	0	941	0	15	0	2,812
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	243	0	0	0	0	(73)		170
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	1,734			0	0	(9)	0	1,725
Restructuring	0			0	0	0	0	0
Other	0			0	0	0		0
Total	71,964	0	0	187	0	(5,678)	0	66,473
TOTAL								
Clinical negligence	241,108	0	0	8,789	(3,426)	(15,413)	0	231,058
Personal injury	7,031	0	0	355	(610)	(242)	40	6,574
All other losses and special payments	0	0	0	255	(254)	(1)	0	0
Defence legal fees and other administration	1,141	0	0	1,105	(581)	(425)		1,240
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	1,873			45	(147)	56	40	1,867
Restructuring	0			0	0	0	0	0
Other	14,447			3,600	(7,066)	(1,739)		9,242
Total	265,600	0	0	14,149	(12,084)	(17,764)	80	249,981

Expected timing of cash flows:

	Within 1 year £000	2 and 5 years £000	6 and 10 years £000	After 10 years £000	After 50 years £000	After 75 years £000	Totals £000
Clinical negligence	162,081	68,977	0	0	0	0	231,058
Personal injury	3,762	1,526	1,286	0	0	0	6,574
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	1,070	170	0	0	0	0	1,240
Pensions relating to former directors	0	0	0	0	0	0	0
Pensions relating to other staff	142	545	1,180	0	0	0	1,867
Restructuring	0	0	0	0	0	0	0
Other	8,859	383	0	0	0	0	9,242
Total	175,914	71,601	2,466	0	0	0	249,981

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

18. Cash and cash equivalents

	2009-10	2008-09
	£000	£000
Balance at 1 April	12,878	14,423
Net change in cash and cash equivalent balances	<u>(7,243)</u>	<u>(1,545)</u>
Balance at 31 March	<u>5,635</u>	<u>12,878</u>
Made up of:		
Cash held at Office of HM Paymaster General / GBS	4,975	9,388
Commercial banks and cash in hand	660	253
Investments in National Loan Fund	<u>0</u>	<u>4,540</u>
Cash and cash equivalents as in Statement of Financial Position	5,635	14,181
Bank overdraft - Office of HM Paymaster General / GBS	0	0
Bank overdraft - Commercial banks	<u>0</u>	<u>(1,303)</u>
Cash and cash equivalents as in Statement of Cash Flows	5,635	12,878

19. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
	£000	£000	£000	£000
Financial assets				
Finance lease receivables	0	0	0	0
Financial assets carried at fair value through OCS	0	0	0	0
Held to maturity investments carried at amortised cost	0	0	0	0
Available for sale financial assets carried at fair value	0	0	0	0
Loans carried at amortised cost	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

20. Other assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
	£000	£000	£000	£000
EU Emissions Trading Scheme Allowance	0	0	0	0
Prepayments	4,713	3,469	0	1,225
Other assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>4713</u>	<u>3469</u>	<u>0</u>	<u>1225</u>

21. Other liabilities

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Lease incentives	0	0	0	0
PFI asset -deferred credit	0	0	0	0
Other	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

22. Other financial liabilities

Financial liabilities	31 March		31 March	
	2010 £000	2009 £000	2010 £000	2009 £000
Financial assets carried at fair value through OCS	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Narrative disclosures - Financial Instruments

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The NHS LHB has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS LHB in undertaking its activities.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

23. Related Party Transactions**£000**

Total value of transactions with Board members and key senior staff in 2009-2010 0

The Assembly is regarded as a related party. During the year Betsi Cadwaladr University LHE has had a significant number of material transactions with the Assembly and with other entities for which the Assembly is regarded as the parent body namely

	£000,s
Abertawe Bro Morgannwg University LHB	6,156
Welsh Ambulance Services NHS Trust	4,608
Velindre NHS Trust	6,665
Hywel Dda LHB	3,399
Welsh Risk Pool	(4,097)

Betsi Cadwaladr University LHB also had material transactions with other organisations within and outside of Wales

Countess of Chester Foundation Trust	24,655
Robert Jones and Agnes Hunt NHS Trust	13,291
Royal Liverpool and Broadgreen NHS Trust	3,664
Aintree Hospitals NHS Trust	1,332
Wirral Hospitals NHS Trust	1,231
Wrexham County Borough Council	2,322
Denbighshire County Council	3,372
Flintshire County Council	3,092
Conwy County Borough Council	4,033
Gwynedd Council	3,606
Isle of Anglesey Council	2,230
Bangor University	1,356

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

Name	Details	Interests
Dr L Miles	Vice Chair	GP Partner Bron Derw Medical Centre Chairman Wales NHS Confederation Trustee NHS Confederation charity Henry Leach Associates
Dr K Griffiths	Director of Therapies and Health Sciences	
A Jones	Director of Public Health	Spouse is also an employee of the LHB
Dr C Tillson	Independent Board Member	GP Partner Bodnant Surgery
Rev H Davies	Independent Board Member	Menter Mon Tearfund Cymru Crossroads Ynys Mon
H O Jones	Independent Board Member	President Age Concern N.E. Wales Trustee/Director Flintshire Local Voluntary Council
H Stevens	Independent Board Member	Unity Creative Ltd Yildz Lunn LTL Ltd Trustee Denbighshire Voluntary Services Council Ron Smith Cancer Fund National Childbirth Trust
Professor M Jones	Independent Board Member	Vice Chancellor Bangor University

The following Directors have declared no related party interests:

TM Williams	Chairman
M Burrows	Chief Executive
C Jenn	Acting Director of Finance (ceased January 2010)
H Simpson	Director of Finance (Commenced January 2010)
M Scriven	Medical Director and Director of Clinical Services
G Lang	Director of Primary, Community and Mental Health Services
G Lewis-Parry	Director of Governance and Communications
M Common	Director of Improvement and Business Support
N Bradshaw	Director of Planning
J Galvani	Director of Nursing, Midwifery and Patient Services
JM Jones	Director of Workforce and Organisational Development
K McDonogh	Independent Board Member
J Dean	Independent Board Member

The LHB has also received revenue and capital payments to the value of approximately £2,779,000 from a number of Charitable Funds, the Trustee for which is the LHB Board.

23. Related Party Transactions

Former North Wales NHS Trust - 1 April 2009 - 30 September 2009

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

Name	Details	Interests
Mrs M Burrows	Chief Executive	West Northants Development Corporation
Mr W Harris	Director of Finance & Estates	Shooting Star Appeal
Mrs J Galvani	Director of Nursing & Patient Services	Florence Nightingale Foundation
Mr G Lang	Director of Primary Care & Community Partnerships	Wrexham LHB (Chief Executive)
Mr H Owen-Jones	Non-Executive Director	Flintshire Local Voluntary Council, Age Concern NE Wales, Flintshire County Council, Flintshire LHB
Mr MC Simkins	Non-Executive Director	Careers Wales North East
Mr K McDonogh	Non-Executive Director	Diocesan Trustees (Wrexham), St Mary's Catholic Primary School, Wrexham
Mr A Lewis	Non-Executive Director	North Wales Police Authority
Mrs R Verghese	Non-Executive Director	NHS Appointments Commission

23. Related Party Transactions

Former North West Wales NHS Trust - 1 April 2009 - 30 September 2009

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

Name	Details	Interests
Mr EW Roberts	Chairman	WRVS, Bangor University, Independent Assessor (for WAG) for Public Appointments, Associate Non-Executive Director for Welsh Ambulance Service Trust
Mr JM Jones	Chief Executive	Hospice at Home
Mrs K Elis-Williams	Executive Director of Finance	Ynys Mon County Council, Bangor University
Ms A Hopkins	Executive Director of Nursing	Royal College of Nursing
Mrs S Bough	Non-Executive Director	Director, Payroll Options Ltd
Mr LFJ Rees	Non-Executive Director	Cardiff University, Student Volunteering Cardiff
Mrs D Shaw	Non-Executive Director	Trustee Medrwn Mon, Bodorgan Motors Ltd

The following Directors have declared no related party interests:

Dr P Birch	Executive Medical Director
Mr C Barton	Executive Director of Operations & Service Improvement
B Jones	Non-Executive Director
JE Davies	Non-Executive Director
MB Hughes	Non-Executive Director
KKG Ellis	Non-Executive Director

23. Related Party Transactions

Former Conwy Local Health Board - 1 April 2009 - 30 September 2009

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

Name	Details	Interests
Dr Lydon Miles	Chair (Jointly with Gwynedd LHB) (w.e.f. 01/04/2009)	Bron Derw Medical Centre, Bangor NHS Confederation Trustee
Wyn Thomas	Chief Executive	Wife employed by St. David's Hospice
Dr Rob Atenstaedt	Director of Public Health	No disclosures
Dr Martin Duerden	Medical Director	Retainee in General Practice - Gyffin Surgery
Pat Mowl	Director of Commissioning and Performance Management	Joint Director of Development and Performance Management with Denbighshire LHB
Sue Owen	Nurse Director	No disclosures
Neil Stevens	Director of Finance	Joint Director of Finance with Denbighshire LHB
Cheryl Carlisle	Non-Officer Member, Loc. Authority	Conwy County Borough Councillor Governor Ysgol Bryn Eilian Conwy CBC Adoption Panel
Sue Davies	Non-Officer Member, Vol Sector	Employed by Conwy Connect
Catherine Dubourg	Non-Officer Member, Dental	No disclosures
Dr Paul Emmett	Non-Officer Member, GP	Craig-y-Don Medical Practice. MorfaDoc Morfadoc Out of Hours Service
Dr Richard Evans	Associate Member, NWW Trust	Consultant NW Wales NHS Trust Agricultural Business, Land tenancy,
Jill Galvani	Associate Member, NW Trust	Director of N Wales NHS Trust
Joanna Griffiths	Non-Officer Member, Loc. Authority	Head of Adult Services, CCBC Magistration with Ynys Mon Bench
Ian Howard	Co-opted Member, NW Trust	Director of N Wales NHS Trust until 30/06/09
Melvyn Hughes	Non-Officer Member, Optician	Self-employed Optometrist Chair, Conwy Abbeyfield Society Trustee, Mary Hughes Memorial
Gwenda Jones	Non-Officer Member, Community	Vice Chair, Friends of Plan-y-Llan
Peter Jones	Co-opted Member, CHC	Vice Chair, Conwy East CHC
Iain Mitchell	Non-Officer Member, Therapy	Director of Therapy Services, & Divisional General Manager Clinical Support Services, N Wales NHS Trust Wife is Head of OT, Conwy Social Services
Janet Murfin	Non-Officer Member, Nurse (Vice Chair)	Adult Health Inspector for Care & Social Services Inspectorate of Wales Salvation Army
David Owen	Associate Member, CHC	Chair Conwy West CHC
Elizabeth Roberts	Non-Officer Member, Loc. Authority	Conwy County Borough Councillor
Alice Robinson	Non-Officer Member, Carer	Conwy Alzheimers Society
Adrian Taylor	Non-Officer Member, Pharmacy	Locum Pharmacist
Merfyn Thomas	Non-Officer Member, Loc. Authority	Conwy County Borough Councillor Royal British Legion
Jan Tomlinson	Associate Member, Trade Union	No disclosures
Dr Mark Walker	Non-Officer Member, GP	Plas Menai Medical Centre Clinical Assistant sessions, NWW & NW Trust
Ann Westmoreland	Non-Officer Member, Vol. Sector	Employee, Conwy Voluntary Services Council; Member, Conwy Valley Rotary Club Trustee Board Member Conwy Toy Library Liaison Officer, Conwy Children & Young People's Partnership
Dr David Whyler	Non-Officer Member, GP	Kinmel Bay Medical Centre Morfadoc Out of Hours Service Sexual Health Practitioner N Wales NHS Trust; Wales National Synod of the URCUK Mersey Province of the URCUK

During the year no members of the Board, the LHB's senior management staff or other related parties have undertaken any material transactions with the Board.

Some General Practitioners who are members of Conwy Local Health Board are also practising GPs in the LHB area. Also, some members of the Board are NHS Trust employees.

The Ophthalmic and Pharmaceutical Local Health Board Members receive reimbursement for the provision of services from the LHB whilst Dental Members receive reimbursement from the Dental Practice Board for services provided on behalf of Conwy Local Health Board.

23. Related Party Transactions

Former Denbighshire Local Health Board - 1 April 2009 - 30 September 2009

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

Name	Interests
Dr Martin Duerden	General Practitioner
Dr Martin O'Donnell	General Practitioner Medical Director Morfa Doc
Dr Su Hesketh	General Practitioner
Dr James Wainwright	General Practitioner
Mr Ian Howard	North Wales Trust (Central)
Dr David Gozzard	North Wales Trust (Central)
Mrs Pam Mainwaring	North Wales Trust (Central)
Mr Chris Gould	Optician
Mr Russell Bennett	Dentist
Mrs Miriam Blanchard	Pharmacist
Mrs Mari Wyn Hughes	Nurse
Mr Alan Benbow	Voluntary Sector
Dr Anne Macleod	Denbighshire Area Committee, Community Health Council
Mrs Sally Ellis	Denbighshire County Council
Mr Iwan Prys - Jones	Denbighshire County Council
Councillor Pauline Dobb	Councillor Denbighshire County Council
Mr Rob Atenstaedt	Velindre NHS Trust
Mrs Susan Meryl Elmusrati	Flintshire County Council
Mrs Pat Mowl	Conwy LHB
Mrs Eirwen Godden	Denbighshire Voluntary Services Council
Mr Neil Stevens	Conwy LHB
Councillor Bobby Feeley	Denbighshire County Council

23. Related Party Transactions

Former Flintshire Local Health Board - 1 April 2009 - 30 September 2009

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

Name	Details	Interests
Dr J Fells	Medical Director	GP - Queensferry Medical Practice
Dr A Tinkler	Associate Director of Public Health	NPHS/Velindre NHS Trust Employee
Mrs S Lewis	Non Officer Board Member	Director of Adult Social Services, Flintshire CC
Mrs C Salmon	Non Officer Board Member	Head of Children's Services, Flintshire CC
Mr M Horton	Non Officer Board Member	Dental Practitioner, Caergwrle
Dr E Beckett	Non Officer Board Member	GP - Grosvenor Street Practice, Mold
Mr J Smith	Non Officer Board Member	Optician, Mold
Mr H Crook	Non Officer Board Member	Pharmacist, Shotton
Mr N Bradshaw*	Non Officer Board Member	Director of Strategy, Planning & Development; North Wales NHS Trust
Mr G Evans	Non Officer Board Member	Head of Therapy Services; North Wales NHS Trust
Mrs E Prestidge*	Non Officer Board Member	Clwyd Community Health Council member
Dr D Muckle Jones	Non Officer Board Member	GP - Pendre Surgery, Mold
Dr R Neal	Non Officer Board Member	Senior Lecturer, North Wales Clinical School
Dr M Scriven*	Non Officer Board Member	Deputy Medical Director; North Wales NHS Tr
Cllr H McGuill	Non Officer Board Member	Flintshire County Councillor
Cllr C Ellis	Non Officer Board Member	Flintshire County Councillor
Mrs E Holland	Non Officer Board Member	Trustee Flintshire Local Voluntary Council and Homestart Flintshire
Mrs C Sullivan*	Non Officer Board Member	Carer Services Co-ordinator, NEWCIS

*Associate Board Member

The General Practitioners who are Local Health Board Members are also practising GPs within the county of Flintshire and some Nurse members are NHS Trust employees. The Ophthalmic and Pharmaceutical Local Health Board members receive reimbursement for the provision of services from the Board whilst Dental Members receive reimbursement via the Dental Practice Division of the NHS Business Services Authority for the LHB.

The following Flintshire LHB Board Members also held Executive Director Designate posts for the shadow Betsi Cadwaladr University Local Health Board (BCULHB) from July up to 30th September 2009:

Name	Details	BCULHB Designate Post
Mr C Jenn	Director of Finance	Interim Executive Director of Finance
Mr N Bradshaw	Non Officer Board Member	Executive Director of Planning
Dr M Scriven	Non Officer Board Member	Executive Medical Director

23. Related Party Transactions

Former Gwynedd Local Health Board - 1 April 2009 - 30 September 2009

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

Name	Details	Interests
Dr Fraser Campbell	Medical Director	Director Swinson Parry Ltd (owns 49% share stock), £0k Partner in Pendyffryn Medical Group Prestatyn. £0k
Clare Jones	Director of Development and Performance Management	Married to Strategic Director Development - Gwynedd CC. £789k
Dr Lyndon Miles	Chair	Trustee NHS Confederation, £8k Partner in GP practice Bron Derw Medical Centre.
Dr Paul Birch	Non Officer Board Member	Private Radiology Practice £0k
Angela Hopkins	Non Officer Board Member	Member of RCN Accreditation (Education) board. £0k
Dai Rees Jones	Non Officer Board Member	Local Authority member in Mantell Gwynedd, £47k Director Abbey Road Bangor. £11k
Helen Roberts	Non Officer Board Member	Director Roberts and Sons Ltd. £0k
Dr Gwion Rhys	Non Officer Board Member	GP Partner in Nefyn.
Dr Chris Tillson	Non Officer Board Member	GP Partner Bodnant Medical Centre, Bangor.
Dafydd P Lewis	Non Officer Board Member	Director within Gwynedd CC £789k
John Wyn Williams	Non Officer Board Member	Director Gwynedd Community Housing, £0k Senior Leader Care Gwynedd CC. £789k

The General Practitioners who are Local Health Board Members are also practising GPs within the county of Gwynedd.

Dr Lyndon Miles also held the post of Vice Chair Designate for the shadow Betsi Cadwaladr University Local Health Board (BCULHB) from June up to 30th September 2009.

23. Related Party Transactions

Former Wrexham Local Health Board - 1 April 2009 - 30 September 2009

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

- (a) Practicing GPs within the LHB area
- (b) The Ophthalmic, Pharmaceutical and Dental members receive reimbursement for the provision of the services from the LHB
- (c) Board members and staff of North Wales NHS Trusts
- (d) Officers and Councillors of Wrexham County Borough Council
- (e) Members with a declared interest in voluntary organisations which receive grant assistance or who supply services to the LHB

The names and relationships of the Non-Executive Directors with the LHB during the year are as follows:

Dr TG Roberts (Chair), GP	Mr M Scriven, North Wales NHS Trust
Mrs ME Dykins, Voluntary Sector	Dr EE Roberts, Dental Member, North Wales NHS Trust
Dr P Alstead, GP	Mrs J Roberts, North Wales NHS Trust
Dr MP Myres, GP	Mr M Common, North Wales NHS Trust
Dr JRA Davies, GP	Mr P Walton, Wrexham CBC
Ms SEL Jones, Pharmacist	Mr A Figiel, Wrexham CBC
Mr G Seys-Llewelyn, Optician	Cllr J Lowe, Wrexham CBC
Dr P Stevenson, NPHS	Cllr M Edwards, Wrexham CBC
Mrs M Williams, Associate Member Community Health Council	Mrs S Rees, Carers Member
Mr J Wild, Community Member	
Mr J Gilbert, Voluntary Sector	

The following Wrexham LHB Board Members also held Executive Director Designate posts or Transitional roles for the shadow Betsi Cadwaladr University Local Health Board (BCULHB) from July up to 30th September 2009:

Name	Details	BCULHB Designate Post
Mr G Lang	Chief Executive	Executive Director of Primary, Community & Mental Health Services
Mrs B Lloyd	Commissioning & Performance Manager	Transition Programme Manager
Mr M Scriven	Non Officer Board Member	Executive Medical Director

23. Related Party Transactions

Former Anglesey Local Health Board - 1 April 2009 - 30 September 2009

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

GP , Optometry, Dental and Pharmacy Board members received payments to their medical, optical, dental or pharmacy practices from the LHB. These transactions were made under normal trading conditions i.e. as arm's length transactions:

Name	Practice Name	Board Position
Dr H Parry	Cambria Surgery, Holyhead	Non - Officer Member
Dr M Williams	Parc Glas Surgery, Bodorgan	Medical Director
Mr B Allport	Llandudno	Non - Officer Member
Mr D Barlow	Rhosneigr	Non - Officer Member

The following LHB Board members were associated with voluntary organisations that the LHB provided grants to during the six months to 30 Sept 2009:

Name	Voluntary Organisation	Board Position
Mrs K Dignam	Medrwn Mon, Crossroads, Carers Outreach	Non - Officer Member
Rev H Meredydd	Crossroads	Non - Officer Member

	6 months to 30 Sept 2009	12 Months 2008-09
Grant Expenditure:	£	£
Medrwn Mon	0	1,505
Crossroads	9,804	16,188
Carers Outreach	1,405	2,764

24. Third Party assets

The LHB held £227,829 cash at bank and in hand at 31 March 2010 (31 March 2009: £214,185) which relates to monies held by the LHB on behalf of patients. This has been excluded from cash and cash equivalents figure reported in the accounts.

25. Intra Government balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
2009-10 :				
Welsh Assembly Government	191,411	201,920	0	0
Welsh Local Health Boards	1,313	0	11,653	0
Welsh NHS Trusts	821	0	774	0
Health Commission Wales	15	0	405	0
All English Health Bodies	2,484	0	13,360	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	14	0	0	0
Miscellaneous	0	0	2,276	0
Credit note provision	-1,931	-323	0	0
Sub total	194,127	201,597	28,468	0
Other Central Government Bodies				
Other Government Departments	124	0	1,013	328
Revenue & Customs	812	0	7,876	0
Local Authorities	2,934	0	1,844	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	11,663	1,963	93,022	83,151
TOTAL	209,660	203,560	132,223	83,479
2008-09 :				
Welsh Assembly Government	176,189	118,863	324	0
Welsh Local Health Boards	1,518	0	11,151	0
Welsh NHS Trusts	701	0	1,992	0
Health Commission Wales	0	0	0	0
All English Health Bodies	2,187	0	4,407	0
All N. Ireland Health Bodies	2	0	0	0
All Scottish Health Bodies	43	0	5	0
Miscellaneous	11,092	493	54,889	0
Credit note provision	-1,520	0	0	0
Sub total	190,212	119,356	72,768	0
Other Central Government Bodies				
Other Government Departments	119	0	282	329
Revenue & Customs	1,833	0	2,498	0
Local Authorities	2,517	0	1,234	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	11,672	658	47,949	58,253
TOTAL	206,353	120,014	124,731	58,582

26.1 Special payments

The Pool reimburses trusts and local health boards for payments made in year.

	Amounts paid out in year		Approved to write-off in year	
	Number	£	Number	£
Clinical negligence	132	33,860,245	132	33,860,245
Personal injury	34	1,974,809	34	1,974,809
All other losses and special payments	3	83,033	3	83,033
Total	169	35,918,087	169	35,918,087

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

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £250,000				
Abertawe Bro Morgannwg University LHB	7	6,901,397	8,636,077	6,901,397
Aneurin Bevan LHB	2	2,431,054	2,987,165	2,431,054
Betsi Cadwaladr University LHB	8	4,164,676	4,249,845	4,164,676
Cardiff & Vale University LHB	3	3,889,335	4,833,012	3,889,335
Cwm Taf LHB	3	4,051,608	4,208,523	4,051,608
Hywel Dda LHB	1	401,740	401,740	401,740
Powys LHB	4	4,615,916	5,701,029	4,615,916
Velindre NHS Trust	2	758,239	758,239	758,239
				0
Sub-total	30	27,213,964	31,775,629	27,213,964
All other cases	139	8,704,172	23,929,665	8,704,172
Total cases		35,918,137	55,705,295	35,918,137

27. Contingencies

27.1 Contingent liabilities

	2009-10 £'000	2008-09 £'000
Legal claims for alleged medical or employer negligence	50,183	48,170
Amount recoverable from Welsh Risk Pool	(46,286)	(44,982)
Ombudsman and retrospective review	4,503	0
	<u>8,400</u>	<u>3,188</u>

27.2 Contingent assets

Betsi Cadwaladr University LHB has no contingent assets	0	0
	<u>0</u>	<u>0</u>
	0	0
	<u>0</u>	<u>0</u>

28. Capital commitments

	2009-10	2008-09
Contracted capital commitments at 31 March 2010 for		
Property, plant and equipment	18,334	24,979
Intangible assets	0	0
	<u>18,334</u>	<u>24,979</u>

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

Note 17 sets out the £964,000 provision made for probable continuing care costs relating to claims received;

However in addition the LHB has received another 491 claims for which the assessment process has not yet started. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB.

Any continuing healthcare claims which relate to pre-1/4/2003 are included in the Welsh Assembly Government resource accounts.

Liabilities for continuing care costs continue to be a financial issue for the LHB. The December 2009 deadline for reclaiming pre-01/04/2003 care costs has resulted in an increase in the number of claims registered, regarding both pre and post 01/04/2003 costs. Besti Cadwaladr University LHB is responsible for post 01/04/2003 costs and the financial statements include £4,503,000 relating to those uncertain continuing healthcare costs.

29. Finance leases

29.1 Finance leases obligations (as lessee)

The LHB has one buildings finance lease, for the part lease of Clwydian House. This lease commenced in 1996 and is for a term of 19 years, hence it will cease in March 2015. The annual rental is for £30,000. There is no option to purchase the building at the end of the lease.

The LHB has 3 leases for medical equipment. These leases all expire within the next 2 years and are for varying values. There is no option to purchase these assets.

The LHB has some 5 year photocopier leases, all for various values and with varying end dates. There is no option to purchase these assets.

Future sub-lease payments expected to be received total £0 (2008-09 £0).
Contingent rents recognised as an expense £0 (2008-09 £0).

Amounts payable under finance leases:

Land	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

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

Buildings	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	30	30	103
Between one and five years	120	120	330
After five years	0	30	105
Less finance charges allocated to future periods	(70)	(84)	(191)
Minimum lease payments	80	96	347
Included in:			
Current borrowings	15	15	57
Non-current borrowings	65	81	290
	80	96	347
Present value of minimum lease payments			
Within one year	15	15	57
Between one and five years	65	64	196
After five years	0	17	94
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	80	96	347
Included in:			
Current borrowings	15	15	57
Non-current borrowings	65	81	290
	80	96	347
Other	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	241	249	252
Between one and five years	169	409	601
After five years	0	0	31
Less finance charges allocated to future periods	(25)	(63)	(120)
Minimum lease payments	385	595	764
Included in:			
Current borrowings	222	210	196
Non-current borrowings	163	385	568
	385	595	764
Present value of minimum lease payments			
Within one year	239	246	247
Between one and five years	169	408	628
After five years	0	0	0
Less finance charges allocated to future periods	(23)	(59)	(111)
Present value of minimum lease payments	385	595	764
Included in:			
Current borrowings	222	210	196
Non-current borrowings	163	385	568
	385	595	764

29.2 Finance lease receivables (as lessor)

Betsi Cadwaladr University LHB has no finance lease receivables (as lessor).

Amounts receivable under finance leases:

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Gross investment in leases			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

30. Private Finance Initiative contracts**30.1 PFI schemes off-Statement of Financial Position**

Betsi Cadwaladr University LHB has no PFI schemes off-statement of financial position.

30.2 PFI schemes on-Statement of Financial Position

The contribution of Fresenius was to finance, design, build and equip, including the provision of consumables, a Renal Diabetic Unit. Fresenius also have defined responsibilities for maintenance of the unit. The LHB is responsible for the delivery of all clinical care and other support services. The asset is treated as an asset of the Health Board and is included in Note 11 in Non Current Assets , Property, plant and equipment.

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

	31 March 2010	31 March 2009
	£000	£000
Not later than one year	90	90
Later than one year, not later than five	362	452
Later than five years	1,755	1,756
Sub total	2,207	2,298
Less: interest element	(732)	(784)
Total	1,475	1,514

30.3 Charges to expenditure

The total charged in the year to expenditure in respect of off-statement of financial position PFI contracts and the service element of on-statement of financial position PFI contracts was £227,546 (prior year £228,824).

The LHB is committed to the following annual charges

	31 March 2010	31 March 2009
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	237	238
Total	237	238

30.4 The LHB has no Public Private Partnerships

31. Pooled budgets

The LHB has 2 pooled budgets; 1 jointly with Flintshire County Council and Wrexham County Borough Council and another with Denbighshire County Council. Under the arrangements, funds are pooled under the NHS (Wales) Act 2006 for Community Equipment Services within Flintshire/Wrexham (North East Wales) and Denbighshire respectively. Management Boards comprising the partner organisations oversee the operational management of the pooled budgets.

North East Wales Community Equipment Service Memorandum Accounts 2009/10

The North East Wales pool is hosted by Flintshire County Council and the formal partnership agreement commenced on 8th July 2009. A memorandum of account has been produced by Flintshire County Council, as shown below. The surplus for the year related to equipment purchase budget underspends. Therefore the Management Board have decided to carry forward the underspends in to 2010/11.

Pooled Budget contributions	£ 000
Flintshire County Council	(236)
Wrexham County Borough Council	(183)
Betsi Cadwaladr University Local Health Board	(152)
Other	(37)
Total Pooled Budget contributions for the year	<u>(608)</u>
Expenditure	
Equipment Purchases	239
Operating Expenditure	306
Non Operating Expenditure	0
Total Expenditure for the year	<u>545</u>
Net (Surplus)/Deficit on the Pooled Budget for the Year	<u>(63)</u>

Denbighshire Community Equipment Service Memorandum Accounts 2009/10

The Denbighshire pool is hosted by Denbighshire County Council and the current three year partnership agreement commenced on 1st April 2009. A memorandum of account has been produced by Denbighshire County Council which is shown below:

Pooled Budget contributions	£ 000
Denbighshire County Council	(211)
Betsi Cadwaladr University Local Health Board	(127)
Other joint working grant, etc	(80)
Total Pooled Budget contributions for the year	<u>(418)</u>
Expenditure	
Equipment Purchases	145
Operating Expenditure	262
Non Operating Expenditure	0
Total Expenditure for the year	<u>407</u>
Net Surplus/Deficit on the Pooled Budget for the Year	<u>(11)</u>

The underspend related to operating expenditure. The Pooled Budget Manager has recommended the underspend should be carried forward into 2010/11.

32. Financial Instruments

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	5,635	0	0	5,635
Other financial assets	410,895	0	0	410,895
Total at 31 March 2010	416,530	0	0	416,530

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	1,941	0	1,941
Other financial liabilities	201,234	0	201,234
Total at 31 March 2010	203,175	0	203,175

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	12,878	0	0	12,878
Other financial assets	325,031	0	0	325,031
Total at 31 March 2009	337,909	0	0	337,909

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	2,033	0	2,033
Other financial liabilities	174,290	0	174,290
Total at 31 March 2009	176,323	0	176,323

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	5,121	0	0	5,121
Other financial assets	313,579	0	0	313,579
Total at 1 April 2008	318,700	0	0	318,700

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	2,030	0	2,030
Other financial liabilities	159,080	0	159,080
Total at 1 April 2008	161,110	0	161,110

33. Transition to IFRS

	General Fund £000s	Revaluation reserve £000s	Donation reserve £000s	Government grant reserve £000s	Total reserves £000s
Taxpayers equity at 31 March 2009 under UKGAAP	370,664	66,161	12,612	0	449,437
Adjustment to remove negative balances on revaluation reserves	(1,653)	1,653	0	0	0
Adjusted Taxpayers equity at 31 March 2009	369,011	67,814	12,612	0	449,437
Adjustments for IFRS changes					
PFI	(409)	2,043	0	0	1,634
Leases	(86)	4	0	0	(82)
Holiday pay accrual	(3,147)	0	0	0	(3,147)
Taxpayers equity at 31 March 2009 under IFRS	365,369	69,861	12,612	0	447,842
Net operating costs for 2008-09 under UKGAAP	1,006,583	0	0	0	1,006,583
Adjustments for IFRS changes :					
PFI	(313)	0	0	0	(313)
Leases	258	0	0	0	258
Adjustment to remove negative balances on revaluation reserves	(836)	0	0	0	(836)
Holiday pay accrual	(388)	0	0	0	(388)
Net operating costs for 2008-09 under IFRS	1,005,304	0	0	0	1,005,304

34. 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 Assembly the LHB has low exposure to credit risk.

Liquidity risk

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

35. Movements in working capital

	2009-10	2008-09
	£000	£000
(Increase)/decrease in inventories	(1,992)	(820)
(Increase)/decrease in trade and other receivables	(61,747)	2,028
(Increase)/decrease in other current assets	(129)	368
Increase/(decrease) in trade and other payables	34,416	4,347
Increase/(decrease) in other current liabilities	0	0
Total	<u>(29,452)</u>	<u>5,923</u>

36. Other cash flow adjustments

	2009-10	2008-09
	£000	£000
Depreciation	27,599	27,964
Amortisation	460	391
Impairments and reversals	35,828	4,676
Cost of Capital Charge	-5,789	(18,844)
Release of PFI deferred credits	0	0
Transfer from donated asset reserve	-1,667	(1,647)
Transfer from government grant reserve	0	0
Non-cash movements in provisions	47,458	(4,715)
Total	<u>103889</u>	<u>7825</u>

37. Cash flow relating to exceptional items

There are no exceptional items

38. Establishment of General fund opening balance as a result of Merger

As a result of the merger of North Wales NHS Trust, North West Wales NHS Trust and the Local Health Boards the Public Dividend Capital of the trusts was extinguished and re-set as part of the General fund of the new body. The cumulative Income and Expenditure Account reserves were also aggregated with the General funds of the predecessor bodies.

Therefore, the opening balance of the General fund of the new Local Health Board was established as follows :

	£'000
Public Dividend Capital of North Wales NHS Trust as at 31 March 2009	330,798
Income and Expenditure Account of North Wales NHS Trust as at 31 March 2009	-1,851
Public Dividend Capital of North West Wales NHS Trust as at 31 March 2009	99,530
Income and Expenditure Account of North West Wales NHS Trust as at 31 March 2009	-325
General fund of Anglesey LHB as at 31 March 2009	-5,932
General fund of Gwynedd LHB as at 31 March 2009	-8,807
General fund of Conwy LHB as at 31 March 2009	-12,722
General fund of Denbighshire LHB as at 31 March 2009	-11,208
General fund of Flintshire LHB as at 31 March 2009	-12,165
General fund of Wrexham LHB as at 31 March 2009	-11,949
Opening General fund of Betsi Cadwaladr University LHB as at 1 April 2009	365,369

39. Public Dividend Capital received between 1 April 2009 and 30 September 2009

North West Wales NHS Trust received Public Dividend Capital on the 15/09/2009 of £4,000,000.
No Public Dividend Capital was repaid.

40. Welsh Assembly Government loans

No Welsh Assembly Government loans were received by the predecessor NHS Trusts.
No Welsh Assembly Government loans were repaid by the predecessor NHS Trusts.

41. Events after the Reporting Period

There are no events after the reporting period to disclose.

42. Operating segments

The following information segments the results of Betsi Cadwaladr University Local Health Board by:-
 - the Welsh Risk Pool; and
 - healthcare activities.

	Welsh Risk Pool 2009-10 £000	Health Care Activities 2009-10 £000	Total 2009-10 £000
Net operating costs for the financial year	136,564	1,104,333	1,240,897
Less Non-discretionary expenditure	0	2,248	2,248
Sub-total	136,564	1,102,085	1,238,649
Revenue Resource Limit (RRL)	136,564	1,102,171	1,238,735
Under / (over) spend against RRL	0	86	86

This note includes inter-segment trading which amounted to £15,293k. This is "netted-off" from the consolidated position shown in the main Operating Cost Statement.

The accounts of the healthcare activities of the LHB are on pages 1 to 66 of the Healthcare Accounts and the accounts of the Welsh Risk Pool are on Pages 1 to 20 of the Welsh Risk Pool Accounts.

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

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

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

Date.....2010 Chief Executive

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

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

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

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

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

By Order of the Board

Signed:

Chairman: Dated:2010

Chief Executive: Dated:2010

Director of Finance: Dated:2010

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 2010 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 Assembly Government and detailed in the NHS Wales LHB Manual for Accounts;

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2010 and subsequent years shall comprise an operating cost statement, 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 2010 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.

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 : 17.06.2010

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

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

I am the Accountable Officer of Betsi Cadwaldr University Local Health Board, the successor body to North Wales NHS Trust, North West Wales NHS Trust, Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham Local Health Boards. The restructured NHS in Wales became operational on 1st October 2009 and the previous organisations completed Statements on Internal Control for the period 1st April - 30th September 2009 and these were included in the mid year Accounts produced by each organisation. Each of the organisations received full or adequate levels of assurance from Internal Audit.

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

I have ensured that the organisation has put in place appropriate accountable measures to enable me to exercise my responsibilities as Accountable Officer. I have given particular attention to working with the Regional Office and former Local Health Boards on performance improvement whilst ensuring that the organisation works closely with partner organisations such as local authorities and the voluntary sector, to discuss and address health inequalities and promote community engagement. Routine performance reporting is provided to the WAG through the Balanced Scorecard, Healthcare Standards for Wales Improvement Plan, Annual Operating Framework and Financial Monitoring Returns. BCULHB is also acting as host organisation for the Business Support Partnership and I have ensured that governance arrangements are in place to discharge the requirements of that role.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. Capacity to handle risk

The arrangements for Risk Management from April to September 2009 were contained within the Risk Management Policies and Strategies of the former organisations of North Wales NHS Trust, North West Wales NHS Trust, Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham Local Health Boards. In October 2009 a Risk Management Strategy and Policy Statement was approved by the BCU Local Health Board, which identified the organisations key risk areas following an analysis of the former organisations Legacy Statements. From October 2009 to March 2010, BCULHB undertook a review of the current risk management procedures in place across the organisation. The existing risk management policies and procedures continued to be in operation until the review was complete. A work plan is being produced for integrating and streamlining the risk management process for BCULHB in alignment with organisations Strategic Direction. Discussions regarding the establishment of an Assurance Framework have taken place however this work has not been completed within the accounting period. An integrated risk management solution will be developed during 2010/2011 which will address the practicalities of adopting a system that responds to the strategic needs of the organisation as well as the operational needs of Clinical Programme Groups (CPG) and Corporate Support Functions.

I have delegated the responsibilities for risk management to the Director of Governance and Communications. In embedding the risk management process as an integral part of the business of the organisation, a committee structure has been established to assist the Board to discharge its responsibilities.

The Risk Management Sub-Committee meets to assist the Board. The committee is chaired, in the interim, by the Vice Chair of the LHB and is charged with developing, implementing and monitoring the Risk Management Strategy. The Risk Management Sub Committee reports to the Quality and Safety Committee, through to the Board. This Committee met once during the period October 2009 to March 2010.

The Risk Management Strategy was approved by the Board in October 2009 and sets out the responsibilities of all employees in relation to risk management. All employees job descriptions detail their responsibilities with regard to risk management, which is linked to their Knowledge and Skills Framework. Clinical Programme Groups and Corporate Support Functions inherited and have built upon existing risk registers to support their own operational functions. These risk registers provide the opportunity for risks to be mitigated and managed locally and escalated to the Board should the need arise. Clinical Programme Groups, via the Chiefs of Staff, escalate risks to the Board via the appropriate Executive Director.

A cyclical training programme for all staff is provided on risk management, incident reporting and developing risk profiles and registers through risk assessment. This ensures staff are aware of their responsibilities and feedback mechanisms within the organisation once incidents have occurred or a hazard has been identified. The communication of this information throughout the organisation includes, but not restricted to, by specific "alerts" e.g. Clinical, Health & Safety, Manual Handling or Medical devices. The Health Board also shares these alerts with other LHB's in Wales to highlight the lessons learnt, and with other external organisations such as the National Patient Safety Agency.

4. The risk and control framework

The risk management framework is set out in the Risk Management Strategy for BCULHB and the former organisations. The key elements of the risk and assurance framework are:

- a) create a culture that puts patients at the centre of everything we do;
- b) create a fully 'risk aware' approach – where risk management is embraced within the organisation's culture which includes adopting the National Patient Safety Agency Seven Steps to Patient Safety and Being Open Polices are integrated into the working practices of all grades and disciplines of staff;
- c) encourage the open reporting of mistakes made, within an open and fair culture, and ensures that lessons are learnt from those mistakes and that measures to prevent recurrence are promptly applied; and
- d) clarify that Risk Management is everyone's responsibility.

The objectives that of the Risk Management Strategy (that will be supported by the organisation's risk management processes) are:

- a) To define the organisational management of risk throughout the LHB;
- b) To ensure the continuing development of a system that will review the risk management process on a regular basis;
- c) To ensure that the LHB satisfies all statutory duties and undertakings;
- d) To ensure that efficient links are developed between Risk Management, Governance, Audit and Finance.
- e) To ensure continuing development of the system that will enable the LHB to achieve the requirements of the Healthcare Standards for Wales and the Welsh Risk Management Standard;
- f) To raise the awareness of all staff to risk issues through communication and training;
- g) To address cultural issues related to the management of risk;
- h) To improve the quality of care. Provide a safe environment for the benefit of patients, staff and visitors by reducing and, where possible, eliminating the risk of loss/harm;
- i) Protect its assets and reputation;
- j) To introduce and maintain cost effective risk control measures to eliminate or reduce risks to an acceptable level, e.g. risk assessment, cost benefit analysis, identification of opportunity costs, planning risk treatments, as well as evaluating and monitoring of these;

- k) To reduce the severity and number of incidents of actual loss and to ensure that any corrective measures reduce the probability of recurrent loss;
- l) To monitor the implementation and adoption of standards that control risks at the lowest practicable level, for example implementing safety Alerts; and
- m) To ensure there are fast, clear pathways where decisions need to be made quickly and to ensure support systems are in place.

Transition period

Priorities and risks that stemmed from the transition period included in particular the maintenance of effective financial monitoring as structures changes/pressure on staff resources increase. These risks were primarily identified through the risk management process and engagement with the shadow Board of the new LHB, as well as reports from internal audit. The risks were evaluated by work streams composed of senior staff from the former organisations and project groups and controlled through project transition plans.

Legacy statements from all of the former organisations formed part of the overall handover process to ensure continuity of service in the new Local Health Board. These were based on a common format agreed with all North Wales NHS bodies, and included a commentary on the implications for the successor body and allowed for electronic links to supporting documents. An organisation lead was reflected against each theme.

The existing risk management policies and procedures continued to be in operation until the review was complete. A work plan is being produced for integrating and streamlining the risk management process for BCULHB in alignment with the organisations Strategic Direction and 5 Year Plan. Each CPG and corporate support function are required to identify, review, assess and update their risk registers (including inherited risks from previous organisations), and provide assurance to the Board that effective risk management arrangements are in place.

Clinical Programme Groups and Corporate Support Functions continue to use their existing risk assessment processes to identify and manage risk. Responsibility for the escalation of risk to the Board lies with the Chiefs of Staff via an appropriate Executive Director. A governance structure has been established where CPG and Corporate Support Functions significant risks are reviewed by the Risk Management Sub Committee and escalated to the Quality and Safety Committee, where appropriate.

The significant legacy financial issues inherited by BCULHB have been effectively managed, evaluated and controlled by the establishment of the Board of Directors Meetings, the Finance and Performance Committee and the post of Interim Assistant Director of Finance: Financial Recovery and Sustainability.

Confirmation of the Healthcare Standards for Wales Self Assessment Scores for 2009/2010 with review and opinion of Internal Audit

Opinion of the Director of internal Audit

Up to September 2009 the former NHS Trusts and LHB's received internal audit services from two providers, In-house Internal Audit and Mersey Internal Audit Agency (MIAA). BCULHB from October 2009 has continued to receive audit services from these two sources who are now operating as a single service under the overall leadership of the MIAA Director of Audit.

Mersey Internal Audit Agency

MIAA have issued a Director of Audits Opinion for BCULHB for 2009/10 of 'significant assurance', in that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in the design or inconsistent application of controls could put the achievement of a particular objective at risk.

MIAA have also undertaken a review of the core Healthcare Standards Wales submitted by BCULHB for 2009/10, in accordance with the requirements identified in WHC(2008) 001. The overall opinion was that the self assessment scores in respect of the four core standards are appropriate and that there are adequate mechanisms for the compilation and review of the self assessment documentation prior to submission. There are opportunities for the LHB to further enhance its quality assurance processes as the organisation matures.

A high level, consolidated draft Healthcare Standards Improvement Plan was prepared for BCULHB in February 2010. This plan was updated in May following the completion of the self assessment process. In conjunction with this activity a review was undertaken of the 2009/10 plan which had incorporated issues arising from the former NHS organisations.

The LHB's performance across those standards which underpin the management of risk, compared to last year, was as follows:

Key: 1 = Aware 2 = Responding 3 = Developing 4 = Practising 5 = Leading

Standard	2008 - 2009								2009 - 2010 LHB Self Assessment
	HIW Validated Score (Former Organisations)								
	NWT	NWWT	ALHB	GLHB	CLHB	DLHB	FLHB	WLHB	
Standard 14 - Safety and Health	3	4	4	3	4	4	3	4	3
Standard 16 - Patient Safety	3	3	4	3	4	4	4	4	3
Standard 27 - Governance Arrangements	4	4	3	4	4	4	4	4	3
Standard 28 - Clinical Governance &	4	3	4	3	4	4	4	4	3

The following assurances can be provided:

- During January 2010 a Task and Finish Group was established consisting of representation from each of the former organisations;
- Each standard was allocated a nominated Executive, Operational and Independent Member lead;
- It was agreed that 8 of the 32 standards would be subject to scrutiny via a Star Chamber process, consisting of standard leads, Executive and Independent Members. These were:
 - Standard 5 - Cleanliness and Maintenance
 - Standard 8 - Patient consent, confidentiality, dignity and respect
 - Standard 9 - Nutrition
 - Standard 14 - Health, Safety and Risk Management
 - Standard 17 - Safeguarding
 - Standard 27 - Integrated Governance
 - Standard 28 - Clinical Governance
- All of the other standards were subject to a quality assurance process of the evidence submitted and completed narrative, which was undertaken by members of the Task and Finish Group. The supporting evidence provided with the self assessment narrative and scoring was adequate and relevant;
- A draft Healthcare Standards Improvement Plan for 2010/2011 was developed and shared with the Regional Office in February 2010.

Internal audit have provided positive assurance that effective processes were in place to support the submission of the 2009/2010 standards. Their review, of the four core and two additional standards, found that adequate evidence had been provided to support the self assessment submission. Areas for improvement identified by the audit related primarily to the further enhancement of quality assurance processes prior to submission.

Confirmation of the Welsh Risk Pool Assessment Scores 2009/2010

The system of internal control was previously underpinned by compliance with the requirements of the Welsh Risk Management Standards. This year there a reduced assessment of four standards, and scoring across the former North Wales NHS Trust and North West Wales NHS Trust, as follows:

Standard 5 Claims Standard	69%
Clinical Area 1 Maternity Services	93%
Clinical Area 2 Operating Department Services	89%
Clinical Area 3 Accident and Emergency Governance	94%

Progress in 2009/2010

There is a Healthcare Standards Improvement Plan in place for the year, progress against which is being monitored through the Quality and Safety Committee and the Board. Each standard is allocated to the relevant sub-committee of the Board to monitor progress. Clinical Programme Groups are developing their own plans to support the corporate plan.

Self assessment of progress made against the plan was completed at the end of Quarter 4 and reported to the Welsh Assembly Government. This assessment was unaudited. It highlighted the following risks for the organisation:

- Ongoing structural change towards the BCULHB may affect progress in some areas.
- Resource constraints continue, and affect some progress in some areas.
- Work on all outstanding areas may prove challenging throughout the transitional period with the further merging of the organisation.

However, the majority of actions were completed, including those against Healthcare Standards 14, 16, 27 and 28, or rolled forward to the Improvement Plan for 2010/2011.

1000 Lives

The organisation has fully embraced the saving 1,000 lives campaign and has made significant gains in meeting the requirements of the campaign. Through its saving 1,000 lives work the organisation has undertaken a significant amount of work to ensure that quality and patient safety is given the same prominence across the organisation as finance and targets.

5. Review of effectiveness

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

Internal Audit have conducted reviews of risk management and incident reporting arrangements. Both reviews recognise that BCULHB is developing its arrangements in this area, but due to the developing nature of the organisation not all processes and controls are fully established. Whilst there are mitigating controls in place it is recognised that there needs to be a clear single corporate approach adopted in these two areas and this is something that will be implemented across the Health Board during 2010/11.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. A Single Equality and Human Rights Scheme for BCULHB has been developed which replaces the former separate Race, Gender and Disability Equality Schemes.

The Single Equality Scheme has been developed by engaging with our staff and stakeholders; members of the public across North Wales, Community Health Councils and Voluntary Service Councils. The Scheme was subject to a wide consultation in draft and was approved by the Board in March 2010. It provides a framework for BCULHB to make progress on advancing equality.

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.

The Director of Internal Audit's Opinion provides me with an opinion on the overall arrangements for gaining assurance through the risk framework and on the controls reviewed as part of the internal audit work.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by receiving the minutes of the key functions for promoting risk management, for example Audit Committee, the Quality & Safety Committee and the Risk Management Sub Committee.

The Audit Committee, as part of an integrated committee structure, was pivotal in advising the Board on the effectiveness of the system of internal control.

The Quality & Safety Committee supported the development of services by ensuring continuous quality improvement,

safeguarding high standards of care and creating an environment in which excellence in clinical care will flourish.

The Risk Management Sub Committee provided the Board with the overall assurance on the effectiveness of the risk

framework and continually monitors, reviews and prioritises the Risk Management Programme.

Additional reports are also received by the Quality & Safety Committee on, or from the following;

- Healthcare Inspectorate Wales
- Healthcare Standards Wales
- Welsh Risk Management Standards assessment report, action plans and reports
- The Health and Safety Executives (HSE) visits and reports
- Scheduled reports to the Board
- Wales Audit Office

I am also supported by the Board's role, which is to provide active leadership of the LHB within a framework of prudent and effective controls that enable risk to be assessed and managed.

The Internal Audit annual plan is agreed by the Director of Finance and encompasses the priorities set out in the Assurance Framework. The Director of Finance and Audit Manager meet throughout the year to review and monitor the annual plan. A separate Internal Audit Plan is in place for the BSP. Detailed reports on areas of work covered are provided to the Director of Finance and to the relevant Manager. These reports and agreed action plans are also subject to Audit Committee review.

The Wales Audit Office provides a further assurance mechanism in particular through its review of the Annual Accounts.

Risk Management is an integral part of everyone's job and are seen as a valuable aid to achieving the objectives of the Health Board.

It is by nature an interactive process and the key elements of building the Assurance Framework will remain under continuous scrutiny from the Board level down to all operational levels throughout the LHB.

6. Significant internal control problems

Electronic Staff Record

Continued problems were encountered with the health boards 'Electronic Staff Record' (ESR) payroll system. The main problems were as follows: -

- (i) A number of "overpayments" were identified on the ESR system, as central documentation completed by line managers has not always been presented in a timely and consistent manner to the Payroll Department.
- (ii) There has been some incorrect reporting of statistical Whole Time Equivalent data.

Despite these problems, audit work undertaken by Internal Audit and the Auditor General for Wales on the ESR system, does not indicate that any material errors have occurred as a result.

Signed:.....

Date:.....

Chief Executive
(on behalf of board)

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

I certify that I have audited the financial statements of Betsi Cadwaladr University Local Health Board which incorporate the Health Board's Healthcare Accounts and the Welsh Risk Pool Accounts for the year ended 31 March 2010 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Operating Cost Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

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

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

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

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

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

Basis of audit opinions

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers of the state of affairs of Betsi Cadwaladr University Local Health Board as at 31 March 2010 and of its net operating costs, its recognised gains and losses and cash flows for the year then ended; and
- the financial statements and that part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

My conclusion on Betsi Cadwaladr University Local Health Board's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 will be reported separately in the published Annual Audit Letter.

Gillian Body
Auditor General for Wales
21 July 2010

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