

A close-up photograph of several hands holding white puzzle pieces against a blurred blue background. The puzzle pieces are arranged in a way that suggests they are being brought together to form a larger picture.

Velindre NHS Trust Accountability Report 2017/18



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Velindre NHS Trust

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Velindre NHS Trust Scope of Responsibility

Velindre NHS Trust provides specialist services to the people of Wales. The operational delivery of services is managed through Velindre Cancer Centre and the Welsh Blood Service. The Director of Velindre Cancer Centre and the Director of Welsh Blood Service are directly accountable to the Velindre NHS Trust Chief Executive.

Specialist cancer services for South East Wales are delivered by Velindre NHS Trust using a hub and spoke model. The hub of our specialist cancer services is Velindre Cancer Centre. This is a specialist treatment, teaching, research and development centre for non-surgical oncology. We treat patients with chemotherapy, Systemic Anti-Cancer Treatments (SACTs), radiotherapy and related treatments, together with caring for patients with specialist palliative care needs.

The Welsh Blood Service plays a fundamental role in the delivery of healthcare in Wales. It works to ensure that the donor's gift of blood is transformed into safe and effective blood components which allow NHS Wales to improve quality of life and save the lives of many thousands of people in Wales every year.

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

The Trust also hosts three organisations which are explained in more detail below. Directors of the Hosted Organisations are bound by an Annual Governance Compliance Statement (or their own Annual Governance Statement in the case of NHS Wales Shared Services Partnership) with the Velindre NHS Trust Chief Executive and in accordance with the individual hosting agreements with Velindre NHS Trust.

Organisations hosted by Velindre NHS Trust are:

NHS Wales Shared Services Partnership (NWSSP)

On 11th May 2012, the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 No.1261 (W.156) was laid before the National Assembly for Wales and came into force on 1st June 2012. The NWSSP is a dedicated organisation that supports the statutory bodies of

NHS Wales through the provision of a comprehensive range of high quality, customer focused support functions and services.

NWSSP is hosted by Velindre NHS Trust via a formal Hosting Agreement, signed by each statutory organisation in NHS Wales. The Director of NWSSP holds Accountable Officer status and holds a separate Accountability Statement with the Director General for Health in the Welsh Government. The Director of NWSSP produces and signs his own Annual Governance Statement to support the Trust Chief Executive in signing the Velindre NHS Trust Annual Governance Statement.

NHS Wales Informatics Services (NWIS)

NWIS operates under the direction of the Deputy Director, Digital Health and Care of the Welsh Government and is responsible for both the strategic development of Information Communications Technology (ICT) and the delivery of operational ICT services and information management across NHS Wales. NWIS has a national remit to support NHS Wales, make better use of scarce skills and resources, and facilitate a consistent approach to health informatics and the implementation of common national systems. The Director of NWIS is accountable to the Deputy Director, Digital Health and Care of the Welsh Government.

The Director signs an Annual Governance Compliance Statement to support the Trust Chief Executive in signing the Velindre NHS Trust Annual Governance Statement.

Health Technology Wales (HTW)

The Trust received grant funding to continue the operation of Health Technology Wales during 2017-18. HTW is funded by Welsh Government under the Efficiency through Technology Programme. HTW was established to facilitate the timely adoption of clinically and cost effective health technologies in Wales, working with, but independently of, NHS Wales. Its remit covers all health technologies that are not medicines. This could be medical devices, surgical procedures, telemonitoring, psychological therapies, rehabilitation or any health intervention that isn't a medicine.

HTW independently critically assesses the best available international evidence about the clinical and cost effectiveness of a health technology. This evidence is reviewed by experts and the HTW Appraisal Panel to put the evidence into the Welsh context.

HTW also coordinates a Front Door process to support health technology developers to navigate NHS Wales. This function triages topics that come in and signposts them to relevant organisations in the innovation, development and prudent healthcare landscape in NHS Wales. As well as its Front Door and appraisal functions HTW also has roles in horizon scanning, evaluating uptake and disinvestment of technologies and providing advice to health technology developers. It does this in partnership with other organisations in NHS Wales to ensure there is no duplication of work and sharing of limited skilled assessment resources.

The Director signs an Annual Governance Compliance Statement to support the Trust Chief Executive in signing the Velindre NHS Trust Annual Governance Statement.

Scope of the Accountability Report

In line with Welsh Government and HM Treasury Guidance, the Trust has produced an Accountability Report for the financial reporting period 2017/18.

The purpose of the Accountability Report, which sits within the suite of Annual Report documents, is to report to the National Assembly for Wales in respect of the key accountability requirements.

The Accountability Report will be signed and dated by the Trust's Accountable Officer - Chief Executive and is made up of the following four sections:

1. Corporate Governance Report

2. Financial Accountability Report

3. Remuneration and Staff Report

4. National Assembly for Wales Accountability and Audit Report

Corporate Governance Report:

The purpose of the Corporate Governance Report is to explain the composition of the Trust and its governance structures and how these support the achievement of the Trust's objectives.

The Corporate Governance Report includes the following sub sections:

- a) Directors' Report*
- b) The Statement of Accountable Officers Responsibilities*
- c) The Statement of Directors Responsibilities in respect of the Accounts*
- d) Governance Statement*

Directors' Report

This Directors' report brings together information about the Trust Board including the Independent Members and Executive Directors, the composition of the Trust Board and other elements of its governance and risk management structure. It also includes the disclosures and reporting required by the Trust relating to the day to day execution of the Trust's business.

The Trust Board is made up of Executive Directors, who are employees of the Trust, and Independent Trust Board Members (IMs), who were appointed to the Trust Board by the Cabinet Secretary via an open and competitive public appointment process.

Chair and Independent Members of the Trust – 2017/18



Professor Rosemary Kennedy, CBE OStJ TD, Chair

Appointment:

Professor Kennedy was appointed Chair of Velindre NHS Trust in January 2011.

Area of Expertise:

Partnerships and Collaboration.

Trust Board Committee Membership

Professor Kennedy Chairs the Trust Board meeting, Remuneration Committee, Advisory Consultant Appointment Committee and Charitable Funds Committee and is a member of the Information Governance & Information Management and Technology Committee.

Professor Kennedy is supported by six other Independent Members.



Mr. Stephen Harries, Independent Member

Appointment:

Mr. Harries was appointed as an Independent Member of the Trust in April 2017.

Area of Expertise:

Information Governance & Information Management and Technology.

Trust Board Committee Membership

Mr. Harries is Chair of the Information Governance & Information Management & Technology Committee. He is a member of the Workforce and Organisational Development Committee.

Champion Role:

Trust Champion for Information. Trust Board's Independent Member link with the Velindre Cancer Centre.



Professor Jane Hopkinson, Independent Member

Appointment:

Professor Hopkinson was appointed as an Independent Member of the Trust in August 2012.

Area of Expertise:

University Representative.

Trust Board Committee Membership

Professor Hopkinson Chairs the Research & Development Committee, and is a member of the Audit Committee (Trust) and Audit Committee (NHS Wales Shared Services Partnership).

Champion Role:

Trust Champion for Research.



Mrs. Janet Pickles, Independent Member

Appointment:

Mrs. Pickles was appointed as an Independent Member of the Trust in October 2012.

Area of Expertise:

Quality & Safety

Trust Board Committee Membership

Mrs. Pickles Chairs the Quality & Safety Committee and is a member of the Charitable Funds Committee, Remuneration Committee and Workforce & Organisational Development Committee.

Champion Role:

Trust Champion for Infection Control, Patients and Older People and is the Trust Board's Independent Member link with the Welsh Blood Service.



Mr. Phil Roberts, Independent Member

Appointment:

Mr. Roberts was appointed as an Independent Member of the Trust in March 2012.

Area of Expertise:

Estates

Trust Board Committee Membership

Mr. Roberts is Chair of the Planning & Performance Committee and a member of the Research & Development Committee and Information Governance & Information Management Technology Committee.

Champion Role:

Trust Champion for Design, Sustainability, Welsh Language, Public & Patient Involvement.



Judge Ray Singh, Independent Member

Appointment:

Judge Singh was appointed as an Independent Member of the Trust in November 2011.

Area of Expertise:

Legal.

Trust Board Committee Membership

Judge Singh is a member of the Audit Committee (Trust), Audit Committee (NHS Wales Shared Services Partnership), Quality & Safety Committee and Remuneration Committee.

Champion Role:

Trust Champion for Violence & Aggression, Safeguarding and Putting Things Right.



Mr. Martin Veale, JP, Independent Member

Appointment:

Mr. Veale was appointed as an Independent Member of the Trust in April 2017.

Area of Expertise:

Finance, Audit & Governance.

Trust Board Committee Membership

Mr. Veale is Chair of the Audit Committee (Trust) and Audit Committee (NHS Wales Shared Services Partnership) and is a member of the Remuneration Committee and the Chair of the Charitable Funds Committee's Sub Committee – Investment Performance Review Committee.

Champion Role:

Trust Champion for Finance and Governance.

Chief Executive Officer and Executive Directors of the Trust



Mr. Steve Ham, Chief Executive (Accountable Officer)

Trust Board Committee Membership

Mr. Ham is a member of the Charitable Funds Committee, Remuneration Committee and Advisory Consultant Appointments Committee.



Professor Peter Barrett-Lee, Medical Director – until 7th September 2017

Trust Board Committee Membership

Professor Barrett-Lee was a member of the Research & Development Committee and Advisory Consultant Appointments Committee.

Lead Function: Medical Director & Research



Dr. Jacinta Abraham, Medical Director (*Interim Medical Director from the 7th September 2017, formally appointed to substantive Medical Director role on the 1st February 2018*)

Trust Board Committee Membership

Dr. Abraham is a member of the Research, Development & Innovation Committee and Advisory Consultant Appointments Committee.

Lead Function: Medical Director & Research



Professor Sue Morgan, Executive Director of Nursing & Service Improvement

Lead Function: Quality & Safety and Nursing



Ms. Sarah Morley, Executive Director of Organisational Development & Workforce

Lead Function: Organisational Development & Workforce



Mr. Mark Osland, Executive Director of Finance & Informatics

Trust Board Committee Membership

Mr. Osland is a member of the Charitable Funds Committee and the Charitable Funds Sub Committee – Investment Performance Review Sub-Committee.

Lead Function: Finance, Informatics and Charitable Funds.

Executive Team Members (Non Board Members)



Mr. Carl James, Director of Strategic Transformation, Planning, Performance & Estates

Responsible for strategic developments and planning and the continuous improvement of performance on behalf of the Trust.

Lead Function: Strategic Transformation, Planning, Performance & Estates



Mrs. Georgina Galletly, Director of Corporate Governance/Trust Secretary

Principal advisor to the Trust Board and the organisation as a whole on all aspects of governance and ensuring that the Trust meets the standards of good governance set for the NHS in Wales.

Lead Function: Governance.



Mrs. Andrea Hague, Director Velindre Cancer Centre

Responsible for the operational management of the Service Division.



Mrs. Cath O'Brien, Director Welsh Blood Service

Responsible for the operational management of the Service Division.

Further information in respect of the Trust Board and Committee Activity, the System of Internal Control and the Trust Assurance Framework are captured in the Governance Statement section of this report which starts on page 16.

Public Interest Declaration

Each Trust Board Member has stated in writing that they have taken all the steps that they ought to have taken as a director in order to make the Trust's auditors aware of any relevant audit information.

All Trust Board members and Senior Managers within the Trust (including Directors of all Hosted Organisations) have declared any interests in companies which may result in a conflict with their managerial responsibilities. No material interests have been declared during 2017/18: a full register of interests for 2017/18 is available upon request from the Director of Corporate Governance.

Disclosure Statements

- The Trust has had three lapses in the security of data that warranted reporting to the Information Commissioner's Office (ICO) in 2017/18:
 1. Reported April 2017 – Clinical correspondence detailing sensitive information of a personal nature pertaining to one patient of the Trust was misdirected in error to another patient of the Trust. The Information Commissioner's Office confirmed the case was a breach of the seventh data protection principle and a record of the incident will be kept on file. The ICO have not taken any enforcement action against the Trust.
 2. Reported May 2017 - Clinical correspondence detailing sensitive information of a personal nature about a patient of the Trust was misdirected and sent not to a Palliative Care Centre, instead it was addressed in error to one of the Palliative Care Centre's associated charity shops. The Information Commissioner's Office confirmed the case was a breach of the seventh data protection principle and a record of the incident will be kept on file. The ICO have not taken any enforcement action against the Trust.
 3. Reported October 2017 - An email containing a spreadsheet that detailed sensitive information of a personal nature pertaining to 120 individuals sent to an NHS Wales employee's personal email account instead of their NHS email account. The Information Commissioner's Office confirmed the case was a breach of the seventh data protection principle and a record of the incident will be kept on file. The ICO have not taken any enforcement action against the Trust.
- Whilst there is no requirement to comply with all elements of the Corporate Governance Code for Central Government Departments, Velindre NHS Trust has undertaken an assessment against the main principles as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Trust's assessment of governance undertaken by the Trust Board in April 2018 and also evidenced by internal and external audits. The Trust is complying with the main principles of the Code where applicable, and follows the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Trust Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Trust's wider Annual Report.

There have been no reported/identified departures from the Corporate Governance Code during the year.

- The Trust's five year Carbon Reduction Strategy continues to be implemented throughout the Trust and its hosted organisations. This year the Trust has identified infrastructure, monitoring and targeting improvements for 2018/19. These include reviewing the Trust energy, waste and travel Key Performance Indicators and continuing to develop assessments of energy conservation measures in accordance with emergency preparedness and civil contingency requirements. The Trust continues its obligation under the Climate Change Act, UK Climate Impact Programme (UKCIP) 2009 and Wellbeing of Future Generations (Wales) Act 2015, to adapt its reporting requirements in line with the Welsh Government statutory guidance documents 'Preparing for a changing climate Part 1 and Part 2'.
- As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

*Statement of the Chief Executive's
Responsibilities as Accountable Officer of
Velindre NHS Trust*

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer of Velindre NHS Trust.

The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer's Memorandum issued by the Welsh Government.

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

Signed

Mr. Steve Ham
Chief Executive:

Date: 30th May 2018

Statement of Directors' Responsibilities in Respect of the Accounts

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

In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury
- make judgments 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 Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

By Order of the Trust Board

Signed:

Professor Donna Mead, OBE
Chair

Dated: 30th May 2018

Mr. Steve Ham,
Chief Executive

Dated: 30th May 2018

Mr. Mark Osland,
Executive Director of Finance & Informatics

Dated: 30th May 2018

Governance Statement

The Trust's Assurance Framework

This Annual Governance Statement details the arrangements in place for discharging the Chief Executive's responsibility to manage and control Velindre NHS Trust's resources, and the organisations which it hosts, during the financial year 2017/18.

Due to the unique Accountable Officer status of the Managing Director of Shared Services Partnership (NWSSP), an Annual Governance Statement for NWSSP has been requested and submitted by the Director of NWSSP to Velindre NHS Trust's Chief Executive. This is available from the Director of Corporate Governance upon request and helps to inform this Annual Governance Statement.

The Directors from the other bodies hosted by Velindre NHS Trust where appropriate have signed and submitted a '*Governance Compliance Statement*' detailing and declaring compliance with Velindre NHS Trust governance arrangements which is submitted at the end of March each year to the Velindre NHS Trust Chief Executive to provide assurance that Trust policy, systems and processes are being complied with to support good governance.

Discharging Responsibilities

The Trust Board has been constituted to comply with the National Health Service Wales, Velindre NHS Trust (Establishment) Order 1993 No.2838 and subsequent Amendment Orders (1995 No. 2492, 1999 No.808, 1999 No 826, 2002 No.442 (W.57) and 2002 No.2199 (W.219 2009 No.2059, 2012 No.1261, 2012 No.1262, 2015 No.22). In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Trust Board members also fulfil a number of "champion" roles where they act as ambassadors for these matters. The Trust Board discharges its responsibilities through its Committees (listed in the table on page 17) and scheme of delegation which is set out in its Standing Orders.

There are 11 Committees, reporting directly to the Trust Board which is supported by sub-Committees/groups in the discharge of functions;

Committee	Sub Committee
Advisory Consultant Appointments Committee. (Established 2016).	N/A
Audit Committee (including a separate “Audit Committee- for Shared Services” to consider NHS Wales Shared Services Partnership (NWSSP) Matters)	N/A
Charitable Funds Committee	Investment Performance Review Sub-Committee
Information Governance & IM&T Committee	N/A
Planning & Performance Committee	N/A
Quality & Safety Committee	N/A
Remuneration Committee	N/A
Research, Development and Innovation Committee	Research Risk Review Committee (disbanded w.e.f. December 2017) Genetic Modification Sub Committee
Workforce & Organisational Development Committee	N/A
nVCC Project Scrutiny & Assurance Committee	N/A

At a local level, the Trust Board has agreed Standing Orders (SOs) for the regulation of proceedings and business.

The *Trust Standing Orders and Standing Financial Instructions* have been adopted from the Welsh Government’s Model Standing Orders for NHS Trusts in Wales and are designed to translate the statutory requirements set out in the *National Health Service Trusts (Membership and Procedures) Regulations 1990 (1990/2024)* into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Trust Board; a scheme of delegations to officers and others; and Standing Financial Instructions, the SOs provide the regulatory framework for the business conduct of the Trust and define - its 'ways of working'.

These documents, together with the range of policies set by the Trust Board make up the Governance and Accountability Framework. The Standing Orders have been periodically updated to account for alterations in year; details in respect of the reviews are outlined on page 21.

The dates the Trust Board and Committees met during the period 2017/18 is captured in Appendix 1. All meetings were quorate during this period.

Committee Activity

In line with Standing Orders, each Committee formally reports annually to the Trust Board on its work during the year detailing the business, activities, attendance and main issues dealt with by the Committee in the reporting year. Copies of the Committee Annual Reports are available within the Trust Board papers on the Trust's website or from the Head of Corporate Governance.

In addition, each Trust Board meeting receives a highlight report outlining the issues and activity considered and addressed by each Committee at its last meeting. During the period the Trust revisited the purpose and effectiveness of these reports and revised the template format to ensure they do not simply provide a précis of committee meetings. The Trust has also introduced a new process where committees schedule a pause at the end of each meeting to discuss the key issues they want to raise with the Trust Board through the highlight report process.

The highlight reports are presented to the Trust Board by the Committee Chair. The highlight reports are available within the Trust Board papers on the Trust's website or from the Head of Corporate Governance.

The Terms of Reference for each Committee are reviewed annually in line with the Trust Standing Orders, or more frequently if deemed necessary by the Committee or Trust Board. The Terms of Reference for all Committees are available from the Head of Corporate Governance.

The Audit Committee developed a mechanism by which it evidenced the discharge of its duties on behalf of the Trust Board through a 'Committee Assurance Schedule' based on the Terms of Reference and delegated powers. This mechanism was adopted and used by the Quality & Safety Committee, Workforce & Organisational Development Committee and Local Partnership Forum during the period and will be used by the remaining Committees as appropriate.

Key highlights and issues considered by the Trust Board and its Committees during 2017/18 are included at Appendix 1 of the Governance Statement.

Minutes and papers of all Public Trust Board and Committee meetings are published on the Trust Internet site via the following link: [Trust Board Papers and Minutes](#)

During 2017/18, key aspects of Trust Board business and issues delegated to the Audit Committee for consideration and advice, including action taken included;

- Agreement of the Internal and External Audit Plans for the year.
- Receiving Internal and External Audit Reports and subsequently monitoring progress against Audit Action Plans.
- Agreeing the annual counter fraud plan and monitoring counter fraud activities.
- Regular review of the register of gifts and hospitality.

- Monitoring the development and draft content of the Trust's Accountability Report.
- Monitoring of Governance Arrangements across the organisation, including hosted bodies.
- Monitoring the legislative Compliance Register.
- Monitoring overall risk management process by reviewing the Trust Risk Register at each meeting.

Further detail in respect of key highlights and issues considered by the Audit Committee during 2017/18 are captured in Appendix 1 of the Governance Statement.

At six month intervals the Audit Committee received a 'governance pack' from NWIS providing a specific focus on the key aspects of assurance in relation to the hosted organisation which includes compliance with Trust Policies, delegations and procurement procedures. For 2018/19 this will be a standing agenda item received at the Trust Audit Committee meeting.

Engagement with the Local Partnership Forum

In support of the Trust Board, the Trust also has a Local Partnership Forum that met four times during 2017/18, with Joint Chairs who are each nominated from the staff representatives and Executive Directors. The role of the Local Partnership Forum is to supply the main (but not only) forum within the Trust where the Directors of the Trust and Trade Union Representatives can discuss together and develop appropriate directions and responses to all major service development and change management issues.

Examples of engagement with the Local Partnership Forum during 2017/18 are outlined in Appendix 1 of the Accountability Report.

Trust Board Development and Effectiveness

In addition to Trust Board and Committee meetings, the Trust Board holds regular development sessions covering all aspects of corporate responsibility. The Trust Board development sessions are open to all Board Members and attendees including Community Health Council representatives, staff representatives and patient representatives as well as other relevant groups depending on the topic being covered.

During 2017/18, the Trust Board held sessions on the following topics;

April 2017

- **Unconscious Bias** - Training Session.
 - **Integrated Medium Term Plan (IMTP)** – Trust Board update on the IMTP financial position.
 - **NWSSP** – Managing Director update to the Board on future plans.
-

June 2017

- **Bevan Commission** – External presentation to the Trust Board on the Evolving work on a future model of health and care for Wales.
 - **Regenerative Medicine** – Trust Board update on the Regenerative Medicine work programme.
-

July 2017

- **Dedicated session held at the Welsh Blood Service** – Trust Board Members were taken on a tour of the service areas and received service demonstrations. The session ended with a plenary session.
-

September 2017

- **Transforming Cancer Services** – In-Depth Briefing on the programme.
 - **IMTP Development** – Trust Board update on the IMTP financial position.
 - **White Paper Consultation Response** – the Trust Board discussed the White Paper and received a verbal update on the Trusts proposed consultation response.
-

October 2017

- **Transforming Cancer Services** – In-Depth Briefing on the programme including Project Agreement and Procedure Documentation.
- **IMTP Development** – Trust Board update on the IMTP financial position.

With effect from January 2018, the Trust introduced a new approach to Trust Board Development Sessions and split the sessions into the following two forms:

- **Trust Board Seminars** i.e. Training/development
 - **Trust Board Briefings** – ensuring the Trust Board is appraised of key strategic priorities/programmes and other topical issues of interest.
-

February 2018 – Trust Board Briefing

- **IMTP Development** – Trust Board update on the IMTP financial position.
- **Transforming Cancer Services** – Programme Update

Standing Orders and Standing Financial Instructions

The Trust approved a revised set of Standing Orders and Standing Financial Instructions for the regulation of proceedings and business to ensure the following issues were addressed:

May 2017

- The following Trust Board Committee Terms of Reference were updated to reflect that the required minimum number of members for each meeting is two members:
 - Audit Committee
 - Information Governance & IM&T Committee
 - Quality & Safety Committee
 - Remuneration Committee
 - Charitable Funds Committee
 - Research & Development Committee
 - Planning & Performance Committee
 - Workforce & Organisational Development Committee
 - It was recognised that some Committee meetings do have more than two members and that the amendment outlined only stipulates the minimum requirements.
-

July 2017

- Amendments to the Terms of Reference for the following Trust Board Committees:
 - Charitable Funds Committee
 - Local Partnership Forum
 - Quality & Safety Committee
-

January 2018

- Amendments to the Terms of Reference for the following Trust Board Committees:
 - Audit Committee
 - Research, Development & Innovation Committee
 - Inclusion of Health Technology Wales within the Scheme of Delegation – Schedule 3.
-

March 2018

- Amendments to the Terms of Reference for the following Trust Board Committees:
 - Information Governance & IM&T Committee
 - Planning and Performance Committee
 - Incorporated the terms of reference for the newly formed nVCC project scrutiny Committee
-

Trust Board Appointments during 2017/18

The Trust made the following Trust Board appointments;

- Mr. Martin Veale was appointed as Independent Member for Finance on the 1st April 2017.
- Mr. Stephen Harries was appointed as Independent Member for Informatics on the 1st April 2017.
- Professor Peter Barrett-Lee retired from the role of Medical Director on the 7th September 2017.
- Dr Jacinta Abraham commenced as Interim Medical Director on the 7th September 2017 and was appointed to the substantive position of Medical Director on the 1st February 2018.

In December 2017, after seven years at the helm of the Velindre NHS Trust Board the Professor Rosemary Kennedy, Chair announced her plans to step down from the post at the end of March 2018. Welsh Government initiated a process to identify and appoint a new Chair with an advert published in January 2018 and interviews in March 2018. Professor Donna Mead, was appointed as Chair of Velindre NHS Trust on the 1st May 2018.

During 2018/19 Judge Ray Singh's current Independent Member term comes to an end.

Purpose of the System of Internal Control (Trust Assurance Framework)

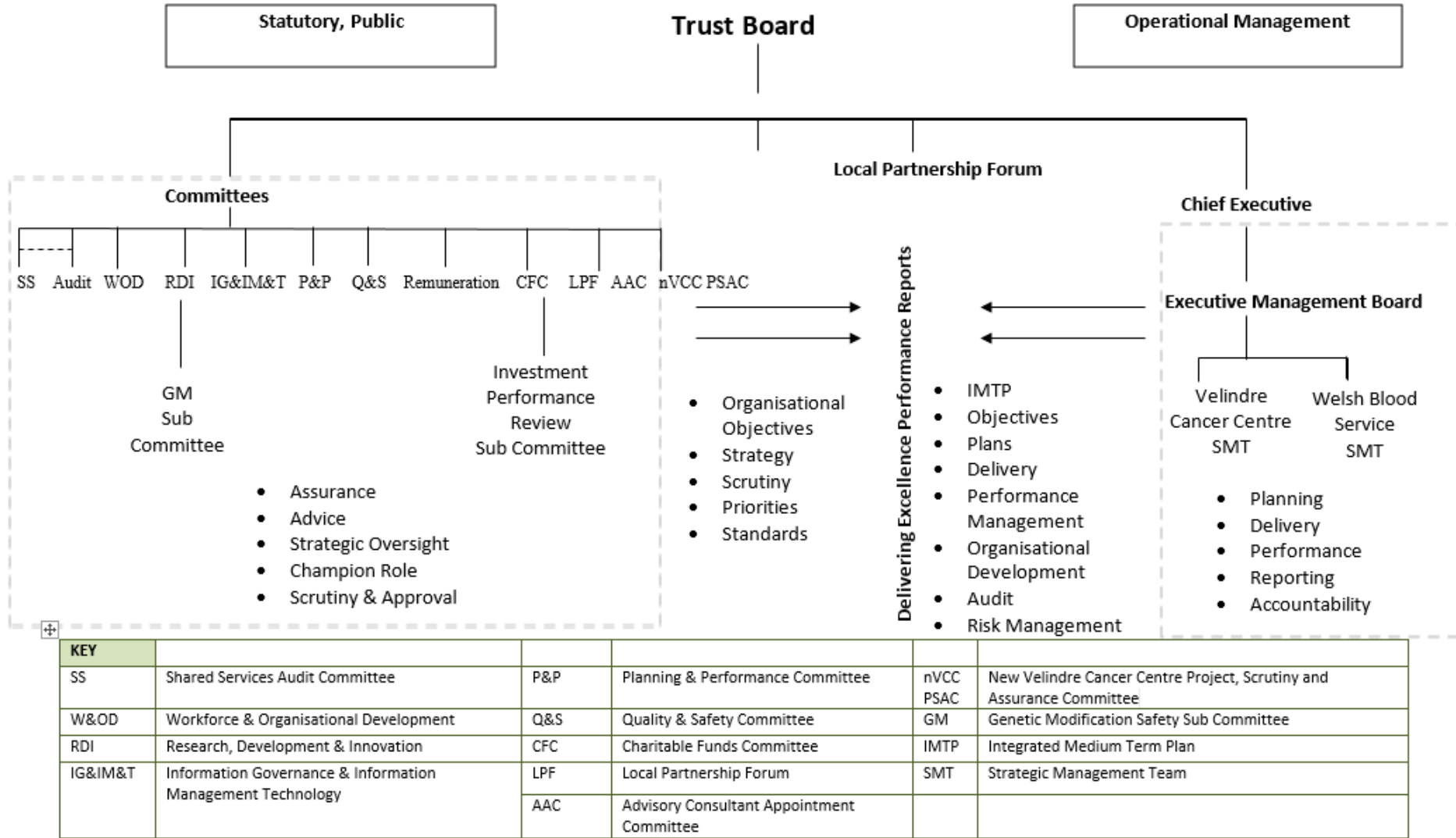
The system of internal control (Trust Assurance Framework) is designed to manage risk to a reasonable level rather than to eliminate all risks, it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 for the year ended 31st March 2018 and up to the date of approval of the 2017/18 annual report and accounts.

The Welsh Government requires that the Trust operates within the wider governance framework set for the NHS in Wales and incorporating the standards of good governance set for the NHS in Wales (as defined within the Citizen Centred Governance principles and Standards for Health Services in Wales), together with its planning and performance management frameworks. The Trust's Assurance Framework on page 23 supports the system of internal control.

The Trust's Assurance Framework

An overarching summary of the Trust's Assurance Framework is illustrated below; please note that the following diagram aims to address the Assurance Framework for the directly managed services of the Trust.



Governance of the Charitable Funds

The Velindre NHS Trust Board was appointed as Corporate Trustee of the Charitable Funds by virtue of the Velindre National Health Service Trust (Establishment) Order No. 2838 that came into existence on 1st December 1993, and the Trust Board serves as its agent in the administration of the charitable funds held by the Trust.

As part of their induction programme, new Executive Directors and Independent Members of the Trust are made aware of their responsibilities as Board Members of Velindre NHS Trust and as Corporate Trustees of Velindre NHS Trust Charitable Funds.

The Trust Board as Corporate Trustee is ultimately accountable for charitable funds given to Velindre NHS Trust Charity. In order to facilitate the administration and management of these funds the Trust Board has established a Charitable Funds Committee (CFC) to provide advice and recommendations to the Board. Committee meetings are held every three months and otherwise as the Committee Chair deems necessary. At least two members must be present to ensure the quorum of the Committee.

The CFC is supported by the Charitable Funds Operational Management Group that meets as and when required through a face to face or virtual format.

The CFC is also supported by an Investment Performance Review - Sub Committee, to oversee the investments made by the Charity.

A meeting of all Trustees takes place on an annual basis and all Trustees were invited to attend the CFC in November 2017 and approved the Charitable Funds (Trustee) Annual Report for 2016/17.

Further information in respect of the Charitable Funds is available in the Trustee's Annual Report which can be accessed via the Charitable Funds page on the Trust website:

<http://www.velindre-tr.wales.nhs.uk/key-publications>

Hosted Organisations Systems of Internal Control and Assurance

Hosted organisations utilise the existing Trust's Committee Structure illustrated above. A separate Velindre NHS Trust Audit Committee is held to consider issues relating specifically to NWSSP, having the same Chair and Independent Membership as the Velindre NHS Trust NWSSP Audit Committee. Information relating to the governance arrangements in NWSSP is contained within the Director's Annual Governance Statement to the Velindre NHS Trust Chief Executive which is available from the Director of Corporate Governance upon request or direct from their website via the following link:

<http://www.nwssp.wales.nhs.uk/governance-and-assurance-arrangements/>

NWSSP has a 'NHS Wales Shared Services Partnership Committee' which was established as a sub-committee of Velindre NHS Trust Board in 2012 to comply with Ministerial Directions. The NWSSP Committee has membership from each statutory body in NHS Wales, and is chaired by an Independent Chair. The NWSSP Committee reports to Velindre NHS Trust Board and all other health body Boards in Wales via their representative member on the Committee. NWSSP have their own Standing Orders which are appended to the Velindre NHS Trust Standing Orders.

Currently, organisations hosted by Velindre NHS Trust are able to link with Trust Board Committees and Management Groups where appropriate to ensure assurance is provided for the governance arrangements including statutory compliance for the areas remaining within the Trust's area of responsibility.

As a result of a number of independent reviews undertaken during 2016/17, relating to NWIS, the Trust has reviewed and strengthened its governance arrangements relating to the hosting relationship between NWIS, the Trust and Welsh Government. The Trust has responded to these reviews, engaging with NWIS, noting that action can only be taken with reference to the existing hosting agreement. One fundamental action was to clarify the assurance requirements from NWIS to the Velindre NHS Trust Board and an Assurance Framework (developed in partnership with the Director of NWIS) was established which was considered by the Audit Committee and approved by the Trust Board in January 2018.

Capacity to handle risk

The organisations hosted by Velindre NHS Trust maintain and manage their own risk registers and comply with the Trust escalation processes to ensure the Trust Board is made aware of any

significant relevant risks relating to the Trust Board's responsibilities via the Trust Risk Register as necessary. Risks relating to hosted organisations will only be escalated to the Velindre NHS Trust risk register where matters directly affecting the Trust are apparent. Matters relating to service delivery and performance are a matter for hosted bodies to receive, manage, and escalate as necessary to the relevant sponsor body.

The Trust involves its public stakeholders in managing risks that impact on them. For example, there is ongoing public engagement as an integral part of the development process of the Transforming Cancer Services (TCS) Programme and the Infrastructure Project. A series of stakeholder events have been undertaken, and will continue throughout the lifespan of the TCS Programme. Risks from the TCS Programme are reviewed and monitored by the TCS Programme Board, and are escalated to the Trust risk register in accordance with the Trust risk escalation process.

Information on the risks managed and mitigated during 2017/18 is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site, via the following [link](#).

Risk Management

The Trust has an approved Risk Management Policy in place. The Policy details a robust risk assessment process to identify, assess and manage organisational risks which are reported on a risk register to the Trust Board.

The Trust's Risk Management Policy is available from the Trust's Internet Site via the following link: <http://www.velindre-tr.wales.nhs.uk/quality-safety-policies>

The Trust Board is ultimately responsible for overseeing the Trust's risk register and holding the Executive to account for ensuring management action is taken to minimise risk. The Trust Board delegates responsibility to the Trust's Quality & Safety Committee for overseeing the risk management process and the Trust's Audit Committee retains the oversight to ensure the system of risk management is effective.

The overall aim of the Trust's Risk Management approach is to progress a comprehensive risk management programme to ensure that:

- There is compliance with statutory legislation
- All sources and consequences of risk are identified

- Risks are assessed and either eliminated or minimised
- Damage and injuries are reduced, and people's health and well-being is optimised
- Resources diverted away from patient/service user care to fund risk reduction are minimised
- Lessons are learnt from concerns in order to share best practise and prevent reoccurrence.

The Trust has a series of controls in place to manage and mitigate these risks.

The Chief Executive, as Accountable Officer for the Trust, has overall accountability and responsibility for having an effective risk management system in place within the Trust, including hosted organisations. The Chief Executive is responsible for meeting all statutory requirements and adhering to guidance issued by the Welsh Government Department of Health & Social Services in respect of governance. Within the Trust's Risk Management Policy, the Chief Executive has set clear measurable risk management objectives for the Executive Directors and Service Directors with delegated responsibility for risk management and governance.

The Executive Director of Nursing & Service Improvement has organisational lead responsibility to the Chief Executive and the Board for risk management. Each Executive Director is responsible for overseeing effective management of risk within their area of responsibility, and Executive Directors are supported in these duties by the Service Directors and Senior Managers across the organisation.

Every member of staff, including clinicians, is responsible for ensuring that their own actions contribute to the wellbeing of patients/service users, staff, visitors and the organisation. They are expected to contribute to the identification, reporting and assessment of risks and to take positive action to manage them appropriately.

Risk management is embedded in Trust decision making and service delivery. This is supported by continually considering and assessing Trust compliance with key clinical guidance including:

- Guidance and technology appraisals from the National Institute for Health and Care Excellence (NICE)
- National Service Frameworks (NSFs)
- National Enquiries for example Confidential Inquiries
- Patient Safety Alerts
- Professional Guidelines for example from Royal Colleges
- Guidelines or standards from other national/local bodies

- Local and national audit
- Research & Development
- Participation in clinical trials
- Health and Care Standards (Wales)

Risk Management and risk resourcing is managed by Divisional Directors through their business plans. All divisions/departments have processes for assessing risk and risk registers are created as appropriate. Risks are updated and reviewed within the service division. The divisional Strategic Management Team (SMT) works with their supporting groups/Committees to ensure effective controls are in place for their risks to be managed at a tolerable level.

Risks are referred to the appropriate Committees of the Trust Board for scrutiny and to identify additional control measures. In turn, the Committees provide assurance to the Trust Board that all reasonably practicable steps have been taken to reduce the risk, that effective controls are in place and the risk is being managed at a tolerable level.

Trust Risk Register

The organisation's risk profile is visible through the Trust Risk Register. Risks are identified at the commencement of new or amended activities and through the ongoing review of existing risks. Risk assessments are undertaken to assess the impact upon the service and other stakeholders. Public Stakeholders are involved in the assessment of risk through public consultations, Patient Liaison Group representation at Trust Board and Committee meetings, feedback received in respect of Patient Experience surveys and Donor Forums and learning from Concerns received from patients, donors, relatives and/or carers.

All risks are assessed and awarded a score, relating to impact and likelihood. Risks are escalated; resulting in the highest level of risk being referred to the Executive Management Trust Board where a collective appraisal will be made of the risk, after which time, the risk will be entered on to the Trust's risk register and reported to Trust Board and relevant Trust Board Committee/s. Each risk entered onto the Trust register is given a 'target' score dependent upon the appetite for the risk, which is the level of risk the Trust Board is prepared to accept before action is deemed necessary to reduce it. This will be applied in decision making to inform the prioritisation of actions and the resources required to mitigate risks on the Trust risk register.

The Trust delivers a programme of risk assessment training for all staff and managers responsible for undertaking risk assessments.

During 2017/18, further improvements were made to the risk register in respect of the processes used to report and monitor risks by the Trust Board. The Executive Board was proactive in developing the register and all risks included on the Trust risk register underwent a review to improve the narrative description of the risk. The process for closing risks and de-escalating risk to the service divisions was also made more visible.

The significant risks on the Trust Risk Register as at the 31st March 2018 are outlined below. Further details in respect of the Trust's key risks, including significant clinical risks are outlined within the Trust's Annual Quality Statement (AQS). The AQS is included within the Trust Annual Report which is held on the Trust Internet site under key publications.

As at the 31st March 2018, the risks on the Trust's risk register include:

- **Accommodation – (Risk Score of 12)** - Lack of physical space to accommodate the current requirements for services delivered at Velindre Cancer Centre (VCC). The VCC continue to review best utilisation of space and usage, including the use of outreach clinics.
- **Radiotherapy capacity - (Risk Score of 20)** - Availability of sufficient radiotherapy capacity within available financial resource. A business case has been submitted to commissioners for additional radiotherapy capacity to meet forecast demand. In the meantime, the VCC have continued with efficiency/service Improvement work to ensure maximum efficiency within radiotherapy services.
- **Electronic patient record/Administration System - (Risk Score of 20)** - In the event of a significant Cancer Network Information System Cymru (CaNISC) system failure, the VCC would have no electronic patient record and no chemotherapy or radiotherapy workflow management systems. In this scenario treatment would be seriously compromised, for inpatient admissions and/or outpatient appointments. Electronic access of patient medical histories would be compromised in guiding treatment decisions. Funding was approved from Welsh Government to secure the necessary resources to fully scope a business case for a full replacement programme, which is currently in development.
- **Non delivery of the expected benefits contained within the Transforming Cancer Services programme and the Infrastructure Project - (Risk Score of 16)**. There are a wide range of risks associated with the project which includes clinical, capacity and capability, commercial, governance and financial risks. Actions to manage the risk are extensive and include full project management

- **Medical workforce (1) - (Risk Score of 12)** The Trust has several consultant vacancies which have not been filled via recent recruitment or locum recruitment. Plans have been activated to optimize existing consultant clinical sessions for the short term, and the Trust will advertise alternative consultant roles.
- **Medical workforce (2) - (Risk Score of 12)** The Specialist Register rota has reduced. The Trust is awaiting additional trainees during the summer months, and in the short term alternative care models are being utilised to minimize the impact of this shortfall.
- **New General Data Protection Regulation (GDPR) Requirements – (Risk Score of 12)** Dedicated resource to deliver timely completion of necessary GDPR activities is limited. Whilst a comprehensive action plan has been developed to mitigate the risks, it has been agreed at the Trust Executive Management Board that the risk is to remain on the Trust Risk Register for high level monitoring.

Further information on how risks are being managed and mitigated is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site, via the following [link](#).

Risk Management Strategy

The Trust's Risk Management Strategy covers the period 2015/18. The Strategy will be reviewed during 2018 to reflect the current Trust Board risk appetite statement. Risk management continues to be an integral component of the Trusts service delivery, and will ensure alignment to the three year Integrated Business Plan and other supporting strategies.

Risk Appetite Statement

The Trust faces a broad range of risks reflecting its responsibilities. The risks arising from its responsibilities can be significant. These risks are managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality staff and public accountability.

The Trust make resources available to control operational risks at acceptable levels and we recognise that it is not possible or indeed necessarily desirable to eliminate some of the risks inherent in our activities. Acceptance of some risk is often necessary to foster innovation within the services for which we are responsible.

The Trust's Risk Appetite Statement was approved by the Trust Board in September 2017 and considers the most significant risks to which the Trust is exposed and provides an outline of the approach to managing these risks. All strategic and business plans for operational areas must be consistent with this Statement. Given the range of the Trust's activities and responsibilities, it is not appropriate to make a single overarching statement of the Trust's attitude to risk. Instead, a range of risk appetite statements arising from the different areas of our work has been developed in the following areas:

- Safety
- Quality
- Compliance
- Research & Development
- Partnerships & Innovation
- Reputation & Public Confidence
- Performance & Service Sustainability
- Financial Sustainability
- Workforce & Organisational Development
- Partnerships

The full Risk Appetite Statement is available via this [link](#).

The Risk Appetite Statement will be reviewed in the autumn of 2018, unless circumstances dictate that an earlier review is necessary.

Health and Care Standards for Wales

The Health and Care Standards (previously the Standards for Health Services in Wales) were reviewed and published in April 2015. The Health and Care Standards set out the requirements for the delivery of health care in Wales at every level and in every setting. The onus is on all NHS organisations to demonstrate that the standards are being used and are met on a continuous basis.

Following the launch of the Health and Care Standards the Trust established framework arrangements through which self-assessments can be undertaken and action taken to implement improvements and changes required to enable the Trust to deliver the highest quality of services to the people of Wales.

The framework, which builds on the previous protocol for the Standards for Health Services, was developed to assist all Trust staff involved with the implementation of the Health and Care Standards.

Divisions and hosted organisations and teams use the standards to self-assess at all levels and across all activities to:

- Map against their own professional standards and operational plans
- Assess for themselves how well they currently meet the standards
- Identify what they do well and what could be shared wider
- Identify what they do less well and what can be done to improve delivery
- Make changes which contribute to overall quality improvement within their service.

The outcomes from the self-assessments was discussed and approved at the Trust Integrated Governance Group 10th April 2018

In addition, a selection of those completed Standards have been validated by Internal Audit (April 2018).

- Governance, Leadership and Accountability
- Standard 2.6 Medicines Management
- Standard 2.9 Medical Devices, Equipment and Diagnostic Systems
- Standard 5.1 Timely Access

Improvement actions, identified as part of the self-assessment audit, will be included within the Integrated Medium Term Plan (IMTP). This ensures the Standards become part of everyday business management within the service areas to drive improvements in quality, rather than seen as a standalone separate activity.

Governance & Accountability Assessment/Trust Board Effectiveness

The Trust combined Trust Board effectiveness and Trust Board assessment of Governance & Accountability within a single questionnaire that was issued to Trust Board members for completion in February 2018.

An Integrated Governance group was convened on the 10th April 2018 to scrutinise the outcome from the Health and Care Standards Assessment in conjunction with the results from the Board self assessment questionnaire. At this meeting the Trust Board made a judgment using the maturity matrix definitions to conclude how the Trust has performed during 2017/18.


This process has been subject to independent internal assurance by the organisation’s Head of Internal Audit. The internal audit review confirmed that a satisfactory process exists for the review and completion of the Governance and Accountability assessment, involving Executives and, Independent Members. There were no recommendations received in respect of the completion of the Governance and Accountability assessment.

The Trust’s self assessment of the overall maturity level for 2017/18 was assessed as Level 4; the maturity level has remained the same for 2017/18 as was assessed in 2016/17.

Governance, Leadership & Accountability – Self Assessment	1. Do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve.	2. are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	3. Are developing plans and processes and can demonstrate progress with some of their key areas for improvement.	4. Have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business.	5. Can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Rating				✓	

The audit of the Health & Care Standards in Wales conducted by Internal Audit sought to provide assurance that the Trust has adequate procedures in place to ensure that it is operating in accordance with the Standards and that appropriate self-assessment against the Standards is undertaken.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with establishment controls within the Health and Care Standards is **Substantial Assurance**.

RATING	INDICATOR	DEFINITION
Substantial assurance		The Board can take substantial assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with low impact on residual risk exposure.

The review found that overall the controls in place to manage the risks associated with the review are of a Substantial standard.

The audit identified a number of areas of good practice; a Health & Care Standards Self-Assessment 2017/18 meeting was held on the 23rd October 2017 which included reviewing the process for 2016/17 and agreeing the approach for 2017/18.

There is a Governance Timetable in place for the production of the 2017/18 Annual Report. The timetable details the main tasks to be completed as part of the Annual Report which include the Health & Care Standards and the Annual Governance Statement. In addition, there is a separate schedule in place for the 2017/18 Health & Care Standards self-assessment process.

The Board Governance, Leadership and Accountability Self-Assessment questionnaire issued this year had been updated and additional questions included to reflect the requirements of the Standard. The findings of the questionnaire were presented to the Integrated Governance meeting on the 10th April 2018.

Review of Effectiveness

As Accountable Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive's review of the system of internal control is informed by the work of the internal auditors, the Executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.

The Chief Executive's performance in the discharge of these personal responsibilities is assessed by the Director General of the Department of Health & Social Services/Chief Executive of NHS Wales.

The Chief Executive's review of the effectiveness of the system of internal control is informed by the work of Internal and External Auditors, the Executive Directors and other assessment and assurance reports including the work of Healthcare Inspectorate Wales. The Chief Executive has listened to the Board on their views on the strengths and opportunities in the system of internal control and been advised by the work of the Audit Committee and other Committees established by the Board.

In addition to audits undertaken by Internal Audit and Wales Audit Office as part of their annual audit plan, in September 2017, Welsh Government instructed two independent reviews into

the Transforming Cancer Services (TCS) Programme. Local Partnerships were commissioned to review the project for the delivery of the new Velindre Cancer Centre (nVCC), focussing on the fitness for purpose of decision support and decision-taking arrangements that underpin the project and Deloitte were commissioned to assess the design and operational effectiveness of the financial processes and controls implemented by Velindre NHS Trust to deliver an outline business case (OBC) for the new VCC and PBC for the TCS Programme.

Both reports were signed off by Welsh Government and the Trust in November 2017, with an action plan then developed to address all recommendations arising from the reviews. Progress against the action plan has been monitored by the Trust Board, with regular updates being submitted to the nVCC Project Sponsor in Welsh Government.

During 2017/18, the Trust and NHS Wales Shared Services Audit Committee undertook Annual Committee Effectiveness Surveys. Although, minor areas of improvement were identified, the overall assessment from the outcome was that the Committees are operating effectively and discharging their duties delegated by the Trust Board appropriately.

At the Integrated Governance Group (mentioned above) the Trust Board concluded an overall maturity level for 2017/18 as Level 4; which is defined as 'having well developed plans and processes and can demonstrate sustainable improvement throughout the organisation'. Further detail is outlined on page 32 of this report.

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

- Children's Commissioner
- Community Health Councils
- Health & Safety Executive
- Healthcare Inspectorate Wales
- Internal Audit (NHS Wales Shared Services)
- Older Peoples Commissioner
- Wales Audit Office
- Welsh Government
- Welsh Language Commissioner
- Welsh Risk Pool Services
- Other accredited bodies

Internal Audit Opinion & Scores for 2017/18

Internal audit provides the Chief Executive and the Board through the Audit Committee with a flow of assurance on the system of internal control. The Chief Executive commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Internal Audit Service, part of the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focused on significant risk areas and local improvement priorities.

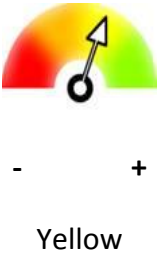
The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The Head of Internal Audit Opinion

The scope of my opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement.

The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

In reaching the opinion the Head of Internal Audit has applied both professional judgement and the Audit & Assurance "Supporting criteria for the overall opinion" guidance produced by the Director of Audit & Assurance and shared with key stakeholders.

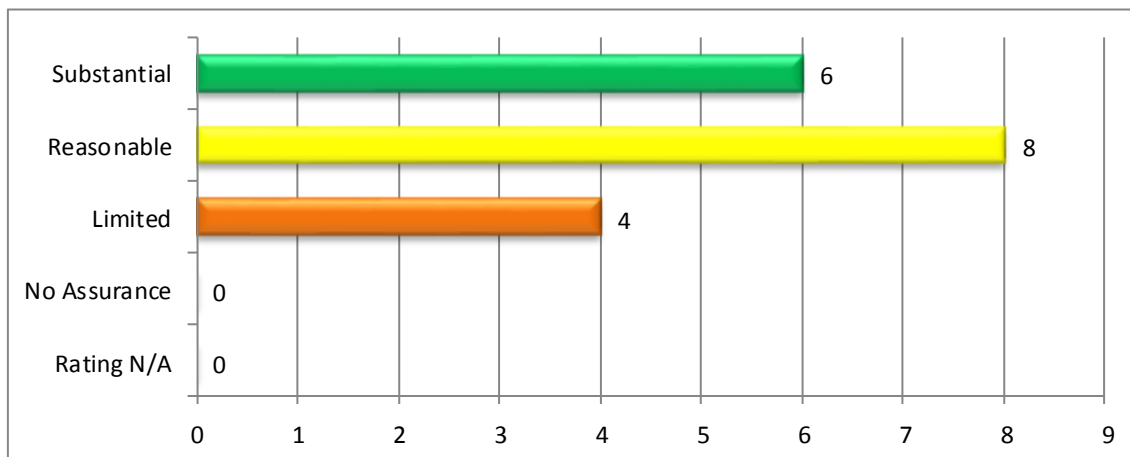
Reasonable assurance		The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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In reaching this opinion I have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas. From the reports issued during the year, eight were allocated Reasonable Assurance and six Substantial Assurance.

There were however four audit reports that concluded with Limited Assurance ratings; although one of these had improved on a subsequent in year follow up audit.

It can therefore be seen that whilst the majority of audits had positive assurance ratings there was a much increased number of audits with negative ratings for 2017/18. In addition to the Limited assurance audit reports, there were other audits, whilst gaining a positive outcome overall, highlighted several matters of significance and further to this there was also a continuation of the trend of an increased number of findings identified during audits.

The Trust has not been issued with any No Assurance audit reports for 2017/18.



Limited Assurance Audits 2017/18	
Review Title	Objective
Absence Management Report received at the Trust Audit Committee in October 2017	The purpose of the review was to provide assurance that previously agreed management actions had been implemented ensuring the Trust had adequate arrangements in place for the Management of Sickness and Absence. This include a follow up of the previous Limited Assurance report and testing in new areas.
Cyber Security Report received at the Trust Audit Committee in October 2017	The purpose of the review was to provide assurance to the Audit Committee that a process is in place for ensuring cyber security which provides protection from malicious software and appropriately protects the Trust information.

Limited Assurance Audits 2017/18	
Review Title	Objective
Research and Development (R&D) Report received at the Trust Audit Committee in April 2018	The scope of the review was to ensure that there was an appropriate structure in place for the management of R & D; that it was adequately resourced and that R & D income was accounted for. A follow up review was undertaken in March 2018, the review concluded that the Research & Development review improved to Reasonable Assurance.
Fire Safety Compliance (draft) Report scheduled to be received at the Trust Audit Committee in July 2018	The review was undertaken to determine the adequacy of, and operational compliance with, the systems and procedures of the Trust, taking account of relevant NHS and other supporting regulatory and procedural requirements, as appropriate.

Where a limited assurance report was received the detailed findings were considered by the Lead Officer for the function and the reports received by the Trust Audit Committee, where the lead officers would have been in attendance. Follow up audits have also been commissioned by the Trust Audit Committee for inclusion in the 2018/19 audit programme for the Trust as appropriate.

Management responses to all limited assurance reports will have been reviewed by the Audit Committee. Progress against management actions will be monitored at each Audit Committee meeting until all actions have been appropriately implemented.

The Internal Audit Reports which outline the management responses and detailed actions which have been agreed to address the weaknesses identified are published within the Trust Audit Committee papers which are available on the Trust Internet site by [clicking here](#). The table on page 37 details the dates of the meetings when the reports were received.

Wales Audit Office Structured Assessment 2017

The Trust's External Auditors, Wales Audit Office (WAO), conducted a Structured Assessment during 2017 that focussed on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically.

Findings of the WAO Structured Assessment 2017: WAO's overall conclusion from the 2017 structured assessment work is that the Trust has continued to progress ambitious change

programmes and has made improvements to its governance arrangements although some difficult challenges have emerged and there are growing financial risks.

Financial Planning and Management: In reviewing the Trust’s financial planning and management arrangements, WAO found that the Trust delivered its 2016-17 savings target and is on track in 2017-18 but financial challenges have prompted a more reactive approach to savings and it needs to focus on more sustainable savings in the longer term.

Governance and Assurance: In relation to governing the business, WAO concluded in reviewing the corporate governance and Trust Board assurance arrangements, that the Trust has made some clear improvements to governance in 2017 although progress on risk management is mixed, challenges have arisen in relation to funding and hosting and information governance needs further strengthening.

Recommendations are being addressed by the Executive Management Board and progress will be monitored by the Audit Committee by scrutiny of the Audit Action Plan. Velindre NHS Trust – Structured Assessment 2017 report is published and available from the Wales Audit Office internet site by [clicking here](#). The Trust’s management response to the 2017 structured assessment recommendations is captured on page 36 of the WAO report.

Information Governance

The Trust has had three lapses in the security of data that warranted reporting to the Information Commissioners Office (ICO) in 2017/18 and these are detailed on page 12 of the Directors Report under the “Disclosure Statements” section.

The Trust has established arrangements for Information Governance to ensure that information is managed in line with the relevant Information Governance law, regulations and Information Commissioner’s Office guidance. The arrangements include a Trust-wide Information Governance & Information Management & Technology Committee, Trust, Divisional and Hosted Organisation Caldicott Guardians, a Caldicott Guardian for the National Databases and Divisional Information Governance leads.

During 2017/18, the Trust has been working collaboratively across its divisions and associated organisations in respect of the requirements of the General Data Protection Regulations (GDPR). The changing environment around how the Trust processes Personal Data, brought about by the GDPR changes, has resulted in specific work activities being identified and undertaken to ensure the Trust maintains compliance with the Regulation by May 2018. At the time of writing this report, significant progress has been made in the completion of these

activities, with regular reports provided at Trust-wide forums, namely Information Governance & Information Management & Technology Committee.

The statement on the quality of data reported to the Trust Board is included within the Annual Quality Statement within the [Velindre NHS Trust Annual Report](#). In summary, information is provided from our data management and quality improvement systems. To the best of our knowledge, this information is accurate and gives a true picture of the organisation.

Emergency Preparedness

The Trust has processes in place to ensure an appropriate response to a major incident in the local area. These plans are commensurate with the level of risk the Trust anticipates to be exposed to.

The changing environment of risk results in the strategies and plans being reviewed regularly. Emerging threats are considered in the development and enhancement of risk mitigation strategies and the organisation's response mechanisms.

The Trust is working towards enhancing the emergency planning process across all service areas. It is reviewing systems and processes that demonstrate compliance with Welsh Government guidance and where necessary works with multi-agency partners to improve resilience.

Plans have been tested in the last 12 months, and as such are being reviewed to encompass lessons learned and to further improve the current procedures.

Integrated Medium Term Plan (IMTP)

Efforts to achieve the Trust's vision and strategic objectives is driven by 'Delivering Excellence', our Integrated Medium Term Plan (IMTP). Our IMTP sets out the priorities we intend to deliver on a rolling 3 year basis. The Plan for 2017 – 2020 was submitted to Welsh Government in late March 2017. In June 2017, Velindre NHS Trust had its IMTP approved by the Cabinet Secretary for Health, Wellbeing and Sport and accordingly met its statutory duty to have an approved IMTP in place for 2017/18. Having an approved IMTP in place is a key means by which the Trust is able to demonstrate to its patients and donors, staff, partners and Welsh Government that the organisation is able to deliver services in an effective and sustainable manner. The IMTP is refreshed on an annual basis and approved by Trust Board in March each year.

The Trust provided a reflection on progress against the key priorities, performance and ambitions outlined in the IMTP for 2017 - 2020 within our new IMTP for 2018 – 2021. This assessment was a high level overview of performance against the overall plan. This confirmed that delivery against objectives was broadly in accordance with the forecast trajectory. The Trust will undertake a more in-depth review of its achievements during 2017/18 once all performance information has been validated. In respect of the financial performance, the Trust reported a small surplus against its income and expenditure position for the year ended 31st March 2018, as reflected in the Annual Accounts. This review and reflection on the IMTP for the three year period beginning in 2017/18 will be subject to scrutiny and assurance through the Planning and Performance Committee and Trust Board, and ongoing Trust priorities will continue to be monitored and scrutinised during 2018/19.

What is apparent at this juncture is that great progress has been made across the organisation in working towards the realisation of the Velindre Cancer Centre's (VCC) and the Welsh Blood Service's (WBS) strategic objectives as set-out in the Trust's IMTP for 2017 – 2020. Key achievements are described in some detail in the Trust's Annual Performance Report, but noteworthy progress against divisional strategic objectives in 2017/18 include:

- In support of WBS Strategic Objective 8: Be active in the establishment of cell and gene therapy in the NHS, the WBS was joint lead (representing NHS Wales) on a bid submitted to Innovate UK for grant funding to support the establishment of an Advanced Therapies Treatment Centre. The bid was successful and £7.3 million was awarded to the consortium.
- In support of WBS Strategic Aim 2: Developing a state of the art supply chain, the WBS has developed and launched the Supply Chain 2020 Vision. This was developed in collaboration with staff to set out the case for change and to describe how the realignment work would be progressed.
- In support of VCC Strategic Aim 1: Equitable and consistent care no matter where, the Trust application for planning permission to build a new Velindre Cancer Centre in northern Cardiff was successful. This was enormously important for us as we work, with our partners, to deliver high quality, sustainable cancer services for the people of south-east Wales.
- In support of VCC Strategic Aim 4: To be an international leader in research, development, innovation and education, we successfully launched an Acute Oncology Mobile app. The app was designed to allow junior doctor's rapid access to critical, expert information necessary for the management of acute oncology conditions at the patient's bedside. By March 2018, the app had been downloaded more than 1,000 times and was being used approximately 20-times a day on average.

We recognise the success we have had in working towards our strategic objectives. However, we are aware that we must focus our attention on certain areas given the challenging context

in which we work. Again, we discuss these issues at greater length in the Trust's Annual Performance Report.

The Trust Board approved the IMTP for 2018 - 2021 in accordance with the NHS Wales Planning Framework on the 29th March 2018. At the time of writing this report, the Trust is awaiting formal response from the Cabinet Secretary which will indicate whether the current iteration of the IMTP has been approved.

The final version of the IMTP for 2018-2021 is available via the following [link](#).

Further information in respect of progress against the IMTP is captured within the Performance Report in the "Performance Summary" section of the report.

Ministerial Directions

A list of Ministerial Directions issued by the Welsh Government during 2017/18 is available at: <http://gov.wales/legislation/subordinate/nonsi/nhswales/2014/?lang=en>

Whilst Ministerial Directions are received by Local Health Boards, these are not always applicable to Velindre NHS Trust. All Ministerial Directions issued throughout the year are listed on the Welsh Government [website](#) above.

Welsh Health Circulars issued by Welsh Government are logged by the Governance Function and assigned an Executive Lead to assess the impact to the Trust and take forward necessary actions as appropriate. A register and action log is maintained by the Governance Function. A list of Welsh Health Circulars issued by the Welsh Government during 2017/18 is available at: <http://howis.wales.nhs.uk/whcirculars.cfm>

In February 2018, the Director General Health and Social Services/NHS Wales Chief Executive, wrote to the Chief Executive of the Trust (as Accountable Officer) confirming the additional responsibilities which will be placed upon the Trust to support the establishment of Health Education and Improvement Wales (HEIW). These additional responsibilities only apply during the shadow period, until HEIW becomes fully operational in October 2018.

Equality & Diversity

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The control measures include:

- Trust Equality Monitoring Annual Report.
- Equality reports to Quality and Safety Committee on the Trust's Equality Objectives and Actions.
- Reports to the Equality and Human Rights Commissions' enquiries.
- Reports to the Centre for Equality and Human Rights enquiries.
- Report to the Welsh Government Equalities Team.
- Provision of evidence to the Health Care Standards Audit, specifically Standard 2.
- Equality Impact Assessments.

Conclusion

The system of internal control has been in place for the year ended 31st March 2018 and up to the date of approval of the 2017/18 annual report and accounts.

There has been a slight increase in the number of Limited Assurance opinions issued this year from NHS Wales Internal Audit Services. The detailed findings from these reports have been considered by the Lead Officer for the function. Management responses to Limited Assurance reports have been reviewed by the Audit Committee and progress against these management actions will be monitored at each Audit Committee meeting until all actions have been appropriately implemented. In all instances, follow up reviews have been scheduled in the Internal Audit plan.

There have been no significant governance issues identified during this period.

Signed by:

Mr. Steve Ham
Chief Executive

Date: 30th May 2018

APPENDIX 1 – Governance Statement – Trust Board and Committee Activity 2017/18

The table below outlines the key highlights and issues considered by the Trust Board and its Committees during 2017/18, it is not an exhaustive list.

Trust Board

Meeting Dates:

- 25th May 2017
- 30th May 2017 – Accounts sign off
- 26th June 2017 extraordinary meeting to discuss TCS
- 13th July 2017
- 28th September 2017
- 30th November 2017
- 25th January 2018
- 29th March 2018

All meetings were quorate

Programme / Project Updates:

- Transforming Cancer Services Programme:
 - Management Update Report
 - Programme Integrated Assurance and Approval Plans
 - Radiotherapy Satellite Centre Site Selection
 - Update on the Local Partnership Review Draft Report
 - Update on the Deloittes Review
- **nVCC Project**
- Blood Supply Chain 2020 Initiative:
 - Programme update reports
- Implementation of the Electronic Board Software.
- Updates in respect of the development of the Board Assurance Framework.

Finance - Financial Reports to update the Board on the Financial Position of the Trust.

Performance - Considered the Delivering Excellence Performance Reports at each meeting.

Planning - Progress updates and approval in respect of the Integrated Medium Term Plan (IMTP) and consideration of IMTP Service Plans.

Risk Management:

- Scrutiny of the Trust's Risk Register.
- Approval of the Risk Appetite Statement.
- Delivery Unit – Assurance Review of the Management of Patient Safety Incidents related to NWIS.

Other Matters:

- The development work in respect of the establishment of Health Technology Wales as a Hosted Division of the Trust.
- Updates in respect of attaining University status.
- Service Improvement Annual Report.

	<ul style="list-style-type: none"> • Updates in relation to the Committee Effectiveness. • Trust Seal Report. • Review of the Research & Development Committee and the establishment of the newly named Research, Development & Innovation Committee. • Assurance requirements for NWIS in relating to hosting relationship. <p>Presentations:</p> <ul style="list-style-type: none"> • Health Inspectorate Wales (HIW) Annual Report. • Acute Oncology Support (AOS) App Demonstration • Podcast: Someone Else’s Shoes • SABRE - (Stereotactic ablative radiotherapy)
<p>Advisory Consultant Appointments Committee</p>	<ul style="list-style-type: none"> • As and when required the Advisory Consultant Appointment Committee meet to manage the arrangements for appointments to NHS Consultant posts within the Trust.
<p>Audit Committee</p> <p>Meeting Dates:</p> <hr/> <ul style="list-style-type: none"> • 25th April 2017 <hr/> <ul style="list-style-type: none"> • 30th May 2017 – Accounts Sign Off <hr/> <ul style="list-style-type: none"> • 20th July 2017 <hr/> <ul style="list-style-type: none"> • 3rd October 2017 <hr/> <ul style="list-style-type: none"> • 5th December 2017 <hr/> <ul style="list-style-type: none"> • 6th February 2018 <hr/> <p>All meetings were quorate</p>	<p>External Audit:</p> <p>The Committee approved the Wales Audit Office (WAO) 2017 plan and considered the Structured Assessment Findings 2017.</p> <p>Internal Audit - The Committee received regular progress reports from the Internal Audit (IA) team during the year, a report on the IA Operational Plan and Audit Strategy and also the individual audit assignments reports providing a conclusion and assurance rating, as well as Annual Report and Opinion.</p> <p>Counter Fraud - The Committee received regular progress reports in relation counter fraud activity/work plan in addition to an annual report from the Counter Fraud Specialist.</p> <p>Assurance & Risk Management Developments</p> <ul style="list-style-type: none"> • Annual Accounts, Accountability Report. The Committee meeting in May 2017 noted the contents of the Annual Accounts, Annual Governance Statement, Letter of Representation and the Trust’s response to WAO regarding the Governance & Remuneration report and endorsed for Trust Board approval. • A Committee self-assessment questionnaire was completed by Members and attendees and was found to be generally very positive with a few areas for improvement noted and progressed.

Internal Assurance & Risk Management Monitoring

- Performance against the Public Sector Payment Policy (PSP) target was reviewed at each meeting and the Committee requested regular reports detailing steps taken and plans to improve the position on a monthly and annual basis.
- NWIS governance issues were regularly reported and reviewed by the Committee with NWIS representatives attending. The NWIS Audit Action plan was also regularly reviewed.
- New stronger assurance requirements in relation to the hosting agreement with NWIS was considered and endorsed in December 2017.
- The Trust risk register was presented at each meeting for review by the Committee noting that more detailed reviews took place in the relevant Committee / Divisional meetings.
- The Audit Action plan was regularly reviewed by the Committee.
- Declarations recorded in respect of Declarations of Interest, Gifts, Hospitality and Sponsorship were reviewed by the Committee.
- The Compliance Register outlining legislative and regulatory compliance was regularly reviewed by the Committee.
- The Committee supported the continued implementation of the assurance framework for Clinical Audit, noting that the cycle of business to accommodate receipt of relevant documentation to support the Clinical Audit Assurance Framework; and invited the Trust lead for Clinical Audit at appropriate intervals to attend the Audit Committee.
- Endorsed an amendment to the Trust Standing orders – amendment to financial limit (WBS routine wholesaling activity).
- Noted the ISA 260 in relation to the Charitable Funds Audit and also received for information the Charitable Funds Annual Report/Accounts.
- Noted the details of the Procurement Activity undertaken during the year.

Finance – the Committee received Financial Technical Updates at each meeting.

NHS Wales Shared Services Partnership (NWSSP) Audit Committee

- Tracking of Audit Recommendations.
- Governance Matters.
- Corporate Risk Register.

- Audit Committee Forward Plan.
- Health and Care Standards – Self Assessment and Action Plan.
- Annual Governance Statement.
- Audit Committee Effectiveness Survey.
- Audit Committee Annual Report.
- Audit Committee Terms of Reference.
- Review of NWSSP’s Standing Orders.
- Integrated Medium Term Plan (IMTP).
- Environmental Management System (ISO14001) External Audit Report.
- Assurance Mapping.
- Health & Safety Annual Report.
- IT Strategy.
- Internal and External Audit Reports.

Charitable Funds Committee

Meeting Dates:

-
- 18th May 2017
-
- 15th August 2017
-
- 14th November 2017
-
- 6th March 2018

All meetings were quorate

Governance/Risk Management

- Received regular governance update reports and progress against the recommendations from the Strategic Direction Independent Review.
- Approved the Trustee Annual Report 2016-17.
- Monitored compliance in relation to Committee Effectiveness Activity.
- Scrutiny and review of the Charitable Funds related Risk Register and supporting risk assessments.
- Considered and reviewed the learning identified through the “Learning for Wales Audit Office – “Lap of Wales”” report.
- Considered a potential conflict of interest from an Independent Member relating to George Thomas Hospice.

Strategy & Performance

- Monitored progress in relation to the process of appointment for a Charity Director.
- Approved the Annual Delivery Plan for 2017-18.
- As a standing agenda item the Committee receives regular financial statement reports in respect of the Charitable Funds, detailing the financial position and performance against agreed targets.
- Received highlight reports in respect of the investment activity following on from the Investment Performance Review Committee meetings.
- Updated in respect of the Welsh Blood service Charitable Status

Developments.

- Approved a number of business cases submitted for Charitable Funding in the areas of **Access to the latest treatments** – to include a focus on the unique selling point of the Radiotherapy service, **Patient Support and Care** and **Research and Development** – to include innovation and service improvement initiatives.
- Received progress updates in respect of the Moondance Programme Board.

Fundraising Activity

- Fundraising Events and Activities – Velindre fundraisers continued to show amazing commitment and ingenuity, taking part in a huge variety of events: walking, running, hosting Balls, dinners and quizzes, cake sales, dress down days and coffee mornings, all raising funds and the profile of Velindre.
- Considered the proposal to develop Legacy Promotion through offering a Free Wills Service.
- Authorised a procurement exercise in relation Overseas Events, Travel and Agency Services.

Presentations:

- Acute Oncology Support (AOS) App Demonstration.
- Evaluation of the Acupuncture Services funded by Velindre NHS Trust Charity.

Information Governance & IM&T Committee

Meeting Dates:

-
- 8th May 2017
-
- 11th September 2017
-
- 11th December 2017
 - 12th February 2018

All meetings were quorate except for the meeting of the 11th December 2017 – matters for approval

Quality & Safety – received and considered regular update reports in respect of IM&T Risks, Major Incidents, GDPR compliance, Information Governance Incidents and Information Commissioner Office (ICO) reportable incidents.

Integrated Governance

- Scrutiny and consideration of the outcome findings following the Landauer Data Breach.
- Scrutiny of the Internal Audit – Cyber Security.
- Monitored compliance with Committee effectiveness activity.

Strategy & Performance

- Regular programme updates from the Velindre Cancer Centre and Welsh Blood Service e.g.
 - For Velindre Cancer Centre, planning and engagement

were dealt with outside the meeting.

regarding the stabilisation and long term future for Canisc was a key feature of the work programme.

- In addition to this the Welsh Blood Service continued in its Provision of ongoing project management and software development support for the implementation of the all-Wales Laboratory Information Management System (LIMS) for Blood Transfusion, Histocompatibility and Immunogenetics and Welsh Bone Marrow Donor Registry modules [IMTP Priority 4].
- The IM&T programme of change includes the implementation of the national products, which are key objectives within the Trust Integrated Medium Term Plan (IMTP), and the Committee has responsibility for monitoring those sections of the Plan which are specific IM&T. The Committee was kept informed of any challenges during the year.
- All IM&T projects provide monitoring reports to the Committee, which provides an overarching Trust programme view, highlighting progress, escalation of risks and issues, and notification of approved project change controls.

National Activity

- Monitored national activity as follows:
 - National Cyber Incident – WannaCry.
 - Welsh Health Circular – Information Governance & Cyber Security.

Local Partnership Forum

Meeting Dates:

- 14th August 2017
- 5th October 2017 – Cancelled.
- 12th December 2017
- 15th March 2018

All meetings were quorate

Strategy & Planning

- Progress update on the development of the Education Strategy.
- Briefing on the Planning Process 2017-18.
- National Pay Negotiations Update.
- Car Parking issues at Velindre Cancer Centre.
- Updates in relation to Temporary Injury Allowance.
- Progress being made on the Transforming Cancer Services Project.

Integrated Governance

- Monitored compliance with Committee Effectiveness activity.
- Considered the Trust Safer Driving Handbook.

Risk Management & Performance

- Scrutiny of the Workforce & Organisational Development Risk

	<p>Register.</p> <ul style="list-style-type: none"> • Junior Doctors Staffing 2018 and Medical Staffing Pressures. <p>Presentation:</p> <ul style="list-style-type: none"> • Education Strategy
<p>Planning & Performance Committee</p> <p>Meeting Dates:</p> <hr/> <ul style="list-style-type: none"> • 27th April 2017 <hr/> <ul style="list-style-type: none"> • 13th June 2017 <hr/> <ul style="list-style-type: none"> • 10th July 2017 <hr/> <ul style="list-style-type: none"> • 31st August 2017 <hr/> <ul style="list-style-type: none"> • 26th October 2017 <hr/> <ul style="list-style-type: none"> • 14th December 2017 – <i>Cancelled.</i> <hr/> <ul style="list-style-type: none"> • 24th January 2018 <hr/> <ul style="list-style-type: none"> • 13th March 2018 <hr/> <p>All meetings were quorate</p>	<p>Programme / Project Updates:</p> <ul style="list-style-type: none"> • Transforming Cancer Services Programme: <ul style="list-style-type: none"> ○ Management Update Report ○ Programme Integrated Assurance and Approval Plans ○ Radiotherapy Satellite Centre Site Selection ○ Feedback form Welsh Government Meetings ○ Business Case Updates ○ Site Updates ○ Update on the Local Partnership Review Draft Report ○ Update on the Deloitte Review • nVCC Project • The Committee approved the establishment of the Project Agreement & Procurement Documents Scrutiny Committee in March 2018, with sufficient delegated authority, and Terms of Reference. <p>Planning Updates in respect of:</p> <ul style="list-style-type: none"> • All Wales Laboratory Information Management System (WLIMS): Progress Update. • Apheresis Clinic. • Velindre Planning Group. • Grenfell Tower Incident. • The Committee noted the newly revised NHS Wales Planning Framework 2018/21. • The Committee noted progress and endorsed draft service plans and the planning development process to conclude the IMTP. <p>Performance Reports:</p> <ul style="list-style-type: none"> • The committee provided scrutiny and discussed performance measures compliance and progress against our three year plan objectives at each committee meeting. • The Committee sought further information and discussed in detail a number of key performance areas. Noting constraints, barriers and

action plans to improve delivery and services provided.

Risk Management

- The Committee discussed and endorsed the Trust Risk Register at each meeting.

Finance Report

- The Committee received financial updates at each meeting.

Quality & Safety Committee

Meeting Dates:

-
- 13th April 2017
-
- 8th June 2017
-
- 7th September 2017
-
- 7th December 2017

All meetings were quorate

Safe Services:

- Scrutiny of the Trust Risk Register.
- Approved the following Annual Reports:
 - Safeguarding Annual Report
 - Infection Control Committee Annual Report
 - Trust Annual Quality Statement.
- Sought assurance on the following activity:
 - Progress report on Risk Item 11199 – Event of Significant CANISC System Failure.
 - The revised approach to learning and disbandment of the Learning Committee.
 - Medical Educational Governance Report.
 - Putting Things Right Annual Report.
 - Wales Cancer Patient Experience Survey 2016.
 - Management of Patient Safety Incidents related to NWIS.
 - Health & Care Standards 2017/18 Final Protocol.

Performance - received regular updates on the Delivering Excellence – Progress Report (IMTP).

Noted the following:

- Emergency Medical Retrieval and Transfer Service (EMRTS).
- Welsh Risk Pool Annual Review 2015-16.
- Annual Equality Monitoring Report.
- Welsh Blood Service Regulatory and Accreditation Report.
- Committee effectiveness activity.

Presentations:

- Hand Hygiene .
- The Support Available / Offered to Velindre Staff Who Are Exposed to Distressing or Emotional Situations or Circumstances.
- Domestic Abuse Pathway.

	<ul style="list-style-type: none"> • Update on progress in developing the non-emergency patient transport service. • Preventing Skin Damage and Pressure.
<p>Remuneration Committee</p> <p>Meeting Dates:</p> <hr/> <ul style="list-style-type: none"> • 26th May 2016 <hr/> <ul style="list-style-type: none"> • 21st July 2016 <hr/> <ul style="list-style-type: none"> • 22nd September 2016 <hr/> <ul style="list-style-type: none"> • 24th November 2016 <hr/> <ul style="list-style-type: none"> • 26th January 2017 <hr/> <ul style="list-style-type: none"> • 30th March 2017 <hr/> <p>All meetings were quorate</p>	<ul style="list-style-type: none"> • Considered Voluntary Early Release applications received during the year for approval. • Considered the Impact of the Pension Tax Rules on our Workforce. • Approved the Pay Award for non-Agenda for Change Employees. • Considered cases of potential redundancies. • Approved appointment of the Medical Director.
<p>Research, Development & Innovation Committee</p> <p>Meeting Dates:</p> <hr/> <ul style="list-style-type: none"> • 28th June 2017 <hr/> <ul style="list-style-type: none"> • 27th September 2017 - Cancelled. <hr/> <ul style="list-style-type: none"> • 5th December 2017 <hr/> <ul style="list-style-type: none"> • 28th March 2017 <hr/> <p>All meetings were quorate</p>	<p>Risk Management</p> <ul style="list-style-type: none"> • The Committee Discussed and endorsed the R&D Risk Register at each meeting. <p>Strategy & Planning</p> <ul style="list-style-type: none"> • Reviewed the Terms of Reference for the Committee and Sub Committees and endorsed for approval the newly named Research, Development & Innovation Committee. First meeting held in December 2017. • Considered business cases for approval that had R&D implications. • Received updates in respect of the projects approved by the Moondance Programme. • Considered the development of the Innovation Framework – InVigorate Strategy. • Received R&D Performance Activity reports. • Received updates relating to the Radiotherapy Research Group. • Considered the Early Phase Clinical Trials Research Strategy 2017-2022.
<p>Workforce & Organisational</p>	<p>Strategic Development / Planning:</p> <ul style="list-style-type: none"> • Monitored the Workforce & Organisational Development priorities in

Development

Meeting Dates:

-
- 11th May 2017
 - 5th September 2017
 - 29th November 2017
 - 30th January 2018
-

All meetings were quorate

Delivering Excellence the Trust's Three Year Plan.

- Monitored the TCS Strategic Workforce Plan.
- Welsh Language Updates including the progress on the Welsh Language Standards.
- Noted the planning for the Staff Awards 2017.
- Development of the Trust Behaviours Framework.
- Investors in People – Re-accreditation 2018.
- Received updates in relation to the development of the Grey Fleet Policy.
- Noted the requirements of the Nurse Staffing Levels (Wales) Act 2016.

Performance – received regular updates on the following areas of activity:

- Workforce & Organisational Development Delivering Excellence – Progress Report.
- Workforce Performance Dashboard Demonstration.
- Mandatory and Statutory Training Updates.
- Workforce & Organisational Development Update Report.
- Alignment of Performance, Appraisal, Development, Review (PADR) Activity to Pay Progression Policy.
- Scrutiny of the Internal Audit – Absence Management Report/Follow up Review.
- Committee Effectiveness Activity.

Risk Management:

- Scrutiny of the Workforce & Organisational Development Risk Register.
- Junior Doctors Staffing 2018 and Medical Staffing Pressures.
- Welsh Language Risks.

APPENDIX 2 –Board Member Attendance - Trust Board Meetings 2017/18

	25.5.2017	26.6.2017	13.7.2017	28.9.2017	6.11.2017	30.11.2017	25.1.2018	29.3.2018
Independent Members								
Prof. Rosemary Kennedy	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Martin Veale	Apologies	✓	✓	✓	✓	✓	✓	✓
Mr. Stephen Harries	✓	✓	✓	✓	✓	Apologies	✓	✓
Prof Jane Hopkinson	✓	Apologies	✓	✓	✓	✓	✓	✓
Judge Ray Singh	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Phil Roberts	✓	✓	✓	Apologies	✓	✓	✓	✓
Mrs. Jan Pickles	✓	✓	✓	Apologies	Apologies	✓	✓	✓
Executive Directors								
Mr. Steve Ham	✓	✓	✓	✓	✓	✓	✓	✓
Prof Peter Barrett-Lee (Dr Jacinta Abraham September onwards)	✓	Apologies	✓	✓	✓	✓	✓	✓
Prof Susan Morgan	✓	Apologies	Apologies	✓	✓	✓	✓	✓
Ms. Sarah Morley	Apologies	Apologies	✓	Apologies	✓	✓	✓	✓
Mr. Mark Osland	✓	✓	✓	✓	✓	Apologies	✓	✓
Advisor to the Board								
Georgina Galletly	✓	✓	✓	✓	✓	✓	✓	✓

FINANCIAL ACCOUNTABILITY REPORT

The Trust continues to operate in a challenging financial environment. Opportunities to make efficiency savings and identify recurring reductions in costs whilst maintaining services are sought wherever possible by Directors, finance teams and staff across the organisation.

Despite these challenges the Trust was able to achieve all four financial targets set by Welsh Government in 2017/18, most notably that of not exceeding its revenue allocation. This will remain a difficult task in 2018/19 and the foreseeable future, and therefore will continue to be of priority focus for the organisation.

Financial Targets

The Trust has met all four of its financial targets for the year ended 31 March 2018:

- Breakeven duty - The Trust achieved a surplus of £49,000 in 2017/18 (2016/17: surplus of £35,000), resulting in a surplus of £124k over a three year period. The Trust has therefore achieved its statutory financial duty to ensure its revenue income is sufficient to meet its outgoings over this period.
- External Finance Limit (EFL) - The Trust is given an External Financing Limit by the Welsh Government which it is permitted to 'undershoot' but not exceed. For 2017/18, the Trust met its target, with an 'undershoot' of £999,000 (2016/17: undershoot of £8,566,000). This target demonstrates that the Trust has successfully delivered on its capital programme within the limit set by the Welsh Government.
- The Trust submitted an Integrated Medium Term Plan for the period 2017/18 - 2019/20 in accordance with the NHS Wales Planning Framework, which was subsequently approved by the Cabinet Secretary. The Integrated Medium Term Plan relates only to the Trust's core activities and does not apply to the organisations hosted by the Trust. The Trust has therefore met its statutory duty to have an approved plan for the period 2017/18 to 2019/20.
- Creditor payments - The Trust is required to pay 95% of the number of non-NHS bills within 30 days of the receipt of goods or a valid invoice (whichever is the later). The Trust has met this target, paying 96% (2016/17: 94.4%) within the required time.

Fees and Charges - Auditor Remuneration

Fees paid to the Wales Audit Office for their statutory audit and performance audit work were £208,996.

Material Remote Contingent Liabilities

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP). The WRP returns from Welsh Health Organisations estimate that in 2017/18 the Trust has remote contingent liabilities of £27.9m (2016/17: £41.2m) which relate to potential litigation claims against NHS Wales that could arise in the future due to known incidents. Due to the nature and uncertainty of these potential claims, no provision has been made for them within the accounts.

Long Term Expenditure Trends

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Total Revenue	419,345	480,291	440,033	637,132	712,828
Pay	109,970	110,814	132,653	144,112	149,866
Non Pay	296,211	355,157	289,643	478,901	549,774
Depreciation	11,994	14,518	16,629	15,989	17,595
Total Expenditure	418,175	480,489	438,925	639,002	717,235
Non-operating revenue and costs	102	792	927	1,725	5,613
Total Consolidated surplus/(deficit)	1,272	594	2,035	(145)	1,206

The table above includes the income and expenditure of the Trust's charitable fund and assets that have been donated to the Trust. The Trust's annual surplus / (deficit) excluding the charitable fund and donated assets is shown below:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Surplus/(deficit) excluding charitable fund and donated assets	50	39	40	35	49

Notes

During 2013/14 The Trust consolidated its charitable funds into the main financial statements.

During 2014/15 Abertawe Bro Morgannwg and Aneurin Bevan stores transferred to the Trust.

During 2015/16 Health Courier Services and GP trainees transferred to the Trust.

During 2016/17 the Trust established a National Technology Adoption Hub. The Surgical Material Testing Laboratory transferred to and Health and Care Research Wales Workforce transferred from the Trust.

Remuneration & Staff Report

The details of the Remuneration Relationship are reported on page 64 and note 10.6 of the Annual Accounts.

The pay and terms and conditions of employment for the Executive Team and senior managers have been, and will be determined by the Velindre NHS Remuneration and Terms of Service Committee, within the framework set by the Welsh Government. The Remuneration and Terms of Service Committee also considered and approved applications relating to the voluntary early release scheme. The Trust Remuneration Committee members are all Independent Members of the Board and the Committee is chaired by the Trust Chairman. Details of the membership of the Remuneration Committee are captured on pages 7-10 of the Directors' Report section of this report.

Existing public sector pay arrangements apply to all staff including members of the Executive Team. In 2017/18 the Remuneration and Terms of Service Committee did not consider or approve a revision to the salary of any members of the Executive Team. All members of the Executive Team are on pay points and not pay scales. In accordance with the Welsh Government Pay Letter ESP (W) 1/2017, all members of the Executive Team were entitled to a 1% consolidated pay increase, with effect from the 1st April 2017.

The performance of members of the Executive Team is assessed against personal objectives and against the overall performance of the Trust. The Trust does not operate a performance related pay scheme.

All Executive Directors have the option to have a lease car, under the terms of the Trust's lease car agreement.

The Chief Executive and Executive Directors are employed on permanent contracts, which can be terminated by giving due notice unless for reasons of misconduct.

There have been no payments to former Executives or other former senior managers during the year.

The remuneration report is required to contain information about senior managers' remuneration. The senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors), the Director of Strategic Transformation, Planning, Performance and Estates, and the Director of Corporate Governance / Trust Secretary. Full details of senior managers' remuneration are shown later in the table on pages 61 and 62.

The totals in the following tables may differ from those in the Annual Accounts as they represent staff in post at 31st March 2018.

Staff Composition by Gender

A breakdown of the workforce by gender is set out in the table below. This figure represents the composition as at 31st March 2018.

Gender	Headcount	FTE	%
Female	2,500	2,198.31	61.30
Male	1,578	1,524.78	38.70
Grand Total	4,078	3,723.09	100.00

A breakdown of the Board Members and Senior Managers by gender is set out in the table below. This figure represents the composition as at 31st March 2018. The data confirms that there are more female than male Trust Board members and Senior Managers. Female employees are employed in four out of the seven Trust Board and Senior Manager posts. Until February 2018 the gender split was equally balanced. This position changed when the Trust appointed a female Medical Director, into a post which is traditionally a male dominated Board position.

Job Title	Gender	Headcount	FTE	%
Chief Executive	Male	1	1.0	14.28
Executive Director of Finance & Informatics	Male	1	1.0	14.28
Medical Director	Female	1	0.8	14.28
Executive Director of Nursing & Service Improvement	Female	1	1.0	14.28
Executive Director of OD and Workforce	Female	1	1.0	14.28
Director of Strategic Transformation, Planning and Performance	Male	1	1.0	14.28
Director of Corporate Governance / Trust Secretary	Female	1	0.8	14.28
Grand Total	-	7	6.6	100.00

Staff Composition by Staff Group

During 2017/18 the average full time equivalent (FTE) number of staff employed by the Trust was 3,760. The average number of employees is calculated as the full time equivalent number of employees in each week of the financial year divided by the number of weeks in the financial year. The table below provides a breakdown of the workforce by staff grouping.

*FTE – Full-time Equivalent

Average FTE Number of Employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Other Staff	2017/18 Total	2016/17 Total
Additional Clinical Services	194	3	0	0	197	197
Administrative, Clerical and Board Members	2,201	36	24	26	2,287	2,139
Allied Health Professionals	111	3	0	0	114	116
Ambulance Staff	0	0	0	0	0	0
Estates and Ancillary	308	12	0	9	329	315
Healthcare	130	1	0	2	133	128

Scientists						
Medical and Dental	456	1	2	6	465	442
Nursing and Midwifery Registered	175	3	0	3	181	188
Professional, Scientific and Technical Staff	49	1	0	3	53	37
Students	1	0	0	0	1	1
Total	3,625	60	26	49	3,760	3,563

Sickness Absence Data 2017/18

The data shows an overall increase in sickness absence levels during 2017/18 and as a result the Trust did not achieve the Welsh Government Sickness Absence Rate of 3.54% during this period.

To respond to the increase in sickness absence levels, the Workforce Team is working closely with managers, undertaking sickness audits and coaching them to manage their new and ongoing sickness cases, in accordance with the All Wales Sickness Absence Policy. The Workforce Team are also providing managers with their monthly sickness absence data, to assist them to identify those staff that are about to trigger or are hitting a sickness absence trigger, to enable them to proactively and effectively manage these sickness absence cases. The Trust also provides staff with free access to a diverse range of traditional medical, psychological and complementary therapy interventions, to assist them to proactively and reactively manage their health and wellbeing.

	2017/18	2016/17	Variance
Total Days Lost (Long Term):	37,094	34,334	2,760
Total Days Lost (Short Term):	15,618	16,704	1,068
Total Days Lost:	52,702	51,038	1,664
Total Staff Years Lost: (Average Staff Employed in the Period – Full Time Equivalent)	3,633	3,489	144

Average Working Days Lost:	8.82	8.03	0.79
Total Staff Employed in Period (Headcount):	4,082	3,880	202
Total Staff Employed in Period with No Absence (Headcount):	1,882	1,689	193
Percentage Staff with No Sick Leave:	46.10	43.53	2.57

Staff Policies

During 2017/18 in accordance with the Trust workforce policy schedule, a number of policies and procedures were reviewed and approved by the Workforce and Organisational Development Committee. All Trust policies and procedures are equality impact assessed against the nine protected characteristics, to ensure that they do not discriminate against people who apply to work in the Trust or are employed by the Trust. All Trust policies and procedures are available to access via the Trust Internet website, via the [link](#).

Salary and Pension Disclosure Tables – Single Total Figure of Remuneration

This Remuneration Report includes a single total figure of remuneration. The amount of pension benefits for the year which contributes to the single total figure is calculated based on guidance provided by the NHS Business Services Authority Pensions Agency.

The amount included in the table for pension benefit is based on the increase in accrued pension adjusted for inflation. This will generally take into account an additional year of service together with any changes in pensionable pay. This is not an amount which has been paid to an individual by the Trust during the year; it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay, and other valuation factors affecting the pension scheme as a whole.

The salary and pension disclosures reflect the senior managers' information. As indicated on page 57 the senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors), the Director of Strategic Transformation, Planning, Performance and Estates, and the Director of Corporate Governance / Trust Secretary.

Salary and Pension Disclosure Tables – Single total Figure of Remuneration (continued)

Name and Title	2017/18					2016/17				
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)
Executive Directors and Senior Managers										
Steve Ham Chief Executive	135-140	0	0	27	160-165	130-135	0	0	11	140-145
Mark Osland Executive Director of Finance & Informatics ¹	100-105	0	0	21	120-125	95-100	0	0	19	115-120
Jacinta Abraham Medical Director ¹	25-30	55-60	1 ⁴	33 ⁷	115-120					
Peter Barrett-Lee Medical Director ²	20-25	45-50	0	0	65-70	50-55	100-105	2	0	150-155
Susan Morgan Executive Director of Nursing and Service Improvement	95-100	0	0	23	115-120	95-100	0	0	5	95-100
Sarah Morley Executive Director of OD and Workforce	90 - 95	0	0	45	135-140	90-95	0	0	28	120-125
Carl James Director of Strategic Transformation, Planning, Performance	110-115	0	35 ⁴	40	150-155	120-125 ⁶	0	33	12	135-140
Georgina Galletly Director of Corporate Governance / Trust Secretary ³	65-70	0	0	22	90-95	65-70	0	0	5	5

Notes: **1** - Jacinta Abraham became the acting Medical Director with effect from 7 September 2017 and was made permanent from 1 February 2018. The costs shown cover this period. **2** - Peter Barrett-Lee resigned this post on 6 September 2017 and the costs are pro-rated to this date. Peter Barrett-Lee chose not to be covered by the Civil Service pension arrangements during the prior and reporting year. **3** - The Welsh Government have determined that Board Secretaries (Georgina Galletly) are to be

recorded in the remuneration report. 4 – Benefits in kind for 2017/18 for Jacinta Abraham relate to taxable mileage payments; and for Carl James relate to use of a Trust lease car and taxable mileage payments. 5 – The pension benefit has not been provided by the NHS Pensions Agency and means that the total remuneration cannot be disclosed. 6 - The 2016/17 salary for Carl James included an element of back dated pay due to job re-evaluation. 7 – The pension benefit is pro-rata for the period as a board member.

Name and Title	2017/18					2016/17				
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)
Independent Members/Non -Executive Directors										
Rosemary Kennedy, Independent Member	40-45	0	0	0	40-45	40-45	0	0	0	40-45
Paul Griffiths, Independent Member ¹						5-10	0	0	0	5-10
Harry Ludgate, Independent Member ¹						5-10	0	0	0	5-10
Ray Singh Independent Member	5-10	0	0	0	5-10	5-10	0	1	0	5-10
Phil Roberts Independent Member	5-10	0	0	0	5-10	5-10	0	3	0	5-10
Jane Hopkinson, Independent Member	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Janet Pickles, Independent Member	5-10	0	0	0	5-10	5-10	0	0	0	5-10
M Veale, Independent Member ²	5-10	0	0	0	5-10					
S Harries, Independent Member ²	5-10	0	0	0	5-10					

1. P Griffiths and H Ludgate ended their tenure on 31 March 2017. 2. M Veale and S Harries were appointed on 1 April 2018.

Salary and Pension Disclosure

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or an arrangement to secure pension benefits in another pension scheme or an arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

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

Salary and Pension Disclosure Tables – Board Member and Senior Manager Pensions

Name and Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2017	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Steve Ham Chief Executive	0-2.5	5-7.5	30-35	100-105	779	700	79	-
Mark Osland Executive Director of Finance & Informatics	0-2.5	0	0-5	0	39	17	22	-
Jacinta Abraham Medical Director	2.5-5	2.5-5	25-30	65-70	519	459	60	-
Peter Barrett-Lee Medical Director	0	0	0	0	0	0	0	-
Susan Morgan Director of Nursing and Service Improvement	0-2.5	2.5-5	35-40	110-115	833	762	71	-
Sarah Morley Executive Director of OD and Workforce	2.5-5	5-7.5	20-25	60-65	425	359	66	-
Carl James Director of Strategic Transformation, Planning & Performance	2.5-5	0	40-45	0	434	379	55	-
Georgina Galletly Director of Corporate Governance / Trust Secretary	0-2.5	0-2.5	15-20	40-45	249	227	22	-

1. Peter Barrett-Lee chose not to be covered by the Civil Service pension arrangements during the reporting year. 2. As Independent Members/Non-Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Independent Members.

Reporting of Other Compensation Schemes – Exit Packages

During 2017/18 exit packages were approved for 8 staff with a value of £371,292. These packages were paid in accordance with recognised NHS terms and conditions of service / Trust Policy. None of the payments related to a special severance payment. The actual date of departure might be in a subsequent period. The data here has therefore been presented on a different basis to Note 10.5 to the Annual Accounts.

Remuneration Relationship

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

The banded remuneration of the highest paid Director in Velindre NHS Trust in the financial year 2017/18 was £135,000 - £140,000 (2016/17, £130,000 - £135,000). This was 5.2 times (2016/17, 5.1) the median remuneration of the workforce, which was £26,244 (2016/17, £26,302).

In 2017/18, 10 (2016/17, 4) employees received remuneration in excess of the highest paid Director. These employees are Medical Consultants. Remuneration ranged from £16,300 to £205,600 (2016/17 £16,100 to £190,800).

The annualised banded remuneration of the Chief Executive is £135,000 to £140,000 (2016-17, £130,000 to £135,000). This is 5.2 times (2016/17 5.1) the median remuneration of the workforce.

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

Overtime payments are included in the calculation of both elements of the relationship.

In establishing the highest paid Director (Chief Executive) the Trust has taken into account the proportion of remuneration received by Directors for clinical and director responsibilities.

Expenditure on Consultancy

During 2017/18 the Trust spent £2,112,758 on external consultancy fees (£1,422,671 related to the NHS Wales Informatics Service). Examples include:

- Accountancy fees
- Legal fees
- Design fees
- Project management fees & support costs
- IT consultancy and advice
- Fees relating to building management, including surveyor & electrical costs.

Tax Assurance for Off-Payroll Engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their highly paid and/or senior off-payroll engagements. The information, contained in the three tables below, includes all off-payroll engagements as at 31 March 2018 for those earning more than £245 per day and that last longer than six months for the core department, its executive agencies and its arm's length bodies.

Table 1: For all off-payroll engagements as of 31 March 2018, for those earning more than £245 per day and that last for longer than six months

No. of Existing Engagements as of 31 March 2018	48
Of which:	
No. that have existed for less than one year at time of reporting.	30
No. that have existed for between one and two years at time of reporting.	8
No. that have existed for between two and three years at time of reporting.	10
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

Within the total number of off-payroll engagements disclosed, no engagements related to staff seconded from other NHS Wales Organisations.

All the off-payroll engagements, outlined above, have at some point been subject to a risk based assessments as to whether assurance is required that the individual is paying the right amount of tax , and where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1st April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1st April 2017 and 31 March 2018	45
Of which:	
No. assessed as caught by IR 35	42
No. assess as not caught by IR 35	3
No. engaged directly (via PSC contracted to department) and are on the departmental payroll.	0
No. of engagements reassessed for consistency/assurance purposes during the year	45
No. of engagements that saw a change to IR 35 status following the consistency review	1
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	45
No. for whom assurance has been requested	45
Of which...	
No. for whom assurance has been received	45
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received.	0

Within the total number of new off-payroll engagements disclosed, there was one engagement related to staff seconded from another NHS Wales organisation.

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1st April 2017 and 31 March 2018

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

National Assembly for Wales Accountability and Audit Report

Where the Trust undertakes activities that are not funded directly by the Welsh Government the Trust receives income to cover its costs. Further detail of income received is published in the Trust's annual accounts; within note 4 headed 'other operating revenue'.

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

The Trust ensures public funds are used appropriately and to deliver the intended objectives. Expenditure is compliant with the relevant legislation. Charges for services provided by public sector organisations pass on the full cost of providing those services.

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP) and therefore its accounts include the estimates of remote contingent liabilities from Welsh Health Organisations for potential litigation claims that could arise in the future due to known incidents. In 2017/18, the financial statements of the Trust are reporting total remote contingent liabilities of £27.9m.

The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements.

Opinion

I certify that I have audited the financial statements of Velindre NHS Trust for the year ended 31 March 2018 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Velindre NHS Trust as at 31 March 2018 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Trust in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

Opinion on regularity

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

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial

statements and the Foreword and Accountability Report have been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements

Responsibilities

Responsibilities of Directors and the Chief Executive

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities [set out on pages 14 and 15], the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

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

Huw Vaughan Thomas
Auditor General for Wales
13 June 2018

24 Cathedral Road
Cardiff
CF11 9LJ



**VELINDRE NHS TRUST
FINANCIAL REPORT
2017/18**

Velindre NHS Trust

Foreword

These accounts for the period ended 31 March 2018 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FRoM by Velindre NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

Statutory background

The Trust was established by Statutory Instrument on 1 April 1994, which at that time was a single specialty Trust providing only Cancer Services. Over the last twenty-four years, the Trust has significantly evolved and expanded. The main function of the Trust is to provide all-Wales and regional clinical, health and social care services to the NHS and the people of Wales. Velindre NHS Trust consists of different clinical divisions, the two divisions being the Welsh Blood Service and Velindre Cancer Centre.

In addition to the above services, Velindre NHS Trust is host to a number of organisations. At period ended 31 March 2018 these included:

- NHS Wales Informatics Services (NWIS) which was established as a hosted body on 1 April 2010; and
- NHS Wales Shared Services Partnership (NWSSP) which was established as a hosted body on 1 June 2012. Following the initial establishment, the functions of a number of separate bodies have been transferred into NWSSP. There have been no significant events during 2017/18.

Performance Management and Financial Results

This Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2017-18. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4 2(2). Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account. The first assessment of performance against the 3-year statutory duty under Schedules 4 2(1) and 4 2(2) was at the end of 2016-17, being the first three year period of assessment.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017-18 £000	2016-17 £000	2017-18 £000	2016-17 £000
Consolidated					
Revenue from patient care activities	3	409,573	353,753	409,573	353,753
Other operating revenue	4	301,613	283,295	303,255	283,379
Operating expenses	5.1	(716,574)	(638,268)	(717,235)	(639,002)
Operating (deficit)/surplus		(5,388)	(1,220)	(4,407)	(1,870)
Investment revenue	6	59	29	230	107
Other gains and losses	7	98	5	98	5
Finance costs	8	5,285	1,613	5,285	1,613
Consolidated Total				1,206	(145)
Retained surplus	2.1.1	54	427		
Other Comprehensive Income					
Items that will not be reclassified to net operating costs:					
Net gain/(loss) on revaluation of property, plant and equipment		(1,292)	625	(1,292)	625
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	(176)	90
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	(15)	0	(15)
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Sub total		(1,292)	610	(1,468)	700
Items that may be reclassified subsequently to net operating costs					
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Sub total		0	0	0	0
Total other comprehensive income for the year		(1,292)	610	(1,468)	700
Total comprehensive income for the year		(1,238)	1,037	(262)	555

The notes on pages 6 to 63 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	31 March 2018	31 March 2017 Reclassified	31 March 2018	31 March 2017 Reclassified Consolidated
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	13	106,971	106,034	106,971	106,034
Intangible assets	14	18,872	22,553	18,872	22,553
Trade and other receivables	17.1	782,239	609,547	782,239	609,547
Other financial assets	18	0	0	5,567	5,618
Total non-current assets		908,082	738,134	913,649	743,752
Current assets					
Inventories	16.1	6,023	5,838	6,023	5,838
Trade and other receivables	17.1	377,820	333,534	377,860	332,985
Other financial assets	18	0	0	0	0
Cash and cash equivalents	19	19,893	18,888	20,937	19,482
		403,736	358,260	404,820	358,305
Non-current assets held for sale	13.2	0	0	0	0
Total current assets		403,736	358,260	404,820	358,305
Total assets		1,311,818	1,096,394	1,318,469	1,102,057
Current liabilities					
Trade and other payables	20	(113,232)	(91,006)	(113,422)	(91,180)
Borrowings	21	(24)	(25)	(24)	(25)
Other financial liabilities	22	0	0	0	0
Provisions	23	(281,866)	(258,791)	(281,866)	(258,791)
Total current liabilities		(395,122)	(349,822)	(395,312)	(349,996)
Net current assets/(liabilities)		8,614	8,438	9,508	8,309
Total assets less current liabilities		916,696	746,572	923,157	752,061
Non-current liabilities					
Trade and other payables	20	0	0	0	0
Borrowings	21	(52)	(76)	(52)	(76)
Other financial liabilities	22	0	0	0	0
Provisions	23	(782,654)	(609,866)	(782,654)	(609,866)
Total non-current liabilities		(782,706)	(609,942)	(782,706)	(609,942)
Total assets employed		133,990	136,630	140,451	142,119
Financed by Taxpayers' equity:					
Public dividend capital		93,567	94,969	93,567	94,969
Retained earnings		13,945	13,813	13,945	13,813
Revaluation reserve		26,478	27,848	26,478	27,848
Other reserves		0	0	0	0
Funds Held on Trust Reserves				6,461	5,489
Total taxpayers' equity		133,990	136,630	140,451	142,119

The financial statements were approved by the Board on 30 May 2018 and signed on behalf of the Board by:

Chief Executive..... Steve Ham

Date..... 30th May 2018

The notes on pages 6 to 63 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2017-18	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000	FHOT Reserves £000	Consolidated Total £000
Balance at 1 April 2017	94,969	13,813	27,848	0	136,630	5,489	142,119
Changes in taxpayers' equity for 2017-18							
Retained surplus/(deficit) for the year		54			54		54
Net gain/(loss) on revaluation of property, plant and equipment		0	(1,292)	0	(1,292)		(1,292)
Net gain/(loss) on revaluation of intangible assets		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets			0	0	0	(176)	(176)
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0		0
Impairments and reversals		0	0	0	0		0
Movements in other reserves		0	0	0	0		0
Transfers between reserves		78	(78)	0	0		0
Net gain/loss on Other Reserve (specify)		0	0	0	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0		0
Reserves eliminated on dissolution	0				0		0
New Public Dividend Capital received	0				0		0
Public Dividend Capital repaid in year	(1,402)				(1,402)		(1,402)
Public Dividend Capital extinguished/written off	0				0		0
Other movements in PDC in year	0				0		0
FHoT - Endowment					0	0	0
FHoT - Restricted					0	0	0
FHoT - Unrestricted					0	1,148	1,148
Balance at 31 March 2018	93,567	13,945	26,478	0	133,990	6,461	140,451

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2016-17	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000	Funds held on Trust Reserves £000	Consolidated Total £000
Balance at 1 April 2016	88,662	12,591	28,033	0	129,286	5,971	135,257
Changes in taxpayers' equity for 2016-17							
Retained surplus/(deficit) for the year		427			427		427
Net gain/(loss) on revaluation of property, plant and equipment		0	625	0	625		625
Net gain/(loss) on revaluation of intangible assets		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets		0	0	0	0	90	90
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0		0
Impairments and reversals		0	(15)	0	(15)		(15)
Movements in other reserves		110	(110)	0	0		0
Transfers between reserves		685	(685)	0	0		0
Net gain/loss on Other Reserve (specify)		0	0	0	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0		0
Reserves eliminated on dissolution	0				0		0
New Public Dividend Capital received	6,307				6,307		6,307
Public Dividend Capital repaid in year	0				0		0
Public Dividend Capital extinguished/written off	0				0		0
Other movements in PDC in year	0				0		0
FHoT - Endowment					0	0	0
FHoT - Restricted					0	0	0
FHoT - Unrestricted					0	(572)	(572)
Balance at 31 March 2017	94,969	13,813	27,848	0	136,630	5,489	142,119

The notes on pages 6 to 63 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	Reclassified		Reclassified	
		2017-18 £000	2016-17 £000	2017-18 £000	2016-17 £000
Cash flows from operating activities					
Operating surplus/(deficit)	SOCI	(5,388)	(1,220)	(4,407)	(1,870)
Depreciation and amortisation	5	17,595	15,989	17,595	15,989
Impairments and reversals	5	0	0	0	0
Release of PFI deferred credits		0	0	0	0
Donated Assets received credited to revenue but non-cash	4	(5)	(392)	(5)	(392)
Government Granted Assets received credited to revenue but non-cash	4	0	0	0	0
Interest paid		(3)	(3)	(3)	(3)
(Increase)/decrease in inventories		(185)	542	(185)	542
(Increase)/decrease in trade and other receivables		(217,000)	(185,775)	(217,589)	(185,605)
Increase/(decrease) in trade and other payables		18,651	(271,794)	18,667	(271,931)
Increase/(decrease) in provisions		201,148	467,521	201,148	467,521
Net cash inflow (outflow) from operating activities		14,813	24,868	15,221	24,251
Cash flows from investing activities					
Interest received		59	29	230	107
(Payments) for property, plant and equipment		(9,868)	(16,649)	(9,868)	(16,649)
Proceeds from disposal of property, plant and equipment		98	180	98	180
(Payments) for intangible assets		(2,701)	(6,130)	(2,701)	(6,130)
Proceeds from disposal of intangible assets		0	0	0	0
(Payments) for investments with Welsh Government		0	0	0	0
Proceeds from disposal of investments with Welsh Government		0	0	0	0
(Payments) for financial assets.		0	0	(1,547)	(5,485)
Proceeds from disposal of financial assets.		0	0	1,418	5,115
Rental proceeds		0	0	0	0
Net cash inflow (outflow) from investing activities		(12,412)	(22,570)	(12,370)	(22,862)
Net cash inflow (outflow) before financing		2,401	2,298	2,851	1,389
Cash flows from financing activities					
Public Dividend Capital received		0	6,307	0	6,307
Public Dividend Capital repaid		(1,402)	0	(1,402)	0
Loans received from Welsh Government		0	0	0	0
Other loans received		0	0	0	0
Loans repaid to Welsh Government		0	0	0	0
Other loans repaid		0	0	0	0
Other capital receipts		0	0	0	0
Capital elements of finance leases and on-SOFP PFI		6	4	6	4
Cash transferred (to)/from other NHS Wales bodies		0	0	0	0
Net cash inflow (outflow) from financing activities		(1,396)	6,311	(1,396)	6,311
Net increase (decrease) in cash and cash equivalents		1,005	8,609	1,455	7,700
Cash [and] cash equivalents at the beginning of the financial year	19	18,888	10,279	19,482	11,782
Cash [and] cash equivalents at the end of the financial year	19	19,893	18,888	20,937	19,482

The notes on pages 6 to 63 form part of these accounts.

Notes to the Accounts

Accounting policies

1. Accounting policies

The Cabinet Secretary for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2017-18 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention and basis of consolidation

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

1.2 Acquisitions and discontinued operations

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

1.3 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Where income is received from Non NHS bodies for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts. Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

Only non-NHS income may be deferred.

Funds Held on Trust ('FHOT')

Incoming resources are accrued and included within the statement of comprehensive income when it can be quantified with reasonable certainty, and is deferred when it relates to future accounting periods. Legacies are recognised as incoming resources when receipt of the legacy is considered virtually certain; this will be once confirmation has been received from the representatives of the estates that the payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled. Donations are accounted for when received except for donations from events which are recognised when the event takes place.

1.4 Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not yet taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

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

NEST Pension Scheme

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

Land and buildings used for the Trust's services or for administrative purposes are stated in the balance sheet at their revalued amounts less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the balance sheet date. Fair values are determined as follows:

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

From 1 April 2009 the depreciated replacement cost valuation applies the Modern Equivalent Asset (MEA) cost basis of estimation to arrive at the cost of replacing the capacity and utility of a building rather than a like for like replacement cost.

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

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However, IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

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

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

In 2017-18 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. The accounting policy for this treatment changed in 2014/15, prior to which all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. However, to ensure that the outcome as reflected in the reserves figure on the Statement of Financial Position is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to Retained earnings.

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

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.7 Intangible assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Income.

1.9 Research and development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and the benefits can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project.

1.10 Non-current assets held for sale

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

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

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

1.11 Leases

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

1.11.1 The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus/deficit.

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

Contingent rentals are recognised as an expense in the period in which they are incurred.

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

1.11.2 The Trust as lessor

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

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

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value using a weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.14 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using discount rates supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the amount receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably. Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

1.14.1 Clinical Negligence and personal injury costs

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

1.15 Financial assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred. Financial assets are initially recognised at fair value.

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

1.15.2 Financial assets at fair value through SoCI

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

1.15.3 Held to maturity investments

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

1.15.4 Available for sale financial assets

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

1.15.5 Loans and receivables

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

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

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset. At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

1.15.6 Other financial assets

Listed investments are stated at market value. Unlisted investments are included at cost as an approximation to market value. Quoted stocks are included in the balance sheet at mid-market price, and where holdings are subject to bid / offer pricing their valuations are shown on a bid price. The shares are not held for trading and accordingly are classified as available for sale. Other financial assets are classified as available for sale investments carried at fair value within the financial statements.

1.16 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. Loans from the Welsh Government are recognised at historical cost.

1.16.1 Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- the premium received (or imputed) for entering into the guarantee less cumulative amortisation; and
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

1.16.2 Financial liabilities at fair value through SoCI

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

1.16.3 Other financial liabilities

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

1.17 Value Added Tax

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

1.18 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Trust's surplus/deficit in the period in which they arise.

1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them.

1.20 Losses and Special Payments

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

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

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

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

1.21 Pooled budgets

The Trust has not entered into any pooled budget arrangements with Local Authorities.

1.22 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

1.23 Key sources of estimation uncertainty

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

The amounts recognised as provisions give rise to significant judgement and uncertainty. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking in to account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A change in the assumptions could cause an increase or decrease in the amounts recognised as a provision which could materially impact the results of operations.

1.24 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.25 Contingencies

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

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

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

1.26 Carbon Reduction Commitment Scheme

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

1.27 Absorption Accounting

Transfers of function are accounted for as either by merger or by absorption accounting, dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required. For transfers of functions involving NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC or General Reserve as appropriate.

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

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

IFRS 9 Financial Instruments

IFRS14 Regulatory Deferral Accounts

IFRS15 Revenue from contracts with customers

IFRS 16 Leases

1.29 Accounting standards issued that have been adopted early

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

1.30 For consolidated NHS Trust charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, Velindre NHS Trust has established that as the Trust is the corporate trustee of the linked charitable funds, Velindre NHS Trust Charitable Funds, it is considered for accounting standards compliance to have control of Velindre NHS Trust Charitable Funds as a subsidiary and therefore is required to consolidate the results of Velindre NHS Trust Charitable Funds within the statutory accounts of the Trust. Details of the transactions with the charity are included in the related parties' notes.

1.31 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.32 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.33 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Cabinet Secretary for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from the NHS Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument. From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

2. Financial Performance

2.1 STATUTORY FINANCIAL DUTIES

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4(2).

The Trust is required to achieve financial breakeven over a rolling 3 year period.

Welsh Health Circular WHC/2016/054 replaced WHC/2015.014 'Statutory and Financial Duties of Local Health Boards and NHS Trusts' and further clarifies the statutory financial duties of NHS Wales bodies.

2.1.1 Financial Duty

	Annual financial performance			2015-18 Financial duty £000
	2015-16 £000	2016-17 £000	2017-18 £000	
Retained surplus	136	427	54	617
Less Donated asset / grant funded revenue adjustment	(96)	(392)	(5)	(493)
Adjusted surplus/(deficit)	40	35	49	124

Velindre NHS Trust has met its financial duty to break even over the 3 years 2015-16 to 2017-18.

2.1.2 Integrated Medium Term Plan (IMTP)

The NHS Wales Planning Framework issued to NHS Trusts places a requirement upon NHS Trusts to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The Trust has submitted an Integrated Medium Term Plan for the period 2017-18 to 2019-20 in accordance with NHS Wales Planning Framework.

The Cabinet Secretary for Health and Social Services approval status

**Financial duty
2017-18
to
2019-20
Status**

Approved

Velindre NHS Trust has met its annual financial duty to have an approved financial plan for the period 2017-18 to 2019-20.

Velindre NHS Trust's 2016-17 to 2018-19 IMTP was approved.

2. Financial Performance (cont)

2.2 ADMINISTRATIVE REQUIREMENTS

2.2.1. External financing

The Trust is given an external financing limit which it is permitted to undershoot		31 March 2018 £000	31 March 2017 £000
External financing limit set by the Welsh Government		(1,402)	6,307
Cash flow financing	(2,401)		(2,298)
Finance leases taken out in the year	0		39
Other capital receipts	0		0
External financing requirement		<u>(2,401)</u>	<u>(2,259)</u>
Undershoot (overshoot)		<u>999</u>	<u>8,566</u>

The Trust has achieved its external financing limit.

2.2.2. Creditor payment

The Trust is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The Trust has achieved the following results:

Total number of non-NHS bills paid 2017-18	67,985
Total number of non-NHS bills paid within target	65,288
Percentage of non-NHS bills paid within target	96.0%

The Trust has met the target.

Velindre NHS Trust Annual Accounts 2017-18

3. Revenue from patient care activities	2017-18	2016-17	2017-18	2016-17
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Welsh Government	1,359	1,311	1,359	1,311
Welsh Government Welsh Risk Pool Reimbursements	302,898	258,167	302,898	258,167
Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC)	39,183	36,386	39,183	36,386
Local health boards	58,994	55,189	58,994	55,189
Welsh NHS Trusts	4,504	256	4,504	256
Other NHS Trusts	1	0	1	0
Other NHS England bodies	561	16	561	16
Foundation Trusts	0	0	0	0
Local Authorities	0	0	0	0
Non NHS:				
Private patient income	2,073	1,839	2,073	1,839
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	0	0	0	0
Other revenue from activities	0	589	0	589
Total	409,573	353,753	409,573	353,753

ICR income is subject to a provision for impairment of **22.84%** to reflect expected rates of collection.

4. Other operating revenue	2017-18	2016-17	2017-18	2016-17
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Patient transport services	0	0	0	0
Education, training and research	2,713	3,448	2,713	3,448
Charitable and other contributions to expenditure	4,555	3,245	1,841	615
Incoming FHoT Revenue				
Unrestricted - donations and legacies			4,356	2,608
Restricted - donations and legacies			0	106
Receipt of donations for capital acquisitions	5	392	5	392
Receipt of government grants for capital acquisitions	0	0	0	0
Non-patient care services to other bodies	717	768	717	768
Income generation	853	757	853	757
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	0	0	0	0
Other revenue:				
Provision of pathology/microbiology services	0	0	0	0
Accommodation and catering charges	149	161	149	161
Mortuary fees	0	0	0	0
Staff payments for use of cars	330	232	330	232
Business unit	0	0	0	0
Other	292,291	274,292	292,291	274,292
Total	301,613	283,295	303,255	283,379

Other revenue comprises:

NHS Wales Shared Services Partnership	232,647	214,677	232,647	214,677
NHS Wales Informatics Services	56,615	53,568	56,615	53,568
Other	3,029	6,047	3,029	6,047
Total	292,291	274,292	292,291	274,292

5. Operating expenses	2017-18	2016-17	2017-18	2016-17
5.1 Operating expenses	£000	£000	£000	£000
	NHS Trust		Consolidated	
	Reclassified		Reclassified	
Welsh Government	0	0	0	0
WHSSC & EASC	146	0	146	0
Local Health Boards	3,209	2,967	3,209	2,967
Welsh NHS Trusts	2,066	622	2,066	622
Other NHS Trusts	3	0	3	0
Goods and services from other NHS bodies	0	0	0	0
Purchase of healthcare from non-NHS bodies	0	0	0	0
Local Authorities	52	26	52	26
Directors' costs	1,055	896	1,055	896
Staff costs	148,811	143,216	148,811	143,216
Supplies and services - clinical	48,334	42,308	48,334	42,308
Supplies and services - general	36,711	39,418	36,711	39,418
Consultancy Services	2,113	2,727	2,113	2,727
Establishment	13,614	15,026	13,614	15,026
Transport	1,995	1,346	1,995	1,346
Premises	31,523	26,024	31,523	26,024
FHoT Resources expended	0			
Costs of generating funds	0		317	385
Charitable activities	0		344	319
Governance Costs	0		0	30
Impairments and Reversals of Receivables	0	0	0	0
Depreciation	9,236	8,498	9,236	8,498
Amortisation	8,359	7,491	8,359	7,491
Impairments and reversals of property, plant and equipment	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0
Audit fees	209	201	209	201
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	308,285	259,923	308,285	259,923
Research and development	0	0	0	0
Other operating expenses	100,853	87,579	100,853	87,579
Total	716,574	638,268	717,235	639,002

2016-17 reclassified as a result of an alignment of director declaration across the NHS bodies.

5. Operating expenses (continued)

5.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses	2017-18 £000	2016-17 £000	2017-18 £000	2016-17 £000
Increase/(decrease) in provision for future payments:	NHS Trust		Consolidated	
Clinical negligence	269,312	248,423	269,312	248,423
Personal injury	4,185	2,613	4,185	2,613
All other losses and special payments	5	44	5	44
Defence legal fees and other administrative costs	2,424	2,070	2,424	2,070
Gross increase/(decrease) in provision for future payments	275,926	253,150	275,926	253,150
Contribution to Welsh Risk Pool	0	0	0	0
Welsh Risk Pool creditor movement	32,359	6,773	32,359	6,773
Premium for other insurance arrangements	0	0	0	0
Irrecoverable debts	0	0	0	0
Less: income received/ due from Welsh Risk Pool	0	0	0	0
Total charge	308,285	259,923	308,285	259,923

Clinical negligence includes £11,000 (2016-17 £Nil) in respect of payments made under redress.

Personal injury includes £Nil in respect of permanent injury benefits (2016-17 £Nil). This expenditure includes a change of £Nil relating to the change in the rate at which the provision for future payments is calculated.

6. Investment revenue	2017-18	2016-17	2017-18	2016-17
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Rental revenue :				
PFI finance lease revenue:				
Planned	0	0	0	0
Contingent	0	0	0	0
Other finance lease revenue	0	0	0	0
Interest revenue:				
Bank accounts	59	29	59	29
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	171	78
Total	59	29	230	107

7. Other gains and losses	2017-18	2016-17	2017-18	2016-17
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Gain/(loss) on disposal of property, plant and equipment	98	5	98	5
Gain/(loss) on disposal of intangible assets	0	0	0	0
Gain/(loss) on disposal of assets held for sale	0	0	0	0
Gain/(loss) on disposal of financial assets	0	0	0	0
Gains/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets at fair value through income statement	0	0	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	98	5	98	5

8. Finance costs	2017-18	2016-17	2017-18	2016-17
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Interest on loans and overdrafts	0	0	0	0
Interest on obligations under finance leases	3	3	3	3
Interest on obligations under PFI contracts:				
Main finance cost	0	0	0	0
Contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	3	3	3	3
Provisions unwinding of discount	(5,669)	(2,132)	(5,669)	(2,132)
Periodical Payment Order unwinding of discount	381	516	381	516
Other finance costs	0	0	0	0
Total	(5,285)	(1,613)	(5,285)	(1,613)

9. Operating leases

9.1 Trust as lessee

Operating lease payments represent rentals payable by Velindre NHS Trust for properties and equipment.

Payments recognised as an expense	2017-18	2016-17	2017-18	2016-17
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments	3,111	2,945	3,111	2,945
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
Total	3,111	2,945	3,111	2,945

Total future minimum lease payments	2017-18	2016-17	2017-18	2016-17
	£000	£000	£000	£000
Payable:	NHS Trust		Consolidated	
Not later than one year	2,873	2,288	2,873	2,288
Between one and five years	7,095	6,734	7,095	6,734
After 5 years	1,942	2,325	1,942	2,325
Total	11,910	11,347	11,910	11,347
Total future sublease payments expected to be received	0	0	0	0

9. Operating leases (continued)

9.2 Trust as lessor

There are no significant leasing arrangements where the Trust is the lessor.

Rental Revenue

Receipts recognised as income

	2017-18 £000	2016-17 £000	2017-18 £000	2016-17 £000
	NHS Trust		Consolidated	
Rent	0	0	0	0
Contingent rent	0	0	0	0
Other	0	0	0	0
Total rental revenue	0	0	0	0

Total future minimum lease payments

Receivable:

	2017-18 £000	2016-17 £000	2017-18 £000	2016-17 £000
	NHS Trust		Consolidated	
Not later than one year	0	0	0	0
Between one and five years	0	0	0	0
After 5 years	0	0	0	0
Total	0	0	0	0

10. Employee costs and numbers

10.1 Employee costs	Permanently	Agency	Staff on	Other	2017-18	2016-17
	employed	Staff	Inward	Staff	£000	£000
	staff		Secondment			
	£000	£000	£000	£000	£000	£000
Salaries and wages	118,397	1,793	1,378	1,646	123,214	121,024
Social security costs	12,697	0	0	0	12,697	10,714
Employer contributions to NHS Pensions Scheme	15,234	0	0	0	15,234	15,610
Other pension costs	5	0	0	0	5	4
Other post-employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total	146,333	1,793	1,378	1,646	151,150	147,352
Of the total above:						
Charged to capital					1,284	1,473
Charged to revenue					149,866	145,879
Total					151,150	147,352
Net movement in accrued employee benefits (untaken staff leave accrual included above)					(62)	(59)

This includes temporary workers paid directly by Velindre NHS Trust and staff sub-contracted or recharged from other NHS or public bodies.

10.2 Average number of employees

10.2 Average number of employees	Permanently	Agency	Staff on	Other	2017-18	2016-17
	Employed	Staff	Inward	Staff	Total	Total
			Secondment			
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,201	36	24	26	2,287	2,139
Ambulance staff	0	0	0	0	0	0
Medical and dental	456	1	2	6	465	442
Nursing, midwifery registered	175	3	0	3	181	188
Professional, scientific and technical staff	49	1	0	3	53	37
Additional Clinical Services	194	3	0	0	197	197
Allied Health Professions	111	3	0	0	114	116
Healthcare scientists	130	1	0	2	133	128
Estates and Ancillary	308	12	0	9	329	315
Students	1	0	0	0	1	1
Total	3,625	60	26	49	3,760	3,563

10.3 Retirement costs due to ill-health

During 2017-18 there were 5 (2016-17, 1) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £285,000 (2016-17, £73,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

10.4 Employee benefits

The Trust operates four salary sacrifice schemes (childcare vouchers, cycle to work bikes, home electronics and lease cars) for the benefit of its employees. It also provides an Easter and summer childcare subsidy scheme, a respite care subsidy scheme and a purchase of annual leave scheme.

10.5 Reporting of other compensation schemes - exit packages

	2017-18	2017-18	2017-18	2017-18	2016-17
Exit packages cost band (including any special payment element)	Number of compulsory redundancies Whole numbers only	Number of other departures Whole numbers only	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
less than £10,000	2	0	2	0	1
£10,000 to £25,000	1	0	1	0	3
£25,000 to £50,000	0	5	5	0	3
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	1
£150,000 to £200,000	0	1	1	0	0
more than £200,000	0	0	0	0	0
Total	3	6	9	0	8

	2017-18	2017-18	2017-18	2017-18	2016-17
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies £	Cost of other departures £	Total cost of exit packages £	Cost of special element included in exit packages £	Total cost of exit packages £
less than £10,000	16,013	0	16,013	0	3,649
£10,000 to £25,000	10,228	0	10,228	0	55,970
£25,000 to £50,000	0	192,446	192,446	0	109,490
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	133,213
£150,000 to £200,000	0	187,831	187,831	0	0
more than £200,000	0	0	0	0	0
Total	26,241	380,277	406,518	0	302,322

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table (see note 10.3 for details of ill health retirement costs).

The disclosure reports the number and value of exit packages agreed in the year in line with the Welsh Government manual for accounts. The expense associated with these departures may have been recognised in part or in full in a previous period.

10.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Velindre NHS Trust in the financial year 2017-18 was £135,000 to £140,000 (2016-17, £130,000 to £135,000). This was 5.2 times (2016-17, 5.1 times) the median remuneration of the workforce, which was £26,244 (2016-17, £26,302).

In 2017-18, 10 (2016-17, 4) employees received remuneration in excess of the highest-paid director. These employees are Medical Consultants. Remuneration ranged from £16,300 to £205,600 (2016-17 £16,100-£190,800).

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

Overtime payments are included for the calculation of both elements of the relationship.

11. Pensions

PENSION COSTS

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

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

c) National Employment Savings Trust (NEST)

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

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

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

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

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

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

12. Public Sector Payment Policy

12.1 Prompt payment code - measure of compliance

The Welsh Government requires that trusts pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the later.

	2017-18	2017-18	2016-17	2016-17
	Number	£000	Number	£000
NHS				
Total bills paid in year	2,348	33,209	2,612	46,230
Total bills paid within target	1,943	28,365	2,143	40,132
Percentage of bills paid within target	82.8%	85.4%	82.0%	86.8%
Non-NHS				
Total bills paid in year	67,985	281,855	72,657	253,490
Total bills paid within target	65,288	277,351	68,592	243,359
Percentage of bills paid within target	96.0%	98.4%	94.4%	96.0%
Total				
Total bills paid in year	70,333	315,064	75,269	299,720
Total bills paid within target	67,231	305,716	70,735	283,491
Percentage of bills paid within target	95.6%	97.0%	94.0%	94.6%

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

	2017-18	2016-17
	£	£
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

13. Property, plant and equipment :

2017-18

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2017	16,870	60,884	256	9,314	31,269	5,010	22,738	951	147,292	0	147,292
Indexation	0	0	0	0	0	0	0	0	0	0	0
Revaluation	881	(10,437)	(1)	0	0	0	0	0	(9,557)	0	(9,557)
Additions - purchased	0	2,562	0	3,389	872	16	4,449	172	11,460	0	11,460
Additions - donated	0	0	0	0	5	0	0	0	5	0	5
Additions - government granted	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	135	0	(173)	0	0	38	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	(336)	0	0	(336)	0	(336)
Disposals other than by sale	0	0	0	0	(2,159)	(116)	(2,885)	(24)	(5,184)	0	(5,184)
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2018	17,751	53,144	255	12,530	29,987	4,574	24,340	1,099	143,680	0	143,680
Depreciation											
At 1 April 2017	0	10,030	54	0	16,568	2,812	11,188	606	41,258	0	41,258
Indexation	0	0	0	0	0	0	0	0	0	0	0
Revaluation	0	(8,211)	(54)	0	0	0	0	0	(8,265)	0	(8,265)
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	(336)	0	0	(336)	0	(336)
Disposals other than by sale	0	0	0	0	(2,159)	(116)	(2,885)	(24)	(5,184)	0	(5,184)
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Charged during the year	0	2,183	8	0	2,800	548	3,592	105	9,236	0	9,236
At 31 March 2018	0	4,002	8	0	17,209	2,908	11,895	687	36,709	0	36,709
Net book value											
At 1 April 2017	16,870	50,854	202	9,314	14,701	2,198	11,550	345	106,034	0	106,034
Net book value											
At 31 March 2018	17,751	49,142	247	12,530	12,778	1,666	12,445	412	106,971	0	106,971
Net book value at 31 March 2018 comprises :											
Purchased	17,751	44,498	247	12,530	12,600	1,666	12,435	412	102,139	0	102,139
Donated	0	4,644	0	0	178	0	6	0	4,828	0	4,828
Government Granted	0	0	0	0	0	0	4	0	4	0	4
At 31 March 2018	17,751	49,142	247	12,530	12,778	1,666	12,445	412	106,971	0	106,971
Asset Financing:											
Owned	17,751	48,977	247	12,530	12,775	1,666	12,376	410	106,732	0	106,732
Held on finance lease	0	165	0	0	3	0	69	2	239	0	239
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2018	17,751	49,142	247	12,530	12,778	1,666	12,445	412	106,971	0	106,971

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

	£000	£000	£000
Freehold	61,993	0	61,993
Long Leasehold	7	0	7
Short Leasehold	5,140	0	5,140
Total	67,140	0	67,140

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

13. Property, plant and equipment :

2016-17

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2016	16,245	55,471	256	9,251	27,594	4,099	24,220	949	138,085	0	138,085
Indexation	625	0	0	0	0	0	0	0	625	0	625
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Additions - purchased	0	2,251	0	6,046	2,419	886	4,390	132	16,124	0	16,124
Additions - donated	0	335	0	0	54	0	3	0	392	0	392
Additions - government granted	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	197	0	0	0	197	0	197
Reclassifications	0	2,827	0	(5,983)	3,030	125	2	(1)	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(2,025)	(100)	(5,877)	(129)	(8,131)	0	(8,131)
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2017	16,870	60,884	256	9,314	31,269	5,010	22,738	951	147,292	0	147,292
Depreciation											
At 1 April 2016	0	7,776	48	0	15,969	2,351	13,893	668	40,705	0	40,705
Indexation	0	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	174	0	0	0	174	0	174
Reclassifications	0	(15)	0	0	21	3	4	(13)	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(2,013)	(100)	(5,877)	(129)	(8,119)	0	(8,119)
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Charged during the year	0	2,269	6	0	2,417	558	3,168	80	8,498	0	8,498
At 31 March 2017	0	10,030	54	0	16,568	2,812	11,188	606	41,258	0	41,258
Net book value											
At 1 April 2016	16,245	47,695	208	9,251	11,625	1,748	10,327	281	97,380	0	97,380
Net book value											
At 31 March 2017	16,870	50,854	202	9,314	14,701	2,198	11,550	345	106,034	0	106,034
Net book value at 31 March 2017 comprises :											
Purchased	16,870	44,849	202	9,314	14,442	2,198	11,535	345	99,755	0	99,755
Donated	0	6,005	0	0	259	0	9	0	6,273	0	6,273
Government Granted	0	0	0	0	0	0	6	0	6	0	6
At 31 March 2017	16,870	50,854	202	9,314	14,701	2,198	11,550	345	106,034	0	106,034
Asset Financing:											
Owned	16,870	50,854	202	9,314	14,686	2,198	11,470	341	105,935	0	105,935
Held on finance lease	0	0	0	0	15	0	80	4	99	0	99
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2017	16,870	50,854	202	9,314	14,701	2,198	11,550	345	106,034	0	106,034
The net book value of land, buildings and dwellings at 31 March 2017 comprises :											
							£000	£000	£000		
Freehold							64,498	0	64,498		
Long Leasehold							8	0	8		
Short Leasehold							3,420	0	3,420		
Total							67,926	0	67,926		

13. Property, plant and equipment :

Disclosures:

i) Donated Assets

Velindre NHS Trust received the following donated assets during the year.

Thor Laser Photomedicine Ltd	£ 5,300
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ii) Valuations

The Trust's land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

The Trust is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in operation.

iii) Asset Lives

Depreciated as follows:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 5-15 years.

iv) Compensation

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

v) Write Downs

There have been no write downs.

vi) The Trust does not hold any property where the value is materially different from its open market value.

vii) Assets Held for Sale or sold in the period.

There are assets held for sale or sold in the period.

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
Three vehicles		7
CT Scanner		87
Combined items		4
		<hr/> 98 <hr/>

13.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total	FHoT assets	ConsolidatedTotal
	£000	£000	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2017	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0	0	0
Balance c/f 31 March 2018	0	0	0	0	0	0	0	0
Balance b/f 1 April 2016	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0	0	0
Balance c/f 31 March 2017	0	0	0	0	0	0	0	0

Velindre NHS Trust has 16 vehicles that are held for sale as at 31 March 2018 but they have a net book value of £Nil.

14. Intangible assets

2017-18	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2017	42,485	2,724	4,131	0	0	0	49,340	0	49,340
Revaluation		0			0	0	0	0	0
Additions									
- purchased	3,159	788	731	0	0	0	4,678	0	4,678
- internally generated	0	0	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(569)	0	0	0	0	0	(569)	0	(569)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2018	45,075	3,512	4,862	0	0	0	53,449	0	53,449
Amortisation									
At 1 April 2017	23,641	2,125	1,021	0	0	0	26,787	0	26,787
Revaluation		0			0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(569)	0	0	0	0	0	(569)	0	(569)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	7,144	383	832	0	0	0	8,359	0	8,359
Accumulated amortisation at 31 March 2018	30,216	2,508	1,853	0	0	0	34,577	0	34,577
Net book value At 1 April 2017	18,844	599	3,110	0	0	0	22,553	0	22,553
Net book value At 31 March 2018	14,859	1,004	3,009	0	0	0	18,872	0	18,872
Net book value									
Purchased	14,848	0	3,009	0	0	0	17,857	0	17,857
Internally Generated	0	1,004	0	0	0	0	1,004	0	1,004
Donated	11	0	0	0	0	0	11	0	11
Government granted	0	0	0	0	0	0	0	0	0
At 31 March 2018	14,859	1,004	3,009	0	0	0	18,872	0	18,872

14. Intangible assets

2016-17	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2016	50,802	6,310	2,987	0	0	0	60,099	0	60,099
Revaluation		0			0	0	0	0	0
Additions									
- purchased	4,905	74	1,144	0	0	0	6,123	0	6,123
- internally generated	0	0	0	0	0	0	0	0	0
- donated	1	0	0	0	0	0	1	0	1
- government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(13,223)	(3,660)	0	0	0	0	(16,883)	0	(16,883)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2017	42,485	2,724	4,131	0	0	0	49,340	0	49,340
Amortisation									
At 1 April 2016	30,424	5,340	408	0	0	0	36,172	0	36,172
Revaluation		0			0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(13,219)	(3,657)	0	0	0	0	(16,876)	0	(16,876)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	6,436	442	613	0	0	0	7,491	0	7,491
Accumulated amortisation at 31 March 2017	23,641	2,125	1,021	0	0	0	26,787	0	26,787
Net book value									
At 1 April 2016	20,378	970	2,579	0	0	0	23,927	0	23,927
Net book value									
At 31 March 2017	18,844	599	3,110	0	0	0	22,553	0	22,553
Net book value									
Purchased	18,829	0	3,110	0	0	0	21,939	0	21,939
Internally Generated	0	599	0	0	0	0	599	0	599
Donated	15	0	0	0	0	0	15	0	15
Government granted	0	0	0	0	0	0	0	0	0
At 31 March 2017	18,844	599	3,110	0	0	0	22,553	0	22,553

14. Intangible assets

Intangible assets comprise of licences for use of purchased IT software such as financial systems, internally generated IT software and various licences and trade marks.

An assessment is performed on an annual basis to determine that the assets are still available for use and that there is a continued market for their use. The fair values are based on the original cost and amortised based upon finite lives detailed below, and are as detailed in the note to the accounts.

The useful lives and amortisation rates used are 3 and 5 years and no intangible assets are assessed as having indefinite useful lives.

No intangible assets have been acquired by Government Grant.

15. Impairments

Impairments in the period arose from:	2017-18		2016-17	
	Property, plant & equipment	Intangible assets	Property, plant & equipment	Intangible assets
	£000	£000	£000	£000
Loss or damage from normal operations	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Other (Specify)	0	0	0	0
Reversal of impairment	0	0	0	0
Impairments charged to operating expenses	0	0	0	0
FHoT Impairments charged to operating expenses	0	0	0	0
Consolidated impairment charged to operating expenses	0	0	0	0

Analysis of impairments :

Operating expenses in Statement of Comprehensive Income	0	0	0	0
Revaluation reserve	0	0	0	0
Total	0	0	0	0
FHoT Operating expenses in SoCNI	0	0	0	0
FHoT reserves	0	0	0	0
NHS Consolidated Total	0	0	0	0

16. Inventories

16.1 Inventories

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Drugs	1,321	852	1,321	852
Consumables	3,258	3,992	3,258	3,992
Energy	0	0	0	0
Work in progress	0	0	0	0
Other	1,444	994	1,444	994
Total	6,023	5,838	6,023	5,838
Of which held at net realisable value:	0	0	0	0

16.2 Inventories recognised in expenses

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Inventories recognised as an expense in the period	49,182	50,818	49,182	50,818
Write-down of inventories (including losses)	33	410	33	410
Reversal of write-downs that reduced the expense	(267)	0	(267)	0
Total	48,948	51,228	48,948	51,228

17. Trade and other receivables

17.1 Trade and other receivables

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Current				
	NHS Trust		Consolidated	
Welsh Government	354,254	312,686	354,254	312,686
WHSSC & EASC	514	807	514	807
Welsh Health Boards	9,961	9,570	9,961	9,570
Welsh NHS Trusts	826	473	826	473
Non - Welsh Trusts	0	0	0	0
Other NHS	79	340	79	340
Welsh Risk Pool	0	0	0	0
Local Authorities	181	130	181	130
Capital debtors	153	175	153	175
Other debtors	4,795	3,931	4,426	3,363
FHoT debtor			409	19
Provision for impairment of trade receivables	(314)	(372)	(314)	(372)
Pension Prepayments				0
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	6,578	4,907	6,578	4,907
Accrued income	793	887	793	887
Sub-total	377,820	333,534	377,860	332,985
Non-current				
Welsh Government	782,239	609,547	782,239	609,547
WHSSC & EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Non - Welsh Trusts	0	0	0	0
Other NHS	0	0	0	0
Welsh Risk Pool	0	0	0	0
Local Authorities	0	0	0	0
Capital debtors	0	0	0	0
Other debtors	0	0	0	0
FHoT debtor			0	0
Provision for impairment of trade receivables	0	0	0	0
Pension Prepayments				0
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	0	0	0	0
Accrued income	0	0	0	0
Sub-total	782,239	609,547	782,239	609,547
Total trade and other receivables	1,160,059	943,081	1,160,099	942,532

The great majority of trade is with other NHS bodies. As NHS bodies are funded by Welsh Government, no credit scoring of them is considered necessary.

The value of trade receivables that are past their payment date but not impaired is £1,453,000 (£1,829,000 in 2016-17).

17.2 Receivables VAT

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Trade receivables	134	187	134	187
Other	0	0	0	0
Total	134	187	134	187

17.3 Receivables past their due date but not impaired

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
By up to 3 months	490	389	490	389
By 3 to 6 months	330	266	330	266
By more than 6 months	633	1,174	633	1,174
Balance at end of financial year	1,453	1,829	1,453	1,829

17.4 Allowance for bad and doubtful debts

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Balance at beginning of the year	(372)	(144)	(372)	(144)
Transfer to other NHS Wales body	0	0	0	0
Provision utilised (Amount written off during the year)	5	5	5	5
Provision written back during the year no longer required	0	0	0	0
(Increase)/Decrease in provision during year	53	(233)	53	(233)
Bad debts recovered during year	0	0	0	0
Balance at end of financial year	(314)	(372)	(314)	(372)

18. Other financial assets

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0
Non-Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	0	0	5,567	5,618
Available for sale at FV	0	0	0	0
Total	0	0	5,567	5,618

19. Cash and cash equivalents

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Opening Balance	18,888	10,279	19,482	11,782
Net change in year	1,005	8,609	1,455	7,700
Closing Balance	19,893	18,888	20,937	19,482
Made up of:				
Cash with Government Banking Service (GBS)	19,875	14,969	19,875	14,969
Cash with Commercial banks	0	0	1,044	594
Cash in hand	18	19	18	19
Total cash	19,893	14,988	20,937	15,582
Current investments	0	3,900	0	3,900
Cash and cash equivalents as in SoFP	19,893	18,888	20,937	19,482
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial banks	0	0	0	0
Cash & cash equivalents as in Statement of Cash Flows	19,893	18,888	20,937	19,482

20. Trade and other payables at the SoFP Date	Reclassified		Reclassified	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
Current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Welsh Government	9,750	1,246	9,750	1,246
WHSSC & EASC	0	22	0	22
Welsh Health Boards	75,324	57,378	75,324	57,378
Welsh NHS Trusts	2,245	2,220	2,245	2,220
Other NHS	554	687	554	687
Local Authorities	19	133	19	133
Taxation and social security payable / refunds:			0	
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	6	1,160	6	1,160
National Insurance contributions payable to HMRC	17	1,703	17	1,703
Non-NHS trade payables - revenue	10,803	8,237	10,803	8,237
Non-NHS trade payables - capital	7,228	3,678	7,228	3,678
FHoT payables			190	174
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
Pensions: staff	30	2,005	30	2,005
Accruals	4,304	10,699	4,304	10,699
Deferred Income:				
Deferred income brought forward	1,838	1,443	1,838	1,443
Deferred income additions	2,466	2,005	2,466	2,005
Transfer to/from current/non current deferred income	0	0	0	0
Released to the Income Statement	(1,352)	(1,610)	(1,352)	(1,610)
Other liabilities - all other payables	0	0	0	0
PFI assets – deferred credits	0	0	0	0
PFI - Payments on account	0	0	0	0
Sub-total	113,232	91,006	113,422	91,180

In respect of the Pensions figure shown above, £30,000 relates to the NHS Pension scheme (2016-17 £2,005,000) and £902 to the NEST pension scheme (2016-17 £3).

2016-17 Reclassified - The structured settlements charges in relation to the Welsh Risk pool have been reviewed in line with Welsh Government requirements. This means that the future charges have been reclassified from creditors to provisions. The full impact is a movement of £10,755,000 from current creditors to provisions and £309,834,000 from non-current creditors to provisions. Further details are in note 23.

20. Trade and other payables at the SoFP Date (cont)

	Reclassified		Reclassified	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Non-current	NHS Trust		Consolidated	
Welsh Government	0	0	0	0
WHSSC & EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Other NHS	0	0	0	0
Local Authorities	0	0	0	0
Taxation and social security payable / refunds:				
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	0	0	0	0
National Insurance contributions payable to HMRC	0	0	0	0
Non-NHS trade payables - revenue	0	0	0	0
Non-NHS trade payables - capital	0	0	0	0
FHoT payables			0	0
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
Pensions: staff	0	0	0	0
Accruals	0	0	0	0
Deferred Income:				
Deferred income brought forward	0	0	0	0
Deferred income additions	0	0	0	0
Transfer to/from current/non current deferred income	0	0	0	0
Released to the Income Statement	0	0	0	0
Other liabilities - all other payables	0	0	0	0
PFI assets – deferred credits	0	0	0	0
PFI - Payments on account	0	0	0	0
Sub-total	0	0	0	0
Total	113,232	91,006	113,422	91,180

The Trust aims to pay all invoices within the 30 day period directed by the Welsh Government.

21. Borrowings	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
Current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	24	25	24	25
Other	0	0	0	0
Total	24	25	24	25
Non-current				
Bank overdraft - OPG	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	52	76	52	76
Other	0	0	0	0
Total	52	76	52	76

21.2 Loan advance/strategic assistance funding

The Trust has not received a loan advance or strategic funding from the Welsh Government.

22. Other financial liabilities

	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
Current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
Non-current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

23. Provisions
2017-18

Reclassified

23.1 NHS Trust and Welsh Risk Pool

	At 1 April 2017	Structured settlement cases transferr-ed to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	236,684	(27,006)	(5,717)	(5,452)	0	165,609	(75,430)	(25,088)	(4,899)	258,701
Personal injury	5,019	0	0	(10)	0	6,407	(2,508)	(2,222)	(14)	6,672
All other losses and special payments	44	0	0	0	0	6	(49)	(1)	0	0
Defence legal fees and other administration	4,983	0	0	(938)	0	3,015	(1,080)	(1,412)	(25)	4,543
Structured Settlements - WRPS	10,755	550	0	0	0	11,363	(10,869)	(993)	381	11,187
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	22		(6)	24	0	0	(20)	0	0	20
Restructurings	0		0	0	0	0	0	0		0
Other	1,284		0	0	0	738	(709)	(570)		743
Total	258,791	(26,456)	(5,723)	(6,376)	0	187,138	(90,665)	(30,286)	(4,557)	281,866
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	258,791	(26,456)	(5,723)	(6,376)	0	187,138	(90,665)	(30,286)	(4,557)	281,866
Non Current										
Clinical negligence	298,210	0	(3,200)	5,312	0	146,474	(7,615)	(17,683)	(722)	420,776
Personal injury	0	0	0	6	0	0	0	0	0	6
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,494	0	0	1,082	0	1,111	(210)	(290)	(9)	3,178
Structured Settlements - WRPS	309,834	26,456	0	0	0	26,977	0	(4,988)	0	358,279
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	153		0	(24)	0	3	0	0	0	132
Restructurings	0		0	0	0	0	0	0		0
Other	175		0	0	0	108	0	0		283
Total	609,866	26,456	(3,200)	6,376	0	174,673	(7,825)	(22,961)	(731)	782,654
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	609,866	26,456	(3,200)	6,376	0	174,673	(7,825)	(22,961)	(731)	782,654
TOTAL										
Clinical negligence	534,894	(27,006)	(8,917)	(140)	0	312,083	(83,045)	(42,771)	(5,621)	679,477
Personal injury	5,019	0	0	(4)	0	6,407	(2,508)	(2,222)	(14)	6,678
All other losses and special payments	44	0	0	0	0	6	(49)	(1)	0	0
Defence legal fees and other administration	6,477	0	0	144	0	4,126	(1,290)	(1,702)	(34)	7,721
Structured Settlements - WRPS	320,589	27,006	0	0	0	38,340	(10,869)	(5,981)	381	369,466
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	175		(6)	0	0	3	(20)	0	0	152
Restructurings	0		0	0	0	0	0	0		0
Other	1,459		0	0	0	846	(709)	(570)		1,026
Total	868,657	0	(8,923)	0	0	361,811	(98,490)	(53,247)	(5,288)	1,064,520
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	868,657	0	(8,923)	0	0	361,811	(98,490)	(53,247)	(5,288)	1,064,520

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 and 31 March 2023	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	258,701	285,139	135,637	679,477
Personal injury	6,672	6	0	6,678
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	4,543	3,178	0	7,721
Structured Settlements - WRPS	11,187	46,796	311,483	369,466
Pensions - former directors	0	0	0	0
Pensions - other staff	20	75	57	152
Restructuring	0	0	0	0
Other	743	283	0	1,026
Total	281,866	335,477	447,177	1,064,520
FHoT	0	0	0	0
Consolidated Total	281,866	335,477	447,177	1,064,520

2016-17 Reclassified - The Structured Settlement charges in relation to the Welsh Risk Pool have been reviewed in line with Welsh Government requirements. The future charges have therefore been reclassified from creditors to provisions. The full impact is a movement £10,755,000 from current creditors to provisions and £309,834,000 from non-current creditors to provisions. Further details are in note 20.

23. Provisions
2017-18
23.2 NHS Trust

	At 1 April 2017	Structured settlement cases transferr-ed to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	316	0	0	0	0	40	(40)	0	0	316
Personal injury	122	0	0	0	0	0	(1)	(6)	0	115
All other losses and special payments	44	0	0	0	0	6	(49)	(1)	0	0
Defence legal fees and other administration	67	0	0	0	0	213	(234)	0	0	46
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	22		(6)	24	0	0	(20)	0	0	20
Restructurings	0		0	0	0	0	0	0		0
Other	1,284		0	0	0	738	(709)	(570)		743
Total	1,855	0	(6)	24	0	997	(1,053)	(577)	0	1,240
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	153		0	(24)	0	3	0	0	0	132
Restructurings	0		0	0	0	0	0	0		0
Other	175		0	0	0	108	0	0		283
Total	328	0	0	(24)	0	111	0	0	0	415
TOTAL										
Clinical negligence	316	0	0	0	0	40	(40)	0	0	316
Personal injury	122	0	0	0	0	0	(1)	(6)	0	115
All other losses and special payments	44	0	0	0	0	6	(49)	(1)	0	0
Defence legal fees and other administration	67	0	0	0	0	213	(234)	0	0	46
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	175		(6)	0	0	3	(20)	0	0	152
Restructurings	0		0	0	0	0	0	0		0
Other	1,459		0	0	0	846	(709)	(570)		1,026
Total	2,183	0	(6)	0	0	1,108	(1,053)	(577)	0	1,655

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 31 March 2023	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	316	0	0	316
Personal injury	115	0	0	115
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	46	0	0	46
Structured Settlements - WRPS	0	0	0	0
Pensions - former directors	0	0	0	0
Pensions - other staff	20	75	57	152
Restructuring	0	0	0	0
Other	813	213	0	1,026
Total	1,310	288	57	1,655

23. Provisions

2017-18

23.3 Welsh Risk Pool

	Reclassified									
	At 1 April 2017	Structured settlement cases transferr-ed to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	236,607	(27,006)	(5,717)	(5,452)	0	165,730	(75,580)	(25,088)	(4,899)	258,595
Personal injury	4,959	0	0	(10)	0	6,407	(2,507)	(2,216)	(14)	6,619
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	4,992	0	0	(938)	0	2,802	(846)	(1,412)	(25)	4,573
Structured Settlements - WRPS	10,755	550	0	0	0	11,363	(10,869)	(993)	381	11,187
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	257,313	(26,456)	(5,717)	(6,400)	0	186,302	(89,802)	(29,709)	(4,557)	280,974
Non Current										
Clinical negligence	298,219	0	(3,200)	5,312	0	146,465	(7,615)	(17,683)	(722)	420,776
Personal injury	0	0	0	6	0	0	0	0	0	6
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,494	0	0	1,082	0	1,111	(210)	(290)	(9)	3,178
Structured Settlements - WRPS	309,834	26,456	0	0	0	26,977	0	(4,988)	0	358,279
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	609,547	26,456	(3,200)	6,400	0	174,553	(7,825)	(22,961)	(731)	782,239
TOTAL										
Clinical negligence	534,826	(27,006)	(8,917)	(140)	0	312,195	(83,195)	(42,771)	(5,621)	679,371
Personal injury	4,959	0	0	(4)	0	6,407	(2,507)	(2,216)	(14)	6,625
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	6,486	0	0	144	0	3,913	(1,056)	(1,702)	(34)	7,751
Structured Settlements - WRPS	320,589	27,006	0	0	0	38,340	(10,869)	(5,981)	381	369,466
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	866,860	0	(8,917)	0	0	360,855	(97,627)	(52,670)	(5,288)	1,063,213

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 and 31 March 2023	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	258,595	285,139	135,637	679,371
Personal injury	6,619	6	0	6,625
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	4,573	3,178	0	7,751
Structured Settlements - WRPS	11,187	46,796	311,483	369,466
Pensions - former directors	0	0	0	0
Pensions - other staff	0	0	0	0
Restructuring	0	0	0	0
Other	0	0	0	0
Total	280,974	335,119	447,120	1,063,213

Timing of cashflow has been profiled to match total current liabilities. However, the total will include cases which may settle with a structured settlement, so the underlying cashflow may be over a number of years. There can also be delays in settlement dates anticipated for next year which will further impact the cash flow timing. During 2018-19 the Welsh Risk Pool best estimate is that £105,000,000 will be paid out on legal claims.

2016-17 Reclassified - The structured settlements charges in relation to the Welsh Risk pool have been reviewed in line with Welsh Government requirements. This means that the future charges have been reclassified from creditors to provisions. The full impact is a movement of £10,755,000 from current creditors to provisions and £309,834,000 from non-current creditors to provisions. Further details are in note 20.

23. Provisions (continued)

2016-17

NHS Trust and Welsh Risk Pool

Reclassified

	Reclassified	Reclassified	Reclassified	Reclassified	Reclassified	Reclassified	Reclassified	Reclassified	Reclassified	Reclassified
	At 1 April 2016	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	203,502	(42,009)	(9,881)	(13,105)	0	180,579	(47,032)	(33,292)	(2,078)	236,684
Personal injury	4,535	0	0	11	0	4,742	(2,119)	(2,137)	(13)	5,019
All other losses and special payments	43	0	0	0	0	44	(43)	0	0	44
Defence legal fees and other administration	4,466	0	0	446	0	3,214	(942)	(2,188)	(13)	4,983
Structured Settlements - WRPS	9,181	1,246	0	0	0	10,620	(9,963)	(298)	(31)	10,755
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	26		(6)	21	0	0	(19)	0	0	22
Restructurings	0		0	0	0	0	0	0		0
Other	1,356		0	0	0	955	(447)	(580)		1,284
Total	223,109	(40,763)	(9,887)	(12,627)	0	200,154	(60,565)	(38,495)	(2,135)	258,791
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	223,109	(40,763)	(9,887)	(12,627)	0	200,154	(60,565)	(38,495)	(2,135)	258,791
Non Current										
Clinical negligence	187,684	0	0	12,939	0	107,387	(3,524)	(6,251)	(25)	298,210
Personal injury	(1)	0	0	(7)	0	0	0	8	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	809	0	0	(284)	0	742	(72)	302	(3)	1,494
Structured Settlements - WRPS	272,072	40,763	0	0	0	3,324	0	(6,297)	(28)	309,834
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	168		0	(21)	0	6	0	0	0	153
Restructurings	0		0	0	0	0	0	0	0	0
Other	161		0	0	0	14	0	0	0	175
Total	460,893	40,763	0	12,627	0	111,473	(3,596)	(12,238)	(56)	609,866
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	460,893	40,763	0	12,627	0	111,473	(3,596)	(12,238)	(56)	609,866
TOTAL										
Clinical negligence	391,186	(42,009)	(9,881)	(166)	0	287,966	(50,556)	(39,543)	(2,103)	534,894
Personal injury	4,534	0	0	4	0	4,742	(2,119)	(2,129)	(13)	5,019
All other losses and special payments	43	0	0	0	0	44	(43)	0	0	44
Defence legal fees and other administration	5,275	0	0	162	0	3,956	(1,014)	(1,886)	(16)	6,477
Structured Settlements - WRPS	281,253	42,009	0	0	0	13,944	(9,963)	(6,595)	(59)	320,589
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	194		(6)	0	0	6	(19)	0	0	175
Restructurings	0		0	0	0	0	0	0	0	0
Other	1,517		0	0	0	969	(447)	(580)		1,459
Total	684,002	0	(9,887)	0	0	311,627	(64,161)	(50,733)	(2,191)	868,657
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	684,002	0	(9,887)	0	0	311,627	(64,161)	(50,733)	(2,191)	868,657

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

Included within the above are no clinical negligence provisions arising from Redress.

In addition to the provision shown above, contingent liabilities are given in the 'Contingent liabilities' note.

Other Provisions include:

- Dilapidations
- Decommissioning cessium sources
- Employee Costs

2016-17 Reclassified - The Structured Settlement charges in relation to the Welsh Risk Pool have been reviewed in line with Welsh Government requirements. The future charges have therefore been reclassified from creditors to provisions. The full impact is a movement £10,755,000 from current creditors to provisions and £309,834,000 from non-current creditors to provisions. Further details are in note 20.

24 Contingencies

24.1 Contingent liabilities

Provision has not been made in these accounts for the following amounts:

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Legal claims for alleged medical or employer negligence	814,718	854,463	814,718	854,463
Doubtful debts	0	0	0	0
Equal pay cases	0	0	0	0
Defence costs	0	0	0	0
Other (Please specify)	0	0	0	0
Total value of disputed claims	814,718	854,463	814,718	854,463
Amount recovered under insurance arrangements in the event of these claims being successful	(814,591)	(854,238)	(814,591)	(854,238)
Net contingent liability	127	225	127	225

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

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

Contingent liabilities includes claims relating to alleged clinical negligence, personal injury and permanent injury benefits under the NHS Injury Benefits Scheme. The above figures include contingent liabilities for all Health Bodies in Wales.

HMRC commenced a review of the Trust's treatment of VAT and employment taxes during 2017/18. Further work will be conducted in 2018/19, with the review likely to conclude towards the end of that financial year.

24.2. Remote contingent liabilities

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Guarantees	0	0	0	0
Indemnities	27,654	41,253	27,654	41,253
Letters of comfort	0	0	0	0
Total	27,654	41,253	27,654	41,253

24.3 Contingent assets

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
	0	0	0	0
	0	0	0	0
	0	0	0	0
Total	0	0	0	0

The Trust has no contingent assets.

25. Capital commitments

Commitments under capital expenditure contracts at the statement of financial position sheet date were:

	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Property, plant and equipment	1,533	2,319	1,533	2,319
Intangible assets	1,627	1,226	1,627	1,226
Total	3,160	3,545	3,160	3,545

26. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 March 2018		Approved to write-off year to 31 March 2018	
	Number	£	Number	£
Clinical negligence	364	77,160,924	363	77,120,924
Personal injury	69	3,376,789	68	3,376,239
All other losses and special payments	4	188,223	4	188,223
Total	437	80,725,936	435	80,685,386
FHoT losses and special payments	0	0	0	0
Consolidated Total	437	80,725,936	435	80,685,386

Analysis of cases:

Case Reference	Number	Case Type	Amounts paid out in year	Cumulative amount	Approved to write-off in year
			£	£	£
Cases where cumulative amount exceeds £300,000					
Abertawe Bro Morgannwg UHB	16	16 Clinical negligence	15,717,185	22,501,930	15,717,185
Aneurin Bevan UHB	9	9 Clinical negligence	9,258,760	18,377,733	9,258,760
Betsi Cadwaladr UHB	7	7 Clinical negligence	9,483,686	16,746,357	9,483,686
Cardiff and Vale UHB	9	9 Clinical negligence	6,197,157	7,440,444	6,197,157
Cwm Taf UHB	8	8 Clinical negligence	6,365,890	7,897,654	6,365,890
Hywel Dda UHB	2	2 Clinical negligence	986,187	986,187	986,187
Powys Teaching Health Board	1	1 Clinical negligence	8,400,900	14,700,130	8,400,900
Public Health Wales NHS Trust	1	1 Clinical negligence	369,113	439,513	369,113
Velindre NHS Trust	0		0	0	0
Welsh Ambulance Service NHS Trust	2	1 Clinical negligence, 1 Personal injury	900,001	900,001	900,001
Sub-total	55		57,678,879	89,989,949	57,678,879
All other cases	382		23,047,057	86,445,913	23,006,507
Total cases	437		80,725,936	176,435,862	80,685,386

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26. Losses and special payments

26.2 Velindre NHS Trust excluding Welsh Risk Pool

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

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 March 2018		Approved to write-off year to 31 March 2018	
	Number	£	Number	£
Clinical negligence	1	40,000	0	0
Personal injury	1	550	0	0
All other losses and special payments	0	0	0	0
Total	2	40,550	0	0

Analysis of cases:

Case reference	Number	Case Type	Amounts paid out in year	Cumulative amount	Approved to write-off in year
Cases where cumulative amount exceeds £300,000			£	£	£
	0		0	0	0
Sub-total	0		0	0	0
All other cases	2		40,550	657,164	0
Total cases	2		40,550	657,164	0

26. Losses and special payments

26.3 Welsh Risk Pool

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

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 March 2018		Approved to write-off year to 31 March 2018	
	Number	£	Number	£
Clinical negligence	363	77,120,924	363	77,120,924
Personal injury	68	3,376,239	68	3,376,239
All other losses and special payments	4	188,223	4	188,223
Total	435	80,685,386	435	80,685,386

Analysis of cases:

	Number	Case Type	Amounts	Cumulative	Approved to
			paid out in year	amount	write-off in year
			£	£	£
Cases where cumulative amount exceeds £300,000					
ABMU	16	16 Clinical negligence	15,717,185	22,501,930	15,717,185
Aneurin Bevan	9	9 Clinical negligence	9,258,760	18,377,733	9,258,760
BCU	7	7 Clinical negligence	9,483,686	16,746,357	9,483,686
Cardiff and Vale	9	9 Clinical negligence	6,197,157	7,440,444	6,197,157
Cwm Taf	8	8 Clinical negligence	6,365,890	7,897,654	6,365,890
Hywel Dda	2	2 Clinical negligence	986,187	986,187	986,187
Powys	1	1 Clinical negligence	8,400,900	14,700,130	8,400,900
Public Health Wales	1	1 Clinical negligence	369,113	439,513	369,113
Velindre	0		0	0	0
WAST	2	1 Clinical negligence, 1 Personal injury	900,001	900,001	900,001
Sub-total	55		57,678,879	89,989,949	57,678,879
All other cases	380		23,006,507	85,823,352	23,006,507
Total cases	435		80,685,386	175,813,301	80,685,386

27. Finance leases

27.1 Finance leases obligations (as lessee)

The Trust leases certain items of plant and equipment, mainly printers, under finance leases. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Trust's lease obligations is approximately equal to their carrying amount.

The Trust's obligation under finance leases are secured by the lessors' rights over the leased assets disclosed in note 13.

Amounts payable under finance leases:

LAND	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
Minimum lease payments	£000	£000	£000	£000
	NHS Trust		Consolidated	
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
OTHER	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
Minimum lease payments	£000	£000	£000	£000
	NHS Trust		Consolidated	
Within one year	27	27	27	27
Between one and five years	55	78	55	78
After five years	0	0	0	0
Less finance charges allocated to future periods	(6)	(4)	(6)	(4)
Minimum lease payments	76	101	76	101
Included in: Current borrowings	24	25	24	25
Non-current borrowings	52	76	52	76
Total	76	101	76	101
Present value of minimum lease payments				
Within one year	24	25	24	25
Between one and five years	52	76	52	76
After five years	0	0	0	0
Total present value of minimum lease payments	76	101	76	101
Included in: Current borrowings	24	25	24	25
Non-current borrowings	52	76	52	76
Total	76	101	76	101

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
	NHS Trust		Consolidated	
Gross investment in leases				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.3 Rental Revenue	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Contingent rent	0	0	0	0
Other	0	0	0	0
Total rental revenue	0	0	0	0

27.4 Finance Lease Commitment

The Trust has not entered into any new contracts to lease (building assets) under finance leases during 2017-18.

28. Private finance transactions

Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)

The Trust has no PFI or PPP schemes deemed to be "on or off SoFP."

29. Financial Risk Management

IFRS 7, 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.

NHS Trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers 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 NHS Trusts in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust treasury activity is subject to review by the Trust's internal auditors.

Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with various Health bodies, which are financed from resources voted annually by parliament. NHS Trusts also largely finance their capital expenditure from funds made available from the Welsh Government under agreed borrowing limits. NHS Trusts are not, therefore, exposed to significant liquidity risks.

Interest-rate risks

The great majority of NHS Trust's financial assets and financial liabilities carry nil or fixed rates of interest. NHS Trusts are not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

NHS Trusts have no or negligible foreign currency income or expenditure and therefore are not exposed to significant foreign currency risk.

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers as disclosed in the trade and other receivables note.

General

The powers of the Trust to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

30. Third party assets

The Trust held £Nil cash at bank and in hand at 31 March 2018 (31 March 2017, £Nil) which relates to monies held by the Trust on behalf of patients. Cash held in Patient's Investment Accounts amounted to £Nil at 31 March 2018 (31 March 2017, £Nil).

31. Events after reporting period

The Trust had no events after the reporting period.

32. Related Party transactions

The Trust is a body corporate established by order of the Welsh Minister for Health and Social Services.
During the year none of the board members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust.

The Welsh Government is regarded as a related party. During the year NHS Trust have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	10,223	323,814	9,750	3,796
WHSSC/EASC	146	39,183	0	514
Abertawe Bro Morgannwg UHB	7,675	25,829	880	1,724
Aneurin Bevan UHB	4,338	33,187	402	2,139
Betsi Cadwaladr UHB	5,105	18,050	481	2,353
Cardiff & Vale UHB	7,031	30,397	1,820	1,793
Cwm Taf UHB	4,328	16,798	1,327	1,077
Hywel Dda UHB	2,021	10,392	324	742
Powys Teaching Health Board	478	2,365	137	133
Public Health Wales NHS Trust	664	3,089	121	614
Welsh Ambulance Service Trust	1,609	1,415	47	212
Welsh Local Authorities	2,587	143	19	181
Cardiff University	26,971	410	962	204
Swansea University	19,438	0	677	269
Cardiff Metropolitan University	3,796	0	725	26
University of South Wales	15,717	22	675	140
University of Wales	105	0	14	2
Bangor University	14,220	0	216	129
Glyndwr University	2,036	0	71	177
Other	0	0	0	3
Charities	120	1,863	0	595
	128,608	506,957	18,648	16,823

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. The majority of these transactions have been with universities as disclosed above, other transactions include payments to English, Scottish and Irish NHS organisations amounting to £1,630,000 (2016-17: £1,572,000).

The Trust Board is the corporate trustee of Velindre NHS Trust Charitable Funds. During the year the Trust received £2,714,000 (2016-17: £2,628,000) from Velindre NHS Trust Charitable Funds.

The Welsh Government expenditure exclude £1,402,000 that relates to PDC capital refunded during 2017-18 (2016-17: Received £6,307,000)

33. Pooled budgets

Velindre NHS Trust has no pooled budgets.

Operating Expenses	VELINDRE		NWIS		NWSSP		WRP		TOTAL		FHOT		ELIMINATIONS		CONSOLIDATED	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Operating Revenue	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Segmental Income	119,026	110,102	56,615	53,583	232,647	215,196	302,898	258,167	711,186	637,048	4,356	2,714	(2,714)	(2,628)	712,828	637,134
	119,026	110,102	56,615	53,583	232,647	215,196	302,898	258,167	711,186	637,048	4,356	2,714	(2,714)	(2,628)	712,828	637,134
Operating expenses	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHSSC & EASC	146	0	0	0	0	0	0	0	146	0	0	0	0	0	146	0
Local Health Boards	1,175	1,258	1,159	1,579	875	130	0	0	3,209	2,967	0	0	0	0	3,209	2,967
Welsh NHS Trusts	2,066	454	0	168	0	0	0	0	2,066	622	0	0	0	0	2,066	622
Other NHS Trusts	2	0	0	0	1	0	0	0	3	0	0	0	0	0	3	0
Goods and services from other NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of healthcare from non-NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Welsh Local Authorities	0	0	52	26	0	0	0	0	52	26	0	0	0	0	52	26
Other Local Authorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Directors' costs	1,055	896	0	0	0	0	0	0	1,055	896	0	0	0	0	1,055	896
Staff costs	51,394	52,356	24,249	21,725	73,168	69,135	0	0	148,811	143,216	0	0	0	0	148,811	143,216
Supplies and services - clinical	47,622	41,492	12	18	700	798	0	0	48,334	42,308	0	0	0	0	48,334	42,308
Supplies and services - general	447	507	110	100	36,154	38,811	0	0	36,711	39,418	0	0	0	0	36,711	39,418
Consultancy Services	(100)	(184)	1,423	2,236	790	675	0	0	2,113	2,727	0	0	0	0	2,113	2,727
Establishment	2,464	2,813	4,001	5,121	7,149	7,092	0	0	13,614	15,026	0	0	0	0	13,614	15,026
Transport	898	286	18	13	1,079	1,047	0	0	1,995	1,346	0	0	0	0	1,995	1,346
Premises	5,491	4,453	16,542	14,290	9,490	7,281	0	0	31,523	26,024	0	0	0	0	31,523	26,024
Costs of generating funds		0		0		0	0	0	0	0	513	550	(196)	(165)	317	385
Charitable activities		0		0		0	0	0	0	0	2,822	2,774	(2,478)	(2,455)	344	319
Governance Costs		0		0		0	0	0	0	0	40	40	(40)	(8)	0	32
Impairments and Reversals of Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	6,163	6,211	1,614	1,036	1,459	1,251	0	0	9,236	8,498	0	0	0	0	9,236	8,498
Amortisation	259	0	7,817	7,491	283	0	0	0	8,359	7,491	0	0	0	0	8,359	7,491
Impairments and reversals of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit fees	209	201	0	0	0	0	0	0	209	201	0	0	0	0	209	201
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	9	128	9	0	81	12	308,186	259,783	308,285	259,923	0	0	0	0	308,285	259,923
Research and development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	(146)	(1,153)	(391)	(220)	101,390	88,952	0	0	100,853	87,579	0	0	0	0	100,853	87,579
Total	119,154	109,718	56,615	53,583	232,619	215,184	308,186	259,783	716,574	638,268	3,375	3,364	(2,714)	(2,628)	717,235	639,004
Investment Revenue	59	29	0	0	0	0	0	0	59	29	171	78	0	0	230	107
Other Gains and Losses	98	5	0	0	0	0	0	0	98	5	0	0	0	0	98	5
Finance Costs	(3)	(3)	0	0	0	0	5,288	1,616	5,285	1,613	0	0	0	0	5,285	1,613
SURPLUS / (DEFICIT)	26	415	0	0	28	12	0	0	54	427	1,152	(572)	0	0	1,206	(145)

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

35. Other

IFRS 9

IFRS 9 Financial Instruments is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

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

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

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

IFRS15

IFRS 15 Revenue from Contracts with Customers is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

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

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

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

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

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

NHS TRUSTS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2010 and subsequent financial years in respect of the NHS Wales Trusts in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;

(b) any other specific guidance or disclosures required by the Welsh Government.

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2010 and subsequent years, the account of the Trust shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive.

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

1 Please see regulation 3 of the 2009 No 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities) (Wales)