



**Bwrdd Iechyd Lleol  
Local Health Board**

Bro Morgannwg  
Vale of Glamorgan

**ANNUAL ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2007**

# VALE OF GLAMORGAN LOCAL HEALTH BOARD

## ANNUAL ACCOUNTS 2006-07

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# Vale of Glamorgan Local Health Board

## FOREWORD

These accounts have been prepared by the Local Health Board under section 98(2) of the National Health Service Act 1977 (as amended) in the form in which the National Assembly for Wales has, with the approval of the Treasury, directed.

### Statutory background

The Local Health Board was one of 22 which came into existence on 1st April 2003. As a statutory body governed by Acts of Parliament the LHB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of **the Vale of Glamorgan of 122,900 (source: Welsh Assembly Government 2005 (published 24/8/06))**
- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;
- supporting and funding the contractor professions;
- the commissioning of health promotion, emergency planning and other regulatory tasks;
- the stewardship of resources including the financial management and monitoring of performance in critical areas;
- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept.

### 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 Operating Cost Statement, which shows the net operating cost incurred by the LHB which is funded by the Assembly. This funding is allocated on receipt directly to the General Fund in the Balance Sheet.

The statutory duty for Local Health Boards is enacted in the 2002 NHS Reform and Health Care Professionals Act. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is note 2.1 Achievement of Operational Financial Balance on page 13. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year

## OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

|                            | Note             | Total<br>£000         | 2005-06<br>Total<br>£000 |
|----------------------------|------------------|-----------------------|--------------------------|
| Expenditure                | 4.1,4.2,4.3, 4.4 | <b>164,522</b>        | 149,185                  |
| Miscellaneous income       | 3.1              | <b>2,381</b>          | 1,688                    |
| <b>Net operating costs</b> |                  | <b><u>162,141</u></b> | <u>147,497</u>           |

## STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2007

|   | £000            | £000            |
|---|-----------------|-----------------|
| Unrealised surplus on revaluation / indexations of fixed assets       | <b>1</b>        | <b>1</b>        |
| Net increases / reductions in General Fund due to transfers of assets | <b>0</b>        | <b>0</b>        |
| Fixed asset impairment losses   | <b>0</b>        | <b>0</b>        |
| <b>Recognised gain / (loss) for the year</b>                          | <b><u>1</u></b> | <b><u>1</u></b> |

**BALANCE SHEET AS AT 31 MARCH 2007**

|   | Note | £000           | 31 March<br>2006<br>£000 |
|---|------|----------------|--------------------------|
| <b>TOTAL FIXED ASSETS</b>                               |      |                |                          |
| Intangible fixed assets                                 | 5.1  | 0              | 0                        |
| Tangible fixed assets                                   | 5.2  | 32             | 46                       |
| <b>CURRENT ASSETS</b>                                   |      |                |                          |
| Debtors   | 6.1  | 1,082          | 506                      |
| Cash at bank and in hand                                |      | 282            | 545                      |
| <b>Total Current Assets</b>                             |      | <b>1,364</b>   | <b>1,051</b>             |
| Creditors: amounts falling due within one year          | 6.2  | 9,300          | 8,723                    |
| <b>Net current assets / (liabilities)</b>               |      | <b>(7,936)</b> | <b>(7,672)</b>           |
| Creditors: amounts falling due after more than one year | 6.3  | 0              | 0                        |
| Provisions for liabilities and charges                  | 6.4  | 310            | 455                      |
| <b>TOTAL NET ASSETS</b>                                 |      | <b>(8,214)</b> | <b>(8,081)</b>           |
| <b>FINANCED BY:</b>                                     |      |                |                          |
| General fund  | 6.5  | (8,218)        | (8,084)                  |
| Donated Assets Reserve                                  | 6.6  | 0              | 0                        |
| Revaluation Reserve                                     | 6.7  | 4              | 3                        |
| <b>TOTAL</b>  |      | <b>(8,214)</b> | <b>(8,081)</b>           |

Signed for and on behalf of the Board

Director of Finance ..... Chief Executive .....

Date ..... Date.....

Adopted by the Board on.....

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007**

|  | <b>£000</b>      | <b>2005-06<br/>£000</b> |
|--|------------------|-------------------------|
| <b>Net operating costs</b>                                   | <b>(162,141)</b> | <b>(147,497)</b>        |
| Adjust for non-cash transactions                             | <b>(206)</b>     | <b>(169)</b>            |
| Adjust for movements in working capital other than cash      | <b>1</b>         | <b>(575)</b>            |
| Utilisation of provisions                                    | <b>(220)</b>     | <b>(16)</b>             |
|  | <hr/>            | <hr/>                   |
| <b>Net cash outflow from operating activities</b>            | <b>(162,566)</b> | <b>(148,257)</b>        |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT:</b>         |                  |                         |
| Payments to acquire fixed assets                             | <b>0</b>         | <b>0</b>                |
| Receipts from the sale of fixed assets                       | <b>0</b>         | <b>0</b>                |
|  | <hr/>            | <hr/>                   |
| <b>Net cash inflow / (outflow) from investing activities</b> | <b>0</b>         | <b>0</b>                |
|  | <hr/>            | <hr/>                   |
| <b>Net cash inflow / (outflow) before financing</b>          | <b>(162,566)</b> | <b>(148,257)</b>        |
| <b>FINANCING:</b>  |                  |                         |
| Net Assembly funding (including capital)                     | <b>162,303</b>   | <b>147,796</b>          |
| Surrender of income from sale of fixed assets                | <b>0</b>         | <b>0</b>                |
| Donations  | <b>0</b>         | <b>0</b>                |
| Capital element of finance lease rental payments             | <b>0</b>         | <b>0</b>                |
|  | <hr/>            | <hr/>                   |
| <b>Net cash inflow / (outflow) from financing</b>            | <b>162,303</b>   | <b>147,796</b>          |
|  | <hr/>            | <hr/>                   |
| <b>Increase / (decrease) in cash</b>                         | <b>(263)</b>     | <b>(461)</b>            |

**Notes to the cash flow statement**

**Adjust for non-cash transactions**

|   | £000         | 2005-06<br>£000 |
|---|--------------|-----------------|
| Depreciation and other write-offs           | 15           | 15              |
| Impairment of fixed assets                  | 0            | 0               |
| (Profit) / Loss on disposal of fixed assets | 0            | 0               |
| Non-cash provisions                         | 75           | 154             |
| Capital charge interest                     | (296)        | (338)           |
|   | <u>(206)</u> | <u>(169)</u>    |

**Adjust for movements in working capital other than cash**

|                                  | £000     | 2005-06<br>£000 |
|----------------------------------|----------|-----------------|
| (Increase)/decrease in debtors   | (576)    | 69              |
| Increase/(decrease) in creditors | 577      | (644)           |
|                                  | <u>1</u> | <u>(575)</u>    |

**Reconciliation of net cash flow to movement in net debt**

|  | £000       |
|--|------------|
| Increase/(decrease) in cash in the period                        | (263)      |
| Cash outflow from debt repaid and finance lease capital payments | <u>0</u>   |
| Change in net debt resulting from cash flows                     | (263)      |
| Non cash changes in debt   | 0          |
| <b>Net debt at 1 April 2006</b>                                  | <u>545</u> |
| <b>Net debt at 31 March 2007</b>                                 | <u>282</u> |

**Analysis of changes in net debt**

|                          | As at<br>1 April<br>2006 | Cash<br>flows | Other<br>changes | As at<br>31 March<br>2007 |
|--------------------------|--------------------------|---------------|------------------|---------------------------|
|                          | £000                     | £000          | £000             | £000                      |
| Cash at bank and in hand | 545                      | (263)         | 0                | 282                       |
| Bank overdraft           | 0                        | 0             | 0                | 0                         |
| Debt due within one year | 0                        | 0             | 0                | 0                         |
| Debt due after one year  | 0                        | 0             | 0                | 0                         |
| <b>Total</b>             | <u>545</u>               | <u>(263)</u>  | <u>0</u>         | <u>282</u>                |

**Footnote (1)**

Amount held in Office of Paymaster General bank accounts as at 31 March 2007 was £302,006.06



**Analysis of capital expenditure, financial investments and associated receipts**

|                                 | Capital            |                    | Loans           |                     | Net Total |
|---------------------------------|--------------------|--------------------|-----------------|---------------------|-----------|
|                                 | Additions<br>£'000 | Disposals<br>£'000 | Issues<br>£'000 | Repayments<br>£'000 | £'000     |
| Total cash payment and receipts | 0                  | 0                  | 0               | 0                   | 0         |

**Reconciliation of loan issues and repayments to cash movements**

|   | 2006-07         |                     | Net               |
|---|-----------------|---------------------|-------------------|
|   | Issues<br>£'000 | Repayments<br>£'000 | Movement<br>£'000 |
| Total issues and repayments (per creditors note 6.3)      | 0               | 0                   | 0                 |
| Accrued movement in loan capital                          | 0               | 0                   | 0                 |
| Non-cash adjustments                                      | 0               | 0                   | 0                 |
| <b>Total financial investment and associated receipts</b> | <b>0</b>        | <b>0</b>            | <b>0</b>          |

**Reconciliation of fixed assets and disposals**

|   | 2006-07            |                    | Net               |
|---|--------------------|--------------------|-------------------|
|   | Additions<br>£'000 | Disposals<br>£'000 | Movement<br>£'000 |
| Total assets and disposals (per fixed assets note 5.1 5.2)  | 0                  | 0                  | 0                 |
| Accrued movement in fixed asset additions                   | 0                  | 0                  | 0                 |
| Non-cash adjustments  | 0                  | 0                  | 0                 |
| <b>Total cash movement on asset additions and disposals</b> | <b>0</b>           | <b>0</b>           | <b>0</b>          |

## **SECTION 1: NOTES TO THE ACCOUNTS**

## **Notes to the Account**

### **1. Accounting Policies**

**1.1** The financial statements have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury to the extent that the National Assembly for Wales has directed as being appropriate to LHB'S. The particular accounting policies adopted by the Local Health Board (LHB) are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention, modified by the application of current cost principles to tangible fixed assets, and in accordance with directions issued by the National Assembly for Wales (the Assembly) and approved by Treasury.

LHB's are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

#### **Acquisitions and Discontinued Operations**

Activities are considered to be "acquired" and disclosed as such, only if they are acquired from outside the public sector. Activities are considered to be "discontinued" and disclosed as such, only if they cease entirely or are transferred outside the public sector.

#### **1.2 Income and funding**

The main source of funding for the LHB is resource allocations from the Assembly within an approved cash limit, which is credited to the general fund when the associated cash is received. Income disclosed in the Operating Cost Statement reflects only the amounts other than Assembly Funding.

Miscellaneous income is income which relates directly to the operating activities of the LHB. It comprises principally of fees and charges for services provided on a full cost basis to external customers, (or any other other material types of income if this disclosure would not be sufficient).

It includes both income appropriated-in-aid of the Vote and income to the consolidated fund which HM Treasury has agreed should be treated as operating income.

Income is accounted for by applying the accruals convention. Income is recognised in the period in which services are provided.

#### **1.3 Taxation**

The LHB is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

#### **1.4 Intangible fixed assets**

Intangible assets which can be valued, are capable of being used in a LHB's activities for more than one year and have a cost equal to or greater than £5,000;

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

## 1.5 Tangible fixed assets

### a. Capitalisation

**Tangible fixed assets** are capitalised if they are capable of being used for a period which exceeds one year and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost equal to or greater than £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- form part of the initial setting - up cost of a new building, irrespective of their individual or collective cost.
- form part of an IT network which collectively has a cost more than £5,000 and individually have a cost of more than £250.

### b. Valuation

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

### Land and Buildings

Land and buildings are restated at current cost using professional valuations every five years and appropriate indices in intervening years. The buildings indexation is based on the All in Tender Price Index published by the Building Cost Information Service (BICS). The land index is based on the residential building and land values reported in the Property Market Report published by the Valuation Office. Valuations are carried out by the District Valuers of the Inland Revenue Government Department at five - yearly intervals. A five - yearly revaluation was carried out as at 30 September 2003.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non - specialised operational property.

In respect of non - operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value. Land and buildings held under finance leases are capitalised at inception at the fair value of the asset but may be subsequently revalued by the District

Valuer. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five - yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Recognised Gains and Loses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for Depreciated Replacement Cost valuations.

### Equipment

Equipment surplus to requirements is valued at net recoverable amount and assets held under finance leases are capitalised at the fair value of the assets. With those exceptions, equipment is valued at Depreciated Replacement Cost.

### **Assets in the course of construction**

Assets in the course of construction are valued at current cost using the index as for land and buildings (see above). These assets include any existing land or buildings under the control of a contractor.

### **c. Depreciation, amortisation and impairments**

Depreciation is charged on a straight - line basis on each main class of fixed asset as follows:

Freehold land and land and buildings surplus to requirements are not depreciated. Assets in the course of construction and residual interests in off - balance sheet Private Finance Initiative contract assets are not depreciated until the asset is brought into use or reverts to the LHB, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

### **1.6 Donated assets**

Donated tangible fixed assets are capitalised at their valuation on receipt and are valued and depreciated as described above for purchased assets.

The value of donated tangible fixed assets and the donated element of part - donated assets are reflected in a donated asset reserve. This reserve is credited with the value of the original donation and any subsequent revaluation and indexation; an amount equal to the depreciation charge is released from this reserve each year to the Operating Cost Statement.

### **1.7 Research and development**

Research and development expenditure is charged to the Operating Cost Statement in the year in which it is incurred, except insofar as it is separately identifiable development expenditure relating to a clearly defined project and benefits therefrom can reasonably be regarded as assured.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project.

### **1.8 Pension Costs**

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employees, General Practices and other bodies, allowed under the direction of Secretary of State in England and Wales. As a consequence it is not possible for the LHB to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

The Scheme is subject to a full valuation for FRS 17 purposes every four years. The last valuation took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999.

Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions Agency website at [www.nhspa.gov.uk](http://www.nhspa.gov.uk). Copies can also be obtained from the Stationery Office.

The conclusion from the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the members pension is normally payable to the surviving spouse.

Early payments of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice the final year's pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump for those who die after retirement is, payable.

The scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVC's) provided by an approved panel of life companies. Under the arrangement the LHB can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Additional pension liabilities arising from early retirements are not funded by the scheme, which except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement at the time the LHB commits itself to the retirement, regardless of the method of payment.

### **1.9 Foreign currency**

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Resulting exchange gains and losses are taken to the Operating Cost Statement.

### **1.10 Cost of Capital**

The cost of capital applies to all the assets and liabilities of the LHB, less cash balances held at the OPG and donated assets. The interest rate applied to capital charges in the 2006/07 financial year was 3.5%.

### **1.11 Provisions**

The LHB provides for legal or constructive obligations 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. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms. Provisions are only recognised where the amount of economic benefit is probable, and the amount of the transfer can reasonably be estimated.

### **1.12 Liquid resources**

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The LHB does not hold any investments with maturity dates exceeding one year from the date of purchase.

### **1.13 Leases**

Where substantially all the risks and rewards of ownership of a leased asset are borne by the LHB, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the OCS over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the OCS on a straight line basis.

### **1.14 Contingent liabilities**

- a possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the LHB's control;

- a present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or

- a present obligation where the amount of the obligation cannot be measured with sufficient accuracy.

Contingent liabilities are not disclosed where the probability of them becoming liabilities is considered to be remote.

Contingent assets are disclosed where a possible asset exists as a result of past events whose existence will

be confirmed only by the occurrence of one or more uncertain future events not wholly within the LHB's control.

Contingent assets are disclosed only where the future outflow of economic benefit is considered to be probable.

### **1.15 Deferred Income**

Deferred income is recognised where income has been received with an obligation to use the monies for a specific purpose, but these monies have not yet been spent.

### **1.16 Expenditure**

Interest payable arises from the unwinding of discount on provisions, as the value is restated to reflect the present value of the provision at the closing balance sheet date. Interest payable also arises on bank overdrafts and finance leases and is recognised on the accruals basis. Interest payable is not shown separately on the face of the Operating Cost Statement, but is included within expenditure.

Certain expenditure relating to reimbursement of General Practitioners for the provision of Family Health Services is defined by the National Assembly as "non-discretionary" and is deducted from net operating costs for the purposes of assessing outturn against revenue resource limit in note 2.1.

Programme expenditure is defined as costs relating directly to the provision of healthcare, social care and other services relating to the LHB's functions provided directly to the public. All other expenditure is classified as

### **1.17 New Dental Contract**

On 1 April 2006 a new dental contract was introduced in England and Wales. LHBs are now responsible for commissioning dental services and organising payment through the Dental Practice Division of the Business Services Authority.

Contractors who have underperformed against their contracted level of Units of Dental Activity, (UDA's) by a margin of 5% or less, are contractually allowed to retain their payments for the year and deliver the underperformance of UDA's within the new financial year 2007-08.

The valuation in the annual accounts is based on an estimate provided by the Dental Practice Division in May 2007. The final outturn will not be available until after the publication of the annual accounts, and any variance will be recognised in the accounts for 2007-08.

The LHB's superannuation liability is contingent upon :  
the actual UDA performance against the annual contracted target to arrive at a final gross earnings for the year;  
the declared split of the gross final earnings over the performers registered on each individual contract.

To calculate the LHB's liability in respect of year end under or over performance, the baseline financial value of any under or over achievement against contracted activity is multiplied by a factor of 0.439, (the standard superannuation assumption for the profit element of gross earnings within the dental sector) and 0.14. (the superannuation employee contribution rate.)



## 2.1 Achievement of Operational Financial Balance

|  | £000     | 2005-06<br>£000 |
|--|----------|-----------------|
| Net operating costs for the financial year                 | 162,141  | 147,497         |
| Non-discretionary expenditure                              | 1,006    | 1,494           |
| Operating costs less non-discretionary expenditure         | 161,135  | 146,003         |
| Revenue Resource Limit                                     | 161,135  | 146,003         |
| <b>Under / (over) spend against Revenue Resource Limit</b> | <b>0</b> | <b>0</b>        |
| Unplanned resource brokerage received                      | 0        | 0               |
| <b>Operational Financial Balance</b>                       | <b>0</b> | <b>0</b>        |

### Footnote (1)

The LHB received resource brokerage of £0.250m from Merthyr Tydfil LHB during 2005/06, which was agreed with the Welsh Assembly Government. This resource brokerage was repaid to Merthyr Tydfil LHB in 2006-07 as agreed.

### Footnote (2)

The LHB is committed to the delivery of a balanced Service & Financial Framework (SAFF), and has an approved Financial Plan for 2007-08, which includes repayment of £0.435m of the resource loan as detailed in the SCEP recovery plan. The Financial Plan for 2007-08 has been formally agreed by the LHB Board. However, the health community's SAFF for 2007-08 has yet to be finalised.

### 3.1 Miscellaneous income

|                                     | £000         | 2005-06<br>£000 |
|-------------------------------------|--------------|-----------------|
| Fees & Charges                      | 0            | 0               |
| Prescription charge income          | 1,892        | 1,289           |
| Income for trust impairments        | 0            | 0               |
| Deferred Income released to revenue | 0            | 0               |
| Other                               | 489          | 399             |
| <b>Total</b>                        | <b>2,381</b> | <b>1,688</b>    |
| Other                               |              |                 |

**Footnote (1) - Prescription income includes:**

**£000**

|   |              |
|---|--------------|
| Pharmaceutical prescription income                | 1,103        |
| nDental contract PDS & GDS income (new for 06/07) | 789          |
|   | <b>1,892</b> |

**Footnote (2) - other income includes:**

**£000**

|  |            |
|--|------------|
| Merseyside & Cheshire Strategic HA - Murray Review | 15         |
| Remploy - Healthy Minds at Work Project            | 23         |
| Expert Patients Programme (EPP)                    | 12         |
| NLIAH - Gateway to Leadership                      | 20         |
| VOGC - Flexibilities Funding                       | 26         |
| Contributions received for Office Accommodation    | 22         |
| WAG - Welsh Eye Care Initiative                    | 86         |
| HCD Nurse Funding (2)                              | 40         |
| LHB CAHMS Funding                                  | 22         |
| CSP - Supervised Methadone Consumption             | 38         |
| Emergency Care Lead (05/06)                        | 3          |
| NLIAH - Referral Management Centre                 | 37         |
| Recharge of staff costs to other NHS bodies        | 145        |
|  | <b>489</b> |

**Expenditure:****4.1 Primary health care**

|                                       | Cash<br>limited | Non cash<br>limited | Total         | 2005-06<br>Total |
|---------------------------------------|-----------------|---------------------|---------------|------------------|
|                                       | £000            | £000                | £000          | £000             |
| General Medical services              | 14,527          | 0                   | 14,527        | 13,907           |
| Pharmaceutical services               | 3,702           | 124                 | 3,826         | 3,942            |
| General Dental services               | 4,766           | 0                   | 4,766         | 39               |
| General Ophthalmic services           | 0               | 882                 | 882           | 846              |
| Other Primary health care expenditure | 157             | 0                   | 157           | 70               |
| Prescribed drugs and appliances       | 20,068          | 0                   | 20,068        | 19,102           |
| <b>Total</b>                          | <b>43,220</b>   | <b>1,006</b>        | <b>44,226</b> | <b>37,906</b>    |

**4.2 Secondary and Community health care**

|   | Total<br>£000  | 2005-06<br>Total<br>£000 |
|---|----------------|--------------------------|
| <b>NHS Trusts:</b>                                    |                |                          |
| Provider 1 - .. Bro Morganwng NHS Trust               | 31,708         | 31,153                   |
| Provider 2 - .. Cardiff & Vale NHS Trust              | 71,763         | 65,339                   |
| Provider 3 - .. Carmarthen NHS Trust                  | 41             | 38                       |
| Provider 4 - .. Gwent Healthcare NHS Trust            | 162            | 156                      |
| Provider 5 - .. North Glamorgan NHS Trust             | 95             | 91                       |
| Provider 6 - .. Pembroke & Derwen NHS Trust           | 745            | 683                      |
| Provider 7 - .. Pontypridd & Rhondda NHS Trust        | 1,119          | 899                      |
| Provider 8 - .. Swansea NHS Trust                     | 115            | 89                       |
| Provider 9 - .. Velindre NHS Trust                    | 2,015          | 2,622                    |
| Provider 10 - Welsh Ambulance Services NHS Trust      | 11             | 11                       |
| Other Welsh NHS trusts                                | 11             | 16                       |
| Other non Welsh NHS trusts                            | 405            | 79                       |
| Local Authorities                                     | 0              | 250                      |
| Voluntary Organisations                               | 732            | 699                      |
| NHS Funded Nursing Care                               | 2,053          | 2,082                    |
| Continuing Care                                       | 3,233          | 2,755                    |
| Private providers                                     | 1,324          | 627                      |
| Specific projects funded by Welsh Assembly Government | 118            | 106                      |
| Other   | 1,491          | 723                      |
| <b>Total</b>  | <b>117,141</b> | <b>108,418</b>           |

**Footnote - 4.2 other expenditure includes: £000**

|  |              |
|--|--------------|
| Second Offer Scheme                            | 1,448        |
| LHB Secondees (non-staff costs)                | 3            |
| Public & Patient Involvement (non-staff costs) | 1            |
| Referral Management Centre (non-staff costs)   | 22           |
| Expert Patient Programme (non-staff costs)     | 13           |
| Healthy Minds at Work (non-staff costs)        | 4            |
|  | <u>1,491</u> |

**4.3 Other programme expenditure**

|  | £000         | 2005-06<br>£000 |
|--|--------------|-----------------|
| Salaries and wages                               | 751          | 762             |
| National Public Health Service                   | 690          | 662             |
| Losses, special payments and irrecoverable debts | 0            | 0               |
| Research and development                         | 0            | 0               |
| Other  | 0            | 0               |
|  | <hr/>        | <hr/>           |
| <b>Total</b>                                     | <b>1,441</b> | <b>1,424</b>    |

**4.4 Administration expenditure**

|   | £000         | 2005-06<br>£000 |
|---|--------------|-----------------|
| Non-officer members' remuneration           | 69           | 75              |
| Other salaries and wages                    | 885          | 628             |
| Establishment expenses                      | 58           | 88              |
| Transport and moveable plant                | 0            | 0               |
| Premises and fixed plant                    | 110          | 97              |
| External contractors                        | 25           | 24              |
| Auditors' remuneration - audit fee          | 65           | 62              |
| Auditors' remuneration - other fees         | 0            | 0               |
| Business Services Centre recharge           | 755          | 776             |
| Interest payable- unwinding of discount     | 0            | 0               |
| Interest payable -other                     | 0            | 0               |
| Capital - depreciation                      | 15           | 15              |
| Amortisation                                | 0            | 0               |
| Capital charge interest                     | (296)        | (338)           |
| Impairment                                  | 0            | 0               |
| (Profit) / loss on disposal of fixed assets | 0            | 0               |
| Other                                       | 28           | 10              |
|   | <hr/>        | <hr/>           |
| <b>Total</b>                                | <b>1,714</b> | <b>1,437</b>    |

**Footnote (1) - Business Services Centre Recharge includes:**

£15k for the external audit of the Business Services Centre which is attributable to the LHB.

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

|  | <b>Total</b> | <b>2005-06<br/>Total</b> |
|--|--------------|--------------------------|
|  | <b>£000</b>  | <b>£000</b>              |
| Clinical negligence  | 0            | 0                        |
| Personal injury  | 0            | 0                        |
| All other losses and special payments                      | 0            | 0                        |
| Defence legal fees and other administrative costs          | 0            | 0                        |
|  | <hr/>        | <hr/>                    |
| Gross increase / decrease in provision for future payments | 0            | 0                        |
| Contributions to Welsh Risk Pool/insurance premiums        | 0            | 0                        |
| Irrecoverable debts  | 0            | 0                        |
| Less: income received/due from Welsh Risk Pool             | 0            | 0                        |
|  | <hr/>        | <hr/>                    |
| <b>Total</b>   | <b>0</b>     | <b>0</b>                 |
|  | <hr/>        | <hr/>                    |

Personal injury includes £ nil in respect of permanent injury benefits

#### 4.6 Hire and operating lease rentals

|                             | £000      | 2005-06<br>£000 |
|-----------------------------|-----------|-----------------|
| Hire of plant and machinery | 0         | 0               |
| Other operating leases      | 55        | 55              |
| <b>Total</b>                | <b>55</b> | <b>55</b>       |

#### Commitments under non-cancellable operating leases:

|                                       | Land and<br>Buildings | Other<br>Leases | 2005-06<br>Land and<br>Buildings | 2005-06<br>Other<br>Leases |
|---------------------------------------|-----------------------|-----------------|----------------------------------|----------------------------|
|                                       | £000                  | £000            | £000                             | £000                       |
| <b>Operating leases which expire:</b> |                       |                 |                                  |                            |
| Within 1 year                         | 0                     | 0               | 0                                | 0                          |
| Between 1 and 5 years                 | 0                     | 0               | 0                                | 0                          |
| After 5 years                         | 55                    | 0               | 55                               | 0                          |

#### 4.7 Executive Directors and staff costs

|                                 | Total        | 2005-06<br>Total |
|---------------------------------|--------------|------------------|
|                                 | £000         | £000             |
| Salaries and wages              | 1,362        | 1,128            |
| Social security costs           | 102          | 91               |
| Employer contributions to NHSPA | 159          | 153              |
| Other pension costs             | 0            | 0                |
| Agency / seconded staff         | 13           | 8                |
| <b>Total</b>                    | <b>1,636</b> | <b>1,380</b>     |

#### 4.8 Board Directors' remuneration

|   | £000       | 2005-06<br>£000 |
|---|------------|-----------------|
| Non-officer members' remuneration             | 69         | 80              |
| Executive Directors' remuneration:            |            |                 |
| basic salaries                                | 341        | 268             |
| benefits                                      | 0          | 0               |
| performance related bonuses                   | 0          | 0               |
| pension contributions                         | 44         | 34              |
| Compensation for loss of office               | 0          | 0               |
| Pensions to former directors (early retirees) | 0          | 0               |
| <b>Total</b>                                  | <b>454</b> | <b>382</b>      |

|                                 | £000      | Chief<br>Executive<br>£000 |
|---------------------------------|-----------|----------------------------|
| Basic Salary                    | 28        | 70                         |
| Benefits                        | 0         | 0                          |
| Compensation for loss of office | 0         | 0                          |
| Performance related bonuses     | 0         | 0                          |
| Pension contributions           | 2         | 10                         |
| <b>Total</b>                    | <b>30</b> | <b>80</b>                  |

| Remuneration waived by directors and allowances paid in lieu: | Number | £000 |
|---|--------|------|
| Directors' remuneration waived                                | 0      | 0    |
| Allowances paid in lieu of remuneration                       | 0      | 0    |

The basis on which performance related bonuses are calculated is as follows:

Not Applicable

#### Footnote (1) - Chairman's Remuneration:

In 2006/07 the office of Chairman was held by two members namely:

- Dr M.Robinson for the period to Sept 06 and
- Mrs J.Penn from Oct 06 onwards.

The remuneration of each member attributable for the period during which he/she was in post was £14k and £ respectively (incl pension contributions).

## 4.9 Average number of employees

The average number of employees during the year was:

|                                | Permanent staff | Agency, temporary and contract staff | Staff on inward secondment | Total     | 2005-06   |
|--------------------------------|-----------------|--------------------------------------|----------------------------|-----------|-----------|
|                                | Number          | Number                               | Number                     | Number    | Number    |
| Executive Board Members        | 5               | 0                                    | 0                          | 5         | 4         |
| Other Local Health Board Staff | 22              | 9                                    | 0                          | 31        | 27        |
| Recharged staff                | 0               | 0                                    | 2                          | 2         | 2         |
| <b>Total</b>                   | <b>27</b>       | <b>9</b>                             | <b>2</b>                   | <b>38</b> | <b>33</b> |

The average number of employees is calculated as the total number of employees under contract of service in each week in the financial year divided by the number of weeks in the financial year.

## Expenditure on staff benefits

|                               | £        | £        |
|-------------------------------|----------|----------|
| <b>Nature of expenditure:</b> |          |          |
| a. ....                       | 0        | 0        |
| b. ....                       | 0        | 0        |
| c. ....                       | 0        | 0        |
| d. ....                       | 0        | 0        |
| <b>Total</b>                  | <b>0</b> | <b>0</b> |



#### 4.10 Retirements due to ill-health

During 2006-07 there were no early retirements from the LHB agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £ Nil

#### 4.11 Public Sector Payment Policy - Measure of Compliance

The National Assembly for Wales requires LHB's to pay non-NHS trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The target is to pay all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

|  | Number | £000  | 2005-06<br>£000 |
|--|--------|-------|-----------------|
| <b>Non- NHS</b>                        |        |       |                 |
| Total bills paid 2006-2007             | 3,090  | 9,582 | 8,732           |
| Total bills paid within target         | 3,082  | 9,577 | 8,706           |
| Percentage of bills paid within target | 99.7%  | 99.9% | 99.7%           |

In addition, the National Assembly for Wales require LHB's to pay other NHS bodies in accordance with Government Accounting rules. The target is to pay all other NHS bodies within 30 days of receipt of goods or a valid invoice by the authority (whichever is the later) unless other payment terms have been agreed with the NHS body.

|  | Number | £000    | 2005-06<br>£000 |
|--|--------|---------|-----------------|
| <b>NHS</b>                             |        |         |                 |
| Total bills paid 2006-2007             | 755    | 113,779 | 104,426         |
| Total bills paid within target         | 751    | 113,772 | 104,426         |
| Percentage of bills paid within target | 99.5%  | 100.0%  | 100.0%          |

|  | Number | £000    | 2005-06<br>£000 |
|--|--------|---------|-----------------|
| <b>Total</b>                           |        |         |                 |
| Total bills paid 2006-2007             | 3,845  | 123,361 | 113,158         |
| Total bills paid within target         | 3,833  | 123,349 | 113,132         |
| Percentage of bills paid within target | 99.7%  | 100.0%  | 100.0%          |

#### 4.12 The Late Payment of Commercial Debts (Interest ) Act 1998

|  | 2005-06<br>£ | 2005-06<br>£ |
|--|--------------|--------------|
| Amounts included within Interest Payable arising from claims made by small businesses under this legislation (see note 4.4). | 0            | 0            |
| Compensation payable to cover debt recovery costs  | 0            | 0            |

## 5.1 Intangible Fixed Assets

|  | Software<br>licences<br>£000 | Licenses and<br>trademarks<br>£000 | Patents<br>£000 | Development<br>expenditure<br>£000 | Total<br>£000 |
|--|------------------------------|------------------------------------|-----------------|------------------------------------|---------------|
| <b>Gross cost at 1 April 2006</b>                | 0                            | 0                                  | 0               | 0                                  | 0             |
| Additions  | 0                            | 0                                  | 0               | 0                                  | 0             |
| Disposals  | 0                            | 0                                  | 0               | 0                                  | 0             |
| <b>Gross replacement cost at 31 March 2007</b>   | <b>0</b>                     | <b>0</b>                           | <b>0</b>        | <b>0</b>                           | <b>0</b>      |
| <b>Accumulated amortisation at 1 April 2006</b>  | 0                            | 0                                  | 0               | 0                                  | 0             |
| Provided during the year                         | 0                            | 0                                  | 0               | 0                                  | 0             |
| Additions  | 0                            | 0                                  | 0               | 0                                  | 0             |
| Disposals  | 0                            | 0                                  | 0               | 0                                  | 0             |
| <b>Accumulated amortisation at 31 March 2007</b> | <b>0</b>                     | <b>0</b>                           | <b>0</b>        | <b>0</b>                           | <b>0</b>      |
| <b>Net book value at 1 April 2006</b>            | 0                            | 0                                  | 0               | 0                                  | 0             |
| <b>Net book value at 31 March 2007</b>           | <b>0</b>                     | <b>0</b>                           | <b>0</b>        | <b>0</b>                           | <b>0</b>      |

**Tangible fixed assets****5.2 Tangible assets at the balance sheet date:**

| Cost or valuation   | Land<br>£000 | Buildings,<br>excluding<br>dwellings<br>£000 | Dwellings<br>£000 | Assets<br>under<br>construction<br>and payments<br>on account<br>£000 | Plant and<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture<br>and<br>fittings<br>£000 | Total<br>£000 |
|---|--------------|--|-------------------|---|--------------------------------|--------------------------------|-----------------------------------|--------------------------------------|---------------|
|   |              |  |                   |   |                                |                                |                                   |                                      |               |
| At 1 April 2006   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 74                                | 0                                    | 74            |
| Indexation  | 0            | 0  | 0                 | 0   | 0                              | 0                              | 1                                 | 0                                    | 1             |
| Additions - purchased   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Additions - donated government granted  | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Transfers   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Impairments   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Other in-year revaluations  | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Disposals   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| <b>At 31 March 2007</b>   | <b>0</b>     | <b>0</b>                                     | <b>0</b>          | <b>0</b>  | <b>0</b>                       | <b>0</b>                       | <b>75</b>                         | <b>0</b>                             | <b>75</b>     |
| <b>Depreciation</b>   |              |  |                   |   |                                |                                |                                   |                                      |               |
| At 1 April 2006   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 28                                | 0                                    | 28            |
| Indexation  | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Additions - purchased   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Additions - donated government granted  | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Transfers   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Impairments   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Other in-year revaluations  | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Disposals   | 0            | 0  | 0                 | 0   | 0                              | 0                              | 0                                 | 0                                    | 0             |
| Provided during the year  | 0            | 0  | 0                 | 0   | 0                              | 0                              | 15                                | 0                                    | 15            |
| <b>At 31 March 2007</b>   | <b>0</b>     | <b>0</b>                                     | <b>0</b>          | <b>0</b>  | <b>0</b>                       | <b>0</b>                       | <b>43</b>                         | <b>0</b>                             | <b>43</b>     |
| <b>Net book value</b>   |              |  |                   |   |                                |                                |                                   |                                      |               |
| <b>at 1 April 2006</b>  | <b>0</b>     | <b>0</b>                                     | <b>0</b>          | <b>0</b>  | <b>0</b>                       | <b>0</b>                       | <b>46</b>                         | <b>0</b>                             | <b>46</b>     |
| <b>Net book value</b>   |              |  |                   |   |                                |                                |                                   |                                      |               |
| <b>at 31 March 2007</b>   | <b>0</b>     | <b>0</b>                                     | <b>0</b>          | <b>0</b>  | <b>0</b>                       | <b>0</b>                       | <b>32</b>                         | <b>0</b>                             | <b>32</b>     |
| <b>Net book value of assets held under finance leases and hire purchase contracts</b>   |              |  |                   |   |                                |                                |                                   |                                      |               |
| <b>Total</b>  | <b>0</b>     | <b>0</b>                                     | <b>0</b>          | <b>0</b>  | <b>0</b>                       | <b>0</b>                       | <b>0</b>                          | <b>0</b>                             | <b>0</b>      |
| <b>The total amount of depreciation charged in the Operating Cost Statement in respect of assets held under finance leases and hire purchase contracts:</b> |              |  |                   |   |                                |                                |                                   |                                      |               |
| <b>Total</b>  | <b>0</b>     | <b>0</b>                                     | <b>0</b>          | <b>0</b>  | <b>0</b>                       | <b>0</b>                       | <b>0</b>                          | <b>0</b>                             | <b>0</b>      |
| <b>Value of assets held at open market value</b>  | <b>0</b>     | <b>0</b>                                     | <b>0</b>          | <b>0</b>  | <b>0</b>                       | <b>0</b>                       | <b>0</b>                          | <b>0</b>                             | <b>0</b>      |

## Tangible Fixed Assets (continued)

The net book value of land and buildings at 31 March 2007 comprises:

|                 | £000     | 2005-06<br>£000 |
|-----------------|----------|-----------------|
| Freehold        | 0        | 0               |
| Long leasehold  | 0        | 0               |
| Short leasehold | 0        | 0               |
|                 | <hr/>    | <hr/>           |
| <b>Total</b>    | <b>0</b> | <b>0</b>        |
|                 | <hr/>    | <hr/>           |

## Net profit/(loss) on disposal of fixed assets

|  | £000           | 2005-06<br>£000 |
|--|----------------|-----------------|
| During the year the LHB disposed of fixed assets with the net book value of,   | 0              | 0               |
| The gross proceeds from the sale(s) were   | 0              | 0               |
| giving a net profit/(loss) on disposal of  | <hr/> <b>0</b> | <hr/> <b>0</b>  |
| <br>   |                |                 |
| The LHB paid over to the National Assembly for Wales the net proceeds from disposal of and retained the costs of disposal, net of, | 0              | 0               |
|  | 0              | 0               |

## 6.1 Debtors

| <b>Amounts falling due within one year:</b>          | <b>£000</b>  | <b>2005-06<br/>£000</b> |
|--|--------------|-------------------------|
| National Assembly for Wales                          | 102          | 45                      |
| Health Commission Wales                              | 22           | 13                      |
| Local Health Boards                                  | 51           | 113                     |
| Primary Care Trusts                                  | 13           | 0                       |
| NHS Trusts   | 288          | 74                      |
| Welsh Risk Pool                                      | 0            | 0                       |
| Capital debtors                                      | 0            | 0                       |
| Other debtors  | 440          | 112                     |
| Provision for irrecoverable debts                    | 0            | 0                       |
| Pension Prepayments:                                 | 0            | 0                       |
| Other prepayments and accrued income                 | 166          | 149                     |
| <b>Sub total</b>                                     | <b>1,082</b> | <b>506</b>              |
| <b>Amounts falling due after more than one year:</b> | <b>£000</b>  | <b>£000</b>             |
| National Assembly for Wales                          | 0            | 0                       |
| Health Commission Wales                              | 0            | 0                       |
| Local Health Boards                                  | 0            | 0                       |
| Primary Care Trusts                                  | 0            | 0                       |
| NHS Trusts   | 0            | 0                       |
| Welsh Risk Pool                                      | 0            | 0                       |
| Capital debtors                                      | 0            | 0                       |
| Other debtors  | 0            | 0                       |
| Provision for irrecoverable debts                    | 0            | 0                       |
| Pension Prepayments                                  | 0            | 0                       |
| Other prepayments and accrued income                 | 0            | 0                       |
| <b>Sub total</b>                                     | <b>0</b>     | <b>0</b>                |
| <b>Total</b>   | <b>1,082</b> | <b>506</b>              |

| <b>Footnote (1) - other debtors include:</b> | <b>£000</b> |
|--|-------------|
| General recharges                            | 32          |
| Healthy Minds at Work Project                | 28          |
| COPD Nurse Funding                           | 20          |
| nDental Contract (DPB)                       | 292         |
| HM Customs & Excise (VAT)                    | 3           |
| Vale of Glamorgan Council (CSP & CHC)        | 65          |
|  | <b>440</b>  |

| <b>Footnote (2) - prepayments &amp; accrued income:</b> | <b>£000</b> |
|---|-------------|
| Prescription Income                                     | 120         |
| Prepayments   | 46          |
|   | <b>166</b>  |

## 6.2 Creditors

|   |              | 2005-06      |
|---|--------------|--------------|
| <b>Amounts falling due within one year:</b>       | <b>£000</b>  | <b>£000</b>  |
| National Assembly for Wales                       | 761          | 650          |
| Health Commission Wales                           | 0            | 0            |
| Local Health Boards                               | 260          | 265          |
| NHS Trusts  | 268          | 423          |
| Primary Care Trusts                               | 277          | 79           |
| Income tax and social security                    | 0            | 0            |
| Non-NHS creditors                                 | 7,734        | 7,306        |
| Capital Creditors                                 | 0            | 0            |
| Overdraft   | 0            | 0            |
| Rentals due under operating leases                | 0            | 0            |
| Obligations under finance leases and HP contracts | 0            | 0            |
| GPFH savings                                      | 0            | 0            |
| Pensions: staff                                   | 0            | 0            |
| Accruals  | 0            | 0            |
| Deferred Income                                   | 0            | 0            |
| Other creditors                                   | 0            | 0            |
|   | <hr/>        | <hr/>        |
| <b>Total</b>                                      | <b>9,300</b> | <b>8,723</b> |
|   | <hr/>        | <hr/>        |

## 6.3 Creditors

|  |             | 2005-06     |
|--|-------------|-------------|
| <b>Amounts falling due after more than one year:</b> | <b>£000</b> | <b>£000</b> |
| Obligations under finance leases and HP contracts    | 0           | 0           |
| NHS creditors  | 0           | 0           |
| Assembly loans                                       | 0           | 0           |
| Pensions: staff                                      | 0           | 0           |
| Other  | 0           | 0           |
|  | <hr/>       | <hr/>       |
| <b>Total</b>   | <b>0</b>    | <b>0</b>    |
|  | <hr/>       | <hr/>       |

## 6.4 Provisions for liabilities and charges

|   | At 1 April<br>2006 | Structured<br>settlement<br>cases trans-<br>ferred to<br>WRP | Transfer<br>of prov-<br>isions to<br>creditors | Arising<br>during<br>the year | Reversed<br>unused | Utilised<br>during<br>the year | Unwind-<br>ing of<br>discount | At 31 March<br>2007 |
|---|--------------------|--|--|-------------------------------|--------------------|--------------------------------|-------------------------------|---------------------|
|   | £000               | £000   | £000   | £000                          | £000               | £000                           | £000                          | £000                |
| Clinical negligence                                   | 0                  | 0  | 0  | 0                             | 0                  | 0                              | 0                             | 0                   |
| Personal injury                                       | 0                  | 0  | 0  | 0                             | 0                  | 0                              | 0                             | 0                   |
| All other losses and special payments                 | 0                  | 0  | 0  | 0                             | 0                  | 0                              | 0                             | 0                   |
| Defence legal fees and other<br>administration costs. | 0                  | 0  | 0  | 0                             | 0                  | 0                              | 0                             | 0                   |
| <b>Sub-total</b>                                      | <b>0</b>           | <b>0</b>   | <b>0</b>                                       | <b>0</b>                      | <b>0</b>           | <b>0</b>                       | <b>0</b>                      | <b>0</b>            |
| Pensions  | 0                  |  |  | 0                             | 0                  | 0                              | 0                             | 0                   |
| Other   | 455                |  |  | 297                           | (222)              | (220)                          |                               | 310                 |
| <b>Total</b>  | <b>455</b>         | <b>0</b>   | <b>0</b>                                       | <b>297</b>                    | <b>(222)</b>       | <b>(220)</b>                   | <b>0</b>                      | <b>310</b>          |

### Expected timing of cash flows:

|   | Within<br>1 year<br>£000 | Between<br>2 and 5<br>years<br>£000 | After 5<br>years<br>£000 | Total<br>£000 |
|---|--------------------------|-------------------------------------|--------------------------|---------------|
| Clinical negligence                               | 0                        | 0                                   | 0                        | 0             |
| Personal injury                                   | 0                        | 0                                   | 0                        | 0             |
| All other losses and special payments             | 0                        | 0                                   | 0                        | 0             |
| Defence legal fees and other administration costs | 0                        | 0                                   | 0                        | 0             |
| Pensions  | 0                        | 0                                   | 0                        | 0             |
| Other   | 50                       | 210                                 | 0                        | 260           |
| <b>Total</b>                                      | <b>50</b>                | <b>210</b>                          | <b>0</b>                 | <b>260</b>    |

The LHB estimates that in 2007-08 it will receive £'000 , and in 2008-09 and beyond £'000 from the Welsh Risk Pool in respect of losses and special payments.

### Footnote (1) - other provisions include:

|   | £000       |
|---|------------|
| Continuing Healthcare Ombudsman Claims        | 260        |
| A4C - Agenda for Change relating to LHB staff | 50         |
|   | <b>310</b> |

## 6.5 General fund

The movement on the General fund in the year comprised:

|  | £000           |
|--|----------------|
| <b>At 1 April 2006</b>   | <b>(8,084)</b> |
| Net operating cost for the financial year                                | (162,141)      |
| Net Assembly funding (including capital)                                 | 162,303        |
| Capital charge interest  | (296)          |
| Transfers to NHS bodies  | 0              |
| Transfer to general fund of realised elements of the revaluation reserve | 0              |
|  | <hr/>          |
| <b>Balance at 31 March 2007</b>  | <b>(8,218)</b> |

## 6.6 Donated asset reserve

The movement on the donated asset reserve in the year comprised:

|                                 | £000     |
|---------------------------------|----------|
| <b>Balance at 1 April 2006</b>  | <b>0</b> |
| Additions                       | 0        |
| Impairments                     | 0        |
| Revaluation and indexation      | 0        |
| Disposals and write-offs        | 0        |
| Depreciation                    | 0        |
|                                 | <hr/>    |
| <b>Balance at 31 March 2007</b> | <b>0</b> |

## 6.7 Revaluation reserve

The movement on the revaluation reserve in the year comprised:

|   | £000     |
|---|----------|
| <b>Balance at 1 April 2006</b>                  | <b>3</b> |
| Revaluation                                     | 0        |
| Indexation                                      | 1        |
| Transfer to general fund - realised revaluation | 0        |
|   | <hr/>    |
| <b>Balance at 31 March 2007</b>                 | <b>4</b> |



## 6.8 Contingent liabilities -

The following contingent losses/gains have not been included in the accounts

| Nature:                                    | 2005-06  |          |
|--|----------|----------|
|  | £000     | £000     |
| Legal claims for third parties liabilities | 0        | 0        |
| Doubtful debts                             | 0        | 0        |
| Other                                      | 0        | 0        |
| <b>Total</b>                               | <b>0</b> | <b>0</b> |

### Uncertainties affecting outcome:

In January 2006 the High Court concluded that if, following a health care assessment, a person's health care needs formed the primary reason for their residence in a nursing home the NHS should fund the totality of their care (Grogan v Bexley NHS PCT). The judgement will also apply to retrospective reviews where requested. No provision has been made in these accounts in respect of cases arising specifically from the Grogan judgement. The LHB has limited knowledge of the value or extent of potential cases. This means that, at this stage, it is not possible for a reliable estimate to be made of the financial impact of the judgement.

## 6.9 Intra Government balances

|   | Debtors:<br>Amounts<br>falling<br>due<br>within<br>one year<br>£000 | Debtors:<br>Amounts<br>falling<br>due after<br>more<br>than one<br>year<br>£000 | Creditors:<br>Amounts<br>falling<br>due<br>within<br>one year<br>£000 | Creditors:<br>Amounts<br>falling<br>due after<br>more<br>than one<br>year<br>£000 |
|---|---|---|---|---|
| Balances with other central government bodies       | 127   | 0   | 761   | 0   |
| Balances with local authorities                     | 65  | 0   | 450   | 0   |
| Balances with NHS trusts and Foundation trusts      | 301   | 0   | 545   | 0   |
| Balances with Local Health Boards                   | 51  | 0   | 260   | 0   |
| Balances with public corporations and trading funds | 0   | 0   | 0   | 0   |
| Balances with bodies external to government         | 538   | 0   | 7,284   | 0   |
| <b>Total at 31 March 2007</b>                       | <b>1,082</b>  | <b>0</b>  | <b>9,300</b>  | <b>0</b>  |
| Balances with other central government bodies       | 52  | 0   | 650   | 0   |
| Balances with local authorities                     | 60  | 0   | 654   | 45  |
| Balances with NHS trusts and Foundation trusts      | 75  | 1   | 502   | 35  |
| Balances with Local Health Boards                   | 112   | 0   | 265   | 1   |
| Balances with public corporations and trading funds | 0   | 0   | 0   | 0   |
| Balances with bodies external to government         | 13  | 0   | 0   | 0   |
| <b>Total at 31 March 2006</b>                       | <b>312</b>  | <b>1</b>  | <b>2,071</b>  | <b>81</b>   |

## 6.10 Post balance sheet events

Post balance sheet events having a material effect on the accounts are:

|              |       |          |
|--------------|-------|----------|
| 1.           | ..... | 0        |
|              | ..... |          |
| 2.           | ..... | 0        |
|              | ..... |          |
| <b>Total</b> |       | <b>0</b> |

## 6.11 Capital commitments

The Local Health Board has the following capital commitments:

|                               | 2005-06  |          |
|-------------------------------|----------|----------|
| Contracted                    | 0        | 0        |
| Authorised but not contracted | 0        | 0        |
| <b>Total</b>                  | <b>0</b> | <b>0</b> |

**6.12 Related Party transactions**

**£000**

Total value of transactions with Board members and key senior staff in 2006-2007 **0**

Vale of Glamorgan Local Health Board is a body corporate established by order of the National Assembly.

The Assembly is regarded as a related party. During the year Vale of Glamorgan Local Health Board has had a significant number of material transactions with the Assembly and with other entities for which the Assembly is regarded as the parent body namely,

- Cardiff Local Health Board
- Merthyr Tydfil Local Health Board
- Rhondda Cynon Taff Local Health Board
- Powys Local Health Board (BSC Cardiff)
- National Public Health Service (NPHS)

In addition, the Local Health Board has a significant number of material transactions with NHS Trusts and these are disclosed in Note 4.2.

The Local Health Board also has a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with the Vale of Glamorgan Council in respect of joint enterprises.

During the year none of the board members or members of the key management staff or other related parties has undertaken any material transactions with Vale of Glamorgan Local Health Board

GP, Optometrist and Pharmacy Board members received payment to their medical, opticians or pharmacy practices from the LHB. These payments were made under normal trading conditions between the LHB and such practices, i.e. as arm's length transactions

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

| <b>Member Name</b> | <b>Details</b>          | <b>Interests</b>                  |
|--------------------|-------------------------|-----------------------------------|
| Drake M            | Oswald Drake Opticians  | Paid by normal trading conditions |
| Baig A             | Vale Family Practice    | Paid by normal trading conditions |
| McGovern D         | Cowbridge Health Centre | Paid by normal trading conditions |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |
| .....              | .....                   | .....                             |

## **6.12 Related Party transactions**

**No further information to disclose**

### 6.13 Losses and special payments

Losses and special payments are transactions that the National Assembly for Wales would not have contemplated when it allocated and distributed funding for the National Health Service. By their nature they items that should not arise. They are therefore subject to special control procedures compared with the generality of payments and special notation in the accounts to draw them to the attention of the National Assembly for Wales. They are divided into different categories, which govern the way each individual case is handled. These payments are charged to the Operating Cost Statement in accordance with UK GAAP but are recorded in the losses and special payments register when payment is made. Therefore, this note is compiled on a cash basis.

|  | Number of cases | Value of cases<br>£ |
|--|-----------------|---------------------|
| Personal injury                          | 0               | 0                   |
| Fraud cases                              | 0               | 0                   |
| All other losses and special payments    | 0               | 0                   |
| <b>Total losses and special payments</b> | <b>0</b>        | <b>0</b>            |

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

|                                 | Amounts paid out in year<br>£ | Cumulative amount<br>£ | Approved to write-off in year<br>£ |
|---------------------------------|-------------------------------|------------------------|------------------------------------|
| <b>Cases exceeding £250,000</b> |                               |                        |                                    |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| .....                           | 0                             | 0                      | 0                                  |
| <b>Sub-total</b>                | <b>0</b>                      | <b>0</b>               | <b>0</b>                           |
| <b>All other cases</b>          | <b>0</b>                      | <b>0</b>               | <b>0</b>                           |
| <b>Total cases</b>              | <b>0</b>                      | <b>0</b>               | <b>0</b>                           |

## 6.14 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the way that LHB's in Wales are financed, they are 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 the listed companies to which FRS 13 mainly applies. The LHB's have no power to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB's in undertaking their activities.

### Liquidity Risk

The LHB's income allocations and capital expenditure are financed from resources voted annually by Parliament. Therefore, they are not exposed to significant liquidity risks.

### Interest-rate Risk

All the LHB's financial assets and financial liabilities carry nil or fixed rates of interest. Therefore, they are not exposed to interest-rate risk.

### Foreign Currency Risk

The LHB's have negligible foreign currency income or expenditure. Therefore, they are not exposed to significant foreign currency risk.

## 6.15 Finance lease obligations

The future minimum lease payments under finance leases to which the Local Health Board was committed at the balance sheet date were as follows:

|  | £000     | 2005-06<br>£000 |
|--|----------|-----------------|
| Within 1 year                                    | 0        | 0               |
| Between 1 and 5 years                            | 0        | 0               |
| After 5 years                                    | 0        | 0               |
|  | <hr/>    | <hr/>           |
| <b>Subtotal</b>                                  | <b>0</b> | <b>0</b>        |
|  | <hr/>    | <hr/>           |
| Less finance charges allocated to future periods | 0        | 0               |
|  | <hr/>    | <hr/>           |
| <b>Total</b>                                     | <b>0</b> | <b>0</b>        |

The total net obligation under finance leases can be analysed as follows:

|   |   |   |
|---|---|---|
| Creditors: amounts due within one year          | 0 | 0 |
| Creditors: amounts due after more than one year | 0 | 0 |

## **6.16 Pooled Budgets**

**Not Applicable**

## 7 Additional Information

## Remuneration Report (including Pension Entitlements) 2006-07

## Remuneration

| Name and title  | 2006/07             |                                    |   | 2005/06             |                                    |   |
|---|---------------------|------------------------------------|---|---------------------|------------------------------------|---|
|   | Salary<br>£5k bands | Other<br>Remuneration<br>£5k bands | Benefits in<br>Kind<br>Rounded to<br>nearest £100 | Salary<br>£5k bands | Other<br>Remuneration<br>£5k bands | Benefits in<br>Kind<br>Rounded to<br>nearest £100 |
|   | £000                | £000                               | £000  | £000                | £000                               | £000  |
| <b>Executive directors</b>                              |                     |                                    |   |                     |                                    |   |
| Mrs. Abigail Harris                                     | 70-75               | 0                                  | 0   | 60-65               | 0                                  | 0   |
| Mrs. Sally May  | 60-65               | 0                                  | 0   | 55-60               | 0                                  | 0   |
| Mrs. Kath Bergmanski                                    | 50-55               | 0                                  | 0   | 50-55               | 0                                  | 0   |
| Dr. Sharon Hopkins (1)                                  | 70-75               | 0                                  | 0   | 0                   | 0                                  | 0   |
| Ms. Suzanne Davies                                      | 50-55               | 0                                  | 0   | 45-50               | 0                                  | 0   |
| Mr. Jamie Marchant (2)                                  | 0                   | 0                                  | 0   | 40-45               | 0                                  | 0   |
| Mr. Jim Thompson (3)                                    | 50-55               | 0                                  | 0   | see note            | 0                                  | 0   |
| Dr. Jane Wilkinson (4)                                  | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| <b>Non officer members</b>                              |                     |                                    |   |                     |                                    |   |
| Dr. Mike Robinson - Chairman (5)                        | 10-15               | 0                                  | 0   | 25-30               | 0                                  | 0   |
| Mrs. Jill Penn - Chairman (5)                           | 10-15               | 0                                  | 0   | 0                   | 0                                  | 0   |
| Dr. Akram Baig - GP Member                              | 5-10                | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Dr. Dominic McGovern - GP Member                        | 5-10                | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Mrs. Bronwen Davies - Nurse Member                      | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mr. Ian Kettle - Dental Member (8)                      | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mr. Ted Arbutnot - Optometrist Member (6)               | 0                   | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Mr. Mark Drake - Optometrist Member (6)                 | 5-10                | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mrs. Sarah Edwards - Pharmacy Member (7)                | 0                   | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Mrs. Helen Hortop - Therapy Member                      | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mrs. Olive Browne - Carer Member                        | 5-10                | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Cllr. Jeffrey James - Local Authority Member (9)        | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Cllr. Clive Williams - Local Authority Member (9)       | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Cllr. Stuart Egan Williams - Local Authority Member (9) | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Cllr. Margaret Alexander - Local Authority Member (9)   | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Cllr. Chris Franks - Local Authority Member             | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mr. Denis McDonald - Local Authority Member (9)         | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mr. David Taylor - Voluntary Sector Member              | 5-10                | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Ms. Sarah Wiley - Voluntary Sector Member               | 5-10                | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Dr. George Karani - Lay Member                          | 5-10                | 0                                  | 0   | 5-10                | 0                                  | 0   |
| Mr. Gordon Harrop - Associate Member                    | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mr. Stephen Harries - Associate Member                  | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mrs. Vicky Franklin - Associate Member                  | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mr. Nigel Gibbs - Associate member                      | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mr. James Crawley - Coopted Member                      | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |
| Mrs. Sylvia Jones - Coopted Member                      | 0                   | 0                                  | 0   | 0                   | 0                                  | 0   |

## Notes :

1. Dr. S Hopkins commenced employment with the LHB in September 2006
2. Mr. J Marchant left the LHB's employ in October 2005
3. Mr. J Thompson was appointed as Director of Primary Care from August 2006. From October 2005 to July 2006 he was contracted on an external consultancy basis.
4. Dr. J Wilkinson is employed by the National Public Health Service, part of Velindre NHS Trust, and does not receive an remuneration from the LHB.
5. In 2006/07 the office of Chairman was held by two members  
i.e. Dr. M Robinson for the period to Sept 06 and Mrs. J Penn from Oct 2006 onwards
6. Mr. M Drake was appointed as the Optometrist member from April 2006.
7. Mrs. S Edwards ceased as the Pharmacy Member from April 2006 and has been replaced by Mr. S Ghafar from April 2007.
8. Mr. I Kettle left in September 2006.
9. The Local Authority member appointments changed from March 07



**7 Additional Information (continued)****Remuneration Report (including Pension Entitlements) 2006-07 (continued)****Pension Benefits**

| <b>Name and title</b>      | <b>Real increase in pension sum at age 60</b> | <b>Real increase in related lump sum at age 60</b> | <b>Total accrued pension at age 60 at 31 Mar 2007</b> | <b>Lump sum at age 60 related to accrued pension at 31 Mar 2007</b> | <b>Cash Equivalent transfer value at 31 Mar 2007</b> | <b>Cash Equivalent transfer value at 31 Mar 2006</b> | <b>Real increase in Cash equivalent transfer value at 31 Mar 2007</b> |
|----------------------------|---|--|---|---|--|--|---|
|                            | <b>£2.5k bands<br/>£000</b>                   | <b>£2.5k bands<br/>£000</b>                        | <b>£5k bands<br/>£000</b>                             | <b>£5k bands<br/>£000</b>   | <b>£000</b>  | <b>£000</b>  | <b>£000</b>   |
| <b>Executive directors</b> |   |  |   |   |  |  |   |
| Mrs. Abigail Harris        | 0 - 2.5                                       | 2.5 - 5.0  | 10 - 15   | 35 - 40   | 134  | 119  | 15  |
| Mrs. Sally May             | 0 - 2.5                                       | 2.5 - 5.0  | 10 - 15   | 35 - 40   | 135  | 121  | 14  |
| Mrs. Kath Bergmanski       | 0 - 2.5                                       | 2.5 - 5.0  | 10 - 15   | 35 - 40   | 179  | 162  | 17  |
| Ms. Suzanne Davies         | 0 - 2.5                                       | 2.5 - 5.0  | 10 - 15   | 30 - 35   | 123  | 108  | 15  |
| Dr. Sharon Hopkins         | 17.5 - 20.0                                   | 57.5 - 60.0  | 15 - 20   | 55 - 60   | 332  | 0  | 332   |
| Mr. Jim Thompson           | 17.5 - 20.0                                   | 52.5 - 55.0  | 15 - 20   | 50 - 55   | 250  | 0  | 250   |

Non officer members do not normally receive pensionable remuneration, so no entries have been included in the above report in respect of pensions.

However, as from 1 April 2004, all NHS payments to GP non officer members have included an amount to reflect the 14% employer's share of superannuation costs. The Local health Board is in the process of determining the reporting requirements for these superannuation costs, so no amounts have been included in the report for 2006/07.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

Stakeholder Pensions – There have been no Employer contributions towards stakeholder pensions during 2006/07

## **7 Additional Information Cont'd**

**Not Applicable**

## **7 Additional Information Cont'd**

**Not Applicable**

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

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

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

Date: ..... 2007 ..... Chief Executive

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

The directors are required under the National Health Service Act 1977 to prepare accounts for each financial year. The National Assembly, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the LHB and of the income and expenditure of the LHB for that period. In preparing those accounts, the directors are required to:

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

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

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

**By Order of the Board**

**Signed:**

Chairman: ..... Dated: ..... 2007

Chief Executive: ..... Dated: ..... 2007

Director of Finance: ..... Dated: ..... 2007

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## STATEMENT ON INTERNAL CONTROL

### 1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer and Chief Executive for this Board, I have the responsibility for maintaining a sound system of internal control that supports achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and this organisation's assets for which I am personally responsible, in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The LHB's internal control framework is underpinned by its Standing Orders and Standing Financial Instructions, formally adopted by the Board in April 2003 and amended in March 2006. The Standing Orders include a Scheme of Delegation. There is a comprehensive reporting and accountability system in place through the management team to the Executive Team and the Board. Controls assurance is provided by Internal and External Audit and by the Board committees, Audit & Risk, Clinical Governance, Remuneration & Terms of Service and Performance & Strategy, and supported by working groups including the Risk Management and Quality Improvement. The LHB has undertaken self-assessments against the Welsh Risk Management Standards and put in place action plans to deliver improvement.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the organisation for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Welsh Assembly Government guidance.

### 3. Capacity to handle risk

The LHB's Risk Management Strategy and Framework sets out the organisation's risk management principles, structures and processes. Leadership is provided by the Board, which discharges its responsibilities for corporate risk management through the Audit & Risk Committee and for clinical governance through the Clinical Governance Committee. There is a clear link established between these two committees. The overall accountability for risk management lies with the Chief Executive, with responsibility delegated to the Director of Finance for corporate risk management and the Nurse Director for clinical risk management. The Risk Management Group supports the Director of Finance in co-ordinating risk management activities. Senior managers are responsible for ensuring that risks are identified and reviewed and that the risk management framework is enacted across the LHB. All staff within the LHB have a clear responsibility for risk management set out within their job descriptions. The Risk Management Strategy has been distributed to all staff and is included in the induction pack for new staff. The LHB's Organisational Development Plan ensures that risk management and clinical governance training is provided regularly to staff and Board Members.

### 4. The risk and control framework

All risk management activity is aligned to the LHB's corporate aims, objectives and organisational priorities and risk identification and analysis underpins the delivery of the LHB's functions. The Risk Management Strategy and Framework:

- has been endorsed by the Board (revised January 2007);
- sets out the organisation's attitude to risk;
- defines the structure for the management and ownership of risk and for the management of situations in which control failure leads to material realisation of risks;
- specifies the way in which risk issues are to be considered at each level of business planning ranging from the corporate process to the setting of individual staff objectives;
- specifies how new activities will be assessed for risk and incorporated into risk management structures;
- ensures common understanding of terminology used in relation to risk issues;
- defines the structures for gaining assurance about the management of risk;
- defines the criteria which will inform assessment of risk and the definition of specific risks as "key"; and
- defines the way in which the risk register and risk evaluation criteria will be regularly reviewed.

The system of internal control is underpinned by compliance with the requirements of the Welsh Risk management standards. The LHB has undertaken self-assessments against the nine Welsh Risk Management Standards and these have been reviewed and validated by the LHB's Internal Auditors. The LHB has achieved the required compliance for 2006-07 against Standards A, B, C, D, E, F, G, H and I. Seven standards have been externally audited by the Welsh Risk Pool (WRP) and the LHB has achieved a draft score of 92% overall.

I am satisfied that a sound system of internal control has been in place throughout the full financial year and is ongoing. This has been demonstrated by meeting the requirements of the Welsh Risk Management Standards.



## STATEMENT ON INTERNAL CONTROL (continued)

### 5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board is advised of the effectiveness of internal controls through the Audit & Risk Committee and Clinical Governance Committee. Each of these committees plays an important role in reviewing the effectiveness of the system of internal control. The Audit & Risk Committee has monitored the system's effectiveness through receipt and review of internal and external audit reports and associated management action plans. During 2006-07, these reports have not highlighted any significant internal control problems.

I have taken the necessary steps to ensure compliance with Treasury requirements for an effective system of internal control to be fully embedded. This is demonstrated by the Board's assurance framework and evidence of compliance with the requirements of the core Welsh Risk Management Standards.

### 6. Pension contributions assurance statement

As an employer with staff entitled to membership of the NHS Pension Scheme control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with.

### 7. Probity of dental expenditure

A new Dental Contract was implemented from 1 April 2006, with payments being made on the LHB's behalf by the Business Services Authority Dental practice Division (DPD) in England. In addition to the checks required to obtain assurance on the adequacy of the payment systems undertaken by the DPD, the LHB completed local checks during 2006-07 to ensure the accuracy of dental expenditure. To date this work has not indicated that any material irregular dental expenditure has occurred. Further work has been planned to ensure that LHB arrangements focus on the probity of dental expenditure and the LHB has increased the work to be undertaken in 2007-08 in order to identify and minimise any risk of irregular payments to dentists.

### 8. Significant internal control problems

During 2006-07, there have been no significant internal control problems identified. There have been two areas where Internal Audit's review of the effectiveness of internal control has given a limited level of assurance:

- NHS Funded Registered Nursing Care
- Contract Management

Management action plans are in place to address these issues and the Board has been kept fully informed of this situation during 2006-07 through the audit and risk committee.

Signed:.....

Date:.....

Chief Executive  
(on behalf of board)

## **AUDITORS' REPORT**

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

I certify that I have audited the financial statements on pages 1 to 43 under Section 61 of the Public Audit (Wales) Act 2004. These financial statements have been prepared under the accounting policies set out on pages 7 to 12.

I certify that I have audited that part of the remuneration report to be audited.

### **Respective responsibilities of Directors, the Chief Executive and Auditor**

As described on pages 40 and 41 the Directors and the Chief Executive are responsible for the preparation of the financial statements in accordance with Section 98(2) of the National Health Service Act 1977 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. The Directors and the Chief Executive are also responsible for the preparation of the Foreword and contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion to you as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service Act 1977 and Welsh Ministers' directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I have been unable to read the other information contained in the annual report and consider whether it is consistent with the audited financial statements as it was not available at the time of the audit.

I review whether the statement on pages 42 to 43 reflects the Board's compliance with the Treasury and Welsh Ministers' guidance on the Statement on Internal Control and I report if it does not, or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

### **Basis of Audit Opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and that part of remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and that part of remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements and that part of remuneration report to be audited.

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Vale of Glamorgan Local Health Board as at 31 March 2007 and of its net operating costs, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by Welsh Ministers;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by Welsh Ministers; and
- in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

My conclusion on the Vale of Glamorgan Local Health Board's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2007 will be reported separately in the published Annual Audit Letter.

Jeremy Colman  
Auditor General for Wales  
28 June 2007

Wales Audit Office  
2-4 Park Grove  
Cardiff  
CF10 3PA

## **ACCOUNT OF - 2006/07**

### **THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY THE NATIONAL ASSEMBLY FOR WALES IN ACCORDANCE WITH SECTION 98(2) OF THE NATIONAL HEALTH SERVICE ACT 1977 AND WITH THE APPROVAL OF TREASURY**

#### **LOCAL HEALTH BOARDS**

1. The National Assembly for Wales (NAW) directs that an account shall be prepared for the financial year ended 31 March 2007 and subsequent financial years in respect of the Local Health Boards (LHB). The basis of preparation and the form and content shall be as set out in the following paragraphs and Schedules.

#### **BASIS OF PREPARATION**

2. The account of the LHB shall comply with:

- (a) generally accepted accounting practice in the United Kingdom (UK GAAP);
- (b) the accounting and disclosure requirements of the Companies Act;
- (c) all relevant accounting standards issued or adopted by the Accounting Standards Board, in so far as they are appropriate to the NHS and are in force for the financial year for which the accounts are to be prepared;
- (d) accounting guidance approved by the FRAB and contained in the Financial Reporting Manual (FReM), as detailed in the LHB Manual for Accounts, but specifically excluding schedules 1 and 5;
- (e) the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs; and stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

#### **FORM AND CONTENT**

3. The account of the LHB for the year ended 31 March 2007 and subsequent years shall comprise an operating cost statement, a balance sheet, a cash flow statement and a statement of recognised gains and losses as long as these statements are required by FRAB, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2007 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, recognised gains and losses and cashflows during the year.

5. The balance sheet shall be signed by the chief executive and the director of finance of the LHB and dated.

**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.
8. Notes providing further explanations of figures in the accounts shall be made where it is considered appropriate for a proper understanding of the accounts.

Signed by the authority of the National Assembly of Wales

Signed :

Dated :

## **ACCOUNT OF - 2006/07**

### **SCHEDULE 1**

#### **APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES ACT AND ACCOUNTING STANDARDS**

##### **Companies Act**

1. The disclosure exemptions permitted by the Companies Act shall not apply to the NHS unless specifically approved by the Treasury.
2. The Companies Act requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate, the information relating to NHS bodies shall be contained in the foreword.
3. The operating cost statement, balance sheet and cashflow statement shall have regard to the format prescribed in the Financial Reporting Manual.
5. NHS bodies are not required to provide the historical cost information described in paragraph (33) of Schedule 4 to the Companies Act.

##### **Accounting Standards**

6. NHS bodies are not required to include a note showing historical cost profits and losses as described in FRS 3.

### **SCHEDULE 2**

#### **ADDITIONAL REQUIREMENTS**

1. The foreword shall include a statement that the account has been prepared to comply with a Direction given by the National Assembly for Wales in accordance with section 98(2) of the NHS Act 1977.
2. The foreword shall also contain a description of the statutory background and main functions of the LHB together with a fair review of their operational and financial activities and a summary of their performance against targets.

## **Wales on the Summary Financial Statements**

I have examined the abridged version of the annual accounts set out below/on pages 1 to 48.

### **Respective responsibilities of directors and auditors**

The Directors are responsible for preparing the Annual Report. My responsibility is to report my opinion on the consistency of the abridged version of the annual accounts with the statutory financial statements. I also read the other information contained in the Annual Report and consider the implications for my report if I become aware of any misstatements or material inconsistencies with the summary financial statements.

### **Basis of opinion**

I conducted my work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom.

### **Opinion**

In my opinion the abridged version of the annual accounts is consistent with the statutory financial statements of the Trust/Local Health Board for the year ended 31 March 2007 on which I have issued an unqualified opinion.

[If the opinion is qualified, the opinion sentence should stop at 31 March 2007 and further sentence/sentences added "my opinion on the statutory financial statements was qualified because....."]

If the opinion includes an explanatory paragraph dealing with a fundamental uncertainty, the opinion sentence should stop at 31 March 2007 and a further sentence/sentences added "my opinion on the statutory financial statements included an explanatory paragraph because of the fundamental uncertainty relating to...."]

Jeremy Colman  
Auditor General for Wales  
28 June 2007

Wales Audit Office  
2-4 Park Grove  
Cardiff  
CF10 3PA

## **SECTION 2: MEMORANDUM STATEMENTS (LMS)**



**LHB MEMORANDUM STATEMENT**

|   | <b>Creditors<br/>(Due to)</b> |                           | <b>Debtors<br/>(Due from)</b> |                           |
|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
|   | <b>Total</b>                  | <b>Over</b>               | <b>Total</b>                  | <b>Over</b>               |
|   | <b>12 months<br/>£000</b>     | <b>12 months<br/>£000</b> | <b>12 months<br/>£000</b>     | <b>12 months<br/>£000</b> |
| <b>Balances with the National Assembly, Local Health Boards and NHS trusts:</b> |                               |                           |                               |                           |
| <b>Summary Sheet:</b>   |                               |                           |                               |                           |
| National Assembly for Wales   | 761                           | 0                         | 102                           | 0                         |
| Health Commission Wales   | 0                             | 0                         | 22                            | 0                         |
| Local Health Boards   | 260                           | 0                         | 51                            | 0                         |
| Welsh NHS trusts  | 263                           | 0                         | 288                           | 0                         |
| All English NHS bodies  | 282                           | 0                         | 13                            | 0                         |
| All N. Ireland NHS bodies   | 0                             | 0                         | 0                             | 0                         |
| All Scottish NHS bodies   | 0                             | 0                         | 0                             | 0                         |
| Miscellaneous   | 0                             | 0                         | 0                             | 0                         |
| Credit note provision   | 0                             | 0                         | 0                             | 0                         |
| <b>Sub Total</b>  | <b>1,566</b>                  | <b>0</b>                  | <b>476</b>                    | <b>0</b>                  |
| Other Central Government Bodies   |                               |                           |                               |                           |
| Other Government Departments *  | 0                             | 0                         | 0                             | 0                         |
| HM Revenue & Customs  | 0                             | 0                         | 3                             | 0                         |
| Local Authorities   | 450                           | 183                       | 65                            | 19                        |
| Balances with Public Corporations and Trading Funds                             | 0                             | 0                         | 0                             | 0                         |
| Balances with bodies external to Government                                     | 0                             | 0                         | 0                             | 0                         |
|   | <b>2,016</b>                  | <b>183</b>                | <b>544</b>                    | <b>19</b>                 |

**\* Other Government Departments**

Please specify :

**LHB MEMORANDUM STATEMENT**

|   | <b>Creditors<br/>(Due to)</b> |                           | <b>Debtors<br/>(Due from)</b> |                           |
|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
|   | <b>Total</b>                  | <b>Over<br/>12 months</b> | <b>Total</b>                  | <b>Over<br/>12 months</b> |
|   | <b>£000</b>                   | <b>£000</b>               | <b>£000</b>                   | <b>£000</b>               |
| <b>Balances with Local Health Boards, National Assembly and Health Commission Wales :</b> |                               |                           |                               |                           |
| <b>Local Health Boards :</b>  |                               |                           |                               |                           |
| Anglesey  | 0                             | 0                         | 0                             | 0                         |
| Blaenau Gwent   | 0                             | 0                         | 0                             | 0                         |
| Bridgend  | 0                             | 0                         | 0                             | 0                         |
| Caerphilly  | 0                             | 0                         | 0                             | 0                         |
| Cardiff   | 180                           | 0                         | 51                            | 0                         |
| Carmarthen  | 0                             | 0                         | 0                             | 0                         |
| Ceredigion  | 0                             | 0                         | 0                             | 0                         |
| Conwy   | 0                             | 0                         | 0                             | 0                         |
| Denbighshire  | 0                             | 0                         | 0                             | 0                         |
| Flintshire  | 0                             | 0                         | 0                             | 0                         |
| Gwynedd   | 0                             | 0                         | 0                             | 0                         |
| Merthyr Tydfil  | 0                             | 0                         | 0                             | 0                         |
| Monmouthshire   | 0                             | 0                         | 0                             | 0                         |
| Neath Port Talbot   | 5                             | 0                         | 0                             | 0                         |
| Newport   | 0                             | 0                         | 0                             | 0                         |
| Pembrokeshire   | 0                             | 0                         | 0                             | 0                         |
| Powys   | 5                             | 0                         | 0                             | 0                         |
| Rhondda Cynon Taff  | 69                            | 0                         | 0                             | 0                         |
| Swansea   | 0                             | 0                         | 0                             | 0                         |
| Torfaen   | 0                             | 0                         | 0                             | 0                         |
| Vale of Glamorgan   | 0                             | 0                         | 0                             | 0                         |
| Wrexham   | 0                             | 0                         | 0                             | 0                         |
| Adjustment for roundings  | 1                             | 0                         | 0                             | 0                         |
|   | <hr/>                         | <hr/>                     | <hr/>                         | <hr/>                     |
| <b>Sub Total</b>  | <b>260</b>                    | <b>0</b>                  | <b>51</b>                     | <b>0</b>                  |
| National Assembly   | 761                           | 0                         | 102                           | 0                         |
| Health Commission Wales   | 0                             | 0                         | 22                            | 0                         |
|   | <hr/>                         | <hr/>                     | <hr/>                         | <hr/>                     |
|   | <b>1,021</b>                  | <b>0</b>                  | <b>175</b>                    | <b>0</b>                  |

**LHB MEMORANDUM STATEMENT**

|  | <b>Creditors<br/>(Due to)</b> |                           | <b>Debtors<br/>(Due from)</b> |                           |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
|  | <b>Total</b>                  | <b>Over<br/>12 months</b> | <b>Total</b>                  | <b>Over<br/>12 months</b> |
|  | <b>£000</b>                   | <b>£000</b>               | <b>£000</b>                   | <b>£000</b>               |
| <b>Balances with NHS trusts:</b>                                 |                               |                           |                               |                           |
| <b>Welsh NHS Trusts</b>  |                               |                           |                               |                           |
| Bro Morgannwg  | 33                            | 0                         | 3                             | 0                         |
| Cardiff & Vale   | 138                           | 0                         | 229                           | 0                         |
| Carmarthenshire  | 0                             | 0                         | 0                             | 0                         |
| Ceredigion and Mid Wales   | 0                             | 0                         | 0                             | 0                         |
| Conwy & Denbighshire   | 16                            | 0                         | 0                             | 0                         |
| Gwent Healthcare   | 0                             | 0                         | 0                             | 0                         |
| North East Wales   | 0                             | 0                         | 0                             | 0                         |
| North Glamorgan  | 0                             | 0                         | 9                             | 0                         |
| North West Wales   | 2                             | 0                         | 0                             | 0                         |
| Pembrokeshire & Derwen   | 31                            | 0                         | 0                             | 0                         |
| Pontypridd & Rhondda   | 8                             | 0                         | 41                            | 0                         |
| Swansea  | 20                            | 0                         | 0                             | 0                         |
| Velindre   | 15                            | 0                         | 6                             | 0                         |
| Welsh Ambulance Services   | 1                             | 0                         | 0                             | 0                         |
| Welsh Risk Pool (claims submitted but not yet paid by WRP)       | 0                             | 0                         | 0                             | 0                         |
| Welsh Risk Pool (expenses incurred but not yet claimed from WRP) | 0                             | 0                         | 0                             | 0                         |
| Other  | 0                             | 0                         | 0                             | 0                         |
| Adjustment for roundings   | (1)                           | 0                         | 0                             | 0                         |
| <b>TOTAL</b>   | <b>263</b>                    | <b>0</b>                  | <b>288</b>                    | <b>0</b>                  |

**LHB MEMORANDUM STATEMENT**

|   | <b>Expenditure<br/>(Due from)<br/>Total</b> | <b>Income<br/>(Due from)<br/>Total</b> |
|---|---|--|
|   | <b>£000</b>                                 | <b>£000</b>                            |
| <b>Balances with Local Health Boards, National Assembly and Health Commission Wales :</b> |   |  |
| <b>Local Health Boards :</b>  |   |  |
| Anglesey  | 0   | 0                                      |
| Blaenau Gwent   | 0   | 11                                     |
| Bridgend  | 0   | 11                                     |
| Caerphilly  | 0   | 24                                     |
| Cardiff   | 190   | 128                                    |
| Carmarthen  | 0   | 8                                      |
| Ceredigion  | 0   | 4                                      |
| Conwy   | 4   | 0                                      |
| Denbighshire  | 0   | 0                                      |
| Flintshire  | 0   | 0                                      |
| Gwynedd   | 0   | 0                                      |
| Merthyr Tydfil  | 0   | 28                                     |
| Monmouthshire   | 0   | 11                                     |
| Neath Port Talbot   | 5   | 13                                     |
| Newport   | 0   | 17                                     |
| Pembrokeshire   | 0   | 5                                      |
| Powys   | 775   | 7                                      |
| Rhondda Cynon Taff  | 83  | 18                                     |
| Swansea   | 1   | 19                                     |
| Torfaen   | 13  | 12                                     |
| Vale of Glamorgan   | 0   | 0                                      |
| Wrexham   | 0   | 0                                      |
|   | <hr/>                                       | <hr/>                                  |
| <b>Sub Total</b>  | <b>1,071</b>                                | <b>316</b>                             |
| National Assembly   | 1,411                                       | 162,462                                |
| Health Commission Wales   | 0   | 55                                     |
|   | <hr/>                                       | <hr/>                                  |
|   | <b>2,482</b>                                | <b>162,833</b>                         |
|   |   | <b>0</b>                               |

**LHB MEMORANDUM STATEMENT**

|  | <b>Expenditure<br/>(Due from)<br/>Total</b> | <b>Income<br/>(Due from)<br/>Total</b> |
|--|---|--|
|  | <b>£000</b>                                 | <b>£000</b>                            |
| <b>Balances with NHS trusts:</b>                                 |   |  |
| <b>Welsh NHS Trusts</b>  |   |  |
| Bro Morgannwg  | 31,795                                      | 57                                     |
| Cardiff & Vale   | 72,829                                      | 536                                    |
| Carmarthenshire  | 41  | 0                                      |
| Ceredigion and Mid Wales   | 9   | 0                                      |
| Conwy & Denbighshire   | 16  | 0                                      |
| Gwent Healthcare   | 162   | 0                                      |
| North East Wales   | 1   | 0                                      |
| North Glamorgan  | 95  | 36                                     |
| North West Wales   | 9   | 0                                      |
| Pembrokeshire & Derwen   | 745   | 0                                      |
| Pontypridd & Rhondda   | 1,131                                       | 171                                    |
| Swansea  | 115   | 0                                      |
| Velindre   | 2,769                                       | 12                                     |
| Welsh Ambulance Services   | 12  | 0                                      |
| Welsh Risk Pool (claims submitted but not yet paid by WRP)       | 0   | 0                                      |
| Welsh Risk Pool (expenses incurred but not yet claimed from WRP) | 0   | 0                                      |
| Other  | 0   | 0                                      |
| Adjustment for roundings   | 1   | (3)                                    |
| <b>TOTAL</b>   | <b>109,730</b>                              | <b>809</b>                             |

## **SECTION 3: FINANCIAL RETURNS (LFR)**

**ANALYSIS OF EXPENDITURE BY TYPE****(A) Revenue - Salaries and Wages****£000**

|   |             |
|---|-------------|
| Executive Board Members and Senior Managers           | 725         |
| Medical (including locums)                            | 0           |
| Medical Locums  | 0           |
| Dental (including locums)                             | 0           |
| Dental Locums   | 0           |
| Nursing, Midwifery and Health Visiting                | 34          |
| Professions Allied to Medicine (excl. speech therapy) | 0           |
| Professional & Scientific Staff (excl. PAMs)          | 0           |
| Professional and Technical - PTB                      | 0           |
| Opticians   | 0           |
| Pharmacists   | 22          |
| Administrative and Clerical                           | 91          |
| Ancillary Staff                                       | 0           |
| Maintenance Staff                                     | 0           |
| Ambulance Staff                                       | 0           |
| Health Care Assistants                                | 0           |
|   | <hr/>       |
| <b>TOTAL NHS STAFF SALARIES AND WAGES</b>             | <b>872</b>  |
|   | <hr/> <hr/> |
| Non NHS Staff (agency etc)                            | 13          |
| Chairman's and Non Officer Members' Remuneration      | 69          |
|   | <hr/>       |
| <b>TOTAL SALARIES AND WAGES</b>                       | <b>954</b>  |
|   | <hr/> <hr/> |

NOTE: Consultant Distinction Awards - amount included in Medical & Dental consultants, is for NHS staff £ Nil and for honorary contract holders £ Nil . The line for Administrative and clerical includes £ Nil for pay supplements representing 0.0 % of that total.

**ANALYSIS OF EXPENDITURE BY TYPE****(B) Revenue - Non-pay expenditure****£000**

|  |       |
|--|-------|
| Supplies and Services - clinical                   | 0     |
| Supplies and Services - general                    | 0     |
| Establishment Expenses                             | 58    |
| Transport and Movable Plant                        | 0     |
| Premises and Fixed Plant                           | 110   |
| Capital  | (281) |
| Purchase of Health Care from Non-NHS Bodies -      | 0     |
| External Contract Staffing and Consultancy Service | 90    |
| Miscellaneous Expenditure                          | 28    |

**TOTAL NON-PAY EXPENDITURE****5**

|                                   |     |
|-----------------------------------|-----|
| TOTAL Salaries and Wages          | 954 |
| TOTAL Non-pay Revenue Expenditure | 5   |
| NHS Services (not recharges)      | 0   |

**NET REVENUE EXPENDITURE****959****(C) - CAPITAL - SALARIES AND WAGES****£000**

|                                     |   |
|-------------------------------------|---|
| Professional and Technical - PTB    | 0 |
| Administrative and Clerical         | 0 |
| Maintenance Staff                   | 0 |
| Non-NHS Staff (agency etc)          | 0 |
| Professional Design Consultant Fees | 0 |

**TOTAL SALARIES AND WAGES****0**

Administrative and clerical includes £ Nil for pay supplements  
representing 0.0 % of that total.



**GENERAL MEDICAL SERVICES - NEW GMS CONTRACT**

|   | <b>£000</b>          |
|---|----------------------|
| Global Sum  | 5,742                |
| MPIG Correction Factor  | 1,733                |
| <b>TOTAL GLOBAL SUM &amp; MPIG</b>  | <b><u>7,475</u></b>  |
| Quality Aspiration Payments   | 1,519                |
| Quality Achievement Payments  | 888                  |
| <b>TOTAL QUALITY</b>  | <b><u>2,407</u></b>  |
| Direct Enhanced Services  | 984                  |
| National Enhanced Services  | 284                  |
| Local Enhanced Services   | 58                   |
| <b>TOTAL ENHANCED SERVICES</b>  | <b><u>1,326</u></b>  |
| LHB Administered  | 515                  |
| Premises  | 973                  |
| IM & T  | 212                  |
| Out of Hours Development Fund (OOHDF)   | 899                  |
| <b>Cost of Drugs and Appliances After Discounts and Plus Container Allowances</b> |                      |
| Dispensing Doctors  | 18                   |
| Prescribing Medical Practitioners - Personal Administration                       | 524                  |
| <b>Professional Fees</b>  |                      |
| Dispensing Doctors  | 8                    |
| Prescribing Medical Practitioners - Personal Administration                       | 170                  |
| <b>TOTAL DISPENSING</b>   | <b><u>720</u></b>    |
| <b>TOTAL NEW GMS CONTRACT</b>   | <b><u>14,527</u></b> |
| Residuals: Cash Limited   | 0                    |
| Residuals: Non Cash Limited   | 0                    |
| <b>TOTAL RESIDUALS</b>  | <b><u>0</u></b>      |
| <b>TOTAL</b>  | <b><u>14,527</u></b> |

**GENERAL MEDICAL SERVICES - NEW GMS CONTRACT****£000****Directed Enhanced Services**

|   |     |
|---|-----|
| Improved Access Scheme                          | 208 |
| Quality Information Preparation Scheme          | 0   |
| Learning Disabilities                           | 24  |
| Childhood Immunisation Scheme (Target payments) | 238 |
| Mental Health                                   | 48  |
| Influenza & Pneumococcal Immunisations Scheme   | 192 |
| Additional Access                               | 43  |
| Services for Violent Patients                   | 10  |
| Information Management & Technology             | 86  |
| Minor Surgery Fees                              | 135 |

**TOTAL DIRECTED ENHANCED SERVICES****984****National Enhanced Services**

|  |     |
|--|-----|
| INR Monitoring                                     | 166 |
| Shared Care Drug Monitoring (near patient testing) | 69  |
| Drug Misuse  | 16  |
| IUCD   | 33  |
| Alcohol Misuse                                     | 0   |
| Depression   | 0   |
| MS   | 0   |
| Sexual Health                                      | 0   |
| Minor Injury Services                              | 0   |
| First Response Services                            | 0   |
| Services to the Homeless                           | 0   |
| Intra Partum Care                                  | 0   |

**TOTAL NATIONAL ENHANCED SERVICES****284****Analysis of Local Enhanced Services**

|           |    |
|-----------|----|
| IUCD Depo | 56 |
| LES - MMR | 2  |
| .....     | 0  |
| .....     | 0  |
| .....     | 0  |
| .....     | 0  |
| .....     | 0  |
| .....     | 0  |
| .....     | 0  |
| .....     | 0  |

**TOTAL LOCAL ENHANCED SERVICES****58****TOTAL ENHANCED SERVICES****1,326**

**GENERAL MEDICAL SERVICES - NEW GMS CONTRACT**

**£000**

**LHB Administered**

|   |             |
|---|-------------|
| Seniority   | 341         |
| Doctors Retainer Scheme Payments                              | 70          |
| Locum Allowances: consists of adoptive, paternity & maternity | 60          |
| Locum Allowances: cover for sick leave                        | 0           |
| Locum Allowances: cover for suspended doctors                 | 0           |
| Prolonged Study Leave   | 0           |
| Recruitment and Retention (including Golden Hello)            | 0           |
| Appraisal - appraiser costs                                   | 0           |
| Supply - syringes and needles                                 | 0           |
| Other (please detail below)                                   | 44          |
|   | <hr/>       |
| <b>TOTAL LHB ADMINISTERED</b>                                 | <b>515</b>  |
|   | <hr/> <hr/> |

**Analysis of Other Payments**

|                             |             |
|-----------------------------|-------------|
| Training                    | 14          |
| Superannuation              | 30          |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
| .....                       | 0           |
|                             | <hr/>       |
| <b>TOTAL OTHER PAYMENTS</b> | <b>44</b>   |
|                             | <hr/> <hr/> |

### GENERAL MEDICAL SERVICES - NEW GMS CONTRACT

£000

**Premises**

|  |     |
|--|-----|
| Notional Rents                           | 387 |
| Actual Rents: health centres             | 189 |
| Actual Rents: others                     | 0   |
| Cost Rent                                | 114 |
| Clinical Waste                           | 17  |
| Borrowing Costs                          | 0   |
| Rates, water, sewerage etc               | 210 |
| Health Centre Charges                    | 44  |
| Improvement Grants                       | 12  |
| N/Contract Premises Items                | 0   |
| All Other Premises (please detail below) | 0   |

|                       |            |
|-----------------------|------------|
| <b>TOTAL PREMISES</b> | <b>973</b> |
|-----------------------|------------|

**Analysis of Other Premises**

|       |   |
|-------|---|
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |

|                             |          |
|-----------------------------|----------|
| <b>TOTAL OTHER PREMISES</b> | <b>0</b> |
|-----------------------------|----------|

**PHARMACEUTICAL SERVICES EXPENDITURE**

£000

**New Pharmacy Contract**

Professional fees (pharmacists & appliance contractors) 1,983  
 Special fees and allowances 115

**Essential Services**

Established payment 633  
 Practice payment 679  
 Protected professional allowance 3  
 Repeat dispensing setup 40  
 Repeat dispensing transition payment 199  
 ETP Allowance 28  
 Protected additional professional payment 0

**Advanced Services**

Medicine Usage review (MUR) 67  
 Other advanced services 47

**Enhanced Services**

Additional Hours Service 8  
 Essential Small Pharmacy Service 0  
 Pre-registration trainees 0  
 Payments to Pharmacists Advice to Care Homes (nursing and residential) 11  
 Fees 0  
 Other Payments (Please detail below) 13

**TOTAL PHARMACEUTICAL SERVICES EXPENDITURE**

3,826

**Analysis of Other Payments**

Oxygen Cylinder Services (pre new contract) 13  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0  
 ..... 0

**TOTAL OTHER PAYMENTS**

13

**GENERAL DENTAL SERVICES EXPENDITURE****£000**

|                             |       |
|-----------------------------|-------|
| Gross Contract Value - PDS  | 2,557 |
| Gross Contract Value - GDS  | 1,313 |
| Emergency Dental Services   | 52    |
| Other (Please detail below) | 844   |

|  |              |
|--|--------------|
| <b>TOTAL GENERAL DENTAL SERVICES EXPENDITURE</b> | <b>4,766</b> |
|--|--------------|

**Analysis of Other Payments**

|                               |     |
|-------------------------------|-----|
| Superannuation                | 223 |
| Business Rates                | 48  |
| Maternity & Sickness Payments | 32  |
| Seniority Payments            | 11  |
| Vocational Trainees           | 530 |
| .....                         | 0   |
| .....                         | 0   |
| .....                         | 0   |
| .....                         | 0   |
| .....                         | 0   |
| .....                         | 0   |
| .....                         | 0   |
| .....                         | 0   |
| .....                         | 0   |

|                             |            |
|-----------------------------|------------|
| <b>TOTAL OTHER PAYMENTS</b> | <b>844</b> |
|-----------------------------|------------|

**Receipts**

|                            |     |
|----------------------------|-----|
| PDS Patient Charges        | 484 |
| GDS Patient Charges        | 305 |
| Emergency Dental Treatment | 0   |

|   |            |
|---|------------|
| <b>TOTAL GENERAL DENTAL SERVICES INCOME</b> | <b>789</b> |
|---|------------|

**GENERAL OPHTHALMIC SERVICES EXPENDITURE**

**£000**

|   |     |
|---|-----|
| Ophthalmic Medical Practitioner Sight Test Fees - Gross payments                        | 478 |
| Ophthalmic Medical Practitioner Domiciliary Visit Fees - Gross payments                 | 18  |
| Employers Superannuation Contributions (including Reg 79 optant payments)               | 0   |
| Ophthalmic Optician Sight Test Fees   | 0   |
| Ophthalmic Optician Domiciliary Visit Fees  | 0   |
| Payment for HC 3 Holders Towards Cost of Private Sight Test and Domicilliary Visit Fees | 0   |
| Grants to Supervisors of Ophthalmic Opticians Trainees                                  | 0   |
| Replacement and Repair of Children's and Handicapped Adults' Glasses                    | 32  |
| Cost of Vouchers for Supply of Spectacles   | 354 |
| Superannuation  | 0   |
| Continuing Education Allowance  | 0   |
| Other Payments (Please detail below)  | 0   |

|  |            |
|--|------------|
| <b>TOTAL OPHTHALMIC SERVICES EXPENDITURE</b> | <b>882</b> |
|--|------------|

**Analysis of Other Payments**

|       |   |
|-------|---|
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |
| ..... | 0 |

|                             |          |
|-----------------------------|----------|
| <b>TOTAL OTHER PAYMENTS</b> | <b>0</b> |
|-----------------------------|----------|

**INCOME:**

|   |          |
|---|----------|
| Incorrect Voucher Payments Recovered from Patients and Suppliers and<br>Incorrect NHS Sight Test Fees Recovered from Patients | <b>0</b> |
|---|----------|

**Analysis of Impairments**

|   | Impairment<br>£000 | (Reversal )<br>£000 | Total<br>£000 |
|---|--------------------|---------------------|---------------|
| <b>Intangible assets</b>                        |                    |                     |               |
| Loss or damage from normal operations           | 0                  | 0                   | 0             |
| Loss as a result of catastrophe                 | 0                  | 0                   | 0             |
| Abandonment of assets in course of construction | 0                  | 0                   | 0             |
| Unforeseen obsolescence                         | 0                  | 0                   | 0             |
| Over specification of assets                    | 0                  | 0                   | 0             |
| Other   | 0                  | 0                   | 0             |
| Changes in Market prices                        | 0                  | 0                   | 0             |
| <b>Total</b>                                    | <b>0</b>           | <b>0</b>            | <b>0</b>      |
| <b>Tangible assets</b>                          |                    |                     |               |
| Loss or damage from normal operations           | 0                  | 0                   | 0             |
| Loss as a result of catastrophe                 | 0                  | 0                   | 0             |
| Abandonment of assets in course of construction | 0                  | 0                   | 0             |
| Unforeseen obsolescence                         | 0                  | 0                   | 0             |
| Over specification of assets                    | 0                  | 0                   | 0             |
| Other   | 0                  | 0                   | 0             |
| Changes in Market prices                        | 0                  | 0                   | 0             |
| <b>Total</b>                                    | <b>0</b>           | <b>0</b>            | <b>0</b>      |
| <b>Investments</b>                              |                    |                     |               |
| Loss or damage from normal operations           | 0                  | 0                   | 0             |
| Loss as a result of catastrophe                 | 0                  | 0                   | 0             |
| Abandonment of assets in course of construction | 0                  | 0                   | 0             |
| Unforeseen obsolescence                         | 0                  | 0                   | 0             |
| Over specification of assets                    | 0                  | 0                   | 0             |
| Other   | 0                  | 0                   | 0             |
| Changes in Market prices                        | 0                  | 0                   | 0             |
| <b>Total</b>                                    | <b>0</b>           | <b>0</b>            | <b>0</b>      |
| <b>Total</b>                                    |                    |                     |               |
| Loss or damage from normal operations           | 0                  | 0                   | 0             |
| Loss as a result of catastrophe                 | 0                  | 0                   | 0             |
| Abandonment of assets in course of construction | 0                  | 0                   | 0             |
| Unforeseen obsolescence                         | 0                  | 0                   | 0             |
| Over specification of assets                    | 0                  | 0                   | 0             |
| Other   | 0                  | 0                   | 0             |
| Changes in Market prices                        | 0                  | 0                   | 0             |
| <b>Total</b>                                    | <b>0</b>           | <b>0</b>            | <b>0</b>      |