Betsi Cadwaladr University Local Health Board

FOREWORD

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

Statutory Background

Betsi Cadwaladr University Local Health Board was established on 1st October 2009 following the implementation of the Welsh Government's One Wales National Reform Programme for the NHS in Wales and the subsequent merger of two former NHS Trusts and six former Local Health Boards.

Performance Management and Financial Results

Local Health Boards in Wales must comply fully with the HM Treasury's Financial Reporting Manual to the extent that i 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.

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

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

Between 1st October 2009 and 31st May 2012 the Health Board was responsible for management of the Welsh Risk Pool and prepared separate and consolidated sets of annual accounts for its healthcare and Welsh Risk Pool activities.

Following establishment of the NHS Wales Shared Services Partnership on 1st June 2012 responsibility for the Welsh Risk Pool transferred to Velindre NHS Trust and the 2012/13 consolidated set of accounts therefore only includ Welsh Risk Pool activities up to 31st May 2012. Further details on the transfer are included in Note 39 of the accounts accounts (Page 60)

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Note	2012-13 £'000	2011-12 £'000
Expenditure on Primary Healthcare Services	3.1	**283,816**	287,423
Expenditure on healthcare from other providers	3.2	**284,255**	273,553
Expenditure on Hospital and Community Health Services	3.3	**836,585**	854,831
		1,404,656	1,415,807
Less: Miscellaneous Income	4	**146,305**	197,492
LHB net operating costs before interest and other gains and losses		**1,258,351**	1,218,315
Investment Income	8	**0**	0
Other (Gains) / Losses	9	**-77**	-12
Finance costs	10	**1,150**	2,913
Net operating costs for the financial year		**1,259,424**	1,221,216

Achievement of Operational Financial Balance

The LHBs performance for the year ended 31 March 2013 is as follows:

	2012-13 £000	2011-12 £000
Net operating costs for the financial year	1,259,424	1,221,216
Less Non-discretionary expenditure	1,940	1,792
Less Revenue consequences of Bringing PFI schemes onto SoFP	0	0
Net operating costs less non-discretionary expenditure and revenue consequences of PFI	**1,257,484**	**1,219,424**
Revenue Resource Limit	1,257,489	1,219,499
Under / (over) spend against Revenue Resource Limit	**5**	75

The notes on pages 8 to 60 form part of these accounts

Other Comprehensive Net Expenditure

	2012-13 £'000	2011-12 £'000
Net gain / (loss) on revaluation of property, plant and equipment	**97,333**	15,551
Net gain / (loss) on revaluation of intangibles	**0**	0
Net gain / (loss) on revaluation of available for sale financial assets	**123**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**(122,160)**	(1,729)
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**(24,704)**	13,822
Total comprehensive net expenditure for the year	**1,284,128**	**1,207,394**

Statement of Financial Position as at 31 March 2013

	Notes	31 March 2013 £'000	31 March 2012 £'000
Non-current assets			
Property, plant and equipment	11	**450,861**	512,821
Intangible assets	12	**1,360**	1,708
Trade and other receivables	15	**44,272**	233,825
Other financial assets	19	**0**	0
Other assets	20	**0**	0
Total non-current assets		**496,493**	748,354
Current assets			
Inventories	14	**12,509**	11,665
Trade and other receivables	15	**38,836**	244,968
Other financial assets	19	**0**	0
Other assets	20	**0**	0
Cash and cash equivalents	18	**417**	1,396
		51,762	258,029
Non-current assets classified as "Held for Sale"	11	**1,207**	501
Total current assets		**52,969**	258,530
Total assets		**549,462**	1,006,884
Current liabilities			
Trade and other payables	16	**110,670**	127,235
Other financial liabilities	22	**0**	0
Provisions	17	**23,119**	210,252
Other liabilities	21	**0**	0
Total current liabilities		**133,789**	337,487
Net current assets/ (liabilities)		**(80,820)**	(78,957)
Non-current liabilities			
Trade and other payables	16	**1,326**	136,249
Other financial liabilities	22	**0**	0
Provisions	17	**47,446**	101,837
Other liabiliities	21	**0**	0
Total non-current liabilities		**48,772**	238,086
Total assets employed		**366,901**	431,311
Financed by :			
Taxpayers' equity			
General Fund		**332,242**	371,804
Revaluation reserve		**34,659**	59,507
Total taxpayers' equity		**366,901**	431,311

The financial statements on pages 2 to 7 were approved by the Board on 6th June 2013 and signed on its behalf by:

Acting Chief Executive: Geoff Lang…….. Date: 7th June 2013

The notes on pages 8 to 60 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2013

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2012-13			
Restated Balance at 1 April 2012	371,804	59,507	**431,311**
Net operating cost for the year	(1,259,424)		**(1,259,424)**
Net gain/(loss) on revaluation of property, plant and equipment	0	97,333	**97,333**
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	123	**123**
Impairments and reversals	0	(122,160)	**(122,160)**
Movements in other reserves	0	0	**0**
Transfers between reserves	144	(144)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to NHS Trusts	0	0	**0**
Total recognised income and expense for 2012-13	(1,259,280)	(24,848)	**(1,284,128)**
Net Welsh Government funding	**1,219,718**		**1,219,718**
Balance at 31 March 2013	332,242	34,659	**366,901**

The notes on pages 8 to 60 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2012

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2011-12			
Balance at 1 April 2011	380,992	45,781	**426,773**
Net operating cost for the year	(1,221,216)		**(1,221,216)**
Net gain/(loss) on revaluation of property, plant and equipment	0	15,551	**15,551**
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	(1,729)	**(1,729)**
Movements in other reserves	0	0	**0**
Transfers between reserves	96	(96)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to other bodies	0	0	**0**
Total recognised income and expense for 2011-12	(1,221,120)	13,726	**(1,207,394)**
Net Welsh Government funding	**1,211,932**		**1,211,932**
Balance at 31 March 2012	371,804	59,507	**431,311**

The notes on pages 8 to 60 form part of these accounts

Statement of Cash flows for year ended 31 March 2013

		2012-13	2011-12
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost for the financial year		**(1,259,424)**	(1,221,216)
Movements in Working Capital	34	**242,928**	16,221
Other cash flow adjustments	35	**(152,119)**	84,894
Provisions utilised	17	**(21,242)**	(54,223)
Net cash outflow from operating activities		**(1,189,857)**	(1,174,324)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(33,900)**	(42,672)
Proceeds from disposal of property, plant and equipment		**1,948**	534
Purchase of intangible assets		**(183)**	(160)
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		**(32,135)**	(42,298)
Net cash inflow/(outflow) before financing		**(1,221,992)**	(1,216,622)
Cash flows from financing activities			
Welsh Government funding (including capital)		**1,219,718**	1,211,932
Capital receipts surrendered		**0**	0
Capital grants received		**1,295**	1,191
Capital element of payments in respect of finance leases and on-SoFP		**0**	0
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,221,013**	1,213,123
Net increase/(decrease) in cash and cash equivalents		**(979)**	(3,499)
Cash and cash equivalents (and bank overdrafts) at 1 April 2012		**1,396**	4,895
Cash and cash equivalents (and bank overdrafts) at 31 March 2013		**417**	1,396

The notes on pages 8 to 60 form part of these accounts

Notes to the Accounts

1. Accounting policies

The accounts have been prepared in accordance with the 2012-13 Local Health Board Manual for Accounts and 2012-13 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) with the particular accounting policies adopted by the Local Health Board being described below. These policies 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 Board (LHB) is an allocation (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 the LHB transacting with other LHBs is always treated as miscellaneous income.

Income is accounted for by applying the accruals convention with income being 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 LHB does not ordinarily permit the carry forward of annual leave from one period to another unless the leave period differs from the accounting period. In these circumstances any earned leave not taken at the balance sheet date is fully recognised in the financial statements.

Retirement benefit costs
Past and present employees are covered by the provisions of the NHS Pensions Scheme which 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. The scheme is, therefore, 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 LHB's 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.

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 (SoFP) 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.

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.

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. Gains and losses recognised in the Revaluation Reserve are reported in the Statement of Net Comprehensive Expenditure (SoCNE). However, to ensure that the outcome as reflected in the reserves figure on the SoFP is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to the General Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.13.2 The Local Health Board as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the LHB net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the LHB's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

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

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

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

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

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

1.17 Clinical negligence costs
The Welsh Risk Pool operates a risk pooling scheme which is paid for by top-sliced allocations based on direct invoicing to the Welsh Government. The Welsh Risk Pool was hosted by the LHB from 1 April to 31 May 2012 and by Velindre NHS Trust from 1 June 2012 to 31 March 2013.

Additional information on the transfer of assets and liabilities to Velindre NHS Trust has been provided in Note 39 on page 60.

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

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

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

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

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

1.18.5 Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value is determined, where possible, by reference to quoted market prices. Where the market for a financial instrument is not active, fair value is established using valuation techniques which make maximum use of market inputs and recent arm's length transactions, references to other substantially similar instruments, discounted cash flow analysis and option pricing models.

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 SoFP 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 SoCNE 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 SoCNE to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

1.19.1 Financial liabilities are initially recognised at fair value.
Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

1.19.2 Financial liabilities at fair value through the 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 liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

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

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

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

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

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

Losses and special payments are charged to the relevant functional headings in the operating cost statement 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.

1.24 Pooled budgets
The LHB has entered into pooled budget arrangements with local authorities in North Wales under which funds are pooled in accordance with Section 33 of the NHS (Wales) Act 2006.

Each pool is hosted by a local authority with payments for services provided being 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 budgets arrangements.

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

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

1.26 Key sources of estimation uncertainty
The LHB does not believe that estimates prepared as part of these financial statements carry a significant risk of causing material adjustments to the carrying values of assets and liabilities within the next financial year.

1.27 Private Finance Initiative (PFI) transactions

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

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

PFI asset

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

PFI liability

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

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

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 SoCNE.

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 SoFP.

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

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

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

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

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

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

1.29 Carbon Reduction Commitment Scheme
The LHB is not a member of the Carbon Reduction Commitment Scheme

1.30 Absorption accounting

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM which was amended in 2012-13 to provide for transfer by absorption accounting. As the FReM does not require retrospective adoption prior year transactions have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required. For transfers of functions involving NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC or General Reserve as appropriate.

Where transfer of a 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.

1.31 Accounting standards that have been issued but not yet been adopted.
The Treasury FReM does not require the following Standards and Interpretations to be applied in 2012-13.

The application of the Standards as revised would not have a material impact on the accounts for 2012-13, were they applied in that year:

IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

2. Achievement of Operational Financial Balance

2.1 Revenue Resource Limit

The Local Health Board has achieved Operational Financial Balance for the 2012-13 financial year as detailed on Page 2 of these accounts.

2.2 Capital Resource Limit

The LHB is required to keep within its Capital Resource Limit :

	2012-13	2011-12
	£000	£000
Gross capital expenditure	**34,508**	31,900
Add: Losses on disposal of donated assets	**0**	0
Less NBV of property, plant and equipment and intangible assets disposed	**(1,871)**	(522)
Less capital grants received	**0**	(303)
Less donations received	**(1,295)**	(888)
Charge against Capital Resource Limit	**31,342**	30,187
Capital Resource Limit	**31,362**	30,204
(Over) / Underspend against Capital Resource Limit	**20**	17

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2012-13 Total	2011-12
	£'000	£'000	£'000	£'000
General Medical Services	111,799		**111,799**	111,639
Pharmaceutical Services	31,344	(4,168)	**27,176**	26,349
General Dental Services	32,874		**32,874**	32,343
General Ophthalmic Services	0	6,108	**6,108**	6,108
Other Primary Health Care expenditure	3,819		**3,819**	4,945
Prescribed drugs and appliances	102,040		**102,040**	106,039
Total	**281,876**	**1,940**	**283,816**	287,423

3.2 Expenditure on healthcare from other providers

	2012-13	2011-12
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**4,568**	5,195
Goods and services from other NHS Wales Trusts	**4,638**	4,674
Goods and services from other non Welsh NHS bodies	**55,836**	53,278
Goods and services from WHSSC	**130,969**	127,639
Local Authorities	**0**	0
Voluntary organisations	**6,949**	6,540
NHS Funded Nursing Care	**7,025**	8,106
Continuing Care	**70,888**	64,927
Private providers	**1,183**	1,140
Specific projects funded by the Welsh Government	**0**	0
Public Health Wales	**2,199**	2,054
NWSSP, Business Services Centre / Business Services Partnership	**0**	0
Other	**0**	0
Total	**284,255**	273,553

Notes

Expenditure on Primary Healthcare Services includes staff costs of £193,000 split between General Medical Services (£110,000) and General Dental Services (£83,000).

3.3 Expenditure on Hospital and Community Health Services

	2012-13 £'000	2011-12 £'000
Directors' costs	**2,116**	1,988
Staff costs	**579,811**	576,085
Supplies and services - clinical	**93,844**	88,468
Supplies and services - general	**8,261**	8,133
Consultancy Services	**397**	532
Establishment	**12,714**	13,094
Transport	**3,904**	3,677
Premises	**25,301**	26,259
External Contractors	**0**	0
Depreciation	**26,220**	28,841
Amortisation	**531**	554
Fixed asset impairments and reversals (Property, plant & equipment)	**42,784**	18,913
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	**525**	535
Other auditors' remuneration	**0**	0
Losses, special payments and irrecoverable debts	**32,735**	80,888
Research and Development	**465**	554
Other operating expenses	**6,977**	6,310
Total	**836,585**	854,831

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

Increase/(decrease) in provision for future payments:	**2012-13 £000**	2011-12 £000
Clinical negligence	**29,859**	66,697
Personal injury	**1,246**	4,132
All other losses and special payments	**2,901**	3,072
Defence legal fees and other administrative costs	**5,278**	6,579
Gross increase/(decrease) in provision for future payments	**39,284**	**80,480**
Premium for other insurance arrangements	**550**	507
Irrecoverable debts	**(386)**	(99)
Less: income received/ due from Welsh Risk Pool	**(6,705)**	0
Total	**32,743**	**80,888**

Personal injury costs include £85,000 (2011-12 -£142,000) in respect of permanent injury benefits.
Charges to operating expenses include £62,000 (2011-12 £83,000) in respect of 21 cases arising from clinical redress (2010-12: 5 cases), split between damages of £73,000 and defence costs of (£11,000)

Losses, special payments and irrecoverable debts reported in Note 3.4 include an exit package of £8,000 relating to Note 3.1 Expenditure on Primary Healthcare Services - General Medical Services.

4. Miscellaneous Income

	2012-13 £'000	2011-12 £'000
Local Health Boards	**5,950**	6,414
WHSSC	**33,501**	31,450
NHS trusts	**4,589**	3,781
Strategic health authorities and primary care trusts	**12,329**	11,781
Foundation Trusts	**762**	732
Local authorities	**9,674**	8,588
Welsh Government	**34,124**	84,519
Non NHS:		
Prescription charge income	**58**	59
Dental fee income	**6,751**	6,496
Private patient income	**978**	972
Overseas patients (non-reciprocal)	**343**	334
Injury Costs Recovery (ICR) Scheme	**1,299**	2,028
Other income from activities	**801**	790
Patient transport services	**0**	0
Education, training and research	**20,762**	21,482
Charitable and other contributions to expenditure	**2,484**	2,416
Receipt of donated assets	**1,295**	888
Receipt of Government granted assets	**0**	303
Non-patient care income generation schemes	**380**	426
NWSSP, Business Services Centre / Business Services Partnership	**58**	584
Deferred income released to revenue	**174**	223
Contingent rental income from finance leases	**0**	0
Rental income from operating leases	**488**	476
Other income:		
Provision of laundry, pathology, payroll services	**133**	136
Accommodation and catering charges	**2,760**	2,920
Mortuary fees	**360**	369
Staff payments for use of cars	**1,035**	915
Business Unit	**0**	0
Other	**5,217**	8,410
Total	**146,305**	197,492

Injury Costs Recovery (ICR) Scheme income is generally subject to a provision for impairment of 12.6% to reflect expected rates of collection as advised by the Compensation Recovery Unit. The Health Board has further increased the provision impairment rate on specific aged cases in order to reflect the additional risk of potential non-recovery.

The NHS Trusts miscellaneous income figure disclosed above includes £268,000 in respect of income from English health bodies.

5. Employee benefits and staff numbers

5.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2011-12
	£000	£000	£000	£000	£000
Salaries and wages	474,523	1,841	11,860	**488,224**	487,319
Social security costs	36,153	0	0	**36,153**	35,023
Employer contributions to NHS Pension Scheme	57,743	0	0	**57,743**	57,472
Other pension costs	0	0	0	**0**	0
Other employment benefits	0	0	0	**0**	0
Termination benefits	0	0	0	**0**	0
Total	568,419	1,841	11,860	**582,120**	579,814
Charged to capital				**1,451**	1,570
Charged to revenue				**580,669**	578,244
				582,120	579,814

5.2 Average number of employees	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2011-12
	Number	Number	Number	Number	Number
Medical and dental	1,192	24	87	**1,303**	1,259
Ambulance staff	0	0	0	**0**	0
Administrative and estates	2,405	4	9	**2,418**	2,650
Healthcare assistants and other support staff	1,161	0	0	**1,161**	1,360
Nursing, midwifery and health visiting staff	6,594	0	19	**6,613**	6,707
Nursing, midwifery and health visiting learners	0	0	0	**0**	0
Scientific, therapeutic and technical staff	2,084	0	5	**2,089**	2,121
Social care staff	0	0	0	**0**	0
Other	38	0	3	**41**	40
Total	**13,474**	**28**	**123**	**13,625**	14,137

5.3. Retirements due to ill-health

During 2012-13 there were 28 early retirements from the LHB agreed on the grounds of ill-health (2011-12 25 early retirements). The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £1,742,931 (2011-12 £1,980,874).

5.4 Employee benefits	2012-13 £000	2011-12 £000
Employee benefits refer to non-pay benefits which are not attributable to individual employees e.g. group membership of a club. The Health Board does not operate any employee benefit schemes.	0	0

5.5 Reporting of other compensation schemes - exit packages

	Total number of exit packages by cost band Number 2012-13	Total number of exit packages by cost band Number 2011-12
Exit package cost band		
<£10,000	**5**	10
£10,000 to £25,000	**31**	31
£25,000 to £50,000	**39**	38
£50,000 to £100,000	**4**	10
£100,000 to £150,000	**0**	0
£150,000 to £200,000	**0**	0
£200,000+	**0**	0
Total number of exit packages by type	**79**	**89**
Total resource cost £	**2,306,098**	2,678,368

Note: Note 5.2 - Average Number of Employees

The average number of employees figure reported in Note 5.2 for 2012/13 has been calculated using the "contracted hours" method in accordance with the Welsh Government Manual for Accounts. Figures in previous years were calculated using the "paid hours" method and this change in methodology has resulted in a reduction in the reported average number of employees between the two financial periods.

5.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB in the financial year 2012-13 was £200,000 - £205,000 (2011-12, £200,000 - £205,000). This was 7.63 times (2011-12, 7.81) the median remuneration of the workforce, which was £26,557 (2011-12, £26,401).

In 2012-13, five (2011-12, zero) employees received remuneration in excess of the highest-paid director; remuneration for staff ranged from £205,000 to £235,000 (2011-12 n/a).

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

The highest-paid director was the same person in both 2011/12 and 2012/13 and they did not receive a pay award in 2012/13.

The ratio has decreased during 2012/13, as the median remuneration has increased while the salary of the highest paid director has not changed. Pay awards were only made during the year to those staff earning an annual full-time equivalent salary of £20,804 or less; approximately 38% of the workforce (by headcount) received a pay award.

The total number of staff employed through the year has remained relatively constant. The total number of Whole Time Equivalent post has decreased during the year by less than 1%; the proportion of staff in Agenda for Change pay bands 1-4 (and therefore eligible for a pay-award in 2012/13) has also decreased marginal in 2012/13.

In 2012/13, the employees who were not directors but received remuneration in excess of the highest paid director were all senior clinicians.

5.7 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, 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.

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 the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations, using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013 is based on the valuation data as 31 March 2012, updated to 31 March 2013 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, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set 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 formal valuation to be used for funding purposes will be carried out as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

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

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

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

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

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

6. Operating leases

LHB as lessee

Included within operating leases are the following types of lease:

- Lease of various medical and administrative equipment;
- Lease of cars over periods of 3 and 4 years, and
- Lease of various properties over differing periods.

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

Payments recognised as an expense	**2012-13**	2011-12
	£000	£000
Minimum lease payments	**3,421**	3,353
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**3,421**	3,353

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**2,982**	2,997
Between one and five years	**4,346**	5,308
After 5 years	**4,554**	5,926
Total	**11,882**	14,231

There are no future sublease payments expected to be received.

LHB as lessor

Operating leases include the lease of various properties over differing periods. The rent receivable for each lease is negotiated at the time that the contract is entered into.

Rental revenue	**£000**	£000
Rent	**82**	97
Contingent rents	**0**	0
Total revenue rental	**82**	97

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**87**	76
Between one and five years	**228**	222
After 5 years	**835**	891
Total	**1,150**	1,189

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.

	2012-13	**2012-13**	2011-12	2011-12
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,905**	**214,316**	6,499	214,856
Total bills paid within target	**5,245**	**210,379**	5,911	211,938
Percentage of bills paid within target	**88.8%**	**98.2%**	91.0%	98.6%
Non-NHS				
Total bills paid	**232,721**	**289,344**	235,988	293,443
Total bills paid within target	**222,806**	**278,117**	228,038	285,033
Percentage of bills paid within target	**95.7%**	**96.1%**	96.6%	97.1%
Total				
Total bills paid	**238,626**	**503,660**	242,487	508,299
Total bills paid within target	**228,051**	**488,496**	233,949	496,971
Percentage of bills paid within target	**95.6%**	**97.0%**	96.5%	97.8%

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

	2012-13	2011-12
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	**204**	99
Compensation paid to cover debt recovery costs under this legislation	**0**	630
Total	**204**	729

8. Investment Income

	2012-13	2011-12
	£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	0	0
Total	0	0

9. Other gains and losses

	2012-13	2011-12
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	77	12
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through 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	77	12

10. Finance costs

	2012-13	2011-12
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	14	18
Interest on obligations under PFI contracts		
main finance cost	48	50
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	62	68
Provisions unwinding of discount	1,088	2,845
Other finance costs	0	0
Total	1,150	2,913

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 2012	47,440	448,366	17,755	28,031	99,367	1,888	19,119	4,789	**666,755**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions - purchased	0	0	0	27,309	3,729	11	1,916	84	**33,049**
Additions - donated	0	0	0	403	827	0	6	40	**1,276**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	23,335	85	(24,195)	423	0	330	22	**0**
Revaluations	6,748	(17,605)	283	0	0	0	0	0	**(10,574)**
Impairments	(5,739)	(116,077)	(2,264)	0	0	0	0	0	**(124,080)**
Reclassified as held for sale	(1,068)	(2,304)	0	0	0	0	(203)	0	**(3,575)**
Disposals	0	0	0	0	(9,093)	(22)	(4,745)	(460)	**(14,320)**
At 31 March 2013	47,381	335,715	15,859	31,548	95,253	1,877	16,423	4,475	**548,531**
Depreciation at 1 April 2012	0	77,286	1,206	0	58,000	1,413	13,246	2,783	**153,934**
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	(106,693)	(1,214)	0	0	0	0	0	**(107,907)**
Impairments	0	40,643	8	0	0	0	0	0	**40,651**
Reclassified as held for sale	0	(721)	0	0	0	0	(187)	0	**(908)**
Disposals	0	0	0	0	(9,093)	(22)	(4,745)	(460)	**(14,320)**
Provided during the year	0	13,744	470	0	9,121	137	2,316	432	**26,220**
At 31 March 2013	0	24,259	470	0	58,028	1,528	10,630	2,755	**97,670**
Net book value at 1 April 2012	47,440	371,080	16,549	28,031	41,367	475	5,873	2,006	**512,821**
Net book value at 31 March 2013	47,381	311,456	15,389	31,548	37,225	349	5,793	1,720	**450,861**
Net book value at 31 March 2013 comprises :									
Purchased	47,381	305,053	15,389	31,548	33,343	349	5,756	1,505	**440,324**
Donated	0	5,535	0	0	3,882	0	6	186	**9,609**
Government Granted	0	868	0	0	0	0	31	29	**928**
At 31 March 2013	47,381	311,456	15,389	31,548	37,225	349	5,793	1,720	**450,861**
Asset financing :									
Owned	47,381	310,319	15,389	31,548	37,225	349	5,793	1,720	**449,724**
Held on finance lease	0	57	0	0	0	0	0	0	**57**
On-SoFP PFI contracts	0	1,080	0	0	0	0	0	0	**1,080**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	47,381	311,456	15,389	31,548	37,225	349	5,793	1,720	**450,861**

The net book value of land, buildings and dwellings at 31 March 2013 comprises :

	£000
Freehold	370,159
Long Leasehold	4,067
Short Leasehold	0
	374,226

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 2011	49,616	411,222	16,899	37,602	94,955	1,808	18,558	4,708	**635,368**
Indexation	0	16,445	676	0	0	0	0	0	**17,121**
Additions - purchased	0	2,143	0	20,834	6,145	0	1,421	16	**30,559**
Additions - donated	0	47	0	0	831	0	0	0	**878**
Additions - government granted	0	0	0	303	0	0	0	0	**303**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	20,763	180	(30,708)	9,291	117	243	114	**0**
Revaluations	0	199	0	0	0	0	0	0	**199**
Impairments	(1,570)	(1,435)	0	0	0	0	0	0	**(3,005)**
Reclassified as held for sale	(606)	(1,018)	0	0	0	0	0	0	**(1,624)**
Disposals	0	0	0	0	(11,855)	(37)	(1,103)	(49)	**(13,044)**
At 31 March 2012	47,440	448,366	17,755	28,031	99,367	1,888	19,119	4,789	**666,755**
Depreciation at 1 April 2011	0	42,998	642	0	60,501	1,292	11,891	2,388	**119,712**
Indexation	0	1,739	26	0	0	0	0	0	**1,765**
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	4	0	0	0	0	0	0	**4**
Impairments	0	16,872	0	0	0	0	0	0	**16,872**
Reclassified as held for sale	0	(216)	0	0	0	0	0	0	**(216)**
Disposals	0	0	0	0	(11,855)	(37)	(1,103)	(49)	**(13,044)**
Provided during the year	0	15,889	538	0	9,354	158	2,458	444	**28,841**
At 31 March 2012	0	77,286	1,206	0	58,000	1,413	13,246	2,783	**153,934**
Net book value at 1 April 2011	49,616	368,224	16,257	37,602	34,454	516	6,667	2,320	**515,656**
Net book value at 31 March 2012	47,440	371,080	16,549	28,031	41,367	475	5,873	2,006	**512,821**
Net book value at 31 March 2012 comprises :									
Purchased	46,640	362,955	16,549	28,031	37,285	475	5,826	1,767	**499,528**
Donated	800	7,032	0	0	4,082	0	6	206	**12,126**
Government Granted	0	1,093	0	0	0	0	41	33	**1,167**
At 31 March 2012	47,440	371,080	16,549	28,031	41,367	475	5,873	2,006	**512,821**
Asset financing :									
Owned	47,440	369,941	16,549	28,031	41,367	475	5,871	2,006	**511,680**
Held on finance lease	0	72	0	0	0	0	2	0	**74**
On-SoFP PFI contracts	0	1,067	0	0	0	0	0	0	**1,067**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	47,440	371,080	16,549	28,031	41,367	475	5,873	2,006	**512,821**

The net book value of land, buildings and dwellings at 31 March 2012 comprises :

	£000
Freehold	425,999
Long Leasehold	9,070
Short Leasehold	0
	435,069

11. Property, plant and equipment (continued.)

(i) Donated assets include schemes funded by:-

Betsi Cadwaladr University LHB Charity "Cronfa Betsi Fund" £1,048,000
League of Friends £230,000
Maelor Voluntary Services £17,000

(ii) The District Valuer revalued all land, buildings and dwellings as at 1st April 2012 using the Modern Equivalent Asset basis.

The following major schemes, which have been completed since April 2012, have all been revalued by the District Valuer:

- Operating Theatres and Mortuary at Glan Clwyd Hospital,
- Operating Theatres at Abergele Hospital,
- Refurbishment and reconfiguration of pathology services at Ysbyty Gwynedd.

(iii) Assets lives for buildings and dwellings are provided by the District Valuer with lives for equipment assets being assessed and regularly reviewed by users of the equipment.

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

(v) There have been no write-downs to recoverable amount or any reversals of such write-downs during the year.

(vi) The Health Board does not have any temporarily idle assets.

(vii) The gross carrying amount of fully depreciated assets still in use is £34.6 million (2011-12 £44.8 million)

11. Property, plant and equipment (continued)

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2012	371	130	0	0	0	**501**
Plus assets classified as held for sale in the year	1,170	1,611	15	0	0	**2,796**
Revaluation	0	123	0	0	0	**123**
Less assets sold in the year	(938)	(918)	(15)	0	0	**(1,871)**
Less impairment of assets held for sale	(57)	(156)	0	0	0	**(213)**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	(102)	(27)	0	0	0	**(129)**
Balance carried forward 31 March 2013	444	763	0	0	0	**1,207**
Balance brought forward 1 April 2011	236	144	0	0	0	**380**
Plus assets classified as held for sale in the year	606	802	0	0	0	**1,408**
Less assets sold in the year	(330)	(192)	0	0	0	**(522)**
Less impairment of assets held for sale	(141)	(624)	0	0	0	**(765)**
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 2012	371	130	0	0	0	**501**

Land and Building assets classified as "Held for Sale" during the year were as follows:

Dollgellau X-Ray Unit
Llanrwst Heath Centre
Coed Lys - Llangefni
HM Stanley Hospital - St Asaph
Holywell Clinic
Oakleigh Resoure Centre - Llangollen
Dolafon Villas - Llangollen
Alder House, St Asaph (Services transferred to NHS Wales Shared Services Partnership)

Properties being marketed as 31st March 2013:

Sackville Road Clinic - Bangor
16/18 Grosvenor Road - Wrexham
Bodfaen - Bangor
Llanfairfechan Heath Centre
Beechwood - Dollgellau
26 College Road - Bangor
Lawnside Clinic - Rhyl

No longer classified as held for sale, for reasons other than disposal by sale

Amlwch Clinic - the decision to sell this property was reversed during the year due to market conditions.

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 2012	4,059	0	0	0	0	0	**4,059**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**164**	**0**	**0**	**0**	**0**	**0**	**164**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**19**	**0**	**0**	**0**	**0**	**0**	**19**
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	**(202)**	**0**	**0**	**0**	**0**	**0**	**(202)**
Gross cost at 31 March 2013	**4,040**	**0**	**0**	**0**	**0**	**0**	**4,040**
Amortisation at 1 April 2012	2,351	0	0	0	0	0	**2,351**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provided during the year	**531**	**0**	**0**	**0**	**0**	**0**	**531**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**(202)**	**0**	**0**	**0**	**0**	**0**	**(202)**
Amortisation at 31 March 2013	**2,680**	**0**	**0**	**0**	**0**	**0**	**2,680**
Net book value at 1 April 2012	**1,708**	**0**	**0**	**0**	**0**	**0**	**1,708**
Net book value at 31 March 2013	**1,360**	**0**	**0**	**0**	**0**	**0**	**1,360**
At 31 March 2013							
Purchased	**1,335**	**0**	**0**	**0**	**0**	**0**	**1,335**
Donated	**25**	**0**	**0**	**0**	**0**	**0**	**25**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2013	**1,360**	**0**	**0**	**0**	**0**	**0**	**1,360**

12. Intangible non-current assets (continued)

	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 2011	3,899	0	0	0	0	0	**3,899**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	**0**
Additions- purchased	150	0	0	0	0	0	**150**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	10	0	0	0	0	0	**10**
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 2012	**4,059**	**0**	**0**	**0**	**0**	**0**	**4,059**
Amortisation at 1 April 2011	1,797	0	0	0	0	0	**1,797**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	**0**
Provided during the year	554	0	0	0	0	0	**554**
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 2012	**2,351**	**0**	**0**	**0**	**0**	**0**	**2,351**
Net book value at 1 April 2011	**2,102**	**0**	**0**	**0**	**0**	**0**	**2,102**
Net book value at 31 March 2012	**1,708**	**0**	**0**	**0**	**0**	**0**	**1,708**
At 31 March 2012							
Purchased	1,699	0	0	0	0	0	**1,699**
Donated	9	0	0	0	0	0	**9**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2012	**1,708**	**0**	**0**	**0**	**0**	**0**	**1,708**

Asset lives for intangible assets are assessed by the relevant department on initial acquisition and are thereafter reviewed on an annual basis. The Health Board does not hold any assets where the useful lives are indefinite or finite.

The gross carrying amount of fully depreciated assets still in use as at 31st March 2013 was £1.3 million.

13 . Impairments

	2012-13 Property, plant & equipment £000	2012-13 Intangible assets £000	2011-12 Property, plant & equipment £000	2011-12 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**0**	0	**0**	0
Over specification of assets (Gold Plating)	**0**	0	**0**	0
Loss as a result of a catastrophe	**0**	0	**0**	0
Unforeseen obsolescence	**0**	0	**0**	0
Changes in market price	**0**	0	**0**	0
Others (specify)	**164,944**	0	**20,642**	0
Total of all impairments	**164,944**	0	**20,642**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	**42,784**	0	**18,913**	0
Charged to Revaluation Reserve	**122,160**	0	**1,729**	0
	164,944	0	**20,642**	0

"Other" impairments reported above relate to the following:

(i) The revaluation of the whole estate by the District Valuer on 1st April 2012

(ii) Impairments arising from an initial revaluation following construction or major refurbishment. The major schemes completed during 2012/13 were the Operating Theatres and Mortuary at Glan Clwyd Hospital, Operating Theatres at Abergele Hospital and the Pathology Department at Ysbyty Gwynedd.

(iii) The revaluation of land and buildings to market value in preparation for sale. Revaluations during the year included Holywell Clinic and Lawnside Clinic.

All valuations were carried out by the District Valuer or Commercial Valuer in accordance with the requirements of IFRS.

14.1 Inventories

	31 March 2013	31 March 2012
	£000	£000
Drugs	4,793	4,662
Consumables	7,354	6,583
Energy	336	404
Work in progress	0	0
Other	26	16
Total	**12,509**	11,665
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2013	31 March 2012
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	145	137
Reversal of write-downs that reduced the expense	0	0
Total	**145**	**137**

Write-down of inventories relates to the disposal of obsolete, out-of-date or damaged pharmacy stock. This write-down figure represents 0.4% of pharmacy stock purchases during the year (2011-12 0.3%)

15. Trade and other Receivables

Current	**31 March 2013 £000**	31 March 2012 £000
Welsh Government	**834**	221,820
WHSSC	**144**	343
Welsh Health Boards	**919**	901
Welsh NHS Trusts	**350**	1,361
Non - Welsh Trusts	**1,683**	1,937
Other NHS	**0**	0
Welsh Risk Pool	**16,253**	0
Local Authorities	**2,815**	2,144
Capital debtors	**0**	0
Other debtors	**8,510**	9,076
Provision for irrecoverable debts	**(1,570)**	(1,993)
Pension Prepayments	**0**	0
Other prepayments and accrued income	**8,898**	9,379
Sub total	**38,836**	244,968
Non-current		
Welsh Government	**0**	232,624
WHSSC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Non - Welsh Trusts	**0**	0
Other NHS	**0**	0
Welsh Risk Pool	**43,090**	0
Local Authorities	**0**	0
Capital debtors	**0**	0
Other debtors	**0**	0
Provision for irrecoverable debts	**0**	0
Pension Prepayments	**0**	0
Other prepayments and accrued income	**1,182**	1,201
Sub total	**44,272**	233,825
Total	**83,108**	478,793

Receivables past their due date but not impaired

By up to three months	**1,168**	1,254
By three to six months	**477**	554
By more than six months	**252**	374
	1,897	2,182

Provision for impairment of receivables

Balance at 1 April	**(1,993)**	(2,076)
Amount written off during the year	**141**	105
Amount recovered during the year	**0**	0
(Increase) / decrease in receivables impaired	**282**	(22)
Balance at 31 March	**(1,570)**	(1,993)

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

16. Trade and other payables

Current	**31 March 2013 £000**	31 March 2012 £000
Welsh Government	**2**	3
WHSSC	**2,274**	113
Welsh Health Boards	**1,579**	13,905
Welsh NHS Trusts	**492**	783
Other NHS	**12,398**	10,940
Income tax and social security	**11,947**	12,111
Non-NHS creditors	**23,136**	28,143
Local Authorities	**9,386**	8,292
Capital Creditors	**5,186**	4,761
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts and PFI contracts	**60**	60
Pensions: staff	**0**	0
Accruals	**39,468**	43,028
Deferred Income	**516**	582
Other creditors	**4,226**	4,514
Total	**110,670**	127,235
Non-current		
Welsh Government	**0**	0
WHSSC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Other NHS	**0**	0
Income tax and social security	**0**	0
Non-NHS creditors	**0**	134,863
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts and PFI contracts	**1,326**	1,386
Pensions: staff	**0**	0
Accruals	**0**	0
Deferred Income	**0**	0
Other creditors	**0**	0
Total	**1,326**	136,249

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

17. Provisions

	At 1 April 2012	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 2013
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**194,280**	**0**	**0**	**(17,027)**	**36,870**	**(12,112)**	**(189,119)**	**402**	**13,294**
Personal injury	**4,865**	**0**	**0**	**7**	**2,022**	**(1,244)**	**(4,328)**	**74**	**1,396**
All other losses and special payments	**0**	**0**	**0**	**0**	**2,916**	**(2,901)**	**(15)**	**0**	**0**
Defence legal fees and other administration	**5,668**	**0**	**0**	**(222)**	**1,101**	**(3,079)**	**(2,957)**	**0**	**511**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**155**			**97**	**30**	**(162)**	**(5)**	**47**	**162**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**5,284**			**0**	**4,452**	**(1,703)**	**(277)**		**7,756**
Total	**210,252**	**0**	**0**	(17,145)	47,391	(21,201)	(196,701)	**523**	**23,119**
Non Current									
Clinical negligence	**96,598**	**0**	**0**	**17,171**	**12,152**	**(2)**	**(83,261)**	**565**	**43,223**
Personal injury	**2,113**	**0**	**0**	**(7)**	**0**	**0**	**0**	**0**	**2,106**
All other losses and special payments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Defence legal fees and other administration	**1,605**	**0**	**0**	**78**	**601**	**(39)**	**(1,552)**	**0**	**693**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**1,521**			**(97)**	**0**	**0**	**0**	**0**	**1,424**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**0**			**0**	**0**	**0**	**0**		**0**
Total	**101,837**	**0**	**0**	**17,145**	**12,753**	**(41)**	**(84,813)**	**565**	**47,446**
TOTAL									
Clinical negligence	**290,878**	**0**	**0**	**144**	**49,022**	**(12,114)**	**(272,380)**	**967**	**56,517**
Personal injury	**6,978**	**0**	**0**	**0**	**2,022**	**(1,244)**	**(4,328)**	**74**	**3,502**
All other losses and special payments	**0**	**0**	**0**	**0**	**2,916**	**(2,901)**	**(15)**	**0**	**0**
Defence legal fees and other administration	**7,273**	**0**	**0**	**(144)**	**1,702**	**(3,118)**	**(4,509)**		**1,204**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**1,676**			**0**	**30**	**(162)**	**(5)**	**47**	**1,586**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**5,284**			**0**	**4,452**	**(1,703)**	**(277)**		**7,756**
Total	**312,089**	**0**	**0**	**0**	**60,144**	**(21,242)**	**(281,514)**	**1,088**	**70,565**

Expected timing of cash flows:

	In the remainder of spending review to 31 March 2014	Between 1 April 2014 31 March 2019	Between 1 April 2019 31 March 2024	Thereafter	Total
					£000
Clinical negligence	13,290	43,217	0	0	**56,507**
Personal injury	1,396	856	689	561	**3,502**
All other losses and special payments	0	0	0	0	**0**
Defence legal fees and other administration	515	699	0	0	**1,214**
Pensions relating to former directors	0	0	0	0	**0**
Pensions relating to other staff	162	755	567	102	**1,586**
Restructuring	0	0	0	0	**0**
Other	7,756	0	0	0	**7,756**
Total	**23,119**	**45,527**	**1,256**	**663**	**70,565**

The expected timing of cashflows is based on best available information for each individual provision as at 31st March 2013 and may be subject to changes in future periods.

Provisions arising from redress claims totalling £96,000 are included within the above note. These are split between clinical negligence provisions of £93,000 and defence, legal fees and other administration costs provisions of £3,000.

Other provisions are made up as follows:	**£000**
Continuing Healthcare Costs subject to further review	6,794
Expected future costs of employee pay banding reviews and assimilations	506
Expected future costs of consultants removal expenses	436
Expected future costs of term time working arrangments	13
Other miscellaneous provisions	7
	7,756

The "Reversed Unused" totals above include £315,321,000 in respect of Welsh Risk Pool provisions which were transferred to Velindre NHS Trust as at 31st May 2012 and reversing of £50,882,000 inter-trading between the Health Board's Healthcare and Welsh Risk Pool activities.

17. Provisions (continued)

	At 1 April 2011	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 2012
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	164,599	0	(5,800)	53,813	97,876	(44,839)	(71,975)	606	**194,280**
Personal injury	3,649	0	0	404	6,630	(3,838)	(2,125)	145	**4,865**
All other losses and special payments	0	0	0	0	2,854	(2,809)	(45)	0	**0**
Defence legal fees and other administration	658	0	0	272	7,944	(1,381)	(1,825)		**5,668**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	169			196	0	(155)	(108)	53	**155**
Restructuring	0			0	0	0	0	0	**0**
Other	6,213			0	1,074	(369)	(1,634)		**5,284**
Total	**175,288**	**0**	**(5,800)**	**54,685**	**116,378**	**(53,391)**	**(77,712)**	**804**	**210,252**
Non Current									
Clinical negligence	148,503	0	0	(53,817)	18,728	(581)	(16,884)	649	**96,598**
Personal injury	2,525	0	0	(400)	175	(177)	(10)	0	**2,113**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	490	0	0	(272)	1,523	(74)	(62)		**1,605**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	1,717			(196)	0	0	0	0	**1,521**
Restructuring	0			0	0	0	0	0	**0**
Other	0			0	0	0	0		**0**
Total	**153,235**	**0**	**0**	**(54,685)**	**20,426**	**(832)**	**(16,956)**	**649**	**101,837**
TOTAL									
Clinical negligence	313,102	0	(5,800)	(4)	116,604	(45,420)	(88,859)	1,255	**290,878**
Personal injury	6,174	0	0	4	6,805	(4,015)	(2,135)	145	**6,978**
All other losses and special payments	0	0	0	0	2,854	(2,809)	(45)	0	**0**
Defence legal fees and other administration	1,148	0	0	0	9,467	(1,455)	(1,887)		**7,273**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	1,886			0	0	(155)	(108)	53	**1,676**
Restructuring	0			0	0	0	0	0	**0**
Other	6,213			0	1,074	(369)	(1,634)		**5,284**
Total	**328,523**	**0**	**(5,800)**	**0**	**136,804**	**(54,223)**	**(94,668)**	**1,453**	**312,089**

18. Cash and cash equivalents

	2012-13	2011-12
	£000	£000
Balance at 1 April	1,396	4,895
Net change in cash and cash equivalent balances	(979)	(3,499)
Balance at 31 March	417	1,396
Made up of:		
Cash held at GBS	368	1,346
Commercial banks and cash in hand	49	50
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	417	1,396
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	417	1,396

19. Other Financial Assets

	Current		Non-current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	£000	£000	£000	£000
Financial assets				
Finance lease receivables	0	0	0	0
Financial assets carried at fair value through SoCNE	0	0	0	0
Held to maturity investments carried at amortised cost	0	0	0	0
Available for sale financial assets carried at fair value	0	0	0	0
Loans carried at amortised cost	0	0	0	0
	0	0	0	0

20. Other assets

	Current		Non-current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	£000	£000	£000	£000
Carbon Reduction Commitment Scheme	0	0	0	0
Other assets	0	0	0	0
	0	0	0	0

The Health Board is not currently a member of the Carbon Reduction Commitment Scheme.

21. Other liabilities

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Lease incentives	**0**	0	**0**	0
PFI asset -deferred credit	**0**	0	**0**	0
Other [specify]	**0**	0	**0**	0
	0	0	**0**	0

22. Other financial liabilities

Financial liabilities	**31 March 2013**	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Financial assets carried at fair value through SoCNE	**0**	0	**0**	0
	0	0	**0**	0

23. Related Party Transactions

The Welsh Government is regarded as a related party of the Health Board. During the year the Health Board had a significant number of material transactions relating to its healthcare activities with either the Welsh Government or with other entities for which the Welsh Government is regarded as the parent body, namely:

Health Body	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Abertawe Bro Morgannwg University LHB	9,614	4,021	1,004	132
Aneurin Bevan LHB	33	55	31	12
Cardiff & Vale University LHB	454	781	84	270
Cwm Taf LHB	106	52	40	5
Hywel Dda LHB	4,093	410	191	61
Powys LHB	471	4,727	229	439
WHSSC	131,005	33,510	2,274	144
Public Health Wales NHS Trust	2,534	3,599	156	57
Velindre NHS Trust	3,015	1,223	301	145
Welsh Ambulance Services NHS Trust	5,514	722	35	148
Welsh Risk Pool	0	0	0	59,343
Welsh Government	5	1,242,236	2	834
Total	**156,844**	**1,291,336**	**4,347**	**61,590**

The Health Board had material transactions during the year relating to its healthcare activities with other organisations within and outside of Wales, namely:

Organisation Name	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Conwy County Borough Council	4,610	1,352	1,514	700
Denbighshire County Council	4,492	1,004	1,430	182
Flintshire County Council	6,121	1,997	1,846	603
Gwynedd County Council	6,476	1,762	1,951	757
Isle of Anglesey Council	3,787	1,305	1,287	357
Wrexham County Borough Council	5,885	2,689	1,309	215
Bangor University	2,138	1,571	853	349
Aintree University Hospitals NHS Trust	1,718	11	221	2
Countess of Chester Hospital NHS Trust	26,116	56	(417)	36
NHS Blood and Transplant (NHSBT)	3,179	10	22	0
Robert Jones & Agnes Hunt Orthopaedic and District Hospital NHS Trust	14,205	10	18	2
Royal Liverpool & Broadgreen University Hospital NHS Trust	4,696	23	2,252	1
Shropshire County PCT	233	3,133	0	181
Western Cheshire PCT	2	2,338	1	47
Wirral University Teaching Hospital NHS Foundation Trust	1,184	81	(24)	51
Total	**84,842**	**17,342**	**12,263**	**3,483**

Charitable Funds

The Health Board is corporate trustee of the Betsi Cadwaladr University Health Board Charity and Other Related Charities (registered charity number 1138976) with all voting members of the Health Board being corporately responsible for the charity. Operational responsibility for the administration of the charity is delegated to a Charitable Funds Committee.

The Health Board received revenue and capital grants totalling £2,241,000 from the charitable fund during the year (2011/12 £2,196,000)

23. Related Party Transactions (Continued)

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

Name	Details	Interests
Prof M Jones	Chair	Chair, Y Coleg Cymraeg Cenedlaethol Board Member, Institute of Welsh Affairs Trustee Sir Clough Williams Ellis Foundation Trustee RWYC
Mrs M Burrows	Chief Executive	Family members employed by Bangor University
Dr L Miles	Vice Chair	Partner at Bron Derw Medical Centre, Bangor.
Dr K Griffiths	Director of Therapies and Health Sciences (1st April 2012 – 7th June 2012)	Director Henry Leach Associates.
Mr C Sparkes	Acting Director of Therapies and Health Sciences (8th June 2012 – 31st March 2013)	Member of the International Advisory Board of Auditdata Sponsorship for conferences under SFI Spouse is a magistrate Social contact with the Director of David Ormerod Hearing Centres
Mr G Lang	Director of Primary, Community and Mental Health Services Acting Chief Executive (1st April 2012 - 8th May 2012)	Governor of Yale College
Mr A Jones	Director of Public Health	Spouse is an employee of the Betsi Cadwaladr University LHB
Ms J Dean	Independent Board Member	Partner is employed by Bangor University
Mrs E Roberts	Independent Board Member	Councillor and Vice Chair Conwy County Borough Council Member of Betws-y-Coed Golf Club
Mr H Owen-Jones	Independent Board Member	President of Age Concern North East Wales Board Member Flintshire Local Voluntary Council
Mrs H Stevens	Independent Board Member	Board Member, Wales Council for Voluntary Action Member, Wales Council for Voluntary Action Executive Trustee of Denbighshire Voluntary Services Council Committee Member Ron and Margaret Smith Cancer Appeal Spouse is Director of Unity Creative Ltd Spouse is Director LTL International Management
Dr C Tillson	Independent Board Member	GP Partner in Bodnant Medical Centre, Bangor
Mrs M Wyn Jones	Independent Board Member	Associate Director, Tower Media Training Member of Eryri National Park Director, Canolfan Gerdd Williams Mathias Member of Wales Arts Council Family member employed by Betsi Cadwaladr University LHB

All other Health Board members have declared no related parties interests during the period.

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Total value of transactions with Board members and key senior staff in 2012-13	0	0	0	0

24. Third Party assets

As at 31st March 2013, the Health Board held £424,863 cash at bank and in hand on behalf of third parties (31 March 2012: £328,238) . This total, which has been excluded from cash and cash equivalents in Note 18, was made up as follows:
- Cash held on behalf of patients - £387,561 (31 March 2012 : £328,238);
- Refundable deposits for staff accommodation - £28,764;
- Monies held on behalf of Wrexham Maelor Hospital League of Friends - £8,538.

25. Intra Government balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
2012-13 :				
Welsh Government	834	0	2	0
Welsh Local Health Boards	919	0	1,579	0
Welsh NHS Trusts	350	0	492	0
Welsh Health Special Services Committee	144	0	2,274	0
All English Health Bodies	1,684	0	3,920	0
All N. Ireland Health Bodies	10	0	0	0
All Scottish Health Bodies	8	0	9	0
Miscellaneous	16,253	43,090	0	0
Credit note provision	(19)	0	0	0
Sub total	**20,183**	**43,090**	**8,276**	**0**
Other Central Government Bodies				
Other Government Departments	0	0	8,469	0
Revenue & Customs	0	0	11,947	0
Local Authorities	2,815	0	9,386	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	15,838	1,182	72,592	1,326
TOTAL	**38,836**	**44,272**	**110,670**	**1,326**
2011-12 :				
Welsh Government	221,820	232,624	3	0
Welsh Local Health Boards	922	0	13,905	0
Welsh NHS Trusts	1,361	0	783	0
Welsh Health Special Services Committee	343	0	113	0
All English Health Bodies	2,082	0	3,891	0
All N. Ireland Health Bodies	6	0	0	0
All Scottish Health Bodies	18	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(190)	0	0	0
Sub total	226,362	232,624	18,695	0
Other Central Government Bodies				
Other Government Departments	0	0	7,049	0
Revenue & Customs	0	0	12,111	0
Local Authorities	2,144	0	8,292	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	16,462	1,201	81,088	136,249
TOTAL	244,968	233,825	127,235	136,249

26. 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 2013		Approved to write-off to 31 March 2013	
	Number	£	Number	£
Clinical negligence	99	6,340,836	13	1,530,548
Personal injury	63	983,646	7	154,782
All other losses and special payments	537	2,900,696	537	2,900,696
Total	699	10,225,178	557	4,586,026

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

		Amounts paid out in year	Cumulative amount	Approved to write-off in year
Cases exceeding £250,000		£	£	£
00RT7MN0002	Clinical Negligence	0	5,357,460	0
03RT8MN0041	Clinical Negligence	456,000	566,094	566,094
03RT9MN0044	Clinical Negligence	0	412,500	0
05RT8MN0017	Clinical Negligence	0	549,000	0
06RT8MN0025	Clinical Negligence	49,000	499,000	0
06RT9MN0039	Clinical Negligence	15,000	362,500	0
07RT8MN0007	Clinical Negligence	0	1,260,000	0
07RT8MN0020	Clinical Negligence	48,430	1,357,781	0
07RT8MN0027	Clinical Negligence	1,210,000	1,325,000	0
07RT9MN0002	Clinical Negligence	0	445,000	0
07RT9MN0011	Clinical Negligence	260,000	5,660,000	0
07RT9MN0020	Clinical Negligence	536,657	837,755	0
07RT9MN0027	Clinical Negligence	0	750,935	0
08RT7MN0008	Clinical Negligence	360,000	905,000	0
08RT7MN0019	Clinical Negligence	0	280,000	280,000
08RT7MN0027	Clinical Negligence	35,000	335,085	0
08RT7MN0029	Clinical Negligence	0	298,000	298,000
08RT8MN0033	Clinical Negligence	340,022	375,022	0
08RT9MN0004	Clinical Negligence	0	410,056	0
08RT9MN0010	Clinical Negligence	372,533	372,533	0
09RT7PI0010	Personal Injury	315,081	331,281	0
10RT7MN0018	Clinical Negligence	270,000	270,000	0
117A1EG0024	VERS Scheme	0	4,117,494	0
137A1EG0005	VERS Scheme	2,306,097	2,306,098	2,306,098
Sub-total		**6,573,820**	**29,383,594**	**3,450,192**
All other cases		3,651,358	9,028,544	1,135,834
Total cases		**10,225,178**	**38,412,138**	**4,586,026**

27. Contingencies

27.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2012-13 £'000**	2011-12 £'000
Legal claims for alleged medical or employer negligence	**126,788**	103,302
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**2,297**	1,916
Continuing Health Care costs	**10,602**	6,690
Other	**0**	1,169
Total value of disputed claims	**139,687**	113,077
Amounts recovered in the event of claims being successful	**123,103**	101,156
Net contingent liability	**16,584**	11,921

In accordance with IAS37, the Health Board is required to disclose details of claims made against it where the financial liability, if any, cannot yet be determined. This includes claims relating to alleged clinical negligence, personal injury and Permanent Injury Benefits under the NHS Injury Benefit Scheme. As any future expenditure which may arise from such claims cannot currently be determined, no provision has been made for them within these financial statements.

In relation to the Continuing Health Care contingent liability, this is considered to be a maximum value should all the claims be successful, and valued at the average rate from previous successful retrospective claims. While the validity and value of the claims is at this time uncertain, it is expected that the proportion of successful claims will be significantly less than the full number of claims registered.

The Welsh Risk Pool is not required to make a disclosure for contingent liabilities.

27.2 Contingent assets

	2012-13 £'000	2011-12 £'000
The Health Board does not have any contingent assets	**0**	0
	0	0
	0	0
	0	0

28. Capital commitments

Contracted capital commitments at 31 March	**2012-13 £'000**	2011-12 £'000
Property, plant and equipment	**103,157**	110,000
Intangible assets	**0**	0
	103,157	110,000

Capital commitments relate to the following schemes:

- Major business case for the redevelopment of Glan Clwyd Hospital;
- Redevelopment of Ysbyty Gwynedd Emergency Department;
- CT Scanner installation costs;
- Linear accelerator costs.

29. Finance leases

29.1 Finance leases obligations (as lessee)

The Health Board has one building finance lease for the part lease of Clwydian House. This lease commenced in 1996 for a term of 19 years with an annual rental of £30,000. There is no option to purchase the building at the end of the agreement in March 2015.

The Health Board had two 4 year photocopier leases which expired during the year. The annual rental for the two leases was £2,000 and there was no option to purchase these assets at the end of the agreement.

No additional finance leases were entered into during the year.

Amounts payable under finance leases:

Land	**31 March 2013 £000**	31 March 2012 £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

29.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

Buildings	**31 March 2013**	31 March 2012
Minimum lease payments	**£000**	£000
Within one year	**30**	30
Between one and five years	**30**	60
After five years	**0**	0
Less finance charges allocated to future periods	**(27)**	(41)
Minimum lease payments	**33**	49
Included in:		
Current borrowings	**16**	16
Non-current borrowings	**17**	33
	33	**49**
Present value of minimum lease payments		
Within one year	**16**	16
Between one and five years	**17**	33
After five years	**0**	0
Present value of minimum lease payments	**33**	49
Included in:		
Current borrowings	**16**	16
Non-current borrowings	**17**	33
	33	**49**

Other	**31 March 2013**	31 March 2012
Minimum lease payments	**£000**	£000
Within one year	**0**	2
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**	2
Included in:		
Current borrowings	**0**	2
Non-current borrowings	**0**	0
	0	**2**
Present value of minimum lease payments		
Within one year	**0**	2
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	2
Included in:		
Current borrowings	**0**	2
Non-current borrowings	**0**	0
	0	**2**

29.2 Finance lease receivables (as lessor)

The Health Board has no finance lease receivables (as lessor)

Amounts receivable under finance leases:

	31 March 2013 £000	31 March 2012 £000
Gross investment in leases		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**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
Less finance charges allocated to future periods	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

30. Private Finance Initiative contracts

30.1 PFI schemes off-Statement of Financial Position

The Health Board does not have any PFI schemes off-statement of financial position,

30.2 PFI schemes on-Statement of Financial Position

The contribution to Fresenius was to build and equip a Renal Diabetic Unit at Glan Clwyd Hospital, including the provision of consumables.

Whilst Fresenius continue to have defined responsibilities for the maintenance of the Unit, the Health Board is responsible for the delivery of all clinical care and other support services.

The Unit is treated as an asset of the Health Board and, as such, is included in Note 11 Property, Plant and Equipment.

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

	31 March 2013	31 March 2012
	£000	£000
Not later than one year	**90**	90
Later than one year, not later than five	**362**	362
Later than five years	**1,484**	1,574
Sub total	**1,936**	2,026
Less: interest element	**583**	631
Total	**1,353**	1,395

30.3 Charges to expenditure

The total charged in the year to expenditure in respect of the service element of on-statement of financial position PFI contracts was £271,713 (prior year £259,130).

The LHB is committed to the following annual charges

	31 March 2013	31 March 2012
	£000	£000
PFI scheme expiry date:		
Not later than one year	**0**	0
Later than one year, not later than five years	**0**	0
Later than five years	**272**	259
Total	**272**	259

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.

30.4 The LHB does not have any Public Private Partnerships

31. Pooled budgets

The Health Board has entered into two pooled budgets; one jointly with Flintshire County Council and Wrexham County Borough Council and one with Denbighshire County Council.

Under these arrangements, which are governed by the NHS (Wales) Act 2006, funds are pooled for the following activities:

- North East Wales Community Equipment Service
- Denbighshire Community Equipment Service

Management boards representing the partner organisation oversee the operational management of each of the pooled budgets.

A memorandum note to the accounts provides details of the joint income and expenditure of each of the pooled budget arrangements.

32. Financial Instruments

Financial assets	At "fair value" through SoCNE	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	63,273	0	0	63,273
Cash at bank and in hand	417	0	0	417
Other financial assets	13,741	0	0	13,741
Total at 31 March 2013	77,431	0	0	77,431

Financial liabilities	At "fair value" through SoCNE	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	1,386	0	1,386
Other financial liabilities	98,147	0	98,147
Total at 31 March 2013	99,533	0	99,533

Financial assets	At "fair value" through SoCNE	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	458,986	0	0	458,986
Cash at bank and in hand	1,396	0	0	1,396
Other financial assets	9,227	0	0	9,227
Total at 31 March 2012	469,609	0	0	469,609

Financial liabilities	At "fair value" through SoCNE	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	1,446	0	1,446
Other financial liabilities	549,179	0	549,179
Total at 31 March 2012	550,625	0	550,625

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The Health Board has no power to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Health Board in undertaking its activities.

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

33. 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 provided 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.

Maturity of Financial Liabilities
As the LHB is not exposed to significant liquidity risk there is no requirement to disclose a maturity analysis of the financial liabilities reported in Note 32.

34. Movements in working capital

	2012-13	2011-12
	£000	£000
(Increase)/decrease in inventories	(844)	(1,162)
(Increase)/decrease in trade and other receivables - non - current	189,553	15,387
(Increase)/decrease in trade and other receivables - current	206,132	(36,658)
(Increase)/decrease in other current assets	0	0
Increase/(decrease) in trade and other payables - non - current	(134,923)	37,092
Increase)/(decrease) in trade and other payables - current	(16,565)	(9,370)
Increase/(decrease) in other current liabilities	0	0
Increase/(decrease) in assets held for sale	0	0
Total	243,353	5,289
Adjustment for accrual movements in fixed assets -creditors	(425)	10,932
Adjustment for accrual movements in fixed assets -debtors	0	0
Other adjustments	0	0
	242,928	16,221

35. Other cash flow adjustments

	2012-13	2011-12
	£000	£000
Depreciation	26,220	28,841
Amortisation	531	554
(Gains)/Loss on Disposal	(77)	(12)
Impairments and reversals	42,784	18,913
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(1,295)	(888)
Government Grant assets received credited to revenue but non-cash	0	(303)
Non-cash movements in provisions	(220,282)	37,789
Total	(152,119)	84,894

36. Cash flow relating to exceptional items

There were no cash flows relating to exceptional items during the period.

37. Events after the Reporting Period

The Health Board does not consider that there were any events after the reporting period which would require additional disclosure within these financial statements.

38. Operating segments

Accounting standard IFRS 8 “Operating Segments” requires entities to consider whether segmental reporting arrangements apply to their statutory financial accounts with a general requirement that financial information should be reported on the same basis as used internally for evaluating operating segment performance and for determining the allocation of resources.

The Health Board’s services are managed through eleven Clinical Programme Groups (CPGs) and a range of corporate support service departments, with each CPG being responsible for its own services and performance within a devolved management structure. It has therefore been determined that each CPG represents a reportable operating segment and that it is appropriate for additional information to be provided within this note.

The following table provides further analysis of the **Statement of Comprehensive Net Expenditure** and **Achievement of Operational Financial Balance** on page 2 of these accounts by reportable operating segment:

Welsh Risk Pool claims related expenditure is included within "Corporate functions and other expenditure" with Welsh Risk Pool income being included in "Other income excluding Revenue Resource Limit".

CPGs Operating Costs less Miscellaneous Income	**2012-13 £'000**	**2011-12 £'000**
Primary, Community and Specialist Medicine	**206,241**	**192,512**
Pharmacy and Medicines Management	**146,383**	**149,221**
Surgery and Dental	**117,046**	**117,610**
Mental Health and Learning Disabilities	**109,885**	**108,210**
Children and Young People	**43,813**	**43,880**
Therapies and Clinical Support	**43,491**	**43,043**
Anaesthetics, Critical Care and Pain Management	**37,375**	**31,447**
Women and Maternal Care	**29,026**	**28,526**
Cancer, Palliative Care and Clinical Haematology	**26,699**	**25,659**
Pathology	**22,999**	**24,952**
Radiology	**19,050**	**19,325**
Other Operating Costs		
Service Level Agreements and Contracts	**191,532**	**191,640**
Primary Care Contractor Services	**138,189**	**137,773**
Depreciation and Impairments	**69,535**	**48,308**
Corporate functions and other expenditure (Including Non Cash Limited Expenditure)	**140,647**	**192,424**
Other Income excluding Revenue Resource Limit	**(82,487)**	**(133,314)**
Operating Costs Sub-Total	**1,259,424**	**1,221,216**
Less Non-Discretionary / Non Cash Limited Expenditure	**1,940**	**1,792**
Revenue Resource Limit	**1,257,489**	**1,219,499**
Under / (over) spend against Revenue Resource Limit	**5**	**75**

38. Operating segments (Continued)

The following table further segments the results of the 2012/13 financial year between the Health Board's Healthcare and Welsh Risk Pool activities:

	Healthcare Activities 2012-13 £000	Welsh Risk Pool Activities 1 April-31 May 2012 £000	Total Activities 2012-13 £000
Operating expenditure	1,376,791	27,865	1,404,656
less Miscellaneous income	(117,463)	(28,842)	(146,305)
Plus Interest and other gains and losses	96	977	1,073
Net operating costs for the financial year	1,259,424	0	1,259,424
Less Non-discretionary expenditure	(1,940)		(1,940)
Sub-total	1,257,484	0	1,257,484
Revenue Resource Limit (RRL)	1,257,489		1,257,489
Under / (over) spend against RRL	5	**0**	**5**

This table includes inter-segmental trading of £6,844,000 between 1st April and 31 May 2012 which has been nets-off within Note 3.3 Expenditure on Hospital and Community Health Services and Note 3.4 Losses, special paymenst and irrecoverable debts: charges to operating expenses.

The financial statements of both segments are separately dislosed in the Healthcare Accounts (Pages 1 to 60) and Welsh Risk Pool Accounts (Pages1 to 19)

39. Other Information

Following the establishment of the NHS Wales Shared Services Partnership on 1st June 2012 responsibility for the following support functions, along with their associated assets and liabilities, transferred from the Health Board to Velindre NHS Trust:

- Procure to Pay Services comprising Accounts Payable and Procurement Services
- Payroll and Recruitment Services
- Internal Audit Services
- Welsh Health Legal Services
- Welsh Risk Pool

Funding for the majority of these functions had previously been received from Welsh Government through the Revenue Resource Limit with a smaller amount, including funding for Welsh Health Legal Services and the Welsh Risk Pool being recorded as miscellaneous income in Note 4. In accordance with the FReM, these functions were transferred using absorption accounting principles, adapted for the issue of Public Dividend Capital (PDC), as detailed in Accounting Policy Note 1.30 on page 19. Members of staff employed by the Health Board within these functions were transferred to the new hosting body under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements.

All transactions and balances prior to the transfer date of 1st June 2012 are included within these financial statements with transactions and balances after that date, including year-end assets and liabilities, being included in Velindre NHS Trust's annual accounts. All costs incurred by the Health Board in respect of Healthcare activities during 2012/13 have been fully reimbursed by Welsh Government and Velindre NHS Trust with funding included as miscellaneous income in Note 4.

The Welsh Government's 2012/13 Manual for Accounts requires the transfer of these assets and liabilities to be disclosed in detail within the Health Board's financial statements in order that items can be tracked into the successor body's annual accounts. All transactions and balances which formed part of this transfer were subject to audit by Wales Audit Office in October 2012 and are detailed below. Whilst the income and expenditure figures only relate to two months of the current financial year they provide sufficient information to allow an understanding of the full year impact of the transfer on the Health Board's financial statements.

	Healthcare	Welsh Risk Pool	Total
Income and Expenditure 1st April-31st May 2012	**£'000**	**£'000**	**£'000**
Miscellaneous Income	(61)	(28,842)	(28,903)
Expenditure – Non Pay	320	28,842	29,162
Expenditure – Pay	1,042	0	1,042
Net Costs reimbursed	1,301	0	1,301
Assets and Liabilities transferred on 1st June 2012	**£'000**	**£'000**	**£'000**
Property, plant and equipment	438	0	438
Trade and Other Receivables - Current	9	237,788	237,797
Trade and Other Receivables - Non Current	0	242,296	242,296
Trade and Other Payables - Current	(145)	(30,374)	(30,519)
Trade and Other Payables - Non Current	0	(134,863)	(134,863)
Provisions - Current	0	(207,887)	(207,887)
Provisions - Non Current	0	(107,434)	(107,434)
Number of staff transferred to Velindre NHST	188	6	194

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

I certify that I have audited the financial statements of Betsi Cadwaladr University Local Health Board for the year ended 31st March 2013 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 the 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 as set out on pages 63 and 64, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board'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 Betsi Cadwaladr University Local Health Board circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

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

In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 Betsi Cadwaladr University Local Health Board as at 31 March 2013 and of its net operating costs, its recognised gains and losses and cash flows for the year then ended; and
• have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

• the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers;
• I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not available at the time of my audit.

Matters on which I report by exception

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

• the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;
• proper accounting records have not been kept;
• 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
11 June 2013

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

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

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

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

Date: 7th June 2013 Geoff Lang..... Acting Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury

- make judgements and estimates which are responsible and prudent

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

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

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

By Order of the Board

Signed:

Chairman: Mervyn Jones…….……..... Dated: 7th June 2013

Acting Chief Executive: Geoff Lang …….....……. Dated: 7th June 2013

Director of Finance: Helen Simpson……....….....….. Dated: 7th June 2013

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

North East Wales Community Equipment Service Memorandum Accounts 2012/13

The North East Wales pool is hosted by Flintshire County Council and the formal partnership agreement commenced on 8th July 2009. A memorandum of account has been produced by Flintshire County Council, as shown below:

	2012/13	2011/12
Pooled Budget contributions	**£ 000**	**£ 000**
Flintshire County Council	(406)	(362)
Wrexham County Borough Council	(303)	(326)
Betsi Cadwaladr University Local Health Board	(209)	(209)
Other	(136)	(122)
Total Pooled Budget contributions for the year	**(1,054)**	**(1,019)**
Expenditure		
Equipment Purchases	594	447
Operating Expenditure	449	554
Non Operating Expenditure	0	0
Total Expenditure for the year	**1,043**	**1,001**
Net Surplus on the Pooled Budget for the Year	**(11)**	**(18)**

Denbighshire Community Equipment Services Memorandum Accounts 2012/13

The Denbighshire pool is hosted by Denbighshire County Council. The initial three year partnership agreement commenced on 1st April 2009 and ended on 31st March 2012. The current partnership agreement commenced on 1st April 2012 and runs until 31st March 2015

A memorandum of account has been produced by Denbighshire County Council which is shown below:

	2012/13	2011/12
Pooled budget contributions	**£ 000**	**£ 000**
Denbighshire County Council	(211)	(211)
Betsi Cadwaladr University Local Health Board	(130)	(130)
Other - HEC / CHC / Interrmediate Care	(95)	(55)
Total Funding	**(436)**	**(396)**
Expenditure		
Equipment purchases	177	190
Operating Expenditure	268	247
Total Expenditure	**445**	**437**
Net Surplus on the Pooled Budget for the Year	**9**	**41**

Note: The overspend in the year related mainly to the purchase of equipment. This has been funded by the accrued surplus which was £17,000 as at 31st March 2013 (£26,000 31st March 2012)

Annual Governance Statement 2012/13

1. Scope of Responsibility

BCUHB Health Board is responsible for the provision of a full range of primary, community, mental health and acute hospital services for a population of about 678,000 people across the six counties of North Wales (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham) as well as some parts of mid Wales, Cheshire and Shropshire.

BCUHB are responsible for the operation of three district general hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Wrexham Maelor Hospital) along with a network of community hospitals, health centres, clinics, mental health units and community team bases.

The Health Board also coordinates the work of 118 GP practices and NHS services provided by North Wales dentists, opticians and pharmacies.

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

In discharging this responsibility, I, together with the Board, am responsible for putting in place arrangements for the effective governance for BCUHB Health Board, facilitating the effective implementation of the functions of the Board and the management of risk.

I have put in place appropriate accountability and assurance measures to enable me to exercise my responsibilities as Accountable Officer. I have given particular attention to patient safety and the reconfiguration of service to ensure they are safe, sustainable and affordable, now and in the future. I have ensured that the organisation works closely with partner organisations such as local authorities and the voluntary sector, to discuss and address health inequalities and promote community engagement. Routine performance reporting is provided to the Board and to WG through the National Performance Framework, Standards for Health Services in Wales Improvement Plan and financial reporting.

The Board is responsible for:

- Setting the strategic direction of the organisation within overall policies and priorities of the Welsh Government and the NHS;
- Overseeing the delivery of planned results by monitoring performance against objectives;
- Maintaining high standards of corporate governance;
- Ensuring effective financial stewardship;
- Ensuring effective communication between the organisation and the community regarding plans and performance and that these arrangements are responsive to the locality's health needs;
- Appointing, appraising and remunerating senior executives.

The Board functions as a corporate decision making body. Executive Directors and Independent Members are full and equal members sharing corporate responsibility for all the decisions of the Board. The Board is supported by the Director of Governance and Communications (who is the Board Secretary) who acts as principal advisor on all aspects of governance within the Health Board.

1.1 Board and Committee Membership

The Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors for these matters.

NAME	*POSITION*	*AREA OF EXPERTISE REPRESENTATION ROLE*	*BOARD COMMITTEE MEMBERSHIP*	*CHAMPION ROLES*
Professor Merfyn Jones	Chair		• Chair - The Board • Chair - Workforce & OD Committee • Chair – Information Governance Committee • Member – Finance & Performance Committee	• Hygiene, Cleanliness, Infection Control
Dr Lyndon Miles	Vice Chair		• Vice Chair - The Board • Chair Quality & Safety Committee • Chair Mental Health Committee • Member - Workforce & OD Committee	• Mental Health • Older People • Carers • Veterans
Mr Keith McDonogh	Independent Member	Finance	• Member Health Board • Chair – Finance & Performance Committee	• Children • Public Health

			• Member - Audit Committee • Member - Workforce & OD Committee • Member - Information Governance Committee	
Mr Harri Owen-Jones	Independent Member		• Member Health Board • Chair – Charitable Funds Committee • Vice Chair – Quality & Safety Committee • Vice Chair - Workforce & OD Committee • Member - Mental Health Act Committee • Member - Information Governance Committee	• Concerns • *Chair Organ Donation Committee*
Dr Christopher Tillson	Independent Member		• Member Health Board • Chair - Audit Committee • Member - Workforce & OD Committee • Member - Finance & Performance Committee • Member - Quality & Safety Committee	• Young People • Design
Ms Jenie Dean	Independent Member	Trade Union	• Member Health Board • Member - Workforce & OD Committee	• Violence & Aggression • Equality

			• Vice Chair - Audit Committee • Member - Finance & Performance Committee • Member - Information Governance Committee • ExOfficio member – Local Partnership Forum	
Mrs Hilary Stevens	Independent Member	Third Sector	• Member Health Board • Member - Quality & Safety Committee • Member - Charitable Funds Committee • Member - Finance & Performance Committee	• Public & Patient Involvement
Rev Hywel Davies	Independent Member	Community	• Member Health Board • Member - Quality & Safety Committee • Member - Charitable Funds Committee • Member - Mental Health Act Committee • Member - Audit Committee	• Welsh Language • Safeguarding
Cllr Liz Roberts	Independent Member	Local Authority	• Member Health Board • Member - Quality & Safety Committee	

Mrs Marian Wyn Jones	Independent Member	Community	• Member Health Board • Member - Information Governance Committee	
Dr Berwyn Owen	Associate Member	Healthcare Professionals	• Associate Member Health Board • Chair - Healthcare Professional Forum	
Mr David Scott	Associate Member	Stakeholders	• Associate Member Health Board • Chair – Stakeholder Reference Group	
Mrs Mary Burrows	Chief Executive		• Member Health Board • Chair – Local Partnership Forum • Member Finance & Performance Committee • In Attendance – Quality & Safety Committee • In Attendance – Workforce & OD Committee • In Attendance – Audit Committee • Member - Charitable Funds Committee	*N/A*
Mrs Helen Simpson	Executive Director of Finance		• Member Health Board • Member – Charitable Funds Committee • Member Finance	*N/A*

			& Performance Committee • In Attendance – Workforce & OD Committee • In Attendance – Audit Committee • In Attendance- Local Partnership Forum	
Mr Geoff Lang	Executive Director Primary, Community & Mental Health Services		• Member Health Board • In attendance Finance & Performance Committee • Member – Mental Health Act Committee • In Attendance – Quality & Safety Committee • In Attendance- Local Partnership Forum	
Mr Mark Scriven (up to October 2012) Dr Martin Duerden (wef October 2012)	Executive Medical Director and Director Clinical Services Acting Executive Medical Director and Director Clinical Services		• Member Health Board • Member Finance & Performance Committee • In Attendance – Quality & Safety Committee • In Attendance – Information Governance Committee • In Attendance - Audit Committee • In Attendance- Local Partnership Forum	*N/A*
Mrs Jill Galvani (until Feb	Executive Director of Nursing,		• Member Health Board	*N/A*

2013) Mrs Reena Cartmell (wef March 2013)	Midwifery and Patient Services Acting Executive Director of Nursing, Midwifery and Patient Services		• Member Finance & Performance Committee • In Attendance – Quality & Safety Committee • In Attendance – Information Governance Committee • In Attendance- Local Partnership Forum	
Mr Neil Bradshaw	Executive Director of Planning		• Member Health Board • In Attendance – Charitable Funds Committee • In Attendance – Finance & Performance Committee • In Attendance- Local Partnership Forum	*N/A*
Mr Martin Jones	Executive Director of Workforce & OD		• Member Health Board • In Attendance- Local Partnership Forum • Member - Finance & Performance Committee • In Attendance - Workforce & OD Committee	*N/A*
Mr Andrew Jones	Executive Director of Public Health		• Member Health Board • In attendance – Quality & Safety Committee • In attendance – Finance &	

			Performance Committee • In Attendance- Local Partnership Forum	
Mrs Grace Lewis-Parry	Director Governance & Communication (Board Secretary)		• Associate Member Health Board • In Attendance Healthcare Professionals Forum • In attendance - Stakeholder Reference Group • In attendance - Quality & Safety Committee • In attendance - Information Governance Committee • In attendance – Audit Committee	*N/A*
Mr Mark Common	Director Improvement & Business Support		• Associate Member Health Board • In attendance - Finance & Performance Committee • In attendance - Quality & Safety Committee	*N/A*

Dr Keith Griffiths Mr Clive Sparkes	Executive Director Therapies & Health Science until June 2012 Acting Executive Director Therapies & Health Science wef June 2012		• Member Health Board • In attendance - Quality & Safety Committee • In attendance - Audit Committee • In attendance - Finance & Performance Committee • In attendance - Information Governance Committee • In Attendance- Local Partnership Forum	*N/A*

The Health Board has agreed Standing Orders for the regulation of proceedings and business. 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 delegations 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 Framework. They have been updated as part of the annual cycle of business.

New Standing Financial Instructions were issued by the Welsh Government for local adoption. The requirements of the Welsh Government are that these are adopted without variation. The main changes arising from the previous version were highlighted, presented and agreed at the Audit Committee in March 2013.

The following table outlines dates of Board and Committee meetings held during 2012/13, no meetings were inquorate:-

Board/ Committee	2012-13 Please note: In Committee, are meetings which are held in Private session						
Board	26/4/12	24/5/15	28/6/12	19/7/12	26/7/12	27/9/12	25/10/12
	22/11/12	3/1/13 In Committee	18/1/13	24/1/13	7/2/13 In Committee	28/2/13	28/3/13
Audit Committee	7/6/12	20/9/12	6/12/12	21/3/13			

Charitable Funds Committee	19/7/12	29/12/12	21/2/13				
Quality & Safety Committee	5/4/12	3/5/12	14/6/12	5/7/12	6/9/12	4/10/12	1/11/12
	3/1/13	7/2/13	7/3/13				
Finance & Performance Management	24/4/12	22/5/12	26/6/12	24/7/12	4/9/12	25/9/12	23/10/12
	20/11/12	19/12/12 In Committee with Q&SC	23/1/13	26/2/13	26/3/13		
Mental Health Act Committee	19/4/12	2/8/12	18/10/12	17/1/13			
Information Governance Committee	12/4/12	21/6/12	11/10/12	13/12/12	14/2/13		
Workforce & OD Committee	10/5/12	12/7/12	13/9/12	8/11/12	10/1/13	14/3/13	

See Appendix 1 for Board attendance during 2012/13.

In support of the Board, the Health Board is also required to have three Advisory Groups. These are now well established groups and have each met regularly throughout the year. The Chairs of the Stakeholder Reference Group and Healthcare Professionals Forum are active Associate Members of the Health Board. The Advisory Groups are as follows

- Stakeholder Reference Group;
The purpose of the Stakeholder Reference Group, hereafter referred to as "SRG", is to provide:

- Early engagement and involvement in the determination of the LHB overall strategic direction;
- Provision of advice on specific service proposals prior to formal consultation; as well as
- Feedback on the impact of the LHB operations on the communities it serves.

- Local Partnership Forum;
The LHB Local Partnership Forum (LPF) is the formal mechanism where NHS Wales's employers and trade unions, professional bodies (hereafter referred to as staff organisations) work together to improve health services for the people of Wales. It is the forum where key stakeholders will engage with each other to inform, debate and seek to agree local priorities on workforce and health service issues.

- Healthcare Professionals' Forum.
The Healthcare Professionals Forum's role is to provide a balanced, multi disciplinary view of professional issues to advise the Board on local strategy and delivery. Its role does not include consideration of professional terms and conditions of service.

The purpose of the Healthcare Professionals Forum is to facilitate engagement and debate amongst the wide range of clinical interests within the LHB's area of activity, with the aim of reaching and presenting a cohesive and balanced professional perspective to inform the LHB's decision making.

1.2 Governance Framework
The Welsh Government requires that the LHB operates within the wider governance framework set for the NHS in Wales and incorporates the standards of good governance (as defined by within the Citizen Centred Governance principles and the Standards for Health Services in Wales), together with its planning and performance management frameworks.

The Health Board, has agreed Standing Orders for the regulation of proceedings and business. The Standing Orders together with the adoption of a Scheme of Delegation to officers and others, and the Standing Financial Instructions provide the regulatory framework for the conduct of the Health Board's business.

These documents, together with the range of policies set by the Board and the adoption of the Values and Standards of Behaviour framework, make up the Boards Governance Framework.

Our principles were laid out in the document *A Strategic Direction 2009/12* with five key themes of Making it Safe, Better, Sound, Work and Making it Happen.

The Health Board has strived to deliver improved performance in challenging circumstances, as well as to improve quality & safety and achieve financial balance.

As Acting Chief Executive and Accountable Officer, I have personal responsibility for the overall organisation, management and staffing of the Health Board. I am required to assure myself, and the Board, that the Health Board's Executive Management arrangements are fit for purpose.

The organisation of BCUHB is structured around clinical leadership. There are11 Clinical Programme Groups (CPGs) which are led by Chiefs of Staff, operating in a devolved governance framework, and are supported by 10 Corporate Support Functions (CSFs).

The Chiefs of Staff, together with the Executive Directors, form the Board of Directors which leads the operational management of the organisation. The Board of Directors also includes a

representative from the Local Authority. This was underpinned from May 2012 onwards by a Recovery / Delivery Board led by the Chief Executive, supported by the Executive Director of Workforce & OD who led a Strategic approach to 'Turnaround'.

The Board also operates 3 Hospital Management Teams who have responsibility for overseeing the operational effectiveness, including the quality & safety of care, for each of the District General Hospitals. These teams are led by site-based Assistant Nurse Directors and Assistant Medical Directors. From March 2013, these teams were further strengthened by the appointment of 3 Hospital Site Managers.

The Health Board has refined its performance and accountability framework between corporate and CPG areas during 2012-13. This has ensured a Director is accountable for each CPG and that regular meetings are held between the Director and Chief of Staff and Senior CPG management teams. Financial control totals have been developed and progress is reported to the Recovery / Delivery Board. Controls measures have been implemented and applied to CPGs were performance is outside of control totals. Regular performance reviews with CPGs includes: performance against AQF requirements, quality standards, Workforce and Organisational Development, and financial management.

Whilst accountability arrangements relating to CPGs were strengthened in-year, there are significant differences in the CPGs' span of responsibilities which required review alongside concerted effort being needed to embed effective models of clinical leadership and engagement.

The Health Board structure at Executive and CPG level has been in place since 2009 and has been subject to review and consultation this year, which concluded in March 2013.

The Board has discussed the outcome of the consultation and the need to build upon the strengths of the clinical leadership model, whilst addressing the current challenges in governance and operational delivery. The Board has agreed to progress changes to the Executive structure, including moving the Executive Lead for Quality & Safety within the organisation to the Executive Director of Nursing, Midwifery & Patient Services, and its intent to reduce the number of CPGs.

1.3 Health Board Committees
The Health Board has 7 main Committees covering various aspects of the Boards Business. The main priorities of the Committees during 2012/13 were:

Audit Committee: Assuring the Board and Chief Executive on the effectiveness of the Health Board's assurance framework and governance arrangements.

The Independent Members also have an opportunity to meet in private with internal and External Auditors and the nominated Local Counter Fraud Specialist at least one a year;

Quality and Safety Committee: Providing assurance to the Board on the robustness of arrangements for safeguarding and improving healthcare quality and patient safety;

Finance and Performance Management Committee: Overseeing on behalf of the Board matters relating to budgetary control, capital expenditure, working capital and also performance and outcomes as measured against Welsh Government targets;

Workforce & Organisational Development Committee: Advising the Board on the remuneration and terms of service of senior staff and dealing with workforce issues such as workforce planning and approval of policies;

Information Governance Committee: Advising and assuring the Board on standards for collecting, storing, using and sharing information;

Mental Health Act Committee: Maintaining an overview of compliance with legislation, implementation of improvements and the operation of the Hospital Managers Power of Discharge Committee;

Charitable Funds Committee: Determining and monitoring management arrangements for charitable funds held and allocated by the Health Board, in line with legal, ethical and sound investment considerations.

The Committee also provides assurance to the Board that the governance of the Charity is considered independently from the governance of the Health Board and thereby assures the Board as Corporate Trustee that the Charity is compliant with the requirements of the Charity Commission.

Each main Board Committee produces and annual report which is received by the Board, detailing the business, activities and main issues dealt with by the Committee during the year. In May 2013, the Board approved revised arrangements for the key assurance committees, to ensure that they fulfil their clearly defined terms of reference without duplicating the work of others.

During the past year, the Board has worked to demonstrate improvement in its effectiveness by ensuring an appropriate balance between meetings held in public, recording of in committee business and the establishment of a Board Development Programme.

1.4 Vision and Values of the Health Board

The vision of the LHB is that anyone coming in contact with us should be treated with respect and dignity, have their health need assessed, be helped and not handed off to someone else, receive a responsive, safe and high quality service that continually improves, is easy to access and understand.

Following an extensive period of consultation with clinical, non-clinical and managerial staff, service users and volunteers, the Health Board has identified a set of values and underpinning behaviours.

- We can make it sound by putting patients at the heart of everything we do;
- We can make it happen by working together for patients;
- We can make it work by learning and being innovative in all that we do;
- We can make it safe by valuing and respecting each other;

- We can make it better by communicating openly and honestly

These values have been shared widely and are included in induction, annual appraisals and are visibly displayed across the organisation. The values will be reviewed in light of the Francis Report, to ensure they remain relevant, brief and easy to remember, as well as being modelled by all staff.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 2013 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The arrangements for Risk Management are contained within the Risk Management Policy and Strategy which was reviewed and approved by the Quality and Safety Committee in September 2012. An integrated risk management solution (Datix) has been embedded during 2012/2013 which addresses the practicalities of adopting a system that responds to the strategic needs of the organisation as well as the operational needs of Clinical Programme Groups (CPGs) and Corporate Support Functions. The variation in progress has been reported to the Risk Management Sub Committee and the Quality and Safety Committee as an issue of significance. Individual CPG performance reports were shared with Chiefs of Staff and one to one performance meetings were held with CPGs showing the greatest variation, to seek assurance that this work would be prioritised. A patient safety bulletin was also approved by the Board for dissemination to all staff. Training in the use of the system has been provided across Clinical Programme Groups and Corporate Support Functions.

A Risk Management Framework, based upon the Welsh Government document "Your Risk and Assurance Framework: A Structured approach" is reviewed regularly.

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

4. The risk and control framework

The Health Board has worked with Executive and Independent Members to develop an Assurance Framework. The tool has been populated, and takes the form of columns describing the lead officer; corporate objective; (such as making it safe); key controls; any known gaps in controls; method of assurance; and whether the mitigation action is complete. The Assurance Framework is reviewed by the Risk Management Sub Committee and the Audit Committee at least twice a year.

A Corporate Risk Register, linking the CPG/CSF Risk Registers to the Assurance Framework has been developed and was published in June 2012. This was reviewed quarterly by the Board, and subsequently re-formatted to facilitate greater clarity, debate and discussion. Each risk generated has a number of actions required to manage and mitigate the risk. Risks have been assigned to an identified Director and Board level Committee to ensure they are regularly reviewed.

The key clinical and non-clinical risks that were identified in 2012/13 by the Executive Team, and approved by the Board (as at May 2013), were:

- Failure to control healthcare associated infections;
- Failure to manage concerns effectively and learn lessons to improve patient safety;
- Failure to deliver safe, sustainable and affordable clinical services;
- Failure to create a climate and culture that puts the patient first;

- Failure to have effective financial planning and control to deliver statutory financial duties in 2013/14 and in the future;

- Failure to deliver appropriate access to planned care within a reasonable time including the management of the follow up backlog;
- Failure to manage and respond to unscheduled care demand in a safe and appropriate way;

- Insufficient Medical Staff to support service provision taking account of changes to medical training
- Failure to put 20% of Doctors, with whom BCUHB have a prescribed connection, through the revalidation process by April 2014;
- Failure to ensure that we have the right staff, with the right skills at the right time;
- Failure to quality assure commissioned services.

- Ineffective management of asbestos;
- Failure to manage the maintenance backlog and asset replacement requirement;

- Failure to provide information which supports effective governance, assurance and decision making;
- Failure to locate and provide patient and corporate records to underpin the delivery of safe patient care in a timely manner

Measures are in place to address all these risks, which are reported to, and monitored by, the Board and its Committees. In particular, this year, it is important to note the following:

- The Health Board is taking steps to review the current arrangements across North Wales for infection control and prevention, following an outbreak of Clostridium Difficile at Glan Clwyd Hospital at the beginning of the year. The management and reporting of the outbreak has helped the Health Board to identify issues for improvement which are being addressed. The Health Board has been supported by Public Health Wales and has invited an independent expert in infection control to review all aspects of our infection control processes and the effectiveness of associated governance arrangements so that we can protect patients from healthcare associated infections, including Clostridium Difficile in all our hospitals;
- The Board has been developing and refining its reporting of quality & safety indicators. This has been heightened significantly since the publication of the Francis Report. The Quality and Safety Committee has overseen this process, which has included the publication of mortality data from March 2013. The Quality and Safety report summarises complaints and incidents and the learning from serious incident reviews whilst at the same time ensuring that the information can be disaggregated so that the Board is clear about where problems are occurring. The initial backlog of incidents within the Datix referred to by the WAO Structured Assessment has been eliminated, however although all CPGs are now actively engaged and using the system, more work is required to ensure that all incidents are being reviewed in a timely way. Progress is being monitored by the Risk Management Sub Committee and via issues of significance to the Quality and Safety Committee;
- Whilst the Health Board achieved financial balance at year end, work is continuing to ensure there is focused action in a number of areas to provide rapid change in operational performance, to deliver safe and sustainable services within the financial allocation. Robust corporate governance, clinical governance and risk management will be implemented to ensure the safety and effectiveness of services within the financial resources available.

The risk management and assurance framework is set out in the Risk Management Policy and Strategy for BCUHB. The key elements of the risk and assurance framework are to:

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

The objectives that of the Risk Management Strategy (that will be supported by the organisation's Risk Management processes) are:
a) To define the organisational management of risk throughout the LHB;
b) To ensure the continuing development of a system that will review the risk management process on a regular basis;

c) To ensure that the LHB satisfies all statutory duties and undertakings and complies with all appropriate legislation (e.g. Health and Safety at Work Act, Equality Act);
d) To ensure that efficient links are developed between Risk Management, Governance, Audit, including clinical audit and Finance.
e) To ensure continuing development of the system that will enable the LHB to achieve the requirements of the Healthcare Standards for Wales and the Welsh Risk Management Standards;
f) To raise the awareness of all staff to risk issues through communication and training;
g) To address cultural issues related to the management of risk;
h) To improve the quality of care. Provide a safe environment for the benefit of patients, staff and visitors by reducing and, where possible, eliminating the risk of loss/harm;
i) Protect its assets and reputation;
j) To introduce and maintain cost effective risk control measures to eliminate or reduce risks to an acceptable level, e.g. risk assessment, cost benefit analysis, identification of opportunity costs, planning risk treatments, as well as evaluating and monitoring of these;
k) To reduce the severity and number of incidents of actual loss/harm and to ensure that any lessons learnt and corrective measures reduce the probability of recurrent loss/harm;
l) To analyse near misses, hazards, incidents, serious incidents, complaints and legal claims to identify trends, actions and lessons learnt to consider any current or future risks to the Health Board;
m) To monitor the implementation and adoption of standards that control risks at the lowest practicable level, for example implementing safety Alerts; and
n) To ensure there are fast, clear pathways where decisions need to be made quickly and to ensure support systems are in place.

The Risk Management Policy and Strategy is aligned to the Standing Orders which includes the development of a robust governance framework to achieve the highest standards of patient safety and public service delivery, improve health and reduce inequalities and achieve the best possible outcomes for it's citizens, and in a manner that promotes human rights.

The organisation uses an assurance framework, Corporate Risk Register and individual CPG/CSF risk registers to identify and manage significant risks within the Health Board. In addition, internal and external reports/reviews are used to inform the framework and register in terms of new risks or amendments to existing risks.

Each Director is responsible for managing risk within their area of responsibility and they ensure that:

- staff are appropriately trained in risk assessment and management;
- there are mechanisms in place for identifying, managing and alerting the Board to significant risks within their areas of responsibility through regular, timely and accurate reports to the Executive Team, Board of Directors, relevant Board Committees and the Board;
- there are mechanisms in place to learn lessons from any incidents or untoward occurrences and that corrective action is taken where required;
- details of the key risks within their area of responsibility are reported to the Board;
- compliance with Health Board policies, legislation and regulations and professional standards for their functions.

The Risk Management Framework describes the risk assessment and risk rating matrix. Where significant risks are not able to be dealt with locally then they are escalated as part of routine team meetings or if urgent, raised immediately with line management. If very serious they are brought to the attention of the responsible Chief of Staff/CPG Board/Executive Director.

Risks are escalated when they cannot be controlled locally or are currently assessed as high or extreme. The escalation process is detailed in the Risk Management Framework flowchart.

5. Corporate Governance

For the NHS in Wales, governance is defined as "a system of accountability to citizens, service users, stakeholders and the wider community, within which healthcare organisations work, take decisions and lead their people to achieve their objectives." In simple terms this transposes to the way in which NHS bodies ensure that they are doing the right things, in the right way, for the right people, in a manner that upholds the values set for the Welsh public sector.

The Health Board has adopted the principles enshrined in 'Corporate governance in central government departments: Code of good practice 2011 – Guidance Note' (HM Treasury, Cabinet Office July 2011) as a corporate governance framework.

5.1 The role of the Board

The Local Health Board framework is implemented in accordance with Schedule 2 of the LHBs Standing Orders which provide details of the key documents that, together with the Standing Orders, make up the LHB's governance and accountability framework. Any amendments to the Standing Orders are approved by the Board via the Audit Committee.

The model Standing Financial Instructions (SFIs) are issued in accordance with the Directions on Financial Management in Wales issued by the Welsh Government which require that each LHB agree Standing Financial Instructions for the regulation of the conduct of its members and officers in relation to all financial matters with which they are concerned. The Standing Financial Instructions were agreed by the Board as part of the Standing Orders. A Financial Conformance Report is provided at every Audit Committee meeting for discussion. The reports identified a number of breaches of the Standing Financial Instructions or Standing Orders during the year. The Audit Committee considers the reports, agreed actions and monitors progress in addressing the issues.

5.2 Board Composition

The Board has been constituted in accordance with the Standing Orders and each member has a defined role.

5.3 Board Effectiveness

The Board maintains an appropriate balance between meetings held in public, discussion of in committee business, core training and time devoted to improving the overall effectiveness of the Board. The development sessions of the Board in 2012-13 have focused on discussions relating to strategy and service reconfiguration, alongside the implications for the Board of changes to national policy – for example the Board has discussed the impact of

revalidation of doctors, developing three year local clinical services plan, and service reconfiguration (Healthcare in North Wales is Changing).

A Personal Appraisal and Development Review system has been implemented for all Independent and Executive Board Members. The two newest Independent Members to be appointed both received corporate induction supported by the Director of Governance and Communications.

The Board Development Schedule for 2013/14 was approved by the Board in May 2013.

Steps are being taken to improve Board effectiveness by strengthening the connectivity between the Board and its Committees, and to give Committee Chairs greater ownership of the Board agenda.

5.4 Risk Management
The risk management arrangements are detailed within Section 4 above.

5.5 Relationships with other Bodies
The LHB has established good working relationships with the following bodies:

- Welsh Ambulance Services Trust;
- Public Health Wales;
- NHS Wales Shared Services Partnership
- Community Health Council
- Local Authorities

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

As part of this process, the Board has completed the Governance & Accountability assessment module and has;

- openly assessed its performance using the maturity matrix;
- taken account of feedback from Healthcare Inspectorate Wales in relation to its 2011-2012 self assessment;
- plans are in place to achieve the improvement actions identified within clearly defined timescales proportionate to the risk.

This process has been subject to independent internal assurance by the Head of Internal Audit.

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

Although progress has been made across all sections of the Governance and Accountability Module, the overview and scrutiny process involving Independent Board Members and Executive Directors (known as the Star Chamber process) concluded that the progress made was not significant enough to increase the overall scores.

It was agreed by the Quality & Safety Committee that, over and above the completion of the Governance & Accountability assessment module, five Standards for Health Services in Wales would also be completed for 2012/13 to provide additional assurance. The following levels of performance have been agreed:

Standard 1 - Governance & accountability: 4
Standard 6 - Participating in quality improvement activities: 3
Standard 7 - Safe & clinically effective practice: 3
Standard 22 - Managing risk and health & safety: 3
Standard 23 - Dealing with concerns & managing incidents: 3

Key: 1- Urgent 2 - Plans in development 3 - Review existing plans 4 - Normal practice 5 – Continually improving and share learning

This process has been subject to independent internal assurance by the organisations Head of Internal Audit. This process was also subject to scrutiny and challenge via a Star Chamber process with a number of Independent Members and Executive Directors and Directors.

The organisation has plans in place to achieve the improvement actions identified and within clearly defined timescales proportionate to the risk.

- a Healthcare Standards Improvement Plan for 2012/2013 was developed and progress was monitored by the Quality & Safety Committee;
- each standard has been allocated a nominated Executive, operational and Independent Member lead;
- Monitoring mechanisms have been developed and are being implemented at CPG and Corporate Function level and a rolling programme of reporting during 2012/13 has been agreed;
- the standards are being used to underpin the LHBs' Strategic Direction and the 5 year plan in response to the Welsh Government's 5-Year Service Workforce and Financial Strategic Framework plans;
- CPGs and Corporate Support Functions have used the standards to assess risk and prioritise improvements in 2012/13;
- the Board gains assurance that the organisation is meeting the standards across the range of its activities, including those being provided by others on its behalf on receipt of reports to the Board and its Committees and Sub Committees. All Committee coversheets require the identification of which Healthcare Standard it supports.

6. Quality and Governance Arrangements

During 2012/13, the three clinical Executive Directors had individual and collective responsibility for the delivery of high quality, safe and effective care. The roles are as follows:

The Medical Director has responsibility for the professional management and regulation of doctors employed and contracted by the Health Board. The Executive Medical Director is the 'Responsible Officer' and ensures that research and development is advanced. The Medical Director is the Health Board's Caldicott Guardian and oversees a system of information governance, and has responsibility for the functions of Informatics and Clinical Ethics.

Assistant Medical Directors carry a range of responsibilities on behalf of the Medical Director and direct attention to specific strategic areas of medical practice, clinical ethics, research, development and regulation and operational delivery.

The Director of Nursing, Midwifery and Patient Services has responsibility for the professional management and regulation of midwifery, nursing and non-qualified nursing practitioners, spiritual and pastoral care; the safeguarding of children and adults, the health care environment, and patient experience. The Director is responsible for Safeguarding under legislation and works closely with the Director of Primary, Community and Mental Health Services on children and young people issues. The Director is also responsible for key staff who work within the health care environment - porters, volunteers, catering, laundry and housekeeping as examples. The Assistant Nurse Directors take corporate as well as operational responsibility that complements the arrangements of the Medical Director to form the Hospital Management Teams.

The Executive Director of Therapies and Health Sciences has responsibility for regulation of professionals allied to medicine. The role has responsibility for leading the Health Board's

strategic partnership with Bangor University, the Research & Development function, and the Board's approach to clinical effectiveness.

It is important to note that during 2012/13 all three clinical Executive posts have been filled part year by Acting Executive Directors this has created a challenge in ensuring stability and continuity. As referred to in section 1.2, the Board has agreed to consolidate the Executive lead for Quality & Safety within the organisation into the role of Executive Director of Nursing, Midwifery & Patient Services.

The Director of Governance and Communications and the three clinical Executive Directors, together with the Director of Primary, Community and Mental Health meet regularly to discuss clinical issues and trends in concerns and incidents to ensure that the organisation learns from patients' experiences.

The Board has been developing and refining its reporting of quality & safety indicators. The Quality and Safety Committee has overseen this process, which has included the publication of mortality data from March 2013. CPG's report directly on an annual basis to the Quality and Safety Committee on the robustness and effectiveness of their Quality and Safety arrangements. The Board will produce for the first time in September 2013, an Annual Quality Statement.

6.1 Issues of Significance reported to the Board

As part of the governance arrangements of the Health Board, a system is in place to ensure that the Chairs of all the Board's Committees and Advisory Groups routinely bring forward issues of significance to the Board alongside the full minutes, so that all Board members have an overview of the key business of the Committees. This provides an opportunity for Committee Chairs to highlight and summarise activity and progress and, where necessary, seek formal Board approval to Committee recommendations. The process also facilitates effective working across Committees.

Examples of issues of significance presented during 2012-13 by the Audit Committee and the Quality and Safety Committee is noted below:

Audit Committee:

- Review of the Assurance Framework;
- Adoption of the new edition of the NHS Wales Audit Committee Handbook;
- Endorsement of amendments to Standing Orders and Standing Financial Instructions;
- Receipt of the annual report on Gifts & Hospitality, and assurances on the process in place through a recent Internal Audit review;
- Monitoring progress in response to internal and external audit reports.

Quality & Safety Committee

- Progressing the reporting of quality and safety indicators;
- Reviewing the timeliness and quality of responses to concerns;
- Programme of CPG Quality and Safety Monitoring reports;
- Monitoring and reviewing unscheduled care;

- Monitoring nurse staffing levels;
- Scrutinizing responses to internal and external reports including serious incidents.

6.2 Patient Safety Issues discussed at Board Meetings

Patient Safety issues are a standing agenda item at all Board meetings and they are the first item on the agenda. These include:

- Patient safety bulletins which, following approval, are circulated widely throughout the organisation. In 2012-13 these included:

    - Placing of nasogastric feeding tubes;
    - Care of urinary catheters and peripheral cannulas;
    - Recording of smoking status;
    - Mental Capacity Act;
    - Flu vaccination;
    - Communicating with patients who are deaf-blind;
    - Informed consent;
    - Datix reporting;
    - Clostridium Difficile;
    - Rapid response to acute illness

- Individual patient stories which highlight patient experience to Board members and provide evidence and assurance that the organisation is learning from experience to improve patient safety. In 2012-13 these included:

    - Personal story of a sepsis survivor;
    - A bereaved relative's account of care, using the "FREDA" principles as a focus for improvement;
    - Discharge planning and home enhanced care services;
    - The positive impact of compassionate care;
    - Living with cancer and the needs of carers

- Internal and external inspections and reports which identify key areas for improvement with regards to patient safety and quality. In 2012-13 these included:

    - Dignity in Care update on the Older People's Commissioner report;
    - Review of patient care at Ysbyty Glan Clwyd (HIW);
    - Putting Things Right annual report;
    - Summary of themes and actions arising from the Francis Report;

6.3 1000 Lives Plus

The 1000 Lives Plus programme is the vehicle for the delivery of quality improvement. It is an All Wales programme, focused on reducing harm and mortality. It uses a number of different methodologies to measure improvement through small tests of change, making sure that we can achieve reliability and spread. The initial focus has been on mortality and harm, the intensive care environment, bundles of care, ventilator acquired pneumonia and sepsis,

theatres and medicines management. This work is becoming embedded in health policy, and will be reflected in detail in the Board's Annual Quality Statement, to be published in September 2013.

Performance against the 1000 Lives Plus Programme is reported to the Board via the Quality & Safety and Finance & Performance Committees. The Health Board is engaged with external organisations such as the Health Foundation on several improvement programme and regularly shares outcomes of improvement via storyboards and conference presentations at national and international events, which exposes our work to wider scrutiny and welcome challenge.

A Faculty for Improvement within BCUHB has been launched and the steering group is supporting the implementation of the Improving Quality Together programme. The Health Board has launched FREDA as a mechanism to re-enforce to all our staff the importance of patient – centric care with FREDA being a persona within our conversations representing our organisational values of Fairness, Respect, Equity, Dignity and Autonomy. Board Members are directly involved in Leadership Safety Walkrounds on a regular basis.

The structured improvement programmes operate through mini-collaboratives, under the umbrella of 1000 Lives plus. The mini-collaboratives use improvement methodology to improve processes with the objective of reducing mortality and harm.

The 19 mini-collaboratives are supported by a series of national learning events, WebEx and local improvement events.

To overcome barriers to improving quality together, the Board is focused on developing organisational capacity for improvement, sharing the tools and techniques, generating a culture of improvement, and coaching staff so they are able to rapidly adopt change.

6.4 Ministerial Directives

The following Ministerial Directives were received and implemented during 2012/13:

- The Primary Medical Services (Directed Enhanced Services) (Wales) (Amendment) Directions 2012
- Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) (2012 No.27)
- Direction to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) (2012 No.26)
- The NHS Wales Shared Services Directions 2011 (Revocation) Directions 2012 (2012 no. 23)
- Direction to Local Health Boards as to the Statement of financial Entitlements (Amendment) Directions 2012 (2012 No. 13)
- Directions to Local Health Boards 2012 (2012 No.14)

6.5 Incidents (data security)

During 2012/13 one data security incident was reported to the Information Commissioners Office (ICO). A restricted number of bilingual patient appointment validation letters were sent out containing one patient details on one side and another's on the other side. A full internal investigation has been undertaken. A number of immediate actions were implemented to

prevent a reoccurrence which include issues around mail merge software and random checks of the merged documents.

We have received confirmation from the ICO that the notification has been forwarded to the ICO Enforcement Department who will review the information and contact the LHB in due course.

6.6 Public Stakeholders 2012/13 update

The key elements of the ways in which public stakeholders are involved in the objectives of the Health Board are as follows:

- The 3 Year Plan was discussed with stakeholders and areas of the plan reflect input from partners;
- The Board has engaged and consulted on substantial changes to health services across North Wales in line with national guidance. This approach has been accredited as good practice independently by the Consultation Institute. The consultation '*Healthcare in North Wales is Changing*' took place during the summer/autumn 2012 to consult on proposals to change and improve the model of care delivery. The consultation included:
    - 48 Public meetings over 16 days of more than 3,000 people
    - Open consultation questionnaire (on line and paper; versions) widely distributed by BCUHB with responses from 1899 residents and organisations;
    - Household survey of residents by post, 638 of 5,000 randomly selected households;
    - Eight focus groups with members of the public;
    - Engagement with the National Clinical Forum (NCF);
    - Written submissions from stakeholders; and
    - Petitions.

  A number of changes were made as a result of the consultation responses.
- The Board meets with Community Health Council (CHC) twice a year and there are Bi annual meeting with the 6 Local Authority Council scrutiny committees;
- The Health Board engages on an ongoing basis with trade unions and across professional groups. This includes attendance at the Medical Advisory Committee, Local Medical Committee, Local Negotiating Committee as well as other primary care contractor committees. In addition the Health Board has established a Local Partnership Forum as a joint advisory group;
- The Local Health Board has a well established Stakeholder Reference Group and Health Professionals Forum as part of our governance process;
- The Health Board works closely with local communities and locality stakeholder groups have been established in all areas across North Wales.

7. Review of effectiveness

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

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Quality and Safety Committee and the Risk Management Sub Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. In relation to these arrangements, the following is noted:

- The Board has approved a Risk Management Policy and Strategy and Risk Management Framework to support the implementation of risk management processes and arrangements;
- The Audit Committee, as part of the integrated committee structure, was pivotal in advising the Board on the effectiveness of the system of internal control;
- The Quality and Safety Committee supported the development of services by ensuring continuous quality improvement, safeguarding high standards of care and creating an environment in which excellence in clinical care can flourish; The Quality & Safety Committee has been working to ensure that the size and focus of the agenda is managed appropriately to ensure members are sighted on key risks to patient safety
- Internal Audit have conducted a review of Risk Management arrangements which were Limited. An action plan is being implemented with agreed timescales for the recommended areas and progress is monitored via a tracking system by the Audit Committee.

The effectiveness of the Board has also been informed significantly by the WAO Structured Assessment 2012, and reports from HIW – in particular its review of quality & safety arrangements across the Health Board, and a specific review of patient care at Glan Clwyd Hospital.

During the year, the Health Board has faced a number of significant challenges associated with service reconfiguration the financial position, instability at a senior executive level, alongside questions over the fitness for purpose of the current organisational structure.

Work undertaken by Wales Audit Office (WAO) and Health Inspectorate Wales (HIW) also highlighted these challenges which have impacted on governance, accountability and service delivery. As a consequence, WAO and HIW have agreed to work together to review the effectiveness of the Board's governance arrangements and present a single independent view of the areas the Health Board needs to address.

The review is looking to examine whether or not the corporate, clinical and financial governance arrangements of the Health Board are appropriate, operating effectively , and are sufficient to ensure the quality, safety and sustainability of services for the population served by the Health Board. This review is underway and it is expected that the work will be concluded and published in June 2013. The Board is wholly committed to working to address all the findings.

Additional reports are also received on, or from, the following:

- Public Service Ombudsman for Wales Reports;
    - Concerns with the Care and Treatment of a Patient with Learning Disabilities (May 2012)
- Healthcare Inspectorate Wales (HIW), including the following visits;

- HIW to Review Patient Care at Ysbyty Glan Clwyd;
- Ionising Radiation(Medical Exposure) Radiation (IR(ME)R) announced inspection of Wrexham Maelor Hospital (November 2012);
- External review of Quality and Safety arrangements undertaken (Jan/Feb 13).

- Welsh Risk Management Standards assessment reports for:
  - Maternity Services
  - Operating Department Services
  - Emergency Departments
- Health and Safety Executives (HSE) visits and reports;
- Wales Audit Office reviews and reports, including Year three of the Structured Assessment which stated:
  - Whilst The Health Board met its financial duties in 2012-13, the medium-term financial position is very difficult. Whilst there are schemes underway to change services, a comprehensive plan to revise service delivery to fully meet the financial gap is yet to be developed.
  - Weaknesses in governance and the lack of a comprehensive plan to revise service delivery risk jeopardising the Health Board's sustainability in the medium-term.
  - Other performance work highlighted limited progress on substantial issues, which will be difficult to progress without better clarity on medium-term transformation of services, and faster delivery of change by Clinical Programme Groups.

7.1 Head of Internal Audit Opinion

During 2012/2013 the LHB received internal audit services from the NHS Wales Shared Services Partnership.

My assurance assessment on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes is set out below. Whilst a number of audit assignments undertaken provide positive assurance on control the significance of the matters raised in those areas with more negative findings impacts on the overall audit judgement expressed in the opinion.

Limited Assurance	 - + Amber	The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

7.1.1 Basis for Forming the Opinion

The evidence base upon which the Head of Internal Audit's opinion is formed is as follows:

- The review of the process for self-assessment of Standards for Health Services in Wales. Evidence available by which the Board has arrived at its declaration in respect of the assessment for the Governance and Accountability module.

- An Assessment of the range of individual opinions arising from risk-based audit assignments contained within the internal audit risk-based plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses. A number of reviews were undertaken which received no assurance or limited assurance. These were:

  No assurance:
  Enhanced Community Residential Schemes in Learning Disabilities – review of Financial Governance. 19 recommendations were made and all have been completed.

  Limited Assurance:
  - CRB Checks
  - Delivering the Risk Management Strategy
  - Charitable Funds 2013
  - Special Payments to GP Practices
  - Financial Management CPG/CSF
  - Tendering Arrangements in Operational Estates
  - Compliance with the Equality Act
  - Primary Community Specialist Medicine Governance Arrangements

  All reviews have an agreed management action plan with identified timescales for the actions to be completed. Progress against the timescales are reported to and monitored by the Audit Committee.

- Other assurance reviews including: reviews undertaken under the capital and estates audit programme; and audit work performed in relation to systems operated by the NHS Wales Shared Services Partnership.

7.1.2 Standards for Health Services in Wales
The objective of the audit review was to evaluate and determine the adequacy of the systems and controls in place for the embedding, utilisation and assessment of the Standards for Health Services in Wales. In undertaking our work across the audit plan we take the opportunity to consider compliance any relevant service specific standard.

The overall objectives of the review were to:

- Ensure that processes were in place for the preparation and completion of the self assessment.

- Ensure that standards are embedded in the organisation at all levels and across all activities.

- Ensure that the requirements for the Annual Governance Statement were addressed.

The audit of the Standards for Health Services in Wales identified the following:

- Core standards identified and agreed by the Quality and Safety Committee were subject to Star Chamber scrutiny, chaired by an Independent Member and subject to the review of evidence and narrative supporting the self-assessment.

Overall, we concluded reasonable assurance for this review, however there are four self-assessment questions, within the following two Standards, which have been assessed as Level 2 – 'Plans in development' in the following two core Standards:-

- Standard 7 - Safe and Clinically Effective Practice; and
- Standard 23 – Dealing with Concerns and Managing Incidents.

It should be noted that both self-assessment questions in Standard 7 were scored as a Level 2 in 2011/2012 and there is no evidence that progress has been made across the Health Board to develop these areas.

Standard 23 also scored a Level 2 in 2011/2012 in one self-assessment question with regard to demonstrating the effectiveness of improvements in services, following concerns - There is no demonstrable evidence that progress has been made across the Health Board to develop a process to support implementation.

8. Post Payment Verification

The aim of the Post Payment Verification (PPV) process is to ensure propriety of payments of public monies by the LHB; this requires the Post Payment Verification team to undertake probity checks on a continuous basis. This gives the necessary assurance to the Health Board that public monies have been expended appropriately and also provide assurance to contractors regarding their arrangements. Also this process provides the Health Board with additional clinical governance assurance. Through closer collaboration between the NHS Wales Shared Services Partnership Primary Care Services (NWSSP- PCS) and the LHB work has commenced on the development of a CPD training programme for the contractors and their staff which provides support and guidance on all aspects of Primary Care services, which in turn will facilitate the accurate submission of all Primary Care Contractor returns.

The NWSSP applies Risk Analysis techniques and liaises with relevant LHB colleagues, and depending on error rates found, discusses re-visits or other appropriate action with the Health Board

By February the PPV team had completed 34 GMS visits and 1 revisit,
with reports and recoveries for 29 visits agreed with the Contractors, 3 have been issued with their interim reports and 3 were awaiting interim reports to be issued.

By February the PPV team have completed 23 General Ophthalmic Service visits, with reports and recoveries for 17 visits with 3 interim reports awaiting agreement with the Contractor, and 3 have queries outstanding.

Regular updates against the agreed workplan and an Annual Report are received by the Audit Committee detailing the analysis of recoveries by Contractor which is anonymised.

9. Local Counter Fraud Service

The Audit Committee receives quarterly Local Counter Fraud progress reports, and an annual report in the first quarter of the year. These collectively provide a briefing of the Local Counter Fraud Management Services (LCFMS) Team activity and summarise work during the year and details the main outcomes in year, including the number of financial recoveries and sanctions.

The annual report for ending 31.3.13 confirmed that the Health Board has made good progress in implementing its counter fraud arrangements as measured against key performance indicators which reflect the new standards aligned to the NHS Protect Qualitative Assessment (QA) Standards for Fraud, Bribery and Corruption. These fall into four categories – strategic governance, inform and involve, prevent and deter and hold to account.

The report complies with Welsh Government Directions and NHS Protect guidance to report the local counter fraud progress against the planned LCFMS objectives outlined in the 2012/13 Annual Plan approved by the Audit Committee in March 2012.

The LCFM Team has undertaken proactive work in the following areas:

- Strategic – Executive Awareness message and staff fraud survey;
- Antifraud Culture - Presentations;
- Deterrence - Corporate Notice Board publicity;
- Requests for LCFM Team assistance;
- Fraud prevention
    - Controlled Drugs Policy
    - Medical staff locum claim form
    - Private Patients Policy
    - E-rostering changes to duties form
    - Travel expenses Policy
- Overseas Visitors proactive review – Professional project proposal
- Joint Working with Local Authorities.

10. Equality, Diversity and Human Rights

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with, by:

- The values of fairness, respect, equality, dignity and autonomy (commonly known as FREDA), set out within the equality duties and the principles of human rights, underpin our strategic direction; they also featured prominently in the development of a set of organisational Values;
- The approval of the Equality, Diversity and Human Rights Policy and Procedure for Equality Impact Assessment; The EqIA procedure has been formally reviewed this year with the aim of making the process more accessible for staff to engage with and undertake;
- The development of an Equality and Human Rights Strategic Plan for BCUHB 2012 - 2016; including Equality Objectives developed in collaboration with public sector partners across North Wales;

- The principles of equality and human rights are embedded within planning guidance and the equality objectives inform the approach to CPG service planning;
- Internal Audit of compliance with the Equality Act presented to the Workforce and Organisational Development Committee March 2013;
- Regular meetings of the Equalities and Human Rights Strategic Forum which monitors compliance against the equality outcomes and objectives of the action plan, which are underpinned by the public sector equality duties. The Forum reports to the Workforce and Organisational Development Committee;
- Progress is also presented to the External Equality Stakeholder Reference Group twice yearly. This group includes representation from members of the public with an interest in equality issues;
- Progress is also reported annually to the Community Health Council;
- The provision of Equality Impact Assessment Training including targeted support and guidance, for example, for service review projects;
- The implementation of the Fairness, Rights & Responsibilities e-Learning package. This has been mandated for all staff to raise awareness of equality and human rights and the equality duties, and to encourage staff to better understand how these issues can impact upon their roles in the organisation;
- Equality, Diversity and Human Rights Annual Report discussed and approved at the September 2012 Board Meeting;
- Presentations have been facilitated to ensure Board members understand their scrutiny role with regard to EqIA, particularly when service review project decisions are presented for ratification. A further update All Wales guidance document was presented to Nov Board 2012 meeting;
- An Internal Audit regarding the Compliance with the Equality Act was undertaken during 2012/13 and 5 recommendations were identified. An action plan was developed and all actions have been completed.

11. NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments 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.

12. Carbon Reduction Plans

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

13. Conclusion

As Accountable Officer and based on the review process outlined above I have reviewed the relevant evidence and assurances in respect of internal control. The Board and its Executive

Directors are alert to their accountabilities in respect of internal control. The Board has had in place during the year a system of providing assurance aligned to both the Strategic Direction and the Standards for Health Care to assist with the identification and management of risk.

The Board's continued focus is the provision of high quality, safe and sustainable services within the available resources. With the continuation of 'flat cash' that is, no additional funding for inflation or growth, 2013/14 will be one of the Board's most challenging years. Substantial savings plans to meet this challenge are being worked through by BCUHB using a clinical symposium approach to ensure clinical engagement in the generation of solutions and the delivery of change in the following areas:

Focus on Unscheduled Care	Focus on Planned Care
End of Life Care	Clinical Triage, Prioritisation & Thresholds
Chronic Conditions – Cardiac, Diabetes and Respiratory	Outpatients
Frail Elderly, Falls, Dementia	Improving Patient Flow through hospital
	Continuing Health Care

The 3 year and Annual Service and Financial Plan was agreed by the Board in March 2013. This integrated service, workforce and financial plan covers the period 2013-2016. The plan reaffirms our strategic direction and supports our commissioning approach for 2013-2016. It builds on Our 5 Year plan and achievements in 2012/13 and identifies both the transactional and transformational changes across CPG's to deliver our triple aim for 2013/14 and beyond.

My review confirms that the Board has demonstratively achieved many positive aspects of a sound system of internal control, however there are a number of areas where performance has been less strong which require, and are receiving particular attention.

These have been highlighted in the following reports:

BCUHB have received a number of limited or no assurance Internal Audit reports which have agreed management plans and will be subject to follow up reviews in 2013/14.

The Wales Audit Office, through the Structured Assessment process for 2012/13 stated that governance arrangements continue to evolve but further action is urgently needed in some key areas.

The joint review currently being undertaken by WAO and HIW into the effectiveness of the Boards governance arrangements will further inform the Board's priorities for action to strengthen the systems of sound governance.

Signed by:.....

Geoff Lang
Accountable Officer

Date: 7th June 2013

Appendix 1 - BCUHB Health Board member attendance 2012/13

Attendance / Minutes submission		26.4.12	24.5.12	28.6.12	26.7.12	27.9.12 AGM	27.9.12	27.9.12 IC	25.10.12	22.11.12	3.1.13 IC	18.1.13	24.1.13	7.2.13 IC	28.2.13	28.3.13
Merfyn Jones	Chairman	Y	Y	Y	Y	Y	Y	Y	Apols	Y	Y	Y	Y	Y	Y	Y
Lyndon Miles	Vice Chair	Y	Y	Y	Y	Apols	Apols	Apols	Y	Y	Y	Y	Y	Part	Y	Y
Keith McDonogh	Independent Member	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols	Y
Harri Owen-Jones	Independent Member	Y	Apols	Apols	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols	Apols
Chris Tillson	Independent Member	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Hywel M Davies	Independent Member	Apols	Y	Apols	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols
Hilary Stevens	Independent Member	Y	Y	Y	Apols	Y	Y	Y	Y	Apols	Apols	Apols	Apols	Y	Y	Y
Jenie Dean	Independent Member	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols	Y	Y	Y
Marian Wyn Jones	Independent Member	Y	Y	Y	Apols	Y	Y	Y	Y	Apols	Y	Y	Y	Y	Y	Y
Liz Roberts	Independent Member	Apols	Y	Y	Y	Y	Y	Y	Apols	Y	Apols	Y	Apols	Apols	Y	Apols
Mary Burrows	Chief Executive	Apols	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols
Geoff Lang	Director of Primary Care, Community & Mental Health Services **Acting CEO wef Feb2012 to May 2012**	**Y**	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols	Y	Y
Mark Scriven	Medical Director	Y	Y	Y	Y	Y	Y	Y	Apols	Apols	See MD	See MD	See MD	See MD	See MD	See MD
Martin Duerden	Acting Medical Director								Y	Y	Y	Y	Y	Y	Y	Y
Jill Galvani	Director of Nursing Midwifery & Patient Services	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols	
Reena Cartmell	Acting Director of Nursing Midwifery & Patient Services															Y
Martin Jones	Director of Workforce & OD	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Apols

Attendance / Minutes submission		26.4.12	24.5.12	28.6.12	26.7.12	27.9.12 AGM	27.9.12	27.9.12 IC	25.10.12	22.11.12	3.1.13 IC	18.1.13	24.1.13	7.2.13 IC	28.2.13	28.3.13
Neil Bradshaw	Director of Planning	Y	Y	Y	Y	Y	Y	Y	Y	Apols	Y	Y	Y	Y	Y	Y
Keith Griffiths	Director of Therapies and Health Sciences	Y	Y													
Clive Sparkes	Acting Director of Therapies and Health Sciences			Y	Y	Y	Y	Y	Y	Apols	Y	Apols	Y	Apols	Y	Y
Helen Simpson	Director of Finance	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Grace Lewis-Parry	Director of Governance & Communications	Y	Y	Apols	Y	Y	Y	Y	Y	Y	Apols	Y	Y	Y	Y	Y
Mark Common	Director of Improvement and Business Support	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Jill Newman	Acting Director of Improvement & Business Support															Y
Andrew Jones	Director of Public Health	Y	Y	Y	Y	Y	Y	Y	Y	Y	Part	Y	Y	Apols	Y	Apols
David Scott	SRG Chair	Apols	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Alwyn Rowlands	SRG Vice Chair	Note: Only attends in absence of D Scott therefore no further apols to be noted														
Andy Fowell	HPF Chair to Jan 2013	Y	Y	Y	Apols	Y	Y	Y	Y	Y						
Berwyn Owen	HPF V-Chair to Jan 2013 HPF Chair wef Jan 2013	Apols	Apols	Apols	Y	Apols	Apols	Apols	Y	Y	Y	Y	Y	Apols	Y	Apols
Lorna Burdge	HPF V-Chair wef Jan2013													Y	Apols	Y