

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 2019

	Note	2018-19 £'000	2017-18 £'000
Expenditure on Primary Healthcare Services	3.1	267,432	262,060
Expenditure on healthcare from other providers	3.2	349,991	334,735
Expenditure on Hospital and Community Health Services	3.3	706,609	666,452
		1,324,032	1,263,247
Less: Miscellaneous Income	4	(98,524)	(93,786)
LHB net operating costs before interest and other gains and losses		1,225,508	1,169,461
Investment Revenue	5	(20)	(21)
Other (Gains) / Losses	6	(10)	1
Finance costs	7	783	791
Net operating costs for the financial year		1,226,261	1,170,232

See note 2 on page 24 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 69 form part of these accounts

Other Comprehensive Net Expenditure

	2018-19 £'000	2017-18 £'000
Net (gain) / loss on revaluation of property, plant and equipment	(2,811)	(12,932)
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	<u>(2,811)</u>	<u>(12,932)</u>
Total comprehensive net expenditure for the year	<u>1,223,450</u>	<u>1,157,300</u>

Statement of Financial Position as at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Property, plant and equipment	11	651,749	531,870
Intangible assets	12	2,678	2,704
Trade and other receivables	15	91,000	52,193
Other financial assets	16	661	693
Total non-current assets		746,088	587,460
Current assets			
Inventories	14	7,573	7,056
Trade and other receivables	15	70,078	76,536
Other financial assets	16	32	32
Cash and cash equivalents	17	984	1,606
		78,667	85,230
Non-current assets classified as "Held for Sale"	11	420	0
Total current assets		79,087	85,230
Total assets		825,175	672,690
Current liabilities			
Trade and other payables	18	(138,462)	(130,953)
Other financial liabilities	19	0	0
Provisions	20	(35,279)	(42,955)
Total current liabilities		(173,741)	(173,908)
Net current assets/ (liabilities)		(94,654)	(88,678)
Non-current liabilities			
Trade and other payables	18	(5,392)	(6,017)
Other financial liabilities	19	0	0
Provisions	20	(97,531)	(60,573)
Total non-current liabilities		(102,923)	(66,590)
Total assets employed		548,511	432,192
Financed by :			
Taxpayers' equity			
General Fund		430,993	316,574
Revaluation reserve		117,518	115,618
Total taxpayers' equity		548,511	432,192

The financial statements on pages 2 to 7 were approved by the Board on 30th May 2019 and signed on its behalf by:

On Behalf of the Chief Executive and Accountable Officer

Judith Paget

Date 30th May 2019

The notes on pages 8 to 69 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance as at 31 March 2018	316,574	115,618	432,192
Adjustment for Implementation of IFRS 9	(407)	0	-407
Balance at 1 April 2018	316,167	115,618	431,785
Net operating cost for the year	(1,226,261)		(1,226,261)
Net gain/(loss) on revaluation of property, plant and equipment	0	2,811	2,811
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	911	(911)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from (please specify)	0	0	0
Total recognised income and expense for 2018-19	(1,225,350)	1,900	(1,223,450)
Net Welsh Government funding	1,340,176		1,340,176
Balance at 31 March 2019	430,993	117,518	548,511

The notes on pages 8 to 69 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 31 March 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 (please specify)	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 69 form part of these accounts

Statement of Cash Flows for year ended 31 March 2019

	2018-19 £'000	2017-18 £'000
Cash Flows from operating activities		
Net operating cost for the financial year	(1,226,261)	(1,170,232)
Movements in Working Capital	27 (27,266)	(27,656)
Other cash flow adjustments	28 63,161	51,613
Provisions utilised	20 (10,459)	(11,272)
Net cash outflow from operating activities	(1,200,825)	(1,157,547)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(138,641)	(53,631)
Proceeds from disposal of property, plant and equipment	91	126
Purchase of intangible assets	(712)	(936)
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	(139,262)	(54,441)
Net cash inflow/(outflow) before financing	(1,340,087)	(1,211,988)
Cash Flows from financing activities		
Welsh Government funding (including capital)	1,340,176	1,210,500
Capital receipts surrendered	0	0
Capital grants received	45	0
Capital element of payments in respect of finance leases and on-SoFP	(756)	(689)
Cash transferred (to)/ from other NHS bodies	0	0
Net financing	1,339,465	1,209,811
Net increase/(decrease) in cash and cash equivalents	(622)	(2,177)
Cash and cash equivalents (and bank overdrafts) at 1 April 2018	1,606	3,783
Cash and cash equivalents (and bank overdrafts) at 31 March 2019	984	1,606

The notes on pages 8 to 69 form part of these accounts

Notes to the Accounts

1. Accounting policies

The Minister 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 2018-19 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.

From 2018-19, IFRS 15 Revenue from Contracts with Customers is applied, as interpreted and adapted for the public sector, in the Financial Reporting Manual (FReM). It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. Upon transition the accounting policy to retrospectively restate in accordance with IAS 8 has been withdrawn. All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity. A review consistent with the portfolio approach was undertaken by the NHS Technical Accounting Group members, which

- identified that the only material income that would potentially require adjustment under IFRS 15 was that for patient care provided under Long term Agreements (LTAs) for episodes of care which had started but not concluded as at the end of the financial period;
- demonstrated that the potential amendments to NHS Wales NHS Trust and Local Health Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

Under the Conceptual IFRS Framework due consideration must be given to the users of the accounts and the cost restraint of compliance and reporting and production of financial reporting. Given the income for LTA activity is recognised in accordance with established NHS Terms and Conditions affecting multiple parties across NHS Wales it was considered reasonable to continue recognising in accordance with those established terms on the basis that this provides information that is relevant to the user and to do so does not result in a material misstatement of the figures reported.

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

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

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

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

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

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

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

Subsequent expenditure

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

1.7 Intangible assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land, 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 there from can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

1.10 Non-current assets held for sale

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

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

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

1.11 Leases

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

1.11.1 The Local Health Board as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate 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

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

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of 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 2018-19.*** The WRP is hosted by Velindre NHS Trust.

1.15 Financial Instruments

From 2018-19 IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales bodies, will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.

1.16 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.

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease

receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

NHS Wales Technical Accounting Group members reviewed the IFRS 9 requirements and determined a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS9 to construct a provision matrix.

1.16.1 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.

1.16.2 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.

1.16.3 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.

1.16.4 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.

1.16.5 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 of 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.

1.17 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.

1.17.1 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.

1.17.2 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.

1.17.3 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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.

1.22 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.

The five Local Authorities in Gwent and ABUHB – A pooled Fund for Care Home Accommodation functions for Older People

Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions.

The overarching strategic aim of this Agreement is: -

- To ensure coordinated arrangements for ensuring an integrated approach across the Partnership to the commissioning and arranging for Care Home Accommodation for Older People.
- To ensure provision of high quality, cost effective Care Home Accommodation which meets local health and social care needs, through the establishment of a pooled fund
- To develop a managed market approach to the supply of quality provision to meets the needs of Older People Care Home Accommodation.

Funds are pooled for the provision and commissioning of specified services for older people (>65 years of age) in a care home setting in Gwent. The pool has been hosted by Torfaen County Borough Council since August 2018.

The Health Board makes a financial contribution to the scheme equivalent to actual expenditure incurred in commissioning related placements in homes during the year, but in addition does incur minimal costs associated with a share of the services provided by the host organisation and these are accounted for as expenditure within these accounts.

1.23 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.

1.24 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.

Provisions

The Health Board provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the Health Board or Trust, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

Probable & Certain Cases – Accounting Treatment

A provision for these cases is calculated in accordance with IAS 37. Cases are assessed and divided into four categories according to their probability of settlement;

Remote	Probability of Settlement Accounting Treatment	0 – 5% Contingent Liability.
Possible	Probability of Settlement Accounting Treatment	6% - 49% Defence Fee - Provision Contingent Liability for all other estimated expenditure.
Probable	Probability of Settlement Accounting Treatment	50% - 94% Full Provision
Certain	Probability of Settlement Accounting Treatment	95% - 100% Full Provision

The provision for probable and certain cases is based on case estimates of individual reported claims received by Legal & Risk Services within NHS Wales Shared Services Partnership.

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of -0.75%.

Future liabilities for certain & probable cases with a probability of 95%-100% and 50%- 94% respectively are held as a provision on the balance sheet. Cases typically take a number of years to settle, particularly for high value cases where a period of development is necessary to establish the full extent of the injury caused.

The Health Board has provided for some £125m (£94m 2017/18) 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 £2m (£4m 2017/18) 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

1.25 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.

1.26 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.

1.27 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.

1.28 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.

1.29 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

IFRS14 Regulatory Deferral Accounts (The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries.), IFRS 16 Leases, HMT have confirmed that IFRS 16 Leases, as interpreted and adapted by the FReM is to be effective from 1st April 2020.

IFRS 17 Insurance Contracts,

IFRIC 23 Uncertainty over Income Tax Treatment.

1.30 Accounting standards issued that have been adopted early

During 2018-19 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.31 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 standard 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			
	2016-17 £'000	2017-18 £'000	2018-19 £'000	Total £'000
Net operating costs for the year	1,143,841	1,170,232	1,226,261	3,540,334
Less general ophthalmic services expenditure and other non-cash limited expenditure	(1,525)	(1,743)	(2,149)	(5,417)
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	1,142,316	1,168,489	1,224,112	3,534,917
Revenue Resource Allocation	1,142,365	1,168,735	1,224,347	3,535,447
Under / (over) spend against Allocation	49	246	235	530

Aneurin Bevan University LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2016-17 to 2018-19.

2.2 Capital Resource Performance

	2016-17 £'000	2017-18 £'000	2018-19 £'000	Total £'000
Gross capital expenditure	34,097	50,648	141,139	225,884
Add: Losses on disposal of donated assets	5	11	0	16
Less: NBV of property, plant and equipment and intangible assets disposed	(12)	(127)	(81)	(220)
Less: capital grants received	0	(8)	(45)	(53)
Less: donations received	(335)	(126)	(121)	(582)
Charge against Capital Resource Allocation	33,755	50,398	140,892	225,045
Capital Resource Allocation	33,797	50,476	140,933	225,206
(Over) / Underspend against Capital Resource Allocation	42	78	41	161

In 2018/19 £120m out of the £141m spend related to the new Grange University Hospital.

The LHB met its financial duty to break-even against its Capital Resource Limit over the 3 years 2016-17 to 2018-19.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2018-19 to 2020-21 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 2018-19 to 2020-21 in accordance with NHS Wales Planning Framework.

**2018-19
to
2020-21**

The Minister 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 2018-19 to 2020-21.

The LHB Integrated Medium Term Plan was approved in 2017-18.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2018-19 Total £'000	2017-18 £'000
General Medical Services	99,491		99,491	92,959
Pharmaceutical Services	29,287	(4,292)	24,995	24,045
General Dental Services	36,232		36,232	35,362
General Ophthalmic Services	1,978	6,441	8,419	8,681
Other Primary Health Care expenditure	2,738		2,738	2,849
Prescribed drugs and appliances	95,557		95,557	98,164
Total	265,283	2,149	267,432	262,060

The Total expenditure above includes £14.081m in respect of staff costs (£9.626m 2017-18). Detailed breakdown of this expenditure by service area is shown at the bottom of this page.

3.2 Expenditure on healthcare from other providers

	2018-19 £'000	2017-18 £'000
Goods and services from other NHS Wales Health Boards	57,379	54,347
Goods and services from other NHS Wales Trusts	29,290	25,172
Goods and services from Health Education and Improvement Wales (HEIW)	0	0
Goods and services from other non Welsh NHS bodies	8,875	8,242
Goods and services from WHSSC / EASC	136,682	132,044
Local Authorities	30,009	26,577
Voluntary organisations	6,714	6,438
NHS Funded Nursing Care	7,548	8,903
Continuing Care	71,481	70,408
Private providers	2,156	2,229
Specific projects funded by the Welsh Government	0	0
Other	-143	375
Total	349,991	334,735

Local Authorities expenditure relates to the following bodies:

	£'000	£'000
Blaenau Gwent County Borough Council	1,445	1,128
Caerphilly County Borough Council	14,043	14,383
Monmouthshire County Borough Council	4,371	2,757
Newport City Council	5,084	3,709
Torfaen County Borough Council	5,122	4,382
Gloucestershire County Council	-56	218
	30,009	26,577

Note 3.1 - Expenditure on Primary Healthcare Services

The General Medical Services expenditure includes £11,025k (2017/18 £6,220k) in relation to staff salaries, the General Dental Services expenditure includes £2,592k (2017/18 £3,008k) in relation to staff salaries, & the Prescribed Drugs & Appliances expenditure includes £464k (2017/18 £398k) in relation to staff salaries.

3.3 Expenditure on Hospital and Community Health Services

	2018-19 £'000	2017-18 £'000
Directors' costs	2,013	1,938
Staff costs	522,079	504,130
Supplies and services - clinical	98,580	91,785
Supplies and services - general	13,801	12,958
Consultancy Services	349	719
Establishment	7,983	8,403
Transport	1,852	1,522
Premises	26,057	24,466
External Contractors	0	0
Depreciation	24,200	23,487
Amortisation	839	688
Fixed asset impairments and reversals (Property, plant & equipment)	(1,443)	(13,431)
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	400	409
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	2,024	2,866
Research and Development	0	0
Other operating expenses	7,875	6,512
Total	706,609	666,452

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

	2018-19 £'000	2017-18 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence	38,087	37,963
Personal injury	660	1,287
All other losses and special payments	220	141
Defence legal fees and other administrative costs	632	581
Gross increase/(decrease) in provision for future payments	39,599	39,972
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	81	80
Less: income received/due from Welsh Risk Pool	(37,656)	(37,186)
Total	2,024	2,866

The Health Board spent £1.9m (£1.5m 2017/18) on Research and Development. The majority of this spend relates to staff £1.6m (£1.2m 2017/18) which along with the non-staff spend is reflected under the various headings within note 3.3.

Personal injury includes £345,411 (2017-18 £1,118,806) in respect of permanent injury benefits.

Note 3.4 includes £800,786 (£635,714 2017/18) relating to Redress cases which represents 90 (73 2017/18) cases where payments were made in year totalling £355,025 (£436,714 2017/18) including defence fees. An additional provision has been created for a further 41 (24 2017/18) cases where an offer has been made or causation and breach have been proven with estimated costs of £445,761 (£199,000 2017/18).

4. Miscellaneous Income

	2018-19 £'000	2017-18 £'000
Local Health Boards	20,118	20,821
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	8,223	9,141
NHS trusts	7,733	6,468
Health Education and Improvement Wales (HEIW)	1,012	0
Other NHS England bodies	2,581	2,369
Foundation Trusts	0	0
Local authorities	16,656	16,278
Welsh Government	5,945	1,429
Non NHS:		
Prescription charge income	0	0
Dental fee income	7,313	6,949
Private patient income	408	539
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	1,879	1,675
Other income from activities	966	953
Patient transport services	0	0
Education, training and research	10,904	10,975
Charitable and other contributions to expenditure	1,016	811
Receipt of donated assets	121	126
Receipt of Government granted assets	45	8
Non-patient care income generation schemes	121	140
NHS Wales Shared Services Partnership (NWSSP)	39	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	69	57
Accommodation and catering charges	3,247	3,048
Mortuary fees	255	252
Staff payments for use of cars	818	837
Business Unit	1,815	1,824
Other	7,240	9,086
Total	98,524	93,786

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of **21.89%** re personal injury claims

Other Income includes amounts in excess of £500K		
Salary Sacrifice Schemes & Fleet Vehicles	2,812	2,793
VAT recoveries re Business Activities and accrued income	541	303
Managed Practices	0	2,692
Other	3,887	3,298
	0	0
	0	0
Total	7,240	9,086

5. Investment Revenue

	2018-19 £000	2017-18 £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	20	21
Total	20	21

6. Other gains and losses

	2018-19 £000	2017-18 £000
Gain/(loss) on disposal of property, plant and equipment	10	(1)
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	10	(1)

7. Finance costs

	2018-19 £000	2017-18 £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	428	480
contingent finance cost	332	303
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	760	783
Provisions unwinding of discount	23	8
Other finance costs	0	0
Total	783	791

8. Operating leases

LHB as lessee

As at 31st March 2019 the LHB had 33 operating leases agreements in place for the leases of premises, 471 arrangements in respect of equipment and 533 in respect of vehicles, with 1 premise, 16 equipment and 166 vehicle leases having expired in year. The periods in which the remaining 1,037 agreements expire are shown below:

Payments recognised as an expense	2018-19 £000	2017-18 £000
Minimum lease payments	6,579	7,091
Contingent rents	0	0
Sub-lease payments	0	0
Total	6,579	7,091

Total future minimum lease payments

Payable	£000	£000
Not later than one year	5,823	4,801
Between one and five years	7,948	7,896
After 5 years	11,517	6,996
Total	25,288	19,693

Number of operating leases expiring	Land & Buildings	Vehicles	Equipment	Total
Not later than one year	8	188	74	270
Between one and five years	13	345	397	755
After 5 years	12	0	0	12
Total	33	533	471	1,037

Charged to the income statement (£000)	1,974	1,535	3,070	6,579
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There are no future sublease payments expected to be received

LHB as lessor

Rental revenue	£000	£000
Rent	192	160
Contingent rents	0	0
Total revenue rental	192	160

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	178	139
Between one and five years	705	553
After 5 years	1,358	1,150
Total	2,241	1,842

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 April 2019 and November 2043 except for one lease which does not expire until March 2064
- Leases of medical and other equipment, IT 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 to five years

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	£000	£000	£000	£000	£000	£000
Salaries and wages	424,489	1,980	20,833	0	447,302	427,917
Social security costs	42,029	0	0	0	42,029	39,645
Employer contributions to NHS Pension Scheme	50,337	0	0	0	50,337	48,452
Other pension costs	0	0	0	0	0	167
Other employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	110
Total	516,855	1,980	20,833	0	539,668	516,291
Charged to capital					1,495	598
Charged to revenue					538,173	515,693
					539,668	516,291
Net movement in accrued employee benefits (untaken staff leave accrual included above)					52	97

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,251	21	5	0	2,277	2,064
Medical and dental	990	5	78	0	1,073	1,032
Nursing, midwifery registered	3,468	1	93	0	3,562	3,574
Professional, Scientific, and technical staff	541	8	2	0	551	428
Additional Clinical Services	2,087	0	2	0	2,089	2,396
Allied Health Professions	705	0	20	0	725	520
Healthcare Scientists	220	0	12	0	232	228
Estates and Ancillary	946	0	35	0	981	1,108
Students	0	0	0	0	0	1
Total	11,208	35	247	0	11,490	11,351

9.3. Retirements due to ill-health

During 2018-19 there were 5 early retirements from the LHB agreed on the grounds of ill-health (15 in 2017-18 - £873,891.82). The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £207,779.52.

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

	2018-19	2018-19	2018-19	2018-19	2017-18
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	0
£10,000 to £25,000	0	0	0	0	3
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	4

	2018-19	2018-19	2018-19	2018-19	2017-18
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	0
£10,000 to £25,000	0	0	0	0	66,537
£25,000 to £50,000	0	0	0	0	43,267
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	109,804

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

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.

The Health Board has not approved any VERS during 2018/19.

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 in the LHB for the financial year 2018-19 was £200k - £205k (2017-18, £200k - £205k). This was 7.0 times (2017-18, 7.2) the median remuneration of the workforce, which was £28,766 (2017-18, £28,005).

In 2017-18 the highest paid director was not the Chief Executive whose remuneration was in the band of £195k - £200k with a ratio of 7.1.

In 2018-19, 16 (2017-18, 14) employees received remuneration in excess of the highest-paid director.

The workforce remuneration ranged from £17k to £273k (2017-18 £15k to £254k).

There was a 2.7% increase in the median remuneration of the workforce due to the 3.0% pay award, incremental pay progression and workforce composition fluctuations.

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

9.7 Pension costs

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 for Health 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 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 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 latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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 5% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 2% 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 £6,032 and £46,350 for the 2018-19 tax year (2017-18 £5,876 and £45,000).

Restrictions on the annual contribution limits 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.

	2018-19	2018-19	2017-18	2017-18
	Number	£000	Number	£000
NHS				
Total bills paid	5,870	256,692	5,753	236,442
Total bills paid within target	5,356	253,807	5,577	236,043
Percentage of bills paid within target	91.2%	98.9%	96.9%	99.8%
Non-NHS				
Total bills paid	253,860	550,766	238,919	463,856
Total bills paid within target	241,381	533,136	231,316	450,017
Percentage of bills paid within target	95.1%	96.8%	96.8%	97.0%
Total				
Total bills paid	259,730	807,458	244,672	700,298
Total bills paid within target	246,737	786,943	236,893	686,060
Percentage of bills paid within target	95.0%	97.5%	96.8%	98.0%

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

	2018-19	2017-18
	£	£
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	870	299
Total	870	299

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 2018	78,138	359,367	2,575	64,350	82,933	632	19,711	2,678	610,384
Indexation	1,499	1,371	12	0	0	0	0	0	2,882
Additions									
- purchased	0	3,981	11	124,514	7,498	44	3,947	266	140,261
- donated	0	26	0	0	95	0	0	0	121
- government granted	0	17	0	0	28	0	0	0	45
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	67	1,488	0	(2,078)	422	0	0	0	(101)
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	64	2,223	13	0	0	0	0	0	2,300
Impairments	(34)	(830)	0	0	0	0	0	0	(864)
Reclassified as held for sale	(127)	(293)	0	0	0	0	0	0	(420)
Disposals	(33)	(37)	0	0	(2,145)	0	(729)	(281)	(3,225)
At 31 March 2019	79,574	367,313	2,611	186,786	88,831	676	22,929	2,663	751,383
Depreciation at 1 April 2018	0	12,856	71	1,792	51,514	476	10,059	1,746	78,514
Indexation	0	70	1	0	0	0	0	0	71
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	58	0	0	0	0	0	0	58
Impairments	0	(65)	0	0	0	0	0	0	(65)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,134)	0	(729)	(281)	(3,144)
Provided during the year	0	13,283	75	0	7,926	27	2,633	256	24,200
At 31 March 2019	0	26,202	147	1,792	57,306	503	11,963	1,721	99,634
Net book value at 1 April 2018	78,138	346,511	2,504	62,558	31,419	156	9,652	932	531,870
Net book value at 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	651,749
Net book value at 31 March 2019 comprises :									
Purchased	76,436	339,219	2,464	184,994	30,783	173	10,963	922	645,954
Donated	3,138	1,848	0	0	704	0	3	20	5,713
Government Granted	0	44	0	0	38	0	0	0	82
At 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	651,749
Asset financing :									
Owned	79,574	330,718	2,464	184,994	31,432	173	10,966	942	641,263
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	10,393	0	0	93	0	0	0	10,486
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2019	79,574	341,111	2,464	184,994	31,525	173	10,966	942	651,749

The net book value of land, buildings and dwellings at 31 March 2019 comprises :

	£000
Freehold	412,442
Long Leasehold	10,707
Short Leasehold	0
	423,149

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 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 :

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

11. Property, plant and equipment (continued)

Additional disclosures re Property, Plant and Equipment

i) Assets donated in the year were purchased from donated charitable funds and a grants totalling £45k received from Health and Care Research Wales, Sparkle and Cardiff & Vale UHB Training Fund.

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. In 2018-19 indexation has been applied to land and buildings based on indices received from the District Valuer Service. In 2018-19, no indexation has been applied to equipment.

In addition, in 2018-19 there have been separate revaluations for one asset under construction coming into use (relating to the refurbishment of the Psychiatric Intensive Care Unit at St Cadoc's), and two assets that have been assessed as surplus and revalued prior to disposal / reclassification to Asset Held for Sale (Brynmawr Health Centre and Lamb House).

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 2018-19 impairment provisions have been made in respect of:

Assets impaired on revaluation prior to disposal / reclassification to Asset Held for Sale (Brynmawr Health Centre / Lamb House).

Assets Under Construction impaired on coming into use (PICU, St Cadoc's).

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

vii) IFRS 13 Fair value measurement – The Health Board is required to assess whether it owns any surplus assets which have no sale restrictions and plans for future use to comply with IFRS 13.

There are no assets classed as surplus at the balance sheet date.

viii) The GCRC of fully depreciated equipment assets as at 31/03/2019 is £36,333K.

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 2018	0	0	0	0	0	0
Plus assets classified as held for sale in the year	127	293	0	0	0	420
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 2019	<u>127</u>	<u>293</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>420</u>
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Assets sold in the period

Assets classified as held for sale during the year are Lamb House in Blaina

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 2018	1,609	0	3,162	0	0	0	4,771
Revaluation	0	0	0	0	0	0	0
Reclassifications	101	0	0	0	0	0	101
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	364	0	348	0	0	0	712
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	(595)	0	(307)	0	0	0	(902)
Gross cost at 31 March 2019	1,479	0	3,203	0	0	0	4,682
Amortisation at 1 April 2018	1,058	0	1,009	0	0	0	2,067
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	210	0	629	0	0	0	839
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(595)	0	(307)	0	0	0	(902)
Amortisation at 31 March 2019	673	0	1,331	0	0	0	2,004
Net book value at 1 April 2018	551	0	2,153	0	0	0	2,704
Net book value at 31 March 2019	806	0	1,872	0	0	0	2,678
At 31 March 2019							
Purchased	790	0	1,872	0	0	0	2,662
Donated	16	0	0	0	0	0	16
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2019	806	0	1,872	0	0	0	2,678

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

Additional disclosures re Intangible Assets

- i) On initial recognition Intangible non-current assets are measured at cost. 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 asset basis), indexed for relevant price increases, as a proxy for fair value.
- ii) The useful economic life of Intangible non-current assets are assigned on an individual asset basis using either a standard life of 5 years or the period covered by a licence.
- iii) All fully depreciated assets still in use are being carried at nil net book value.
- iv) These assets have not been subject to indexation or revaluation during the year.

Additions during the year comprised:

- 1. Various Cyber Security Software & Licences £343k with a 5 year life
- 2. Digital Cellular Pathology Software & Licences £84k with a 5 year life
- 3. Facilities Management Software & Licences £285k with a 5 year life

13 . Impairments

	2018-19		2017-18	
	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	66	0	0	0
Others (specify)	733	0	10,928	0
Reversal of impairments	(2,242)	0	(18,631)	0
Total of all impairments	(1,443)	0	(7,703)	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(1,443)	0	(13,431)	0
Charged to Revaluation Reserve	0	0	5,728	0
	(1,443)	0	(7,703)	0

Impairments

2018-2019	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

Changes in Market Price

Brynmawr Health Centre	40	Assets recognised as surplus, revaluation prior to disposal	Disposal during 2018/19	Fair value	40	0
Lamb House	26	Assets recognised as surplus, moved to AHFS and marketed for sale	Non operational, held for sale	Fair value less costs to sell	26	0

Others

St Cadocs Hospital - PICU Refurbishment scheme	733	Assets Valued on Coming Into Use	Operational	Fair value	733	0
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Total Impairment	799				799	0
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REVERSAL OF IMPAIRMENTS

Others

Ysbyty Aneurin Bevan	(349)	Indexation - reversal of impairment in previous years	Operational assets	Indexation	(349)	0
Ysbyty Ystrad Fawr	(1,272)				(1,272)	0
Serennu Childrens Centre	(75)				(75)	0
Royal Gwent	(485)				(485)	0
St Cadocs	(2)				(2)	0
Llanfreccha Grange	(14)				(14)	0
Neville Hall	(23)				(23)	0
Various Community Sites	(22)				(22)	0

Total Reversal of Impairments	(2,242)				(2,242)	0
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Net credit to SoCNE	(1,443)				(1,443)	0
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14.1 Inventories

	31 March 2019 £000	31 March 2018 £000
Drugs	3,200	2,442
Consumables	4,147	4,391
Energy	226	223
Work in progress	0	0
Other	0	0
Total	7,573	7,056
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2019 £000	31 March 2018 £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 2019 £000	31 March 2018 £000
Welsh Government	5,448	989
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	47	311
Welsh Health Boards	3,164	3,670
Welsh NHS Trusts	2,235	702
Health Education and Improvement Wales (HEIW)	424	0
Non - Welsh Trusts	402	325
Other NHS	0	0
Welsh Risk Pool	37,602	48,917
Local Authorities	5,116	7,542
Capital debtors	0	0
Other debtors	12,066	11,279
Provision for irrecoverable debts	(1,663)	(1,240)
Pension Prepayments	0	0
Other prepayments	5,237	4,041
Other accrued income	0	0
Sub total	70,078	76,536
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	89,097	50,522
Local Authorities	0	0
Capital debtors	0	0
Other debtors	1,903	1,671
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	91,000	52,193
Total	161,078	128,729

HEIW was formed on 1st October 2018. In 2017/18 income which has now transferred to HEIW would have been reported under Welsh NHS Trusts and Other.

Receivables past their due date but not impaired

By up to three months	1,593	2,184
By three to six months	356	505
By more than six months	747	1,027
	2,696	3,716

Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 31 March 2018	(1,240)	
Adjustment for Implementation of IFRS 9	(407)	
Balance at 1 April 2018	(1,647)	(1,160)
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	(5)	(86)
Bad debts recovered during year	(11)	6
Balance at 31 March	(1,663)	(1,240)

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	2,452	1,501
Other	275	307
Total	2,727	1,808

16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£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	32	661	693
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	32	661	693

17. Cash and cash equivalents

	2018-19	2017-18
	£000	£000
Balance at 1 April	1,606	3,783
Net change in cash and cash equivalent balances	(622)	(2,177)
Balance at 31 March	984	1,606
Made up of:		
Cash held at GBS	964	1,584
Commercial banks	0	0
Cash in hand	20	22
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	984	1,606
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	984	1,606

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are;

Lease Liabilities £0
PFI liabilities £689K

The movement relates to cash, no comparative information is required by IAS 7 in 2018-19.

18. Trade and other payables

Current	31 March 2019 £000	31 March 2018 £000
Welsh Government	0	2
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	2,304	3,387
Welsh Health Boards	1,882	2,884
Welsh NHS Trusts	2,509	3,544
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	6,181	5,710
Taxation and social security payable / refunds	9,774	3,579
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	148
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS creditors	43,067	41,840
Local Authorities	11,932	10,156
Capital Creditors	8,567	6,902
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	625	756
Pensions: staff	8,136	7,366
Accruals	52,177	53,054
Deferred Income:		
Deferred Income brought forward	70	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	(8,762)	(8,375)
Total	138,462	130,953
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	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	5,392	6,017
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	5,392	6,017

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

The Capital Creditors figure within Trade & Other Payables - Current includes £51K relating to Velindre NHS Trust (£278K was included in 2017/18). This amount was agreed as part of our agreement of balances figure with Velindre NHS Trust

Amounts falling due more than one year are expected to be settled as follows:

	31-Mar-19 £000	31-Mar-18 £000
Between one and two years	685	625
Between two and five years	2,480	2,262
In five years or more	2,227	3,130
Sub-total	5,392	6,017

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £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 2018	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 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	37,927	(1,147)	0	(6,551)	13,967	(6,102)	(7,283)	0	30,811
Personal injury	278	0	0	(11)	665	(549)	(5)	10	388
All other losses and special payments	0	0	0	0	220	(220)	0	0	0
Defence legal fees and other administration	1,441	0	0	46	841	(671)	(559)		1,098
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	423			238	257	(427)	(81)	13	423
Restructuring	0			0	0	0	0	0	0
Other	2,886		0	0	1,100	(468)	(959)		2,559
Total	42,955	(1,147)	0	(6,278)	17,050	(8,437)	(8,887)	23	35,279
Non Current									
Clinical negligence	49,978	0	0	6,551	44,047	(595)	(11,497)	0	88,484
Personal injury	3,249	0	0	11	0	0	0	0	3,260
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	823	0	0	(46)	468	(90)	(118)		1,037
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,069			(238)	0	0	0	0	3,831
Restructuring	0			0	0	0	0	0	0
Other	2,454		0	0	724	(1,337)	(922)		919
Total	60,573	0	0	6,278	45,239	(2,022)	(12,537)	0	97,531
TOTAL									
Clinical negligence	87,905	(1,147)	0	0	58,014	(6,697)	(18,780)	0	119,295
Personal injury	3,527	0	0	0	665	(549)	(5)	10	3,648
All other losses and special payments	0	0	0	0	220	(220)	0	0	0
Defence legal fees and other administration	2,264	0	0	0	1,309	(761)	(677)		2,135
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,492			0	257	(427)	(81)	13	4,254
Restructuring	0			0	0	0	0	0	0
Other	5,340		0	0	1,824	(1,805)	(1,881)		3,478
Total	103,528	(1,147)	0	0	62,289	(10,459)	(21,424)	23	132,810

Expected timing of cash flows:

	In year to 31 March 2020	Between 1 April 2020 31 March 2024	Thereafter	Total
				£000
Clinical negligence	30,811	87,953	531	119,295
Personal injury	388	1,062	2,198	3,648
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	1,098	1,037	0	2,135
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	423	3,831	0	4,254
Restructuring	0	0	0	0
Other	2,559	919	0	3,478
Total	35,279	94,802	2,729	132,810

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 2019/20 it will receive £30,332,948 and in 2020/21 and beyond £89,097,104 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £2,186,260. As per above the Local Health Board has estimated a liability of £2,186m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2018/19 is consistent with the methodology used in 2017/18. 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 £15,958 for Ancillary Staff Banked Annual Leave Payments, £127,351 in relation to the potential settlement of Mental Health CHC cases in dispute with the Local Authorities and £1,148,477 potential VAT payments to HMRC re overclaimed VAT in relation to Research and Development and other invoices raised by the Health Board. It also includes a potential penalty payment previously identified by the Health Board to HMRC. The total Health Board provision also includes an amount of £445,761 which relates to 41 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 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

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.

21. Contingencies

21.1 Contingent liabilities

	2018-19 £'000	2017-18 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	340,890	323,545
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	4,881	5,433
Continuing Health Care costs	5,579	14,889
Other	0	25
Total value of disputed claims	351,350	343,892
Amounts (recovered) in the event of claims being successful	(341,256)	(323,293)
Net contingent liability	10,094	20,599

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 £17m from 2017/18 with the number of claims decreasing from 297 in 2017/18 to 248 in 2018/19.

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 in 2017/18 relates to 2 Redress cases where breach and causation have not been proven. There were no cases where breach and causation had not been proven in 2018/19.

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 £2.186m provision made for probable continuing care costs relating to 179 outstanding claims received by 31st October 2017 (up to and including Phase 6).

Note 21.1 also sets out the £5.579m 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. As at 31st March 2019, there are now 120 dormant claims with a potential liability at current average settlement rates of £3.159m

In addition the LHB has received 56 Phase 7 claims during 2018/19, 4 of which have been closed and one settled leaving a net 51 on-going claims, 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 continues to manage the majority of the Phase 3 claims, and will continue to do so into 2019/20.

21.2 Remote Contingent liabilities

	2018-19 £'000	2017-18 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	482	150
Letters of Comfort	0	0
Total	482	150

21.3 Contingent assets

	2018-19 £'000	2017-18 £'000
	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March

	2018-19 £'000	2017-18 £'000
Property, plant and equipment	97,386	195,919
Intangible assets	0	0
Total	97,386	195,919

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 2019		Approved to write-off to 31 March 2019	
	Number	£	Number	£
Clinical negligence	131	6,696,956	77	7,607,058
Personal injury	38	548,521	21	255,657
All other losses and special payments	214	284,969	213	334,636
Total	383	7,530,446	311	8,197,351

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

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £300,000	Case type			
04RVFPI0038	Personal Injury	26,020	384,497	
05RVFMN0063	Medical Negligence	3,750	3,471,014	
08RVFMN0070	Medical Negligence	0	1,100,000	
08RVFMN0085	Medical Negligence	110,000	2,100,467	2,100,467
10RVFMN0058	Medical Negligence	0	400,000	
13RVFMN0059	Medical Negligence	0	1,627,500	1,627,500
13RVFMN0188	Medical Negligence	338,201	348,201	
14RVFMN0015	Medical Negligence	1,040,829	1,655,324	
14RVFMN0052	Medical Negligence	70,000	370,000	
14RVFMN0114	Medical Negligence	591,563	1,134,993	
14RVFMN0228	Medical Negligence	297,500	332,500	
15RVFMN0190	Medical Negligence	881,500	901,500	901,500
16RVFMN0093	Medical Negligence	142,000	1,212,000	
16RVFMN0106	Medical Negligence	74,800	334,800	
16RVFMN0216	Medical Negligence	350,000	470,000	
Sub-total		3,926,163	15,842,796	4,629,467
All other cases		3,604,283	9,148,952	3,567,884
Total cases		7,530,446	24,991,748	8,197,351

24. Finance leases

24.1 Finance leases obligations (as lessee)

No finance leases have been entered into in 2018-19

Amounts payable under finance leases:

Land	31 March 2019 £000	31 March 2018 £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 2019 £000	31 March 2018 £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	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

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

Other

	31 March 2019 £000	31 March 2018 £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	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

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

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2019 £000	31 March 2018 £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 quarterly in advance with prepayments at year end for the period beyond 31 March 2019 included in debtors.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts 31 March 2019 £000	Off-SoFP PFI contracts 31 March 2018 £000
Total payments due within one year	1,336	1,306
Total payments due between 1 and 5 years	3,536	3,864
Total payments due thereafter	3,046	3,661
Total future payments in relation to PFI contracts	7,918	8,831
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 £934K. 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 £2,810K.

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 £2,273K.

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

	On SoFP PFI Capital element 31 March 2019 £000	On SoFP PFI Imputed interest 31 March 2019 £000	On SoFP PFI Service charges 31 March 2019 £000
Total payments due within one year	625	371	2,656
Total payments due between 1 and 5 years	3,165	971	10,120
Total payments due thereafter	2,227	365	9,034
Total future payments in relation to PFI contracts	6,017	1,707	21,810

	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

Total present value of obligations for on-SoFP PFI contracts	£29.534m		
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25.3 Charges to expenditure

	2018-19	2017-18
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,062	2,010
Total expense for Off Statement of Financial Position PFI contracts	1265	1335
The total charged in the year to expenditure in respect of PFI contracts	<u>3,327</u>	<u>3,345</u>

The LHB is committed to the following annual charges

	31 March 2019	31 March 2018
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	678	644
Later than five years	2,758	2,758
Total	<u>3,436</u>	<u>3,402</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

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

PFI Contract

0	0
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25.5 The LHB had 5 Public Private Partnerships during the year

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

	2018-19 £000	2017-18 £000
(Increase)/decrease in inventories	(517)	(54)
(Increase)/decrease in trade and other receivables - non-current	(38,775)	(18,662)
(Increase)/decrease in trade and other receivables - current	6,458	(13,526)
Increase/(decrease) in trade and other payables - non-current	(625)	(756)
Increase/(decrease) in trade and other payables - current	7,509	599
Total	(25,950)	(32,399)
Adjustment for accrual movements in fixed assets - creditors	(1,665)	4,054
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	349	689
	(27,266)	(27,656)

28. Other cash flow adjustments

	2018-19 £000	2017-18 £000
Depreciation	24,200	23,487
Amortisation	839	688
(Gains)/Loss on Disposal	(10)	1
Impairments and reversals	(1,443)	(13,431)
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(121)	(126)
Government Grant assets received credited to revenue but non-cash	(45)	(8)
Non-cash movements in provisions	39,741	41,002
Total	63,161	51,613

29. Third Party assets

The LHB held £612,213.70 cash at bank and in hand at 31 March 2019 (31 March 2018, £881,078.19) which relates to monies held by the LHB on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the Accounts. None of this Cash was held in Patients' Investment Accounts in either 2018-19 or 2017-18.

In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2019 was £69,393 (£71,910 31st March 2018).

30. Events after the Reporting Period

The LHB has not experienced any events having a material effect on the accounts, between the date of the statement of financial position and the date on which these accounts were approved by its Board.

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,

	2018-19		As at 31st March 2019	
	Income from related party	Expenditure to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Welsh Government	1,353,169	95	5,448	0
Abertawe Bro Morgannwg University Health Board	1,164	3,480	138	198
Betsi Cadwaladr University Health Board	87	938	12	19
Cardiff & Vale University Health Board	3,524	31,830	1,646	592
Cwm Taf University Health Board	1,194	21,832	332	761
Hywel Dda University Health Board	808	762	74	23
Powys Teaching Health Board	15,148	719	962	289
Velindre NHS Trust	5,877	36,978	1,803	2,003
Welsh Ambulance Services NHS Trust	183	6,378	58	278
Public Health Wales NHS Trust	3,381	1,715	374	279
Welsh Health Specialised Services Committee	8,223	136,775	47	2,304
Health Education and Improvement Wales (HEIW)	4,557	1	424	0

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	2018-19		As at 31st March 2019	
	Income from related party	Expenditure to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Blaenau Gwent County Borough Council	1,459	3,185	1,064	1,130
Caerphilly County Borough Council	11,214	15,624	2,583	4,649
Monmouthshire County Borough Council	1,555	5,412	670	3,228
Newport City Council	2,053	7,063	500	1,658
Torfaen County Borough Council	2,025	5,860	299	1,146

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

Aneurin Bevan Local Health Board Charitable Fund	1,016	26	10	35
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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	2018-19		As at 31st March 2019	
			Income from related party	Expenditure to related party	Amount due from related party	Amount owed to related party
			£000	£000	£000	£000
Glyn Jones	Royal Brompton & Harefield NHS Foundation Trust	Son is on Student/Clinical Placement	1	11	0	12
	NHS Wales Informatics Service (Hosted by Velindre NHS Trust)	Sister is Project Manager and Niece is a Support Officer	5,877	36,978	1,803	2,003
	Abertawe Bro Morgannwg University Health Board	Niece is on the NHS Wales Graduate Finance Training Scheme	1,164	3,480	138	198
Bronagh Scott	United Response	Trustee	0	50	0	0
Richard Bevan	Carers Trust South East Wales	Voluntary Director and Chair of the People and Well Being Committee	0	255	0	117
Philip Robson	Hospice of Valleys	Trustee	0	333	0	12
Emrys Elias	Velindre NHS Trust	Spouse is Director of Nursing	5,877	36,978	1,803	2,003
	Betsi Cadwaladr University Health Board	Consultancy	87	938	12	19
	Cardiff & Vale University Health Board	Consultancy	3,524	31,830	1,646	592
Katija Dew	Melin Homes	Spouse is Executive Director	0	79	0	0
Prof Dianne Watkins	Cardiff University	Deputy Head, School of Healthcare Sciences	506	797	150	212
Catherine Brown	Natural Resources Wales	Board Member	0	7	0	0
Richard Clark	Torfaen Voluntary Alliance	Trustee and Company Secretary	0	47	0	0
	Torfaen County Borough Council	Executive Member for Health and Adult Services	2,025	5,860	299	1,146
Frances Taylor	Monmouthshire County Council	County Councillor	1,555	5,412	670	3,228
Lorraine Morgan	Melin Homes	Board Member	0	79	0	0
Claire Marchant	Monmouthshire County Council	Director of Social Services	1,555	5,412	670	3,228
	Abertawe Bro Morgannwg University Health Board	Spouse is Director - Princess of Wales Hospital	1,164	3,480	138	198
David Street	Caerphilly County Borough Council	Corporate Director, Social Services and Housing	11,214	15,624	2,583	4,649
	Welsh Government	Spouse is Assistant Director of Social Care Policy	1,353,169	95	5,448	0

32. Pooled budgets

The Health Board has five pooled budgets. The specific accounting treatment of each pooled budget is covered within Accounting Policies note 1.22.

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 £4,597K 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 £895K for 2018/19 (£852K for 2017/18).

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 £195K for 2018/19 (£187K 2017/18).

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 £9,616K for 2018/19 (£9,034K 2017/18).

Continuing Healthcare

The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen County Councils, for the provision and commissioning of certain specialised services for older people (>65 years of age) in a care home setting in Gwent. Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions.

The pool was established in August 2018 and is hosted by Torfaen County Borough Council. Under the arrangement, the Health Board makes a financial contribution equivalent to related expenditure in commissioning related placements in homes during the year. The LHB's

Pooled Budget memorandum account for the period 1st April 2018 - 31st March 2019

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,337,405	0	2,337,405
Monmouthshire County Council	351,767	722,533	0	1,074,300
Total Funding	351,767	3,059,938	0	3,411,705
Expenditure				
Aneurin Bevan Health Board	0	2,496,356	0	2,496,356
Monmouthshire County Council	368,554	767,642	0	1,136,196
Total Expenditure	368,554	3,263,998	0	3,632,552
Net (under)/over spend	16,787	204,060	0	220,847

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 the Board of Aneurin Bevan University Health Board.

There are no hosted services within the health board. Divisions do not manage capital programme 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 operati

34. Other Information

IFRS15 - Revenue from Contracts with Customers

Work was undertaken by the TAG IFRS sub group, consistent with the 'portfolio' approach allowed by the standard. Each income line in the notes from a previous year's annual accounts (2017/18) was considered to determine how it would be affected by the implementation of IFRS 15. It was determined that the following types of consideration received from customers for goods and services (hereon referred to as income) fell outside the scope of the standard, as the body providing the income does not contract with the body to receive any direct goods or services in return for the income flow.

- Charitable Income and other contributions to Expenditure.
- Receipt of Donated Assets.
- WG Funding without direct performance obligation (e.g. SIFT/SIFT@/Junior Doctors & PDGME Funding).

Income that fell wholly or partially within the scope of the standard included:

- Welsh LHB & WHSCC LTA Income;
- Non Welsh Commissioner Income;
- NHS Trust Income;
- Foundation Trust Income;
- Other WG Income;
- Local Authority Income;
- ICR Income ;
- Training & Education income ;
- Accommodation & Catering income

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTA's). The adjustment being, for episodes of patient care which had started but not concluded (FCE's), as at period end, e.g. 31 March.

When calculating the income generated from these episodes, it was determined that it was appropriate to use length of stay as the best proxy for the attributable Work In Progress (WIP) value. In theory, as soon as an episode is opened, income is due. Under the terms and conditions of the contract this will only ever be realised on episode closure so the average length of stay would be the accepted normal proxy for the work in progress value.

For Aneurin Bevan University Health Board, the following methodology was applied to assess the value of the unaccounted WIP.

1. For 2017/18, income for inpatient activity recorded on an FCE basis was £72.8m (total income from LTA's, including WHSCC, Welsh Health Boards and Non Welsh Commissioners, was £93.8m).

34. Other Information (continued)

1. This related to circa 7,527 FCEs, with an estimated average unit cost of £1,554.28.
2. Most contracts still work on 25% marginal rates, however there are some cost per case contract (e.g. Orthopaedics or Thoracic Surgery). Therefore to ensure a prudent assessment of exposure, a 35% marginal rate has been determined for this calculation.
3. As such, £621.71 per FCE is the derived estimate for a WIP calculation.
4. Using available Business Intelligence/ Costing Information, the total open episodes at year-end and the average length of stay (ALoS) were identified.
5. This provided assumptions of a 7 day ALoS (with 50% completed) and circa 74 FCEs attributable to contracts at year-end, which lead to an adjustment calculation to align revenue recognised to the requirements of the standard:

$$£621.71 / 7 \text{ days} \times 3.5 \text{ days} \times 74 \text{ FCEs} = £23,003$$

A summary of the Impact Assessment carried out by Aneurin Bevan University Local Health Board is shown in the table below:

Description	Amount
ANNUAL ACCOUNTS YEAR LOOKED AT:	2017/18
	£M
TOTAL INCOME PER ACCOUNTS IN THE YEAR ABOVE	93.786
TOTAL INCOME LOOKED AT AS PART OF THE EXERCISE	72.774
TOTAL INCOME LOOKED AT CONSIDERED TO BE OUTSIDE THE SCOPE OF IFRS 15	41.068
TOTAL INCOME LOOKED AT CONSIDERED TO BE IN THE SCOPE OF IFRS 15	52.718
TOTAL INCOME LOOKED AT THAT IS INSIDE THE SCOPE OF IFRS 15 AND POTENTIALLY REQUIRES ADJ. FOR INCOMPLETE SERV PROV EPISODES	16.713
TOTAL ESTIMATED ADJUSTMENT REQUIRED UNDER IFRS 15	0.023

IFRS 9 - Financial Instruments

For consistency across Wales, the practical expedient provision matrix was used to estimate expected credit losses (ECLs) based on the 'age' of receivables as follows:

- Receivables were segregated into appropriate groups
- Each group, was analysed:
 - a) age-bands
 - 1-30 days (including current)
 - 31-60 days
 - 61-90 days
 - 91-180 days
 - 181- 365 days
 - > 1 year
 - b) at historical back-testing dates (data points)
- For each age-band, at each back-testing date the following were determined:
 - a) the gross receivables
 - b) the amounts ultimately collected/written-off. If material, adjustments should be made to exclude the effect of non-collections for reasons other than credit loss (e.g. credit notes issued for returns, short-deliveries or as a commercial price concession)

34. Other Information (continued)

- The average historical loss rate by age-band was calculated, and adjusted where necessary e.g. to take account of changes in:
 - a) economic conditions
 - b) types of customer
 - c) credit management practices
- Consideration was given as to whether ECLs should be estimated individually for any period-end receivables, e.g. because information was available specific debtors.
- Loss rate estimates were applied to each age-band for the other receivables.
- The percentages calculated have been applied to those invoices outstanding as at 31st March 2018 (which don't already have a specific provision against them) to recalculate the value of the HB non-specific provision under IFRS9.

ABUHB – IFRS 9 Impact

Debtor Type	Total Outstanding Amount 2017/18	Specific Provision 2017/18	General Provision 2017/18 - Current Methodology	General Provision - IFRS 9 Methodology	Increase to Provision due to IFRS 9
	£000	£000	£000	£000	£000
Total NHS	2,976	1	0	21	21
Total Non-NHS	5,887	261	51	438	386
Total Outstanding	8,862	262	51	458	407

BREXIT

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

In 2018-19 the NHS Estate has been valued using indices provided by the District Valuer and disclosed in the Manual For Accounts.

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 2018/19

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.

