Accountability Report: 2017 - 18

SIGNED BY: CAROL SHILLABEER
[CHIEF EXECUTIVE]

DATE: 30 MAY 2018

Contents

INTRODUCTION TO THE ACCOUNTABILITY REPORT

Powys Teaching Health Board is required, as are all Welsh NHS bodies, to publish an Annual Report and Accounts. Copies of previous year's reports can be accessed from our website at:
www.powysthb.wales.nhs.uk/annual-report-aqs

A key part of the Annual Report is the Accountability Report. The requirements of the Accountability Report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and Schedule 8 of SI 2008 No 410. As not all requirements of the Company's Act apply to NHS bodies, the structure adopted is as described in the Treasury's Government Financial Reporting Manual (FReM) and set out in the 2017-18 Manual for Accounts for NHS Wales, issued by the Welsh Government.

The Accountability Report is required to have three sections:

- A Corporate Governance Report
- A Remuneration and Staff Report
- A National Assembly for Wales Accountability and Audit Report

An overview of the content of each of these three sections is provided below.

THE CORPORATE GOVERNANCE REPORT

This section of the Accountability Report provides an overview of the governance arrangements and structures that were in place across Powys Teaching Health Board during 2017-18. It also explains how these governance arrangements supported the achievement of the health board's vision, six aims and twelve strategic objectives.

The Board Secretary and the Directorate of Governance and Corporate Affairs team have compiled the report the main document being the Annual Governance Statement. This section of the report has been informed by a review of the work taken forward by the Board and its Committees over the last 12 months and has had input from the Chief Executive, as Accountable Officer, Board Members and the Audit and Assurance Committee.

In line with requirements set out in the Companies Act 2006, the Corporate Governance report includes:

- The Directors Report
- A Statement of Accountable Officers Responsibilities

- A Statement of Directors' Responsibilities in Respect of the Accounts
- The Annual Governance Statement

REMUNERATION AND STAFF REPORT

This report contains information about the remuneration of senior management, fair pay ratios, sickness absence rates etc. and has been compiled by the Directorate of Finance and the Workforce and Organisational Development Directorate.

NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY AND AUDIT REPORT

This report contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in HM Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report.

PART A: CORPORATE GOVERNANCE REPORT

This section of the Accountability Report provides an overview of the governance arrangements and structures that were in place across Powys Teaching Health Board during 2017-18. It includes:

- A Director's Report
- A Statement of Accountable Officer Responsibilities
- A Statement of Directors' Responsibilities in Respect of the Accounts
- The Annual Governance Statement

THE DIRECTORS' REPORT FOR 2017-18

The Directors' report brings together information about the Board of Powys Teaching Health Board (PTHB), including the Independent Members and Executive Directors, the composition of the Board and other elements of its governance and risk management structure.

THE COMPOSITION OF THE BOARD AND MEMBERSHIP

Part 2 of The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 sets out the required membership of the Boards of Local Health Boards, the appointment and eligibility requirements of members, the term of office of non-officer members and associate members. In line with these Regulations the Board of Powys Teaching Health Board comprises:

- a chair;
- a vice-chair;
- officer members; and
- non-officer members.

The members of the Board are collectively known as "the Board" or "Board members"; the officer and non-officer members (which includes the Chair) are referred to as Executive Directors and Independent Members respectively. All members have full voting rights.

In addition, Welsh Ministers may appoint up to three associate members. Associate members have no voting rights.

Before an individual may be appointed as a member or associate member they must meet the relevant eligibility requirements, set out in Schedule 2 of The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009, and continue to fulfil the relevant requirements throughout the time that they hold office.

The Regulations can be accessed via the following link:
http://www.legislation.gov.uk/wsi/2009/779/pdfs/wsi_20090779_mi.pdf

VOTING MEMBERS OF THE BOARD DURING 2017-18

During 2017-18, the following individuals were voting members of the Board of Powys Teaching Health Board:

Name	Role	Dates
Independent Members		
Vivienne Harpwood	Chair	Full year
Melanie Davies	Vice Chair	Full Year

Mark Baird	Independent Member (ICT)	Full Year
Anthony Thomas	Independent Member (Finance)	Full Year
Matthew Dorrance	Independent Member (Local Authority)	Full Year
Sara Williams	Independent Member (Capital and Estates)	Full Year
Owen James	Independent Member (Community)	Full Year
Trish Bruchan	Independent Member (Third Sector)	Full Year
Roger Eagle	Independent Member (Legal)	To 31 July 2017 End of eight year term reached
Duncan Forbes	Independent Member (Legal)	From 1 August 2017
Frances Gerrard	Independent Member (University)	From 1 May 2017
Jonothan White	Independent Member (Trade Union Side)	To 30 August 2017 Stepped down from role
Executive Directors		
Carol Shillabeer	Chief Executive	Full Year
Alan Lawrie	Deputy Chief Executive and Director of Primary and Community Care	To 21 January 2018 Left health board
Rhiannon Jones	Director of Nursing	To 31 December 2017
	Director of Community Care and Mental Health	From 6 January 2018
Julie Rowles	Director of Workforce and OD	Full Year
Karen Gully	Medical Director	To 20 February 2018 Left health board

Eifion Williams	Director of Finance and IT	Full Year
Hayley Thomas	Director of Planning and Performance	Full Year
Catherine Woodward	Director of Public Health	To 5 March 2018
	Medical Director	From 5 March 2018
Rhiannon Beaumont Wood	Director of Nursing	From 5 February 2018 12-month secondment
Stuart Bourne	Interim Director of Public Health	From 5 March 2018
David Murphy	Director of Therapies and Health Science	Full Year

NON-VOTING MEMBERS OF THE BOARD DURING 2017-18

During 2017-18 the following individual was an Associate Member of the Board:

Veronica Jarman, Older Peoples' Champion

While Associate Members take part in public Board meetings they do not hold any voting rights:

Further details in relation to role and composition of the Board can be found at pages 17 to 18 of the Annual Governance Statement. In addition, short biographies of all our Board members can be found on our website at**:** *http://www.powysthb.wales.nhs.uk/board-membership.*

The Annual Governance Statement also contains further information in respect of Board and Committee Activity.

DECLARATION OF INTERESTS

Details of company directorships and other significant interests held by members of the Board which may conflict with their responsibilities are

maintained and updated on a regular basis. A Register of Interests is available and can be accessed via the following link: http://www.powysthb.wales.nhs.uk/key-documents, or a hard copy can be obtained from the Board Secretary on request.

PERSONAL DATA RELATED INCIDENTS

Information on personal data related incidents formally reported to the Information Commissioner's office and "serious untoward incidents" involving data loss or confidentiality breaches are detailed on page 63 of the Annual Governance Statement.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

The Board is aware of the potential impact that the operation of the health board has on the environment and it is committed to wherever possible:

- ensuring compliance with all relevant legislation and Welsh Government Directives;
- working in a manner that protects the environment for future generations by ensuring that long term and short term environmental issues are considered; and
- preventing pollution and reducing potential environmental impact.

The Board's Sustainability Report that forms a key part of the Performance Report section of the Annual Report provides greater detail in relation to the environmental, social and community issues facing the health board.

STATEMENT OF PUBLIC SECTOR INFORMATION HOLDERS

As the Accountable Officer of Powys Teaching Health Board, and in line with the disclosure requirements set out by the Welsh Government and HM Treasury, I confirm that the health board has complied with the cost allocation and charging requirements set out in HM Treasury guidance during the year.

SIGNED BY: CAROL SHILLABEER [CHIEF EXECUTIVE] **DATE: 30 MAY 2018**

STATEMENT OF ACCOUNTABLE OFFICER RESPONSIBILITIES: 2017-18

STATEMENT OF MY CHIEF EXECUTIVE RESPONSIBILITIES AS ACCOUNTABLE OFFICER OF POWYS TEACHING HEALTH BOARD

The Welsh Ministers have directed that I, as the Chief Executive, should be the Accountable Officer of Powys Teaching Health Board.

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' Memorandum issues 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 the Accountable Officer.

I also confirm that:

- as far as I am aware, there is no relevant audit information of which Powys Teaching Health Boards auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Powys Teaching Health Board's auditors are aware of that information.

- Powys Teaching Health Board's annual report and accounts as a whole is fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

SIGNED BY: CAROL SHILLABEER [CHIEF EXECUTIVE] **DATE: 30 MAY 2018**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2017-18

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors of Powys Teaching Health Board 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 health board and of the income and expenditure of the health board for that period.

In preparing those accounts, the directors are required to:

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

On behalf of the directors of Powys Teaching Health Board we confirm:

- that we have complied with the above requirements in preparing the 2017-18 accounts; and
- that we are clear of their responsibilities in relation to keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

By Order of the Board

SIGNED BY:	**VIV HARPWOOD [CHAIR]**	**DATE: 30 MAY 2018**
SIGNED BY:	**CAROL SHILLABEER [CHIEF EXECUTIVE]**	**DATE: 30 MAY 2018**
SIGNED BY:	**EIFION WILLIAMS [DIRECTOR OF FINANCE AND ICT]**	**DATE: 30 MAY 2018**

ANNUAL GOVERNANCE STATEMENT

This Annual Governance Statement details the arrangements that were in place to manage and control resources during the financial year 2017-18. It also sets out the governance arrangements in place to ensure probity, mitigate risks and maintain appropriate controls to govern corporate and clinical situations.

SCOPE OF RESPONSIBILITY

Powys Teaching Health Board (PTHB, the health board) was established in 2003. The health board is predominantly a commissioning organisation, buying services on behalf of the population from a wide range of providers, including from primary care contractors, independent sector care homes, ambulance services, district general hospitals and other specialist hospitals. There are a range of directly provided services across Powys, including a network of community hospitals, a health and social care centre, community services such as district nursing, midwifery and health visiting, therapies, mental health and services for people with a learning disability. Increasingly, services are jointly provided by the health board and Powys County Council, working together and pooling resources.

Detailed information about the services we provide and our facilities can be found on our website in the section labelled 'Services'. This can be accessed from the home page, or via the following link http://www.powysthb.wales.nhs.uk/services. Our Integrated Medium Term Plan for 2017-2020 and Annual Report also provide helpful overviews of our services.

The Board of PTHB is accountable for good governance, risk management and internal control. As the Chief Executive and Accountable Officer of PTHB I have clearly defined responsibilities as set out in the Accountable Officer Memorandum and my letter of appointment. These responsibilities relate to 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 the organisation's assets for which I am personally responsible. These duties are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

I am held to account for my performance by the Chair of the health board and the Chief Executive and Accounting Officer for the NHS in Wales. I have formal performance meetings with both the Chair and the Chief Executive of NHS Wales. Further, the Executive Team of the health board meet with the senior leaders of the Department of Health and Social Services on a regular basis.

I am required to assure myself, and therefore the Board, that the organisation's executive management arrangements are fit for purpose and enable effective leadership. The following statement demonstrates the mechanisms and methods used to enable me to gain that assurance.

ORGANISATIONS HOSTED BY PTHB

In compliance with requests made by the Welsh Ministers, PTHB hosts the following organisations:

- **The seven Community Health Councils that operate across Wales and the Board of Community Health Councils in Wales:**
  More information about these organisations can be found at *http://www.wales.nhs.uk/sitesplus/899/page/71598*

- **Health and Care Research Wales**:
  More information about this organisation can be found at:
  https://www.healthandcareresearch.gov.wales/about/

The Board of PTHB is not responsible for the delivery of the objectives of these organisations, or their day to day management. It is however responsible for ensuring that the organisations are staffed using appropriate recruitment mechanisms, and that PTHB's Standing Financial Instructions and Workforce and OD policies are complied with.

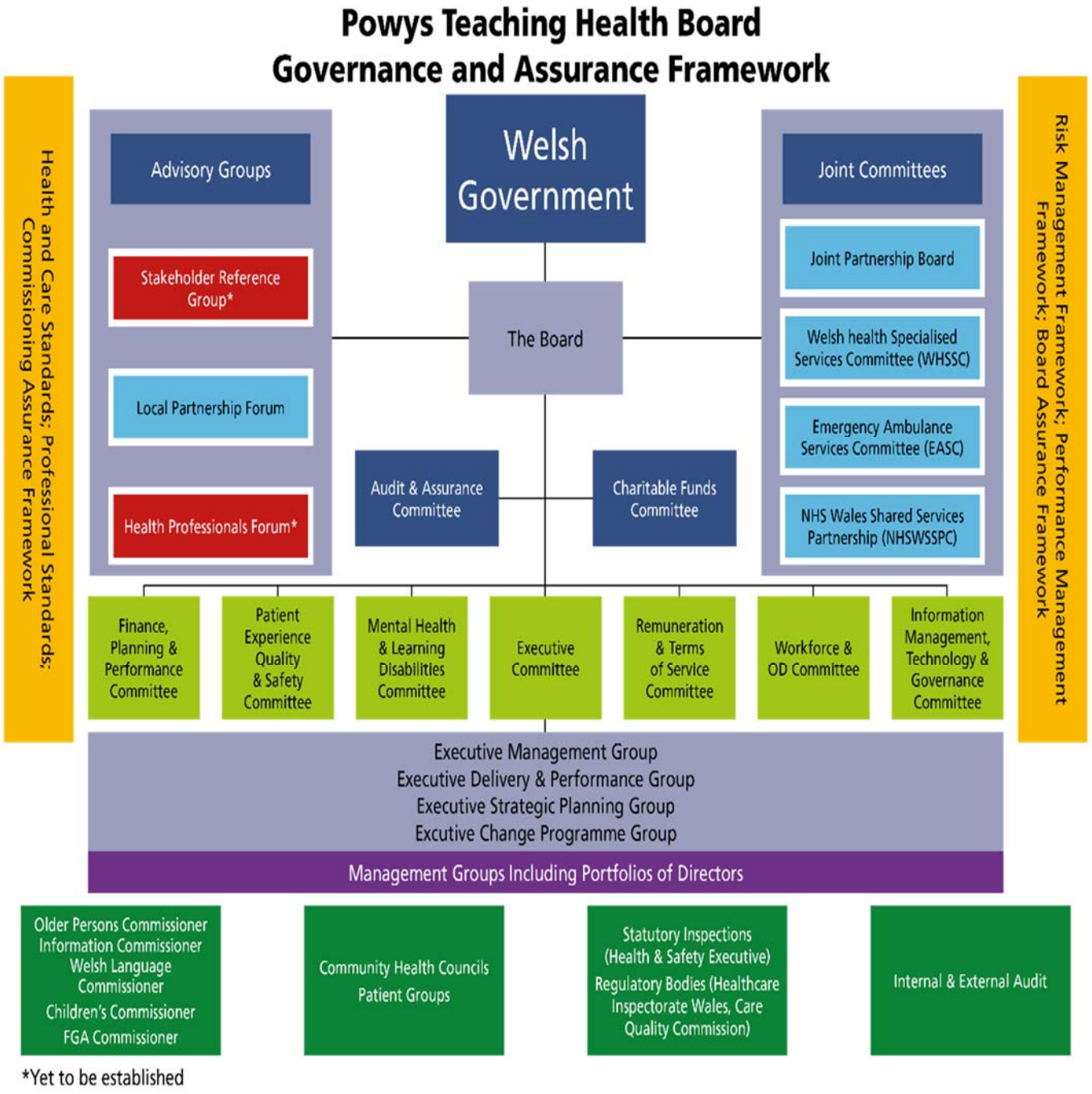
During 2017-18 we continued to work with Welsh Government to strengthen the governance and accountability arrangements for the organisations that we host.

OUR GOVERNANCE AND ASSURANCE FRAMEWORKS

PTHB has a clear purpose from which its strategic aims and objectives have been developed. Our vision is to enable a 'Healthy Caring Powys'. The Board is accountable for setting the organisation's strategic direction, ensuring that effective governance and risk management arrangements are in place and holding Executive Directors to account for the effective delivery of its three year Integrated Medium Term Plan and related Annual Plan. A copy of our Integrated Medium Term Plan for 2017-18 can be found at: http://www.powysthb.wales.nhs.uk/sitesplus/documents/1145/Powys%20THB_IMTP%202017-20.pdf

Figure 1 on the page that follows, provides an overview of the governance framework that was in operation during 2017-18

Figure 1: Powys Teaching Health Board's Governance and Assurance Framework



THE BOARD

The Board has been constituted to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009.

The Board functions as a corporate decision making body, Executive Directors and Independent Members being full and equal members and sharing corporate responsibility for all the decisions of the Board. Details of those who sit on the Board are published on our website at: *www.powysthb.wales.nhs.uk/boardmembership.* Further information is also provided in the Directors Report.

The Board is at the top of the organisation's governance and assurance systems. Its principal role is to exercise effective leadership, provide strategic direction and control. The Board is accountable for governance and internal control in the organisation, and I, as the Chief Executive and Accountable Officer, am responsible for maintaining appropriate governance structures and procedures. In summary, the Board:

- Sets the strategic direction of the organisation within the overall policies and priorities of the Welsh Government and the NHS in Wales;
- Establishes and maintains high standards of corporate governance;
- Ensures the delivery of the aims and objectives of the organisation through effective challenge and scrutiny of performance across all areas of responsibility;
- Monitors progress against the delivery of strategic and annual objectives; and
- Ensures effective financial stewardship by effective administration and economic use of resources.

STANDING ORDERS AND SCHEME OF RESERVATION AND DELEGATION

The health board's governance and assurance arrangements have been aligned to the requirements set out in the Welsh Government's Governance e-manual and the Citizen Centred Governance Principles. Care has been taken to ensure that governance arrangements also reflect the requirements set out in HM Treasury's 'Corporate Governance in Central Government Departments: Code of Good Practice 2011'.

The Board has approved Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice. Together with the adoption of a scheme of matters reserved for the Board, a detailed scheme of delegation to officers and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the health board and define "its ways of working". The Standing Orders in place during

2017-18 were adopted by the Board on 25 January 2017, they are available on the 'Key Documents' section of our website at: http://www.powysthb.wales.nhs.uk/document/304769

Standing Orders and the Scheme of Reservation and Delegation are supported by a suite of corporate policies, and together with the Standards of Behaviour Framework, Risk Management Framework and Performance Management Framework make up the health board's Governance Framework. In 2018, a review of these arrangements will be undertaken to ensure that they support the implementation of the 'Health and Care Strategy for Powys'.

The Board, subject to any directions that may be made by the Welsh Ministers, is required to make appropriate arrangements for certain functions to be carried out on its behalf so that the day to day business of the health board may be carried out effectively, and in a manner that secures the achievement of the organisation's aims and objectives. To fulfil this requirement, in alignment with the review of Standing Orders and Committee terms of reference, a detailed review of the Board's Scheme of Reservation and Delegation of Powers has also been completed. The document, which was approved by the Board in January 2017 can be found on the health board's website at: http://www.powysthb.wales.nhs.uk/document/304770.

COMMITTEES OF THE BOARD

Section 2 of Powys Teaching Health Board's Standing Orders provides that "*The Board may and, where directed by the Welsh Government must, appoint Committees of the health board either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions."* In line with these requirements the Board has established a standing Committee structure, which it has determined best meets the needs of the health board, while taking account of any regulatory or Welsh Government requirements. Each Committee is chaired by an Independent Member of the Board and is constituted to comply with The Welsh Government Good Practice Guide – Effective Board Committees. All Committees annually review their Terms of Reference and Work Plans to support the Board's business. Committees also work together on behalf of the Board to ensure that work is planned cohesively and focusses on matters of greatest risk that would prevent the health board from meeting our mission's aims and objectives.

As reported in last year's Annual Governance Statement, in 2016-17, a full and considered review of each of the terms of reference of the Board's committees was undertaken. This review highlighted areas where assurance

and risk management arrangements required strengthening and consequently the terms of reference of a number of the Committees were updated. A paper outlining the changes made and agreed by the Board can be found on the Board section of our website at: *http://www.powysthb.wales.nhs.uk/board-agenda-25-may-2016*

I also agreed with the Board that an Executive Committee would be established. I Chair this Committee, which comprises all Executive Directors, which has been delegated powers from the Board to oversee the day to day management of the organisation, and in so doing, ensure an effective system of integrated governance, risk management and internal control across the whole of the health board's activities (both clinical and non-clinical and provided and commissioned services), which supports the achievement of its strategic objectives as set out in its Integrated Medium Term Plan (IMTP).

The Terms of Reference of each of the Committees were reviewed again in the early part of 2017 and the Board confirmed that it was content with the arrangements in place. As a result the following Board Committees were in place during 2017-18:

- Audit & Assurance Committee
- Charitable Funds Committee
- Executive Committee
- Finance, Planning and Performance Committee
- Information Management, Technology and Governance Committee
- Mental Health and Learning Disabilities Committee
- Patient Experience, Quality and Safety Committee
- Remuneration and Terms of Service Committee
- Workforce and Organisational Development Committee

Copies of Committee papers and minutes, a summary of each Committee's responsibilities and Terms of Reference are also available. All action required by the Board and Committees are included on an Action Log, and at each meeting progress is monitored, these Action Logs are also published on the health board's website.

The Chair of each Committee reports to the Board on the committees' activities. This contributes to the Board's assessment of risk, levels of assurance and scrutiny against the delivery of objectives. Further, in line with Standing Orders, each committee has produced an annual report, for 2017-18, setting out a helpful summary of its work. These annual reports were considered in a public session of the Board and can be accessed at: http://www.powysthb.wales.nhs.uk/sub-committees

Figure 2: Roles and Responsibilities of Committees of the Board

The Board and its Committees, meet in public, and throughout the year, and attendance is formally recorded within the minutes, detailing where apologies have been received and deputies have been nominated. The agenda and minutes of all public meetings can be found on our website at: *www.powysthb.wales.nhs.uk/board-meetings.*

Figure 3: Board and Committee meetings held during 2017-18

Board / Committee	Dates											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Board		31		19		27		29		31		21 29*
Audit and Assurance		9 & 30	27			5		7		18		6
Charitable Funds			19			5				23		15
Finance, Planning and Performance		16		4		12		14		16		6
Information Technology, Management and Governance	11			11			17				9	
Mental Health and Learning Disabilities		2		25		21		2		29		27**
Patient Experience, Quality and Safety	6		22	27			12		7		8	
Remuneration and Terms of service				20		21		10		22	22	

Workforce and OD	18		13		1		3		20		20	

* An additional Board meeting was held on 29 March 2018 to discuss Major Trauma
** The Mental Health and Learning Disabilities meeting scheduled for 27 March 2018 was deferred to April due to quoracy issues

Details of Board Members and their attendance at the Board can be found at **Appendix 1**.

ITEMS CONSIDERED BY THE BOARD IN 2017-18

During the 2017-18 the Board held:

- Seven meetings in public (including one extraordinary meeting, held to discuss the establishment of a Major Trauma Network);
- One Annual General Meeting; and
- Six development sessions.

All meetings of the Board held in 2017-18 were appropriately constituted with a quorum. At the meetings of the Board:

Risk Management and Assurance

The Board received regular updates on, and participated in, the further development and strengthening of risk management and assurance arrangements across the organisation. Powys Teaching Health Board received a positive Wales Audit Office Structured Assessment Report for 2017 with regard to the ongoing improvements in risk management across the organisation. Further details of the Structured Assessment findings are provided on page 78 to 80.

In January 2018 the Board approved a revised risk appetite statement (see page 36).

Powys Health and Care Strategy and Integrated Medium Term Plan

The Board, together with the Cabinet of Powys County Council, led the further development of the Powys Health and Care Strategy and the alignment of its Integrated Medium Term Plan (IMTP) for 2018-21 to it. See page 48 for further details. Aligned to this work was the approval (in May 2017) of the Powys Well-being Assessment and the Powys Teaching Health Board's Strategic Plan for Health Inequalities 2017-20.

As part of the development of the 2018-21 IMTP the Board developed its

Well-being Objectives as required by the Well-being of Future Generations (Wales) Act 2015. A summary of these is included in or IMTP for 2018-21, this can be found at http://www.powysthb.wales.nhs.uk/document/324113.

The Health and Care strategy was developed, taking into account the sustainable development principle and five ways of working as required by the Well-being of Future Generations (Wales) Act 2015.

Performance Framework

In September 2017, the Board approved a revised Framework for Improving Performance. The Framework for Improving Performance is a contributor to the Board Assurance Framework which ensures that there is sufficient, continuous and reliable assurance on the management of the major risks to the delivery of strategic objectives and most importantly to the delivery of quality, patient centred services. It builds on the *Performance Management Framework* approved by the Board on 24 June 2015. See page 55 for further details.

In addition to the above, which highlight, key element of the Board's Governance Arrangements the Board:

- Approved the Annual Accounts for 2016-17;
- Approved the Resource Plans for 2017-18;
- Received feedback from service users and patients through patient stories;
- Approved a revised Risk Appetite Statement;
- Oversaw the implementation of the Strategic Commissioning Framework.
- Approved and monitored the Discretionary Capital Programme.
- Received, considered and discussed financial performance and the related risks being managed by the health board;
- Received regular reports on Patient Experience and feedback, ensuring where concerns are raised that these are escalated to the Board and, where necessary, result in the Board proactively activating agreed multiagency procedures and cooperate fully with partners.
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improve performance where appropriate.
- Routinely received assurance reports from the Committees and Advisory Groups of the Board.

ITEMS CONSIDERED BY COMMITTEES OF THE BOARD

During 2017-18, Board Committees considered and scrutinised a range of reports and issues relevant to the matters delegated to them by the Board. Reports considered by the committees included a range of internal audit reports, external audit reports and reports from other review and regulatory bodies, such as Healthcare Inspectorate Wales and Powys Community Health Council.

As was the case in previous years, the Committees' consideration and analysis of such information has played a key role in my assessment of the effectiveness of internal controls, risk management arrangements and assurance mechanisms.

The Committees also considered and advised on areas of local and national strategic developments and new policy areas. Board Members are also involved in a range of other activities on behalf of the Board, such as Board development sessions (at least six a year), quality and safety 'walkrounds', shadowing and a range of other internal and external meetings.

An overview of the key areas of focus for each of the Board committees is set out in ***Figure 4*** that follows.

Figure 4: Key Areas of Focus of Committees of the Board

Audit and Assurance Committee	▪ Approved the Internal Audit Plan for 2017-18 ▪ Oversaw the delivery of a programme of internal and external audit reports ▪ Sought assurance in relation to Post Payment Verification Checks ▪ Kept an overview of the adequacy of Local Counter Fraud Services ▪ Monitored the implementation of audit recommendations ▪ Kept under review the health board's arrangements for risk management and assurance ▪ Reviewed and sought assurance on the accuracy of Annual accounts ▪ Oversaw the Governance Improvement Programme
Executive Committee	▪ Took forward actions arising from the Integrated Performance Report and performance managing the delivery of those action plans. ▪ Kept the operational effectiveness of policies and procedures under review.

	▪ Scrutinised key reports and strategies prior to their submission to other Committees of the Board and/or the Board to ensure their accuracy and quality. ▪ Provided a strategic view of issues of concern ensuring co-ordination between directorates. ▪ Provided advice to the Committees of the Board and/or the Board on matters related to quality, safety, planning, commissioning, service level agreements and change management initiatives. ▪ Ensured staff are kept up to date on health board wide issues. ▪ Acted as the forum in which Directors and senior managers can formally raise concerns and issues for discussion, making decisions on these issues.
Charitable Fund Committee	▪ Scrutinised applications for charitable funds ▪ Kept and overview of charitable funds income and expenditure
Finance, Planning and Performance Committee	▪ Oversaw the delivery of the health board's performance against the National Outcomes Framework, the Integrated Medium Term Plan and related Annual Plan, and key local outcomes. ▪ Ensured there is an effective business planning process in place. ▪ Kept budgets and savings plans under review ▪ Reviewed delivery plans ▪ Oversaw the delivery of the health board's discretionary capital programme ▪ Sought assurance in relation to the health board's financial performance ▪ Reviewed performance against national outcomes framework ▪ Sought assurance in relation to commissioning arrangements
Information Management, Technology and Governance Committee	▪ Kept key Information Governance performance indicators unreview ▪ Kept an overview of the General Data Protection Regulation Preparedness ▪ Oversaw the delivery of PTHB's IM&T priorities set out in the IMTP, including all aspects of leadership development. ▪ Received regular data breach reports for : ✓ Serious reportable data breaches to the Information Commissioner and the Welsh Government

	✓ Sensitive information ▪ Received regular reports to monitor data quality. ▪ Received regular reports to monitor information governance risk assessments. ▪ Received and considered audits and assessments against the Caldicott Standards and the relevant Health and Care Standards. ▪ Received regular reports on FOI requests
Mental Health and Learning Disabilities Committee	▪ Kept under review the health board's Dementia Plan ▪ Sought assurances in relation to: o Veterans' Mental Health Services o Integrated Services for Autism o Learning Disability Services o Older and Adult Mental Health Services o Mental Health Estates Matters o Child and Adolescent Mental Health Services ▪ Kept under review progress in delivery of the Hearts and Minds Mental Health Partnership Delivery Plan ▪ Reviewed the performance of mental health and learning disability services against national targets
Patient Experience, Quality and Safety Committee	▪ Reviewed performance against key patient experience, quality and safety indicators ▪ Kept under review the health board's performance in relation to falls, pressure damage and mortality ▪ Sought assurance in relation to the quality of services provided by PTHB and the bodies from which it commissions services ▪ Monitored the health board's approach to complaints and concerns ▪ Sought assurance in relation to specific issues, for example, in relation to the temporary closure of Fan Gorau, services provided by the Shrewsbury and Telford NHS Trust ▪ Oversaw the development of the Annual Quality Statement ▪ Received reports on matters such as infection control and safeguarding ▪ Received presentations from localities outlining their approach for ensuring the quality and safety of provided and commissioned services
Workforce and Organisational Development	▪ Reviewed performance against key workforce indicators ▪ Sought assurances and kept the following under review:

Committee	o Recruitment and the Recruitment Strategy o Personal Appraisal and Development o Mandatory and Statutory Training o Talent Management Strategy o Wellbeing at Work o Welsh Language requirements o Equality and Diversity ▪ Received regular updates on the Chat to Change programme ▪ Monitored the steps taken to engage staff in the 2016 Staff Survey ▪ Received regular updates on the Staff Excellence Awards

BOARD DEVELOPMENT

Following feedback from Board Members, a comprehensive board development programme was introduced for 2017-18. During the year the Board took part in a number of development sessions which covered topics that included risk management and appetite, assurance arrangements, strategic planning, the General Data Protection Act, consultations, capital and estates matters and presentations from partner organisations, such as the Welsh Ambulance Service Trust, the Welsh Health Specialist Services Committee and Welsh Government.

THE CORPORATE GOVERNANCE CODE AND THE BOARD'S SELF ASSESSMENT OF ITS EFFECTIVENESS

The Corporate Governance Code currently relevant to NHS bodies is 'The Corporate governance code for central government departments'. This can be found at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

The health board like other NHS Wales organisations is not required to comply with all elements of the Code, however the main principles of the Code stand as they are relevant to all public sector bodies.

The Corporate Governance Code is reflected within key policies and procedures. Further, within our system of internal control, there are a range

of mechanisms in place which are designed to monitor our compliance with the code, these include:

- Self-assessment;
- Internal and external audit; and
- Independent reviews.

The Board is clear that it is complying with the main principles of the Code, and is conducting its business openly and in line with the Code, and that there were no departures from the Code as it applies to NHS bodies in Wales.

During the latter part of the year the Board and its Committees undertook self-assessments of their effectiveness and development needs. These are referenced in Committee annual reports
http://www.powysthb.wales.nhs.uk/sub-committees

A Board Development Session was held on 17 April 2017 and this gave Board members the opportunity to reflect on the effectiveness of the Board. The Board used '*Monitor's Well Led Framework for Governance Reviews'* to bring focus and rigour to the review. The framework has four domains, ten high level questions and a body of 'good practice' outcomes and evidence base that organisations and reviewers can use to assess governance. The assessment was aligned to the Health and Care Standards for Governance, Leadership and Accountability, and allowed the Board to assess its competence and effectiveness across a range of areas. – See ***Figure 5*** below:

Figure 5: Outcome of Self-Assessment

Key Question	The Board's Assessment
Strategy and planning – how well is the board setting direction for the organisation?	Partially meets expectations, but confident in the health board's capacity to deliver green performance within a reasonable timeframe. Some elements of good practice, no major omissions and robust action plans to address perceived gaps with proven track record of delivery.
Capability and culture – is the board taking steps to ensure it has the appropriate experience and ability, now and into the future, and can it positively shape the	Partially meets expectations, but with some concerns on capacity to deliver within a reasonable timeframe. Some elements of good practice, some minor omissions. Action plans to address perceived gaps are in early stage of development with limited evidence of track record of delivery.

organisation's culture to deliver care in a safe and sustainable way?	
Process and structures – do reporting lines and accountabilities support the effective oversight of the organisation?	Partially meets expectations, but with some concerns on capacity to deliver within a reasonable timeframe. Some elements of good practice, some minor omissions. Action plans to address perceived gaps are in early stage of development with limited evidence of track record of delivery.
Measurement – does the board receive appropriate, robust and timely information and does this support the leadership of the trust?	Partially meets expectations, but confident in management's capacity to deliver green performance within a reasonable timeframe. Some elements of good practice, no major omissions and robust action plans to address perceived gaps with proven track record of delivery.

The outcome will be reviewed by the Board at the Board Development Session scheduled for June 2018, and an action plan agreed.

Each Committee of the Board has also completed a self-assessment of its effectiveness. The outcomes of these assessment are being used to inform the future development of the Governance Improvement Programme and a Board Development Programme for 2017-18.

ADVISORY GROUPS

PTHB's Standing Orders require it to have three advisory groups in place. These allow the Board to seek advice from and consult with staff and key stakeholders. They are the:

- Stakeholder Reference Group
- Local Partnership Forum
- Healthcare Professionals' Forum

Information in relation to the role and terms of reference of each Advisory Group can be found in the health board's Standing Orders, these can be found at: http://www.powysthb.wales.nhs.uk/document/304769

At the time of writing, the Board does not have in place its Stakeholder Reference Group or Healthcare Professionals' Forum. The first meeting of the Stakeholder Reference Group is scheduled to take place in June 2018.

While the importance of establishing a Stakeholder Reference Group is recognised, an audit of Stakeholder Engagement and Communication undertaken in 2015-16 highlighted that across the areas looked at they had *seen and heard evidence of good engagement, with some innovative methods being used to both promote engagement, and make traditionally difficult to understand documents much more accessible and visually appealing to the wider population*.

JOINT COMMITTEES

Welsh Health Specialised Services Committee (WHSSC) & Emergency Ambulance Services Committee (EASC)

The Welsh Health Specialised Services Committee and the Emergency Ambulance Services Committee are joint committees of Welsh Health, established under the Welsh Health Specialised Services Committee (Wales) Directions 2009 (2009/35) and 2014 (2014/9 (w.9)) (the WHSSC Directions) and the Emergency Ambulance Services Committee (Wales) Directions 2014 (2014/8 (W.8)) (the EASC Directions).

NHS Wales Shared Services Partnership Committee

A NHS Wales Shared Services Partnership Committee (NWSSPC) has been established under Velindre NHS Trust which is responsible for exercising shared services functions including the management and provision of Shared Services to the NHS in Wales.

More information on the governance and hosting arrangements of these committees can be found in the health board's Standing Orders**.**
http://www.powysthb.wales.nhs.uk/document/304769

PARTNERSHIP AND COLLECTIVE WORKING

POWYS COUNTY COUNCIL

PTHB and Powys County Council have over-arching Section 33 agreements through which the organisations manage joint arrangements for Information Communication Technology (ICT) services, reablement services, Glan Irfon Integrated Health and Social Care project, joint equipment and substance misuse services, and autism services. Mental health services, services for people with learning disabilities, older people, carers and children's services are also key joint areas for integrated working. There has also been a key workstream to implement the Welsh Language Strategy Framework, with the formation of a Welsh Language Promotion, Implementation and Compliance Group. This is a first in Wales and recognised as being good practice by the Welsh Language Commissioner.

At a senior level, the health board and Powys County Council have a Joint Partnership Board and a health and care development group as well as joint arrangements to manage the development and delivery of the Integrated Health and Care Strategy.

Joint Partnership Board

Powys has been made a region in its own right under Part 9 of the Social Services Wellbeing (Wales) Act 2014. In light of this and combined with the requirements of the Well-being of Future Generations Act (Wales) 2015 and Wellbeing Act and the collective drive towards increased integration between the health board and PCC, in February 2016, PTHB and PCC established a Joint Partnership Board. This brings together nominated strategic leaders from PCC and the health board to ensure effective partnership working across organisations within the county for the benefit of the people of Powys.

The Joint Partnership Board is responsible for oversight of the integration agenda. Formal Terms of Reference are in place and a collaborative agreement between the health board and PCC has been signed.

POWYS PUBLIC SERVICE BOARD

The Public Service Board (PSB) is the statutory body established by the Well-being of Future Generations (Wales) Act which brings together the public bodies in Powys to meet the needs of Powys citizens present and future. The aim of the group is to improve the economic, social, environmental and cultural well-being of Powys. Working in accordance with the five ways of working, the Board has published its Well-being Assessment and Well-being Plan. The Well-being Plan which has been developed through extensive engagement sets out four local objectives for the Powys we want by 2040.

The health board contributes to achieving these objectives through the delivery of the health and care strategy and its Integrated Medium Term Plan (IMTP). The PSB has set out in its Well-being Plan 15 well-being steps that we will concentrate on during 2018-21 to contribute to achieving the objectives. These steps are those where the biggest difference can be made by developing solutions together

POWYS REGIONAL PARTNERSHIP BOARD

The Powys Regional Partnership Board (RPB) is the statutory legal body established in April 2016 by the Social Services and Well-being (SSWB) (Wales) Act. Its key role is to identify key areas of improvement for care and support services in Powys. The RPB has also been legally tasked with

identifying integration opportunities between social care and health. This has been achieved through building on the years of joint working and through the development of the health and care strategy which has identified key priorities. The key opportunities for integrated working identified and the actions to be taken in support of them are outlined in the Area Plan.

REGIONAL COLLABORATION

The Health Board is committed to working collaboratively with neighbouring organisations across Wales and England in the regions we commission to secure benefits for the population of Powys. The health board is a partner in a number of existing collaborative mechanisms including:

Mid Wales Health Care Collaborative (MWHCC)

The Mid Wales Healthcare Collaborative (MWHCC) comprises the four healthcare organisations that cover Mid Wales – Betsi Cadwaladr University Health Board (BCUHB), Hywel Dda University Health Board (HDUHB), Powys Teaching Health Board (PTHB) and WAST and was formally launched on 12 March 2015 by the Minister for Health and Social Services at the Rural Healthcare Conference. The MWHCC was initially established for a period of two years, and then extended by Welsh Government for a further 12 month period.

As from March 2018, the MWHCC was succeeded by the Mid Wales Joint Committee for Health & Social Care (MWJC) which will have a greater focus on joint planning and implementation. The key purpose of the Joint Committee, as outlined in its Terms of Reference.

South East Wales Regional Planning – Delivery Forum

In 2017-18, the Cabinet Secretary for Health and Social Services, following discussions with Health Board Chairs, wrote asking that they establish Regional Planning arrangements that address at pace some of the clinical service redesign options where solutions sit outside individual Health Board boundaries.

The Regional Planning and Delivery Forum was therefore established, which includes the Chief Executive NHS Wales and Chair and Chief Executive representation from Cwm Taf, Cardiff & Vale, Aneurin Bevan, Abertawe Bro Morgannwg, Powys, Velindre and WAST.

The health board had fully engaged in this important forum on an issue by issue basis. A brief summary of the work undertaken to date in 2017-18 and the plans to be taken forward into 2018-19 is provided in our IMTP for 2018-21.

South West Wales Joint Regional Planning & Delivery Committee

A Joint Regional Planning & Delivery Committee (JRPDC) between Abertawe Bro Morgannwg UHB and Hywel Dda UHB has been established with the aim of providing a formal arrangement to collaborate, to align plans on a regional footprint and to jointly deliver improvements in clinical services for the whole population.

More information about regional collaboration and a brief summary of the work undertaken in 2017-18 is provided in our IMTP for 2018-21.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROLS

As I have reported in previous Annual Governance Statements, the system of internal control operating across Powys Teaching Health Board is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives of the health board, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

I can confirm the system of internal control has been in place at the health board for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

CAPACITY TO HANDLE RISK AND KEY ASPECTS OF THE CONTROL FRAMEWORK

Responsibility for making sure that risks are properly managed rests with the Board. As Accountable Officer, I have overall responsibility for risk management and report to the Board on the effectiveness of risk management across the health board. My advice to the Board is informed by executive officers, feedback received from Board Committees; in particular the Audit and Assurance Committee and Patient Experience, Quality and Safety Committee.

Executive Committee meetings present an opportunity for executive directors to consider, evaluate and address risk and actively engage with and report to the Board and its committees on the organisation's risk profile.

The health board's lead for risk is the Board Secretary, who is responsible for establishing the policy framework and systems and processes that are needed for the management of risks within the organisation. Depending on the nature of risk, other Directors will take the lead, for example, patient safety risks fall within the responsibility of the Medical Director, Director of Nursing, and Director of Therapies and Health Science.

THE RISK MANAGEMENT FRAMEWORK

Robust risk management is seen by the Board as being essential to good management and the aim is to ensure it is integral to the health board's culture. It is an increasingly important element of the health board's planning, budget setting and performance processes.

The Risk Management Framework approved by the Board in January 2017, sets out the health board's processes and mechanisms for the identification, assessment and escalation of risks. It has been developed to create a robust risk management culture across the health board by setting out the approach and mechanisms by which the health board will:

- make sure that the principles, processes and procedures for best practice risk management are consistent across the health board and fit for purpose;
- ensure risks are identified and managed through a robust organisational Assurance Framework and accompanying Corporate and Directorate Risk Registers;
- embed risk management and established local risk reporting procedures to ensure an effective integrated management process across the health board's activities;
- ensure strategic and operational decisions are informed by an understanding of risks and their likely impact;
- ensure risks to the delivery of the health board's strategic objectives are eliminated, transferred or proactively managed;
- manage the clinical and non-clinical risks facing the health board in a co-ordinated way; and
- keep the Board and its Committees suitably informed of significant risks facing the health board and associated plans to treat the risk.

The Risk Management Framework sets out a multi-layered reporting process, which comprises the Assurance Framework and Corporate Risk Register, Directorate Risk Registers, Local Risk Registers and Project Risk Registers. It has been developed to help build and sustain an organisational culture that encourages appropriate risk taking, effective performance management and organisational learning in order to continuously improve the quality of the services provided and commissioned.

The Risk Management Framework sets out the ways in which risks will be identified and assessed. It is underpinned by a number of policies which relate to risk assessment including incident reporting, information governance, training, health and safety, violence and aggression, complaints, infection control, whistle blowing, human resources, consent, manual handling and security.

EMBEDDING EFFECTIVE RISK MANAGEMENT

Embedding effective risk management remains a key priority for the Board as it is integral to enabling the delivery of our objectives, both strategic and operational, and most importantly to the delivery of safe, high quality services. A number of steps have been taken to strengthen risk

management across the organisation; this work included commissioned and contracted services. We have strengthened our risk management and assurance arrangements by:

- Developing the health board's Assurance Framework.
- Implementing a strengthened Risk Management Framework with easy to use processes and documentation.
- Identifying and regularly reviewing the strategic risks linked to the strategic objectives and priorities set out in the IMTP.
- Clarifying the role of the committees of the Board in relation to the 'assurance framework' and risk management.

In March 2017, Internal Audit Services reported on its follow-up audit of the health board's risk management arrangements. The report concluded that:

The health board has undertaken a considerable amount of good work in refreshing its approach to risk management. A new risk management framework was agreed by the Board in January 2017. There is good awareness of the refreshed framework and a sound understanding of the principles of risk management in the three areas examined. However, much work remains to be done. The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with risk management is a ***Reasonable Assurance***.

However, a further Internal Audit completed in March 2018 found that more work was needed to embed the Risk Management Framework throughout the organisation. Two High and one Medium rated recommendations were made that will be actioned by the end of July 2018.

Board and Committee work plans have been reviewed with a view to ensuring that they receive adequate assurance in relation to how risk is being managed throughout the year. Risks are reported locally at department and service level, they are reported through to the Directorate Risk Register and any matters that cannot be managed at that level are escalated to the Corporate Risk Register.

The Board will be involved in the continual development of the Assurance Framework and Corporate Risk Register, and these will be formally reviewed at meetings of the Board during 2017-18.

RISK APPETITE

HM Treasury (2006) define risk appetite as:

The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time'.

In January 2018, the Board updated its Risk Appetite Statement. This set out the Board's strategic approach to risk-taking by defining its risk appetite thresholds. It is a 'live' document that is regularly reviewed and modified, so that any changes to the organisation's strategies, objectives or its capacity to manage risk are properly reflected.

In developing the Risk Appetite Statement careful consideration was given to the health board's capacity and capability to manage risk.
The following risk appetite levels, developed by the Good Governance Institute, informed the Statement:

Figure 6: Description of Risk Appetite

Appetite Level	Described as:
None.	Avoid the avoidance of risk and uncertainty is a key organisational objective.
Low.	Minimal the preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential.
Moderate.	Cautious the preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
High	Open and being willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM).
Significant.	Seek and to be eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk. Or also described as Mature being confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust.

The Risk Appetite Statement makes it clear that the Board has **no appetite** for accepting or pursuing risks that may have an adverse impact on the quality or safety of the services it provides or commissions.

THE HEALTH BOARD'S RISK PROFILE

As part of the development of the Board Assurance Framework the whole Board took part in a series of workshops to identify and map the risks to the delivery of strategic objectives. The outcomes of these workshops were used to inform the Corporate Risk Register and the development of the IMTP.

As can be seen from the Heat Map at ***Figure 7*** at the end of March 2018 a number of key risks to the delivery of the health board's strategic objectives had been identified. Full details of the controls in place and actions taken to address these risks can be found in the Corporate Risk Register.

Figure 7: Risk Heat Map: 31 March 2018

Impact								
	Catastrophic	5						
	Major	4				▪ Areas of fragmented health and social care services ▪ Governance not embedded in all areas ▪ Gaps in the skills and competencies required to operate safe and effective services ▪ Ineffective safeguarding processes to ensure the protection of children in P	▪ Whole system commissioning not embedded ▪ Lack of a robust and stable ICT system ▪ Beach of statutory duty to break even ▪ Breach of IG Standards and legislative requirements (General Data Protection Regulations) ▪ Inadequate and non-compliant estate in some areas ▪ Service Failure of in-house In and Out of Hours GMS Care	
	Moderate	3						
	Minor	2						
	Negligible	1						
				1	2	3	4	5
Likelihood				Rare	Unlikely	Possible	Likely	Almost Certain

An overview of the key risks (i.e. those in the red section of the Health Map and actions taken is provided in ***Figure 8*** on page 46.

Figure 8: Key Risks and Controls

RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
Whole system commissioning not embedded	**CONTROLS IN PLACE/ACTION TAKEN:** ▪ Strategic Commissioning Framework developed and implemented ▪ Commissioning Assurance Framework in place (CAF) ▪ CAF escalation process implemented ▪ Commissioning Development Programme underway ▪ Delivery and Performance Group (sub Group of Executive Committee) in place ▪ Regular scrutiny by Finance, Planning and Performance Committee ▪ Internal Audit undertaken in 2017-18 (reasonable rating) with recommendations for further improvement **IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2018-19:** ▪ Specific Organisational Delivery Objectives set out in health board's Annual Plan for 2018-19. ▪ Programme of work to strengthen effective processes to develop and manage condition specific and service, plans. ▪ Strengthen the delivery of Business Intelligence and Information across the organisation. ▪ Continued implementation and delivery of the Strategic Commissioning framework. ▪ Embedding of the Commissioning Assurance Framework ▪ Implement commissioning intentions. ▪ Strengthened referral management ▪ Robust management of the performance of all providers of planned care services for the people of Powys through the Commissioning Assurance Framework and the management of waiting times
Lack of a robust and stable ICT system	**CONTROLS IN PLACE/ACTION TAKEN:** ▪ Development of a Joint ICT Strategy with Powys County Council ▪ Establishment of an ICT Programme Board and relevant Project Boards ▪ Engagement and input in to the National Implementation Board ▪ Disaster Recovery arrangements in place ▪ Regular Scrutiny by Information Management, Technology and Governance Committee ▪ System Performance Measures in place **IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2018-19:** ▪ Specific Well-being Objective – Digital First with 'Digital Infrastructure' set as an Organisational Priority in the health board's Annual Plan for 2018-19. ▪ Increase flexibility for accessing information and systems (anytime/anywhere/any device) including through improved connectivity e.g. mobile coverage, broadband, wi-fi and modern, agile ready systems with integration by design. ▪ Improve information storage, server hosting, security and disaster recovery, back up and archiving capabilities**.**

RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
Beach of statutory duty to break even	**CONTROLS IN PLACE/ACTION TAKEN:** ▪ Financial Plan in place ▪ Monthly meetings to monitor delivery of financial plan ▪ Budgetary Control Framework ▪ Contracting Framework ▪ Delivery and Performance Group (sub Group of Executive Committee) in place ▪ Regular scrutiny by Finance, Planning and Performance Committee **IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2018-19:** ▪ Financial management set as an Organisational Priority in 2018-19 Annual Plan. ▪ Discussions with Welsh Government re. baseline budget ▪ Strengthening of the capability and sustainability of the Finance Team
Breach of IG Standards and legislative requirements (General Data Protection Regulations)	**CONTROLS IN PLACE/ACTION TAKEN:** ▪ Self assessment against ICO 12-steps undertaken ▪ Improvement plan developed ▪ Information Governance Champions Group Established ▪ Regular Scrutiny by Information Management, Technology and Governance Committee ▪ Electronic Information Asset Register developed **IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2018-19:** ▪ Delivery of programme of work to deliver preparedness and continued compliance with General Data Protection Regulations and all other Information Governance regulations and requirements set as a Organisational Delivery Objective in the health board's 2018-19 Annual Plan. ▪ Population of Information Asset Register ▪ Updating of training materials
Inadequate and non-compliant estate in some areas	**CONTROLS IN PLACE/ACTION TAKEN:** ▪ Specialist sub-groups for each compliance discipline ▪ Risk based improvement plans introduced ▪ Specialist leads identified ▪ Estates Compliance Group and Capital Control Group established ▪ Medical Gases Committee; Fire Safety Group; Water Safety Group; Health & Safety Committee in place ▪ Capital Programme developed and approved **IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2018-19:** ▪ Capital and Estates set as a specific Organisational Priority in the health board's Annual Plan for 2018-19 with related Organisational Delivery Objectives ▪ Address (on an ongoing basis) maintenance and compliance issues ▪ Develop and implement actions to deliver improved environmental sustainability across the organisation including implementing ISO 14001, as well as old-age, dementia friendly and sensory stimulating environmental standards and best practice ▪ Address maintenance and compliance improvements to ensure patient environment is safe, appropriate and in line with standards. ▪ Implement the Capital Programme and develop the long term capital programme ▪ Develop capacity and efficiency of the Estates and Capital function
Service Failure	**CONTROLS IN PLACE/ACTION TAKEN:**

RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
of in-house In and Out of Hours GMS Care	▪ Strengthening of clinical leadership ▪ Programme management arrangements in place ▪ Engagement of key stakeholders ▪ Welsh 111 service to be introduced in Powys earlier than planned ▪ Out of Hours Assurance Group established **IMPROVEMENT ACTIONS:** ▪ Primary Care set as a specific Organisational Priority in health board's Annual Plan for 2018-19 with related Organisational Delivery Objectives ▪ Establish and implement a Cluster Development Framework ▪ Improve the approach to equitable access & sustainability (out of hours / in Hours) through deployment of Sustainability Toolkit. ▪ Scope the scaling-up of Choose Pharmacy and improve prescribing effectiveness ▪ Further strengthen engagement with primary care ▪ Consideration of alternative options for provision of Out of Hours Services

As referenced in the table above, in developing our Integrated Medium Term Plan for 2018-21 we gave careful consideration to the actions that we will take to mitigate such risks.

The Audit and Assurance Committee monitors and oversees both internal control issues and the process for risk management and the Board and its Committees receive reports that relate to the identification and management of risks.

Case studies and patient stories are presented to the Board and Concerns/Claims scrutiny panels, in order that lessons can be disseminated and shared.

General Practitioners (GPs), Pharmacists, Dental Practitioners, Optometrists, Nursing Care Homes, Voluntary organisations and those where we have partnership relationships for service delivery, e.g. Local Authorities and other health boards, are responsible for identifying and managing their own risks through the contractual processes in place.

PARTICULAR RISK ISSUES

During late summer 2017 concerns emerged regarding the sustainability of the current out of hours primary care provider in Powys. Shropdoc has provided out of hours services for well over a decade, with positive relationships and an excellent service rating from regulators. The financial challenges faced by the organisation resulted in the health board taking action to support short term sustainability and contingency plans were developed and in part activated.

The Board through in-Committee considerations and briefings put in place:

- Business continuity plans/contingency plans to enable a safe service to be provided. This included the activation of financial support measures to maintain the current patient service throughout Powys.
- An options appraisal process which took place in October 2017 to understand and rank the options most likely to offer potential for a safe and sustainable service. The preferred options at that stage included the utilisation of a social enterprise (Shropdoc or other) for the provision of the service; or direct provision by the health board. Other options considered were deemed less deliverable in the timescales proposed at the time.
- The establishment of enhanced governance mechanisms to oversee this work in more detail including the setting up of a specific sub-Committee of the Finance, Planning and Performance Committee. Furthermore the establishment of the Project Board and project approach specifically dealing with the matter of out of hours primary care services.
- The establishment of a Clinical Advisory Group

Significant efforts were made to discuss with partners and stakeholders the issues that had arisen, the actions in place to enable a safe service to continue to be provided and the potential options for the future both in the medium and longer term. This included regular dialogue with Welsh Government, Community Health Council, Local Medical Committee, and Primary Care clusters.

Going in to 2018-19, the above issue continues to be a key issue for the health board and one on which it will continue to focus.

KEY ASPECTS OF THE CONTROL FRAMEWORK

In addition to the Board and Committee arrangements described earlier in this document, I have over the last 12 months worked to further strengthen the health board's control framework. Key elements of this include:

THE HEALTH BOARD'S INTEGRATED MEDIUM TERM PLAN

The National Health Service Finance (Wales) Act of 2014, established a statutory duty on health boards to develop and publish a Board approved Integrated Medium Term Plan (IMTP) on an annual basis. Amendments to the National Health Service (Wales) Act 2006 also set out the statutory duty for health boards to have their IMTPs approved by Welsh Ministers.

In accordance with these legislative duties, the health board developed and published an approved IMTP for 2017-18 to 2019-20. The then Cabinet Secretary for Health, Well-being and Sport confirmed that he had approved the health board's IMTP on 15 June 2017. A copy of the plan is available on the health board's website at: http://www.powysthb.wales.nhs.uk/strategies.

Our delivery against the IMTP was good at year end with positive progress being reported against all of our six strategic aims. Of the 12 strategic objectives 11 have been given a consolidated rating against plan of green, highlighting that many of the objectives set for the 2017-18 financial year were met. Details of what we did and didn't deliver will be set out in the Performance Report element of the Annual Report to be published in July.

The health board's IMTP for 2018-21 was approved by the board on 21 March 2018 and submitted to Welsh Government for formal feedback and the decision on approval which is expected in June 2018. See http://www.powysthb.wales.nhs.uk/document/324113. The IMTP also functions as the health board's Well-being Statement, demonstrating how through the actions to deliver our well-being objectives we are contributing to the seven well-being goals for Wales and in accordance with the sustainable development principle.

The IMTP for 2018-19 has been developed within the context of the Health and Care Strategy, published in July 2017. It sets out the vision to enable a 'Healthy Caring Powys', delivered through focusing on four core well-being objectives and four enabling well-being objectives underpinned by six delivery principles; Do What Matters, Do What Works, Focus on Greatest Need, Offer Fair Access, Be Prudent and Work with People and Communities.

The health board's planning approach continues to strengthen and mature. The approach is multi faceted and takes into account the multiple planning streams across local, organisational and regional levels. The key principles of planning processes in the health board are to ensure:

- Patients are at the centre of service design and delivery.
- There is a clinically led planning environment with multi professional input.
- There is whole system planning, ensuring alignment with neighbouring provider plans.
- There is a transformation of commissioning and provider functions.
- Promotion of integration at a strategic and service level.
- There are internal relationships including staff side/trade unions.
- There are external relationships with key stakeholders.
- There are strong Community Health Council planning links.

Further details of the health board's planning approach can be found on pages 9 and 10 of our IMTP for 2018-21.

INTEGRATED PERFORMANCE MANAGEMENT AND REPORTING

Delivery against the IMTP is managed through the Framework for Improving Performance with delivery and performance reported to the Board on a quarterly basis in the form of an Integrated Performance Report.

During 2017-18, the health board revised its performance framework and the Board approved the updated Framework for Improving Performance on

27 September 2017. The objective of the framework is to ensure that information is available which enables the Board and other key personnel to understand, monitor and assess the organisation's performance against delivery of the IMTP, enabling appropriate action to be taken when performance against set targets deteriorates, and support and promote continuous improvement in service delivery.

The Framework for Improving Performance is a contributor to the Board Assurance Framework which ensures that there is sufficient, continuous and reliable assurance on the management of the major risks to the delivery of strategic objectives and most importantly to the delivery of quality, patient centred services. Further information can be found at pages 193 and 194 of our IMTP for 2018-21.

QUALITY GOVERNANCE STRUCTURE

The Board has a collective responsibility for quality. There is a clear quality governance structure with the Patient Experience, Quality and Safety Committee holding executives to account and receiving reports on assurance and risks linked to patient experience, quality and safety.

This year as in previous years, in tandem with the publication of the 2017-18 Annual Report, the health board will publish its Annual Quality Statement which brings together a summary of how the organisation has been working over the past year to improve the quality of all the services it plans and provides. The report can be found here on the health board's website: *www.powysthb.wales.nhs.uk*

At each meeting of the Board a patient story is presented at the start. The use of first hand patient stories, that act of hearing and having an opportunity to connect with people using services, has enabled not just a more emotional connection with the impact of decisions made in the organisation but has also helped drive specific improvements in services. During 2017-18, the Board received presentations from service users, patients and families telling us of their experiences in relation to:

- The experiences of Veterans with Post Traumatic Stress Disorder;
- Cancer care;
- Support for individuals diagnosed with Parkinson's disease;
- Maternity Services; Mental Health Services and the impact of the repatriation of services; and
- Community Pharmacy

COMMISSIONING DEVELOPMENT AND ASSURANCE FRAMEWORKS

Powys is unlike other health boards in Wales in that around 75% of the funding entrusted to it by Welsh Government is spent on securing healthcare from providers it does not directly manage. PTHB's commissioning work spans the continuum through health promotion, primary care, secondary care, specialised services, individual patient commissioning, continuing healthcare, partnership commissioning and joint commissioning with the local authority. Services (no matter whether they are directly managed or secured from other providers) need to be understood within the whole pathway of care, in order to shift the focus to prevention and more local delivery wherever possible.

The Commissioning Development Programme is a major transformational change that I, as the Chief Executive, have led. Phase Two of the Programme ensured the development and implementation of two key Frameworks.

The development and implementation of the Commissioning Assurance Framework has been designed to ensure a safer more holistic and robust understanding of the services currently commissioned with a rules based approach to escalation. This twin track approach to commissioning development means that strategic changes are driven forward in parallel to improving day to day assurance about existing services.

In 2017-18, a dedicated lead for the quality and safety of commissioned services has populated a dashboard of key indictors covering key issues such as serious incidents, mortality, pressure ulcers, hospital acquired infections and patient experience. A Head of Performance has strengthened information including improvement trajectories for waiting times. Powys is not the main commissioner of any of the 15 main external NHS organisations treating its residents (indeed for 10 of those NHS bodies PTHB represents less than 1% of the organisation's funding). Thus, the challenge for a large, highly rural, sparsely populated area, with no DGH, is to deliver services in or close to home. Where this is not possible it is using tools such as the Clinical Health Knowledge System to help to monitor and improve the services its residents receive across five health economies, spanning England and Wales, in up to 30 different specialities.

Assurances in relation to specialist services are reported to the Board through reports from the Welsh Health Specialised Services Committee strategic quality framework, and assurance on Emergency Ambulance Services through the Emergency Ambulance Services Committee. A major aspect of joint commissioning with the local authority is now subject to an approved Section 33 Agreement for care home functions, which will provide

regular reports to the Regional Partnership Board. Up-dated policies and procedures for Individual Patient Funding Requests and European Economic Area cases have helped strengthened systems and processes in highly complex individual cases.

Further information on commissioning arrangements can be found on pages 195 to 200 of our IMTP for 2018-21.

CLINICAL AUDIT

During 2017-18, the health board's clinical audit arrangements were strengthened, with the development of a risk based clinical audit strategy and plan. In addition, as part of the work to further develop and embed the Assurance Framework, steps were taken to map and capture the outputs of internal audit, clinical audit, and external audit and planned external regulatory review work.

Wales Audit Office's (WAO) 2017 Structured Assessment noted that good progress was being made to strengthen clinical audit and counter fraud services. The Clinical Audit Strategy for 2017-20 was approved by the Audit and Assurance Committee in May 2017.

I recognise that more work is needed to provide evidence of the clinical audit work taking place across the organisation and there will be a focus on this in the year ahead.

COMPLAINTS AND CONCERNS FRAMEWORK

Over the last 12 months we have made significant improvements to the way in which we address complaints and concerns, focusing on listening and learning from patient experience and the 'gift of complaints' to improve the experience of care for Powys residents.

The Patient Experience Strategy approved by the Board in February 2016 set out the high level direction of travel in supporting delivery of PTHB's vision, aims and objectives and is based on Welsh Government direction, provided through the All Wales Framework for Assuring Service User Experience (2013).

A follow up review by Internal Audit of Putting Things Right in 2016/17 saw improvement from Limited Assurance to Reasonable Assurance and Management of Welsh Risk Pool Claims received a 'reasonable assurance' rating, which in 2017-18 has received substantial assurance.

The health board's in year performance for responding to complaints within 30 working days ranged from 38% to 74% and averaged 63%. This is an improvement on previous years and further details on complaints and concerns can be found in the Annual Quality Statement and Putting Things Right Annual Report for 2017-18

HEALTH AND CARE STANDARDS

Quarterly review meetings were held throughout the year to review progress in relation to the embedding of the standards. This approach has been key to driving progress and improvement and sustaining the passion that has come with the launch of the new standards. This approach has proved successful as it has given staff the opportunity to discuss each standard, the outcomes of their self-assessments, to share good practice and to highlight any areas of concern.

An evaluation is being undertaken to ensure all areas of the health board continue to benefit from this approach three years on from the launch of the standards.

PATIENT EXPERIENCE QUALITY AND SAFETY WALKROUNDS

Executive Director and Independent Members Patient Experience Quality and Safety Walkrounds continued during the year. Overall, feedback was positive with some areas for improvement being highlighted.

The schedule was suspended during the winter months due to the increased risk to patients in relation to flu and infections. Board members have since agreed that during 2018-19 the focus will be shadowing sessions, which Board members agree are far more beneficial.

MORTALITY REVIEWS

We have developed a robust process for undertaking mortality reviews that span deaths that occur in our community hospitals. This work continues to evolve and features prominently on the agenda of the Patient Experience, Quality and Safety Committee.

ANNUAL QUALITY STATEMENT

Each year we are required to publish an Annual Quality Statement. It provides an opportunity for the health board to let the people of Powys know, in an open and honest way, how we are doing to ensure all it services are meeting local need and reaching high standards. Each year it brings together a summary highlighting how the organisation is striving to continuously improve the quality of all the services it provides and

commissions in order to drive both improvements in population health and the quality and safety of healthcare services.

The Annual Quality Statement provides the opportunity for the Board to routinely:

- assess how well they are doing across all services, including community, primary care and those where other sectors are engaged in providing services, including the third sector;
- identify good practice to share and spread more widely;
- identify areas that need improvement;
- track progress, year on year; and
- account to the public and other stakeholders on the quality of its services and improvements made.

The Annual Quality Statement will be published in July 2018 alongside the Annual Report and Accounts.

EXECUTIVE PORTFOLIOS

As I reported in last year's statement, during 2016-17, I reviewed the portfolios of the Executive Directors to ensure the appropriate alignment of accountabilities and authority within each Directorate and Director portfolio, and to also ensure that the directorates focus on their core responsibility. This work supported the organisational principle of there being one clear line of management accountability from Executive Director level through the various directorates and organisational levels. The strengthening of clinical leadership at all levels of the organisation was fundamental to the review. The overarching aim was to place clinicians at the heart of strategic development, decision making and delivery. An overview of the arrangements I put in place in readiness for 2017-18 are set out in ***Figure 9.***

During the year there were a number of changes to the Executive Team -see Director's Report. With the agreement of the Remuneration and Terms of Service Committee and given the issues in relation to Out of Hours the Director of Primary Care, Community Services and Mental Health role was split. From January 2018 I took a lead role on Primary Care. I also took the opportunity to build on the work I started in 2016-17. I commissioned an external review of the leadership, management and governance arrangements in place across operational directorates and teams. The findings and recommendation arising from this review are being finalised and will inform the next stage of my work to strengthen organisational structures.

Figure 9: Executive Portfolios as at 1 April 2017

STAFF AND STAFF ENGAGEMENT

We engage with our staff in a number of ways which are part of the checks and balances we undertake to enable good governance.

In support of the Board and Executive we have one formal advisory group – the Partnership Forum. This met four times in 2017-18. The Local Partnership Forum's Annual Report for 2017-18 can be found at http://www.powysthb.wales.nhs.uk/patient-forums

In addition to these formal mechanisms, we have a consultation process open to all staff for all new and revised organisational policies and staff engagement events. These mechanisms are used in parallel with Facebook, Twitter, Powys Announcements, a weekly Newsletter and other virtual ways for staff to share their work and opinions.

During the year, we ran engagement events with staff to develop and share the Powys Health and Care Strategy and IMTP.

"Chat to Change – turning talk into action" grew. Its focus is on partnership working with Staff Partners and ensuring that they are fully engaged and involved in making '*Powys a great place to work*'.

Chat to Change is having an impact across the health board and is driving collective leadership, promoting participation, ensuring that the voices of staff are heard and staff are enabled to shape the cultures that we need.

The latest focus for the Shapers and Champions has been on supporting the delivery of the recruitment and retention strategy. The group are talking to staff about their jobs to understand what makes Powys a great place to work, with this information being used to inform the health board's recruitment campaigns.

During 2018, the Chat to Change programme will also be looking at how it can support the Health and Well-being of staff as a key enabler of staff engagement. There is a growing understanding of the importance of engagement as a medium for the driving of performance and well-being of staff.

The next NHS Wales Staff Survey will be conducted this year and the Chat to Change Shapers Group will coordinate the health board's staff survey implementation plan and will analyse the results, identifying priorities for action.

COMUNICATION AND ENGAGEMENT

During 2017-18 the health board made major progress in strengthening its systems and processes for engagement and communication. This included the permanent appointment of an Assistant Director (Engagement and Communication) and the continuation of our Engagement Officer role. This

enabled us to drive forward the development of our Health and Care Strategy as part of an integrated programme of engagement encompassing the Population Assessment and Well-being Assessment, plan and deliver engagement and/or consultation on service change issues including Dementia Home Treatment in North Powys, Major Trauma Services for South & West Wales and South Powys, Thoracic Surgery Services and NHS Future Fit. During the year we have also strengthened our stakeholder engagement and delivered a range of campaigns, publications and events with increasing levels of co-production with stakeholders. An internal audit of engagement in the health board gave “reasonable assurance” including “substantial assurance” for the work on the Health and Care Strategy.

Powys hosted the first ever “integrated” Cabinet Connect session with the Health Secretary and the Minister for Social Care meeting with staff from NHS, local authority and the third sector. Our communications team also supported the health board to celebrate key milestones including the launch of the first integrated deployment of WCCIS and the first Integrated Autism Service in Wales.

Positive staff engagement and communication programmes have enabled us to maintain high levels of uptake of flu immunisation, and to continue our programmes to embed our values to ensure a kind and compassionate culture across the organisation.

INFORMATION GOVERNANCE

Risks relating to information are managed and controlled in accordance with the health board’s Information Governance Policies through the Information Management, Technology and Governance Committee, which is chaired by an independent member.

The Medical Director, as Caldicott Guardian, is responsible for the protection of patient information. All Information Governance issues are escalated through the Information Governance Committee.

The Senior Information Risk Owner (SIRO) provides an essential role in ensuring that identified information security risks are addressed and incidents properly managed. This role sits with the Board Secretary.

In 2017-18 key steps were taken to strengthen the health board’s information governance (IG) arrangements. These started with the resetting of the remit of the central IG team; making it clear that its role was to provide expert advice, facilitate and provide training and raising awareness sessions, monitor and review compliance and quality assure.

During 2017-18, the principle of these revised arrangements were embedded through:

- The identification and training of Information Governance Champions within each Directorate.
- Increasing compliance with Statutory and Mandatory IG training.
- The introduction and delivery of a rolling programme of training and awareness sessions tailored to the responsibilities and needs of individuals.
- The roll-out of a programme of spot checks and peer reviews.

The improvements made resulted in 'reasonable assurance' rated internal audits of records management and Information Commissioner's Office (ICO) recommendations.

During the year we reported two Information Governance breaches to the Information Commissioner's Office:

- May 2017: envelope damaged during transit from a PTHB premises by the Royal Mail and their staff replaced the damaged envelope. However, instead of addressing the contents of the envelope to the GP practice (as originally addressed) or returning it to PTHB, the Royal Mail sent the contents (all 8 letters) to one of the patients, seven of which contained details not relevant to them. The Commissioner's Office have investigated the incident and do not wish to take any further action against us or Royal Mail.
- August 2017: staff member storing medical records at home. A full investigation has been completed.

GDPR PREPAREDNESS

The General Data Protection Regulation (GDPR) is a new legal framework that will apply across the European Union (EU) and will come into effect in the UK on 25 May 2018. It is considered to be the 'biggest change to data protection law for a generation' as it builds on previous privacy and data protection legislation, but is intended to provide more protection for consumers (our patients) and more privacy considerations for organisations. There are some clear content differences between the GDPR and the Data Protection Act (DPA) whilst maintaining the basic concepts of providing a duty of confidence and expectations of that confidence by the citizen.

To ensure that it is ready for the implementation of the GDPR in May 2018, the health board undertook an assessment against the ICO's '12 Steps to Readiness' guidance in August 2017. The review highlighted that the health board has been proactive in ensuring it complies with its responsibilities regarding the protection of patients' information irrespective of the new

regulation. However, there are a number of strands of work that we are taking forward to ensure full compliance with the GDPR by May 2018 and thereafter. These are detailed on page 181 of our IMTP for 2018-21.

FREEDOM OF INFORMATION REQUESTS

The Freedom of Information Act (FOIA) 2000 gives the public right of access to a variety of records and information held by public bodies and provides commitment to greater openness and transparency in the public sector. In 2017-18, Powys Teaching Health Board received a total of 398 requests for information. 174 of these requests were answered within the 20 day target, 62 were transferred partially or fully to another NHS body. None were withdrawn.

ADDITIONAL MANDATORY DISCLOSURES

PENSIONS SCHEME

I can confirm that 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, employers' contributions and payments into the Scheme are in accordance with Scheme rules and that the member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Note 12 to the Annual Accounts provides details of the scheme, how it operates and the entitlement of employees.

WELSH LANGUAGE

Powys Teaching Health Board recognises the importance of delivering care and support to individuals in their language of choice, but we are aware that we have not consistently achieved this. While some progress was made in 2017-18 in relation to the implementation of the Welsh Government's strategic framework for Welsh language services in health, social services and social care: 'More Than Just Words' it is acknowledged that greater focus and urgency is needed.

Statistics on Welsh language use in Powys generated in 2016 for the Welsh language Commissioner's Inquire into Primary Care indicates that 18.6% of the Powys population are Welsh speakers (24,000 people). The data also indicates that 8% of Welsh speakers would prefer to use Welsh when dealing with health staff. The health board recognises the importance of supporting a culture where Welsh can thrive and people can receive care through their language of choice.

During the last 12-months we increased the visibility of the Welsh language by:

- Starting all Board and Committee meetings with a bilingual greeting.
- Embedding Welsh language as part of communications and engagement including: Simple and visual Welsh Language used in the Health and Care Strategy, #CurwchFfliw #BeatFlu leadership messages in Cymraeg and English.

The health board was delighted to be part of the Powys Welsh Language Promotion, Challenge and Support Group which received a Special Commendation in the Leadership category at the More Than Just Words Showcase Event 2017.

The forthcoming Welsh Language Standards will require strong leadership, pace and commitment at all levels, and so in 2017-18 we invited a Welsh Language Officer from a neighbouring health board to come an undertake a peer review of our readiness for the Standards. The findings of this review have been used to develop a Welsh Language improvement plan that will be taken forward during the period of this review.

The Board will continue its commitment to the Welsh language by providing clear leadership and direction, continuing to start every Board and Committee bilingually and each member committing to improve their Welsh language skills.

The Workforce and Organisational Development Committee of the Board also has oversight of Welsh language and provides assurance to the Board. The Welsh Language Standards (No. 7) Regulations 2018 were approved by the National Assembly for Wales on 26 March 2018, and the Committee will oversee the development and implementation of the improvement plan needed to ensure progress.

EQUALITY AND DIVERSITY

Measures are in place to ensure that the organisation complies with the requirements of equality, diversity and human rights legislation. However, as highlighted in last year's Annual Governance Statement further work is being taken forward to ensure that such legislation is properly embedded.

The health board's Equality, Diversity & Human Rights Policy and Impact Assessment for Equality Policy is accessible to staff and the public.

Arrangements are in place to ensure that all obligations under equality, diversity and human rights legislations are complied with. Equality issues

are monitored by the Workforce and Organisational Development Committee.

EMERGENCY PREPARDNESS AND CIVIL CONTINGENCIES

PTHB is described as a Category 1 responder under the Civil Contingencies Act 2004 (CCA) and is therefore required to comply with all the legislative duties set out within the Act.

The CCA places 5 statutory duties upon Category 1 responders, these being to:

- assess the risks of emergencies
- have in place emergency plans
- establish business continuity management arrangements
- have in place arrangements to warn, inform and advise members of the public
- share information, cooperate and liaise with other local responders

During 2017, PTHB participated in a number of multi-agency planning, training and exercises to increase the health board's ability to respond to a wide-range of emergencies. The health board's Annual Report on Civil Contingencies for 2017 provides an account of the key resilience activities undertaken in 2017 and provides and overview of the health board's Civil Contingencies priorities for 2018-19.

MINISTERIAL DIRECTIONS

The Welsh Government has issued Non-Statutory Instruments and reintroduced Welsh Health Circulars in 2014/15. Details of these and a record of any ministerial directions given is available at: http://wales.gov.uk/legislation/subordinate/nonsi/nhswales/2013/?lang=en

We can confirm that all of the Directions listed below have been fully considered and where appropriate implemented.

- The National Health Service (Charges for Optical Appliances) Directions 2016 (2016, No.6)
- Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) Directions 2016 (2016, No.7)
- Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No.2) Directions 2016 (2016, No.9)

- Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) 2016 (2016 No.26)
- Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment No.2) 2016 (2016 No.31)
- The Primary Medical Services (Directed Enhanced Services) (Wales) (Amendment) (No.2) Directions 2016 (2016 No.23)
- The Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment No.4) 2016 (No.19)
- Directions to the Local Health Board as to the Statement of Financial Entitlements (Amendment)(No 5) Directions 2016 (2016 No. 39)
- The Directions to Local Health Boards as to the Statement of Financial Entitlements (Relaxation of Quality and Outcomes Framework) Directions 2017 (2017 No.3)
- Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) Directions 2017 (2017 No.2)
- Primary Medical Services (Mental Health) (Directed Enhanced Services) (Wales) Directions 2017 (2017 No.13)

WELSH HEALTH CIRCULARS

A range of Welsh Health Circulars (WHCs) were published by Welsh Government during 2017-18 and can be viewed at: http://gov.wales/topics/health/nhswales/circulars/?lang=en

On receipt these are centrally logged with a lead Executive Director being assigned to oversee implementation of any required action.

Where appropriate, the Board or one of its Committees is also sighted on the content of the WHC.

POST PAYMENT VERIFICATION

In accordance with the Welsh Government directions the Post Payment Verification (PPV) Team, (a role undertaken for the health board by the NHS Shared Services Partnership), in respect of General Medical Services Enhanced Services and General Ophthalmic Services has carried out its work under the terms of the service level agreement (SLA) and in accordance with NHS Wales agreed protocols.

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS ON THE USE OF RESOURCES

The National Health Service Finance (Wales) Act 2014 amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. The Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of three financial years; and

- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The health board achieved both financial duties.

SUSTAINABILITY AND CARBON REDUCTION DELIVERY PLANS

Risk assessments are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the Climate Change Act and the Adaptation Reporting requirements are complied with.

A revised draft Carbon Management Plan will be consulted upon in June 2018. Prompted by the WG's Decarbonisation by 2030 plans NWSSP have commissioned the Carbon Trust to undertake a carbon foot printing exercise to form the bases of carbon management in the NHS going forwards. This foot printing exercise will inform the health board's Carbon Management Plan.

REVIEW OF EFFECTIVENESS OF SYSTEM OF INTERNAL CONTROL

In line with my Accountable Officer responsibilities I have put mechanisms in place for the review, on an on-going basis, of the effectiveness of the systems of internal control operating across all functions of the health board. As in previous years my review and evaluation of the adequacy of the system of internal control has been informed by executive officers who have responsibility for the development, implementation and maintenance of the internal control framework; the work of the committees established by the Board; the health board's internal auditors and the feedback and views of external auditors set out in their annual audit letter and other reports. In addition, the independent and impartial views expressed by a range of bodies external to the health board has been of key importance, including those of the:

- Welsh Government
- Welsh Risk Pool
- Community Health Council
- Healthcare Inspectorate Wales
- Health & Safety Executive
- Other Accredited Bodies

The processes in place to maintain and review the effectiveness of the system of internal control include:

- Direct assurances from management on the operation of internal controls through the upward chain of accountability

- The maintenance of an overview of the overall position with regard to internal control by the Board and its Committees through routine reporting processes and the engagement of all Board members in the development and maintenance of the Board Assurance Framework and Corporate Risk Register;

- The embedding of the Assurance Framework and the receipt of internal and external reports on the internal control processes by the Audit and Assurance Committee;

- Results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management

- Reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period

- Audit and Assurance Committee oversight of audit, risk management and assurance arrangements;

- Personal input into control and risk management processes by all executive directors, senior managers and individual clinicians;

- Board engagement in visits to services, hospitals and wards, and shadowing activities.

The Board and Committees have reviewed the effectiveness of the system of internal control in respect of the assurances received. The Board Assurance Framework and Corporate Risk Registers are the mechanisms for closely monitoring strategic risks and these are discussed at each Board meeting.

I have also drawn on the performance information available to me.

I am content, that further steps that have been taken over the last 12 months to strengthen risk management arrangements, embed the Assurance Framework and improve the quality of information have made the assessment and testing of the internal control system a matter of the day-to-day business of my Executive Team.

I am satisfied that the mechanisms in place to assess the effectiveness of the system of internal control are working well and that we have the right balance between the level of assurance I receive from my Executives, Board and Board Committee arrangements and Internal Audit Services.

Over the year ahead further work will be taken forward to embed the Board Assurance Framework and Risk Management Framework.

INTERNAL AUDIT

Internal audit provide me as Accountable Officer and the Board through the Audit and Assurance Committee with a flow of assurance on the system of internal control. Continuing on work started in 2016-17 the health board invested in additional internal audit reviews and arrangements for the reporting of progress against the implementation of audit recommendations to the Audit and Assurance Committee.

The Internal Audit plan for 2017-18 was aligned to the health board's areas of highest risk.

During 2018-19, work will continue to strengthen audit and review arrangements. As in previous years a programme of internal audit work will

be commissioned from Internal Audit Services. The scope of this work will be agreed by the Audit Committee and it will focus on significant risk areas and local improvement priorities.

We will ensure that the work of all regulators, inspectors and assurance bodies is mapped and evidenced in our assurance framework so that the Board is fully aware of this activity and the level of assurance it provides. Recognising the importance of having management audits and spot checks in place and not overly relying on external assurance sources, the Directorate of Governance and Corporate Affairs will coordinate a programme of local audits and spot checks.

HEAD OF INTERNAL AUDITS OPINION FOR 2017-18

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's opinion is arrived at having considered whether or not the arrangements in place to secure governance, risk management and internal control are suitably designed and applied effectively in the following assurance domains:

- Corporate Governance, Risk Management and Regulatory
- Compliance
- Strategic Planning, Performance Management and Reporting
- Financial Governance and Management
- Clinical Governance, Quality and Safety
- Information Governance and Security
- Operational Service and Functional Management
- Workforce Management
- Capital and Estates Management

The scope of this 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 my opinion 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."

The Head of Internal Audit has confirmed that in reaching their opinion both professional judgement and the Audit & Assurance "*Supporting criteria for the overall opinion*" guidance produced by the Director of Audit & Assurance for NHS Wales has been used.

The Head of Internal Audit has also concluded that Reasonable Assurance can be reported for five of the eight assurance domains, around which the plan is structured. She advised that whilst the Teaching Health Board has moved from a limited overall opinion in 2016-17, to a reasonable overall opinion in 2017-18, the following should be noted:

The 2017/18 plan continued to deliver a number of limited reports including a second opinion of limited on the 'Clinical Audit follow up review' which is a key risk for the Health Board. The reviews of 'medicines management (PGDs)', 'engagement with Primary Care providers', 'procurement of consultant & agency staff', 'risk management (operational level)' and 'water management' all received limited assurance. Further, and whilst not rated, the medical equipment and devices review highlighted significant issues albeit that the Health Board has made progress with the action plan at a high level.

From the programme of work undertaken in 2017/18, the trajectory of improvement continues at corporate level with the 'Integrated Medium Term Plan (performance management)', 'Commissioning Assurance Framework', 'Health & Care Strategy (development)', 'workforce planning', 'financial planning' 'policies management' and information governance reviews

receiving positive assurance. The Teaching Health Board should now look to demonstrate that these improvements are embedding throughout the *organisation and importantly, at an operational level.*

All Internal Audit reports were reported to the Audit and Assurance Committee together with the agreed action plan; copies of these can be found at: http://www.powysthb.wales.nhs.uk/sub-committees. The Audit and Assurance Committee tracks all recommendations made by the Head of Internal Audit and ensures that they are addressed in a way that is appropriate and timely.

The full Head of Internal Audit Opinion can be accessed at http://www.powysthb.wales.nhs.uk/key-document

COUNTER FRAUD

During the year we strengthened our Local Counter Fraud arrangements by entering into an arrangement with Abertawe Bro Morgannwg University Health Board (ABMUHB). With effect from 1 July 2017 a whole time equivalent Local Counter Fraud Specialist (LCFS) was appointed, who works as part of the ABMUHB Counter Fraud team.

In line with the NHS Protect Fraud, Bribery and Corruption Standards for NHS Bodies (Wales) the Local Counter Fraud Specialist (LCFS) and Director of Finance agreed, at the beginning of the financial year, a work plan for 2017-18. This was approved by the Audit and Assurance Committee in May 2017.

Their work plan for 2016-17 was completed and covered all the requirements under Welsh Government directions. The Counter Fraud Service provides regular reports and updates to members of the Executive Team and directly to the Audit and Assurance Committee. The Audit and Assurance Committee received the Counter Fraud and Corruption Annual Report for 2017-18 on 4 May 2018.

The NHS Counter Fraud Authority (formerly NHS Protect) provides national leadership for all NHS anti-fraud, bribery and corruption work and is responsible for strategic and operational matters relating to it. A key part of this function is to quality assure the delivery of anti-fraud, bribery and corruption work with stakeholders to ensure that the highest standards are consistently applied.

In July 2017, the health board underwent a pre-arranged two-day quality assurance site visit undertaken by a Senior Quality & Compliance Inspector (SQCI). The visit was a Focussed Assessment, designed to assess and

evidence performance in the implementation of those Standards with specific relevance to the Key Principles of **Strategic Governance** and **Inform & Involve**.

The health board was assessed as **compliant** with the requirements of the standards in **Strategic Governance** and **non-compliant** in **Inform and Involve**. The non-compliant rating in Inform and Involve was primarily the result of no or limited proactive work being undertaken to raise awareness. The report made a series of recommendations intended to assist the health board in continued progress toward achieving and maintaining compliance with the Standards. These recommendations have been accepted and the related action plan was agreed by the Audit and Assurance Committee in January 2018.

EXTERNAL AUDIT: STRUCTURED ASSESSMENT FINDINGS

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. The Wales Audit Office (WAO) undertakes the external auditor role for Powys Teaching Health Board on behalf of the Auditor General.

As in previous years, the WAO's 2017 Structured Assessment work reviewed aspects of the health board's corporate governance and financial management arrangements and, in particular, the progress made in addressing the previous year's recommendations. Recognising the growing financial pressures faced by many NHS bodies and the challenge of meeting the financial breakeven duties set out in the NHS Wales Finance Act (Wales) 2014, the WAO reviewed the health board's arrangements to plan and deliver financial savings.

The WAO reported the findings arsing from the 2017 Structured Assessment to the Audit and Assurance Committee in January 2018. Overall the WAO concluded that the Structured Assessment work had demonstrated that:

- the health board had continued to embed the corporate arrangements that support the efficient, effective and economical use of its resources.
- the health board had met its statutory financial break even duty for the three-year period ending 2016-17, and had evolved its approach to the planning, delivery and monitoring of savings schemes.
- arrangements for planning and governance are broadly sound with further work ongoing to support organisational resilience and to strengthen workforce planning and information governance.

WAO made three recommendations. Specifically, that:

1. all Board and committee work programmes are finalised before the start of the next financial year.
2. the health board undertakes further work to understand the reasons behind the increasing workforce turnover rate and take actions to address the rise.
3. that a survey of user satisfaction with IT services is undertaken.

While pleased that the Wales Audit Office considers good progress to be made I am fully aware of the need to further strengthen and enhance the health board's governance arrangements. I can confirm that actions to address each of the recommendations is in train.

It was recognised as part of the Board Self-Assessment, undertaken in early April 2017, that although the Board felt that the information it and its key committees received during 2017-18 had improved greatly and generally supports scrutiny and assurance, there were gaps in some areas. A development plan to further improve the flow of data to the Board and its Committees is being developed.

CONCLUSION

As Accountable Officer for Powys Teaching Health Board, based on the assurance process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. I can confirm that the Board and its Executive Directors are alert to their accountabilities in respect of internal control and the Board has had in place during the year a system of providing assurance aligned to corporate objectives to assist with identification and management of risk. I am pleased to note that as a result of our internal control arrangements, Powys Teaching Health Board continued to be on 'routine' monitoring as part of NHS Wales Escalation and Intervention arrangements.

During 2017-18, we proactively identified areas requiring improvement and requested that Internal Audit undertake detailed assessments in order to manage and mitigate associated risks. We have also taken clear steps to embed risk management and the assurance framework throughout the organisation; this work will continue in 2018-19.

This Annual Governance Statement confirms that Powys Teaching Health Board has continued to mature as an organisation and no significant internal control or governance issues have been identified. The Board and the Executive Team has had in place a sound and effective system of internal control which provides regular assurance aligned to the organisation's

strategic objectives and strategic risks. Together with the Board, I will continue to drive improvements and will seek to provide assurance for our citizens and stakeholders that the services we provide are efficient, effective and appropriate and designed to meet patient needs and expectations.

SIGNED BY: CAROL SHILLABEER [CHIEF EXECUTIVE] **DATE: 30 MAY 2018**

Appendix 1

Board and Board Committee Membership and Attendance at Board

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Vivienne Harpwood	Chair	▪ Chair of the Board ▪ Member of the Finance, Planning and Performance Committee ▪ Chair of the Joint Partnership Board ▪ Member of the Mental Health and Learning Disabilities Committee ▪ Chair of the Remuneration and Terms of Service Committee	7 out of 7	▪ Organ Donation
Melanie Davies	Vice Chair [Primary Care, Community and Mental Health Services]	▪ Vice Chair of the Board ▪ Chair of the Mental Health and Learning Disabilities Committee ▪ Member of the Patient Experience, Quality and Safety Committee ▪ Member of the Pharmacy Applications Committee ▪ Chair of the Power of Discharge Committee ▪ Vice Chair of the Remuneration and Terms of Service Committee ▪ Member of the Workforce and Organisational Development Committee ▪ Member of the Safeguarding Committee	6 out of 7	▪ Armed Forces and Veterans Health ▪ Lead Independent Board Member for Children and Young People's Services ▪ Lead Independent Board Member for Child Protection and Safeguarding Procedures ▪ Safeguarding Champion ▪ Lead Independent Board Member for Mental Health

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Mark Baird	Independent Member [Information Technology]	▪ Member of the Board ▪ Member of the Audit and Assurance Committee ▪ Member of Finance, Planning and Performance Committee ▪ Chair of Information Management, Technology and Governance Committee ▪ Member of the Mental Health and Learning Disabilities Committee ▪ Member of the Workforce and Organisational Development Committee	6 out of 7	▪ Information Governance ▪ Ambulance Services
Trish Buchan	Independent Member [Third Sector]	▪ Member of the Board ▪ Member of the Information Management, Technology and Governance Committee ▪ Vice Chair of the Patient Experience, Quality and Safety Committee to September 2017 ▪ Chair of the Patient Experience, Quality and Safety Committee from October 2017. ▪ Chair of the Workforce and Organisational Development Committee up to November 2017 ▪ Vice Chair of the Workforce and Organisational Development Committee December 2017	7 out of 7	▪ Cleanliness, hygiene and infection management ▪ Dementia ▪ Nutrition ▪ Board Independent Member Lead for Putting Public and Patient Involvement in to Practice from August 2017

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Matthew Dorrance	Independent Member [Local Authority]	▪ Member of the Board ▪ Chair of the Finance, Planning and Performance Committee ▪ Member of the Information Management, Technology and Governance Committee ▪ Member of the Mental Health and Learning Disabilities Committee ▪ Member of the Power of Discharge Committee	3 out of 7	▪ Equality and Human Rights Champion ▪ Prudent Health and Care Champion
Roger Eagle [until 31 July 2017]	Independent Member [Legal]	▪ Member of the Board ▪ Member of the Audit and Assurance Committee until 31 July 2017 ▪ Vice Chair of the Mental Health and Learning Disabilities Committee until 31 July 2017 ▪ Member of the Joint Partnership Board until 31 July 2017 ▪ Chair of the Patient Experience, Quality and Safety Committee until 31 July 2017 ▪ Member of the Pharmacy Applications Committee until 31 July 2017 ▪ Member of the Power of Discharge Committee until 31 July 2017	1 out of 2	▪ Board Independent Member Lead for Putting Public and Patient Involvement in to Practice until 31 July 2017

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Owen James	Independent Member [Community]	▪ Member of the Board ▪ Vice Chair of the Charitable Funds Committee up to December 2017 ▪ Chair of the Charitable Funds Committee from January 2018 ▪ Member of the Finance, Planning and Performance Committee ▪ Vice Chair of the Information Management Technology and Governance Committee ▪ Member of the Joint Partnership Board ▪ Chair of the Pharmacy Applications Committee ▪ Member of the Remuneration and Terms of Service Committee	6 out of 7	▪ Design Champion (Capital)
Tony Thomas	Independent Member [Finance]	▪ Member of the Board ▪ Chair of the Audit and Assurance Committee ▪ Chair of the Charitable Funds Committee up to December 2017 ▪ Vice Chair of the Charitable Funds Committee from January 2018 ▪ Vice Chair of the Finance, Planning and Performance Committee ▪ Member of the Patient Experience, Quality and Safety Committee ▪ Member of the Remuneration and Terms of Service Committee	7 out of 7	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Sara Williams	Independent Member [Capital and Estates]	▪ Member of the Board ▪ Member of the Audit and Assurance Committee ▪ Member of the Charitable Funds Committee ▪ Member of the Finance, Planning and Performance Committee ▪ Member of Joint Partnership Board up to October 2016 ▪ Vice Chair of the Workforce and Organisational Development Committee up to November 2017 ▪ Chair of the Workforce and Organisational Development Committee December 2017	7 out of 7	▪ Welsh Language ▪ National Institute of Clinical Excellence
Jonothan White *[until Aug 2017]*	Independent Member [Trade Union Side]	▪ Member of the Board ▪ Member of the Audit and Assurance Committee ▪ Member of the Workforce and Organisational Development Committee	1 out of 2	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Duncan Forbes Joined *[Joined Aug 2017]*	Independent Member [Legal]	▪ Member of the Board ▪ Vice Chair of the Audit and Assurance Committee from August 2017 ▪ Member of the Mental Health and Learning Disabilities Committee from August 2017 ▪ Vice Chair of the Patient Experience Quality and Safety Committee from August 2017 ▪ Member of the Power of Discharge Committee from August 2017	5 out of 5	
Dr Frances Gerrard *[Joined July 2017]*	Independent Member [University]	▪ Member of the Board ▪ Member of the Patient Experience Quality and Safety Committee	6 out of 6	
Veronica Jarman	Associate Member [Older People]	▪ Member of the Board [Non-voting]	5 out of 7	▪ Older People

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Carol Shillabeer	Chief Executive	▪ Member of the Board ▪ Member of the Emergency Ambulance Services Committee ▪ Member of the Joint Partnership Board ▪ Member of the Welsh Health Specialist Services Committee <u>Required attendee at:</u> ▪ Remuneration and Terms of Service Committee <u>Regular attendee at all Board Committees</u>	7 out of 7	
Alan Lawrie [Until Jan 2018]	Deputy Chief Executive/ Director of Primary and Community Care, and Mental Health	▪ Member of the Board ▪ Member of the Emergency Ambulance Services Committee (in Chief Executives absence) ▪ Member of the Welsh Health Specialist Services Committee (in Chief Executives absence) <u>Required Attendee:</u> ▪ Mental Health and Learning Disabilities Committee (Executive Lead) ▪ Patient Experience Quality and Safety Committee <u>Attendee as requested at all Board Committees:</u>	5 out of 5	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Karen Gully *[Until Feb 2018]*	Medical Director	▪ Member of the Board <u>Required attendee at:</u> ▪ Information Management, Technology and Governance Committee ▪ Mental Health and Learning Disabilities Committee ▪ Patient Experience, Quality and Safety Committee <u>Attendee as requested at all other Board Committees</u>	5 out of 5	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Rhiannon Jones	Director of Nursing [until December 2017] Director of Community Care & Mental Health [from January 2018]	▪ Member of the Board ▪ Member of the Emergency Ambulance Services Committee (in Chief Executives absence) ▪ Member of the Welsh Health Specialist Services Committee (in Chief Executives absence) Executive lead and Required Attendee: ▪ Mental Health and Learning Disabilities Committee (Executive lead from January 2018) ▪ Patient Experience Quality and Safety Committee (Executive lead to January 2018) ▪ Finance, Planning and Performance Committee ▪ Workforce and OD Committee ▪ Charitable Funds Committee (Trustee) Attendee as requested at all Board Committees	7 out of 7	
David Murphy	Director of Therapies and Health Science	▪ Member of the Board Required attendee at: ▪ Patient Experience, Quality and Safety Committee ▪ Workforce and Organisational Development Committee Attendee as requested at all other Board Committees	4 out of 4	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Julie Rowles	Director of Workforce and Organisational Development	▪ Member of the Board Required attendee at: ▪ Remuneration and Terms of Service Committee ▪ Workforce and Organisational Development Committee (Executive Lead) Attendee as requested at all other Board Committees	7 out of 7	
Hayley Thomas	Director of Planning and Performance	▪ Member of the Board Required attendee at: ▪ Finance, Planning and Performance Committee (Joint Executive Lead) ▪ Information Management, Technology and Governance Committee Attendee as requested at all other Board Committees:	7 out of 7	
Eifion Williams	Director of Finance and Information Technology	▪ Member of the Board Required attendee at: ▪ Audit and Assurance Committee (Joint Executive Lead) ▪ Charitable Funds (Trustee and Executive Lead) ▪ Finance, Planning and Performance Committee (Joint Executive Lead) ▪ Information Management, Technology and Governance Committee (Joint Executive Lead) Attendee as requested at all other Board Committees	7 out of 7	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2017-18	Board Champion Roles
Catherine Woodward	Director of Public Health [until February 2018] Medical Director [from March 2018]	▪ Member of the Board Required attendee at: ▪ Information Management, Technology and Governance Committee ▪ Mental Health and Learning Disabilities Committee ▪ Patient Experience, Quality and Safety Committee Attendee as requested at all other Board Committees	7 out of 7	
Stuart Bourne	Interim Director of Public Health [from March 2018]	▪ Member of the Board Required attendee at: ▪ Patient Experience, Quality and Safety Committee Attendee as requested at all other Board Committees	2 out of 2	
Rhiannon Beaumont-Wood	Interim Director of Nursing [from February 2018]	▪ Member of the Board Required attendee at: ▪ Mental Health and Learning Disabilities Committee ▪ Patient Experience, Quality and Safety Committee (Executive Lead) ▪ Workforce and Organisational Development Committee Attendee as requested at all other Board Committees	2 out of 2	

PART B: REMUNERATION AND STAFF REPORT

This report contains information about the remuneration of senior management, fair pay ratios, sickness absence rates etc. and has been compiled by the Directorate of Finance and the Workforce and Organisational Development Directorate.

PART B:

THE REMUNERATION AND STAFF REPORT

BACKGROUND

The Treasury's Government Financial Reporting Manual (FReM) requires that a Remuneration Report shall be prepared by NHS bodies providing information under the headings in SI 2008 No 410 http://www.legislation.gov.uk/uksi/2008/410/ contents/

made to the extent that they are relevant. The Remuneration Report contains information about senior manager's remuneration. The definition of "Senior Managers" is:

"those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

This section of the Accountability Report meets these requirements.

THE REMUNERATION TERMS OF SERVICE COMMITTEE

Remuneration and terms of service for Executive Directors and the Chief Executive are agreed, and kept under review by the Remuneration and Terms of Service Committee. The Committee also monitors and evaluates the annual performance of the Chief Executive and individual Directors (the latter with the advice of the Chief Executive).

The Remuneration and Terms of Services Committee is chaired by the health board's Chair, and the membership includes the following Independent Members:

- Melanie Davies, Vice Chair of the Board;
- Tony Thomas, Chair of Audit and Assurance Committee;
- Sara Williams, Chair of the Workforce and OD Committee; and
- Owen James, Independent Member.

Meetings are minuted and decisions fully recorded.

INDEPENDENT MEMBERS' REMUNERATION

Remuneration for Independent Members is decided by the Welsh Government, which also determines their tenure of appointment.

DIRECTORS' AND INDEPENDENT MEMBERS' REMUNERATION

Details of Directors' and Independent Members' remuneration for the 2017 – 18 financial year, together with comparators are given in Table 2 opposite.

The norm is for Executive Directors and Senior Managers salaries to be uplifted in accordance with the Welsh Government identified normal pay inflation percentage. A 1% consolidated increase was applied to all Executive and Senior Manager pay scales from 1 April 2017.

If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS. In addition, the Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to Executive Directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the Board for ratification.

The Committee also reviews objectives set for Executive Directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts.

It should be noted that Executive Directors are not on any form of performance related pay. All contracts are permanent with a three month notice period. Conditions were set by Welsh Government as part of the NHS Reform Programme of 2009. However, for part of the year there were three interim Directors in post; an Interim Director of Planning and Performance, an Interim Medical Director and two Interim Directors of Finance. During the year the Director of Planning and Performance and Medical Director posts were recruited to. The Remuneration and Terms of Service Committee has agreed to take forward steps to recruit to the Director of Finance post on a permanent basis when the agreed secondment period of the present incumbent comes to an end.

SALARY AND PENSION DISCLOSURE TABLE
SALARIES AND ALLOWANCES

	2017-18						2016-17					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Executive directors												
Carol Shillabeer - Chief Executive	160 - 165	0	0	0	100 - 102.5	260 - 265	145 - 150	0	0	0	5.0 - 7.5	150 - 155
Catherine Woodward - Director of Public Health (Until 4 March 2018) and Acting Medical Director (From 5 March 2018))	120 - 125	0	0	0	(287.5) - (290.0)	(165) - (170)	155 - 160	0	0	0	(15.0) - (17.5)	140 - 145
Rebecca Richards - Director of Finance (Until 31st March 2016) *	0	0	0	0	0	0	0	0	0	0	0	0
Julie Rowles - Director of Workforce and Organisational Development**	110 - 115	37	0	0	135.0 - 137.5	245 - 250	100 - 105	33	0	0	17.5 - 20.0	120 - 125

	2017-18						2016-17					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Alan Lawrie - Director of Primary and Community Care ** (To 22nd January 2018)	80 - 85	0	0	0	40.0 - 42.5	120 - 125	105 - 110	0	0	0	77.5 - 80.0	185 - 190
Rhiannon Jones - Director of Nursing (to 22 January 2018) and Director of Community Care and Mental Health (from 23rd January 2018)	100 - 105	40	0	0	22.5 - 25.0	125 - 130	100 - 105	36	0	0	45.0 - 47.5	150 - 155
Stephen Edwards - Interim Medical Director (From 1st October 2015 until 31st October 2016)***	0	0	0	0	0	0	30 - 35	0	0	0	85 - 87.5	120 - 125

	2017-18						2016-17					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Hayley Thomas - Director of Planning and Performance (from 18th April 2016) - Interim Director of Planning & Performance (From 6th June 2015 to 17th April 2016)	100 - 105	30	0	0	25.0 - 27.5	125 - 130	95 - 100	18	0	0	72.5 - 75.0	170 - 175
Glyn Jones - Interim Director of Finance (From 1st April 2016 to 31st October 2016)	0	0	0	0	0	0	50 - 55	0	0	0	0.0 - 2.5	55 - 60
Eifion Williams - Interim Director of Finance (From 1st November 2016)	120 - 125	0	0	0	25.0 - 27.5	145 - 150	70 - 75	0	0	0	10.0 - 12.5	75 - 100

	2017-18						2016-17					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Martin Brown - Director of Transformation (From 20th June 2016 to 31st October 2016)	0	0	0	0	0	0	30 - 35	0	0	0	0	30 - 35
David Murphy - Director of Therapies and Health Sciences (From 19th September 2016)	90 - 95	0	0	0	50.0 - 52.5	140 - 145	45 - 50	0	0	0	80.0 - 82.5	120 - 125
Karen Gully - Medical Director (From 28th November 2016 to 20th February 2018)	115 - 120	0	0	0	22.5 - 25.0	140 - 145	40 - 45	0	0	0	0.0 - (2.5)	40 - 45
Mandy Collins - Board Secretary	90 - 95	0	0	0	27.5 - 30.0	120 - 125	30 - 35	0	0	0	5.0 - 7.5	35 - 40

	2017-18						2016-17					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Rhiannon Beaumont-Wood - Interim Director of Nursing (From 5th February 2018)	15 - 20	0	0	0	2. 5 - 5.0	20 - 25	0	0	0	0	0	0
Stuart Bourne - Interim Director of Public Health (From 5th March 2018)***	5 - 10	0	0	0	0	5 - 10	0	0	0	0	0	0
Non-Officer Members												
Professor Vivienne Harpwood - Chair ****	40 - 45	0	0	0	0	40 - 45	40 - 45	0	0	0	0	40 - 45
Melanie Davies - Vice Chair	30 - 35	0	0	0	0	30 - 35	30 - 35	0	0	0	0	30 - 35
Matthew Dorrance - Independent Member (Local Authority)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Patricia Buchan - Independent Member (Third Sector)	10 - 15	0	0	0	0	10-15	5 - 10	0	0	0	0	10-15

	2017-18						2016-17					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Paul Dummer - Independent Member (University)	0	0	0	0	0	0	5 - 10	0	0	0	0	5 - 10
Roger Eagle - Independent Member (Legal)	0 - 5	0	0	0	0	0- 5	5 - 10	0	0	0	0	5 - 10
Mark Baird - Independent Member (ICT)	10 - 15	0	0	0	0	0	5 - 10	0	0	0	0	5 - 10
Sara Williams - Independent Member (Capital and Estates - From 9th September 2015)	10 - 15	0	0	0	0	10-15	5 - 10	0	0	0	0	5 - 10
Owen James - Independent Member (Voluntary Sector/Community - From 9th September 2015)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Anthony Thomas - Independent Member (Finance - From 1st June 2015)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10

	2017-18						2016-17					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Duncan Forbes- Independent Member (legal from 4 August 2017)	5 - 10	0	0	0	0	5 - 10	0	0	0	0	0	0
Frances Gerrard – Independent Member (University from 1 August 2017)	5 - 10	0	0	0	0	5 - 10	0	0	0	0	0	0

* Please note that Mrs. Rebecca Richards was on an external secondment from 31st March 2016 to 18th March 2017
** Please note that Mrs .Julie Rowles salary remuneration for 2017/8 includes arrears of pay relating to 2016/17
*** Please note that no comparator figures for Mr Stuart Bourne are available from the NHS Pensions Agency due to this being his first director level role in NHS Wales.
**** Please note that Professor Vivienne Harpwood is also Chair of the Welsh health Specialist Services Committee and the costs of this role are paid by PTHB and recharged to Cwm Taf University Health Board. These costs are excluded from the above calculations.

The Remuneration Report now contains a Single Total Figure of Remuneration, this is a different way of presenting the remuneration for each individual for the year. The table used is similar to that used previously, and the salary and benefits in kind elements are unchanged. The amount of pension benefits for the year which contributes to the single total figure is calculated using a similar method to that used to derive pension values for tax purposes, and is based on information received from NHS BSA Pensions Agency.

The value of pension benefits is calculated as follows: (real increase in pension* x20) + (real increase in any lump sum) – (contributions made by member)
*excluding increases due to inflation or any increase of decrease due to a transfer of pension rights

The Single Total Figure of Remuneration is not an amount which has been paid to an individual by the THB 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

persons 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.

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 PTHB in the financial year 2017-18 was £160,000 - £165,000 (2016-17, £155,000 - £160,000). This was 6.5 times (2016-17, 6.3) the median remuneration of the workforce, which was £25,003 (2016-17, £24,685).

In 2017-18, 0 (2016-17, 0) employees received remuneration in excess of the highest paid director. Remuneration for staff ranged form £888 to £162,500 (2016-17 £800 to £156,000)

	2017-18	2016-17
Band of Highest paid Directors's Total Renumeration £000	160 - 165	155 - 160
Median Total Renumeration £000	25	25
Ratio	6.5	6.3

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.

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 Mar 2018 (bands of £5,000) £000	Lump sum at aged 60 related to accrued pension at 31st March 2018 (bands of £5,000) £000	Cash Equivalent transfer value at 31 Mar 2018£000	Cash Equivalent transfer value at 31 Mar 2017 £000	Real increase in Cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
Carol Shillabeer - Chief Executive	5.0-7.5	7.5 - 10.0	45 - 50	135 - 140	829	694	128	0
Catherine Woodward - Director of Public Health and Acting Medical Director (From 5th March 2018)	(10.5) – (12.0)	(35.0) – (37.5)	50 - 55	160 - 165	1,141	1,342	-215	0
Rebecca Richards - Director of Finance (Until 31 March 2016)	0	0	0	0	0	0	0	0
Julie Rowles - Director of Workforce and Organisational Development	5.0 - 7.5	12.5-15.0	45 - 50	135 - 140	920	754	159	0
Alan Lawrie - Director of Primary and Community Care (22 January 2018)	2.5 - 5.0	0	5 - 10	0	89	51	37	0
Rhiannon Jones - Director of Nursing (to 23rd January 2018) and Interim Director of Community Care and Mental Health (From 23rd January 2018)	0 – 2.5	0 – 2.5	40 - 45	105 - 110	713	644	0	0
Stephen Edwards - Interim Medical Director (From 1st October 2015 until 31st October 2016)**	0	0	0	0	0	0	0	0
Hayley Thomas - Director of Planning and Performance	0-2.5	0-0.25	25 - 30	60 - 65	364	319	42	0

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 Mar 2018 (bands of £5,000) £000	Lump sum at aged 60 related to accrued pension at 31st March 2018 (bands of £5,000) £000	Cash Equivalent transfer value at 31 Mar 2018£000	Cash Equivalent transfer value at 31 Mar 2017 £000	Real increase in Cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
Glyn Jones - Interim Director of Finance (From 1st April 2016 to 31st October 2016)	0	0	0	0	0	0	0	0
Eifion Williams - Interim Director of Finance (From 1st November 2016)	0.0 - 2.5	5.0 - 7.5	65 - 70	200 - 205	1,525	1,399	112	0
Martin Brown - Director of Transformation (From 20th June 2016 to 31st October 2016)	0	0	0	0	0	0	0	0
David Murphy - Director of Therapies and Health Sciences (From 19th September 2016)	2.5 - 5.0	2.5 - 5.0	30 - 35	90 - 95	634	552	77	0
Karen Gully - Medical Director (to 20th Feb 2018)	0.0 - 2.5	0	0 - 5	0	38	10	28	0
Mandy Collins – Board Secretary	0-2.5	0	0	2	27	6	20	0
Rhiannon Beaumont Wood – Interim Director of Nursing (from 5th February 2018)	0-2.5	2.5-5.0	20-25	65-70	472	413	55	0
Stuary Bourne – Interim Directof of Public Health (from 5th March 2018) **	TBC							

The above calculations are provided by the NHS Pensions Agency and are based on the standard pensionable age of 60.

For Directors marked * figures relate to pensionable age of 65

** Please note that no comparator figures for Mr Stuart Bourne are available from the NHS Pensions Agency due to this being his first director level role in NHS Wales to enable increases to be calculated.

As Non officer members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members

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

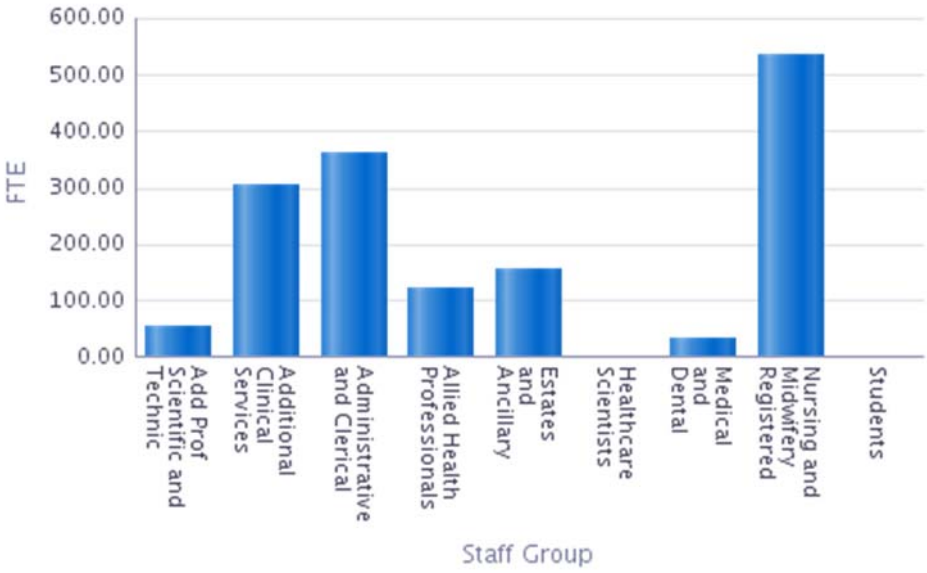
REAL INCREASE IN CETV

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

STAFFING DETAILS

STAFF PROFILE

As of 31 March 2018, the total number of staff employed by the Health Board stood at 1566.34 Full Time Equivalents (FTE). The table below provides a breakdown of the staff groups we employ excluding hosted services, such as the Board of Community Health Councils , Health and Care Research Wales and All Wales CHC.



STAFF COMPOSITION

As at 31 March 2018 the composition of the staff of Powys Teaching Health Board was as follows:

	Female	Male
Executive Directors (including Chief Executive)	6 (including a secondee)	2 (including an interim Director)
Independent Members (including Chair)	5	5
Associate Board Members and Board Secretary	2	-
All other Staff	1814	323

SICKNESS ABSENCE

Rolling sickness fell above the set target of 4.42% in the 2017-18 financial year to 4.51%. Actual sickness fluctuated between 3.91% and 5.32% over the last twelve months.

In 2017-2018 25,651.26 whole time equivalent (WTE) days were lost due to sickness, which equates to approximately 70 members of staff being absent from work.

	2017/2018	2016/2017
Days Lost (Long Terrm)	18,948.55	18,516.67
Days Lost (Short Term)	6,702.71	6,213.23
Total Days Lost	**25,651.26**	**24,729.90**
Total Staff Years	**70.28**	**67.75**
Average Working days Lost	16.45	17.38
Total staff employed in Period (Headcount)	2129	1984
Total staff employed in Period with no absence (headcount)	1007	914
Percentage of Staff with no sick leave	**47.30%**	**46.07%**

STAFF POLICIES

Powys Teaching Health Board as a range of staff policies in place. The policies applied during the financial year:

- For giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.
- For continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period when they were employed by the company.
- Otherwise for the training, career development and promotion of disabled persons employed by the heath board.

Were the *Employing Disabled people Policy* and the *Policy on Impact Assessment for Equality*. These were utilised alongside a range of other policies such as the *Sickness Absence Policy* and *Recruitment and Selection Policy* to ensure fair consideration was given to applications for employment made by a disabled person and for supporting their continued employment.

TAX ASSURANCE FOR OFF-PAYROLL APPOINTEES

The following table shows all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months:

▪ The total number of existing engagements as of 31 March 2018;	0
▪ The number that have existed for less than one year at time of reporting;	0
▪ The number that have existed for between one and two years at time of reporting;	0
▪ The number that have existed for between two and three years at time of reporting;	0
▪ The number that have existed for between three and four years at time of reporting; and	0
▪ The number that have existed for four or more years at time of reporting.	0

There have been no new engagements, or those that reached six months in duration during 2017-18

There have been no off-payroll engagements of board members and/or senior officials with significant financial responsibility5 between 1 April 2017 and 31 March 2018.

EXIT PACKAGES AND SEVERANCE PAYMENTS

This disclosure reports the number and value of exit packages taken by staff leaving in the year. This disclosure is required to strengthen accountability in the light of public and Parliamentary concern about the incidence and cost of these payments.

Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special element included in exit packages
	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s
Exit package cost band								
less than £10,000	0	0	0	0	0	0	0	0
£10,000 to	0	0	0	0	0	0	0	0

£25,000								
£25,000 to £50,000	0	0	0	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0	0	0	0
more than £200,000	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0

Redundancy and other departure costs if paid would have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Exit costs in this note are accounted for in full in the year of departure on a cash basis in this note as specified in EPN 380 Annex 13C. Should the health board have agreed early retirements, the additional costs would have been met by PTHB and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pension's scheme and are not included in the table.

PART C: NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY AND AUDIT REPORT

This report contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in HM Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report

THE NATIONAL ASEMBLY FOR WALES ACCOUNTABILITY REPORT

Regularity of Expenditure

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

Powys Teaching Health Board ensures that the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The Health Board's Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- prepare them on a going concern basis on the presumption that the services of the Health Board will continue in operation.

Fees and Charges

Where the Health Board undertakes activities that are not funded directly by the Welsh Government the Health Board receives income to cover its costs which will offset expenditure reported under programme areas. Miscellaneous Income can be seen in Note 4 (page 24) of the Annual Accounts.

When charging for this activity the Health Board has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

Remote Contingent Liabilities

Remote contingent liabilities are made for three categories, comprising indemnities, letters of comfort and guarantees.
The value of remote contingent liabilities for 2017-18 is £0.00m and is disclosed in note 21.2 (page 49) of the Health Board's Annual Accounts.

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 Powys Teaching Local Health Board for the year ended 31 March 2018 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, Other Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and 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 Powys Local Health Board as at 31 March 2018 and of its net operating costs 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 board 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 board'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 Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with

the financial statements and the Accountability Report has 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 board and its environment obtained in the course of the audit, I have not identified material misstatements in the 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 for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities [set out on pages 10 and 12], 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 board'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
13th June 2018

24 Cathedral Road
Cardiff
CF11 9LJ

PART D: FINANCIAL STATEMENTS

POWYS TEACHING LOCAL HEALTH BOARD

FOREWORD

These accounts have been prepared by the Local Health Board under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have, with the approval of the Treasury, directed.

Statutory background

Powys Teaching Local Health Board under the Local Health Boards (Establishment) (Wales) Order 2003 (S.I. 2003/148 (W.18))

As a statutory body governed by Acts of Parliament the THB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of Powys;

- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;

- supporting and funding the contractor professions;

- the commissioning of health promotion, emergency planning and other regulatory tasks;

- the stewardship of resources including the financial management and monitoring of performance in critical areas;

- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept;

- providing Hospital and Community Healthcare Services to the residents of Powys.

Powys THB hosts the Community Health Councils in Wales. In addition, it is also responsible for hosting specific functions in respect of the accounts of the former Health Authorities mostly significantly in respect of clinical negligence. The THB also hosts the functions of Health and Care Research Wales (HCRW) and All Wales Retrospective Continuing Health Care Reviews Project.

Performance Management and Financial Results

Local Health Boards in Wales must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result the Primary Statement of in-year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by the LHB which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

Under the National Health Services Finance (Wales) Act 2014 the annual requirement to achieve balance against Resource Limits has been replaced with a duty to ensure, in a rolling 3 year period, that its aggregate expenditure does not exceed its aggregate approved limits.

The Act came into effect from 1 April 2014 and under the Act the first assessment of the 3 year rolling financial duty took place at the end of 2016-17.

Powys Teaching Health Board (PTHB) is the operational name of Powys Teaching Local Health Board

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

	Note	2017-18 £'000	2016-17 £'000
Expenditure on Primary Healthcare Services	3.1	**67,098**	63,905
Expenditure on healthcare from other providers	3.2	**145,054**	148,526
Expenditure on Hospital and Community Health Services	3.3	**93,698**	87,675
		305,850	300,106
Less: Miscellaneous Income	4	**(13,908)**	(14,145)
LHB net operating costs before interest and other gains and losses		**291,942**	285,961
Investment Revenue	5	**0**	0
Other (Gains) / Losses	6	**(60)**	(1)
Finance costs	7	**18**	100
Net operating costs for the financial year		**291,900**	286,060

See note 2 on page 20 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 63 form part of these accounts

Other Comprehensive Net Expenditure

	2017-18	2016-17
	£'000	£'000
Net gain / (loss) on revaluation of property, plant and equipment	**4,721**	480
Net gain / (loss) on revaluation of intangibles	**0**	0
Net gain / (loss) on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**4,721**	480
Total comprehensive net expenditure for the year	**287,179**	285,580

Statement of Financial Position as at 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Non-current assets			
Property, plant and equipment	11	**75,612**	68,672
Intangible assets	12	**0**	0
Trade and other receivables	15	**26,105**	17,421
Other financial assets	16	**0**	0
Total non-current assets		**101,717**	86,093
Current assets			
Inventories	14	**130**	133
Trade and other receivables	15	**19,722**	14,115
Other financial assets	16	**0**	0
Cash and cash equivalents	17	**1,185**	674
		21,037	14,922
Non-current assets classified as "Held for Sale"	11	**0**	250
Total current assets		**21,037**	15,172
Total assets		**122,754**	101,265
Current liabilities			
Trade and other payables	18	**(36,363)**	(37,260)
Other financial liabilities	19	**0**	0
Provisions	20	**(13,537)**	(7,697)
Total current liabilities		**(49,900)**	(44,957)
Net current assets/ (liabilities)		**(28,863)**	(29,785)
Non-current liabilities			
Trade and other payables	18	**0**	0
Other financial liabilities	19	**0**	0
Provisions	20	**(32,500)**	(24,093)
Total non-current liabilities		**(32,500)**	(24,093)
Total assets employed		**40,354**	32,215
Financed by :			
Taxpayers' equity			
General Fund		**1,630**	(2,003)
Revaluation reserve		**38,724**	34,218
Total taxpayers' equity		**40,354**	32,215

The financial statements on pages 2 to 7 were approved by the Board on 30 May 2018 and signed on its behalf by:

Chief Executive **C. SHILLABEER** **Date: 30th May 2018**

The notes on pages 8 to 63 form part of these accounts

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 1 April 2017	-2,003	34,218	**32,215**
Net operating cost for the year	(291,900)		**(291,900)**
Net gain/(loss) on revaluation of property, plant and equipment	0	4,721	**4,721**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	215	(215)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2017-18	(291,685)	4,506	**(287,179)**
Net Welsh Government funding	295,318		**295,318**
Balance at 31 March 2018	1,630	38,724	**40,354**

The notes on pages 8 to 63 form part of these accounts

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2016-17			
Balance at 1 April 2016	(4,220)	33,754	**29,534**
Net operating cost for the year	(286,060)		**(286,060)**
Net gain/(loss) on revaluation of property, plant and equipment	0	480	**480**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	0	0	**0**
Release of reserves to SoCNE	16	(16)	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2016-17	(286,044)	464	**(285,580)**
Net Welsh Government funding	288,261		**288,261**
Balance at 31 March 2017	(2,003)	34,218	**32,215**

The notes on pages 8 to 63 form part of these accounts

Statement of Cash Flows for year ended 31 March 2018

		2017-18	2016-17
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost for the financial year		**(291,900)**	(286,060)
Movements in Working Capital	27	**(14,992)**	(1,718)
Other cash flow adjustments	28	**27,398**	6,630
Provisions utilised	20	**(10,252)**	(1,204)
Net cash outflow from operating activities		**(289,746)**	(282,352)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(5,371)**	(5,902)
Proceeds from disposal of property, plant and equipment		**310**	1
Purchase of intangible assets		**0**	0
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(5,061)**	(5,901)
Net cash inflow/(outflow) before financing		**(294,807)**	(288,253)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**295,318**	288,261
Capital receipts surrendered		**0**	0
Capital grants received		**0**	0
Capital element of payments in respect of finance leases and on-SoFP		**0**	0
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**295,318**	288,261
Net increase/(decrease) in cash and cash equivalents		**511**	8
Cash and cash equivalents (and bank overdrafts) at 1 April 2017		**674**	666
Cash and cash equivalents (and bank overdrafts) at 31 March 2018		**1,185**	674

The notes on pages 8 to 63 form part of these accounts

Notes to the Accounts

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

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

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

Only non-NHS income may be deferred.

1.4 Employee benefits

Short-term employee benefits

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

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

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

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

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

NEST Pension Scheme

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

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

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

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

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

Land and buildings used for the THBs services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

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

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales bodies have applied these new valuation requirements from 1 April 2009.

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

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

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

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

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

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

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

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

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

1.7 Intangible assets

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

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

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

1.8 Depreciation, amortisation and impairments
Freehold land, assets under construction and assets held for sale are not depreciated.

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

At each reporting period end, the LHB checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

Impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

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

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

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

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

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

1.11.1 The Local Health Board as lessee
Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Net Expenditure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 Pooled budget

The LHB has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in Note 32.

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

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

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

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

- primary care expenditure includes estimates for liabilities where the value of actual liabilities was not available at the time of producing the financial statements. The most significant areas relate to GMS Enhanced Services, GMS Quality Outcome Framework and Prescribing; and

- £38.454M has been provided within Note 17 in respect of potential clinical negligence claims, personal injury claims and defence costs. These provisions are based on the advice of the NHS Wales Shared Services Partnership - Legal and Risk Services. The nature of such claims could be subject to change in future periods.

1.24 Private Finance Initiative (PFI) transactions

The THB does not have any Private Finance Initiative Transactions

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

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

PFI asset
The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the LHBs approach for each relevant class of asset in accordance with the principles of IAS 16.

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

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

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

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

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

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

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

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

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

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

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

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

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

Where the time value of money is material, contingencies are disclosed at their present value. 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

The THB is not a member of the 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

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

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

1.28 Accounting standards that have been issued but not yet been adopted
The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM
IFRS 9 Financial Instruments
IFRS14 Regulatory Deferral Accounts
IFRS15 Revenue from contracts with customers
IFRS 16 Leases

Entities should make a disclosure in note 34 of the possible impact in the period of initial application if IFRS 9 and IFRS 15 had been implemented in 2017-18. If the impact is immaterial to the accounts then this should also be disclosed.

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

1.30 Charities

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

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

2. Financial Duties Performance

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

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is reponsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The first assessment of performance against the 3 year statutory duty under section 175 (1) was at the end of 2016-17, being the first 3 year period of assessment.

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2015-16	2016-17	2017-18	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	272,351	286,060	**291,900**	**850,311**
Add general ophthalmic services expenditure and other non-cash limited expenditure	855	1,006	**1,734**	**3,595**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	**0**	**0**
Total operating expenses	273,206	287,066	**293,634**	**853,906**
Revenue Resource Allocation	273,246	287,151	**293,730**	**854,127**
Under /(over) spend against Allocation	40	85	**96**	**221**

Powys THB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2015-16 to 2017-18.

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

2.2 Capital Resource Performance

	2015-16	2016-17	2017-18	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	2,467	6,870	**5,482**	**14,819**
Add: Losses on disposal of donated assets	0	0	**0**	**0**
Less NBV of property, plant and equipment and intangible assets disposed	(137)	0	**(250)**	**(387)**
Less capital grants received	0	0	**0**	**0**
Less donations received	(45)	(40)	**(304)**	**(389)**
Charge against Capital Resource Allocation	2,285	6,830	**4,928**	**14,043**
Capital Resource Allocation	2,287	6,847	**4,933**	**14,067**
(Over) / Underspend against Capital Resource Allocation	2	17	**5**	**24**

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

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2017-18 to 2019-20 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

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

	2017-18 to 2019-20
The Cabinet Secretary for Health and Social Services approval status	Approved 15th June 2017

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

The THB Integrated Medium Term Plan was approved in 2016-17

The THB Integrated Medium Term Plan was approved in 2015-16

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2017-18 Total	2016-17
	£'000	£'000	£'000	£'000
General Medical Services	34,665		**34,665**	33,344
Pharmaceutical Services	4,431	(2,708)	**1,723**	2,442
General Dental Services	7,845		**7,845**	7,308
General Ophthalmic Services	0	974	**974**	1,006
Other Primary Health Care expenditure	3,028		**3,028**	1,977
Prescribed drugs and appliances	18,863		**18,863**	17,828
Total	**68,832**	**-1,734**	**67,098**	63,905

The negative non cash limited balance on Pharmaceutical services relates to prescriptions for Powys residents being dispensed in non Powys pharmacies. The effect of this is a net outflow for Powys THB.

The increase in General Medical Services is mainly attributable to an increase in costs relating to the THB Out of Hours Service and increased Enhanced Services Schemes undertaken by Primary Care Contractors.

Included within Other Primary Health Care Expenditure is funding received from the Welsh Government Intermediate Care Fund. The purpose of the funding is to assist to build on effective working across health, social services and housing to improve the planning and provision of more integrated services. The funding has been used to encourage collaborative working between social services, health and housing, to support people to maintain their independence and remain in their own home, for prevention and early intervention activities which reduce demand on health and social care services. An amount of £2.161M (2016/17 £2.452M) has been expended on this. Also included in this line in 2016/17 is a write back of liabilities that have been assessed as no longer payable which relate to previous years

3.2 Expenditure on healthcare from other providers

	2017-18	2016-17
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**36,103**	40,368
Goods and services from other NHS Wales Trusts	**2,156**	1,851
Goods and services from other non Welsh NHS bodies	**56,256**	54,233
Goods and services from WHSSC / EASC	**32,533**	31,622
Local Authorities	**1,384**	2,066
Voluntary organisations	**2,002**	2,040
NHS Funded Nursing Care	**2,859**	2,044
Continuing Care	**12,495**	12,964
Private providers	**1,164**	1,793
Specific projects funded by the Welsh Government	**0**	0
Other	**-1,898**	-455
Total	**145,054**	148,526

The 7 Health Boards in Wales have established the Welsh Health Specialist Services Commission (WHSSC) which, through the operational management of Cwm Taf Health Board, secures the provision of highly specialised healthcare for the whole of Wales. These arrangements include funding of services operated through a risk sharing arrangement. The THB payment for the WHSSC commissioning arrangements for the year ended 31st March 2018 is £32.533M.

The decrease in Goods and Services from other NHS Wales Health Boards mainly relates to the transfer of Mental Health services for South and Mid Powys (excluding Ystradgynlais) on 1st June 2017. Previously these services were commissioned via an LTA agreement but now the staff and other associated services have repatriated back into Powys THB with an LTA reduction value of £4.9M. The expenditure for these services since 1st June 2017 are included as costs within Note 3.3.

The increase in Goods and services from other non Welsh NHS bodies results from increased activity and increases in tariffs within English NHS providers. The most significant increase is Shrewsbury and Telford NHS Trust £1.833M and LTA Exclusions £0.636M in comparison to 2016/17 expenditure.

The decrease in Continuing Health Care expenditure during 2017/18 has resulted from both decline in the number of cases and enhanced case review arrangements in comparison to 2016/17.

The negative balance within the Other line relates to the write back of Liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years

3.3 Expenditure on Hospital and Community Health Services

	2017-18 £'000	2016-17 £'000
Directors' costs	**1,393**	1,322
Staff costs	**72,609**	65,554
Supplies and services - clinical	**4,404**	4,527
Supplies and services - general	**1,347**	1,358
Consultancy Services	**705**	596
Establishment	**2,614**	2,736
Transport	**1,125**	1,191
Premises	**4,888**	4,932
External Contractors	**0**	0
Depreciation	**3,075**	2,920
Amortisation	**0**	0
Fixed asset impairments and reversals (Property, plant & equipment)	**188**	1,261
Fixed asset impairments and reversals (Intangible assets)	**0**	0
Impairments & reversals of financial assets	**0**	0
Impairments & reversals of non-current assets held for sale	**0**	0
Audit fees	**264**	266
Other auditors' remuneration	**0**	0
Losses, special payments and irrecoverable debts	**152**	187
Research and Development	**0**	0
Other operating expenses	**934**	825
Total	**93,698**	87,675

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

Increase/(decrease) in provision for future payments:	2017-18 **£'000**	2016-17 £'000
Clinical negligence	**22,297**	2,767
Personal injury	**1,027**	(499)
All other losses and special payments	**5**	5
Defence legal fees and other administrative costs	**143**	(80)
Gross increase/(decrease) in provision for future payments	**23,472**	**2,193**
Contribution to Welsh Risk Pool	**0**	0
Premium for other insurance arrangements	**0**	0
Irrecoverable debts	**55**	0
Less: income received/due from Welsh Risk Pool	**(23,375)**	(2,006)
Total	**152**	**187**

Personal injury costs includes £0.122M (2016-17 £0.099M) in respect of permanent injury benefits.

Clinical Redress arising during the year was £0.003M (2016-17 £0.001M)

The largest increase in staff costs relates to Mental Health services previously provided by Aneurin Bevan Health Board transferring back into THB Services from the 1st June 2017. The increase in staff costs from this service repatriation part year in 2017/18 is £5.3M

4. Miscellaneous Income

	2017-18 £'000	2016-17 £'000
Local Health Boards	**3,535**	4,138
WHSSC /EASC	**0**	7
NHS trusts	**0**	0
Other NHS England bodies	**532**	536
Foundation Trusts	**0**	0
Local authorities	**0**	0
Welsh Government	**4,956**	4,339
Non NHS:		
Prescription charge income	**0**	0
Dental fee income	**1,709**	1,754
Private patient income	**0**	1
Overseas patients (non-reciprocal)	**0**	0
Injury Costs Recovery (ICR) Scheme	**49**	55
Other income from activities	**1,223**	1,528
Patient transport services	**32**	31
Education, training and research	**120**	91
Charitable and other contributions to expenditure	**0**	0
Receipt of donated assets	**304**	40
Receipt of Government granted assets	**0**	0
Non-patient care income generation schemes	**0**	0
NWSSP	**0**	0
Deferred income released to revenue	**0**	0
Contingent rental income from finance leases	**0**	0
Rental income from operating leases	**87**	100
Other income:		
Provision of laundry, pathology, payroll services	**0**	0
Accommodation and catering charges	**107**	97
Mortuary fees	**20**	18
Staff payments for use of cars	**0**	0
Business Unit	**0**	0
Other	**1,234**	1,410
Total	**13,908**	14,145

Welsh Government miscellaneous income includes funding received on behalf of the hosted function of Health and Care Research Wales within the THB. This has increased by £0.458M in comparison to 16/17 mainly due to additional Research and Development funding.

There has been a significant increase in Receipt of donated assets due to three significant patient related building schemes being funded by the League of Friends. These include the creation of Palliative Care Suites in Llanidloes and Welshpool and a Relatives room in Knighton Hospital.

Local Health Board income has reduced mainly due to the transfer of Mental Health Services as at 1st June 2017 where the THB previous recharged overheads to Aneurin Bevan Health Board as part of their service provision via the LTA. This has ceased on transfer and all costs of the service are contained within Note 3.3.

5. Investment Revenue

	2017-18	2016-17
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2017-18	2016-17
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	0	1
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	60	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	60	1

7. Finance costs

	2017-18	2016-17
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	0	0
Provisions unwinding of discount	18	100
Other finance costs	0	0
Total	18	100

8. Operating leases

LHB as lessee

The Teaching Health Board has the following operating leases

- various short term leases on properties at fixed rentals subject to periodic review
- vehicle leases are generally for a period of three years

Payments recognised as an expense	**2017-18**	2016-17
	£000	£000
Minimum lease payments	**914**	864
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**914**	864

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**784**	797
Between one and five years	**1,161**	1,051
After 5 years	**344**	303
Total	**2,289**	2,151

LHB as lessor

Rental revenue	**£000**	£000
Rent	**425**	346
Contingent rents	**0**	0
Total revenue rental	**425**	346

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**425**	326
Between one and five years	**188**	186
After 5 years	**165**	182
Total	**778**	694

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	£000	£000	£000	£000	£000	£000
Salaries and wages	56,975	454	4,661	0	**62,090**	56,103
Social security costs	4,761	0	0	0	**4,761**	4,305
Employer contributions to NHS Pension Scheme	7,151	0	0	0	**7,151**	6,468
Other pension costs	0	0	0	0	**0**	0
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	0	0	0	0	**0**	0
Total	68,887	454	4,661	0	**74,002**	66,876
Charged to capital					**206**	240
Charged to revenue					**73,796**	66,636
					74,002	66,876
Net movement in accrued employee benefits (untaken staff leave accrual included above)					0	0

Please explain what is included under the other heading

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	Number	Number	Number		Number	Number
Administrative, clerical and board members	513	4	2	0	**519**	490
Medical and dental	32	0	6	0	**38**	30
Nursing, midwifery registered	533	4	20	0	**557**	501
Professional, Scientific, and technical staff	54	0	6	0	**60**	50
Additional Clinical Services	295	0	7	0	**302**	250
Allied Health Professions	118	0	6	0	**124**	118
Healthcare Scientists	2	0	0	0	**2**	2
Estates and Ancilliary	157	0	6	0	**163**	161
Students	4	0	0	0	**4**	5
Total	**1,708**	**8**	**53**	**0**	**1,769**	1,607

The increase in staff numbers and staff costs in 2017/18 mainly relates to the staff of Mental Health Services previously provided by Aneurin Bevan Health Board transferring back into THB services from the 1st June 2017. This transfer has meant an increase in staff numbers within most categories of staff by a total of 109 WTE and costs of £5.3M.

9.3. Retirements due to ill-health

During 2017-18 there were 3 early retirements from the LHB agreed on the grounds of ill-health (5 in 2016-17 - £193,494.44) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) wi ll be £16,800.86.

9.4 Employee benefits

The THB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

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

Exit packages cost band (including any special payment element)	2017-18 Cost of compulsory redundancies	2017-18 Cost of other departures	2017-18 Total cost of exit packages	2017-18 Cost of special element included in exit packages	2016-17 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

9.6 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.
The banded remuneration of the highest-paid director in the LHB in the financial year 2017-18 was £160,000 - £165,000 (2016-17, £155,000 - £160,000). This was 6.5 times (2016-17, 6.3) the median remuneration of the workforce, which was £25,003 (2016-17, £24,685).
In 2017-18, 0 (2016-17, 0) employees received remuneration in excess of the highest-paid director.
Remuneration for staff ranged from £888 to £162,500 (2016-17 £800 to £156,000).
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 should be included for the calculation of both elements of the relationship.

9.7 Pension costs

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

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

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

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

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.
The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

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

c) National Employment Savings Trust (NEST)

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

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

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

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

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

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

The Welsh Government requires that Health Boards pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the Health Board financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	2017-18	**2017-18**	2016-17	2016-17
NHS	**Number**	**£000**	Number	£000
Total bills paid	**2,544**	**132,071**	2,930	133,766
Total bills paid within target	**1,902**	**124,172**	2,244	125,425
Percentage of bills paid within target	**74.8%**	**94.0%**	76.6%	93.8%
Non-NHS				
Total bills paid	**39,493**	**69,515**	41,094	59,857
Total bills paid within target	**37,320**	**60,580**	38,464	54,113
Percentage of bills paid within target	**94.5%**	**87.1%**	93.6%	90.4%
Total				
Total bills paid	**42,037**	**201,586**	44,024	193,623
Total bills paid within target	**39,222**	**184,752**	40,708	179,538
Percentage of bills paid within target	**93.3%**	**91.6%**	92.5%	92.7%

The THB performance at 94.5% did not meet the administrative target of payment of 95% of the number of non-nhs creditors within 30 days this year. The THB consistently achieved the target each month until February and March 2018 when a number of Agency related invoices resulted in a slight deterioration against the target.
The THB has fully reviewed this process and is confident of consistent achievement of the target during 2018/19

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

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

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2017	14,199	56,110	623	3,786	6,510	467	3,331	0	**85,026**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions									
- purchased	514	855	0	2,478	632	176	523	0	**5,178**
- donated	0	22	0	233	49	0	0	0	**304**
- government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	1,345	0	(1,345)	0	0	0	0	**0**
Revaluations	(563)	(4,635)	27	0	0	0	0	0	**(5,171)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	(4)	(183)	0	(1)	0	0	0	0	**(188)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(1,345)	(66)	(27)	0	**(1,438)**
At 31 March 2018	14,146	53,514	650	5,151	5,846	577	3,827	0	**83,711**
Depreciation at 1 April 2017	0	9,406	98	0	4,484	427	1,939	0	**16,354**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	(9,781)	(111)	0	0	0	0	0	**(9,892)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(1,345)	(66)	(27)	0	**(1,438)**
Provided during the year	0	2,101	26	0	563	12	373	0	**3,075**
At 31 March 2018	0	1,726	13	0	3,702	373	2,285	0	**8,099**
Net book value at 1 April 2017	14,199	46,704	525	3,786	2,026	40	1,392	0	**68,672**
Net book value at 31 March 2018	14,146	51,788	637	5,151	2,144	204	1,542	0	**75,612**
Net book value at 31 March 2018 comprises :									
Purchased	14,146	49,219	637	5,151	1,919	204	1,542	0	**72,818**
Donated	0	2,569	0	0	225	0	0	0	**2,794**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	14,146	51,788	637	5,151	2,144	204	1,542	0	**75,612**
Asset financing :									
Owned	14,146	51,788	637	5,151	2,144	204	1,542	0	**75,612**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	14,146	51,788	637	5,151	2,144	204	1,542	0	**75,612**

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

	£000
Freehold	**66,571**
Long Leasehold	**0**
Short Leasehold	**0**
	66,571

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institutie of Chartered Surveyors Valuation Standards, 6th Edition . LHB's 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 as asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2016	13,721	53,779	623	2,966	5,631	479	2,983	0	**80,182**
Indexation	527	0	0	0	0	0	0	0	**527**
Additions									
- purchased	32	2,926	0	1,950	1,049	0	873	0	**6,830**
- donated	0	0	0	13	27	0	0	0	**40**
- government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	1,143	0	(1,143)	0	0	0	0	**0**
Revaluations	19	(327)	0	0	0	0	0	0	**(308)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(1,261)	0	0	0	0	0	0	**(1,261)**
Reclassified as held for sale	(100)	(150)	0	0	0	0	0	0	**(250)**
Disposals	0	0	0	0	(197)	(12)	(525)	0	**(734)**
At 31 March 2017	14,199	56,110	623	3,786	6,510	467	3,331	0	**85,026**
Depreciation at 1 April 2016	0	7,525	78	0	4,216	406	2,204	0	**14,429**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	(261)	0	0	0	0	0	0	**(261)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(197)	(12)	(525)	0	**(734)**
Provided during the year	0	2,142	20	0	465	33	260	0	**2,920**
At 31 March 2017	0	9,406	98	0	4,484	427	1,939	0	**16,354**
Net book value at 1 April 2016	13,721	46,254	545	2,966	1,415	73	779	0	**65,753**
Net book value at 31 March 2017	14,199	46,704	525	3,786	2,026	40	1,392	0	**68,672**
Net book value at 31 March 2017 comprises :									
Purchased	14,199	44,507	525	3,786	1,762	40	1,392	0	**66,211**
Donated	0	2,197	0	0	264	0	0	0	**2,461**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2017	14,199	46,704	525	3,786	2,026	40	1,392	0	**68,672**
Asset financing :									
Owned	14,199	46,704	525	3,786	2,026	40	1,392	0	**68,672**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2017	14,199	46,704	525	3,786	2,026	40	1,392	0	**68,672**

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

	£000
Freehold	**61,428**
Long Leasehold	**0**
Short Leasehold	**0**
	61,428

11. Property, plant and equipment (continued)

i) Assets donated in the year were purchased from funds donated by the public and charitable organisations and from funds provided by associations linked to specific hospitals.

ii) Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. Land and buildings are restated to current value using professional valuations carried out by the District Valuers of the Inland Revenue at 5 yearly intervals and in the intervening years by the use of indices provided from the District Valuer via the Welsh Government. The valuations are carried out primarily on the basis of Modern Equivalent Asset cost for specialised operational property and existing use value for non-specialised operational property. For non-operational properties the valuations are carried out at open market value. A formal valuation exercise of Land and Buildings was undertaken during the 2017/18 financial year

iii) Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Equipment is depreciated on current cost evenly over the estimated useful life of the asset.

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

v) There has been one property purchase during the year and this relates to land at Station Road in Llandrindod Wells. The THB purchased this land for a purchase price of £420,000 in January 2018. Further works to upgrade this has been undertaken during February and March 2018. This premises is used for additional car parking for the Llandrindod Wells War Memorial Hospital.

vi) During 2017/18 the THB implemented a change on the basis its revaluation reserves are held. This has been changed from revaluations reserves held on a site basis to revaluation reserves held on a buildings basis.

vii) In 2017-18, no indexation will be applied to Land and Buildings because this has been addressed by the quinquennial Estate Revaluation exercise. In line with Welsh Government policies Equipment will not be indexed in 2017-18.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2017	100	150	0	0	0	**250**
Plus assets classified as held for sale in the year	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(100)	(150)	0	0	0	**(250)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2018	0	0	0	0	0	**0**
Balance brought forward 1 April 2016	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	100	150	0	0	0	**250**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2017	100	150	0	0	0	**250**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	0	0	0	0	0	0	**0**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions- government granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gross cost at 31 March 2018	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 1 April 2017	0	0	0	0	0	0	**0**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Provided during the year	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 31 March 2018	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net book value at 1 April 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net book value at 31 March 2018	**0**	**0**	**0**	**0**	**0**	**0**	**0**
At 31 March 2018							
Purchased	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Donated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2018	**0**	**0**	**0**	**0**	**0**	**0**	**0**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2016	0	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	**0**
Additions- purchased	0	0	0	0	0	0	**0**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	0	0	0	0	0	0	**0**
Additions- government granted	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Gross cost at 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 1 April 2016	0	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	**0**
Provided during the year	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Amortisation at 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net book value at 1 April 2016	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net book value at 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**
At 31 March 2017							
Purchased	0	0	0	0	0	0	**0**
Donated	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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13 . Impairments

	2017-18 Property, plant & equipment £000	2017-18 Intangible assets £000	2016-17 Property, plant & equipment £000	2016-17 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**0**	0	**0**	0
Over specification of assets (Gold Plating)	**0**	0	**0**	0
Loss as a result of a catastrophe	**0**	0	**0**	0
Unforeseen obsolescence	**0**	0	**0**	0
Changes in market price	**0**	0	**0**	0
Others (specify)	**188**	0	**1,261**	0
Reversal of impairments	**0**	0	**0**	0
Total of all impairments	**188**	0	**1,261**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	**188**	0	**1,261**	0
Charged to Revaluation Reserve	**0**	0	**0**	0
	188	0	**1,261**	0

Within the healthcare segment of the THB, there is two impairments in year totalling £0.188M, charged to the statement of Comprehensive Net Expenditure. This is as a result of the five yearly valuation exercise which included two assets that were brought into use during 2016/17 where revaluation reserves have yet to be accumulated for these two assets . Impairment funding to cover adjustments required is provided to the THB by Welsh Government on an annual basis

14.1 Inventories

	31 March 2018	31 March 2017
	£000	£000
Drugs	**80**	73
Consumables	**36**	38
Energy	**4**	15
Work in progress	**0**	0
Other	**10**	7
Total	**130**	133
Of which held at realisable value	**0**	0

14.2 Inventories recognised in expenses

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

15. Trade and other Receivables

Current	**31 March 2018 £000**	31 March 2017 £000
Welsh Government	**2,221**	2,193
WHSSC / EASC	**318**	54
Welsh Health Boards	**1,112**	1,290
Welsh NHS Trusts	**252**	196
Non - Welsh Trusts	**121**	108
Other NHS	**0**	0
Welsh Risk Pool	**12,326**	6,859
Local Authorities	**426**	239
Capital debtors	**247**	13
Other debtors	**2,471**	2,863
Provision for irrecoverable debts	**(258)**	(203)
Pension Prepayments	**0**	0
Other prepayments	**486**	503
Other accrued income	**0**	0
Sub total	**19,722**	14,115
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Non - Welsh Trusts	**0**	0
Other NHS	**0**	0
Welsh Risk Pool	**26,105**	17,421
Local Authorities	**0**	0
Capital debtors	**0**	0
Other debtors	**0**	0
Provision for irrecoverable debts	**0**	0
Pension Prepayments	**0**	0
Other prepayments	**0**	0
Other accrued income	**0**	0
Sub total	**26,105**	17,421
Total	**45,827**	31,536
Receivables past their due date but not impaired		
By up to three months	**856**	552
By three to six months	**41**	36
By more than six months	**148**	130
	1,045	718

Provision for impairment of receivables		
Balance at 1 April	**(203)**	**(203)**
Transfer to other NHS Wales body	**0**	**0**
Amount written off during the year	**0**	**0**
Amount recovered during the year	**16**	**34**
(Increase) / decrease in receivables impaired	**(71)**	**(34)**
Bad debts recovered during year	**0**	**0**
Balance at 31 March	**(258)**	(203)

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

Receivables VAT		
Trade receivables	**0**	0
Other	**0**	0
Total	**0**	0

16. Other Financial Assets

	Current		Non-current	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	£000	£000	**£000**	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**0**	0	**0**	0
Derivatives	**0**	0	**0**	0
Other (Specify)				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Total	**0**	**0**	**0**	**0**

17. Cash and cash equivalents

	2017-18	2016-17
	£000	£000
Balance at 1 April	**674**	666
Net change in cash and cash equivalent balances	**511**	8
Balance at 31 March	**1,185**	674
Made up of:		
Cash held at GBS	**1,105**	596
Commercial banks	**80**	78
Cash in hand	**0**	0
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**1,185**	674
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**1,185**	674

18. Trade and other payables

Current	**31 March 2018 £000**	31 March 2017 £000
Welsh Government	**16**	76
WHSSC / EASC	**153**	116
Welsh Health Boards	**2,027**	2,880
Welsh NHS Trusts	**250**	266
Other NHS	**4,224**	2,467
Taxation and social security payable / refunds	**506**	476
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**771**	711
Non-NHS creditors	**5,156**	5,257
Local Authorities	**1,379**	4,111
Capital Creditors	**1,709**	1,668
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**0**	0
Pensions: staff	**1,077**	0
Accruals	**19,095**	19,232
Deferred Income:		
Deferred Income brought forward	**0**	134
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	(134)
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Total	**36,363**	37,260
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Other NHS	**0**	0
Taxation and social security payable / refunds	**0**	0
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS creditors	**0**	0
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**0**	0
Pensions: staff	**0**	0
Accruals	**0**	0
Deferred Income :		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Total	**0**	0

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

19. Other financial liabilities

	Current		Non-current	
Financial liabilities	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
	£000	£000	**£000**	£000
Financial Guarantees:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Derivatives at fair value through SoCNE	**0**	0	**0**	0
Other:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Total	**0**	0	**0**	0

20. Provisions

	At 1 April 2017	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**6,611**	0	0	540	12,551	(8,444)	(22)	0	**11,236**
Personal injury	**287**	0	0	37	1,038	(215)	(79)	2	**1,070**
All other losses and special payments	**0**	0	0	0	5	(5)	0	0	**0**
Defence legal fees and other administration	**114**	0	0	12	48	(20)	(48)		**106**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**685**			679	0	(677)	0	15	**702**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**0**		0	0	646	(223)	0		**423**
Total	**7,697**	**0**	**0**	1,268	14,288	(9,584)	(149)	**17**	**13,537**
Non Current									
Clinical negligence	**17,289**	0	0	(540)	9,848	(618)	(80)	0	**25,899**
Personal injury	**1,081**	0	0	(37)	68	0	0	0	**1,112**
All other losses and special payments	**0**	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	**133**	0	0	(12)	152	(50)	(9)		**214**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**5,590**			(679)	514	0	(150)	0	**5,275**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**0**		0	0	0	0	0		**0**
Total	**24,093**	**0**	**0**	**(1,268)**	**10,582**	**(668)**	**(239)**	**0**	**32,500**
TOTAL									
Clinical negligence	**23,900**	**0**	**0**	**0**	**22,399**	**(9,062)**	**(102)**	**0**	**37,135**
Personal injury	**1,368**	**0**	**0**	**0**	**1,106**	**(215)**	**(79)**	**2**	**2,182**
All other losses and special payments	**0**	**0**	**0**	**0**	**5**	**(5)**	**0**	**0**	**0**
Defence legal fees and other administration	**247**	**0**	**0**	**0**	**200**	**(70)**	**(57)**		**320**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**6,275**			**0**	**514**	**(677)**	**(150)**	**15**	**5,977**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**0**		**0**	**0**	**646**	**(223)**	**0**		**423**
Total	**31,790**	**0**	**0**	**0**	**24,870**	**(10,252)**	**(388)**	**17**	**46,037**

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 31 March 2023	Thereafter	Total £000
Clinical negligence	11,236	25,898	0	**37,134**
Personal injury	1,070	262	850	**2,182**
All other losses and special payments	0	0	0	**0**
Defence legal fees and other administration	106	214	0	**320**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	702	2,588	2,688	**5,978**
Restructuring	0	0	0	**0**
Other	423	0	0	**423**
Total	**13,537**	**28,962**	**3,538**	**46,037**

The THB estimates that in 2018/19 it will receive £12.326M and in 2018-19 and beyond £26.105M from the Welsh Risk Pool in respect of Losses and Special Payments £38.271M of the provision total relates to the probable liabilities of former Health Authorities in respect of Medical Negligence and Personal Injury Claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust)

Contingent Liabilities are directly linked to these claims in Note 21.

Also included within 'other' at 31st March 2018 is £0.423M relating to retrospective continuing health care claims (2016/17 £0.000M)

20. Provisions (continued)

	At 1 April 2016	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2017
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	8,657	0	0	(2,186)	230	(67)	(23)	0	**6,611**
Personal injury	1,175	0	0	53	85	(359)	(682)	15	**287**
All other losses and special payments	0	0	0	0	5	(5)	0	0	**0**
Defence legal fees and other administration	287	0	0	(123)	44	(39)	(55)		**114**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	714			572	0	(686)	0	85	**685**
Restructuring	0			0	0	0	0	0	**0**
Other	328		0	0	0	(46)	(282)		**0**
Total	**11,161**	**0**	**0**	**(1,684)**	**364**	**(1,202)**	**(1,042)**	**100**	**7,697**
Non Current									
Clinical negligence	12,543	0	0	2,186	4,746	0	(2,186)	0	**17,289**
Personal injury	1,036	0	0	(53)	98	0	0	0	**1,081**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	81	0	0	123	56	(2)	(125)		**133**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	5,683			(572)	701	0	(222)	0	**5,590**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**19,343**	**0**	**0**	**1,684**	**5,601**	**(2)**	**(2,533)**	**0**	**24,093**
TOTAL									
Clinical negligence	21,200	0	0	0	4,976	(67)	(2,209)	0	**23,900**
Personal injury	2,211	0	0	0	183	(359)	(682)	15	**1,368**
All other losses and special payments	0	0	0	0	5	(5)	0	0	**0**
Defence legal fees and other administration	368	0	0	0	100	(41)	(180)		**247**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	6,397			0	701	(686)	(222)	85	**6,275**
Restructuring	0			0	0	0	0	0	**0**
Other	328		0	0	0	(46)	(282)		**0**
Total	**30,504**	**0**	**0**	**0**	**5,965**	**(1,204)**	**(3,575)**	**100**	**31,790**

21. Contingencies

21.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2017-18 £'000**	2016-17 £'000
Legal claims for alleged medical or employer negligence	**11,298**	18,658
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**0**	0
Continuing Health Care costs	**0**	0
Other	**0**	0
Total value of disputed claims	**11,298**	18,658
Amounts recovered in the event of claims being successful	**10,990**	18,558
Net contingent liability	**308**	100

21.2 Remote Contingent liabilities

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

There are no remote Contingent Liabilities for 2017/18

21.3 Contingent assets

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

22. Capital commitments

Contracted capital commitments at 31 March	2017-18 £'000	2016-17 £'000
Property, plant and equipment	**1,731**	82
Intangible assets	**0**	0
Total	**1,731**	82

23. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2018		Approved to write-off to 31 March 2018	
	Number	£	Number	£
Clinical negligence	9	9,116,389	0	0
Personal injury	7	141,748	0	0
All other losses and special payments	4	4,878	0	0
Total	20	9,263,015	0	0

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

Cases exceeding £300,000	Case type	**Amounts paid out in year** £	**Cumulative amount** £	**Approved to write-off in year** £
MN/030/007/RG	Clinical Negligence	8,401,620	14,690,900	0
MN/030/0186/ALF	Clinical Negligence	601,000	1,122,886	0
MN/030/0614/ECM	Clinical Negligence	40,148	681,979	0
MN/030/0623/GAK	Clinical Negligence	0	308,249	0
Sub-total		**9,042,768**	**16,804,013**	**0**
All other cases		220,247	357,883	0
Total cases		**9,263,015**	**17,161,896**	**0**

24. Finance leases

24.1 Finance leases obligations (as lessee)

The THB has no finance leases in operation

Amounts payable under finance leases:

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

24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

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

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

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

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

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Teaching Local Health Board has no Private Finance Initiative Contracts in operation

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	Off-SoFP PFI contracts
	31 March 2018	31 March 2017
	£000	£000
Total payments due within one year	**0**	0
Total payments due between 1 and 5 years	**0**	0
Total payments due thereafter	**0**	0
Total future payments in relation to PFI contracts	**0**	0
Total estimated capital value of off-SoFP PFI contracts	**0**	0

25.2 PFI schemes on-Statement of Financial Position

The Teaching Local Health Board has no Private Finance Initiative Contracts in operation

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

	On SoFP PFI Capital element 31 March 2018	**On SoFP PFI Imputed interest 31 March 2018**	**On SoFP PFI Service charges 31 March 2018**
	£000	**£000**	**£000**
Total payments due within one year	**0**	**0**	**0**
Total payments due between 1 and 5 years	**0**	**0**	**0**
Total payments due thereafter	**0**	**0**	**0**
Total future payments in relation to PFI contracts	**0**	**0**	**0**

	On SoFP PFI Capital element 31 March 2017	On SoFP PFI Imputed interest 31 March 2017	On SoFP PFI Service charges 31 March 2017
	£000	£000	£000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0
Total present value of obligations for on-SoFP PFI contracts	**0**		

The Teaching Local Health Board has no Private Finance Initiative Contracts in operation

25.3 Charges to expenditure

	2017-18	2016-17
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	**0**	0
Total expense for Off Statement of Financial Position PFI contracts	**0**	0
The total charged in the year to expenditure in respect of PFI contracts	**0**	0

The LHB is committed to the following annual charges

	31 March 2018	31 March 2017
PFI scheme expiry date:	**£000**	£000
Not later than one year	**0**	0
Later than one year, not later than five years	**0**	0
Later than five years	**0**	0
Total	**0**	0

The estimated annual payments in future years will vary from those which the LHB is committed to make during the next year by the impact of movement in the Retail Prices Index.

25.4 Number of PFI contracts

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

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

PFI Contract

26. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The LHB is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The LHB has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

Currency risk
The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

Interest rate risk
LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations

Credit risk
Because the majority of the LHB's funding derives from funds voted by the Welsh Government the LHB has low exposure to credit risk.

Liquidity risk
The LHB is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	2017-18 £000	2016-17 £000
(Increase)/decrease in inventories	**3**	9
(Increase)/decrease in trade and other receivables - non-current	**(8,684)**	(4,797)
(Increase)/decrease in trade and other receivables - current	**(5,607)**	2,333
Increase/(decrease) in trade and other payables - non-current	**0**	0
Increase/(decrease) in trade and other payables - current	**(897)**	1,665
Total	**(15,185)**	(790)
Adjustment for accrual movements in fixed assets - creditors	**(41)**	(941)
Adjustment for accrual movements in fixed assets - debtors	**234**	13
Other adjustments	**0**	0
	(14,992)	(1,718)

28. Other cash flow adjustments

	2017-18 £000	2016-17 £000
Depreciation	**3,075**	2,920
Amortisation	**0**	0
(Gains)/Loss on Disposal	**(60)**	(1)
Impairments and reversals	**188**	1,261
Release of PFI deferred credits	**0**	0
Donated assets received credited to revenue but non-cash	**(304)**	(40)
Government Grant assets received credited to revenue but non-cash	**0**	0
Non-cash movements in provisions	**24,499**	2,490
Total	**27,398**	6,630

29. Third Party assets

The LHB held £460.00 cash at bank and in hand at 31 March 2018 (31 March 2017, £0) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31 March 2018 (31 March 2017, £0). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

30. Events after the Reporting Period

There are no events after the Reporting Period to be declared

31. Related Party Transactions

Total value of transactions with Board members and key senior staff in 2017-2018

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£	£	£	£

During the year none of the board members or members of the key management staff or other related parties has undertaken any material transactions

There have been no related party transactions with Welsh Ministers.

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

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	78	300,770	16	2,221
Abertawe Bro Morgannwg University Local Health Board	9,341	1,511	481	35
Aneurin Bevan University Local Health Board	15,159	586	728	366
Betsi Cadwaladr University Local Health Board	3,018	877	253	441
Cardiff & Vale University Local Health Board	1,553	352	149	54
Cwm Taf University Local Health Board	2,065	284	154	91
Hywel Dda University Local Health Board	7,721	564	263	126
Public Health Wales NHS Trust	274	225	71	67
Velindre NHS Trust	2,365	478	133	137
Welsh Ambulance Services NHS Trust	1,110	48	46	48
WHSSC (Hosted by Cwm Taf University Local Health Board)	32,549	175	153	318

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

Name	Details	Interests
Councillor Melanie Davies	Vice Chair	Councillor, Powys County Council
Councillor Matthew Dorrance	Independent Member	Councillor, Powys County Council
Councillor Tony Thomas	Independent Member	Councillor, Powys County Council
Patricia Buchan	Independent Member	Ex Officio Trustee - Powys Association of Voluntary Oragnisations
Amanda Lewis	Associate Member	Strategic Director of People, Powys County Council
Eifion Williams	Interim Finance Director	Employee of Abertawe Bro Morgannwg University Health Board Member of Finance Committee at Swansea University
Rhiannon Beaumont-Wood	Director of Nursing	Employee of Public Health Wales
Stuart Bourne	Director of Public Health	Employee of Public Health Wales

The value of transactions with these bodies are as follows:

Powys Association of Voluntary Organisations	£0.727M
Powys County Council	£8.774M

Powys THB has hosted the following functions on behalf of NHS Wales on which it receives income from the Welsh Government and other LHB's:
- Residual Clinical Negligence
- Community Health Councils
- Continuing Care Case Administration
- Health and Care Research Wales (HCRW)

Powys THB also has material transactions with English NHS Trusts with whom it commissions healthcare including:
- Shrewsbury and Telford NHS Trust
- Wye Valley NHS Trust
- The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

Powys THB has also received items donated from the Powys THB Charitable Fund, for which the Board is the Corporate Trustee.

32. Pooled budgets

A Funded Nursing Care

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 31 of the Health Act 1999. The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under section 2 of the National Health Service Act 1977. In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. (Circular 12/2003)
The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations. The partnership agreement operates in accordance with the Welsh Government Guidance NHS Funded Nursing Care 2004.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	***1,064,557***		***1,064,557***
Powys Teaching Health Board	***1,075,493***		***1,075,493***
Total Funding	***2,140,050***		***2,140,050***
Expenditure			
Monies spent in accordance with		***2,048,569***	***2,048,569***
Pooled budget arrangement			
Total Expenditure		***2,048,569***	***2,048,569***
Net under/(over) spend			***91,481***

The above memorandum account is subject to the financial statements of Powys County Council (the Host).

B Provision of Community Equipment

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in respect of lead commissioning from a pooled fund for the provision of community equipment in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the host partner for the purposes of the Regulations. The purpose of the agreement is to facilitate the provision of a community equipment service and the development of this service in Powys. The service is provided from a pooled fund and is within the THB's and the Council's powers.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	***521,000***		***521,000***
Powys Teaching Health Board	***521,000***		***521,000***
Total Funding	***1,042,000***		***1,042,000***
Expenditure			
Monies spent in accordance with		***1,042,000***	***1,042,000***
Pooled budget arrangement			
Total Expenditure			***1,042,000***
Net under/(over) spend			***0***
Share of underspend			***0***

The above memorandum account is subject to the financial statements of Powys County Council (the Host).

C Provision of Section 33 Joint Agreement for the provision of IT Services

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.
The agreement will not affect the liability of the parites for the exercise of their respective statutory functions and obligations.
Powys County Council is the lead commissioner and the host partner for the purposes of the regulations.
The purpose of the agreement is to facilitate the provision of ICT services within Powys.

	Funding	Expenditure	Total
Gross Funding	£	£	£
Powys County Council	***2,520,110***		***2,520,110***
Powys Teaching Health Board	***1,013,330***		***1,013,330***
Other Income	***212,494***		***212,494***
Total Funding	***3,745,934***		***3,745,934***
Expenditure			
Monies spent in accordance with		***3,776,910***	***3,776,910***
Pooled budget arrangement			
Total Expenditure			***3,776,910***
Net under/(over) spend			***(30,976)***

The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).

32. Pooled budgets (Continued)

D Provision of Section 33 Joint Agreement for the provision of a Reablement Service

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in respect of lead commissioning from a pooled fund for the provision of an effective and sustainable joint reablement service which meets the needs of the Powys communities in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the host partner for the purposes of the Regulations. This service is provided from a pooled fund and is within the THB's and the Council's powers.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	***413,380***		***413,380***
Powys Teaching Health Board	***828,000***		***828,000***
Total Funding	***1,241,380***		***1,241,380***
Expenditure			
Monies spent in accordance with Pooled budget arrangement		***1,219,787***	**1,219,787**
Total Expenditure			***1,219,787***
Net under/(over) spend			***21,593***

The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).

E Provision of Section 33 Joint Agreement for the provision of Tier 2/3 Psycho-social Treatment Services

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations. The purpose of the agreement is to provide a Tier 2 and 3 service provision for drug and alcohol users and their concerned others.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	***669,912***		***669,912***
Powys Teaching Health Board	***121,864***		***121,864***
Total Funding	***791,776***		***791,776***
Expenditure			
Monies spent in accordance with Joint Arrangement		791,776	**791,776**
Total Expenditure		***791,776***	***791,776***
Net under/(over) spend			***0***

The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).

F Provision of Section 33 Joint Agreement for the provision of Personal Care at Glan Irfon Integrated Health and Social Care Unit, Builth Wells

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to enable the use of resources relating to the Inpatient Services at the Glan Irfon Health and Social Centre, Builth Wells.
This agreement is in line with Section 33 of the National Health Service Wales Act 2006 and provides a coordinated approach to the commissioning, management and monitoring of these Inpatient Services.

The Service Provider, BUPA Health Care under the pooled budget will provide person centred care at the new unit, for up to 12 residents within the short stay shared care unit (max 6 weeks stay) with in-reach clinical, nursing and reablement support (registered under CSSIW for Residential Care).

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	***177,249***		***177,249***
Powys Teaching Health Board	***176,764***		***176,764***
Total Funding	***354,013***		***354,013***
Expenditure			
Monies spent in accordance with Pooled budget arrangement		354,013	**354,013**
Total Expenditure		***354,013***	***354,013***
Net under/(over) spend			***0***

The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).

32. Pooled budgets (Continued)

G Provision of Section 33 for the provision of Services to Carers

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to ensure the integrated provision high quality, cost effective services to Carers which meet local health and social care needs, through the establishment of a Pooled fund / non pooled but delegated to funds nder Section 33 of the National Health Service Wales Act 2016

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	***236,650***		***236,650***
Powys Teaching Health Board	***16,582***		***16,582***
Total Funding			***253,232***
Expenditure			
Monies spent in accordance with Pooled budget arrangement		***253,232***	***253,232***
Total Expenditure			***253,232***
Net under/(over) spend			***0***

The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).

H Provision of Section 33 for the provision of an Integrated Care Team for Older People - Ystradgynlais Scheme

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to ensure the delviery of integrated health and social care via an Integrated Care Team for Older Peole in the Ystradgynlais area based on service user need.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	***1,460,308***		***1,460,308***
Powys Teaching Health Board	***2,123,835***		***2,123,835***
Total Funding	***3,584,143***		***3,584,143***
Expenditure			
Monies spent in accordance with Joint Arrangement		3,528,841	**3,528,841**
Total Expenditure		***3,528,841***	***3,528,841***
Net under/(over) spend			***55,302***

The above memorandum account is subject to the financial statements audit of Powys Teaching Health Board (the Host).

33. Operating segments

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

		Total Total Powys "Health" £'000	Total Residual Clinical Negligence £'000	Total Community Health Councils £'000	Total Continuing Care Case Administration £'000	Total Health and Care Research Wales (HCRW) £'000	Consolidation Adjustments £'000	Total £'000
	Note							
Expenditure on Primary Healthcare Services	3.1	67,098	0	0	0	0	0	67,098
Expenditure on healthcare from other providers	3.2	145,054	0	0	0	0	0	145,054
Expenditure on Hospital and Community Health Services	3.3	83,847	25	3,814	1,643	4,432	(63)	93,698
		295,999	**25**	**3,814**	**1,643**	**4,432**	**(63)**	**305,850**
Less: Miscellaneous Income	4	7,907	0	0	1,632	4,432	(63)	13,908
THB net operating costs before interest and other gains and losses		**288,092**	**25**	**3,814**	**11**	**0**	**0**	**291,942**
Investment Income	8	0	0	0	0	0	0	0
Other (Gains) / Losses	9	(60)	0	0	0	0	0	(60)
Finance costs	10	18	0	0	0	0	0	18
THB Net Operating Costs		**288,050**	**25**	**3,814**	**11**	**0**	**0**	**291,900**
Add Non Discretionary Expenditure	2.1	1,734	0	0	0	0	0	1,734
Revenue Resource Limit	2.1	289,841	25	3,864	0	0	0	293,730
Under / (over) spend against Revenue Resource Limit		**57**	**0**	**50**	**(11)**	**0**	**0**	**96**

34. Other Information

NHS Funded Nursing Care Supreme Court Ruling

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

Following the outcome of the Supreme Court ruling the Health Board accrued £0.809 million expenditure within its financial position for the 2017/18 financial year and this liability is included within the accrued expenditure line of Note 18 Trade and other payables.

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

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2011 and subsequent financial years in respect of the Local Health Boards (LHB)1, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year in which the accounts are being prepared, and has been applied by the Welsh Government and detailed in the NHS Wales LHB Manual for Accounts;

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009