

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 1st April 2014, responsible for planning and securing the provision of emergency ambulance services. 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 2016

	Note	2015-16 £'000	2015-16 £'000	2014-15 £'000	2014-15 £'000
		Cwm Taf		Cwm Taf	
		HB activities		HB activities	
Expenditure on Primary Healthcare Services	3.1	140,777	140,777	137,847	137,847
Expenditure on healthcare from other providers	3.2	140,060	718,345	136,533	691,592
Expenditure on Hospital and Community Health Services	3.3	392,669	396,759	377,116	381,002
		<u>673,506</u>	<u>1,255,881</u>	651,496	1,210,441
Less: Miscellaneous Income	4	79,386	661,761	72,996	631,941
LHB net operating costs before interest and other gains and losses		594,120	594,120	578,500	578,500
Investment Income	8	0	0	0	0
Other (Gains) / Losses	9	0	0	2	2
Finance costs	10	131	131	153	153
Net operating costs for the financial year		594,251	594,251	578,655	578,655

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

	2015-16	2014-15
	£'000	£'000
Net gain / (loss) on revaluation of property, plant and equipment	9,563	6,243
Net gain / (loss) on revaluation of intangibles	3	0
Net gain / (loss) on revaluation of available for sale financial assets	0	29
(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	9,566	6,272
Total comprehensive net expenditure for the year	584,685	572,383

Statement of Financial Position as at 31 March 2016

	31 March 2016 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2015 £'000
Notes	Cwm Taf	Total	Cwm Taf	Total
Non-current assets				
Property, plant and equipment	11 326,271	326,271	317,051	317,051
Intangible assets	12 1,855	1,855	1,967	1,967
Trade and other receivables	15 953	953	8,245	8,245
Other financial assets	22 0	0	0	0
Total non-current assets	329,079	329,079	327,263	327,263
Current assets				
Inventories	14 3,909	3,909	4,089	4,089
Trade and other receivables	15 69,252	83,647	48,417	60,410
Other financial assets	22 0	0	0	0
Cash and cash equivalents	21 261	1,162	309	1,110
	73,422	88,718	52,815	65,609
Non-current assets classified as "Held for Sale"	11 65	65	0	0
Total current assets	73,487	88,783	52,815	65,609
Total assets	402,566	417,862	380,078	392,872
Current liabilities				
Trade and other payables	16 77,071	104,209	59,632	84,268
Other financial liabilities	23 0	0	0	0
Provisions	17 54,820	54,820	36,916	36,916
Total current liabilities	131,891	159,029	96,548	121,184
Net current assets/ (liabilities)	(58,404)	(70,246)	(43,733)	(55,575)
Non-current liabilities				
Trade and other payables	16 1,963	1,963	2,119	2,119
Other financial liabilities	23 0	0	0	0
Provisions	17 7,235	7,235	14,900	14,900
Total non-current liabilities	9,198	9,198	17,019	17,019
Total assets employed	261,477	249,635	266,511	254,669
Financed by :				
Taxpayers' equity				
General Fund	242,079	230,237	256,527	244,685
Revaluation reserve	19,398	19,398	9,984	9,984
Total taxpayers' equity	261,477	249,635	266,511	254,669

The financial statements on pages 2 to 7 were approved by the Board on xx June 2016 and signed on its behalf by:

Chief Executive.....

Date

x June 2016

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 Changes in Taxpayers' Equity For the year ended 31 March 2015

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2014-15			
Balance at 1 April 2014	224,344	14,974	239,318
Net operating cost for the year	(578,655)	(578,655)
Net gain/(loss) on revaluation of property, plant and equipment	0	6,243	6,243
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	29	29
Impairments and reversals	0	0	0
Movements in other reserves	0	0	0
Transfers between reserves	11,262	(11,262)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2014-15	(567,393)	(4,990)	(572,383)
Net Welsh Government funding	587,734	587,734
Balance at 31 March 2015	<u>244,685</u>	<u>9,984</u>	<u>254,669</u>

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

Statement of Cash flows for year ended 31 March 2016

		2015-16	2015-16	2014-15	2014-15
		£'000	£'000	£'000	£'000
	notes	Cwm Taf	Total	Cwm Taf	Total
Cash Flows from operating activities					
Net operating cost for the financial year		(594,251)	(594,251)	(578,655)	(578,655)
Movements in Working Capital	30	3,779	3,879	(4,072)	(3,434)
Other cash flow adjustments	31	27,901	27,901	30,022	30,022
Provisions utilised	17	(8,156)	(8,156)	(13,540)	(13,540)
Net cash outflow from operating activities		(570,727)	(570,627)	(566,245)	(565,607)
Cash Flows from investing activities					
Purchase of property, plant and equipment		(8,759)	(8,759)	(20,987)	(20,987)
Proceeds from disposal of property, plant and equipment		103	103	1,250	1,250
Purchase of intangible assets		(165)	(165)	(1,419)	(1,419)
Proceeds from disposal of intangible assets		0	0	0	0
Payment for other financial assets		0	0	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		(8,821)	(8,821)	(21,156)	(21,156)
Net cash inflow/(outflow) before financing		(579,548)	(579,448)	(587,401)	(586,763)
Cash flows from financing activities					
Welsh Government funding (including capital)		579,651	579,651	587,734	587,734
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		(151)	(151)	(154)	(154)
Cash transferred (to)/ from other NHS bodies		0	0	0	0
Net financing		579,500	579,500	587,580	587,580
Net increase/(decrease) in cash and cash equivalents		(48)	52	179	817
Cash and cash equivalents (and bank overdrafts) at 1 April 2015		309	1,110	130	293
Cash and cash equivalents (and bank overdrafts) at 31 March 2016		261	1,162	309	1,110

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 2015-16 Local Health Board Manual for Accounts and 2015-16 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

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

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

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

Only non-NHS income may be deferred.

1.4 Employee benefits

Short-term employee benefits

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

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

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 that 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 / Trust 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 Trust / 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

1.7 Intangible assets

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.

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 therefrom 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/weighted average] 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 costs

The Welsh Risk Pool operates a risk pooling scheme which is paid for by top sliced allocations based on direct invoicing to the Welsh Government. The Welsh Risk Pool 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 ongoing clinical negligence 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 liabilities 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 Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. The application of the Standards as revised would not have a material impact on the accounts for 2015-16, were they applied in that year:

IPSAS 32 - Service Concession Arrangement - subject to consultation

IFRS 15 - Revenue Recognition

1.29 Accounting standards issued that have been adopted early

During 2015-16 there have been no accounting standards that have been adopted early.

All early adoption of accounting standards will be led by HM Treasury.

1.303 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 Funds, it is considered for accounting standards compliance to have control of Cwm Taf NHS Charitable Funds as a subsidiary and therefore is required to consolidate the results of Cwm Taf NHS Charitable Funds 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 Cwm Taf NHS Charitable Funds 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 responsible, 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) will take place at the end of 2016/17, being the first 3 year period of assessment.

2.1 Revenue Resource Performance

	2015-16 £'000	2014-15 £'000
Net operating costs for the year	594,251	578,655
Less general ophthalmic services expenditure and other non-cash limited expenditure	(4,269)	(3,643)
Less revenue consequences of bringing PFI schemes onto SoFP	(111)	(105)
Total operating expenses	589,871	574,907
Revenue Resource Allocation	589,893	574,937
Under /(over) spend against Allocation	22	30

2.2 Capital Resource Performance

	2015-16 £'000	2014-15 £'000
The LHB is required to keep within its Capital Resource Limit :		
Gross capital expenditure	9,542	20,475
Add: Losses on disposal of donated assets	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(102)	(1,252)
Less capital grants received	(60)	0
Less donations received	(3)	(19)
Charge against Capital Resource Allocation	9,377	19,204
Capital Resource Allocation	9,385	19,207
(Over) / Underspend against Capital Resource Allocation	8	3

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 2015-16 to 2017-18 in accordance with NHS Wales Planning Framework.

The LHB did meet its statutory financial duty under section 175 (2A) of the National Health Service (Wales) Act 2006

	2015-16 to 2017-18	2014-15 to 2016-17
The Minister for Health and Social Services approval status	Pending	Approved

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2015-16 Total £'000	2014-15 £'000
General Medical Services	45,283		45,283	45,143
Pharmaceutical Services	17,290	430	17,720	17,669
General Dental Services	16,238		16,238	15,849
General Ophthalmic Services	0	3,839	3,839	3,694
Other Primary Health Care expenditure	1,727		1,727	265
Prescribed drugs and appliances	55,970		55,970	55,227
Total	136,508	4,269	140,777	137,847

Included within Note 3.1 General Medical Services are staff costs of £4.105m (2014-15:£3.947m)

3.2 Expenditure on healthcare from other provider	2015-16 £'000 Cwm Taf	2015-16 £'000 Total	2014-15 £'000 Cwm Taf	2014-15 £'000 Total
Goods and services from other NHS Wales Health Bo	28,438	354,729	27,382	334,765
Goods and services from other NHS Wales Trusts	10,062	172,258	9,199	170,720
Goods and services from other non Welsh NHS bodie	913	123,570	1,230	120,805
Goods and services from WHSSC / EASC	58,097	0	63,410	0
Local Authorities	704	704	99	99
Voluntary organisations	3,227	8,442	2,458	8,197
NHS Funded Nursing Care	4,116	4,116	4,165	4,165
Continuing Care	29,756	29,756	27,606	27,606
Private providers	4,661	24,684	852	25,103
Specific projects funded by the Welsh Government	0	0	0	0
Other	86	86	132	132
Total	140,060	718,345	136,533	691,592

3.3 Expenditure on Hospital and Community Health Services

	2015-16 £'000	2015-16 £'000	2014-15 £'000	2014-15 £'000
	Cwm Taf	Total	Cwm Taf	Total
Directors' costs	1,638	1,638	1,678	1,678
Staff costs	299,379	302,885	291,029	294,356
Supplies and services - clinical	48,505	48,505	45,068	45,068
Supplies and services - general	5,299	5,299	5,443	5,443
Consultancy Services	118	233	75	153
Establishment	6,350	6,534	5,788	5,996
Transport	579	579	514	514
Premises	16,342	16,536	13,290	13,493
External Contractors	98	119	97	118
Depreciation	15,254	15,254	14,114	14,114
Amortisation	401	401	24	24
Fixed asset impairments and reversals (Property, plant & equipment)	(5,823)	(5,823)	(6,336)	(6,336)
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	245	245
Audit fees	366	415	366	415
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	2,031	2,031	3,762	3,762
Research and Development	0	0	0	0
Other operating expenses	2,132	2,153	1,959	1,959
Total	392,669	396,759	377,116	381,002

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

	2015-16 £'000	2014-15 £'000
Increase/(decrease) in provision for future payments:	£'000	£'000
Clinical negligence	17,549	17,024
Personal injury	218	1,744
All other losses and special payments	(664)	829
Defence legal fees and other administrative costs	1,255	975
Gross increase/(decrease) in provision for future payments	18,358	20,572
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	574	327
Less: income received/ due from Welsh Risk Pool	(16,901)	(17,137)
Total	2,031	3,762

Personal injury includes £149,614 (2014-15 £587,226) in respect of permanent injury benefits.

Clinical Redress arising during the year was £183,172 (2014-15 £104,413)

4. Miscellaneous Income

	2015-16 £'000	2015-16 £'000	2014-15 £'000	2014-15 £'000
	Cwm Taf	Total	Cwm Taf	Total
Local Health Boards	35,622	624,177	35,202	599,296
WHSSC /EASC	6,386	0	5,162	0
NHS trusts	3,542	3,542	3,704	3,755
Clinical Commissioning Groups	677	677	481	481
Foundation Trusts	0	0	0	0
Local authorities	4,997	4,997	5,468	5,468
Welsh Government	84	84	67	67
Non NHS:		0		
Prescription charge income	0	0	0	0
Dental fee income	3,631	3,631	3,447	3,447
Private patient income	119	119	98	98
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	1,807	1,807	1,722	1,722
Other income from activities	398	469	276	383
Patient transport services	0	0	0	0
Education, training and research	9,402	9,402	10,376	10,376
Charitable and other contributions to expenditure	200	335	225	360
Receipt of donated assets	3	3	20	20
Receipt of Government granted assets	58	58	0	0
Non-patient care income generation schemes	466	466	430	430
NWSSP	0	0	0	0
Deferred income released to revenue	68	68	0	0
Contingent rental income from finance leases	0	0	0	0
Rental income from operating leases	0	0	0	0
Other income:		0		
Provision of laundry, pathology, payroll services	959	959	1,004	1,004
Accommodation and catering charges	2,297	2,297	2,209	2,209
Mortuary fees	292	292	255	255
Staff payments for use of cars	355	355	414	414
Business Unit	0	0	0	0
Other	8,023	8,023	2,436	2,156
Total	79,386	661,761	72,996	631,941

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 21.99 % 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	2014-15
	£000	£000	£000	£000	£000
Salaries and wages	249,158	154	15,163	264,475	254,814
Social security costs	18,066	16	0	18,082	18,512
Employer contributions to NHS Pension Scheme	32,343	17	0	32,360	31,783
Other pension costs	12	0	0	12	10
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	299,579	187	15,163	314,929	305,119
Charged to capital				820	593
Charged to revenue				314,109	304,526
				314,929	305,119
Net movement in accrued employee benefits (untaken staff leave accrual included above)				(2)	40

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2014-15
	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,321	3	6	1,330	1,297
Medical and dental	610	0	89	699	710
Nursing, midwifery registered	2,286	0	53	2,339	2,320
Professional, Scientific, and technical staff	242	0	12	254	248
Additional Clinical Services	1,204	0	0	1,204	1,174
Allied Health Professions	392	0	0	392	400
Healthcare Scientists	160	0	0	160	162
Estates and Ancillary	733	0	1	734	758
Students	2	0	0	2	14
Total	6,950	3	161	7,114	7,083

5.3. Retirements due to ill-health

During 2015-16 there were 11 early retirements from the LHB agreed on the grounds of ill-health (14 in 2014-15 - £918,909.) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £553,753.

5.4 Employee benefits

Total	2014-15
£000	£000
0	0
0	0
0	0

5.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2015-16	2015-16	2015-16	2015-16	2014-15
	Number of compulsory redundancies	Number of other departures	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	7
£10,000 to £25,000	0	5	5	5	17
£25,000 to £50,000	0	5	5	5	11
£50,000 to £100,000	0	0	0	0	2
£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	10	10	10	37

Exit packages cost band (including any special payment element)	2015-16	2015-16	2015-16	2015-16	2014-15
	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	57,276
£10,000 to £25,000	0	92,205	92,205	92,205	251,099
£25,000 to £50,000	0	212,343	212,343	212,343	383,118
£50,000 to £100,000	0	0	0	0	113,008
£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	304,548	304,548	304,548	804,501

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

The disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

All 10 special payments are severance payments, the highest payment was £49,655 the lowest payment was £13,950 and the median value was for £27,687.

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 2015-16 was £170,000 - £175,000 (2014-15, £170,000 - £175,000). This was 6.3 times (2014-15, 6.5) the median remuneration of the workforce, which was £27,369 (2014-15, £26,618).

In 2015-16, 5 (2014-15, 1) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £175,001 to £240,000 (2014-15 £220,000 to £225,000). 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, overtime 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 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 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.

5.7 Pension costs (continued)

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.

Currently, the legal minimum level of contributions is 2 per cent of a jobholder's qualifying earnings for employers whose legal duties have started. Of this, the employer needs to pay at least 1 per cent, though they can pay more if they want to.

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

NEST has an annual contribution limit of £4,700 for the 2015-16 tax year (£4,600 for 2014-15). This means the most that can be contributed to a single pot in the current tax year is £4,700. This figure will be adjusted annually in line with average earnings.

The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member, such as a member's partner or spouse

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	2015-16	2014-15
	£000	£000
Minimum lease payments	3,125	3,049
Contingent rents	0	0
Sub-lease payments	0	0
Total	3,125	3,049

Total future minimum lease payments

Payable	£000	£000
Not later than one year	2,383	2,983
Between one and five years	6,391	7,905
After 5 years	8,633	10,297
Total	17,407	21,185

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.

The figures for 2015-16 exclude both the number and value of non-NHS bills paid to primary care services and contractor services.

The comparators for 2014-15 have been restated to reflect this treatment.

	2015-16	2015-16	2014-15	2014-15
	Number	£000	Number	£000
NHS				
Total bills paid	3,363	109,057	3,268	517,534
Total bills paid within target	2,824	106,806	2,830	514,463
Percentage of bills paid within target	84.0%	97.9%	86.6%	99.4%
Non-NHS			Restated	Restated
Total bills paid	112,693	143,309	102,946	142,231
Total bills paid within target	103,567	133,111	91,509	130,098
Percentage of bills paid within target	91.9%	92.9%	88.9%	91.5%
Total			Restated	Restated
Total bills paid	116,056	252,366	106,214	659,765
Total bills paid within target	106,391	239,917	94,339	644,561
Percentage of bills paid within target	91.7%	95.1%	88.8%	97.7%

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

	2015-16	2014-15
	£	£
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

	2015-16 £000	2014-15 £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

	2015-16 £000	2014-15 £000
Gain/(loss) on disposal of property, plant and equipment	0	(2)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	0	(2)

10. Finance costs

	2015-16 £000	2014-15 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	6	6
Interest on obligations under PFI contracts		
main finance cost	69	74
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	75	80
Provisions unwinding of discount	56	73
Other finance costs	0	0
Total	131	153

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 :

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

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 2014	19,739	266,672	2,202	2,906	56,383	127	15,954	7,728	371,711
Indexation	8	6,276	110	0	565	1	0	76	7,036
Additions									
- purchased	300	5,493	0	5,065	5,190	0	2,527	124	18,699
- donated	0	0	0	0	19	0	0	0	19
- 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	1,191	0	(1,285)	94	0	(433)	0	(433)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	387	7,047	0	0	0	0	0	0	7,434
Impairments	0	(694)	0	0	0	0	0	0	(694)
Reclassified as held for sale	(27)	0	0	0	0	0	0	0	(27)
Disposals	0	0	0	0	(7,011)	(9)	(2,419)	(1,555)	(10,994)
At 31 March 2015	20,407	285,985	2,312	6,686	55,240	119	15,629	6,373	392,751
Depreciation at 1 April 2014	0	14,405	132	0	42,778	119	9,931	4,215	71,580
Indexation	0	316	6	0	428	1	0	42	793
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	(5)	0	0	5	0	(199)	0	(199)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	404	0	0	0	0	0	0	404
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(7,009)	(9)	(2,419)	(1,555)	(10,992)
Provided during the year	0	7,859	70	0	3,746	5	1,774	660	14,114
At 31 March 2015	0	22,979	208	0	39,948	116	9,087	3,362	75,700
Net book value at 1 April 2014	19,739	252,267	2,070	2,906	13,605	8	6,023	3,513	300,131
Net book value at 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
Net book value at 31 March 2015 comprises :									
Purchased	19,850	261,417	2,104	6,686	15,103	2	6,526	2,959	314,647
Donated	557	1,589	0	0	161	1	16	47	2,371
Government Granted	0	0	0	0	28	0	0	5	33
At 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051
Asset financing :									
Owned	20,167	260,926	849	6,686	15,292	3	6,542	3,011	313,476
Held on finance lease	0	498	0	0	0	0	0	0	498
On-SoFP PFI contracts	240	1,582	1,255	0	0	0	0	0	3,077
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2015	20,407	263,006	2,104	6,686	15,292	3	6,542	3,011	317,051

The net book value of land, buildings and dwellings at 31 March 2015 comprises :

	£000
Freehold	285,019
Long Leasehold	0
Short Leasehold	498
	285,517

1) Assets totalling £61,498 were purchased with donated/government granted funds:

	£'000	
IT equipment - Flying Start Programme	58	Government Granted
Cardiology Fund - Plant & Machinery	3	Donated

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

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 2015/16 the following impairments arose:

	£'000
Penygraig Clinic	14
Tonyrefail Clinic	102
Keir Hardie Medical Education	45
Land - reversal of impairments	(356)
Buildings - reversal of impairments	(5,628)
Total Impairments	(5,823)

4) The impairment of of Penygraig and Tonyrefail Clinics to open market value arose due to the properties becoming held for sale. Keir Hardie Medical Education is related to expenditure on a scheme that was previously completed and impaired.

11. Property, plant and equipment (continued)

11.2 Non-current assets held for sale	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 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	<u>13</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65</u>
Balance brought forward 1 April 2014	1,439	0	0	0	0	1,439
Plus assets classified as held for sale in the year	27	0	0	0	0	27
Revaluation	29	0	0	0	0	29
Less assets sold in the year	(1,250)	0	0	0	0	(1,250)
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	(245)	0	0	0	0	(245)
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 2015	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2014	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	317	0	116	0	0	0	433
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	10	0	1,694	0	0	53	1,757
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2015	327	0	1,810	0	0	53	2,190
Amortisation at 1 April 2014	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	199	0	0	0	0	0	199
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	24	0	0	0	24
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 2015	199	0	24	0	0	0	223
Net book value at 1 April 2014	0	0	0	0	0	0	0
Net book value at 31 March 2015	128	0	1,786	0	0	53	1,967
At 31 March 2015							
Purchased	128	0	1,786	0	0	53	1,967
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2015	128	0	1,786	0	0	53	1,967

In year, £0.286m of intangible assets were acquired, including £0.291m licences and a £0.005m reduction in carbon reduction commitments.

The licences total includes £0.038m which were government granted.

Software and licences are allocated a useful life of five years.

13 . Impairments

	2015-16		2014-15	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
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 (see Note 11 narrative)	(5,823)	0	(6,090)	0
Total of all impairments	(5,823)	0	(6,090)	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	(5,823)	0	(6,090)	0
Charged to Revaluation Reserve	0	0	0	0
	(5,823)	0	(6,090)	0

An impairment loss of £0.014m was incurred prior to the disposal of Penygraig Clinic

An impairment loss of £0.102m was incurred on Tonyrefail Clinic, which is now held for sale

An impairment loss of £0.045m was incurred on expenditure relating to contract completion on Keir Hardie Medical Education Unit

A £5.984m reversal of impairment as a result of upward indexation on assets previously impaired.

14.1 Inventories

	31 March	31 March
	2016	2015
	£000	£000
Drugs	1,382	1,388
Consumables	2,489	2,652
Energy	38	49
Work in progress	0	0
Other	0	0
Total	3,909	4,089
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2016	2015
	£000	£000
Inventories recognised as an expense in the period	54	34
Write-down of inventories (including losses)	0	43
Reversal of write-downs that reduced the expense	0	0
Total	54	77

15. Trade and other Receivables

Current	31 March	31 March	31 March	31 March
	2016	2016	2015	2015
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
Welsh Government	72	72	71	71
WHSSC / EASC	209	0	778	0
Welsh Health Boards	3,330	16,344	3,634	15,042
Welsh NHS Trusts	1,887	2,035	1,270	1,320
Non - Welsh Trusts	2	1,356	2	1,201
Other NHS	378	378	200	200
Welsh Risk Pool	54,055	54,055	33,882	33,882
Local Authorities	1,552	1,552	2,883	2,883
Capital debtors	0	0	0	0
Other debtors	7,022	7,090	5,158	5,237
Provision for irrecoverable debts	(2,179)	(2,179)	(1,819)	(1,819)
Pension Prepayments	0	0	0	0
Other prepayments	2,263	2,283	1,841	1,876
Other accrued income	661	661	517	517
Sub total	69,252	83,647	48,417	60,410
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	794	794	8,073	8,073
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	159	159	172	172
Other accrued income	0	0	0	0
Sub total	953	953	8,245	8,245
Total	70,205	84,600	56,662	68,655
Receivables past their due date but not impaired				
By up to three months	921	5,913	1,552	3,775
By three to six months	254	254	279	935
By more than six months	143	162	175	182
	1,318	6,329	2,006	4,892
Provision for impairment of receivables				
Balance at 1 April	(1,819)	(1,819)	(1,572)	(1,572)
Transfer to other NHS Wales body	0	0	0	0
Amount written off during the year	1	1	5	5
Amount recovered during the year	124	124	99	99
(Increase) / decrease in receivables impaired	(485)	(485)	(351)	(351)
Bad debts recovered during year	0	0	0	0
Balance at 31 March	(2,179)	(2,179)	(1,819)	(1,819)
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	958	958	515	515
Total	958	958	515	515

16. Trade and other payables

Current	31 March	31 March	31 March	31 March
	2016	2016	2015	2015
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
Welsh Government	41	41	19	19
WHSSC / EASC	865	0	80	0
Welsh Health Boards	3,222	10,962	4,093	8,000
Welsh NHS Trusts	2,554	5,109	1,005	2,543
Other NHS	1,415	15,611	1,186	16,830
Taxation and social security payable / refunds	0	37	0	37
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	2,983	2,983	2,833	2,833
NI contributions payable to HMRC	2,920	2,953	2,761	2,793
Non-NHS creditors	4,021	5,665	3,366	4,880
Local Authorities	3,500	3,500	2,266	2,266
Capital Creditors	2,425	2,425	2,133	2,133
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	26	26	26	26
Imputed finance lease element of on SoFP PFI contracts	135	135	130	130
Pensions: staff	4,514	4,514	4,414	4,414
Accruals	37,749	39,547	31,213	33,257
Deferred Income:				
Deferred Income brought forward	77	77	107	107
Deferred Income Additions	191	191	76	76
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	(68)	(68)	(106)	(106)
Other creditors	10,501	10,501	4,030	4,030
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Total	77,071	104,209	59,632	84,268
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	61	61	82	82
Imputed finance lease element of on SoFP PFI contracts	1,902	1,902	2,037	2,037
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	1,963	1,963	2,119	2,119

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

Included in Pensions:staff figure above is £2k which relates to NEST Pension payables

17. Provisions

	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
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
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

Expected timing of cash flows:

	In the remainder of spending review to 31 March 2017	Between 1 April 2017 and 31 March 2022	Between 1 April 2022 and 31 March 2027	Thereafter	Total
					£000
Clinical negligence	46,880	780	0	0	47,660
Personal injury	765	1,088	1,944	0	3,797
All other losses and special payments	0	0	0	0	0
Defence legal fees and other administration	2,084	838	0	0	2,922
Pensions relating to former directors	0	0	0	0	0
Pensions relating to other staff	226	603	0	0	829
Restructuring	0	0	0	0	0
Other	4,431	2,416	0	0	6,847
Total	54,386	5,725	1,944	0	62,055

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 £3,623k for Continuing Healthcare Claims (2014-15: £2,759k)

The Clinical negligence provision arising from Redress and included in Clinical Negligence is £242k (2014-15 £nil)

The Health Board estimates that in 2016-2017 it will receive £54,055k and in 2017-2018 and beyond £794k 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 ContingentLiabilities.

17. Provisions (continued)

	At 1 April 2014	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 2015
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	27,090	0	(170)	1,404	29,143	(9,635)	(16,656)	0	31,176
Personal injury	1,107	0	(58)	210	1,831	(682)	(647)	0	1,761
All other losses and special payments	608	0	0	616	955	(979)	(126)	0	1,074
Defence legal fees and other administration	1,488	0	0	(221)	1,364	(483)	(569)		1,579
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	229			218	20	(234)	0	0	233
Restructuring	0			0	0	0	0	0	0
Other	1,465		0	136	272	(572)	(208)		1,093
Total	31,987	0	(228)	2,363	33,585	(12,585)	(18,206)	0	36,916
Non Current									
Clinical negligence	4,725	0	0	(1,404)	4,538	(75)	(1)	0	7,783
Personal injury	2,708	0	0	(210)	560	0	0	52	3,110
All other losses and special payments	616	0	0	(616)	0	0	0	0	0
Defence legal fees and other administration	173	0	0	221	196	(34)	(16)		540
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	911			(218)	83	0	0	21	797
Restructuring	0			0	0	0	0	0	0
Other	2,446		0	(136)	1,206	(846)	0		2,670
Total	11,579	0	0	(2,363)	6,583	(955)	(17)	73	14,900
TOTAL									
Clinical negligence	31,815	0	(170)	0	33,681	(9,710)	(16,657)	0	38,959
Personal injury	3,815	0	(58)	0	2,391	(682)	(647)	52	4,871
All other losses and special payments	1,224	0	0	0	955	(979)	(126)	0	1,074
Defence legal fees and other administration	1,661	0	0	0	1,560	(517)	(585)		2,119
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,140			0	103	(234)	0	21	1,030
Restructuring	0			0	0	0	0	0	0
Other	3,911		0	0	1,478	(1,418)	(208)		3,763
Total	43,566	0	(228)	0	40,168	(13,540)	(18,223)	73	51,816

18. Contingencies

18.1 Contingent liabilities

	2015-16 £'000	2014-15 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	153,465	107,144
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	2,907	2,820
Continuing Health Care costs	3,480	2,972
Other	0	528
Total value of disputed claims	<u>159,852</u>	<u>113,464</u>
Amounts recovered in the event of claims being successful	150,297	103,389
Net contingent liability	<u>9,555</u>	<u>10,075</u>

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.

Contingent Liability - CHC

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 has resulted in a large increase in the number of claims registered this financial year.

The 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 £3.62m provision made for probable continuing care costs relating to 150 claims received;

Note 18.1 sets out the £3.48m contingent liability for possible continuing care costs relating to 141 claims received;

However, in addition the LHB has a further 141 claims, which were received by the 31st July 2014 deadline, for which the assessment process has not yet been completed. 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.

18.2 Remote Contingent liabilities

	2015-16 £'000	2014-15 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	1,403	1,347
Letters of Comfort	0	0
Total	<u>1,403</u>	<u>1,347</u>

18.3 Contingent assets

	2015-16 £'000	2014-15 £'000
	0	0
	0	0
	0	0
Total	<u>0</u>	<u>0</u>

19. Capital commitments

Contracted capital commitments at 31 March

	2015-16 £'000	2014-15 £'000
Property, plant and equipment	612	1,439
Intangible assets	0	0
Total	<u>612</u>	<u>1,439</u>

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 2016		Approved to write-off to 31 March 2016	
	Number	£	Number	£
Clinical negligence	104	8,847,716	44	6,504,852
Personal injury	53	1,335,733	31	670,980
All other losses and special payments	193	409,725	150	358,423
Total	350	10,593,174	225	7,534,255

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

Cases exceeding £300,000 Case Ref	Case Type	Amounts	Cumulative	Approved to
		paid out in year £	amount £	write-off in year £
03RRSPI0020	Personal Injury	44,515	545,923	0
05RRSMN0014	Clinical Negligence	0	3,550,000	3,550,000
05RRSMN0039	Clinical Negligence	75,000	415,800	0
07RRSMN0006	Clinical Negligence	1,100,000	1,318,899	0
08RVEMN0013	Clinical Negligence	900,000	900,000	0
09RVEMN0017	Clinical Negligence	9,300	944,619	0
10RYLMN0030	Clinical Negligence	0	3,193,767	0
10RYLMN0071	Clinical Negligence	0	387,876	0
10RYLMN0100	Clinical Negligence	0	534,250	534,250
10RYLMN0123	Clinical Negligence	67,442	309,142	309,142
11RYLMN0096	Clinical Negligence	0	335,000	335,000
12RYLMN0002	Clinical Negligence	770,000	800,000	0
12RYLMN0004	Clinical Negligence	150,000	490,000	0
12RYLMN0047	Clinical Negligence	770,066	770,066	0
12RYLMN0065	Clinical Negligence	273,500	303,500	0
13RYLMN0011	Clinical Negligence	695,664	845,665	0
13RYLPI0024	Personal Injury	342,500	350,000	0
14RYLMN0200	Clinical Negligence	300,880	300,880	0
15RYLMN0025	Clinical Negligence	450,000	475,000	0
97RVEMN0001	Clinical Negligence	67,000	1,122,000	0
Sub-total		6,015,867	17,892,386	4,728,392
All other cases		4,577,307	8,949,640	2,805,863
Total cases		10,593,174	26,842,026	7,534,255

21. Cash and cash equivalents

	2015-16 £000	2015-16 £000	2014-15 £000	2014-15 £000
	Cwm Taf	Total	Cwm Taf	Total
Balance at 1 April	309	1,110	130	293
Net change in cash and cash equivalent balances	(48)	52	179	817
Balance at 31 March	<u>261</u>	<u>1,162</u>	<u>309</u>	<u>1,110</u>
Made up of:				
Cash held at GBS	129	1,030	226	1,027
Commercial banks	116	116	67	67
Cash in hand	16	16	16	16
Current Investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	<u>261</u>	<u>1,162</u>	<u>309</u>	<u>1,110</u>
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	<u>261</u>	<u>1,162</u>	<u>309</u>	<u>1,110</u>

22. Other Financial Assets

	Current		Non-current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £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 (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

23. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£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,

	2015-16	2015-16	31 March 2016	31 March 2016
	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	66	588,789	41	72
WHSSC (see below)	58,131	6,456	865	209
NHS Trusts				
Public Health Wales	354	1,667	57	1,134
Velindre	15,147	3,667	2,393	699
Welsh Ambulance Services	1,181	43	104	53
Local Health Boards				
ABMU	5,690	6,225	593	1,386
Aneurin Bevan	1,108	19,644	227	726
Betsi Cadwaladr	59	46	24	12
Cardiff & Vale	24,113	8,816	2,125	1,073
Hywel Dda	337	258	29	46
Powys	240	1,663	224	87
TOTAL	106,426	637,274	6,682	5,497

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	9,580	4,731	2,689	1,281
Merthyr Tydfil County Borough Council	2,257	951	791	155

The LHB has also received revenue payments from Cwm Taf NHS Charitable Funds totalling £0.200m (£0.225m in 2014-15) 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	Husband is employee of Welsh Ambulance Services Trust
Mr Steven Webster	Director of Finance & Procurement Deputy Chief Executive	Portsmouth NHS Trust
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 Macmillan Cancer Support Merthyr Tydfil
Professor Donna Mead	Vice Chair	Honorary Chair of Cardiff University Trustee of St John Cymru
Mr Geoffrey Bell	Independent Member	Treasurer and Trustee of Interlink
Cllr Michael Forey	Independent Member	Councillor of Rhondda Cynon Taf County Borough Council
Dr. Chris Turner	Independent Member	Senior Professional Fellow (Honorary) of Cardiff University
Mrs Maria Thomas	Independent Member	Trustee on Voluntary Action Merthyr Tydfil Board Macmillan Cancer Support Merthyr Tydfil Cancer Aid Merthyr Ltd
Mrs Gaynor Jones	Independent Member	Elected Chair of Welsh Royal College of Nursing

Total value of transactions with these related parties:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Cardiff University	677	285	247	44
Interlink RCT	152	0	0	0
Merthyr & the Valley's Mind	251	0	125	0
Crossroads Care Cwm Taf	20	0	0	0
Voluntary Action Merthyr Tydfil	328	0	70	0
Macmillan Cancer Support Merthyr Tydfil	0	24	0	6
St John Cymru	27	0	0	0
Cancer Aid Merthyr Ltd	20	0	0	0
Dragon Savers Credit Union	3	0	0	0
Portsmouth NHS Trust	141	4	9	0
Royal College of Nursing	7	0	0	0

24. Related Party Transactions (continued)

Welsh Health Specialised Services and Emergency Ambulance Services

WHSSC and EASC are statutory 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 2015/2016, 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 2015/2016 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	112,361	108,431	58,098	117,540	72,851	31,131	146,240	646,652

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

	£000's
Cardiff and Vale LHB	190,559
Aneurin Bevan LHB	3,280
Betsi Cadwalladr LHB	37,715
Abertawe Bro Morgannwg LHB	93,797
Cwm Taf UHB	6,058
Hywel Dda LHB	756
Powys LHB	184
Public Health Wales NHS Trust	48
Velindre NHS Trust	32,799
Welsh Ambulance Services NHS Trust	129,349
Total Welsh Organisations as per Note 3.2 and analysed in the Segmental Analysis in Note 36	494,545

Members of the Joint Committees for 2015/2016

LHB Chief Executives have voting rights on the committee while Trust Chief Executives are associate members only
During 2015/2016 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 Shillibeer	Member	Chief Executive Powys Teaching LHB
Professor Trevor Purt	Member until June 2015	Chief Executive Betsi Cadwalladr UHB
Mr Simon Dean	Member until February 2016	Interim Chief Executive Betsi Cadwalladr UHB
Mr Gary Doherty	Member from February 2016	Chief Executive Betsi Cadwalladr UHB
Mrs Allison Williams	Member	Chief Executive Cwm Taf UHB
Mr Adam Cairns	Member	Chief Executive Cardiff and Vale UHB
Mr Steve Moore	Member	Chief Executive Hywel Dda UHB
Mr Paul Roberts	Member	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

Mrs 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)
Mr Simon Smail	Associate Member until March 2016	Independent Board Member, Public Health Wales NHS Trust (WHSSC only)
Ms Tracey Myhill	Associate Member	Chief Executive, Welsh Ambulance Services NHS Trust (EASC only)

Members With a Declared Interest

Mrs Maria Thomas		Independent Board Member, Cwm Taf UHB (WHSSC only)
Mr Chris Tillson	Member until March 2016	Independent Board Member, Betsi Cadwalladr UHB (WHSSC only)
Ms Sian Marie James		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 £22,870 cash at bank and in hand at 31 March 2016 (31 March 2015, £7,421) 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 2016 (31 March 2015, £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 2016 £000	31 March 2015 £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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>

26.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	31 March 2016 £000	31 March 2015 £000
Minimum lease payments		
Within one year	31	31
Between one and five years	65	88
After five years	0	0
Less finance charges allocated to future periods	(9)	(11)
Minimum lease payments	<u>87</u>	<u>108</u>
Included in:		
Current borrowings	26	26
Non-current borrowings	<u>61</u>	<u>82</u>
	<u>87</u>	<u>108</u>

Present value of minimum lease payments

Within one year	26	26
Between one and five years	61	82
After five years	0	0
Present value of minimum lease payments	<u>87</u>	<u>108</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

Other

	31 March 2016 £000	31 March 2015 £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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

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	31 March
	2016	2015
	£000	£000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

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 2016 £000	31 March 2015 £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	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	0	0

27.2 PFI schemes on-Statement of Financial Position

Capital value of schemes included in Fixed Assets Note 11 £000

Staff Residences - Royal Glamorgan Hospital

1,536

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. A project agreement was entered into with Charter Housing Association on the 9th October 1998

£000

Combined Heat and Power Plant-Prince Charles Hospital

1,437

Contract start date:

01/04/2004

Contract end date:

31/03/2029

Scheme Description

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 31 March 2016 £000	On SoFP PFI Imputed interest 31 March 2016 £000	On SoFP PFI Service charges 31 March 2016 £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	<u>1,307</u>	<u>138</u>	<u>2,851</u>
Total future payments in relation to PFI contracts	2,037	400	4,680

	On SoFP PFI Capital element 31 March 2015 £000	On SoFP PFI Imputed interest 31 March 2015 £000	On SoFP PFI Service charges 31 March 2015 £000
Total payments due within one year	130	69	366
Total payments due between 1 and 5 years	573	221	1,463
Total payments due thereafter	<u>1,464</u>	<u>179</u>	<u>3,217</u>
Total future payments in relation to PFI contracts	2,167	469	5,046

Total present value of obligations for on-SoFP PFI contracts 0

27.3 Charges to expenditure

	2015-16	2014-15
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	385	373
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	385	373

The LHB is committed to the following annual charges

	31 March 2016	31 March 2015
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	366	366
Total	366	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
	On /off statement of financial position	
PFI Contract		
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	2015-16
	£'000
Rhondda Cynon Taf County Borough Council	988
Merthyr Tydfil County Borough Council	175
Bridgend County Borough Council	569
Abertawe Bro Morgannwg University Local Health Board	623
Cwm Taf University Local Health Board	190
Total Partners Funding	2,545
Other Income Received	109
Total Funding	2,654
Expenditure	
Provision of community equipment services within Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Boroughs.	2,625
Pooled Budget surplus carried forward to 2016-17	29

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

	2015-16	2015-16	2014-15	2014-15
	£000	£000	£000	£000
	Cwm Taf	Total	Cwm Taf	Total
(Increase)/decrease in inventories	180	180	(452)	(452)
(Increase)/decrease in trade and other receivables - non - current	7,292	7,292	(3,362)	(3,362)
(Increase)/decrease in trade and other receivables - current	(20,835)	(23,237)	(4,612)	(6,629)
Increase/(decrease) in trade and other payables - non - current	(156)	(156)	(155)	(155)
Increase/(decrease) in trade and other payables - current	17,439	19,941	2,607	5,262
Total	3,920	4,020	(5,974)	(5,336)
Adjustment for accrual movements in fixed assets -creditors	(292)	(292)	2,113	2,113
Adjustment for accrual movements in fixed assets -debtors	0	0	(365)	(365)
Other adjustments	151	151	154	154
	3,779	3,879	(4,072)	(3,434)

31. Other cash flow adjustments

	2015-16	2015-16	2014-15	2014-15
	£000	£000	£000	£000
Depreciation	15,254	15,254	14,114	14,114
Amortisation	401	401	24	24
(Gains)/Loss on Disposal	0	0	2	2
Impairments and reversals	(5,823)	-5,823	(6,091)	(6,091)
Release of PFI deferred credits	0	0	0	0
Donated assets received credited to revenue but non-cash	(3)	(3)	(20)	(20)
Government Grant assets received credited to revenue but non-cash	(58)	(58)	0	0
Non-cash movements in provisions	18,130	18,130	21,993	21,993
Total	27,901	27,901	30,022	30,022

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)

The Emergency Ambulance Services Committee was set up on the 1st April 2014 taking responsibility for planning and securing the provision of emergency ambulance services. This function had previously been undertaken by the Welsh Health Specialised Services Committee.

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	139,082	0	0	0	139,082
Expenditure on healthcare from other providers	141,235	524,191	118,249	-64,155	719,520
Expenditure on hospital and community health services	393,459	4,073	345	-328	397,549
	<u>673,776</u>	<u>528,264</u>	<u>118,594</u>	<u>-64,483</u>	<u>1,256,151</u>
Less: Miscellaneous Income	-79,656	-528,264	-118,594	64,483	-662,031
LHB net operating costs before interest and other gains and 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	<u>594,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>594,251</u>

Net Assets 2015-16

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	335,585	0	0	0	335,585
Total current assets	67,731	16,265	105	-1,074	83,027
Total current liabilities	-131,990	-28,107	-105	1,074	-159,128
Total non-current liabilities	-9,849	0	0	0	-9,849
Total assets employed	<u>261,477</u>	<u>-11,842</u>	<u>0</u>	<u>0</u>	<u>249,635</u>
Total taxpayers' equity	<u>261,477</u>	<u>-11,842</u>	<u>0</u>	<u>0</u>	<u>249,635</u>

Operating Costs 2014-15

	Healthcare activities	WHSSC	EASC	Inter-segment transactions	Cwm Taf LHB Total
	£'000	£'000	£'000	£'000	£'000
Expenditure on primary healthcare services	137,847	0	0	0	137,847
Expenditure on healthcare from other providers	136,533	504,855	118,832	-68,628	691,592
Expenditure on hospital and community health services	377,116	3,963	147	-224	381,002
	<u>651,496</u>	<u>508,818</u>	<u>118,979</u>	<u>-68,852</u>	<u>1,210,441</u>
Less: Miscellaneous Income	-72,996	-508,818	-118,979	68,852	-631,941
LHB net operating costs before interest and other gains and losses	578,500	0	0	0	578,500
Investment Income	0	0	0	0	0
Other (Gains) / Losses	2	0	0	0	2
Finance costs	153	0	0	0	153
Net operating costs for the financial year	<u>578,655</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>578,655</u>

Net Assets 2014-15

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	327,263	0	0	0	327,263
Total current assets	52,815	13,596	56	-858	65,609
Total current liabilities	-96,548	-25,438	-56	858	-121,184
Total non-current liabilities	-17,019	0	0	0	-17,019
Total assets employed	<u>266,511</u>	<u>-11,842</u>	<u>0</u>	<u>0</u>	<u>254,669</u>
Total taxpayers' equity	<u>266,511</u>	<u>-11,842</u>	<u>0</u>	<u>0</u>	<u>254,669</u>

34. Other Information

None

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

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

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

Date.....2016 Chief Executive

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

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

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

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

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

By Order of the Board

Signed:

Chairman: Dated:2016

Chief Executive: Dated:2016

Director of Finance: Dated:2016

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