Accountability Report 2016/2017

and

Annual Accounts 2016-2017

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

Accountability Report

2016/2017

Signed : Mrs A Williams .....
(Chief Executive)

Date : 31-5-17.....

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1 INTRODUCTION

For 2015-16, HM Treasury undertook a project to simplify and streamline the presentation of the Annual Report and Accounts and this has been further developed for 2016-17. As a result, the Government Financial Reporting Manual (FReM) which is the technical accounting guide to the preparation of financial statements has amended the format of the Annual Report and Accounts document and NHS bodies are required to publish, as a single document, a three-part annual report and accounts which includes:

1.1 The Performance Report

Which must include:

- An overview;
- A Performance analysis.

1.2 The Accountability Report

Which must include the following 3 sections:

- A Corporate Governance Report;
- A Remuneration and Staff Report;
- A National Assembly for Wales Accountability and Audit Report.

1.3 The Financial Statements

- The Audited Annual Accounts 2016-2017

2 THE ACCOUNTABILITY REPORT

a. The Corporate Governance Report

This explains the composition and organisation of Cwm Taf University Health Board's governance structures and how they support the achievement of the entity's objectives. The Board Secretary and the Corporate Services team has compiled the report the main document being the Annual Governance Statement (AGS). The compilation of this section of the report has been informed by a review of the Board and its Sub Committees business over the last year and has had input from the Chief Executive, as Accountable Officer, the Executive and Members of the Audit Committee.

b. Remuneration and Staff Report

This contains information about the remuneration of senior management, fair pay ratios, sickness absence rates etc. and has been compiled by the Finance department and the Workforce & Organisational Development directorate.

c. National Assembly for Wales Accountability and Audit Report

This contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in HM Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report.

The timescale for production of the Annual Report 2016/17, varies from that of the Accountability Report, which will be considered for approval by the Audit Committee and the Board on Wednesday 31 May 2017.

The Annual Report must be produced in time for presentation at the Annual General Meeting in July 2017, having been reviewed by the Wales Audit Office and translated into Welsh in advance of this.

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

Corporate Governance Report

2016/2017

GIG CYMRU NHS WALES
Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

ANNUAL GOVERNANCE STATEMENT 2016-17

1. SCOPE OF RESPONSIBILITY

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

Cwm Taf University Health Board, established on 1st October 2009, is responsible for the provision of services to more than 295,000 residents of Merthyr Tydfil and Rhondda Cynon Taf. Almost 81% of the population live in Rhondda Cynon Taf Local Authority and the remaining 19% in Merthyr Tydfil. The University Health Board's catchment population increases to 330,000 when including patient flow from the Upper Rhymney Valley, South Powys, North Cardiff and the Western Vale.

The Board's overarching role is to ensure delivery of *'Cwm Taf Cares'*, its 3 Year Integrated Medium Term Plan (2016-19), and the related organisational objectives aligned with the Institute of Healthcare Improvement's (IHI) 'Triple Aim' are being progressed. These in summary are:

- To **improve** quality, safety and patient experience;
- To **protect** and **improve** population health;
- To **ensure** that the services provided are accessible and sustainable into the future;
- To **provide** strong governance and assurance;
- To **ensure** good value based care and treatment for our patients in line with the resources made available to the Health Board.

The University Health Board provides a full range of hospital and community based services to the residents of Rhondda Cynon Taf and Merthyr Tydfil. These include the provision of local primary care services; GP Practices, Dental Practices, Optometry Practices and Community Pharmacy and the running of hospitals, health centres and community health teams. The University Health Board is also responsible for making arrangements for the residents of Rhondda Cynon Taf and Merthyr Tydfil to access health services where these are not provided within Cwm Taf.

Detailed information about the services we provide and our facilities can be found on our website in the section 'Local Services'. This can be accessed from the home page, or via the following link Our Services.

The Health Board also hosts two all Wales Joint Committees;

- The Welsh Health Specialised Services Committee (WHSSC), a joint committee of the 7 Local Health Boards which was established in April 2010. WHSSC is responsible for the joint planning and commissioning of over £600m of specialised and tertiary health care services on an all Wales basis.
- The Emergency Ambulance Services Committee (EASC), a joint committee of the 7 Local Health Boards, with 3 Welsh NHS Trusts as Associate Members, which was established in April 2014. EASC is responsible for the joint planning and commissioning of over £125m of emergency ambulance services on an all Wales basis. During this year, they have also been required to commission Non Emergency Patient Transport Services (NEPTS) and the related statutory instrument amended accordingly.

In the coming year, subject to Welsh Government approval of the business case, the UHB has been asked to host the NHS Wales National Imaging Academy.

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

The Chair, Vice Chair, Independent Members and Associate Members are appointed for fixed term periods by the Welsh Government. Each Independent Member has a specific area of responsibility and this, along with their level of Board and Sub Committee attendance is set out in the Directors report table at Page 50.

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

- A Director of Social Services, nominated by the Local Authorities in the Health Board area – Mr G Isingrini, Group Director of Community & Children Services, Rhondda Cynon Taf Local Authority, attended 3/7 public Board meetings.

- The Chair of the Stakeholder Reference Group – Mr T Davis, attended 3/4 public Board meetings up to his term ending in October 2016. Ms C Llewellyn was appointed Chair of the Stakeholder Reference Group from November 2016 and attended 1/3 public Board meetings.

- During February 2017, the Healthcare Professionals Forum was re-established and met and nominated Mrs Collette Kiernan as its he new Chair, which was endorsed by the Chair of the Health Board and confirmed by the Cabinet Secretary at the end of March.

The Executive Directors as set out below are full time NHS Professionals appointed by the Board and they hold full permanent contracts of employment: -

- Mrs A Williams, Chief Executive
- Mr K Asaad, Medical Director
- Mrs J Davies, Director of Workforce & Organisational Development
- Dr K Nnoaham, Public Health Director (took up post on 1 November 2016)
- Mr J Palmer, Director of Primary, Community & Mental Health
- Ms R Treharne, Director of Planning & Performance
- Mr S Webster, Director of Finance & Procurement /Deputy Chief Executive
- Mr C White, Director of Therapies & Health Sciences / Chief Operating Officer
- Mrs L Williams, Director of Nursing, Midwifery and Patient Services

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

- Mr R Williams, Board Secretary / Director of Corporate Services and Governance
- Mr S M Harrhy, Board Director

Note * From 2 February 2015, Mr S M Harrhy, was appointed Chief Ambulance Services Commissioner for Wales, Board Director Cwm Taf UHB and in addition, during 2015/16, Mr Harrhy has taken on the role of Director of Unscheduled Care for NHS Wales.

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

The Chief Executive is accountable to the Health Board for ensuring that its health care services are effective and that the Health Board activities are managed in an efficient manner. Cwm Taf University Health Board has continued to strengthen its working arrangements with its two Local Authority Partners, the third Sector and local Universities.

The Health Board was awarded University Health Board status by the Minister for Health and Social Services and became Cwm Taf University Health Board formally in November 2013, an important achievement in our development journey and a source of great pride for Cwm Taf.

A celebration of University status, was held by Welsh Government recently and the Health Board and its academic partners, were able to present some of the excellent work we have taken forward in partnership to improve outcomes and services for the population of Cwm Taf. This continues to help us in our ongoing drive to provide high quality, responsive care and services for our community in strengthened collaboration with our academic partners.

Cwm Taf University Health Board usually meets seven times a year in public. The Board is made up of individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises the Chair, Vice Chair, nine other Independent Members, 3 Associate Board Members and the Chief Executive, eight Executive Directors and 2 other Directors. The full membership of the Board is outlined on page 51.

The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place.

The Board also seeks to ensure that it has an open culture and high standards in the ways in which its work is conducted. Together, Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board in 2016/2017 were appropriately constituted and quorate.

Key business and risk matters considered by the Board during 2016/2017 are outlined below:

- Overseen the implementation of the approved 2016-2019, 3 year Integrated Medium Term Plan (IMTP) and actively involved in the development and approval of the 2017-2020 refreshed 3 year plan, submitted to Welsh Government on 31 March 2017;
- Received and approved quarterly updates on progress with implementing the 2016-2019 IMTP;
- Received, considered and discussed the organisational risk register and the monitoring and management of the assigned risks to key committees of the Board;
- Received, considered and discussed financial performance and the related risks being managed by the Health Board;
- Routinely received updates on matters relating to workforce, including performance metrics; recruitment; and legislative changes e.g. Nurse Staffing Levels (Wales) Act 2016;
- Received and developed its response to the 2016 Structured Assessment and the Auditor General for Wales' Annual Audit Report for 2016;

- Overseen the ongoing development of arrangements to deliver the outcomes of the South Wales Programme, specifically in relation to Paediatric, neonatal and obstetric services, including piloting of the Paediatric Assessment Unit (PAU) in situ at the Royal Glamorgan Hospital and development of the related capital business case for consideration by Welsh Government;
- Monitored progress following implementation of the redesigned stroke service across Cwm Taf UHB, which includes an agreed process of evaluation;
- Reviewed progress and evaluated the implementation of the revised GP Out of Hours (OOH) services, that resulted in the consolidation of 4 OOHs Centres into two on the District General Hospital sites;
- Received regular reports on Patient Experience and feedback, ensuring where concerns are raised, that these are escalated to the Board and where necessary, result in the Board proactively activating agreed multiagency procedures with partners including South Wales Police;
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improved performance where appropriate, this included actions to address and improve cancer target performance; stroke services; referral to treatment (RTT) waiting times, mental health measure compliance and workforce indicators;
- Routinely received updates on various Clinical Delivery Plans, including Annual Reports;
- Progress against the Social Services & Well-Being (Wales) Act 2014 (the SSWB Act) and the Well-Being of Future Generations (Wales) Act (2015), including related Population Needs assessments and Well-Being Assessments, along with the Public Services Board's 'draft' Well-Being Statement and Objectives;
- Routinely received updates from Board Champions, including those relating to Welsh Language; Equality; Patient & Public Engagement; Vulnerable Adults and Older People; Carers and Staff;
- Routinely received updates on its discretionary capital programme, including the resolutions relating to contractor legal disputes associated with the construction of Ysbyty Cwm Rhondda (YCR);
- Contributed to the ongoing review of the Board's maturing Board Assurance Framework (BAF);
- Routinely received assurance reports from the Committees and Advisory Groups of the Board.

1.1 Committees of the Board and Advisory Groups

The Health Board has established a range of committees, as outlined in the Governance & Assurance Framework on page 20. These Committees are chaired by Independent Members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, assessment of current risks and performance monitoring. Key matters considered by the Committees of the Board are summarised below.

The Committees provide regular assurance reports to the Board to contribute to its assessment of assurance and to provide scrutiny on the delivery of key objectives. There is also cross representation between Committees to support the connection of the business of committees and also to seek to integrate assurance reporting.

The **Integrated Governance Committee** is an important committee in this respect as it aims to ensure effective working and as appropriate, connectivity of the Board Committees with the agenda of the Board. During the year the Committee considered:

- Progress with implementation of its Integrated Governance & Accountability Action Plan;
- Learning from other relevant reviews, including the Betsi Cadwaladr UHB Public Accounts Committee report;
- Oversight and coordination of the Board's Governance & Accountability Module Annual Self Assessment for 2016-17;
- Consideration of the schedule of referral of matters to sub committees of the Board;
- Committee Chairs reports.

The Board's Standing orders require Committees to undertake an annual assessment of their own effectiveness and report the outcome of these to the Health Board.

Over the last year the following improvement actions (agreed through self assessment) were progressed;

- Embedded the revised Health and Care Standards across the organisation's business;
- Fully established the Acute Medicine Model at the Royal Glamorgan Hospital (RGH);
- Developed a Primary Care Plan and have integrated this into the IMTP;
- Strengthened the monitoring of the delivery of the IMTP including Board and Welsh Government reporting;
- Progressed a number of capital business cases to support the introduction of a number of clinical service redesign programmes, which include; the Diagnostic Hub at RGH; Ground and First Floor development at Prince Charles Hospital (PCH) and Paediatrics, Neonates and Obstetric services at PCH;
- Developed and strengthened partnership working with agency and other stakeholder partners;
- Board Committee related work taken forward and strengthened during the year, including renaming and revising terms of reference for the Quality, Safety & Risk Committee, with established forward work plans in place for all Board level Committees;
- Ongoing progress with integration of primary/secondary care pathways;
- Continued to progress actions resulting from decisions relating to the outcome of the South Wales Programme decisions;
- Progressed implementation of Primary Care Plan aligned with IMTP;

- Significant improvements to paper records storage with the commissioning of the Williamstown records storage hub
- Continue to develop and work collaboratively on inverse care and launched the Cardiovascular risk reduction programme
- Good performance out turn for 2016/17 with excellent Referral to Treatment (RTT) and diagnostic waiting times position
- Good progress with delivering the Quality Delivery Plan;
- Demand & Capacity Planning maturing and becoming more reliable;
- Progressing prioritised quality improvement initiatives, including influenced All Wales work with Mortality Review process and 'Drink a Drop'; All Wales medication chart for Thrombosis/VTE assessment and work on Inverse Care.

Self assessments will be completed for this year and feedback from these assessments will be used by Board Committees to inform positive changes. Last year's assessments identified the following key actions, which were generic themes across a number of the Board Committees feedback;

Feedback	**Suggested Action**	**Progress with action**
Ensure the Terms of Reference are reviewed annually	Add to the forward work programmes	Completed
Committee Member training	There is a need to develop induction / training support for new Committee members.	Will take forward as new Members join the Committee
In terms of Committee Effectiveness – The costs of the Committee	A summary of the costs incurred in time and other resource to be provided.	Remains outstanding.
More timely circulation of Committee Minutes / Action Notes	Agreed – in line with house style minutes should be circulated to members in 'draft' as soon as confirmed by the Committee Chair.	This action has progressed and in general improved.

The Board, as part of its committee structure, has a **Charitable Funds Committee** which oversees the Health Board's Charitable Funds on behalf of the Board, as the Board is the corporate trustee for the Charitable Funds held by the organisation. This is reflected in the overall governance structure of the organisation to provide assurance that Charitable Funds are being appropriately considered and overseen.

An important Committee of the Board in relation to the overall Board Assurance arrangements including development of the Annual Governance Statement is the **Audit Committee**, which on behalf of the Board keeps under review the design and adequacy of the Health Board's governance and assurance arrangements.

During 2016/2017, key issues considered by the Audit Committee relating to the overall governance of the organisation have been:

- Overseeing the UHB's system of internal controls;
- A continued focus on improvements in the financial systems, controls procedures and the monitoring of payments and trending processes, although ongoing concerns remain with regards compliance with the Public Sector Prompt Payment (PSPP) duty and related target, which will not be met for a third financial year running. Joint action between the Board and Shared Services Partnership is being taken to address compliance issues with some recent improvement in performance reported;
- Sponsored an increasing programme of compliance, including internal audit activity across Corporate and Clinical Directorates;
- Overseen on behalf of the Board, the Board Assurance Framework (BAF);
- Overseen the local arrangements for Counter Fraud and received regular update reports on related activity, including investigations;
- Keeping under review the Health Board's risk management strategy, risk appetite and related processes;
- Provided Audit Committee oversight and scrutiny to hosted bodies, namely Welsh Health Specialised Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC);
- Overseen and recommended approval of the revised Scheme of Delegations aligned with the Standing Orders of the Board;
- Internal and external audit reports, and tracking progress against internal and external audit recommendations, developing and strengthening related internal processes. Calling and holding Executive Directors to account, where appropriate, in relation to internal and external audit activity.

The **Remuneration and Terms of Services Committee** of the Board, is chaired by the Chair of the UHB and includes all Independent Board Members and meets periodically throughout the year to consider matters relating to Director and Very Senior Managers (VSMs) remuneration and Terms of Service and other related matters, which includes Voluntary Early Release applications and Chief Executive and Executive Directors of the Board performance and annual appraisal processes.

During the year, the UHB established the **Quality, Safety & Risk Committee** a key Committee of the Board, bringing together the work of the former **Quality and Safety and Corporate Risk Committees** primarily aligned with assessment of the Health Board's overall clinical governance and assurance and related risk management arrangements. This change took place in October 2016, following consideration and approval of the Board and prior to this, both Committees continued to meet separately.

To support this change, the newly formed Committee received a legacy report summarising the work of the 2 predecessor Committees, not least to provide assurance, but also inform the forward work plan of the new Committee. Key issues considered by the former and new committees are summarised below, with detail covered within the Health Board's Annual Quality Statement which will be published in July 2017 and will be available via this link. However, the Committee's key areas of activity during the year have been:

- Completed the outcome of a review of the Committee's working arrangements to inform the establishment of the new merged Committee;
- Held two Quality Summits, with engagement with Clinical Directorates to inform the UHB's priorities for the year and to review progress against them;
- Overseen delivery of the UHB's approved Quality Strategy (aligned with the Board's *'Cwm Taf Cares'* philosophy) supported by a Quality Delivery Plan (QDP) which focuses on the key priorities of the Board;
- Linked to the Quality Strategy and QDP, developed a related quality dashboard including 'at a glance' to consider progress with key quality and safety related targets;
- Considered planned and unannounced review and inspection activity by Healthcare Inspectorate Wales (HIW) and separately the Community Health Council, along with the UHB's internal inspection processes;
- Overseen the development of the Annual Quality Statement.
- Development and review of the UHB's Risk Register;
- Monitoring and scrutiny of the UHB's arrangements with regards compliance against Workplace Health & Safety, including Moving & Handling; Violence & Aggression and Fire Safety;
- In addition to overseeing the risk registers of the Health Board and hosted bodies, also reviewed the Committee's assigned risks and provided risk management oversight and scrutiny to hosted bodies, namely Welsh Health Specialised Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC);
- Received updates on progress relating to compliance in relation to quality, safety & risk, including patient experience, concerns, safeguarding, infection prevention & control; Information Governance; Equality and Welsh Language.

The **Primary Care Committee** was constituted by the UHB in 2014, initially to support the development of a Strategy for Primary Care, which informed the UHB's IMTP submitted in 2015 and refreshed versions. The Committee is now focusing on scrutinising the delivery of the IMTP as it relates to Primary Care and is chaired by the Vice Chair of the UHB.

The Committee met 4 times during the year and considered the following key areas of activity:

- The delivery and implementation of the primary care delivery plan (informed by the Primary Care Strategy) as it relates to the Board's Integrated Medium Term Plan;
- Reviewed and monitored delivery of the oral health delivery plan and the eye care delivery plan;
- Reviewed and monitored delivery of agreed Primary Care Investments;
- Reviewed and monitored delivery of the oral health delivery plan and the eye care delivery plan;
- Considered the evaluation of the implementation of a redesigned GP Out of Hours services, which was implemented during 2015/16;
- Overseen arrangements for Primary Care Contractor service developments and related cluster hub work;
- Reviewed and monitored actions being taken to sustain Primary Care Services across Cwm Taf UHB;
- Reviewed, considered and discussed the Board's Inverse Care Law programme of work and related progress.

The **Finance, Performance & Workforce Committee** is another key committee of the Board which meets 10 times per annum and scrutinises the Health Board's performance, aligned to its Integrated Medium Term Plan commitments. The Committee's key areas of activity during the year have been:

- Actively involved in the development and scrutiny of the Refreshed 2017-2020 Integrated Medium Term Plan;
- Routinely reviewed and scrutinised the UHB's Integrated Performance Dashboard;
- Routinely, reviewed and scrutinised the UHB's Financial Performance including development of savings plans and directorate budget setting and delivery of agreed savings plans;
- Reviewed and scrutinised key areas of workforce activity, including the increasing impact of workforce shortages, particularly within Medical and Registered Nursing; staff sickness and the mitigating actions being taken both locally and nationally;
- Reviewed and scrutinised the development of the Board's Commissioning Plan;
- Reviewed and scrutinised Ambulance performance;
- Reviewed actions in response to the Follow Up Outpatients Not Booked (FUNBs) WAO review;
- Received clinical efficiency reports in agreed key service areas;
- Received deep dive financial reports for agreed directorates
- Received and reviewed the Cwm Taf feedback from the NHS Wales National Staff Survey;
- Reviewed its assigned risks.

The **Mental Health Act Monitoring** Committee is chaired by the Vice Chair of the Health Board and monitors the Health Board's compliance with the requirements of the Mental Health Act and met 4 times during the year.

The work of this Committee, including its Terms of Reference, has been reviewed and refreshed during the year and related processes and focus has been strengthened. The Committee's key areas of activity during the year have been:

- Quarterly review of statistical performance in relation to compliance with the Mental Health Act; and
- Review and scrutiny of reported breaches as they relate to the Mental Health Act.

The **Academic Partnership Board (APB)** is chaired by the Vice Chair of the Health Board and includes representation from Cardiff University and the University of South Wales. The APB oversees the Health Board and partners work in relation to the Health Board's University status and ensures the related strategy of the Board in this area of its work is taken forward in partnership with academic providers. During the year Cardiff Metropolitan University has joined the APB as a Member. A steering group is also in place which supports the work of the APB.
The APB reports routinely into the Health Board and produces an annual report of its work, which is considered by the Board.

During this year, the Health Board has contributed to the celebration of University Status (granted by the then Health Minister to the UHB in 2013).

In addition to the Sub Committees of the Board, the Board has 3 Advisory Groups, these being;

Stakeholder Reference Group (SRG) The Group is formed from a range of partner organisations from across the Health Board's area and engages with and has involvement in the Health Board's strategic direction, advises on service improvement proposals and provides feedback to the Board on the impact of its operations on the communities it serves. The SRG met regularly throughout the year and held a development workshop and reviewed its Terms of Reference. The SRG elected a new Chair during the year, following completion of the office term held by Mr T Davis. Ms C Llewellyn was nominated by the SRG as its new Chair and she took up the role from November 2016.

The SRG has been actively engaged in the development of the Board's Integrated Medium Term Plan (IMTP) 2017-20 including supporting the development of a public facing easy read summary of the plan.

Working in Partnership Forum (WIPF) The Health Board and Staff side representatives have a strong working relationship and the Board recognises the importance of engaging with staff organisations on key issues facing the Health Board. The WIPF met regularly during the year, providing the formal mechanism through which the Health Board works together with Trade Unions and professional bodies to improve health services for the Cwm Taf population it serves. In addition the Health Board engages with its Medical Workforce through its Hospital Medical Staffing Committees (HMSCs).

WIPF is the forum where key stakeholders engage with each other to inform debate and seek to agree local priorities on workforce and health service issues.

During the year, significant strategic issues were discussed and included;

- progress on implementation of the 2016-19 IMTP and the development of the refreshed 2017-2020 IMTP;
- implementation and evaluation of the revised GP Out of Hours Service;
- the NHS Staff Survey and Medical Engagement Scale feedback;
- progress with implementation of service change, including;
    - the Acute Medicine Model;
    - development of the Paediatric Assessment Unit (PAU) and related services change to Paeds, Neonates and Obstetric services at the Royal Glamorgan Hospital;
    - Dewi Sant Health Park Development and related service change e.g. G.U.M; Breast Service redesign.
    - schemes to establish the Diagnostic Hub at the Royal Glamorgan, and the Ground and First Floor scheme at Prince Charles Hospital.

Healthcare Professionals' Forum (HPF) The Forum comprises representatives from a range of clinical and healthcare professions within the Health Board and across primary care practitioners and provides advice to the Board on all professional and clinical issues it considers appropriate.

The HPF has met twice during this year (in February 2017, to review membership, workplan and nominate a new Chair) and in March 2017, following the nomination of a new Chair and revised membership. The HPF is currently developing a work programme to inform its work over the coming year.

2. GOVERNING CWM TAF UNIVERSITY HEALTH BOARD

The Board is accountable for governance and internal control. As Accountable Officer and Chief Executive, I have the responsibility for maintaining a sound system of internal control that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding public funds and this organisation's assets for which I am personally responsible in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales. My performance in the discharge of these personal responsibilities is assessed by the Director General Health & Social Services, Welsh Government / Chief Executive NHS Wales. In addition, the Health Board's performance across a range of associated areas including the management of risk, governance, financial and non financial control is monitored by the Welsh Government.

My review of the effectiveness of the system of internal control is informed by the work of Executive Directors within the organisation. These Directors have responsibility for the development and maintenance of the Risk Assurance and Internal Control Framework, supported by the Internal

Auditors and comments made by the External Auditors in the Annual Audit Report and other reports received throughout the year. In addition, the work of Healthcare Inspectorate Wales, both investigations and reviews, informs my opinion.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the work of the Audit Committee, Integrated Governance Committee, Quality, Safety and Risk Committee, Finance, Performance & Workforce Committee, Mental Health Act Monitoring Committee, the Remuneration & Terms of Service Committee, Primary Care Committee and the Academic Partnership Board.

The various Committees have overseen the delivery of key areas of the Board's Strategic intent and statutory responsibilities, whilst the Audit Committee has overseen the related controls assurance arrangements.

A plan to address weaknesses and ensure continuous improvement of the system is in place and it is my intention to build on this as part of our maturing Board Assurance Framework developed and agreed by the Board in 2015/16.

The scrutiny of these arrangements is in part informed through the internal mechanisms already referred to but also through the independent and impartial views expressed by a range of bodies external to the Health Board.

These include:

- Welsh Government (WG)
- Wales Audit Office (WAO)
- Internal Audit (NHS Wales Shared Services Partnership)
- Healthcare Inspectorate Wales (HIW)
- Welsh Risk Pool (WRP)
- Community Health Councils (CHCs)
- Health & Safety Executive (HSE)
- South Wales Fire & Rescue Service
- Post Graduate Medical & Training Board, Post Graduate & Undergraduate Deanery's, Royal Colleges and other Academic bodies
- Other Accredited Bodies

The Health Board is required to have the following advisory groups:

- Stakeholder Reference Group;
- Healthcare Professionals Forum; and
- Local Partnership Forum (known as the Working in Partnership Forum)

In relation to our 3 Advisory Groups, all 3 are now active and working in line with the Board's Standing Orders.

During the year, advisory fora have been actively involved in the development of the Board's refreshed Integrated Medium Term Plan (IMTP) for 2017-20 and have also contributed views in relation to clinical service

redesign changes being taken forward by the Board. The Working in Partnership Forum has worked closely with senior management in progressing the service redesign and change agenda, ensuring appropriate arrangements are in place to support staff.

The Wales Audit Office concluded in their 2016 Structured Assessment that, "The Health Board continues to demonstrate good budgetary control and to monitor savings plans effectively. It has a good record of achieving financial balance and has improved stakeholder engagement in financial planning, but significant challenges remain to deliver a balanced financial position in 2016-17. The Health Board continued to strengthen strategic planning and governance arrangements during 2016, however there is scope to improve IMTP reporting and project management and pace is needed to address information management and technology arrangements. Overall my performance work has found that although the Health Board is on track to address recommendations, the pace needs to be improved."

Our delivery, governance and assurance arrangements are built on an organisational culture that is based on listening and learning, which directs its role in determining policy and setting strategic direction and also ensures that there are effective internal control mechanisms for the University Health Board that demonstrate high standards of governance and behaviour. This is of course, set against a back drop of the University Health Board ensuring that it remains responsive to the needs of its communities.

Patients and the public have an important role to play in proactively participating in their care and it is important that the organisation addresses this requirement in its governance arrangements. The University Heath Board has continued to develop and strengthen its arrangements in this important area of its work, although recognises that there remains more to do, to ensure that information captured is readily available for reporting to Board on 'lessons learned' and as a result implementing changes to working practices.

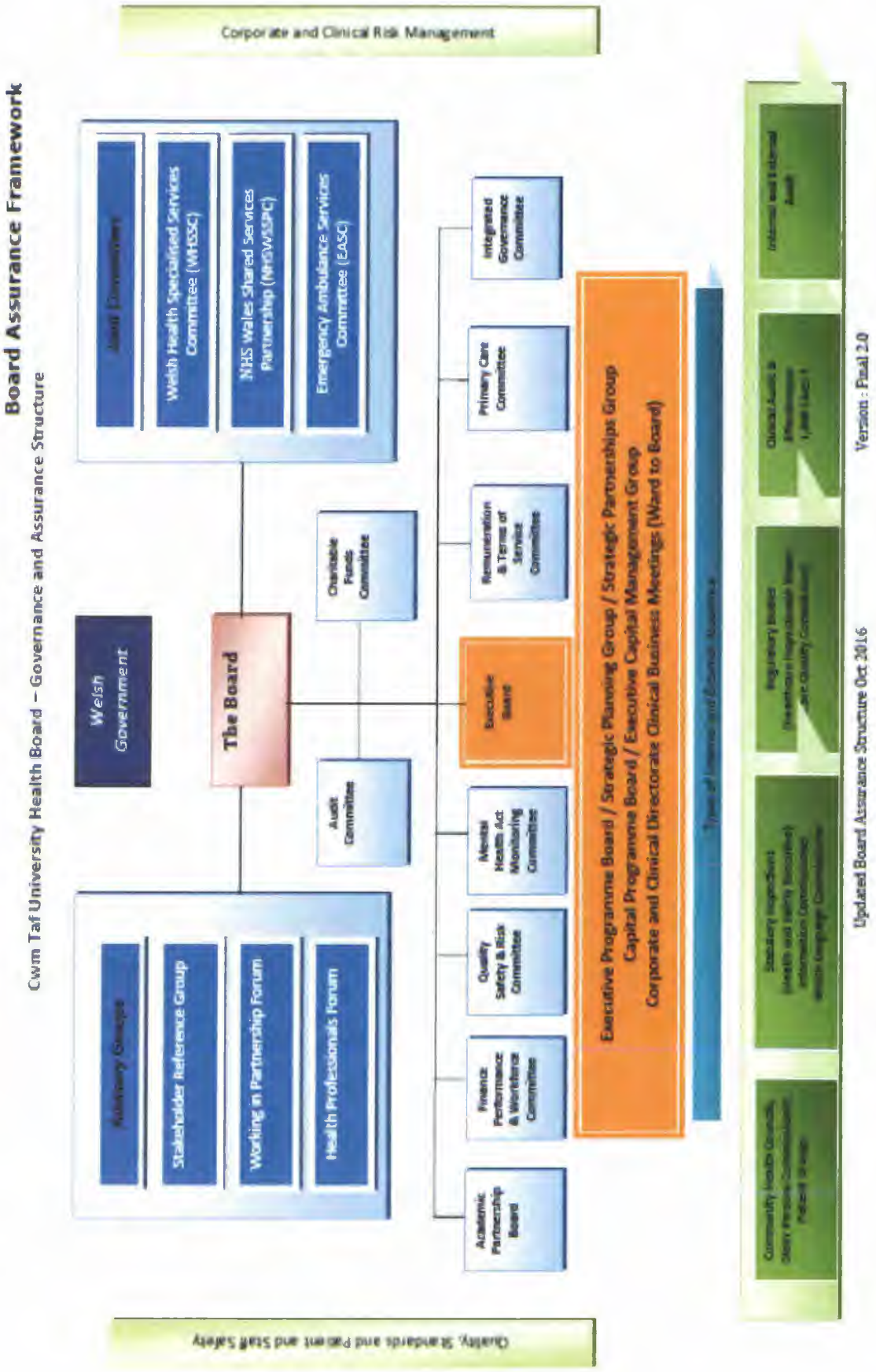
2.1 The Purpose of the System of Internal Control

The system of internal control is designed to ensure that risks are managed to a reasonable level rather than to eliminate all risks within the organisation. It therefore provides reasonable and not absolute assurance of effectiveness.

The system of control in place within the Health Board is based wherever possible on best practice and is an ongoing process designed to identify and prioritise risks to the achievement of the organisations policies, aims and objectives and to evaluate the likelihood of those risks being realised.

The impact of these risks is then assessed in order that they can be managed efficiently, effectively and economically. The system in place across the Health Board accords with Welsh Government Guidance. The system of internal control has been in place for the whole of the financial year ended 31 March 2017 and up to the date of approval of the annual

report and accounts for 2016/17. The following chart outlines the Governance & Assurance Framework arrangements established by the Board.


Board Assurance Framework
Cwm Taf University Health Board – Governance and Assurance Structure
Corporate and Clinical Risk Management
Welsh Government
The Board
Audit Committee
Charitable Funds Committee
Executive Board
Mental Health Act Monitoring Committee
Quality Safety & Risk Committee
Finance Performance & Workforce Committee
Academic Partnership Board
Advisory Groups
Stakeholder Reference Group
Working in Partnership Forum
Health Professionals Forum
Audit Committee
Welsh Health Specialised Services Committee (WHSSC)
NHS Wales Shared Services Partnership (NWSSSPc)
Emergency Ambulance Services Committee (EASC)
Integrated Governance Committee
Primary Care Committee
Remuneration & Terms of Service Committee
Executive Programme Board / Strategic Planning Group / Strategic Partnerships Group
Capital Programme Board / Executive Capital Management Group
Corporate and Clinical Directorate Clinical Business Meetings (Ward to Board)
Quality, Standards and Patient and Staff Safety
Updated Board Assurance Structure Oct 2016
Version : Final 2.0

2.2 Capacity to Handle Risk

The Board has overall responsibility and authority for the Risk Management programme through the receipt and evaluation of reports indicating the status and progress of Health Board wide risk management activities. The Audit, Integrated Governance, Quality, Safety & Risk, and Finance, Performance & Workforce Committees comprising a variety of Independent Members and Executive Directors oversee the Health Board's risk management arrangements making recommendations for change as appropriate. Representatives from the Community Health Council attend the Health Board meetings (and have speaking rights at the Board) and also other Sub-Committees / Group meetings.

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

The University Health Board approach to risk management ensures that risks are identified, assessed and prioritised, ensuring appropriate mitigating actions are taken. Arrangements at a Directorate level have been strengthened to ensure that health and safety issues are properly considered and managed in line with the Board's Strategy and related policy. Regular audits are undertaken on prioritised areas and this information is then used to ensure necessary improvements are introduced and implemented. A training programme is in place and related resource issues are being addressed to ensure improved compliance and uptake of mandatory training.

The lead director for risk is the Board Secretary/Director of Corporate Services and Governance, who is responsible for establishing the policy framework and systems and processes that are needed for the management of risks within the organisation. Depending on the nature of risk, other Directors will take the lead, for example, patient safety risks fall within the responsibility of the Medical Director, Director of Nursing, Midwifery and Patient Services and Director of Therapies and Health Sciences.

The organisational risks assigned to a Board Committee are transcribed onto the Organisational Risk Register, which is considered by the Audit Committee, the Integrated Governance Committee and the Quality, Safety & Risk Committee. In addition to reporting risks via the meeting arrangements within the organisation, operational managers and Directors are able to notify a significant risk to the appropriate Executive Director for consideration and where necessary, notification to the Board.

Staff awareness of the need to manage risks continues to be reinforced as part of routine communication and briefing and specific senior management discussions. Case studies and patient stories are routinely used at the UHB Quality, Safety & Risk Committee and some of its reporting scrutiny panel(s) in order that lessons can be disseminated and shared. By linking together issues arising from complaints claims and concerns it has also been possible to identify important points of learning and areas of best practice.

Improvements have been identified to enable the Health Board to better manage and communicate the risks associated with Fire. This will consist of regular reporting via the Directorate Managers and their Integrated Governance Directorate Groups to discuss local fire management issues, performance management arrangements as part of the regular clinical business meetings and closer alignment of Fire Risks to the Organisational Risk Register.

During the year, work was progressed in relation to the Board Assurance Framework, in order to better align it with the Organisation's key risks and with its 3 Year Integrated Medium Term Plan for 2017-20 and in February 2017, the Audit Committee received a Reasonable Assurance rated internal audit report on the Board's Risk Management arrangements.

2.3 The Risk and Assurance Framework

The organisation's commitment to the principle that risk must be managed means that we will continue to work to ensure that:

- There is compliance with legislative requirements where non compliance would pose a serious risk;
- Evidence based guidance and best practice is utilised in order to support the highest standard of clinical practice;
- All sources and consequences of risk are identified and risks are assessed and either eliminated or minimised; information concerning risk is shared with staff across the Health Board and, where appropriate, partner organisations;
- Damage and injuries are minimised, and people health and wellbeing is optimised;
- Resources diverted away from patient care to fund risk reduction are minimised;

- Lessons are learnt from compliments, incidents, and claims in order to share best practice and reduce the likelihood of reoccurrence

Patients and the public have an important part to play by proactively participating in their care and the organisation addresses this requirement within its Risk Management and other strategies. Case studies and patient stories are presented to the Quality, Safety & Risk Committee and Concerns/Claims scrutiny panels, in order that lessons can be disseminated and shared.

General Practitioners (GPs), Pharmacists, Dental Practitioners, Optometrists, Nursing Care Homes, Voluntary organisations and those where we have partnership relationships for service delivery, e.g. Local Authorities and other Health Boards, are responsible for identifying and managing their own risks through the contractual processes in place.

Clinical governance processes are intended to provide assurance to the Board that services are safe and meet organisational, external and professional standards. Work has progressed to embed the new Health & Care Standards Framework into the every day working of the organisation and to ensure appropriate linkages to other key strategies such as the Board's Quality Delivery Plan.

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

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

In respect of the other areas of Primary Care, including Dental and Optometry, annual visits and monitoring, similar to that for General Practice also take place. Concerns across Primary Care are also monitored for trends and issues are addressed and where appropriate reported into the Board, with improvement actions agreed.

The University Health Board is committed to listening to our patients/service users/carers to ensure that feedback on patient, user and carer experience is obtained, published and acted upon and to harness the learning in order to inform quality improvements.

We are committed to creating a culture that welcomes and facilitates the involvement of patients, service users and carers from all the communities we serve in the development, improvement and monitoring of the patient care and services we deliver.

We have very strong scrutiny processes in place, overseen by Independent Board Members, where every opportunity is taken to review and learn lessons when things go wrong.

2.4 Mortality Review

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

2.5 Integrated Quality and Performance Dashboard

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

Since its inception in October 2012, the integrated performance dashboard continues to evolve and develop. The report is also segmented to highlight any areas which may be under formal escalation measures by the Welsh Government and is supported by a covering report that seeks to expand on these areas as well as to highlight areas of best practice within the UHB. During this year an agreed set of workforce performance metrics, have been developed and are also being routinely reported to Board.

The Board recognises the importance of good quality data to inform its decision making at Board and sub committee level of the Board and has invested significant resource to develop the information and reports presented to Board for this purpose.

2.6 Health Board Vision

Our vision as a University Health Board is to:

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

- We will prevent ill health, protect good health and promote better health.

- We will provide care as locally as possible wherever it is safe and sustainable.
- Our services will be of the best quality and delivered within efficient, affordable and effective models of care.
- More care will be delivered in primary and community based settings, reducing the need for hospital inpatient care wherever possible.
- Developing joined-up health and social care services by working with our partner Local Health Boards, Trusts, Local Authorities and the Third Sector.
- With a strong sense of corporate social responsibility, we will work with our staff, partners and communities themselves, building on strong local relationships and the solid foundations of the past.
- We will use our University Health Board status to ensure that working with our academic partners, we bring research, innovation and high quality teaching to support our staff and services.
- We will ensure a strongly governed system and pay due regard to equality which will underpin everything we do.

The University Health Board has the following five strategic objectives, derived principally from the Institute for Healthcare Improvement (IHI) Triple Aim, which provides a clear framework for our plan.

These objectives are:

- To **improve** quality, safety and patient experience.
- To **protect** and **improve** population health.
- To **ensure** that the services provided are accessible and sustainable into the future.
- To **provide** strong governance and assurance.
- To **ensure** good value based care and treatment for our patients in line with the resources made available to the Health Board.

The University Health Board Quality Strategy embraces the Board's philosophy of "*Cwm Taf Cares*" and is supported by CTUHB Annual Quality Delivery Plan developed from triangulation of local and national data and patient/user/staff feedback and aligns with the requirements set out in Achieving Excellence (the Quality Delivery Plan for the NHS in Wales 2012 - 2016) and Safe Care, Compassionate Care, the National Governance Framework to enable high quality care in NHS Wales (2013).

During 2016/17 and going forward into 2017-18, the following key priorities featured in the business of the Board:

- Continue to improve patient experience throughout the University Health Board;
- Embrace the prevention agenda, for example by encouraging our patients and staff to adopt 'one more healthy behaviour' and support the well-being of our communities with our partners;
- Demonstrate greater integration across health & social care, particularly in the way in which services are provided to our more vulnerable client groups with increased joint commissioning arrangements, pooled budgets and making better use of our estate in partnership;
- Implement our refreshed primary and community care plans including improving the sustainability of primary care; further development of our Clusters and Cluster Plans, improved demand management and evidencing the shift of service from secondary to primary care;
- Implementation of our next step mental health service improvements, including the next phase of older adult mental health service redesign and new approaches to dementia care;
- Further develop our clinical service strategy, including the implementation of the outcomes of the South Wales Programme (specifically paediatrics, obstetrics and neonates and further development of the acute medicine model in 2017/18);
- Continue to improve scheduled and unscheduled patient care, patient flow and urgent care processes including: maintaining and improving upon the target of no patients waiting for treatment over 36 weeks; maintaining and improving upon the target of no patients waiting over 8 weeks for diagnostics, continuing to work to the 95% 4 hour target (maintaining wherever possible at least 90% performance) and having no patients waiting over 12 hours;
- Continue to meet the 31 day target and work to meeting the 62-day cancer target, maintaining at least a 90% position;
- Development of regional service planning and delivery where appropriate in areas such as regional treatment centres such as diagnostics, ophthalmology and orthopaedics, as well as vascular and ENT service redesign;
- Address recruitment and retention challenges with a priority on workforce planning and redesign and development of new roles such as Physician Associates;
- Further developing leadership and delivery capacity across the organisation;
- Continue our strong involvement and approach to the commissioning of specialist services working with partners such as WHSSC, EASC and Velindre NHS Trust;

- Engage with an increasing number of members of the public and staff in Cwm Taf through a variety of accessible platforms to involve people in the design and development of new clinically led and patient focused services, both in and out of hospital;
- Improve data quality, including reporting and transparency;
- Ensure compliance with legislation; and
- Achieve financial balance.

3. REVIEW OF GOVERNANCE ARRANGEMENTS

During 2016-17 we took forward the agreed changes following a review of our clinical governance arrangements captured within our Quality Strategy 2014-17. This not only articulates the important lessons learnt from Francis and Keogh Reports, along with other relevant Inquiries, but also important messages from listening to our patients.

The UHB has an Integrated Governance & Accountability Action Plan, which has also taken into account learning from the Betsi Cadwaladr University Health Board (BCUHB) joint WAO / HIW review and the 'Andrews' Report into Abertawe Bro Morgannwg (ABM) UHB and this has helped to inform the development of our own governance arrangements and significant progress with improvement actions has been reported throughout the year. The University Health Board's Integrated Governance Committee routinely reviews and monitors progress against the action plan and during the year we closed down the management actions in response to the 2012 HIW Governance Review of the UHB.

A significant amount of work has been undertaken over recent years to strengthen the governance and accountability arrangements supporting the delivery of the quality, performance and financial targets within the organisation and this progress has also been recognised by Wales Audit Office within its structured assessment reports. The organisation, through its established clinical business meeting model has strengthened its arrangements for reviewing delivery and holding directorates to account to reflect the move to integrated planning and delivery. This will be strengthened further in the coming year with the introduction of an agreed Performance Management Framework, a recommendation from the WAO's 2015 Structured Assessment report, following a short delay in agreeing revisions to Director portfolios and senior management restructuring, which strengthen lines of reporting and accountability within the supporting management structures.

The Wales Audit Office Structured Assessment process over this period concludes that overall the Health Board is on track to address 2015 recommendations, however, the pace with which these are addressed needs to be improved. The review also identified areas for more focused work going forward into the coming year.

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

4. THREE YEAR INTEGRATED MEDIUM TERM PLAN

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

The Board has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year integrated medium term plan. In accordance with the new legislative duty the 2014-2017, 2015-2018 and 2016-2019 Plans were approved by the Board and submitted to Welsh Government within the required timescale. Welsh Ministers have approved all three of the Health Board's Plans. A copy of the Board approved 2016-2019 IMTP, submitted on 31 March 2016, to Welsh Ministers and subsequently approved, is available at: Cwm Taf UHB Board Approved IMTP 2016-19

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

Overall, the Health Board continues to make solid and steady progress in delivering its Plan and this being year four of moving from delivering an organisational 'turnaround' agenda into delivering a more mature, innovative and exciting transformational agenda for the Health Board. Whilst there remains no room for complacency, with ongoing performance challenges, our Board maintains a strong focus on quality, performance and delivery and we are able to demonstrate that we are an organisation that has matured in our governance and assurance arrangements.

The Health Board also achieved its 2016/17 financial plan of breakeven in revenue expenditure terms, with a small surplus of £18k, which was a success given the challenging nature of our plan. Capital expenditure was managed closely to plan, with a small under spend of £5k against the planned expenditure of £16m.

Further detail on our actual achievements and continued challenges moving into 2017/2018 can be found in our 2017-2020 refreshed IMTP, particularly in Chapter 2, which outlines progress in delivering our Plan.

The Board has undertaken a significant amount of work and continues to ensure the organisation maintains progress to develop its 3 year Integrated Medium Term Plan. The Health Board submitted its refreshed 2017-20 Plan to Welsh Government on 31 March 2017. The submission was supported by correspondence outlining the associated risks and basis on which the Board had approved its submission. The latest Board Approved IMTP for 2017-20 submitted on 31 March 2017, can be accessed at: Cwm Taf UHB Board Approved IMTP 2017-20.

A public facing summary of our IMTP has also been developed with input from the Stakeholder Reference Group (SRG) and the Community Health Council (CHC) for our staff and local communities.

The Board approved plan was ratified at the public Board meeting on 3 May 2017, with a copy made available to the public via its internet site. At the time of writing, the Board is awaiting confirmation from Welsh Government, in accordance with the new legislative duty, as to whether the 2017-20 plan has been approved.

5. AREAS OF RISK

The Health Board has an approved Risk Management Policy. In addition it also has a Board Assurance Framework, and Organisational Risk Register, which are reviewed and updated periodically and considered by the Board and its Committees. The risk profile of the Health Board changes over time and the risk register is considered regularly and captures the key risks that can impact upon the Health Board's achievement of its objectives if not adequately assessed, mitigated and monitored.

The organizational risk register currently includes 30 Extreme / High risks. The risks are categorised into the following groupings:

Categories / Risk Rating	Extreme (rated 15 -25)	High (rated 8-12)
Business objectives / projects	6	3
Impact on Safety	9	1
Statutory duty / inspections	4	2
Finance (including claims)	1	1
Human Resource / Organisational Development / Staff Competence	2	0
Service / Business Interruptions	0	1
Total Risks	22	8

High / Extreme Risks (Rating 20 and above)

Actions to control and mitigate extreme / high risks are reported within the updates presented to Committees of the Board and risks are assigned to key Committees for monitoring and assurance.

In considering the robustness of a developing organizational risk register, the Board considers whether the top recorded risks are those that Members of the Board can relate to and indeed evidence that they are informing the work of the Board and its Sub-Committees in delivering its related Strategy. In this case the top risks outlined within the Organization's risk register are;

- **Failure to recruit medical & dental staff and its related impact on rotas going forward (also aligned with South Wales Programme outcome)**
- **Reduction in medical staff training posts**
- **Failure to recruit registered nursing staff**

- **Increasing dependency on agency staff to cover nursing and medical gaps**
- **Fire Safety compliance and issues with Prince Charles Hospital site (Ground & First Floor)**
- **Lack of control and capacity to accommodate all hospital follow up outpatient appointments**
- **Producing and delivering a viable 3 year integrated plan**

Of the categorised risks, these have been broken down under one of our existing Strategic Objectives. Members will also be aware of a number of changes to the organisational risk register since it was last reviewed by the Board. These include risks and also changes to ratings / levels of control and can be summarized as follows;

- The changing profile of organizational risks developed over the last year, relate primarily to workforce (GP recruitment) and sustainability of primary care across the UHB;
- Over the last year, some improvements in control and reductions in risk have been noted, namely;
    - improvements in delivery, with the Welsh Ambulance Service of the Red 1 Ambulance performance target;
    - the risk and controls associated with our asbestos management plan have been improved as a consequence of internal actions and external audit review;
    - The risk rating and controls relating to records storage risks have significantly improved as a consequence of the purchase of the Williamstown hub and transfer of more than a million paper records;
    - The controls relating to sustaining a safe ophthalmology service have improved following stability of the workforce issues experienced in the summer 2015/16. However, demand for service continues to grow and this specialty is a main feature of the outsourced elective activity this year.

More recently the following new risk has been added to the register during the year:

- Risk relating to developing and delivering the Information Management & Technology (IM&T) Strategy has been added to the organizational risk register.

It is important to note that there are mitigating actions and scrutiny arrangements in place for all the risks contained within the organisational risk register.

6.1 Fire Safety

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

Following meetings between Senior Officers and members of the South Wales Fire & Rescue Service, the Director General and officials from Welsh Government to discuss the capital works progressed to date and planned, to manage and mitigate the fire safety related risks associated with the Prince Charles Hospital building, a way forward has been agreed. Related phasing plans, to progress the remainder of the Capital Scheme at this hospital are being progressed with Welsh Government, which will over time allow the Health Board to comply fully with the requirements of the Enforcement Notice. It is important that the sequencing and inter-dependency of each of the scheme's business cases, run concurrently in order to ensure there is no delay to achieving full compliance with the enforcement action.

6.2 Legal dispute relating to the construction of Ysbyty Cwm Cynon (YCC)

I reported on this matter in 2016, I can confirm that the legal dispute with the contractor was resolved between all parties and the matter, reported through the Capital Programme Board and the Health Board is now closed.

6.3 GP Out of Hours Services

An alternative model for GP out of hours services implemented in 2015/16 has been evaluated during this year, where the Board approved its continuation, pending a further review. The Board are scheduled to receive a report at its May 2017 Board to endorse the adoption of the current model as the way forward. The public are being kept updated through our established public fora meetings and ongoing engagement with the Community Health Council (CHC).

6.4 Primary Care Services

As I reported last year, there remains an increasing risk of the Board's ability to sustain Primary Care Services as currently configured across all areas of the Health Board. A small number of practices have merged or become managed by the Health Board over the last year. Primary Care Cluster leads are working on outline plans for sustainability, which could result in new models of closer working, and / or further agreed mergers. This work will be taken forward by the Board in 2017/18.

6.5 Stroke Services Re-design

A revised model for stroke services was introduced during 2015/16, which has resulted in a number of service improvements. However, there remain related issues which the stroke task and finish group continue to address, in order to advise and guide further improvement actions going forward. This has included Delivery Unit support and visits to best practice Stroke services in a number of areas across the UK, in order to inform our development of the service.

6.6 New Legislation

Following the introduction of the **Social Services and Well-being (Wales) Act 2014** ("the Act"), which came into force on 6 April 2016, and **the Well-Being of Future Generations (Wales) Act 2015**. The Health Board has worked closely with the Cwm Taf Public Services Board, the first in Wales to agree a co-terminus approach across Health and Local Authority boundaries. The integrated approach to the various population based assessments has been welcomed, along with agreeing 'draft' well-being objectives for approval and taking forward into this coming year.

The **Nurse Staffing Levels (Wales) Act 2016**, is being implemented by the Health Board and a baseline assessment and action plan to ensure compliance with this new legislation is in place.

6.7 Funded Nursing Care – Judicial Review (JR)

The Health Board, along with other Health Boards in Wales have been subject to Judicial Review as a consequence of its actions and decisions relating to Funded Nursing Care (FNC). The Judgement handed down by the Court of Appeal on 4 February 2016, found in favour of Health Boards. However, the outcome is being appealed by Local Authority partners to the Supreme Court and related processes continue. A series of recommendations approved by the Board in 2016 continue to be taken forward.

6.8 Director posts / portfolios

I reported last year on difficulties with recruitment associated with the vacant Director of Public Health post and the actions taken by the Board, supported by Public Health Wales to ensure any risks associated with the vacancy were mitigated and professional and expert advice sourced. I was pleased to appoint a new Director of Public Health, who took up post on 1 November 2016.

In addition, I reported on changes to Director Portfolios, partly associated with the role of the Board Director/Chief Ambulance Services Commissioner, resulting in realignment of functions to other Executive Directors of the Board; these being Information Technology, Medicines Management and Facilities.

The changes particularly in relation to Information Technology has helped support the Board in taking forward the internal and external audit report recommendations in this important area of the Board's business, although I recognise the pace of this change had been delayed. The related Assistant Director and Senior Management structures are in the process of being implemented, following a period of engagement and consultation with the staff affected by these changes.

6.9 NHS Wales Informatics Services (NWIS)

In last year's report, I reported on a small number of serious incidents relating to electronic test results reporting generated by national reporting systems which had impacted on a small number of GP practices within the Health Board. The Health Board worked with NWIS nationally and the GP practices concerned to address the issues raised and whilst the potential for clinical harm was apparent, as a consequence of the system failure, there has been no reported patient harm.

During this year we have had an incident (near miss) reported to NWIS relating to the reporting of folate levels. This identified a further separate concern on folate serum reporting, which is currently being investigated jointly. To date, there has been no reported patient harm.

6.10 Workforce

The Health Board continues to work hard in addressing local, national and international recruitment plans to address workforce shortages mainly in registered nursing (which continues to impact on available inpatient bed capacity) and to a lesser degree junior and middle grade medical staff. Detailed plans are in place which are being reported to and scrutinised by the appropriate sub committees of the Board.

Managed agency contracts are in place for medical and nursing staff and work is being progressed on a national basis in relation to an all Wales nurse contract.

The Board has welcomed 4 new Independent / Associated Members over the last year. However, this year will see the appointment of a new Chair, Vice Chair and 5 Independent Board Members. From June 2017, we will also have a vacancy at Director of Finance to fill, which may prove difficult in the current employment market. Whilst the appointees will bring different skills and perspective on the work of the Board, its clear that those leaving the Health Board are very experienced Members and there will be a risk that their departure could impact on focus and scrutiny of performance delivery.

6.11 Paediatrics Neonatal & Obstetric Services

I reported last year on issues associated with progressing the implementation of the development of a capital build at Prince Charles Hospital (PCH), Merthyr Tydfil for expanded obstetric, midwifery and neonatal facilities. It is anticipated that the

Capital Scheme will be completed by March 2018 and contingency plans remain in place to address any further related staffing issues, should they materialise.

In addition, capital was also identified for yet to be designed works at the Royal Glamorgan Hospital (RGH), in order to remodel the accommodation at RGH to suit the planned Freestanding Midwifery Unit (FMU) and revised Paediatric Assessment facilities, as part of the wider service re-modelling.

The Health Board has received approval of the Business Justification Case (BJC) to proceed with the development on the PCH site and contingency plans remain in place to address issues associated with staffing.

6.12 Pensions

We continue to consider and monitor potential impact that the changes to the pension taxation regime at UK level may have on senior members of the workforce, both within our directly employed services and in relation to our Primary Care and Out of Hours services.

6.13 IR35

The IR35 legislation which is also known as the 'intermediaries legislation' is a set of rules that aid in the determination of the tax and National Insurance a candidate working through an intermediary should pay, based on the substance of that working arrangement. The key change is that the Health Board is required to apply these rules and the UHB is currently working with other NHS bodies across Wales to ensure a consistent approach, which will affect contractor / off payroll candidates.

6.14 Clinical Service Sustainability

The current arrangements to support the NHS System delivery of sustainable clinical services needs to be strengthened to address the very real requirement to redesign clinical services across organisational boundaries. Whilst the NHS Wales Collaborative and South Central Acute Care Alliance are in place, we need a system going forward that addresses and simplifies some of the current complex governance and accountability arrangements.

6. MANDATORY DISCLOSURES

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

6.1 Health and Care Standards for Health Services

On the 1st of April 2015, the Health and Care Standards came into force, published by the Welsh Government to bring together and update the expectations previously set out in 'Doing Well Doing Better Standards for Health Services in Wales' and the

Fundamentals of Care in conformity with the Health and Social Care (Community Health and Standards) Act 2003.
The organisation uses the Health and Care Standards as part of 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. The Standards form an important part of the assessment required during the development of all Board and Sub Committee papers (contained within the house style template).

The Board completed a self assessment against the Governance and Accountability Module at its April Integrated Governance Committee meeting and has:

- openly assessed its performance using the maturity matrix.

The Board reviewed its improvement actions identified last year and noted progress had been made in many of the priority areas identified. The Board considered its priorities for the coming year and agreed a number of improvement actions.

This process has been subject to independent internal review and assurance by the organisation's Head of Internal Audit.

During the year an integrated Governance and Accountability Action Plan was developed which encompassed the improvements from the 2015-16 Governance and Accountability Module. Progress against this action plan was reviewed and monitored routinely by the Integrated Governance Committee during the year.

The approach adopted was in line with the templates and guidance issued by the Welsh Government and Healthcare Inspectorate Wales and the outcome of the organisational wide assessment is summarised in the table below. Whilst the overall assessment scores have remained the same as last year, the level of assurance to the Board in making their assessment has been strengthened.

	We do not yet have a clear, agreed understanding of where we are (or how we are doing) and what / where we need to improve.	We are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	We are developing plans and processes and can demonstrate progress with some of our key areas for improvement.	We have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	We can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Setting the direction				√	
Enabling delivery				√	
Delivering results achieving excellence				√	
OVERALL MATURITY LEVEL				√	

Internal Audit has reviewed arrangements considering the systems and controls relating to the annual self assessment and the process for embedding the standards and concluded that its completion and assessment was considered appropriate.

6.2 Equality, Diversity and Human Rights

The University Health Board is committed to the principles of equality and diversity and the importance of meeting the needs of the nine protected groups under the Equality Act 2010. The Health Board's policy on equal opportunities and in relation to disabled employees is made equally accessible to staff and the public.

Control measures are in place to ensure that all Cwm Taf Health Board's obligations under equality, diversity and human rights legislations are complied with. Extensive work has been undertaken to implement the Accessible Healthcare Standards, being selected by Stonewall to be a partner in pilot work to support our aim to become a Stonewall Champion, informing our revised strategic Equality Plan as required by the Equality Act 2010.

Equality issues are monitored by the Health Board's Equality and Welsh Language Forum which reports via the Quality, Safety & Risk Committee to the Board.

6.3 Emergency Preparedness / Civil Contingencies / Disaster Recovery

The organisation continues to maintain its duties as a Category 1 responder and has strengthened its level of compliance. Our Major Incident plan has additional sections to accommodate both the new all-Wales NHS mass casualty response plans and our capacity to deliver specially trained A&E nurses to form part of a Medical Emergency Response Incident Team (MERIT) at a mass casualty clearing station.

A further 2 Executive Directors (totalling 8) have attended Wales Gold training and we have a further 2 business continuity plans, bringing the total to 19 for service areas. We have also commenced a new training programme of major incident Loggists. A first tranche of 13 staff have completed the training.

All of our Major Incident and Business Continuity plans as well as Local Resilience plans have been loaded onto Diligent, our paperless Board solution for instant access by Executive Directors with PDF versions available for all other Senior Managers on-call, which enables them to have all plans securely to hand on their iPads should they be needed.

New video conferencing facilities have recently been installed at all sites - especially to link Gold and Hospital Silver control rooms.

Four state-of-the art decontamination tents have been delivered and staff trained, to strengthen both our decontamination capacities as well as our Viral Haemorrhagic process at our 2 Accident & Emergency (A&E) and 2 Minor Injury Unit sites.

Our Royal Glamorgan Hospital helicopter landing pad has been upgraded and 70+ porters trained to enable it to accept night flights by Air Ambulance. Also, our new 24/7 helipad at Prince Charles Hospital adjacent to A&E is currently being completed. This will also enable night flights to be accepted and with its close proximity to the Emergency Care Centre (ECC) no Ambulance transfer will be required. We have also completed Workshops to Raise Awareness of 'Prevent' (WRAP) training for 100+ staff, primarily focused within mental health services. These workshops, WRAP form part of the UK Governments counter terrorism strategy which aims to safeguard vulnerable people from being radicalised to supporting terrorism.

6.4 NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. The Scheme is managed on our behalf by the NHS Wales Shared Services Partnership.

6.5 Carbon Reduction Delivery Plans

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

6.6 Ministerial Directions

A list of Ministerial Directions issued by the Welsh Government during 2016 are available at
http://gov.wales/legislation/subordinate/nonsi/nhswales/2016/?lang=en
and for 2017 at: -
http://gov.wales/legislation/subordinate/nonsi/nhswales/2017/?lang=en

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

A range of Welsh Health Circulars (WHCs) were published by Welsh Government during 2016-17 http://gov.wales/topics/health/nhswales/circulars/?lang=en and are centrally logged within the Health Board with a lead Executive Director being assigned to oversee implementation of any required action. Where appropriate, the Board or one of its Committees is also sighted on the content of the WHC.

6.7 Data Security

All information governance incidents are reviewed by the Information Governance Group and during the year there were 4 incidents relating to data security that required reporting to the Information Commissioners Office (ICO).

All reportable incidents have been investigated internally and where required support and cooperation has been provided to the ICO to inform their investigations. Of the 4 reportable incidents, 3 have been closed by the ICO, with no further action considered necessary on their part and 1 investigation is ongoing.

6.8 UK Corporate Governance Code

The organisation has also undertaken an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Health Board's assessment against the Governance and Accountability Module undertaken by the Board in April 2017 and also evidenced by internal and external audits.

The Health Board is clear that it is complying with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement such as declaration of interests but are reported more fully in the Health Board's wider Annual Report.

6.9 Welsh Language

Cwm Taf University Health Board recognises that care and language go hand in hand. The quality of care, patient safety, dignity and respect can be compromised by the failure to communicate with patients and service users in their first language. Many people can only communicate and participate in their care as equal partners effectively through the medium of Welsh. We are committed to meeting the Welsh language needs and preferences of our service users.

Over the past six years the Health Board has been making good progress implementing its statutory Welsh Language Scheme and, more recently, the Welsh Government's strategic framework for Welsh language services in health, social services and social care: 'More Than Just Words'. The aim of this work has been to improve the availability, accessibility, quality and equality of our Welsh medium services. Whilst good progress has been made, we recognise there is much more to do and we continue to improve our Welsh language services by implementing the commitments set out in our Welsh Language Scheme and More Than Just Words.

Progress against the Welsh Language Scheme and 'More Than Just Words', is reported to our internal Welsh Language and Equality Forum and also to the Health Board and updates provided to the Welsh Language Commissioner, and the Welsh Government.

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 overall responsibility for risk management and report to the Board regarding the effectiveness of risk management across the Health Board. My advice to the Board is informed by reports on internal controls received from all its Committees and in particular the Audit Committee, Quality, Safety & Risk Committee and the Finance Performance & Workforce Committee, with the Integrated Governance Committee ensuring alignment and connections with the Board's business. The Quality, Safety & Risk Committee also provides assurance relating to issues of clinical governance, patient safety, patient experience and the application of the Health and Care Standards. In addition reports submitted to the Board by the Executive Team identify risk issues for consideration.

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

Each Committee develops an annual report of its business and the areas that it has covered during the last year and these are reported in public to the Health Board.

Overall I consider the arrangements supporting the system of internal control in place within Cwm Taf University Health Board, to be appropriate, robust and effective.

7.1 Internal Audit

Internal audit provide me and the Board through the Audit Committee with a flow of assurance on the system of internal control.

I have commissioned a programme of audit work which has been delivered in accordance with Public Sector Internal Audit Standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

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

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

The Head of Internal Audit has concluded:

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

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements.
- The results of any audit work related to the Health and Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability Module.
- Other assurance reviews which impact on the Head of Internal Audit opinion, including audit work performed in relation to systems operated by the NHS Wales Shared Services Partnership.

These detailed results have been aggregated to build a picture of assurance across the eight key assurance domains around which the risk-based Internal Audit plan is framed.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, a number of assignments planned this year did not proceed to full audits following preliminary planning work as either management acknowledged that the present situation would only offer limited assurance or limited audit work has identified issues of concern – the significance of risk exposure for those has also been taken into account in forming the opinion across the Domains.

A summary of the related findings is outlined within the Head of Internal Audit Annual Report.

7.1.1 Audit Summary by Assurance Domain

Corporate Governance, Risk Management and Regulatory Compliance

- Welsh Risk Pool – Claims re-imbursement – Substantial Assurance
- Corporate risk management – Reasonable Assurance
- Health and Care Standards – Substantial Assurance (Draft pending Committee)

Strategic Planning, Performance Management & Reporting

- Integrated Medium Term Plan (IMTP) – Reasonable Assurance
- Funded nursing care – Reasonable Assurance

Financial Governance and Management

- Main financial systems – Substantial Assurance
- Public Sector Payment Policy (PSPP) – Substantial Assurance

Clinical Governance Quality & Safety

- Annual Quality Statement – Reasonable Assurance
- Complaints management – follow up – Reasonable Assurance
- Royal College of Psychiatrists follow up – Reasonable Assurance
- Mental Health Act s117 – Reasonable Assurance
- Deprivation of Liberties (DoLS) – follow up – Limited Assurance

Information Governance & IT Security

- IT system review – Maternity Information Technology System (MITS) – Reasonable Assurance
- Clinical coding – Limited Assurance

Operational Service and Functional Management

- Directorate governance – Therapies – Substantial Assurance
- Directorate governance – Children and young people – Reasonable Assurance
- Directorate governance – CAHMS – Reasonable Assurance
- Localities directorate – Follow up – Reasonable Assurance
- Prescribing Incentive Scheme – Reasonable Assurance
- Medicines Management – E-dal – Reasonable Assurance
- Directorate governance – Acute medicine – Limited Assurance

Workforce Management

- Recruitment vacancy management – Reasonable Assurance
- Occupational Health – Reasonable Assurance
- Pre-employment checks – Follow up – Reasonable Assurance

Capital & Estates Management

- Environmental Sustainability – Reasonable Assurance
- Carbon reduction commitment – Reasonable Assurance
- Prince Charles Hospital capital scheme – Reasonable Assurance

- Asbestos management – Reasonable Assurance
- South Wales Programme - Obstetric, Paediatric and Neonatal at Prince Charles Hospital and Royal Glamorgan – Reasonable Assurance (Draft pending Committee)

During the year, the Health Board were notified of 3 areas of the business of our organisation, that have received 'limited' assurance ratings from Internal Audit and as a consequence, management action is necessary. These were;

- **Directorate Governance (Acute Medicine & Accident & Emergency)**

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

The review highlighted that overall;

  - the directorate does not currently have a fully effective governance structure in place;
  - The Clinical Director for Acute Medicine and A&E is the Chair for the Acute Services Quality and Safety Forum (ASQSF). This group meets on a quarterly basis and covers quality and safety and risk specific issues for all the Acute Services Directorates. It does not however include key performance areas such as service delivery, financial targets or workforce and does not provide sufficient scrutiny of specific Acute Medicine and A&E Directorate issues.
  - A monthly Clinical Business Meeting (CBM) is in place for the Directorate which allows for the escalation of key governance issues to Executive level. However, these meetings did not take place between December 2015 and March 2016.

The outcome of our review would suggest that some of the deficiencies in the governance processes may be due to the size and complexity of the Acute Medicine and A&E Directorate. It is the largest Directorate within the UHB and is responsible for a wide range of both scheduled and unscheduled care service across 4 hospital sites. The current management structure may not be sufficient to allow for fully effective governance.

  - A Directorate Declaration of Interest register was completed for 2015/16 that covers appropriate staff and there is evidence of a process in place to chase up outstanding returns.
  - The Directorate has an approved IMTP in place for 2016/17 and its implementation is subject to on-going monitoring via the CBMs. However there was a lack of documentation to fully evidence the decision making processes that underpinned its creation and compilation.
  - The Directorate Risk Register should be discussed at the ASQSF and the Heads of Nursing Governance Groups; both of these groups are not specific to Acute Medicine and include other directorates. Whilst discussion may be happening regarding risks, analysis of the minutes of both groups could

provide no evidence to show that the Risk Register for Acute Medicine had been discussed and reviewed and any action plans agreed.
- The Directorate's risk register is not up to date and we were unable to establish when the risks were added and reviewed as there are no dates shown against the risks on the register.
- Several issues relating to the management of annual leave, sickness, flexible time and PDRs were identified. Whilst the basis of appropriate control systems are in place, the testing carried out as part of our review identified a number of instances where the controls were not consistently applied in practice.

The Audit Committee reviewed the management response and will track progress against the recommendations. A Follow-Up review is also planned for early 2017/18.

- **Deprivation of Liberties Safeguards (DoLS)**

I reported on this limited assurance review last year and it's disappointing to note that despite improvement actions being progressed, that the Follow Up review concluded that the Board can take only 'limited' assurance that arrangements to secure governance, risk management and internal controls, within those areas reviewed, are suitably designed and applied effectively.

The Audit Committee reviewed the updated management response and asked for additional reports to the Committee to ensure the 2 outstanding actions are addressed. The matter was also referred to the Quality, Safety & Risk Committee for scrutiny.

- **Clinical Coding**

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

The key finding arising from the review relates to;
- the current shortfall of staffing resource levels within the Clinical Coding department to efficiently process the volume of coded hospital episodes and meet the Welsh Government one month post discharge target completion rate of 95%. The reasons for this deficit in staffing levels relates primarily to the inability to recruit Band 4 clinical coding staff who hold the appropriate clinical coding qualification and also the on-going long-term sickness absence within the department.
- Additionally, there are currently no courses being offered by NWIS that provide the appropriate qualification that enables advancement and the ability to undertake auditing of clinical coding episodes.
- Whilst the Welsh Government target is not being met, the current performance levels are checked for accuracy prior to submission. Performance is also regularly reported on a timely basis within the Health Board in addition to being subject to

on-going review and justification at both departmental and senior management levels.

- Currently no in house auditing of clinical coding activity is being undertaken by the department due to the departure of the Band 5 NCCQ qualified auditor in the summer of 2016. However, our review of previous in house audits undertaken identified that the outcome of these has contributed to clinical work undertaken as well as the creation of departmental policies that improve the efficiency of coding undertaken.
- The action plan arising from the Wales Audit Office 'Review of Clinical Coding' report issued in January 2014 showed no evidence of monitoring or implementation between May 2015 and December 2016, although an updated iteration undertaken in December 2016 showed that all actions were close to completion or substantial progress had been made.

The Audit Committee reviewed the management response and will track progress against the recommendations. A Follow-Up review is also planned for early 2017/18.

7.2 Annual Audit Report

The Auditor General for Wales (AGfW) issued an unqualified opinion on the 2015-16 financial statements of the Health Board, although there were some issues brought to the attention of officers and the Audit Committee. These related to:-

- the accounting for fixed assets in the year;
- the methodology for calculating the Health Board's performance against the Public Sector Payment Policy; and
- some difficulties in working papers provided for audit as a result of Health Board staff changes.
- In addition, the AGfW placed a substantive report on the Health Board's financial statements alongside the audit opinion. The report explains the two new financial duties introduced on 1 April 2014 by the NHS Finance (Wales) Act 2014, the Health Board's performance against them, and the implications for 2016-17.
- The AGfW also concluded that the Health Board's accounts were properly prepared and materially accurate and did not identify any material weaknesses in the Health Board's internal controls relevant to the audit of the accounts.
- The Health Board achieved financial balance at the end of 2015-16.

In relation to Structured Assessment work, the WAO published its 2016 report in March 2017. The WAO found:

- The Health Board continues to demonstrate good budgetary control and to monitor savings plans effectively. It has a good record of achieving financial balance and has improved stakeholder engagement in financial planning, but significant challenges remain to deliver a balanced financial position in 2016-17.

- The Health Board continued to strengthen strategic planning and governance arrangements during 2016, however there is scope to improve IMTP reporting and project management pace is needed to address information management and technology arrangements;
    - Structured assessment work in 2016 indicated that the Health Board has continued to strengthen its corporate governance and board assurance arrangements. During 2016, the Health Board made good progress in addressing 2015 structured assessment recommendations, in particular, developing a new website to ensure that key corporate documents and plans are accessible to the public.
        - The Health Board continues to strengthen its approach to strategic planning with effective monitoring arrangements in place but there is scope to further improve IMTP reporting and extend programme and project management arrangements.
        - Board assurance arrangements continue to mature and committees are generally operating effectively, although more time is needed to embed recent changes to some committees.
        - The Health Board has made good progress in addressing 2015 recommendations but progress in addressing other audit recommendations relating to information management and technology recommendations is slow.

- Overall the performance work has found that although the Health Board is on track to address recommendations, the pace needs to be improved.
        - Work on Consultant Contract showed that the Health Board continues to take action to strengthen consultant job planning processes, although it had yet to implement all the Auditor General's previous national and local recommendations.
        - In addition to reviewing the actions taken to address my 2015 structured assessment recommendations, I also considered the effectiveness of the Health Board's wider arrangements to respond to my audit recommendations. Overall the Health Board is on track to address my recommendations, however the pace with which these are addressed needs to improve.

Progress against the matters and related risks identified above will be monitored via the Board and its Committees during 2016-17.

7.3 Counter Fraud

Cardiff and Vale UHB Counter Fraud Service provides a service to Cwm Taf University Health Board. Their work plan for 2016/17 was completed and covered all the requirements under Welsh Government Directions. The Counter Fraud Service provides regular reports and updates to members of the Executive and directly to the Audit Committee. The Audit Committee received the Counter Fraud and Corruption Annual Report for 2016/17 and related work self assessed / reviewed against the relevant NHS Counter Fraud Standards for Providers – Fraud, Bribery and Corruption / NHS Standard Contract.

8. CONCLUSION

This Governance Statement indicates that the Health Board has continued to make progress and mature as an organisation during 2016-2017 and that we are further developing and embedding good governance and appropriate controls throughout the organisation. However, the Health Board is aware, that there have been 3 areas of the business of our organisation reviewed during the last year, that have received 'limited' assurance ratings from Internal Audit and as a consequence, management action is necessary.

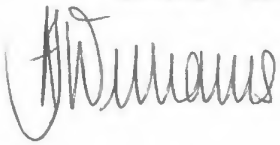
A summary of the 3 reports outlined above, which have been considered by the Audit Committee, along with the relevant management actions taken and planned, will continue to be monitored by the Audit Committee.

As the Accountable Officer, I will ensure that through robust management and accountability frameworks, significant internal control problems do not occur in the future. However, if such situations do arise, swift and robust action will be taken, to manage the event and to ensure that learning is spread throughout the organisation.

The revised planning guidance and our approved 3 year integrated plan for 2016-19 (refreshed for 2017-2020) sets out the strategy for the University Health Board and outlines high level objectives and key areas for progress over the next 3 years.

My review confirms that the Board has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and that no significant internal control or governance issues have been identified.

MRS ALLISON WILLIAMS
CHIEF EXECUTIVE



Date: 31/5/17.....

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

Directors Report

2016/2017

The Directors' Report

The following tables contain:

Table 1 Board Level Committees and Advisory Groups

Table 2 Detailed information in relation to the composition of the Board and including Executive Directors, Independent Members, Associate Board Members and who have authority or responsibility for directing or controlling the major activities of Cwm Taf University Health Board during the financial year 2016/2017.

Table 3 Details of company directorships and other significant interests held by members of the Board which may conflict with the responsibilities as Board members.

Table 4 Details relating to membership of the Board level assurance committees and the Audit Committee.

The Health Board confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

TABLE 1 - BOARD LEVEL COMMITTEES AND ADVISORY GROUPS

The Board and its sub committees are fully established and operating in line with the Board's Standing Orders. The following table outlines dates of Board (and development Board) and Committee meetings held during 2016-17.

Board/Committee / Group	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Board	6th *	4th	1st Special (also *)	6th	3rd *	13th	5th *	2nd	7th *	18th	8th *	1st
Academic Partnership Board	19th					8th			14th			7th
Audit Committee	11th	16th	1st	4th			3rd				13th	
Charitable Funds							5th					
Finance, Performance & Workforce Committee	28th	26th	30th	28th		29th		1st	6th	26th	23rd	30th
Integrated Governance Committee	6th				3rd				7th			
Mental Health Act Monitoring Committee			16th			15th			8th		16th	
Primary Care Committee			29th			28th		30th				15th
Remuneration and Terms of Service				6th			5th		7th		8th	
Stakeholder Reference Group	14th		14th		18th		18th				14th	
Working in Partnership Forum	26th			26th			25th				28th	
Healthcare Professionals Forum											14th	14th
Corporate Risk Committee **				12th								
Quality and Safety Committee **	21st			14th								
Quality, Safety & Risk Committee **							18th				2nd	

All meetings of the Board and its Sub-Committees were quorate

Note * Development Board Meetings

Note ** Quality, Safety & Risk Committee (which includes former Committees) held two Annual Quality Events on 17th & 25th May 2016; and 20th October 2016

The Healthcare Professional Forum was re-established and met twice during the year.

Table 2

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2016-17
Dr C D V Jones	Chairman	Board Remuneration and Terms of Service Committee (Chair); Integrated Governance Committee; Charitable Funds Committee	Welsh Language	**7/7** **4/4** **1/3** **1/1**
Prof. D Mead	Vice Chair (Primary Care, Community and Mental Health services)	Board Mental Health Act Monitoring Committee (Chair); Integrated Governance Committee; Academic Partnership Board (Chair); CRC/QSC/Quality, Safety & Risk Committee; Primary Care Committee (Chair); Remuneration and Terms of Service Committee; Charitable Funds Committee	Armed Forces/ Veterans Health	**7/7** **3/4** **3/3** **4/4** **4/4** **4/4** **4/4** **1/1**
Mr K Montague	Independent Member	Board Remuneration and Terms of Service Committee; Primary Care Committee; Charitable Funds Committee		**6/7** **4/4** **3/4** **1/1**
Mr J Hill-Tout	Independent Member (Finance)	Board Finance, Performance & Workforce Committee (Chair); Integrated Governance Committee; Remuneration and Terms of Service Committee; CRC/QSC/Quality, Safety & Risk Committee Charitable Funds Committee Audit Committee	Capital (Design)	**7/7** **9/10** **3/3** **4/4** **1/1** **1/1** **3/6**
Mr A Seculer	Independent Member (Legal)	Board Integrated Governance Committee (Chair); CRC/QSC/Quality, Safety & Risk Committee (Chair); Finance, Performance & Workforce Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.	Children; Equality & Diversity; Violence & Aggression; Safeguarding	**4/7** **3/3** **2/3** **1/3** **2/4** **0/1**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2016-17
Mr M Jehu	Independent Member	Board Remuneration and Terms of Service Committee; Finance, Performance & Workforce Committee Charitable Funds Committee Mental Health Act Monitoring Committee		**5/7** **4/4** **7/8** **1/1** **4/4**
Cllr C Jones	Independent Member (Community)	Board CRC/QSC/Quality, Safety & Risk Committee; Finance, Performance & Workforce Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee Primary Care Committee	Cleanliness, Hygiene & Infection Control; Corporate Health Standard	**7/7** **4/4** **10/10** **4/4** **1/1** **3/4**
Mrs M Thomas	Independent Member (Third Sector)	Board Finance, Performance & Workforce Committee; Remuneration and Terms of Service Committee; Audit Committee; Primary Care Committee CRC/QSC/Quality, Safety & Risk Committee Charitable Funds Committee Integrated Governance Committee	Vulnerable Adults; Carers; Volunteers; Cynon Valley Locality and Merthyr Tydfil Compact	**6/7** **9/10** **3/4** **5/6** **3/4** **4/4** **1/1** **3/3**
Mrs G Jones	Independent Member (Trade Union representative)	Board CRC/QSC/Quality, Safety & Risk Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.		**6/7** **3/3** **2/4** **1/1**
Dr C Turner	Independent Member (Information Technology & Governance)	Board Academic Partnership Board; Remuneration and Terms of Service Committee; Audit Committee (Chair); Integrated Governance Committee; Charitable Funds Committee.	Information Governance	**7/7** **4/4** **4/4** **6/6** **3/3** **1/1**
Mrs J Dowden	Independent Member	Board Academic Partnership Board Audit Committee Remuneration and Terms of Service Committee Charitable Funds		**6/7** **3/4** **3/6** **1/3** **1/1**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2016-17
Mr T Davis	Associate Board Member	Board Stakeholder Reference Group		**3/4** **4/4**
Mrs C Llewellyn	Associate Board Member	Board Stakeholder Reference Group		**1/3** **1/1**
Mr G Isingrini	Associate Board Member (Local Authority)	Board		**3/7**
Mrs C Kiernan	Associate Board Member	Board Healthcare Professional Forum		**N/A (0/0)** **2/2**
Mrs A Williams	Chief Executive	Board Integrated Governance Committee; Emergency Ambulance Services Committee; Welsh Health Specialised Services Committee; Remuneration and Terms of Service Committee; Charitable Funds Committee.	N/A	**6/7** **3/3** **5/5** **4/5** **4/4** **1/1**
Mr S Webster	Director of Finance & Procurement / Deputy Chief Executive	Board Audit Committee (in attendance); Finance, Performance & Workforce Committee; Integrated Governance Committee; Primary Care Committee; CRC/QSC/Quality, Safety & Risk Committee Charitable Funds Committee.	N/A	**6/7** **4/6** **6/10** **2/3** **0/4** **1/4** **1/1**
Mr Kamal Asaad	Medical Director	Board Integrated Governance Committee; CRC/QSC/Quality, Safety & Risk Committee; Charitable Funds Committee.	N/A	**4/7** **2/2** **2/5** **0/1**
Mrs Joanna Davies	Director of Workforce and Organisational Development	Board Academic Partnership Board Finance, Performance & Workforce Committee, Integrated Governance Committee; Primary Care Committee CRC/QSC/Quality, Safety & Risk Committee Remuneration and Terms of Service Committee;	N/A	**5/7** **4/4** **10/10** **3/3** **4/5** **1/5** **2/4**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2016-17
		Charitable Funds Committee. Represents the Health Board at NHS Wales Shared Services Partnership Committee (from Sept 16).		**0/1**
Mr Stephen Harrhy	Board Director	Board Represents the Health Board at NHS Wales Shared Services Partnership Committee (up to Sept 16).	N/A	**7/7**
Dr Kelechi Nnoaham	Director of Public Health	Board CRC/QSC/Quality, Safety & Risk Committee; Primary Care Committee Academic Partnership Board	N/A	**2/3** **0/1** **1/1** **0/2**
Mr John Palmer	Director of Primary, Community & Mental Health	Board CRC/QSC/Quality, Safety & Risk Committee; Integrated Governance Committee; Mental Health Act Monitoring Committee; Primary Care Committee; Charitable Funds Committee Finance, Performance & Workforce Committee	N/A	**6/7** **5/5** **1/3** **4/4** **4/4** **0/1** **8/10**
Ms Ruth Treharne	Director of Planning and Performance	Board Finance, Performance & Workforce Committee Integrated Governance Committee Primary Care Committee Charitable Funds Committee.	N/A	**6/7** **9/10** **3/3** **3/4** **1/1**
Mr Chris White	Director of Therapies and Health Sciences / Chief Operating Officer	Board Academic Partnership Board; CRC/QSC/Quality, Safety & Risk Committee; Finance, Performance & Workforce Committee; Integrated Governance Committee Charitable Funds Committee.	N/A	**6/7** **4/4** **5/5** **7/10** **2/3** **1/1**
Mrs Lynda Williams	Director of Nursing, Midwifery and Patient Services	Board Academic Partnership Board; CRC/QSC/Quality, Safety & Risk Committee;	N/A	**6/7** **3/4** **4/5**

NAME	POSITION (AREA OF EXPERTISE)	BOARD COMMITTEE MEMBERSHIP	CHAMPION ROLES	BOARD / COMMITTEE ATTENDANCE 2016-17
		Integrated Governance Committee; Primary Care Committee Charitable Funds Committee.		**3/3** **2/4** **1/1**
Mr Robert Williams	Board Secretary / Director of Corporate Services & Governance	Board Audit Committee (in attendance) CRC/QSC/Quality, Safety & Risk Committee Academic Partnership Board Also periodically attends a range of other Board Committee meetings on a regular basis.	N/A	**7/7** **6/6** **5/5** **4/4**

Note – There are occasions when Directors are not able to attend Board Committee meetings that an Assistant Director attends on their behalf.

Table 3 - DIRECTORS INTERESTS

Directors of the Board have declared the following interests which may be relevant to the business of the University Health Board.

Name	Designation	Nature of Interest
Dr C D V Jones	Chair	Chair, NHS Confederation Wales
Professor D Mead	Vice Chair (Primary, Community & Mental Health)	Member of the Board of Governors, Neath Port Talbot Further Education College Chair of Governors, Glanhowy Primary School Honorary Chair, Cardiff University Director Landarcy Park Limited Director LearnKit Limited Trustee St John Wales Director of Pen-y-cymoedd Community Investment Company Expert Advisor Bevan Commission Elected Member Royal College of Nursing Welsh Board; High Sheriff of West Glamorgan.
Mr J Hill-Tout	Independent Member (Finance)	Director Dragon Savers, Credit Union Governor, Pontyclun Primary School
Councillor C Jones	Independent Member (Community)	Local Councillor, Merthyr Tydfil Local Authority; Trustee, Merthyr & the Valleys Mind; Trustee, Crossroads for Carers, Cwm Taf.
Mrs G Jones	Independent Member (Staff Side Representative)	Elected Member Royal College of Nursing (RCN), Welsh Board. Elected Chair, RCN Welsh Board

Name	Designation	Nature of Interest
Dr C Turner	Independent Member (Information Technology / Information Governance)	Senior Professional Fellow (Honorary), Cardiff University
Mrs M K Thomas	Independent Member (Third Sector)	VAMT representative on Merthyr Tydfil Local Authority Social Service & Social Regeneration Scrutiny Panel Justice of the Peace (J.P), Glamorgan Valley Bench Macmillan Cancer Support Merthyr Tydfil Chair of Governors Trustee, Voluntary Action Merthyr Tydfil (VAMT) Executive Fundraising member of Eye Hospital Jerusalem Order of St.Johns Volunteer Merthyr Tydfil & Cynon Foodbank Director of Winchfawr Investments Board member of Cancer Aid, Dowlais Board member of Safer Merthyr Tydfil Consultant Governor, South East Wales Consortium Member of Order of St Johns
Mrs A Williams	Chief Executive	Trustee & Director – Skills for Health Limited (Charitable Company) Husband employed by Welsh Ambulance Services Trust
Ms R Treharne	Director of Planning & Performance	School Governor - Ysgol Cymraeg Cwm Rhymni, Fleur de Llys, Caerphilly.
Mr S Harrhy	Board Director	Chief Ambulance Services Commissioner for Wales; Director of Unscheduled Care Programme for NHS Wales.
Mr Robert Williams	Director of Governance & Corporate Services / Board Secretary	Wife is a health care support worker in Cwm Taf
Mr Steve Webster	Director of Finance & Procurement	Consultancy work for 7 days during annual leave for Portsmouth NHS Trust in June 2015

Name	Designation	Nature of Interest
Mr Keiron Montague	Independent Member	Rhondda Cynon Taf County Borough Council - Councillor Staff member of Cynon Taff Community Housing
Ms Jayne Dowden	Independent Member (University)	Member of staff at Cardiff University Daughter in law is a member of staff at the Royal Glamorgan Hospital
Mr Mel Jehu	Independent Member	Independent Member of the Police Crime Panel for the South Wales Police Force Trustee Cancer Aid Merthyr Tydfil

Table 4 - Membership of the Board's Audit Committee

Dr Chris Turner	Independent Member (ICT & Governance)	Chair (Audit Committee Independent Member on WHSSC from October 2016)
Mrs Maria Thomas	Independent Member (Third Sector)	Audit Committee Independent Member on WHSSC up to September 2016
Mr John Hill-Tout	Independent Member (Finance)	Member from April 2016
Ms Jayne Dowden	Independent Member (University)	Member from April 2016

Information Governance

Information relating to personal data related incidents and how information is managed and controlled can be located on page 39 of the Annual Governance Statement.

Environmental, Social and Community Issues

The Health Board as a large local employer and public service provider is cognisant of the impact it has on our environment and takes steps to minimise this, where possible.

In particular we shall:

- Ensure that all employees, including contractors, are responsible for working in a manner that protects the environment;
- Integrate environmental management into operating procedures to ensure that long term and short term environmental issues are considered;
- Ensure we remain committed to continual improvement and the prevention of pollution in all areas of potential environmental impact; and
- Ensure compliance with all relevant environmental legislation, Health and Care Standards for Wales and Welsh Government Directives.

Building on the good progress made over recent years, the organisation continues to bring together both the behavioural and technical elements of change and are improving communicaiton through a variety of media platforms to strengthen our environmental, social and community responsibilitites.

In reducing our environmental impact, we will:

- Reduce the consumption of finite resources, removing waste where possible;
- Adopt a carbon based management approach specifically aimed at reducing CO2 emissions generated by energy, waste and transport by meeting the Welsh Government target objective of a 3% year on year reduction in our carbon footprint, and to work to extend this target and reduce energy costs;
- We will also look to purchase or produce a portion of energy from renewable sources;
- Promote the minimization of waste generated through Health Board activities and reduce the environmental impact of waste disposal wherever possible by diverting waste from landfill and maximizing recycling opportunities;
- Adopt site specific travel plans, which encourage shift away from single occupancy car journeys to more sustainable modes of transport such as public transport, car sharing and active travel; and
- Integrate the principles of sustainable development into every day purchasing decisions.

The Board's sustainability report {link} will provide more specific detail on progress against this work over the year and this will feature prominently within the Annual Report.

Corporate Social Responsibility

In October 2014, the Health Board supported the suggested approach to optimise the corporate social responsibility potential for our community and it was agreed at that time that the suggested approach fitted with the vision for the UHB over the next 2 years. It was felt also that the approach would contribute to the actions needed to ensure that the organisation is best placed to respond to the challenges set down for Wales in the Well-Being of Future Generations (Wales) Act 2015.

The Well-Being of Future Generations (Wales) Act 2015 seeks to ensure that sustainable development is at the centre of the strategic decision making process for the Welsh Government and public bodies in Wales. The general purpose is to ensure that the governance arrangements of public bodies take the needs of future generations into account and the aim is for public bodies to improve the economic, social and environmental well-being of Wales in accordance with the sustainable development principles.

As a large employer providing public services and spending public money, our activities need to take place in the most sustainable way, and we want to lead by example and make a contribution to our local communities, acting as a catalyst to improve lives. This can only be achieved through:

- Seeking to deliver the best and most ethical healthcare through developing and promoting services and products that we buy that support a more sustainable way of life.

- Measuring and publicly reporting on our environmental impact and setting challenging targets to lower our impact on the environment.

- Seeking to foster strong positive relationships with our diverse local community, staff and third sector organisations and meeting diverse need, promoting social mobility and tackling inequality.

- Teaming up with suppliers to minimise impacts: sourcing more sustainable and local products and services where possible, with particular emphasis on carbon emissions.

- Giving our employees information to increase their awareness of the impact of their actions on the planet both at work and at home.

- Working in partnership with our local and business communities in ways that meet their environmental, economic and social needs and has a positive effect on our business.

- Using our influence and resources to support international health development, and enrich our community through shared learning.

- Promoting healthy and sustainable lifestyles for our patients and staff and enabling them to take responsibility for their own health and well being.

- Widening access to the work environment to promote employment opportunities and recycle wealth to the local community.

If Cwm Taf University Health Board works towards achievement of these aims we will also:

- ensure service excellence
- make the best use of resources
- provide a great place to work
- be responsive and accountable to our communities

Progress to date

During the year, we have worked closely with local communities on initiatives such as:

- Encouraging partners, patients and service users to help us develop and improve our services – this includes holding regular meetings in local communities
- Helping people access the right services particularly those who have social, physical and / or mental health impairments
- Give and gain days / gardening projects
- Reminding staff across Cwm Taf using a calendar of events
- Knitting 'Twiddle muffs' for use by the frail elderly on rehabilitation wards, working with local community 'knitters'
- The Samaritan and the South Wales Valleys project

We know how important it is to get people into work and how it can improve health and wellbeing and contribute to the economic profile of our community. We have contributed in many ways, such as:

- Encouraging volunteering within our hospitals and community settings
- Supporting work clubs
- Careers fairs and events
- Work experience opportunities
- Highlighting walking and cycle tracks

Corporate teams are already engaging with schools and colleges to support the future generation to live happy and health lives and to see us a good employer. This fits with the vision for the UHB and the aspiration that we will inspire young people to join us and to develop innovate practice that could help to address the inequalities in health within the Cwm Taf community.

We also identified some fantastic examples of local fundraising efforts and CSR in action in Cwm Taf including:

- An appeal for socks and underwear for local homeless people;
- Giving to Pink charity set up to raise awareness of the need for a specialist breast care unit at the Royal Glamorgan Hospital;
- Supporting local food banks;
- Holding 'Randomised Coffee Trials' between staff and the directors to provide opportunities for new conversations and engagement;
- Supporting 'random acts of kindness' including sharing an advent calendar to give ideas on kind activities.

We also have in place a number of separate groups and strategies to promote and implement:

- a range of travel policies that reduce the amount of money spent on travel and increase the range of 'green' transport schemes for staff to access;
- a corporate responsible approach to procurement which considers, where feasible, supporting local businesses;
- an approach to managing our services and facilities which drives greater efficiency and sustainability into corporate processes;
- an approach to new and existing buildings which reduces the Health Board's carbon footprint and maximises green approaches;
- a health and wellbeing approach to support the people who work in the Health Board and their families.

We continue to progress work in these areas and ensure the Board continues to support its willing and enthusiastic staff in discharging this important commitment to its communities.

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

Statement of Accountability

2016/2017

Statement of the Chief Executive's responsibilities as Accountable Officer of Cwm Taf University 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.

As Accountable Officer I can confirm that as far as I am aware there is no relevant audit information of which Cwm Taf University Health Board's auditors are unaware, and as Accountable Officer, I have taken all the steps that ought to have been taken to ensure that I am aware of any relevant audit information and can confirm that when required I have ensured Wales Audit Office are aware of this information.

I can confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for these and the judgement required for doing so.

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.

Allison Williams
Chief Executive

Date: 31/5/17.....2017

Statement of Directors Responsibilities

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 / NHS Trust and of the income and expenditure of the LHB /NHS Trust 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:

On behalf of the Chairman: ..... Dated: 31/5 2017

Chief Executive: ..... Dated: 31-5- 2017

Director of Finance: ..... Dated: 31 May 2017

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

Remuneration and Staff Report

2016/2017

Remuneration Report

Auditors have reviewed this report for consistency with other information in the financial statements and will provide an opinion on the following disclosures;

- Single total figure of remuneration for each director;
- CETV disclosures for each director;
- Payments to past directors, if relevant;
- Payments for loss of office, if relevant;
- Fair pay disclosures (included in Annual Accounts);
- Exit packages (included in Annual Accounts) if relevant, and;
- Analysis of staff numbers.

Remuneration Relationship

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

The banded remuneration of the highest-paid director in the Health Board in the financial year 2016-17 was £170,000 - £175,000 (2015-16, £170,000 - £175,000). This was 6.4 times (2015-16, 6.3) the median remuneration of the workforce, which was £27,172 (2015-16, £27,369).

In 2016-17, 5 (2015-16,5) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £180,001 to £210,000 (2015-16 £175,001 to £240,000). Staff earning in excess of the highest paid director held clinical posts.

The requirements relating to total remuneration is to include 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.

Whole workforce profile

Extract as at 29 March 2017	Female		Male		Totals	
Staff Group	FTE	Headcount	FTE	Headcount	FTE	Headcount
Add Prof Scientific and Technical	163.89	199	81.96	91	245.85	290
Additional Clinical Services	1060.62	1221	228.88	236	1289.50	1457
Administrative and Clerical	1186.80	1407	243.41	259	1430.21	1666
Allied Health Professionals	328.55	369	72.96	73	401.51	442
Estates and Ancillary	468.87	708	267.96	287	736.84	995
Healthcare Scientists	94.93	104	61.00	62	155.93	166
Medical and Dental	258.21	284	359.45	376	617.67	660
Nursing and Midwifery Registered	2080.88	2316	223.49	229	2304.37	2545
Students	2.00	2			2.00	2
Grand Total	**5644.76**	**6610**	**1539.12**	**1613**	**7183.87**	**8223**

Sickness Absence Data

The following table details the sickness absence data and provides a comparison of information with 2015-2016 and 2014-2015.

	2016-2017 Number	2015-2016 Number	2014-2015 Number
Days lost (long term – 28 days and over)	**108,289.95**	98,347.40	112,388.83
Days lost (short term)	**38,439.20**	40,914.09	41,930.58
Total days lost	**146,729.15**	139,261.49	154,319.41
Total staff years	**7114.21**	6,930.15	6,948.23
Average working days lost	**12.90**	12.51	13.86
Total staff employed in period (headcount)	**8142**	7,865	7,991
Total staff employed in period with no absence (headcount)	**3211**	3,055	2,706
Percentage of staff with no sick leave	**39%**	38%	35%

Anxiety / Stress and musculoskeletal (29.12%) and also Cold / Flu (8.54%) problems remain the top reasons and account for 38% of all sickness absence. A comprehensive programme of work is in place, working with staff side partners to address sickness absence rates applying the all Wales Sickness Absence Policy.

Equality, Diversity and Human Rights

The Board's Annual Governance Statement (page 37) outlines its Policy on the principles of equality and diversity and the importance of meeting the needs of the nine protected groups under the Equality Act 2010.

Expenditure on Consultancy

Consultancy services are the provision to management of objective advice and assistance relating to strategy, structure, management or operations of an organisation in pursuant of its purposes and objectives. During the year, the Health Board spent £310,000 on consultancy services.

Tax Assurance for Off-Payroll Appointees

In response to the Government's review of the tax arrangements of public sector appointees, which highlighted the possibility for artificial arrangements to enable tax avoidance, Welsh Government has taken a zero tolerance approach and produced a policy that has been communicated and implemented across the Welsh Government.

Tax assurance evidence has been sought and scrutinised to ensure it is sufficient from all off-payroll appointees. Sponsored bodies should also provide assurance of compliance with this tax policy within their annual governance statements.

Details of these off-payroll arrangements will be published aligned with the Board's Annual Report, by 31 July 2017 on the Health Board's website : www.cwmtaf.wales.nhs.uk

CWM TAF LOCAL HEALTH BOARD ANNUAL ACCOUNTS 2016-17

5.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2016-17 Number of compulsory redundancies Whole numbers only	2016-17 Number of other departures Whole numbers only	2016-17 Total number of exit packages Whole numbers only	2016-17 Number of departures where special payments have been made Whole numbers only	2015-16 Total number of exit packages Whole numbers only
less than £10,000	0	1	1	1	0
£10,000 to £25,000	0	3	3	3	5
£25,000 to £50,000	0	2	2	2	5
£50,000 to £100,000	0	2	2	2	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**8**	**8**	**8**	**10**

Exit packages cost band (including any special payment element)	2016-17 Cost of compulsory redundancies	2016-17 Cost of other departures	2016-17 Total cost of exit packages	2016-17 Cost of special element included in exit packages	2015-16 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	6,836	6,836	6,836	0
£10,000 to £25,000	0	61,380	61,380	61,380	92,205
£25,000 to £50,000	0	73,321	73,321	73,321	212,343
£50,000 to £100,000	0	115,027	115,027	115,027	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**256,564**	**256,564**	**256,564**	**304,548**

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

Please note: the expense associated with these departures may have been recognised in part or in full in a previous period. In total 7 of the exit packages were approved in the previous year.

All 8 special payments are severance payments, the highest payment was £62,270 the lowest payment was £6,836 and the median value was for £25,460.

Statement on Remuneration Policy

The remuneration of Senior Managers who are paid on the Very Senior Managers Pay scale is determined by Welsh Government, and the Health Board pays in accordance with these regulations. For the purpose of clarity these posts are posts which operate at Board level and hold either statutory or non statutory positions. In accordance with the regulations the Health Board is able to award incremental up lift within the pay scale and should an increase be considered outside the range a job description is submitted to Welsh Government for job evaluation. All Senior Managers at Cwm Taf are paid consistent with these pay scales and arrangements.

There are clear guidelines in place with regards to the awarding of additional increments. The Health Board does not have a system for performance related pay for its Very Senior Managers.

In addition to Very Senior Managers the Health Board has a number of employment policies which ensure that pay levels are fairly and objectively reviewed for all other staff. There is an All Wales Pay Progression policy which from 1 April 2016 links staff performance through their pay scale and also a local Health Board Policy for the Re-evaluation of a Post which requires individuals and their managers to submit revised job description for job matching by matching panels comprised of management and staff representatives. The Agenda for Change job matching process is utilised and all results are recorded on the Job Evaluation system. For medical and dental staff the Health Board complies with Medical & Dental terms and conditions which apply to medical remuneration.

The Health Board supports the development of its workforce and ensures opportunities are provided for career progression. The only severance payment policy in place within the Health Board is the All Wales Voluntary Early Release scheme which is utilised to support organisational change and services undertake a robust evaluation of their service and submit evidence that this scheme is value for money and financial savings are secured from the service as a result of the change.

Cwm Taf University Local Health Board
Salary and Pension benefits of Senior Managers

Single Total Figure of Remuneration 2016-17

	Salary (bands of £5,000) £000	Benefits in kind(taxable) to nearest £100 £00	Pension benefits 1995 scheme to nearest £1000 £000	Pension benefits 2008 scheme to nearest £1000 £000	Pension benefits 2015 scheme to nearest £1000 £000	Total (bands of £5,000) £000
EXECUTIVE DIRECTORS						
Mrs A J Williams *Chief Executive*	170-175	0	6	n/a	39	220-225
Mr S J Webster *Director of Finance / Deputy Chief Executive*	145-150	0	26	n/a	n/a	175-180
Mr J Palmer *Director of Primary, Community & Mental Health Services*	115-120	0	n/a	0	27	140-145
Mr K Asaad *Medical Director*	155-160	0	22	n/a	n/a	175-180
Mrs L Williams *Director of Nursing, Midwifery and Patient Services*	110-115	0	16	n/a	n/a	130-135
Ms R Treharne *Director of Planning and Performance*	120-125	0	43	n/a	n/a	165-170
Mrs J M Davies *Director of Workforce and Organisational Development*	110-115	0	16	n/a	n/a	130-135
Mr C White *Director of Therapies and Health Science/Chief Operating Officer*	120-125	0	44	n/a	n/a	165-170
Dr K Nnoaham *Director of Public Health from 1st November 2016*	45-50	0	n/a	4	0	50-55

INDEPENDENT MEMBERS

Dr CDV Jones *Chairman (Note 1)*	65-70	0	65-70
Prof D M Mead *Vice Chair*	45-50	0	45-50
Mr J L Hill-Tout *Independent Member*	10-15	0	10-15
Mr A R Seculer *Independent Member*	10-15	0	10-15
Cllr Clive Jones *Independent Member*	10-15	0	10-15
Dr. C B Turner *Independent Member*	10-15	0	10-15
Mrs M Thomas *Independent Member*	10-15	0	10-15
Mr K Montague *Independent Member from 1st April 2016*	10-15	0	10-15
Mr M Jehu *Independent Member from 1st April 2016*	10-15	0	0
Ms J Dowden *Independent Member from 1st April 2016 (Note 2)*	0	0	0
Ms G Jones *Independent Member (Note 3)*	0	0	0

Mr G Isingrini, Mr T Davis (to 31st October 2016), Mrs C Llewellyn (from 1st November 2016) and Ms S Williamson received no remuneration for their role as Associate Members
Independent Members do not receive pensionable remuneration for their Board membership.

Benefits in kind relates to lease car benefits and mileage allowances received in excess of the Inland Revenue tax free rate (figures given in hundreds).

Notes
1 - Included in the salary for Dr CDV Jones is £8k remuneration for additional duties carried out for Betsi Cadwaladr UHB which was funded by Welsh Government
2 - Ms J Dowden receives no remuneration from Cwm Taf UHB for her role as Independent Member
3 - Ms G Jones is a paid, full time employee of the organisation and receives no additional remuneration as an Independent Member.

Single Total Figure of Remuneration 2015-16

	Salary (bands of £5,000) £000	Benefits in kind(taxable) to nearest £100 £00	Pension benefits 1995 scheme to nearest £1000 £000	Pension benefits 2008 scheme to nearest £1000 £000	Pension benefits 2015 scheme to nearest £1000 £000	Total (bands of £5,000) £000
Executive Directors						
Mrs A J Williams *Chief Executive*	170-175	0	26	n/a	7	205-210
Mr S J Webster *Director of Finance / Deputy Chief Executive*	145-150	0	29	n/a	n/a	175-180
Mr J Palmer *Director of Primary, Community & Mental Health Services*	115-120	0	n/a	0	26	140-145
Mr K Asaad *Medical Director*	155-160	3	6	n/a	n/a	160-165
Mrs L Williams *Director of Nursing, Midwifery and Patient Services*	110-115	0	22	n/a	n/a	135-140
Ms R Treharne *Director of Planning and Performance*	120-125	24	54	n/a	n/a	175-180
Mrs J M Davies *Director of Workforce and Organisational Development*	110-115	0	7	n/a	n/a	120-125
Mr C White *Director of Therapies and Health Science/Chief Operating Officer*	120-125	0	57	n/a	n/a	175-180
Mrs N John *Director of Public Health to 30th September 2015 (Note 1)*	55-60	0	0	n/a	n/a	55-60

Independent Members			
Dr CDV Jones *Chairman*	55-60	0	55-60
Prof D M Mead *Vice Chair*	45-50	0	45-50
Mr J L Hill-Tout *Independent Member*	10-15	0	10-15
Mr A R Seculer *Independent Member*	10-15	0	10-15
Mr G T Bell *Independent Member to 31st March 2016*	10-15	0	10-15
Cllr Clive Jones *Independent Member*	10-15	0	10-15
Dr. C B Turner *Independent Member*	10-15	0	10-15
Mrs M Thomas *Independent Member*	10-15	0	10-15
Cllr M Forey *Independent Member to 31st January 2016*	10-15	0	10-15
Ms G Jones *Independent Member (Note 2)*	0	0	0

Mr G Isingrini, Mr T Davis and Ms S Williamson received no remuneration for their role as Associate Members
Independent Members do not receive pensionable remuneration for their Board membership.
Benefits in kind relates to lease car benefits and mileage allowances received in excess of the Inland Revenue tax free rate (figures given in hundreds).

Notes

1 - Mrs Nicola John retired on 30th September 2015
2 - Ms G Jones is a paid, full time employee of the organisation and receives no additional remuneration as an Independent Member.

Pension Benefits

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

Pension Benefits 2016-17

Name and title	Real increase in pension at pensionable age (bands of £2,500) £000	Real increase in pension lump sum at pensionable age (bands of £2,500) £000	Total accrued pension at pensionable age at 31 March 2017 (bands of £5,000) £000	Lump sum at pensionable age related to accrued pension at 31 March 2017 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Cash Equivalent Transfer Value at 31 March 2016 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Cwm Taf University Local Health Board								
Executive Directors								
Mrs A J Williams 1995 Pension Scheme	0-2.5	0-2.5	50-55	150-155	948	889	59	0
Mrs A J Williams 2015 Pension Scheme	2.5-5	0	0-5	0	43	6	37	0
Chief Executive (Note 1)								
Mr S J Webster	0-2.5	5-7.5	65-70	200-205	1398	1,312	86	0
Director of Finance / Deputy Chief Executive								
Mr J Palmer 2008 Pension Scheme	0-2.5	0	0-5	0	12	12	0	0
Mr J Palmer 2015 Pension Scheme	0-2.5	0	0-5	0	37	18	19	0
Director of Primary, Community & Mental Health Services (Note 2)								
Mr K Asaad	0-2.5	5-7.5	60-65	180-185	n/a	n/a	n/a	0
Medical Director (Note 3)								
Mrs L Williams	0-2.5	2.5-5	55-60	165-170	1152	1,089	63	0
Director of Nursing, Midwifery and Patient Services								
Ms R Treharne	2.5-5	7.5-10	45-50	135-140	865	793	72	0
Director of Planning and Performance								
Mrs J M Davies	0-2.5	2.5-5	35-40	110-115	773	724	49	0
Director of Workforce and Organisational Development								
Mr C White	2.5-5	7.5-10	45-50	145-150	980	899	81	0
Director of Therapies and Health Science/Chief Operating Officer								
Dr K Nnoaham 2008 Pension Scheme	0-2.5	0-2.5	15-20	45-50	228	216	5	0
Dr K Nnoaham 2015 Pension Scheme	0-2.5	0	0-5	0	28	19	4	0
Director of Public Health from 1st November 2016								

Notes:
1.- Mrs A J Williams transferred from the 1995 pension scheme to the 2015 pension scheme on 1 February 2016
2.- Mr J Palmer transferred from the 2008 pension scheme to the 2015 pension scheme on 1 April 2015
3. - Mr K Asaad is over the normal retirement age for 1995 Section members ,therefore a CETV is not applicable

The NHS Pension scheme which is open to all NHS employees requires all members to contribute on a tiered scale from 5% up to 14.5% of their pensionable pay depending on total earnings, with the employers contributing 14.3%. Pensionable pay is determined by the number of years pensionable service and is related to the level of earnings/final salary at the time of retirement. Pension contributions of Executive Directors are entirely consistent with the standard NHS Pension Scheme. Pension benefits are calculated on the same basis for all members.

As Independent members do not receive pensionable remuneration for Board duties, there will be no entries in respect of pensions for Independant members.

Cash Equivalent Transfer Values
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV
This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pension Benefits 2015-16 Cwm Taf University Health Board

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2016 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2016 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2016 £000	Cash Equivalent Transfer Value at 31 March 2015 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Executive Directors								
Mrs A J Williams 1995 Pension Scheme	0-2.5	5-7.5	50-55	150-155	889	818	62	0
Mrs A J Williams 2015 Pension Scheme	0-2.5	0-2.5	0-5	0	6	0	6	0
Chief Executive (Note 1)								
Mr S J Webster	0-2.5	5-7.5	60-65	190-195	1,312	1,242	55	0
Mr J Palmer 2007 Pension Scheme	0-2.5	0	0-5	0	12	12	0	0
Mr J Palmer 2015 Pension Scheme	0-2.5	0	0-5	0	18	0	18	0
Director of Primary, Community & Mental Health Services (Note 2)								
Mr K Asaad	0-2.5	2.5-5	55-60	175-180	n/a	n/a	n/a	0
Medical Director (Note 3)								
Mrs L Williams	0-2.5	5-7.5	50-55	160-165	1,089	1,031	46	0
Director of Nursing, Midwifery and Patient Services								
Ms R Treharne	2.5-5	7.5-10	40-45	130-135	793	721	64	0
Director of Planning and Performance								
Mrs J M Davies	0-2.5	2.5-5	35-40	105-110	724	688	27	0
Director of Workforce and Organisational Development								
Mr C White	2.5-5	7.5-10	45-50	140-145	899	821	68	0
Director of Therapies and Health Science/Chief Operating Officer								
Mrs N John	0-2.5	0-2.5	50-55	150-155	n/a	n/a	n/a	0
Director of Public Health until 30th September 2015 (Note 4)								

Notes

1.- Mrs A J Williams transferred from the 1995 pension scheme to the 2015 pension scheme on 1 February 2016
2.- Mr J Palmer transferred from the 2007 pension scheme to the 2015 pension scheme on 1 April 2015
3. -Mr K Asaad is over the normal retirement age for 1995 Section members, therefore a CETV is not applicable
4.-Mrs N John retired on 30th September 2015 and therefore a CETV is not applicable

The NHS Pension scheme which is open to all NHS employees requires all members to contribute on a tiered scale from 5% up to 14.5% of their pensionable pay depending on total earnings, with the employers contributing 14.3%. Pensionable pay is determined by the number of years pensionable service and is related to the level of earnings/final salary at the time of retirement. Pension contributions of Executive Directors are entirely consistent with the standard NHS Pension Scheme. Pension benefits are calculated on the same basis for all members. As Independent members do not receive pensionable remuneration for Board duties, there will be no entries in respect of pensions for Independent members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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Bwrdd Iechyd Prifysgol
Cwm Taf
University Health Board

National Assembly for Wales Accountability and Audit Report

2016/2017

Where the Health Board undertakes an activity that is not funded directly by the Welsh Government, the Health Board receives income to cover its costs. Further detail of income received is published in the Health Board's annual accounts.

The Health Board confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

Remote Contingent Liabilities

Remote contingent liabilities are those liabilities which due to the unlikelihood of a resultant charge against the Health Board are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31st March 2017:

	2016-2017	2015-2016
Guarantees	-	-
Indemnities	1,525	1,403
Letter of Comfort	-	-
Total	**1,525**	**1,403**

Where the Health Board undertakes activities that are not funded directly by the Welsh Government the Health Board receives income to cover its costs which will offset the expenditure reported under the programme areas above. When charging for this activity, the Health Board has complied with the cost allocation and charging requirements as set out in HM Treasury guidance. The miscellaneous income received for the last five years is as follows:

	2012-13	2013-14	2014-15	2015-16	2016-17
	£000	£000	£000	£000	£000
Miscellaneous Income	**75,460**	**75,432**	**72,996**	**79,386**	**80,188**

Long-term Expenditure Trend

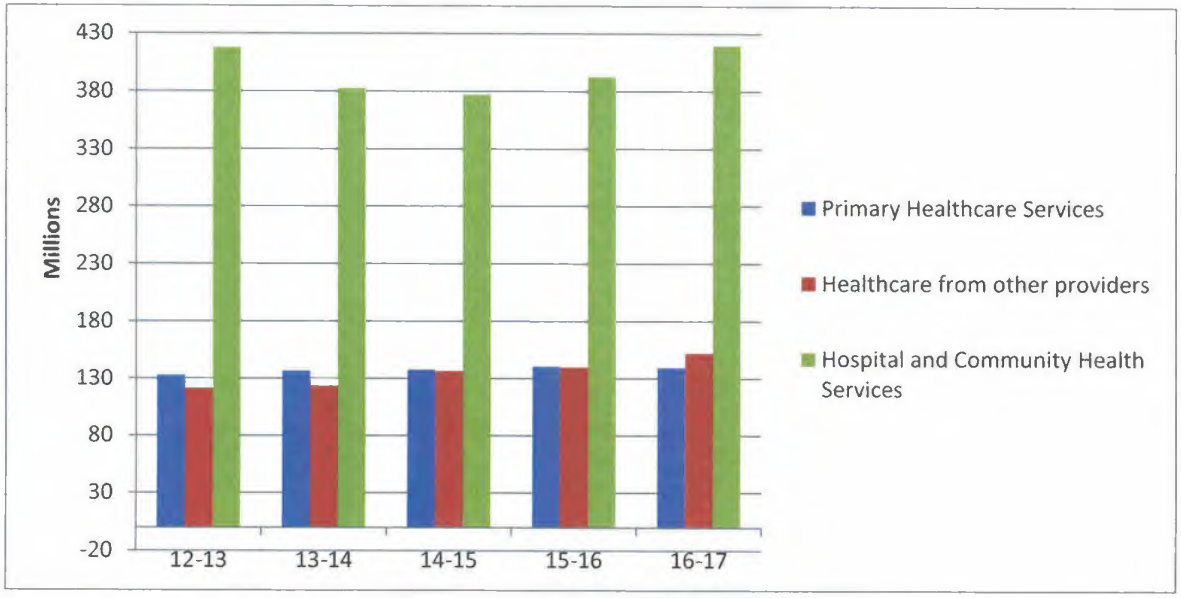
The Health Board has a requirement to report on long term expenditure trends and detailed below is the expenditure incurred over the last five years from 2012/13 to 2016/17 within the main programme areas of:

- Hospital and community health services;
- Primary health care services; and
- Healthcare from other providers

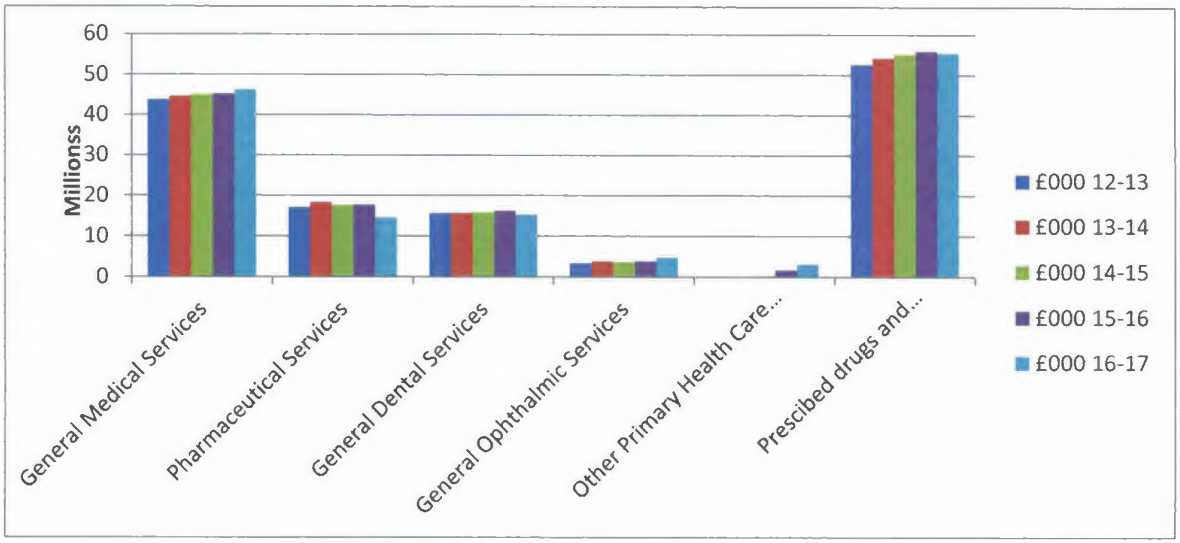
Cwm Taf University Health Board - Trend Statistics

Analysis of Expenditure of Cwm Taf Health Board activities (excluding WHSSC/EASC)

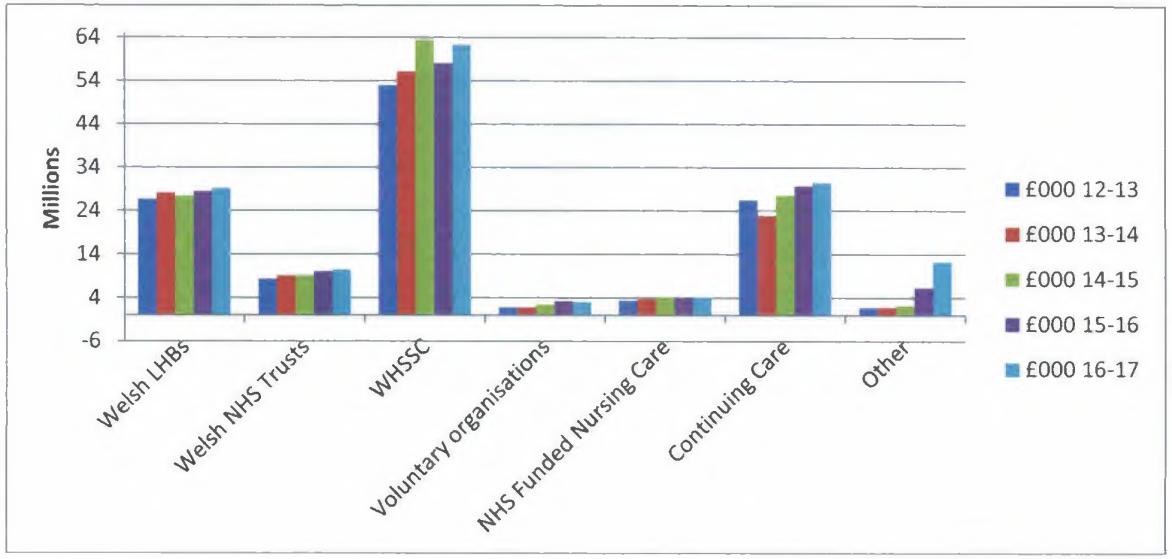
Operating Expenses	£000	£000	£000	£000	£000	%	%	%	%	%
	12-13	13-14	14-15	15-16	16-17	12-13	13-14	14-15	15-16	16-17
Primary Healthcare Services	132,894	136,785	137,847	140,777	139,733	19.77	21.27	21.16	20.90	19.63
Healthcare from other providers	121,540	123,539	136,533	140,060	152,234	18.08	19.21	20.96	20.80	21.39
Hospital and Community Health Services	417,850	382,659	377,116	392,669	419,847	62.15	59.51	57.88	58.30	58.98
Total	672,284	642,983	651,496	673,506	711,814	100	100.00	100.00	100.00	100.00



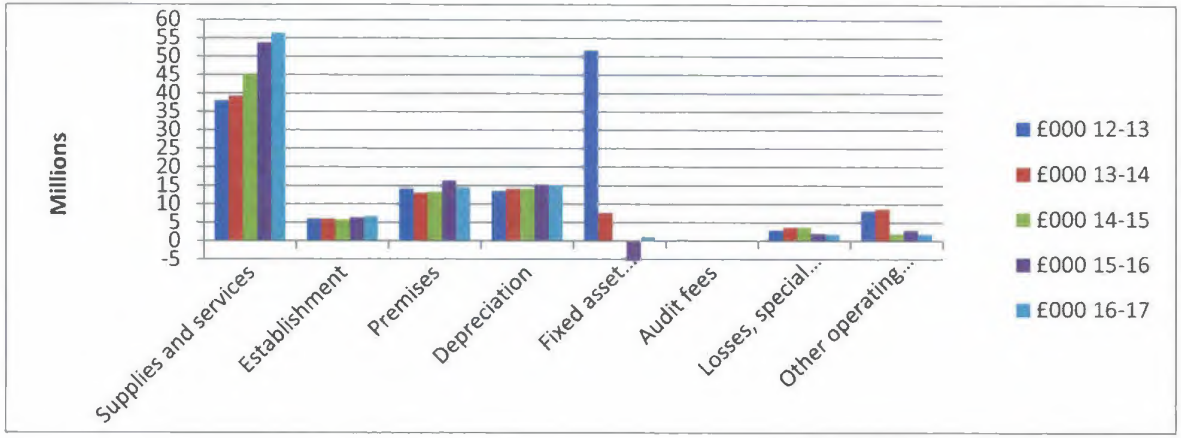
Expenditure on Primary Healthcare Services	£000	£000	£000	£000	£000	%	%	%	%	%
	12-13	13-14	14-15	15-16	16-17	12-13	13-14	14-15	15-16	16-17
General Medical Services	43,832	44,695	45,143	45,283	46,280	32.98	32.68	32.75	32.17	33.12
Pharmaceutical Services	17,144	18,336	17,669	17,720	14,612	12.90	13.40	12.82	12.59	10.46
General Dental Services	15,652	15,625	15,849	16,238	15,358	11.78	11.42	11.50	11.53	10.99
General Ophthalmic Services	3,388	3,785	3,694	3,839	4,793	2.55	2.77	2.68	2.73	3.43
Other Primary Health Care expenditure	160	94	265	1,727	3,150	0.12	0.07	0.19	1.23	2.25
Prescribed drugs and appliances	52,718	54,250	55,227	55,970	55,540	39.67	39.66	40.06	39.76	39.75
Total	132,894	136,785	137,847	140,777	139,733	100	100	100	100	100



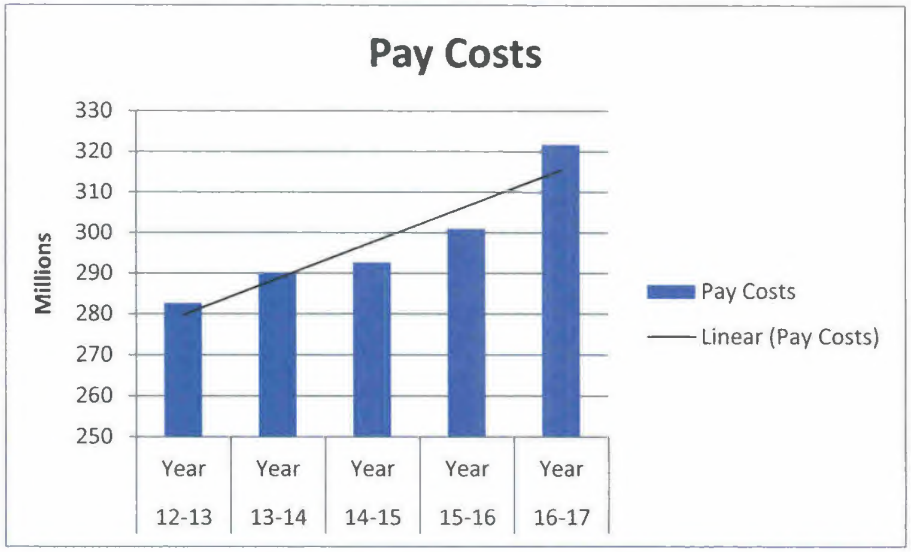
Expenditure on Healthcare from other providers	£000	£000	£000	£000	£000	%	%	%	%	%
	12-13	13-14	14-15	15-16	16-17	12-13	13-14	14-15	15-16	16-17
Welsh LHBs	26,631	28,076	27,382	28438	29195	21.91	22.73	20.06	20.30	19.18
Welsh NHS Trusts	8,434	9,143	9,199	10062	10482	6.94	7.40	6.74	7.18	6.89
WHSSC	52,928	56,133	63,410	58097	62361	43.55	45.44	46.44	41.48	40.96
Voluntary organisations	1,837	1,776	2,458	3227	3133	1.51	1.44	1.80	2.30	2.06
NHS Funded Nursing Care	3,399	3,737	4,165	4116	4209	2.80	3.02	3.05	2.94	2.76
Continuing Care	26,546	22,886	27,606	29756	30488	21.84	18.53	20.22	21.25	20.03
Other	1,765	1,788	2,313	6364	12366	1.45	1.45	1.69	4.54	8.12
Total	121,540	123,539	136,533	140,060	152,234	100	100	100	100	100.00



Expenditure on Hospital and Community Health Services	£000	£000	£000	£000	£000	%	%	%	%	%
	12-13	13-14	14-15	15-16	16-17	12-13	13-14	14-15	15-16	16-17
Supplies and services	38,092	39,226	45,068	53,804	56,477	28.18	42.36	53.39	58.70	57.61
Establishment	6,024	5,949	5,788	6,350	6,722	4.46	6.42	6.86	6.93	6.86
Premises	14,129	13,032	13,290	16,342	14,422	10.45	14.07	15.74	17.83	14.71
Depreciation	13,614	14,029	14,114	15,254	15,157	10.07	15.15	16.72	16.64	15.46
Fixed asset impairments and reversals	51,771	7,639	0	-5,422	1,145	38.30	8.25	0.00	-5.92	1.17
Audit fees	446	366	366	366	361	0.33	0.40	0.43	0.40	0.37
Losses, special payments and irrecoverable debts	2,929	3,676	3,762	2,031	1,877	2.17	3.97	4.46	2.22	1.91
Other operating expenses	8,175	8,687	2,021	2,927	1,872	6.05	9.38	2.39	3.19	1.91
Total	135,180	92,604	84,409	91,652	98,033	100	100	100	100	100



Expenditure on Hospital and Community Health Services - Staff Costs					
	12-13	13-14	14-15	15-16	16-17
	Year	Year	Year	Year	Year
Pay Costs	282,670	290,055	292,707	301,017	321,814



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

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

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

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

Scope of the audit of financial statements

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

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

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

Opinion on financial statements

In my opinion the financial statements:

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

Opinion on Regularity

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

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:
- the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;
- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
8 June 2017

24 Cathedral Road
Cardiff
CF11 9LJ

Key documents /areas of interest	Web link
3 Year Integrated Medium Term Plan (2016-19)	http://www.cwmtafuhb.wales.nhs.uk/sitesplus/documents/865/IMTP%202016-17%20MASTER%20FINAL.pdf
Cwm Taf Services	http://cwmtaf.wales/services/
Cwm Taf University Health Board members	http://cwmtaf.wales/board-members/
Board Papers	http://cwmtaf.wales/we-are-cwm-taf/board-papers/
Risk Management Policy Board Assurance Framework Organisational Risk Register	http://cwmtaf.wales/supporting-documents/
Sub Committee papers	
Integrated Governance Committee	http://cwmtaf.wales/how-we-work/integrated-governance-committee/
Remuneration and Terms of Service Committee	http://cwmtaf.wales/how-we-work/decision-making-2/remuneration-terms-service-committee/
Primary Care Committee	http://cwmtaf.wales/how-we-work/decision-making-2/primary-care-committee/
Finance, Performance & Workforce Committee	http://cwmtaf.wales/how-we-work/finance-performance-workforce-committee/
Mental Health Act Monitoring Committee	http://cwmtaf.wales/mental-health-act-monitoring-committee/
Advisory Forum	
Stakeholder Reference Group	http://cwmtaf.wales/how-we-work/decision-making-2/stakeholder-reference-group/
Working in Partnership Forum	http://cwmtaf.wales/how-we-work/decision-making-2/local-partnership-forum-lpf-known-as-the-working-in-partnership-forum/
Healthcare Professionals Forum	http://cwmtaf.wales/how-we-work/decision-making-2/health-professionals-forum/

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Cwm Taf
University Health Board

ANNUAL ACCOUNTS

2016-17

CWM TAF UNIVERSITY LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

The Local Health Board was established on 1 October 2009 following the merger of Cwm Taf NHS Trust, Rhondda Cynon Taf Local Health Board and Merthyr Tydfil Local Health Board.

The Welsh Health Specialised Services Committee (WHSSC) was established on 1 April 2010, responsible for the joint planning of specialised and tertiary services on behalf of Local Health Boards in Wales. The Committee is hosted by Cwm Taf University Local Health Board.

The Emergency Ambulance Services Committee was established on 1 April 2014, responsible for planning and securing the provision of emergency ambulance services on behalf of Local Health Boards in Wales. The Committee is hosted by Cwm Taf University Local Health Board.

Performance Management and Financial Results

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

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

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

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

	Note	2016-17 £'000 Cwm Taf HB Activities	2016-17 £'000	2015-16 £'000 Cwm Taf HB Activities	2015-16 £'000
Expenditure on Primary Healthcare Services	3.1	**139,733**	**139,733**	140,777	140,777
Expenditure on healthcare from other providers	3.2	**152,234**	**752,106**	140,060	718,345
Expenditure on Hospital and Community Health Services	3.3	**419,847**	**423,985**	392,669	396,759
		711,814	**1,315,824**	673,506	1,255,881
Less: Miscellaneous Income	4	**80,188**	**684,198**	79,386	661,761
LHB net operating costs before interest and other gains and losses		**631,626**	**631,626**	594,120	594,120
Investment Income	8	**0**	**0**	0	0
Other (Gains) / Losses	9	**(26)**	**(26)**	0	0
Finance costs	10	**129**	**129**	131	131
Net operating costs for the financial year		**631,729**	**631,729**	594,251	594,251

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

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

Other Comprehensive Net Expenditure

	2016-17 £'000	2015-16 £'000
Net gain / (loss) on revaluation of property, plant and equipment	**127**	9,563
Net gain / (loss) on revaluation of intangibles	**0**	3
Net gain / (loss) on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**127**	9,566
Total comprehensive net expenditure for the year	**631,602**	584,685

Statement of Financial Position as at 31 March 2017

	Notes	31 March 2017 £'000 Cwm Taf HB Activities	31 March 2017 £'000 Total	31 March 2016 £'000 Cwm Taf HB Activities	31 March 2016 £'000 Total
Non-current assets					
Property, plant and equipment	11	**328,125**	**328,125**	326,271	326,271
Intangible assets	12	**1,523**	**1,523**	1,855	1,855
Trade and other receivables	15	**33,329**	**33,329**	953	953
Other financial assets	22	**0**	**0**	0	0
Total non-current assets		**362,977**	**362,977**	329,079	329,079
Current assets					
Inventories	14	**4,007**	**4,007**	3,909	3,909
Trade and other receivables	15	**58,077**	**63,978**	69,252	83,647
Other financial assets	22	**101**	**101**	0	0
Cash and cash equivalents	21	**421**	**4,568**	261	1,162
		62,606	**72,654**	73,422	88,718
Non-current assets classified as "Held for Sale"	11	**0**	**0**	65	65
Total current assets		**62,606**	**72,654**	73,487	88,783
Total assets		**425,583**	**435,631**	402,566	417,862
Current liabilities					
Trade and other payables	16	**69,030**	**90,824**	77,071	104,209
Other financial liabilities	23	**0**	**0**	0	0
Provisions	17	**37,346**	**37,442**	54,820	54,820
Total current liabilities		**106,376**	**128,266**	131,891	159,029
Net current assets/ (liabilities)		**(43,770)**	**(55,612)**	(58,404)	(70,246)
Non-current liabilities					
Trade and other payables	16	**1,798**	**1,798**	1,963	1,963
Other financial liabilities	23	**0**	**0**	0	0
Provisions	17	**38,337**	**38,337**	7,235	7,235
Total non-current liabilities		**40,135**	**40,135**	9,198	9,198
Total assets employed		**279,072**	**267,230**	261,477	249,635
Financed by :					
Taxpayers' equity					
General Fund		**259,994**	**248,152**	242,079	230,237
Revaluation reserve		**19,078**	**19,078**	19,398	19,398
Total taxpayers' equity		**279,072**	**267,230**	261,477	249,635

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

Chief Executive..... Date .....
31-May-17

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

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2016-17			
Balance at 1 April 2016	230,237	19,398	**249,635**
Net operating cost for the year	(631,729)		**(631,729)**
Net gain/(loss) on revaluation of property, plant and equipment	0	127	**127**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	447	(447)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2016-17	(631,282)	(320)	**(631,602)**
Net Welsh Government funding	649,197		**649,197**
Balance at 31 March 2017	248,152	19,078	**267,230**

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

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2015-16			
Balance at 1 April 2015	244,685	9,984	**254,669**
Net operating cost for the year	(594,251)		**(594,251)**
Net gain/(loss) on revaluation of property, plant and equipment	0	9,563	**9,563**
Net gain/(loss) on revaluation of intangible assets	0	3	**3**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	152	(152)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2015-16	(594,099)	9,414	**(584,685)**
Net Welsh Government funding	579,651		**579,651**
Balance at 31 March 2016	230,237	19,398	**249,635**

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

Statement of Cash flows for year ended 31 March 2017

	notes	2016-17 £'000 Cwm Taf HB Activities	2016-17 £'000 Total	2015-16 £'000 Cwm Taf HB Activities	2015-16 £'000 Total
Cash Flows from operating activities					
Net operating cost for the financial year		**(631,729)**	**(631,729)**	(594,251)	(594,251)
Movements in Working Capital	30	**(28,468)**	**(25,318)**	3,779	3,879
Other cash flow adjustments	31	**41,124**	**41,220**	27,901	27,901
Provisions utilised	17	**(10,356)**	**(10,356)**	(8,156)	(8,156)
Net cash outflow from operating activities		**(629,429)**	**(626,183)**	(570,727)	(570,627)
Cash Flows from investing activities					
Purchase of property, plant and equipment		**(19,049)**	**(19,049)**	(8,759)	(8,759)
Proceeds from disposal of property, plant and equipment		**92**	**92**	103	103
Purchase of intangible assets		**(446)**	**(446)**	(165)	(165)
Proceeds from disposal of intangible assets		**0**	**0**	0	0
Payment for other financial assets		**(50)**	**(50)**	0	0
Proceeds from disposal of other financial assets		**0**	**0**	0	0
Payment for other assets		**0**	**0**	0	0
Proceeds from disposal of other assets		**0**	**0**	0	0
Net cash inflow/(outflow) from investing activities		**(19,453)**	**(19,453)**	(8,821)	(8,821)
Net cash inflow/(outflow) before financing		**(648,882)**	**(645,636)**	(579,548)	(579,448)
Cash flows from financing activities					
Welsh Government funding (including capital)		**649,197**	**649,197**	579,651	579,651
Capital receipts surrendered		**0**	**0**	0	0
Capital grants received		**0**	**0**	0	0
Capital element of payments in respect of finance leases and on-SoFP		**(155)**	**(155)**	(151)	(151)
Cash transferred (to)/ from other NHS bodies		**0**	**0**	0	0
Net financing		**649,042**	**649,042**	579,500	579,500
Net increase/(decrease) in cash and cash equivalents		**160**	**3,406**	(48)	52
Cash and cash equivalents (and bank overdrafts) at 1 April 2016		**261**	**1,162**	309	1,110
Cash and cash equivalents (and bank overdrafts) at 31 March 2017		**421**	**4,568**	261	1,162

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

Notes to the Accounts

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

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

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

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

Only non-NHS income may be deferred.

1.3.1 WHSSC/EASC

Neither WHSSC nor EASC hold any statutory responsibility for a resource limit. Services are funded by income from Local Health Boards and based on an agreed financial plan. The committees account for all expenditure on agreed services against the income received as part of their plans. All variances from plan are allocated to Health Boards on the basis of an agreed risk sharing framework and matched by income adjustments consistent with this framework. The net operating cost for the financial year is therefore zero.

1.4 Employee benefits

Short-term employee benefits

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

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

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

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

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

NEST Pension Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.7 Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Significant estimations are made in relation to on-going clinical neglience and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these claims would be recoverable through the Welsh Risk Pool.

Significant estimations are also made for continuing care costs resulting from claims post 1 April 2003. An assessment of likely outcomes, potential liabilities and timings of these claims are made on a case by case basis. Material changes associated with these claims would be adjusted in the period in which they are revised.

Estimates are also made for contracted primary care services. These estimates are based on the latest payment levels. Changes associated with these liabilitities are adjusted in the following reporting period.

1.24 Private Finance Initiative (PFI) transactions

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

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

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

Services received

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

PFI asset

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

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

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

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

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

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

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

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

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

1.26 Carbon Reduction Commitment Scheme

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

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

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

1.28 Accounting standards that have been issued but not yet been adopted

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM
IFRS 9 Financial Instruments
IFRS14 Regulatory Deferral Accounts
IFRS15 Revenue from contracts with customers
IFRS 16 Leases

1.29 Accounting standards issued that have been adopted early

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

1.30 Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as the LHB is the corporate trustee of the Cwm Taf NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Cwm Taf NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Cwm Taf NHS Charitable Fund within the statutory accounts of the LHB. The determination of control is an accounting standards test of control and there has been no change to the operation of the Cwm Taf NHS Charitable Fund or its independence in its management of charitable funds.

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

2. Financial Duties Performance

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

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

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

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2014-15	2015-16	2016-17	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	578,655	594,251	**631,729**	**1,804,635**
Less general ophthalmic services expenditure and other non-cash limited expendi	(3,643)	(4,269)	**(1,181)**	**(9,093)**
Less revenue consequences of bringing PFI schemes onto SoFP	(105)	(111)	**(111)**	**(327)**
Total operating expenses	574,907	589,871	**630,437**	**1,795,215**
Revenue Resource Allocation	574,937	589,893	**630,455**	**1,795,285**
Under /(over) spend against Allocation	30	22	18	**70**

Cwm Taf UHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2014-15 to 2016-17.

2.2 Capital Resource Performance

	2014-15	2015-16	2016-17	**Total**
Gross capital expenditure	20,475	9,542	**17,748**	**47,765**
Add: Losses on disposal of donated assets	0	0	**0**	**0**
Less NBV of property, plant and equipment and intangible assets disposed	(1,252)	(102)	**(66)**	**(1,420)**
Less capital grants received	0	(60)	**0**	**(60)**
Less donations received	(19)	(3)	**(95)**	**(117)**
Charge against Capital Resource Allocation	19,204	9,377	**17,587**	**46,168**
Capital Resource Allocation	19,207	9,385	**17,592**	**46,184**
(Over) / Underspend against Capital Resource Allocation	**3**	8	**5**	**16**

Cwm Taf UHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2014-15 to 2016-17.

2.3 Duty to prepare a 3 year plan

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

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

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

The LHB has therefore met its statutory duty to have an approved financial plan for the period 2016-17 to 2018-19

The LHB Integrated Medium Term Plan was approved in 2014-15

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

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2016-17 Total	2015-16
	£'000	£'000	£'000	£'000
General Medical Services	46,280		**46,280**	45,283
Pharmaceutical Services	17,337	(2,725)	**14,612**	17,720
General Dental Services	15,358		**15,358**	16,238
General Ophthalmic Services	887	3,906	**4,793**	3,839
Other Primary Health Care expenditure	3,150		**3,150**	1,727
Prescribed drugs and appliances	55,540		**55,540**	55,970
Total	**138,552**	**1,181**	**139,733**	140,777

Included within Note 3.1 General Medical Services are staff costs of £6.396m (2015-16 £4.105m).

3.2 Expenditure on healthcare from other provider	2016-17 £'000 Cwm Taf	2016-17 £'000 Total	2015-16 £'000 Cwm Taf	2015-16 £'000 Total
Goods and services from other NHS Wales Health Bo	**29,195**	**367,531**	28,438	354,729
Goods and services from other NHS Wales Trusts	**10,482**	**183,928**	10,062	172,258
Goods and services from other non Welsh NHS bodie	**1,797**	**125,082**	913	123,570
Goods and services from WHSSC / EASC	**62,361**	**0**	58,097	0
Local Authorities	**2,834**	**2,834**	704	704
Voluntary organisations	**3,133**	**7,564**	3,227	8,442
NHS Funded Nursing Care	**4,209**	**4,209**	4,116	4,116
Continuing Care	**30,488**	**30,465**	29,756	29,756
Private providers	**7,667**	**30,425**	4,661	24,684
Specific projects funded by the Welsh Government	**0**	**0**	0	0
Other	**68**	**68**	86	86
Total	**152,234**	**752,106**	140,060	718,345

3.3 Expenditure on Hospital and Community Health Services

	2016-17 £'000 Cwm Taf	2016-17 £'000 Total	2015-16 £'000 Cwm Taf	2015-16 £'000 Total
Directors' costs	**1,659**	**1,659**	1,638	1,638
Staff costs	**320,155**	**323,511**	299,379	302,885
Supplies and services - clinical	**50,766**	**50,766**	48,505	48,505
Supplies and services - general	**5,711**	**5,711**	5,299	5,299
Consultancy Services	**310**	**512**	118	233
Establishment	**6,722**	**6,974**	6,350	6,534
Transport	**704**	**704**	579	579
Premises	**14,422**	**14,702**	16,342	16,536
External Contractors	**53**	**53**	98	119
Depreciation	**15,157**	**15,157**	15,254	15,254
Amortisation	**457**	**457**	401	401
Fixed asset impairments and reversals (Property, plant & equipmen	**688**	**688**	(5,823)	(5,823)
Fixed asset impairments and reversals (Intangible assets)	**0**	**0**	0	0
Impairments & reversals of financial assets	**0**	**0**	0	0
Impairments & reversals of non-current assets held for sale	**0**	**0**	0	0
Audit fees	**361**	**410**	366	415
Other auditors' remuneration	**0**	**0**	0	0
Losses, special payments and irrecoverable debts	**1,877**	**1,877**	2,031	2,031
Research and Development	**0**	**0**	0	0
Other operating expenses	**805**	**804**	2,132	2,153
Total	**419,847**	**423,985**	392,669	396,759

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

Increase/(decrease) in provision for future payments:	2016-17 £'000	2015-16 £'000
Clinical negligence	**26,699**	17,549
Personal injury	**741**	218
All other losses and special payments	**310**	(664)
Defence legal fees and other administrative costs	**461**	1,255
Gross increase/(decrease) in provision for future payments	**28,211**	**18,358**
Contribution to Welsh Risk Pool	**0**	0
Premium for other insurance arrangements	**0**	0
Irrecoverable debts	**(99)**	574
Less: income received/ due from Welsh Risk Pool	**(26,235)**	(16,901)
Total	**1,877**	**2,031**

Personal injury includes £339k (2015-16 £150k) in respect of permanent injury benefits.

Clinical Redress arising during the year was £233k (2015-16 £183k)

4. Miscellaneous Income

	2016-17 £'000 Cwm Taf	2016-17 £'000 Total	2015-16 £'000 Cwm Taf	2015-16 £'000 Total
Local Health Boards	**38,579**	**650,393**	35,622	624,177
WHSSC /EASC	**7,775**	**0**	6,386	0
NHS trusts	**4,166**	**4,166**	3,542	3,542
Other NHS England bodies	**668**	**668**	677	677
Foundation Trusts	**0**	**0**	0	0
Local authorities	**5,467**	**5,467**	4,997	4,997
Welsh Government	**913**	**913**	84	84
Non NHS:				
Prescription charge income	**0**	**0**	0	0
Dental fee income	**3,807**	**3,807**	3,631	3,631
Private patient income	**124**	**124**	119	119
Overseas patients (non-reciprocal)	**0**	**0**	0	0
Injury Costs Recovery (ICR) Scheme	**1,674**	**1,676**	1,807	1,807
Other income from activities	**454**	**454**	398	469
Patient transport services	**0**	**0**	0	0
Education, training and research	**9,681**	**9,681**	9,402	9,402
Charitable and other contributions to expenditure	**324**	**324**	200	335
Receipt of donated assets	**95**	**95**	3	3
Receipt of Government granted assets	**0**	**0**	58	58
Non-patient care income generation schemes	**506**	**506**	466	466
NWSSP	**0**	**0**	0	0
Deferred income released to revenue	**50**	**50**	68	68
Contingent rental income from finance leases	**0**	**0**	0	0
Rental income from operating leases	**0**	**0**	0	0
Other income:				
Provision of laundry, pathology, payroll services	**1,023**	**1,023**	959	959
Accommodation and catering charges	**2,317**	**2,317**	2,297	2,297
Mortuary fees	**271**	**271**	292	292
Staff payments for use of cars	**266**	**266**	355	355
Business Unit	**0**	**0**	0	0
Other	**2,028**	**1,997**	8,023	8,023
Total	**80,188**	**684,198**	79,386	661,761

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

5. Employee benefits and staff numbers

5.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16
	£000	£000	£000	£000	£000
Salaries and wages	256,403	125	23,268	**279,796**	264,475
Social security costs	24,304	12	0	**24,316**	18,082
Employer contributions to NHS Pension Scheme	33,667	20	0	**33,687**	32,360
Other pension costs	13	0	0	**13**	12
Other employment benefits	0	0	0	**0**	0
Termination benefits	0	0	0	**0**	0
Total	314,387	157	23,268	**337,812**	314,929
Charged to capital				**684**	820
Charged to revenue				**337,128**	314,109
				337,812	314,929
Net movement in accrued employee benefits (untaken staff leave accrual included above)				35	(2)

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16
	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,407	2	15	**1,424**	1,330
Medical and dental	622	1	118	**741**	699
Nursing, midwifery registered	2,317	0	96	**2,413**	2,339
Professional, Scientific, and technical staff	235	0	6	**241**	254
Additional Clinical Services	1,267	0	0	**1,267**	1,204
Allied Health Professions	398	0	40	**438**	392
Healthcare Scientists	156	0	2	**158**	160
Estates and Ancilliary	731	0	0	**731**	734
Students	3	0	0	**3**	2
Total	**7,136**	**3**	**277**	**7,416**	7,114

5.3. Retirements due to ill-health

During 2016-17 there were 11 early retirements from the LHB agreed on the grounds of ill-health (11 in 2015-16 - £553,753) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £520,417.

5.4 Employee benefits

The LHB does not have an employee benefit scheme.

5.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2016-17 Number of compulsory redundancies Whole numbers only	2016-17 Number of other departures Whole numbers only	2016-17 Total number of exit packages Whole numbers only	2016-17 Number of departures where special payments have been made Whole numbers only	2015-16 Total number of exit packages Whole numbers only
less than £10,000	0	1	1	1	0
£10,000 to £25,000	0	3	3	3	5
£25,000 to £50,000	0	2	2	2	5
£50,000 to £100,000	0	2	2	2	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**8**	**8**	**8**	**10**

Exit packages cost band (including any special payment element)	2016-17 Cost of compulsory redundancies £'s	2016-17 Cost of other departures £'s	2016-17 Total cost of exit packages £'s	2016-17 Cost of special element included in exit packages £'s	2015-16 Total cost of exit packages £'s
less than £10,000	0	6,836	6,836	6,836	0
£10,000 to £25,000	0	61,380	61,380	61,380	92,205
£25,000 to £50,000	0	73,321	73,321	73,321	212,343
£50,000 to £100,000	0	115,027	115,027	115,027	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**256,564**	**256,564**	**256,564**	**304,548**

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

Please note: the expense associated with these departures may have been recognised in part or in full in a previous period. In total 7 of the exit packages were approved in the previous year.

All 8 special payments are severance payments, the highest payment was £62,270 the lowest payment was £6,836 and the median value was for £25,460.

5.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the Health Board in the financial year 2016-17 was £170,000 - £175,000 (2015-16, £170,000 - £175,000). This was 6.4 times (2015-16, 6.3) the median remuneration of the workforce, which was £27,172 (2015-16, £27,369).

In 2016-17, 5 (2015-16,5) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £180,001 to £210,000 (2015-16 £175,001 to £240,000). Staff earning in excess of the highest paid director held clinical posts.

The requirements relating to total remuneration is to include 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.

5.7 Pension costs

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

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

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

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

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.
The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

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

5.7 c) National Employment Savings Trust (NEST)

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

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

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

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

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

NEST has an annual contribution limit of £4,900 for the 2016-17 tax year (£4,700 for 2015-16). This means the most that can be contributed to a single pot in the current tax year is £4,900. This figure will be adjusted annually in line with average earnings. The annual contribution limit includes member contributions, money from their employer and any tax relief.

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

6. Operating leases

LHB as lessee

The lease information below relates to lease agreements for buildings, vehicles and equipment.
There are no significant leasing arrangements that require further disclosure.

Payments recognised as an expense	**2016-17**	2015-16
	£000	£000
Minimum lease payments	**2,301**	3,125
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**2,301**	3,125

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**2,167**	2,383
Between one and five years	**6,010**	6,391
After 5 years	**7,702**	8,633
Total	**15,879**	17,407

There are no future sublease payments expected to be received

LHB as lessor

[General description of significant leasing arrangements]

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

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**0**	0
Between one and five years	**0**	0
After 5 years	**0**	0
Total	**0**	0

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

	2016-17	**2016-17**	Restated 2015-16	Restated 2015-16
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,609**	**707,702**	5,224	661,805
Total bills paid within target	**3,844**	**687,205**	4,126	648,952
Percentage of bills paid within target	**68.5%**	**97.1%**	79.0%	98.1%
Non-NHS				
Total bills paid	**144,748**	**284,943**	116,611	169,216
Total bills paid within target	**129,445**	**260,126**	106,914	153,146
Percentage of bills paid within target	**89.4%**	**91.3%**	91.7%	90.5%
Total				
Total bills paid	**150,357**	**992,645**	121,835	831,021
Total bills paid within target	**133,289**	**947,331**	111,040	802,098
Percentage of bills paid within target	**88.6%**	**95.4%**	91.1%	96.5%

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

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

8. Investment Income

	2016-17 £000	2015-16 £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

	2016-17 £000	2015-16 £000
Gain/(loss) on disposal of property, plant and equipment	**16**	0
Gain/(loss) on disposal of intangible assets	**0**	0
Gain/(loss) on disposal of assets held for sale	**10**	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	**26**	0

10. Finance costs

	2016-17 £000	2015-16 £000
Interest on loans and overdrafts	**0**	0
Interest on obligations under finance leases	**4**	6
Interest on obligations under PFI contracts		
main finance cost	**69**	69
contingent finance cost	**0**	0
Interest on late payment of commercial debt	**0**	0
Other interest expense	**0**	0
Total interest expense	**73**	75
Provisions unwinding of discount	**56**	56
Other finance costs	**0**	0
Total	**129**	131

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2016	20,914	305,949	2,444	8,202	56,289	119	16,853	6,495	**417,265**
Indexation	127	0	0	0	0	0	0	0	**127**
Additions									
- purchased	0	3,516	0	5,883	5,514	0	2,447	118	**17,478**
- donated	0	0	0	95	0	0	0	0	**95**
- 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	(377)	0	377	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	677	0	0	0	0	0	0	0	**677**
Impairments	(13)	(1,430)	0	0	(96)	0	0	0	**(1,539)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(2,228)	0	(659)	0	**(2,887)**
At 31 March 2017	21,705	307,658	2,444	14,557	59,479	119	18,641	6,613	**431,216**
Depreciation at 1 April 2016	0	32,814	294	0	42,618	118	11,184	3,966	**90,994**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(96)	0	0	(78)	0	0	0	**(174)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(2,227)	0	(659)	0	**(2,886)**
Provided during the year	0	8,693	74	0	3,509	0	2,323	558	**15,157**
At 31 March 2017	0	41,411	368	0	43,822	118	12,848	4,524	**103,091**
Net book value at 1 April 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	**326,271**
Net book value at 31 March 2017	21,705	266,247	2,076	14,557	15,657	1	5,793	2,089	**328,125**
Net book value at 31 March 2017 comprises :									
Purchased	21,116	264,684	2,076	14,462	15,563	1	5,736	2,059	**325,697**
Donated	589	1,563	0	95	81	0	10	27	**2,365**
Government Granted	0	0	0	0	13	0	47	3	**63**
At 31 March 2017	21,705	266,247	2,076	14,557	15,657	1	5,793	2,089	**328,125**
Asset financing :									
Owned	21,451	264,386	820	14,557	15,653	1	5,793	2,089	**324,750**
Held on finance lease	0	500	0	0	4	0	0	0	**504**
On-SoFP PFI contracts	254	1,361	1,256	0	0	0	0	0	**2,871**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2017	21,705	266,247	2,076	14,557	15,657	1	5,793	2,089	**328,125**

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

	£000
Freehold	**289,528**
Long Leasehold	**0**
Short Leasehold	**500**
	290,028

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2015	20,407	285,985	2,312	6,686	55,240	119	15,629	6,373	**392,751**
Indexation	44	10,199	132	0	0	0	0	0	**10,375**
Additions									
- purchased	211	3,923	0	1,516	2,286	0	1,225	72	**9,233**
- donated	0	0	0	0	3	0	0	0	**3**
- government granted	0	0	0	0	0	0	20	0	**20**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	(57)	0	0	0	0	0	57	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	356	6,141	0	0	0	0	0	0	**6,497**
Impairments	(61)	(130)	0	0	0	0	0	0	**(191)**
Reclassified as held for sale	(43)	(112)	0	0	0	0	0	0	**(155)**
Disposals	0	0	0	0	(1,240)	0	(21)	(7)	**(1,268)**
At 31 March 2016	20,914	305,949	2,444	8,202	56,289	119	16,853	6,495	**417,265**
Depreciation at 1 April 2015	0	22,979	208	0	39,948	116	9,087	3,362	**75,700**
Indexation	0	800	12	0	0	0	0	0	**812**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	513	0	0	0	0	0	0	**513**
Impairments	0	(30)	0	0	0	0	0	0	**(30)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(1,232)	0	(16)	(7)	**(1,255)**
Provided during the year	0	8,552	74	0	3,902	2	2,113	611	**15,254**
At 31 March 2016	0	32,814	294	0	42,618	118	11,184	3,966	**90,994**
Net book value at 1 April 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	**317,051**
Net book value at 31 March 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	**326,271**
Net book value at 31 March 2016 comprises :									
Purchased	20,346	271,514	2,150	8,202	13,530	1	5,597	2,488	**323,828**
Donated	568	1,621	0	0	121	0	13	37	**2,360**
Government Granted	0	0	0	0	20	0	59	4	**83**
At 31 March 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	**326,271**
Asset financing :									
Owned	20,670	271,184	859	8,202	13,666	1	5,669	2,529	**322,780**
Held on finance lease	0	513	0	0	5	0	0	0	**518**
On-SoFP PFI contracts	244	1,438	1,291	0	0	0	0	0	**2,973**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2016	20,914	273,135	2,150	8,202	13,671	1	5,669	2,529	**326,271**

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

	£000
Freehold	**295,685**
Long Leasehold	**0**
Short Leasehold	**513**
	296,198

11. Property, plant and equipment (continued)

1) Assets totalling £94,569 were purchased with donated funds:

	£000	
Fees - Macmillan Palliative Care unit	95	Donated

2) Assets are restated to current value annually, using indicies provided by the District Valuer via Welsh Government. An independent professional valuation is undertaken of land and buildings at five-yearly intervals.

The last valuation was carried out as at 1st April 2012. The valuation was carried out by the Valuation Office Agency .

The basis of the valuation for specialised operational assets where there is not market- based evidence is fair value, estimated using a depreciated replacement cost approach, subject to the assumption of continuing use. For non-specialised operational assets existing use value is used.

3) During 2016/17 the following impairments arose:

	£000
Williamstown Medical Records Hub	1,019
Helipad at Prince Charles Hospital	328
HPV machines	18
Land - reversal of impairments	(677)
Total Impairments	688

4) The impairment of Williamstown Hub and the Helipad arose as a result of bringing the assets into use.

The impairment of HPV machines arose as a result of obsolescence arising from a EU directive

5) IFRS 13 Fair value measurement

No assets currently meet the criteria for valuation under IFRS13

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2016	13	52	0	0	0	**65**
Plus assets classified as held for sale in the year	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(13)	(52)	0	0	0	**(65)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2017	0	0	0	0	0	**0**
Balance brought forward 1 April 2015	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	43	112	0	0	0	**155**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(30)	(60)	0	0	0	**(90)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2016	13	52	0	0	0	**65**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure-internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2016	327	0	2,101	0	0	51	**2,479**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**116**	**0**	**60**	**0**	**0**	**0**	**176**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- government granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**(51)**	**(51)**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gross cost at 31 March 2017	**443**	**0**	**2,161**	**0**	**0**	**0**	**2,604**
Amortisation at 1 April 2016	264	0	360	0	0	0	**624**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provided during the year	**65**	**0**	**392**	**0**	**0**	**0**	**457**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 31 March 2017	**329**	**0**	**752**	**0**	**0**	**0**	**1,081**
Net book value at 1 April 2016	**63**	**0**	**1,741**	**0**	**0**	**51**	**1,855**
Net book value at 31 March 2017	**114**	**0**	**1,409**	**0**	**0**	**0**	**1,523**
At 31 March 2017							
Purchased	**84**	**0**	**1,409**	**0**	**0**	**0**	**1,493**
Donated	**30**	**0**	**0**	**0**	**0**	**0**	**30**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2017	**114**	**0**	**1,409**	**0**	**0**	**0**	**1,523**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	327	0	1,810	0	0	53	**2,190**
Revaluation	**0**	**0**	**0**	**0**	**0**	**3**	**3**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**0**	**0**	**253**	**0**	**0**	**(5)**	**248**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- government granted	**0**	**0**	**38**	**0**	**0**	**0**	**38**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gross cost at 31 March 2016	**327**	**0**	**2,101**	**0**	**0**	**51**	**2,479**
Amortisation at 1 April 2015	199	0	24	0	0	0	**223**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	**0**
Provided during the year	65	0	336	0	0	0	**401**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Amortisation at 31 March 2016	**264**	**0**	**360**	**0**	**0**	**0**	**624**
Net book value at 1 April 2015	**128**	**0**	**1,786**	**0**	**0**	**53**	**1,967**
Net book value at 31 March 2016	**63**	**0**	**1,741**	**0**	**0**	**51**	**1,855**
At 31 March 2016							
Purchased	63	0	1,703	0	0	51	**1,817**
Donated	0	0	0	0	0	0	**0**
Government Granted	0	0	38	0	0	0	**38**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2016	**63**	**0**	**1,741**	**0**	**0**	**51**	**1,855**

In 2016-17, £0.176m of intangible assets were acquired, including £0.060m of licences and £0.116m software

Software and licences are allocated a useful life of five years

13 . Impairments

	2016-17 Property, plant & equipment £000	2016-17 Intangible assets £000	2015-16 Property, plant & equipment £000	2015-16 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**0**	0	**0**	0
Over specification of assets (Gold Plating)	**0**	0	**0**	0
Loss as a result of a catastrophe	**0**	0	**0**	0
Unforeseen obsolescence	**0**	0	**0**	0
Changes in market price	**0**	0	**0**	0
Others (specify)	**688**	0	**(5,823)**	0
Total of all impairments	**688**	0	**(5,823)**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	**688**	0	**(5,823)**	0
Charged to Revaluation Reserve	**0**	0	**0**	0
	688	0	**(5,823)**	0

An impairment loss of £1.019m and £0.328m was incurred on Williamstown Medical Records Hub and PCH Helipad respectively
An impairment loss of £0.018m on HPV Machines
A £0.677m reversal of impairment as a result of upward indexation on assets previously impaired.

14.1 Inventories

	31 March 2017	31 March 2016
	£000	£000
Drugs	1,459	1,382
Consumables	2,504	2,489
Energy	44	38
Work in progress	0	0
Other	0	0
Total	4,007	3,909
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2017	31 March 2016
	£000	£000
Inventories recognised as an expense in the period	55	54
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	55	54

15. Trade and other Receivables

Current	31 March 2017 £000 Cwm Taf	31 March 2017 £000 Total	31 March 2016 £000 Cwm Taf	31 March 2016 £000 Total
Welsh Government	135	135	72	72
WHSSC / EASC	38	0	209	0
Welsh Health Boards	4,724	9,404	3,330	16,344
Welsh NHS Trusts	449	471	1,887	2,035
Non - Welsh Trusts	3	1,198	2	1,356
Other NHS	117	117	378	378
Welsh Risk Pool	42,340	42,340	54,055	54,055
Local Authorities	2,719	2,719	2,547	2,547
Capital debtors	0	0	0	0
Other debtors	5,943	5,957	6,027	6,095
Provision for irrecoverable debts	(2,211)	(2,211)	(2,179)	(2,179)
Pension Prepayments	0	0	0	0
Other prepayments	3,125	3,153	2,263	2,283
Other accrued income	695	695	661	661
Sub total	58,077	63,978	69,252	83,647
Non-current				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Non - Welsh Trusts	0	0	0	0
Other NHS	0	0	0	0
Welsh Risk Pool	33,184	33,184	794	794
Local Authorities	0	0	0	0
Capital debtors	0	0	0	0
Other debtors	0	0	0	0
Provision for irrecoverable debts	0	0	0	0
Pension Prepayments	0	0	0	0
Other prepayments	145	145	159	159
Other accrued income	0	0	0	0
Sub total	33,329	33,329	953	953
Total	91,406	97,307	70,205	84,600
Receivables past their due date but not impaired				
By up to three months	919	1,039	921	5,913
By three to six months	78	79	254	254
By more than six months	218	221	143	162
	1,215	1,339	1,318	6,329
Provision for impairment of receivables				
Balance at 1 April	(2,179)	(2,179)	(1,819)	(1,819)
Transfer to other NHS Wales body	0	0	0	0
Amount written off during the year	4	4	1	1
Amount recovered during the year	171	171	124	124
(Increase) / decrease in receivables impaired	(207)	(207)	(485)	(485)
Bad debts recovered during year	0	0	0	0
Balance at 31 March	(2,211)	(2,211)	(2,179)	(2,179)

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

Receivables VAT				
Trade receivables	0	0	0	0
Other	702	702	958	958
Total	702	702	958	958

16. Trade and other payables

Current	31 March 2017 £000 Cwm Taf	31 March 2017 £000 Total	31 March 2016 £000 Cwm Taf	31 March 2016 £000 Total
Welsh Government	1	2	41	41
WHSSC / EASC	628	0	865	0
Welsh Health Boards	1,899	8,403	3,222	10,962
Welsh NHS Trusts	1,317	2,154	2,554	5,109
Other NHS	2,169	14,058	1,415	15,611
Taxation and social security payable / refunds	0	38	0	37
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	2,945	2,945	2,983	2,983
NI contributions payable to HMRC	75	75	2,920	2,953
Non-NHS creditors	2,877	4,035	4,021	5,665
Local Authorities	5,535	5,535	3,500	3,500
Capital Creditors	1,543	1,543	2,425	2,425
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	28	28	26	26
Imputed finance lease element of on SoFP PFI contracts	143	143	135	135
Pensions: staff	4,706	4,706	4,514	4,514
Accruals	38,138	40,133	37,749	39,547
Deferred Income:				
Deferred Income brought forward	200	200	77	77
Deferred Income Additions	188	188	191	191
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	(50)	(50)	(68)	(68)
Other creditors	6,688	6,688	10,501	10,501
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Total	69,030	90,824	77,071	104,209
Non-current				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Other NHS	0	0	0	0
Taxation and social security payable / refunds	0	0	0	0
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	0	0	0	0
NI contributions payable to HMRC	0	0	0	0
Non-NHS creditors	0	0	0	0
Local Authorities	0	0	0	0
Capital Creditors	0	0	0	0
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	35	35	61	61
Imputed finance lease element of on SoFP PFI contracts	1,763	1,763	1,902	1,902
Pensions: staff	0	0	0	0
Accruals	0	0	0	0
Deferred Income :				
Deferred Income brought forward	0	0	0	0
Deferred Income Additions	0	0	0	0
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	0	0	0	0
Other creditors	0	0	0	0
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Total	1,798	1,798	1,963	1,963

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

17. Provisions

	At 1 April 2016	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2017
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	46,880	0	(1,306)	(26,799)	31,146	(7,285)	(10,120)	0	32,516
Personal injury	765	0	(54)	216	743	(565)	(341)	0	764
All other losses and special payments	0	0	0	0	310	(310)	0	0	0
Defence legal fees and other administration	2,518	0	0	284	2,433	(691)	(2,179)		2,365
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	226			138	48	(219)	(21)	0	172
Restructuring	0			0	0	0	0	0	0
Other	4,431		(466)	543	259	(1,275)	(1,867)		1,625
Total	54,820	0	(1,826)	(25,618)	34,939	(10,345)	(14,528)	0	37,442
Non Current									
Clinical negligence	780	0	0	26,799	5,673	(4)	0	0	33,248
Personal injury	3,032	0	0	(216)	339	0	0	45	3,200
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	404	0	0	(284)	265	(7)	(58)		320
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	603			(138)	6	0	0	11	482
Restructuring	0			0	0	0	0	0	0
Other	2,416		0	(543)	0	0	(786)		1,087
Total	7,235	0	0	25,618	6,283	(11)	(844)	56	38,337
TOTAL									
Clinical negligence	47,660	0	(1,306)	0	36,819	(7,289)	(10,120)	0	65,764
Personal injury	3,797	0	(54)	0	1,082	(565)	(341)	45	3,964
All other losses and special payments	0	0	0	0	310	(310)	0	0	0
Defence legal fees and other administration	2,922	0	0	0	2,698	(698)	(2,237)		2,685
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	829			0	54	(219)	(21)	11	654
Restructuring	0			0	0	0	0	0	0
Other	6,847		(466)	0	259	(1,275)	(2,653)		2,712
Total	62,055	0	(1,826)	0	41,222	(10,356)	(15,372)	56	75,779

Expected timing of cash flows:

	In year to 31 March 2018	Between 1 April 2018 31 March 2022	Thereafter	Total
				£000
Clinical negligence	32,516	33,248	0	65,764
Personal injury	764	1,043	2,157	3,964
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	2,365	320	0	2,685
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	172	447	35	654
Restructuring	0	0	0	0
Other	1,625	1,087	0	2,712
Total	37,442	36,145	2,192	75,779

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

The Legal & Risk Service (part of the NHS Wales Shared Service Partnership) provide details of Clinical Negligence and personal Injury cases including estimated settlement amounts and the timing of the cashflow.

The provision for Permanent Injury Benefit is supplied by NHS Pensions Agency.

Other provisions include £1,630k for Continuing Healthcare Claims (2015-16: £3,623k).

The Health Board estimates that it will receive £66,575k from the Welsh Risk Pool in respect of losses and special payments cases (including Clinical Negligence and Personal Injury).

In addition to the provisions shown above, contingent liabilities are given in Note 18.1 Contingent Liabilities.

17. Provisions (continued)

	At 1 April 2015	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2016
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	31,176	0	(3,702)	7,152	34,986	(5,146)	(17,586)	0	**46,880**
Personal injury	1,761	0	(55)	252	577	(1,280)	(490)	0	**765**
All other losses and special payments	1,074	0	0	0	367	(410)	(1,031)	0	**0**
Defence legal fees and other administration	1,579	0	0	423	1,914	(438)	(960)		**2,518**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	233			197	33	(226)	(11)	0	**226**
Restructuring	0			0	0	0	0	0	**0**
Other	1,093		0	1,611	2,369	(642)	0		**4,431**
Total	**36,916**	**0**	**(3,757)**	**9,635**	**40,246**	**(8,142)**	**(20,078)**	**0**	**54,820**
Non Current									
Clinical negligence	7,783	0	0	(7,152)	400	0	(251)	0	**780**
Personal injury	3,110	0	0	(252)	131	0	0	43	**3,032**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	540	0	0	(423)	308	(14)	(7)		**404**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	797			(197)	35	0	(45)	13	**603**
Restructuring	0			0	0	0	0	0	**0**
Other	2,670		0	(1,611)	1,491	0	(134)		**2,416**
Total	**14,900**	**0**	**0**	**(9,635)**	**2,365**	**(14)**	**(437)**	**56**	**7,235**
TOTAL									
Clinical negligence	38,959	0	(3,702)	0	35,386	(5,146)	(17,837)	0	**47,660**
Personal injury	4,871	0	(55)	0	708	(1,280)	(490)	43	**3,797**
All other losses and special payments	1,074	0	0	0	367	(410)	(1,031)	0	**0**
Defence legal fees and other administration	2,119	0	0	0	2,222	(452)	(967)		**2,922**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	1,030			0	68	(226)	(56)	13	**829**
Restructuring	0			0	0	0	0	0	**0**
Other	3,763		0	0	3,860	(642)	(134)		**6,847**
Total	**51,816**	**0**	**(3,757)**	**0**	**42,611**	**(8,156)**	**(20,515)**	**56**	**62,055**

18. Contingencies

18.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	2016-17 £'000	2015-16 £'000
Legal claims for alleged medical or employer negligence	189,404	153,465
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	3,120	2,907
Continuing Health Care costs	2,050	3,480
Other	0	0
Total value of disputed claims	194,574	159,852
Amounts recovered in the event of claims being successful	187,469	150,297
Net contingent liability	7,105	9,555

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them.

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

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

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

Note 17 sets out the £1.63m provision made for probable continuing care costs relating to 95 claims received;

Note 18.1 sets out the £2.05m contingent liability for possible continuing care costs relating to 75 claims received;

However, in addition the LHB has a further 129 claims, which were received by the 31st July 2014 deadline, for which the assessment process remains incomplete. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB, which cannot be quantified at this time.

Powys Teaching Health Board, who processes the retrospective claims on behalf of all Health Boards, is aiming to complete the assessment of all claims received to 31st July 2014 by the end of November 2018.

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

18.2 Remote Contingent liabilities

Please disclose the values of the following categories of remote contingent liabilities :	2016-17 £'000	2015-16 £'000
Guarantees	0	0
Indemnities	1,525	1,403
Letters of Comfort	0	0
Total	1,525	1,403

18.3 Contingent assets

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

19. Capital commitments

Contracted capital commitments at 31 March	2016-17 £'000	2015-16 £'000
Property, plant and equipment	10,470	612
Intangible assets	0	0
Total	10,470	612

20. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2017		Approved to write-off to 31 March 2017	
	Number	£	Number	£
Clinical negligence	133	8,594,338	68	4,154,460
Personal injury	55	619,369	24	547,445
All other losses and special payments	205	309,807	242	361,321
Total	393	9,523,514	334	5,063,226

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

Cases exceeding £300,000	Case type	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
03RRSPI0020	Personal Injury	44,549	590,472	0
05RRSMN0039	Clinical Negligence	40,000	455,800	0
06RVEMN0019	Clinical Negligence	755,000	810,000	0
07RRSMN0006	Clinical Negligence	411,101	1,730,000	0
08RVEMN0013	Clinical Negligence	0	900,000	0
09RVEMN0017	Clinical Negligence	0	944,619	0
10RYLMN0030	Clinical Negligence	0	3,193,767	0
10RYLMN0071	Clinical Negligence	0	387,876	387,876
10RYLMN0092	Clinical Negligence	315,000	315,000	0
11RYLMN0041	Clinical Negligence	803,000	803,000	0
12RYLMN0002	Clinical Negligence	201,950	1,001,950	0
12RYLMN0004	Clinical Negligence	350,000	840,000	0
12RYLMN0031	Clinical Negligence	500,000	700,000	0
12RYLMN0047	Clinical Negligence	0	770,066	770,066
12RYLMN0052	Clinical Negligence	200,000	427,594	0
12RYLMN0065	Clinical Negligence	0	303,500	0
12RYLMN0075	Clinical Negligence	312,024	312,524	0
12RYLMN0100	Clinical Negligence	328,860	328,860	0
13RYLMN0011	Clinical Negligence	12,549	858,214	858,214
13RYLMN0080	Clinical Negligence	312,190	312,190	0
13RYLPI0024	Personal Injury	3,129	353,129	0
14RYLMN0133	Clinical Negligence	569,386	699,646	0
14RYLMN0200	Clinical Negligence	650,000	950,880	0
15RYLMN0025	Clinical Negligence	163,650	638,650	0
97RVEMN0001	Clinical Negligence	0	1,122,000	0
Sub-total		**5,972,388**	**19,749,737**	**2,016,156**
All other cases		3,551,126	9,035,541	3,047,070
Total cases		**9,523,514**	**28,785,278**	**5,063,226**

21. Cash and cash equivalents

	2016-17 £000 Cwm Taf	2016-17 £000 Total	2015-16 £000 Cwm Taf	2015-16 £000 Total
Balance at 1 April	**261**	**1,162**	**309**	1,110
Net change in cash and cash equivalent balances	**160**	**3,406**	**(48)**	52
Balance at 31 March	**421**	4,568	**261**	1,162
Made up of:				
Cash held at GBS	**366**	**4,513**	**129**	1,030
Commercial banks	**36**	**36**	**116**	116
Cash in hand	**19**	**19**	**16**	16
Current Investments	**0**	**0**	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**421**	4,568	**261**	1,162
Bank overdraft - GBS	**0**	0	**0**	0
Bank overdraft - Commercial banks	**0**	0	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**421**	4,568	**261**	1,162

22. Other Financial Assets

	Current		Non-current	
	31 March 2017 £000	31 March 2016 £000	**31 March 2017 £000**	31 March 2016 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**0**	0	**0**	0
Derivatives	**0**	0	**0**	0
Other (Carbon Reduction Commitments)				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**101**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Total	**101**	**0**	**0**	**0**

23. Other financial liabilities

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

24. Related Party Transactions

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Local Health Board.

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

	2016-17 Payments to related party £000	2016-17 Receipts from related party £000	2016-17 Amounts owed to related party £000	2016-17 Amounts due from related party £000
Welsh Assembly Government	553	658	1	135
WHSSC (see below)	62,384	7,855	628	38
NHS Trusts				
Public Health Wales	409	1,946	164	108
Velindre	15,588	3,967	1,148	286
Welsh Ambulance Services	1,231	100	5	55
Local Health Boards				
ABMU	5,713	7,601	322	2,274
Aneurin Bevan	1,193	20,727	381	959
Betsi Cadwaladwr	50	64	6	26
Cardiff & Vale	22,827	8,687	838	1,108
Hywel Dda	403	438	75	48
Powys	234	2,223	277	310
TOTAL	110,585	54,266	3,845	5,347

In addition, the Local Health Board has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with:

Rhondda Cynon Taf County Borough Council	7,469	5,048	4,048	2,522
Merthyr Tydfil County Borough Council	1,730	961	1,472	168

The LHB has also received revenue payments from Cwm Taf NHS Charitable Funds totalling £0.217m (£0.200m in 2015-16) the Trustees for which are also members of the Board.

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

Name	Details	Interests
Mrs Allison Williams	Chief Executive	Spouse is employee of Welsh Ambulance Services Trust
Mr Steven Webster	Deputy Chief Executive	Portsmouth NHS Trust
Professor Donna Mead	Vice Chair	Honorary Chair of Cardiff University
		Trustee of St John Cymru
Cllr Clive Jones	Independent Member	Councillor of Merthyr Tydfil County Borough Council
		Member of Merthyr Tydfil & the Valley's Mind
		Member of Crossroads Care Cwm Taf
Cllr Keiron Montague	Independent Member	Councillor of Rhondda Cynon Taff County Borough Council
Dr Christopher Turner	Independent Member	Senior Professional Fellow (Honary) Cardiff University
Ms Jayne Dowden	Independent member	Member of Cardiff University
Mrs Maria Thomas	Independent Member	Trustee on Voluntary Action Merthyr Tydfil Board
		Macmillan Cancer Support Merthyr Tydfil
		Cancer Aid Dowlais
		Order of St Johns
		VAMT Rep - Merthyr Tydfil County Borough Council
Mr John Hill-Tout	Independent Member	Director Dragon Savers Credit Union
Mr Mel Jehu	Independent Member	Cancer Aid Merthyr Tydfil
		Police Crime Panel South Wales Police
Mrs Gaynor Jones	Independent Member	Elected to Royal College of Nursing Council
		Chair Royal College of Nursing Welsh Board

Total value of transactions with these related parties:

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Cancer Aid Dowlais	25	0	0	0
Cancer Aid Merthyr Tydfil	6	0	6	0
Cardiff University	615	245	81	48
Crossroads Care Cwm taf	108	0	0	0
Dragon Savers Credit Union	12	0	0	0
Macmillan Cancer Support Merthyr Tydfil	0	7	0	0
Merthyr and Valleys MIND	651	0	160	0
Portsmouth Hospital MHS Trust	161	0	1	0
Royal College of Nursing Council	14	0	4	0
South Wales Police	45	0	0	1
St John Wales	62	1	5	1
Voluntary Action Merthyr Tydfil	925	0	39	0

24. Related Party Transactions(cont)

Welsh Health Specialised Services and Emergency Ambulance Services

WHSSC and EASC are sub-committees of each of the 7 Local Health Boards in Wales. Therefore, any related transactions would form part of each LHB's statutory financial statements.
Whilst the committees have executive teams these are not executive directors and they are employed by Cwm Taf UHB as the host organisation.
During 2016/2017, the Joint Committees adopted a risk sharing approach which is applied to all financial transactions.
In accordance with the Standing Orders, the Joint Committees must agree a total budget to plan and secure the relevant services delegated to them. The Joint Committees must also agree the appropriate contribution of funding required from each LHB.

Each LHB will be required to make available to the Joint Committees the level of funds outlined in the annual plan.

The income received from each LHB during 2016/2017 as per Note 4, and analysed in the Segmental Analysis in Note 36, is as follows

	Cardiff and Vale	Abertawe Bro Morgannwg	Cwm Taf	Aneurin Bevan	Hywel Dda	Powys	Betsi Cadwalladr	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Income allocation	110,899	113,904	62,330	126,400	77,625	31,622	151,363	674,143

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

	£000's
Cardiff and Vale LHB	190,646
Aneurin Bevan LHB	8,932
Betsi Cadwalladr LHB	38,153
Abertawe Bro Morgannwg LHB	98,382
Cwm Taf UHB	7,365
Hywel Dda LHB	2,216
Powys LHB	7
Public Health Wales NHS Trust	52
Velindre NHS Trust	36,838
Welsh Ambulance Services NHS Trust	136,555
Total Welsh Organisations as per Note 3.2 and analysed in the Segmental Analysis in Note 36	**519,146**

Members of the Joint Committees for 2016/2017

LHB Chief Executives have voting rights on the committee while Trust Chief Executives are associate members only
During 2016/2017 WHSSC and EASC have entered into material transactions with the organisations represented as listed above

Mrs Judith Paget	Member		Chief Executive Aneurin Bevan UHB
Mrs Carol Shillabeer	Member		Chief Executive Powys Teaching LHB
Mr Gary Doherty	Member		Chief Executive Betsi Cadwalladr UHB
Mrs Allison Williams	Member		Chief Executive Cwm Taf UHB
Mr Adam Cairns	Member	Until Nov 2016	Chief Executive Cardiff and Vale UHB
Dr Sharon Hopkins	Member	From Nov 2016	Interim Chief Executive Cardiff and Vale UHB
Mr Steve Moore	Member		Chief Executive Hywel Dda UHB
Mr Paul Roberts	Member	Until March 2017	Chief Executive Abertawe Bro Morgannwg UHB
Ms Alex Howells	Member	From March 2017	Interim Chief Executive Abertawe Bro Morgannwg UHB

The following are Associate Members of the Joint Committees and therefore have no voting rights on the Joint Committee

Dr Tracey Cooper	Associate Member	Chief Executive Public Health Wales NHS Trust (WHSSC & EASC)
Mr Steve Ham	Associate Member	Chief Executive Velindre NHS Trust (WHSSC only)
Ms Tracey Myhill	Associate Member	Chief Executive, Welsh Ambulance Services NHS Trust (EASC only)
Prof John Williams	Independent Member	Chair of the Wales Renal Clincial Network (WHSSC only)
Mr Chris Koehli	Independent Member	Chair of the Quality and Patient Safety Committee (WHSSC only)

Members With a Declared Interest

Mrs Maria Thomas	Independent Member	Until Nov 2016	Independent Board Member, Cwm Taf UHB (WHSSC only)
Mrs Lyn Meadows	Independent Member	From Aug 2016	Independent Board Member, Betsi Cadwalladr UHB (WHSSC only)
Mr Chris Turner	Independent Member	From Nov 2016	Independent Board Member, Cwm Taf UHB (WHSSC only)
Mr Marcus Longley	Independent Member	From Nov 2016	Independent Board Member, Cardiff and Vale UHB (WHSSC only)
Ms Sian Marie James	Independent Member	Until Aug 2016	Independent Board Member, Hywel Dda UHB (WHSSC only)

Apart from the transactions listed above, no Member or Associate Member of the Joint Committees has declared an interest in any other party that transacts with either WHSSC or EASC.

25. Third Party assets

The LHB held £7,696 cash at bank and in hand at 31 March 2017 (31 March 2016, £22,870) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £nil at 31 March 2017 (31 March 2016, £nil). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

26. Finance leases

26.1 Finance leases obligations (as lessee)

The Buildings finance lease reported on page 53 includes building improvements to the Dental Teaching Unit. There are no other significant leasing arrangements which require further disclosure.

Amounts payable under finance leases:

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

26.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	**31 March 2017**	31 March 2016
Minimum lease payments	**£000**	£000
Within one year	**28**	31
Between one and five years	**31**	65
After five years	**0**	0
Less finance charges allocated to future periods	**(3)**	(9)
Minimum lease payments	**56**	87
Included in:		
Current borrowings	**26**	26
Non-current borrowings	**30**	61
	56	87
Present value of minimum lease payments		
Within one year	**26**	26
Between one and five years	**30**	61
After five years	**0**	0
Present value of minimum lease payments	**56**	87
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

Other	**31 March 2017**	31 March 2016
Minimum lease payments	**£000**	£000
Within one year	**2**	0
Between one and five years	**5**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**7**	0
Included in:		
Current borrowings	**2**	0
Non-current borrowings	**5**	0
	7	0
Present value of minimum lease payments		
Within one year	**2**	0
Between one and five years	**5**	0
After five years	**0**	0
Present value of minimum lease payments	**7**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

26.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

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

27. Private Finance Initiative contracts

27.1 PFI schemes off-Statement of Financial Position

The Local Health Board has no PFI Schemes off-statement of financial position

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2017	31 March 2016
	£000	£000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

27.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	£000
Staff Residences - Royal Glamorgan Hospital	1,510
Contract start date:	09/10/1998
Contract end date:	21/09/2028

Scheme Description

The staff residences scheme covers the design, build, financing and operation of staff accommodation on the Royal Glamorgan Hospital site.

The Health Board entered into a project agreement with Charter Housing Association on the 9th October 1998.

	£000
Combined Heat and Power Plant-Prince Charles Hospital	1,362
Contract start date:	01/04/2004
Contract end date:	31/03/2029

The contract is for the installation, operation, maintenance and ownership of a Combined Heat and Power plant and the complete management and operation of a central boiler plant installation, light fittings and building management system on the Prince Charles Hospital site. The contract includes performance guarantees for the supply of hot water and electricity. The charging structure requires the Health Board to pay for the heat (in the form of hot water) created from the electricity generated by the Combined Heat and Power plant being supplied free of charge to the Health Board.

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

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2017	31 March 2017	31 March 2017
	£000	£000	£000
Total payments due within one year	143	58	382
Total payments due between 1 and 5 years	618	177	1,528
Total payments due thereafter	1,145	102	2,594
Total future payments in relation to PFI contracts	1,906	337	4,504

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2016	31 March 2016	31 March 2016
	£000	£000	£000
Total payments due within one year	135	63	366
Total payments due between 1 and 5 years	595	199	1,463
Total payments due thereafter	1,307	138	2,851
Total future payments in relation to PFI contracts	2,037	400	4,680
Total present value of obligations for on-SoFP PFI contracts	0		

27.3 Charges to expenditure

	2016-17	2015-16
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	438	385
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	438	385

The LHB is committed to the following annual charges

	31 March 2017	31 March 2016
PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	382	366
Total	382	366

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

27.4 Number of PFI contracts

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

PFI Contract	On / Off-statement of financial position
Number of PFI contracts which individually have a total commitment > £500m	0
PFI Contract	
Staff residences, Royal Glamorgan Hospital	On
Combined heat and power plant, Prince Charles Hospital	On

27.5 The LHB has no Public Private Partnerships

28. Pooled budgets

The Health Board has entered into a pooled budget with

Rhondda Cynon Taf County Borough Council
Merthyr Tydfil County Borough Council
Bridgend County Borough Council
Abertawe Bro Morgannwg University Local Health Board

Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an Intergrated Community Equipment Service. The service is to enable children and adults who require assistance to perform essential activities of daily living to maintain their health and autonomy and to live life as fully as possible. The equipment provided can include, but is not limited to

- Community home nursing equipment
- Equipment for daily living
- Physiotherapy living
- Static Seating

A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Rhondda Cynon Taf County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the aboved named organisations and the Health Board. The Health Board accounts for its share of contributions to the budget in expenditure. Contributions are based on each individual organisations forecast activities. Assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Funding	2016-17 £'000
Rhondda Cynon Taf County Borough Council	1,125
Merthyr Tydfil County Borough Council	213
Bridgend County Borough Council	629
Abertawe Bro Morgannwg University Local Health Board	305
Cwm Taf University Local Health Board	245
Total Partners Funding	2,517
Other Income Received	128
Total Funding	2,645
Expenditure	
Provision of community equipment services within Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Boroughs.	2,573
Pooled Budget surplus carried forward to 2017-18	72

29. Financial risk management

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

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

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

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

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

30. Movements in working capital

	2016-17 £000 Cwm Taf	2016-17 £000 Total	2015-16 £000 Cwm Taf	2015-16 £000 Total
(Increase)/decrease in inventories	**(98)**	**(98)**	180	180
(Increase)/decrease in trade and other receivables - non - current	**(32,376)**	**(32,376)**	7,292	7,292
(Increase)/decrease in trade and other receivables - current	**11,175**	**19,669**	(20,835)	(23,237)
Increase/(decrease) in trade and other payables - non - current	**(165)**	**(165)**	(156)	(156)
Increase/(decrease) in trade and other payables - current	**(8,041)**	**(13,385)**	17,439	19,941
Total	**(29,505)**	**(26,355)**	3,920	4,020
Adjustment for accrual movements in fixed assets -creditors	**882**	**882**	(292)	(292)
Adjustment for accrual movements in fixed assets -debtors	**0**	**0**	0	0
Other adjustments	**155**	**155**	151	151
	(28,468)	**(25,318)**	3,779	3,879

31. Other cash flow adjustments

	2016-17 £000	2016-17 £000	2015-16 £000	2015-16 £000
Depreciation	**15,157**	**15,157**	15,254	15,254
Amortisation	**457**	**457**	401	401
(Gains)/Loss on Disposal	**(26)**	**(26)**	0	0
Impairments and reversals	**688**	**688**	(5,823)	(5,823)
Release of PFI deferred credits	**0**	**0**	0	0
Donated assets received credited to revenue but non-cash	**(95)**	**(95)**	(3)	(3)
Government Grant assets received credited to revenue but non-cash	**0**	**0**	(58)	(58)
Non-cash movements in provisions	**24,943**	**25,039**	18,130	18,130
Total	**41,124**	**41,220**	27,901	27,901

32. Events after the Reporting Period

None

33. Operating segments

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

The following information segments the results of Cwm Taf Local Health Board by:
- Healthcare activities
- Welsh Health Specialised Services Committee (WHSSC)
- Emergency Ambulance Services Joint Committee (EASC)

Operating Costs 2016-17

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	139,733	0	0	0	139,733
Expenditure on healthcare from other providers	152,234	532,929	136,691	(69,748)	752,106
Expenditure on hospital and community health services	419,847	3,423	1,102	(387)	423,985
	711,814	536,352	137,793	(70,135)	1,315,824
Less: Miscellaneous Income	(80,188)	(536,343)	(137,802)	70,135	(684,198)
losses	631,626	9	(9)	0	631,626
Investment Income	0	0	0	0	0
Other (Gains) / Losses	(26)	0	0	0	(26)
Finance costs	129	0	0	0	129
Net operating costs for the financial year	631,729	9	(9)	0	631,729

Net Assets 2016-17

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	362,977	0	0	0	362,977
Total current assets	62,606	10,587	127	(666)	72,654
Total current liabilities	(106,376)	(22,429)	(127)	666	(128,266)
Total non-current liabilities	(40,135)	0	0	0	(40,135)
Total assets employed	279,072	(11,842)	0	0	267,230
Total taxpayers' equity	279,072	(11,842)	0	0	267,230

Operating Costs 2015-16

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	140,777	0	0	0	140,777
Expenditure on healthcare from other providers	140,060	524,191	118,249	(64,155)	718,345
Expenditure on hospital and community health services	392,669	4,073	345	(328)	396,759
	673,506	528,264	118,594	(64,483)	1,255,881
Less: Miscellaneous Income	(79,386)	(528,264)	(118,594)	64,483	(661,761)
losses	594,120	0	0	0	594,120
Investment Income	0	0	0	0	0
Other (Gains) / Losses	0	0	0	0	0
Finance costs	131	0	0	0	131
Net operating costs for the financial year	594,251	0	0	0	594,251

Net Assets 2015-16

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	329,079	0		0	329,079
Total current assets	73,487	16,265	105	(1,074)	88,783
Total current liabilities	(131,891)	(28,107)	(105)	1,074	(159,029)
Total non-current liabilities	(9,198)	0		0	(9,198)
Total assets employed	261,477	(11,842)	0	(0)	249,635
Total taxpayers' equity	261,477	(11,842)	0	0	249,635

34. Other Information

None

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