

ANEURIN BEVAN UNIVERSITY 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.

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 took place at the end of 2016-17.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Expenditure on Primary Healthcare Services	3.1	262,060	253,163
Expenditure on healthcare from other providers	3.2	334,735	324,394
Expenditure on Hospital and Community Health Services	3.3	666,452	658,945
		1,263,247	1,236,502
Less: Miscellaneous Income	4	(93,786)	(93,298)
LHB net operating costs before interest and other gains and losses		1,169,461	1,143,204
Investment Revenue	5	21	22
Other (Gains) / Losses	6	1	(164)
Finance costs	7	791	823
Net operating costs for the financial year		1,170,232	1,143,841

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

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

Other Comprehensive Net Expenditure

	2017-18 £'000	2016-17 £'000
Net gain / (loss) on revaluation of property, plant and equipment	12,932	2,895
Net gain / (loss) on revaluation of intangibles	0	0
Net gain / (loss) on revaluation of available for sale financial assets	0	0
(Gain) / loss on other reserves	0	0
Impairment and reversals	0	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0
Other comprehensive net expenditure for the year	12,932	2,895
Total comprehensive net expenditure for the year	1,157,300	1,140,946

Statement of Financial Position as at 31 March 2018

		31 March 2018 £'000	31 March 2017 £'000
	Notes		
Non-current assets			
Property, plant and equipment	11	531,870	479,410
Intangible assets	12	2,704	2,456
Trade and other receivables	15	52,193	33,500
Other financial assets	16	693	724
Total non-current assets		587,460	516,090
Current assets			
Inventories	14	7,056	7,002
Trade and other receivables	15	76,536	63,011
Other financial assets	16	32	31
Cash and cash equivalents	17	1,606	3,783
		85,230	73,827
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		85,230	73,827
Total assets		672,690	589,917
Current liabilities			
Trade and other payables	18	(130,953)	(130,354)
Other financial liabilities	19	0	0
Provisions	20	(42,955)	(30,143)
Total current liabilities		(173,908)	(160,497)
Net current assets/ (liabilities)		(88,678)	(86,670)
Non-current liabilities			
Trade and other payables	18	(6,017)	(6,773)
Other financial liabilities	19	0	0
Provisions	20	(60,573)	(43,655)
Total non-current liabilities		(66,590)	(50,428)
Total assets employed		432,192	378,992
Financed by :			
Taxpayers' equity			
General Fund		316,574	273,293
Revaluation reserve		115,618	105,699
Total taxpayers' equity		432,192	378,992

The financial statements on pages 2 to 7 were approved by the Board on 31 May 2018 and signed on its behalf by:

Chief Executive

Judith Papet

Date *31.5.18*

31st May 2018

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

Statement of Changes in Taxpayers' Equity **For the year ended 31 March 2018**

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 1 April 2017	273,293	105,699	378,992
Net operating cost for the year	(1,170,232)		(1,170,232)
Net gain/(loss) on revaluation of property, plant and equipment	0	12,932	12,932
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Movements in other reserves	0	0	0
Transfers between reserves	3,013	(3,013)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2017-18	(1,167,219)	9,919	(1,157,300)
Net Welsh Government funding	1,210,500		1,210,500
Balance at 31 March 2018	316,574	115,618	432,192

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

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

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

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

Statement of Cash Flows for year ended 31 March 2018

	2017-18 £'000	2016-17 £'000
Cash Flows from operating activities		
Net operating cost for the financial year	(1,170,232)	(1,143,841)
Movements in Working Capital	27 (27,656)	(11,336)
Other cash flow adjustments	28 51,613	48,268
Provisions utilised	20 (11,272)	(14,338)
Net cash outflow from operating activities	(1,157,547)	(1,121,247)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(53,631)	(25,595)
Proceeds from disposal of property, plant and equipment	126	176
Purchase of intangible assets	(936)	(1,535)
Proceeds from disposal of intangible assets	0	0
Payment for other financial assets	0	0
Proceeds from disposal of other financial assets	0	0
Payment for other assets	0	0
Proceeds from disposal of other assets	0	0
Net cash inflow/(outflow) from investing activities	(54,441)	(26,954)
Net cash inflow/(outflow) before financing	(1,211,988)	(1,148,201)
Cash Flows from financing activities		
Welsh Government funding (including capital)	1,210,500	1,150,317
Capital receipts surrendered	0	0
Capital grants received	0	0
Capital element of payments in respect of finance leases and on-SoFP	(689)	(628)
Cash transferred (to)/ from other NHS bodies	0	0
Net financing	1,209,811	1,149,689
Net increase/(decrease) in cash and cash equivalents	(2,177)	1,488
Cash and cash equivalents (and bank overdrafts) at 1 April 2017	3,783	2,295
Cash and cash equivalents (and bank overdrafts) at 31 March 2018	1,606	3,783

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

Notes to the Accounts

1. Accounting policies

The Cabinet Secretary for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2017-18 Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently 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 2017-18 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

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

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

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

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

Subsequent expenditure

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

1.7 Intangible assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale 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 of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Net Expenditure.

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

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

1.11.2 The Local Health Board as lessor

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

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

1.12 Inventories

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

1.13 Cash and cash equivalents

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

1.14 Provisions

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

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

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

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

1.14.1 Clinical negligence and personal injury costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2017-18. The WRP is hosted by Velindre NHS Trust.

1.15 Financial assets

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

1.15.1 Financial assets are initially recognised at fair value

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

1.15.2 Financial assets at fair value through SoCNE

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

1.15.3 Held to maturity investments

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

1.15.4 Available for sale financial assets

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

1.15.5 Loans and receivables

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

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

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

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

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

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

1.16 Financial liabilities

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

1.16.1 Financial liabilities are initially recognised at fair value

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

1.16.2 Financial liabilities at fair value through the Statement of Comprehensive Net Expenditure

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

1.16.3 Other financial liabilities

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

1.17 Value Added Tax

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

1.18 Foreign currencies

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

1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 29 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 32.

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

Monmouthshire County Council - Monnow Vale Health and Social Care Unit

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

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

The property in which the unit is housed has been provided by a Private Finance Partner; the contract with the PFI partner is for 30 years and is categorised as an on balance sheet PFI scheme with the HB recognising 71% of the property - see Note 32 of these accounts for further details.

The five Local Authorities in Gwent - Gwent Wide Integrated Community Equipment Service

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

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

Monmouthshire County Council - Mardy Park Rehabilitation Centre

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

The five Local Authorities in Gwent - Gwent Frailty Programme

Funds are pooled for the purpose of establishing a consistent service across Gwent. The pool is hosted by Caerphilly County Borough Council, as lead commissioner. The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Caerphilly County Borough Council, are accounted for as expenditure within these accounts. Additional information is provided in Note 32.

1.22 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.23 Key sources of estimation uncertainty

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

The Health Board has provided for some £94m (£63m 2016/17) within note 20 in respect of potential clinical negligence and personal injury claims and associated defence fees. These provisions have been arrived at on the advice of NHS Wales Shared Services Partnership - Legal & Risk Services. Given the nature of such claims this figure could be subject to significant change in future periods. However, the potential financial effect of such uncertainty is mitigated by the fact that the LHB's ultimate liability in respect of individual cases is capped at £0.025m, with amounts above this excess level being reimbursed by the Welsh Risk Pool.

The Health Board has estimated a liability of £4m (£5m 2016/17) in respect of retrospective claims for Continuing Health Care funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing health care and the actual costs incurred by individuals in care homes. The provision is based on information made available to the Health Board at the time of these accounts and could be subject to significant change as outcomes are determined. Aneurin Bevan University Local Health Board has reviewed its portfolio of outstanding claims for continuing healthcare and made an assessment of likely financial liability based on an estimated success factor, eligibility factor and expected weekly average costs of claims. The assumptions have been derived by reviewing a sample of claims.

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

1.24 Private Finance Initiative (PFI) transactions

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

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

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

Services received

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

PFI asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17.

Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the LHBs approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

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

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

Other assets contributed by the LHB to the operator

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

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

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

Other PFI arrangements off Statement of Financial Position

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

Joint PFI contract

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

1.25 Contingencies

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

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

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

1.26 Carbon Reduction Commitment Scheme

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

1.27 Absorption accounting

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

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

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

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS 9 Financial Instruments

IFRS14 Regulatory Deferral Accounts

IFRS15 Revenue from contracts with customers

IFRS 16 Leases

1.29 Accounting standards issued that have been adopted early

During 2017-18 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30 Charities

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

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

2. Financial Duties Performance

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

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is 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) was at the end of 2016-17, being the first 3 year period of assessment.

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2015-16 £'000	2016-17 £'000	2017-18 £'000	Total £'000
Net operating costs for the year	1,087,732	1,143,841	1,170,232	3,401,805
Less general ophthalmic services expenditure and other non-cash limited expenditure	(7,394)	(1,525)	(1,743)	(10,662)
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	1,080,338	1,142,316	1,168,489	3,391,143
Revenue Resource Allocation	1,080,552	1,142,365	1,168,735	3,391,652
Under /(over) spend against Allocation	214	49	246	509

Aneurin Bevan University LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2015-16 to 2017-18.

The Health Board did not receive any repayable brokerage during the year.

2.2 Capital Resource Performance

	2015-16 £'000	2016-17 £'000	2017-18 £'000	Total £'000
	£'000	£'000	£'000	£'000
Gross capital expenditure	14,315	34,097	50,648	99,060
Add: Losses on disposal of donated assets	2	5	11	18
Less NBV of property, plant and equipment and intangible assets disposed	(110)	(12)	(127)	(249)
Less capital grants received	0	0	(8)	(8)
Less donations received	(228)	(335)	(126)	(689)
Charge against Capital Resource Allocation	13,979	33,755	50,398	98,132
Capital Resource Allocation	14,068	33,797	50,476	98,341
(Over) / Underspend against Capital Resource Allocation	89	42	78	209

The LHB met its financial duty to break-even against its Capital Resource Limit over the 3 years 2015-16 to 2017-18.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2017-18 to 2019-20 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 2017-18 to 2019-20 in accordance with NHS Wales Planning Framework.

**2017-18
to
2019-20**

The Cabinet Secretary for Health and Social Services approval status

Approved

The LHB has therefore met its statutory duty to have an approved financial plan for the period 2017-18 to 2019-20.

The LHB also met its statutory duty to have an approved financial plan for 2016/17.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2017-18 Total £'000	2016-17 £'000
General Medical Services	92,959		92,959	84,072
Pharmaceutical Services	29,025	(4,980)	24,045	23,890
General Dental Services	35,362		35,362	34,845
General Ophthalmic Services	1,958	6,723	8,681	8,401
Other Primary Health Care expenditure	2,849		2,849	2,531
Prescribed drugs and appliances	98,164		98,164	99,424
Total	260,317	1,743	262,060	253,163

3.2 Expenditure on healthcare from other providers

	2017-18 £'000	2016-17 £'000
Goods and services from other NHS Wales Health Boards	54,347	54,639
Goods and services from other NHS Wales Trusts	25,172	22,873
Goods and services from other non Welsh NHS bodies	8,242	8,024
Goods and services from WHSSC / EASC	132,044	126,349
Local Authorities	26,577	25,532
Voluntary organisations	6,438	5,427
NHS Funded Nursing Care	8,903	6,403
Continuing Care	70,408	68,123
Private providers	2,229	6,935
Specific projects funded by the Welsh Government	0	0
Other	375	89
Total	334,735	324,394

Local Authorities expenditure relates to the following bodies:

	£'000	£'000
Blaenau Gwent County Borough Council	1,128	1,012
Caerphilly County Borough Council	14,383	14,279
Monmouthshire County Borough Council	2,757	2,109
Newport City Council	3,709	4,029
Torfaen County Borough Council	4,382	4,079
Gloucestershire County Council	218	24
	26,577	25,532

Note 3.1 - Expenditure on Primary Healthcare Services

The General Medical Services expenditure includes £6,220k (2016/17 £6,497k) in relation to staff salaries, the General Dental Services expenditure includes £3,008k (2016/17 £3,497k) in relation to staff salaries, and the Prescribed Drugs & Appliances expenditure includes £398k (2016/17 £383k) in relation to staff salaries.

3.3 Expenditure on Hospital and Community Health Services

	2017-18 £'000	2016-17 £'000
Directors' costs	1,938	1,947
Staff costs	504,130	486,875
Supplies and services - clinical	91,785	87,254
Supplies and services - general	12,958	13,684
Consultancy Services	719	606
Establishment	8,403	8,331
Transport	1,522	1,795
Premises	24,466	24,105
External Contractors	0	0
Depreciation	23,487	23,031
Amortisation	688	496
Fixed asset impairments and reversals (Property, plant & equipment)	(13,431)	2,054
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	409	412
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	2,866	2,275
Research and Development	0	0
Other operating expenses	6,512	6,080
Total	666,452	658,945

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

	2017-18 £'000	2016-17 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence	37,963	22,070
Personal injury	1,287	508
All other losses and special payments	141	36
Defence legal fees and other administrative costs	581	955
Gross increase/(decrease) in provision for future payments	39,972	23,569
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	80	(134)
Less: income received/due from Welsh Risk Pool	(37,186)	(21,160)
Total	2,866	2,275

The Health Board spent £1.5m (£1.3m 2016/17) on Research and Development. The majority of this spend relates to staff £1.2m (£1.046m 2016/17) which along with the non-staff spend is reflected under the various headings within note 3.3

Personal injury includes £1,118,806 (2016-17 £303,692) in respect of permanent injury benefits.

Note 3.4 includes £635,714 (£618,992 2016/17) relating to Redress cases which represents 78 (90 2016/17) cases where payments were made in year totalling £436,714 (£394,812 2016/17) including defence fees.

An additional provision has been created for a further 24 (29 2016/17) cases where an offer has been made or causation and breach have been proven with estimated costs of £199,000 (£224,110 2016/17).

4. Miscellaneous Income

	2017-18 £'000	2016-17 £'000
Local Health Boards	20,821	23,643
WHSSC /EASC	9,141	8,939
NHS trusts	6,468	6,434
Other NHS England bodies	2,369	2,199
Foundation Trusts	0	0
Local authorities	16,278	15,929
Welsh Government	1,429	1,111
Non NHS:		
Prescription charge income	0	0
Dental fee income	6,949	6,492
Private patient income	539	474
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	1,675	1,394
Other income from activities	953	794
Patient transport services	0	0
Education, training and research	10,975	10,869
Charitable and other contributions to expenditure	811	971
Receipt of donated assets	126	335
Receipt of Government granted assets	8	0
Non-patient care income generation schemes	140	146
NWSSP	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
Other income:		
Provision of laundry, pathology, payroll services	57	57
Accommodation and catering charges	3,048	2,810
Mortuary fees	252	244
Staff payments for use of cars	837	806
Business Unit	1,824	1,970
Other	9,086	7,681
Total	93,786	93,298

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 22.84% re personal injury claims

5. Investment Revenue

	2017-18 £000	2016-17 £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	21	22
Total	21	22

6. Other gains and losses

	2017-18 £000	2016-17 £000
Gain/(loss) on disposal of property, plant and equipment	(1)	164
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	(1)	164

7. Finance costs

	2017-18 £000	2016-17 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	480	528
contingent finance cost	303	278
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	783	806
Provisions unwinding of discount	8	17
Other finance costs	0	0
Total	791	823

8. Operating leases

LHB as lessee

See note below.

The LHB holds 1,151 leases in the current year. Of these, 1,090 leases will require payments within one year, 834 will require payments between 1 and 5 years and 10 will require payments in more than 5 years.

The leases mainly relate to equipment, property and a large number of lease cars and photocopiers.

Payments recognised as an expense	2017-18	2016-17
	£000	£000
Minimum lease payments	7,091	7,666
Contingent rents	0	0
Sub-lease payments	0	0
Total	7,091	7,666

Total future minimum lease payments

Payable	£000	£000
Not later than one year	4,801	5,048
Between one and five years	7,896	7,191
After 5 years	6,996	7,655
Total	19,693	19,894

LHB as lessor

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

Rental revenue	£000	£000
Rent	160	120
Contingent rents	0	0
Total revenue rental	160	120

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	139	120
Between one and five years	553	476
After 5 years	1,150	941
Total	1,842	1,537

LHB as lessee

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

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

9. Employee benefits and staff numbers**9.1 Employee costs**

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	£000	£000	£000	£000	£000	£000
Salaries and wages	408,127	1,972	17,818	0	427,917	407,200
Social security costs	39,645	0	0	0	39,645	40,530
Employer contributions to NHS Pension Scheme	48,452	0	0	0	48,452	47,245
Other pension costs	167	0	0	0	167	425
Other employment benefits	0	0	0	0	0	0
Termination benefits	110	0	0	0	110	161
Total	496,501	1,972	17,818	0	516,291	495,561
Charged to capital					598	291
Charged to revenue					515,693	495,270
					516,291	495,561
Net movement in accrued employee benefits (untaken staff leave accrual included above)					97	67

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	Number	Number	Number		Number	Number
Administrative, clerical and board members	2,038	16	10	0	2,064	1,961
Medical and dental	964	7	61	0	1,032	1,017
Nursing, midwifery registered	3,500	0	74	0	3,574	3,616
Professional, Scientific, and technical staff	413	9	6	0	428	646
Additional Clinical Services	2,394	0	2	0	2,396	1,846
Allied Health Professions	494	1	25	0	520	715
Healthcare Scientists	216	0	12	0	228	351
Estates and Ancillary	1,087	0	21	0	1,108	1,126
Students	1	0	0	0	1	0
Total	11,107	33	211	0	11,351	11,278

9.3. Retirements due to ill-health

During 2017-18 there were 15 early retirements from the LHB agreed on the grounds of ill-health (6 in 2016-17 - £464,176.99.) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £873,891.82.

9.4 Employee benefits

The LHB does not have an employee benefit scheme

9.5 Reporting of other compensation schemes - exit packages

	2017-18	2017-18	2017-18	2017-18	2016-17
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	1
£10,000 to £25,000	0	3	3	0	1
£25,000 to £50,000	0	1	1	0	2
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	1
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	4	4	0	5

	2017-18	2017-18	2017-18	2017-18	2016-17
Exit packages cost band (including any special payment element)	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	5,899
£10,000 to £25,000	0	66,537	66,537	0	17,789
£25,000 to £50,000	0	43,267	43,267	0	69,933
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	108,932
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	109,804	109,804	0	202,553

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 relate to exit packages agreed in year. The actual date of departure might be in a subsequent period and the expense in relation to the departure costs may have been accrued in a previous period. 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 2016/17 figures have been restated from £161,180 previously reported in the 2016/17 Annual Accounts to £202,553 in line with the revised guidance.

9.6 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 for the financial year 2017-18 was £200k - £205k (2016-17, £195k - £200k). This was 7.2 times (2016-17, 7.3) the median remuneration of the workforce, which was £28,005 (2016-17, £27,230).

The banded remuneration of the Chief Executive for the financial year 2017-18 was £195k - £200k (2016-17, £195k - £200k). This was 7.1 times (2016-17, 7.3) the median remuneration of the workforce.

In 2017-18, 14 (2016-17, 16) employees received remuneration in excess of the highest-paid director.

The workforce remuneration ranged from £15k to £254k (2016-17 £16k to £281k).

There has been a 2.8% increase in the median remuneration of the workforce due to the 1% pay award, incremental pay progression and workforce composition fluctuations.

Although the remuneration for the highest paid director has risen the ratio of pay against the median salary of the workforce has fallen from 7.3 to 7.2 due to the increase in the median remuneration. The Chief Executive's remuneration has remained static at £195k - £200k which has resulted in the ratio falling from 7.3 to 7.1 due the increase in the workforce median remuneration.

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

9.7 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme 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 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 employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

c) National Employment Savings Trust (NEST)

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

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

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

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 2% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 1% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,876 and £45,000 for the 2017-18 tax year (2016-17 £5,824 and £43,000).

Restrictions on the annual contribution were removed on 1st April 2017.

10. Public Sector Payment Policy - Measure of Compliance

10.1 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.

	2017-18	2017-18	2016-17	2016-17
	Number	£000	Number	£000
NHS				
Total bills paid	5,753	236,442	5,747	232,499
Total bills paid within target	5,577	236,043	5,593	232,018
Percentage of bills paid within target	96.9%	99.8%	97.3%	99.8%
Non-NHS				
Total bills paid	238,919	463,856	236,398	423,637
Total bills paid within target	231,316	450,017	227,815	414,278
Percentage of bills paid within target	96.8%	97.0%	96.4%	97.8%
Total				
Total bills paid	244,672	700,298	242,145	656,136
Total bills paid within target	236,893	686,060	233,408	646,296
Percentage of bills paid within target	96.8%	98.0%	96.4%	98.5%

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

	2017-18	2016-17
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	299	81
Total	299	81

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 2017	81,080	378,680	2,727	35,702	80,265	630	18,958	2,883	600,925
Indexation	0	0	0	0	0	0	0	0	0
Additions									
- purchased	0	5,421	275	35,387	5,488	2	2,963	41	49,577
- donated	0	0	0	0	126	0	0	0	126
- government granted	0	0	0	0	8	0	0	0	8
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	3,486	0	(3,486)	0	0	0	0	0
Revaluations	(3,230)	(14,966)	(268)	0	0	0	0	0	(18,464)
Reversal of impairments	313	(11,258)	129	0	0	0	0	0	(10,816)
Impairments	0	(1,965)	(288)	(3,253)	0	0	0	0	(5,506)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	(25)	(31)	0	0	(2,954)	0	(2,210)	(246)	(5,466)
At 31 March 2018	78,138	359,367	2,575	64,350	82,933	632	19,711	2,678	610,384
Depreciation at 1 April 2017	0	60,808	310	1,792	46,526	424	9,933	1,722	121,515
Indexation	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(31,183)	(213)	0	0	0	0	0	(31,396)
Reversal of impairments	0	(29,423)	(24)	0	0	0	0	0	(29,447)
Impairments	0	(233)	(73)	0	0	0	0	0	(306)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	(2)	0	0	(2,892)	0	(2,199)	(246)	(5,339)
Provided during the year	0	12,889	71	0	7,880	52	2,325	270	23,487
At 31 March 2018	0	12,856	71	1,792	51,514	476	10,059	1,746	78,514
Net book value at 1 April 2017	81,080	317,872	2,417	33,910	33,739	206	9,025	1,161	479,410
Net book value at 31 March 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	531,870
Net book value at 31 March 2018 comprises :									
Purchased	75,062	344,561	2,504	62,558	30,498	156	9,644	908	525,891
Donated	3,076	1,920	0	0	905	0	8	24	5,933
Government Granted	0	30	0	0	16	0	0	0	46
At 31 March 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	531,870
Asset financing :									
Owned	78,138	334,794	2,504	62,558	31,148	156	9,652	932	519,882
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	11,717	0	0	271	0	0	0	11,988
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	531,870

The net book value of land, buildings and dwellings at 31 March 2018 comprises :

	£000
Freehold	415,185
Long Leasehold	11,968
Short Leasehold	0
	427,153

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition. LHBs are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

11.1 Property, plant and equipment

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

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

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

11. Property, plant and equipment (continued)

Notes on property, plant and equipment

i) Assets donated in the year were purchased from donated charitable funds and a grant of £7.5k received from the Bevan Commission.

ii) Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. The carrying value of tangible fixed assets is reviewed for impairment in periods if events or circumstances indicate that the carrying value may not be recoverable.

Land and buildings have been restated to current value using the professional valuations carried out by the District Valuer Service (DVS) which is the commercial arm of the Valuation Office Agency. The valuations were carried out as at the 1st April 2017 as part of the 5 yearly revaluation programme. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation manual insofar as these terms are consistent with the agreed requirements of the Welsh Government and HM Treasury. Due to the in-year valuation no indexation has been applied to these assets.

In addition, in 2017-18 there have been separate revaluations for three assets under construction coming into use relating to the refurbishment and expansion of the Neonatal Intensive Care Unit Scheme at Royal Gwent Hospital, the Generator Replacement Scheme at Royal Gwent Hospital and the Upgrade to Ward 4:2 at Neville Hall Hospital.

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

Short life engineering plant and equipment - 5 years

Medium life engineering plant and equipment - 7 years

Long Life engineering plant and equipment - 15 years

Private vehicles - 7 years

Commercial vehicles - 10 years

Soft furniture and fittings - 5 years

Other furniture and fittings - 10 years

IT hardware - 5 years

Short life medical and other equipment - 5 years

Medium life medical equipment - 7 years

Long life medical equipment - 15 years

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

iv) During the year the UHB has received Non Cash Allocation from the Welsh Government for assets impaired during the period and this allocation is included in our Revenue Resource Limit.

v) Impairment provisions have been made where valuations from the DVS indicate that the carrying value of the assets are above the current valuation. In 2017-18 impairment provisions have been made in respect of: assets impaired as part of the quinquennial valuation exercise;

the three Assets Under Construction impaired on coming into use at RGH and NHH;

the Grange University Hospital Asset Under Construction for the write off of tendering costs associated with the original Full Business Case submission to Welsh Government in October 2015.

vi) IFRS 13 Fair value measurement – The Health Board is required to assess whether it owns any surplus assets which have no sale restrictions and plans for future use to comply with IFRS 13. There are no assets classed as surplus at the balance sheet date. Fochriw Clinic, the only Health Board asset classed as surplus within the 2016-17 accounts, has been disposed of during the 2017-18 financial year.

vii) The GCRC of fully depreciated equipment assets as at 31/03/2018 is £29,196K.

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

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2017	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2018	0	0	0	0	0	0
Balance brought forward 1 April 2016	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2017	0	0	0	0	0	0

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 2017	1,570	0	2,328	0	0	0	3,898
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	39	0	897	0	0	0	936
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	(63)	0	0	0	(63)
Gross cost at 31 March 2018	1,609	0	3,162	0	0	0	4,771
Amortisation at 1 April 2017	835	0	607	0	0	0	1,442
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	223	0	465	0	0	0	688
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	(63)	0	0	0	(63)
Amortisation at 31 March 2018	1,058	0	1,009	0	0	0	2,067
Net book value at 1 April 2017	735	0	1,721	0	0	0	2,456
Net book value at 31 March 2018	551	0	2,153	0	0	0	2,704
At 31 March 2018							
Purchased	525	0	2,153	0	0	0	2,678
Donated	26	0	0	0	0	0	26
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2018	551	0	2,153	0	0	0	2,704

12. Intangible non-current assets

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

Additional disclosures re Intangible Assets

The opening balance comprised:

1. E-rostering Software programme net book value £0K with a remaining life of 0 years;
2. Medical records software licences net book value £0K with a remaining life of 0 years;
3. Licences for Ysbyty Ystrad Fawr for Microsoft Office and Patient Call net book value of £0K with a remaining life of 0 years;
4. Desktop software £0K with a remaining life of 0 years;
5. HSDU tracking software £0K with a remaining life of 0 years;
6. Kodak scanner software £5K with a remaining life 0 years;
7. Microsoft office and related software net book value £40K with a remaining life of 0.75 years;
8. Desktop software net book value £48K with a remaining life of 2 years;
9. Encryption and End Point Security Software £9K with a remaining life of 1.75 years;
10. Clinical Application Assurance Tool software £14K with a with a remaining life of 1.75 years;
11. Endoscopy Reporting System software £43K with a with a remaining life of 2 years;
12. Microsoft EA Licences £331K with a with a remaining life of 2 years;
13. Anti Virus Software £25K with a with a remaining life of 1.75 years;
14. DHR E Forms Workflow software £28K with a remaining life of 2 years;
15. Other software net book value £28K with a remaining life of 0 to 3 years;
16. WEDS software £97K with a 3 year life;
17. Clinical Applications Database software £15K with a 3 year life;
18. Adastra software £18K with a 3 year life;
19. Medispeech transcription licences £7K with a 3 year life;
20. ECI Licences £372K with a 3.5 year life;
21. Digital Reminiscence Therapy Software £34K with a 3.5 to 4 year life;
22. Value Software Licence £356K with a 4 year life;
23. E-Prescribing Software £58K with a 4 year life;
24. Simul8 Software Licences £25K with 4 year life;
25. Clinisys Labcentre Interface £15K with a 4 year life;
26. Digital Dictation Licences £105K with a 4 year life;
27. Room Utilisation Software £18K with a 4 year life;
28. Cardiac Measurement Software Licence £15K with a 4 year life;
29. MH Prescribing System £19K with a 4 year life;
30. EBME Management Software £24K with a 4 year life;
31. Pharmacy Software Upgrade £16K with a 4 year life;
32. Aura Foundation Suite Licences £2K with a 3.75 year life.

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

Additions during the year comprised:

1. Various Cyber Security Software & Licences £206K with a with a 4.5 to 5 year life;
2. E Learning Software £25K with a 5 year life;
3. Business Intelligence Licences £312K with a 5 year life;
4. Value Programme Licences £400k with a 5 year life.

13 . Impairments

	2017-18		2016-17	
	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 (specify)	10,928	0	2,163	0
Reversal of impairments	(18,631)	0	(109)	0
Total of all impairments	(7,703)	0	2,054	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(13,431)	0	2,054	0
Charged to Revaluation Reserve	5,728	0	0	0
	(7,703)	0	2,054	0

Impairments

2017-2018	Impairment amount £000	Reason for impairment £000	Nature of Asset £000	Valuation basis £000	Charge to SoCNE £000	Charge to Reserve £000
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IMPAIRMENTS

Others

Royal Gwent - Refurbishment of NICU Ward and Generator Replacement Scheme	1,121	Assets Valued on Coming Into Use	Operational	Fair value	1,121	0
Neville Hall Hospital - Upgrade to Ward 4:2	15	Assets Valued on Coming Into Use	Operational	Fair value	15	0
Quinquennial District Valuer Revaluation Exercise	6,539	DV Revaluation	Operational	Fair value	811	5,728
Impairment to Grange University Hospital AUC	3,253	Other	AUC	Cost	3,253	0

Total impairment	10,928				5,200	5,728
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REVERSAL OF IMPAIRMENTS

Changes in market price

Ysbty Aneurin Bevan	(3,082)	Reversal of impairment in prior years	Operational assets	Indexation	(3,082)	0
Ysbty Ystrad Fawr	(12,664)				(12,664)	0
Serennu Childrens Centre	(801)				(801)	0
Royal Gwent	(1,537)				(1,537)	0
Llanfrechfa Grange	(90)				(90)	0
St Cadocs Hospital	(338)				(338)	0
Various Community Sites	(119)				(119)	0
Total reversal of impairments	(18,631)				(18,631)	0

Net credit to SoCNE	(7,703)				(13,431)	5,728
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14.1 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	2,442	2,251
Consumables	4,391	4,531
Energy	223	220
Work in progress	0	0
Other	0	0
Total	7,056	7,002
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2018 £000	31 March 2017 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

In line with the 2015-16 revised guidance this section only relates to Health Bodies that purchase assets to sell and as such does not apply to Aneurin Bevan University Health Board.

15. Trade and other Receivables

Current	31 March 2018 £000	31 March 2017 £000
Welsh Government	989	90
WHSSC / EASC	311	0
Welsh Health Boards	3,670	2,714
Welsh NHS Trusts	702	380
Non - Welsh Trusts	325	416
Other NHS	0	0
Welsh Risk Pool	48,917	39,434
Local Authorities	7,542	4,561
Capital debtors	0	0
Other debtors	11,279	11,972
Provision for irrecoverable debts	(1,240)	(1,160)
Pension Prepayments	0	0
Other prepayments	4,041	4,604
Other accrued income	0	0
Sub total	76,536	63,011
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	50,522	31,842
Local Authorities	0	0
Capital debtors	0	0
Other debtors	1,671	1,658
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	52,193	33,500
Total	128,729	96,511
Receivables past their due date but not impaired		
By up to three months	2,184	1,700
By three to six months	505	198
By more than six months	1,027	784
	3,716	2,682

Provision for impairment of receivables

Balance at 1 April	(1,160)	(1,362)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(86)	201
Bad debts recovered during year	6	1
Balance at 31 March	(1,240)	(1,160)

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

Receivables VAT

Trade receivables	1,501	1,568
Other	307	1,116
Total	1,808	2,684

16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£000	£000	£000	£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	32	31	693	724
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	32	31	693	724

17. Cash and cash equivalents

	2017-18	2016-17
	£000	£000
Balance at 1 April	3,783	2,295
Net change in cash and cash equivalent balances	(2,177)	1,488
Balance at 31 March	1,606	3,783
Made up of:		
Cash held at GBS	1,584	2,795
Commercial banks	0	967
Cash in hand	22	21
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	1,606	3,783
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	1,606	3,783

18. Trade and other payables

Current	31 March 2018 £000	31 March 2017 £000
Welsh Government	2	9
WHSCC / EASC	3,387	895
Welsh Health Boards	2,884	2,261
Welsh NHS Trusts	3,544	2,225
Other NHS	5,710	5,642
Taxation and social security payable / refunds	3,579	10,264
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	148	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS creditors	41,840	37,735
Local Authorities	10,156	7,770
Capital Creditors	6,902	10,956
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	756	689
Pensions: staff	7,366	6,860
Accruals	53,054	54,132
Deferred Income:		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	(8,375)	(9,084)
Total	130,953	130,354
Non-current		
Welsh Government	0	0
WHSCC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS creditors	0	0
Local Authorities	0	0
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	6,017	6,773
Pensions: staff	0	0
Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Total	6,017	6,773

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.
The Capital Creditors figure within Trade and Other Payables-Current includes £278K relating to Velindre NHS Trust (£10.6K was included in 2016/17). This amount was agreed as part of our agreement of balances figure with Velindre NHS Trust.

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£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

20. Provisions

	At 1 April 2017	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 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	26,451	0	(175)	2,791	20,497	(7,456)	(4,181)	0	37,927
Personal injury	324	0	0	(805)	1,372	(531)	(85)	3	278
All other losses and special payments	0	0	0	0	141	(141)	0	0	0
Defence legal fees and other administration	1,641	0	0	156	943	(563)	(736)		1,441
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	462			216	280	(428)	(112)	5	423
Restructuring	0			0	0	0	0	0	0
Other	1,265		0	0	2,186	(452)	(113)		2,886
Total	30,143	0	(175)	2,358	25,419	(9,571)	(5,227)	8	42,955
Non Current									
Clinical negligence	31,676	0	0	(2,791)	21,993	(554)	(346)	0	49,978
Personal injury	2,444	0	0	805	0	0	0	0	3,249
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	710	0	0	(156)	415	(105)	(41)		823
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,285			(216)	0	0	0	0	4,069
Restructuring	0			0	0	0	0	0	0
Other	4,540		0	0	211	(1,042)	(1,255)		2,454
Total	43,655	0	0	(2,358)	22,619	(1,701)	(1,642)	0	60,573
TOTAL									
Clinical negligence	58,127	0	(175)	0	42,490	(8,010)	(4,527)	0	87,905
Personal injury	2,768	0	0	0	1,372	(531)	(85)	3	3,527
All other losses and special payments	0	0	0	0	141	(141)	0	0	0
Defence legal fees and other administration	2,351	0	0	0	1,358	(668)	(777)		2,264
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,747			0	280	(428)	(112)	5	4,492
Restructuring	0			0	0	0	0	0	0
Other	5,805		0	0	2,397	(1,494)	(1,368)		5,340
Total	73,798	0	(175)	0	48,038	(11,272)	(6,869)	8	103,528

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 31 March 2023	Thereafter	Total
				£000
Clinical negligence	37,927	42,995	6,983	87,905
Personal injury	278	3,249	0	3,527
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	1,441	823	0	2,264
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	423	4,069	0	4,492
Restructuring	0	0	0	0
Other	2,886	2,454	0	5,340
Total	42,955	53,590	6,983	103,528

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes. The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors. The Health Board estimates that in 2018/19 it will receive £37,516,001 and in 2019/20 and beyond £50,517,620 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £4,128,856. As per above the Local Health Board has estimated a liability of £4.129m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2017/18 is consistent with the methodology used in 2016/17. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established. Other provisions also include £53,105 for Ancillary Staff Banked Annual Leave Payments, £792,830 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £365,307 potential VAT penalty payment regarding an over claim of VAT identified by the Health Board to HMRC. The total Health Board provision also includes an amount of £199,000 which relates to 24 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

20. Provisions (continued)

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

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

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

The Health Board estimates that in 2017/18 it will receive £22,763,213 and in 2018/19 and beyond £27,786,075 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £5,135,855. As per above the Local Health Board has estimated a liability of £5.136m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2016/17 is consistent with the methodology used in 2015/16. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established.

Other provisions also include £69,645 for Ancillary Staff Banked Annual Leave Payments, £274,878 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £324,000 potential VAT penalty payment regarding an over claim of VAT identified by the Health Board to HMRC. The total Health Board provision also includes an amount of £224,110 which relates to 29 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

21. Contingencies

21.1 Contingent liabilities

	2017-18 £'000	2016-17 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	323,545	238,217
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	5,433	5,975
Continuing Health Care costs	14,889	13,740
Other	25	10
Total value of disputed claims	343,892	257,942
Amounts recovered in the event of claims being successful	323,293	236,691
Net contingent liability	20,599	21,251

ABUHB – Contingent Liability Note

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them. The legal claims have increased by £85m from 2016/17 with the number of claims decreasing from 375 in 2016/17 to 297 in 2017/18.

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

The Other Contingent Liabilities relate to 2 (1 in 2016/17) Redress cases where breach and causation have not been proven.

Continuing Healthcare Cost uncertainties

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

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

Note 20 sets out the £4.129m provision made for probable continuing care costs relating to 303 outstanding claims received by 31st October 2016 (up to and including Phase 5).

Note 21.1 also sets out the £14.889m contingent liability for possible continuing care costs relating to those claims;

During 2016/17 ABUHB took the decision to close 116 claims that had become dormant i.e. no progress made in establishing eligibility, between December 2007 and November 2014. It is highly improbable that these claims will ever progress to settlement stage, but have been considered as a contingent liability until formally accepted as closed by the claimant. The associated estimated liability at the time of closure was £2.647m. None of these claims were re-opened in 2017/18.

In addition the LHB has a further 21 (Phases 6) claims, which have been received since the 31st October 2016 deadline and 31st March 2018, for which the assessment process remains incomplete. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB, which cannot be quantified at this time.

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

21.2 Remote Contingent liabilities

	2017-18 £'000	2016-17 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	150	392
Letters of Comfort	0	0
Total	150	392

21.3 Contingent assets

	2017-18 £'000	2016-17 £'000
	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March

	2017-18 £'000	2016-17 £'000
Property, plant and equipment	195,919	4,512
Intangible assets	0	444
Total	195,919	4,956

23. 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 2018		Approved to write-off to 31 March 2018	
	Number	£	Number	£
Clinical negligence	140	8,185,124	85	7,189,723
Personal injury	52	531,214	29	1,304,191
All other losses and special payments	70	141,684	66	93,617
Total	262	8,858,022	180	8,587,531

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

Cases exceeding £300,000	Case type	Amounts paid out in year	Cumulative amount	Approved to write-off in year
		£	£	£
02RVFMN0005	Medial Negligence	210,000	2,968,142	2,968,142
02RVFMN0039	Medial Negligence	0	4,955,498	0
04RVFPI0038	Person Injury	25,406	358,478	0
05RVFMN0063	Medial Negligence	166	3,467,264	0
06RVFMN0006	Medial Negligence	0	4,525,923	0
08RVFMN0005	Medial Negligence	46,000	1,168,137	1,168,137
08RVFMN0070	Medial Negligence	0	1,100,000	0
08RVFMN0085	Medial Negligence	250,000	1,990,467	0
10RVFMN0058	Medial Negligence	150,000	400,000	0
12RVFMN0071	Medial Negligence	55,000	675,000	675,000
13RVFMN0059	Medial Negligence	1,496,500	1,627,500	0
14RVFMN0015	Medial Negligence	390,000	614,495	0
14RVFMN0087	Medial Negligence	0	460,000	460,000
14RVFMN0114	Medial Negligence	200,000	543,429	0
16RVFMN0093	Medial Negligence	1,070,000	1,070,000	0
Sub-total		3,893,072	25,924,333	5,271,279
All other cases		4,964,950	10,677,990	3,316,253
Total cases		8,858,022	36,602,323	8,587,532

24. Finance leases

24.1 Finance leases obligations (as lessee)

No finance leases have been entered into in 2017-18

Amounts payable under finance leases:

Land	31 March 2018 £000	31 March 2017 £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>

24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	31 March 2018 £000	31 March 2017 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

Other

	31 March 2018 £000	31 March 2017 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2018 £000	31 March 2017 £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	<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>

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

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

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

Both schemes relate to the provision of replacement heating and lighting systems within the respective hospitals. Neither has resulted in guarantees, commitments or other rights and obligations upon the LHB. The Newport hospitals scheme commenced in 2015 for a period of 5 years and the Nevill Hall scheme commenced in 2000 for a period of 25 years. The payments are made biannually / quarterly in advance with prepayments at year end for the period beyond 31 March 2018 included in debtors.

	Off-SoFP PFI contracts 31 March 2018 £000	Off-SoFP PFI contracts 31 March 2017 £000
Commitments under off-SoFP PFI contracts		
Total payments due within one year	1,306	1,273
Total payments due between 1 and 5 years	3,864	4,345
Total payments due thereafter	3,661	4,437
Total future payments in relation to PFI contracts	8,831	10,055
Total estimated capital value of off-SoFP PFI contracts	4,482	4,482

25.2 PFI schemes on-Statement of Financial Position

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

Nevill Hall Hospital Day Surgery - a purpose built day unit including the provision of medical equipment for the unit. The PFI partner has responsibility for maintaining the building and replacing the equipment used with the unit. The scheme commenced in 1998 and the obligations for on-Statement of Financial Position is £1,259K. The scheme is for a period of 25 years.

Chepstow Community Hospital - a new community hospital including the provision of ancillary support services. This scheme commenced in 1998 for a period of 25 years and the obligations for on-Statement of Financial Position is £3,137K.

Monnow Vale Health and Social Care Facility - a new health and social care facility. This scheme commenced in 2004 for a period of 30 years and the obligations for on-Statement of Financial Position is £2,377K.

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

	On SoFP PFI Capital element 31 March 2018 £000	On SoFP PFI Imputed interest 31 March 2018 £000	On SoFP PFI Service charges 31 March 2018 £000
Total payments due within one year	756	428	2,414
Total payments due between 1 and 5 years	2,887	1,186	10,836
Total payments due thereafter	3,130	522	10,827
Total future payments in relation to PFI contracts	6,773	2,136	24,077
	On SoFP PFI Capital element 31 March 2017 £000	On SoFP PFI Imputed interest 31 March 2017 £000	On SoFP PFI Service charges 31 March 2017 £000
Total payments due within one year	689	480	2,301
Total payments due between 1 and 5 years	2,818	1,397	10,178
Total payments due thereafter	3,955	739	13,232
Total future payments in relation to PFI contracts	7,462	2,616	25,711
Total present value of obligations for on-SoFP PFI contracts	32,986		

25.3 Charges to expenditure

	2017-18	2016-17
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,010	1,959
Total expense for Off Statement of Financial Position PFI contracts	1,335	1,311
The total charged in the year to expenditure in respect of PFI contracts	<u>3,345</u>	<u>3,270</u>

The LHB is committed to the following annual charges

	31 March 2018	31 March 2017
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	644	496
Later than five years	2,758	2,774
Total	<u>3,402</u>	<u>3,270</u>

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.

25.4 Number of PFI contracts

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

PFI Contract

Number of PFI contracts which individually have a total commitment > £500m

On / Off-
statement
of financial
position
0

PFI Contract

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

26. 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.

27. Movements in working capital

	2017-18 £000	2016-17 £000
(Increase)/decrease in inventories	(54)	(622)
(Increase)/decrease in trade and other receivables - non-current	(18,662)	(6,343)
(Increase)/decrease in trade and other receivables - current	(13,526)	(7,885)
Increase/(decrease) in trade and other payables - non-current	(756)	(689)
Increase/(decrease) in trade and other payables - current	599	10,207
Total	(32,399)	(5,332)
Adjustment for accrual movements in fixed assets - creditors	4,054	(6,591)
Adjustment for accrual movements in fixed assets - debtors	0	(41)
Other adjustments	689	628
	(27,656)	(11,336)

28. Other cash flow adjustments

	2017-18 £000	2016-17 £000
Depreciation	23,487	23,031
Amortisation	688	496
(Gains)/Loss on Disposal	1	(164)
Impairments and reversals	(13,431)	2,054
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(126)	(335)
Government Grant assets received credited to revenue but non-cash	(8)	0
Non-cash movements in provisions	41,002	23,186
Total	51,613	48,268

29. Third Party assets

The LHB held £881,078.19 cash at bank and in hand at 31 March 2018 (31 March 2017, £839,922.01) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31 March 2018 (31 March 2017, £0). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

The LHB held £71,910 (31 March 2017, £87,193) of consignment stock which relates to stock held on behalf of suppliers but not invoiced or utilised.

30. Events after the Reporting Period

There are no events to report.

31. Related Party Transactions

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

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

NHS Provider	2017-18		As at 31st March 2018	
	Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Abertawe Bro-Morgannwg University Local Health Board	1,823	3,312	212	396
Betsi Cadwaladr University Health Board	225	574	73	248
Cardiff and Vale University Local Health Board	3,458	30,442	2,368	893
Cwm Taf Local Health Board	1,142	21,060	259	701
Hywel Dda Local Health Board	748	654	30	279
Powys Local Health Board	15,159	586	728	366
Velindre NHS Trust	4,338	33,187	402	2,139
Welsh Ambulance Services NHS Trust	155	5,216	23	1,411
Public Health Wales	3,447	1,519	277	273
Welsh Health Specialised Services Committee	9,141	132,150	311	3,387

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

Government Body	2017-18		As at 31st March 2018	
	Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Blaenau Gwent County Borough Council	1,249	2,334	539	101
Caerphilly County Borough Council	10,199	16,605	4,678	6,804
Monmouthshire County Borough Council	1,429	3,766	686	628
Newport City Council	2,196	5,998	1,468	1,445
Torfaen County Borough Council	1,599	5,188	242	1,236

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

Aneurin Bevan Local Health Board Charitable Fund	930	45	129	4
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A number of the LHB's Board members have interests in related parties as follows:

Member	Related Organisation	Relationship with Related Party	2017-18		As at 31st March 2018	
			Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
			£000	£000	£000	£000
Judith Paget	Cardiff & Vale University Health Board	Sister is Interim Directorate Manager	3,458	30,442	2,368	893
Bronagh Scott	United Response	Trustee	0	52	0	0
Dr Gill Richardson	Carers Trust UK	Member	0	0	0	3
Richard Bevan	Carers Trust South East Wales	Director	0	73	23	0
Philip Robson	Hospice of Valleys	Trustee	0	340	0	4
Katija Dew	Melin Homes	Husband is Executive Director	0	87	0	5
Prof Dianne Watkins	Cardiff University	Deputy Head, School of Health Care Sciences	800	980	166	332
Chris Koehli	Carers Trust UK	Co-opted Member of Wales Sub Committee	0	0	0	3
Cllr Brian Mawby	Torfaen County Borough Council	Elected Member	1,599	5,188	242	1,236
	Monmouthshire County Council	Wife is an employee	1,429	3,766	686	628
Richard Clark	Torfaen County Borough Council	Elected member, Deputy Leader, Executive Member for Health Adult Services and Wellbeing, Older Persons Champion	1,599	5,188	242	1,236
	Local Government Data Unit	Director	0	6	0	0
	Welsh Local Government Association	Council Member	0	18	0	0
Pippa Britton	Sport Wales	Vice Chair	45	0	45	0
Frances Taylor	Monmouthshire County Council	County Councillor	1,429	3,766	686	628
Dr Janet Wademan	Cardiff University	Council Member	800	980	166	332
Lorraine Morgan	Melin Homes	Board Member	0	87	0	5
Claire Marchant	Monmouthshire County Council	Director of Social Services	1,429	3,766	686	628
	Abertawe Bro-Morgannwg University Local Health Board	Husband is Director - Princess of Wales Hospital	1,823	3,312	212	396

32. Pooled budgets

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

Monnow Vale Health and Social Care Unit

The Health Board has entered into a pooled budget with Monmouthshire County Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 to provide health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs and a memorandum note to the accounts provides details of the joint income and expenditure. The asset value of property, plant & equipment is £4,737K which is split 71% Aneurin Bevan Health Board and 29% Monmouthshire County Council. The costs incurred under the pooled budget is declared in the memorandum trading account.

Gwent Wide Integrated Community Equipment Service

The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen County Borough Councils, for the provision of an effective integrated GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the joint equipment store in the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £785K for 2017/18 (£764K for 2016/17).

Mardy Park Rehabilitation Centre

The Health Board has entered into a pooled budget arrangement with Monmouthshire County Council. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide care to individuals who have rehabilitation needs. The pool is hosted by Monmouthshire County Council and the LHB's contribution is £177K for 2017/18 (£164K 2016/17).

Gwent Frailty Programme

The Health Board has entered into a pooled budget with 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen County councils, for the provision of a Gwent wide integrated health and social care Frailty service, for service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the purpose of establishing a consistent service for the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £9,034K for 2017/18 (£8,964K 2016/17).

Pooled Budget memorandum account for the period 1st April 2017 - 31st March 2018

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,268,879	0	2,268,879
Monmouthshire County Council	339,515	703,116	0	1,042,631
Total Funding	339,515	2,971,995	0	3,311,510
Expenditure				
Aneurin Bevan Health Board	0	2,410,970	0	2,410,970
Monmouthshire County Council	340,537	681,445	0	1,021,982
Total Expenditure	340,537	3,092,415	0	3,432,952
Net (under)/over spend	1,022	120,420	0	121,442

33. Operating segments

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

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

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

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

34. Other Information

34.1 Additional information to support Note 16 - Other Financial Assets

Additional breakdown of Monmouthshire County Council PFI Loan

	Current		Non-Current	
	31-Mar	31-Mar	31-Mar	31-Mar
	2018	2017	2018	2017
	£000	£000	£000	£000
Current	32	31		
2 to 5 years			135	131
5 to 10 years			191	186
10 to 15 years			220	214
15 to 20 years			147	193
20 to 25 years			0	0
	32	31	693	724

34.2 NHS Funded Nursing Care Supreme Court Ruling

During the 2017/18 financial year the Supreme Court delivered its ruling over the responsibility for the costs of nurses delivering care in nursing homes.

Following the outcome of the Supreme Court ruling the Health Board accrued £2.452 million expenditure within its financial position for the 2017/18 financial year and this liability is included with the accrued expenditure line of Note 18 Trade and other payables.

34.3 - Additional information to support Accounting Standards that have been issued but not yet been adopted - Note 1.28

IFRS9

IFRS9 Financial instruments is effective from 1st January 2018 and will be applicable to public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

Initial application impacts for 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

The principle impact of the IFRS9 adoption will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss basis. The FReM mandates the application of the simplified approach to impairment under the standard, requiring for short and long term receivables the recognition of a loss allowance for an amount equal to lifetime expected credit losses.

The impact of the adopting IFRS9 in 2018/19 is not expected to have a material impact. Disclosure and presentation requirements of IFRS9 will be applied as required by the FReM and in accordance with the principles of streamlining and materiality.

IFRS15

IFRS15 Revenue from Contracts with Customers is effective from 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

The NHS Wales Technical Accounts Group and the Welsh Government (as a Relevant Authority) are considering the detail of the application of IFRS15 for Local Health Boards and NHS Trusts in Wales.

Final application guidance will be issued in the NHS Wales Manual for Accounts for 2018/19.

Any initial application impacts arising for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

No material impacts are anticipated as a consequence of IFRS15 becoming effective in the FReM for 2018/19.

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

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

ANNUAL ACCOUNTS 2017/18

The maintenance and integrity of the Aneurin Bevan University Health Board website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

