

North West Wales NHS Trust

Foreword

These accounts for the period ended 30 September 2009 have been revised to comply with IFRS by the North West Wales NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

The main function of the Trust is the provision of health care, covering both acute and community services, including mental health and learning disability services.

INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

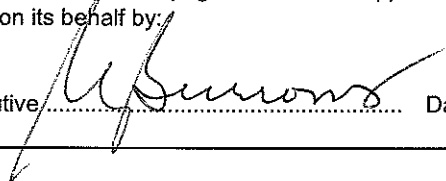
		6 months to 30 September 2009	12 months 2008-09
	Note	£000	£000
Revenue from patient care activities	2	114,892	225,173
Other operating revenue	3	5,399	10,765
Operating expenses	4	(117,962)	(231,313)
Operating surplus/(deficit)		2,329	4,625
Investment revenue	5	30	862
Other gains and losses	6	1	19
Finance costs	7	(24)	(23)
Surplus/(deficit)		2,336	5,483
Dividends payable on Public Dividend Capital		(2,765)	(5,498)
Retained surplus/(deficit)		(429)	(15)

The notes on pages 6 to 57 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2009

		30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
	Note			
Non-current assets				
Property, plant and equipment	12	169,172	171,897	168,191
Intangible assets	13	134	127	79
Trade and other receivables	20	2,154	494	2,910
Other financial assets	17	0	0	0
Other assets	18	0	0	0
Total non-current assets		171,460	172,518	171,180
Current assets				
Inventories	19	2,687	2,465	2,437
Trade and other receivables	20	18,730	16,919	11,670
Other financial assets	17	0	0	0
Other current assets	18	1,527	870	9,274
Cash and cash equivalents	21	3,532	6,331	1,947
		26,476	26,585	25,328
Non-current assets held for sale	12	572	164	0
Total current assets		27,048	26,749	25,328
Total assets		198,508	199,267	196,508
Current liabilities				
Trade and other payables	22	(16,439)	(13,828)	(13,958)
Borrowings	23	(310)	(1,474)	(1,637)
Other financial liabilities	24	0	0	0
Provisions	26	(15,179)	(15,468)	(16,465)
Other liabilities	25	0	0	0
Total current liabilities		(31,928)	(30,770)	(32,060)
Net current assets/(liabilities)		(4,880)	(4,021)	(6,732)
Total assets less current liabilities		166,580	168,497	164,448
Non-current liabilities				
Trade and other payables	22	0	0	0
Borrowings	23	(247)	(339)	(510)
Other financial liabilities	24	0	0	0
Provisions	26	0	0	0
Other liabilities	25	0	0	0
Total non-current liabilities		(247)	(339)	(510)
Total assets employed		166,333	168,158	163,938
Financed by:				
Taxpayers' equity				
Public dividend capital		103,530	99,530	97,128
Retained earnings		(754)	(325)	(349)
Revaluation reserve		59,322	64,045	62,081
Donated asset reserve		4,235	4,908	5,078
Government grant reserve		0	0	0
Other reserves		0	0	0
Total taxpayers' equity		166,333	168,158	163,938

The financial statements on pages 1 to 5 were approved by the Board on 25th February 2010 and signed on its behalf by:

Chief Executive  Date 25/2/10

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Govern- ment Grant Reserve £000	Other reserves £000	Total £000
Balance at 31 March 2009							
As previously stated	99,530	(325)	64,045	4,908	0	0	168,158
Prior Period Adjustment	0	0	0	0	0	0	0
Restated balance	99,530	(325)	64,045	4,908	0	0	168,158
Changes in taxpayers' equity for 2009							
Net gain/(loss) on revaluation of property, plant and equipment		0	(4,723)	(525)	0	0	(5,248)
Net gain/(loss) on revaluation of intangible		0	0	0	0	0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
Receipt of donated/government granted assets		0	0	0	0	0	0
Release of reserves to the income statement		0	0	(148)	0	0	(148)
Movements on other reserves (specify)		0	0	0	0	0	0
Transfers between reserves		0	0	0	0	0	0
Retained surplus/(deficit) for the year		(429)	0	0	0	0	(429)
Reserves eliminated on dissolution		0	0	0	0	0	0
New Public Dividend Capital received	4,000						4,000
Public Dividend Capital repaid in year	0						0
Public Dividend Capital written off	0						0
Other movements in PDC in year	0						0
Balance at 30 September 2009	103,530	(754)	59,322	4,235	0	0	166,333

The notes on pages 6 to 57 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Govern- ment Grant Reserve £000	Other reserves £000	Total £000
Balance at 31 March 2008							
As previously stated	97,128	(349)	62,081	5,078	0	0	163,938
Prior Period Adjustment	0	0	0	0	0	0	0
Restated balance at 1 April 2008	97,128	(349)	62,081	5,078	0	0	163,938
Changes in taxpayers' equity for 2008							
Net gain/(loss) on revaluation of property, plant and equipment		0	2,003	153	0	0	2,156
revaluation of intangible assets		0	0	0	0	0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
Receipt of donated/government granted assets		0	0	(323)	0	0	(323)
Release of reserves to the income statement		0	0	0	0	0	0
Movements on other reserves (specify)		0	0	0	0	0	0
Transfers between reserves		39	(39)	0	0	0	0
Retained surplus/(deficit) for the year		(15)	0	0	0	0	(15)
Reserves eliminated on dissolution		0	0	0	0	0	0
New Public Dividend Capital received	6,057						6,057
Public Dividend Capital repaid in year	(3,655)						(3,655)
Public Dividend Capital written off	0						0
Other movements in PDC in year	0						0
Balance at 31 March 2009	99,530	(325)	64,045	4,908	0	0	168,158

The notes on pages 6 to 57 form part of these accounts.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	6 months to 30 September 2009	12 months 2008-09
Note	£000	£000
Cash flows from operating activities		
Operating surplus/(deficit)	2,329	4,625
Depreciation and amortisation	4,791	8,798
Impairments and reversals	733	3,305
Net foreign exchange (gain)/loss	0	0
Release of PFI deferred credits	0	0
Transfer from donated asset reserve	(148)	(323)
Transfer from government grant reserve	0	0
Interest paid	0	0
Dividend paid	(2,779)	(5,821)
(Increase)/decrease in inventories	(222)	(28)
(Increase)/decrease in trade and other receivables	(3,679)	5,712
(Increase)/decrease in other current assets	(657)	0
Increase/(decrease) in trade and other payables	4,182	(1,882)
Increase/(decrease) in other current liabilities	84	0
Increase/(decrease) in provisions	(289)	(997)
Net cash inflow/(outflow) from operating activities	4,345	13,389
Cash flows from investing activities		
Interest received	30	964
(Payments) for property, plant and equipment	(9,977)	(12,273)
Proceeds from disposal of property, plant and equipment	1	152
(Payments) for intangible assets	(26)	(72)
Proceeds from disposal of intangible assets	0	0
(Payments) for other investments with WAG	0	0
(Payments) for other investments	(48,000)	(162,000)
Proceeds from disposal of other investments with WAG	0	0
Proceeds from disposal of other investments	48,000	162,000
Rental proceeds	0	0
Net cash inflow/(outflow) from investing activities	(9,972)	(11,229)
Net cash inflow/(outflow) before financing	(5,627)	2,160
Cash flows from financing activities		
Public Dividend Capital received	4,000	6,057
Public Dividend Capital repaid	0	(3,655)
Loans received from WAG	0	0
Other loans received	0	0
Loans repaid to WAG	0	0
Other loans repaid	0	0
Other capital receipts	0	0
Capital elements of finance leases and on-balance sheet PFI	0	0
Cash transferred (to)/from other NHS bodies	0	0
Net cash inflow/(outflow) from financing activities	4,000	2,402
Net increase/(decrease) in cash and cash equivalents	(1,627)	4,562
Cash [and] cash equivalents [and bank overdrafts] at the beginning of the financial year	21 5,028	466
Cash [and] cash equivalents [and bank overdrafts] at the end of the financial year	21 <u>3,401</u>	<u>5,028</u>

The notes on pages 6 to 57 form part of these accounts.

Accounting policies

1. The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2009/10 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Revenue

The main source of revenue for the trust is from Local Health Boards, which are Welsh Assembly Government funded, commissioners of NHS health and patient care. Revenue is recognised in the period in which services are provided.

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

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

Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

1.4 Employee Benefits

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

Retirement benefit costs

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

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

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme, the scheme assets and liabilities attributable to those employees can be identified and are recognised in the trust's 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 period is recognised within operating expenses. The expected gain during the period from scheme assets is recognised within finance income. The interest cost for the period arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Actuarial gains and losses for the period are recognised in the pensions reserve and reported as an item of other comprehensive income.

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

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 trust;
- 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. All assets are measured subsequently at fair value.

Land and buildings used for the trust's services or for administrative purposes are stated in the balance sheet 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 balance sheet date. Fair values are determined as follows:

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. The Welsh Assembly Government 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 Trusts 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.

For 2009-10 no indexation is applied to the Land and Properties of NHS Wales Trusts because they have been subject to a MEA revaluation exercise. The equipment of NHS Wales Trusts is subject to indexation. 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 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.

Subsequent expenditure

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

1.7 Intangible assets

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period

over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives

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

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.9 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.10 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to retained earnings.

1.11 Government grants

Government grants are grants from government bodies other than revenue from NHS bodies for the provision of services. Revenue grants are treated as deferred income initially and credited to income to match the expenditure to which they relate. Capital grants are credited to the government grant reserve and released to operating revenue over the life of the asset in a manner consistent with the depreciation and impairment charges for that asset. Assets purchased from government grants are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the government grant reserve to offset the expenditure.

1.12 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 Income Statement. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to retained earnings.

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

1.13 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.

The trust as lessee

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

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

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

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

The trust as lessor

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

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

1.14 Inventories

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

1.15 Cash and cash equivalents

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

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

1.16 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms.

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 Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

1.17 Clinical Negligence Costs

The Welsh Risk Pool operates a risk pooling scheme which is currently funded by the Welsh Assembly Government. The WRP is hosted by North Wales NHS Trust.

1.18 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The asset, provision and government grant reserve are valued at fair value at the end of the reporting period.

1.19 Contingencies

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

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

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

1.20 Financial assets

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

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit and loss'; '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.

Financial assets at fair value through profit and loss

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 profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the accounting period. The net gain or loss incorporates any interest earned on the financial asset.

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.

Available for sale financial assets

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

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 initial fair value of the financial asset.

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

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

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

1.21 Financial liabilities

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

Loans from the Welsh Assembly Government are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

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

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

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

1.22 Value Added Tax

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

1.23 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 30 September. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

1.24 Third party assets

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

1.25 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Welsh Minister for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from the NHS Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

A charge, reflecting the cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General and the National Loans Fund. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

1.26 Losses and Special Payments

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

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

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

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

1.27 Critical Accounting Judgements and key sources of estimation uncertainty

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

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. 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.

1.28 Key sources of estimation uncertainty

The Trust does not consider that there are any estimation uncertainties at 30th September 2009 where there is a significant risk of causing any material adjustments to the carrying amount of assets and liabilities within the next financial year.

North West Wales NHS Trust Accounts to 30 September 2009

	6 months to 30 September 2009 £000	12 Months 2008-09 £000
2. Revenue from patient care activities		
Local health boards	103,152	202,242
Health Commission Wales	4,582	8,516
NHS trusts	1,314	2,510
Strategic health authorities and primary care trusts	1,688	3,246
Foundation Trusts	0	0
Local authorities	1,246	2,388
Welsh Assembly Government	2,000	4,898
Non NHS:		
Private patient income	131	400
Overseas patients (non-reciprocal)	5	10
Injury Costs Recovery (ICR) Scheme	673	864
Other revenue from activities	101	99
Total	114,892	225,173

ICR income is subject to a provision for doubtful debts of 7.8% to reflect expected rates of collection. In 2008/09, the provision of doubtful debts of 7.8% was used for cases made in the past three years, with 100% provision for doubtful debts made for all other cases.

	6 months to 30 September 2009 £000	12 Months 2008-09 £000
3. Other operating revenue		
Patient transport services	0	0
Education, training and research	2,990	5,804
Charitable and other contributions to expenditure	964	2,285
Transfer from the donated asset reserve	148	323
Transfer from the government grant reserve	0	0
Non-patient care services to other bodies	14	33
Income generation	0	0
Rental revenue	60	121
Other revenue:		
Provision of laundry, pathology, payroll services	76	162
Accommodation and catering charges	675	1,281
Mortuary fees	71	109
Staff payments for use of cars	118	232
Business unit (please state)	0	0
Other	283	415
Total	5,399	10,765

North West Wales NHS Trust Accounts to 30 September 2009

4. Operating expenses

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
Goods and services from other NHS Wales bodies	3,632	5,869
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	553	1,364
Directors' costs	390	792
Staff costs	86,438	166,357
Supplies and services - clinical	13,568	27,599
Supplies and services - general	1,046	2,393
Consultancy Services	81	279
Establishment	2,663	5,634
Transport	124	459
Provision for impairment of receivables	0	0
Premises	3,485	7,273
Depreciation	4,772	8,774
Amortisation	19	24
Impairments and reversals of property, plant and equipment	733	3,305
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Audit fees	118	187
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	27	786
Research and development	0	0
Other operating expenses	313	218
Total	117,962	231,313

Operating expenses include £31,000 in respect of shadow running costs of Betsi Cadwaladr University Health Board, incurred during the period to 30 September 2009.

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

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
Increase/(decrease) in provision for future payments:		
Clinical negligence	2,593	2,096
Personal injury	185	91
All other losses and special payments	79	205
Defence legal fees and other administrative costs	(178)	181
Gross increase/(decrease) in provision for future payments	2,679	2,573
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	(2,652)	(1,787)
Total charge	27	786

Personal injury includes £10,415 (2008-09 £30,013) in respect of permanent injury benefits.

North West Wales NHS Trust Accounts to 30 September 2009

5. Investment revenue	6 months to 30 September 2009 £000	12 Months 2008-09 £000
Rental revenue :		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other Finance lease contingent rental revenue	0	0
Operating lease contingent rental revenue	0	0
Interest revenue:		
Bank accounts	30	862
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	30	862

6. Other gains and losses	6 months to 30 September 2009 £000	12 Months 2008-09 £000
Gain/(loss) on disposal of property, plant and equipment	1	19
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through profit and loss	0	0
Change in fair value of financial liabilities at fair value through profit and loss	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	1	19

7. Finance costs	6 months to 30 September 2009 £000	12 Months 2008-09 £000
Interest on loans	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
Other finance costs	24	23
Total	24	23

8. Operating leases

As lessee

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
Payments recognised as an expense		
Minimum lease payments	699	1,035
Contingent rents	0	0
Sub-lease payments	0	0
Total	699	1,035

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
Total future minimum lease payments		
Payable:		
Not later than one year	223	231
Between one and five years	818	705
After 5 years	0	0
Total	1,041	936
Total future sublease payments expected to be received	0	0

As lessor

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
Rental revenue		
Contingent rent	0	0
Other	60	121
Total revenue rental	60	121

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
Total future minimum lease payments		
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

9. Employee costs and numbers

9.1 Employee costs	6 months to 30 September 2009			12 Months 2008-09
	Permanently Employed	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	69,747	3,229	72,976	140,320
Social security costs	5,351	0	5,351	10,089
Employer contributions to Pensions Schemes	8,572	0	8,572	16,490
Other pension costs	70	0	70	79
Other post-employment benefits	0	0	0	0
Termination benefits	0	0	0	0
Total	83,740	3,229	86,969	166,978

Of the total above:

Charged to capital	200	0
Charged to revenue	86,769	166,978
	86,969	166,978

Salary costs of £200,000 have been capitalised for employed staff working on capital projects.
Salary costs have not been capitalised in previous years.

9.2 Average number of employees

	Permanently Employed	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	328	42	370	390
Ambulance staff	0	0	0	0
Administrative and estates	835	5	840	834
Healthcare assistants and other support staff	1,217	0	1,217	1,212
Nursing, midwifery and health visiting staff	1,599	0	1,599	1,589
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	623	1	624	611
Social care staff	2	0	2	2
Other	2	1	3	2
Total	4,606	49	4,655	4,640

9.3 Employee benefits

The Trust does not have an employee benefit scheme and no benefits were paid.

10. Pension costs

10.1 Retirement costs due to ill-health

In the period to 30 September 2009 there were 3 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements will be £178,520. The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11. Public Sector Payment Policy - Measure of Compliance

11.1 Prompt payment code - measure of compliance

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

	Number	£000
NHS		
Total bills paid to 30 September 2009	1,559	5,876
Total bills paid within target	1,336	5,566
Percentage of bills paid within target	85.7%	94.7%
Non-NHS		
Total bills paid to 30 September 2009	39,205	36,691
Total bills paid within target	37,907	35,649
Percentage of bills paid within target	96.7%	97.2%
Total		
Total bills paid to 30 September 2009	40,764	42,567
Total bills paid within target	39,243	41,215
Percentage of bills paid within target	96.3%	96.8%

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

	£
Amounts included within finance costs (note 9) from claims made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0
Total	0

12. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc- tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2009	14,167	160,258	6,222	10,563	34,462	693	7,132	1,242	234,739
Indexation	0	0	0	0	334	7	0	12	353
Additions - purchased	0	410	0	7,683	156	0	128	28	8,405
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	29	0	0	0	0	29
Reclassifications	0	4,635	0	(5,482)	847	0	0	0	0
Impairments	(1,471)	(12,171)	(477)	0	0	0	0	0	(14,119)
Other in-year revaluations	179	8,083	0	0	(563)	0	0	(16)	7,683
Reclassified as held for sale	(275)	(155)	0	0	0	0	0	0	(430)
Disposals other than by sale	0	0	0	0	(2,995)	(5)	0	(281)	(3,281)
At 30 September 2009	12,600	161,060	5,745	12,793	32,241	695	7,260	985	233,379
Depreciation									
At 1 April 2009	0	31,730	895	0	24,584	416	4,381	836	62,842
Indexation	0	0	0	0	239	4	0	8	251
Reclassifications	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	(370)	0	0	(7)	(377)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(2,995)	(5)	0	(281)	(3,281)
Provided during the year	0	2,616	77	0	1,560	35	448	36	4,772
At 30 September 2009	0	34,346	972	0	23,018	450	4,829	592	64,207
Net book value									
at 1 April 2009	14,167	128,528	5,327	10,563	9,878	277	2,751	406	171,897
at 30 September 2009	12,600	126,714	4,773	12,793	9,223	245	2,431	393	169,172
Net book value at 30 September 2009 comprises :									
Purchased	12,600	122,725	4,773	12,793	9,003	245	2,431	367	164,937
Donated	0	3,989	0	0	220	0	0	26	4,235
Government Granted	0	0	0	0	0	0	0	0	0
NBV 30 Sept 2009	12,600	126,714	4,773	12,793	9,223	245	2,431	393	169,172
Asset Financing									
Owned	12,600	126,714	4,773	12,793	9,223	245	2,082	393	168,823
Held on finance lease	0	0	0	0	0	0	349	0	349
On-balance sheet PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
NBV 30 Sept 2009	12,600	126,714	4,773	12,793	9,223	245	2,431	393	169,172
The net book value of land, buildings and dwellings at 30 September 2009 comprises :									
Freehold									£'000
									144,087
Long Leasehold									0
Short Leasehold									0
								144,087	

North West Wales NHS Trust Accounts to 30 September 2009

12. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc- tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2008	16,678	138,724	6,124	21,966	31,584	846	5,510	941	222,373
Indexation	(2,502)	3,359	162	659	948	25	0	28	2,679
Additions - purchased	0	740	3	9,960	2,269	1	806	147	13,926
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	20,660	133	(22,022)	279	0	824	126	0
Impairments	0	(4,034)	0	0	0	0	0	0	(4,034)
Other in-year revaluations	58	809	30	0	0	0	0	0	897
Reclassified as held for sale	(37)	0	(127)	0	0	0	0	0	(164)
Disposals other than by sale	(30)	0	(103)	0	(618)	(179)	(8)	0	(938)
At 31 March 2009	14,167	160,258	6,222	10,563	34,462	693	7,132	1,242	234,739
Depreciation									
At 1 April 2008	0	26,762	724	0	21,774	507	3,658	757	54,182
Indexation	0	0	0	0	653	15	0	23	691
Reclassifications	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(618)	(179)	(8)	0	(805)
Provided during the year	0	4,968	171	0	2,775	73	731	56	8,774
At 31 March 2009	0	31,730	895	0	24,584	416	4,381	836	62,842
Net book value									
at 1 April 2008	16,678	111,962	5,400	21,966	9,810	339	1,852	184	168,191
Net book value									
at 31 March 2009	14,167	128,528	5,327	10,563	9,878	277	2,751	406	171,897
Net book value at 31 March 2009 comprises :									
Purchased	14,167	123,946	5,327	10,563	9,587	277	2,751	371	166,989
Donated	0	4,582	0	0	291	0	0	35	4,908
Government Granted	0	0	0	0	0	0	0	0	0
	14,167	128,528	5,327	10,563	9,878	277	2,751	406	171,897
Asset Financing									
Owned	14,167	128,528	5,327	10,563	9,878	277	2,324	406	171,470
Held on finance lease	0	0	0	0	0	0	427	0	427
On-balance sheet PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
	14,167	128,528	5,327	10,563	9,878	277	2,751	406	171,897

The net book value of land, buildings and dwellings at 31 March 2009 comprises :

	£'000
Freehold	148,186
Long Leasehold	0
Short Leasehold	0
	<u>148,186</u>

Disclosures:

- i) There have not been any assets donated in-year.
- ii) The District Valuer revalued all land, buildings and dwellings as at 1st April 2009, using the Modern Equivalent Asset basis.
- iii) Asset lives for buildings & dwellings are provided by the District Valuer. Asset lives for equipment assets are assessed by the owner/user and are reviewed regularly.
- iv) There has been no compensation from third parties for assets impaired, lost or given up.
- v) There have been no write downs to recoverable amount and any reversals of such write downs.
- vi) There are no temporarily idle assets.
- vii) The gross carrying amount of fully depreciated assets still in use is £16,025,096.
- viii) Salary costs of £200,000 have been capitalised for employed staff working on capital projects.

12.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2008	0	0	0	0	0	0
Plus assets classified as held for sale in year	37	127	0	0	0	164
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of 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 c/f 31 March 2009	37	127	0	0	0	164
Balance b/f 1 April 2009	37	127	0	0	0	164
Plus assets classified as held for sale in year	275	155	0	0	0	430
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	-2	-20	0	0	0	-22
Plus reversal of 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 c/f 30 Sept 2009	310	262	0	0	0	572

The assets classified as held for sale are as follows:

Minffordd Hospital, Bangor - a former EMI unit, the property is no longer in use. Agents have been appointed in conjunction with Welsh Health Estates, and tenders have been invited for its sale in September 2009. It is anticipated it will be disposed before 31st March 2010.

Roslyn Flats, Llandudno - former staff residences that are no longer required. The properties have been on the market since September 2008.

Bethesda Clinic - the clinic remains in use by the Trust, pending the opening of a new health centre in Bethesda, which has an anticipated opening date in March 2010. The property has not been marketed for general sale; negotiations continue with Welsh Health Estates to transfer ownership to another public body. The District Valuer has been consulted to ensure a fair price is achieved.

13. Intangible fixed assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emissions trading scheme allowances	Total
Cost or valuation	£000	£000	£000	£000	£000		£000
At 1 April 2009	158	0	0	0	0	0	158
Revaluation					0	0	0
Reclassifications	0	0	0	0	0	0	0
Additions							
- purchased	26	0	0	0	0	0	26
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Gross cost at 30 September 2009	184	0	0	0	0	0	184
Accumulated amortisation at 1 April 2009	31	0	0	0	0	0	31
Revaluation					0	0	0
Impairments	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Charged during the year	19	0	0	0	0	0	19
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Accumulated amortisation at 30 September 2009	50	0	0	0	0	0	50
Net book value at 1 April 2009	127	0	0	0	0	0	127
Net book value at 30 September 2009	134	0	0	0	0	0	134
Net book value							
Purchased	134	0	0	0	0	0	134
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 30 September 2009	134	0	0	0	0	0	134

Computer software purchases all have a finite useful life of 5 years. There are no fully amortised intangible asset still in use. There are no intangible assets controlled by the entity but not recognised as assets as they do not meet the recognition criteria of IAS 38.

North West Wales NHS Trust Accounts to 30 September 2009

13. Intangible fixed assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emissions trading scheme allowances	Total
Cost or valuation	£000	£000	£000	£000	£000		£000
At 1 April 2008	86	0	0	0	0	0	86
Revaluation					0	0	0
Reclassifications	0	0	0	0	0	0	0
Additions							
- purchased	72	0	0	0	0	0	72
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Gross cost at 31 March 2009	158	0	0	0	0	0	158
Accumulated amortisation at 1 April 2008	7	0	0	0	0	0	7
Revaluation					0	0	0
Impairments	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Charged during the year	24	0	0	0	0	0	24
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2009	31	0	0	0	0	0	31
Net book value at 1 April 2009	79	0	0	0	0	0	79
Net book value at 31 March 2009	127	0	0	0	0	0	127
Net book value							
Purchased	127	0	0	0	0	0	127
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2009	127	0	0	0	0	0	127

Computer software purchases all have a finite useful life of 5 years. There are no fully amortised intangible asset still in use. There are no intangible assets controlled by the entity but not recognised as assets as they do not meet the recognition criteria of IAS 38.

14. Revaluation reserve balance for intangible assets

	£000
At 1 April 2009	0
Changes	0
At 30 September 2009	<u>0</u>

15. Impairments

Impairments in the period arose from:

	Intangible	Tangible
	30 September 2009	
	£000	£000
Loss or damage from normal operations	0	0
Loss as a result of a catastrophe	0	0
Abandonment of assets in the course of construction	0	0
Unforeseen obsolescence	0	0
Over-specification of assets	0	0
Changes in market price	0	0
Other (specify)	0	14,141
Total	<u>0</u>	<u>14,141</u>

The tangible impairments relate to the revaluation of land, building & dwellings by the District Valuer, valued on the Modern Equivalent Asset basis, in accordance with IFRS requirements.

16. Capital commitments

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

	30 September
	2009
	£000
Property, plant and equipment	12,543
Intangible assets	0
Total	<u>12,543</u>

17. Other financial assets

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Non-current			
Finance lease receivables	0	0	0
Financial assets carried at fair value through profit and loss	0	0	0
Held to maturity investments carried at amortised cost	0	0	0
Available for sale financial assets carried at fair value	0	0	0
Loans carried at amortised cost	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Current			
Finance lease receivables	0	0	0
Financial assets carried at fair value through profit and loss	0	0	0
Held to maturity investments carried at amortised cost	0	0	0
Available for sale financial assets carried at fair value	0	0	0
Loans carried at amortised cost	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>

18. Other assets

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Non-current			
EU Emissions trading scheme allowances	0	0	0
Prepayments	0	0	0
Other assets	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Current			
EU Emissions trading scheme allowances	0	0	0
Prepayments	1,527	870	9,274
Other assets	0	0	0
Total	<u>1,527</u>	<u>870</u>	<u>9,274</u>

Other receivables include £nil prepaid pension contributions at 30 September 2009 (£nil prior year 2008/09)

19. Inventories

19.1 Inventories

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Drugs	1,087	778	807
Consumables	1,350	1,462	1,336
Energy	238	213	287
Work in progress	0	0	0
Other	12	12	7
Total	2,687	2,465	2,437
Of which held at net realisable value:	0	0	0

Drugs & consumables at 30th September 2009 include items to the value of £309,000 issued to wards that had not previously been recorded as inventories.

19.2 Inventories recognised in expenses

	30 September	31 March
	2009	2009
	£000	£000
Inventories recognised as an expense in the period	222	65
Write-down of inventories (including losses)	0	(37)
Reversal of write-downs that reduced the expense	0	0
Total	222	28

20. Trade and other receivables

20.1 Trade and other receivables

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Current			
Welsh Risk Pool	11,021	11,002	7,194
NHS receivables	3,293	1,641	1,353
Public Dividend Capital dividend receivables	257	243	0
Other trade receivables	4,321	4,141	3,735
Pre-payments PFI lifecycle items received later than planned	0	0	0
Provision for impairment of receivables	(464)	(575)	(751)
Other prepayments and accrued income	302	467	139
Sub-total	18,730	16,919	11,670
Non-current			
Welsh Risk Pool	2,154	494	2,910
NHS receivables	0	0	0
Other trade receivables	0	0	0
Pre-payments PFI lifecycle items received later than planned	0	0	0
Provision for impairment of receivables	0	0	0
Other prepayments and accrued income	0	0	0
Other trade receivables	0	0	0
Sub-total	2,154	494	2,910
Total trade and other receivables	20,884	17,413	14,580

Other trade receivables include £nil prepaid pension contributions at 30 September 2009.

No interest is charged on trade receivables.

20.2 Receivables past their due date but not impaired

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
By up to 3 months	699	305	356
By 3 to 6 months	74	136	54
By more than 6 months	181	214	195
Balance at end of financial year/period	<u>954</u>	<u>655</u>	<u>605</u>

20.3 Provision for the impairment of receivables

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Balance at beginning of the year	(575)	(751)	(479)
Amount written off during the year	43	(141)	(436)
Amount recovered during the year	73	84	57
(Decrease)/increase in allowance recognised in income statement	(5)	233	107
Balance at end of financial year/period	<u>(464)</u>	<u>(575)</u>	<u>(751)</u>

Provisions for impairment of receivables are made for invoices that are more than 12 months overdue.

21. Cash and cash equivalents

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Opening Balance	5,028	466	466
Net change in year	(1,627)	4,562	0
Closing Balance	3,401	5,028	466
Made up of:			
Cash with GBS	3,339	1,548	1,845
Commercial banks	177	231	90
Cash in hand	16	12	12
Current investments	0	4,540	0
Cash and cash equivalents as in balance sheet	3,532	6,331	1,947
Bank overdraft - GBS	0	0	0
Bank overdraft - Commercial	(131)	(1,303)	(1,481)
Cash and cash equivalents	3,401	5,028	466

22. Trade and other payables

22.1 Trade and other payables at the balance sheet date consist of:

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Current			
Interest payable	0	0	0
NHS payables	1,030	1,193	1,085
Non-NHS trade payables - revenue	4,093	6,040	5,940
Non-NHS trade payables - capital	716	2,259	646
Non-NHS trade payables - losses and special payments	0	0	0
Tax and social security costs	0	0	0
Public Dividend Capital dividend payable	0	0	74
Other liabilities - superannuation	2,170	68	0
Other liabilities - all other payables	8,430	4,268	6,213
Sub-total	<u>16,439</u>	<u>13,828</u>	<u>13,958</u>
Non-current			
Trade and other payables	0	0	0
NHS payables	0	0	0
Non-NHS trade payables - revenue	0	0	0
Non-NHS trade payables - capital	0	0	0
Non-NHS trade payables - losses and special payments	0	0	0
Deferred income	0	0	0
Other	0	0	0
Sub-total	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>16,439</u>	<u>13,828</u>	<u>13,958</u>

22.2 Loan advance/strategic assistance funding

	30 September	31 March	1 April
	2009	2009	2008
Amounts falling due:	£000	£000	£000
In one year or less	0	0	0
Between one and two years	0	0	0
Between two and five years	0	0	0
In five years or more	0	0	0
Sub-total	<u>0</u>	<u>0</u>	<u>0</u>
Wholly repayable within five years	0	0	0
Wholly repayable after five years, not by instalments	0	0	0
Wholly or partially repayable after five years by instalments	0	0	0
Sub-total	<u>0</u>	<u>0</u>	<u>0</u>
Total repayable after five years by instalments	0	0	0

23. Borrowings

Current

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Bank overdraft - GBS	0	0	0
Bank overdraft - Commercial bank	131	1,303	1,481
Loans from:			
Welsh Assembly Government	0	0	0
Other entities	0	0	0
PFI liabilities:			
Main liability	0	0	0
Lifecycle replacement received in advance	0	0	0
Finance lease liabilities	179	171	156
Other	0	0	0
Total	310	1,474	1,637

Non-current

Bank overdraft - GBS	0	0	0
Bank overdraft - Commercial bank	0	0	0
Loans from:			
Welsh Assembly Government	0	0	0
Other entities	0	0	0
PFI liabilities:			
Main liability	0	0	0
Lifecycle replacement received in advance	0	0	0
Finance lease liabilities	247	339	510
Other	0	0	0
Total	247	339	510

24. Other financial liabilities

Current

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Financial liabilities carried at fair value through profit and loss	0	0	0

Non-current

Financial liabilities carried at fair value through profit and loss	0	0	0
---	---	---	---

25. Other liabilities

Current

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Lease incentives	0	0	0
PFI asset - deferred credit	0	0	0
Other	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

Non-current

Lease incentives	0	0	0
PFI asset - deferred credit	0	0	0
Other	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

26. Provisions

	At 31 March 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 30 September 2009
Current								
Clinical negligence	10,096	0	0	3,046	(973)	(453)	0	11,716
Personal injury	254	0	0	195	(141)	(10)	0	298
All other losses and special payments	0	0	0	79	(79)	0	0	0
Defence legal fees and other administration	468	0	0	89	(61)	(267)		229
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	1,074			0	(42)	47	24	1,103
Restructurings	0			0	0	0		0
Other	3,576			410	(1,337)	(816)		1,833
Total	15,468	0	0	3,819	(2,633)	(1,499)	24	15,179

Non Current

Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Restructurings	0			0	0	0		0
Other	0			0	0	0		0
Total	0	0	0	0	0	0	0	0

TOTAL

Clinical negligence	10,096	0	0	3,046	(973)	(453)	0	11,716
Personal injury	254	0	0	195	(141)	(10)	0	298
All other losses and special payments	0	0	0	79	(79)	0	0	0
Defence legal fees and other administration	468	0	0	89	(61)	(267)		229
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	1,074			0	(42)	47	24	1,103
Restructurings	0			0	0	0		0
Other	3,576			410	(1,337)	(816)		1,833
Total	15,468	0	0	3,819	(2,633)	(1,499)	24	15,179

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
				£000	£000	£000	£000
Clinical negligence	9,557	2,159	0	0	0	0	11,716
Personal injury	186	112	0	0	0	0	298
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	229	0	0	0	0	0	229
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	42	167	209	685	0	0	1,103
Restructuring	0	0	0	0	0	0	0
Other	1,833	0	0	0	0	0	1,833
Total	11,847	2,438	209	685	0	0	15,179

Of the above, £32,358 relates to defence costs associated with contingent liabilities (£321,770 in 2008/09). The Trust estimates that in 2010/11 it will receive £9,319,006 and in 2010/11 and beyond £2,153,500 from the Welsh Risk Pool in respect of losses and special payments (including medical negligence). Provisions are based on information provided by the Welsh Health Legal Service for clinical negligence and personal injury associated defence costs. Pension costs are based upon information supplied by the NHS Pension Agency for capitalisation of early retirement costs. The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.

Other provisions of £1,832,747 relate to Agenda for Change.

26. Provisions

	At 1 April 2008	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
Current								
Clinical negligence	9,908	0	0	4,953	(1,908)	(2,857)	0	10,096
Personal injury	321	0	0	140	(158)	(49)	0	254
All other losses and special payments	0	0	0	205	(205)	0	0	0
Defence legal fees and other administration	399	0	0	281	(112)	(100)		468
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	1,070			0	(80)	61	23	1,074
Restructurings	0			0	0	0		0
Other	4,767			609	(1,082)	(718)		3,576
Total	16,465	0	0	6,188	(3,545)	(3,663)	23	15,468

Non Current

Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Restructurings	0			0	0	0		0
Other	0			0	0	0		0
Total	0	0	0	0	0	0	0	0

TOTAL

Clinical negligence	9,908	0	0	4,953	(1,908)	(2,857)	0	10,096
Personal injury	321	0	0	140	(158)	(49)	0	254
All other losses and special payments	0	0	0	205	(205)	0	0	0
Defence legal fees and other administration	399	0	0	281	(112)	(100)		468
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	1,070			0	(80)	61	23	1,074
Restructurings	0			0	0	0		0
Other	4,767			609	(1,082)	(718)		3,576
Total	16,465	0	0	6,188	(3,545)	(3,663)	23	15,468

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
				£000	£000	£000	£000
Clinical negligence	9,626	470	0	0	0	0	10,096
Personal injury	99	155	0	0	0	0	254
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	468	0	0	0	0	0	468
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	80	319	675	0	0	0	1,074
Restructuring	0	0	0	0	0	0	0
Other	3,576	0	0	0	0	0	3,576
Total	13,849	944	675	0	0	0	15,468

Of the above, £321,770 relates to defence costs associated with contingent liabilities (£233,737 in 2007/08).

The Trust estimates that in 2009/10 it will receive £9,308,599 and in 2010/11 and beyond £493,691 from the Welsh Risk Pool in respect of losses and special payments (including medical negligence). Provisions are based on information provided by the Welsh Health Legal Service for clinical negligence and personal injury associated defence costs. Pension costs are based upon information supplied by the NHS Pension Agency for capitalisation of early retirement costs. The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.

Other provisions of £3,315,000 relate to Agenda for Change.

27. Finance leases

27.1 Finance leases obligations (as lessee)

The only significant finance lease contract is for the PACS digital image storage and viewing system, used for radiology images. The contract is a 7-year contract, which commenced in 2005.

Future sub-lease payments expected to be received total £0 (2008-09 £0).
Contingent rents recognised as an expense £0 (2008-09 £0).

Amounts payable under finance leases:

LAND	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

North West Wales NHS Trust Accounts to 30 September 2009

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
OTHER	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Minimum lease payments			
Within one year	207	207	207
Between one and five years	259	362	570
After five years	0	0	0
Less finance charges allocated to future periods	(40)	(59)	(111)
Minimum lease payments	<u>426</u>	<u>510</u>	<u>666</u>
Included in:			
Current borrowings	179	171	156
Non-current borrowings	247	339	510
	<u>426</u>	<u>510</u>	<u>666</u>
Present value of minimum lease payments			
Within one year	207	207	207
Between one and five years	259	362	570
After five years	0	0	0
Less finance charges allocated to future periods	(40)	(59)	(111)
Present value of minimum lease payments	<u>426</u>	<u>510</u>	<u>666</u>
Included in:			
Current borrowings	179	171	156
Non-current borrowings	247	339	510
	<u>426</u>	<u>510</u>	<u>666</u>

27.2 Finance lease receivables (as lessor)

The Trust has no finance lease receivables as a lessor.

Amounts receivable under finance leases:

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Gross investment in leases			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Gross lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	0
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	0

North West Wales NHS Trust Accounts to 30 September 2009

27.3 Rental Revenue	30 September 2009	31 March 2009	1 April 2008
	£000	£000	£000
Contingent rent	0	0	0
Other	0	0	0
Total rental revenue	0	0	0

28. Finance lease commitments

North West Wales NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during the financial period 2009.

29. Other / Private finance transactions

The Trust has no PFI schemes deemed to be "on or off balance sheet."

29.1 The Trust has no PFI operational schemes deemed to be off-balance sheet

29.2 The Trust has no PFI operational schemes deemed to be on-balance sheet

29.3 The Trust has no Public Private Partnerships

30. Financial risk

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationships that the North West Wales NHS Trust has previously had with Health Authorities and now with Health Commission Wales and Local Health Boards, and the way those Health bodies are financed, NHS Trusts are not exposed to the degree of financial risk faced by business entities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

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

Liquidity risk

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

Interest-rate risks

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

Foreign currency risk

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

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 30 Sept 2009 are in receivables from customers as disclosed in the Trade and other receivables note.

General

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

31. Financial instruments

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
<u>Financial assets</u>			
Fair value through profit and loss	24,159	23,501	16,527
Held to maturity assets	0	0	0
Available for sale financial assets	0	0	0
Loans and receivables (including cash and cash equivalents)	0	0	0
<u>Financial liabilities</u>			
Fair value through profit and loss	32,175	31,109	32,496
Amortised cost	0	0	0
Other financial liabilities			

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

32. Contingencies

32.1 Contingent liabilities

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

30 September

2009

£000

Legal claims for alleged medical or employer negligence	6,177
Doubtful debts	0
Equal pay cases	0
Other [specify]	0
Total value of disputed claims	<u>6,177</u>
Amount recovered under insurance arrangements in the event of these claims being successful	<u>(5,111)</u>
Net contingent liability	<u>1,066</u>

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them. The Trust has received a small number of formal grievance claims under Equal Pay legislation. The process of assessing these claims continues and as a result there is significant uncertainty regarding both the likelihood of success of any claims and the liability of the Health Board if any claims were to be successful. No cases have yet been heard at an employment tribunal and as a result of this uncertainty; no provision has been made for any potential costs which may arise.

32.2 Contingent assets

The Trust has no contingent assets.

33. Third party assets

The Trust held £204,100 cash at bank and in hand at 30 September 2009 (31 March 2009: £157,201) which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

34. Events after reporting period

Reconfiguration of the NHS in Wales: In 2008 the Health and Social Services Minister in the Welsh Assembly Government gave approval for the merger of NHS Trusts and LHBs to create 7 new LHBs at 1st October 2009.

On 1st October 2009 the North West Wales NHS Trust will merge with North Wales NHS Trust, Gwynedd LHB, Anglesey LHB, Conwy LHB, Flintshire LHB, Denbighshire LHB and Wrexham LHB to form the Betsi Cadwaladr University Health Board. All of the assets and liabilities of the North West Wales NHS Trust will transfer to the new LHB at that date and all operations are continuing.

On the 1st October 2009, a number of properties (forming part of the Residual Estate) will transfer from Powys Local Health Board to the Betsi Cadwaladr University Health Board. Preliminary arrangements for the disposal of some of these properties had commenced before the formal transfer had taken place.

35. Related Party transactions

The Trust is a body corporate established by order of the Welsh Minister for Health and Social Services.

The following directors have declared an interest with the organisations listed below.

Mr E W Roberts	Chairman	WRVS, Bangor University, Independent Assessor (for WAG) for Public Appointments, Associate non-executive Director, Welsh Ambulance Service Trust
Mr J M Jones	Chief Executive	Hospice at Home
Mrs K Elis-Williams	Executive Director of Finance	Ynys Mon County Council, Bangor University
Ms A Hopkins	Executive Director of Nursing	Royal College of Nursing
Mrs S Bough	Non-Executive Director	Director, Payroll Options Ltd
Mr L F J Rees	Non-Executive Director	Cardiff University, Student Volunteering Cardiff
Mrs D Shaw	Non-Executive Director	Trustee, Medrwn Mon. Bodorgan Motors Ltd

The following Directors have declared no related party interests

Dr P Birch	Executive Medical Director
Mr C Barton	Executive Director of Operations & Service Improvement
B.Jones	Non-Executive Director
J.E.Davies	Non-Executive Director
M.B.Hughes	Non-Executive Director
K.K.G.Ellis	Non-Executive Director

Of those organisations listed above, the following have had material transactions with the Trust:

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Cyngor Sir Ynys Mon County Council	5	800	24	314
Bangor University	320	230	0	181
Cardiff University	37	54	0	48
WRVS	21	0	1	1

The Welsh Assembly Government is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Welsh Assembly Government and with other entities for the Welsh Assembly Government is responsible namely,

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	2,779	13,016	0	2,055
Gwynedd LHB	115	57,714	115	26
Anglesey LHB	57	27,881	57	0
Conwy LHB	38	17,299	38	0
Other LHBs	1	782	0	57
Abertawe & Bro Morgannwg University Tru:	1,358	486	169	220
North Wales NHS Trust	1,384	529	235	20
Welsh Ambulance Service NHS Trust	792	197	11	32
Other Welsh NHS Trusts	819	667	216	66
TOTAL	7,343	118,571	841	2,476

The Trust has also received revenue payments from a number of charitable funds. Certain Trustees of these funds are also members of the Trust Board. The value of the receipts for these amounted to £609,781 (£1,370,440 in 2008/09).

The Assembly Government has not notified the Trust of any related parties relating to Ministers in 2009-10.

36. Intra Government balances

	Receivables: Amounts falling due within one year £000	Receivables: Amounts falling due after more than one year £000	Payables: Amounts falling due within one year £000	Payables: Amounts falling due after more than one year £000
To 30 September 2009:				
Welsh Assembly Government	2,055	0	0	0
Welsh Local Health Boards	83	0	209	0
Welsh NHS Trusts	11,359	2,154	630	0
Health Commission Wales	108	0	0	0
All English Health Bodies	1,881	0	164	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	1	0	0	0
Miscellaneous	(916)	0	27	0
Credit note provision	0	0	0	0
Sub total	14,571	2,154	1,030	0
Other Central Government Bodies				
Other Government Departments	25	0	0	0
Revenue & Customs	0	0	0	0
Local Authorities	673	0	0	0
Balances with Public Corporations and trading fund	0	0	0	0
Balances with bodies external to Government	3,461	0	15,719	247
TOTAL	18,730	2,154	16,749	247

	Receivables: Amounts falling due within one year £000	Receivables: Amounts falling due after more than one year £000	Payables: Amounts falling due within one year £000	Payables: Amounts falling due after more than one year £000
2008-09:				
Welsh Assembly Government	949	0	0	0
Welsh Local Health Boards	149	0	310	0
Welsh NHS Trusts	11,201	494	755	0
Health Commission Wales	139	0	0	0
All English Health Bodies	514	0	128	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	1	0	0	0
Miscellaneous	247	0	0	0
Credit note provision	0	0	0	0
Sub total	13,200	494	1,193	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	729	0	0	0
Local Authorities	675	0	0	0
Balances with Public Corporations and trading fund	0	0	0	0
Balances with bodies external to Government	2,315	0	12,734	339
TOTAL	16,919	494	13,927	339

37. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 30 Sept 2009		Approved to write-off to 30 Sept 2009	
	Number	£	Number	£
Clinical negligence	19	1,006,860	12	1,100,177
Personal injury	10	148,617	2	18,944
All other losses and special payments	141	80,293	22	3,952
Total	170	1,235,770	36	1,123,073

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

Case reference	Case type	Amounts	Cumulative	Approved to
		paid out in year £	amount £	write-off in year £
Cases exceeding £250,000				
99RT7MN0012	Medical Negligence	18,500	263,500	0
00RT7MN002	Medical Negligence	15,000	729,964	0
03RT7MN0039	Medical Negligence	(37,452)	300,805	300,805
05RT07MN005	Medical Negligence	42,000	362,000	362,000
05RT7MN00012	Medical Negligence	560,154	700,000	0
06RT7MN0003	Medical Negligence	32,000	552,000	0
Sub-total		630,202	2,908,269	662,805
All other cases		605,568	1,395,949	460,268
Total cases		1,235,770	4,304,218	1,123,073

38. Pooled budgets

The Trust has no pooled budgets.

39. Transition to IFRS

	Retained earnings	Revaluatio n reserve	Donated asset reserve	Govt grant reserve
	£'000	£'000	£'000	£'000
Taxpayers' equity at 31/03/09 under UK GAAP	2	64,045	4,908	0
Adjustment to remove negative revaluation reserve balances	0	0	0	0
Adjusted taxpayers' equity at 31/03/09	<u>2</u>	<u>64,045</u>	<u>4,908</u>	<u>0</u>
Adjustments for IFRS changes:				
PFI	0	0	0	0
Leases	-77	0	0	0
Others (provision for staff annual leave & PDC debtor)	-250	0	0	0
Taxpayers' equity at 31/03/09 under IFRS	<u>-325</u>	<u>64,045</u>	<u>4,908</u>	<u>0</u>
Surplus/(deficit) for 2008-09 under UK GAAP	30	0	0	0
Adjustments for:				
PFI	0	0	0	0
Leases	1	0	0	0
Others (provision for staff annual leave & PDC debtor)	-46	0	0	0
Surplus/(deficit) for 2008-09 under IFRS	<u>-15</u>	<u>0</u>	<u>0</u>	<u>0</u>

The UK GAAP 2008-09 cash flow statement included net movements in liquid resources of £4,540,000. This net movement is included in the bottom line cash and cash equivalents figure in the 2008-09 cash flow statement under IFRS.

40. Operating segments

The Trust has no business segments as defined in IFRS8 Operating Segments.

41. Remuneration Report

Salary and Pension entitlements of Senior Managers

Remuneration

Name and title	30-Sep-2009			31-Mar-2009		
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)
	£000	£000	£00	£000	£000	£00
Mr EW Roberts Chairman	20-25		12	40-45		35
<u>Executive Directors</u>						
Mr JM Jones Chief Executive	60-65		7	120-125		20
Mrs K Elis-Williams Executive Director of Finance	45-50		9	95-100		21
Ms A Hopkins Executive Director of Nursing & Midwifery (to 31/08/09)	35-40		0	85-90		0
Mr C Barton Executive Director of Operations & Service Improvement	45-50		0	85-90		0
Dr PD Birch Executive Medical Director	40-45	40-45	0	85-90	90-95	0
<u>Non-executive Directors</u>						
Mrs B Jones	0-5		0	5-10		6
Mr JE Davies	0-5		0	5-10		7
Cllr MB Hughes	0-5		3	5-10		4
Mrs K Griffiths-Ellis	0-5		12	5-10		5
Mrs S Bough	0-5		4	5-10		10
Mr LFJ Rees	0-5		9	5-10		6
Mrs D Shaw	0-5		8	5-10		0

Mrs J. Galvani acted as interim Executive Director of Nursing & Midwifery for the period 1st September to 30th September. Mrs Galvani was Director of Nursing at the North Wales NHS Trust and remained in the employment of the North Wales NHS Trust during that period. The Trust has also paid salary, in the band £15-20,000, to Dr K Griffiths, interim Executive Director of Therapies & Health Sciences of the shadow Board of the Betsi Cadwaladr University Local Health Board.

All Executive Directors are members of the NHS Pension Scheme and no additional entitlement has been paid to any Executive Director as part of a remuneration package for the role.

"Other remuneration" relates to salary received for clinical duties, while "benefits in kind" relate to car allowances.

The Trust has not adopted a performance related bonus scheme.

41. Remuneration Report continued

Salary and Pension entitlements of Senior Managers

Pension Benefits

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 30 Sept 2009 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 30 Sept 2009 (bands of £5,000) £000	Cash Equivalent Transfer Value at 30 Sept 2009 £000	Cash Equivalent Transfer Value at 31 March 2009 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
<u>Executive Directors</u>								
Mr JM Jones Chief Executive	0.0-2.5	0.0-2.5	40-45	120-125	780	719	30	0
Mrs K Elis-Williams Executive Director of Finance	0.0-2.5	0.0-2.5	25-30	80-85	554	510	22	0
Ms A Hopkins Executive Director of Nursing & Midwifery (to 31/08/09)	0.0-2.5	0.0-2.5	20-25	70-75	516	462	30	0
Mr C Barton Executive Director of Operations & Service Improvement	2.5-5.0	7.5-10.0	30-35	100-105	704	625	44	0
Dr PD Birch Executive Medical Director	0.0-2.5	0.0-2.5	60-65	180-185	1,257	1,197	21	0

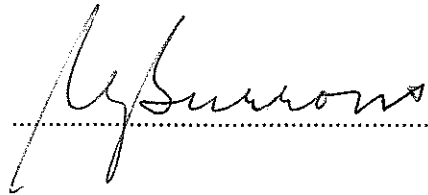
As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES
AS ACCOUNTABLE OFFICER OF THE TRUST**

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

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

Date: 25/2/2010


..... Chief Executive

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

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

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

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

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

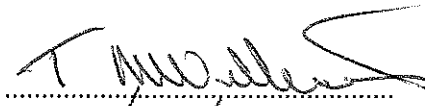
By Order of the Board

Signed:

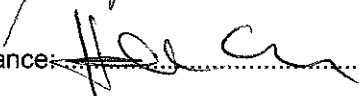
Date: 01/03/.....2010

Date: 25/2/.....2010

Date: 25/2/.....2010

Chairman: 

Chief Executive: 

Director of Finance: 

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

I certify that I have audited the financial statements of North West Wales NHS Trust for the six months ended 30 September 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Income Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of Directors, the Chief Executive and the Auditor

The Directors and the Chief Executive are responsible for preparing the financial statements in accordance with paragraph 3 of schedule 9 to the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statements of Directors' and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report my opinion to you as to whether the financial statements give a true and fair view and have been properly prepared in accordance with paragraph 3 of schedule 9 of the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made there under. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I report to you if in my opinion, North West Wales NHS Trust has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects North West Wales NHS Trust's compliance with HM Treasury's and Welsh Ministers' guidance and report if it does not. I am not required to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of North West Wales NHS Trust's corporate governance procedures or its risk and control procedures.

Basis of audit opinions

I conducted my audit in accordance with the Public Audit Wales Act 2004 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to North West Wales NHS Trust's circumstances, and are consistently applied and adequately disclosed.

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

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers of the state of the affairs of North West Wales NHS Trust as at 30 September 2009 and of its surplus/deficit, recognised gains and losses and cash flows for the six months then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

My conclusion on North West Wales NHS Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources for the six months ended 30 September 2009 will be reported separately in my published Audit Letter for the six month period.

Gillian Body
Auditor General for Wales
23 March 2010

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ



Ymddiriedolaeth GIG
Gogledd Orllewin Cymru
*North West Wales
NHS Trust*

North West Wales NHS Trust

Statement of Internal Control for the period 01/04/2009 –
30/09/2009

1. Introduction

- 1.1 This statement of internal control for the period 01/04/2009 – 30/09/2009 and has been written to document and make transparent the systems and practices of internal control by which the Trust endeavours to manage those risks that might otherwise prevent it from achieving its objectives.
- 1.2 The statement of internal control falls into five main sections:
- Scope of responsibility
 - The purpose of the system of internal control
 - Capacity to handle risk
 - The risk and control framework
 - Effectiveness of the System of Internal Control and Assurances provided for the period as detailed at 1.1.

2. Scope of responsibility

- 2.1 The Board is accountable for internal control. As Accountable Officer and Chief Executive for this Board, I have the responsibility for maintaining a sound system of internal control that supports achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and this organisation's assets for which I am personally responsible, in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.
- 2.2 My responsibilities as Accountable Officer are set out in a memorandum sent to me on my appointment. In essence, I am responsible for the propriety and regularity of public finances in the NHS; for keeping proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; the quality of the services provided by the North West Wales NHS Trust and for the efficient and effective use of all resources in my charge.
- 2.3 In terms of propriety and regularity of public finances, the basic principle is that funds should be applied only to the extent and purposes authorised by the Welsh Assembly Government. I achieve this by:
- ensuring that the Trust does not exceed its resource limit;
 - drawing the attention of the Welsh Assembly Government to losses or special payments by appropriate notation of the statutory accounts;
 - obtaining sanction for any expenditure that exceeds the limit delegated by the Trust
 - ensuring that all items of expenditure, including payments to staff, fall within the legal powers of the Trust, exercise responsibility and due regard to probity and value for money
 - ensuring that all expenditure is correctly attributed
 - comply with guidance issued by the Welsh Assembly Government with regard to classes of payments I must authorise personally.

2.4 With regard to keeping proper accounts, I am, together with the Director of Finance responsible for ensuring that the accounts of the Trust that are presented to the Trust Board for approval are prepared under principles and in a format directed by the Minister for Health and Social Services. These accounts must disclose a true and fair view of the Trust's income and expenditure, and of its state of affairs. I sign these accounts, along with the Chairman and Director of Finance on behalf of the Board.

2.5 I am responsible for ensuring that the Trust has in place effective management systems that safeguard public funds and assist the Chairman of the Board to implement the requirements of corporate governance as exemplified in the Trusts Code of Conduct and Accountability.

The following policies underpin the principles of the Code of Conduct:

- Conduct of NHS Staff
- Gifts and Hospitality
- Guidance Note on the Register of Employees Interests
- Commercial Sponsorship – Ethical Standards for the NHS

I am also responsible for ensuring that systems are in place to provide high quality health care for all patients in accordance with Welsh Health Circular (99) 54.

2.6 A number of registers are maintained at my office, which are available for public inspection. These include the **Register of Gifts and Hospitality** and a **Register of Declared Interests**.

2.7 I ensure that Managers at all levels:

- a) have a clear view of their objectives and the means to assess achievements in relation to those objectives
- b) are assigned well-defined responsibilities for making the best use of resources
- c) have the information, training and access to the expert advice they need to exercise their responsibilities effectively

2.8 I ensure that Managers are appraised and held to account for the responsibilities assigned to them under (a) and (b) above.

2.9 I am responsible for achieving value for money from the resources available to the Trust and for avoiding waste and extravagance in the organisation's activities. I am responsible for following through the implementation of any recommendations to achieve good practice and better use of resources as set out in reports from such bodies as the Wales Audit Office. I am also responsible for using to best effect, the funds available in providing healthcare, developing services and promoting health to meet the needs of the local population.

- 2.10 I am required to provide such information as is requested by the Wales Audit Office. I co-operate with external auditors in any enquiries into the use the Trust has made of public funds.
- 2.11 I ensure that the arrangements for internal audit comply with those described in WHC (2003) 119 and ensure prompt action is taken in response to concerns raised by both external and internal audit.
- 2.12 As an employer with staff entitled to membership of the NHS Pension Scheme, I am satisfied that control measures are in place to ensure that all employer obligations contained within the Scheme Regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.
- 2.13 I am satisfied that control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights are complied with.
- 2.14 In executing my responsibilities as Accountable Officer I have ensured that the Welsh Assembly Government are informed of risk management issues within the North West Wales NHS Trust. I am satisfied that this has been achieved during this reporting period. The Trust maintains contact with the Welsh Assembly Government through a variety of channels, including but not restricted to:
- financial monthly monitoring returns
 - reporting of major fraud incidents to the Counter Fraud Service through the local counter fraud specialist
 - annual and quarterly performance reviews, against the Local Delivery Plans and Annual Operating Framework, with the North Wales Regional Office.
 - quarterly clinical governance reviews with the North Wales Regional Office
 - daily and weekly SITREPS against WAG targets e.g. bed status, A&E waiting times
 - completion of the Healthcare Standards for Wales and the development of action plans to address performance shortfalls
 - hazard reporting
 - liaison on sensitive media issues and general press releases through the communications department of the Welsh Assembly Government.
 - reporting of serious patient adverse incidents through the North Wales Regional Office
 - report to the Welsh Assembly Government on the annual statement of accounts and reports to the Regional Office of the WAG in respect of the development of action plans following Health Inspectorate Wales review of Healthcare Standards.

3. The purpose of the system of internal control

- 3.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.2 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 3.3 The system of internal control has been in place in the organisation for the period 1st March to 30th September 2009.

4. Capacity to handle risk

- 4.1 As Accountable Officer I am confident that the Trust has defined leadership structures in place for the effective management and development of the risk management process. Trust staff are provided with suitable guidance and support to enable them to undertake their duties effectively. The Trust is committed to the continued development of its staff as evidenced through its training and development programmes.
- 4.2 The following information describes the leadership process within the Trust and provides a broad overview of the way in which the development of staff is undertaken.
- 4.3 **Leadership**
- 4.3.1 The Board delegates responsibility for risk management to the Executive team, which comprises of myself, Executive Directors and the Director of Human Resources.
- 4.3.2 The Nursing and Healthcare Governance Directorate provides an integrated approach to the functions of operational risk management and clinical governance. This Directorate provides the leadership and co-ordinating function for the risk management process and quality strategies (clinical governance) within the Trust.
- 4.3.3 Informed risk management assurance within the Trust is led through its committee structure, including but not restricted to, Trust Board, Joint Audit and Clinical Governance Committee, Audit Sub-Committee, Clinical Governance Sub-Committee, Clinical Governance Steering Group, Patient Safety and Risk Management Group, Complaints Monitoring Group, Litigation Review Group and the Health and Safety Committee. On an operational level and in accordance with the Trust risk management strategy, each Directorate has established risk management committees.

- 4.3.4 The Executive Director of Finance is the lead for the management of risk to Trust finances.
- 4.3.5 The Executive Medical Director is responsible for issues pertaining to the medical workforce and the provision of advice and guidance in respect of patient safety, quality of care and clinical innovation.
- 4.3.6 The Executive Director of Nursing and Midwifery is professional lead for nursing and is the Executive lead for clinical and non-clinical risk management, Health and Safety, Security, Child Protection and Public and Patient Involvement (PPI) within the Trust. In addition the Executive Director of Nursing and Midwifery is Caldicott Guardian and has lead responsibility for Complaints and Litigation.
- 4.3.7 Non Executive Directors of the Board have taken a proactive lead across a wide range of activities either as having a Designated Area of Special Expertise or as Champions for specific corporate risk issues. The roles of the Non Executive Directors during the period of this report are as follows:
- Trust Board Chairman, Mr E.W. Roberts** – Violence and Aggression, Welsh Language & Environmental Issues.
- Vice Chair, Mrs S Bough** – Design (Capital and Estates), Infection Control, Cleanliness & Hygiene, Free to Lead Free to Care, Arts in Health & Well-Being.
- Mrs D Shaw** – Older Persons Issues.
- Mr J.E. Davies** – Financial Issues
- Councillor M.B. Hughes** – Mental Health
- Mrs B Jones** – Child Protection and Childrens Services
- Mr L.F.J. Rees** – Information Management & Technology and Communications.
- Mrs K. Griffiths-Ellis** – Public and Patient Involvement.
- 4.3.7 The risk management process is led within the six service Directorates by the Directorate General Managers who are additionally supported by Clinical Directors.
- 4.3.8 All Directorates have clear lines of management responsibility in relation to risk management within their respective departments, supported by in-house resources in the form of management leads or designated posts.
- 4.3.9 All job descriptions, produced under the Agenda for Change process,

provide details of individual responsibility for risk management and clinical governance.

4.4 Training

4.4.1 The Trust is committed to ensuring that its staff are trained to manage risk in ways that are appropriate to their position. The following information provides an overview of the means by which our staff receive training to manage specific risks, risks general in nature and continued professional development.

4.4.1 **All Trust Board members** have continued to build upon previous positive learning experiences to increase their awareness of corporate responsibilities and the development of the Strategic Assurance Framework. Training and development initiatives in key risk areas support this, including:

- Annual Operating Framework,
- Budget Strategy and Related Efficiency Savings,
- Feasibility of Ysbyty Gwynedd Site Developments

4.4.3 **Executive Directors/ Associate Directors** receive training as part of their continuing professional development.

4.4.4 **Executive Directors/ Directors** receive training as part of their continuing professional development.

4.4.5 **Directorate General Managers** receive development training as part of their continuing professional development. This training includes compulsory attendance on the Institution of Occupational Safety and Health, managing safely in the health care sector course.

4.4.6 **All non-training grades of medical staff** are supported in their continued professional development and continuing medical education through the Royal College and the Post Graduate section of the Training Department. The Trust monitors this process through the annual appraisal process. Non-training grade doctors (SAS grade) have the same access to CME as consultants. All attend MDTs, Grand Round etc, for which attendance is registered via the Deanery's database system. Use of this system allows for all educational activities to be recorded. This can be used as evidence for their annual appraisals.

4.4.7 **Foundation Year 1 and Year 2** training is a statutory requirement and as such is monitored by educational supervisors. On-going support is recorded via the e. portfolio. In addition a Traffic Light system has been introduced to monitor attendance. Monthly attendance reports are made available to relevant staff within the organisation.

4.4.8 **All newly appointed medical staff** are provided with an induction programme appropriate to their needs, including an induction to the

Trust. This compulsory induction programme provides this staff group with the opportunity to discuss their education with the staff involved with their continuing education.

4.4.9 Meeting the aims of the Strategy for Nursing and Midwifery and Health Visiting is supported by the Practice Development Programme and other internal and external education events. Continuing professional development needs of **registered nurses, midwives, health visitors** and health care support workers are also met by:

- Working in partnership with the School of Healthcare Sciences, Bangor University to ensure that agreed modules meet strategic and operational objectives and contribute to increasing the knowledge skills and career progression of nurses in line with modernising nursing careers.
- A wide range of skills based study sessions/programmes available within the Trust. Following attendance, practitioners would, dependant on the course content, be expected to successfully complete a competence development programme, which is subject to continuous assessment.
- Access to other accredited Higher Education Institutes for those courses not provided locally and recognised as a requirement for the delivery of patient services.
- Opportunity to attend the many in-house training courses intended to educate in both specific and the more generic risk management issues.
- Updated practice development programme with opportunity for education both clinically and at study sessions.
- Focus on ward based learning sessions and delivery of training sessions in community hospitals and other locations to ensure maximum attendance and equal learning opportunities for all staff regardless of location.
- Appointment of a practice development assistant with focus on delivering training in clinical area and supporting staff in the completion of clinical competencies.
- The provision of educational events by RCN Accredited Learning Representatives.

4.4.10 The sharing of knowledge and good practice is formally facilitated at:

- The Annual Nursing Conference, Monthly Nurse's Grand Round, Infection Control & Tissue Viability Conferences and other professional study days
- Free to Lead Free to Care Ward Sisters Forum.
- Nursing Newsletter.
- The Nursing, Midwifery and Health Visiting Board provide a forum for the discussion of innovations and practice.
- Directorates also have their own systems in place for sharing of knowledge and practice via managers, ward sisters and ward meetings.
- The development of the Nursing & Healthcare governance website

also provides opportunity for staff to access information and e learning.

- The Nursing Midwifery & Health Visiting annual audit plan is in its third year. All directorates engage in the quarterly meetings and development of the audit plan for the year. Directorates are responsible for submitting action plans as a result of audit findings and sharing & implementing any changes in practice as a result.

4.4.11 Training needs of all staff are identified through the KSF Personal Development Review and appraisal process. Training schedules reflect identified needs and are regularly updated to ensure risk areas are accommodated.

All new employees undertake Corporate and Local Induction programmes which include essential statutory and mandatory aspects.. The Corporate Induction also benefits from e learning modules which include self assessments.

4.4.12 The Trust, as part of Agenda for Change has continued to implement the NHS Knowledge and Skills Framework. This framework will ensure that all staff are appraised annually and that a personal development plan is in place to develop the necessary knowledge and skills in order to perform their duties to the best of their abilities. The dimension Health, Safety and Security features as a core dimension which is applicable to all staff working in the NHS regardless of their role or level of responsibility.

4.4.13 The Building on the solid foundation of its established medical education teaching programmes, the Education Centre (incorporating the North Wales Clinical School and the Postgraduate Medical Education Centre), has expanded its role by incorporating support for medical appraisal into the department thereby providing comprehensive support mechanisms for all grades of doctors (training and non-training). The Clinical Skills facility is also being utilized to provide practical and hands-on training in other areas of medical training e.g., F1, F2, nursing etc. The department also provides pre-career 'tasters' via its work experience programme. The department regularly hosts learning events e.g., Royal College of Physicians PACES examinations.

4.5 Learning from good practice

4.5.1 The Trust Board has determined that, not only will the organisation learn from mistakes as identified through its adverse incident reporting, complaints and litigation systems; the organisation will adopt a proactive approach to learning.

4.5.2 The Trust has aligned service improvement, including service modernisation, with performance under the remit of the Executive Director of Operations and Service Improvement. This ensures the Trust's modernisation plans are directly aligned to Improving

Operational Performance as well as building organisational and personal capability and capacity for change. The health community have developed a joint action plan in response to the Modernisation Assessment undertaken by NLIAH to ensure joined opportunities are realised.

Standardised improvement methodologies have been introduced to support change programmes and improved quality of thinking.

4.5.3 The Trust and its partners continue to work with the National Leadership and Innovation Agency for Healthcare (NLIAH) to identify where the application of 'best practice' will deliver rapid improvements to patient care. In developing patient pathways the Trust also work closely with the Delivery and Support Unit (DSU). The resulting standardisation of essential elements of care is an important factor in reducing the risk of clinical error and ensuring efficient and effective use of resources.

4.5.4 Trust managers use a variety of methods to keep updated, subscriptions to publications, membership of professional bodies, use of Trust library and contact with key organisations such as the National Patient Safety Agency, Institute of Healthcare Improvement, Health Inspectorate Wales, Welsh Risk Pool, Clinical Governance Support Unit etc.

5. The risk and control framework

5.1 Strategy

5.1.1 The risk management strategy has been in place during the reporting period and approved for use within the Trust. The strategy forms the broad basis by which the Trust will pursue a reasonably practical approach to risk management activities. The key elements of the strategy are that:

- Risk management becomes an integral part of the management processes and financial planning of the organisation as a whole
- All aspects of risk management are approached in a corporate and structured manner.
- Objectives, responsibilities and accountabilities for risk management are clearly defined at every level of the organisation
- All staff are competent and safe to practice and are aware of their responsibility for the management of clinical and non-clinical risk
- All staff are empowered to report risks and register concerns relating to unsafe practice
- Support, communications and information systems are in place to assist the implementation of the strategy and the cultural change this will entail

- Savings made by the Trust as a result of effective risk management will wherever possible be reinvested in the risk management programme
- Strategies, policies, structures and processes are constantly reviewed and evaluated to ensure that objectives are being met.

5.1.2 The Trust Board has agreed that a risk assessment programme will be maintained throughout the Trust. six key components of risk management are now managed through an integrated software system to provide oversight of the management of Complaints, Litigation, Adverse Incident Reporting , Risk assessment , Management of Hazard Warnings and Alerts and Requests for Information (DPA/FOI). Our strategy is to consider all risks to the individual and organisation, identify risk treatments, and develop the risk profile of the organisation.

5.1.3 The Trust has an established Risk Review Group, whose role, under the direction of the Executive Director of Nursing and Midwifery is to review the risk register and associated action plans and to develop the Trust risk profile.

5.1.4 The Trust undertakes risk assessment in many formats, but the main aims are common in all, identify hazards, who/what may be harmed, what will be the impact and assess what needs to be done to eliminate or reduce the level of risk.

5.2 Risk Classification

5.2.1 The Trust Board has agreed on broad risk classifications that reflect the urgency and degree of action, if any, required for eliminating or reducing risk. These broad classifications include risks that the Trust considers to be 'very low, low, moderate & high'.

5.3 Healthcare Standards

5.3.1 The coordination of the self assessment process is under the direction of the Executive Director of Nursing and Midwifery.

5.3.2 Oversight of each standard has been assigned to a either an Executive Director or Director, who in turn provide me with assurance on behalf of the Trust Board. I am responsible for the final submission, on behalf of the Trust Board, to the Health Inspectorate Wales.

5.3.3 The initial draft HCSIP for 2009/2010 has 112 'actions', which encompass 24 actions taken directly from the Annual Operating Framework (AOF), 1 action relating to Welsh Risk Pool Standards (WRP), 1 action from Healthcare Inspectorate Wales (HIW) and 86 improvement actions supplied by the relevant standard leads.

The Trust is currently on target for 95.3% achievement of the 86 actions.

5.4 Risk Priorities

5.4.1 In common with any large complex organisation the risk priorities of the Trust are subject to constant change. There are however key risks which the Trust considers might prevent the attainment of its principle or strategic aims. The strategic aims identified by the Trust are to:

1. Provide high quality care.
2. Attain, or surpass, government and local targets.
3. Achieve financial targets and contractual relationships.
4. Enhance partnership working and effectively engage service users, to achieve objectives.
5. Be an exemplar employer.
6. Communicate and inform effectively.
7. Be a learning organisation.
8. Create an environment that is fit for user needs.

5.4.2 The Trust continues to develop its assurance framework, identifying risks likely to impact upon its strategic aims. This framework identifies the way in which the Trust is presently controlling these risks and what more it considers can be done to remove them completely or minimise their impact. The development of the assurance framework is a continual process and for the purpose of this report a number of the key risks perceived and the manner by which these are being managed are set out against each strategic aim.

5.4.3 Strategic Aim 1: Provide High Quality Care.

Risk a. Healthcare Associated Infections can lead to morbidity, mortality and loss of public confidence.

Control a. The systems for the prevention and control of Healthcare Associated Infections (HCAI) are based on five Strategic Aims contained in the Infection Control, Cleanliness and Hygiene Strategy 2008-10:

1. Surveillance by WHAIP informs the team of alert organisms such as MRSA and Clostridium difficile levels. Statistics are available at a local level (per hospital) (Per bed days) and nationally. Clostridium difficile levels appear to be rising nationally.
2. National and UK wide trends are presented to Infection Control Teams for risk assessment purposes.
3. All Healthcare Inspectorate Wales Cleanliness Reports published for Wales are scrutinised for learning purposes, as are reports from the Healthcare Commission in England (e.g. Mid Staffordshire).

4. Hospital Patient Environment Assessments are reported to the Board as are the action plans.
5. General Manager Infection Control Cleanliness and Hygiene has line management accountability for Housekeeping, Linen, Portering, Waste and Stores departments.
6. Environmental audits and National Standards of Cleanliness Audits have been carried out.
7. The team is more actively involved in design and redesign projects at the Trust e.g. Electrical Infrastructure and planning for the Copper Piping (ward redesign) project.
8. Ensuring evidence based and best practice measures are adopted across the Trust
9. Monitoring the incidence of Healthcare Acquired Infection (HAI) both by participation in external schemes and by developing internal trust based mechanisms.
10. Empowering the Infection control Team (ICT) and all staff to take measures to reduce the incidence of Healthcare Associated Infections
11. Ensuring the Trust Board and Senior Managers are aware of their role in Infection Control and that they receive sufficient timely information to enable them to provide appropriate support for infection control measures across the Trust.
12. Lead the development and implementation of Infection Control, Cleanliness and Hygiene activities throughout the Trust and in partnership with the Local Health Boards and Patients and the Public of North West Wales.
13. Audit of hand washing and alcohol gel facilities in accordance with the requirements of the NPSA Safety Action Bulletin.
14. Saving 1000 Lives scheme promoting the collection of local performance data and engagement with staff through feedback.
15. ICT actively engaged with the theme leads for Free to Lead Free to Care.
16. Monitoring reports presented at Hospital Infection Control Committee, Clinical Governance Sub – Committee and Trust Board.

17. Active engagement with both the Community Health Councils and Local Health Board Members on Saving 1000 Lives committees.

In addition:

- The Trust has access to accredited microbiology services.
- Appointment of an additional Consultant Microbiologist.
- Antibiotic Pharmacist established with a work plan that includes audit and training function.
- Appropriate processes and maintenance of the clinical environment, medical devices and decontamination.
- Restricted visiting times established and enforced.
- Safe handling and disposal of clinical waste
- Taking positive action as a result of HIW spot inspections.
- Initiated projects on uniforms and changing rooms – these have been subsumed by the national “Empowering Ward Managers’ project.
- Infection Control Annual Targets are reported to Regional Office and Infection Control is subject to AOF – balanced scorecard quarterly reporting and Annual Review.
- The Trust actively monitors developments in other home countries and abroad for transferability in practice.
- Successful implementation of the “Ring fenced” Orthopaedic ward resulting in zero infections for this group of patients.
- The Infection Control Team provides advice on all design and development projects within the Trust. Trust General Manager for Infection control as member on major refurbishment projects, i.e. copper pipe replacement and electrical infrastructure.
- The Trust has continued its commitment to the Saving 1000 lives campaign which is based on the following five strands:
 - Reducing Healthcare Associated Infections
 - Improving Critical Care
 - Improving Medicines Management
 - Reducing Surgical Complications
 - Improving General Medical and Surgical Ward Care.
 - [there will be elements of Infection Control in all these strands]

Risk b. Inadequate nurse staffing levels can have an adverse impact on patient care.

Control b. Each Head of Nursing undertakes a nursing establishment review on an annual basis which is assessed against national bench marks and best practice guidelines to ensure that recruitment issues, staff changes and deficiencies in the nursing

workforce are identified and addressed in a timely and effective manner.

As part of the E Rostering implementation, ward staffing is reviewed and staffing templates identifying the numbers of nurses by skill mix per shift is agreed and signed off by the ward sister and Head of Nursing.

Participation in the National Staffing review allowing for bench marking locally and nationally.

A partnership approach has been taken to agree the optimum staffing levels protocol for use across the Trust to ensure that staffing levels are maintained to ensure patient safety.

The In-House Nurse Bank employs both registered and non-registered nurses to supplement the service as and when required and the Trust is fully engaged in the All Wales Nursing Agency Contract. The Trust reviews the use of nurse bank to ensure high percentage of bank nurses available to cover short term emergencies.

The implementation of E Rostering is starting to provide live trust wide view of staffing levels, enabling staffing levels to be assessed and staff redeployed according ward activity.

Reviews of roster rules, shift patterns & key issues that must be mandated to ensure continued success.

The ultimate aim of the E Rostering system is to improve ownership at ward level of the rostering requirements for the entire team. The system permits easier collaboration, fairer allocation of time for training, rest and leave and ensures all clinical areas have a skill mix and staffing levels to match the workload demands required to deliver effective patient care.

The Productive Ward and Ward Improvement Projects have proved successful in providing an opportunity for ward teams to critically review their own ways of working and make recommendations for improvements. The initiative has been successful in hospitals in England and has demonstrated a significant improvement in the amount of time nurses have to spend in providing direct patient care at the bedside. A plan for implementation of Productive Ward & Transforming Care at the Bed Side (1000 Lives campaign) is in place.

A Back to the Floor initiative for senior staff returning to clinical areas to support the Productive Ward & Free to Lead Free to Care projects has been in place during the period of this report.

Risk c. Inadequate supervision of clinical staff could result in patient safety issues.

Control c. A robust medical appraisal process is in place which has been widely adopted across Wales. Structures within clinical specialities are clear and direct in regards to the supervision arrangements for the full range of clinical staff. The Trust operates a Senior Manager On Call Rota and an Executive Director Rota to ensure escalation of critical issues occurs.

Trust and Directorate induction is in place for all clinical staff which is supported with allocated Consultant Supervisors for medical staff and experienced nurse/allied health professional mentors for other clinical practitioners.

Locum doctors are provided with a range of information prior to arrival and have an identified lead to conduct induction on their arrival within the Trust. Additional supervision is provided from the Hospital at Night Team practitioners with enhanced skills in the assessment and treatment of sick or deteriorating patients. The Hospital at Night approach has been implemented to support changes resulting from the European Working Time Directive and from the implementation of Modernising Medical Careers.

Locum doctor's induction on arrival at the Trust is under continuous review to ensure that all pre-employment checks are undertaken and all documentation is completed by the doctor before they are permitted to go to the assigned Directorate/Department. Locum doctors of more than two months employment with the Trust are automatically included in the appraisal system.

The Trust has instigated a rolling programme of update/ training sessions for non-training grade clinicians. These will continue on a regular basis and also be available (as at present) on demand as required.

Shared system introduced for Medical Appraisal to enable the Medical Director and appointed Officers immediate and ready access to all appraisal records.

Risk d. The Trust is unable to react to major incidents and National emergencies in accordance with the requirements of the Civil Contingencies Act (2004)

Control d. In compliance with the Civil Contingencies Act (2004) the Trust has a Major Incident Plan which is regularly updated and revised annually, together with a Business Continuity Plan to enable risk mitigation across Trust wide areas. Aspects of both of these

plans are tested regularly both within the Trust itself and on a multi-agency basis with our Emergency Services colleagues.

As Flu Pandemic is the highest risk on the North Wales Community Risk Register, the Trust has a Flu Pandemic Plan which identifies an operational level of detail on how the Trust would manage potential flu patients as well as provide essential emergency services to the local population should a flu pandemic occur. As a Flu Pandemic would be widespread and involve our statutory and non-statutory partners, the Health Community is a partner in the development of, and signed up to, the Local Resilience Forum Flu Plan. This Plan and our local plans have been tested over the last few months during the first wave of H1N1 Influenza A. Whilst attack rates and hospitalisation rates have been low to date, our plans have been refined and progressed in detail to provide greater resilience to the expectation of a second wave later this year. The Trust Outbreak Control Group has been established with weekly planning meetings feeding into the North Wales Health Emergency Control Centre which is now in place throughout the working week until further escalation is required.

5.4.4 Strategic Aim 2: Attain, or surpass, government and local targets.

Risk e. Increased numbers of attendances at the Accident and Emergency Unit (A&E) and emergency admissions lead to non-attainment of targets for both unscheduled and scheduled care.

Control e. The increasing pressure of unscheduled care demands upon A&E and Emergency medical beds is both a direct issue for the departments involved in their ability to achieve targets but also puts pressure upon elective service access to beds. The Trust has sought to manage this risk by undertaking a review of unscheduled care including integration of Out of Hours (OoH) services at Ysbyty Gwynedd so as to develop a model that reduces Emergency admissions through earlier senior clinical input and closer working with Primary care.

Additional impact from General Practitioners, Senior Medical and Nursing Staff was introduced at peaks of demand during Easter and Bank Holidays.

The Trust is also implementing the recommendations of its Unscheduled Care Review and DSU Report.

- a) Creation of Observation/Short Stay area in Medicine.
- b) Preparation of the creation of a 6 bedded elective unit within medicine to address daycases and improve throughput of patients
- c) Develop proposals for additional senior medical and extended nursing input

The Trust has also initiated a series of operational actions:

- a) Senior and regular meetings between Directors of Social Services and Trust Executives
- b) Support from NLIAH/DSU to review bed management process
- c) Clearer professional bed management / Hospital at Night accountability
- d) Implementation of Acute Care Team since August 2009
- e) Monitoring of Predicted Date of Discharge across all medical wards
- f) Daily progress chasing to eliminate bed blocking across Medicine
- g) Development of robust performance indicators across all medical wards
- h) Establish Operational Unscheduled Care Team led by Clinical Director to look at immediate admission avoidance and early discharge
- i) Trust & LHB Board approved Strategic Plan.
- j) Development of BJCs and Operational Plan for implementation.
- k) Implementation of a Transfer Lounge for suitable patients to safely wait admission, discharge or transfer away from the acute ward area. These facilities improve patient flow through allowing earlier bed availability on the wards when patients have been discharged.

Risk f. Insufficient clinical capacity leads to non-attainment of targets on scheduled care.

Control f. The Trust continually reviews capacity and demand to secure a better insight into the additional activity that is required to meet targets and the referral To Treatment (RTT) targets for Access 2009. This information is then fed into the Local Delivery Plan which has identified capacity gaps in Orthopedics, ENT, Ophthalmology and Gastroenterology. Local efficiency gains targeted during 2009/10 will provide additional capacity

There are significant gaps in oncology cover as identified in the recent business case for two additional consultant oncologists. Additional funding for these posts has been identified and recruitment is underway.

The Trust acknowledges that the implementation of the European Working Time Directive of 48 hours per week working for training grade doctors in all specialties, with effect from August 2009 could impact on its ability to maintain sufficient clinical capacity and meet its targets on scheduled care. Measures taken to mitigate this risk are detailed further in *control t.*

Risk g. Targeted efficiency levels are not met, leading to a failure to re-distribute resources as part of Health economy plans.

Control g. The Productivity and Efficiency Targets set out in WHC (2007) 085 require a significant level of analysis and clinical change that is extremely challenging. In particular the WHC signals a requirement to increase the proportion of elective cases undertaken on a day case basis and to reduce the number of repeat attendances at out patient clinics. The Trust has sought to control this risk by firstly, improved performance management arrangements utilising web based technologies that can track variance against targets down to individual patient level. This allows tracking of the patients clinical pathway which reduces waiting times for treatment. Secondly, by delivering a service improvement programme that prioritises areas of greatest opportunity like average length of stay and utilising modernisation methodologies such as the "Perfect Week"

The Medical Director has directed the implementation of Clinical Pathways by specialty and the Executives have instructed a Review of Performance in OPD requiring an improvement action plan, this is being facilitated by the National Audit Office. All Wales patient pathways are being developed which will provide a standardisation and equity of care across Wales.

5.4.5 Strategic aim 3: Achieve financial targets and contractual relationships.

Risk h. Risk of non-achievement of financial targets and sustainability.

Control h. The Trust has a statutory duty to meet all its mandatory financial targets:

- to break even in income and expenditure terms:
- to remain within its external financial limit each year thereby sustaining financial stability and viability
- to pay 95% of creditor invoices within 30 days.

To mitigate the financial risks, the Trust has developed an Annual Operating Framework (AOF), as required by WAG Planning Guidance for 2008/2009 on a partnership basis with its Commissioners (Gwynedd, Anglesey & Conwy Local Health Boards) and presented a balanced budget strategy to its Trust Board, which included a savings strategy to meet the required efficiency savings. Structures, including a CIP Board chaired by the CEO, have remained in place to monitor delivery. Monthly reports have and will be produced for the Trust Board and the North Wales Regional Office. Health Community partnership Chief Executives meet regularly to monitor and address the Health Community's financial position. In-house multi-

disciplinary management groups also monitor and address the Trust's financial position, led by the Corporate Strategy Group which is addressing both financial and operational performance.

There is a risk that the Directorates will not fully achieve their CIP targets for this year, however, executive action / monitoring is being taken. We are also looking at a range of other (possibly short term and non-recurring) actions that can be taken to ensure we achieve a balanced bottom-line for 2009/10.

The Trust has worked very closely with the BSP in order to identify key areas of non-compliance or challenges, and improve the payment process. The PSPP target of 95% is likely to be achieved this year, as we and the BSP have put in place process improvements such as the "No PO No pay policy" and closer working arrangements have been formed with BSP and Trust Managers.

During the period of this report the Trust successfully negotiated a new contract for the provision of the Oracle General Ledger as part of the All Wales Consortium. Changes (possibly significant) will be required for the creation of the new single North Wales Health Board

Risk i. Breakdown of system of internal control.

Control i. To mitigate this risk of a breakdown of the system of internal control, the Trust has standing financial instructions and standing orders supported by a range of policies and procedures, together with a financial management system, which is audited both internally and externally.

During the period of this report updated and reviewed finance policies, procedures, mandatory processes and guidance notes have been in place.

A detailed Service Level Agreement remained in operation with the BSP, to monitor performance, supported and managed through the BSP Partnership Board and sub-group structures.

Assurances were also provided through internal audit reviews and presentations to the Audit Committee, including presentation of the Annual Accounts.

5.4.6 Strategic Aim 4: Enhance partnership working and effectively engage service users to achieve objectives.

Risk j. Trust strategies are developed without due consideration to the Health and Social Care needs of the local population.

Control j. The Health, Social Care and Wellbeing Partnership ensure a collaborative approach to the development of healthcare in the North West Wales area. The Executive Director of Operation and Service Improvement represent the Trust and advise the Board on engagement.

The Local Safeguarding Children Boards bring together officers from a range of public agencies to ensure Child Protection and Safeguarding issues are addressed in a cohesive manner. The Trust is represented by the Named Nurse and Named Doctor for Child Protection and the Executive Director of Nursing and Midwifery.

Gwynedd and Mon Local Health Boards and the Trust have a reciprocal arrangement to ensure attendance at the respective Clinical Governance Sub-Committees of each of the Boards.

Risk k. Public and Patient Involvement is not robust and affects service delivery.

Control k. The Trust is committed to providing a Person Centred health service where the Public and the Patient is at the heart of the planning, commissioning, delivery and evaluation of service, in line with the best practice guides Signposts One and Signposts Two.

The last 18 months has seen major development in the role of the 3rd Sector within the Trust. This has led to greater partnership working between the Trust and the Public, which in turn has resulted in more effective PPI interaction. It is now recognised by increasing numbers of Trust staff that partnerships with the public is a key to effective monitoring and development of Trust services. The new Interim Guide to Consultation issued by the Welsh Assembly underline the importance of continual relationship with the public as a basis for long term meaningful consultations.

The PPI Partnership Strategy (2007 – 2010) provides an effective environment for meaningful PPI Trust wide

Scope of the PPI Partnership Strategy 2007 - 2010

- Trust Public and Patient Involvement (PPI) initiatives
- 3rd Sector/Volunteering in Health Project – Cywaith 3 Project 3
- Communication with Fundraisers
- Spiritual, Pastoral and Cultural Care
- Arts for Health and Wellbeing

The Trust has been an active participant in the national and regional PPI arena. The Pastoral Care and Partnership Manager chairs the North Wales PPI Network, Vice Chairs the All Wales Volunteer Managers Network and is a core partner of GwrVol Wales (Russell Commission). On a local level, the Trust attends the Gwynedd and Mon Joint PPI Committee.

The PPI Operational Committee has proved to be an effective tool for the launch and implementation of the PPI Partnership Strategy. Under the chairmanship of the non-executive lead, the committee has provided both leadership in the delivery of the vision of a patient centred health service and a place where planning and reporting interaction of Public, Patient and 3rd Sectors can and has taken place. The main areas of work undertaken by the Committee over this period include

- Launch of PPI Partnership Strategy 2007-2010
- Development of the Art in Health Project
- Development of Volunteer Framework
- Development of focus and support group
- Reporting/Monitoring of CHC Visit Reports
- Partnership reports from 3rd Sector/ Social Care Partners
- Synchronising of PPI with Audit, Research and Patient Satisfaction
- Development of Patient Questionnaire Toolkit
- Reporting of Patient Satisfaction Surveys
- Development and role of the Patient Safety Champion
- Consultation on the structures for the NHS in Wales

The Trust has now established a permanent Pastoral Care and Partnership team, led by the Pastoral Care and Partnership Manager, to lead in the delivery of the PPI Partnership Strategy Trust wide.

An Access Liaison Group, Chaired by a Non Executive Director is established within the organisation.

The Information Desk is operational and is a partnership between the Trust, WRVS and Red Cross, supported by many other voluntary agencies and other local statutory bodies.

The desk provides a place of information and direction to services available within the Trust and the wider health and social care world. Satellite desks are now operational at YPS and community centres on Anglesey. There are now numerous other volunteer projects underway within both clinical and non clinical areas – all contributing to the development of continuous Trust PPI interaction.

5.4.7 Strategic Aim 5: Be an exemplar employer.

Risk l. Non achievement of Agenda for Change Benefits Realisation

Control l. Agenda for Change benefits realisation is the key driver for some of the workforce efficiency projects. The Agenda for Change Team have successfully completed the majority of assimilations, with some complex assimilations remaining.

Key risk is that managers do not engage in the workforce and service redesign priorities for the coming year.

Risk m. Non Achievement of Corporate Health at Work Standard Gold

Control m. Trust has achieved Corporate Health at Work Standard at Gold level in 2008. This award is valid for three years – therefore no immediate risk; however one Corporate Standard will be required for the BCUHB.

Risk n. Achievement of a Workforce Efficiency Strategy to develop the capacity of the workforce.

Control n. The Trust has an established Workforce Efficiency group addressing each of the projects detailed below. Recognising that the financial strategy is likely to establish further Workforce Efficiency CIP's, the Workforce Efficiency Strategy includes a short, medium and long term strategy. Short term strategies will continue to be realised on an annual basis, with financial targets identified year on year.

The strategy includes:

SHORT TERM

- Controlled Vacancy System
- Review Temporary Posts
- Review Secondments/Acting Up
- Review Ad Hoc Posts
- Review Use of Agency Staff
- Review Use of Medical Agency Staff
- Review Protection
- Review Long Term Sickness
- Review Short Term Sickness
- Review A4C Structures
- Review Carers Leave
- Annual Leave
- Review Retirements
- Review Banding Outcomes
- Review Overtime
- Starting Salaries

- Re-Banding Process

MEDIUM TERM

- Review Skill Mix
- A&C Modernisation
- Development of Assistant Practitioners
- Establish A4C Efficiency Projects
- Flexible Workforce
- Local Agreements
- Review Unsocial Hours
- Recruitment & Retention Premiums
- Band 5 Accelerated Increments
- Review On Call Arrangements
- Time Off for Trade Union Duties
- ESR Benefits Realisation
- E-Learning.
- Use of Volunteers
- Training Cost Benefit Analysis
- Staff Suggestion Scheme
- Sale of Training Places or Room Hire
- Induction & Statutory/mandatory Training Improvements

LONG TERM

- Integrated Care Pathways.

All these projects are managed utilising sharepoint as a performance monitoring tool. All projects have assigned Leads who update their project on a monthly basis. The Workforce Efficiency Implementation Team provides update reports to the CIP Board and the Workforce Governance Committee. Key Risk to non-achievements of these projects is the lack of dedicated resources.

Risk o. Compliance with Statutory and Mandatory Training Requirements

Control o. An initial Training Needs Analysis and Compliance Report has been completed for Manual Handling Passport Training Scheme. Issues will need to be addressed through development of the Electronic Staff Record and On Line Learning Management.

The 09/10 TNA has been completed with a return accounting for over 90% of named staff. The Statutory and Mandatory training

group have commenced work to ensure that the various training areas have capacity to meet the identified demand.

Task and Finish group re-established to assist with the management of stress

Further work with regard to the implementation of the Stress Management Standards will be carried out during 2009. The establishment of the Workforce Capability Committee will ensure that progress towards compliance is monitored. A Statutory and Mandatory Training Needs Analysis will be completed to enable compliance monitoring as well as developing the Electronic Staff Record and OLM to improve reporting on compliance.

The use of the Knowledge and Skills Framework and Appraisal Process will continue to be key priorities for 2009/10, as will use of e-ksf for recording the information.

Risk p. Implementation of the New Integrated Workforce Planning Process

Control p. Training & Development in workforce planning skills has been a key priority for the Trust in order to fully implement the New Integrated Planning Process. Development of succession planning and a career framework utilising the KSF are key priorities for 2010/2011.

Key risks are lack of engagement and understanding by Managers of the importance of integrating workforce planning with service and financial planning. Also, role re-design and new structures must be a key factor within the integrated workforce planning if workforce efficiencies are to be realised.

Risk q. Breakdown in Partnership Working with Trade Unions/Professional Organisations and Staff

Control q. A Staff Survey Task & Finish Group has been set up to implement recommendations and embed relevant activities.

Budgetary 'top slicing' arrangements for Trade Union Representatives for 2009/10 is complete and individual agreements are in the process of being reviewed which are due to end in March 2010.

Not having a Time Off for TU Duties & Facilities Agreement would be contrary to the requirements of the Information and Consultation Act and would be a risk to partnership working

A key priority for 2009/10 is to further develop partnership working as this is a ministerial priority. The Trust is undergoing

significant change and there is a potential for further re-organisations which will need to be managed through consultation and partnership working.

Staff engagement will be addressed through reviewing the outcome of the 2007 Staff Survey and implementation of relevant actions.

The Time Off for TU Duties & Facilities Agreement is a key Partnership Document, which will be essential to continued formal consultation on transitional arrangements and implementation of BCUHB: A Strategic Direction 2009-12.

A Partnership Work stream Group was formed which consisted of representatives from North Wales NHS Trust and North West Wales NHS Trust and 6 Local Health Boards ensuring representation across the North Wales Health Community. Trade Union/Professional Organisations representation was sought through the existing North Wales NHS Partnership Forums.

The group have drafted the following documentation for approval for BCUHB:

- Constitution for the Health Board Partnership Forum
- Partnership & Recognition Agreement
- Time Off & Facilities Agreement for Trade Union Duties & Activities

Implementation of a Time Off for TU Duties & Facilities Agreement will be conducive to partnership working as Partnership Agreements are agreed and extended/implemented across BCUHB.

Risk r. Achievement of Electronic Staff Records Benefits Realisation

Controls r. Roll out of Self-Service from 1 March 2009 and took place in the following areas:

- Human Resources
- Finance
- Operations and Service Improvements
- Nursing and Healthcare Governance
- Executive Medical
- Women & Families

As this project has been supported by the BSP Board and Trust Board and shared learning has been provided across whole of Wales.

It would be a considerable risk to the project and the work already undertaken by North West Wales if the roll out of self service did not continue into the new organisation.

Risk s. Non Achievement of Investors in People

Controls s. The Trust has achieved its liP status however with the creation of a new Health Organisation liP will need to be identified as to whether this will be a priority for the new organisation, the award will cease when NWWT ceases as a body.

Risk t. The Trust fails to implement the European Working Time Directive of 48 hours per week working for training grade doctors in all specialties

Control t. The Trust is obliged to implement the European Working Time Directive of 48 hours per week working for training grade doctors in all specialties, with effect from August 2009. As part of this process the following risk issues have been identified:

All rotas had been designed and were compliant, but this depended upon robust and successful recruitment, which has not been totally successful and as a result the Trust is in a slight risk position, although measures have been taken to design compliant rotas to fit the number of available doctors, on a different model than the one originally proposed.

The Trust was successful in its application for derogation for posts in Anaesthetics, Obstetrics & Gynaecology and Paediatrics. This has enabled rotas in these specialties to be compliant at 52 hours per week rather than 48 hours, and this will be allowed until August 2011.

Because of the failures to recruit to the required levels it was identified that there was a need to work in a different way, in merging rotas into a Hospital @ Night and Hospital during the Day team working, which would relieve pressure on individual rotas. F1 doctors have been included in these arrangements and are now working night shifts – which they had not previously done

The result of a great deal of work, discussion and planning resulted in the formation of the **Acute Care Team (ACT)**. This will remain in place for an initial period of 6 months and with its arrangements, will ensure safe care of patients and that they are seen and treated by the most appropriate individual member of the Acute Care Team. Performance of the Acute Care Team and regular update from all specialities on their recruitment and rota position is monitored on a weekly basis at the Medical Contingency Planning Group.

The Group is chaired by the Associate medical Director (Workforce) and all levels of the Acute Care Group are represented, together with representatives from all Directorates and Specialties.

The group reviews the following areas:

- Update on current vacancies
- Acute Care Team
- Nurse Practitioner report on Acute Care team
- Progress of handover & Clinical Governance
- Update from all departments
- Rota Drafting Team

There are still vacant posts within the Trust, some posts have been filled since the original report and some remain vacant, but every effort is being made to fill these posts as soon as possible. Locum doctors have been recruited to support the rotas where problems exist and different ways of working have been implemented.

The majority of departments within the Trust are working on re-worked rotas for smaller groups of doctors and apart of the Acute Care team which enables better team working across the Trust.

There are some areas where junior doctors are expressing slight concerns and these are being addressed in Directorate level meetings with report back to the Medical Contingency Planning Group.

Work is ongoing to effect recruitment to the vacant posts and further advertisements have been and are about to be placed. Interviews have been scheduled for some specialty doctors appointments, but anaesthetics still remains the biggest problem area.

The Trust Board have been informed of progress achieved to date and are provided with regular updates.

5.4.8 Strategic Aim 6: Communicate and inform effectively.

Risk u. The Trust fails to secure the required Information Management and Technology to support the delivery of patient and business processes.

Control u. Information and Information Technology systems are not only determined locally, but must fit the all-Wales Informing Healthcare (IHC) Strategy. This affects the implementation of

local system solutions for Pathology and Radiology which must fit the All Wales programme. Informatics services in the Trust have been structured to enhance Governance arrangements and to prioritise Clinical and Business systems based upon Service need

The sustainability of the Trusts legacy Patient Information system (PiMS) has been addressed with IHC by upgrading hardware and software.

Risk v. Failure to understand and manage the Trusts services effectively due to poor or indigestible information flows and knowledge sharing affects corporate governance and performance.

Control v. Business intelligence solutions are required to support the delivery of organisational performance. The business intelligence capacity of the Trust has been scoped and developed to meet the needs of service delivery as well as external information requirements such as document management, performance metrics etc.

A business case and tender specification was prepared in 2007/08. However the funding allocations made against the 2008/09 and 2009/10 Discretionary Capital Programmes had to be withdrawn because of competing demands.

The Information Management Department have utilised Crystal Reports and other Web based products to maintain the impetus of utilising Business Intelligence and will continue to identify alternative solutions until such time as funding becomes available

5.4.9 Strategic Aim 7: **Be a learning organisation.**

Risk w. The Trust fails to adopt and embed new ways of working.

Control w. The ability of the Trust to deliver whole systems redesign such as unscheduled care and increase productivity and efficiency requires significant sharing and implementation of learning. The organisational ability to adopt and embed new ways of working is dependant on the skills and knowledge available and taken up. A modernisation programme will be delivered to increase organisational capacity for change and individual knowledge and skills in change processes. These types of changes require new approaches such as the "Perfect Week" which can be adapted, shared and utilised widely. The Trust will work with the National Leadership and Innovation in Health Agency (NLIAH) and the Delivery and Support Unit (DSU) to deliver national and bespoke improvement programmes to support sustainable service redesign.

Changes required to deliver the Access 2009 targets are based on systems redesign. Patient pathway transformation and service redesign is based on the principles of change management and tools and models will be taught as part of the process. The 1000 lives programme will also be a vehicle to impart knowledge and skills for change i.e. PDSA and measurement of performance. The 'Perfect week' approach has been used in Orthopaedics to look at service redesign. NLIAH are also currently supporting some redesign projects.

Risk x. We do not learn from our mistakes and share that learning internally and externally

Control x. The trust has developed a strong "no blame" culture recognised by the National Patient Safety Agency (NPSA), Health Inspection Wales (HIW) and the Welsh Risk Pool (WRP). This culture ensures that untoward incidents and near misses are identified, recorded, acted upon and lessons learnt are shared.

The complaints monitoring group regularly reviews all complaints and learning is drawn out and shared across the Trust via regular reports and departmental meetings.

Lessons learnt disseminated to Directorates and Trust Board

The litigation review group undertakes a regular review of litigation claims with a view to making recommendations for remedial action against identified areas of performance shortfall in respect of aspects of clinical performance.

Audit of actions taken following litigation shared at Litigation Review Group.

1000 Lives Patient Safety Incidents – Item 0 – demonstrates Learning at Trust Board and sub-committees

The risk register and risk management system (DATIX) identifies potential trends and learning that can be shared directly with the service via face to face meetings and Newsletters.

Development of Nursing and Healthcare Governance report details incident reports, complaints, litigation, patient safety and quality etc. Report presented to Board and Sub Committees.

The Trust participates in the NPSA National Reporting and Learning System and also shares incidents and learning with Regional Office and other Agencies.

The Trust is aware of the benefits of utilising information, for learning purposes, which is available from a range of reports and

recommendations produced as the result of performance reviews of other NHS organisations and services. These include, but are not restricted to:

- Special Review of Maternity Services provided by Gwent Healthcare NHS Trust (February 2009)
- Special Review of the Leadership and Management of Community and Mental Health Services provided by Gwent Healthcare NHS Trust (February 2009)
- Intervention at Birmingham Children's Hospital NHS Foundation Trust (March 2009)
- Investigation into Mid Staffordshire NHS Foundation Trust (March 2009)
- Overview of upheld complaints in Six Lives: the provision of public services to people with learning disabilities - (Press release 24th March 2009)

From these reviews and reports we are able to reflect on this organisations performance and bring about improvements as required.

5.4.10 **Strategic aim 8: Create an environment that is fit for user needs.**

Risk y. Trust fails to create environments fit for purpose and to reduce its risk associated with inappropriate built environments.

Control y. The Trust has an obligation to create environments fit for purpose and to reduce its risk associated with inappropriate built environments. The Trust also has an obligation to meet Estate Targets set by Welsh Health Estates.

In order to mitigate these risks the Trust continues to review its buildings and built environments. This allows the Trust to monitor changes and identify risks and set action plans where necessary against these aspects. The monitoring process follows the guidance set down in Estate Code with respect to the 5 facets identified as being important to control of the built environment, these being:

- Statutory and non-statutory complication.
- Space utilization.
- Functional suitability.
- Environmental impact.
- Physical condition.

The risk performance review highlighted the worst performing sites which have received funding to enable the facet surveys to be completed. These surveys will identify the failings to form an action plan

The Trust recognises the need to update any data collection on these aspects to ensure awareness of all problems and as such as an assurance the Trust intends to re-survey all properties at regular intervals.

The Trust deals with specific issues in a number of ways:

- Investment through **Discretionary Capital**. The investment made in the estate through the discretionary capital deals with risk assessed backlog maintenance, Firecode and risk assessed engineering and building statutory compliance. In addition it deals through any major refurbishment or new built with all outstanding estates facets. All designs being checked against Building Note Standards and statutory requirements.
- **Estate rationalisation**. Formalised and updated estate report which identifies the priority proposals for Trust property. This has been collated into an action plan which has to be agreed with firstly Welsh HE and WAG
- **Environmental Control**. The Trust has created a register of environmental risks and an Action Plan to deal with all relevant issues. The standards for environmental control within the NHS are BREEHAM Healthcare.
- **Planned Preventative Maintenance**. The Trust operates a full planned preventative maintenance system, which gives assurances of maintenance procedures in place and identifies items and life cycles identifying critical replacement dates to meet statutory compliance and condition monitoring. However, there is a risk of funding not being at the appropriate levels to meet replacement targets.

Risk z. Electrical infrastructure at Ysbyty Gwynedd unable to meet demand.

Control z. The low voltage electrical infrastructure at Ysbyty Gwynedd Hospital was designed to supply the electrical load of the Hospital with suitable capacity to allow for growth within the site for at least 20 years. However, due to the expansion of services on site, the existing system has become saturated and at risk due to the increased loads over the diversity allowed on the system. The main risk running with excessive loads is the disconnection of essential services without warning, due to discrimination of loaded protection devices. This can be

dangerous and have catastrophic outcomes.

The emergency generators have been replaced which only address the risk of being able to accept the site full load on engine start up. The main electrical infrastructure risk is still in place and work to eliminate this risk commenced in March 2009.

Risk a1. Trust fails to manage energy usage and reduce its Carbon footprint.

Control a1. The Trust recognises its obligation to reduce its energy usage and carbon footprint. The Trust mitigates the risk of failing to manage energy and carbon by introduction of a number of management and operational systems. These include:

- Trust energy policy and environmental policy.
- Control system through the accredited Green Dragon Environmental Management System.
- Partnership working with Welsh Health Estates to develop workshops and assessment tools and contributes to the All Wales Energy and Environmental Forums.
- Setting targets in all new building to reduce the energy and carbon consequences and likewise in major refurbishment takes the opportunity to introduce energy improvement.
- Green renewable electricity is purchased trust wide.
- The use of NEAT method to work towards excellent ratings.
- Introduction of a host of new technology aimed at reducing energy consequences, these include Biomass boilers, high efficiency boilers, auto lighting schemes, building management system upgrades, renewable energy sources and control systems.
- Active and positive relationship with the Carbon Trust. This resulting in a number of feasibility studies and pilot schemes.
- An active and continuing energy campaign and has achieved an energy reduction as a consequence of this campaign.
- A feasibility studies highlighted wind generation on 6 of its main sites.
- Capital programme contains a source of funding for energy efficiency schemes.
- Trust performance is reported through EFPMS, WHE on an

annual basis and is included in the Estates Annual Review. EFPMS is used as a bench mark against other NHS sites in Wales.

- Energy Audit completed by Capital & PFI – medium level of assurance achieved
- Trust Energy Policy reviewed and approved (2009), recommended temperatures for buildings/departments/areas
- All hospital sites within the Trust have been accredited with the Green Dragon Level 3 (except Ysbyty Alltwen)
- Working with WHE with the Carbon Reduction Commitment, Display Energy Certificates, Carbon Reduction Plan and with the Central Energy Fund
- Display Energy Certificates in place for sites over 1000m².
- Energy targets part of objectives and targets for the Environmental Management System
- Biomass introduced as the main heat source at Ysbyty Alltwen as a carbon neutral energy source.
- Partnership working with Carbon Trust with the LSB Climate Change Strategy – Reducing the Carbon Footprint within Gwynedd a pilot scheme with other organisations to reduce the carbon footprint collectively by an aspirational figure of 60% by 2020.
- A BMS controls survey undertaken; conclusions were estate wide the BMS was set to appropriate values to maintain acceptable conditions.
- Energy Campaign continuing with Local Energy Representatives temperature monitoring and awareness, Energy Audits.
- Renewables project undertaken with Carbon Trust highlighting possible renewable options.
- Green renewable electricity is purchased trust wide.
- The Trust with effect from 2010/11 will be participants of the Carbon Reduction Commitment.
- Trust Corporate Induction programme includes awareness on energy and sustainability to all new entrants to the Trust

6. Effectiveness of the System of Internal Control and Assurances Provided during the period 1st April to 30th September 2009.

6.1 As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by external scrutiny and work of the internal auditors together with the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their annual audit letter and other reports.

6.2 I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and several other Trust Committees and plan to address weaknesses and ensure continuous improvement of the system is in place.

6.3 My review of the effectiveness of risk management arrangements and the system of internal control has been guided by the following:

6.4 **Review of Key Healthcare Standards**

6.4.1 The review of the Trust's performance against the thirty two standards between 2007/2008 and 2008/2009 has, in the main, remained as Developing. However the self assessment for 2008/2009 has re-assessed elements within three standards, 16, 24 & 28 from practising to developing.

6.5 **Involvement of public stakeholders in managing risks**

6.5.1 Inspections by Community Health Council Members are undertaken across all Trust premises and form an integral part of the mitigation of risk for patients and the public. A range of approaches have been used to gain involvement of public stakeholders which include

- Trust development groups have patient, public and 3rd Sector representatives e.g. Access 2009 Group, Catering and nutrition Group, Unscheduled Care, Hospital Cleanliness, Cancer and Cardiac Groups. There is a general move for all groups and committees to have patient/public representatives. PPI Committee and Task and Finish Groups are majority non-Trust membership.
- Development of Synchronisation between Research and Development, Internal Audit and PPI in order to capture public/patient qualitative and quantitative feedback. Clinical Audit provide reports to PPI Operational Committee and shares audit reports with PPI Operational Committee (which include partner organisations and patient representatives)
- Patient Support Groups are actively engaged in both acute and community hospital settings, for example the Stoma Care Group,
- Young People's Forum within Paediatric Service

- Text your Views' for young patients
- The Substance Misuse Service has user involvement and feedback at the centre of service development, monitoring and evaluation. Nationally accredited user centred service. Reported in Hand in Hand and PPI strategy launch
- Multi Faith Centre users group
- Poster design competition with local schools on the theme of infection control.

In addition to the general public and Community Health Councils (CHCs) being invited to all public meetings of the Board, representatives of CHCs are members of a number of Trust Committees that include, but are not limited to, the Trust's Clinical Governance Sub-Committee, and Complaints Monitoring Group. The Patient Safety Champion is a member of the Patient Safety and Risk Management Group and provides a balance to risk management issues from the patient perspective.

6.5.3 The Trust holds an Annual General Meeting at which members of the public can question the Board on its annual report and accounts.

6.5.4 The Trust Freedom of Information Officer provides the link between the Trust and its stakeholders in terms of providing information in compliance with the statutory duties detailed in the Freedom of Information Act 2000.

6.6 Corporate Governance Arrangements

6.6.1 The **Trust Board** continually reviews the effectiveness of several key internal control systems by receipt of performance reports particularly in respect of finance, performance management (waiting lists and emergency pressures), complaint and capital schemes, and infection control.

6.6.2 The **Audit Committee**, comprising of four non-executive directors, one of whom being the Chair, has met once during the period of this report and met once jointly with the Clinical Governance Sub Committee..

6.6.3 The **Charitable Funds Sub-Committee**, comprising of two non-executive directors, one of whom being the Chair, the Executive Director of Finance and myself, established to manage the charitable funds, have provided assurance that the funds held are managed effectively and that any expenditure has added to the value of the service provided by the Trust. In addition, the committee has monitored the performance of the investments portfolio and reviewed the reserves policy for the funds.

6.6.4 The **Clinical Governance Sub-Committee**, with membership comprising of four non-executive directors, one of whom is the Chair, myself and two executive directors has, during the period of this report,

provided the Trust with the mechanism by which the Board and Senior Management are informed of a wide range of issues relating to the effective implementation of Clinical Governance. These issues include but are not restricted to:

- Patient and Public Involvement
- Control of Infection
- Patient Experience
- Adverse Incidents

In addition, through receipt of minutes, the committee has overseen the work being carried out by a number of other committees, namely the Patient Safety and Risk Management Group and the Clinical Effectiveness Group.

6.6.5 The **Joint Audit and Clinical Governance Sub-Committee** supports the Trust's integrated governance framework and provides assurance in respect of strategic aims 1 – 8. The Committee has met once during the period of this report and considered items of joint interest to the Audit Committee and Clinical Governance Committee, thus contributing to the Trust Board's overall process for ensuring that an effective internal control system is maintained, and ensuring the implementation of clinical governance in accordance with the requirements of Government guidance.

6.6.6 **The work of Internal Audit** during the reporting period has provided me, through the Trust Board and the Audit Committee with independent and objective opinions on the degree to which risk management, control and governance has supported the achievement of the Trust's agreed objectives.

The components of the Head of Audit & Assurance Opinion are:

- An opinion on, and limited to, the work carried out by Internal Audit during the year on the effectiveness of the management of those principal risks identified within the organisations risk register and other relevant documentation.

Further work carried out by Internal Audit in areas outside the key corporate risk areas has been included in the Head of Audit & Assurance Opinion and Annual Report for 2009/2010 for the period 1st April to 30th September 2009..

Internal Audit has provided me with a level of assurance concerning the review of sickness management; business continuity and disaster recovery arrangements for IM&T; electronic rostering system and management of the consultant's contract within the Medicine Directorate.

The Head of Audit & Assurance formal annual report to myself, the Audit Committee and Trust Board represents the opinion on the overall

adequacy and effectiveness of the Trust's risk management, control and governance systems generally.

The Head of Audit & Assurance has provided an Opinion of significant assurance on the overall adequacy and effectiveness of the Trust's risk management, control and governance systems. However there remain weaknesses through the inconsistent application of controls which could undermine the achievement of the objectives and aims of the Trust.

6.6.7 The Trust has received the following reports from the **Wales Audit Office**:

- Audit Strategy
- Financial Accounts Audit and Report to those Charged with Governance
- The Auditor General for Wales Audit Report on the 2008-09 Accounts
- Position Statement on Information Management and Technology
- Performance Audit Updates
- Performance Management in Outpatients
- Information Management Review
- Annual Audit Letter

Where remedial actions have been necessary, action plans will be drawn up and will be implemented.

6.6.8 The **Occupational Health & Safety Committee** has met regularly through the reporting period to discuss a wide range of issues and receive reports in respect of adverse incidents. This pro-active group has a Staffside membership that is reflective of the trade unions represented within the Trust, and who work in partnership with senior management to ensure that effective communications in respect of Occupational Health and Safety at Work are maintained.

6.6.9 The Trust Pathology Services, through the **Clinical Pathology Accreditation** (CPA), has maintained its accreditation status during the reporting period. This accreditation involves an independent audit of the organisation's ability to provide a service of high quality by identifying strengths and areas for improvement. All pathology disciplines apply for inspection against the quality standards, which are determined by the CPA.

6.6.10 Assurance in respect of the **Medical Records Service and Clinical Coding** process is achieved through the Patient Records Information Management Accreditation Programme (PRIMAP) under the management of CHKS. This updated accreditation process includes the original eight performance standards against which the Trust was assessed as well as a further standard on Health Records Content. The Trust has been surveyed during the period of this report and has

responded to the subsequent reports and developed action plans to address performance issues within the requirements of the programme.

6.6.11 **CHKS**, a commercial company specialising in the use of comparative health information, help provided assurance on the quality of clinical services through a number of reports. The information supports clinicians and managers to assess and measure health care performance. The programmes the Trust contracts CHKS to provide use national and peer group measurements, for a range of indicators, of Hospital activity to identify variance from our peers. As part of the risk assessment programme the Trust receives reports, which support the management of many of the key issues in clinical governance. This programme identifies specialties, procedures and clinicians whose results are outside the expected ranges for the Trust, allowing further investigations to be undertaken. As part of the continued development in this area the Trust contract for the online Signpost system allowing the Trust to interrogate data directly. The Trust continues to participate in the All Wales project developing the use of the COMPASS programme which provides information to assist consultant work planning, modernisation and the monitoring of clinical outcomes and has the aim of providing information to drive clinical excellence, identify good performance and innovation.

6.6.12 All Trust Hospital sites, with the exception of Ysbyty Alltwn have been accredited with the Environmental Management System Green Dragon Level 3 as of March 2009. The Trust as a whole will move forward to implement level 4.

6.6.13 The Trust maintains its status in respect of holding the Investor in People Standard.

The Standard, consisting of ten factors investigates how the Trust plans for its priorities and how effectively it communicates them, how it carries out activity with the involvement of its staff to meet those priorities and finally how we review and measure our actions to help us continuously improve. The organizational award will end with cessation of North West Wales NHS Trust and will need to be re-applied for.

6.6.14 During the period of this report the Trust has benefited from a number of external reviews and reports:

Healthcare Inspectorate Reviews of:

The Management of D&V
Reciprocal Arrangements in place between Mental Health and Medical Services

HIW Mental Health Act Visits to:

- Hergest AMI

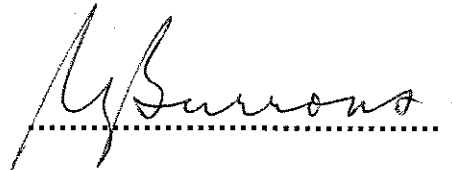
- Ty Llywelyn
- Bryn y Neuadd

These reviews/visits and subsequent reports provide me with an independent opinion in respect of performance and as such I ensure that action is taken to address recommendations for improvement.

6.6.15 The **Joint Federation of Community Health Councils (CHC)**, including **Gogledd Gwynedd CHC** undertake monitoring visits at Ysbyty Gwynedd on a regular basis, i.e. monthly on average. All other hospitals within the Trust are monitored by the CHC within their area. The Executive Director of Nursing and Midwifery receives reports and co-ordinates any resulting action plans.

Through the Complaints Monitoring Group each CHC is made aware of their own complaints and checks are undertaken to ensure that actions are taken to deal with complaints and monitor lessons learnt.

Signature of Accountable Officer



.....

Date

25th February 2010
.....