Aneurin Bevan University Health Board

Accountability Report 2016/17

1. Introduction

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

This Accountability Report has three sections:

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

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

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

2. Corporate Governance Report

As a minimum, the corporate governance report includes:

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

2.1 Directors' Report

This section of the report sets out details of the directors of the Health Board in 2016/17. This information is outlined in the Annual Governance Statement of the Health Board and can be found in detail in the Annual Governance Statement (AGS) on pages 12 to 14. Details of the membership of the Board and its Committees, including the Audit Committee, are also shown in this section of the AGS.

2.2 Board Members' Interests

The following table shows details of directorships of other organisations or other interests that have been declared by the members of the Board of Aneurin Bevan University Health Board, as at the 31st March 2017. This information is available on the Health Board Internet site and can be accessed by following this link

http://www.wales.nhs.uk/sitesplus/866/page/86105

2.3 Information Governance

This section covers information relating to data related incidents where they have been formally reported to the Information Commissioner's Office. It also includes information relating to personal data related incidents, including 'serious untoward incidents'. This information is available in the Health Board's Annual Governance Statement (AGS) and can be found on page 25 to 27 of the AGS.

2.4 Information on Environmental, Social and Community Issues

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

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

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

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

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

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

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

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

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

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

The Health Board has lead a 'world first' project on the recycling of polypropylene instrument wrap from the Hospital Sterilisation and Disinfection Unit (HSDU) for recycling.

Before the introduction of the recycling initiative all the polypropylene wrap from HSDU was being collected into Orange Hazardous Waste bags and consigned as Infectious Waste at considerable cost and environmental impact.

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

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

The Health Board has received widespread publicity and recognition for this project which included featuring on a headline slot on the BBC Wales Today programme on Friday 2nd December 2016.

The Health Board has also been selected as a finalist in the 'Innovation Category' of the NHS Sustainability Awards 2017.

2.5 Sickness Absence Data

The Health Board sickness absence rates for 2016/017 have slightly increased from 5.23% in 2015/2016 to 5.29% in 2016/2017. The increase was mainly within the winter period where sickness was higher than normal due to higher levels of Gastroenteritis. Over 75% of sickness absences is long term sickness, and the main reasons for absence continue to be stress and anxiety, and long term musculo-skeletal problems and coughs, colds and influenza and Gastroenteritis for short-term.

Sickness absence is a high priority for the year ahead, extensive work has been undertaken to review sickness absence across the Health Board to find patterns of sickness, new ways to tackle absence and evaluate our underlying demographics and the impact this has on sickness levels.

To help our managers manage sickness more effectively, ESR business intelligence reports have been developed to identify sickness trends, costs of absence, PADR, Staff in Post etc and enable triangulation of data. Training courses have been running targetting areas with the aim of helping them manage sickness absence in a timely fashion and providing posters

to raise staff awareness. The Health Board is now able to report on its sickness absence earlier, due to the roll out of ESR self service.

	2016/17	**2015/16**
Days lost (Short term)	53,097	61,261
Days lost (Long term)	147,711	144,562
Total days lost	200,808	205,823
Total staff years	880	902
Average working days lost	14.20	14.70
Total staff employed in period (headcount)	14,155	14,020
Total staff employed with no absence (headcount)	5,803	4,919
Percentage staff with no sick leave	41%	40%

2.6 Statement of the Accountable Officer's Responsibilities

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

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

As Accountable Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the Health Board's Auditors are unaware, and I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and that the Health Board's auditors are aware of that information.

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

Name …… **Date** 31 May 2017

Judith Paget, Chief Executive

2.7 Statement of Directors' responsibilities in respect of the accounts

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

In preparing those accounts, the directors are required to:

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

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

By Order of the Board

Signed:

David Jenkins, Chairman:……
Dated: 31 May 2017

Judith Paget, Chief Executive: ……
Dated: 31 May 2017

Glyn Jones, Director of Finance: ……
Dated: 31 May 2017

2.8 Annual Governance Statement

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

3. Remuneration and Staff Report

3.1 Directors' Remuneration Report

This report provides remuneration for those persons in senior positions within the Health Board, who have authority and responsibility for directing or controlling the major activities of the Health Board as a whole. These are provided in the table below.

Salary and Pension entitlements of Senior Managers Remuneration										
		2016-17					2015-16			
Name	Title	Salary (bands of £5,000)	Benefits in kind (to nearest £100)	Pension Benefits	Total (bands of £5,000)		Salary (bands of £5,000)	Benefits in kind (to nearest £100)	Pension Benefits	Total (bands of £5,000)
		£000	£00	£000	£000		£000	£00	£000	£000
Executive Directors										
Judith Paget	Chief Executive	195 - 200	0	28	220 - 225		195 - 200	0	141	335 - 340
Alan Brace	Director of Finance / Deputy Chief Executive (Until 09.09.16)	65 - 70	0	14	80 - 85		150 - 155	0	92	245 - 250
Glyn Jones	Interim Director of Finance (Since 10.09.16)	70 - 75	6	41	110 - 115		0	0	0	0
Allan Davies	Interim Director of Planning and Performance (Until 04.01.16)	0	0	0	0		95 - 100	0	131	225 - 230
Nicola Prygodzicz	Director of Planning and Performance (Since 01.12.16) / Interim Director of Planning and Performance (Since 01.12.15 until 30.11.16)	105 - 110	0	275	380 - 385		35 - 40	0	39	75 - 80
Denise Llewellyn	Nurse Director (Until 23.09.16)	60 - 65	0	0	60 - 65		125 - 130	0	18	140 - 145
Linda Slater	Interim Nurse Director (Since 24.09.16 Until 31.12.16)	30 - 35	0	73	105 - 110		0	0	0	0
Bronagh Scott	Nurse Director (Since 01.01.17)	30 - 35	0	3	30 - 35		0	0	0	0
Anne Phillimore	Director of Workforce and Organisational Development (Until 30.11.15)	0	0	0	0		80 - 85	0	4	85 - 90
Geraint Evans	Director of Workforce and Organisational Development (Since 01.12.15)	125 - 130	0	201	325 - 330		40 - 45	0	(3)	35 - 40
Dr Gill Richardson *	Director of Public Health	120 - 125	0	17	135 - 140		125 - 130	0	129	255 - 260
Dr Paul Buss	Medical Director / Deputy Chief Executive (Since 01.10.16)	190 - 195	0	0	190 - 195		185 - 190	0	4	190 - 195
Alison Shakeshaft	Director of Therapies and Health Sciences	100 - 105	0	50	150 - 155		95 - 100	0	36	135 - 140
Jamie Marchant	Interim Chief Operating Officer (Until 26.07.15)	0	0	0	0		35 - 40	2	(4)	35 - 40
Nick Wood	Chief Operating Officer (Since 01.07.15)	140 - 145	0	28	165 - 170		105 - 110	0	22	125 - 130
Richard Bevan	Board Secretary	90 - 95	0	23	115 - 120		95 - 100	0	22	115 - 120

Non-Executive Directors										
David Jenkins OBE	Chairman	65 - 70	5	0	70 - 75		65 - 70	0	0	65 - 70
Prof. Siobhan McClelland **	Vice Chair (Until 31.03.16)	0	0	0	0		75 - 80	0	0	75 - 80
Philip Robson	Vice Chair (Since 01.04.16) / Independent Member (Community) (Until 31.03.16)	55 - 60	3	0	55 - 60		15 - 20	2	0	15 - 20
Wendy Bourton OBE	Independent Member (Third/Voluntary Sector) (Until 31.03.16)	0	0	0	0		15 - 20	0	0	15 - 20
Katija Dew	Independent Member (Third/Voluntary Sector) (Since 01.04.16)	15 - 20	1	0	15 - 20		0	0	0	0
Jane Carroll	Independent Member (Trade Union) (Until 12.02.16)	0	0	0	0		10 - 15	0	0	10 - 15
Prof. Helen Houston	Independent Member (University) (Until 31.03.16)	0	0	0	0		15 - 20	0	0	15 - 20
Prof. Dianne Watkins	Independent Member (University) (Since 07.11.16)	5 - 10	0	0	5 - 10		0	0	0	0
Chris Koehli	Independent Member (Finance)	15 - 20	0	0	15 - 20		15 - 20	0	0	15 - 20
Cllr Brian Mawby	Independent Member (Local Authority)	15 - 20	2	0	15 - 20		15 - 20	1	0	15 - 20
Joanne Smith	Independent Member (Community)	15 - 20	0	0	15 - 20		15 - 20	0	0	15 - 20
Frances Taylor	Independent Member (Community)	15 - 20	0	0	15 - 20		15 - 20	1	0	15 - 20
Dr Janet Wademan	Independent Member (ICT)	15 - 20	2	0	15 - 20		15 - 20	1	0	15 - 20
Mark Gardner	Associate Independent Member (Chair of Stakeholder Group) (Until 22.07.15)	0	0	0	0		0	0	0	0
Lorraine Morgan	Associate Independent Member (Chair of Stakeholder Group) (Since 23.09.15)	0	0	0	0		0	0	0	0
Liz Majer	Associate Independent Member (Director of Social Services) (Until 30.09.16)	0	0	0	0		0	0	0	0
Claire Marchant	Associate Independent Member (Director of Social Services) (Since 01.10.16)	0	0	0	0		0	0	0	0
Dr Sue Greening	Associate Independent Member (Chair of Health Professionals Forum) (Until 22.07.15)	0	0	0	0		0	0	0	0
Colin Powell	Associate Independent Member (Chair of Health Professionals Forum) (Since 23.09.15)	0	0	0	0		0	0	0	0

	2016-17	2015-16
Band of Chief Executive's Total Remuneration £000	195 - 200	195 - 200
Median Total Remuneration £	27,230	26,064
Ratio	7.3	7.6

	2016-17	2015-16
Band of Highest paid Director's Total Remuneration £000	195 - 200	195 - 200
Median Total Remuneration £	27,230	26,064
Ratio	7.3	7.6

* Dr Gill Richardson 2016-17 salary is within the band £125k - £130k, the reported amount has reduced due to recovery of overpayment relating to previous years.

** The remuneration for Professor Siobhan McClelland for 2015/16 also included additional remuneration for the role of Chair of the Emergency Ambulance Services Committee (EASC).

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

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

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

Salary and Pension entitlements of Senior Managers Pension Benefits									
		Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2017 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2017 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2017	Cash Equivalent Transfer Value at 31 March 2016	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
Name	**Title**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£00**
Judith Paget	Chief Executive	0.0 - 2.5	5.0 - 7.5	85 - 90	265 - 270	1,800	1,702	98	0
Alan Brace	Director of Finance / Deputy Chief Executive (Until 09.09.16)	0.0 - 2.5	2.5 - 5.0	60 - 65	185 - 190	1,174	1,180	(2)	0
Glyn Jones	Interim Director of Finance (Since 10.09.16)	2.5 - 5.0	0.0 - 0.0	10 - 15	0 - 0	181	118	35	0
Nicola Prygodzicz	Director of Planning and Performance (Since 01.12.16) / Interim Director of Planning and Performance (Since 01.12.15 until 30.11.16)	12.5 - 15.0	30.0 - 32.5	35 - 40	95 - 100	525	331	194	0
Denise Llewellyn	Nurse Director (Until 23.09.16)	0.0 - 2.5	0.0 - 2.5	55 - 60	170 - 175	0	1,111	0	0
Linda Slater	Interim Nurse Director (Since 24.09.16 Until 31.12.16)	2.5 - 5.0	10.0 - 12.5	35 - 40	115 - 120	912	622	79	0
Bronagh Scott	Nurse Director (Since 01.01.17)	0.0 - 2.5	0.0 - 2.5	35 - 40	110 - 115	732	706	7	0
Geraint Evans	Director of Workforce and Organisational Development	7.5 - 10.0	27.5 - 30.0	55 - 60	175 - 180	0	1,154	0	0
Dr Gill Richardson	Director of Public Health	0.0 - 2.5	5.0 - 7.5	40 - 45	125 - 130	834	774	60	0
Dr Paul Buss *	Medical Director / Deputy Chief Executive (Since 01.10.16)	0.0 - 0.0	0.0 - 0.0	70 - 75	215 - 220	1,458	1,458	0	0
Alison Shakeshaft	Director of Therapies and Health Sciences	2.5 - 5.0	2.5 - 5.0	35 - 40	100 - 105	661	603	59	0
Nick Wood	Chief Operating Officer	0.0 - 2.5	0.0 - 0.0	15 - 20	0 - 0	192	163	29	0
Richard Bevan	Board Secretary	0.0 - 2.5	0.0 - 0.0	35 - 40	100 - 105	631	593	37	0
* Figures stated for Dr Paul Buss remain the same as 2016-17 due to cessation of pension contributions.									
As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.									

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

The Remuneration and Terms of Service Committee advises the Board on remuneration and terms and conditions matters. The membership of this Committee is published as part of the Annual Governance Statement (AGS). The information is published on pages 12 to 14 of the AGS.

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

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

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

3.3 Remuneration Relationship

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

The banded remuneration of the Chief Executive who is also the highest-paid director in the LHB for the financial year 2016-17 was £195k - £200k (2015/16, £195k - £200k). This was 7.3 times (2015/16, 7.6) the median remuneration of the workforce, which was £27,230 (2015/16, £26,064).

Remuneration for staff ranged from £16k to £281k (2015/16 £16k to £261k).

In 2016/17, 16 employees (2015/16, 13 employees) received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £16k to £281k (2015/16 £16k to £261k).

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

There has been a 4.5% increase in the median remuneration of the workforce due to the increase in the number of staff earning more than the median salary.

The highest paid director banded remuneration has remained the same as 2015/16 and continues to be the Chief Executive.

Whilst the remuneration banding in which the highest paid director falls has remained the same as 2015/16, the ratio between the median remuneration of the workforce and the highest paid director decreased by 0.3 due to the increase in the median remuneration.

3.4 Staff Report

3.4.1 Staff Numbers:

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16 Restated
	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,944	14	3	**1,961**	1,910
Medical and dental	956	7	54	**1,017**	1,023
Nursing, midwifery registered	3,546	1	69	**3,616**	3,586
Professional, Scientific, and technical staff	637	1	8	**646**	614
Additional Clinical Services	1,838	0	8	**1,846**	1,844
Allied Health Professions	684	8	23	**715**	684
Healthcare Scientists	344	0	7	**351**	344
Estates and Ancilliary	1,107	0	19	**1,126**	1,108
Students	0	0	0	**0**	0
Total	**11,056**	**31**	**191**	**11,278**	11,113

The 2015/16 figures have been restated to exclude staff on outward secondment and the impact of the Health Boards benefits in kind schemes in line with the manual for accounts.

3.4.2 Staff Composition

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

The gender breakdown for all staff groups is provided below:

	Female	Male	Total
All Staff Groups (excluding Board Members)	8769	2298	11067
Board Members	10	9	19
Total	8779	2307	11089

3.4.3 Sickness Absence data

This information is provided above.

3.4.4 Staff Policies applied in the Year

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

3.4.5 Expenditure of Consultancy

Customer	**Details**	**Amount £000**
Andrew Scowcroft Consultancy LTD	Consultancy fees for phase 2 of working with management team of cardiology during June and July 2016	2
BK Reeves	Statistical support for National Stroke and Neurological Conditions Studies	5
BWB Consulting LTD	Consultancy services provided re Nevill Hall traffic management	38
Castor Business Consulting LTD	Consultancy work undertaken to review Chepstow PFI contract	23
Cardiff University - ABCi	ABCi Consultancy - Operational Research Modelling	170
Dewis Centre for Independent Living	Independent advocacy service Gwent carers project - phase 1 implementation costs	24
Docte Consulting LTD	SCCC Project consultants re project launch workshop	3
Deloitte LLP	VAT compliance reviews	23
Deloitte LLP	PAYE review including GP out of Hours review	33

Customer	Details	Amount £000
Deloitte LLP	Fees for work associated with SCCC Business Case	66
GP Fire & Security	Security Infrastructure review	4
Health & Safety Executive Books HSE	Advise and assessment provided regarding changes required on an all Wales NHS basis to ensure compliance with the new EU legislation regarding Health & Safety	1
Imperial College	On-going improvement work re patient flow focusing on unscheduled care	61
Key Forensic Services LTD	Forensic Science Report	2
Multiple Sclerosis Society	Wales Neurological Alliance awareness raising project	40
Pacec Ltd	Evaluation of the 111 Wales pathfinder	52
Ruby Bay Consulting	Consultancy Fees incurred on the 111 project	2
Stills Works LTD	Design and Develop animation content for website for child psychology services	9
Virtus Consult LTD	Carbon Reduction Survey of 51 freehold sites within ABUHB	10
OEE Consulting	External consultancy providing support to the division on implementing a continuous improvement team.	38
2016/17 Total Consultancy costs		606

3.4.6 Off Payroll Engagements

Tax assurance for off-payroll appointees template tables

The following tables should be completed:

Table 1: For all off-payroll engagements as of 31 March 2017, for more than £220 per day and that last for longer than six months

31 of these engagements relate to staff seconded in from other NHS Wales organisations or Welsh Universities and Local Authorities

No. of existing engagements as of 31 March 2017	**33**
Of which...	
No. that have existed for less than one year at time of reporting.	**9**
No. that have existed for between one and two years at time of reporting.	**12**
No. that have existed for between two and three years at time of reporting.	**2**
No. that have existed for between three and four years at time of reporting.	**1**
No. that have existed for four or more years at time of reporting.	**9**

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months

12 of these engagements relate to staff seconded in from other NHS Wales organisations or Welsh Local Authorities

No. of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	**12**
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	**0**
No. for whom assurance has been requested	**12**
Of which...	
No. for whom assurance has been received	**9**
No. for whom assurance has not been received	**3**
No. that have been terminated as a result of assurance not being received.	**0**

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017

There have been no off-payroll engagements of board members, and/or senior officials with significant financial responsibility between 1 April 2016 and 31 March 2017

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

3.4.7 Exit Packages

The exit packages identified below disclose exit packages agreed in the year. The data identified here is therefore presented on a different basis to other compensation schemes – exit packages (note 5.5) to the main accounts which has been completed on a cash basis.

Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)		2016-17 Number of compulsory redundancies	2016-17 Number of other departures	2016-17 Total number of exit packages	2016-17 Number of departures where special payments have been made	2015-16 Total number of exit packages
		Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000		0	1	1	0	2
£10,000 to £25,000		0	0	0	0	3
£25,000 to £50,000		0	2	2	0	2
£50,000 to £100,000		0	0	0	0	1
£100,000 to £150,000		0	1	1	0	0
£150,000 to £200,000		0	0	0	0	0
more than £200,000		0	0	0	0	0
Total		**0**	**4**	**4**	**0**	**8**

Exit packages cost band (including any special payment element)		2016-17 Cost of compulsory redundancies	2016-17 Cost of other departures	2016-17 Total cost of exit packages	2016-17 Cost of special element included in exit packages	2015-16 Total cost of exit packages
		£'s	£'s	£'s	£'s	£'s
less than £10,000	*	0	1,034	1,034	0	10,648
£10,000 to £25,000		0	0	0	0	50,025
£25,000 to £50,000		0	69,933	69,933	0	63,894
£50,000 to £100,000		0	0	0	0	99,438
£100,000 to £150,000	*	0	9,494	9,494	0	0
£150,000 to £200,000		0	0	0	0	0
more than £200,000		0	0	0	0	0
Total		**0**	**80,461**	**80,461**	**0**	**224,005**

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

This disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in previous years. In relation to those marked with an * accruals were made for a lesser amount in 2015/16 than the actual payment made in 2016/17 and hence the amount shown represents the additional element.

4 Parliamentary Accountability and Audit Report

4.1 Remote Contingent Liabilities

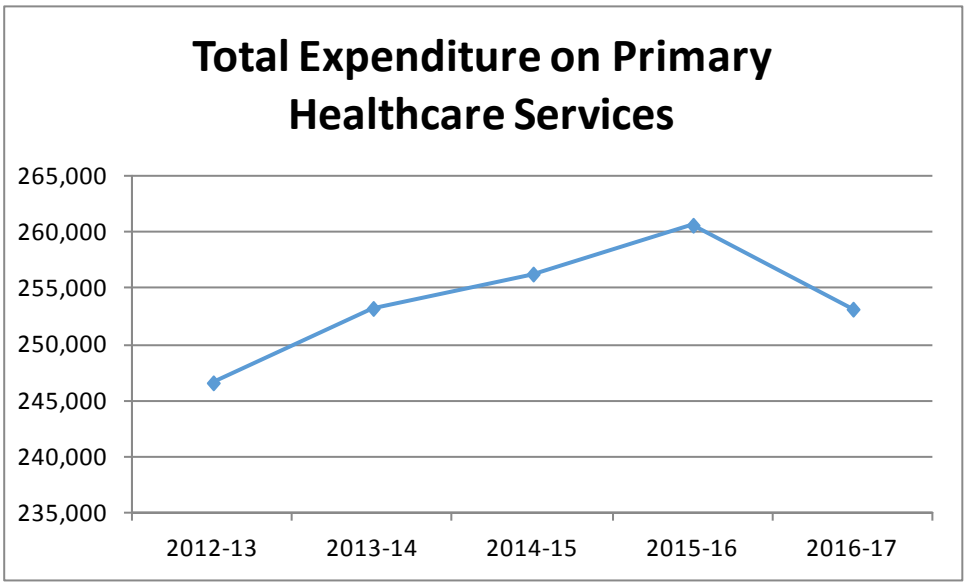
This disclosure was introduced for the first time in 2015-16. It shows those contingent liabilities that are deemed to be extremely remote and have not been previously disclosed within the normal contingent liability note within the accounts. It relates to 5 medical negligence cases and 2 personal injury cases in 2016/17 (7 - 2015/16 medical negligence cases). For 2016/17 it also includes £20K in relation to the change in the personal injury discount rate from +2.25% to minus 0.75%.

4.2 Long Term Expenditure Trends

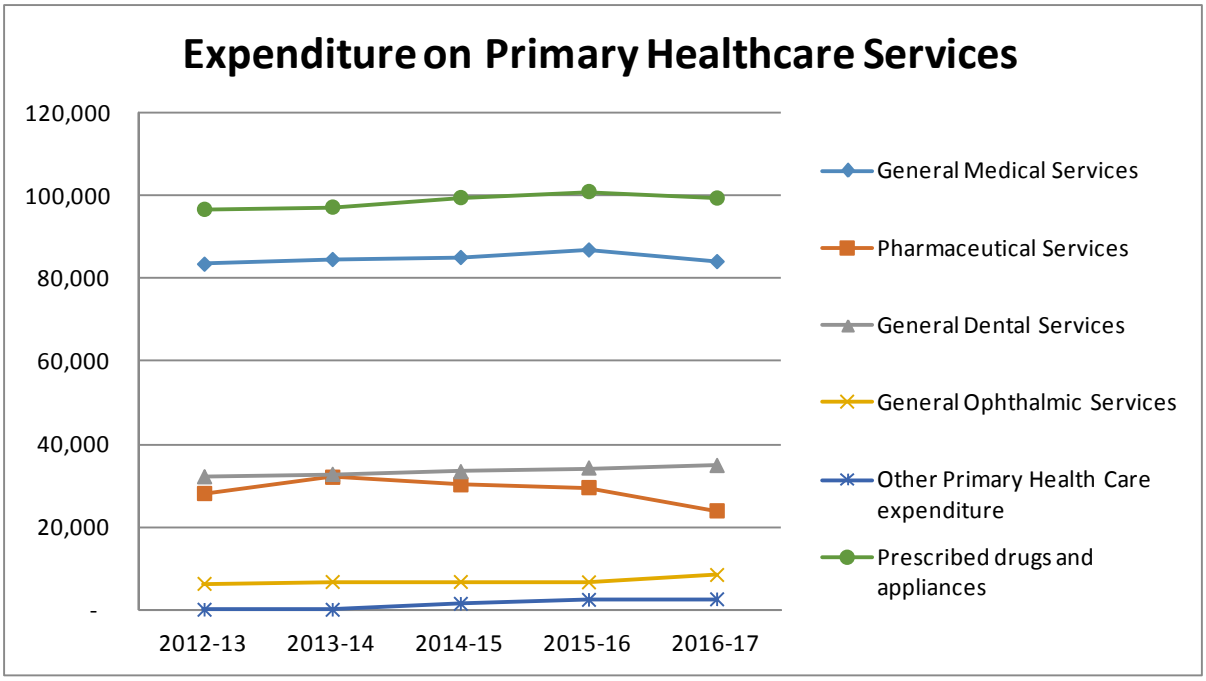
The below graphs highlight the key expenditure on Primary Healthcare services, Expenditure on Healthcare from Other Providers and Expenditure on Hospital and Community Health Services as identified in note 3.1, 3.2 and 3.3 to the main accounts.

The graphs demonstrate the spending patterns on the key programme areas and major policy areas for the last five years (2012/13 to 2016/17)

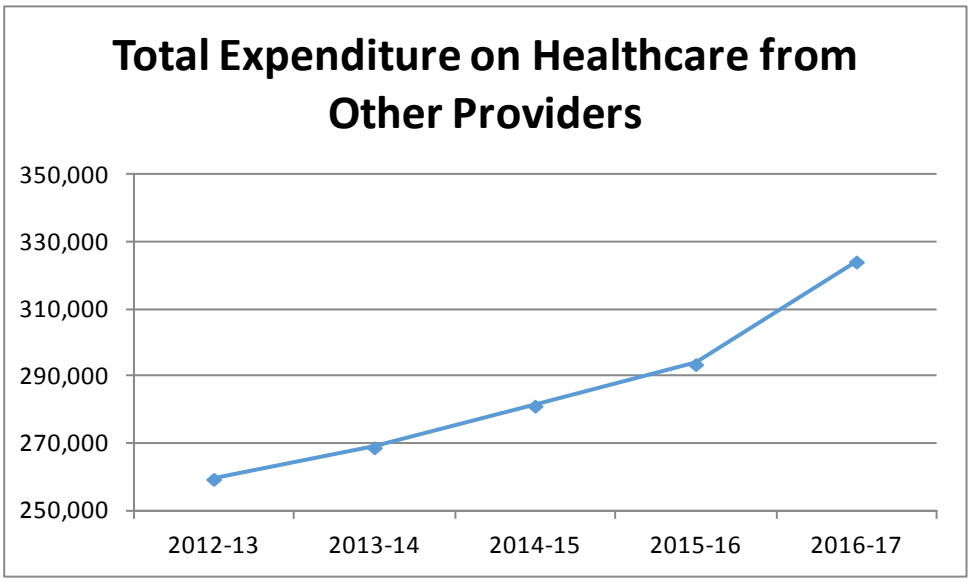
4.3 Total Expenditure on Primary Healthcare Services (note 3.1 to the main accounts)



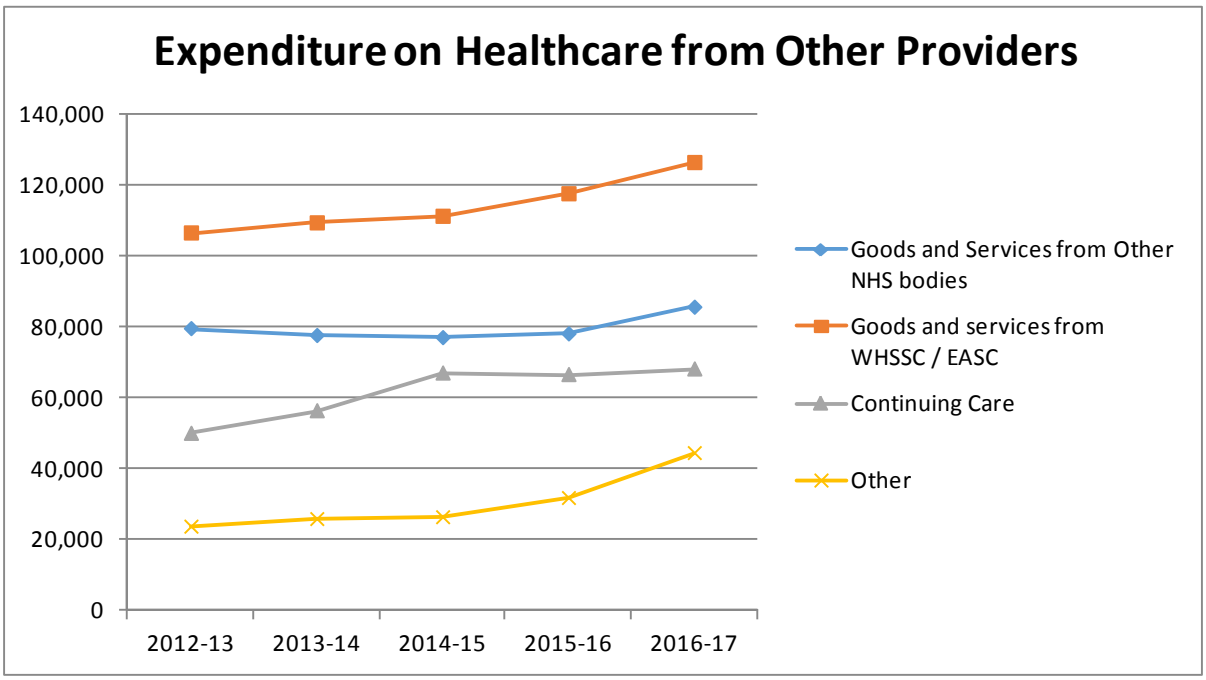
Broken down by area of spend



4.4 Total Expenditure on Healthcare from Other providers (note 3.2 to the main accounts)

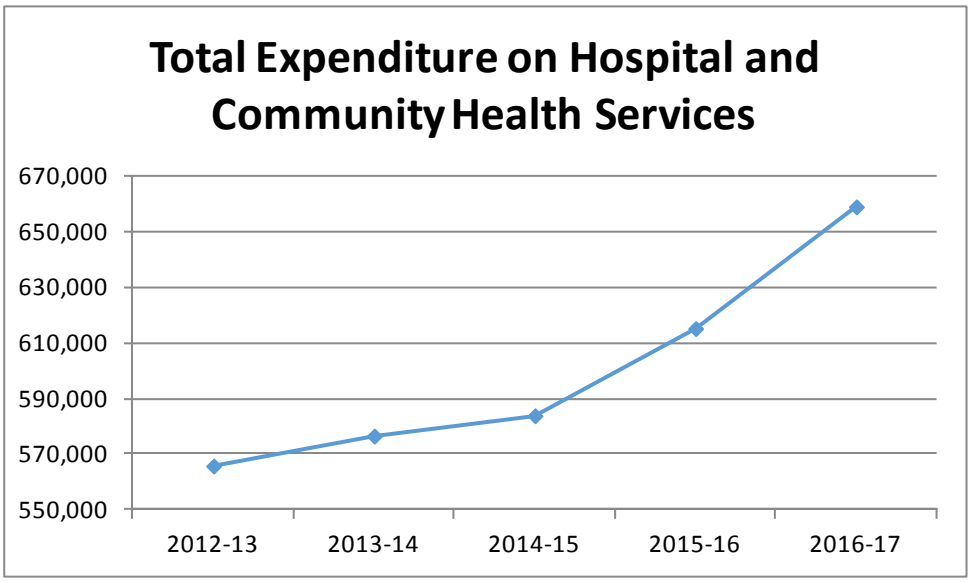


Broken down by area of spend

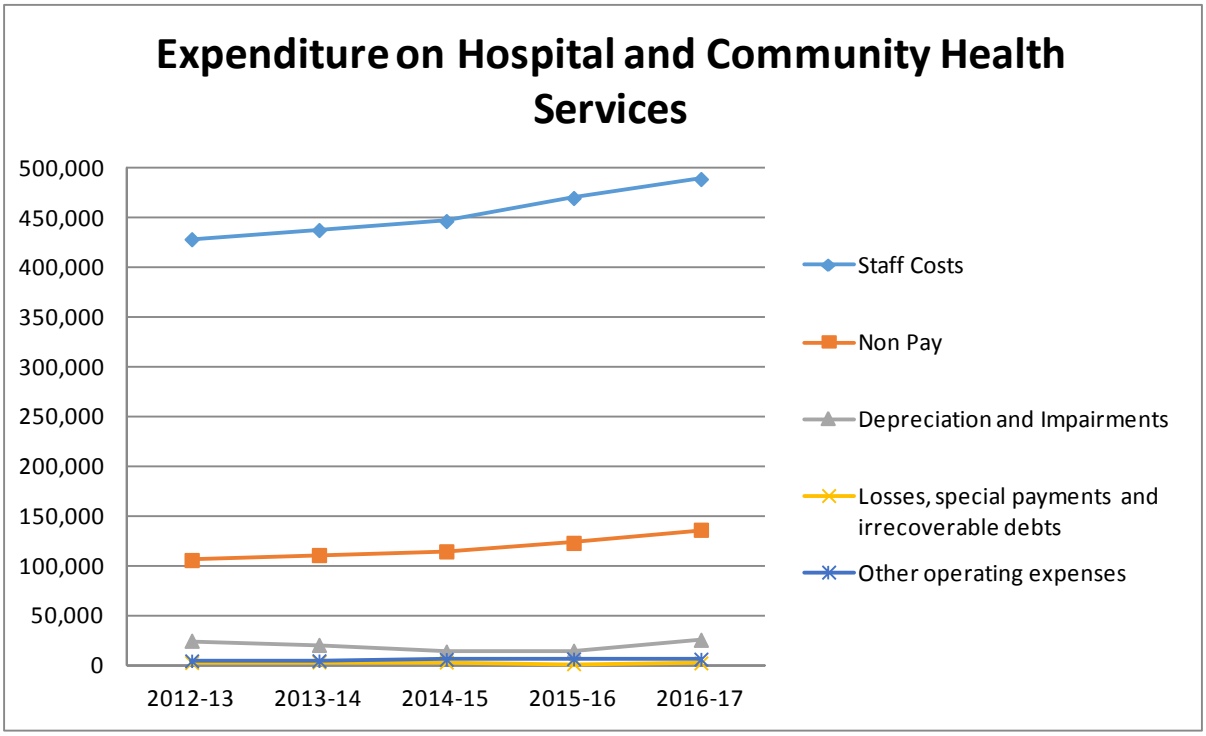


4.5 Total Expenditure on Hospital and Community Health Services

(Note 3.3 to the main accounts)



Broken down by area of spend



Aneurin Bevan University Health Board

Governance Statement 2016/2017

1. Scope of responsibility

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

Aneurin Bevan University Health Board, established on 1st October 2009, covers the areas of Blaenau Gwent, Caerphilly, Monmouthshire, Newport, and Torfaen with a population of approximately 600,000 people. The Health Board has an annual budget from the Welsh Government of just over £1 billion per year from which we plan and deliver services for the population of the Gwent area and also South Powys. The Health Board as well as providing services locally works in partnership to seek to improve health and well-being in the area.

The Health Board is committed to a number of key objectives. These are:

- *Delivering Patient Centred Services*: Taking all opportunities to organise services around the citizen and balancing the whole system.

- *Focusing on Safety, Excellence and Quality*: We have a responsibility to ensure that patients and the population we serve receive the best quality, evidence-based care that we can provide and that we ensure we deliver the basics exceptionally well. We also have a responsibility to consider quality in its wider definition including patient experience (and appropriate access to services and care), securing maximum productivity and ensuring minimal waste, as well as clinical effectiveness and patient safety.

- *Empowering Our Staff:* We can only deliver effectively by trusting our staff, supporting them to make the right decisions close to the patient and to find innovative ways of developing our workforce.

- *Achieve Better use of Resources:* Whatever changes we make and wherever we deliver care we must do this in line with best practice, with an excellent workforce, within the resources we receive and with confidence that improvements can be sustained.

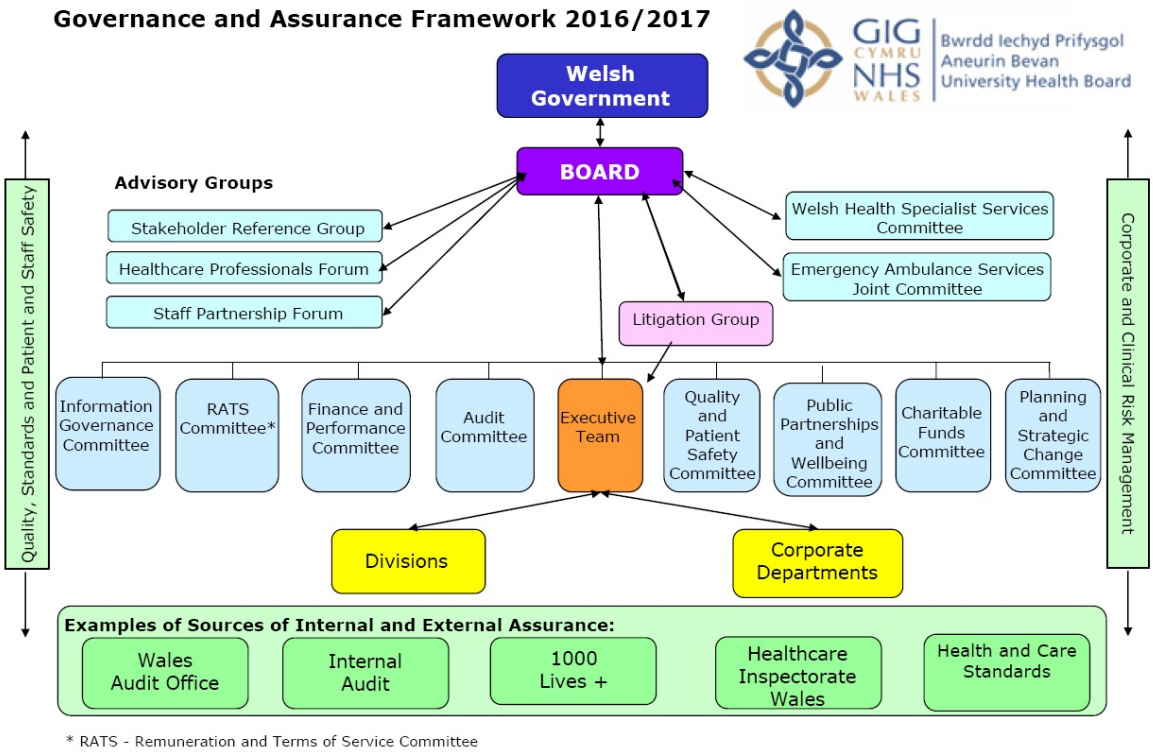
- *Improving Our Public Health:* At present, there continues to be major inequity in health status within our population. We need to focus our efforts alongside those of Local Authorities and other partners to systematically improve the health of the population in those areas of greatest need, through addressing determinants of health, supporting healthier lifestyles and improving access to evidence based preventative services.

In this statement the Health Board will provide an overview of its performance against our stated organisational objectives and also outline decisions made, areas considered during the year and key risks identified and responded to by the Board and the wider organisation.

During 2016/2017, the Health Board has continued to develop a system of governance and assurance. The Board sits at the top of the organisation's governance and assurance system and sets strategic objectives, monitors progress, agrees actions to achieve these objectives and ensures appropriate controls are in place and are working properly. The Board also takes assurance from its Committees and assessments against the Health and Care Standards for Wales and other professional standards and regulatory frameworks.

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

1.1 Our System of Governance and Assurance



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

The Health Board continues to implement its Values and Behaviours Framework, which was launched by the Board in November 2013 and activity has been undertaken to embed this throughout the organisation and the Framework has been regularly refreshed and updated. During the year the Health Board's Declarations of Interest and Staff Code of Business Conduct Policy has been further embedded to better manage any conflicts of interest that might arise for our Board Members and staff. This continues to be rolled out across the organisation and communication and engagement undertaken on the requirements of the policy.

1.2 The Role of the Board: The Health Board usually meets six times a year in public. The Board is made up of individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises the Chair, Vice Chair and nine other Independent Members and the Chief Executive and eight Executive Directors. There are also three Associate Independent Members. The full membership of the Board and their lead roles and committee responsibilities are outlined in **Table One** starting on Page 12.

The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place. The Board also seeks to ensure that it has an open culture and high standards in the ways in which its work is conducted. Together, Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board in 2016/2017 were appropriately constituted with a quorum. The key business and risk matters considered by the Board during 2016/2017 are outlined in this statement and further information can be obtained from the published Health Board meeting papers on the Health Board's web pages via the following link.

http://www.wales.nhs.uk/sitesplus/866/page/41395

1.3 Committees of the Board: The Health Board has established a range of committees, as outlined in the diagram above. These Committees are chaired by Independent Members of the Board and the Committees have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, an assessment of current risks and also performance monitoring.

The Health Board revised its committee structure in 2016/2017 reducing the number of Committees i.e. discontinuing the Mental Health and Learning Disabilities Committee and the Workforce and Organisational Development Committee. The roles and responsibilities of the Mental Health and Learning Disabilities Committee is now undertaken by an officer led Mental Health and Learning Disabilities Board. Mental health was the only service area of the Health Board that had its own dedicated Committee and therefore establishing the Mental Health and Learning Disabilities Board has brought this in line with existing organisational arrangements. However, the Health Board maintains the statutorily required Mental Health Act Managers Committee, which reports to the Quality and Patient Safety Committee and the Vice Chair has designated responsibility for mental health matters.

The responsibilities of the Workforce and OD Committee have been assumed by the Finance and Performance Committee. Also, during the year the Board changed the name of the Public Health and Partnerships Committee to the Public Partnerships and Well Being Committee. This reflects the increasing role of this committee in assuring the Board on its approach to key legislation such as the Social Services and Well Being Act and the Well Being of Future Generations Act.

These changes to the committee structure of the Health Board were undertaken to respond to the issue of reduced numbers of Independent Members during the year. This was as a result of a number of Independent Members reaching the end of their tenures or leaving the Health Board and some delays in appointing new members. Active recruitment with the Welsh Government's Public Appointments process has taken place during the year and the Board will consider whether to revise its committee structure again for 2017/2018 following the recruitment of new members during the year.

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

Also, it should be noted that the same membership is used by the Board for the Finance and Performance Committee, Charitable Funds Committee and the Remuneration and Terms of Service (RATS) Committee, although they remain separately constituted committees. In relation to the RATS Committee the membership is joined by the Chair of the Audit Committee.

The committees provide assurance reports and the minutes of their meetings to each Board meeting to contribute to the Board's assessment of assurance and to provide scrutiny on the delivery of objectives. There is also cross representation between committees to support the connection of the business of committees and also to integrate assurance reporting. The Health Board is continuing to develop the ways in which its committees work together to ensure the Board has assurance on the breadth of the Health Board's work to meet its objectives and responsibilities and the risks against their non achievement.

During 2016/2017, the Health Board increased the openness and transparency with regard to way in which it conducted its committee business. In previous years the Health Board's committees did not meet in public. However, during the last year the majority of the committees of the Board now meet in public with their papers published on our website prior to their meetings. The meetings that currently do not meet in public

are either because of the confidential nature of their business such as the RATS Committee or they are development meetings such as the Planning and Strategic Change Committee, discussing plans and ideas often in their formative stages.

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

An important Committee of the Board in relation to this Annual Governance Statement is the **Audit Committee**, which on behalf of the Board keeps under review the design and adequacy of the Health Board's governance and assurance arrangements and its system of internal control. During 2016/2017, key issues considered by the Audit Committee relating to the overall governance of the organisation have been:

- The Committee approved an Internal Audit Plan for 2016/2017 and has kept under review the resulting Internal Audit Reports and noted key areas of risk and tracked the management responses made to improve systems and organisational policies. Alongside this, an interactive platform to track Internal Audit and Wales Audit Office high level recommendations is being developed. It is anticipated that this interactive tool will aid the organisation in taking ownership of recommendations and enable Divisions to track their own progress in implementing each of their recommendations.

- A continued focus on improvements in the financial systems and controls procedures and the monitoring of payments and trending processes and regular monitoring of implementation of the financial control policies.

- In early 2016, an Accountability Review was commissioned by the Health Board, specifically to review custom and practice within the Scheduled Care and Unscheduled Care Divisions. The findings have resulted in further work being undertaken and the Audit Committee is monitoring the progress of this work.

- Continuing to oversee a comprehensive programme of compliance internal audits in Divisions of the organisation with a range of supportive follow-up activity undertaken. The Committee has kept these reports, in particular, on the forward work programme and regular updates from the leads for each area have been submitted to the Committee, to ensure progress and continued traction where appropriate.

- Continuing to seek assurance on the processes for post payment verification (PPV) reviews for primary care practitioners. The PPV work has seen a significant improvement during 2016/17 with a number of presentations to the Committee outlining the progress that has been made by the PPV team in Primary Care and Shared Services.

- Further developing the Health Board's risk management strategy and processes. During the year the organisational Risk Management Strategy has been fully re-developed and approved by the Audit Committee and the Board. The revised strategy includes an agreed organisational risk appetite statement for all aspects of the Health Board's business. Work is currently ongoing to re-align the Corporate Risk Register with the risk to the non-delivery of the Health Board's IMTP. Members of the Corporate Services Team are meeting with Executive Directors to discuss each of their respective risks and how they link to the IMTP and align to the key principles of the organisational Risk Management Strategy and approach.

- A new development in December 2016 was that the Committee received a report that outlined all decisions that had been made by the Committee during the last financial year. This decision tracker demonstrated whether the decisions made had actions taken against them. The Committee was pleased to note that all decisions had actions taken against them.

- Further development and engagement work has been undertaken in relation to the Health Board's Declarations of Interests register. The Board Secretary and the Medical Director have written to Health Board Consultants. This has resulted in a significant increase of Declarations of Interest, all of which have been captured on the organisational register. The result of a populated register will allow further scrutiny and analysis of the information available to the Health Board. Awareness raising has also continued through the Staff Code of Conduct Policy and employees are increasingly aware of when a Declaration of Interest needs to be submitted.

- The Committee continues to work with the Wales Audit Office (WAO) with regard to the work of external audit on the accuracy of financial statements. The Committee also liaises with the WAO on performance audits within the organisation and assurance reports. This includes the comprehensive Structured Assessment undertaken annually.

The **Quality and Patient Safety Committee** is also a crucial committee with regard to the assessment of the Health Board's overall governance and assurance. Key issues considered by this committee are outlined below, but have not been highlighted in detail in this document as they are covered comprehensively in the Health Board's Annual Quality Statement to be published in July 2017. The Committee has identified a number of key issues and achievements during 2016/2017, which are outlined below:

During 2016/17 the Committee's key areas of focus were:

- Consider more innovative ways of including a patient voice at the Committee for example, patient stories, which set the tone and become part of the core business of the Committee.

- Consider a whole system and integrated approach to developing agendas, considering divisional themes and a thematic approach in respect of disease groups.

- Ensure that Primary and Community Care services have a greater focus as part of scrutinising whole care pathways.

- The Committee has continued to monitor the Health Board's performance with regard to mortality data and has continued to explore variation in data in relation to condition specific mortalities as well as receiving regular updates in relation to the focused work on the Mortality Audit/Review Process, coding completeness and timeliness. Throughout the year a lower Risk Adjusted Mortality Index (RAMI) in comparison with other Health Boards in Wales has been maintained at the Royal Gwent Hospital, Nevill Hall Hospital and Ysbyty Ystrad Fawr. The Health Board's main focus on mortality reviews has generated a range of learning through these reviews and clinicians have been appointed to undertake these reviews and support next steps.

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

- The Committee has continued to monitor the number of clostridium difficile cases and was pleased to see its excellent rate of reduction across the year, which has been commended. The Committee also received the Infection Prevention and Decontamination Annual Review and was assured that the organisational approach to infection control and prevention is being continually monitored by the Infection Control Committee.

- The Committee received updates in relation to the Health and Care Standards 2016/2017 and monitored progress made in implementing the management actions in response to the 2015/2016 Internal Audit Report recommendations. The Health and Care Standards Group meets regularly with good engagement across the Health Board.

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

- The Committee has continued to monitor performance and progress against a number of key areas of activity, including ophthalmology, urgent primary care services, falls prevention, prevention of suicide and self-harm, waiting times within the Health Board's Emergency Departments, and Continuing Health Care.

- The Primary Care Operational Support Team is pro-actively targeting practices which are fragile, to encourage mergers where appropriate, and make the service more sustainable. The Committee has acknowledged that there needs to be a shift from the traditional primary care model and the Health Board's Engagement and Communication Teams are being utilised to ensure there is public involvement in the service re-design. A whole system approach is required to support primary care in resolving the current issues and moving care closer to home.

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

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

The Health Board, as part of its wider governance arrangements, is also a member of a number of joint Committees, which report to the Board. These are:

Welsh Health Specialised Services Committee (WHSSC)

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

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

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

Emergency Ambulance Services Committee (EASC)

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

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

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

During the last year, as part of our governance arrangements, these joint Committees as well as the **NHS Wales Shared Services Partnership** and the **National Informatics Board and NHS Wales Informatics Service** have periodically attended the Health Board meetings to discuss with the Board key issues, plans for the future and key risks.

1.4 Membership of the Health Board and its Committees:

In **Table One** below, the membership of the Board is outlined for 2016/2017 and the attendance at Board meetings for this period. It also highlights the membership of Health Board Committees and the areas of Health Board responsibilities that are championed by the members of the Board.

The Health Board keeps under review the membership of Board Committees to ensure changes are made regularly to refresh the membership of each committee and respond to circumstances when new members join the Board. This ensures that the Board maximises the skills and knowledge of the members of the Board by engaging them in the right committee to meet their background and areas of interest. It also supports succession planning for future roles on committees, particularly Chair and Vice Chair. A report of any proposed changes to the structure and membership of Health Board committees is approved by the Board at its meeting in May of each year. The Board also ensures that terms of reference for each committee are reviewed annually to ensure the work of committees clearly reflects any required governance requirements or changes to delegation arrangements or areas of responsibility from the Board. Committees also develop Annual Reports of their business and activities, which are also presented to the Health Board meeting in May.

Health Board Attendance at Public Board Meetings 2016/2017:

Key:

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

Table One

Name	Position	Board Committee Membership 2016/2017	Champion Roles	Attendance Record at Board 2016/2017
David Jenkins OBE	Chair	⊙ Chair ❁ ❖ Chair Attends all other committee meetings as an observer ◻ Chair		Attended 6 out of 6 meetings
Judith Paget	Chief Executive	⬟ ❁ Attends all committees on a periodic basis ◻		Attended 5 out of 6 meetings
Alan Brace (left organisation 9th September 2016)	Director of Finance/Deputy Chief Executive	● Lead Officer ⬟ Lead Officer ⊙ Lead Officer ❁		Attended 2 out of 2 meetings
Glyn Jones (began post 10th September 2016)	Interim Director of Finance	● Lead Officer ⬟ Lead Officer ⊙ Lead Officer ❁		Attended 4 out of 4 meetings
Dr Paul Buss	Medical Director /Deputy Chief Executive	◆ Lead Officer ❁ ◻ Lead Officer ■ Lead Officer		Attended 6 out of 6 meetings
Christopher Koehli	Independent Member (Finance)	● ◆ Chair ❁ Chair ◻	• Carers Champion • Primary Care Lead • Torfaen area lead	Attended 5 out of 6 meetings
Denise Llewellyn (left organisation on 23rd September 2016)	Director of Nursing	◆ Lead Officer ❁ Director of Nursing no longer required to attend Planning and Strategic Change Committee as of 25th May 2016		Attended 2 out of 2 meetings

Name	Position	Board Committee Membership 2016/2017	Champion Roles	Attendance Record at Board 2016/2017
Lin Slater (24th September – 31st December 2016)	Interim Nurse Director	◆ Lead Officer ✹		Attended 5 out of 5 meetings
Bronagh Scott – (Commenced post 1st January 2017)	Director of Nursing	◆ Lead Officer ✹		Attended 2 out of 2 meetings
Nick Wood	Chief Operating Officer	▲ Lead Officer ✹		Attended 5 out of 6 meetings
Cllr Brian Mawby	Independent Member (Local Authority)	● ⬟ ◎ ❖	• Veterans and Armed Forces champion • Facilities lead • Local Government lead • Structural Design lead	Attended 6 out of 6 meetings
Geraint Evans	Director of Workforce and OD	❖ Lead Officer ◎		Attended 5 out of 6 meetings
Dr Gill Richardson	Director of Public Health	▲ Lead Officer ✹		Attended 6 out of 6 meetings
Philip Robson	Vice Chair of the Board	◆ ▲ Chair ▢ Vice Chair ✹	• Safeguarding Champion • Children and Young People Lead • Blaenau Gwent Area Lead	Attended 6 out of 6 meetings
Alison Shakeshaft	Director of Therapies and Health Science	◆ Lead officer		Attended 6 out of 6 meetings
Nicola Prygodzicz	Director of Planning and Performance	■ Lead Officer ◎ Lead Officer ✹		Attended 6 out of 6 meetings
Joanne Smith	Independent Member (Community)	■ ▲ ✹	• Putting Things Right Champion • Newport area lead • Equalities Champion	Attended 3 out of 6 meetings
Katija Dew	Independent Member (Third/Voluntary Sector)	● Vice Chair ■ ▲	• Citizen Engagement Champion • Mental Health and Learning Disabilities Champion	Attended 6 out of 6 meetings
Professor Dianne Watkins (commenced 7th November 2016)	Independent Member (University)	◆ Vice Chair ▲ ✹		Attended 2 out of 3 meetings
Frances Taylor	Independent Member (Community)	◆ ⬟ ◎ ❖ ✹	• Patient Champion • Older People Champion	Attended 5 out of 6 meetings

Name	Position	Board Committee Membership 2016/2017	Champion Roles	Attendance Record at Board 2016/2017
Dr Janet Wademan	**Independent Member (ICT)**	● Chair ■ Chair ◆ ❖ ▢ Attends as Chair of the Audit Committee	• ABCi Champion	Attended 6 out of 6 meetings
Colin Powell	**Chair of the Health Professionals (Associate Independent Member)**	◆		Attended 3 out of 6 meetings
Lorraine Morgan	**Chair of the Stakeholder Reference Group (Associate Independent Member)**	◆ ▲		Attended 4 out of 6 meetings
Liz Majer (until 30th September 2016)	**Associate Independent Member – Directors of Social Services**	▲		Attended 3 out of 3 meetings
Claire Merchant (commenced 1st October 2016)	**Associate Independent Member – Directors of Social Services**	▲		Attended 2 out of 3 meetings
Richard Bevan	**Board Secretary**	Attends a range of committee meetings on a regular basis. Lead Officer for the Stakeholder Reference Group and Healthcare Professionals Forum. ⊙ ● Lead Officer ▢		Attended 6 out of 6 meetings
Please note that Executive members of the Board are lead officers for some committees, but can be required to attend all committees.				

Key:

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

The attendance of Board Members at the in-public Board meetings during the last year is shown above. However, members are involved in a range of other activities on behalf of the Board, such as Board Development Meetings (at least six a year), Board Briefings (four a year), meetings of Committees of the Board, service visits and a range of other internal and external meetings.

The Board also held an additional meeting of the Board in 2016/2017 on the 9th March 2017 to formally consider and approve the Health Board's IMTP for 2017-2020 for submission to Welsh Government, this meeting was organised on the basis of quorum only.

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

All of the meetings of Board Committees during 2016/17 were quorate.

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

Stakeholder Reference Group: The Group is made up of a range of partner organisations from across the Health Board area. The Group is chaired by an Associate Independent Member of the Board who is Lorraine Morgan, Carer Representative. The Group during the year has continued to advise the Health Board on a range of service issues and planning and development matters and acts as a 'critical friend' to the organisation with regard to its emerging plans.

Healthcare Professionals Forum: The Forum comprises representatives from a range of clinical and health professions within the Health Board and across primary care practitioners. The Forum is chaired by an Associate Independent Member of the Board who is Colin Powell, Hospital Pharmacist representative on the Forum. The Forum during the year has considered a range of professional and service issues and provided advice to the Board with regard to how to effectively engage with professionals across the organisation. The Forum also provides input to the National Joint Professional Advisory Committee (NJPAC) at Welsh Government and the Chair is automatically a member of the NJPAC.

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

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

The Health Board approved an Integrated Medium Term Plan for 2015-2018 and this was submitted to and approved by Welsh Ministers. The Health Board refreshed the IMTP on the 9th March 2017 and this was approved to run from 2016/2017 to 2018/2019.

In terms of progress against the IMTP, the Health Board has assessed that it has progressed well with the delivery of the IMTP recognising that continuing implementation work is required. Further information regarding this progress is provided in the Health Board's Performance Section of the Annual Report.

The Health Board met its revenue resource limit for the year and delivered a surplus of £49,000. In addition, the Board was measured for the first time in its statutory duty to breakeven over 3 years, which it also achieved with a cumulative surplus of £672,000. The Board met its in-year capital resource limit in addition to its three year duty to breakeven against its capital allocation.

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

1.7 Wales Audit Office Structured Assessment: The Wales Audit Office Structured Assessment Report for 2016 made the assessment that the Health Board's governance and planning approaches are positively shaping the direction and performance of the organisation, but finances and continuity of independent membership remain a risk. Key elements of the assessment, which the Health Board is continuing to respond to and progress, are outlined below:

- The Health Board continues to control budgets and monitor the delivery of savings plans effectively but the scale of the financial pressures may lead to an unsustainable financial position.

- Operational financial planning and budget setting arrangements are effective but longer-term financial plans do not yet demonstrate a sustainable position.

- In-year controls operate effectively and ensure appropriate financial stewardship.

- Financial reporting is sufficient to inform decisions where corrective action is required.

- The Health Board successfully managed its spend within the revenue resource limit, but it has been reliant on Welsh Government funding and its current financial position remains a risk.

- The Health Board's planning arrangements are positively shaping the organisation and its committees operate effectively but change to independent membership poses continuity risks and programme management arrangements need further development.

- The Health Board continues to strengthen strategic planning but it needs to further develop its change management capacity to ensure it achieves the benefits set out in its key strategic programmes and specialist critical care centre programme.

- The Board and committees operate effectively, but there are risks to the continuity of independent membership and board assurance framework arrangements need to better link to longer-term achievement of objectives.

- The Health Board is making reasonable progress to address the issues identified in last year's structured assessment.

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

The Health Board also has in place a tracking system for internal audit recommendations and the agreed management actions, which is regularly reported to the Health Board's Audit Committee. This has been further developed to also include the tracking of external audit recommendations.

The Health Board uses reports from Healthcare Inspectorate Wales, the Welsh Risk Pool and other inspectorates and regulatory bodies to inform the governance and assurance approaches established by the organisation.

1.8 Annual Quality Statement - The Health Board published its fourth Annual Quality Statement in 2016, which provided the organisation with an opportunity to outline for the public an assessment of what the Health Board has been doing to ensure our services are meeting local needs and are achieving the required standards of quality and safety. The fifth Annual Quality Statement will be produced in July 2017.

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

2. The purpose of the system of internal control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

Aneurin Bevan University Health Board has continued to develop and embed its approaches to risk management over the last year and has undertaken a full review and redevelopment of its approach to risk management. This has included the agreement of a new Risk Management Strategy and Policy in January 2017 and also a new reporting arrangement for the Board and its committees using a new style Risk Dashboard. A link to the Health Board's Risk Dashboard as at the 31st March 2017 is provided below:

http://www.wales.nhs.uk/sitesplus/documents/866/Corporate%20Risk%20Dashboard%2031%20March%202017.pdf

Further work is now underway to introduce this new risk approach across the Health Board and embed new assessment and reporting arrangements. This work will ensure risk systems continue to be streamlined and interconnected and that our understanding of risks actively informs the Health Board's key priorities and actions and our overall approach to risk governance.

The Health Board as part of the above developments and through active Board Member engagement has also agreed a risk appetite statement and clear risk tolerances. Further work is being undertaken to actively demonstrate how this risk appetite is being applied to the organisation's decision making and how it is used to support accountability and authority to act. The Health Board's consistency of approach on risk management will be supported through the use of standardised software across the organisation and also increased training and awareness raising work across the organisation.

The continuing development work undertaken on the Health Board's Risk Management Strategy and processes have been informed by using feedback from Internal Audit Reports and the Wales Audit Office Structured Assessment. Further work is being undertaken to continue to develop the Corporate Risk approaches to respond to the risks to the Health Board's delivery of the agreed Integrated Medium Term Plan and the assurances the Board will require to know that it is on track to deliver its stated objectives in the ways it intended and to the level of quality it expected.

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

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

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

As Chief Executive, I have overall responsibility for the management of risk for the Health Board. The Executive Lead for clinical risk management is the Director of Therapies and Health Science and has delegated responsibility for ensuring that arrangements are in place to effectively assess and manage clinical risks across the Health Board. The Board Secretary along with the Director of Therapies and Health Science work together to design systems and processes for risk management with the

Board Secretary having responsibility for maintaining and co-ordinating a corporate risk register and the corporate reporting of risks. The Health Board and its committees identify and monitor risks within the organisation. Specifically, the Executive Team meetings present an opportunity for the executive function to consider and address risk and actively engage with and report to the Board and its committees on the organisation's risk profile.

The Health Board is also committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage escalate and report risks and further work continues to embed good risk management throughout the organisation but it is recognised that further work is required to extend the scope of risk management training across the organisation. The Health Board has established a network of risk leads across the divisions and departments of the Health Board and has recently undertaken an assessment of risk management training needs to further inform a programme of training and development for 2017/2018.

This work throughout the Health Board is being informed by best practice examples through advice from the Health Board's Internal Auditors and the Wales Audit Office and also the engagement of external advice.

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

There were 37 risks on the Health Board's Corporate Risk Register at the end of March 2017.

Category of Risk	**Number of Risks at March 2017**
Strategic Risks	10
Financial Risks	3
Operational/Business Risks	13
Compliance Risks	8
Public Health Risk	3

The profile of corporate level risks as at 31st March 2017 in terms of their assessed levels is outlined in the risk map below.

Consequence Score	Likelihood Score				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 - Catastrophic		• 1	• 7	• 10	• 1
4 - Major	• 2	• 1	• 7	• 8	
3 - Moderate					
2 - Minor					
1 - Negligible					

Below is provided an overview of the key risks of the organisation, as at the 31st March 2017:

- **Operational / Business Risk** - Failure to meet the expectations of the population in relation to patient experience and dignity of care – monitoring of quality measures in relation to this risk are in place via the Quality and Patient Safety Committee.

- **Strategic Risk** - Inability to recruit to junior and middle grade doctors within the Mental Health and Learning Disabilities Division which means a reduced medical workforce to ensure cover across all sites – A redesign of the current service options are currently being explored alongside additional work on medical workforce to mitigate this risk

- **Operational / Business Risk** - Failure to implement adequate falls prevention on inpatient wards – training is being undertaken, alongside the revision of the 'Prevention and Management of Inpatient Falls policy' and business case development to respond to this risk.

- **Operational / Business Risk** - Failure to meet the needs of local people in relation to emergency care provision including WAST provision – Improvement plans developed through the Urgent Care Board and approved by the Executive Team, with ongoing monitoring provided on a weekly basis at meetings with the Health Board Divisions.

- **Strategic Risk** - Failure to meet Welsh Government wait targets of 4 and 12 hours – Improvement plans are in place and an Urgent Care Collaborative was launched in December 2016. Instances where patients wait longer than the target times are escalated to the Chief Operating Officer and monitored via the Urgent Care Programme Board.

- **Strategic Risk** - Unsustainable model of care in Primary Care Services - a range of policies and procedures are in place and, in some instances, the Health Board directly manages some practices to mitigate this risk.

- **Strategic Risk** - Failure to implement Welsh Community Care Information System (WCCIS) – Programme Board and Regional Group established with active Board engagement.

- **Operational/Business Risk** - Detrimental impact on patient care, if required levels of registered nurses are not maintained – rosters developed and active recruitment programme.

- **Strategic Risk** - Failure to provide sustainable services due to requirements of the Deanery – service plans developed to mitigate required rota and engagement taking place with Welsh Government.

- **Strategic Risk** - Failure to recruit appropriately skilled staff to deliver high quality care – workforce implementation plans are included in the IMTP. Recruitment and Retention plans are in place.

- **Strategic Risk** - Failure to appropriately recruit levels of medical staffing in Primary and Secondary Care Services – plans are in place to maximise recruitment in all identified areas to minimise risk.

The Health Board during the year has also had an assessed significant financial risk with regard to financially breaking even and meeting its statutory financial duties, but this risk was effectively mitigated during the year. Also, the Health Board had on its corporate risk register during the year an assessed significant risk with regard to non-approval of the plans for the Specialist and Critical Care Centre (SCCC). However, this risk was successfully mitigated following the approval of the Final Business Care for the SCCC by Welsh Government in October 2016.

3.1 The risk and control framework

The Health Board's approach to risk management provides a framework and structured process for the identification and management of risk across the organisation to better inform decision making. The Health Board's systems and processes allow for the Board and staff to implement necessary actions to respond to risks at all organisational levels. They also facilitate the reporting of risks throughout the organisation, escalating to senior levels of management, where required, and to the Health Board and its Committees via the Executive Team, or vice versa, to further inform corporate decisions.

The Health Board recognises that through these processes it is not possible to eliminate or avoid all risks and that in some instances the Board, the wider organisation and with our partners we might have to take informed risks to further our stated aims and objectives. However, as risks are recognised and identified, actions to understand and respond to these risks are undertaken and implemented. If after all necessary steps have been taken and the risk remains, the Health Board may decide to accept the risk and continue to actively manage it.

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

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

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

3.2 UK Corporate Governance Code: Aneurin Bevan Health Board has also undertaken an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Health Board's governance, assurance and effectiveness self-assessment undertaken by the Board in April 2017.The Health Board is satisfied that it is complying with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line

with the Code. The Health Board has not identified any departures from the Code through the year. However, the Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Health Board's wider Annual Report.

3.3 Ministerial Directions 2016/2017 and Welsh Health Circulars: A list of Welsh Government Ministerial Directions issued in 2016/17 is available at the following Welsh Government website:

http://gov.wales/legislation/subordinate/nonsi/nhswales/2016/?lang=en

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

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

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

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

3.4 Information Governance: The Health Board has a range of responsibilities in relation to the appropriate use and access to the information that it holds including confidential patient information. This is guided by legislation and the Caldicott principles. The Medical Director is the Health Board's Caldicott Guardian and the Director of Planning and Performance is the Senior Information Risk Owner (SIRO).

The Health Board has a committee structure in place that provides the Board with assurance that it meets its obligations under law and its strategic objectives, including working with its partners. The Information Governance Committee (IGC) provides assurance and advice to the Board to assist it in discharging its functions and meeting its responsibilities with regard to the Health Board's arrangements for creating, collecting, storing, safeguarding, disseminating, disclosing, sharing, using and disposing of information in accordance with its stated objectives, legislative responsibilities and any relevant requirements and standards determined

for the NHS in Wales. The IGC receives key performance information in order to assess the Health Board's compliance with standards and legislative requirements.

During 2016/17, the Health Board received 4,369 Data Protection Act Subject Access Requests (SARs). The largest proportion of requests received continues to be made by solicitors and legal services at 68%. The Health Board communicates with all requestors, especially if the request is complex and the 40 day target is unlikely to be met, so that the requestor's expectations are managed appropriately. The compliance rate as at March 2017 was 94%.

The Health Board recorded 712 incidents regarded as an Information Governance incident. There were several complaints made regarding allegations of potential breaches of confidentiality, the integrity of data, and non-compliance with the Data Protection Act (Subject Access Requests). There were 19 complaints made to the Information Governance Unit, either directly or through a third party (including the Information Commissioners Office) regarding allegations of a breach of the Data Protection Act. These cases were investigated appropriately and the Health Board was seen to act reasonably in response. The Health Board responded positively to the third party data (Landauer) breach regarding staff personal identifiable information. It was successful in delivering a programme of informing, advising and assisting affected staff within 6 weeks of being informed about the breach in February 2017. This was a concerning period for staff and will continue to be so for some time and the Information Governance Unit will continue to be available to help.

The Health Board has undertaken a self-assessment of its position regarding recommendations with the Caldicott Report, to inform the Caldicott Principles into Practice (C-PIP) Out-Turn Report. The C-PIP score for 2016/17 was 89% showing a consistent achievement for the past three years and an increase from 69% since the C-PIP inception in 2011. The Health Board uses the NHS Wales risk assessment process to determine the level of Information Governance risks and these are monitored by the IGC.

Policies review continues to be a key component of the Information Governance framework providing patients with the assurance that staff are working within a competent and pragmatic set of rules. The Health Board continues to be collaborative in its approach to ensure consistency of policy content and context across all NHS Wales organisations.

The percentage of staff who had received mandatory Information Governance training stands at approximately 89% of the total workforce of over 12,500 staff as at the end of March 2017.

The development of Information Governance Stewards continues to be a key strategic tool to embed Information Governance within the Divisions. The number of Information Governance Stewards has increased to approximately 280 across the organisation.

The sharing of information is core to the development and implementation of new strategies around joint working between health and well-being services (social care or third sector organisations). The South-East Wales Information Sharing Partnership enables the health, social care, police and fire and rescue service partners to review and discuss information sharing and assure the local Information Sharing Protocols (ISP). This group has assured seven ISP's this year.

3.5 Data Quality: The Health Board is committed to ensuring the best standards of data quality to inform decision making and assessment of performance to improve services for patients. There are systems and audit processes in place to continually focus on improving data quality by regular checks on validity, consistency, time lines and accuracy both locally and in partnership with NHS Wales Informatics Service. A range of improvement actions are in place to ensure that the Board received the highest quality of the data to ensure it can make its assessments of governance and assurance. The audit undertaken at Scheduled Care has improved the internal referral process.

Preparations for the General Data Protection Regulation are underway and 2016/17 saw a data gathering exercise about the regulation and participation in the various consultation exercises. The Health Board has prepared information to assist with our gap analysis and various requirements of the Regulation. This will inform our detailed preparations during 2017/18.

4. Review of effectiveness

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

As Accountable Officer I have overall responsibility for risk management and report to the Board regarding the effectiveness of risk management across the Health Board. My advice to the Board is informed by reports on internal controls received from all its committees and in particular the Audit Committee and Quality and Patient Safety Committee. The Quality and Patient Safety Committee also provides assurance relating to issues of clinical governance, patient safety and health standards. In addition,

reports submitted to the Board by the Executive Team identify risk issues for consideration.

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

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

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

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

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

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

Internal Auditors undertook a review of the implementation of Health and Care Standards in the organisation and this received an assessment of 'reasonable' assurance.

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

Details and key themes from the Board's self-assessment are reflected below. This includes an assessment against a series of 'Must Do's' identified by the Board in last year's Governance Statement and also key areas of focus for the coming year to guide our continued improvement linked to our IMTP.

Below an update is provided against the key areas of improvement action identified for 2016/2017 as Health Board 'Must-Do's':

Health Board 'Must-Do's 2016/2017	Assessment of Progress
Eradicate the utilisation of staff from non-contract agencies from 1 April 2016.	Completed - The Health Board agreed not to use off contract agency from 1st April 2016. This position was maintained throughout 2016/2017.
Develop a comprehensive Unscheduled Care Plan, which encompasses all parts of the system including GP Out of Hours and Delayed Transfers of Care (DToCs), resulting in improved performance in the 4 and 12 hour targets.	GP Out of Hours performance has improved. Performance compliance improved from February to March with 90% of all urgent calls returned within 20 minutes and 73% of routine calls returned within 60 minutes. DToCs have improved during the last year. The number of reported DToCs in non-mental health beds reduced in March 2017 to 60. This position represents a significant improvement compared with the same time last year where 85 patients were reported. Also, there has been improved performance during the last year against the 4 and 12 hours targets for Accident and Emergency Departments. The 4 hour waits in March 2017 were 79% compared to 76.8% in March 2016. The 12 hour numbers were 573 in March 2017 compared to 743 at the end of March 2016.

Health Board 'Must-Do's 2016/2017	Assessment of Progress
Develop a more robust and innovative Recruitment and Retention Plan for key clinical staff groups.	The Health Board has undertaken additional work on recruitment and retention of all staff groups. There have been active recruitment campaigns, including recruitment overseas. However, the overseas recruitment campaign in 2016 resulted in limited results due to a number of external factors around International English Learning Test System (IELTS). The strategy to recruit overseas staff is now under review. There has been a focus on workforce planning for future requirements through encouraging college and school pupils to consider careers in the NHS. The Health Board continues to ensure that recruitment and retention is a key priority. There is a drive to continue to increase the number of work experience placements and apprenticeships. Work has been undertaken on a Medical Resourcing Strategy to address current and future medical workforce requirements. We are also participating in national work which is reviewing medical locum and agency rates and clinicians doing non clinical work. The Health Board is also supporting and participating in the all Wales recruitment Campaign – Train – Work - Live.
Develop and deliver sustainable plans to improve and deliver Referral to Treatment Time (RTT) and diagnostic targets over the next three years.	Significant improvement in RTT waiting times has been delivered in 2016/17, with progress also made in diagnostic access. The 2017/18 – 2019/20 IMTP describes how further improvements will be delivered over the next three years. Further information on this performance is provided in the Health Board's Annual Report.
Develop at pace the Outpatient Transformation Project, developing new	The Out-patient programme is starting to gain momentum with the main focus starting in ENT (Ear, Nose and Throat) as the pilot service specialty. The teams have

Health Board 'Must-Do's 2016/2017	Assessment of Progress
models of care across a range of specialties.	attended a pre-learning day followed by an additional learning set earlier in the year and a more recent event in May to take this forward. The learning from ENT will be an opportunity to spread the improvements to the wider Out-patients specialties across the Health Board. We are planning to spread the ENT work to all of the Out-patients specialties from September 2017 with a view to building the collaborative around the model for improvement IHI (Institute for Healthcare Improvement) methodology.
Develop a more robust approach to improve productivity and efficiency to support financial delivery.	An Efficiency Framework has been developed as part of IMTP, to identify efficiency opportunities and deliver savings requirements. Cross cutting themes have been established, with Executive Director leads, to reinforce the required delivery.
Implement a new Performance Management Framework by the end of Quarter 1.	An integrated performance management framework was delivered in 2016/17 together with an integrated performance report and this has been reflected in the reports to the Health Board Meetings during 2016/2017. Further information on this performance is provided in the Health Board's Annual Report.
Revised resource allocation framework used to redirect resources and confirmed in budget setting process for 2016-17; strategy and framework for Investment decisions designed and implemented.	IMTP and 2017/18 budget setting has identified resource allocation priorities, including applying differential efficiencies based on benchmarking intelligence available to the Health Board. A process for appraising investment proposals has been strengthened with the inclusion of a Pre-Investment Panel (PIP) within the organisation's processes.
Develop organisational development and culture to be a real learning organisation.	An external Peer Review of the Organisational Development (OD) Strategy has identified the need to refocus and invest our capacity to ensure we are equipped to deliver the OD agenda and are prepared for the cultural change needed for SCCC, which will be in line with

Health Board 'Must-Do's 2016/2017	Assessment of Progress
	the 'Clinical Futures' and 'Care Closer to Home' service models. The Board has approved new Personal Appraisal Development Review (PADR) approach which provides more of a focus on regular conversations within teams. The results of the recent NHS Wales Staff Survey and Medical Engagement Scale, will see a range of activities to address the feedback and the Health Board has made a commitment to actively respond to the results of the surveys. Successful reaccreditation of University status reflects the growing maturity of the Health Board in relation to its facilitation of learning and research development. The Board places a consistent emphasis on learning from patient experience as evidenced by the regular patient stories shared with the Board and the emphasis placed on learning from concerns at the Quality and Patient Safety Committee. We have also created a public sector collaborative which has seen a range of collective learning opportunities being put in place. We are spreading/sharing expertise and seeking to address obligations associated with Wellbeing and Future Generations Act.
Develop the Prevention Agenda at pace to support greater system change.	The Health Board continues to strengthen its focus on health prevention each year and set out clear milestones for delivery across key public health priorities in our IMTP. Prioritised investment areas included the award winning Living Well, Living Longer Programme, smoking cessation, Adult and Child Weight Management Service, Immunisation, Making Every Contact Count and the Bowel Cancer Screening Service.

Health Board 'Must-Do's 2016/2017	Assessment of Progress
New wider ranging and innovative Primary Care Strategy agreed by end Quarter 2 and implementation commenced, including the Closer to Home project.	The Health Board has continued to focus on primary care in line with the National Delivery Plans and the Intermediate Care Fund. NCNs are continuing to mature and are becoming increasingly involved in the planning and delivery of the overall care closer to home agenda and specifically the utilisation and evaluation of primary care funding.
Develop the Value agenda to improve focus on patient outcomes and patient experience and development of the International Consortium for Health Outcome Measures (ICHOM) partnership.	The Health Board is leading work across Wales on the Value Based agenda including developing IT platforms for outcome collection and new ways of evaluating our clinical costs. We are co-ordinating the national approach to this in collaboration with ICHOM with work concentrated on lung cancer as well as co-ordinating Patient Reported Outcome Measures (PROMS) and Patient Reported Experience Measures (PREMS) measures in a number of disciplines.
Strengthen joint partnership working and citizen engagement.	The Health Board has a range of well-established and embedded partnership mechanisms. We are actively working with a range of partners locally and across South Wales to take forward our objectives and key programmes of work. This is increasingly within the context of the Social Services and Well Being Act and Well Being of Future Generations Act. Our citizen engagement programme continues to develop.

4.3 Health Board Review of Effectiveness:

The Health Board has also undertaken a collective assessment of its progress and effectiveness during the last year. The Board's self-assessment process was undertaken by the full Board and was observed independently for internal assurance purposes by the organisation's Head of Internal Audit. From the self-assessment processes the Health Board has identified that although generally good progress has been made there are some areas of the Health Board's functions and priorities which will require a further focus in 2017/2018.

The Board reemphasised the Health Board's commitment to providing safe and high quality services and the best possible delivery of local and national targets within available resources as described in the organisation's Integrated Medium Term Plan (IMTP). It was recognised that the Health Board sought to deliver improvement, manage significant pressures and enhance clinical services within the context of the Health Board's Clinical Futures Programme.

The Board assessed that throughout 2016/17, there had been a collective Board and organisation-wide focus in ensuring that the positive values developed over recent years were sustained and further developed. The Board also reaffirmed its continuing commitment to effective leadership based on public sector values, openness and transparency, candour with patients and staff, and effective engagement in the planning and delivery of services.

The Board recognised that with the introduction of the Well Being of Future Generations Act, the Health Board had continued to pursue these values through partnership and engagement, supported by robust governance and assurance processes, which it was further developing with partners.

It was also assessed that there was a strong focus on improvement and developing mitigation plans to reduce risk across the organisation. It was considered that this approach was evidenced through a continued strong focus on:

- Effective Public Health.
- Enhanced Primary and Community Care services and support.
- Accessible and sustainable Mental Health and Learning Disability services.
- Improving performance in delivering safe and high quality services.
- The drive to deliver services closer to home.
- Development of new relationships focusing on outcomes and value.
- The transition to the opening of the Specialist Critical Care Centre and enhanced regional planning.

The Health Board considered that it had demonstrated continuing good relationships with staff and their representatives, the effective joint working with the Community Health Council, and that the partnership, communication and engagement work taking place between the Health Board, Local Authorities and other partners and in the wider community supported this assessment. Also, the recent NHS Wales Staff Survey was seen as a clear demonstration of improvement across a range of measures, with the Health Board staff providing feedback consistently above the All Wales mean.

It was recognised by the Board that the IMTP was developed following extensive engagement and has continued to use the Service Change Plan framework to deliver change across the organisation, from prevention to primary care through to secondary and tertiary care. It was considered that progress been made in 2016/17, notably in relation to improving the quality of care, improving access and managing its resources.

However, the Health Board recognised that there continue to be significant challenges and risks going forward and that these had been reflected in its 2017/18 – 2019/20 Integrated Medium Term Plan, which is currently being considered by Welsh Government.

In additional to these as part of its effectiveness review the Board outlined a number of key actions and areas for improvement. These areas are outlined below:

- Board members acknowledged that there was a significant change programme required by the Health Board as it moves forward with the implementation of its Clinical Futures Programme and the construction of the Specialist and Critical Care Centre and that a Programme Management approach was required allied with sufficient programme management capacity to support implementation.

- Board Members also recognised that these developments would require continued cultural change and further organisational development. Therefore, it would be important to continue to build the trust and confidence of staff in this direction of travel and to be clear regarding what the organisation is seeking to achieve and how it would go about it. Therefore, further work on refining and embedding the Health Board's Organisation Development Framework would be important.

- Therefore, the Health Board's Organisational Development Strategy would need to be further strengthened and appropriately resourced to support the required change programme.

- Whilst it was recognised that there has been excellent progress in developing the Health Board's Citizen Engagement framework during 2016/2017 and clear examples of engagement in specific service changes, it was considered that further work was needed to consolidate and embed this work in our planning and delivery processes during 2017/18.

- The Health Board acknowledged that there had been significant turnover in Independent members during 2016/17 and further changes would continue into 2017/18. Therefore, the Board emphasised the need to have effective knowledge transfer arrangements and effective

local and national induction and development/training arrangements to respond to this ongoing risk.

- It was recognised that a significant amount of work has been undertaken in relation to the Health Board's corporate risk management processes over the past 12 months, however, a key action for 20017/18 would the further development and embedding of the Health Board's agreed risk appetite with clear evidence of this informing planning and decision making. Also, further work would be required on mapping required assurance and sources of assurance as part of a developing assurance framework approach.

4.4 Additional Assurance Disclosures:

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

Control measures are also in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with and the Health Board is implementing an Equality and Human Rights Strategy approved by the Board. The Health Board has an agreed series of Equality Objectives for the organisation.

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

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

Further to the National Health Service Finance (Wales) Act 2014 becoming law in Wales from 27th January 2014, new duties with regard to operational planning were placed upon the Local Health Boards. The legislative changes are effected to section 175 of the NHS Wales Act 2006. The Health Board therefore approved an Integrated Medium Term Plan for 2017/2020 at a meeting in March 2017 for submission to Welsh Government.

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

5. Head of Internal Audit Opinion

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

5.1 The Head of Internal Audit has concluded:

'In my opinion the Board can take Reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Several significant matters require management attention with low to moderate impact on residual risk exposure until resolved.'

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

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

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

In particular, based on the internal audit work performed, he can provide substantial assurance with regard to the Information governance and security domain.

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

- Clinical governance quality and safety

Management are aware of the specific issues identified and have agreed action plans to improve control in these areas.

Progress has been made by the Health Board during the year, notably in the responsiveness to recommendations and in certain areas, such as Bank Office, significant work has been undertaken to address internal audit recommendations. However, there remain areas such as 'Putting Things Right' and the Arjohuntleigh Contract that require continued focus to make the improvements required as a result of internal audit work and this has been an area of focus for the Audit Committee and Internal Audit.

Limited assurance reports for Clinical Audit, 'Putting Things Right' and the Hootvox system have led to the Clinical Governance, Quality and Safety domain being rated with limited assurance overall and a number of high priority recommendations will need to be taken forward by management.

The response by management to these limited assurance reports and also the limited assurance report in respect of Private Patients/Overseas Patients and Capital Projects (Cardiac Cath Lab) has been positive and the value from internal audit identifying meaningful recommendations where improvements are required continues to be recognised. In these areas there is a need for the Health Board to take stock and review its processes in order to ensure that risks are being identified and managed effectively and that resources are being applied effectively.

Substantial assurance reports for three audits in the Information Governance and security domain have led to this domain being rated with substantial assurance overall. The Health Board's established corporate governance, financial governance and management and strategic planning arrangements continue to receive positive internal audit reports.

6. Conclusion

This Governance Statement indicates that the Health Board has continued to make progress and mature during 2016/2017 and that we are further developing and embedding good governance and appropriate controls throughout the organisation. This has been evidenced by good progress against the Health Board's 'must do's' and an increased number of Internal Audits that have resulted in 'substantial' or 'reasonable' audit assessments when compared with 2015/16.

However, the Health Board is also aware, that there have been a number of areas of the business of our organisation and our performance during the last year that have received assessments of 'limited' assurance from Internal Audit as mentioned in the assessment by the Head of Internal Audit. There are also a number of suggested areas of improvement from Wales Audit Office through the Structured Assessment, which require continuing management action to respond to the impact of potential risk, and these have been outlined above.

In each instance, management action is being taken forward to respond and progress is evident and monitored by the Health Board's Committees, particularly the Audit Committee, Quality and Patient Safety Committee and the Board. The Health Board will continue to progress and improve these arrangements as we further develop as an organisation.

The organisation will continue to take forward these improvements and in so doing continue to undertake our business openly and provide information publically on our performance. Information about our services will be published to provide assurance to our citizens and stakeholders that the services we provide are efficient, effective and of a high quality. Also, that they are designed to meet the needs and expectations of patients and citizens and the wider communities we serve.

…….

Judith Paget

Chief Executive Date: 31 May 2017

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 Aneurin Bevan University Local Health Board for the year ended 31 March 2017 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 6 to 7 of the Accountability Report, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of financial statements

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

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

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Aneurin Bevan University Local Health Board as at 31 March 2017 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers; and
- the information contained in the Foreword and Accountability Report is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
7 June 2017

24 Cathedral Road
Cardiff
CF11 9LJ

ANEURIN BEVAN 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 Gwent Healthcare NHS Trust and the following Local Health Boards.

Blaenau Gwent Local Health Board
Caerphilly Local Health Board
Monmouthshire Local Health Board
Newport Local Health Board
Torfaen Local Health Board

Performance Management and Financial Results

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

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

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
Expenditure on Primary Healthcare Services	3.1	**253,163**	260,628
Expenditure on healthcare from other providers	3.2	**324,394**	293,807
Expenditure on Hospital and Community Health Services	3.3	**658,945**	615,132
		1,236,502	1,169,567
Less: Miscellaneous Income	4	**93,298**	82,618
LHB net operating costs before interest and other gains and losses		**1,143,204**	1,086,949
Investment Income	8	**22**	23
Other (Gains) / Losses	9	**(164)**	(136)
Finance costs	10	**823**	942
Net operating costs for the financial year		**1,143,841**	1,087,732

See note 2 on page 21 for details of performance against Revenue and Capital allocations.

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

Other Comprehensive Net Expenditure

	2016-17 £'000	2015-16 £'000
Net gain / (loss) on revaluation of property, plant and equipment	**2,895**	10,894
Net gain / (loss) on revaluation of intangibles	**0**	0
Net gain / (loss) on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**2,895**	10,894
Total comprehensive net expenditure for the year	**1,140,946**	1,076,838

Statement of Financial Position as at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Property, plant and equipment	11	**479,410**	469,077
Intangible assets	12	**2,456**	1,390
Trade and other receivables	15	**33,500**	27,126
Other financial assets	22	**724**	755
Total non-current assets		**516,090**	498,348
Current assets			
Inventories	14	**7,002**	6,380
Trade and other receivables	15	**63,011**	55,127
Other financial assets	22	**31**	30
Cash and cash equivalents	21	**3,783**	2,295
		73,827	63,832
Non-current assets classified as "Held for Sale"	11	**0**	0
Total current assets		**73,827**	63,832
Total assets		**589,917**	562,180
Current liabilities			
Trade and other payables	16	**130,354**	120,147
Other financial liabilities	23	**0**	0
Provisions	17	**30,143**	30,315
Total current liabilities		**160,497**	150,462
Net current assets/ (liabilities)		**(86,670)**	(86,630)
Non-current liabilities			
Trade and other payables	16	**6,773**	7,462
Other financial liabilities	23	**0**	0
Provisions	17	**43,655**	34,635
Total non-current liabilities		**50,428**	42,097
Total assets employed		**378,992**	369,621
Financed by :			
Taxpayers' equity			
General Fund		**273,293**	264,437
Revaluation reserve		**105,699**	105,184
Total taxpayers' equity		**378,992**	369,621

The financial statements on pages 2 to 7 were approved by the Board on 31st May 2017 and signed on its behalf by:

Judith Paget, Chief Executive…….. Date: 31 May 2017

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

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2016-17			
Balance at 1 April 2016	264,437	105,184	**369,621**
Net operating cost for the year	(1,143,841)		**(1,143,841)**
Net gain/(loss) on revaluation of property, plant and equipment	0	2,895	**2,895**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	2,380	(2,380)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2016-17	(1,141,461)	515	**(1,140,946)**
Net Welsh Government funding	1,150,317		**1,150,317**
Balance at 31 March 2017	273,293	105,699	**378,992**

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

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2016

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2015-16			
Balance at 1 April 2015	276,893	94,661	**371,554**
Net operating cost for the year	(1,087,732)		**(1,087,732)**
Net gain/(loss) on revaluation of property, plant and equipment	0	10,893	**10,893**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	370	(370)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2015-16	(1,087,362)	10,523	**(1,076,839)**
Net Welsh Government funding	1,074,906		**1,074,906**
Balance at 31 March 2016	264,437	105,184	**369,621**

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

Statement of Cash flows for year ended 31 March 2017

		2016-17	2015-16
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost for the financial year		**(1,143,841)**	(1,087,732)
Movements in Working Capital	30	**(11,336)**	23,566
Other cash flow adjustments	31	**48,268**	19,760
Provisions utilised	17	**(14,338)**	(11,761)
Net cash outflow from operating activities		**(1,121,247)**	(1,056,167)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(25,595)**	(19,348)
Proceeds from disposal of property, plant and equipment		**176**	246
Purchase of intangible assets		**(1,535)**	(235)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(26,954)**	(19,337)
Net cash inflow/(outflow) before financing		**(1,148,201)**	(1,075,504)
Cash flows from financing activities			
Welsh Government funding (including capital)		**1,150,317**	1,074,906
Capital receipts surrendered		**0**	0
Capital grants received		**0**	0
Capital element of payments in respect of finance leases and on-SoFP		**(628)**	(572)
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,149,689**	1,074,334
Net increase/(decrease) in cash and cash equivalents		**1,488**	(1,170)
Cash and cash equivalents (and bank overdrafts) at 1 April 2016		**2,295**	3,465
Cash and cash equivalents (and bank overdrafts) at 31 March 2017		**3,783**	2,295

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

Notes to the Accounts

1. Accounting policies

The accounts have been prepared in accordance with the 2016-17 Local Health Board Manual for Accounts and 2016-17 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

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

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

Only non-NHS income may be deferred.

1.4 Employee benefits

Short-term employee benefits

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

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. The LHB have implemented a policy whereby employees are not permitted to carry forward leave other than leave that has been accrued as a result of an employee's entitlement to maternity or sick leave.

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

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

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

NEST Pension Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.7 Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.12 Inventories
Inventories are valued as the lower of cost and net realisable value using the weighted average cost formula for hospital pharmacy and works and estates inventories. Other inventories are valued annually using first in first out basis. This is considered to be a reasonable approximation to fair value.

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

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

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

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

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

1.14.1 Clinical negligence and personal injury costs
The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2016-17. The WRP is hosted by Velindre NHS Trust.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.19 Third party assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 25 to the accounts.

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

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

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

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

1.21 Pooled budget
The LHB has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in Note 28.

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

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

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

The property in which the unit is housed has been provided by a Private Finance Partner; the contract with the PFI partner is for 30 years and is categorised as an on balance sheet PFI scheme with the HB recognising **71%** of the property - see Note 28 of these accounts for further details.

The five Local Authorities in Gwent - Gwent Wide Integrated Community Equipment Service
Funds are pooled for the provision of an efficient and effective GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partner localities. The pool is hosted by Torfaen County Borough Council. The Health Board makes a financial contribution to the scheme but does not account for the schemes expenditure or assets/liabilities generated by this expenditure.

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

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

The five Local Authorities in Gwent - Gwent Frailty Programme
Funds are pooled for the purpose of establishing a consistent service across Gwent. The pool is hosted by Caerphilly County Borough Council , as lead commissioner. The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Caerphilly County Borough Council, are accounted for as expenditure within these accounts. Additional information is provided in Note 28.

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

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

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

The Health Board has provided for some £63m (£57m 2015/16) within note 17 in respect of potential clinical negligence and personal injury claims and associated defence fees. These provisions have been arrived at on the advice of NHS Wales Shared Services Partnership - Legal & Risk Services. Given the nature of such claims this figure could be subject to significant change in future periods. However, the potential financial effect of such uncertainty is mitigated by the fact that the LHB's ultimate liability in respect of individual cases is capped at £0.025m, with amounts above this excess level being reimbursed by the Welsh Risk Pool.

The Health Board has estimated a liability of £5m (£2.4m 2015/16) in respect of retrospective claims for Continuing Health Care funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing health care and the actual costs incurred by individuals in care homes. The provision is based on information made available to the Health Board at the time of these accounts and could be subject to significant change as outcomes are determined. Aneurin Bevan University Local Health Board has reviewed its portfolio of outstanding claims for continuing healthcare and made an assessment of likely financial liability based on an estimated success factor, eligibility factor and expected weekly average costs of claims. The assumptions have been derived by reviewing a sample of claims.

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

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

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

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

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

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

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

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

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

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

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

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

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

Other assets contributed by the LHB to the operator
Assets contributed (e.g. cash payments, surplus property) by the LHB to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the

asset is made available to the LHB, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

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

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

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

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

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

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

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

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

The Local Health Board completed the registration process in 2013/14 to become a member of the Carbon Reduction Commitment Scheme in 2014/15. The Health Board qualified for phase 2 of the CRC scheme from 2014/15 which requires purchasing of allowances annually from 2015/16 onwards.

1.27 Absorption accounting
Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.
Where transfer of function is between LHBs the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

1.28 Accounting standards that have been issued but not yet been adopted
The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM
IFRS 9 Financial Instruments
IFRS14 Regulatory Deferral Accounts
IFRS15 Revenue from contracts with customers
IFRS 16 Leases
The Treasury FReM does not require the following Standards and Interpretations to be applied in 2016-17. The application of the Standards as revised would not have a material impact on the accounts for 2016-17, were they applied in that year:
IPSAS 32 - Service Concession Arrangement - subject to consultation
IFRS 15 - Revenue Recognition

1.29 Accounting standards issued that have been adopted early
During 2016-17 there have been no accounting standards that have been adopted early.
All early adoption of accounting standards will be led by HM Treasury.

1.30 Charities
Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as the LHB is the corporate trustee of the linked NHS Charity (Aneurin Bevan University Local Health Board), it is considered for accounting standards compliance to have control of Aneurin Bevan University Local Health Board Charity as a subsidiary and therefore is required to consolidate the results off Aneurin Bevan University Local Health Board Charity within the statutory accounts of the LHB. The determination of control is an accounting standards test of control and there has been no change to the operation of Aneurin Bevan University Local Health Board Charity or its independence in its management of charitable funds.

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

2. Financial Duties Performance

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

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

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

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2016-17.

2.1 Revenue Resource Performance

Annual financial performance

	2014-15	2015-16	2016-17	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	1,036,070	1,087,732	**1,143,841**	**3,267,643**
Less general ophthalmic services expenditure and other non-cash limited expendit	(7,543)	(7,394)	**(1,525)**	**(16,462)**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	**0**	**0**
Total operating expenses	1,028,527	1,080,338	**1,142,316**	**3,251,181**
Revenue Resource Allocation	1,028,936	1,080,552	**1,142,365**	**3,251,853**
Under /(over) spend against Allocation	409	214	49	**672**

Aneurin Bevan University Local Health Board has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2014-15 to 2016-17.

2.2 Capital Resource Performance

	2014-15	2015-16	2016-17	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	27,954	14,315	**34,097**	**76,366**
Add: Losses on disposal of donated assets	1	2	**5**	**8**
Less NBV of property, plant and equipment and intangible assets disposed	(100)	(110)	**(12)**	**(222)**
Less capital grants received	(7)	0	**0**	**(7)**
Less donations received	(391)	(228)	**(335)**	**(954)**
Charge against Capital Resource Allocation	27,457	13,979	**33,755**	**75,191**
Capital Resource Allocation	27,472	14,068	**33,797**	**75,337**
(Over) / Underspend against Capital Resource Allocation	15	89	**42**	**146**

Aneurin Bevan University Local Health Board has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2014-15 to 2016-17.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2015-16 to 2017-18 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2016-17 to 2018-19 in accordance with NHS Wales Planning Framework.

	2016-17 to 2018-19
The Cabinet Secretary for Health and Social Services approval status	Approved

The LHB has therefore met its statutory duty to have an approved Integrated Medium Term Plan for the period 2016-17 to 2018-19

The LHB Integrated Medium Term Plan was not approved in 2014-15

The LHB Integrated Medium Term Plan was approved in 2015-16

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2016-17 Total	2015-16
	£'000	£'000	£'000	£'000
General Medical Services	84,072		**84,072**	86,879
Pharmaceutical Services	29,087	(5,197)	**23,890**	29,499
General Dental Services	34,845		**34,845**	34,238
General Ophthalmic Services	1,679	6,722	**8,401**	6,629
Other Primary Health Care expenditure	2,531		**2,531**	2,396
Prescribed drugs and appliances	99,424		**99,424**	100,987
Total	**251,638**	**1,525**	**253,163**	260,628

3.2 Expenditure on healthcare from other providers

	2016-17	2015-16
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**54,639**	50,510
Goods and services from other NHS Wales Trusts	**22,873**	20,167
Goods and services from other non Welsh NHS bodies	**8,024**	7,338
Goods and services from WHSSC / EASC	**126,349**	117,545
Local Authorities	**25,532**	17,013
Voluntary organisations	**5,427**	5,380
NHS Funded Nursing Care	**6,403**	5,711
Continuing Care	**68,123**	66,541
Private providers	**6,935**	3,258
Specific projects funded by the Welsh Government	**0**	0
Other	**89**	344
Total	**324,394**	293,807

Local Authorities expenditure relates to the following bodies:	£'000	£'000
Blaenau Gwenty County Borough Council	**1,012**	857
Caerphilly County Borough Council	**14,279**	7,863
Monmouthshire County Borough Council	**2,109**	1,667
Newport City Council	**4,029**	3,303
Torfaen County Borough Council	**4,079**	3,197
Rhondda Cynon Taff County Borough Council	**0**	126
Gloucestershire County Council	**24**	0
	25,532	17,013

Note 3.1 - Expenditure on Primary Healthcare Services
The General Medical Services expenditure includes £6,497k (2015/16 £5,726k) in relation to staff salaries, the General Dental Services expenditure includes £3,497k (2015/16 £3244k) in relation to staff salaries, and the Prescribed Drugs & Appliances expenditure includes £383k (2015/16 £281k) in relation to staff salaries.

3.3 Expenditure on Hospital and Community Health Services

	2016-17 £'000	2015-16 £'000
Directors' costs	**1,947**	2,030
Staff costs	**486,875**	467,724
Supplies and services - clinical	**87,254**	74,983
Supplies and services - general	**13,684**	13,411
Consultancy Services	**606**	516
Establishment	**8,331**	8,037
Transport	**1,795**	1,445
Premises	**24,105**	24,185
External Contractors	**0**	0
Depreciation	**23,031**	23,166
Amortisation	**496**	417
Fixed asset impairments and reversals (Property, plant & equipment)	**2,054**	(9,031)
Fixed asset impairments and reversals (Intangible assets)	**0**	0
Impairments & reversals of financial assets	**0**	0
Impairments & reversals of non-current assets held for sale	**0**	0
Audit fees	**412**	418
Other auditors' remuneration	**0**	0
Losses, special payments and irrecoverable debts	**2,275**	1,400
Research and Development	**0**	0
Other operating expenses	**6,080**	6,431
Total	**658,945**	615,132

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

Increase/(decrease) in provision for future payments:	2016-17 £'000	2015-16 £'000
Clinical negligence	**22,070**	5,834
Personal injury	**508**	198
All other losses and special payments	**36**	85
Defence legal fees and other administrative costs	**955**	241
Gross increase/(decrease) in provision for future payments	**23,569**	6,358
Contribution to Welsh Risk Pool	**0**	0
Premium for other insurance arrangements	**0**	0
Irrecoverable debts	**(134)**	(261)
Less: income received/ due from Welsh Risk Pool	**(21,160)**	(4,697)
Total	**2,275**	1,400

The Health Board spent £1.3m (£1.13m 2015/16) on Research and Development. The majority of this spend relates to staff £1.046m (£0.8m 2015/16) which along with the non-staff spend is reflected under the various headings within note 3.3

Personal injury includes £303,692 (£102,062 2015/16) in respect of permanent injury benefits.
Note 3.4 includes £618,922 (£625,779 2015/16) relating to Redress cases which represents 90 (73 2015/16) cases where payments were made in year totalling £394,812 (£414,904 2015/16) including defence fees. An additional provision has been created for a further 29 (24 2015/16) cases where an offer has been made or causation and breach have been proven with estimated costs of £224,110 (£210,875 2015/16).

4. Miscellaneous Income

	2016-17 £'000	2015-16 £'000
Local Health Boards	**23,643**	23,856
WHSSC /EASC	**8,939**	3,255
NHS trusts	**6,434**	7,186
Other NHS England bodies	**2,199**	1,851
Foundation Trusts	**0**	0
Local authorities	**15,929**	11,460
Welsh Government	**1,111**	895
Non NHS:		
Prescription charge income	**0**	0
Dental fee income	**6,492**	6,295
Private patient income	**474**	514
Overseas patients (non-reciprocal)	**0**	0
Injury Costs Recovery (ICR) Scheme	**1,394**	2,189
Other income from activities	**794**	662
Patient transport services	**0**	0
Education, training and research	**10,869**	11,590
Charitable and other contributions to expenditure	**971**	1,108
Receipt of donated assets	**335**	228
Receipt of Government granted assets	**0**	0
Non-patient care income generation schemes	**146**	204
NWSSP	**0**	0
Deferred income released to revenue	**0**	0
Contingent rental income from finance leases	**0**	0
Rental income from operating leases	**0**	0
Other income:		
Provision of laundry, pathology, payroll services	**57**	54
Accommodation and catering charges	**2,810**	2,663
Mortuary fees	**244**	246
Staff payments for use of cars	**806**	714
Business Unit	**1,970**	1,951
Other	**7,681**	5,697
Total	**93,298**	82,618

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 22.94 % to reflect expected rates of collection.

5. Employee benefits and staff numbers

5.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16 Restated
	£000	£000	£000	£000	£000
Salaries and wages	389,400	1,831	15,969	**407,200**	398,439
Social security costs	40,530	0	0	**40,530**	31,704
Employer contributions to NHS Pension Scheme	47,245	0	0	**47,245**	46,034
Other pension costs	425	0	0	**425**	87
Other employment benefits	0	0	0	**0**	0
Termination benefits	161	0	0	**161**	151
Total	477,761	1,831	15,969	**495,561**	476,415
Charged to capital				**291**	173
Charged to revenue				**495,270**	476,242
				495,561	476,415
Net movement in accrued employee benefits (untaken staff leave accrual included above)				67	103

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16 Restated
	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,944	14	3	**1,961**	1,910
Medical and dental	956	7	54	**1,017**	1,023
Nursing, midwifery registered	3,546	1	69	**3,616**	3,586
Professional, Scientific, and technical staff	637	1	8	**646**	614
Additional Clinical Services	1,838	0	8	**1,846**	1,844
Allied Health Professions	684	8	23	**715**	684
Healthcare Scientists	344	0	7	**351**	344
Estates and Ancilliary	1,107	0	19	**1,126**	1,108
Students	0	0	0	**0**	0
Total	**11,056**	**31**	**191**	**11,278**	11,113

5.3. Retirements due to ill-health

During 2016-17 there were 6 early retirements from the LHB agreed on the grounds of ill-health (4 in 2015-16 - £160,259.85) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £464,176.99

5.4 Employee benefits

The LHB does not have an employee benefit scheme.

Note 5.1 and 5.2 - The 2015/16 figures have been restated to exclude staff on outward secondment and the impact of the Health Boards benefits in kind schemes in line with the manual for accounts.

5.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2016-17 Number of compulsory redundancies Whole numbers only	2016-17 Number of other departures Whole numbers only	2016-17 Total number of exit packages Whole numbers only	2016-17 Number of departures where special payments have been made Whole numbers only	2015-16 Total number of exit packages Whole numbers only Restated
less than £10,000	0	1	1	0	1
£10,000 to £25,000	0	1	1	0	2
£25,000 to £50,000	0	1	1	0	3
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	1	1	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**4**	**4**	**0**	**6**

Exit packages cost band (including any special payment element)	2016-17 Cost of compulsory redundancies £'s	2016-17 Cost of other departures £'s	2016-17 Total cost of exit packages £'s	2016-17 Cost of special element included in exit packages £'s	2015-16 Total cost of exit packages £'s Restated
less than £10,000	0	5,899	5,899	0	5,783
£10,000 to £25,000	0	17,789	17,789	0	32,236
£25,000 to £50,000	0	28,560	28,560	0	113,319
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	108,932	108,932	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**161,180**	**161,180**	**0**	**151,338**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Exit costs in this note are accounted for in full in the year of departure. Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table. This disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in previous years. Within the £32,236 in 2015/16 there is a £10,000 payment relating to an ex gratia payment which was negotiated via a settlement agreement. The 2015-16 figure has been restated from £79,677 previously reported in the 2015/16 Annual Accounts to £151,338 which relates to 2 VERS payments made in 2015-16 which were idenfidied when completing the 2016/17 return.

5.6 Remuneration Relationship

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

The banded remuneration of the chief executive who is also the highest-paid director in the LHB for the financial year 2016-17 was £195k - £200k (2015-16, £195k - £200k). This was 7.3 times (2015-16, 7.6) the median remuneration of the workforce, which was £27,230 (2015-16, £26,064).

Remuneration for staff ranged from £16k to £281k (2015-16 £16k to £261k).

In 2016-17, 16 (2015-16, 13) employees received remuneration in excess of the highest-paid director. Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions or benefits-in-kind which due to the value are not material.

There has been a 4.5% increase in the median remuneration of the workforce due to the increase in the number of staff earning more than the median salary.

The highest paid director banded remuneration has remained the same as 2015-16 and continues to be the chief executive.

Whilst the remuneration banding in which the highest paid director falls has remained the same as 2015/16, the ratio between the median remuneration of the workforce and the highest paid director decreased by 0.3 due to the increase in the median remuneration.

5.7 Pension costs

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

c) National Employment Savings Trust (NEST)

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

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing. NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 2% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 1% of this. The legal minimum level of contribution level is increasing to 8% over the next three years.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,824 and £43,000 for the 2016-17 tax year (2015-16 £5,824 and £42,385).

NEST has an annual contribution limit of £4,900 for the 2016-17 tax year (£4,700 for 2015-16). This means the most that can be contributed to a single pot in the current tax year is £4,900. This figure will be adjusted annually in line with average earnings. The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member, such as a member's partner or spouse.

Alternatively under certification, employers may choose to calculate contributions in a way that meets the requirements of one of three sets of tiers described in the legislation. The three tiers have minimum contribution rates as detailed on the NEST website.

6. Operating leases

LHB as lessee

See note below.

The LHB holds 1,125 leases in the current year. Of these, 1,065 leases will require payments within one year, 828 will require payments between 1 and 5 years and 12 will require payments in more than 5 years.
The leases mainly relate to equipment, property and a large number of lease cars and photocopiers.

Payments recognised as an expense	**2016-17**	2015-16
	£000	£000
Minimum lease payments	**7,666**	6,314
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**7,666**	6,314

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**5,048**	4,415
Between one and five years	**7,191**	7,102
After 5 years	**7,655**	2,703
Total	**19,894**	14,220

There are no future sublease payments expected to be received

LHB as lessor

The LHB holds several property leases which are at fixed rentals subject to periodic review. The significant leases expire at dates between June 2029 and June 2034. These leases are not subject to any contingency.

Rental revenue	**£000**	£000
Rent	**120**	107
Contingent rents	**0**	0
Total revenue rental	**120**	107

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**120**	107
Between one and five years	**476**	428
After 5 years	**941**	1,011
Total	**1,537**	1,546

LHB as lessee

The LHB has the following leases, none of which is subject to any contingency:

- Leases on properties which are at fixed rentals subject to periodic review. The significant Leases expire at dates between August 2018 and November 2043 except for one lease which does not expire until March 2064
- Leases of medical and other equipment, including canteen, laundry and telephony equipment and photocopiers, at fixed rentals, generally for between three and seven years, and
- Vehicle leases at fixed rentals generally for a period of three or five years.

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

	2016-17	**2016-17**	2015-16	2015-16
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,747**	**232,499**	4,351	210,911
Total bills paid within target	**5,593**	**232,018**	4,218	210,640
Percentage of bills paid within target	**97.3%**	**99.8%**	96.9%	99.9%
Non-NHS				
Total bills paid	**236,398**	**423,637**	230,822	263,960
Total bills paid within target	**227,815**	**414,278**	220,756	254,771
Percentage of bills paid within target	**96.4%**	**97.8%**	95.6%	96.5%
Total				
Total bills paid	**242,145**	**656,136**	235,173	474,871
Total bills paid within target	**233,408**	**646,296**	224,974	465,411
Percentage of bills paid within target	**96.4%**	**98.5%**	95.7%	98.0%

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

	2016-17	2015-16
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**81**	70
Total	**81**	70

8. Investment Income

	2016-17	2015-16
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	**0**	0
contingent	**0**	0
Other finance lease revenue	**0**	0
Interest revenue :		
Bank accounts	**0**	0
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Other financial assets	**22**	23
Total	**22**	23

9. Other gains and losses

	2016-17	2015-16
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	**164**	136
Gain/(loss) on disposal of intangible assets	**0**	0
Gain/(loss) on disposal of assets held for sale	**0**	0
Gain/(loss) on disposal of financial assets	**0**	0
Change on foreign exchange	**0**	0
Change in fair value of financial assets at fair value through SoCNE	**0**	0
Change in fair value of financial liabilities at fair value through SoCNE	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	0
Total	**164**	136

10. Finance costs

	2016-17	2015-16
	£000	£000
Interest on loans and overdrafts	**0**	0
Interest on obligations under finance leases	**0**	0
Interest on obligations under PFI contracts		
main finance cost	**528**	570
contingent finance cost	**278**	267
Interest on late payment of commercial debt	**0**	0
Other interest expense	**0**	0
Total interest expense	**806**	837
Provisions unwinding of discount	**17**	105
Other finance costs	**0**	0
Total	**823**	942

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2016	78,076	369,410	2,577	32,459	71,913	451	15,791	2,844	**573,521**
Indexation	2,895	0	0	0	0	0	0	0	**2,895**
Additions									
- purchased	0	7,160	150	7,480	12,656	179	4,415	187	**32,227**
- donated	0	36	0	0	266	0	6	0	**308**
- 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	4,237	0	(4,237)	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	109	0	0	0	0	0	0	0	**109**
Impairments	0	(2,163)	0	0	0	0	0	0	**(2,163)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(4,570)	0	(1,254)	(148)	**(5,972)**
At 31 March 2017	81,080	378,680	2,727	35,702	80,265	630	18,958	2,883	**600,925**
Depreciation at 1 April 2016	0	46,757	233	1,792	44,168	395	9,509	1,590	**104,444**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(4,561)	0	(1,251)	(148)	**(5,960)**
Provided during the year	0	14,051	77	0	6,919	29	1,675	280	**23,031**
At 31 March 2017	0	60,808	310	1,792	46,526	424	9,933	1,722	**121,515**
Net book value at 1 April 2016	78,076	322,653	2,344	30,667	27,745	56	6,282	1,254	**469,077**
Net book value at 31 March 2017	81,080	317,872	2,417	33,910	33,739	206	9,025	1,161	**479,410**
Net book value at 31 March 2017 comprises :									
Purchased	78,087	316,177	2,417	33,910	32,622	206	9,009	1,132	**473,560**
Donated	2,993	1,662	0	0	1,104	0	16	29	**5,804**
Government Granted	0	33	0	0	13	0	0	0	**46**
At 31 March 2017	81,080	317,872	2,417	33,910	33,739	206	9,025	1,161	**479,410**
Asset financing :									
Owned	81,080	308,721	2,417	33,910	33,290	206	9,025	1,161	**469,810**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	9,151	0	0	449	0	0	0	**9,600**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2017	81,080	317,872	2,417	33,910	33,739	206	9,025	1,161	**479,410**

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

	£000
Freehold	**391,993**
Long Leasehold	**9,376**
Short Leasehold	**0**
	401,369

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 2015	76,586	346,305	2,347	28,333	74,454	451	14,735	3,270	**546,481**
Indexation	1,448	10,434	0	0	0	0	0	0	**11,882**
Additions									
- purchased	0	2,922	96	4,133	4,944	0	1,757	0	**13,852**
- donated	0	70	0	0	158	0	0	0	**228**
- 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	7	0	(7)	0	0	0	0	**0**
Revaluations	0	181	0	0	0	0	0	0	**181**
Reversal of impairments	54	9,540	134	0	0	0	0	0	**9,728**
Impairments	(12)	(49)	0	0	0	0	0	0	**(61)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(7,643)	0	(701)	(426)	**(8,770)**
At 31 March 2016	78,076	369,410	2,577	32,459	71,913	451	15,791	2,844	**573,521**
Depreciation at 1 April 2015	0	31,591	151	1,792	44,077	368	8,446	1,707	**88,132**
Indexation	0	1,170	0	0	0	0	0	0	**1,170**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	636	8	0	0	0	0	0	**644**
Impairments	0	(8)	0	0	0	0	0	0	**(8)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(7,535)	0	(700)	(425)	**(8,660)**
Provided during the year	0	13,368	74	0	7,626	27	1,763	308	**23,166**
At 31 March 2016	0	46,757	233	1,792	44,168	395	9,509	1,590	**104,444**
Net book value at 1 April 2015	76,586	314,714	2,196	26,541	30,377	83	6,289	1,563	**458,349**
Net book value at 31 March 2016	78,076	322,653	2,344	30,667	27,745	56	6,282	1,254	**469,077**
Net book value at 31 March 2016 comprises :									
Purchased	75,194	320,847	2,344	30,667	26,577	56	6,265	1,221	**463,171**
Donated	2,882	1,768	0	0	1,151	0	17	33	**5,851**
Government Granted	0	38	0	0	17	0	0	0	**55**
At 31 March 2016	78,076	322,653	2,344	30,667	27,745	56	6,282	1,254	**469,077**
Asset financing :									
Owned	78,076	312,710	2,344	30,667	27,118	56	6,282	1,254	**458,507**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	9,943	0	0	627	0	0	0	**10,570**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2016	78,076	322,653	2,344	30,667	27,745	56	6,282	1,254	**469,077**

The net book value of land, buildings and dwellings at 31 March 2016 comprises :

	£000
Freehold	392,898
Long Leasehold	10,175
Short Leasehold	0
	403,073

11. Property, plant and equipment (continued)

Notes on property, plant and equipment

i) Assets donated in the year were purchased from funds donated by the public and charitable organisations and from funds provided by associations linked to specific hospitals.

ii) Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. Land and buildings have been restated to current value using the professional valuations carried out by the District Valuers of the Inland Revenue, this was carried out in 2012-13 as part of the 5 yearly revaluation programme. The valuation was carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non specialised operational property. For non-operational properties the valuations were carried out at open market value. In 2016-17 indexation has been applied to land assets only based on indices received from the District Valuers. In 2016-17 the indexation movement on buildings and equipment was assessed as 0% by the District Valuer.

In addition to this in 2016-17 there have been separate revaluations for two assets under construction coming into use, the extensions to the Cardiac Catheter Lab and the Accident & Emergency Department at the Royal Gwent Hospital.

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

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

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

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

11. Property, plant and equipment (continued)

v) Impairment provisions have been made where valuations from the District Valuer indicate that the carrying value of the assets are above the current valuation. In 2016-17 impairment provisions have been made in respect of the two assets under construction coming into use at RGH.

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

vii) IFRS 13 Fair value measurement – The Health Board is required to assess whether it owns any surplus assets which have no sale restrictions and plans for future use to comply with IFRS 13. Fochriw Clinic is the only Health Board asset classed as surplus within the 2016-17 accounts; the building was vacated during 2015-16 and has no restriction to sale. There are currently no plans for re-use of the building but no approvals have been sought for disposal. Therefore this property is valued at Fair Value in the accounts.

- the asset has been valued at Fair Value which equates to: "*The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".* This has been assessed by the District Valuer as Land £25K, buildings £0K.

- The District Valuer carried out a full report after visiting the site and have confirmed that the valuation technique applied in respect of all the Fair Value figures was the market approach. The market approach is described at paras B5 to B7 of IFRS 13; it uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

viii) The GCRC of fully depreciated equipment assets as at 31/03/2017 is £29,975K.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2016	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2017	0	0	0	0	0	**0**
Balance brought forward 1 April 2015	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2016	0	0	0	0	0	**0**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2016	1,340	0	996	0	0	0	**2,336**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**203**	**0**	**1,332**	**0**	**0**	**0**	**1,535**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**27**	**0**	**0**	**0**	**0**	**0**	**27**
Additions- government granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gross cost at 31 March 2017	**1,570**	**0**	**2,328**	**0**	**0**	**0**	**3,898**
Amortisation at 1 April 2016	614	0	332	0	0	0	**946**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provided during the year	**221**	**0**	**275**	**0**	**0**	**0**	**496**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 31 March 2017	**835**	**0**	**607**	**0**	**0**	**0**	**1,442**
Net book value at 1 April 2016	**726**	**0**	**664**	**0**	**0**	**0**	**1,390**
Net book value at 31 March 2017	**735**	**0**	**1,721**	**0**	**0**	**0**	**2,456**
At 31 March 2017							
Purchased	**701**	**0**	**1,721**	**0**	**0**	**0**	**2,422**
Donated	**34**	**0**	**0**	**0**	**0**	**0**	**34**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2017	**735**	**0**	**1,721**	**0**	**0**	**0**	**2,456**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	1,116	0	985	0	0	0	**2,101**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	**0**
Additions- purchased	224	0	11	0	0	0	**235**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	0	0	0	0	0	0	**0**
Additions- government granted	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Gross cost at 31 March 2016	**1,340**	**0**	**996**	**0**	**0**	**0**	**2,336**
Amortisation at 1 April 2015	395	0	134	0	0	0	**529**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	**0**
Provided during the year	219	0	198	0	0	0	**417**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Amortisation at 31 March 2016	**614**	**0**	**332**	**0**	**0**	**0**	**946**
Net book value at 1 April 2015	**721**	**0**	**851**	**0**	**0**	**0**	**1,572**
Net book value at 31 March 2016	**726**	**0**	**664**	**0**	**0**	**0**	**1,390**
At 31 March 2016							
Purchased	715	0	664	0	0	0	**1,379**
Donated	11	0	0	0	0	0	**11**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2016	**726**	**0**	**664**	**0**	**0**	**0**	**1,390**

The opening balance comprised:

1. E-rostering Software programme net book value £0K with a remaining life of 0 years;
2. Medical records software licences net book value £0K with a remaining life of 0 years;
3. Licences for Ysbyty Ystrad Fawr for Microsoft Office and Patient Call net book value of £0K with a remaining life of 0 years;
4. Desktop software £13K with a remaining life of 1 years;
5. HSDU tracking software £8K with a remaining life of 1 years;
6. Kodak scanner software £5K with a remaining life 1 years;
7. Microsoft office and related software net book value £94K with a remaining life of 1.75 years;
8. Desktop software net book value £71K with a remaining life of 3 years;
9. Encryption and End Point Security Software £14K with a remaining life of 2.75 years;
10. Clinical Application Assurance Tool software £22K with a with a remaining life of 2.75 years;
11. Endoscopy Reporting System software £67K with a with a remaining life of 3 years;
12. Microsoft EA Licences £496K with a with a remaining life of 3 years;
13. Anti Virus Software £39K with a with a remaining life of 2.75 years;
14. DHR E Forms Workflow software £42K with a remaining life of 3 years;
15. Other software net book value £53K with a remaining life of 0 to 4 years;
16. WEDS software £129K with a 4 year life;
17. Clinical Applications Database software £27K with a 4 year life;
18. Adastra software £25K with a 4 year life;
19. Medispeech transcription licences £9K with a 4 year life.

These assets have not been subject to indexation or revaluation in the year.

Additions during the year comprised:

1. ECI Licences £478K with a 4.5 year life
2. Digital Reminisence Therapy Software £43K with a 4.5 to 5 year life
3. Value Software Licence £445K with a 5 year life
4. E-Prescribing Software £82K with a 5 year life
5. Simul8 Software Licences £31K with 5 year life
6. Clinisys Labcentre Interface £24K with a 5 year life
7. Digital Dictation Licences £132K with a 5 year life
8. Room Utilisation Software £23K with a 5 year life
9. Cardiac Measurement Software Licence £13K with a 5 year life
10. MH Prescribing System £23K with a 5 year life
11. EBME Management Software £25K with a 5 year life
12. Pharmacy Software Upgrade £20K with a 5 year life
13. Aura Foundation Suite Licences £2K with a 4.75 year life

13 . Impairments

	2016-17 Property, plant & equipment £000	2016-17 Intangible assets £000	2015-16 Property, plant & equipment £000	2015-16 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**0**	0	**0**	0
Over specification of assets (Gold Plating)	**0**	0	**0**	0
Loss as a result of a catastrophe	**0**	0	**0**	0
Unforeseen obsolescence	**0**	0	**0**	0
Changes in market price	**2,163**	0	**53**	0
Others (specify)	**(109)**	0	**(9,084)**	0
Total of all impairments	**2,054**	0	**(9,031)**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	**2,054**	0	**(9,031)**	0
Charged to Revaluation Reserve	**0**	0	**0**	0
	2,054	0	**(9,031)**	0

Impairments

2016-2017	Impairment amount £000	Reason for impairment £000	Reason for impairment £000	Valuation basis £000	Charge to SoCNE £000
IMPAIRMENTS					
Changes in market price					
Royal Gwent Extensions to Cardiac Cath Lab and Emergency Departments	2,163	Assets Valued on Coming Into Use	Operational	Fair value	2163
Sub total Changes in market prices	2,163			0	2,163
Total impairment	2,163			0	2,163
REVERSAL OF IMPAIRMENTS					
Changes in market price					
Ysbty Aneurin Bevan	(31)	Reversal of impairment in prior years	Operational assets	Indexation	(31)
Ysbty Ystrad Fawr	(59)				(59)
Serennu Childrens Centre	0				0
Royal Gwent	(5)				(5)
Llanfrechfa Grange	0				0
Neville Hall	0				0
Various Community Sites	(14)				(14)
Total reversal of impairments	(109)				(109)
Net credit to SoCNE	2,054				2,054

14.1 Inventories

	31 March 2017	31 March 2016
	£000	£000
Drugs	**2,251**	2,061
Consumables	**4,531**	4,111
Energy	**220**	208
Work in progress	**0**	0
Other	**0**	0
Total	**7,002**	6,380
Of which held at realisable value	**0**	0

14.2 Inventories recognised in expenses

	31 March 2017	31 March 2016
	£000	£000
Inventories recognised as an expense in the period	**0**	0
Write-down of inventories (including losses)	**0**	0
Reversal of write-downs that reduced the expense	**0**	0
Total	**0**	**0**

In line with the 2015-2016 revised guidance this section only relates to Health Bodies that purchase assets to sell and as such does not apply to Aneurin Bevan University Health Board.

15. Trade and other Receivables

Current	**31 March 2017 £000**	31 March 2016 £000
Welsh Government	**90**	213
WHSSC / EASC	**0**	91
Welsh Health Boards	**2,714**	1,572
Welsh NHS Trusts	**380**	1,230
Non - Welsh Trusts	**416**	292
Other NHS	**0**	0
Welsh Risk Pool	**39,434**	33,333
Local Authorities	**4,561**	6,249
Capital debtors	**0**	41
Other debtors	**11,972**	10,247
Provision for irrecoverable debts	**(1,160)**	(1,362)
Pension Prepayments	**0**	0
Other prepayments	**4,604**	3,221
Other accrued income	**0**	0
Sub total	**63,011**	55,127
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Non - Welsh Trusts	**0**	0
Other NHS	**0**	0
Welsh Risk Pool	**31,842**	24,880
Local Authorities	**0**	0
Capital debtors	**0**	0
Other debtors	**1,658**	2,246
Provision for irrecoverable debts	**0**	0
Pension Prepayments	**0**	0
Other prepayments	**0**	0
Other accrued income	**0**	0
Sub total	**33,500**	27,126
Total	**96,511**	82,253
Receivables past their due date but not impaired		
By up to three months	**1,700**	1,925
By three to six months	**198**	351
By more than six months	**784**	1,299
	2,682	3,575
Provision for impairment of receivables		
Balance at 1 April	**(1,362)**	(1,623)
Transfer to other NHS Wales body	**0**	0
Amount written off during the year	**0**	0
Amount recovered during the year	**0**	0
(Increase) / decrease in receivables impaired	**201**	(169)
Bad debts recovered during year	**1**	430
Balance at 31 March	**(1,160)**	(1,362)

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

Receivables VAT		
Trade receivables	**1,568**	1,159
Other	**1,116**	641
Total	**2,684**	1,800

16. Trade and other payables

Current	**31 March 2017 £000**	31 March 2016 £000
Welsh Government	**9**	9
WHSSC / EASC	**895**	2,330
Welsh Health Boards	**2,261**	2,808
Welsh NHS Trusts	**2,225**	1,590
Other NHS	**5,642**	4,785
Taxation and social security payable / refunds	**10,264**	6,684
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS creditors	**37,735**	39,533
Local Authorities	**7,770**	8,596
Capital Creditors	**10,956**	4,365
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**689**	628
Pensions: staff	**6,860**	7,019
Accruals	**54,132**	51,798
Deferred Income:		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**(9,084)**	(9,998)
Total	**130,354**	120,147
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Other NHS	**0**	0
Taxation and social security payable / refunds	**0**	0
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS creditors	**0**	0
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**6,773**	7,462
Pensions: staff	**0**	0
Accruals	**0**	0
Deferred Income :		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Total	**6,773**	7,462

It is intended to pay all invoices within the 30 day period as directed by the Welsh Government.
The Trade and other Payables Capital Creditor includes £16k relating to Hywel Dda University Health Board and £10.6k with Velindre NHS Trust (£13k was included in 2015/16). These amounts were included in our agreement of balances figures with each Organisation.

17. Provisions

	At 1 April 2016	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2017
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**27,821**	(9,976)	(4,035)	8,747	18,776	(12,038)	(2,844)	0	**26,451**
Personal injury	**432**	0	0	(122)	639	(500)	(131)	6	**324**
All other losses and special payments	**0**	0	0	0	36	(36)	0	0	**0**
Defence legal fees and other administration	**1,264**	0	0	413	1,125	(530)	(631)		**1,641**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**221**			0	707	(477)	0	11	**462**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**577**		0	0	748	(54)	(6)		**1,265**
Total	**30,315**	**(9,976)**	**(4,035)**	9,038	22,031	(13,635)	(3,612)	**17**	**30,143**
Non Current									
Clinical negligence	**24,682**	0	0	(8,747)	16,121	(373)	(7)	0	**31,676**
Personal injury	**2,322**	0	0	122	0	0	0	0	**2,444**
All other losses and special payments	**0**	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	**724**	0	0	(413)	464	(62)	(3)		**710**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**4,567**			0	(282)	0	0	0	**4,285**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**2,340**		0	0	3,670	(268)	(1,202)		**4,540**
Total	**34,635**	**0**	**0**	**(9,038)**	**19,973**	**(703)**	**(1,212)**	**0**	**43,655**
TOTAL									
Clinical negligence	**52,503**	**(9,976)**	**(4,035)**	**0**	**34,897**	**(12,411)**	**(2,851)**	**0**	**58,127**
Personal injury	**2,754**	**0**	**0**	**0**	**639**	**(500)**	**(131)**	**6**	**2,768**
All other losses and special payments	**0**	**0**	**0**	**0**	**36**	**(36)**	**0**	**0**	**0**
Defence legal fees and other administration	**1,988**	**0**	**0**	**0**	**1,589**	**(592)**	**(634)**		**2,351**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**4,788**			**0**	**425**	**(477)**	**0**	**11**	**4,747**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**2,917**		**0**	**0**	**4,418**	**(322)**	**(1,208)**		**5,805**
Total	**64,950**	**(9,976)**	**(4,035)**	**0**	**42,004**	**(14,338)**	**(4,824)**	**17**	**73,798**

Expected timing of cash flows:

	In year to 31 March 2018	Between 1 April 2018 31 March 2022	Thereafter	Total
				£000
Clinical negligence	26,451	30,007	1,669	**58,127**
Personal injury	324	2,444	0	**2,768**
All other losses and special payments	0	0	0	**0**
Defence legal fees and other administration	1,641	710	0	**2,351**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	462	4,285	0	**4,747**
Restructuring	0	0	0	**0**
Other	1,265	4,540	0	**5,805**
Total	**30,143**	**41,986**	**1,669**	**73,798**

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.
The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors.
The Health Board estimates that in 2017/18 it will receive £22,763,213 and in 2018/19 and beyond £27,786,075 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.
Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £5,135,855. As per above the Local Health Board has estimated a liability of £5.136m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2016/17 is consistent with the methodology used in 2015/16. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established.
Other provisions also include £69,645 for Ancillary Staff Banked Annual Leave Payments, £274,878 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £324,000 potential VAT penalty payment regarding an over claim of VAT identified by the Health Board to HMRC.
The total Health Board provision also includes an amount of £224,110 which relates to 29 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

17. Provisions (continued)

	At 1 April 2015	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2016
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	31,711	(5,651)	0	15,326	12,440	(7,553)	(18,452)	0	**27,821**
Personal injury	2,358	0	0	(904)	765	(1,255)	(567)	35	**432**
All other losses and special payments	0	0	0	0	85	(85)	0	0	**0**
Defence legal fees and other administration	1,108	0	0	891	1,428	(628)	(1,535)		**1,264**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	478			0	173	(500)	0	70	**221**
Restructuring	0			0	0	0	0	0	**0**
Other	1,178		0	0	122	(408)	(315)		**577**
Total	**36,833**	**(5,651)**	**0**	**15,313**	**15,013**	**(10,429)**	**(20,869)**	**105**	**30,315**
Non Current									
Clinical negligence	22,878	0	0	(15,326)	17,682	(367)	(185)	0	**24,682**
Personal injury	1,418	0	0	904	0	0	0	0	**2,322**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	1,371	0	0	(891)	612	(104)	(264)		**724**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	4,653			0	48	0	(134)	0	**4,567**
Restructuring	0			0	0	0	0	0	**0**
Other	3,986		0	0	212	(861)	(997)		**2,340**
Total	**34,306**	**0**	**0**	**(15,313)**	**18,554**	**(1,332)**	**(1,580)**	**0**	**34,635**
TOTAL									
Clinical negligence	54,589	(5,651)	0	0	30,122	(7,920)	(18,637)	0	**52,503**
Personal injury	3,776	0	0	0	765	(1,255)	(567)	35	**2,754**
All other losses and special payments	0	0	0	0	85	(85)	0	0	**0**
Defence legal fees and other administration	2,479	0	0	0	2,040	(732)	(1,799)		**1,988**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	5,131			0	221	(500)	(134)	70	**4,788**
Restructuring	0			0	0	0	0	0	**0**
Other	5,164		0	0	334	(1,269)	(1,312)		**2,917**
Total	**71,139**	**(5,651)**	**0**	**0**	**33,567**	**(11,761)**	**(22,449)**	**105**	**64,950**

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

The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors.

The Health Board estimates that in 2016/17 it will receive £26,444,119 and in 2017/18 and beyond £24,879,950 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £2,390,680.91. As per above the Local Health Board has estimated a liability of £2.391m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2015/16 is consistent with the methodology used in 2014/15. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established.

Other provisions also include £82,794 for Ancillary Staff Banked Annual Leave Payments, £118,819.00 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £324,000 potential VAT penalty payment regarding an over claim of VAT identified by the Health Board to HMRC.

The total Health Board provision also includes an amount of £210,875 which relates to 24 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

18. Contingencies

18.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2016-17 £'000**	2015-16 £'000
Legal claims for alleged medical or employer negligence	**238,217**	203,803
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**5,975**	5,603
Continuing Health Care costs	**13,740**	7,554
Other	**10**	116
Total value of disputed claims	**257,942**	217,076
Amounts recovered in the event of claims being successful	**236,691**	202,055
Net contingent liability	**21,251**	15,021

ABUHB – Contingent Liability Note

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them. The legal claims have increased by £34m from 2015/16 with the number of claims decreasing from 382 in 2015/16 to 375 in 2016/17.

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

The Other Continent Liabilities relate to 1 (8 in 2015/16) Redress cases where breach and causation have not been proven.

Continuing Healthcare Cost uncertainties

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

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

Note 17 sets out the £5.136m provision made for probable continuing care costs relating to 379 outstanding claims received by 31st October 2015 (up to and including Phase 4).

Note 18.1 also sets out the £13,740m contingent liability for possible continuing care costs relating to those claims;

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

In addition the LHB has a further 84 (Phases 5 & 6) claims, which have been received since the 31st October 2015 deadline and 31st March 2017, for which the assessment process remains incomplete. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB, which cannot be quantified at this time.

Powys Teaching Health Board is aiming to complete all claims received by 31st July 2014 by the end of November 2018.

Health Boards in Wales (and equivalent bodies across the UK) are currently waiting for the Supreme Court to deliver its ruling over the responsibility for the costs of nurses delivering care in care homes.
The Health Board currently pays for what it considers to be appropriate 'nursing care' costs in accordance with legislation, however, the Supreme Court case focuses on the local authorities claim that 'nursing care' should be more widely defined than at present. We are not currently in a position to determine the likely outcome of this ruling nor any potential financial impact.

18.2 Remote Contingent liabilities

	2016-17	2015-16
	£'000	£'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	392	209
Letters of Comfort	0	0
Total	**392**	**209**

18.3 Contingent assets

	2016-17	2015-16
	£'000	£'000
	0	0
	0	0
	0	0
Total	**0**	0

19. Capital commitments

Contracted capital commitments at 31 March	2016-17	2015-16
	£'000	£'000
Property, plant and equipment	4,512	4,398
Intangible assets	444	44
Total	**4,956**	4,442

20. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2017		Approved to write-off to 31 March 2017	
	Number	**£**	**Number**	**£**
Clinical negligence	154	16,447,154	96	8,124,436
Personal injury	56	500,006	24	351,402
All other losses and special payments	135	91,449	135	91,449
Total	345	17,038,609	255	8,567,287

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

Cases exceeding £300,000	Case type	**Amounts paid out in year** £	**Cumulative amount** £	**Approved to write-off in year** £
00RVFMN0009	Medical Negligence	95,000	2,745,000	2,745,000
02RVFMN0005	Medical Negligence	2,708,142	2,758,142	0
02RVFMN0039	Medical Negligence	1,742,766	4,955,498	0
04RVFPI0038	Personal Injury	25,229	333,072	0
05RVFMN0063	Medical Negligence	926,532	3,467,098	0
06RVFMN0006	Medical Negligence	2,075,852	4,525,923	0
07RVFMN0035	Medical Negligence	0	3,432,999	0
08RVFMN0005	Medical Negligence	270,000	1,122,137	0
08RVFMN0070	Medical Negligence	0	1,100,000	0
08RVFMN0085	Medical Negligence	1,737,967	1,740,467	0
10RVFMN0118	Medical Negligence	0	320,000	0
11RVFMN0051	Medical Negligence	0	360,000	360,000
11RVFMN0079	Medical Negligence	170,000	385,000	385,000
12RVFMN0071	Medical Negligence	100,000	620,000	0
13RVFMN0163	Medical Negligence	1,098,106	1,148,106	1,148,106
14RVFMN0087	Medical Negligence	460,000	460,000	0
14RVFMN0114	Medical Negligence	323,429	343,429	0
15RVFMN0060	Medical Negligence	301,000	396,000	396,000
Sub-total		**12,034,023**	**30,212,871**	**5,034,106**
All other cases		5,004,586	10,743,361	3,533,181
Total cases		**17,038,609**	**40,956,232**	**8,567,287**

21. Cash and cash equivalents

	2016-17 £000	2015-16 £000
Balance at 1 April	2,295	3,465
Net change in cash and cash equivalent balances	1,488	(1,170)
Balance at 31 March	3,783	2,295
Made up of:		
Cash held at GBS	2,795	1,575
Commercial banks	967	696
Cash in hand	21	24
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	3,783	2,295
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	3,783	2,295

22. Other Financial Assets

	Current		Non-current	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	31	30	724	755
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	31	30	724	755

23. Other financial liabilities

	Current		Non-current	
Financial liabilities	**31 March 2017**	31 March 2016	**31 March 2017**	31 March 2016
	£000	£000	**£000**	£000
Financial Guarantees:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Derivatives at fair value through SoCNE	**0**	0	**0**	0
Other:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Total	**0**	0	**0**	0

24. Related Party Transactions

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

NHS providers with which the LHB has had material transactions are as follows:-

NHS Provider	2016-17		As at 31st March 2017	
	Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Abertawe Bro-Morgannwg University Local Health Board	928	2,708	83	186
Betsi Cadwaladr University Health Board	118	160	26	130
Cardiff and Vale University Local Health Board	3,267	31,287	1,440	558
Cwm Taf Local Health Board	1,193	20,727	381	959
Hywel Dda Local Health Board	221	696	6	99
Powys Local Health Board	19,605	1,301	777	344
Velindre NHS Trust	4,410	31,144	257	1,983
Welsh Ambulance Services NHS Trust	242	4,031	25	107
Public Health Wales	3,081	1,399	98	146
Welsh Health Specialised Services Committee	8,939	126,529	0	895

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

Government Body	2016-17		As at 31st March 2017	
	Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Blaenau Gwent County Borough Council	1,459	1,802	675	673
Caerphilly County Borough Council	12,034	14,448	2,543	3,640
Monmouthshire County Borough Council	2,526	3,182	599	1,286
Newport City Council	3,648	5,494	506	1,442
Torfaen County Borough Council	2,055	4,029	218	744

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

Aneurin Bevan Local Health Board Charitable Fund	1,292	26	88	7

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

Member	Related Organisation	Relationship with Related Party	2016-17		As at 31st March 2017	
			Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
			£000	£000	£000	£000
Bronagh Scott	United Response	Trustee	0	63	0	11
Dr Gill Richardson	Carers UK	Member	0	6	0	3
Richard Bevan	Carers Trust South East Wales	Director	0	26	0	26
Philip Robson	Hospice of Valleys	Trustee	1	305	0	4
Prof Dianne Watkins	Cardiff University	Deputy Head, School of Health Care Sciences	579	986	108	771
Cllr Brian Mawby	Torfaen County Borough Council	Elected Member	2,055	4,029	218	744
	Monmouthshire County Council	Wife is an employee	2,526	3,182	599	1,286
Frances Taylor	Monmouthshire County Council	County Councillor	2,526	3,182	599	1,286
	Police and Crime Commissioner for Gwent	Elected Member of the Gwent Police and Crime Panel	59	114	49	0
Dr Janet Wademan	Cardiff University	Council Member	579	986	108	771
Lorraine Morgan	Melin Homes	Board Member	0	80	0	1
Claire Marchant	Monmouthshire County Council	Statutory Director of Social Services	2,526	3,182	599	1,286
	Abertawe Bro-Morgannwg University Local Health Board	Husband is Service Director - Princess of Wales Hospital	928	2,708	83	186

25. Third Party assets

The LHB held £839,922.01 cash at bank and in hand at 31 March 2017 (31 March 2016, £769,804.26) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31 March 2017 (31 March 2016, £0).
This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

The LHB held £87,193 (31 March 2016, £59,624) of consignment stock which relates to stock held on behalf of suppliers but not invoiced or utilised.

26. Finance leases

26.1 Finance leases obligations (as lessee)

No finance leases have been entered into in 2016-17.

Amounts payable under finance leases:

Land	**31 March 2017 £000**	31 March 2016 £000
Minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

26.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	**31 March 2017**	31 March 2016
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

Other	**31 March 2017**	31 March 2016
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

26.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2017	31 March 2016
Gross Investment in leases	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

27. Private Finance Initiative contracts

27.1 PFI schemes off-Statement of Financial Position

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

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

Both schemes relate to the provision of replacement heating and lighting systems within the respective hospitals. Neither has resulted in guarantees, commitments or other rights and obligations upon the LHB. The Newport hospitals scheme commenced in 2015 for a period of 5 years and the Nevill Hall scheme commenced in 2000 for a period of 25 years. The payments are made biannually / quarterly in advance with prepayments at year end for the period beyond 31 March 2017 included in debtors.

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	**Off-SoFP PFI contracts**
	31 March 2017	**31 March 2016**
	£000	**£000**
Total payments due within one year	**1,273**	1,244
Total payments due between 1 and 5 years	**4,345**	4,733
Total payments due thereafter	**4,437**	5,086
Total future payments in relation to PFI contracts	**10,055**	11,063
Total estimated capital value of off-SoFP PFI contracts	**4,482**	4,482

The 2015/16 figure has been corrected to read £4,482

27.2 PFI schemes on-Statement of Financial Position

The LHB has three PFI schemes which are deemed to be on-Statement of Financial Position and the assets are treated as assets of the LHB.

Nevill Hall Hospital Day Surgery - a purpose built day unit including the provision of medical equipment for the unit. The PFI partner has responsibility for maintaining the building and replacing the equipment used with the unit. The scheme commenced in 1998 and the obligatic for on-Statement of Financial Position is £1,558K. The scheme is for a period of 25 years.

Chepstow Community Hospital - a new community hospital including the provision of ancillary support services. This scheme commenced in 1998 for a period of 25 years and the obligations for on-Statement of Financial Position is £3,427K.

Monnow Vale Health and Social Care Facility - a new health and social care facility. This scheme commenced in 2004 for a period of 30 years and the obligations for on-Statement of Financial Position is £2,477K.

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

	On SoFP PFI Capital element	**On SoFP PFI Imputed interest**	**On SoFP PFI Service charges**
	31 March 2017	**31 March 2017**	**31 March 2017**
	£000	**£000**	**£000**
Total payments due within one year	**689**	**480**	**2,301**
Total payments due between 1 and 5 years	**2,818**	**1,397**	**10,178**
Total payments due thereafter	**3,955**	**739**	**13,232**
Total future payments in relation to PFI contracts	**7,462**	**2,616**	**25,711**

	On SoFP PFI Capital element	**On SoFP PFI Imputed interest**	**On SoFP PFI Service charges**
	31 March 2016	**31 March 2016**	**31 March 2016**
	£000	**£000**	**£000**
Total payments due within one year	628	528	2,188
Total payments due between 1 and 5 years	2,755	1,604	9,499
Total payments due thereafter	4,707	1,012	15,331
Total future payments in relation to PFI contracts	8,090	3,144	27,018
Total present value of obligations for on-SoFP PFI contracts	**35,789**		

27.3 Charges to expenditure	2016-17	2015-16
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	1,959	1,967
Total expense for Off Statement of Financial Position PFI contracts	1311	1147
The total charged in the year to expenditure in respect of PFI contracts	3,270	3,114

The LHB is committed to the following annual charges

PFI scheme expiry date:	31 March 2017 £000	31 March 2016 £000
Not later than one year	0	0
Later than one year, not later than five years	496	487
Later than five years	2,774	2,667
Total	3,270	3,154

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

27.4 Number of PFI contracts

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

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

PFI Contract

Nevill Hall Hospital Day Surgery	On
Chepstow Community Hospital	On
Monnow Vale Health and Social Care Facility	On
Newport Hospitals Energy Scheme	Off
Nevill Hall Hospital Energy Scheme	Off

27.5 The LHB has no Public Private Partnerships

28. Pooled budgets

The Health Board has four pooled budgets. The specific accounting treatment of each pooled budget is covered within Accounting Policies note 1.21.

Monnow Vale Health and Social Care Unit
The Health Board has entered into a pooled budget with Monmouthshire County Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 to provide health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs and a memorandum note to the accounts provides details of the joint income and expenditure. The asset value of property, plant & equipment is £3,968K which is split 71% Aneurin Bevan Health Board and 29% Monmouthshire County Council. The costs incurred under the pooled budget is declared in the memorandum trading account.

Gwent Wide Integrated Community Equipment Service
The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen County Borough Councils, for the provision of an effective integrated GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the joint equipment store in the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £764K for 2016/17 (£494K 2015/16).

Mardy Park Rehabilitation Centre
The Health Board has entered into a pooled budget arrangement with Monmouthshire County Council. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide care to individuals who have rehabilitation needs. The pool is hosted by Monmouthshire County Council and the LHBs contribution is £164K for 2016/17 (£168K 2015/16).

Gwent Frailty Programme
The Health Board has entered into a pooled budget with 5 Local Authorities in the Gwent area, namely Blaenau Gwent , Caerphilly, Monmouthshire, Newport and Torfaen County councils, for the provision of a Gwent wide integrated health and social care Frailty service, for service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the purpose of establishing a consistent service for the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £8,964K for 2016/17 (£8,236K 2015/16).

Pooled Budget memorandum account for the period 1st April 2016 - 31st March 2017

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,234,982	0	2,234,982
Monmouthshire County Council	328,926	690,427	0	1,019,353
Total Funding	**328,926**	**2,925,409**	**0**	**3,254,335**
Expenditure				
Aneurin Bevan Health Board	0	2,327,824	0	2,327,824
Monmouthshire County Council	330,073	660,617	0	990,690
Total Expenditure	**330,073**	**2,988,441**	**0**	**3,318,514**
Net (under)/over spend	**1,147**	**63,032**	**0**	**64,179**

29. Financial risk management

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

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

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

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

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

30. Movements in working capital

	2016-17	2015-16
	£000	£000
(Increase)/decrease in inventories	(622)	(433)
(Increase)/decrease in trade and other receivables - non - current	(6,343)	3,305
(Increase)/decrease in trade and other receivables - current	(7,885)	(1,127)
Increase/(decrease) in trade and other payables - non - current	(689)	(628)
Increase/(decrease) in trade and other payables - current	10,207	16,381
Total	(5,332)	17,498
Adjustment for accrual movements in fixed assets -creditors	(6,591)	5,455
Adjustment for accrual movements in fixed assets -debtors	(41)	41
Other adjustments	628	572
	(11,336)	23,566

31. Other cash flow adjustments

	2016-17	2015-16
	£000	£000
Depreciation	23,031	23,166
Amortisation	496	417
(Gains)/Loss on Disposal	(164)	(136)
Impairments and reversals	2,054	(9,031)
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(335)	(228)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	23,186	5,572
Total	48,268	19,760

32. Events after the Reporting Period

There are no events to report.

33. Operating segments

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

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

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

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

34. Other Information

34.1 Additional information to support Note 22 - Other Financial Assets

Additional breakdown of Monmouthshire County Council PFI Loan

	Current		**Non-Current**	
	31-Mar 2017	31-Mar 2016	**31-Mar 2017**	31-Mar 2016
	£0	£0	**£0**	£0
Current	**31**	**30**		
2 to 5 years			**131**	**128**
5 to 10 years			**186**	**181**
10 to 15 years			**214**	**208**
15 to 20 years			**193**	**238**
20 to 25 years			**0**	**0**
	31	**30**	**724**	**755**

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

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