

Welsh Ambulance Services NHS Trust

Foreword

These accounts for the period ended 31 March 2016 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Welsh Ambulance Services 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.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2016

	Note	2015-16 £000	2014-15 £000
Revenue from patient care activities	2	151,733	148,279
Other operating revenue	3	9,660	12,439
Operating expenses	4	(161,154)	(160,615)
Operating (deficit)/surplus		239	103
Investment revenue	5	39	28
Other gains and losses	6	88	405
Finance costs	7	(317)	(388)
Retained surplus	30.1	49	148
Other Comprehensive Income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment		697	413
Net gain/(loss) on revaluation of intangible assets		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0
Impairments and reversals		(196)	0
Movements in other reserves		0	0
Transfers between reserves		0	0
Net gain/loss on Other Reserve		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
Sub total		501	413
Items that may be reclassified subsequently to net operating costs			
Net gain/(loss) on revaluation of financial assets held for sale		0	0
Sub total		0	0
Total other comprehensive income for the year		501	413
Total comprehensive income for the year		550	561

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2016

	Note	31 March 2016 £000	31 March 2015 £000
Non-current assets			
Property, plant and equipment	12	77,336	70,231
Intangible assets	13	459	931
Trade and other receivables	18	522	502
Other financial assets	19	0	0
Total non-current assets		78,317	71,664
Current assets			
Inventories	17	1,183	1,391
Trade and other receivables	18	12,240	5,623
Other financial assets	19	0	0
Cash and cash equivalents	20	13,326	16,926
		26,749	23,940
Non-current assets held for sale	12.2	340	284
Total current assets		27,089	24,224
Total assets		105,406	95,888
Current liabilities			
Trade and other payables	21	(20,291)	(22,181)
Borrowings	22	(1,511)	(1,373)
Other financial liabilities	23	0	0
Provisions	24	(3,438)	(3,345)
Total current liabilities		(25,240)	(26,899)
Net current assets/(liabilities)		1,849	(2,675)
Total assets less current liabilities		80,166	68,989
Non-current liabilities			
Trade and other payables	21	0	0
Borrowings	22	(3,859)	(5,346)
Other financial liabilities	23	0	0
Provisions	24	(12,120)	(5,965)
Total non-current liabilities		(15,979)	(11,311)
Total assets employed		64,187	57,678
Financed by Taxpayers' equity:			
Public dividend capital		65,364	59,405
Retained earnings		(8,907)	(9,468)
Revaluation reserve		7,730	7,741
Other reserves		0	0
Total taxpayers' equity		64,187	57,678

The financial statements were approved by the Audit Committee on behalf of the Board on 26th May 2016 and signed on behalf of the Board by:

Chief Executive: Tracy Myhill.....

Date..... 2nd June 2016

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2015-16	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2015	59,405	(9,468)	7,741	0	57,678
Changes in taxpayers' equity for 2015-16					
Retained surplus/(deficit) for the year		49			49
Net gain/(loss) on revaluation of property, plant and equipment		0	697	0	697
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	(196)	0	(196)
Movements in other reserves		0	0	0	0
Transfers between reserves		512	(512)	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	7,121				7,121
Public Dividend Capital repaid in year	(1,162)				(1,162)
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	0				0
Balance at 31 March 2016	65,364	(8,907)	7,730	0	64,187

The notes on pages 6 to 61 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2014-15	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2014	56,440	(9,793)	7,505	0	54,152
Changes in taxpayers' equity for 2013-14					
Retained surplus/(deficit) for the year		148			148
Net gain/(loss) on revaluation of property, plant and equipment		0	413	0	413
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		177	(177)	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	2,965				2,965
Public Dividend Capital repaid in year	0				0
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	0				0
Balance at 31 March 2015	59,405	(9,468)	7,741	0	57,678

The notes on pages 6 to 61 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Note	2015-16 £000	2014-15 £000
Cash flows from operating activities			
Operating surplus/(deficit)	SOCI	239	103
Depreciation and amortisation	4	12,038	12,335
Impairments and reversals	4	606	98
Release of PFI deferred credits		0	0
Donated Assets received credited to revenue but non-cash	3	0	0
Government Granted Assets received credited to revenue but non-cash	3	0	0
Interest paid		(234)	(279)
(Increase)/decrease in inventories		208	205
(Increase)/decrease in trade and other receivables		(6,886)	(327)
Increase/(decrease) in trade and other payables		1,298	2,599
Increase/(decrease) in provisions		6,248	2,112
Net cash inflow from operating activities		13,517	16,846
Cash flows from investing activities			
Interest received		39	28
(Payments) for property, plant and equipment		(22,483)	(5,672)
Proceeds from disposal of property, plant and equipment		954	540
(Payments) for intangible assets		(486)	(1,310)
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with Welsh Government		0	0
Proceeds from disposal of investments with Welsh Government		0	0
(Payments) for financial assets.		0	0
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
Net cash (outflow) from investing activities		(21,976)	(6,414)
Net cash (outflow)/inflow before financing		(8,459)	10,432
Cash flows from financing activities			
Public Dividend Capital received		7,370	2,663
Public Dividend Capital repaid		(1,162)	0
Loans received from Welsh Government		0	0
Other loans received		0	0
Loans repaid to Welsh Government		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital elements of finance leases and on-SOFP PFI		(1,349)	(1,295)
Cash transferred (to)/from other NHS Wales bodies		0	0
Net cash (outflow) from financing activities		4,859	1,368
Net (decrease) in cash and cash equivalents		(3,600)	11,800
Cash [and] cash equivalents at the beginning of the financial year	20	16,926	5,126
Cash [and] cash equivalents at the end of the financial year	20	13,326	16,926

The notes on pages 6 to 61 form part of these accounts.

Notes to the Accounts

Accounting policies

1. Accounting policies

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 2015-16 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention and basis of consolidation

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

1.2 Acquisitions and discontinued operations

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

1.3 Pooled budgets

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

1.4 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from the Welsh Government, Health Boards and WHSSC. This 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.

1.5 Employee Benefits

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

Retirement benefit costs

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

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

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

1.6 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.

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the 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, vehicle or unit, irrespective of their individual or collective cost.

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

Valuation

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

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

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

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

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

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

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

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

For 2012-13 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts from 1 April 2012. In 2015-16 indexation has been applied to property plant and equipment based on indices supplied by the District Valuation Office. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and

equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

Subsequent expenditure

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

1.8 Intangible assets

Recognition

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

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

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

Measurement

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

Following initial recognition, intangible assets are carried at fair value by reference to an active market,

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.

1.9 Research and development

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

1.10 Depreciation, amortisation and impairments

Freehold land, properties under construction and assets held for sale are not depreciated. Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

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

1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.12 Donated assets

A donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.13 Government grants

A government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.14 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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

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

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

1.15 Other financial assets

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

1.16 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 and individually 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.

1.17 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.18 Inventories

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

1.19 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.

1.20 Provisions

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

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

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

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

1.21 Clinical Negligence Costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2015-16. The WRP is hosted by Velindre NHS Trust.

1.22 Carbon Reduction Commitment Scheme

The trust is not a member of the Carbon Reduction Commitment Scheme. The Welsh Ambulance Services NHS Trust does not meet the requirements for mandatory registration under the Carbon Reduction Commitment.

1.23 Contingencies

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

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

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

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

1.24 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 SoCNI'; '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 SoCNI

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 SoCNI. 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.

The Trust has no embedded derivatives.

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

The Trust does not have any available for sale financial assets.

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.

1.25 Financial liabilities

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

Loans from the Welsh Government are recognised at historical cost. 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 SoCNI

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.

The Trust does not have any financial guarantee contract liabilities nor any financial derivatives requiring to be stated at fair value through profit and loss.

Other financial liabilities

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

1.26 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.

1.27 Foreign currencies

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

1.28 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. The Trust does not own any Third party assets.

1.29 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.

From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

1.30 Losses and Special Payments

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

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

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

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

1.31 Critical Accounting Judgements and key sources of estimation uncertainty

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

1.32 Critical Judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.33 Key sources of estimation uncertainty

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

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

1.34 Subsidiaries

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

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

Charity not consolidated on basis of materiality

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Trust has established that as the Trust is the corporate trustee of the linked Welsh Ambulance Services NHS Trust Charity, it is considered for accounting standards compliance to have control of Welsh Ambulance Services NHS Trust Charity as a subsidiary and therefore is required to consolidate the results of Welsh Ambulance Services NHS Trust Charity within the statutory accounts of the Trust. The determination of control is an accounting standards test of control and there has been no change to the operation of Welsh Ambulance Services NHS Trust Charity or its independence in its management of charitable funds.

However, the transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

1.35 Absorption Accounting

None to report.

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

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

IPSAS 32 Service Concession Arrangements - subject to consultation.

1.37 Accounting standards issued that have been adopted early

There are no accounting standards in issue which have been adopted early.

Welsh Ambulance Services NHS Trust Annual Accounts 2015-16

2. Revenue from patient care activities	2015-16	2014-15
	£000	£000
Welsh Government	4,530	601
Welsh Government Welsh Risk Pool Reimbursements	0	0
Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC)	126,389	126,830
Local health boards	19,436	19,192
Welsh NHS Trusts	606	607
Other NHS trusts	6	145
Other NHS England bodies	0	35
Foundation Trusts	198	292
Welsh Local Authorities	0	0
Local authorities	0	0
Non NHS:		
Private patient income	4	1
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	418	471
Other revenue from activities	146	105
Total	151,733	148,279

ICR income is subject to a provision for impairment of 21.99% to reflect expected rates of collection.

3. Other operating revenue	2015-16	2014-15
	£000	£000
Patient transport services	0	0
Education, training and research	1,091	594
Charitable and other contributions to expenditure	0	0
Receipt of donations for capital acquisitions	0	0
Receipt of government grants for capital acquisitions	0	0
Non-patient care services to other bodies	0	0
Income generation	0	0
Rental revenue from finance leases	0	0
Rental revenue from operating leases	79	76
Other revenue:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	201	194
Business unit	0	0
Other	8,289	11,575
Total	9,660	12,439
Other revenue of £8,289k (2014-2015 £11,575k) comprises		
Non-ambulance transport for other NHS bodies	0	3,526
Personal injury benefit scheme (PIBS)	747	726
Air Ambulance paramedic funding	597	597
Hazardous Area Response Team (HART)	2,230	2,207
Other minor services income	1,840	2,067
Ambulance Radio Replacement Programme (ARRP)	2,269	2,356
Funding for impairments (as funds flow monies)	606	96
Total	8,289	11,575

4. Operating expenses	2015-16	2014-15
4.1 Operating expenses	£000	£000
Welsh Government	0	0
WHSSC & EASC	0	0
Local Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS Trusts	0	0
Goods and services from other NHS bodies	1,151	1,216
Purchase of healthcare from non-NHS bodies	2,048	2,307
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Directors' costs	967	1,082
Staff costs	114,265	111,224
Supplies and services - clinical	2,658	3,025
Supplies and services - general	829	1,362
Consultancy Services	296	57
Establishment	3,756	4,202
Transport	13,102	14,348
Premises	6,164	5,058
Impairments and Reversals of Receivables	0	0
Depreciation	11,457	11,712
Amortisation	581	623
Impairments and reversals of property, plant and equipment	606	98
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Audit fees	150	130
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,370	1,385
Research and development	0	0
Other operating expenses	1,754	2,786
Total	161,154	160,615

4. Operating expenses (continued)

4.2 Losses, special payments and irrecoverable debts:

	2015-16	2014-15
	£000	£000
Charges to operating expenses		
Increase/(decrease) in provision for future payments:		
Clinical negligence	6,029	1,229
Personal injury	1,345	1,419
All other losses and special payments	89	0
Defence legal fees and other administrative costs	270	138
Gross increase/(decrease) in provision for future payments	<u>7,733</u>	<u>2,786</u>
Contribution to Welsh Risk Pool	0	0
Welsh Risk Pool creditor movement	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	187	0
Less: income received/ due from Welsh Risk Pool	<u>(6,550)</u>	<u>(1,401)</u>
Total charge	<u>1,370</u>	<u>1,385</u>

Clinical Negligence includes £0 (2014-15 £0) in respect of payments made under Redress.

Personal injury includes £0.747m in respect of permanent injury benefits (2014-15 £0.726m).

5. Investment revenue	2015-16	2014-15
Rental revenue :	£000	£000
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	39	28
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	39	28

6. Other gains and losses	2015-16	2014-15
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	88	405
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through income statement	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	88	405

7. Finance costs	2015-16	2014-15
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	234	279
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	234	279
Provisions unwinding of discount	83	109
Other finance costs	0	0
Total	317	388

8. Operating leases

8.1 Trust as lessee

The operating leases shown below mainly relate to buildings and vehicles.

Payments recognised as an expense	2015-16	2014-15
	£000	£000
Minimum lease payments	1,507	1,780
Contingent rents	0	0
Sub-lease payments	0	0
Total	1,507	1,780

Total future minimum lease payments	2015-16	2014-15
Payable:	£000	£000
Not later than one year	1,449	1,111
Between one and five years	2,656	4,107
After 5 years	1,865	2,378
Total	5,970	7,596
Total future sublease payments expected to be received	0	0

8. Operating leases (continued)

8.2 Trust as lessor

The Trust leases part of Vantage Point house to Aneurin Bevan LHB in respect of their GP Out of Hours Service.

Receipts recognised as income	2015-16 £000	2014-15 £000
Rent	0	0
Contingent rent	0	0
Other	79	76
Total rental revenue	79	76

Total future minimum lease payments Receivable:	2015-16 £000	2014-15 £000
Not later than one year	72	72
Between one and five years	227	156
After 5 years	0	287
Total	299	515

9. Employee costs and numbers

9.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2015-16	2014-15
				£000	£000
Salaries and wages	94,932	1,583	596	97,111	94,484
Social security costs	7,427	0	0	7,427	7,233
Employer contributions to NHS Pensions Scheme	11,109	0	0	11,109	10,876
Other pension costs	16	0	0	16	178
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	113,484	1,583	596	115,663	112,771
Of the total above:					
Charged to capital				558	595
Charged to revenue				115,105	112,176
Total				115,663	112,771

Net movement in accrued employee benefits (untaken staff leave accrual included above) 0 307

9.2 Average number of employees

9.2 Average number of employees	Permanently Employed	Agency Staff	Staff on Inward Secondment	2015-16	2014-15
				Total	Total Reclassified
	Number	Number	Number	Number	Number
Administrative, clerical and board members	463	2	12	477	375
Ambulance staff	0	0	0	0	0
Medical and dental	1	0	0	1	1
Nursing, midwifery registered	92	1	0	93	92
Professional, scientific and technical staff	9	0	0	9	0
Additional Clinical Services	1,323	0	0	1,323	1,267
Allied Health Professions	920	25	0	945	1,014
Healthcare scientists	0	0	0	0	0
Estates and Ancillary	32	5	0	37	136
Students	0	0	0	0	0
Total	2,840	33	12	2,885	2,885

None of the employees of Welsh Ambulance Services NHS Trust are classified within 'Ambulance Staff'. Operational members of staff are included either within the category of 'Additional Clinical Services' or 'Allied Health Professions' dependent upon role.

9.3 Employee benefits

The Trust does not have an employee benefit scheme.

9.4 Reporting of other compensation schemes - exit packages

	2015-16	2015-16	2015-16	2015-16	2014-15
Exit packages cost band (including any special payment element)	Number of compulsory redundancies Whole numbers only	Number of other departures Whole numbers only	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	1	1	0	1
Total	0	1	1	0	1

	2015-16	2015-16	2015-16	2015-16	2014-15
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies £	Cost of other departures £	Total cost of exit packages £	Cost of special element included in exit packages £	Total cost of exit packages £
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	214,033	214,033	0	203,079
Total	0	214,033	214,033	0	203,079

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table (see note 12 for details of ill health retirement costs).

This disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

9.5 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the Welsh Ambulance Services NHS Trust in the financial year 2015-16 was £152,500 (2014-15, £137,500). This was 5.05 times (2014-15, 4.63) the median remuneration of the workforce, which was £30,214 (2014-15, £29,704). This increase in ratio is due to the increased costs of the highest paid director in the Trust when compared the previous post holder, which has been fully approved by Welsh Government. In either 2015-16 or 2014-15 the median remuneration doesn't include the impact of secondees working within the Trust. Given the low number of these, this would have an immaterial impact on the calculation of the median value in either year, or the resulting ratio described. The inclusion of inward secondees within this calculation will be further reviewed for future financial years.

In 2015-16, 0 (2014-15, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,350 to £137,500 (2014-15 £15,350-£107,500)

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

Overtime payments should be included for the calculation of both elements of the relationship.

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

10. Pensions

Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

c) National Employment Savings Trust (NEST)

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

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

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

Currently, the legal minimum level of contributions is 2 per cent of a jobholder's qualifying earnings for employers whose legal duties have started. Of this, the employer needs to pay at least 1 per cent, though they can pay more if they want to.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,824 and £42,385 for the 2015-2016 tax year.

NEST has an annual contribution limit of £4,700 for the 2015-16 tax year (£4,600 for 2014-15). This means the most that can be contributed to a single pot in the current tax year is £4,700. This figure will be adjusted annually in line with average earnings.

The annual contribution limit includes member contributions, money from their employer and any tax relief. It also includes any money paid in by someone else on behalf of the member, such as a member's partner or spouse

10.1 Retirement costs due to ill-health

During 2015-16 there were five (2014-15 five) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £250,594 (2014-15 £158,333). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11. Public Sector Payment Policy

11.1 Prompt payment code - measure of compliance

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

	2015-16	2015-16	2014-15	2014-15
	Number	£000	Number	£000
NHS				
Total bills paid in year	812	4,389	745	3,751
Total bills paid within target	747	4,018	547	2,323
Percentage of bills paid within target	92.0%	91.5%	73.4%	61.9%
Non-NHS				
Total bills paid in year	37,536	60,983	36,072	41,549
Total bills paid within target	37,197	60,517	34,638	40,146
Percentage of bills paid within target	99.1%	99.2%	96.0%	96.6%
Total				
Total bills paid in year	38,348	65,372	36,817	45,300
Total bills paid within target	37,944	64,535	35,185	42,469
Percentage of bills paid within target	98.9%	98.7%	95.6%	93.8%

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

	2015-16	2014-15
	£	£
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

12. Property, plant and equipment :

2015-16

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction 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 2015	6,665	23,629	0	16,585	24,335	55,668	32,524	844	160,250
Indexation	131	1,334	0	0	0	0	0	0	1,465
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	19,683	0	0	0	0	19,683
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	(19)	(1,831)	(13)	0	(1,863)
Reclassifications	0	1,833	0	(19,982)	4,498	11,351	1,354	0	(946)
Reclassified as held for sale	(52)	(1,368)	0	0	(122)	(2,520)	0	0	(4,062)
Disposals other than by sale	0	0	0	0	(4,226)	0	(529)	0	(4,755)
Impairments	(18)	(660)	0	(124)	0	0	0	0	(802)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2016	6,726	24,768	0	16,162	24,466	62,668	33,336	844	168,970
Depreciation									
At 1 April 2015	0	13,716	0	0	20,173	34,009	21,277	844	90,019
Indexation	0	768	0	0	0	0	0	0	768
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	(6)	(995)	(12)	0	(1,013)
Reclassifications	0	0	0	0	0	0	(852)	0	(852)
Reclassified as held for sale	0	(1,364)	0	0	(122)	(2,504)	0	0	(3,990)
Disposals other than by sale	0	0	0	0	(4,226)	0	(529)	0	(4,755)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	586	0	0	1,221	6,947	2,703	0	11,457
At 31 March 2016	0	13,706	0	0	17,040	37,457	22,587	844	91,634
Net book value									
At 1 April 2015	6,665	9,913	0	16,585	4,162	21,659	11,247	0	70,231
Net book value									
At 31 March 2016	6,726	11,062	0	16,162	7,426	25,211	10,749	0	77,336
Net book value at 31 March 2016 comprises :									
Purchased	6,726	11,062	0	16,162	7,426	25,211	10,749	0	77,336
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2016	6,726	11,062	0	16,162	7,426	25,211	10,749	0	77,336
Asset Financing:									
Owned	6,726	11,062	0	16,162	7,426	25,211	6,461	0	73,048
Held on finance lease	0	0	0	0	0	0	4,288	0	4,288
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2016	6,726	11,062	0	16,162	7,426	25,211	10,749	0	77,336

The net book value of land, buildings and dwellings at 31 March 2016 comprises :

	£000
Freehold	17,788
Long Leasehold	0
Short Leasehold	0
Total	17,788

12. Property, plant and equipment :

2014-15

	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 2014	6,803	21,698	0	7,689	22,606	58,413	31,269	844	149,322
Indexation	136	1,084	0	0	0	0	0	0	1,220
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	14,372	0	0	0	0	14,372
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	1,100	0	(5,476)	1,729	1,173	1,474	0	0
Reclassified as held for sale	(254)	0	0	0	0	(3,915)	(219)	0	(4,388)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Impairments	(20)	(253)	0	0	0	(3)	0	0	(276)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2015	6,665	23,629	0	16,585	24,335	55,668	32,524	844	160,250
Depreciation									
At 1 April 2014	0	12,577	0	0	19,035	30,782	18,657	761	81,812
Indexation	0	629	0	0	0	0	0	0	629
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	(3,915)	(219)	0	(4,134)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	510	0	0	1,138	7,142	2,839	83	11,712
At 31 March 2015	0	13,716	0	0	20,173	34,009	21,277	844	90,019
Net book value									
At 1 April 2014	6,803	9,121	0	7,689	3,571	27,631	12,612	83	67,510
Net book value									
At 31 March 2015	6,665	9,913	0	16,585	4,162	21,659	11,247	0	70,231
Net book value at 31 March 2015 comprises :									
Purchased	6,665	9,913	0	16,585	4,162	21,659	11,247	0	70,231
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2015	6,665	9,913	0	16,585	4,162	21,659	11,247	0	70,231
Asset Financing:									
Owned	6,665	9,913	0	16,585	4,162	21,659	5,887	0	64,871
Held on finance lease	0	0	0	0	0	0	5,360	0	5,360
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2015	6,665	9,913	0	16,585	4,162	21,659	11,247	0	70,231
The net book value of land, buildings and dwellings at 31 March 2015 comprises :									
									£000
Freehold									16,578
Long Leasehold									0
Short Leasehold									0
Total									16,578

Disclosures:

i) No assets were donated to the Trust during this financial year.

ii) Assets held at revalued amounts

Land and buildings are restated to current value using professional valuations in accordance with IAS16 every five years and in the intervening years by the use of indices provided from the District Valuer via the Welsh Government.

Professional valuations are carried out by the District Valuers of the Valuation Office Agency at five yearly intervals. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Welsh Government and HM Treasury. The last asset valuations were carried out as at 1 April 2012.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties, including surplus land, the valuations are carried out at open market value.

In accordance with IFRS 13 additional alternative Open Market Value figures have been supplied for operational assets scheduled for imminent closure, subsequent disposal and taken out of operational use.

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

Operational equipment is carried at current value. Where assets are of low value, and/or have short useful economic lives, these are carried at depreciated historic cost as a proxy for current value.

Equipment surplus to requirements is valued at net recoverable amount.

iii) Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. No depreciation is provided on freehold land, assets in the course of construction and assets surplus to requirements.

iv) £0.606 million was received from the Welsh Assembly Government in respect of compensation for assets impaired during the year. This is included within Other operating income.

v) Assets becoming classified as held for sale are shown in Note 12.2. Those sold in the period are detailed below:-

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
Vehicles	No longer serviceable	57
Equipment	No longer serviceable	31
		<u>88</u>

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 2015	284	0	0	0	0	284
Plus assets classified as held for sale in year	52	4	16	0	0	72
Revaluation	0	0	0	0	0	0
Less assets sold in year	0	0	(16)	0	0	(16)
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairments	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 2016	336	4	0	0	0	340
Balance b/f 1 April 2014	165	0	0	0	0	165
Plus assets classified as held for sale in year	254	0	0	0	0	254
Revaluation	0	0	0	0	0	0
Less assets sold in year	(135)	0	0	0	0	(135)
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairments	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 2015	284	0	0	0	0	284

Three properties were included within this category as at 1 April 2015, namely Newquay, Wrexham and Monmouth.

During the year one further Ambulance Station, Chirk, was identified as being held for sale within one calendar year.

There are four stations remaining as due for sale as at 31 March 2016.

13. Intangible assets

2015-16	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015	3,586	0	0	0	0	0	3,586
Revaluation		0			0	0	0
Additions							
- purchased	15	0	0	0	0	0	15
- 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
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	(253)	0	1,199	0	0	0	946
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2016	3,348	0	1,199	0	0	0	4,547
Amortisation							
Accumulated amortisation at 1 April 2015	2,655	0	0	0	0	0	2,655
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	(39)	0	891	0	0	0	852
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Charged during the year	581	0	0	0	0	0	581
Accumulated amortisation at 31 March 2016	3,197	0	891	0	0	0	4,088
Net book value at 1 April 2015	931	0	0	0	0	0	931
Net book value at 31 March 2016	151	0	308	0	0	0	459
Net book value							
Purchased	151	0	308	0	0	0	459
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
Total at 31 March 2016	151	0	308	0	0	0	459

13. Intangible assets

2014-15	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	CRC Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	2,510	0	0	0	0	0	2,510
Revaluation		0			0	0	0
Additions							
- purchased	1,076	0	0	0	0	0	1,076
- 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
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	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
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2015	3,586	0	0	0	0	0	3,586
Amortisation							
Accumulated amortisation at 1 April 2014	2,032	0	0	0	0	0	2,032
Revaluation		0			0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0
Reclassifications	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
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Charged during the year	623	0	0	0	0	0	623
Accumulated amortisation at 31 March 2015	2,655	0	0	0	0	0	2,655
Net book value at 1 April 2014	478	0	0	0	0	0	478
Net book value at 31 March 2015	931	0	0	0	0	0	931
Net book value							
Purchased	931	0	0	0	0	0	931
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
Total at 31 March 2015	931	0	0	0	0	0	931

13. Intangible assets

- i) All intangible fixed assets are stated at original cost.
- ii) The useful lives of all intangible fixed assets held are finite and where applicable are in line with the terms of the individual license.

14. Revaluation reserve balance for intangible assets

	2015-16	2014-15
	£000	£000
	NHS Trust	
At 1 April	0	0
Changes	0	0
At 31 March	0	0

15. Impairments

Impairments in the period arose from:	2015-16		2014-15	
	Property, plant & equipment	Intangible assets	Property, plant & equipment	Intangible assets
	£000	£000	£000	£000
Loss or damage from normal operations	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	124	0	0	0
Changes in market price	0	0	0	0
Other	678	0	278	0
Reversal of impairment	(196)	0	(180)	0
Impairments charged to operating expenses	606	0	98	0
Revaluations charged in the year to				
Operating expenses in Statement of Comprehensive Income	606	0	98	0
Total	606	0	98	0

The majority of impairments shown above have arisen as a result of specialised assets identified as being due for disposal in the short to medium term being written down to market value.

16. Capital commitments

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

	31 March 2016	31 March 2015
	£000	£000
Property, plant and equipment	107	10,748
Intangible assets	0	0
Total	107	10,748

17. Inventories

17.1 Inventories

	31 March	31 March
	2016	2015
	£000	£000
Drugs	168	172
Consumables	919	1,042
Energy	0	0
Work in progress	0	0
Other	96	177
Total	1,183	1,391
Of which held at net realisable value:	0	0

17.2 Inventories recognised in expenses

	31 March	31 March
	2016	2015
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

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18. Trade and other receivables

18.1 Trade and other receivables

	31 March 2016 £000	31 March 2015 £000
Current		
Welsh Government	1,075	473
WHSSC & EASC	288	14
Welsh Health Boards	926	999
Welsh NHS Trusts	25	2
Non - Welsh Trusts	87	22
Other NHS	19	23
Welsh Risk Pool	8,089	1,781
Welsh Local Authorities	28	253
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	721	843
Provision for impairment of trade receivables	(424)	(239)
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	1,406	1,452
Accrued income	0	0
Sub-total	12,240	5,623
Non-current		
Welsh Government	0	0
WHSSC & EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	522	502
Provision for impairment of trade receivables	0	0
Pension Prepayments		
NHS Pensions Agency	0	0
NEST	0	0
Other prepayments	0	0
Accrued income	0	0
Sub-total	522	502
Total trade and other receivables	12,762	6,125

The great majority of trade is with the Welsh Government and Welsh Health Boards. As these bodies are either Welsh Government or funded by Welsh Government, no credit scoring of them is considered necessary.

Other debtors includes £0.982m re Compensation Recovery Unit (2014/15 £0.996m).

18.2 Receivables VAT	31 March 2016 £000	31 March 2015 £000
Trade receivables	51	63
Other	0	0
Total	51	63

18.3 Receivables past their due date but not impaired

	31 March 2016 £000	31 March 2015 £000
By up to 3 months	601	798
By 3 to 6 months	1	2
By more than 6 months	0	0
Balance at end of financial year	602	800

18.4 Allowance for bad and doubtful debts

	31 March 2016 £000	31 March 2015 £000
Balance at beginning of the year	(239)	(192)
Transfer to other NHS Wales body	0	0
Provision utilised (Amount written off during the year)	2	0
Provision written back during the year no longer required	0	0
(Increase)/Decrease in provision during year	(187)	(47)
Bad debts recovered during year	0	0
Balance at end of financial year	(424)	(239)

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

19. Other financial assets

	31 March	31 March
	2016	2015
	£000	£000
Current		
Shares and equity type investments		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Total	0	0
Non-Current		
Shares and equity type investments		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Deposits	0	0
Loans	0	0
Derivatives	0	0
Other (Specify)		
Held to maturity investments at amortised costs	0	0
At fair value through SOCI	0	0
Available for sale at FV	0	0
Total	0	0

20. Cash and cash equivalents

	31 March	31 March
	2016	2015
	£000	£000
Opening Balance	16,926	5,126
Net change in year	(3,600)	11,800
Closing Balance	13,326	16,926
Made up of:		
Cash with Government Banking Service (GBS)	283	286
Cash with Commercial banks	39	36
Cash in hand	4	4
Total cash	326	326
Current investments	13,000	16,600
Cash and cash equivalents as in SoFP	13,326	16,926
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash & cash equivalents as in Statement of Cash Flows	13,326	16,926

21. Trade and other payables at the SoFP Date	31 March 2016 £000	31 March 2015 £000
Current		
Welsh Government	1,105	680
WHSSC & EASC	89	0
Welsh Health Boards	588	714
Welsh NHS Trusts	112	203
Other NHS	52	8
Welsh Local Authorities	44	7
Other Local Authorities	1	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	59	0
Other taxes payable to HMRC	561	516
National Insurance contributions payable to HMRC	1,148	1,151
Non-NHS trade payables - revenue	1,142	1,744
Non-NHS trade payables - capital	7,439	10,710
Rentals due under operating leases	0	0
Obligations due under finance leases and HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	1,475	1,434
Accruals	6,424	5,014
Deferred Income:		
Deferred income brought forward	0	0
Deferred income additions	52	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	0
Other liabilities - all other payables	0	0
PFI assets – deferred credits	0	0
Payments on account	0	0
Sub-total	20,291	22,181

In respect of the Pensions figure shown above, £1.472m relates to the NHS Pension scheme (2014-15 £1.433m) and £0.002m to the NEST pension scheme (2014-15 £0.002m).

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

	31 March 2016 £000	31 March 2015 £000
Non-current		
Welsh Government	0	0
WHSSC & EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Rentals due under operating leases	0	0
Obligations due under finance leases and HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income:		
Deferred income brought forward	0	0
Deferred income additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	0
Other liabilities - all other payables	0	0
PFI assets – deferred credits	0	0
Payments on account	0	0
Sub-total	<u>0</u>	<u>0</u>
Total	<u>20,291</u>	<u>22,181</u>

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

22. Borrowings	31 March	31 March
Current	2016	2015
	£000	£000
Bank overdraft - GBS	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	1,511	1,373
Other	0	0
Total	1,511	1,373
Non-current		
Bank overdraft - OPG	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	3,859	5,346
Other	0	0
Total	3,859	5,346

The borrowings relate to finance leases on plant and equipment. Further details of finance leases are provided in note 27.

22.2 Loan advance/strategic assistance funding

The NHS Trust has received no loan advance or strategic funding from the Welsh Government.

23. Other financial liabilities

	31 March	31 March
	2016	2015
Current	£000	£000
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	0	0

	31 March	31 March
	2016	2015
Non-current		
Financial Guarantees		
At amortised cost	0	0
At fair value through SoCI	0	0
Derivatives at fair value through SoCI	0	0
Other		
At amortised cost	0	0
At fair value through SoCI	0	0
Total	0	0

24. Provisions

2015-16

24.1 NHS Trust and Welsh Risk Pool

	At 1 April 2015	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	1,227	0	0	(28)	0	922	(164)	(766)	0	1,191
Personal injury	1,377	0	0	0	0	1,834	(771)	(752)	81	1,769
All other losses and special payments	0	0	0	0	0	180	(89)	(91)	0	0
Defence legal fees and other administration	230	0	0	0	0	364	(167)	(94)	0	333
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	22		0	0	0	15	(18)	0	2	21
Restructurings	430		0	0	0	199	(214)	(350)		65
Other	59		0	0	0	0	0	0		59
Total	3,345	0	0	(28)	0	3,514	(1,423)	(2,053)	83	3,438
Non Current										
Clinical negligence	0	0	0	28	0	5,873	(9)	0	0	5,892
Personal injury	5,851	0	0	0	0	263	0	0	0	6,114
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	114		0	0	0	0	0	0	0	114
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	5,965	0	0	28	0	6,136	(9)	0	0	12,120
TOTAL										
Clinical negligence	1,227	0	0	0	0	6,795	(173)	(766)	0	7,083
Personal injury	7,228	0	0	0	0	2,097	(771)	(752)	81	7,883
All other losses and special payments	0	0	0	0	0	180	(89)	(91)	0	0
Defence legal fees and other administration	230	0	0	0	0	364	(167)	(94)	0	333
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	136		0	0	0	15	(18)	0	2	135
Restructurings	430		0	0	0	199	(214)	(350)		65
Other	59		0	0	0	0	0	0		59
Total	9,310	0	0	0	0	9,650	(1,432)	(2,053)	83	15,558

Expected timing of cash flows:

	In year to 31 March 2017	Between 1 April 2017 31 March 2022	Between 1 April 2022 31 March 2027	Thereafter	Totals
	£000	£000	£000	£000	£000
Clinical negligence	1,191	5,892	0	0	7,083
Personal injury	1,769	1,841	1,642	2,631	7,883
All other losses and special payments	0	0	0	0	0
Defence legal fees and other administration	333	0	0	0	333
Pensions - former directors	0	0	0	0	0
Pensions - other staff	21	85	29	0	135
Restructuring	65	0	0	0	65
Other	59	0	0	0	59
Total	3,438	7,818	1,671	2,631	15,558

The expected timing of cashflows is based on best available information; but could change depending on the circumstances of the individual cases.

In addition to the provision shown above, contingent liabilities are shown in note 32.

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

"Other" provisions £0.059m (14-15 £0.059m) relates to a provision for dilapidation of leasehold premises £0.057m together with a provision for unpaid annual leave entitlement to staff in respect of frozen holiday leave entitlement £2k.

24. Provisions (continued)

2014-15

24.4 NHS Trust and Welsh Risk Pool

	At 1 April 2014	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2015
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	283	0	0	0	0	6,810	(285)	(5,581)	0	1,227
Personal injury	1,109	0	0	0	0	1,315	(920)	(233)	106	1,377
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	144	0	0	0	0	240	(52)	(102)	0	230
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	22		0	0	0	10	(9)	(4)	3	22
Restructurings	0		0	0	0	430	0	0		430
Other	2		0	0	0	57	0	0		59
Total	1,560	0	0	0	0	8,862	(1,266)	(5,920)	109	3,345
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	5,514	0	0	0	0	337	0	0	0	5,851
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0		0	0	0	0	0	0	0	0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	124		0	0	0	0	(10)	0	0	114
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	5,638	0	0	0	0	337	(10)	0	0	5,965
TOTAL										
Clinical negligence	283	0	0	0	0	6,810	(285)	(5,581)	0	1,227
Personal injury	6,623	0	0	0	0	1,652	(920)	(233)	106	7,228
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	144	0	0	0	0	240	(52)	(102)	0	230
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	146		0	0	0	10	(19)	(4)	3	136
Restructurings	0		0	0	0	430	0	0		430
Other	2		0	0	0	57	0	0		59
Total	7,198	0	0	0	0	9,199	(1,276)	(5,920)	109	9,310

"Other" provisions £59k (13-14 £2k) relates to a provision for dilapidation of leasehold premises £57k together with a provision for unpaid annual leave entitlement to staff in respect of frozen holiday leave entitlement £2k.

25. Contingencies

25.1 Contingent liabilities

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

	31 March	31 March
	2016	2015
	£000	£000
Legal claims for alleged medical or employer negligence	2,657	6,445
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	0	0
Other (Please specify)	0	0
Total value of disputed claims	2,657	6,445
Amount recovered under insurance arrangements in the event of these claims being successful	(1,769)	(5,536)
Net contingent liability	888	909

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

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

Contingent liabilities includes claims relating to alleged clinical negligence, personal injury and permanent injury benefits under the NHS Injury Benefits Scheme.

25.2. Remote contingent liabilities

	31 March	31 March
	2016	2015
	£000	£000
Legal Claims for alleged medical or employer negligence	861	0
Amount recovered	-741	0
Total	120	0

25.3 Contingent assets

	31 March	31 March
	2016	2015
	£000	£000
	0	0
	0	0
	0	0
	0	0

The Trust has no contingent assets.

26. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 March 2016		Approved to write-off year to 31 March 2016	
	Number	£	Number	£
Clinical negligence	8	172,543	3	393,865
Personal injury	97	770,635	51	916,392
All other losses and special payments	113	89,034	50	121,483
Total	218	1,032,212	104	1,431,740

Analysis of cases:

	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases where cumulative amount exceeds £300,000			
None	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Sub-total	0	0	0
All other cases	218	1,032,212	7,226,586
Total cases	218	1,032,212	7,226,586

Approved to write-off in the above context means the cash amount paid out to date relating to cases closed during the year.

27. Finance leases

27.1 Finance leases obligations (as lessee)

A contract was entered into with Airwave during 2007-08 in respect of the National Ambulance Radio Re-procurement Project.
This is the only asset included within 'Other' below.

Amounts payable under finance leases:

LAND	31 March 2016 £000	31 March 2015 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March 2016 £000	31 March 2015 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
OTHER	31 March 2016 £000	31 March 2015 £000
Minimum lease payments		
Within one year	1,699	1,607
Between one and five years	4,107	5,623
After five years	0	121
Less finance charges allocated to future periods	(436)	(632)
Minimum lease payments	5,370	6,719
Included in: Current borrowings	1,511	1,373
Non-current borrowings	3,859	5,346
Total	5,370	6,719
Present value of minimum lease payments		
Within one year	1,511	1,373
Between one and five years	3,859	5,229
After five years	0	117
Total present value of minimum lease payments	5,370	6,719
Included in: Current borrowings	1,511	1,373
Non-current borrowings	3,859	5,346
Total	5,370	6,719

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March	31 March
	2016	2015
	£000	£000
Gross investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>

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27.3 Rental Revenue	31 March	31 March
	2016	2015
	£000	£000
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

27.4 Finance Lease Commitment

Welsh Ambulance Services NHS Trust has not entered into any new contracts under finance leases during 2015-16.

28. Private finance transactions**Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)**

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

29. Financial risk Management

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

NHS Trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

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

Liquidity risk

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 the Welsh Government under agreed borrowing limits. NHS Trusts are not, therefore, exposed to significant liquidity risks.

Interest-rate risks

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

Foreign currency risk

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

Credit Risk

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

General

The powers of the 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.

30. Financial Performance

30.1 FINANCIAL DUTIES

30.1.1 Annual Surplus/Deficit

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust Schedule 4 2(1).

Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account.

Subsequent to the issue of **WHC/2015/014** the annual financial duty has been revoked and the interpretation of the breakeven duty has reverted to a three year duty, the first assessment of this duty will be in 2016-17. From 2014-15 the following annual disclosure

	2015-16 £000	2014-15 £000
Retained surplus	49	148
Less Donated asset / grant funded revenue adjustment	0	0
Adjusted surplus	<u>49</u>	<u>148</u>

30.2 ADMINISTRATIVE REQUIREMENTS

30.2.1 Integrated Medium Term Plan

The NHS Wales Planning Framework for the period 2015-16 to 2017-18 issued to NHS Trusts placed a requirement upon NHS Trusts to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The Trust submitted an initial Integrated Medium Term Plan for the period 2015-16 to 2017-18 in accordance with NHS Wales Planning Framework. Following receipt of this and advice from Welsh Government, due to the significant amount of change planned by the Trust in the first year of this plan (2015-16), including the piloting of a new clinical response model, completion of a business case for the future provision and direction of the Non Emergency Patient Transport Service and preparations for the implementation of the pathfinder project for the 111 service in Wales for which it is the selected host provider, it was agreed that a revised IMTP and financial plan for the Trust for 2015-16 only be submitted. This was submitted to Welsh Government on 30th September 2015, the income, funding and financial assumptions within which have been fully agreed by the Trust's commissioners, have been paid to the Trust through the rest of the 2015-16 financial year and are the bases for these accounts.

In line with all other NHS organisations in Wales, the Trust has also now prepared a robust and detailed updated three year plan and IMTP for the period 2016-17 - 2018-19, underpinned by a balanced financial plan for this period, again based on a range of financial planning, funding, expenditure and savings assumptions and plans which have been fully supported by the Commissioner. As with all other NHS Wales organisations, the Trust is currently awaiting approval of this plan.

	2015-16 to 2017-18	2014-15 to 2016-17
The Minister for Health and Social Services approval status	Not Approved	Not Approved
30.2.2. External financing	31 March 2016	31 March 2015
The Trust is given an external financing limit which it is permitted to undershoot	£000	£000
External financing limit set by the Welsh Government	4,859	1,368
Cash flow financing	4,859	1,368
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<u>4,859</u>	<u>1,368</u>
Undershoot (overshoot)	<u>0</u>	<u>0</u>

The Trust has achieved its external financing limit.

30.2.3. Creditor payment

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

Total number of non-NHS bills paid 2015-16	37,536
Total number of non-NHS bills paid within target	37,197
Percentage of non-NHS bills paid within target	99.1%

The Trust has met the target.

31. Third party assets

	31 March	31 March
	2016	2015
	£000	£000
Investments	0	0
Monetary Assets	0	0
Total	0	0

The Trust has no Third Party Assets.

32. Events after reporting period

On 29th April 2016 the Welsh Ambulance Services NHS Trust sold the site of the former ambulance station at Ruthin Road, Wrexham for £1.5 million.

33. Related Party transactions

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

During the year none of the board members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust.

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

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	69	8,452	1,105	1,021
WHSSC/EASC	18	129,348	89	288
Abertawe Bro Morgannwg University LHB	467	3,658	328	51
Aneurin Bevan LHB	268	2,909	27	273
Betsi Cadwaladr University LHB	469	4,677	103	42
Cardiff & Vale University LHB	409	3,654	9	302
Cwm Taff LHB	43	1,181	53	104
Hywel Dda LHB	120	3,158	13	137
Powys LHB	56	742	56	17
Public Health Wales NHS Trust	99	23	21	0
Velindre NHS Trust	1,348	2,728	94	25
Welsh Local Authorities	1,435	5,663	28	28
Welsh Risk Pool				457
TOTAL	4,801	166,193	1,926	2,745

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. Other transactions include expenditure with the Wales Audit Office of £0.150m.

The Trust Board is the corporate trustee of the Welsh Ambulance Services NHS Trust Charity. During the year receipts from the Charity amounted to £0.010m (2014-15: £0.010m) with no other transactions being made. Net assets of the charity amount to just over £0.2m.

The Welsh Government income shown above includes £7.067m that relates to PDC capital received during 2015-16.

34. Pooled budgets

Welsh Ambulance Services NHS Trust has no pooled budgets.

35. Operating Segments

The Trust's primary remit is the provision of Ambulance and Unscheduled Care services throughout Wales and this is viewed as the only segment that is recognisable under this legislation.

The Chief Operating Decision Maker (CODM) is considered to be the Trust Board. The CODM receives a variety of information in a variety of formats dealing with various aspects of ambulance service and NHS Direct Wales performance. The Trust however considers the provision of services to be ultimately generic, in terms of geography and service.

The Trust therefore is deemed to operate as one segment.

36. Other

The Trust has no other items to disclose.

AUDIT CERTIFICATE AND REPORT OF THE AUDITOR GENERAL TO THE NATIONAL ASSEMBLY FOR WALES

I certify that I have audited the financial statements of Welsh Ambulance Services NHS Trust for the year ended 31 March 2016 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 66 and 67, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Welsh Ambulance Services NHS Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

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

In addition, I read all the financial and non-financial information in the Explanatory Foreword and Annual Governance Statement report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Welsh Ambulance Services NHS Trust as at 31 March 2016 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

- The remuneration report has not been presented with these financial statements so I cannot provide an opinion on its proper preparation; and
- the information contained in the Explanatory Foreword and Annual Governance Statement is consistent with the financial statements.

Matters on which I report by exception

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

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

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

Please see my Report on pages 64 to 65.

Huw Vaughan Thomas
Auditor General for Wales
8th June 2016

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

AUDIT REPORT OF THE AUDITOR GENERAL TO THE NATIONAL ASSEMBLY FOR WALES

Introduction

The Welsh Government has changed the financial duties of NHS Trusts for 2014-15 onwards.

I have decided to issue a narrative report alongside my audit certificate to explain the new duties, Welsh Ambulance Services NHS Trust's performance against them, and the implications for 2016-17.

Financial duties

The **first financial duty** gives additional financial flexibility to NHS Trusts by allowing them to balance their income with their expenditure over a three-year rolling period, replacing the duty to balance their books over a one-year period. The first three-year period under this duty is 2014-15 to 2016-17, so NHS Trusts' performance against this duty will not be measured until 2016-17.

The **second financial duty** requires NHS Trusts to prepare and have approved by Welsh Ministers a rolling three-year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services. For 2015-16 (and until Treasury consent has been obtained for this change), it is an administrative duty (Note 1) and an NHS Trust will be deemed to have met it for 2015-16 if it submitted a 2015-16 to 2017-18 plan approved by its Board to the Welsh Ministers, who had then approved it by the date that the Accountable Officer signed the 2015-16 Financial Statements.

NHS Trust performance against duties

First Financial Duty

As set out above, the NHS Trust will not be assessed against its first financial duty until 2016-17. Nevertheless it is expected to manage its finances to ensure it does not over spend. This is because the NHS Trust's annual performance impacts on the ability of the Health and Social Services Group to meet its own financial targets.

As shown in Note 30.1 to the Financial Statements, for 2015-16 the NHS Trust achieved a surplus of £49,000.

Second Financial Duty

As shown in Note 30.2 to the Financial Statements, the NHS Trust did not meet its second financial duty to have an approved three year integrated medium term plan in place.

The Trust submitted an integrated medium term plan 2015-16 to 2017-18, which was approved by the Trust Board on 26 March 2015, to the Welsh Government on 1 April 2015.

Notes

1. An administrative duty is required by the Welsh Government, but not by primary legislation

Whilst the Welsh Government noted that progress in the development of the integrated medium term plan was evident, the planned changes within the commissioning framework meant that an approved integrated medium term plan was unrealistic at the current time. Ministerial approval was therefore withheld. Instead, a one-year plan for 2015-16 prepared and approved by the Trust Board and submitted to Welsh Government on 30 September 2015.

Look ahead to 2016-17

The NHS Planning Framework 2016/17 set Welsh Government's expectation that the Trust should obtain Ministerial approval by 30th June 2016 for its three-year plan 2016-17 to 2018-19. While previously the planning process and timetable envisaged that plans would be reviewed and approved during the first quarter this was not specified, with the potential flexibility that plans could have been approved up to a point prior to the Accountable Officer signing of the financial statements for the first year of the plan.

The NHS Trust has now prepared a proposed three year integrated medium term plan 2016-17 to 2018-19 which was approved by the Trust Board on 24 March 2016 and submitted to the Welsh Government on 31 March 2016. The integrated medium term plan predicts a balanced financial position for the period 2016-17 to 2018-19 but includes a cumulative level of savings of £22.1m over the three years (£6.2m recurring savings required in 2016-17). The NHS Trust is awaiting approval of the integrated medium term plan from Welsh Government.

The Trust is currently forecasting a break-even position at 31 March 2017.

Later this year, I intend to publish a value for money study on the implementation by Welsh Government and NHS Wales of the NHS Finances (Wales) Act 2014.

Huw Vaughan Thomas

Auditor General for Wales

8th June 2016

**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 Welsh Government.

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

Chief Executive: Tracy Myhill.....

Date..... **2nd June 2016**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury
- make 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: **2nd June 2016**

Chairman: Mick Giannasi

Date: **2nd June 2016**

Chief Executive: Tracy Myhill

Date: **2nd June 2016**

Director of Finance: Patsy Roseblade

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

NHS TRUSTS

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

BASIS OF PREPARATION

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

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

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



GIG
CYMRU
NHS
WALES

Ymddiriedolaeth GIG
Gwasanaethau Ambiwylans Cymru
Welsh Ambulance Services
NHS Trust

ANNUAL GOVERNANCE STATEMENT

2015-16

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1 Introduction

This Annual Governance Statement is a key feature of the Welsh Ambulance Services NHS Trust annual report and accounts. It demonstrates how we managed and controlled resources in 2015-16 and the extent to which we complied with our own governance requirements. In doing so, it brings together all disclosures relating to governance, risk and control.

Further information on the corporate health of the organisation can be found in the Trust's 2015-16 Annual Quality Statement, whilst information on our performance over the last twelve months is set out in the Trust's 2015-16 Annual Report (available September 2016). Looking forward, our targets and ambitions are explained in the Trust's Integrated Medium Term Plan 2016-2019

All the above documents are made available at the point of publication on the Trust's website: www.ambulance.wales.nhs.uk

2 Who we are and what we do

The Welsh Ambulance Service was established in 1998, with NHS Direct Wales becoming an integral part of the Trust in April 2007, and provides a service to a population of three million, spread over an area of almost eight thousand square miles.

The Trust provides two types of service – unscheduled care and planned patient care services, in addition to providing telephone and web advice services through NHS Wales Direct Service. Our unscheduled care services (emergency and urgent care) provide support to patients with illnesses that are immediately life threatening through to minor injuries. Our planned patient care services help millions of patients each year to get to their hospital and medical appointments.

Emergency Ambulance Services Committee

In July 2013, in response to the recommendations of the McClelland Review, the Minister for Health and Social Services announced a package of reforms which established revised accountability and delivery arrangements for the provision of emergency ambulance services in Wales. The revised arrangements came into being on 1 April 2014 with the establishment of the Emergency Ambulance Services Committee as a joint committee of the seven local health boards. The Committee is formed by the Chief Executives of the seven local health boards and presided over by an independent Chairperson appointed by the Minister. The Emergency Ambulance Services Committee has appointed a Chief Ambulance Services Commissioner to undertake a lead role in supporting the local health boards in commissioning emergency ambulance services from the Trust within the context of the wider unscheduled care system. The arrangements effectively create a commissioner/provider relationship in which the seven local health boards are collectively responsible for securing the provision of an effective emergency ambulance service for Wales. The Trust therefore is responsible for supplying the urgent and emergency medical services that the local health boards require against a robust commissioning framework.

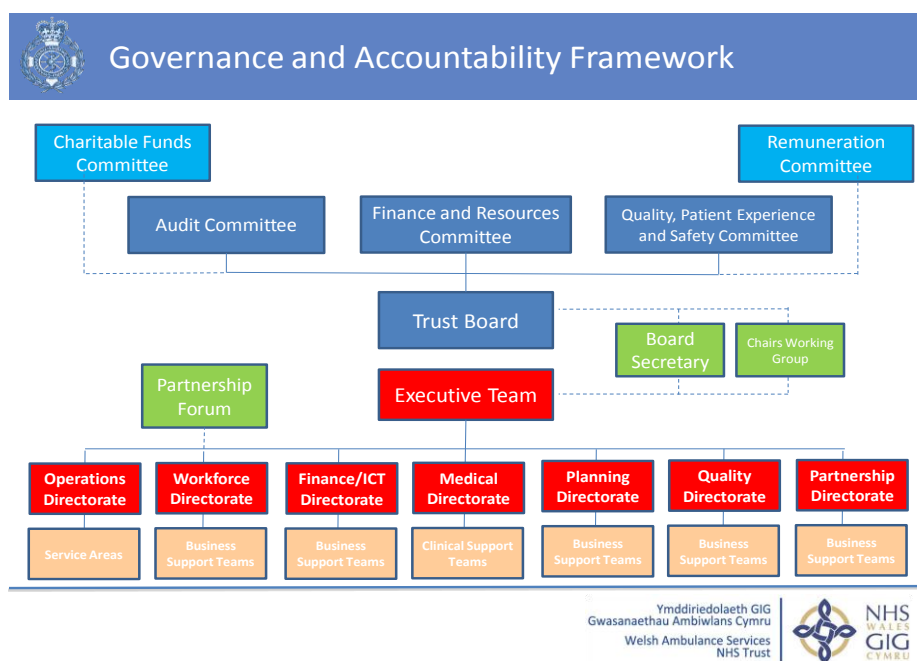
The Trust has ensured during the course of the year that it works closely with partner organisations such as local health boards, local authorities, other emergency service providers, and Community Health Councils, to exploit opportunities for joint working and to improve the service we provide to the public in Wales.

3 Scope of responsibility

The Trust Board is accountable for governance and internal control in the organisation. The Chief Executive (and Accountable Officer) of the Trust has responsibility for maintaining appropriate governance structures and procedures. This includes ensuring that the Trust has a sound system of internal control that supports the achievement of the organisation’s policies, aims and objectives, whilst also safeguarding the public funds and this organisation’s assets. During 2015-16 these have been carried out in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The Board is the senior leadership team and has final oversight for the Trust’s governance and assurance systems and sets strategic objectives, monitors progress, agrees actions to achieve these objectives and ensures that appropriate controls are in place and are working properly throughout the organisation. To do this the Board is supported by a number of committees that have been established in accordance with the Trust’s Standing Orders and Standing Financial Instructions, and these comply with NHS (Wales) regulations. The table below sets out the Board governance and accountability framework that was introduced in April 2015 and has operated unaltered since that point in time.

(The Trust’s 2014-15 Annual Governance Statement explains the changes that were introduced to the Board governance structure in April 2015 and the background as to why these were required.)



4 Trust Board

The Trust Board is programmed to meet six times per year in public and comprises individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises of the Chair, Vice Chair and six other independent members (Non Executive Directors) and the Chief Executive and four Executive Directors. The Board is supported by the Corporate Secretary, who acts as principal adviser on all aspects of corporate governance within the Trust.

All Trust Board meetings in 2015-16 were appropriately constituted and were quorate. Agendas and Minutes of the meetings are available to the public and audio recordings of the Board and committee meetings are available via the Trust's website for members of the public to listen to discussions and to understand how decisions have been reached.

The key focus of the Board during the year was delivery of performance improvement whilst at the same time ensuring pace in terms of the strategic transformation requirements. The emphasis on performance improvement brought with it financial challenges, referred to later in this statement, which were of significant concern to the Board.

Examples of the key governance and control matters addressed by the Trust Board during 2015-16 were:

- Annual report, accounts and financial and governance statements (2014-15);
- Board assurance and risk management framework;
- Coroners recommendations and legal cases;
- Integrated quality, finance and performance reports;
- Integrated medium term plan;
- Major incident plan;
- Minutes of Trust Board committees;
- NHS Direct Wales/111 Service;
- Revised Committee terms of reference; and
- Senior management recruitment updates.

Board Development

The Board Development Programme continued in 2015-16 with bi-monthly meetings that consisted of a mix of development in three key areas: development of the board collectively and individually e.g. Academi Wales programme; statutory and essential knowledge based development and training e.g. Health and Safety, Corporate Manslaughter, Equality; and thirdly Strategic discussion e.g. IMTP, Estates Strategy, ICT Strategy.

Board Committees

The Board has established five standing Board Committees, chaired by Non-Executive Directors, that have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, an assessment of current risks and performance monitoring. Committee papers and minutes for each meeting are published on the Welsh Ambulance Trust website. The chairs of the

Committees provide verbal reports to the Board meeting following each Committee meeting. Minutes of Committee meetings are also presented to the Board once approved by the relevant Committee. Each Committee also produces an annual report, which provides a summary of business undertaken during the year. The Committee annual reports provide the Board with assurance that the Committees are working effectively and contribute to the overall assessment of Board effectiveness.

There is common membership between the Committees to ensure integration with each other in relevant areas. The terms of reference for each of the Board Committees are set out in the Trust's Standing Orders and a summary of each of the Committees responsibilities is given below. Supporting the formal structure set out above, is a Chairs' Working Group that met each cycle to ensure that there was no duplication or lack of reporting across the Trust.

The following paragraphs provide highlights of reports received by Committees throughout the year. These highlights provide evidence of the governance framework working in practice.

Audit Committee

The Audit Committee supports the Trust Board by critically reviewing governance and assurance processes. The Committee met six times during 2015-16 (details of meeting dates and members attendance is listed in **Appendix 1**).

Key governance and control matters considered by the Audit Committee during 2015-16 were:

- Annual accounts;
- Audit recommendation trackers;
- Annual report and annual governance statement;
- Clinical audit and effectiveness;
- Corporate risk register;
- Counter fraud annual report and progress reports;
- Internal and external audit reports, opinion and operational plans;
- Losses and special payments; and
- Tender update and waiver reports.

Quality, Patient Experience and Safety Committee

The Quality, Patient Experience and Safety Committee supports the Trust Board by providing assurance with regards to the Trust's clinical governance policies and procedures, in particular the arrangements for safeguarding and improving the quality and safety of patient centred healthcare. The Committee met six times during 2015-16 (details of meeting dates and members attendance is listed in **Appendix 1**).

Key governance and control matters considered by the Quality, Patient Experience and Safety Committee during 2015-16 were:

- Annual quality statement and quality assurance framework;

- Clinical audit and effectiveness programme;
- Infection prevention control annual report and updates;
- Integrated performance reports;
- Major incident plan and business continuity;
- Partners in healthcare strategy and updates;
- 'Putting Things Right' annual report and updates;
- Quality strategy; and
- Serious adverse incidents.

Finance and Resources Committee

The Finance and Resources Committee supports the Board by providing assurance with regards to the Trust's statutory financial and workforce responsibilities and has a monitoring role in the delivery and performance of business functions across the Trust. The Committee met seven times during 2015-16 (details of meeting dates and members attendance is listed in **Appendix 1**)

Key governance and control matters considered by the Finance and Resources Committee during 2015-16 were:

- Budget savings and investment;
- Business continuity plan;
- Computer aided despatch – business case;
- Developing the 2016/7 integrated medium term plan;
- ICT strategy refresh;
- Integrated performance report;
- Personal appraisal and development reviews;
- NHS Wales sickness absence policy; and
- Workforce Report.

Remuneration Committee

The Remuneration Committee provides advice and assurance to the Board in relation to the Trust's arrangements for the remuneration and terms of service for staff, in particular senior staff. The Remuneration Committee met five times during 2015-16. As a result of the national pay conditions which has been imposed by the Welsh Government and observed in the Trust, the Committee mostly focused on pay and conditions of service for new senior appointments (which were subject to Welsh Government approval), arrangements around former senior staff and personal development plans for Board members and executives.

Charitable Funds Committee

The purpose of the Charitable Funds Committee is to make and monitor arrangements for the control and management of the Trust's charitable funds. The Committee met twice during 2015-16 and developed procedures for funds in respect of bursaries and other schemes in relation to staff professional development.

The full membership of the Trust Board and its Committees is set out in **Appendix 1** together with the dates of meetings and attendance in 2015-16. This appendix also provides further information on the Trust's constitution and how it complies with NHS (Wales) regulations.

The table below sets out the Non Executive Director representation on the Trust Board and its Committees as at 31 March 2016. John Morgan was a Non Executive Director of the Trust for the first four months of the year but resigned from the post with effect from 1 August 2015. The position remained vacant from that point of time until 31 March 2016. Paul Hollard has been appointed to the vacancy with a start date of 1 April 2016

	Mick Giannasi	Emrys Davies	Kevin Davies	Pam Hall	James Mycroft	David Scott	Martin Woodford	Vacancy
Trust Board	Chair	✓	✓	✓	✓	✓	Vice Chair	✓
Audit Committee		✓		✓		Chair		✓
Charitable Funds Committee		✓	✓	Chair				✓
Finance & Resources Committee			✓	✓	✓	✓	Chair	
Quality, Patient Experience & Safety Committee		Chair	✓		✓		✓	✓
Remuneration Committee	Chair				✓	✓	✓	

The table below sets out the senior management structure of the Trust as at 31 March 2016. Executive Directors (Trust Board Members) are marked with an asterisk.



During the 2015-16 year there have been a number of changes to the Executive Directors of the Trust and these are summarised below.

- Chief Executive: Tracy Myhill was the Chief Executive (Interim) for the period 1 April 2015 to 29 July 2015 and was appointed as the Trust's Chief Executive 30 July 2015.
- Director of Workforce and Organisation Development: Judith Hardisty was the Director for period up to 30 September 2015. Claire Vaughan was the Director from 1 October 2015 through to 31 March 2016.
- Director of Quality, Patient Experience and Safety: Sara Jones was the Director of Quality and Nursing at the outset of the year but moved on secondment to Abertawe Bro Morgannwg University Health Board in December 2015. Claire Bevan was appointed to the post of Director of Quality, Patient Experience and Safety on 1 February 2016.

In support of the Board, the Trust has established the Welsh Ambulance Service Partnership Team as a forum where the Trust Executives, Trade Unions and Professional Organisations work together to improve the Trust's services for the people of Wales. It is the principal partnership forum for the discussion of national priorities and strategies and where key stakeholders engage with each other to inform, debate and seek to agree local priorities on workforce and health service issues.

(NB the Trust does not have a stakeholder reference group or a healthcare professionals' forum (as defined in the IFRS NHS Wales 2015-16 Draft Manual for Accounts) as these are not applicable to the Trust.)

5 The purpose of the system of internal control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

6 Capacity to handle risk

The Trust has continued to develop and embed its approaches to risk management as set out in the 2014-15 Annual Governance Statement. The Trust sees active and integrated risk management as a key element in the successful delivery of its business and remains committed to ensuring staff throughout the organisation are trained and equipped to assess, manage, escalate and report risks.

Risk Management Framework

In October 2015 the Trust Board commissioned an internal review of the organisation's risk management and governance arrangements. The review and

recommendations were approved at the Trust Board meeting in November 2015. The review included:

- key guidance relating to board assurance and risk management systems;
- examples of current practice UK wide; and
- an assessment of the Trust's current position.

The review identified a number of key recommendations and a delivery plan with expected outputs, outcomes, milestones & timescales is now in place. The recommendations were aimed at moving the Trust from its current position of a risk aware organisation to risk enabled organisation by 2018-19. This is illustrated as follows:



The review identified seven immediate key priorities which will enable the Trust to move forward towards its intended target in 2018-19:

- development of a new Risk Management Strategy and Framework 2016-19 (approved by Trust Board March 2016);
- development of a Board Assurance Framework Document;
- development of a new risk register and defined processes;
- review of reporting structures below sub-committee level;
- overhaul of the management of policies and procedures including authorities and scheme of delegation;
- undertake a Trust wide safety culture assessment; and
- a fit for purpose information management system (Datix).

The Trust also used the opportunity of the review to revise and refresh its Directorate and Corporate Risk Registers.

Risk Appetite

The Trust recognises that effective risk management is a key component of corporate and clinical governance and is integral to the delivery of our objectives in service provision to the public. Whilst risk is inherent in many of our activities, the Trust will not accept risks that materially impair the ability to deliver services to a high standard of safety and quality. As such, the Trust will not accept risks that materially impair its reputation or cause any disrepute with stakeholders.

However it has to be recognised that, in common with other NHS Providers, the Trust does not have unlimited resources and therefore it determines the

appropriateness and cost of resources required to address key risks. This is a major influence in determining the risk appetite of the organisation.

Risk Profile

The risk profile of the Trust is subject to ongoing in-year revision but as at Quarter 4 for 2015/16 there were eight high scoring strategic risks on the Trust's (High Level) Corporate Risk Register. The table below lists each of the eight risks and their respective scores as assessed using the NHS Wales risk management 5 x 5 scoring matrix, i.e. the impact of the hazard or unwanted outcome multiplied by the likelihood of it happening.

Risk Summary (as at Quarter 4 for 2015-16)

Ref	Executive Lead	Risk Title	Mitigated Risk Rating	Target Risk Rating
CRR2	Medical Director	Handover of Care at Emergency Departments	5x4 20	5x2 10
CRR8	Director of Operations	Clinical Contact Centre Infrastructure & Process (Including Computerised Aided Despatch System)	5x4 20	5x2 10
CRR31	Director of Quality, Safety & Patient Experience	Management of Concerns	5x4 20	5x2 10
CRR37	Corporate Secretary	Management of Policies & Procedures	5x4 20	5x2 10
CRR34	Director of Engagement & Partnerships	Trust Reputation	5x4 20	5x2 10
CRR12	Medical Director	Clinical Audit - Capacity/functions	5x4 20	5x2 10

Risk Review Process

The Trust's Executive Management Team received regular reviews of the Risk Register during 2015-16 and the Audit and other Committees regularly received, considered and commented on the Risk Register. For a number of the high level corporate risks, the Trust implemented many of the 'potential' actions to mitigate risk during 2015-16, working with partners and stakeholders as appropriate.

Working with Partners/Stakeholders (Risks)

Working with partner organisations is becoming a prominent factor and delivering services through partners can bring significant benefits and innovation. However, in doing so, the Trust recognises that it has less direct control than if delivering them alone. An environment where services and projects are increasingly being delivered through partner organisations can lead to risks around failing to align agendas and ineffective communication.

Board Assurance Framework Document

As part of the work in developing a new risk management strategy and framework, the Trust has also been developing a board assurance framework document to be introduced during 2016/17. The Board has discussed and considered the type and level of assurance it would expect to receive, drawing on examples of current practice from other UK health bodies. This has helped inform the development of the risk processes together with the framework document.

7 The control framework

The Health and Care Standards were published on 1 April 2015. The Standards are the core standards for the NHS in Wales and bring together and update the expectations previously set out in “Doing Well Doing Better Standards for Health Services in Wales”, and the “Fundamentals of Care” in conformity with the Health and Social Care (Community Health and Standards) Act 2003.

A national quality monitoring system is currently under development identifying outcome measures for healthcare. As such 2015-16 was deemed a transition year for the Standards to allow this work to be undertaken. Therefore no national quality monitoring system has been published. The Trust is an active member of the Welsh Government group developing the monitoring systems nationally, determining relevant areas for the Trust and areas where ambulance specific local measures require development.



Quality Strategy 2016-19

Through internally reviewing the new Health and Care Standards, and outputs of the Standards for Health assessment in 2015, the Trust has developed its Quality

Strategy 2016-19 using the Health and Care Standards as a control framework to operate in. Our priorities are identified through consultation with staff, patients, public and stakeholders, whilst also considering our Commissioner's requirements through the CAREMORE© Commissioning Framework.

The Trust is currently piloting a new clinical model which has a set of Ambulance Quality Indicators (AQIs), these AQIs are monitored monthly and published quarterly. Additionally, the Trust has developed a number of internal quality outcome measures in our Integrated Medium Term Plan which will be built upon to include weighted measures, providing early warning systems in the future.

Commissioning Quality and Delivery Framework

The Commissioning and Quality Delivery Framework was introduced in 2015 and the Trust is working closely with both the Chief Ambulance Services Commissioner and the Emergency Ambulance Service Committee to ensure this important framework agreement translates into demonstrable service improvements for people in Wales who need and use our services.

The framework saw the introduction of a five-step Ambulance Care Pathway. This is a five-step process for the delivery of emergency ambulance services within NHS Wales. The Ambulance Care Pathway encourages us to focus on the patient journey i.e. patient flow, and a whole systems approach.



The framework also includes a set of core requirements which have been mapped throughout to the Health and Care Standards as our control framework for quality and quality improvement.

The Trust's Quality Strategy (2016-19) which was developed during 2015-16 following staff and public consultation was approved by the Trust Board in March 2016.

Board Level Self-Assessment

As part of the quality process, the Board has completed a self-assessment based on the Governance and Accountability Module completed in previous years. The Board considered how well the governance and accountability arrangements within the Trust have matured for each of the following themes:

- Setting the Direction,
- Enabling Delivery, and

- Delivery Results and achieving Excellence.

The Board has also considered how well the Trust has matured overall. On the scale of 1-5 where 1 equates to an organisation where, with regards to governance and accountability, it does not have a clear and agreed understanding of how it is doing or what is needed to improve, through to a score of 5, where the organisation demonstrates sustained good practice and innovation, the Trust scored 3. This is defined as being an organisation that is “developing plans and processes and can demonstrate progress with some of their key areas for improvement”.

Governance and accountability assessment

	Level 1 No clear understanding of where we are and what is needed to improve	Level 2 Aware of improvements and have prioritised but unable to demonstrate action	Level 3 Developing plans and processes and can demonstrate some progress	Level 4 Developed plans with sustainable improvement throughout	Level 5 Sustained good practice and innovation
Setting the direction			✓ x		
Enabling delivery			✓ x		
Delivering results achieving excellence			✓ x		
Overall Maturity			✓ x		

Key:

✓ reported position in 2014-15 AGS.

x position for 2015-16

Although there is no overall change to the governance and accountability maturity score from last year, the Board nevertheless recognises that the Trust has made some substantial progress in 2015-16. Some notable examples are:

- the introduction of a new clinical response model and the subsequent achievement of the Welsh Government’s Red performance target;
- the considerable work during 2015/16 to further develop the Integrated Medium Term Plan;
- an approved Quality Strategy and Strategic Equality Plan;
- an agreed set of values and behaviours;
- Ministerial approval of the Non-Emergency Patient Transport Service;
- completion of the Joint Ambulance and Fire Resource Centre in Wrexham; and
- Board development on a wide range of topics and issues, including risk management and Board Assurance Frameworks.

The Trust's 2015-16 Annual Quality Statement sets out in more detail how the clinical governance framework works and explains how the Trust is meeting its requirements.

UK Corporate Governance Code

The Trust is required to comply with the UK Corporate Governance Code: *corporate governance in central government departments: code of good practice 2011*. The information provided in this Governance Statement provides an assessment of how the Trust complies with the main principles of the Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the organisation's assessment against the Governance and Accountability Module undertaken by the Board and also evidenced by internal and external audits. The Trust is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Trust's wider Annual Report.

There have been no reported departures from the Corporate Governance Code.

8 Other control framework elements

The Trust confirms that in accordance with the requirements of the Annual Governance Statement:

- control measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with.
- as an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments 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.
- the Trust has undertaken risk assessments and confirms that carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the Trust's obligation under the Climate Change Act and the adaption reporting requirements are complied with.

9 Integrated Medium Term Plan (IMTP)

2015-16 was a pivotal year in the transformation of the Trust as the new commissioning arrangements set out in Section 2 of this Annual Governance Statement came into force and the new National Collaborative Commissioning and Quality Framework was implemented.

For these reasons, the Welsh Government recognised that an approvable three-year IMTP for the organisation was unrealistic in 2015-16. Consequently, the organisation was asked to focus on producing a one-year plan. This was duly

produced, approved by Trust Board, and endorsed by the Chief Ambulance Services Commissioner, the Chair of the Emergency Ambulance Services Committee and the lead NHS Wales Chief Executive.

The Trust has made solid and steady progress in delivering the one-year plan referred to above, with the key headlines of our successes being:

:

- the launch of a pilot of the New Clinical Response Model on 1 October 2015;
- the full roll-out of digital pen technology (Digi-pens) across EMS paramedics and ambulance crews in the organisation - the Trust being the first ambulance service to use such technology;
- being awarded the 'hosting' rights for the 111 Pathfinder project in Abertawe Bro Morgannwg University Health Board;
- NHS Wales agreement on a new service model for Non-Emergency Patient Transport Services;
- the Ambulance Resource Centre, Wrexham opened in March 2016; and
- Improvements in delivery against the time-based targets.

The financial performance of the Trust is detailed in the 2015-16 Annual Accounts. In summary, the Trust met its statutory rolling financial breakeven duty and met the financial duties with regards to the External Financing Limit and Capital Financing Limit set by Welsh Government. The Trust also maintained the Public Sector Performance Payment performance target in the payment of creditors of at least 95% paid within 30 days.

During 2015-16, the Welsh Government issued a Welsh Health Circular which required NHS Trusts in Wales to produce a financially balanced three year business plan. This was to bring Trusts in line with Local Health Boards who already had this requirement within their legislation.

The Trust's Integrated Medium Term Plan for the three-year period from 2016-17 to 2018-19 was approved by Trust Board on 24 March 2016 and duly submitted to Welsh Government. It builds on our 2015-16 one-year plan by providing:

- a clear statement of ambition for the benefit of patients, the public of Wales, Trust staff and NHS partners (together with other external stakeholders);
- setting out how we will deliver the Commissioning and Quality Delivery Framework agreed with the Emergency Ambulance Services Committee;
- outlining the next phase of our clinical modernisation journey;
- describing the modernisation of non-emergency patient transport services; and
- describing the key enabling activities that will support front line staff to deliver good patient care.

10 Data security

The Trust had no reported "serious untoward incidents" during 2015-16 in relation to data security.

11 Ministerial Directions

During 2015-16, no Ministerial Directions were imposed on the Trust.

Further information on Ministerial Directions can be found at the following website;
<http://wales.gov.uk/legislation/subordinate/nonsi/nhswales/2014/?lang=er>

Welsh Health Circulars (WHCs) were reintroduced in 2014-15 and the Trust has established a process to log and assess those that are applicable to the Trust. Actions undertaken are logged on a Trust database.

12 1000 Lives Plus Programme

The Trust is committed to progressing improvement work under the '1000 Lives Plus' national learning programme for NHS Wales. The 'Improving Quality Together' (IQT) programme offers a consistent methodology for improving the quality of services provided by NHS Wales organisations and supporting individuals and teams to create a better working and more fulfilling environment.

To ensure that Team Leaders are able to use the simple processes and techniques to improve levels of service, and the care people receive, the Trust has placed the 'Silver' level of IQT on its new education and development programme for this key group of staff. Additionally, the Trust is committed to participating in 1000 Lives Plus projects nationally and is working to train at least 25% of our staff to IQT 'Bronze' level of IQT

13 Review of effectiveness

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

Trust Board

As set out earlier in this report, the Board, functioning as a corporate decision body, regularly considered throughout 2015-16 assurance reports on the financial position of the Trust, performance updates, and details on concerns and claims. Sections later in this report by internal and external audit comment on the quality of financial and performance data used by the Board.

Audit Committee

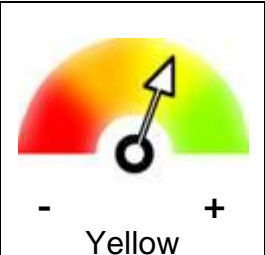
A key duty of the Audit Committee is to provide advice and assistance to the Board on the effectiveness of arrangements in place around strategic governance, assurance framework and processes for risk management and internal control.

Internal Audit

Internal audit provides the Board, through the Audit Committee, with regular assurance on the system of internal control. In 2015-16 the Trust commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

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

The Head of Internal Audit has concluded:

	<p>The Trust Board can take reasonable/moderate assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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This represents an improvement to the “limited assurance” Head of Internal Audit opinion reported in the Trust’s 2014-15 Annual Governance Statement.

During the financial year Audit Committee considered eleven reports by Internal Audit of which two had a conclusion of limited assurance, i.e. “the Trust Board can take limited assurance that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved”.

Staff Personal Appraisal and Development Review (PADR)

Identified shortcomings in the amount of staff who received PADRs during the Internal Audit review period compared to the target set by Welsh Government and the Trust. A management action plan and an implementation timetable were agreed by Audit Committee in May 2015. Progress by the Trust was reviewed at each Audit Committee meeting through to March 2016 where the Committee set a completion date of April 2016 for compliance with the Internal Audit recommendation.

Capital and Asset Management

Identified issues with regards to the updating of the Trust’s asset register and the need for periodic physical verification of assets. A management action plan and an implementation timetable were agreed by Audit Committee in July 2015. Progress by the Trust was reviewed at each Audit Committee meeting through to March 2016 where it was noted that a physical audit of ICT infrastructure equipment is nearing completion and was being reconciled

During the financial year no Internal Audit reports were considered by Audit Committee with a conclusion of unsatisfactory assurance, i.e.” the Trust Board can take no assurance that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Action is required to address the whole control framework in this area with high impact on residual risk exposure until resolved”.

Auditor General for Wales Structured Assessment

The Structured Assessment by the Auditor General for Wales, reported to Audit Committee in January 2016, examined the Trust’s arrangements that support good governance and the efficient, effective and economical use of resources. The work assessed the robustness of the Trust’s financial management arrangements, the adequacy of its governance arrangements and the management of key enablers that support the effective use of resources.

Main Conclusions

In 2014, the structured assessment of the Trust concluded that arrangements to support governance and board assurance were broadly sound and that some progress had been made to address development areas highlighted in previous reports, but further development was needed to ensure sustainable finances and improved services. For 2015, the structured assessment concluded that the Trust has continued to make progress, particularly in relation to building capacity and capability, and that the overall conclusion was that arrangements, which support good governance and the efficient, effective and economical use of resources have continued to evolve, but that further improvement is needed in some important areas.

Financial Management

The structured assessment concluded that the Trust was likely to achieve financial balance at the end of 2015-16 because of additional funds allocated during the year from the government and commissioners for agreed additional work. In reaching this conclusion the structured assessment found:

- The Trust continued to maintain a good control environment with skilled staff.
- The Trust met its financial targets after receiving additional funding in 2014-15. Additional revenue funding from Welsh Health Specialised Services Committee was required to meet its statutory break-even duty.
- The Trust successfully implemented cost savings plans as budgeted, however these were not effective in bringing down total costs as expenditure for front line services rose dramatically. This rise was in response to the Welsh Government’s objective of improving ambulance response rates that had a direct impact on cost, which all parties agreed.
- The Trust used scenario planning to help develop its 2015-16 cost forecasts.

Governing the Business

The structured assessment concluded that the Trust has made progress in addressing weaknesses in its governance arrangements, and performance in key areas is improving, but fundamental gaps in governance infrastructure remain. The

assessment stated that the Trust has plans in place to address these gaps and in reaching this conclusion, the structured assessment found:

- The Trust recognises that its approach to strategic planning in previous years has been weak and it is strengthening its approach for 2016-17 onwards. It has appointed additional senior staff to facilitate this.
- The senior management structure has been reviewed to provide much needed additional capacity to the Executive team.
- The Trust has refreshed its governance structures to improve clarity and efficiency, and it benefits from an experienced and well-informed Board, but systems for providing assurance to the board are underdeveloped and not consistently applied.
- The Trust's approach to risk management and board assurance is not effective, but it has plans in place to improve its approach in 2016-17.
- The Trust is improving its use of management information to support strategic planning.
- The Trust is planning to strengthen its approach to performance management and is improving its use of performance information, though a robust performance framework is not yet in place. Performance in important areas for the Trust is improving.

Use of Resources

The structured assessment concluded that the Trust is making headway in developing and delivering its approach to change management, but opportunities to secure better use of resources remain in some areas and found:

- the Trust has developed a more structured and disciplined approach to managing change through programme management, but insufficient resources to administer the programme may impact on the implementation of change projects;
- the agreement of the Clinical Model with commissioners and the better analysis of management information is allowing the Trust greater clarity on developing its workforce plan which is making some progress;
- strategic plans for the Trust's estate are being reviewed; and
- the Trust is continuing to strengthen its approach to partnership working and has established a priority to improve it further.

Structured Assessment Recommendation

The recommendations arising from the 2015 structured assessment work are set out below and progress on these matters will be monitored by Audit Committee throughout 2016-17.

Arrangements for governing the business

- The Trust should develop and fully implement a robust risk management and board assurance framework.
- Emphasis should be given to the completion of corporate processes (such as risk review and audit recommendation updates) by executives and senior managers to strengthen governance.

- The Trust should develop and fully implement its planning and performance management framework. It should also enhance its performance reporting as highlighted in the 2014 Annual Audit Report.

Enablers of effective use of resources

- Sufficient resources should be applied to the support of the change management programme (Portfolio Programme) to enable pace to be maintained and slippage to be minimised.
- With the clinical model now agreed and greater clarity on workforce needs, the Trust should work quickly to develop a credible and achievable plan for its estate.

Review of issues raised in correspondence with the Auditor General for Wales

During summer 2015, external audit officers on behalf of the Auditor General for Wales investigated a number of propriety and value for money concerns raised by Trust staff through a member of the Welsh Assembly.

The conclusion of the work was that the majority of the concerns raised by Trust staff did not have substance but in a small number of instances the investigating officers were unable to obtain assurances from the Trust's management that the concerns raised were unfounded. As a consequence, nine improvement recommendations were presented alongside the findings of the review to Audit Committee in November 2015 who actioned the Director of Finance and ICT to address the matters raised.

In January 2016, the Director of Finance and ICT reported back to Audit Committee that all outstanding matters within the remit of the Trust had been completed and that a programme of work had been agreed with Internal Audit to deliver four pieces of work concerning; invoice payments, equipment disposal, controls of supplies, and overtime arrangements.

14 Conclusion

During 2015-6 the Trust has worked with commissioners to agree and establish a new clinical commissioning framework for its services, developed a new clinical response model, and has carried out this work within a financially challenging environment with significant media and public scrutiny. Despite these challenges and pressures, the Trust has maintained sound governance and board assurance arrangements. The Trust recognises however, that further improvement is needed during 2016-7 and that it will continue to work with all interested parties on these matters.

15 Accountable Officer Statement

As Accountable Officer for the Welsh Ambulance Services NHS Trust, I confirm that the statements made in this report are correct for the period 1 April 2015 through to 31 March 2016 and that there have been no significant internal control or

governance issues and I confirm that there were sound systems of internal control in place to support the delivery of the Trust's policy aims and objectives.

Signed by Chief Executive:

Date:

Board and Committee Membership and Attendance

Board and Committee Membership

The Board has been constituted to comply with the National Health Service (Wales) Act 2006 and the National Health Service Trusts (Membership and Procedure) Regulations 1990 (SI 1990 No. 2024). In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors for these matters.

The table below sets out the number of meetings that each Board member has attended during 2015/16 and the Champion roles undertaken by the Trust's Non Executive Directors as at 31 March 2016.

Name	Position	Board and Committee Attended (number of meetings attended)	NED Champion Roles (as at 31 March 2016)
Mick Giannasi	Non Executive Director	Trust Board Chairman, Remuneration Committee Chairman Trust Board (7), Audit (2), Remuneration (5)	AACEE, Chairs Liaison, Ministerial Liaison-
Emrys Davies	Non Executive Director	Quality, Patient Experience and Safety Committee (QuEST) Chairman Trust Board (7), Audit (5), Charitable Funds (2), Finance and Resources (1), QuEST (6)	Welsh Language, Safeguarding, Infection Control, PPI, Concerns Management, Education
Kevin Davies	Non Executive Director	Trust Board (5), Charitable Funds (1), Finance and Resources (5), QuEST (2),	1000 Lives, Armed Forces, Emergency Planning
Pam Hall	Non Executive Director	Charitable Funds Committee Chairman Trust Board (6), Audit (5), Charitable Funds (2), Finance and Resources (6)	ICT, Caldicott Guardian, Information Management
John Morgan (from 1 April 2015 to 1 August 2015)	Non Executive Director	Trust Board (3), Audit (2), QuEST (2)	
James Mycroft	Non Executive Director	Trust Board (5), Finance and Resources (5), QuEST (3), Remuneration (4)	Health and Safety, Equality and Diversity, Violence and Aggression
David Scott	Non Executive Director	Audit Committee Chairman Trust Board (7), Audit (6), Finance and Resources (6), Remuneration (5)	Partnerships Overseas Networking Trust
Martin Woodford	Non Executive Director	Trust Board Vice Chairman, Finance and Resources Committee Chairman Trust Board (7), Finance and Resources (5), QuEST (5), Remuneration (4), Audit (1)	Community First Responders, Estates, Primary Care, Mental Health, Building Security, Design
Vacancy (Paul Hollard from 1 April 2016)	Non Executive Director		Older People, Children and Young Persons, Maternity Services, Carers
Tracy Myhill	Chief Executive (Interim CE for the period to 29 July 2015)	Trust Board (6), Remuneration (3)	
Claire Bevan (from 1 February 2016)	Executive Director (Quality, Patient Safety and Experience)	Trust Board (1), QuEST (1)	
Judith Hardisty from 1 April 2015 to 30 September 2015, Assistant Chief Executive (OD) from 1 October to	Executive Director (Workforce and OD)	Trust Board (4), Audit (1), Charitable Funds (1), Finance and Resources (3), Remuneration (2+3 as Assistant CES (OD))	

Name	Position	Board and Committee Attended (number of meetings attended)	NED Champion Roles (as at 31 March 2016)
31 December 2015)			
Sara Jones (from 1 April 2015 to December 2015 when seconded to Abertawe Bro Morgannwg University Health Board)	Executive Director (Quality and Nursing)	Trust Board (2), QuEst (3)	
Brendan Lloyd	Executive Director (Medical)	Trust Board (6), Audit (1), Finance and Resources (2), QuEst (5)	
Patsy Roseblade	Executive Director (Finance and ICT)	Trust Board (7), Audit (5), Charitable Funds (1), Finance and Resources (5)	
Claire Vaughan (Associate Director from 1 April 2015 to 30 September 2015. Executive Director from 1 October 2015)	Executive Director (Workforce and OD)	Trust Board (3+ 3 as Associate Director), Audit (1 as Associate), Charitable Funds (1), Finance and Resources (2+2 as Associate Director)	

Governance Framework

The Trust has agreed Standing Orders for the regulation of proceedings and business. These are designed to translate the statutory requirements set out in the NHS (Wales) Act 2006 and the National Health Service Trusts (Membership and Procedure) Regulations 1990 (SI 1990 No. 2024), into day to day operating practice and together with the adoption of a scheme of matters reserved to the Board; a scheme of delegations to officers and others; and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Trust and define its 'ways of working'. These documents together with the range of corporate policies set by the Board make up the Trust's Governance Framework.

The Trust's governance structure accords with the governance e-manual and the Welsh Government's citizen-centres governance principles and Standards for Health Services in Wales, together with its planning and performance management frameworks. These arrangements comply with the principles included in HM Treasury's "Corporate Governance in Central Government Departments: Code of Good Practice 2011".

Board and Committee Timetable 2015-16

The Board has a cycle of business that supports the Governance Framework. This cycle of business ensures appropriate sequencing of meetings to schedule business satisfactorily throughout the year. The calendar runs from April to March each year to link with the financial timetable. The Trust has an established forward plan of business which is reviewed by the Management Team and Board/Committee Chairs on a regular basis and at pre agenda meetings. In addition, annual plans of business are part of the standard agenda for review at Board/Committees.

The following table provides the dates of Board and Committee meetings for 2015-16. All meetings were quorate with the exception of QuEst on 3 December 2015 which did not have sufficient numbers of Non Executive Directors present. The meeting was held as a discussion forum with items requiring decision being ratified at the following QuEst meeting.

The Trust's Annual General Meeting was held on 29 September 2015.

	Calendar of Meetings 1 April 2015 – 31 March 2016						
Trust Board (7)	8 May	4 June (Accounts)	30 July	29 September	27 November	28 January	24 March
Audit (6)	28 May	16 July	10 September	5 November	7 January	3 March	
Charitable Funds (2)	10 September	31 March					
Quality, Safety and Patient Experience (6)	14 May	10 July	27 August	22 October	3 December (not Quorate)	25 February	
Finance and Resources (7)	21 April	25 June	13 August	20 October	23 November	17 December	26 February
Remuneration (5)	18 June	13 August	29 September	12/23 November	28 January		